



Self-assessment PFMI CPMI-IOSCO

March 2019



Argentina Clearing

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1. PURPOSE

The purpose of this document is to comply with the self-assessment process of Argentina Clearing S.A. (Argentina Clearing) as a Financial Market Infrastructure in its capacity as Central Counterparty (CCP) and Trade Repository (TR).

Argentina Clearing, a company of the ROFEX Group, has carried out this self-assessment on the basis of the CPMI-IOSCO Principles for Financial Market Infrastructures (PFMIs) in order to demonstrate its compliance and observance. It has applied the disclosure framework and the evaluation methodology recommended by CPMI-IOSCO, using both public and private information.

1.1. General questions

The ROFEX Group strongly supports the work of the National Securities Commission (CNV in its Spanish initials) aimed at promoting the clear application of CPMI-IOSCO principles to Financial Market Infrastructures (FMI) and their dissemination.

ROFEX S.A. (ROFEX) is the majority shareholder of Argentina Clearing S.A., a company authorized by the CNV to act as a Central Counterparty (CCP), and as a Custody, Registration and Payment Agent (ACRyP) under registration number 18.

As a CCP, Argentina Clearing is an FMI that provides registry, clearing, settlement and collateral services for a wide range of futures and options contracts and other contracts on derivatives, commodities and financial assets. As such, it must observe the CPMI-IOSCO Principles.

Given the functions that Argentina Clearing performs, most of the CPMI-IOSCO Principles apply, with the exception of Principle 11 - applicable only to Central Securities Depositories (CSDs) - which will not be evaluated in this report.

1.2. General description of the FMI

Argentina Clearing S.A. has the mission to create sustainable value through the offering of registration, compensation, settlement, collateral and custody services for Negotiable Securities and OTC contracts, efficiently and safely, in the markets and exchanges of Argentina and the region.

In June 2002, Argentina Clearing was authorized by the CNV to act as Central Counterparty for Futures and Options and, since November 2002, it has carried out the functions of a Clearinghouse for contracts signed with ROFEX. In addition, ROFEX was appointed as trustee of the collateral system constituted with the creation of the Clearing House.

From the beginning, with the increase in clearing and settlement operations, investments and developments were made to support the growing volume of transactions and flows. This new structure, together with the reengineering of back office applications for clients, contributed to Argentina Clearing's notable position in the financial market.

Under Law 26,831 (LMC), Argentina Clearing has extended the scope of its clearing house services not only to operations with derivatives, but also by participating in other negotiable securities settlement processes based on interconnection agreements with MAV, MAE and MATBA.

It is also worth noting that under the new LMC and the recognition of the position of ACRyP, Argentina Clearing has also been authorized by the CNV to act in that capacity. Also, since 2015, Argentina Clearing has offered OTC trade registration services.

2. PRINCIPLES

2.1. Principle 1: Legal basis

A Financial Market Infrastructure (FMI) should have a well-founded, clear, transparent, and enforceable legal basis for each material aspect of its activities in all relevant jurisdictions.

Assessment: **Compliant.**

Key Consideration 1: The legal basis should provide a high degree of certainty for each material aspect of an FMI's activities in all relevant jurisdictions.

Material aspects and relevant jurisdictions

C.1.1.1 : What are the material aspects of the FMI's activities that require a high degree of legal certainty (for example, rights and interests in financial instruments; settlement finality; netting; interoperability; immobilization and dematerialization of securities; arrangements for DvP, PvP or DvD; collateral arrangements(including margin arrangements); and default procedures)?

The material aspects that require a high degree of legal certainty for Argentina Clearing as a Central Counterparty (CCP) and Trade Repository (TR) are the following:

- Participant Rights and obligations
- Registration systems
- Transaction settlements
- Netting
- Guarantees
- Procedures in default situations

C.1.1.2 : What are the relevant jurisdictions for each material aspect of the FMI's activities?

The relevant jurisdiction for all material aspects in regard to the activity of Argentina Clearing (detailed above) is Argentina, whose law is applicable.

For other aspects, such as collateral, the applicable jurisdictions are those where the Custodian Entity is located.

On the other side, in the Participant Account Opening Agreement, the principals declare that they are aware, understand and accept that the guarantees transferred to the third party guarantee trust are deposited in entities chosen by the LAC and that they are exposed to contingencies that may affect the financial system in general, or any entity in particular, which could result in the delay or inability to recover those funds and/or securities.

Legal basis for each material aspect

C.1.1.3 : How does the FMI ensure that its legal basis (that is, the legal framework and the FMI's rules, procedures and contracts) provides a high degree of legal certainty for each material aspect of the FMI's activities in all relevant jurisdictions?

Argentina Clearing is authorized by the National Securities Commission (CNV) to act as a Central Counterparty, being the only entity approved in the country, and as a Custody, Registration and Payment Agent under registration number 18.

Moreover, Argentina Clearing works together with ROFEX as a *Trade Repository*, an OTC trade registration, valuation, settlement and guarantee service. In addition, Argentina Clearing is currently the only Central Counterparty in the country with a Legal Entity Identifier (LEI) code, universal and univocal for those entities that are part of a finance contract.

In 2013, Argentina Clearing began the homologation process before ESMA to be recognized as a TCCP under the terms of EMIR, so that European financial entities can have operations in Argentina with Central Counterparties approved by ESMA. The ESMA admission process is in the evaluation stage under Argentine national regulations.

The Argentina Clearing regulations, including its Internal Regulations and Notices, are approved prior to their implementation by the CNV and then published on the website of the entity and sent to the CNV through the "Financial Information Highway" (AIF).

a) For an FMI that is a CSD, how does the CSD ensure that its legal basis supports the immobilization or dematerialization of securities and the transfer of securities by book entry?

N/A

b) For an FMI that is a CCP, how does the CCP ensure that its legal basis enables it to act as a CCP, including the legal basis for novation, open offer or other similar legal device? Does the CCP state whether novation, open offer or other similar legal device can be revoked or modified? If yes, in which circumstances?

Argentina Clearing establishes its corporate purpose in art. 3 of its Corporate Bylaws, in that it acts as a Central Counterparty under the terms of Law No. 26,831 on the Argentina Capital Markets. Likewise, in order to act as a CCP, the entity was registered as such with the CNV, the only body that can authorize a company to carry out this type of activity.

Any measure that implies modifications to the internal Standards must be previously approved by the Regulator.

In regard to operations, each contract approved by the CNV includes an emergency clause: "Emergencies: If the Management, any Director or the Contract Committee believes that the calculation of the final adjustment price of any futures contract, or that the exercise of any options contract, its assignment or any precondition or requirement of any of these could be affected by acts or resolutions of the government, the supervisory authority, other agencies or extraordinary, fortuitous or force majeure events, a special meeting of the Contract Committee or the Board of Directors will be called at that time to rule on the emergency conditions. If the Contract Committee or the Director determines

that there is an emergency, the resolutions they consider appropriate will be taken and the decision will be effective, final and definitive with respect to all parties involved in the contract."

c) For an FMI that is a TR, how does the TR ensure that its legal basis protects the records it maintains? How does the legal basis define the rights of relevant stakeholders with respect to access, confidentiality and disclosure of data?

All the records kept by Argentina Clearing of the Participants and/or their Customers are stored in a database which can only be accessed by the holders of the registered data. The information is kept in the manner and for the periods provided in the Personal Data Protection regulations, Law 25,326. The databases are registered with the National Registry of Databases.

d) For an FMI that has a netting arrangement, how does the FMI ensure that its legal basis supports the enforceability of that arrangement?

Art. 190 and 191 of Law 27,440 regulate both the non-application of the Bankruptcy Law and the application of the contractual mechanisms for early termination, settlement, liquidation, clearing and execution of guarantees contained in the Derivatives, in turn ensuring that the legal structuring of Argentina Clearing fully guarantees settlement for net balances even in the event of the bankruptcy of any of the Clearing and Settlement Agents, without any risk that the general rules of the Bankruptcy Law will be interposed in the Central Counterparty processes. This is ratified by Art. 1429 of the Civil and Commercial Code.

e) Where settlement finality occurs in an FMI, how does the FMI ensure that its legal basis supports the finality of transactions, including those of an insolvent participant? Does the legal basis for the external settlement mechanisms the FMI uses, such as funds transfer or securities transfer systems, also support this finality?

See Principle 8.

Key consideration 2: An FMI should have rules, procedures, and contracts that are clear, understandable, and consistent with relevant laws and regulations.

C.1.2.1: How has the FMI demonstrated that its rules, procedures and contracts are clear and understandable?

The drafting of all of the Argentina Clearing regulations is carried out clearly, in a language that is easy to understand for all Participants.

C.1.2.2: How does the FMI ensure that its rules, procedures and contracts are consistent with relevant laws and regulations (for example, through legal opinions or analyses)? Have any inconsistencies been identified and remedied? Are the FMI's rules, procedures and contracts reviewed or assessed by external authorities or entities?

The rules, procedures and contracts managed by Argentina Clearing S.A. are in accordance with national regulations and international best practices. The whole legal

basis is periodically reviewed and requires the prior approval of the CNV for its entry into force and for any subsequent amendment.

C.1.2.3 : Do the FMI's rules, procedures and contracts have to be approved before coming into effect? If so, by whom and how?

The rules, procedures and contracts that Argentina Clearing manages must be approved by the CNV. Therefore, all projects are analyzed by the entity Directorate, then sent to the regulator in the proper format. After the agency analyzes the plan, it is returned and may require greater detail or information about what was submitted. Once approved by the agency, the company is sent the certificate of Resolution granting said approval. Finally, the document with a legend referencing the resolution of approval is published on the company's website.

Key consideration 3: An FMI should be able to articulate the legal basis for its activities to relevant authorities, participants, and, where relevant, participants' customers, in a clear and understandable way.

C.1.3.1: How does the FMI articulate the legal basis for its activities to relevant authorities, participants and, where relevant, participants' customers?

Argentina Clearing's internal regulations are communicated to the comptroller's authority through the publication of the relevant documents on the Financial Information Highway (AIF).

In addition, said regulations are communicated to the Participants through publication on the website, which is easily accessible to the general public.

In addition, the Customer Service area works to ensure that new regulations are publicly known by disseminating them among the Participants.

Key consideration 4: An FMI should have rules, procedures, and contracts that are enforceable in all relevant jurisdictions. There should be a high degree of certainty that actions taken by the FMI under such rules and procedures will not be voided, reversed, or subject to stays.

Enforceability of rules, procedures and contracts

C.1.4.1: How does the FMI achieve a high level of confidence that the rules, procedures and contracts related to its operations are enforceable in all relevant jurisdictions identified in key consideration 1 (for example, through legal opinions and analyses)?

Argentina Clearing's internal regulations are drafted in accordance with the regulations stipulated in all jurisdictions. For this purpose, the company has performed a prior analysis of the applicable regulations, requesting legal opinions from local attorneys in those cases where the regulations are contrary to Argentine legislation and/or there are contradictions in the laws of each country.

Degree of certainty for rules and procedures

C.1.4.2 : How does the FMI achieve a high degree of certainty that its rules, procedures and contracts will not be voided, reversed or subject to stays? Are there any circumstances in which an FMI's actions under its rules, procedures or contracts could be voided, reversed or subject to stays? If so, what are those circumstances?

Argentina Clearing's rules, procedures and contracts are governed by the legislation of Argentina. Likewise, it is stipulated in the Internal Regulations that all disputes that may arise as a result of the application of the Regulations will be submitted to arbitration by the Capital Market Chamber of the General Arbitration Tribunal of the Rosario Board of Trade. Submission to the arbitration procedure will be mandatory for the Participants and for the Committees when they have agreed to this in their account opening agreements, requiring the parties to comply with any arbitration award issued. In any case, the Participants and/or Committees may appeal to the ordinary courts as appropriate.

The CNV, as the controlling agency, may, if appropriate, establish the invalidity, reversal or suspension of any rule, procedure or contract, under the scope of its regulations and/or the judges of ordinary jurisdiction of Argentina.

C.1.4.3 : Has a court in any relevant jurisdiction ever held any of the FMI's relevant activities or arrangements under its rules and procedures to be unenforceable?

No, this has not been decided by any Court.

Key consideration 5: An FMI conducting business in multiple jurisdictions should identify and mitigate the risks arising from any potential conflict of laws across jurisdictions.

C.1.5.1: If the FMI is conducting business in multiple jurisdictions, how does the FMI identify and analyze any potential conflict-of-laws issues? When uncertainty exists regarding the enforceability of an FMI's choice of law in relevant jurisdictions, has the FMI obtained an independent legal analysis of potential conflict-of-laws issues?

What potential conflict-of-laws issues has the FMI identified and analyzed? How has the FMI addressed any potential conflict-of-laws issues?

Any possible conflict-of-laws in the different jurisdictions is analyzed in advance by the legal area of the Central Counterparty. If conflicts-of-laws arise from said analysis, the company will request a professional opinion based on legal studies of both jurisdictions. At present there are no legal conflicts.

Through frequent meetings, the Argentina Clearing Risks Commission is responsible for carrying out the analysis of the risks originating in foreign jurisdictions. In those cases in which there are doubts about enforceability, expert opinions are prepared in order to detect potential conflicts between laws.

2.2. Principle 2: Governance

An FMI should have governance arrangements that are clear and transparent, promote the safety and efficiency of the FMI, and support the stability of the broader financial system, other relevant public interest considerations, and the objectives of relevant stakeholders.

Assessment: Compliant.

