

# Regulatory Annex<sup>1</sup>

This annex covers the most relevant financial system regulation measures adopted since the publication of the previous edition of the IEF and up to closing of this edition (May 2019 – November 2019).

## *Financial inclusion and bancarization*

In order to continue encouraging bancarization and financial education of the youngest, in May 2019, a new sight deposit was created for adolescents (under 18 years old). Thus, underage people may request the opening of this sight deposit as from the time when they are 13 years old, with no need of any action by their legal representatives. This savings account is in pesos and free of any opening or maintenance charge.<sup>2</sup>

In June 2019, the Central Bank amended the [“Regulations on bank current account”](#), by incorporating the procedures for issue, circulation and submission for collection of checks through electronic means (ECHEQ). Among other aspects, the Central Bank set forth the new obligations deriving from these new procedures to be complied with by the current account holder and the drawee banks.<sup>3</sup>

For the purpose of fostering financial inclusion through access to credit in a safe fashion for consumers and on a sustainable basis for the financial system, by mid-2019, the BCRA established that, at the time when either natural persons or micro, small and medium sized businesses (Micro and SMEs) take any UVA loans, financial institutions should offer their clients at least one of the following options: (i) extending the number of originally arranged installments when the payable installment amount may exceed by 10% the installment amount that would have resulted if having applied a capital adjustment according to the Salary Variation Coefficient –CVS; (ii) taking a maximum limit to the installment amount (i.e. such installment does not exceed by 10% the installment amount that would have resulted if having applied a capital adjustment according to the CVS as from the time of disbursement), and this option would not entail an extension of the term of financing. The cost of this new option may be transferred to the client only in case of lending granted under the ProCreAr program.<sup>4</sup>

## *Liquidity management*

In May 2019, the BCRA amended the calculation method for lending to Micro and SMEs in order to determine the decrease existing in the minimum cash requirement in pesos.<sup>5</sup>

In June 2019, the Central Bank amended the method for calculation of the minimum cash requirement in pesos, which now will be determined on the basis of daily balances average of obligations of the previous month. To facilitate the calculation of the requirement in pesos upon the seasonal nature of the demand for money in July and December, the BCRA established the bimonthly calculation of positions for the July/August and December/January periods. As a supplementary measure, the Central Bank excluded from the minimum cash requirement any liabilities recorded by financial intermediaries with stores for sales through credit and/or purchase cards, making no difference between sales in one payment<sup>6</sup> or in installments.<sup>7</sup>

Between May and July 2019, the BCRA reduced the rates for minimum cash requirements in pesos for private sector time deposits, for sight deposits and for time deposits made upon an order by judicial courts and time investments made through non-transferable registered securities held by parties of the public sector.<sup>8</sup> In addition, the BCRA reestablished the minimum cash requirement franchise in pesos for cash withdrawals through the bank’s own ATMs.<sup>9</sup> In turn, it was determined that time deposits agreed remotely (via home banking, online time deposit, etc.) be treated for determination of the minimum cash requirement as in the case of transactions performed in operating banks settled in locations corresponding to categories II to VI.<sup>10</sup>

---

1 Refer to the Communications for a full interpretation of the regulations mentioned in this annex.

2 Communication “A” [6700](#).

3 Communication “A” [6725](#).

4 Communication “A” [6715](#) and [Press Release of 06/14/19](#).

5 Communication “A” [6703](#).

6 Communication “A” [6706](#).

7 Communication “A” [6719](#).

8 Communication “A” [6706](#) and Communication “A” [6728](#).

9 Communication “A” [6740](#).

10 Communication “A” [6706](#).

In July 2019, the Central Bank increased the requirement percentage in pesos that financial institutions may satisfy with BCRA's Liquidity Bills (LELIQs) and/or BCRA's Notes (NOBACs).<sup>11</sup> As from November 2019, the BCRA excluded the possibility of satisfying with LELIQs and/or NOBACs the minimum cash requirement from sight deposits.<sup>12</sup>

From August 30 to September 30, 2019, the BCRA set forth that financial institutions may purchase time deposits and investments constituted at domestic financial institutions by Argentine Mutual Funds (FCIs), provided that at least 7 calendar days have elapsed, calculated as from the date of such deposit/investment.<sup>13</sup>

In September 2019, the Central Bank established the unified calculation of the minimum cash position in foreign currency for the September/October period of this year.<sup>14</sup>

### ***Transparency, protection of financial services users and risks related to asset laundering***

In May 2019, the BCRA amended the provisions on the client's due diligence, for the purposes of an improved coordination with the provisions passed by the Financial Information Unit.<sup>15</sup>

In June 2019, an instruction was issued for financial institutions and non-financial entities that issue credit and/or purchase cards to identify, through self-proving means, any contributors to political parties and to the Permanent Party Fund. Besides, the procedure was regulated for the opening and closing of accounts held by political parties or electoral alliances.<sup>16</sup>

In August 2019, the BCRA established that financial institutions are obliged to inform, by means of the exhibition on electronic displays or on paper posters, the interest rate on time deposits in pesos for the shortest term offered to their clients, differentiating between bank cashier window and home banking transactions.<sup>17</sup>

Within the framework of the State's modernization plan, it was established that, as from October 2019, financial institutions are obliged to accept the financial statements submitted by their clients through the service "Presentación Única de Balances (PUB)" (Balance Sheets Single Submission) at the AFIP's web page.<sup>18</sup>

### ***Foreign currency exposure of financial institutions***

In July 2019, the BCRA established that own liquid resources of the financial institution were no longer part of the basis for calculation of the limit to the positive net global position.<sup>19</sup>

