

## Regulatory Annex<sup>1</sup>

This annex covers the most relevant financial system regulation measures adopted for the period from December 15, 2021 to July 6, 2022.

### *Financial inclusion, bancarization and use of electronic means*

As from January 2022, financial institutions must comply with a 100% minimum cash requirement vis-à-vis the funds corresponding to deposits in pesos of payment service providers offering payment accounts (PSPOCPs) where the funds of their clients are deposited.<sup>2</sup>

As from February, the BCRA established that financial institutions and Payment Service Providers (PSPs) rendering the digital wallet service must be registered with the Registry of Interoperable Digital Wallets and they must obtain the certification to render such service.<sup>3</sup> Moreover, the “digital wallet” service, also known as “electronic wallet” or “virtual wallet”, is defined as the service –offered by a financial institution or a PSP– through an app in a mobile device or in a web browser which allows, among other transactions, to make payments by transfer (PCT) and/or with other payment instruments such as debit, credit, purchase or prepaid cards. In addition, guidelines were established for the prevention and management of fraud for each one of the participants in transfer schemes, in line with the recommendations provided by the Basel Committee.<sup>4</sup> As from May 2022, in no case shall administrators of instant transfer schemes authorize an acceptor to receive payments by transfer initiated with QR codes, if they have not checked that such codes can be read by all digital wallets registered with the registry kept by the Central Bank.

Digital wallets may expand their scope of services and allow clients to enroll either sight or payment accounts provided by other financial institutions or PSPs.<sup>5</sup> Thus, users may make Payments by Transfer or Instant Transfers from a digital wallet using funds deposited in other associated accounts. In addition, the scope of Immediate Debit Transfers (DEBINs) was expanded so that funds may be debited from a payment account and credited in a sight account or in another payment account. The term for implementation of these measures is up to September 30, 2022.

The Central Bank established that financial institutions must incorporate audio players into their online banking (“home banking”) and into their mobile banking apps to allow people with disabilities to better understand the contents.<sup>6</sup> Likewise, financial institutions must also: a) take the necessary steps so that any communications, notices and advertisements containing images have an alternative text describing the visual content through the audio player; b) promote the training of customer service staff in disability awareness; and c) facilitate in-person services at bank branches through trained staff and/or video calls with a sign language interpreting service. These provisions must be implemented within a term of 180 calendar days.

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

2 Communication “A” [7429](#) and Press Release of [12/30/2021](#).

3 Communication “A” [7462](#) and Press Release of [02/24/2022](#).

4 Communication “A” [7463](#) and Press Release of [02/24/2022](#).

5 Communication “A” [7514](#) and Press Release of [05/19/2022](#).

6 Communication “A” [7517](#) and Press Release of [05/26/2022](#).

### *Policies to encourage savings*

So far in 2022, the BCRA made several adjustments to its Monetary Policy rate, with effects on the minimum interest rates for deposits.<sup>7, 8, 9, 10, 11</sup> As a result, as from June 21, 2022 in the case of Group "A" and Group "B" institutions and systemically-important banks not included in those groups, for natural persons' time deposits up to ARS10 million, the new rate floor was set at 53% (30-day time deposits), whereas for other depositors of the financial system, the minimum rate was set at 50%.<sup>12</sup> The early-payment fixed interest rate of UVA-denominated time deposits with early cancellation option was raised to 48%.

Within the framework of the changes introduced to the Tax on Personal Assets by virtue of the provisions of Executive Orders [99/2019](#) and [116/2020](#) and of [Law 27541](#), in early 2020, the account for the repatriation of funds had been regulated.<sup>13</sup> Then, in March 2022, the BCRA stated that the terms and conditions provided for the "Savings account for the repatriation of funds – Personal Assets Law 27541" are applicable to the repatriation of funds of the Tax on Personal Assets established by [Law 27667](#).<sup>14</sup>

By the end of June 2022, the Central Bank improved the conditions for the creation of time deposits known as "*Plazos Fijos Chacareros*" (intended for individuals or enterprises engaged in agricultural activities) and, for this purpose, the monetary authority removed the limits required for renewal.<sup>15</sup>

### *Policies to channel financing towards productive activities and households*

As from December 2021, financial institutions may be holders of unit shares in mutual funds authorized by the National Securities Commission (CNV), subject to the "Special Regime for the Creation of SME Mutual Funds", for up to 15% of the total amount issued and up to 2% of the Regulatory capital (RC).<sup>16</sup>

As from February 1, 2022, for lending under the "Ahora 12" plan, the BCRA established that the percentage of such lending to be deductible from the minimum cash requirement shall be 40%.<sup>17</sup>

As regards financing towards productive activities, in March 2022, the BCRA included the "2022 Quota" in the regulations on the "Credit Line for Productive Investment (LFIP) of Micro, Small and Medium-Sized Enterprises (MSMEs)", under the same conditions provided for the 2021/2022 quota.<sup>18</sup> The interest rates applicable to these credit lines have been changed throughout the first half of the year,<sup>19, 20, 21, 22</sup> and, as from June 21, 2022, the applicable interest rate for financing of

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7 Communication "A" [7432](#) and Press Release of [01/06/2022](#).

