

Ecuador

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1. Fintech regulatory framework: a summary of the most relevant laws and regulations concerning fintech and financial innovation.

In Ecuador, financial activity is primarily regulated by the Organic Monetary and Financial Code¹ (the 'Monetary and Financial Code'), a statute that establishes the policy and regulatory framework governing the country's monetary and financial systems, as well as the securities and insurance regimes, the conduct of their activities, and the relationship with users.

In addition, over recent years Ecuador has adopted a specific legal framework governing the provision of technology-based financial services within the country's borders, comprising laws, implementing regulations, and secondary legislation.

The Fintech Law

The Organic Law for the Development, Regulation, and Control of Technology-Based Financial Services² (the 'Fintech Law') aims to promote the innovation, development, adoption and use of new technologies in financial products and services – including the financial, securities, and insurance markets – with a view to enhancing financial inclusion, productivity and consumer protection.

The Fintech Law regulates 'fintech activities,' defined as those related to the development, provision, use, or offering of:

- technological infrastructure for channelling payments;
- technology-based financial services;
- specialised electronic deposit and payment companies;
- technology services for the securities market; and
- technological insurance services.

To carry out fintech activities in Ecuador, a company must meet certain requirements prescribed by the Fintech Law, such as being duly incorporated or domiciled as a fintech company in Ecuador, holding the corresponding authorisations granted by the regulatory authorities – such as the Superintendency of Banks and the Central Bank of Ecuador – and having as its exclusive business purpose the performance of fintech activities.

Fintech companies are subject to regulations issued by the Financial and Monetary Policy and Regulation Board³ (the 'Financial and Monetary Board'), and to the supervision by the Central Bank

1 Organic Monetary and Financial Code (*Código Orgánico Monetario y Financiero*), published in Official Registry No 332 of 12 September 2014; last amended on 13 October 2025.

2 Organic Law for the Development, Regulation, and Control of Technology-Based Financial Services (Fintech Law) (*Ley Orgánica para el Desarrollo, Regulación y Control de los Servicios Financieros Tecnológicos (Ley Fintech)*), published in Supplement of Official Registry No 215 dated 22 December 2022.

3 The Financial and Monetary Policy and Regulation Board (*Junta de Política y Regulación Financiera y Monetaria*) was created by means of the Organic Reformatory Law to the Organic Monetary and Financial Code, published in the Sixth Supplement to Official Registry No 142 of 13 October 2025, as the entity responsible for the formulation of monetary, credit, financial, securities, insurance and prepaid comprehensive healthcare services policy and regulation.

of Ecuador (the 'Central Bank'), the Superintendency of Companies, Securities, and Insurance (the 'Superintendency of Companies'), and the Superintendency of Banks (the 'Superintendency of Banks') or the Superintendency of Popular and Solidarity Economy (SEPS), each within the scope of its respective competencies.

The Fintech Law introduced two new categories of entities within the private financial sector:

- technology-based financial services entities; and
- specialised electronic deposit and payment companies.

These are examined in greater detail in Section 3.

Fintech Law Implementing Regulations

The President of the Republic of Ecuador, by means of Executive Decree No 903, issued the Implementing Regulations of the Fintech Law,⁴ which address the approval and supervision of fintech companies, cybersecurity, anti-money laundering (AML) prevention, and vests the Financial and Monetary Board with regulatory authority over fintech companies.

Codification of Monetary Policy and Central Bank Operations Resolutions

By means of Resolution No JPRM-2025-006-M,⁵ the Financial and Monetary Board approved the Codification of Monetary Policy and Central Bank of Ecuador Operations resolutions, which includes rules governing, among other matters:

- currency, payment instruments and systems in Ecuador, and fintech activities of their participants,⁶ which regulates the physical payment instruments (banknotes, coins, cheques) and electronic payment instruments (electronic transfers and credit, debit, and prepaid cards) validly accepted in Ecuador, as well as electronic wallets (discussed more extensively in Section 3);
- the National Payment System,⁷ which regulates the central payment system, the auxiliary payment systems, specialised electronic deposit and payment companies, interoperability among participants, and other related activities; and
- regulatory sandboxes and temporary operating authorisation,⁸ a mechanism whereby entities seeking to implement new business models related to technology-based payment

4 Implementing Regulations of the Fintech Law, Executive Decree No 903 (*Reglamento a la Ley Orgánica para el Desarrollo, Regulación y Control de los Servicios Financieros Tecnológicos (Ley Fintech)*, Decreto Ejecutivo No 903), published in Supplement of Official Registry No 436 dated 14 November 2023.

5 Codification of Monetary Policy and Central Bank of Ecuador Operations Resolutions (*Codificación de Resoluciones de Política Monetaria y Operaciones del Banco Central*), approved by Resolution No JPRM-2025-006-M of 16 July 2025, published in the Supplement to Official Registry No 104 of 18 August 2025.

