

# Regulatory Annex<sup>1</sup>

This annex covers the most relevant financial system regulation measures adopted for the period from June 17, 2021 to December 15, 2021.

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

In July 2021, additional measures were established to reinforce the security of electronic payments.<sup>2</sup> On the one hand, institutions must make available to their clients, by means of specific notifications and on a prompt basis, the information on Instant Debits (DEBIN) received both in cases of "recurring" instant debits and those under the "spot" modality, especially highlighting when funds will be withdrawn from the account and that no authorization is required to receive a payment. In addition, institutions must verify through self-proving means the identity of persons requesting the allocation of credits, and perform the monitoring and control, at least, of the points of contact stated by the user and also check that they have not been recently modified. As to electronic wallets, it was decided that, as from August, only the holders of the account will be authorized to associate credit and debit cards, savings or payment accounts or other sources of funds. Besides, it was established that Payment Service Providers Offering Payment Accounts (PSPOCPs) may allow for more than one holder in such accounts.

In July as well, the limit of truncated checks without an image sent was raised from \$80,000 up to \$120,000.<sup>3</sup>

As from August 31, 2021, the holders of savings accounts in pesos opened through digital means may opt to have a credit card issued, or not, associated with such account.<sup>4</sup>

Under the 3.0 Transfers program, in August 2021, the BCRA established that financial institutions must enable QR codes permitting to receive instant transfers and/or payments by transfer, for current accounts of natural persons or legal persons and, in the case of PSPOCPs, for payment accounts held by legal entities.<sup>5</sup> The term for implementation is 60 days.

In September 2021, the monetary authority set forth that financial institutions and PSPOCPs offering the service known as "digital wallet" or a similar service should allow the holders of wallets to associate their sight and payment accounts using their Uniform Banking Code (CBU), Uniform Virtual Code (CVU) or ALIAS indistinctly, and implement the mechanisms required for wallet holders to make payments by transfer from such accounts before December 1, 2021.<sup>6</sup>

In turn, the BCRA established that an essential condition for the authorization to act as manager of electronic fund transfer schemes is not to conduct anti-competitive practices to the detriment of the participants of their own scheme or other parties.<sup>7</sup>

By the end of October 2021, financial institutions were allowed to open special accounts called "sight accounts for tourists", with the following main characteristics: they may be opened in both domestic or foreign currency, and the holder must be a natural person residing abroad but not in countries or territories where the Financial Action Task Force Recommendations are not applied or are applied inadequately; the client may request such account to be opened either onsite or remotely via electronic means and holders shall be identified by means of their passport or travel documents, with no need of a Taxpayer Identification Number (CUIT) or Identification Code (CDI).<sup>8</sup>

By the end of November 2021, adjustments were introduced for implementation of the 3.0 Transfers program.<sup>9</sup> Among such adjustments, the following stand out: i) the maximum term for crediting shall be 25 seconds for payments by transfers which require interoperability among

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

2 Communication "A" [7319](#), Communication "A" [7326](#), Communication "A" [7328](#) and Press Release of [07/09/2021](#).

3 Communication "A" [7320](#).

4 Communication "A" [7343](#).

5 Communication "A" [7346](#) and Press Release of [08/19/2021](#).

6 Communication "A" [7363](#).

7 Communication "A" [7367](#).

8 Communication "A" [7384](#).

9 Communication "A" [7409](#).

different payments schemes; ii) each instant transfer scheme must have fraud prevention and mitigation tools to identify suspicious patterns and alert users either before or after the authorization of the transaction.; iii) acceptors may charge stores a price within the range of 0.6% to 0.8%; iv) any manager of instant transfer schemes must ensure that prices charged by acceptors are within the ranges established; and v) a plan must be designed for the implementation of a unified transaction repository aimed at storing all the transactions regulated under the standards on 3.0 Transfers.

Besides, in November 2021, the BCRA approved regulations on "Peer-to-Peer Lending Service Providers through Platforms", which include the creation of a registry for this activity.<sup>10</sup> The Peer-to-Peer Lending Service Providers through Platforms (PSCPPs) shall be legal persons offering the service of connecting one or more lenders to borrowers in order to carry out loan transactions.

