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Tether has recently announced that it secured a license in El Salvador, thereby facilitating the company's relocation to the country. This development raises important questions regarding the nature of Tether's new authorization and the broader implications for its global operations. Let's explore the key insights from our analysis:

- Two Tether-affiliated entities—Tether NA El Salvador S.A. de C.V. and Tether International El Salvador S.A. de C.V.—are registered with the Salvadoran authorities as Digital Assets Service Providers (DASPs).
- Among the activities permitted under this DASP status are the exchange of digital assets, operation of platforms for exchanging or trading digital assets, facilitation of digital asset placement on various platforms and wallets, and the safeguarding, custody, or management of digital assets.
- Obtaining DASP registration confirms that Tether's entities have established crucial operational and compliance mechanisms that satisfy the regulator's standards.
- El Salvador's regulatory framework also provides for the Issuance of Public Offering of Stable Currencies, obligating issuers to maintain a one-to-one ratio of International Reserve Assets backing their stablecoins. These reserves must be held in both liquid and highly liquid instruments.
- To date, Tether itself has not registered any stablecoin issuances in El Salvador, and its companies do not appear on the roster of authorized issuers with respect to USDT. Nevertheless, two entities connected to Tether—Moon Gold El Salvador, S.A. de C.V. and Moon Gold NA, S.A. De C.V.—have formally notified the regulator of their intention to issue the aUSDT–Alloy by Tether token.

Close monitoring of Tether's regulatory standing across multiple jurisdictions will be crucial in the coming months. The key question is whether certain regulators will deem Tether's compliance with El Salvador's legal framework sufficient to adopt a more lenient approach to USDT, or whether they will insist on complete adherence to their respective domestic requirements.

Link to our analysis: <https://www.llamarisk.com/research/examining-tether-s-regulatory-status-in-el-salvador>