C.2.1.1: What are the FMI's objectives? Are they clearly identified? How does the FMI assess its performance in meeting its objectives?

Every year, the ROFEX Group issues its Business Plan, which is approved by the Board. This Plan analyzes the international and national context, new trends and best practices, and updates information on the companies in regard to structure, clients, operational and financial data and its management team.

The Argentina Clearing Business Plan includes:

1. Strategies by business lines: Clearing of Negotiable Securities, Clearing of OTC products, Custody of Negotiable Securities, Other related services.
2. Corporate plan, which incorporates the Company area strategies with clearly measurable and achievable goals and objectives.

C.2.1.2: How do the FMI's objectives place a high priority on safety and efficiency? How do the FMI's objectives explicitly support financial stability and other relevant public interest considerations?

All policies and business plans are drafted with a view to long-term objectives, establishing different tasks in the short term, but within the framework that the risks assumed and the expected results are consistent with safety and efficiency. The corporate governance code to be implemented will expressly state that all objectives and plans must be in accordance with these principles.

Key consideration 2: An FMI should have documented governance arrangements that provide clear and direct lines of responsibility and accountability. These arrangements should be disclosed to owners, relevant authorities, participants, and, at a more general level, the public.

Governance arrangements

C.2.2.1: What are the governance arrangements under which the FMI's board of directors (or equivalent) and management operate? What are the lines of responsibility and accountability within the FMI? How and where are these arrangements documented?

Argentina Clearing, as part of the ROFEX group, is currently going through a corporate reorganization process. At the end of this process, the company that continues with its activity as a Central Counterparty will be the one that applies a Corporate Governance Code (as appointed by the National Securities Commission). Said Code will cover the following topics: Mission, Vision, Values, Pillars; Shareholder Rights; Meetings; Board of Directors; Committees; Control Architecture: Risk Management System, Internal Audit, External Auditors; Transparency: Disclosure of Information, Code of Ethics, Corporate Governance Report, Conflict of Interest, Use of Privileged Information and Confidential Information, Contracts with related parties.

The established line of responsibility begins with the company employees, escalating to their hierarchical superiors up to the General Manager, who reports to the Board of Directors, who then report to the Shareholders' Meeting.

Likewise, the Regulations of the Board of Directors and the Executive Committee in place will be applied, based on those already existing in the ROFEX Group.

C.2.2.2 : For central bank-operated systems, how do governance arrangements address any possible or perceived conflicts of interest? To what extent do governance arrangements allow for a separation of the operator and oversight functions?

N/A.

C.2.2.3: How does the FMI provide accountability to owners, participants and other relevant stakeholders?

Annually, at the General Shareholder's Meeting, the Board renders the accounts to the shareholders and stakeholders. However, if requested by the shareholders, informative meetings may be held to discuss the performance of the management body.

Disclosure of governance arrangements

C.2.2.4: How are the governance arrangements disclosed to owners, relevant authorities, participants and, at a more general level, the public?

The Corporate Governance Code is published on the ROFEX website under "Regulations", but work is underway to generate a corporate governance code for the Central Counterparty itself, which will contain all principles proposed by the regulator and international organizations in this area.

Key consideration 3: The roles and responsibilities of an FMI's board of directors (or equivalent) should be clearly specified, and there should be documented procedures for its functioning, including procedures to identify, address, and manage member conflicts of interest. The board should review both its overall performance and the performance of its individual board members regularly.

Roles and responsibilities of the board

C.2.3.1: What are the roles and responsibilities of the FMI's board of directors (or equivalent)? Are they clearly specified?

The roles and responsibilities of the Board of Directors, the administrative body of the company, are established in the Argentina Clearing bylaws. In addition, the Regulations of the Board of Directors and the Executive Committees of the ROFEX Group provide the following:

- The Audit Committee must provide the Board with a full report in regard to operations in which there is a conflict of interest with members of the corporate bodies or controlling shareholders.
- The Compensation and Nomination Committee is responsible for assisting the Board of Directors in its functions in regard to appointment, re-election and removal of the Directors and members of the Executive Committee of the company, issuing recommendations on their compensation, which must be consistent with best practices and based on the achievement of long-term goals, in particular, the security and efficiency of Rofex and Argentina Clearing in its role as a financial market infrastructure. Likewise, it is responsible for monitoring observance of the company's rules on corporate governance. Some of its main roles are to propose Board member selection policies and to propose Corporate Governance policies to the Board of Directors.

The current system will be replicated in the new company that carries out the clearing house activities, while also implementing the improvements proposed by the regulator and international organizations.

C.2.3.2: What are the board's procedures for its functioning, including procedures to identify, address and manage member conflicts of interest? How are these procedures documented, and to whom are they disclosed? How frequently are they reviewed?

The functions of the Board of Directors are regulated in the Bylaws, in accordance with the provisions of the General Law of Companies. Both the ROFEX and Argentina Clearing statutes are available on the respective web pages.

C.2.3.3: Describe the board committees that have been established to facilitate the functioning of the board. What are the roles, responsibilities and composition of such committees?

Argentina Clearing has a Risk Committee specific to the entity. At the same time, its parent company, ROFEX, has its own specialized committees to act as study and support bodies with the capacity to submit proposals to the Board of Directors and exercise certain functions by delegation:

- Audit Committee: assists the Board in its surveillance, control and audit functions.
- Compensation and Nomination Committee: assists the Board of Directors in its functions in regard to appointment, re-election, removal and compensation of the Directors and the Executive Committee, authorizing and reporting transactions with related parties and monitoring observance of the corporate governance rules.
- Risk and Investment Committee, whose main function is to monitor each of the risks to which the company is exposed, the techniques used for their measurement

and administration, and approve the general risk policy. And also to propose and/or evaluate extraordinary investments, ensuring that financial stability and other relevant public interests are taken into account.

- Products and Markets Committee.
- Technological Innovation Committee.

The committees are regulated by the Regulations of the Board of Directors and the Executive Committee.

All these committee activities will be replicated by applying the improvements that have been identified by the new Central Counterparty and the new head of the ROFEX Group.

Review of performance

C.2.3.4 : What are the procedures established to review the performance of the board as a whole and the performance of the individual board members?

The General Assembly of Shareholders is responsible for considering the performance of the Board of Directors and approving the Board's performance for the outgoing year; it also establishes the compensation for the members of the Board in accordance with the Board's performance.

All members of the Board have extensive professional and academic experience within the Capital Market. They receive constant training and are fully competent and capable for the position, with moral integrity, probity and solvency.

Key consideration 4: The board should contain suitable members with the appropriate skills and incentives to fulfill its multiple roles. This typically requires the inclusion of non-executive board member(s).

C.2.4.1 : To what extent does the FMI's board have the appropriate skills and incentives to fulfill its multiple roles? How does the FMI ensure that this is the case?

The Compensation and Nomination Committee is in charge of proposing candidates for Board membership, and must carry out a thorough preliminary analysis of all candidates. The members of the Board of Directors are chosen for their experience and integrity, knowledge and academic training in Capital Markets, and are appointed for each committee based on the same parameters. The Board Committees and the Executive Committee are made up of both Directors and senior management officials of the entity. Currently, the directors of Argentina Clearing are all non-executive members.

C.2.4.2 : What incentives does the FMI provide to board members so that it can attract and retain members of the board with appropriate skills? How do these incentives reflect the long-term achievement of the FMI's objectives?

Since 2009, the members of the Board have been compensated by the General Assembly of Shareholders, with the goal of attracting and retaining key board members. In addition, they are offered the benefits of being able to participate in national and international

conferences, associations or related organizations and other activities that contribute to their training and generate relationships that may help facilitate future projects.

C.2.4.3: Does the board include non-executive or independent board members? Is so, how many?

Currently, the directors of Argentina Clearing are all non-executive members. Also, although there is no obligation under the current regulations, we have 1 independent director who presides over the administrative body.

C.2.4.4: If the board includes independent board members, how does the FMI define an independent board member? Does the FMI disclose which board member(s) it regards as independent?

The independent status of a Director is considered in relation to the provisions of the ROFEX Corporate Governance Code, the current CNV regulations and the Law on Capital Markets, No. 26,831. If requested by the regulatory body, the independent status of the Directors will be reported.

Key consideration 5: The roles and responsibilities of management should be clearly specified. An FMI's management should have the appropriate experience, a mix of skills, and the integrity necessary to discharge their responsibilities for the operation and risk management of the FMI.

Roles and responsibilities of management

C.2.5.1: What are the roles and responsibilities of management, and are they clearly specified?

The roles and responsibilities of management are clearly expressed in the Position Profiles prepared by the Human Capital area.

Management's mission is to direct and control the definition and implementation of the company's strategy in order to ensure the level of return, quality of service and sustainability of the business.

C.2.5.2: How are the roles and objectives of management set and evaluated?

The management roles and objectives are set by the Board of Directors, with the participation of senior management. The Board carries out performance evaluations.

Experience, skills and integrity

C.2.5.3: To what extent does the FMI's management have the appropriate experience, mix of skills and the integrity necessary for the operation and risk management of the FMI? How does the FMI ensure that this is the case?

Management staff must accredit extensive professional and academic experience within the Capital Market. They receive constant training and are fully competent and capable for the position, with moral integrity and probity.

In addition, they must have thorough knowledge about the specific technical aspects of the area in which they exercise their role. The breakdown of the technical and management requirements as well as the competencies are defined in the corresponding job profile.

C.2.5.4 : What is the process to remove management if necessary?

The removal of a management member is the responsibility of the Board, which requests reports from the Human Capital area and General Management area, if applicable.

Key consideration 6: The board should establish a clear, documented risk management framework that includes the FMI's risk-tolerance policy, assigns responsibilities and accountability for risk decisions, and addresses decision-making in crises and emergencies. Governance arrangements should ensure that the risk management and internal control functions have sufficient authority, independence, resources, and access to the board.

Risk management framework

C.2.6.1 : What is the risk management framework that has been established by the board? How is it documented?

Specifically within Argentina Clearing, there is a Risk Committee that analyzes, discusses, proposes and manages the adaptation to the IOSCO Principles, national and international standards and best practices, which contemplates all the risks assumed by the FMIs.

In addition, the Regulations for Board Committees and the Executive Committee include a Risk and Investment Committee, which monitors each of the existing or future risks to which the Group is exposed and the techniques used to measure and administer them. The Committee establishes and monitors the risk management role and makes the most relevant risk decisions. It proposes and reviews the Business Risk Management Policy to be applied by all levels of the organization, and submits it to the Board for approval. It must guarantee an adequate process to maintain an effective risk management system. It contributes to the development of the risk strategy. It ensures the development and maintenance of risk management in a control environment. It must review the Business Risk Management Manual and send it to the Board for approval. It establishes effective controls for the Business Risk Management System with suitable and sufficient regularity. It must ensure that the risk administration and control framework meets the requirements defined in the Policy and in the Business Risk Management Manual.

It is worth mentioning that both Risk Committees act in a coordinated manner.

C.2.6.2: How does this framework address the FMI's risk tolerance policy, assign responsibilities and accountability for risk decisions.

(such as limits on risk exposures), and address decision-making in crises and emergencies? Risk tolerance policies, responsibilities and accountability for risk decisions, as well as decision-making in crises and emergencies must be approved by the Board.

C.2.6.3: What is the process for determining, endorsing and reviewing the risk management framework?

Each risk (credit, liquidity, market, defaults, etc.) has its own management process. For more detail, refer to the corresponding principles.

Authority and independence of risk management and audit functions

C.2.6.4: What are the roles, responsibilities, authority, reporting lines and resources of the risk management and audit functions?

Audit functions are attributed to internal auditors and external auditors. The final rendering of accounts of all the auditors corresponds to the entity's Audit Office, a body that will ensure the independence and adequate provision of resources for the auditors. Risk management is established and reviewed by the Risk and Investment Committee.

C.2.6.5: How does the board ensure that there is adequate governance surrounding the adoption and use of risk management models? How are these models and the related methodologies validated?

The ROFEX Group relies on the advice of an external consultant who is responsible for evaluating the methodologies used to identify and analyze the relevant risks to which the Group is exposed, and the associated controls and other mitigating actions, so that the Group is prepared to make the appropriate decisions about the need to adopt new measures and to properly plan the risk management process.

Key consideration 7: The board should ensure that the FMI's design, rules, overall strategy, and major decisions reflect appropriately the legitimate interests of its direct and indirect participants and other relevant stakeholders. Major decisions should be clearly disclosed to relevant stakeholders and, where there is a broad market impact, the public.

Identification and consideration of stakeholder interests

C.2.7.1: How does the FMI identify and take account of the interests of the FMI's participants and other relevant stakeholders in its decision-making in relation to its design, rules, overall strategy and major decisions?

The ROFEX Group has a Customer Service area. For more details, see principle 23.

C.2.7.2: How does the board consider the views of direct and indirect participants and other relevant stakeholders on these decisions; for example, are participants included on

the risk management committee, on user committees such as a default management group or through a public consultation? How are conflicts of interest between stakeholders and the FMI identified, and how are they addressed?

The majority of the Directors are also representatives of the participants. In the event of a conflict of interest, such conflicts are resolved by the Audit Committee as set forth in the Regulations of the Committees, described above.

Disclosure

C.2.7.3: To what extent does the FMI disclose major decisions made by the board to relevant stakeholders and, where appropriate, the public?

The decisions adopted by the Board are reflected in Notices and Communications which are sent to the participants via email, explaining the measure in question in a clear and concise manner. All communications and notices are published on the websites of the institution and the regulator through simple accesses which are available to the general public. In addition, the Notices, Communications and regulations are published on the Financial Information Highway. In addition, we have a Customer Service area which is in constant contact with the participants in order to provide information and/or answer questions.