By the end of August 2019, a cash position was established, which comprises the net global position in foreign currency minus: (i) the net position in forward transactions, cash transactions to be settled, futures, options and other derivative products and (ii) the positive difference between the stocks of cash and the unapplied foreign currency resources, measured on the average of daily stocks until the day of cash position calculation, provided that the funds in cash do not exceed 10% of deposits in foreign currency measured as of the preceding business day. This daily cash position may not exceed the higher of 4% of the Adjusted Stockholders' Equity (ASE) corresponding to the month prior to the relevant month or the amount of US\$2.5 million.<sup>20</sup>

### ***Regulations related to foreign trade and exchange***

In order to preserve exchange stability and protect savers, from September to November 2019, the BCRA made several amendments of regulations applicable to the foreign exchange market.<sup>21</sup> Among other changes, the Central Bank regulated the exchange market inflows and outflows, preserving absolute freedom to withdraw dollars from bank accounts for both natural

---

11 Communication "A" [6738](#).

12 Communication "A" [6817](#).

13 Communication "A" [6766](#).

14 Communication "A" [6777](#).

15 Communication "A" [6709](#).

16 Communication "A" [6714](#).

17 Communication "A" [6753](#).

18 Communication "A" [6716](#).

19 Communication "A" [6735](#).

20 Communication "A" [6754](#), Communication "A" [6759](#), Communication "A" [6763](#), Communication "A" [6770](#), Communication "A" [6774](#) and Communication "A" [6775](#).

21 Communication "A" [6770](#), [Press Release](#) of 09/01/19, Communication "A" [6776](#), Communication "A" [6780](#), Communication "A" [6782](#), Communication "A" [6788](#), Communication "A" [6792](#), Communication "A" [6796](#), Communication "A" [6799](#), Communication "A" [6804](#), Communication "A" [6805](#), Communication "A" [6814](#), Communication "A" [6815](#), Communication "A" [6818](#), Communication "A" [6823](#) and Communication "A" [6825](#).

persons and legal persons, not impairing the regular operation of foreign trade. Terms to clear into the country the amounts from collections of exports of goods were modified and legal persons residing in Argentina were authorized to purchase foreign currency without restrictions for the import or payment of debts upon maturity and, with the BCRA's authorization, to acquire foreign currency for the purchase of foreign assets, to remit profits and dividends abroad and to make transfers abroad. Meanwhile, it was established that natural persons have no restrictions to purchase up to US\$10,000/month (and, as from late October, up to US\$ 200/month by means of a debit in a bank account in pesos). As from November 2019, it was established that financial institutions and other Argentine credit card issuers must have the BCRA's authorization to access the exchange market in order to make payments abroad for the use of credit, debit or pre-paid cards issued in Argentina, when such payments are originated in games of chance, transfers of funds to accounts in Payment Service Providers, exchange transactions abroad, among other. In addition, a limit of US\$50 per transaction was established for cash overdrafts abroad for credit card holders. Such measures were supplemented by the authorization granted to natural persons for them to access the exchange market for the purchase of foreign currency to be applied to the acquisition of real property in Argentina intended to be their single, family and permanent housing unit, provided that the funds come from mortgage loans granted by domestic financial institutions and up to the lower of the loan amount or a sum equivalent to US\$100,000.<sup>22</sup>

### *Readjustment of cash held by the public*

The BCRA established that, as from August 2019, \$5 banknotes be withdrawn from circulation and exchanged for coins with the same denomination, among other. As from February 2020, such banknotes shall no longer be accepted for payment purposes.<sup>23</sup>

### *Adjustments in line with international standards*

The Central Bank established that, as from January 1, 2020, financial institutions belonging to "Group A"<sup>24</sup> whose parent company is a "holding company" –not a financial entity–, must comply with the regulations on "[Minimum capital of financial institutions](#)", "[Large exposures Regime](#)", "[Liquidity coverage ratio](#)" (LCR) and "[Net stable funding ratio](#)" (NSFR) on a consolidated basis, including such parent company and all subsidiaries of such "holding company" or the financial entity, but excluding any insurance companies and any other subsidiary of the group, provided that they do not perform financial activities.<sup>25</sup>

As from 2020, it was established that under the provisions of the International Financial Reporting Standards (IFRS), for the purpose of calculation of financial assets impairment, financial institutions must use their internal models, which must meet the requirements set forth in IFRS 9 and must be applied to all assets comprised in such international standard. Financial institutions belonging to Group "B" may apply on a pro rata basis for 5 years the impact of such provisions.<sup>26</sup>

### *Other micro and macroprudential adjustments*

From late August 2019, the access to credit in pesos was restricted for large exporting companies<sup>27</sup>: they may be granted financing in domestic currency only with the BCRA's authorization.<sup>28</sup>

In August 2019, it was established that financial institutions must be previously authorized by the monetary authority to distribute their results. In such authorization process, the Superintendency of Financial and Foreign Exchange Institutions (SEFyC) shall take into account, among other elements, any potential effect derived from the application of international accounting standards and the restatement of financial statements as provided for by such entity.<sup>29</sup>

---

22 Communication "A" [6787](#).

23 Communication "A" [6742](#).

24 Financial institutions belonging to Group "A", according to Communication "A" [6538](#). The rest of institutions are within Group "B".

25 Communication "A" [6723](#).

26 Communication "A" [6778](#).

27 They are defined as companies whose total amount of exports of goods and services corresponding to the previous 12 months accounts for at least 75% of their total sales and keep a total of loans in pesos in the financial system exceeding \$1.5 billion. In case of clients or business groups whose controlling parties reside in Argentina, this amount is extended to \$3 billion (Communication "A" [6819](#)).

28 Communication "A" [6765](#).

29 Communication "A" [6768](#).