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

In the context of the COVID-19 pandemic and to sustain the lending capacity of the system, in March 2020, the BCRA decided to suspend the distribution of profits of the institutions until June 30, 2020.<sup>11</sup> Subsequently, the prohibition on the distribution of profits was extended several times: until December 31, 2020, until June 30, 2021 and, finally, until December 31, 2021.<sup>12 13 14</sup>

Under the Emergency Assistance Program for Work and Production (ATP) provided for in Executive Order 332/2020 (as amended), conditions were established for granting loans pursuant to the "Zero Interest Rate Credit Line". As from August 2021, workers under the Simplified Tax Regime for Small Taxpayers (*Monotributo*) may access the "2021 Zero Interest Rate Credit Line" according to the provisions established in Executive Order 512/2021.<sup>15</sup> This credit line will have a 6-month grace period and, as from month 7, it shall be repaid in 12 monthly, equal and consecutive installments. Any person taking these loans may neither access the Free and Single Foreign Exchange Market (MULC) nor arrange any transactions with securities to be settled in foreign currency.

Among the measures which have been adopted to encourage financing to consumption of households under the framework of the "Ahora 12" Plan, in July, the BCRA increased the cap that may be deducted for the average compliance with the Minimum Cash Requirement from 6% to 8% of items in pesos subject to such requirement.<sup>16</sup>

As from July 2021, loans allocated to increasing the productive capacity related to poultry and/or pork meat were included as loans eligible for the "Credit Line for Productive Investment of MSMEs".<sup>17</sup> In September, a new 2021/2022 quota was established for the Credit Line for Productive Investment of MSMEs, which must be kept from October 1, 2021 to March 31, 2022 by Group A institutions or by institutions operating as financial agents of the Public Sector, with conditions similar to those established for the previous quota and with the following adjustments: a) it will be possible to calculate financing for the acquisition of utility vehicles, other vehicles and aircrafts only when they are of national origin and their use is related to the requestor's activity; and b) it is established that working capital financing and discount of deferred payment checks and of other documents may be calculated (at 120% of their value), to the extent that the funds are allocated to activities falling within the categories of "hospitality and restaurants" and "entertainment, cultural and sport" services, and they are subject to a grace period of at least 6

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10 Communication "A" [7406](#) and Press Releases of [11/25/2021](#), of [11/25/2021](#), of [11/29/2021](#) and of [11/29/2021](#)

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

12 Communication "A" [7035](#).

13 Communication "A" [7181](#).

14 Communication "A" [7312](#).

15 Communication "A" [7342](#).

16 Communication "A" [7334](#).

17 Communication "A" [7329](#) and Press Release of [07/15/2021](#).

months.<sup>18</sup> In addition, lending to MSMEs engaged in agricultural activities, registered with the Agricultural Simplified Reporting System (SISA) in the category of "Producer", may be eligible for the "Credit Line for Productive Investment of MSMEs" (LFIP), subject to certain requirements.<sup>19</sup>

In the same line, since the beginning of 2021, MSMEs were able to endorse, assign and discount the Electronic Credit Invoice (FCE) from a bank account. In June 2021, specific aspects were included in the regulations on the "[National Payment System – Checks and other instruments eligible for clearing](#)" with respect to the creation of the Database of MSMEs' Electronic Credit Invoices Outstanding by Due Date (CenFIV).<sup>20</sup> The effective date for these provisions shall be informed when the applicable reporting regime is communicated.

As from August 2021, institutions may acquire unit shares in open-end mutual funds authorized by the National Securities Commission (CNV), subject to the "Special Regime for the Creation of Open-End Mutual Funds for Financing Infrastructure and the Real Economy"; the share in each of these funds may be up to 15% of the total issue. Total holdings of unit shares in mutual funds may not exceed 2% of the Regulatory Capital (RC).<sup>21</sup>

### *Liquidity management and monetary regulation*

In August, the Minimum Cash requirement for institutions granting loans under the "2021 Zero Interest Rate Credit Line" was reduced to an amount equal to 60% of the sums granted under loans.<sup>22</sup>