2.3. Principle 3: Framework for the comprehensive management of risks

An FMI should have a sound risk-management framework for comprehensively managing legal, credit, liquidity, operational, and other risks.

Assessment: Compliant.

Key Consideration 1: An FMI should have risk-management policies, procedures, and systems that enable it to identify, measure, monitor, and manage the range of risks that arise in or are borne by the FMI. Risk-management frameworks should be subject to periodic review.

Risks that arise in or are borne by the FMI

C.3.1.1 : What types of risk arise in or are borne by the FMI?

Dealing with negotiable securities exposes Argentina Clearing to potential risks:

- Legal risks.
- Market risks.
- Variation in the value of collateral.
- Credit Risks.
- Liquidity risks.
- Operational risks.
- Risks of custodian entities.
- Systemic risk.

Risk management policies, procedures and systems

C.3.1.2 : What are the FMI's policies, procedures and controls to help identify, measure, monitor and manage the risks that arise in or are borne by the FMI?

The risk management role at Argentina Clearing occupies a predominant and comprehensive position in the organization, as reflected in our strong tradition in this area. This management is based on the OICV-IOSCO "Principles for Financial Market Infrastructures", the international standard in the matter.

Risk policies, procedures and controls are approved by the Board of Directors and the Risk Committee.

To manage risk, the company relies on:

- The **Risk area** deals with risk management for the CCP, implementing specific policies, coordinating with the other areas in the analysis, design and implementation of the rollout of new operations.

Four procedures were designed to manage risks:

1. Market risks
2. Guarantee Administration
3. Setting Parameters

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4. Liquidity

- A **Risk Committee** is responsible for analyzing, discussing, proposing and managing the adaptation to the IOSCO Principles, which covers all the risks assumed by the FMIs.
- A **Compliance Commission** which, among other issues, evaluates and treats the mitigation of risks in the value chain. They monitor, among other aspects, operative aspects of the Agents: Back office systems, Effective settlement payment systems, Internal procedures, Suitability.
- The advice of an **external consultant** who is responsible for evaluating the methodology used by the company to identify and analyze the relevant risks to which the Organization is exposed and their associated controls and other mitigating actions, to be able to make appropriate decisions about the need to adopt new measures and properly plan the risk management process.

C.3.1.3: What risk management systems are used by the FMI to help identify, measure, monitor and manage its range of risks?

Argentina Clearing has several risk management systems:

I. Risk Management System

This covers two types of methodologies:

a) First Level Guarantee Calculation Methodologies

1. Daily Mark to Market

The Mark to Market is the procedure through which the losses and gains (differences) originating from transactions are calculated daily (and not at the termination of the contract).

These differences result from the daily valuation carried out by Argentina Clearing and take into account the original price of the transaction and the adjustment price of each contract.

At t+0, Argentina Clearing debits the losses and credits the gains in the clearing and settlement account of each Clearing and Settlement Agent.

At t+1, the company collects all the debit balances, and pays the credit balances requested by the Clearing and Settlement Agents.

b) Second Level Guarantee Calculation Methodologies

1. Margin

The margin is the amount of collateral required by Argentina Clearing to guarantee the open positions of each portfolio.

Argentina Clearing applies the raw compensation method, where the Clearing and Settlement Agent must deposit guarantees for the open position of each client held at the end of each round, that is, there is no compensation between opposing positions of the different clients.

Argentina Clearing has a proprietary development system for Portfolio Risk Management, which aims to manage the risk of a portfolio of negotiable securities

by determining its maximum expected loss over a period of time and with a given level of confidence under normal market conditions. For this purpose, the company considers different scenarios based on the risk factors to which the portfolio contracts are exposed.

2. Parameters of the Risk System

- **Variation range**

To determine the Variation Price Range of each product and position, the Value at Risk technique is used, which is the statistical measure that estimates the maximum probable loss for an open position of derivative instruments within a certain time interval and with a given level of confidence. This parameter is revised at least monthly.

- **Volatility**

Maximum, average and minimum volatilities are determined for option contracts and are reviewed at least weekly.

- **Spread Costs between months**

In each scenario, the Risk Management System assumes the same price variations for all the contracts in the portfolio, therefore, it considers that the futures prices of the different positions are perfectly correlated, that is, with correlation 1. However, the prices of the different positions of a product generally do not show a perfect correlation. For this reason, the Risk Management System adds a spread cost between months to cover the base risk that exists in portfolios that contain futures and options with different expiration dates. It is a necessary complement to the 18 scenarios that adjusts for the assumption of perfect correlation between different positions of the same product. To calculate the Spread Cost, Combined (Consecutive) Asset and Priority Levels are defined, which are exhausted by levels. The Spread Cost is easy to calculate when there are only futures contracts. It is not so easy when options contracts are added. To calculate the spread, the system converts the options into their equivalent in futures contracts. To make this calculation, the system takes into account the delta of the option. The delta measures the number of units of the underlying asset that is equivalent to the option.

- **Bonus by spread between products**

The prices of related products tend to move with a certain correlation. Thus the gains obtained from the position in a product can offset the losses that occurred due to the opposite position in another related product. Thus, to recognize the lower risk of the portfolio that has opposite positions in related products (inter-commodity spread), the Risk Management System calculates a credit that is subtracted from the total margin requirements calculated by the system for each product separately.

The Risk Management System identifies the net delta for each position by product and then calculates the spread formed by holding positions in different related products. Argentina Clearing is responsible for determining the degree of correlation between the products as well as the amount of credit recognized for maintaining this type of spread.

3. Open Position Limits

The objective of establishing limits to positions is to prevent a market participant from concentrating a hegemonic participation in the market, thus enabling the participant to carry out unhealthy market practices. Argentina Clearing establishes limits on open positions by participant for each futures position. Such limits are defined in terms of the total number of contracts (deltas) that a participant may hold, in absolute value or as a percentage of total contracts (deltas) open for a position. The number of option contracts is calculated based on the delta. Additional margins are established for contracts that exceed the established limits.

4. Additional Margins

There are different situations for which additional margins are foreseen:

- When a participant exceeds the Limits on open positions, the system requires additional margins for the contracts exceeded in each position.
- In futures contracts settled through the physical delivery of merchandise, a risk of principal may be incurred when delivering the merchandise prior to receiving payment or vice versa, paying before receiving the merchandise. To mitigate this risk, Argentina Clearing provides an additional margin.

5. Back Testing

Back Testing consists of comparing the daily margin requirements per participant account to the daily differences generated for those accounts using the t+1 prices.

6. Stress Testing

This consists of stressing adjustment prices by calculating new daily differences and comparing them against the margins requirements per participant account to analyze the sufficiency.

II. Guarantee Administration System

Argentina Clearing has a solid guarantee management system. For more details see Principle 5.

III. Pre-trade Risk Management System

ROFEX has a strong pre-trade risk system that verifies the adequacy of each offer received by the trading system (prior to its inclusion in the order book) in regard

to the limits attributed to the participant (defined by Argentina Clearing), and rejecting offers that represent a violation of any limit. The use of a pre-trade risk management system is mandatory for participants with direct access via DMA.

IV. Post-trade Risk Management System

Argentina Clearing has a solid post-trade risk management system. For more details, see Principles 4, 5, 6 and 7.

C.3.1.4 : How do these systems provide the capacity to aggregate exposures across the FMI and, where appropriate, other relevant parties, such as the FMI's participants and their customers?

The system consolidates the risks at the Clearing and Settlement Agent level and can be broken down into two groups:

- Own operations
- Third party operations

In turn, the system disaggregates the operation into two large operating accounts (at the Clearing and Settlement Agent level):

- **Integration of Collateral Account** (own and third parties): the demand for margins is imputed based on the risk of the portfolios.
- **Clearing and Settlement Account** (own and third parties): includes the differences, results, premiums and settlement of negotiable securities.

Review of risk management policies, procedures and systems

C.3.1.5 : What is the process for developing, approving and maintaining risk management policies, procedures and systems?

The development and modification of risk management policies and procedures are proposed by the Risk area and then discussed internally by the Risk Committee, and if applicable, submitted to the Board for approval.

Some policies require the express approval of the CNV prior to their implementation.

Each new implementation involves a procedure to be followed by the affected areas so that the changes can be implemented quickly and reliably, thereby mitigating all kinds of risks.

C.3.1.6 : How does the FMI assess the effectiveness of risk management policies, procedures and systems?

There are different levels of controls to measure the effectiveness of the risk management system:

- Each process has an established frequency of daily, weekly, monthly controls, etc., depending on the risk. The detected deviations are reported to the corresponding management area for their analysis and mitigation, and, if appropriate, are reported to the **Risk Committee** for further analysis.
- The **Compliance Committee** monitors the risks of the value chain that have an impact on processes.

- Argentina Clearing has a **Quality** area in charge of ensuring compliance with the procedures and measuring the effectiveness of the processes through indicators.
- Annually an **external consultant** is hired to evaluate the methodologies used to identify and analyze the relevant risks to which the Organization is exposed and the associated controls and other mitigating actions, to enable the company to make the appropriate decisions on the need to adopt new measures and properly plan the risk management process. The report then sent to the CNV.

C.3.1.7: How frequently are the risk management policies, procedures and systems reviewed and updated by the FMI? How do these reviews take into account fluctuation in risk intensity, changing environments and market practices?

Annually, the Risk Management area carries out a general review of the risk criteria and procedures. The results are included in a Report that is provided to the Risk Committee and the Board of Directors of the corresponding Counterparty. In addition, as indicated in C.3.1.6, an External Validation Report is issued each year.

Each process must be reviewed by its area manager before changes are made to the environment and market practices to adapt it to new realities.

Key consideration 2: An FMI should provide incentives to participants and, where relevant, their customers to manage and contain the risks they pose to the FMI.

C.3.2.1: What information does the FMI provide to its participants and, where relevant, their customers to enable them to manage and contain the risks they pose to the FMI?

In regard to risk management for the Clearing and Settlement Agents and, if appropriate, their clients, Argentina Clearing offers the following information:

- Interfaces:
 - AnywherePortfolio (Extranet):The AP interface is oriented to the "home banking" communications with the Participant, providing as much information as possible, including: Operations, Online Operations, Portfolios, Balances of operating accounts, Guarantees, Receipts, Increases, Trial Balances, Instructions, etc.
 - API BO Argentina Clearing provides its members with an interface called Primary API BO which allows members to connect the Clearing House System with the Participant's backoffice system using the REST and JSON standard. The API provides relevant information on the Participant in the Clearing House to automatically incorporate all transactions made in ROFEX and Interconnected Markets into their internal backoffice systems, as well as clearances and settlements through the ACSA.
- On the website www.argentinaclearing.com.ar, the Participants will find: methodologies and parameters used, instructions and operational manuals, institutional information, etc.
- Among other information, the website www.rofex.com.ar, contains a microsite called CEM (Center of Market Statistics):

<http://www.rofex.com.ar/cem/FyO.aspx> where all the information related to the business is available: volumes, closing prices, open interest, etc.

- The **Customer Service** area is responsible for ensuring that new regulations are publicly known by disseminating them among the Participants.
- Finally, in order to promote Good Business Practices as a competitive advantage, the Compliance area designed a Program which monitors the procedures of the Participants. Monthly, based on day-to-day experience, it sends a Compliance Matrix that contains a detailed report of all inconsistencies detected and any opportunities for improvements to be incorporated into the internal procedures of the Participant, in order to prevent their occurrence in the future. The Participants who adopt the recommendations as their own, modifying their behaviors, are those who then comply with the rules voluntarily.

C.3.2.2 : What incentives does the FMI provide for participants and, where relevant, their customers to monitor and manage the risks they pose to the FMI?

Argentina Clearing provides incentives and the necessary means for Participants to manage and mitigate the risks associated with the operation under their responsibility.

- **Direct access to Clearing systems**

- Extranet
- Primary API BO

Through these tools, the Participants can obtain information about their portfolios and guarantees.

- **Pre-trade risk management system**

Through this system, Participants can see the impact of new operations.

- **Post-trade risk management system**

Through this system, Participants can see the impact of the executed operations.

- **Annual audits**

Participants are subject to an annual market audit.

- **Joint and several liability**

The joint and several liability structure formalizes the obligations of the Participants for the operations of their clients. In addition, the structure of safeguards establishes a joint or solidary Fund through which, up to a certain amount, the Participants can take over the default of another Participant.

C.3.2.3 : How does the FMI design its policies and systems so that they are effective in allowing their participants and, where relevant, their customers to manage and contain their risks?

To ensure that the Participants effectively control their exposure, at the Participant level, Argentina Clearing provides two large operating accounts through which they can manage the flows derived from the guarantees, as well as the flows from the settlement of negotiable securities. These accounts are the Margin Integration Account (CIM) and the

Compensation and Settlement Account (CCL), respectively.

In addition, the required margins, differences, results, premiums and marketable securities are shown at the participant level, thus guaranteeing the possibility of carrying an adequate risk system.

Key consideration 3: An FMI should regularly review the material risks it bears from and poses to other entities (such as other FMIs, settlement banks, liquidity providers, and service providers) as a result of interdependencies and develop appropriate risk management tools to address these risks.

Material risks

C.3.3.1: How does the FMI identify the material risks that it bears from and poses to other entities as a result of interdependencies? What material risks has the FMI identified?