6 Codification of Monetary Policy and Central Bank Operations Resolutions, Title I, Chapter I.

7 Codification of Monetary Policy and Central Bank Operations Resolutions, Title I, Chapter II. The National Payment System comprises the set of policies, rules, instruments, procedures, and services through which fund transfers managed through payment instruments and the settlement of values among its various participants are effected, directly or indirectly.

8 Codification of Monetary Policy and Central Bank Operations Resolutions, Title I, Chapter III.

instruments, systems, structures, and services may obtain a temporary operating authorisation for the development of products, services and business models, subject to prior authorisation from the Central Bank (discussed more extensively in Section 4).

Codification of monetary, financial, securities and insurance resolutions

The Financial and Monetary Board, within the codification of monetary, financial, securities and insurance resolutions, incorporated rules governing the following matters, among others.

Regulation governing technology-based financial services entities⁹

This establishes the requirements for the incorporation, qualification, and operation of entities under the rubric 'Technology-Based Financial Services Entities,' comprising (1) digital credit granting entities; and (2) entities providing personal finance and/or financial advisory services through electronic platforms or other digital means.

This regulation specifically addresses digital credit granting entities, defined as technology-based financial services entities that offer credit products exclusively through electronic platforms, automated processes, and primarily through the use of digital technologies. These entities are authorised to advertise credit products, assess the client's risk profile, and approve and disburse loans, but they may not accept public deposits for the purpose of financial intermediation.

The regulation also addresses:

- financial advisory entities, which provide financial advisory services through digital technologies, offering users guidance and recommendations on a professional, independent and individualised basis regarding the management of their resources and the engagement or use of financial products and services, without being authorised to make decisions or manage resources on behalf of the user; and
- personal finance management entities, which are qualified to manage users' personal finances under a commercial agency agreement and are authorised to execute financial transactions on behalf of the user within the framework established by the relevant agreement.

The regulation establishes the conditions for the provision of services within its scope, including minimum capital requirements, permissible operations, provisioning requirements and risk management standards, among others. It further requires that these entities comply with anti-money laundering regulations and appoint a compliance officer.

⁹ Codification of Monetary, Financial, Securities, and Insurance Resolutions (*Codificación de Resoluciones Monetarias, Financieras, De Valores y Seguros*), Title II, Chapter LXII. Regulation Governing Technology-Based Financial Services Entities (*Norma que regula las Entidades de Servicios Financieros Tecnológicos*), approved by Resolution No JPRF-2023-076 of 11 September 2023, published in the Second Supplement to Official Registry No 402 of 22 September 2023.

Regulation governing specialised electronic deposit and payment companies¹⁰

This establishes the requirements for their incorporation and provides that the Central Bank shall grant the operating authorisation for these entities in accordance with the applicable rules.

Regulation on requirements and parameters for the operation of regulatory sandboxes for innovative developments¹¹

This establishes the operation of controlled regulatory testing environments enabling the implementation of innovative developments in the financial, securities and insurance systems, other than those falling within the competence of the Central Bank (discussed more extensively in Section 4).

Codification of Superintendency of Banks regulations

The Superintendency of Banks has issued a set of regulations that develop the legal provisions governing the financial system and complement the regulations issued by the Financial and Monetary Board, primarily relating to entity supervision, the granting of authorisations, and risk management.

The codification of regulations includes supervisory rules for regulated entities that establish the criteria and procedures to be observed for their proper operation and regulatory compliance, covering areas such as entity incorporation, operational processes and risk management. The most notable regulations include:

- Regulation on Qualification for Technology-Based Financial Services Entities and Issuance of Licences for the Exercise of Fintech Activities by Specialised Electronic Deposit and Payment Companies,¹² which sets out the documentary requirements for the granting of the authorisations necessary to carry out the corresponding activities;
- Regulation on the Supervision and Control of Technology-Based Financial Services Entities and Fintech Activities of Specialised Electronic Deposit and Payment Companies,¹³ which establishes the supervisory policies and procedures applicable to these entities; and

10 Codification of Monetary, Financial, Securities, and Insurance Resolutions, Book I, Title II, Chapter LXIII. Regulation Governing Specialized Electronic Deposit and Payment Companies (*Norma que regula a las Sociedades Especializadas de Depósitos y Pagos Electrónicos*), approved by Resolution No JPRF-F-2024-0109 of 10 May, 2024, published in Official Registry No 567 of 29 May, 2024.

11 Codification of Monetary, Financial, Securities, and Insurance Resolutions, Book V, Title II. Regulation on Requirements and Parameters for the Operation of Regulatory Sandboxes for Innovative Developments (*Norma de Requisitos y Parámetros para el Funcionamiento de Espacios Controlados de Pruebas Regulatorias (sandboxes regulatorios) para Desarrollos Innovadores*), approved by Resolution No JPRF-T-2025-0156 of 30 May 2025, published in Official Registry No 58 of 12 June, 2025.

