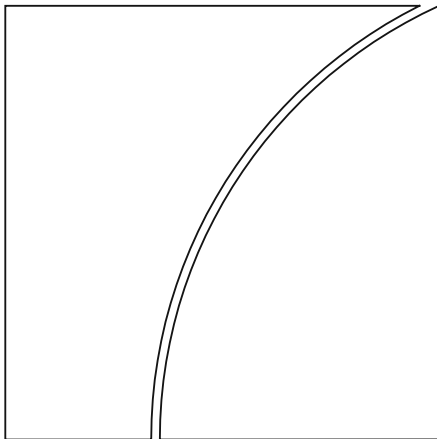


Basel Committee on Banking Supervision



Regulatory Consistency Assessment Programme (RCAP)

Assessment of Basel NSFR regulations – Argentina

November 2019



BANK FOR INTERNATIONAL SETTLEMENTS

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Glossary

ARS	Argentinian peso
BIS	Bank for International Settlements
BCBS	Basel Committee on Banking Supervision
BCRA	Banco Central de la República Argentina (Central Bank of Argentina)
C	Compliant (grade)
CO	Charter of the Central Bank of Argentina
D-SIBs	Domestic systemically important banks
G-SIB	Global systemically important bank
LCR	Liquidity Coverage Ratio
LEF	Law on Financial Institutions
LC	Largely compliant (grade)
MNC	Materially non-compliant (grade)
NC	Non-compliant (grade)
NSFR	Net Stable Funding Ratio
RCAP	Regulatory Consistency Assessment Programme
SEFyC	Superintendence of Financial and Exchange Institutions
SIG	Supervision and Implementation Group

Preface

The Basel Committee on Banking Supervision (Basel Committee) places a high priority on the implementation of regulatory standards underpinning the Basel III framework. The prudential benefits from adopting Basel standards can only fully accrue if these are implemented fully, consistently and in a timely manner by all member jurisdictions. The Committee established the Regulatory Consistency Assessment Programme (RCAP) to monitor, assess and evaluate its members' implementation of the Basel framework.

This report presents the findings of an RCAP Assessment Team on the domestic adoption of the Basel Net Stable Funding Ratio (NSFR) standard in Argentina. The assessment focused on the completeness and consistency of the domestic regulations in force on 30 June 2019, as applied to "Group A"¹ banks in Argentina, with the Basel NSFR standard. Issues related to prudential outcomes, the adequacy of liquidity, the resilience of the banking system or the supervisory effectiveness of the Argentinian authorities were not in the scope of this assessment. The assessment relied on translated regulations and other information and explanations provided by the Argentinian authorities and ultimately reflects the view of the Basel Committee.

The RCAP Assessment Team was led by Édouard Fernandez-Bollo, Secretary General of the French Prudential Supervisory and Resolution Authority. It comprised four technical experts, from Georgia, Norway, Singapore and Financial Stability Institute (see Annex 1). The main counterpart for the assessment was the Banco Central de la República Argentina (BCRA). The work was coordinated by the Basel Committee Secretariat with support from staff from the French Prudential Supervisory and Resolution Authority.

The assessment began in late 2018 and comprised (i) a self-assessment by the BCRA; (ii) an assessment phase (February to June 2019), including an on-site assessment involving discussions with the BCRA and some Argentinian banks; and (iii) a review phase (July to October 2019), including a technical review of the Assessment Team's findings by a separate RCAP Review Team, the Committee's Supervision and Implementation Group, the RCAP Peer Review Board and the Basel Committee. More information on the RCAP assessment process is available on the Committee's website.²

The Assessment Team sincerely thanks the staff of the BCRA for playing an instrumental role in coordinating the RCAP exercise and for the cooperation extended during the assessment process.

¹ "Group A" banks comprises financial institutions whose total assets are no less than 1% of the total assets of the Argentinian financial system.

² See www.bis.org/bcbs/implementation.htm.

