

Introductory Presentation



**National Securities Commission
Argentina's Regulator**

**Market and Market Intermediaries
Management**

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01

**Financial
Regulators and
Securities
Ecosystem**

Overview Financial Regulators



Central Bank

Financial
Institutions
and
Monetary Policy



National Securities Commission

Securities
Market
Regulation



Superintendence of Insurance

Insurance



Financial Information Unit

Money
Laudary
Prevention

Overview

Regulator description

The logo for the National Securities Commission (CNV) of Argentina, consisting of the letters 'CNV' in white on a blue square background.

CNV

The **National Securities Commission (CNV)** is a government agency created with the objective to regulate, oversee, promote and develop the securities market in Argentina. This is an independent agency that works under the orbit of the Ministry of Economy. This commission was created in 1968. Since then, there were two law reforms that changed the functions of this agency. The main reform was made by the Capital Market Act in 2012, which changed the regulation framework based on markets self-regulation to a one new scheme in which the authorization and disciplinary functions were assigned to the Commission.

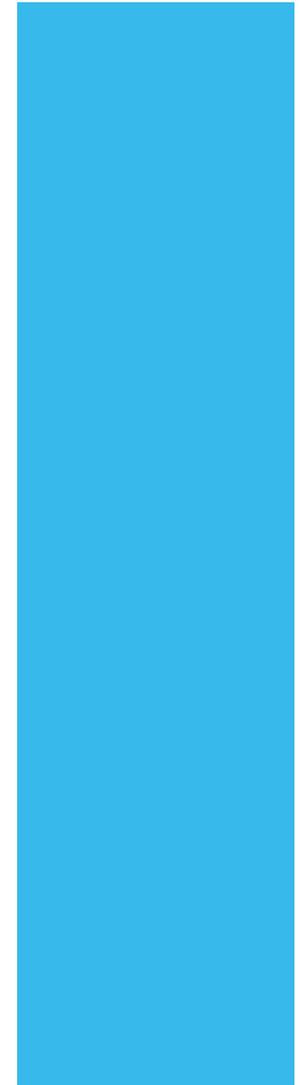
Overview

Regulator description



The second reform was made by the Productive Financing Act in 2018.

Nowadays, its aim is to create a regulatory framework that contributes to the development of transparency and a federal, inclusive and sustainable securities market. At the same time, this Commission boosts the country's economic and productive activities.



02

Characteristics of the Argentine Securities Market

Characteristics of the Argentine Securities Market

1- Financing share:

- The Securities Market provides 50% of the total Financial System funds. The rest is provided by the Bank System.

2- The Secondary Market:

(Spot Markets)

- Government Bonds account for 70% of the total volume trading in fix income into the secondary market.
- Stocks trading represents a small part of the total volume traded in Argentina. Besides, the CEDEARs and the ADRs volumes represent twice and three times the stock trading volume respectively, when we compare them to the stock trading volume. (CEDEARs are the argentine equivalent of the ADRs)
- The Free Float and the Market Capitalization indicators are the lowest when compared to other Latin American countries.

Characteristics of the Argentine Securities Market

3- Derivatives Market

- The most typical derivative contracts are exchange and commodity derivatives. Both represent the most important part of the total trading volume in Derivatives Market.