12 Codification of Superintendency of Banks Regulations (*Codificación de las Normas de la Superintendencia de Bancos*), Book I, Title II, Chapter V. Regulation on Qualification for Technology-Based Financial Services Entities (*Norma de Calificación para las Entidades de Servicios Financieros Tecnológicos*), approved by Resolution No SB-2025-02324 of 25 September 2025.

13 Codification of Superintendency of Banks Regulations, Book I, Title XXI, Chapter I. Regulation on the Supervision and Control of Technology-Based Financial Services Entities (*Norma para la Supervisión y Control de las Entidades de Servicios Financieros Tecnológicos*), approved by Resolution No SB-2025-02325 of 25 September 2025.

- Regulation on Comprehensive Risk Management and Control for Technology-Based Financial Services Entities,¹⁴ which establishes guidelines for the identification, measurement, control, and monitoring of risks, including operational, technological, and AML risks, within supervised entities.

Crowdfunding

The Organic Law on Entrepreneurship and Innovation¹⁵ (OLEI) regulates collaborative funding, or crowdfunding platforms. The OLEI classifies collaborative funding platforms into five categories according to their purpose: (1) donation; (2) reward; (3) pre-sale; (4) equity investment; and (5) repayable financing.

The OLEI provides that, in order to conduct activities through crowdfunding platforms, the following requirements must be met:

- the activity must be carried out by a legal entity under the supervision and control of the Superintendency of Companies;
- the legal entity's corporate purpose must be exclusively to act as an intermediary, through internet platforms, between promoters (who require capital for a specific project) and investors (who are interested in contributing their resources to the realisation of such projects);
- the entity must have a URL for the crowdfunding platform website and an institutional email address for electronic notifications; and
- use of the platform must be subject to terms and conditions and a data privacy policy, both of which must be available on the platform's website.

Under the OLEI, crowdfunding platforms must adopt procedures for classifying projects based on an objective analysis of the information provided by the promoters. These procedures must consider relevant project information relating to its sector, purpose, and/or location, among other factors, using homogeneous and non-discriminatory analytical criteria.

Furthermore, the OLEI requires that all fundraising for crowdfunding projects be conducted through financial system institutions and imposes a cap of 1,000 unified basic salaries (approximately US\$482,000 in 2026) on the funds that may be raised through a crowdfunding platform for any single project.

14 Codification of Superintendency of Banks Regulations, Book I, Title IX, Chapter XII. Regulation on Comprehensive Risk Management and Control for Technology-Based Financial Services Entities (*Norma de Control para la Gestión Integral y Administración de Riesgos de las Entidades de Servicios Financieros Tecnológicos*), approved by Resolution No SB-2025-02323 of 25 September 2025.

15 Organic Law on Entrepreneurship and Innovation (*Ley Orgánica de Emprendimiento e Innovación*), published in Supplement of Official Registry No 151 dated 28 February 2020.

2. Regulations on crypto assets: a summary of the legal framework regarding crypto assets and how they are regulated.

There is currently no specific law or regulation in force in Ecuador governing the operation (issuance, circulation, or use) of cryptocurrencies or crypto assets.

The Monetary and Financial Code designates the United States dollar as the sole legal tender in Ecuador. Accordingly, the US dollar constitutes the only legally recognised means of payment, and all transactions, monetary and financial operations, and corresponding accounting records must be denominated in such currency. The Monetary and Financial Code further prohibits (1) the creation, reproduction, falsification or imitation, whether in whole or in part, of legal tender, as well as the introduction into circulation of any unauthorised currency, by any means or in any form; and (2) the circulation or acceptance of any currency that has not been duly authorised by the Financial and Monetary Board. As a result, cryptocurrencies are not recognised as legal tender or as an authorised means of payment under Ecuadorian law.

While the use of cryptocurrencies as a means of payment is prohibited, Ecuadorian law does not prohibit the purchase, sale or ownership of cryptocurrencies, nor does it regulate it nor supervise it in any way. Thus, while cryptocurrencies may not be used to pay for goods and services in Ecuador, they may be purchased, held and sold like any other asset, with the understanding that such activities entail risks which Ecuadorian law does not specifically address.

In addition, there are no specific statutory provisions or administrative regulations addressing the tax treatment of transactions involving crypto assets. The Internal Revenue Service¹⁶ of Ecuador has issued responses to specific inquiries concerning the trading of crypto assets, indicating that the acquisition or disposal of crypto assets would generally be subject to income tax under the general principles governing taxable income. The lack of specific legal and regulatory guidance on the characterisation, valuation, and reporting of gains derived from crypto asset trading may create practical challenges for both taxpayers and supervisory authorities.

3. Payment service providers and digital wallets: a summary of regulations applying to payment service providers and/or digital wallets.

Over the past year, Ecuador's legal framework governing collection and payment services and electronic wallets has undergone significant changes, driven by legislative reforms and new regulations issued by the Financial and Monetary Board and the Central Bank that define the scope and requirements for the development and provision of these services.

