

DONATO & ASOCIADOS

Abogados

The IGJ accepted digital wallets crypto assets as corporate equity.

For the first time, the IGJ (the agency in charge of controlling corporate aspects of companies with address in the city of Buenos Aires) registered an Argentine company and the contributions made by its partners through the transfer of Bitcoin and another crypto currency, on the basis of, among other documents, certificates issued by two entities operating with crypto currencies in Argentina -Lemon and Ripio- that were referred to as “digital wallets”.

This is a great step forward in the evolution of crypto law enforcement and provides a chance to start discussing new topics. In such connection, it is worth noting that the technical conditions under which crypto currencies are held through a crypto wallet differ from those involved when they are held through an exchange. Such differences may potentially have a legal impact on the way such holdings are accounted for and registered.

In this connection, it would be worth noting, among other things, that (i) according to the websites of Lemon and Ripio, it is not clear if such entities offer crypto wallets, in addition to their well-known services as exchanges; (ii) there are different types of crypto wallets: hot and cold (connected or not to the web), hardware, desktop, online or mobile wallets (running on specific devices, desktops, websites or mobile phones), etc.; and (iii) ownership of Bitcoin and other similar crypto currencies is based on the control of the private keys to which such currencies are associated and therefore the holder of such keys is the owner of the respective Bitcoin.

Now, in crypto wallets, such keys are usually linked to the user registered as client of the wallet, which is opened and controlled by the client. On the contrary, the exchanges, and not their clients, hold such keys. Hence it is said that “*Not your keys, not your coins*”.

Therefore, in the case of crypto currencies held by exchanges, the client does not own the same, but has a right to receive such crypto currencies or their equivalent in other currencies, depending on the exchange.

In the new era initiated with this milestone, it will be advisable to carefully consider these and other matters when structuring and accounting for the corporate holdings of crypto currencies and reporting and registering contributions of crypto currencies before the IGJ or other governmental agencies.