Executive summary

In Argentina, the NSFR framework was adopted through the Communication "A" 6306 published on 25 August 2017 and taking effect on 1 January 2018. The framework was subsequently amended through the Communication "A" 6633 published on 23 January 2019. The NSFR disclosure framework was adopted through the Communication "A" 6451 published on 20 February 2018, with the first reporting period set at 30 June 2018. The NSFR is applied to all "Group A" banks, which includes all banks whose total assets are no less than 1% of the total assets of the Argentinian financial system. These banks are required to comply with the NSFR standard and disclosure requirements on both a consolidated basis and an individual basis.

Overall, as of 30 June 2019, the NSFR regulations in Argentina are assessed as compliant with the Basel NSFR standards. This is the highest grade. Each component is also assessed as compliant.

The Assessment Team recognises the efforts made by the BCRA throughout the assessment process to improve the consistency of its NSFR regulation, in particular by issuing amendments to the scope of application, available stable funding (ASF) and disclosure requirements prior to 30 June 2019, the cut-off date for the assessment. The amendment related to the scope of application will become effective as of 1 January 2020, while the other amendments have taken immediate effect (see Annex 4 for a complete list of the amendments).

Response from the BCRA

The Central Bank of Argentina (BCRA) would like to express its gratitude to the RCAP Assessment Team for the dedication and proficiency revealed in the revision of our legislation and for the prudent judgment exercised in its assessment. The RCAP test has been a great opportunity to deepen our understanding of the Basel framework and enhance the effectiveness of our regulation.

We agree with the analysis and conclusions in the RCAP Assessment Reports. All findings identified by the RCAP Team have been addressed, as requested. The corrections were introduced through Communications "A" 6723 and 6724, as approved by the Board of the BCRA and published at the end of June 2019.

We would like to take the opportunity to confirm the commitment of the BCRA to the work of the BCBS and the proper implementation of its standards.

1 Assessment context

1.1 Status of NSFR implementation

The BCRA implemented the NSFR framework on 1 January 2018 and the NSFR disclosure framework on 20 February 2018. Both regulations are applied to all “Group A” banks in Argentina, which includes all banks whose total assets are no less than 1% of the total assets of the Argentinian financial system. On 30 June 2019, 18 banks were categorised as “Group A” banks. The regulations are published in Spanish. For the purpose of the RCAP assessment, the regulations were translated into English.

1.2 Regulatory system

The legal framework of the Argentinian financial system consists primarily in the Charter (“CO”) of the Central Bank of Argentina (“BCRA”) (as approved by Law No 24,144) and the Law on Financial Institutions (“LEF”) (Law No 21,526).

The CO provides that the purpose of the BCRA shall be “to promote – within the framework of its powers and the policies set by the National Government – monetary and financial stability, employment, and economic development with social equality”. One of the BCRA’s powers is to regulate the financial system and enforce the Law on Financial Institutions and such regulations as may be consequently adopted. Further, the BCRA is empowered to supervise all financial and foreign exchange activity through the Superintendence of Financial and Exchange Institutions (“SEFyC”). The LEF provides that the BCRA is also responsible for its enforcement with all such powers as are vested upon it by the LEF and the CO, and for issuing any regulations required to ensure its compliance.

All individuals or institutions – whether private, public or part state-owned companies (at the national, provincial or municipal level) – that intermediate between the supply and demand of financial resources on a regular basis fall within the scope of the LEF and its regulatory rules. The provisions contained in the LEF may further be applied to individuals as well as public and private institutions not expressly mentioned therein, where the volume of their operations and reasons of monetary and lending policy so warrant, as determined by the BCRA.

The BCRA’s regulatory powers involve general administrative acts which are channelled by way of “communications” to which all financial institutions subject to the BCRA’s supervision are bound. There are several types of communication covering a wide range of issues. The most significant are Communications “A”, of a permanent regulatory nature, and Communications “B”, of a transient or circumstantial regulatory nature. Both these types of communication are legally binding.

