

# Introductory Presentation

The logo for the National Securities Commission (CNV) of Argentina, consisting of the letters 'CNV' in a bold, blue, sans-serif font, centered within a white square.

**National Securities Commission  
Argentina's Regulator**

**Market and Market Intermediaries  
Management**

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supervisión departament**



# Topics

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Challenges related to the  
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01

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# 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 of 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**

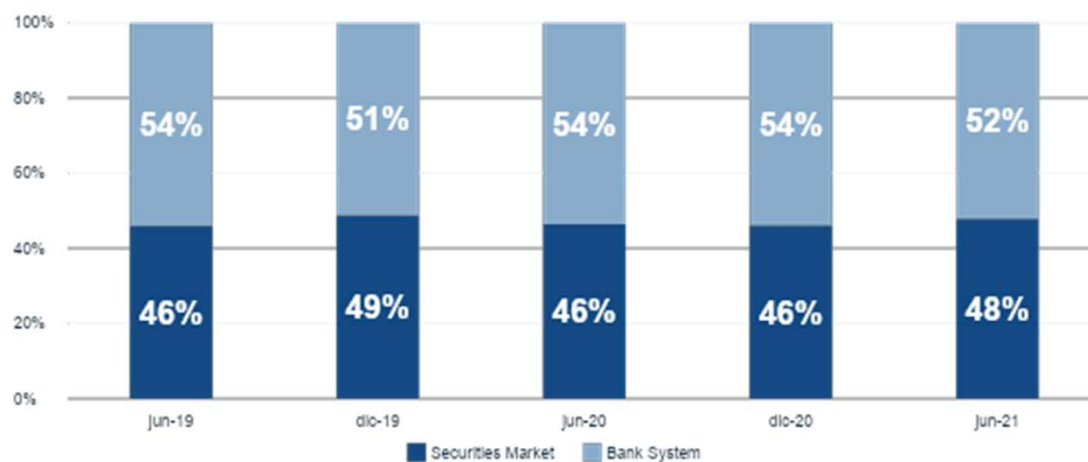
- The majority of the new issuances are made by large companies, and the most representative assets are dollar-linked private bonds. Most of the issuances are short and medium term assets.