The Monetary and Financial Code provides that payment instruments include cheques, electronic payment instruments, and other technology-based payment instruments, the operation and use of which are subject to regulations issued by the Financial and Monetary Board.

Electronic payment instruments include payment and collection transfers, and credit, debit and prepaid cards (rechargeable or non-rechargeable), which may be operated by the Central Bank and issued and operated by entities within the national financial system and participants in the auxiliary

16 Internal Revenue Service (*Servicio de Rentas Internas*). Official Letter No 917012020OCON002402 dated 29 July 2021.

payment system, subject to the Central Bank's authorisation and in compliance with international standards on the regulation of electronic payment instruments.

The National Payment System, as established by the Monetary and Financial Code, comprises the set of policies, rules, instruments, procedures and services through which fund transfers are executed using payment instruments, as well as the clearing and settlement of transactions among its various participants.

The National Payment System is composed of: (1) the 'central payment system', a set of procedures and services administered by the Central Bank for fund transfers and the clearing and settlement of transactions among its participants – the requirements and conditions for access to this system are established by the Financial and Monetary Board; and (2) the 'auxiliary payment systems', which are private or public systems authorised by the Central Bank, established to channel payment instruments, fund transfers, money remittances or clearing among their participants. The Financial and Monetary Board regulates the operational, governance, risk control and financial requirements that participants must meet.

Payment service providers

The Financial and Monetary Board's regulation on the National Payment System establishes that the following entities may participate in the auxiliary payment systems, provided they obtain express authorisation from the Central Bank:

- financial entities: banks (public and private);
- auxiliary financial system service entities: private entities authorised to provide transactional services, payment services, ATM network services and credit card administration;
- technology-based financial services entities: neobanks (financial entities dedicated to offering financial intermediation services exclusively in digital form);
- specialised electronic deposit and payment companies (*Sociedades Especializadas en Depósitos y Pagos Electrónicos* or SEDPEs); and
- auxiliary payment system administrators: Ecuadorian companies or branches of foreign companies registered in Ecuador, or public sector entities that, without being financial entities, are authorised by the Central Bank to operate payment instruments.

Participants in the auxiliary payment systems may provide one or more of the following services:

- payment aggregation;
- payment gateways;
- processing of electronic payment instruments;
- transactional switching for payment services; and
- money remittances.

The Central Bank issued the Regulation for the Authorisation, Oversight, and Supervision of Auxiliary Payment System Participants,¹⁷ which governs the registration, qualification and authorisation of services rendered by auxiliary payment system participants.

Among the auxiliary payment system participants, of particular note are the SEDPEs, entities whose sole purpose is the receipt of funds for the exclusive purposes of facilitating payments and fund transfers through authorised electronic payment methods, as well as sending and receiving financial transfers. SEDPEs must be legal entities incorporated as corporations (*sociedades anónimas*) subject to the provisions of the Companies Law, and must be previously qualified by the Central Bank before providing services.

Under the National Payment System regulation, these entities may provide only the following services:

- receiving monetary resources in electronic payment accounts through deposits, transfers, or receipt of payments;
- making payments, transfers, and cash withdrawals;
- sending and receiving financial transfers;
- sending and receiving international remittances; and
- channelling payments for public services and, in general, payments to the public sector.

Electronic wallets

Electronic payment instruments may be processed through electronic wallets, which are defined as a technological application or online service on an electronic device that enables users to channel money in real time electronically to facilitate payments and transfers, and permits the sending and receiving of financial transfers.

The Regulation on Currency, Payment Instruments and Systems in Ecuador, and Fintech Activities of their Participants provides that electronic wallets may be operated exclusively by:

- SEDPEs;
- financial entities, solely to facilitate transactions for their clients or members; and
- auxiliary financial system service entities authorised to process electronic payment instruments.

Additionally, entities providing electronic wallet services must implement transactional security measures for fraud mitigation and the identification of suspicious patterns, so that services are offered securely, ensuring the privacy and security of information.

¹⁷ Central Bank of Ecuador, Administrative Resolution No BCE-GG-024-2024 of 18 October 2024.

4. Special support for fintechs: a description of special programmes supporting the fintech ecosystem, fintech startups (eg, regulatory sandboxes and accelerator programmes) and regulations regarding special support.

The Fintech Law mandates the implementation, by the Superintendency of Banks or the Central Bank (within their respective spheres of competence), of a programme for the creation of regulatory testing environments (referred to as 'regulatory sandboxes') for new business models related to technology-based financial services and technology-based payment services.

A regulatory sandbox constitutes a restricted implementation mechanism by which participants seeking to deploy new business models related to technology-based payment instruments, systems, structures and services may obtain a temporary operating authorisation for the development of products, services and business models, subject to prior authorisation from the Central Bank or the Superintendency of Banks. Any company authorised to operate within a regulatory sandbox may develop its services under the supervision and control of the competent regulator.