These communications are available on the BCRA’s web site along with consolidated texts – compiled by major regulatory topic – of the regulations relating to major aspects of the financial system. The LEF can impose sanctions on institutions and individuals when these are found to fail to comply with its provisions and relevant regulations, and with other resolutions issued by the BCRA in exercising its powers. Such sanctions include (i) a warning; (ii) official reprimand; (iii) fines; (iv) temporary or permanent disqualification from using a bank current account; (v) temporary or permanent disqualification from acting as a promoter, founder, director, administrator, member of the surveillance committee, comptroller, liquidator, manager, auditor, partner or shareholder of any institution under the LEF; and (vi) license revocation.

The following table provides an overview of the legal hierarchy of prudential regulations in Argentina:

Hierarchy of banking regulations in Argentina		Table 1
Laws and regulations	Federal laws are enacted by the National Congress. The legal framework for the banking system is provided mainly by the Charter of the BCRA ("CO", Law No 24,144) and the Law on Financial Institutions ("LEF", Law No 21,526).	
Regulation issued by BCRA	In the exercise of its legal powers, the BCRA issues prudential regulation by way of Communications "A". These communications are normally directed towards entities that are regulated and supervised by the BCRA, such as financial institutions and non-bank credit card issuers, and they are binding as of the day following their publication on the BCRA website, unless a different date is stated explicitly. The publication in the official gazette takes place a few days later.	
Internal regulation derived from the above laws and regulations	Regulation is always in the public domain. Internal documents are collated in the Supervisors' Handbook and texts providing guidance on supervisory procedures, such as staff regulations and internal circulars and manuals.	

More information is provided in Annex 2.

1.3 Structure of the banking sector

The financial system consists of 78 financial institutions (as of March 2019), including state-owned banks (13 banks), private banks (50 banks) and non-bank financial institutions (15). The main institutions are both state-owned banks and private banks. Among the former, Banco de la Nación Argentina is the largest institution, accounting for almost 17% of total private sector deposits and 15% of loans to the private sector (as of March 2019). Private banks are divided into those with foreign shareholders (16 foreign private banks) and those with a major domestic shareholder participation (34 "national private banks"). Each group of banks represents roughly one third of the Argentinian financial system. Private foreign banks originate 32% of total financial system credit to the private sector, 31% in the case of private national banks and 33% in the case of state-owned banks. The rest, about 4%, is originated by non-bank financial institutions. The seven largest banks represent more than 60% of the total assets of the financial system. These banks are classified as "Group A" banks (there are 18 "Group A" banks altogether).

Financial institutions have maintained a strategy based on deposit funding. In Argentina, domestic currency deposits are the most important funding source for the banking sector. Private sector deposits are the main source of funding for all banks. These deposits represent about 59% of the total resources (liabilities plus equity) of the financial system. Credit to the private sector is the most important component of bank assets, at almost 40%. Nearly 70% of all private sector credit is denominated in domestic currency, therefore limiting the peso-US dollar exchange rate risk. Credit to corporates represents almost 54% of all credit to the private sector, with the rest channelled to households. Holdings of complex financial instruments are almost non-existent, a feature that helped to limit Argentinian banks' exposure to some of the risks and vulnerabilities seen during the global financial crisis of 2007–09.

As banks' cross-border activities remain limited, their collective exposure to foreign counterparties and markets represents only around 1.8% of total assets (as of March 2019). Only one bank, which holds 0.27% of the financial system's total assets, has such exposures, with these ranging between 10% and 15% of its assets.

Overall, while Argentinian banks have relatively high LCRs and NSFRs, the Assessment Team observed that (i) banks, including the largest, are highly reliant on deposits; (ii) these deposits are mostly short term; and (iii) there is negligible activity in the bond market beyond one year. Against this

background, the BCRA continues to pay close attention to banks' funding structure, including any potential volatility in the banks' deposits. Currently, the BCRA imposes relatively high reserve requirements on Argentinian banks, taking into account prudential considerations and other issues. More information on the liquidity features of the Argentina banking system is provided in Annex 3.