Since November 1, 2021, the BCRA established that the residual term of national sovereign bonds in pesos acquired through primary market underwriting admissible for compliance with the Minimum Cash requirement should not be shorter than 120 calendar days (until October 31, 2021 such term was 180 days).<sup>23</sup>

As from July 1, 2021, the obligations for sales performed with credit cards and prepaid cards were excluded for the determination of the minimum cash requirement.<sup>24</sup>

### *Adjustments in line with international standards*

In the context of the process of convergence towards the International Financial Reporting Standards (IFRS), by the end of November 2021, the BCRA established the adoption of amendments to the IFRS included in Adoption Circular No. 17 of the Argentine Federation of Professional Associations in Economic Sciences. The standards to be applied for fiscal years starting on January 1, 2021 shall be those that became effective before December 31, 2021.<sup>25</sup>

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

As from November 15, 2021, the BCRA repealed the provisions implemented for customer service in the context of the health emergency; therefore, financial institutions may receive customers at their branches without a prior appointment, granting priority to people holding a disability certificate and/or for collection of pension benefits.<sup>26</sup>

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18 Communication "A" [7369](#).

19 Communication "A" [7373](#).

20 Communication "A" [7314](#).

21 Communication "A" [7341](#) and Press Release of [08/12/2021](#).

22 Communication "A" [7342](#).

23 Communication "A" [7383](#).

24 Communication "A" [7318](#).

25 Communication "A" [7411](#).

26 Communication "A" [7398](#).

### *Other prudential adjustments*

In October 2019, the BCRA had eased the granting of loans to different provincial and municipal governments for them to afford salary and wage payments. Specifically, financial aid intended for payment of personnel salaries would be considered an excluded item when calculating the individual and global basic limits established as regards the credit risk diversification under the regulations on "Lending to non-financial public sector". This measure was extended several times, and the last extension was made in July 2021 for the term up to January 31, 2022.<sup>27</sup>

Regarding the limits of financing to the non-financial public sector, as from June 2021, institutions may reallocate to the non-financial public sector of the provinces, including the Autonomous City of Buenos Aires (CABA), the available (unused) quota of the global basic limit established at 75% of their Regulatory Capital (RC) for the total loans granted to the non-financial public sector, not exceeding 25% of their RC for each jurisdiction.<sup>28</sup> In addition, the BCRA established an amount equivalent to 25% of the institution's RC to be the new global basic limit for the total financing granted to the non-financial public sector of the provinces, including CABA, and/or the municipalities.

Effective as from October 31, 2021, the BCRA created the "Register of financial institutions obliged to report information for international tax cooperation".<sup>29</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).

By the end of November 2021, new provisions were set forth for financial aid granted to members of the board of directors, management board, statutory auditors, and natural and legal persons indirectly related through them, as follows: i) application of the Reference Stabilization Coefficient (CER) to the cap relative to the highest daily balance of debt as a whole in the 12-month period prior to acquiring the capacity as directly related party by a personal relationship to a state-owned financial institution, from the time when the position is taken up to the date when each financial aid agreement is executed; ii) financial institutions must disclose on their web pages the financial aids granted to such related parties under the transparency policy; and, iii) financial institutions may not grant them financial aid under more favorable conditions than those usually granted to their customers.<sup>30</sup>

As regards the net global position in foreign currency of financial institutions, a special cap was established for the period from November 5, 2021 to November 30, 2021, which may not exceed the minimum between the cash position as of November 4, 2021 and the monthly average of daily balances recorded in October 2021, not taking into account the securities issued by residents which had been computed therein.<sup>31</sup> As from December 1, 2021, the net global position in foreign currency may not exceed the amount equivalent to 0% of the Regulatory Capital (RC) for the month prior to the relevant month.<sup>32</sup>

In turn, financial institutions shall not finance in installments the purchases of tickets to travel abroad and other tourist services which are made via credit cards.<sup>33</sup>

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27 Communication "A" [7330](#).

28 Communication "A" [7311](#).

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

30 Communication "A" [7404](#).

31 Communication "A" [7395](#).

32 Communication "A" [7405](#) and Press Releases of [11/25/2021](#) and [11/29/2021](#)

33 Communication "A" [7407](#).