## **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

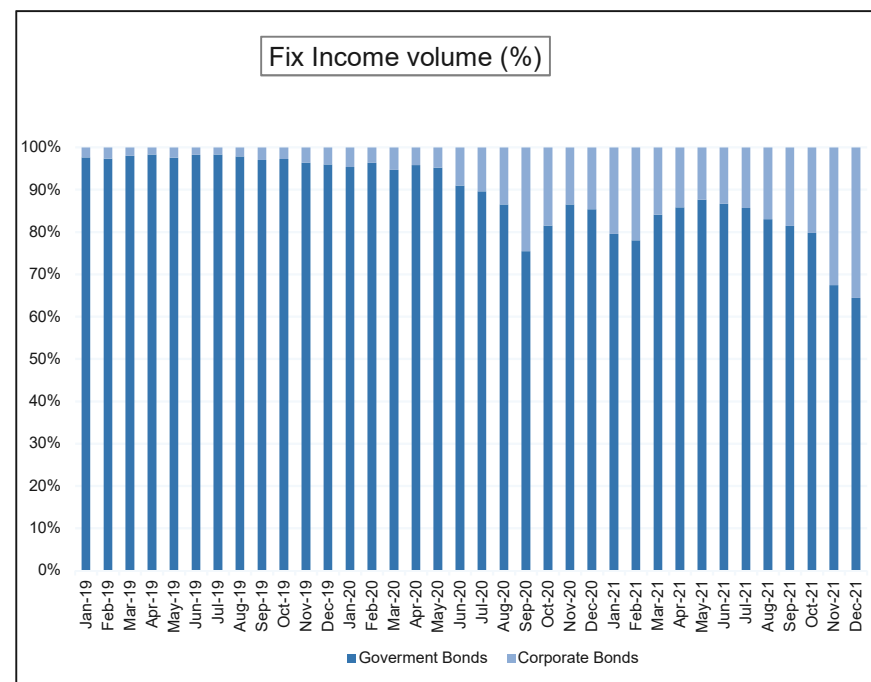
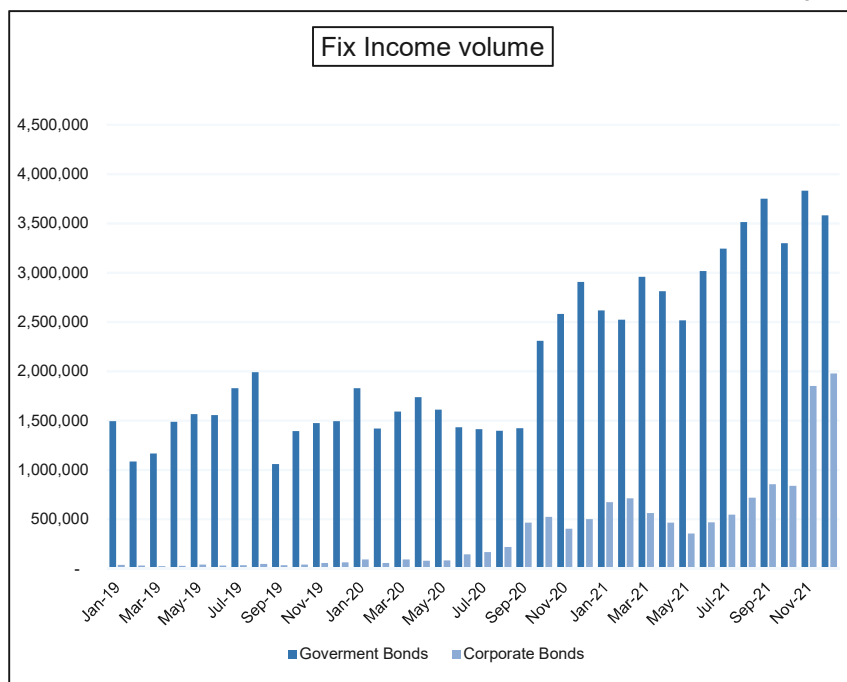


*The averages were calculated with the stocks valued in foreign currency through the TCN A3500*  
*Source: CNV y BCRA.*