The 'Regulation on Requirements and Parameters for the Operation of Regulatory Sandboxes for Innovative Developments' is intended to enable the practical implementation of innovative developments within the national financial system, other than those falling within the competence of the Central Bank. The temporary operating licence is granted for a maximum term of one year, and is renewable for up to one additional year at the discretion of the corresponding supervisory body.

Additionally, the Financial and Monetary Board, in its regulation on regulatory sandboxes and temporary operating authorisation, establishes the conditions and requirements for applying for temporary authorisation to implement new business models related to payment instruments and services supervised by the Central Bank. The application must include:

- a structured business plan;
- a plan of measures for the protection of users and consumers, commensurate with the risk level of the temporary test;
- a plan for cessation of operations;
- a proposed risk analysis and management policy for the products to be tested; and
- an orderly exit plan from the temporary regulatory testing environment, addressing the mitigation of potential risks that may affect other products or services offered by the entity and its users in general.

This regulation vests the Central Bank with the power to authorise the development of temporary business models within a regulatory testing environment, specifying the operating and functional parameters. The term within which the new model may be developed in the regulatory testing environment is up to 24 months.

Furthermore, the regulation establishes the formation of a coordinating commission for the authorisation of regulatory testing environments, a technical body tasked with evaluating the applications submitted and recommending their approval or rejection to the Central Bank, as well as proposing guidelines,

policies, methods, best practices, and/or procedures related to the creation, operation, and termination of regulatory sandboxes.

5. Open banking: a summary of regulations regarding open banking and direct or indirect regulations that affect open banking.

The Fintech Law provides that the Financial and Monetary Board must set the conditions for the private financial system to provide open banking services, publishing application programming interfaces (APIs) for the validation of account information in order to facilitate interoperability with fintech companies.

The National Payment System regulation provides that entities participating in the National Payment System must interoperate across their platforms and infrastructures in accordance with the following principles:

- accessibility;
- high service level;
- scalability;
- neutrality;
- technological neutrality;
- non-discrimination and fair access;
- client orientation; and
- transparency, as well as the technical standards issued by the Central Bank.

Interoperability must be implemented for real-time payments involving the following transaction types:

- person (ordering client – natural person) to merchant (beneficiary client – natural person or entity with a tax identification number, or RUC);
- merchant (ordering client – natural person or entity with RUC) to person (beneficiary client – natural person);
- person (ordering client – natural person) to person (beneficiary client – natural person);
- person (ordering client – natural person) to public institution (beneficiary client – government institution); and
- public institution (ordering client – government institution) to person (beneficiary client – natural person).

Within this context, the regulation imposes a series of obligations that payment system participants must comply with, including:

- *Obligation to interoperate among payment network members:* Payment network administrators and their members are required to interoperate across their platforms and with existing infrastructures within the payment system, thereby enabling real-time payment processing;
- *Obligation to implement key-based payments:* Public and private banks, savings and credit cooperatives, SEDPEs, neobanks, and auxiliary payment system participants must ensure interoperability and offer their clients a key-based payment service – that is, a unique public identifier allowing a person to link their payment credentials to personal information (such as their identification number, mobile phone number or personal email address) to make or receive payments; and
- *Obligations of payment network members providing key-based and/or QR code payment services:* Payment network members offering key-based or QR code payment services must, among other obligations:
 - implement processes for the registration, updating, and portability of keys;
 - provide access facilities for their clients to manage such keys and implement client information and education programmes; and
 - enable their clients to change the account and/or entity associated with a specific key, allowing them to cancel it with one member and register it with any other member within the ecosystem.

The Central Bank also issued the 'Regulation for the Implementation of Interoperability of Electronic Fund Transfers for Real-Time Payments',¹⁸ which establishes the implementation phases and specific deadlines, including stages of integration and technological adjustments.

Among the most important milestones for interoperability implementation, the Central Bank must bring the Integrated Payment System platform (a technological infrastructure that ensures the traceability of transactions carried out between members of different payment networks) into production within 22 months from the issuance of the regulation, after which payment system participants must submit their compliance plan and strategy for the implementation of interoperability standards.

6. Regulation of virtual asset service providers.

Ecuador does not currently maintain a comprehensive, standalone regulatory regime specifically governing virtual asset service providers (VASPs). Instead, VASPs are subject to the general anti-money laundering and counter-financing of terrorism (AML/CFT) framework established under the Anti-Money Laundering Law¹⁹ ('AML Law') and its implementing regulations. In addition, the Superintendency of Banks has issued sector-specific regulations applicable to VASPs, setting forth detailed compliance, risk management, monitoring and reporting obligations within the broader AML/CFT framework.

¹⁸ Central Bank of Ecuador, Administrative Resolution No BCE-GG-008-2025 of 15 May 2025.

¹⁹ Anti-Money Laundering Law (*Ley Orgánica de prevención, detección y combate del delito de lavado de activos y de la financiación de otros delitos*), published in Official Registry Supplement No 610 of 29 July 2024.