8 Communication "A" [7459](#) and Press Release of [02/17/2022](#).

9 Communication "A" [7474](#) and Press Release of [03/17/2022](#).

10 Communication "A" [7491](#) and Press Release of [04/13/2022](#).

11 Communication "A" [7512](#) and Press Release of [05/12/2022](#).

12 Communication "A" [7527](#) and Press Release of [06/16/2022](#).

13 Communication "A" [6893](#) and Communication "A" [6941](#).

14 Communication "A" [7478](#).

15 Communication "A" [7530](#).

16 Communication "A" [7531](#).

17 Communication "A" [7448](#).

18 Communication "A" [7475](#) and Press Release of [03/22/2022](#).

19 Communication "A" [7432](#) and Press Release of [01/06/2022](#).

20 Communication "A" [7474](#) and Press Release of [03/17/2022](#).

21 Communication "A" [7491](#) and Press Release of [04/13/2022](#).

22 Communication "A" [7512](#) and Press Release of [05/12/2022](#).

investment projects was set at 42% and for working capital and discount of deferred payment checks and (of other instruments) such rate was set at 52.50%.<sup>23</sup>

As to the maximum compensatory interest rate for lending related to credit cards, in January 2022, such rate was raised to 49% nominal annual percentage rate (APR).<sup>24</sup> In March 2022, it was raised to 51%,<sup>25</sup> in June, to 53%,<sup>26</sup> and, as from July, to 57%.<sup>27</sup>

By the end of June 2022, the Central Bank extended up to ARS15 billion the limit of financing available for large exporting companies (with no need of a prior consent from the BCRA), to the extent that the company, by means of an affidavit, undertakes not to increase its stock of exportable goods when requesting the financing.<sup>28</sup>

### *Liquidity management and monetary regulation*

Effective as from January 10, 2022, financial institutions may hold a net position in BCRA's Liquidity Bills (LELIQs) of a shorter term (28 days) for up to an amount pro rata the monthly average of the daily stock of the non-financial private sector time deposits in pesos (average of the previous month).<sup>29</sup> For the purposes of adjusting to the regulation, they must reduce their holdings as they collect such amounts. Besides, the Central Bank established that for an entity to hold a positive net position of LELIQs of a longer term, time deposits in pesos of the private sector must account for 20% or more of the total stock of deposits in pesos of that sector with such institution. As regards instruments of a shorter term, 7-day reverse repos have been gradually eliminated, whereas overnight reverse repos are still in effect. The BCRA increased the deduction percentages for determination of the minimum cash requirement according to the share of lending to MSMEs relative to the total lending to the non-financial private sector with the institution. In turn, the Central Bank raised to 30% the percentage applicable to determine the reduction of the minimum cash requirement taking into account lending related to investment projects attributable to the "Credit Line for Productive Investment (LFIP) of MSMEs" granted at an interest rate not exceeding the rate for this type of financing.<sup>30</sup> In April 2022, such percentage was raised to 34%.<sup>31</sup>

In turn, in February 2022, the BCRA created the 180-day Liquidity Notes at a floating rate (NOTALIQs), with a yield equivalent to the effective annual yield of 28-day LELIQs.<sup>32</sup>

Since May 2022, Group A institutions as well as the branches or subsidiaries of global systemically-important banks (G-SIBs) not included in such group may comply with the minimum cash requirement in pesos using "National Treasury Bonds in pesos due May 23, 2027". Any bonds applied for compliance with the minimum cash requirement shall be excluded from the limits established in regulations on "Lending for the non-financial public sector".<sup>33</sup>

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23 Communication "A" [7527](#) and Press Release of [06/16/2022](#).

24 Communication "A" [7432](#) and Press Release of [01/06/2022](#).

25 Communication "A" [7474](#) and Press Release of [03/17/2022](#).

26 Communication "A" [7512](#) and Press Release of [05/12/2022](#).

27 Communication "A" [7527](#) and Press Release of [06/16/2022](#).

28 Communication "A" [7531](#).

29 Communication "A" [7432](#).

30 Communication "A" [7432](#), Communication "A" [7459](#) and Communication "A" [7474](#).

31 Communication "A" [7491](#).

32 Communication "A" [7460](#).

33 Communication "A" [7511](#).

As from June 1, 2022, the minimum cash requirement of the stocks in pesos of deposit accounts of Payment Service Providers Offering Payment Accounts (PSPOCPs) is determined based on the average of daily stocks recorded at closing every day during every calendar month.<sup>34</sup>

By the end of June 2022, the BCRA encouraged the simplification of the Minimum Cash Regime in pesos. In particular, the simplification contemplates a reduction in the number of allowances, but keeping those favoring credit for productive purposes of MSMEs and financing for household consumption. In addition, the Central Bank adjusted the rates applied on the relevant items. This first stage of the simplification plan will be implemented gradually from October 2022 to January 2023.<sup>35</sup>