4- Primary Market

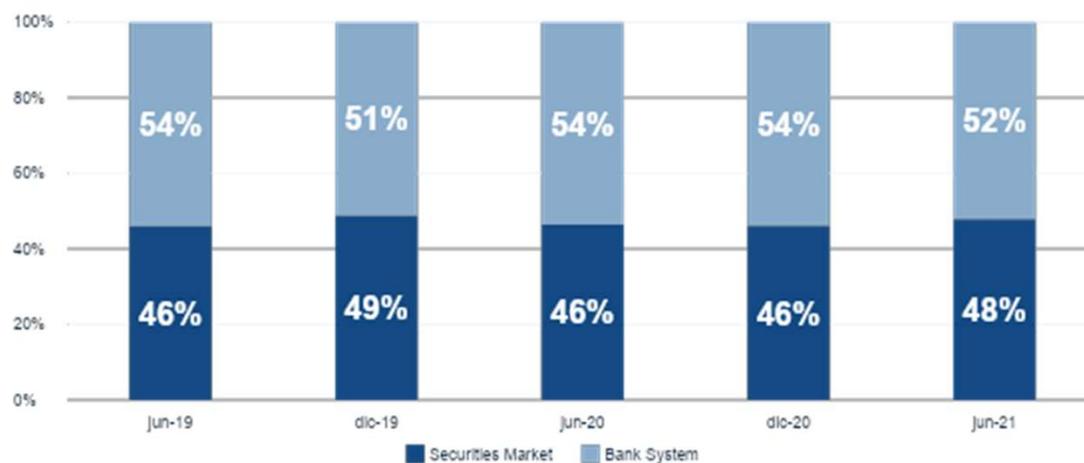
- The majority of the new issuances are made by large companies, and the most representative assets are dollar-linked private bonds. Most of the issuances are short and medium term assets.

5- ESG Assets

- The issuance of Green, Social and Sustainable bonds is a novelty that has been developed in recent years. However, it has not yet had a relevant impact in the total volumen of bonds issuance.

Characteristics of the Argentine Securities Market

Relation between Securities Market and Bank System

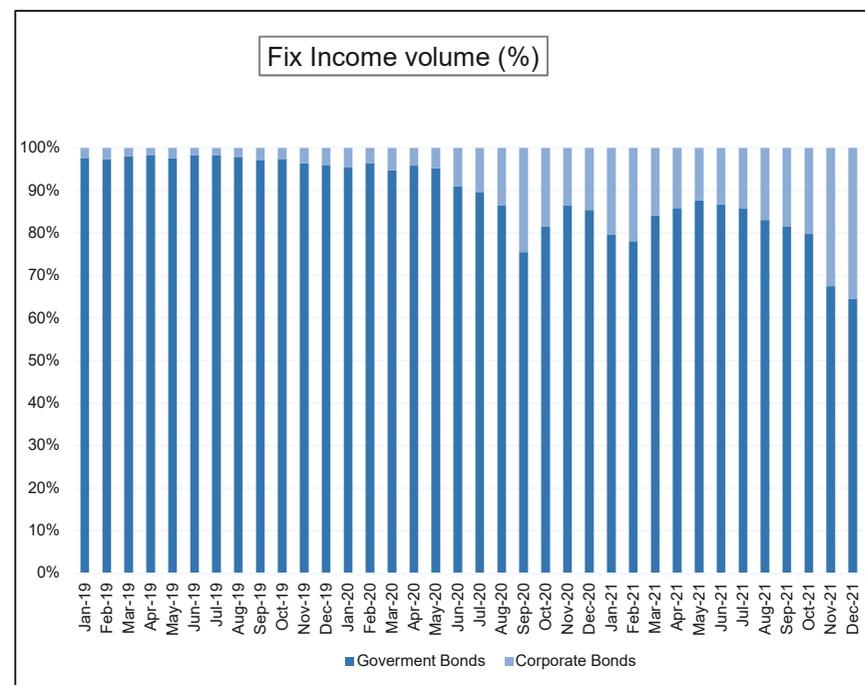
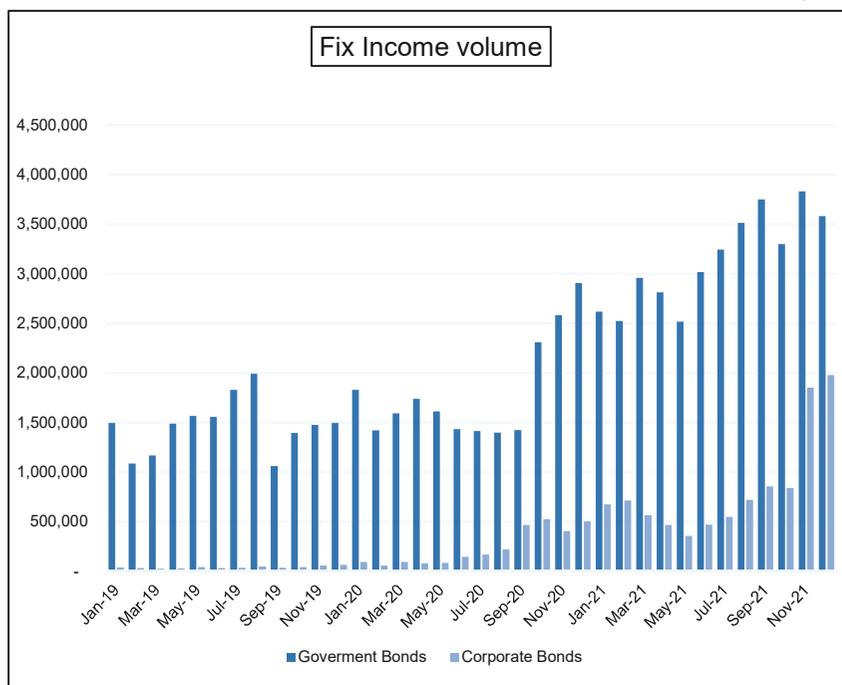