Under Ecuadorian law, a virtual asset is defined as a digital representation of value that can be traded or transferred digitally. However, the AML Law specifies that virtual assets do not include digital representations of fiat or current currency, securities and other financial assets.

Regulations issued by the Superintendency of Banks²⁰ define VASPs as any natural or legal person domiciled or incorporated in Ecuador that, as a business, conducts one or more of the following activities for or on behalf of another person:

- exchange between virtual assets and fiat currencies;
- exchange between one or more forms of virtual assets;
- transfer of virtual assets;
- custody or administration of virtual assets or instruments enabling control over virtual assets; and
- participation in and provision of financial services related to an issuer's offer and/or sale of a virtual asset.

Domestic regulation does not establish distinct subcategories of VASPs.

VASPs are expressly designated as obligated entities (*sujetos obligados*) for AML/CFT purposes and are subject to supervision by the Superintendency of Banks. Accordingly, they must implement a comprehensive system for the prevention and administration of the risk of money laundering and financing of other crimes (*Sistema de Prevención y Administración del Riesgo de Lavado de Activos y la Financiación de Otros Delitos*), proportionate to the size, complexity and risk profile of their operations. At a minimum, such system must include a documented risk assessment tailored to virtual asset-related risks, formal policies and procedures, internal controls, and ongoing transaction monitoring. The system must be reviewed at least annually, or more frequently upon material operational or regulatory changes.

VASPs are required to appoint a compliance officer and an alternate with appropriate AML/CFT expertise. The compliance officer is responsible for overseeing the implementation and effectiveness of the internal prevention system and for filing suspicious transaction reports (STRs) with the Financial and Economic Analysis Unit (*Unidad de Análisis Financiero y Económico*, or UAFE). In addition, VASPs must comply with customer due diligence obligations, including:

- verification of client identity and beneficial ownership;
- documentation of the lawful origin of funds and virtual assets – including blockchain traceability where applicable;
- enhanced due diligence measures for higher-risk clients; and
- ongoing risk-based monitoring.

20 Codification of Superintendency of Banks Regulations, Book I, Title IX, Chapter VI.

Furthermore, VASPs must implement adequate technological tools for transaction monitoring and comply with applicable information transmission requirements in connection with virtual asset transfers. They are also required to maintain robust cybersecurity controls, conduct periodic internal and/or external audits, and retain client and transaction records for a minimum period of ten years.

In sum, Ecuador does not currently provide for a dedicated prudential licensing or capital regime for VASPs. Rather, regulatory oversight is derived from the broader AML/CFT framework. In the area of control of financial institutions (including fintech entities), the Superintendency of Banks acts as the competent supervisory authority.

7. AML and the Travel Rule in crypto asset transactions.

Ecuador has a broad AML framework that imposes obligations on VASPs, including mandatory requirements for the transmission of originator and beneficiary information in connection with virtual asset transfers. The applicable regime is set forth in Article 52 of the AML Law and further developed through binding regulations issued by the Superintendency of Banks.

The AML Law provides that, for all domestic and cross-border electronic transfers – including transfers of virtual assets – obligated entities, expressly including VASPs, must ensure that originator and beneficiary information, together with an account or reference number, accompanies the transfer or related message, including transactions processed in batch form.

Regulations issued by the Superintendence of Banks further delineate the operational scope of these obligations. VASPs are required to implement advanced technological tools capable of monitoring transactions in real time and identifying unusual or suspicious patterns, including rapid transfers to multiple addresses, structuring patterns, or transactions involving high-risk jurisdictions. In addition, VASPs must ensure that the prescribed originator and beneficiary information is transmitted in connection with all virtual asset transfers.

At a minimum, originator information must include:

- the individual's full name (or corporate name, as applicable);
- identification number (or tax registration number in the case of legal entities);
- account number or virtual asset wallet address (or, where none exists, a traceable transaction reference code); and
- additional identifying data such as address, and date and place of birth, or equivalent identifying information.

Beneficiary information must include:

- the beneficiary's full name (or corporate name);
- account number or wallet address (or a traceable transaction reference code); and
- the amount and type of virtual asset transferred.

VASPs must maintain risk-based policies and procedures to determine whether to execute a transaction and whether to make virtual assets available to a beneficiary where required originator or beneficiary information is incomplete or missing. If the required information is not obtained, the VASP must refrain from executing the transaction, must not make the virtual assets available, and must assess whether the circumstances warrant the filing of a STR with UAE.

In the case of transfers involving self-hosted wallets, VASPs must obtain and retain the required information from their own customer and request corresponding originator or beneficiary information, as applicable. If such information is not provided, the VASP must decline to execute the transaction and may terminate the business relationship, while evaluating whether an STR filing is required. In all such cases, VASPs must assess the associated AML risks and use appropriate blockchain analytics tools to ensure transaction traceability.

The Superintendency of Banks acts as the competent supervisory authority responsible for overseeing VASP compliance and information transmission obligations, while UAE serves as the financial intelligence unit charged with receiving and analysing STRs.