1.4 Scope of the assessment

The Assessment Team considered the NSFR requirements applicable to the banks in Argentina as of 30 June 2019. The assessment had two dimensions:

- a comparison of domestic regulations with the Basel NSFR standard to ascertain that all the required provisions have been adopted (*completeness* of the regulations); and
- whether there are any differences in substance between the domestic regulations and the Basel NSFR standard and, if so, their significance (*consistency* of the regulations).

In its assessment, the RCAP Assessment Team considered all binding documents that effectively implement the Basel NSFR framework in Argentina. Annex 2 lists the Basel standards used as the basis for the assessment. The assessment did not evaluate the adequacy of liquidity, the resilience of the banking system in Argentina or the supervisory effectiveness of the BCRA.

The outcome of the assessment is summarised using a four-grade scale, both at the level of each of the four key components of the Basel NSFR framework and the overall assessment of compliance. The four grades are: compliant, largely compliant, materially non-compliant and non-compliant.

2 Assessment findings

2.1 Assessment grades and summary of findings

Overall, the Assessment Team finds the implementation of the NSFR in Argentina to be compliant with the Basel standard. Following the rectifications issued by the BCRA in June 2019 (see Annex 4), no findings remain.

Assessment grades		Table 1
Component of the Basel NSFR framework	Grade	
Overall grade	C	
Scope, minimum requirement and application issues	C	
Available stable funding (numerator)	C	
Required stable funding (denominator)	C	
NSFR disclosure requirements	C	

Assessment scale: C (compliant), LC (largely compliant), MNC (materially non-compliant) and NC (non-compliant).

2.1.1 Scope, minimum requirement and application issues

The scope, minimum requirement and application issues under the Argentinian NSFR framework are compliant with the Basel standard. No findings were identified.

2.1.2 Available stable funding

The BCRA's implementation of available stable funding is compliant with the Basel standard. No findings were identified. One observation was noted in relation to the treatment of judicial deposits.

2.1.3 Required stable funding

The BCRA's implementation of the required stable funding component is compliant with the Basel standard. No findings were identified.

2.1.4 Disclosure requirements

The BCRA's implementation of the disclosure requirements is compliant with the Basel standard. No findings were identified.

2.2 Detailed assessment findings

2.2.1 Scope, minimum requirement and application issues

This component was judged to be compliant with the Basel standard. No findings were identified.

2.2.2 Available stable funding

This component was judged to be compliant with the Basel standard. No findings were identified.

2.2.3 Required stable funding

This component was judged to be compliant with the Basel standard. No findings were identified.

2.2.4 Disclosure requirements

This component was judged to be compliant with the Basel standard. No findings were identified.

2.3 Observations on the NSFR implementation in Argentina

The following observation highlights certain special features of the regulatory implementation of the Basel NSFR standards in Argentina. It is presented here to provide additional context and information. The observation is considered compliant with the Basel standards and does not have a bearing on the assessment outcome.

2.3.1 Available stable funding

Basel paragraph number	Basel III NSFR paragraphs 21–25: ASF factors
Reference in the domestic regulation	Consolidated text on "Net Stable Funding Ratio", Section 2.3.3.2
Observation	<p>The Argentinian rules specified that court-ordered deposits, also referred to as judicial deposits, are assigned a 90% ASF factor where a court ruling is still outstanding, and a 0% ASF factor where a court ruling has been reached. This concept is not included in the Basel NSFR standard and therefore the Basel NSFR standard does not specify the appropriate ASF factor to be assigned to such deposits.</p> <p>Judicial deposits are deposits that are held primarily at state-owned banks deriving from a court order. These deposits are managed by the bank on the court's behalf and they can be withdrawn only after the court has ruled who the beneficiary is and permits the payout. As such, the actual maturity dates of these deposits are not under the control of the bank or the beneficiary. Court-ordered deposits are not like any other deposits with open maturity, as these cannot be withdrawn except by the explicit order of the court, irrespective of the condition of the economy.</p>