# Characteristic of the Argentine Securities Market

## Secondary Market- Fix Income

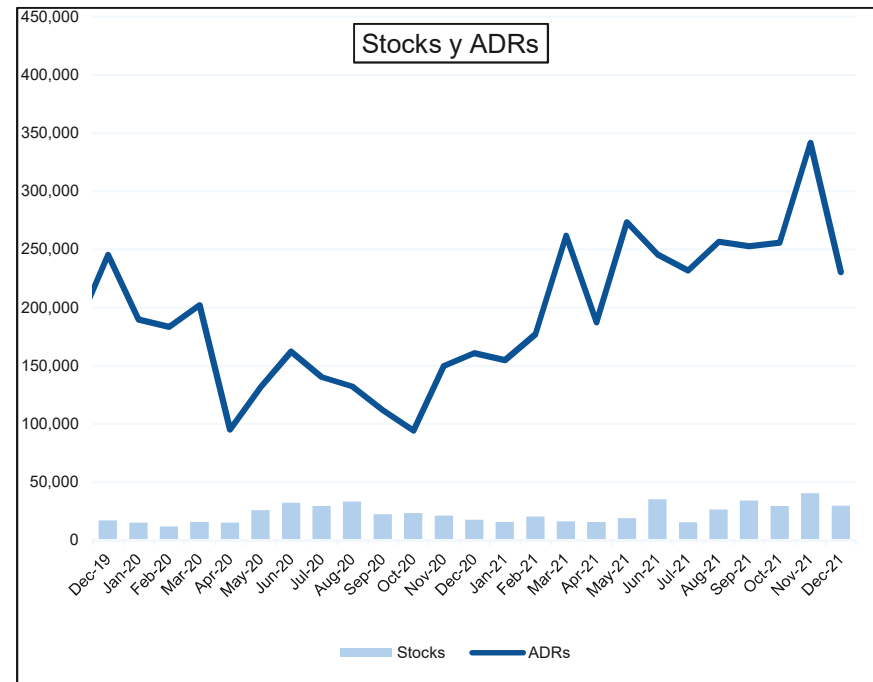
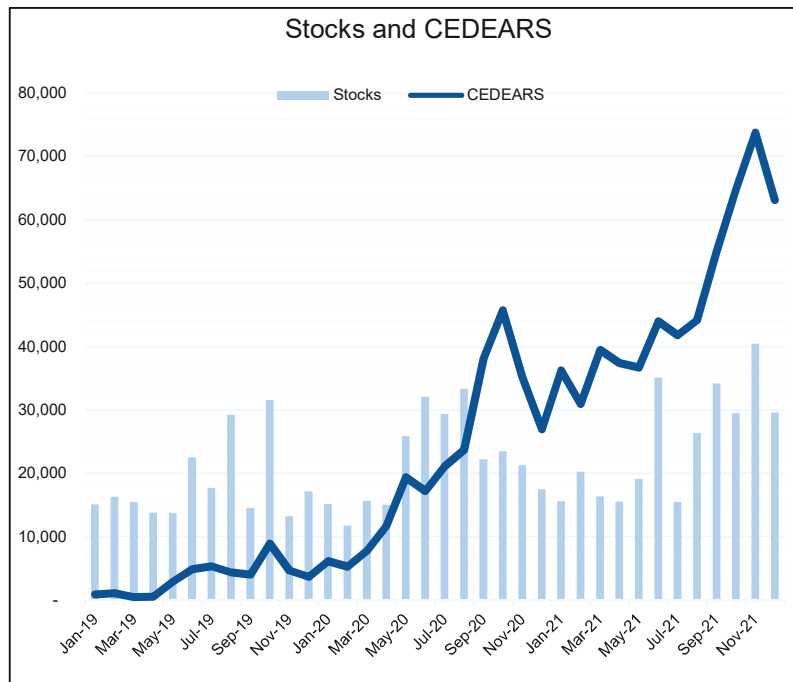