Accordingly, Ecuador's framework imposes mandatory and operationally detailed obligations on VASPs to collect, transmit, retain and risk-assess originator and beneficiary information in connection with virtual asset transfers, applicable to both domestic and cross-border transactions under the supervision of the Superintendency of Banks.

8. Enforcement and cross-border recognition of tokenisation and structuring of secured transactions involving crypto assets.

Ecuadorian law does not contain specific statutory or regulatory provisions governing the tokenisation of assets or the structuring of financial instruments involving tokenised assets, crypto assets, or decentralised finance (DeFi) arrangements. Tokenised assets and crypto assets are not currently recognised or regulated as a distinct category of financial instruments or collateral. Accordingly, there are no specific legal provisions governing the structuring, creation or perfection of security interests over tokenised assets or crypto assets. Any such arrangements would therefore be governed by the general legal framework applicable to contractual obligations and secured transactions, to the extent that the underlying rights and assets can be recognised and enforced under Ecuadorian law.

With respect to regulated financial institutions, the Financial and Monetary Board has established a regulatory framework identifying the types of collateral deemed 'adequate guarantees' for credit operations. These guarantees are categorised as follows:

- guarantees constituted in Ecuador, including, among others, pledges over cash deposits and financial investments, mortgages over real estate, pledges over movable assets, and warehouse deposit certificates;
- guarantees constituted abroad, including certain security interests over assets such as ships and aircraft, subject to compliance with applicable legal and insurance requirements; and

- other recognised guarantees, including letters of credit, bank guarantees, surety bonds, negotiable credit instruments and security trusts, pursuant to which assets, funds or rights are transferred to an authorised fiduciary entity to secure the performance of obligations.²¹

Outside the regulated financial sector, Ecuadorian law is based on the principle of freedom of contract. Accordingly, private parties are generally free to agree on the form and structure of collateral securing their contractual obligations, *provided* such arrangements do not violate mandatory legal provisions. In practice, the most commonly used forms of security include pledges over movable assets, pledges over shares, real estate mortgages and security trusts.

The creation and perfection of security interests are subject to specific legal formalities depending on the nature of the collateral. Mortgages over real estate must be granted by public deed and registered with the relevant property registry of the canton where the property is located. Pledges over movable assets require a written agreement with recognised signatures and must be registered with the applicable mercantile registry of the canton where the pledged assets are located in order to ensure enforceability against third parties. Pledges over shares of Ecuadorian companies must be recorded in the company's internal share registry book in order to be enforceable against the company and third parties. Security trusts must be executed by public deed and established with a duly authorised fiduciary entity.

Ecuadorian law generally recognises the principle of party autonomy in contractual matters, including the validity and enforceability of foreign governing law clauses, subject to compliance with Ecuadorian public policy and mandatory legal provisions. Additional considerations regarding the recognition and enforceability of foreign governing law clauses are addressed in Section 9.

In the event of default, secured creditors may enforce their security interests through judicial enforcement proceedings. As a general rule, security agreements and related guarantees constitute execution instruments, *provided that* they comply with the legal requirements and formalities established under Ecuadorian procedural law, including those described above.²² In such cases, creditors may initiate a summary enforcement proceeding to enforce the underlying obligation and foreclose on the collateral, which results in judicial seizure and public auction of the secured assets in order to satisfy the outstanding obligations. Where the security has been structured through a security trust, enforcement is governed by the terms of the relevant trust agreement. Upon the occurrence of the agreed enforcement conditions, the trustee is required to act in accordance with the fiduciary instructions set forth therein.

9. Litigation and jurisdiction on crypto assets: legal implications of disputes involving crypto assets.

Under Ecuadorian law, a party's contractual submission to a foreign jurisdiction is generally valid, binding and enforceable. Exclusive jurisdiction clauses are respected by Ecuadorian courts, subject to certain statutory limitations.

21 Codification of Monetary, Financial, Securities, and Insurance Resolutions, Book I, Title II, Chapter XXI. Categorisation and Valuation of Adequate Guarantees (*Categorización y Valoración de las Garantías Adecuadas*), approved by Resolution No JPRMF-0402-2017-F of 5 September 2017, published in Official Registry No 90 of 29 September 2021.

22 General Organic Code of Procedure (*Código Orgánico General de Procesos, COGEP*), published in Supplement of Official Registry No 506 dated 22 May 2015.

Ecuadorian courts recognise the validity of agreements submitting disputes to foreign courts – including exclusive jurisdiction clauses – provided that the matters in dispute are not subject to the exclusive jurisdiction of Ecuadorian courts. Matters typically reserved to the exclusive jurisdiction of Ecuadorian courts include, among others, *in rem* rights over real property located in Ecuador and insolvency or bankruptcy proceedings governed by Ecuadorian law.

Judgments rendered by foreign courts designated in a valid jurisdiction clause may be recognised and enforced in Ecuador through a judicial recognition proceeding (homologation) in accordance with the General Organic Code of Procedure and the Organic Code of the Judiciary.