*The averages were calculated with the stocks valued in foreign currency through the TCN A3500
Source: CNV y BCRA.*



Characteristic of the Argentine Securities Market

Secondary Market- Fix Income

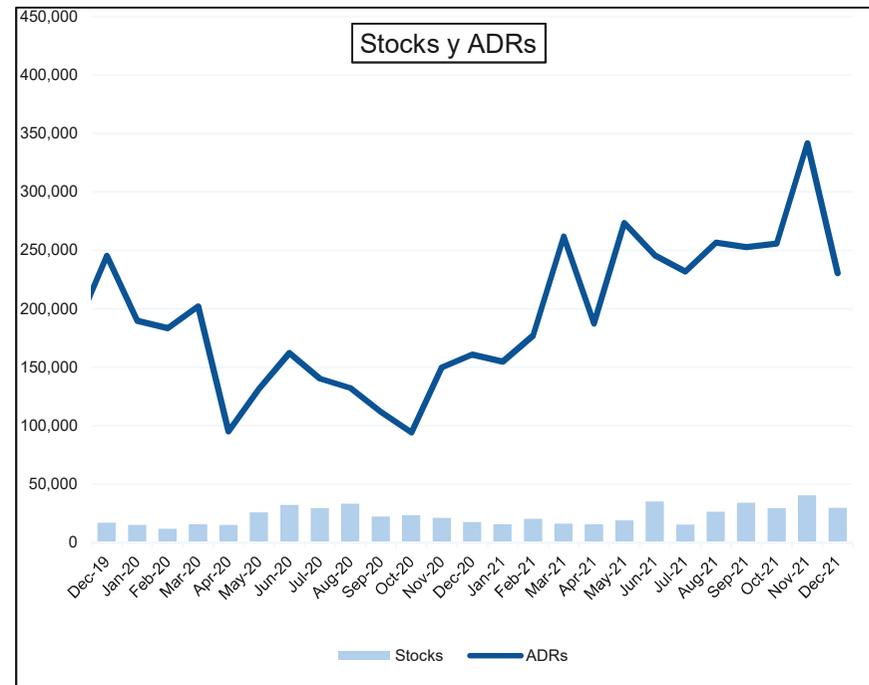
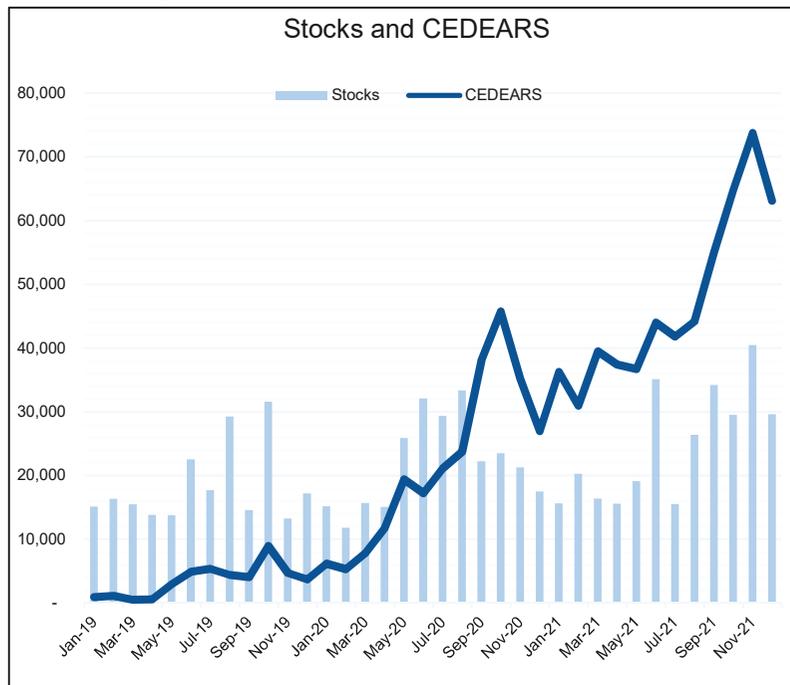