Argentina Clearing controls its exposure to its interdependent entities, including: Primary S.A. (member company of the ROFEX group, principal technology provider), Caja de Valores S.A., CRYL, E-trader trading platforms, SIOPEL, SINAC; Settlement systems (Interbanking, MEP), etc.

Argentina Clearing has procedures to provide continuity mechanisms that are activated if communication links are broken with some of the interdependent entities.

In regard to operational risk, surveying, measuring and managing tasks are performed due to operational failures arising from: Systems Providers, Custodial Institutions, Payment Systems, Interconnected Markets, Other Suppliers, Other Related Entities, Internal Operating Circuits. Human, system and procedural errors are included in this category. We work in coordination with the areas to promote risk reporting and mitigation.

Argentina Clearing is exposed to the following risks, which are derived from its links to other entities:

- The non-availability of the systems of the entities in which the Participant guarantees are maintained.
- Failures on the part of the banks that provide liquidity, with which Argentina Clearing has agreements.
- Dependence on technology providers.

In the first two cases, the critical scenario would only occur in the hypothetical case of the application of the procedure foreseen in the case of default of a Participant. To address this risk, Argentina Clearing's safeguards system includes special funds or access to liquidity assistance lines.

In the third case, the risk associated with the dependence on systems suppliers is not significant, given that most of the systems are developed internally by a Group company.

C.3.3.2: How are these risks measured and monitored? How often does the FMI review these risks?

As part of its processes, the Information Security area of Primary S.A. (member company of the ROFEX group and principal supplier of Argentina Clearing) performs the task of detecting, reporting and mitigating any potential operational incident that may arise from the computer systems.

In addition, the different areas of Argentina Clearing jointly detect and report their own operational risk factors to the Risk area in order to consolidate the management, measurement and mitigation of operational risk in this area.

The legal risks are analyzed by the Legal area with additional external advisement.

Finally, credit and liquidity risks are monitored by the Risk Management area (see the relevant principles for more detail).

At least once annually, the company also performs Internal and External Audits, which are responsible for reviewing the effectiveness of the controls. In addition, the company performs regular controls of the risk systems, which must be approved by the Risk Committee and the Argentina Clearing Board of Directors, if applicable, in order to identify new risks, review existing risks and approve risk management criteria, models and parameters.

Risk management tools

C.3.3.3 : What risk management tools are used by the FMI to address the risks arising from interdependencies with other entities?

The risks arising from interdependencies with other entities are identified, measured, managed and continuously mitigated by the systems and procedures implemented for such purposes.

C.3.3.4 : How does the FMI assess the effectiveness of these risk management tools?

How does the FMI review the risk management tools it uses to address these risks? How frequently is this review conducted?

The ROFEX Group hired an external consulting firm to issue the Annual Report on the quality of its risk management, in compliance with Article 37, Chapter II, Title VI of the CNV Rules for 2013.

Key consideration 4: An FMI should identify scenarios that may potentially prevent it from being able to provide its critical operations and services as a going concern and assess the effectiveness of a full range of options for recovery or orderly wind-down. An FMI should prepare appropriate plans for its recovery or orderly wind-down based on the results of that assessment. Where applicable, an FMI should also provide relevant authorities with the information needed for purposes of resolution planning.

Scenarios that may prevent an FMI from providing critical operations and services

C.3.4.1: How does the FMI identify scenarios that may potentially prevent the FMI from providing its critical operations and services? What scenarios have been identified as a result of these processes?

Primary, the most important technological provider of Argentina Clearing, has a contingency testing procedure for scenarios which could prevent the CCP from providing services. In addition, the Argentina Clearing Quality Management System has an indicator that measures the degree of compliance in its performance.

Based on the risks to which Argentina Clearing is exposed in relation to its environment, its Participants and the platforms it is connected to, the following scenarios have been identified, which could potentially jeopardize its performance. They are reviewed periodically by the Risk Committee:

- Systems technical failure: Primary has a recovery plan (See principle 17).
- Malfunction of entities with which Argentina Clearing is interdependent: Caja de Valores S.A.; Primary (main technology provider company), E-trader trading platforms, SIOPEL, SINAC; Settlement systems (Interbanking, MEP), etc. See principles 17 and 20 for more information.
- Liquidity shortfall
See principle 7 for more information.

C.3.4.2: How do these scenarios take into account both independent and related risks to which the FMI is exposed?

The above identified scenarios are periodically controlled by each Management area, considering both the interdependent and related risks to which Argentina Clearing is exposed. These scenarios are approved and validated by the Argentina Clearing Risk Committee and Board of Directors.

Recovery or orderly wind-down plans

C.3.4.3: What plans does the FMI have for its recovery or orderly wind-down?

Argentina Clearing holds additional assets capable of covering 1-year of operating expenses which would allow it to carry out its wind-down plan as described in the Company Bylaws.

To estimate these expenses, the company used the methodology suggested by EMIR (discussed in question C.15.2.1), which includes the operating expenses criterion to determine the minimum net worth.

In addition, the company is preparing a Recovery Plan to be presented to the CNV for approval.

C.3.4.4: How do the FMI's key recovery or orderly wind-down strategies enable the FMI to continue to provide critical operations and services?

See question C.3.4.3

C.3.4.5: How are the plans for the FMI's recovery and orderly wind-down reviewed and updated? How frequently are the plans reviewed and updated?

The Risk Committee reviews the recovery and wind-down plans ordered annually. If a deviation arises during the review, the procedures are modified.

2.4. Principle 4: Credit risk

An FMI should effectively measure, monitor, and manage its credit exposure to participants and those arising from its payment, clearing, and settlement processes. An FMI should maintain sufficient financial resources to cover its credit exposure to each participant fully with a high degree of confidence. In addition, a CCP that is involved in activities with a more-complex risk profile or that is systemically important in multiple jurisdictions should maintain additional financial resources sufficient to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the two largest participants and their affiliates that would potentially cause the largest aggregate credit exposures to the CCP in extreme but plausible market conditions. All other CCPs should maintain additional financial resources sufficient to cover a wide range of possible stress scenarios, including, but not limited to, the failure of the participant that would potentially cause the largest aggregate credit exposures to the CCP in extreme but plausible market conditions. An FMI should effectively measure, monitor, and manage its credit exposure to participants and those arising from its payment, clearing, and settlement processes. An FMI should maintain sufficient financial resources to fully cover its credit exposure to each participant with a high degree of confidence. In addition, a CCP that is involved in activities with a more-complex risk profile or that is systemically important in multiple jurisdictions should maintain additional financial resources sufficient to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the two largest participants and their affiliates that would potentially cause the largest aggregate credit exposures to the CCP in extreme but plausible market conditions. All other CCPs should maintain additional financial resources sufficient to cover a wide range of possible stress scenarios, including, but not limited to, the failure of the participant that would potentially cause the largest aggregate credit exposures to the CCP in extreme

but plausible market conditions.

Assessment: Compliant.

Key Consideration 1: An FMI should establish a robust framework to manage its credit exposures to its participants and the credit risks arising from its payment, clearing, and settlement processes. Credit exposure may arise from current exposures, potential future exposures, or both.

C.4.1.1 : What is the FMI's framework for managing credit exposures, including current and potential future exposures, to its participants and arising from its payment, clearing and settlement processes?

Argentina Clearing is the Central Counterparty for all Clearing and Settlement Agents, therefore:

1. There is credit risk for the CCP in the face of a potential default of an Clearing and Settlement Agent.
2. There is a credit risk for the Clearing and Settlement Agents in the face of the default of the CCP.
3. 2 is a consequence of 1, since the gains and losses of the Clearing and Settlement Agents are zero sum. The management framework used by Argentina Clearing for its credit exposure consists of:
 - **Equity requirements:** The minimum established by the CNV is required based on its category as an Clearing and Settlement Agent. In addition, a variable requirement is established based on the operations of the Clearing and Settlement Agent.
 - **Initial guarantees:**
 - Contribution to the Non-compliance Fund: Variable contribution according to the operation of the Clearing and Settlement Agent, which the Agent must add to a fund which could be used in the event of the default of any Participant.
 - **Margins:** Determination of margins at the participant level and request for their integration to the Clearing and Settlement Agent for the gross amount.
 - **Daily Mark to Market:** Earnings and daily losses are paid and charged the following day (T+1).
 - **Intraday risk monitoring:**
 - Daily Operating Limit: Maximum margins that can be generated and integrated the following day (T+1), determined according to the guarantees and balances of the Clearing and Settlement Agent at the beginning of each day.
 - Intraday margins: the excesses over the Daily Operating Limit are integrated during the cycle in which they are generated (T+0).

- Intraday mark-to-market: in the event of high volatility, losses are paid on the day they are generated (T+0).
- **Open Position Limits:** Maximums are established for open positions at the participant level. Argentina Clearing may apply the Open Position Limits to a group of accounts if they are part of an economic group or act jointly.
<http://www.argentinaclearing.com.ar/participantes/avisos/?idtipo=3&tipo=Avisos>
- **Emergency measures:**
 - Increase the margin amounts.
 - Decrease the limits to open positions.
 - Restrict operations that can be performed.
- **Daily stress and back testing:** permit the measurement of current and future credit exposure and validate the risk management system in place.
- **Special guarantee fund** Art. 45 Law 26,831.
- **Preventive measures:** Argentina Clearing may request the cancellation of extraordinary Clearing and Settlement Agent positions or margins in risk situations.
- **Argentina Clearing Equity.**

C.4.1.2: How frequently is the framework reviewed to reflect the changing environment, market practices and new products?

The risk management system is periodically reviewed at least once annually, and a review is made of both internal and external events that modify the CCP environment, such as new product launches, new operations, modifications to regulations, relevant financial or macroeconomic variations.

The effectiveness of the risk management system and its eventual modifications is verified daily through back testing and stress testing procedures, among others.

In addition, at least once a year and whenever significant changes occur, an external audit of the procedures and criteria and the system's performance of the system is conducted.

Key consideration 2: An FMI should identify sources of credit risk, routinely measure and monitor credit exposures, and use appropriate risk-management tools to control these risks.

C.4.2.1: How does the FMI identify sources of credit risk?

The Risk Management area is responsible for monitoring the risks identified and reported to the Risk Committee. The sources of risk are analyzed and identified for each negotiable security cleared and settled by Argentina Clearing.

What are the sources of credit risk that the FMI has identified?

The principal sources of credit risk are the current and future exposures of the CCP derived from the open positions of its Participants. For this purpose, possible future exposures resulting from the application of the potential variation in the market value of the positions and guarantees deposited are considered.

C.4.2.2 : How does the FMI measure and monitor credit exposures?

Argentina Clearing performs real-time measurements of the counterparty exposures with each Participant and compares them with the available integrated guarantees. In addition, Daily Operating Limits and Limits are open position limits are established.

<http://www.argentinaclearing.com.ar/participantes/avisos/?idtipo=3&tipo=Avisos>

In addition, the company performs an analysis of the differences, premiums and results to monitor the credit risk of the Participants.

How frequently does and how frequently can the FMI recalculate these exposures?

The credit risk exposures are measured daily and in real time by means of a self-developed risk management system that recalculates the margin and the Mark to Market of each portfolio in real time, allowing intraday margins and variation margins to be applied. The Argentina Clearing risk system allows this control to be performed every 2 minutes.

In addition, daily stress tests and back testing are performed to measure current and future credit exposures and validate the implemented risk management system.

How timely is the information?

The Argentina Clearing risk system allows this control to be performed every 2 minutes.

C.4.2.3 : What tools does the FMI use to control identified sources of credit risk (for example, offering an RTGS or DvP settlement mechanism, limiting net debits or intraday credit, establishing concentration limits, or marking positions to market on a daily or intraday basis)?

The CCP uses the following credit risk tools to limit risk:

1. Variation margin
2. Initial margin
3. Limits to open positions and additional margins
4. Daily Operating Limits
5. Hybrid Payment Systems that consider particularities of gross settlement systems and deferred net settlement systems in real time.
6. DvP (Delivery vs. Payment) settlement mechanism for sales of securities with interconnected markets.

To calculate the Operating Limits, Argentina Clearing establishes solvency categories for each Clearing and Settlement Agent, which represent the maximum intraday credit granted.

How does the FMI measure the effectiveness of these tools?

Stress tests and back testing are performed daily in order to measure the efficiency of the calculated margin requirement.

In addition, the following daily controls are performed in the settlement windows stated in the Settlement Instructions:

- There are no debit balances in the clearing and settlement accounts and in the margin integration account (CCL and CIM), respectively.
- There are no outstanding balances for the interconnection operation.

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- There are no intraday margins pending integration.

Key consideration 3: A payment system or SSS should cover its current and, where they exist, potential future exposures to each participant fully with a high degree of confidence using collateral and other equivalent financial resources (see Principle 5 on collateral). In the case of a DNS payment system or DNS SSS in which there is no settlement guarantee but where its participants face credit exposures arising from its payment, clearing, and settlement processes, such an FMI should maintain, at a minimum, sufficient resources to cover the exposures of the two participants and their affiliates that would create the largest aggregate credit exposure in the system.

Coverage of exposures to each participant

C.4.3.1: How does the payment system or SSS cover its current and, where they exist, potential future exposures to each participant? What is the composition of the FMI's financial resources used to cover these exposures?

How accessible are these financial resources?

N/A.

C.4.3.2: To what extent do these financial resources cover the payment system's or SSS's current and potential future exposures fully with a high degree of confidence? How frequently does the payment system or SSS evaluate the sufficiency of these financial resources?

N/A.