For a foreign judgment to be recognised and declared enforceable in Ecuador, the following requirements must generally be satisfied:²³

- the judgment must meet all legal formalities required for its authenticity in, and be considered final according to the laws of, its place of origin;
- the judgment and all supporting documents must be translated into Spanish, if necessary;
- the party seeking to enforce the judgment must demonstrate through documentation that the defendant was legally summoned and afforded due process; and
- the claim must identify the place where the counterparty must be notified.

Recognition and enforcement are further subject to customary conditions under Ecuadorian law, including that:

- such judgment will not resolve matters which are subject to the exclusive jurisdiction of Ecuadorian courts (ie, real estate matters, bankruptcy);
- the foreign judgment shall have the authority of *res judicata* under the laws of such foreign jurisdiction;
- there are no pending legal proceedings in Ecuador between the same parties which relate to the same matters and which were initiated prior to the filing of the complaint which concluded with such foreign judgment;
- such foreign judgment is not incompatible with other foreign judgments which meet the admissibility and enforceability requirements established by Ecuadorian law which have been previously issued with respect to the same subject matter; and
- such foreign judgment is not contrary to public order.

With respect to public order, Ecuadorian legislation and jurisprudence do not provide an exhaustive or precisely defined standard. Accordingly, while the public policy exception is generally construed restrictively, it cannot be categorically excluded that an Ecuadorian court could decline recognition on public order grounds in a particular case.

23 General Organic Code of Procedure (*Código Orgánico General de Procesos*, COGEP), published in Supplement of Official Registry No 506 dated 22 May 2015.

Subject to the foregoing, exclusive foreign jurisdiction clauses are generally upheld by Ecuadorian courts, and foreign judgments rendered pursuant thereto are capable of recognition and enforcement in Ecuador through the applicable homologation procedure.

10. Intellectual property and crypto assets: legal protection, ownership, enforcement and monetisation of IP rights related to digital and virtual assets.

The applicable regulatory framework in Ecuador for the protection of intellectual property rights is governed by Decision 486 of the Andean Community²⁴ ('Decision 486') and the Organic Code on the Social Economy of Knowledge, Creativity, and Innovation²⁵ (COESCCI). Within this framework, the following mechanisms are available for the protection of inventions and innovations.

Patents of invention

Technical innovations such as cryptographic algorithms implemented in hardware, consensus protocols with specific technical components, and hardware wallets may be patented. However, Decision 486 provides that computer programs 'as such' and forms of presenting information are not considered inventions, which would limit the patentability of cryptocurrencies on the basis that they constitute pure software performing certain functions.

Software copyright

The source code of smart contracts, decentralised applications (dApps) and blockchain protocols benefits from automatic protection as a literary work from the moment of its creation, without the need for constitutive registration. This constitutes the most accessible avenue for protecting technological developments within the cryptocurrency ecosystem.

Registered trademarks

The names, logos and designations of cryptocurrency projects may be registered with the National Intellectual Property Service (SENADI) under Classes 36 (financial services), 42 (technological services), and 9 (software) of the Nice Classification. Protection lasts ten years and is indefinitely renewable.

Accordingly, Ecuador's legal framework provides effective protection for crypto asset-related innovations. Software copyright (code) and trademark registration represent the most accessible avenues, given that patents of invention present significant limitations due to the classification of these innovations as pure software.

Ecuadorian law provides several mechanisms for the enforcement of intellectual property rights through different channels:

24 Cartagena Agreement Decision No 486, published in Official Registry No 258 of 2 February 2001.

25 Organic Code on the Social Economy of Knowledge, Creativity, and Innovation (*Código Orgánico de la Economía Social de los Conocimientos, Creatividad e Innovación*), published in Official Registry Supplement No 899 of 9 December 2016.

- *Administrative:* Actions may be brought before SENADI for opposition to registration or cancellation of trademarks for non-use, as well as administrative enforcement actions for rights infringement;
- *Civil:* Available remedies include the cessation of infringing acts, damages awards, the withdrawal of products from commerce, and the granting of injunctive relief, such as orders for the removal of digital content; and
- *Criminal:* Criminal proceedings apply to infringements involving the distribution of pirated software, the commercialisation of counterfeit hardware wallets, or phishing websites impersonating legitimate platforms.

Furthermore, at the international level, Decision 486 harmonises the intellectual property regime among the Andean Community member states (Colombia, Ecuador, Peru and Bolivia), ensuring equal protection of intellectual property rights across all member countries.

In Ecuador, intellectual property rights over crypto assets may be monetised through various contractual arrangements, including software or technology licensing, trademark licence agreements, assignment of economic rights over source code, and software as a service (SaaS) models for DeFi platforms. However, it should be noted that these transactions must comply with the tax regulations of the Internal Revenue Service (including withholding taxes on royalty payments abroad) and the reporting obligations to the UAFE in connection with AML requirements.



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