

## Latest Regulations<sup>1</sup>

This annex covers the most relevant financial system regulation measures adopted for the period from December 27, 2022 to June 26, 2023.

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

In May, the BCRA established that Payment Service Providers Offering Payment Accounts (PSPOCP) may neither perform nor facilitate for their clients the performance of transactions with digital assets –including crypto-assets and assets whose yields are determined taking into account the changes recorded by crypto-assets– which are not permitted by a competent Argentine regulatory authority or by the BCRA. Thus, PSPOCPs and financial institutions are required to comply with the same regulations.<sup>2</sup>

By mid-2023, the BCRA updated the practices and requirements related to security and prevention against fraud in digital financial services. This regulatory update adjusts the minimum parameters in terms of governance, management of technology and information security risks, protection measures and monitoring of services and activity of clients who use these services, for the purpose of improving security and prevention against fraud in services provided through digital means.<sup>3</sup>

In June 2023, the BCRA passed the regulations on “Minimum Requirements for the Management and Control of Technology and Information Security Risks relative to digital financial services”.<sup>4</sup>

The BCRA established that tourists may pay with electronic wallets involving a debit from foreign bank accounts at an exchange rate that will have “financial” dollars as reference. The exchange rate applied to QR code payments made through a foreign wallet will be equal to that applied to payments with debit and credit cards.<sup>5</sup>

The BCRA implemented measures to boost the use of interoperable QR codes. It was established that, as from September 2023, stores displaying a QR code to collect their credit card sales must accept payments with any interoperable digital wallet, regardless of the QR code brand. In addition, for the sake of increased transparency, the Central Bank expanded the scope of the registry of payment service providers that are available for consultation on the BCRA website. Any Payment Service Providers (PSPs) that make instant transfers from accounts provided by other parties (payment initiators, PSI) will have to comply with the regulations that govern this payment instrument.<sup>6</sup>

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

2 [Press Release](#) and Communication “A” [7759](#).

3 [Press Release](#) of June 1, 2023 and Communication “A” [7777](#).

4 Communication “A” [7783](#).

5 [Press Release](#) and Communication “A” [7762](#).

6 [Press Release](#) and Communication “A” [7769](#).

### *Policies to encourage savings in domestic currency*

In the context of the process for the regularization of the interest rate structure conducted by the BCRA throughout 2022 and in early 2023, the Central Bank has raised the minimum nominal guaranteed interest rates for time deposits in domestic currency<sup>7</sup> since the publication of the previous Financial Stability Report (IEF). In addition, the BCRA increased the amount up to which financial institutions are obliged to apply such rate for deposits made by natural persons.<sup>8</sup> Thus, since mid-May 2023, the minimum nominal guaranteed interest rate was set at a nominal annual percentage rate (APR) of 97% for 30-day time deposits up to ARS30 million by natural persons, and at a nominal annual percentage rate (APR) of 90% for the remaining time deposits in pesos. At the same time, the BCRA raised the coefficient used to determine the early-payment fixed interest rate of time deposits denominated in Units of Purchasing Power (UVAs) with early cancellation option.

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

So far in 2023, the BCRA adjusted the fixed interest rates of the "[Credit Line for Productive Investment \(LFIP\) of Micro, Small and Medium-Sized Enterprises \(MSMEs\)](#)", and maintained its condition of credit line at subsidized rates. As from mid-May 2023, the interest rate was set at a nominal annual percentage rate (APR) of 76% for investment projects, and at a nominal annual percentage rate (APR) of 88% for working capital and special loans.<sup>9</sup>

In March 2023, the Central Bank established a new quota for the "[Credit Line for Productive Investment \(LFIP\) of Micro, Small and Medium-Sized Enterprises \(MSMEs\)](#)" (2023 Quota), with conditions similar to those established for the 2022/2023 Quota. In turn, the BCRA decided to discontinue the special treatments afforded to loans for human health service providers and for lending allocated to activities within the services of "Hotels and restaurants" and "Entertainment, culture and sports".<sup>10</sup>

In March, the BCRA extended up to December 2023 the minimum interest rate for loans in domestic currency to clients engaged in agricultural activities registered with the Agricultural Simplified Information System (SISA) in the category of "Producer" with stockpiling of their soybean production. An exception for application of this minimum rate was made for clients whose total amount of loans in the financial system does not exceed ARS3 million—in pesos and in foreign currency—, and/or for clients who prove not to have a stockpile of their soybean production above 5% of their annual harvest capacity.<sup>11</sup>

In May, for the purpose of continuing expanding the alternatives of financing for MSMEs, the BCRA regulated the Open Transfer System (SCA) for MSMEs Electronic Credit Invoices (FCEMs)

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7 Communication "A" [7726](#), Communication "A" [7745](#), Communication "A" [7751](#), Communication "A" [7767](#), and [Press Release](#) of May 15, 2023.

8 For Group "A" and Group "B" financial institutions and branches or subsidiaries of foreign banks categorized as systemically important banks (G-SIBs).