For DNS payment systems and DNS SSSs in which there is no settlement guarantee

C.4.3.3: If the payment system or SSS is a DNS system in which there is no settlement guarantee, do its participants face credit exposures arising from the payment, clearing and settlement processes? If there are credit exposures in the system, how does the system monitor and measure these exposures?

N/A.

C.4.3.4: If the payment system or SSS is a DNS system in which there is no settlement guarantee and has credit exposures among its participants, to what extent does the payment system's or SSS's financial resources cover, at a minimum, the default of the two participants and their affiliates that would create the largest aggregate credit exposure in the system?

N/A.

Key consideration 4: A CCP should cover its current and potential future exposures to each participant fully with a high degree of confidence using margin and other prefunded financial resources (see Principle 5 on collateral and Principle 6 on margin). In addition, a CCP that is involved in activities with a more-complex risk profile or that is systemically important in multiple jurisdictions should maintain additional financial resources to

cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the two participants and their affiliates that would potentially cause the largest aggregate credit exposure for the CCP in extreme but plausible market conditions. All other CCPs should maintain additional financial resources sufficient to cover a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would potentially cause the largest aggregate credit exposure for the CCP in extreme but plausible market conditions. In all cases, a CCP should document its supporting rationale for, and should have appropriate governance arrangements relating to, the amount of total financial resources it maintains.

Coverage of current and potential future exposures to each participant

C.4.4.1: How does the CCP cover its current and potential future exposures to each participant fully with a high degree of confidence?

Argentina Clearing covers its current and future positions through a system of daily margins and differences calculated at the account level and through pre-financed default funds. The margin covers both the current exposure of the position and the possible future exposure at a 99% confidence level.

What is the composition of the CCP's financial resources used to cover its current and potential future exposures?

Argentina Clearing has the following resources:

- Guarantees integrated to the Guarantee Fund for Third Party Transactions, if applicable, and to the Guarantee Fund for Participant Obligations
- Guarantees integrated to the Guarantee Fund for Participant defaults, prorated in proportion to the contributions of each Participant.
- Special Guarantee Funds or Insurance constituted for this purpose by Argentina Clearing, if any.
- The Argentina Clearing Fund as required by Art. 45 of Law 26,831.
- Argentina Clearing Equity.
- Adhered Market Equity.

<http://www.argentinaclearing.com.ar/riesgo/salvuarda/>

How accessible are these financial resources?

The financial resources available to Argentina Clearing are easily accessible given that the integrated guarantees (not in cash) can quickly be disposed of, as well as the resources of the CCP itself.

For more information, see Principle 5.

C.4.4.2: To what extent do these financial resources cover the CCP's current and potential future exposures fully with a high degree of confidence? How frequently does the CCP evaluate the sufficiency of these financial resources?

The degree of integrity of the financial resources is measured daily through:

- Back Testing: consists of comparing the daily margin requirements per participant account to the daily differences generated for those accounts using the t+1 prices.
- Stress testing: the potential future exposures of the Participants' portfolios are measured using stress scenarios defined and reviewed periodically.

Risk profile and systemic importance in multiple jurisdictions

C.4.4.3: Do any of the CCP's activities have a more-complex risk profile (such as clearing financial instruments that are characterized by discrete *jump-to-default* price changes or that are highly correlated with potential participant defaults)? Is the CCP systemically important in multiple jurisdictions?

In general, Argentina Clearing's risk profile is not excessively complex. In addition, the company is not systemically important in multiple jurisdictions.

Additional financial resources

C.4.4.4: What additional financial resources does the CCP maintain to cover a wide range of potential stress scenarios that include, but are not limited to, the default of the participant and its affiliates that would potentially cause the largest aggregate credit exposure in extreme but plausible market conditions?

Beyond the required margins, the company has the following additional financial resources (supplementary resources):

- Argentina Clearing Equity
- Guarantee fund for defaults
- Argentina Clearing Special Guarantee Fund (Art 45 of Law 26,831)
- ROFEX Special guarantee fund (Art 45 of Law 26,831)

<http://www.argentinaclearing.com.ar/riesgo/salvuarda/>

C.4.4.5: If the CCP is involved in activities with a more-complex risk profile or is systemically important in multiple jurisdictions, to what extent do the additional financial resources cover, at a minimum, the default of the two participants and their affiliates that would create the largest credit exposure in the CCP in extreme but plausible market conditions?

See question C.4.4.3

C.4.4.6: How frequently does the CCP evaluate the sufficiency of its additional resources?

The sufficiency of the additional resources is evaluated quarterly.

Supporting rationale and governance arrangements

C.4.4.7: How does the CCP document the supporting rationale regarding its holdings of total financial resources?

Argentina Clearing publishes its holdings of total financial resources on the website and in its financial statements.

<http://www.argentinaclearing.com.ar/riesgo/salvuarda/>

C.4.4.8: What governance arrangements are in place relating to the amount of total financial resources at the CCP?

The financial resources are reported to the Risk Committee for analysis.

Key consideration 5: A CCP should determine the amount and regularly test the sufficiency of its total financial resources available in the event of a default or multiple defaults in extreme but plausible market conditions through rigorous stress testing. A CCP should have clear procedures to report the results of its stress tests to appropriate decision makers at the CCP and to use these results to evaluate the adequacy of and adjust its total financial resources. Stress tests should be performed daily using standard and predetermined parameters and assumptions. On at least a monthly basis, a CCP should perform a comprehensive and thorough analysis of stress testing scenarios, models, and underlying parameters and assumptions used to ensure they are appropriate for determining the CCP's required level of default protection in light of current and evolving market conditions. A CCP should perform this analysis of stress testing more frequently when the products cleared or markets served display high volatility, become less liquid, or when the size or concentration of positions held by a CCP's participants increases significantly. A full validation of a CCP's risk-management model should be performed at least annually.

Stress testing

C.4.5.1: How does the CCP determine and stress-test the sufficiency of its total financial resources available in the event of a default or multiple defaults in extreme but plausible market conditions? How frequently does the CCP stress-test its financial resources?

The following tests are carried out daily:

Back Testing consists of comparing the daily margin requirements per participant account to the daily differences generated for those accounts using the t+1 prices.

- **Stress testing** consists of stressing adjustment prices by calculating new daily differences and comparing them against the margins requirements per participant account to analyze the sufficiency.

In addition, every quarter, two stress tests are performed to calculate the potential need for financial resources and compare this need with the resources available.

- **Backward Looking:** sum of the two largest debits by differences suffered by the Clearing and Settlement Agents in the period under analysis (the last year).

- **Forward Looking:** forecast of the sum of the worst value that the two largest portfolios can have from one day to the next, assuming an estimated price variation equivalent to the range suggested by risk.

C.4.5.2: How are stress test results communicated to appropriate decision-makers at the CCP? How are these results used to evaluate the adequacy of and adjust the CCP's total financial resources?

The results obtained in C.4.5.1 are communicated to the Risk Committee, who evaluates the results and decides on any required course of action.

On an annual basis, the Risk Committee validates the risk management model and reports the results to the Argentina Clearing Board of Directors.

Review and validation

C.4.5.3: How frequently does the CCP assess the effectiveness and appropriateness of stress test assumptions and parameters? How does the CCP's stress test program take into account various conditions, such as a sudden and significant increase in position and price volatility, position concentration, change in market liquidity, and model risk including shift of parameters?

On an annual basis, the Risk Committee validates the risk management model and reports the results to the Argentina Clearing Board of Directors.

C.4.5.4: How does the CCP validate its risk management model? How frequently does it perform this validation? Who carries this out?

Annually, the Risk Committee validates the risk management model and reports the results to the Argentina Clearing Board of Directors.

Key consideration 6: In conducting stress testing, a CCP should consider the effect of a wide range of relevant stress scenarios in terms of both defaulters' positions and possible price changes in settlement periods. Scenarios should include relevant peak historic price volatilities, shifts in other market factors such as price determinants and yield curves, multiple defaults over various time horizons, simultaneous pressures in funding and asset markets, and a spectrum of forward-looking stress scenarios in a variety of extreme but plausible market conditions.

C.4.6.1: In conducting stress testing, what scenarios does the CCP consider? What analysis supports the use of these particular scenarios? Do the scenarios include relevant peak historic price volatilities, shifts in other market factors such as price determinants and yield curves, multiple defaults over various time horizons, simultaneous pressures in funding and asset markets, and a spectrum of forward-looking stress scenarios in a variety of extreme but plausible market conditions?

The scenarios used in the stress tests are designed by the Risk Management area together with the Research and Development Managers and are approved by the Risk Committee. They contemplate the critical risk variables and their peak historic price volatilities and multiple default scenarios.

Key consideration 7: An FMI should establish explicit rules and procedures that fully address any credit losses it may face as a result of any individual or combined default among its participants with respect to any of their obligations to the FMI. These rules and procedures should address how potentially uncovered credit losses would be allocated, including the repayment of any funds an FMI may borrow from liquidity providers. These rules and procedures should also indicate the FMI's process to replenish any financial resources that the FMI may employ during a stress event, so that the FMI can continue to operate in a safe and sound manner.

Allocation of credit losses

C.4.7.1: How do the FMI's rules and procedures explicitly address any credit losses it may face as a result of any individual or combined default among its participants with respect to any of their obligations to the FMI? How do the FMI's rules and procedures address the allocation of uncovered credit losses and in what order, including the repayment of any funds an FMI may borrow from liquidity providers?

The Argentina Clearing Internal Regulations provide the applicable rules in the cases of defaults and the use of the guarantees. In addition, the Company has its own internal default procedure that provides for the appointment of an Executive Committee to carry out this process.

For more detail, see Principle 13.

Replenishment of financial resources

C.4.7.2: What are the FMI's rules and procedures on the replenishment of the financial resources that are exhausted during a stress event?

See Principle 13.

2.5. Principle 5: Collateral

An FMI that requires collateral to manage its or its participants' credit exposure should accept collateral with low credit, liquidity, and market risks. An FMI should also set and enforce appropriately conservative haircuts and concentration limits.

Assessment: **Compliant.**

Key Consideration 1: An FMI should generally limit the assets it (routinely) accepts as collateral to those with low credit, liquidity, and market risks.

C.5.1.1: How does the FMI determine whether a specific asset can be accepted as collateral, including collateral that will be accepted on an exceptional basis? How does the FMI determine what qualifies as an exceptional basis? How frequently does the FMI adjust these determinations? How frequently does the FMI accept collateral on an exceptional basis, and does it place limits on its acceptance of such collateral?

Argentina Clearing maintains an updated list of assets accepted as collateral. The main policies used to determine their eligibility are:

- Asset Volatilities: less than 3% in the case of Securities and 5% in the case of Shares
- Volumes negotiated in secondary markets: more than \$10,000,000.
- Age of the instrument: more than 3 months.
- Market risks associated with Assets received as collateral, including exchange risk for those denominated in other currencies.
- Credit risks of the respective issuing institution, including country risk.
- Liquidity risks associated with the necessary terms for the realization of the guarantee.

The following are accepted:

- Cash assets
- Local instruments: Securities (public and private)
- Mutual investment funds
- Term deposits
- Endorsements
- Warrants
- Bond insurance
- Foreign instruments: Money Market Funds

The complete list can be found at: <http://www.argentinaclearing.com.ar/riesgo/colateral/>

Each asset contains specific integration limits and capacities. Every week, Argentina Clearing monitors that no Clearing and Settlement Agent exceeds the assets limits under guarantee. In the event of deviations, an analysis is carried out to consider if an exception can be granted or, if applicable, the company requests the immediate replacement of the collateral.

In addition, every month, the listed assets are reviewed according to their own risk variables and liquidity conditions in order to update the list, if necessary. At the request of the Participant, special authorizations for non-listed assets may be granted, taking into account in the following analysis:

- Liquidity and volatility of the asset
- Amount required
- Limits to be applied

Special authorizations must be approved by the General Management and will be granted for a specific period, amount and capacity (with the possibility of renewal) and must be ratified by the Risk Committee.

C.5.1.2 : How does the FMI monitor the collateral that is posted so that the collateral meets the applicable acceptance criteria?

The Risk area performs monthly reviews of the assets accepted as collateral and recalculates the maximum amounts by kind and by yield. If appropriate, changes will be notified by the Communications area and published on the official website.

<http://www.argentinaclearing.com.ar/riesgo/colateral/>

C.5.1.3 : How does the FMI identify and mitigate possible specific wrong-way risk – for example, by limiting the collateral it accepts (including collateral concentration limits)?

In addition to the limits and other restrictions, collateral issued by the Participants themselves (or related companies) is prohibited, mitigating the wrong way risk (the risk of unfavorable correlation).

The Participants may not provide the following as collateral:

- Shares issued by themselves or by members of their economic group.
- FCI to guarantee operations of the Fund's own portfolio or of companies of the same economic group. In the case of third party operations, up to 70% can be guaranteed.

Key consideration 2: An FMI should establish prudent valuation practices and develop haircuts that are regularly tested and take into account stressed market conditions.

Valuation practices

C.5.2.1 : How frequently does the FMI mark its collateral to market, and does it do so at least daily?

Argentina Clearing revalues the collateral assets daily using market prices, debiting or crediting the movements in the margin integration account of each Clearing and Settlement Agent.

C.5.2.2 : To what extent is the FMI authorized to exercise discretion in valuing assets when market prices do not represent their true value?

If, for any exceptional reason, there is no reference market price for any particular asset, the following may be used:

- Price of the asset traded in another market.
- Valuation models predefined by the Risk area.