Million of pesos

Source: CNV

Characteristic of the local Securities Market

Secondary Market - Stocks



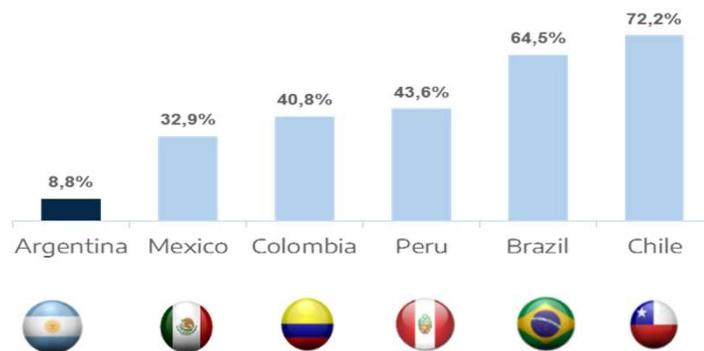
Million of pesos

Source: CNV

Comparison between different stocks market indicators

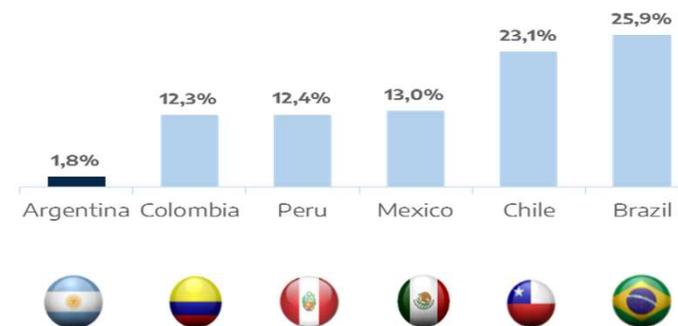
Market capitalization of domestic listed companies

(Dec-2019 - % PIB)



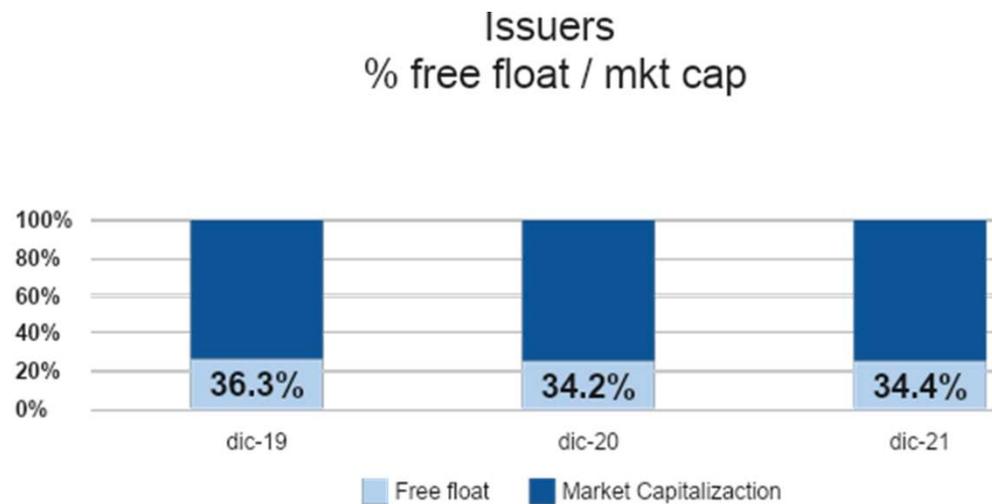
Regional Free Float

(Dec-19 - % PIB)



