

MERGE Insights

São Paulo 2026

DARTE Series.

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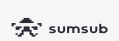
sumsub

Initiated by Mariana de la Roche W. (BlackVogel) and Dr. Nina-Luisa Siedler (siedler legal), the DARTE Series is a high-level roundtable format designed to enhance legal clarity around digital assets, focusing on regulation, compliance, data protection, and market integrity.

The São Paulo DARTE edition took place on March 17th, 2026, at the World Trade Center, in collaboration with the European Commission, Asensi Abogados, Crypto Finance, Itaú, MERGE, and Sumsb. The roundtable gathered regulators, legal practitioners, and digital asset infrastructure providers to explore the regulatory and operational challenges at the intersection of Latin American and European frameworks.

The agenda focused on three strategic themes: 1) regulatory issues for payment services from LatAm to the EU, presented by Marina Villalonga (Asensi Abogados); 2) the lack of a common LatAm standard for stablecoin issuance, presented by Maria Isabel Sica Longhi (Ripple); and 3) harmonizing Latin America's fragmented Travel Rule, presented by Kat Cloud (Sumsb). The session opened with a welcome note by Stijn Vander Straeten, CEO of Crypto Finance Group, and concluded with a keynote by Giovana Fiorin Abreu (Itaú).

We extend our sincere thanks to all speakers, participants, and institutional partners for their valuable contributions. The views presented in this report reflect the collective understanding of the participants and do not necessarily represent the official positions of individual attendees or rapporteurs.

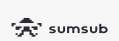




Opening remarks by Stijn Vander Straeten, CEO of Crypto Finance Group

The session opened with a keynote by Stijn Vander Straeten, CEO of Crypto Finance Group, who framed the São Paulo roundtable against the backdrop of a rare and consequential moment in global regulatory history: two of the world's most significant digital asset frameworks, MiCA in Europe and Brazil's evolving crypto regulatory architecture, are taking shape simultaneously. Rather than coincidence, this was presented as an opportunity for bilateral regulatory dialogue that neither region should miss.

Brazil was situated as the largest crypto market in Latin America and one of the top five globally by adoption, while the EU, through MiCA, has established the first comprehensive regulatory standard for digital assets, a model being closely watched by jurisdictions around the world. The relationship between Brazil and the EU, it was argued, is no longer purely geographic or trade-based; it is increasingly a shared regulatory conversation with direct implications for how institutional capital flows across the corridor.



Speaking from direct operational experience, Vander Straeten noted that Crypto Finance Group is MiCA-regulated and BaFin-supervised, a deliberate strategic choice grounded in the conviction that regulated infrastructure is the only sustainable path to institutional adoption of digital assets. Compliance, in this view, is not a cost center but a competitive advantage and a trust signal to institutional clients. This perspective informed the broader argument that regulation, when well-designed, is not a brake on innovation but the infrastructure that enables institutional capital to move. Without clear rules, the result is not freedom, it is friction, exclusion, and fragmentation.

The keynote also addressed the uneven implementation of regulatory frameworks across national authorities, noting that divergent transposition timelines and supervisory approaches create asymmetries with significant market consequences. Where a national framework is not yet fully operational, domestic players may find themselves unable to offer certain services while entities authorized in other jurisdictions can enter the same market through passporting, effectively penalizing those operating within the local regime while opening the door to those regulated elsewhere. This dynamic underscores the importance of implementation consistency across competent authorities, and of building frameworks that protect and incentivize compliant domestic actors rather than inadvertently disadvantaging them.

Brazil's regulatory progress was presented as opening the same door for Latin America that MiCA opened for Europe: when rules are clearly defined, market participants come. The keynote closed with a call to action directed at the room itself, a gathering of policymakers, legal practitioners, and industry leaders from across jurisdictions, as precisely the kind of forum where the gap between regulatory design and operational reality can and must be closed.

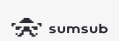


1. Regulatory Issues for Payment Services from LatAm to the EU

The first topic of the São Paulo roundtable, presented by Marina Villalonga partner at Asensi Abogados, focused on the regulatory challenges facing Latin American firms seeking to access the EU market for crypto-asset and payment services, particularly the structural tensions arising from the overlap between MiCAR and PSD2.

A central concern discussed was the dual legal qualification of e-money tokens (EMTs). While MiCAR classifies EMTs as crypto-assets, it simultaneously requires that they be treated as electronic money for regulatory purposes, triggering the application of PSD2 alongside MiCAR. This results in a double supervisory perimeter, where the same activity is subject to cumulative capital, safeguarding, and conduct-of-business obligations, significantly increasing the cost and complexity of EU market entry.