Discount practices (price cuts)

C.5.2.3: How does the FMI determine haircuts?

On a monthly basis, the valuations established for each of the assets are revalidated according to their volatility and liquidity.

VAR methodology is used to determine the limits.

C.5.2.4: How does the FMI test the sufficiency of haircuts and validate its haircut procedures, including with respect to the potential decline in the assets' value in stressed market conditions involving the settlement of collateral? How frequently does the FMI complete this test?

The limits established for each asset not only depend on their current volatility, but are determined in order to avoid procyclical adjustments in cases of extreme market situations.

Key consideration 3: In order to reduce the need for procyclical adjustments, an FMI should establish stable and conservative haircuts that are calibrated to include periods of stressed market conditions, to the extent practicable and prudent.

C.5.3.1: How does the FMI identify and evaluate the potential procyclicality of its haircut calibrations? How does the FMI consider reducing the need for procyclical adjustments – for example, by incorporating periods of stressed market conditions during the calibration of haircuts?

See question 5.2.4

Key consideration 4: An FMI should avoid concentrated holdings of certain assets where this would significantly impair the ability to liquidate such assets quickly without significant adverse price effects.

C.5.4.1 : What are the FMI's policies for identifying and avoiding concentrated holdings of certain assets in order to limit potential adverse price effects at liquidation? What factors (for example, adverse price effects or market conditions) are considered when determining these policies?

The deposited guarantees are mainly (approx. 80%) constituted of the public securities considered the most liquid in the Argentine market.

To avoid concentration, the following maximum limits per asset are established in the List of Assets accepted as collateral.

C.5.4.2: How does the FMI review and evaluate concentration policies and practices to determine their adequacy? How frequently does the FMI review and evaluate these policies and practices?

The concentration policies and practices are monitored by the Risk area and reviewed annually by the Risk Committee as part of a general risk management review.

Key consideration 5: An FMI that accepts cross-border collateral should mitigate the risks associated with its use and ensure that the collateral can be used in a timely manner.

C.5.5.1: What are the legal, operational, market and other risks that the FMI faces by accepting cross-border collateral? How does the FMI mitigate these risks?

The Risks area is responsible for identifying the risks associated with the acceptance of assets in foreign jurisdictions.

Given the type of asset accepted abroad and the front-line entities, the security of such guarantees is high.

C.5.5.2: How does the FMI ensure that cross-border collateral can be used in a timely manner?

Every six months, the company reviews the current regulations regarding the repatriation of foreign currency with the local financial institution who receives the assets upon their entry into the country.

Key consideration 6: An FMI should use a collateral management system that is well designed and operationally flexible.

Collateral management system design

C.5.6.1: What are the primary features of the FMI's collateral management system?

Argentina Clearing has a solid legal framework that foresees three types of Funds (Trusts):

- Collateral Fund I: composed of asset contributions from the Clearing and Settlement Agent, intended to cover the breach of the debit net balance of its Clearing and Settlement Account and that of third parties.
- Collateral Fund II: composed of third-party asset contributions destined to cover the breach of the debit net balance of the Third Party Clearing and Settlement Account.
- Collateral Fund III: composed of asset contributions of the Clearing and Settlement Agent which is constituted as an additional guarantee to the other Funds, destined to cover breaches of any Clearing and Settlement Agent jointly up to the maximum amount established by the Board of Directors.

This structure has a solid legal basis. Thanks to this structure, the company can achieve the following:

- Differentiation between its own funds and third party funds.

- Protection from external aggressions, since the contributions in trust are committed to the fulfillment of the obligations in the Market.
- Obligation of the Clearing and Settlement Agent for all the Obligations, their own and third parties.
- Protection of the Committees from Clearing and Settlement Agent defaults.

In addition, the model that is internationally known as the "Final Beneficiary" will be implemented in the short term, in which the collateral is segregated and identified at the final client level, mitigating the risks of fraud. This model, although not the one adopted by the majority of the CCPs, is the model that was implemented in Brazil B3 and is considered the most secure structure in relation to the protection of the participant collateral.

The main characteristics of the collateral management system are:

- Segregation of funds between own/third party.
- Eligibility rules and asset limits to mitigate credit and liquidity risks.
- Real time integration into the risk and settlement systems.
- Daily valuation.
- Rules and schedules for the movement of collateral.
- Rules of execution in case of default.
- Access to information and messaging system.(Extranet)

The segregation of collateral by client will provide Argentina Clearing with greater security and protection for the participants in case of default.

The collateral management system was developed internally by the Argentina Clearing team in conjunction with the Primary support team, offering robustness and flexibility.

C.5.6.2 : How and to what extent does the FMI track the reuse of collateral and its rights to the collateral provided?

Argentina Clearing does not reuse the negotiable securities provided as collateral by its Clearing and Settlement Agents.

Operational flexibility

C.5.6.3: How and to what extent does the FMI's collateral management system accommodate changes in the ongoing monitoring and management of collateral?

The collateral management system has solid, agile and flexible systems as well as clear procedures established in the Settlement Instructions.

C.5.6.4: To what extent is the collateral management system staffed to ensure smooth operations even during times of market stress?

Argentina Clearing has a Collateral area which, together with the ROFEX Treasury area (Fiduciary), works in a coordinated manner to ensure the efficient compliance of the processes. Internal audits are carried out daily to control the integrity of the collateral information.

The company has the maximum operational and technological capacity available in the country: MEP accounts in BCRA (Central Bank of Argentina), custody accounts in Caja de Valores and CRyL, bank accounts in first line entities, etc. All are managed with the

highest performance interfaces and/or applications available. The company plans to incorporate Swift messaging in the near future.

2.6. Principle 6: Margins

A CCP should cover its credit exposures to its participants for all products through an effective margin system that is risk-based and regularly reviewed.

Assessment: Compliant.

Key Consideration 1: A CCP should have a margin system that establishes margin levels commensurate with the risks and particular attributes of each product, portfolio, and market it serves.

Description of margin methodology

C.6.1.1: What is the general framework of the CCP's margin system, particularly with respect to current and potential future exposures? If the CCP does not use a margining system, what risk management measures does it take to mitigate its risks? To what extent do these measures deliver equivalent outcomes?

Argentina Clearing has its own development system for Portfolio Risk Management, with different scenarios based on the risk factors that affect the contracts included in each portfolio.

The risk system applies the gross compensation method, in which the Clearing and Settlement Agent must deposit collateral for the open position of each client held at the end of each cycle.

C.6.1.2: Is the margin methodology documented?

The margin methodology is documented. The main characteristics of the method are as follows:

Second Level Guarantee Calculation Methodologies

- **Margin**

The margin is the amount of collateral required by Argentina Clearing to guarantee the open positions of each portfolio.

Argentina Clearing applies the raw compensation method, in which the Clearing and Settlement Agent must deposit collateral for the open position of each client held at the end of each cycle, that is, there is no clearance between opposing positions of the different clients.

- **Risk Management System**

Argentina Clearing has its own Portfolio Risk Management development system, intended to manage the risk of a portfolio of negotiable securities by determining the maximum expected loss over a period of time with a given level of confidence in normal market conditions. For this purpose, different scenarios are considered based on risk factors (range of price variation and volatility) which affect the contracts included in the portfolio.

Below are the risk parameters used by the system:

- **Variation range**

To determine the Variation Price Range of each product and position, the Value at Risk technique is used, which is the statistical measure that estimates the maximum probable loss for an open position of derivative instruments within a certain time interval and with a given level of confidence. This parameter is revised at least monthly.

- **Volatility**

Maximum, average and minimum volatilities are established for options contracts and are reviewed at least weekly.

- **Spread Costs between months**

In each scenario, the Risk Management System assumes the same price variations for all the contracts in the portfolio, therefore, it considers that the futures prices of the different positions are perfectly correlated, that is, with correlation 1. However, the prices of the different positions of a product generally do not show a perfect correlation. For this reason, the Risk Management System adds a spread cost between months to cover the base risk that exists in portfolios that contain futures and options with different expiration dates. It is a necessary complement to the 18 scenarios that adjusts for the assumption of perfect correlation between different positions of the same product. To calculate the Spread Cost, Combined (Consecutive) Asset and Priority Levels are defined, which are exhausted by levels.

The Spread Cost is easy to calculate when there are only futures contracts. It is not so easy when options contracts are added. To calculate the spread, the system converts the options into their equivalent in futures contracts. To make this calculation, the system takes into account the delta of the option. The delta measures the number of units of the underlying asset that is equivalent to the option.

- **Bonus by spread between products**

The prices of related products tend to move with a certain correlation. Thus the gains obtained from the position in a product can offset the losses that occurred due to the opposite position in another related product. Thus, to recognize the lower risk of the portfolio that has opposite positions in related products (inter-commodity spread), the Risk Management System calculates a credit that is subtracted from the total margin requirements calculated by the system for each product separately.

The Risk Management System identifies the net delta for each position by product and then calculates the spread formed by holding positions in different related products. Argentina Clearing is responsible for determining the degree of correlation between the products as well as the amount of credit recognized for maintaining this type of spread.

- **Interest rate**

For financial products, the company estimates the interest rates to be incorporated into the algorithm used by the system to evaluate the risk generated by the open futures and

options portfolios. The bank, public titles and BCRA fees are taken into account.

C.6.1.3: To what extent is the detail of the CCP's margin methodology made available to participants for use in their individual risk management efforts?

The parameters used are published on the Argentina Clearing website. Additionally, they can be consulted through the Primary API BO interface.

Credit exposures

C.6.1.4: What are the determinants of the credit exposures of the CCP, with respect to the attributes of each product, portfolio and market it serves?

The determinants of the credit exposures are the following:

- Fluctuations in prices
- Seasonality and sudden changes
- Illiquidity
- Solvency, leverage and liquidity of the Participants

C.6.1.5: To what extent are the CCP's margin requirements commensurate with the risks and particular attributes of each product, portfolio and market it serves?

At least once a month, or on days of high volatility, the price variation ranges of the futures contracts traded are reviewed in all their positions.

Operational components

C.6.1.6: How does the CCP address the risk of a participant payment failure that would cause a shortage of required margin to the participant's position?

See Principle 13.

C.6.1.7: How does the CCP enforce timelines for margin collections and payments? If the CCP has participants from different time zones, how does the CCP address issues posed by differences in local funding markets and operating hours of relevant payment and settlement systems?

The Clearing and Settlement Agents have a daily operating limit (DOL) given by the sum of their available balances, including the pre-financed default funds.

When the margins generated during the cycle exceed the DOL, a request for intraday margins is sent to the Clearing and Settlement Agent, which must be covered before the closing of the cycle in which the differences are generated. The risk area reserves the right to request them within a shorter period, or extend more time.

For more details, consult the Settlement Instructions:

http://www.argentinaclearing.com.ar/operaciones/gtia_documentacion/

All Clearing and Settlement Agents that settle with Argentina Clearing are in the same time zone.

Key consideration 2: A CCP should have a reliable source of timely price data for its margin system. A CCP should also have procedures and sound valuation models for addressing circumstances in which pricing data are not readily available or reliable.

Sources of price data

C.6.2.1 : What are the sources of price data for the CCP's margin model?

What data does the CCP use to determine initial margin?

To determine the risk parameters that feed the Risk Management System, the Risk Management area takes into account the historical prices of the futures traded in ROFEX and the prices of the underlying assets traded in other markets. When prices are not reliable, or are not available, alternative price series are taken from other markets and predetermined valuation models can also be applied.

The price data is provided by recognized ROFEX or Data Vendors.

C.6.2.2 : How does the CCP determine that the price data it uses for its margin system is timely and reliable, including prices provided by a third party where relevant?

See question C.6.2.1.

In prices supplied by third parties, the company analyzes the daily variations, market behavior, etc. on a daily basis.

Estimation of prices

C.6.2.3 : When prices are not readily available or reliable, how does the CCP estimate prices to calculate margin requirements?

When the prices are not available or reliable, the theoretical prices are calculated based on valuation models predefined by the Risk area.

C.6.2.4 : How does the CCP validate models used to estimate prices or margin requirements when price data are not readily available or reliable? How does the FMI ensure the independence of the validation process?

The predefined valuation models are validated at least once a year by the Risk Committee.

Key consideration 3: A CCP should adopt initial margin models and parameters that are risk-based and generate margin requirements sufficient to cover its potential future exposure to participants in the interval between the last margin collection and the close out of positions following a participant default. Initial margin should meet an established single-tailed confidence level of at least 99 percent with respect to the estimated distribution of future exposure. For a CCP that calculates margin at the portfolio level, this requirement applies to each portfolio's distribution of future exposure. For a CCP that calculates margin at more-granular levels, such as at the sub-portfolio level or by product,

the requirement must be met for the corresponding distributions of future exposure. The model should (a) use a conservative estimate of the time horizons for the effective hedging or close out of the particular types of products cleared by the CCP (including in stressed market conditions), (b) have an appropriate method for measuring credit exposure that accounts for relevant product risk factors and portfolio effects across products, and (c) to the extent practicable and prudent, limit the need for destabilizing, procyclical changes.

Initial margin model

C.6.3.1 : What is the design of the CCP's initial margin model? Describe the model in detail, including the method used to determine potential future exposure.

What is the level of coverage of the initial margin model?

Our Portfolio Risk Management System aims to determine the maximum loss that an open position could suffer from one day to the next. For this purpose, different scenarios are considered for each valued open position to determine the scenario in which the maximum loss occurs. The required margins derived from the worst scenario simulated by the Risk System are calculated to ensure 99% coverage of the distribution of future exposure during the closing period of the portfolio.