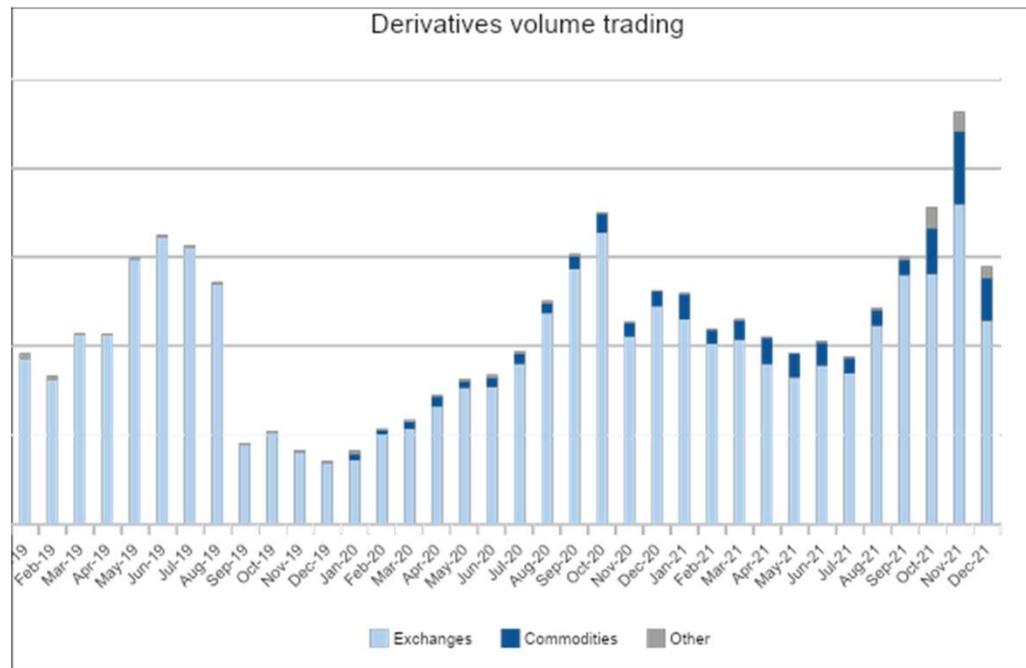
Source: World Bank and Bloomberg

Comparison between different stocks market indicators



Source: World Bank and Bloomberg

Characteristic of the Local Securities Market

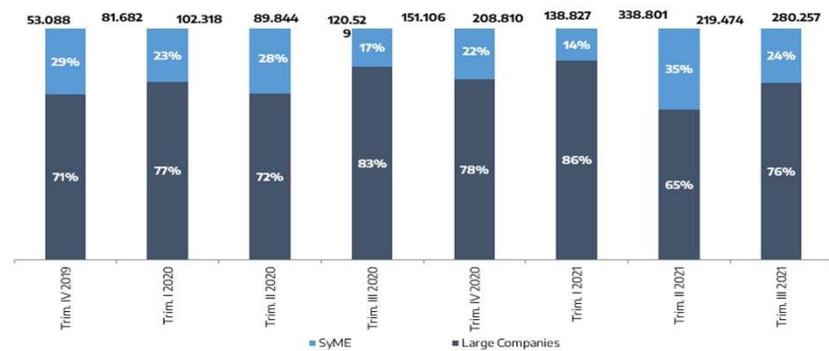
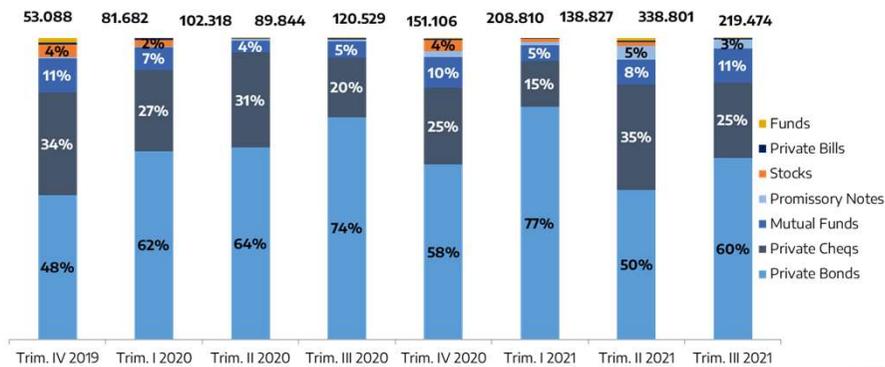