Million of pesos

Source: CNV

# Characteristic of the local Securities Market

Secondary Market - Stocks

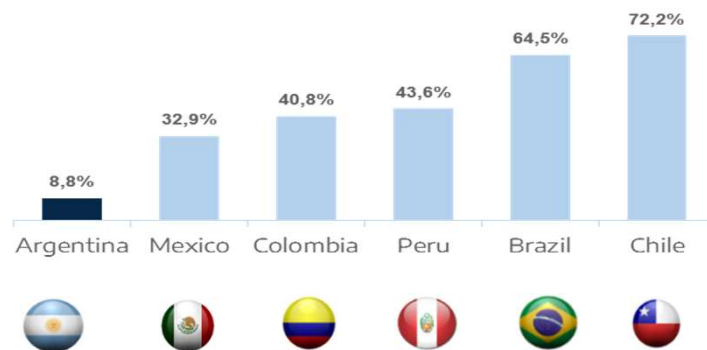


Million of pesos

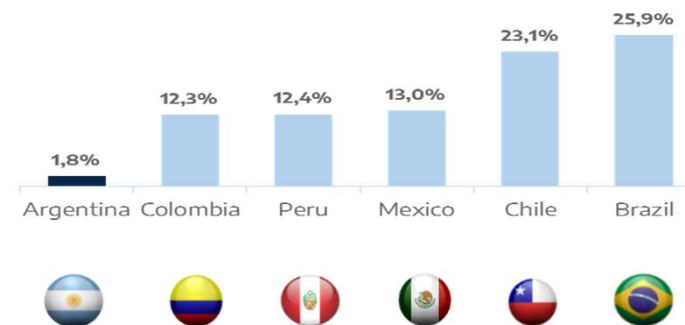
Source: CNV

# Comparison between different stocks market indicators

**Market capitalization of domestic listed companies**  
(Dec-2019 - % PIB)

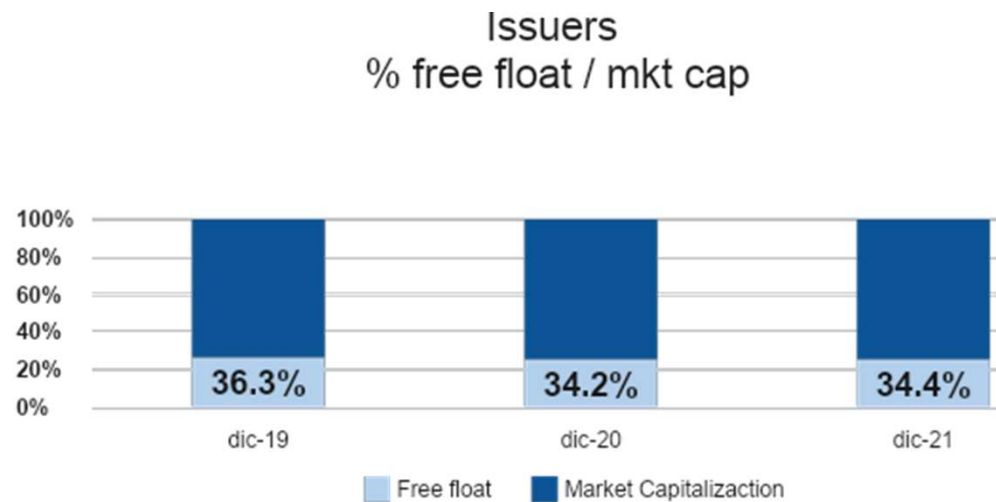


**Regional Free Float**  
(Dec-19 - % PIB)



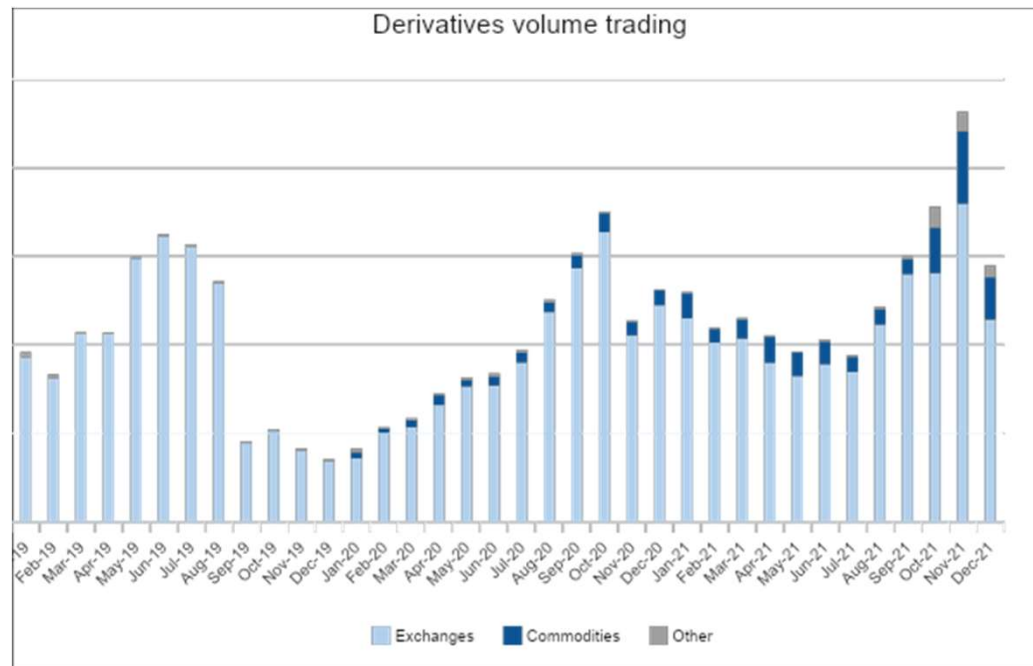
**Source:** World Bank and Bloomberg

## Comparison between different stocks market indicators



**Source:** World Bank and Bloomberg

# Characteristic of the local Securities Market

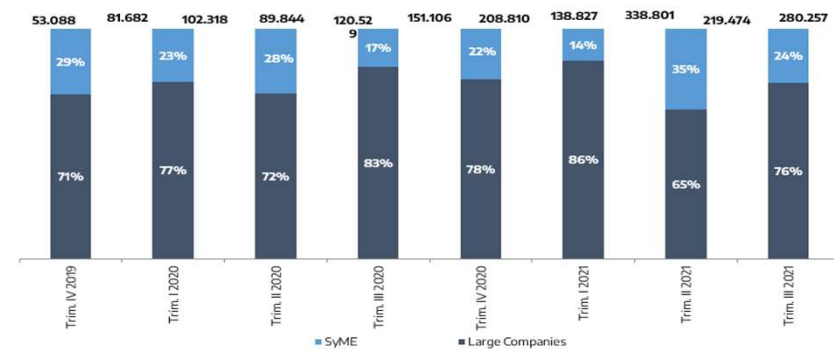