### *Measures related to the COVID-19 pandemic*

By the end of December 2021, the effectiveness of several temporary provisions was extended until December 31, 2022, namely: (i) reserve requirement ratios to be applied by Group C financial institutions shall be 21% and 17%, for time transactions in domestic currency with a residual term of up to 29 days and a term of 30 to 59 days, respectively; (ii) Group C financial institutions which are neither branches nor subsidiaries of G-SIBs continue to have a differential treatment as to the limits on LELIQ surplus net position; (iii) compensatory interest for financing related to credit cards which may be applied by Group C institutions may not exceed by more than 25% the average rate for personal loans of the financial system; and, (iv) financial institutions must have the BCRA's consent for the transfer or closure of branches.<sup>36</sup> Besides, the BCRA extended until June 30, 2022 the measures associated with customer service at branches, including the appointment system for onsite customer service and other health-related actions. Finally, Group B and Group C institutions which are neither branches nor subsidiaries of G-SIBs may opt to postpone application of Paragraph 5.5 of IFRS-9 (Impairment of Financial Assets) until January 1, 2023.

In addition, in the context of the measures aimed at mitigating the impact of the economic crisis on the productive sector as a consequence of the COVID-19 pandemic, and in order to support the lending capacity of the financial system, the Central Bank suspended in March 2020 the distribution of dividends by financial institutions (and this measure was extended, on a temporary basis, on several occasions).<sup>37</sup> In December 2021, the BCRA resolved that as from January 1, 2022, financial institutions may distribute up to 20% of results accrued as of December 2021, in twelve monthly, equal and consecutive installments.<sup>38</sup>

In April 2022, the BCRA established that the facility for refinancing of unpaid installments (by adding them at the end of the lifecycle of the loan) only provided to any clients who are employers subject to the provisions of the Productive Recovery Program II (Repro II) shall solely comprise the outstanding installments of any financing disbursed up to April 28, 2022. In addition, the monetary authority established that the possibility for refinancing shall no longer apply to any installments which had already been the object of the above-mentioned treatment.<sup>39</sup>

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34 Communication "A" [7515](#).

35 Communication "A" [7536](#) and Press Release of [06/30/2022](#).

36 Communication "A" [7427](#).

37 Communication "A" [6939](#) and Press Release of [03/19/2020](#).

38 Communication "A" [7421](#) and Press Release of [12/16/2021](#).

39 Communication "A" [7497](#).

In June 2022, the Central Bank established to continue with the system of appointments for in-person services at financial institutions' branches. In addition, the measures adopted as to health-related issues were extended until December 31, 2022.<sup>40</sup>

### *Other prudential adjustments*

In January 2022, the BCRA extended until the end of July the easing as to the granting of loans to several provincial and municipal governments throughout Argentina to pay salaries and wages in the economic emergency context (specifically, financial aid allocated to payment of salaries would be considered a concept excluded when calculating the individual and global base limits for credit risk diversification under the regulations on "Lending for the non-financial public sector").<sup>41</sup>

Effective as from October 31, 2021, the BCRA created the "Register of financial institutions obliged to report information for international tax cooperation".<sup>42</sup> The institutions to be registered are those obliged under the Organization for Economic Cooperation and Development (OECD) Standard on Automatic Exchange of Information (AEOI) in relation to financial accounts and provisions of the Federal Administration of Public Revenue (AFIP). In March 2022, it was established that the institutions obliged to report non-residents' accounts to the Federal Administration of Public Revenues (AFIP), under the regulations provided for by the OECD Common Reporting Standard (CRS), must implement international standards as to the identification of such clients.<sup>43</sup>

As from April 2022, the BCRA changed the minimum cash requirement to ARS500 million for banks and ARS230 million for other financial institutions (except for cooperative credit banks). For institutions already in operation, these values will start to be in effect on March 31, 2024, and they will adjust to the regulation in two stages.<sup>44</sup>

In May 2022, the Central Bank set forth that financial institutions may neither perform nor allow their clients to perform any transactions with digital assets –including crypto-assets and any assets whose yield is linked to any changes in crypto-assets– not authorized by a competent Argentine regulatory authority or by the BCRA.<sup>45</sup>

As from July 4, 2022, the Central Bank extended to other non-financial credit providers the regulation whereby they cannot finance any purchases of tickets abroad and tourist services to be paid in installments. Besides, these measures were also extended to purchases of products abroad which are received through a parcel delivery service not for business purposes.<sup>46</sup>

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40 Communication "A" [7525](#).

41 Communication "A" [7444](#).

42 Communication "A" [7337](#).

43 Communication "A" [7484](#) and Press Release of [03/31/2022](#).

44 Communication "A" [7470](#).

45 Communication "A" [7506](#) and Press Release of [05/05/2022](#).

46 Communication "A" [7535](#).