- The main part of the trading volume is explained by exchanges futures.
- Part of the commodities derivatives is traded Over the Counter (forwards).
- “Other” represents index derivatives trading volume, options and future contracts.

Source: CNV

Characteristic of the Local Securities Market

Financing assets- Primary Market issuances



Source: CNV

Overview Securities Ecosystem

Investors



488.755 Central Depository Accounts
5.328.509 Collective Investment Accounts

Market Infrastructure



4 Markets
1 Central Securities Depository

Issuers



167 Large Companies
172 Small and Medium Enterprises

Market Intermediaries



284 Broker Dealers
70 Traders
28 Global Investment Advisors
797 Producers
1 Crowdfunding Platform

Collective Investment Entities



58 Management Companies M.F.
25 Mutual Funds Depositories M.F.
201 Underwriters and Distributors M.F.
28 Fiduciaries

Information Services



10 Credit Rating Agencies
11.670 Personal with proficiency qualified in Securities certified by CNV

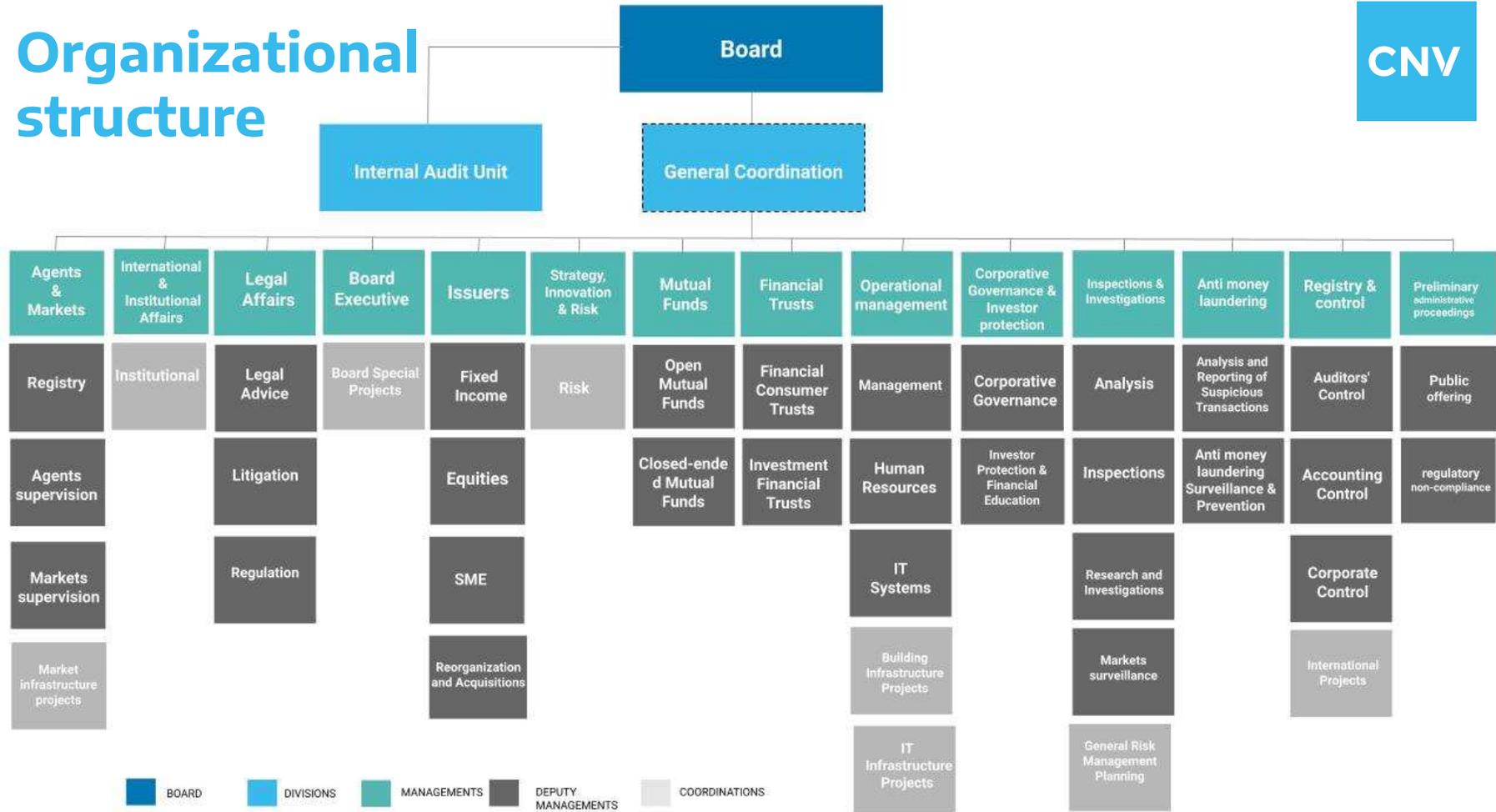
Source: CNV

03

Structure

**Roles and
Responsibilities**

Organizational structure



Functions of the Market Intermediaries' Supervision department

I am in charge of the Market Intermediaries' Supervision department. We are responsible for supervising and verifying the compliance of regulations related to the Market Intermediaries. Moreover, we must report any act or fact that could be understood as an operation related to money laundering or terrorist financing to the competent department in matters of Money Laundering Prevention inside the Regulator.



Functions of the Market Intermediaries' Supervision department

We must collect and report all the information to the Inspections and Investigations Department in order to suggest an investigation process. The aforementioned department is in charge of the investigation process and the imposing of penalties (penalty fee).



Functions of the Market Intermediaries' Supervision department