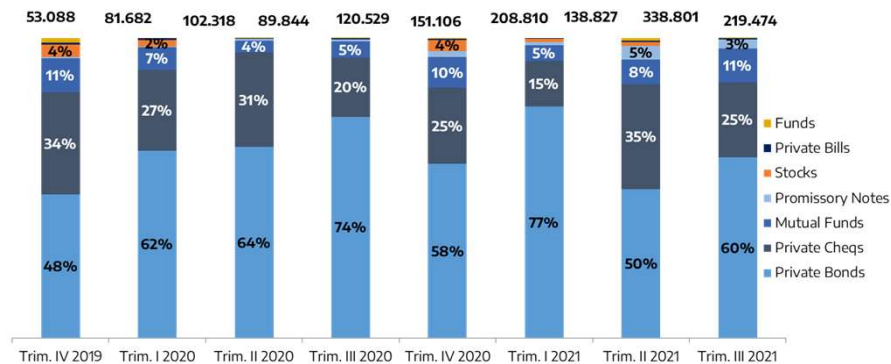


- The main part of the trading volume is explained by exchanges futures.
- Part of the commodities derivatives is traded Over the Counter (forwards).
- “Other” represents index derivatives trading volume, options and future contracts.

**Source:** CNV

# Characteristic of the local Securities Market

Financing assets- Primary Market issuances



Source: CNV



# Overview Securities Ecosystem

## Investors



488.755 Central Depositary 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 Depositaries 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