Participants noted that many Latin American firms incorrectly assume a MiCAR licence is sufficient for full EU market access. In practice, where a wallet is held in a client's name, allows the sending or receipt of EMTs to or from third parties, and processes such transfers without intermediation through a bank account, it is likely to be classified as a payment account under PSD2, making the provider a payment service provider subject to separate authorization. The European Bank Authority's Opinion of February 2026, applicable from March 2026, confirmed this interpretation with no derogations for intra-client wallets, payout scenarios, or transfers to non-custodial wallets. The EBA's earlier No-Action Letter, issued in June 2025, had introduced a transition period ending on 2 March 2026 during which CASPs could continue certain EMT-related activities without full PSD2 authorisation, but this relief is now expired.



There was broad consensus that the current EU framework, characterized by overlapping regimes, divergent NCA interpretations, and cumulative licensing requirements, creates structural barriers that undermine the very purpose of EMTs as instruments for efficient cross-border payments. Several participants noted that the LatAm-EU corridor, particularly between Brazil and Spain, represents a significant and underserved opportunity that regulatory fragmentation is currently preventing from maturing.

On the legislative horizon, participants noted that the PSD3 and PSR trilogue negotiations concluded with a provisional political agreement reached on 27 November 2025. The final consolidated texts, dated 5 March 2026, confirm that EMTs continue to be deemed electronic money under PSD3, maintaining the dual-regime framework in its current form. Notably, PSD3 does introduce a streamlined authorisation procedure for CASPs already licensed under MiCAR Article 63 that wish to apply for payment services authorisation, with a 60 business day decision period where the CASP intends to provide payment services exclusively with EMTs. While this represents a procedural improvement, it does not eliminate the need for dual licensing. The final texts are expected to be published in the Official Journal towards the end of Q2 2026, with the PSR entering into application 18 months after its entry into force and PSD3 requiring national transposition within the same timeframe, placing full applicability around Q2/Q3 2028. The dual-licensing issue therefore persists in the interim, and firms may be tempted to pause EMT-related activities pending greater regulatory clarity rather than invest in a dual-licensing structure ahead of this transition.

Three operational models were discussed as practical pathways for firms wishing to enter the EU market: a pure MiCAR model that eliminates EMT transfer functionality to avoid PSD2 exposure; a PSP-as-a-service model where the CASP partners with an authorized EU payment institution to handle the payment layer; and a hybrid group structure combining a MiCAR-licensed CASP and a PSD2-licensed PI/EMI within the same corporate group.





Calls to Action regarding Payment Services and the MiCAR-PSD2 Overlap

The key calls to action from the discussion are:

Develop a clear taxonomy for EMT-related activities: Industry and regulators should jointly define which EMT operations constitute payment services under PSD2, providing practical criteria to distinguish transfers, payments, and internal operations, and reducing interpretive divergence across Member States.

Advance NCA coordination and leverage PSD3/PSR for alignment: Formal cooperation channels should be established between national authorities to ensure consistent application of dual-regime obligations, and industry working groups should engage actively in the PSD3/PSR finalisation process to propose language that resolves the current regulatory superimposition of MiCAR and payment services rules.

Establish EU-LatAm regulatory cooperation frameworks: Industry actors across both regions should work toward mutual recognition or equivalence mechanisms, improving cross-border AML/CTF collaboration and reducing duplicative licensing requirements for firms operating in both jurisdictions.

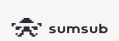


2. The Lack of a Common LatAm Standard for Stablecoin Issuance

The second topic of the São Paulo roundtable, presented by Maria Isabel Sica Longhi, Director of Public Policy and Regulatory for Latin America at Ripple, examined the structural consequences of Latin America's fragmented approach to stablecoin regulation and the case for a regional minimum standard.

The discussion opened with a recognition that Latin America is the second-fastest growing crypto region in the world, with stablecoins accounting for the majority of transactions across its largest markets. Despite this, the region has no common regulatory framework for stablecoin issuance, with each jurisdiction developing its own approach independently. Brazil has the most developed framework, with reserve requirements, issuance standards, and foreign exchange (FX) reporting obligations established through central bank resolutions. Chile brought crypto platforms under supervisory oversight through its 2023 Fintech Law but does not address stablecoin issuance specifically. Argentina's regime focuses primarily on AML/KYC with no reserve or issuance requirements for stablecoin issuers. Mexico classifies stablecoins as currency and subjects them to banking and FX regulation by default, yet financial institutions have been prohibited from offering crypto services to the public since 2021, leaving the issuer level effectively unregulated. Colombia operates through a sandbox model with no binding stablecoin-specific legislation at all.