These scenarios are based on the risk factors which affect the contracts included in the open position. The open position of each participant may be composed of futures and options purchased and sold, each of which is exposed to specific risks, such as:

- Futures bought and sold are exposed to a single risk factor: the price of the future. Movements in the price of the future will generate results in the futures bought and sold.
- The options are exposed to different factors that affect their value. According to the Black-Scholes model, these factors are the following: the underlying asset price, the exercise price, time to expiration, volatility and interest rate. However, the objective of the system is to manage the risk factors of the options purchased and sold, thus it is appropriate to perform the following analysis:
 - Price of the underlying asset: movements in the price of the future will generate results in the options bought and sold, therefore the price of the underlying asset is a risk factor.
 - Exercise price: an option bought or sold has a fixed strike that does not constitute a risk factor.
 - Time to expiration: given that the system is intended to determine the maximum loss that can occur from one day to the next, the value of the open position must be valued in the different scenarios based on the following day. Since the time remaining until the expiration is always known for the different positions, the time to maturity is not a risk factor.
 - Volatility: given that the system values the open position in each scenario at market prices, this is the implicit or market volatility that is taken into account to value the options of the open position. Movements in the

implied volatility will generate results in the options bought and sold, therefore the implied volatility is a risk factor.

- Interest rate: Movements in the interest rate will generate results in the options purchased and sold, therefore the interest rate is a risk factor. However, the influence of this factor on the premium of options on futures is relatively insignificant, therefore this risk factor is not considered. It follows that it is the movements in futures prices and implied volatilities which generate results in the options bought and sold.

Argentina Clearing establishes the following parameters which are used by the system to determine margins:

- The range of price variation of each product and position: For this purpose, the Value at risk technique is used, which is the statistical measure that estimates the maximum probable loss for an open position of derivative instruments in a given time interval and with a given level of confidence. This parameter reviewed at least monthly.
- The spread cost between months: For this purpose, the Value at Risk technique is used and this parameter is reviewed at least monthly.
- The interest rate of each currency: This parameter is reviewed at least monthly.
- Maximum, average and minimum volatility of option contracts: This parameter is reviewed at least monthly.
- The bonus between products: This parameter is reviewed at least monthly.

Method of calculation (at the participant level)

To determine the margin of a portfolio (participant), the system applies the following methodology:

1. For each contract (for example DLR072020), the value is calculated in the 18 scenarios with the combinations of futures prices variations and volatilities of each scenario. Portfolios composed only of futures are not affected by variations in implied volatility.
2. For each product (for example, DLR), it adds the values of 1) in each scenario and chooses the worst, i.e. the greatest loss.
3. The **spread cost between months** (same product) is calculated.
As the system assumes the same price variations in each scenario for all contracts of each product, it assumes that the price movements are perfectly correlated between the different months. But since the contract prices for the different months generally do not show a perfect correlation (for example, if the dollar rises, the May position can rise by 1% and the October position by 1.8%), the system adds a spread cost between months. This charge is to reflect the base risk of the spread that exists in the portfolios that contain futures and options with different expiration dates.
The calculation formula is as follows:

- a) List all positions with their corresponding delta.
 - b) Add the deltas bought on one side and the deltas sold on the other.
 - c) Select the lowest value of b).
 - d) Multiply the amount determined in c) by the spread cost established by Argentina Clearing for the product in question.
4. Calculate the requirement for **additional margins** (if applicable)
When a participant exceeds the Limits on open positions, the system requires additional margins for the contracts exceeded in each position.
To determine the requirement of this additional guarantee the company must:
- a) List all positions with their corresponding delta.
 - b) Compare a) with the limits established by Argentina Clearing.
 - c) If a) is greater than b), calculate the excess.
 - d) Multiply the amount determined in c) by the additional margin established by Argentina Clearing.
5. Calculate the **bonuses between products**.
The prices of related products tend to move with a certain correlation. Thus the gains obtained from the position in a product can offset the losses that occurred due to the position in another related product. Thus, to recognize the lower risk of the portfolio that has opposite positions in related products (inter-commodity spread), the System calculates a credit that is subtracted from the margin requirements calculated by the system.
The calculation formula is as follows:
- a) Calculate the net delta for each related product.
 - b) Compare the delta purchased for one side of a product and the delta sold for the related product.
 - c) Select the lowest value of b).
 - d) Multiply the amount determined in c) by the bonus established by Argentina Clearing for the correlated products.
6. Calculate the **Total Margin**: 2) + 3) + 4) - 5)

C.6.3.2 : What are the assumptions of the margin model?

See question C.6.3.1.

C.6.3.3 : How does the CCP estimate the key parameters and inputs of the margin model (such as the liquidation horizon and confidence interval)?

Below, we describe the methodology applied to estimate the main parameters of the risk system:

1. Range of price variation

- a) Define a time interval of no less than 60 days.
- b) Obtain the historical series of the prices of the underlying assets and the adjustment prices of the future contracts under analysis.
- c) Define a confidence level of at least 99%.
- d) Determine the relative daily variations of the prices defined in b).
- e) Calculate the historical percentage VaR.
- f) Calculate the Parametric percentage VaR.
- g) Select the highest VaR.

- h) The price variation range for each underlying and future contracts is equal to:
g) x quote on the day of the analysis (price of the underlying asset and adjustment price of the future contract) x trading unit thereof x square root of t (where t is the number of days to be covered by the range).

2. Interest rate

To estimate the interest rates (in pesos and dollars) to be incorporated into the algorithm used by the system and to evaluate the risk generated by the open futures and options portfolios, current bank rates are taken into account.

3. Spread cost between months:

In each scenario, the Risk Management System assumes the same price variations for all the contracts in the portfolio, therefore, it considers that the futures prices of the different positions are perfectly correlated, that is, with correlation 1. However, the prices of the different positions of a product generally do not show a perfect correlation. For this reason, the Risk Management System adds a spread cost between months to cover the base risk that exists in portfolios that contain futures and options with different expiration dates. It is a necessary complement to the 18 scenarios that adjusts for the assumption of perfect correlation between different positions of the same product. To calculate the Spread Cost, Combined (Consecutive) Asset and Priority Levels are defined, which are exhausted by levels. To calculate the spread, the system converts the options into their equivalent in futures contracts. To make this calculation, the system takes into account the delta of the option. The delta measures the number of units of the underlying asset that is equivalent to the option.

4. Bonus by spread between products

The prices of related products tend to move with a certain correlation. Thus the gains obtained from the position in a product can offset the losses that occurred due to the opposite position in another related product. Thus, to recognize the lower risk of the portfolio that has opposite positions in related products (inter-commodity spread), the Risk Management System calculates a credit that is subtracted from the total margin requirements calculated by the system for each product separately.

The Risk Management System identifies the net delta for each position by product and then calculates the spread formed by holding positions in different related products. Argentina Clearing is responsible for determining the degree of correlation between the products as well as the amount of credit recognized for maintaining this type of spread.

5. Volatilities

- a) To verify the volatilities of the cycle: maximum, average and minimum, corresponding to each one of the exercise prices of each position and for each product or option contract negotiated.
- b) Determine the volatility amounts: maximum, middle, average and minimum of ATM options.

- c) Based on the observed results, establish the maximum, average and minimum volatility values for all exercise prices of all option contracts.

Closeout and sample periods

C.6.3.4 : How does the CCP determine an appropriate closeout period for each product? In particular, how does the CCP account for potentially increased liquidation times during stressed market conditions? What factors are considered in this analysis (for example, market liquidity, impact of a participant's default on prevailing market conditions, adverse effects of position concentration, and the CCP's hedging capability)?

To determine the theoretical margin, a VAR of 2 days is defined, which is the time considered reasonable a portfolio closeout. For more details see question C.6.3.3.

The Argentina Clearing Strategy contemplates the use of derivatives as coverage in the case of default. Therefore, this strategy allows the CPP to mitigate the impact of a default by liquidating positions, achieving the goal of a liquidation time of 2 days.

To ensure the coverage time horizon, the Risks area determines Limits to Open Positions based on the liquidity of the products in question.

C.6.3.5 : How does the CCP determine an appropriate sample period for historical data used in the margin model? What factors are considered (for example, reflection of new, current or past volatilities, or use of simulated data for new products without much history)?

Argentina Clearing uses one-year historical data to define the parameters that feed the risk model, which ensures that the data used captures a full range of market conditions, including stress periods.

For new products, the data for one year from the respective spot is considered.

C.6.3.6 : How does the CCP consider the trade-off between prompt liquidation and adverse price effects?

For the purposes of liquidating the non-performing portfolio, taking into account market circumstances, Argentina Clearing may:

- 1) Authorize the self-liquidation by the defaulting Participant: for low or average amounts, depending on the complexity of the portfolio.
- 2) Appoint a Liquidating Agent: for portfolios of any amount with medium or high complexity.
- 3) Take charge of portfolio liquidation: when neither 1) nor 2) applies.

In any case, the following general guidelines should be taken into account:

- Type and origin of the default.
- Size of the portfolio.
- Market liquidity.

The Liquidating Agent must use discretion to determine which positions to liquidate, without prejudice to the fact that, if he considers it appropriate, he may execute all of them at the same time in order to carry out the liquidation without delay while attempting to minimize the cancellation losses. Notwithstanding the fact that an attempt is made to liquidate the default position quickly, in some cases it will be possible to decide, in order to minimize exposure to risk, to hedge the position and liquidate the positions at a later time. That is, different settlement strategies could be followed:

1. Cancellation by reverse operation
2. Coverages in the market
3. Coverage in other markets
4. Other strategies

Procyclicality and specific wrong-way risk

C.6.3.7 : How does the CCP address procyclicality in the margin methodology? In particular, does the CCP adopt margin requirements that, to the extent practical and prudent, limit the need for destabilizing procyclical changes?

To define the simulation parameters used by the risk system, the following are taken into account:

- a) The results obtained from the statistical analyzes conducted (detailed in question C.6.3.3).
- b) The economic context that provides useful information to anticipate and avoid procyclical adjustments in cases of extreme market situations.

The parameters to be entered into the system are determined by combining these two variables.

C.6.3.8 : How does the CCP identify and mitigate specific wrong-way risk?

At the moment, Argentina Clearing does not consider the wrong-way risk between the negotiated products and the integrated guarantees to cover the margins.

This is a possible improvement which has been identified and the intention is to put this in place in the short term.

Key consideration 4: A CCP should mark participant positions to market and collect variation margin at least daily to limit the build-up of current exposures. A CCP should have the authority and operational capacity to make intraday margin calls and payments, both scheduled and unscheduled, to participants.

C.6.4.1 : What is the design of the CCP's variation margin model? Describe the model in detail, including the method used to measure current exposure, frequency of mark-to-market and schedule of margin collection, and intraday margin call capabilities.

The futures and options operations require collections and daily payments of funds, known as differences (margin variations). These differences are determined daily for each

account and result from the valuation performed by Argentina Clearing, taking into account the original price of the operation and the adjusted price of each contract.

At t+0, Argentina Clearing debits the losses and credits the profits to each Clearing and Settlement Agent for all its principal accounts. At t+1, the company collects all the debit balances, and pays the credit balances requested by the Clearing and Settlement Agents.

In real time, the Risk Management System calculates the daily differences generated during the course of the business cycle, using the last market price operated.

In addition, the system calculates a coverage ratio, which is the relationship between the differences and negative premiums obtained during the cycle and the available margins and balances of the Clearing and Settlement Agent. When this ratio is below a minimum established by Argentina Clearing, an intraday Mark to Market request may be made, and must be integrated at T+0.

C.6.4.2: Does the CCP have the authority and operational capacity to make and complete intraday margin calls for initial and variation margin?

See questions C.6.1.7 and C.6.4.1.

Key consideration 5: In calculating margin requirements, a CCP may allow offsets or reductions in required margin across products that it clears or between products that it and another CCP clear, if the risk of one product is significantly and reliably correlated with the risk of the other product. Where two or more CCPs are authorized to offer cross-margining, they must have appropriate safeguards and harmonized overall risk-management systems.

Portfolio margining

C.6.5.1: Does the CCP allow offsets or reductions in required margin across products that it clears or between products that it or another CCP clear? If so, is the risk of one product significantly and reliably correlated with the risk of the other product? How does the CCP offset or reduce required margin?

Argentina Clearing does allow offsets between Products (see question C.6.1.2 and C.6.1.3). On the other hand, Argentina Clearing does not participate in cross-margining programs with other CCPs, so there is no offset or reduction of required margins based on positions liquidated through other CCPs, even when there are risk factors that can be cleared.

C.6.5.2: How does the CCP identify and measure its potential future exposure at the product and portfolio level? How does the CCP's portfolio margining methodology account for offsets or reductions in required margin across products that it clears?

See question C.6.5.1.

Cross-margining

C.6.5.3: In the case of cross-margining between two or more CCPs, how have the CCPs harmonized their approaches to risk management? What legal and operational arrangements govern the cross-margining arrangements?

See question C.6.5.1.

Robustness of methodologies

C.6.5.4: How does the CCP confirm the robustness of its portfolio and cross-margining methodologies? How does the CCP's methodology account for the degree of price dependency, and its stability in stressed market conditions?

The robustness of the applied methodologies is reviewed by the Risk Committee annually. They are then assessed by an external consultant, who issues a general Report on the risk system.

As indicated in C.6.5.1, Argentina Clearing performs an analysis based on a product correlation matrix in which the significantly correlated underlying assets are identified.