9 Communication "A" [7745](#), Communication "A" [7751](#), Communication "A" [7767](#) and [Press Release](#) of May 15, 2023.

10 Communication "A" [7720](#).

11 Communication "A" [7720](#).

through financial institutions.<sup>12</sup> By means of this system, MSMEs may make transfers at no cost and discount the FCEM from their bank account.

In May 2023, the BCRA permitted the prefinancing export system in force to be applied to payment of imports of inputs, thus seeking to mitigate the effects of the draught. Under this system, companies acting both as importers and exporters are authorized to finance the purchase of inputs with their own suppliers or with international credit facilities of foreign or domestic banks.<sup>13</sup>

### *Liquidity management and monetary regulation*

In December 2022, the BCRA regulated the “Special account for the knowledge economy promotion regime. Executive Order No. 679/22” to be opened by Group “A” financial institutions for clients which are legal persons included in the provisions of such executive order.<sup>14</sup>

In March, the BCRA amended the regulations on [“Minimum cash”](#) and financial institutions were authorized to comply with the minimum cash requirement in pesos with Argentine government securities in pesos with a residual term from 300 to 730 calendar days at the time of underwriting, received in swap transactions established by the Federal Government. In addition, it was extended the maximum term of government securities admitted for compliance with minimum cash to 760 calendar days provided they are acquired through primary market underwriting as from late May 2023.<sup>15</sup>

The regulations on [“Cash transactions to be settled, forward transactions, repos, securities-guaranteed loans, other derivatives and mutual fund transactions”](#) were adjusted to establish that in order to determine the net position that financial institutions may maintain in Liquidity Bills (LELIQs) for a shorter term of issue and the joint positive net position of LELIQs for a longer term of issue and of Liquidity Notes (NOTALIQs), the deposits in pesos shall be taken into account, regardless of the sector to which the holders may belong to.<sup>16</sup>

### *Other prudential adjustments*

In February, the BCRA established a 45-day extension of terms related to non-performing debtors for the classification of debtors who are producers and are subject to provisions relative to the Agricultural Emergency Law. For category 1 (normal condition), the admitted term is up to 75 days in arrears in the payment of liabilities; for category 2 (low risk or with special monitoring), the admitted term is from 76 to 135 days in arrears; and for category 3 (medium risk or substandard), the admitted term is from 136 to 225 days in arrears. The treatment afforded under this framework will be in effect up to the end of 2023 and will in no way improve the category which

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<sup>12</sup> [Press Release](#) of May 4, 2023 and Communication “A” [7758](#).

<sup>13</sup> [Press Release](#) of May 18, 2023.

<sup>14</sup> Communication “A” [7664](#) and Communication “A” [7669](#).

<sup>15</sup> Communication “A” [7717](#) and Communication “A” [7775](#).

<sup>16</sup> Communication “A” [7717](#).

had been allocated to the client taking into account its individual conditions, prior to the declaration of the emergency.<sup>17</sup>

The Central Bank established that, from April to December 2023, financial institutions having the authorization of the BCRA may distribute income in 6 equal, monthly and consecutive installments for up to 40% of the applicable amount.<sup>18</sup>

In January 2023, the Central Bank established that top-tier commercial banks enabling their clients to operate via ATMs must open the “Special Deposit and Settlement Account for Argentine Investment and Production (CEPRO.Ar). Law 27701” in the name and on behalf exclusively of natural persons, undivided estates and the parties set forth in the law on Income Tax, residing in the Republic of Argentina.<sup>19</sup>

In early 2023, the BCRA authorized financial institutions to make transactions in pesos using marketable securities as a collateral (stocks or bonds, applying a haircut to their value) authorized by the National Securities Commission (CNV). These transactions are excluded from the obligations comprised for determination of the minimum cash requirement. In addition, in general terms, the BCRA authorized financial institutions to constitute guarantees on the assets –except for the assets taken to comply with the minimum cash requirement– subject-matter of these repurchase agreements, up to the maximum limit of 50% of the Regulatory Capital (which may be extended to 100% under certain conditions).<sup>20</sup>

The Central Bank extended up to early 2024 the exclusion of financial aid allocated to payment of salaries of personnel who meet the requirements provided for in the regulations on [“Lending to the Non-Financial Public Sector”](#) from the calculation of the individual and global basic caps set forth with respect to diversification of credit risk, for up to the amount equivalent to the individual basic cap that may be used to finance the relevant jurisdiction.<sup>21</sup>

The BCRA extended up to the end of 2023 the health-related measures provided for in the regulations on [“Financial services in the framework of the Health Emergency provided for by Decree No. 260/2020 CORONAVIRUS \(COVID - 19\)”](#). The institutions subject to these provisions must comply with the health-related regulations and the recommendations provided for by the national and/or jurisdictional authorities, to protect the health of workers and financial services users.<sup>22</sup>

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17 Communication “A” [7687](#).

18 Communication “A” [7719](#).

19 Communication “A” [7675](#).

20 Communication “A” [7683](#).

21 Communication “A” [7674](#).

22 Communication “A” [7668](#).