Participants agreed that this patchwork creates structural incentives for regulatory arbitrage. An issuer serving users across multiple LatAm jurisdictions can domicile in the lightest-touch regime and distribute its product digitally across borders, effectively avoiding the more stringent reserve and governance obligations of stricter jurisdictions. The FSB's October 2025 thematic review was referenced in this context, having identified this dynamic globally and warned of a race-to-the-bottom pressure on standards. The consumer protection implications were also noted: users holding stablecoins issued by foreign-domiciled entities with no reserve requirements have no meaningful recourse in the event of depegging or insolvency, and host-country regulators have no supervisory mechanism to address this.



The discussion then turned to the comparative regulatory landscape. On the European model, participants noted that MiCA introduces a harmonized framework with strict reserve, governance, and supervision requirements for stablecoin issuers, alongside a passporting mechanism. However, it was observed that passporting has not operated seamlessly in practice, with operators authorized in one Member State facing delays or additional requirements in others, and frictions arising from competition between local operators and incoming entities. Open questions also remain as to MiCA's capacity to address the global dimension of stablecoin markets, particularly where issuers or reserves are located outside EU territory.

On the US approach, participants examined the GENIUS Act, which establishes requirements for reserve backing with high-quality liquid assets held with authorized custodians and subject to audit. A key feature noted was its equivalence mechanism, which allows foreign issuers to access the US market if they originate from jurisdictions with comparable regulatory standards. For Latin American issuers, this creates a concrete commercial pressure: jurisdictions without credible issuance frameworks risk being treated as non-equivalent, effectively foreclosing access to the world's most important stablecoin market. Yield-bearing stablecoins were also discussed, with participants noting that they would not be permitted under the GENIUS Act framework and raise broader concerns about deposit displacement, banking system stability, and potential securities classification.

A recurring theme was the differentiated economic function of stablecoins in Latin America. Unlike in Europe or the US, where stablecoins are primarily associated with trading or DeFi activity, in high-inflation economies across the region stablecoins serve as instruments of monetary access, enabling users to hold US dollars or euros as a hedge against local currency depreciation. This functional reality was seen as requiring regulatory approaches calibrated to the region's specific economic context, rather than direct replication of EU or US models. The divergence in definitional approaches was also highlighted, with Brazil's model, which classifies stablecoins based on reserve composition rather than asset functionality, potentially producing different regulatory outcomes from frameworks built around functional definitions.

Brazil's CBDC project, Drex, was also referenced, with participants noting that it remains under development and that its implementation presents significant technical and operational challenges





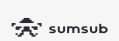
Calls to Action regarding a Common LatAm Stablecoin Standard

The key calls to action from the discussion are:

Establish a regional minimum standard through CEMLA: Latin American central banks and securities regulators should work through the Latin American and Caribbean Center for Monetary Studies (CEMLA) to agree on a common baseline for stablecoin issuance, covering reserve requirements, redemption rights, disclosure obligations, and governance standards. This standard should establish a floor, not a ceiling, enabling each jurisdiction to build upward from a common foundation.

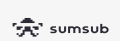
Implement mutual recognition with an equivalence pathway: Jurisdictions that adopt the minimum standard should mutually recognize each other's licensed issuers, allowing compliant stablecoins to operate across borders without redundant national licensing. This creates positive incentives for regulatory convergence and generates the equivalence record necessary for LatAm issuers seeking access to US markets under the GENIUS Act framework.

Engage proactively with the FSB's global stablecoin work: LatAm regulators should participate actively in international standard-setting processes, ensuring that global frameworks, including FSB recommendations and equivalence determinations under the GENIUS Act, reflect the region's specific economic context and the distinct function of stablecoins in high-inflation economies.



3. Harmonizing Latin America's Fragmented Travel Rule

The third topic of the São Paulo roundtable, presented by Kat Cloud (Sumsb), addressed the implementation challenges of the FATF Travel Rule in Latin America and the structural conditions required to make compliance operational across the region's fragmented regulatory landscape. The discussion opened from a clear premise: the Travel Rule requires VASPs to collect, transmit, and retain originator and beneficiary information for virtual asset transfers above specified thresholds, and compliance depends entirely on secure, standardized, and interoperable data exchange mechanisms between counterparties. In Latin America, despite high levels of crypto adoption, the technical and institutional infrastructure for Travel Rule compliance remains fragmented and uneven, creating operational inefficiencies, regulatory non-compliance risks, and significant barriers to market participation, particularly for small and mid-sized providers. Participants were careful to note that fragmentation cannot be analyzed in isolation from its technical dimension. The core bottleneck is not solely regulatory; it lies in the absence of interoperable protocols between VASP compliance systems. Many messaging and compliance platforms operate as closed environments, preventing information exchange across providers. Several participants drew a parallel with email: competition between providers is healthy and desirable, but only functions because all systems operate on a shared underlying protocol. The same principle, they argued, must apply to Travel Rule infrastructure. As long as providers maintain closed systems, no amount of regulatory convergence will produce operational interoperability. The discussion also addressed the inherently cross-border nature of the challenge. Brazil, for example, experiences significant virtual asset flows toward Asia and Europe, meaning that domestic or even regionally-scoped technical solutions fail to capture the reality of the ecosystem. Participants cautioned against an idealized perception of regional coordination, even within the European Union, where a common legal framework exists, institutional and implementation differences across Member States produce fragmentation in practice.