<p>In Argentina, the judicial deposits are relatively concentrated, with two state-owned banks holding more than half of total judicial deposits in the banking system; the two banks hold respectively 34% and 24% of the total judicial deposits. In addition, the judicial processes are typically lengthy; hence, judicial deposits were observed to have a long maturity.³</p> <p>The BCRA observed that, based on the historical information on the amount of judicial deposits held by each of these banks from August 2001 to March 2019, the number of month-on-month declines in the amount of such deposits held at each bank has been very infrequent, with only 29 and 34 declines respectively, out of the total 219 observations. BCRA further observed that the magnitude of these declines has been very small, with only one instance of a decline exceeding 5%. BCRA also noted that these declines in the amount of judicial deposits are not correlated with the outflows of other deposits or with periods of economic and/or liquidity stress. In view of these considerations, BCRA determines that the 90% ASF factor for judicial deposits is appropriate. This treatment is consistent with the treatment of court-ordered deposits described in the assessment reports on the LCR implementation in Argentina⁴ and NSFR implementation in Brazil.⁵</p>

³ Based on a study conducted by one of the state-owned banks, the maturity of the judicial deposits is about 16 years, given the period of time that court-ordered deposit transactional accounts are operative. It is worth mentioning that around 80% of the judicial deposits are related to bankruptcies, implying that judicial processes tend to be lengthy.

⁴ www.bis.org/bcbs/publ/d381.pdf.

⁵ www.bis.org/bcbs/publ/d458.pdf.

Annexes

Annex 1: RCAP Assessment Team and Review Team

Assessment Team Leader

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Assessment Team members

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Mr Jean-Philippe Svoronos Financial Stability Institute, Basel, Switzerland

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Mr Yunxiao Lim Monetary Authority of Singapore

Supporting members

Mrs Mathilde Lalaude-Labayle Prudential Supervision and Resolution Authority, France

Mr Puneet Pancholy Basel Committee Secretariat

Mr Olivier Prato Basel Committee Secretariat

Review Team members

Mr Neil Esho Basel Committee Secretariat

Mr Mitsutoshi Adachi European Central Bank

Mr Muhammet Salih Ağan Banking Regulation and Supervision Agency of the Republic of Turkey

Annex 2: List of Basel standards and implementing regulations issued by Argentinian authorities

The following Basel standards were used as the basis of this RCAP assessment:

- *Basel III: the Net Stable Funding Ratio*, October 2014
- *Pillar 3 disclosure requirements – consolidated and enhanced framework*, March 2017
- *Implementation of Net Stable Funding Ratio and treatment of derivative liabilities*, October 2017

Table A.1 lists the regulations issued by the BCRA to implement the NSFR in Argentina. Previous RCAP assessments of Argentinian implementations of the Basel standards considered the binding nature of regulatory documents in Argentina.⁶ This RCAP Assessment Team did not repeat that assessment, but instead relied on the findings of previous assessments. Those assessments concluded that the types of instrument described in Table A.1 could be considered as binding on banks and supervisors for the purposes of an RCAP assessment.

Domestic regulations	Type, version and date
Consolidated text on "Net Stable Funding Ratio"	Final rule, organised as consolidated text, was published on 25.08.2017 and in force from 01.01.2018 (Communication "A" 6306).
	Communication "A" 6475, published on 23.03.2018, introduced minor amendments related to the procedure used to identify "Group A" banks (Communications "A" 6502, published on 27.05.2018, and "A" 6633, published on 23.01.2019, only updated the consolidated text accordingly).
	Communication "A" 6723, published on 27.06.2019, introduced minor rectifications detailed in Annex 4.
Communication "A" 6723: Treatment to holding company.	Communication "A" 6723, published on 27.06.2019 containing the agreed rectification.
"Reporting System for Supervision – The Net Stable Funding Ratio"	Requirement of information, published on 15.02.2018 (Communication "A" 6450).
Consolidated text on "Market Discipline – Minimum disclosure requirements"	Disclosure framework, published on 20.02.2018, and in force from 06.30.2018 (Communication "A" 6451).
	Communication "A" 6724, published on 28.06.2019, containing agreed rectifications.

Source: BCRA.