On the one hand, the team that I lead analyzes the documents and relevant information in relation to operational, legal, financial and corporate aspects in order to check compliance regulations. On the other hand, they detect and analyze any irregularity or lack of compliance as well. For instance: To detect solvency and liquidity problems or compliance matters in general.



04

Challenges

Challenges related to the Supervision Role

1- REGULATION UPDATE

- ✓ Ensure **INTERMEDIARIES FINANCIAL INTEGRITY**. Work on Market Intermediaries equity and minimum liquidity requirements in order to adjust these standards to the number and size of their clients. Also, work on accounts segregation and develop a new scheme of guarantee against fraud or illiquidity.
- ✓ Reduce operational risk related to **MULTIPLE ACTIVITIES** for certain Market Intermediaries to reduce conflict of interest and minimize operational risk.

2- CHANGE REGULATOR CULTURE

- ✓ Change supervision manner from a purely legal approach to a new approach based on risks and early warnings.
- ✓ Work on **RISK MATRICES** development for the critical Departments.
- ✓ Complete data implementation to profile market intermediaries and indicators analysis.

3- TECHNOLOGICAL CONTEXT

- ✓ Define Regulator's role against new digital Assets and market participants roles in changing technological context.

4-TECHONOLICAL UPDATE OF THE MONITORING SYSTEM.

- ✓ Complete information on orders and transactions will be received in real time with alarms related to market manipulation operations.

Regulator's Challenges

- Improve investor protection strategies.
- Expand the instruments offered by the capital market for the financing of regional economies, channeling the savings of the investing public towards productive projects.
- Financial Education Strategy to facilitate access for new investors.
- Financial Inclusion with gender perspective and focus on sustainable finance.
- Promotion of the Socially Responsible Investor category.
- Incorporate new products.
- Improve existing products.
- Flexibility on requirements for products aimed at qualified investors.
- Coordinated work with other government agencies and with the private sector.
- Reduce issuance costs related to sustainable finance.
- Facilitate access to SMEs and entrepreneurs.



Thank you!

CNV Comisión Nacional
de Valores