MiCA was acknowledged as a meaningful reference point for what cross-border harmonization can achieve, while also being recognized as imperfect in its operational application. A structural distinction between traditional finance and crypto was raised: in traditional payments, Travel Rule obligations are embedded almost invisibly within payment infrastructure, whereas in crypto, settlement precedes information exchange, requiring an additional coordination layer before execution. This architectural difference explains why the operational challenge is significantly greater in the crypto context and why solutions designed for legacy payment systems cannot be transposed directly. The role of regulatory pressure in driving interoperability was also discussed. Participants noted that market incentives alone are insufficient to open closed systems, given that significant portions of financial messaging infrastructure are controlled by actors with commercial interests in maintaining proprietary networks. Regulators were identified as having a decisive role to play in mandating openness — with examples cited from Europe where regulatory pressure has led certain closed systems to partially open their information exchange with third parties. Brazil's evolving VASP framework was highlighted as a positive development in the regional context. The Central Bank of Brazil has established a three-category structure, intermediaries, custodians, and brokers, with phased Travel Rule implementation forming part of a broader AML/CTF architecture designed to bring virtual asset services to standards comparable to those of traditional finance. Participants welcomed these efforts as a model of the kind of structured, phased approach that other LatAm jurisdictions could look to as a reference. On privacy, participants advocated for a risk-based approach grounded in data minimization and proportionality. Several frameworks were criticized for requiring the transmission of personal data without adequate calibration to the risk level of individual transactions. The broader concern was that compliance obligations without clear supervisory utility impose costs on the industry without generating meaningful enforcement value — a dynamic that risks eroding institutional willingness to invest in compliance infrastructure over time. The upcoming revision of FATF standards was identified as a concrete opportunity for convergence. As jurisdictions adapt their national frameworks, there is a window to align on common data standards, reporting thresholds, and compliance requirements, reducing the divergence that currently forces VASPs to maintain parallel compliance processes across each jurisdiction they operate in





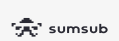
Calls to Action regarding Travel Rule Harmonization in Latin America

The key calls to action from the discussion are:

Develop model legislation and shared regulatory guidance through a regional coordination body: LatAm regulators should establish a continuous forum, drawing on existing structures where available, to develop model laws defining licensing standards, reporting thresholds, KYC/AML obligations, and enforcement mechanisms. Industry should actively participate by contributing operational data, transaction flow analysis, and technical expertise to ensure that rules are implementable without creating disproportionate barriers to smaller market participants.

Mandate open interoperability protocols for Travel Rule infrastructure: Regulators should require that compliance messaging systems operate on shared, open protocols rather than proprietary closed networks, enabling VASPs to exchange Travel Rule data across providers and jurisdictions. Competition should occur at the level of tools and services, not at the level of basic information exchange infrastructure.

Use the FATF revision cycle to anchor regional harmonization: The current revision of FATF standards presents a time-limited opportunity for LatAm jurisdictions to align their national frameworks on data standards, thresholds, and compliance requirements. Regulators should coordinate their transposition processes to converge toward common standards rather than producing a new layer of divergent national implementations, and should explore mutual recognition of VASP licensing as a pathway to reducing duplicative compliance burdens across the region.



Keynote by Giovana Fiorin Abreu, Itaú.

The closing keynote, delivered by Giovana Fiorin Abreu of Itaú, offered a Brazilian market perspective on the themes addressed throughout the day. She observed that regulation in the region has historically tended toward a protectionist orientation, which has to some extent limited the integration and efficiency of cross-border ecosystems. Progress, she emphasized, depends not only on the quality of regulation itself, but on the capacity to build effective collaboration frameworks among authorities, industry participants, and jurisdictions. As a closing reflection on the day's discussions, she underscored that the challenges identified — fragmentation, interoperability, privacy, and enforcement — cannot be resolved through isolated or purely regulatory approaches. What is required are coordinated, practical, and cooperation-based solutions, built across borders and between sectors.

We thank all participants of the São Paulo DARTE event for contributing to the discussion:

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