⁶ Annex 3 of the BCBS RCAP-LCR report of Argentina, www.bis.org/bcbs/publ/d381.pdf.

Annex 3: Key liquidity indicators of Argentina's banking system

Overview of Argentina's banking sector liquidity as of 31 December 2018

Table A.2

Size of banking sector (ARS, millions)		
Total exposures of all banks operating in Argentina (including off-balance sheet exposures)	5,819,223	
Total assets of all locally incorporated internationally active banks	5,277,573	
Total assets of locally incorporated banks to which liquidity standards under the Basel framework are applied	5,277,573	
Number of banks		
Number of banks operating in Argentina (excluding local representative offices)	78	
Number of global systemically important banks (G-SIBs) ⁷	8	
Number of D-SIBs	5	
Number of banks which are internationally active ⁸	18	
Number of banks required to implement Basel III liquidity standards	18	
Number of banks required to implement domestic liquidity standards	78	
Breakdown of NSFR for 7 RCAP sample banks (ARS, millions)	Unweighted	Weighted
Capital	382,386	382,386
Stable deposits from retail and small business customers	310,864	295,322
Less stable deposits from retail and small business customers	1,145,833	1,031,277
Unsecured funding from non-financial corporates	509,736	257,272
Unsecured funding from central banks, sovereigns, PSEs, MDBs and NDBs	502,085	251,343
Unsecured funding from financials (other legal entities)	204,253	54,449
Secured funding (all counterparties)	218	0
Other liabilities	348,879	76,092
Total available stable funding	3,404,254	2,348,140
Cash and central bank reserves	1,010,653	0
Loans to financial institutions	80,321	19,751
Securities eligible as Level 1 HQLA	135,111	17,772
Securities eligible as Level 2A HQLA	0	0
Securities eligible as Level 2B HQLA	0	0
All residential mortgages	142,853	91,865
Loans, <1 year	881,919	334,826
Other loans, >1 year, risk weight<=35%	12,714	8,264
Loans, risk weight>35%	409,761	319,657
Derivatives	2,561	993
All other assets	738,109	607,677
Off-balance sheet	807,370	37,199
Total required stable funding	4,221,372	1,438,004
NSFR		163.30%

Source: BCRA.

⁷ Subsidiaries: HSBC Bank Argentina, Industrial and Commercial Bank of China and Banco Santander Río. Branches: JPMorgan Chase Bank, BNP Paribas, Citibank, Bank of America and Mitsubishi UFJ.

⁸ Argentina has no internationally active banks. However, for the purpose of applying Basel's standards, the BCRA considers banks that belong to Group A as internationally active banks since their assets represent 1% or more of the system's assets.

RCAP sample banks

Table A.3

Banking group	Share of banks' assets in the total assets of the Argentina banking system (% , as of 31 December 2018)
Banco de la Nación Argentina	21.56%
Banco de Galicia y Buenos Aires S.A.U.	9.79%
Banco Santander Río S.A.	9.10%
BBVA Banco Francés S.A.	6.34%
Banco Macro S.A.	6.06%
HSBC Bank Argentina S.A.	4.11%
Industrial and Commercial Bank of China (Argentina) S.A.	3.47%
Total	60.43%

Source: BCRA. For this purpose, banking assets are based on the measure of total exposures used in the leverage ratio, which includes both on- and off-balance sheet exposures.