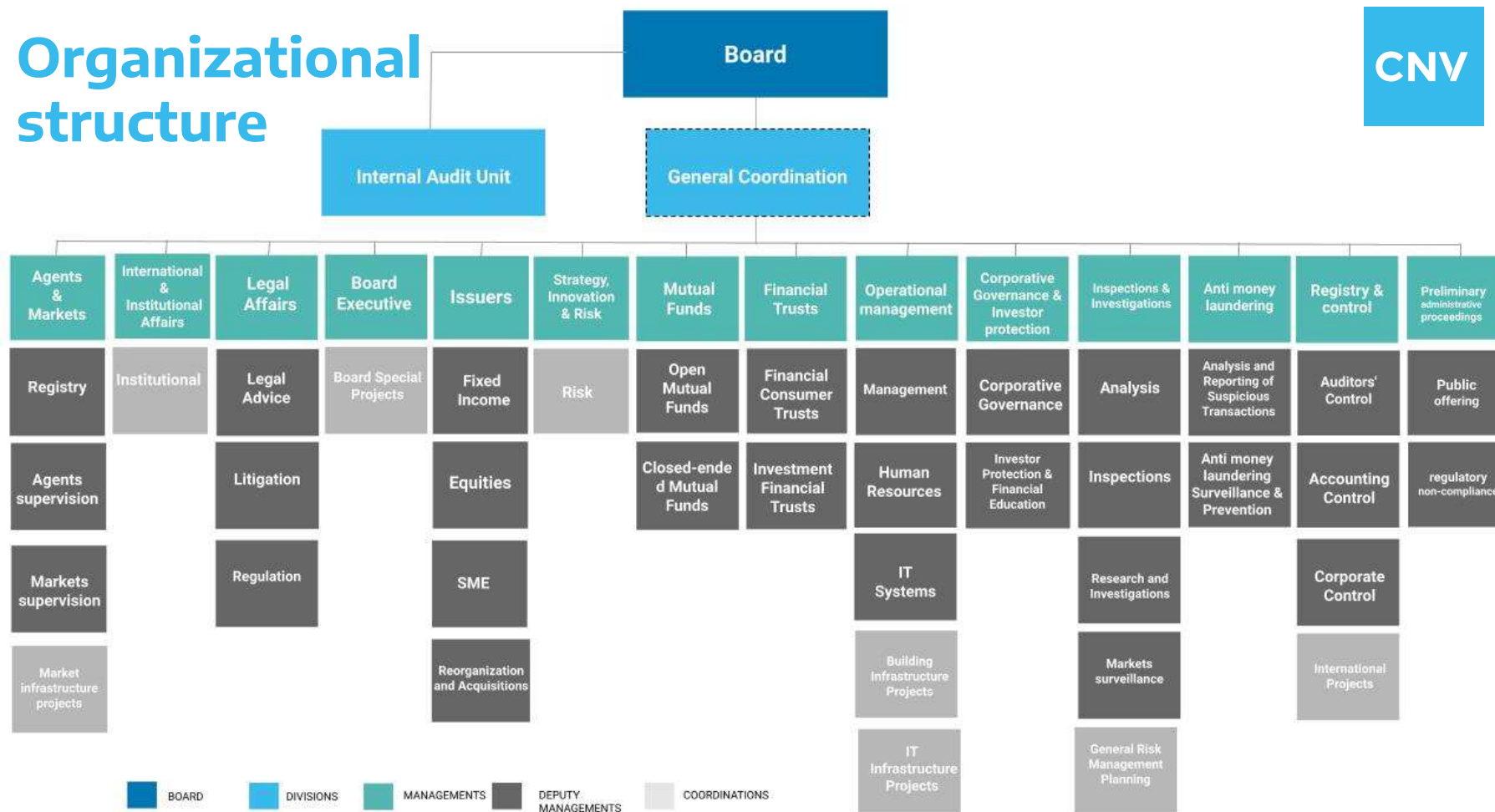
**Source: CNV**

03

**Structure**

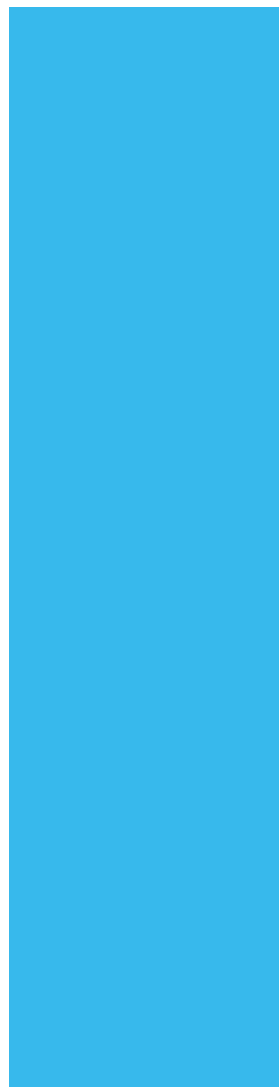
**Roles and  
Responsibilities**

# Organizational structure



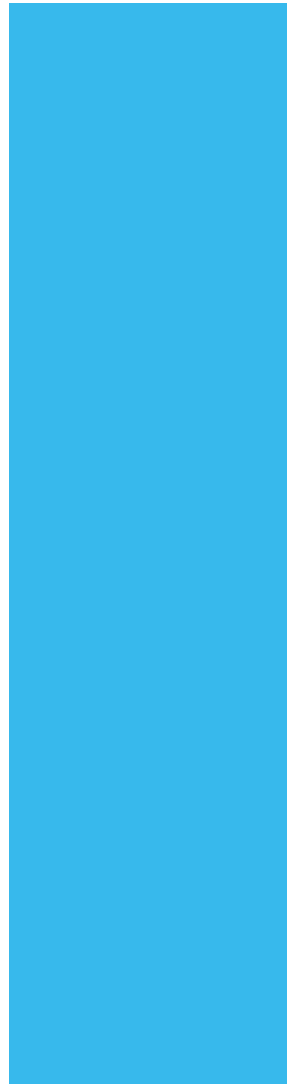
## Functions of the Market Intermediaries' Supervision department

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.



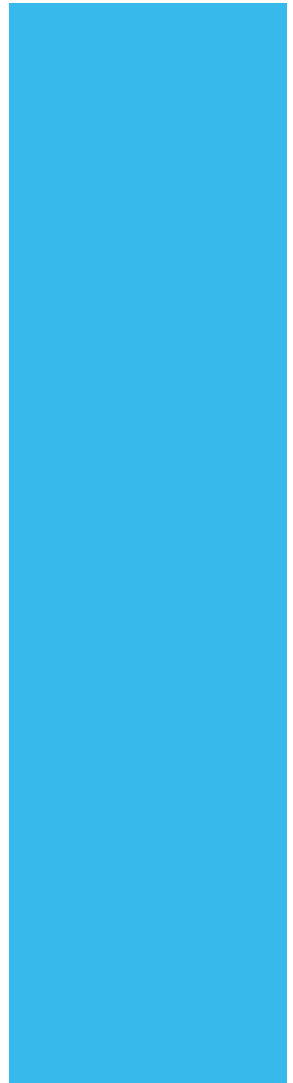