Annex 4: Rectifications made by the BCRA

List of rectifications by the BCRA		Table A.4
Basel paragraph	Reference in Argentina regulations	Description of the rectification
9	Consolidated text on "Net Stable Funding Ratio" – Section 1.3.	The Argentinian rule specified that the six-month and one-year time horizons shall mean 180 and 360 calendar days, respectively. This assumption, which was introduced to simplify banks' calculations, was removed by Communication "A" 6723.
21	Consolidated text on "Net Stable Funding Ratio" – Section 2.3.1.3	The Argentinian rule stated that term deposits having a residual maturity exceeding one year, where early redemption within such period with no penalty is not permitted by the bank, can be allocated a 100% ASF. As a result it could be interpreted that all term deposits maturing over one year, where early redemption within one year is subject to only a small penalty, can be allocated a 100% ASF. This is not in line with the Basel NSFR requirements, which stipulate that only retail term deposits maturing over one year and which cannot be withdrawn early without significant penalty, can be allocated a 100% ASF. This issue was addressed by Communication "A" 6723, which specified that only retail term deposits having a residual maturity exceeding one year, where the bank does not permit early redemption within such period without significant penalty, can be allocated a 100% ASF.
NSFR Disclosure standards. LIQ 2 content/template	Consolidated text on "Market Discipline – Minimum disclosure requirements" – Section 7 – Liquidity	It is explicitly stated that the template must be published on a semiannual basis but including two sets of data that cover the end of the last quarter and the previous one. Additionally, some minor wording rectifications have been made to adapt it to the terms used in the consolidated text on the "Net Stable Funding Ratio".
50	Communication "A" 6723, Consolidated text on "Net Stable Funding Ratio" – Section 6	Argentina's NSFR framework did not initially apply at every tier within a banking group to the extent that companies that held ownership of a bank (hereafter termed Bank Holding Companies or BHCs) were not included in the scope of application. A similar deviation was a finding of the 2016 assessment of the LCR regulations. This issue has been addressed by the BCRA through the issuance of a new regulation (Communication "A" 6723), which explicitly requires that regulatory requirements (capital and liquidity ratios, and large exposures) be determined on a fully consolidated basis that includes BHCs and all subsidiaries that have activities of a financial nature (except insurance). This rectification applies to all Group A banks – which are those that have to comply with Basel standards.

Source: BCRA.

Annex 5: Elements of the NSFR subject to national discretion

Implementation of national discretions by the BCRA

Table A.5

Basel paragraph	Description	National implementation
25(a)	Treatment of deposits between banks within the same cooperative network	The BCRA does not apply the national discretion in the Basel standard to exclude deposits between banks within the same cooperative network from liabilities receiving a 0% available stable funding factor.
31	Treatment of excess collateral in a covered bond collateral pool allowing for multiple issuance	The BCRA does not apply the national discretion in the Basel standard with regard to the treatment of excess collateral in a covered bond collateral pool allowing for multiple issuance.
31, 36	Treatment of central bank operations	The BCRA allows a lower required stable funding factor to be applied to assets pledged as collateral to secure the Emergency Liquidity Assistance granted by the BCRA if so decided by the BCRA. The reduced required stable funding factor shall not be lower than the required stable funding factor that would apply to the unencumbered asset.
43	RSF factor for derivative liabilities	The BCRA assigns a 20% required stable funding factor to the value of derivative liabilities.
45	Treatment of interdependent assets and liabilities	The BCRA allows interdependent assets and liabilities meeting the criteria set out in the Basel NSFR standard to receive an available stable funding factor and required stable funding factor of 0%. A bank utilising this treatment is also required to inform the SEFyC, for each transaction, of details of the assets and liabilities, the maturities, the amounts and the counterparties involved. The SEFyC will assess the reasonableness of the request concerning the applicability of the treatment.
47	RSF factors for other contingent funding obligations	The BCRA assigns a 0% required stable funding factor to unconditionally revocable credit and liquidity facilities and a 5% required stable funding factor to all other contingent funding obligations, including foreign* trade finance-related obligations, guarantees and letters of credit unrelated to foreign trade finance obligations and non-contractual obligations. * The BCRA has explained that banks do not usually grant contingent funding to facilitate domestic trade.
50	Scope of application of NSFR and scope of consolidation of entities within a banking group	The BCRA applies the NSFR to all Group A banks on both a consolidated basis and an individual basis.

Source: BCRA.

Annex 6: Areas where Argentinian rules are stricter than the Basel standards

While the Basel NSFR standard applies to all internationally active banks, the BCRA regulation applies to all banks in Argentina whose total assets are no less than 1% of the total assets of the Argentinian financial system.