## Functions of the Market Intermediaries' Supervision department

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.

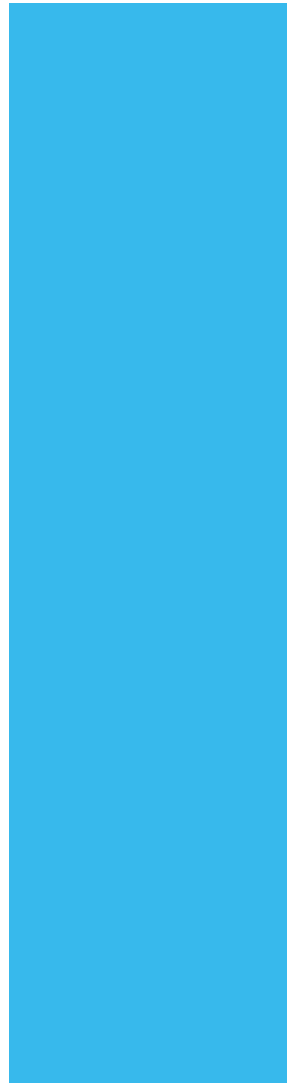
## 4-TECHONOLICAL UPDATE OF THE MONITORING SYSTEM.

- ✓ 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!

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**CNV** Comisión Nacional  
de Valores