Key consideration 6: A CCP should analyze and monitor its model performance and overall margin coverage by conducting rigorous daily backtesting – and at least monthly, and more-frequent where appropriate, sensitivity analysis. A CCP should regularly conduct an assessment of the theoretical and empirical properties of its margin model for all products it clears. In conducting sensitivity analysis of the model's coverage, a CCP should take into account a wide range of parameters and assumptions that reflect possible market conditions, including the most-volatile periods that have been experienced by the markets it serves and extreme changes in the correlations between prices.

Backtesting and sensitivity analysis.

C.6.6.1: Describe in detail the backtesting methodologies and model performance, including both target confidence level and the result of overall margin coverage. How does such testing address portfolio effects within and across asset classes within the CCP and cross-margining programs with other CCPs? How frequently is the backtesting conducted?

The Backtesting procedure is applied daily by Argentina Clearing and consists of comparing the daily margin requests per participant account against the daily differences generated for those accounts using the t+1 prices. This serves to validate the applied margin methodology. In the event that the results of the Backtesting exceed the established degree of confidence, we proceed to review the risk parameters of the products involved.

C.6.6.2: Describe in detail the sensitivity analysis of model performance and overall coverage of the CCP's initial margin methodology. Does the analysis cover a wide range of parameters, assumptions, historical and hypothetical market conditions, and participant positions, including stressed conditions? How frequently is the analysis conducted?

Stress testing analysis is performed for the potential future exposures of the Participants' portfolios and measured using stress scenarios defined and reviewed periodically.

Margin model performance

C.6.6.3: What are the identified potential shortcomings of the margin model based on backtesting and sensitivity analysis?

No deficiencies have been identified in the margin model.

C.6.6.4: What actions would the CCP take if the model did not perform as expected?

Given that the results of these tests are largely based on hypothetical scenarios that have not occurred in the past, any decision to propose modifications to the parameters or models or require an extraordinary fund must previously be thoroughly justified by the Risk Committee and eventually submitted to the Board of Directors for approval before reporting changes to the CNV.

C.6.6.5: How does the CCP disclose the results of its backtesting and sensitivity analysis?

The results of its backtesting and stress testing are reported to the Risk Committee.

Key consideration 7: A CCP should regularly review and validate its margin system.

C.6.7.1: How does the CCP regularly review and validate its margin system including its theoretical and empirical properties? How frequently is this done?

Annually, the Risk Committee conducts a global audit of the margin system implemented by Argentina Clearing. Note that this paragraph refers to the margin "system" in a comprehensive sense, not the amount of risk or other risk variables which are reviewed much more frequently.

C.6.7.2: How does the CCP incorporate material revisions and adjustments of the margin methodology, including parameters, into its governance arrangements?

As mentioned under Principles 3 (Consideration 1) and 4 (Consideration 5), the validation of the risk management model is part of the continuous process of evaluation of the risk management structure of Argentina Clearing, carried out by the Risk area and the Risk Committee and also submitted to the Board of Directors for approval and reviewed by an external Consultant.

C.6.7.3: How and to whom does the CCP disclose both the method and the results of this review and validation?

See questions C.6.6.5 and C.6.7.2

2.7.Principle 7: Liquidity risk

An FMI should effectively measure, monitor, and manage its liquidity risk. An FMI should maintain sufficient liquid resources in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would generate the largest aggregate liquidity obligation for the FMI in extreme but plausible market conditions.

Assessment: Compliant.

Key Consideration 1: An FMI should have a robust framework to manage its liquidity risks from its participants, settlement banks, nostro agents, custodian banks, liquidity providers, and other entities.

C.7.1.1: What is the FMI's framework for managing its liquidity risks, in all relevant currencies, from its participants, settlement banks, nostro agents, custodian banks, liquidity providers and other entities?

Argentina Clearing has a solid liquidity procedure to measure liquidity needs, typify said needs and establish the courses of action to be followed in this regard. This procedure applies to the use of liquidity lines and their control mechanisms.

C.7.1.2: What are the nature and size of the FMI's liquidity needs, and the associated sources of liquidity risks, that arise in the FMI in all relevant currencies?

The nature of the liquidity needs may arise from the possibility that the Counterparty may not be able to meet its daily payment commitments.

- Due to the non-collection (or delay) of differences arising against the Clearing and Settlement Agents with debt balances.
- Due to problems with other entities (Clearing Banks, other Markets, etc.)
- Due to lack of liquidity of the deposited guarantees (in case of a default)

C.7.1.3: How does the FMI take into account the potential aggregate liquidity risk presented by an individual entity and its affiliates that may play multiples roles with respect to the FMI?

Argentina Clearing defines a list of assets accepted as collateral in which it defines integration limits by assets and entities. The Risk area ensures that no Participant exceeds its allowed limit.

In addition to the limits and other restrictions, the Participants (or related companies) are prohibited from issuing collateral themselves in order to mitigate the wrong way risk (the risk of unfavorable correlation).

Key consideration 2: An FMI should have effective operational and analytical tools to identify, measure, and monitor its settlement and funding flows on an ongoing and timely basis, including its use of intraday liquidity.

C.7.2.1 : What operational and analytical tools does the FMI have to identify, measure and monitor settlement and funding flows?

Argentina Clearing has a real-time control panel to detect intraday liquidity needs.

In addition, the company performs two measurements of potential liquidity needs (Lamfalussy Plus) every quarter:

- Backward Looking: sum of the two largest debits by differences suffered by the Clearing and Settlement Agents in the period under analysis (the last year).
- Forward Looking: forecast of the sum of the worst value that the two largest portfolios can have from one day to the next, assuming an estimated price variation equivalent to the range suggested by risk.

C.7.2.2 : How does the FMI use those tools to identify, measure and monitor its settlement and funding flows on an ongoing and timely basis, including its use of intraday liquidity?

If a need for liquidity arises from the intraday measurement:

- Transitory: liquid resources on hand are used (See C.7.4.1)
- Definitive: the default procedure is executed (See Principle 13)

If the quarterly measurement of the Potential Liquidity Need presents a deficiency according to the Argentina Clearing criteria, the conditions of the current agreements must be renegotiated or new agreements must be sought.

Key consideration 3: A payment system or SSS, including one employing a DNS mechanism, should maintain sufficient liquid resources in all relevant currencies to effect same-day settlement, and where appropriate intraday or multiday settlement, of payment obligations with a high degree of confidence under a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would generate the largest aggregate payment obligation in extreme but plausible market conditions.

C.7.3.1 : How does the payment system or SSS determine the amount of liquid resources in all relevant currencies to effect same day settlement and, where appropriate, intraday or multiday settlement of payment obligations? What potential stress scenarios (including, but not limited to, the default of the participant and its affiliates that would generate the largest aggregate payment obligation in extreme but plausible market conditions) does the payment system or SSS use to make this determination?

Not applicable.

C.7.3.2: What is the estimated size of the liquidity shortfall in each currency that the payment system or SSS would need to cover?

Not applicable.

Key consideration 4: A CCP should maintain sufficient liquid resources in all relevant currencies to settle securities-related payments, make required variation margin payments, and meet other payment obligations on time with a high degree of confidence under a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would generate the largest aggregate payment obligation to the CCP in extreme but plausible market conditions. In addition, a CCP that is involved in activities with a more-complex risk profile or that is systemically important in multiple jurisdictions should consider maintaining additional liquidity resources sufficient to cover a wider range of potential stress scenarios that should include, but not be limited to, the default of the two participants and their affiliates that would generate the largest aggregate payment obligation to the CCP in extreme but plausible market conditions.

Sufficient liquid resources

C.7.4.1: How does the CCP determine the amount of liquid resources in all relevant currencies to settle securities-related payments, make required variation margin payments and meet other payment obligations on time? What potential stress scenarios (including, but not limited to, the default of the participant and its affiliates that would generate the largest aggregate payment obligation in extreme but plausible market conditions) does the CCP use to make this determination?

Argentina Clearing has a Risk Committee and a Group Risk and Investment Committee that ensure compliance with this principle.

Argentina Clearing has the liquid resources to cover the two greatest potential defaults considering the following criteria:

- Backward Looking: sum of the two largest debits by differences suffered by the Clearing and Settlement Agents in the period under analysis (the last year).
- Forward Looking: forecast of the sum of the worst value that the two largest portfolios can have from one day to the next, assuming an estimated price variation equivalent to the range suggested by risk.

The available liquid resources are determined by:

- Credit balances from the Clearing and Settlement Accounts.
- Special guarantee fund established by the LMC to deal with emergency situations.
- Liquidity agreements pre-agreed with Financial Institutions.

- Availabilities and liquid equity investments of the Group.

C.7.4.2: What is the estimated size of the liquidity shortfall in each currency that would need to be covered, following the default of the participant and its affiliates that would generate the largest aggregate payment obligation to the CCP in extreme but plausible market conditions? How frequently does the CCP estimate this?

On a quarterly basis, the Lamfalussy Plus ratio is used to verify the minimum amount of liquidity, which is determined by the greater of the following amounts:

- Backward Looking: sum of the two largest debits by differences suffered by the Clearing and Settlement Agents in the period under analysis (the last year).
- Forward Looking: forecast of the sum of the worst value that the two largest portfolios can have from one day to the next, assuming an estimated price variation equivalent to the range suggested by risk.

Risk profile and systemic importance in multiple jurisdictions

C.7.4.3: Do any of the CCP's activities have a more complex risk profile (such as clearing financial instruments that are characterized by discrete jump-to-default price changes or that are highly correlated with potential participant defaults)? Is the CCP systemically important in multiple jurisdictions?

In general, Argentina Clearing's risk profile is not excessively complex. In addition, the company is not systemically important in multiple jurisdictions.

C.7.4.4: If the CCP is involved in activities with a more complex risk profile or is systemically important in multiple jurisdictions, has the CCP considered maintaining additional resources sufficient to cover a wider range of stress scenarios that would include the default of the two participants and their affiliates that would generate the largest aggregate payment obligation to the CCP in extreme but plausible market conditions?

See question C.7.4.3.

Key consideration 5: For the purpose of meeting its minimum liquid resource requirement, an FMI's qualifying liquid resources in each currency include cash at the central bank of issue and at creditworthy commercial banks, committed lines of credit, committed foreign exchange swaps, and committed repos, as well as highly marketable collateral held in custody and investments that are readily available and convertible into cash with prearranged and highly reliable funding arrangements, even in extreme but plausible market conditions. If an FMI has access to routine credit at the central bank of issue, the FMI may count such access as part of the minimum requirement to the extent it has collateral that is eligible for pledging to (or for conducting other appropriate forms of transactions with) the relevant central bank. All such resources should be available when needed.

Size and composition of qualifying liquid resources

C.7.5.1: What is the size and composition of the FMI's qualifying liquid resources in each currency that is held by the FMI? In what manner and within what time frame can these liquid resources be made available to the FMI?

Argentina Clearing has the following resources:

- Liquidity Agreements with First Line Financial Entities (in pesos): opened with a single firm, Settlement Intraday.
- Liquidity agreements on equity investments.
- Special guarantee fund established by the LMC to deal with emergency situations invested in liquid assets admitted to the Standard.

<http://www.argentinaclearing.com.ar/riesgo/salvaguarda/>

All admissible liquid resources are realizable at t+0.

Areas of improvement detected: It would be desirable to have access to the routine financing provided by the BCRA and be able to access the MAE REO market.

Availability and coverage of qualifying liquid resources

C.7.5.2: What prearranged funding arrangements has the FMI established to convert its readily available collateral and investments into cash? How has the FMI established that these arrangements would be highly reliable in extreme but plausible market conditions? Has the FMI identified any potential barriers to accessing its liquid resources?

The deposited guarantees mainly (80%) consist of the public securities considered the most liquid of the Argentine market, realizable at t+0.

In addition, the company's own investments are held in liquid assets. There are also guaranteed liquidity agreements against collateral assets:

- Agreements against Securities.
- Agreement against Pledge of Fixed Fiduciary Terms.
- Agreement against Fiduciary Debt Securities (VDF).
- Agreement against Cautions.

C.7.5.3: If the FMI has access to routine credit at the central bank of issue, what is the FMI's relevant borrowing capacity for meeting its minimum liquid resource requirement in that currency?

Argentina Clearing does not have access to the daily financing of the BCRA. It would be desirable to have access to the routine financing provided by the BCRA and be able to access the MAE REO market.

C.7.5.4: To what extent does the size and the availability of the FMI's qualifying liquid resources cover its identified minimum liquidity resource requirement in each currency to effect settlement of payment obligations on time?

The liquid resources available cover the liquidity needs calculated as detailed above.

Key consideration 6: An FMI may supplement its qualifying liquid resources with other forms of liquid resources. If the FMI does so, then these liquid resources should be in the form of assets that are likely to be saleable or acceptable as collateral for lines of credit, swaps, or repos on an ad hoc basis following a default, even if this cannot be reliably prearranged or guaranteed in extreme market conditions. Even if an FMI does not have access to routine central bank credit, it should still take account of what collateral is typically accepted by the relevant central bank, as such assets may be more likely to be liquid in stressed circumstances. An FMI should not assume the availability of emergency central bank credit as a part of its liquidity plan.

Size and composition of supplemental liquid resources

C.7.6.1: What is the size and composition of any supplemental liquid resources available to the FMI?

There are no supplemental liquid resources besides those mentioned in the previous points.

Availability of supplemental liquid resources

C.7.6.2: How and on what basis has the FMI determined that these assets are likely to be saleable or acceptable as collateral to obtain the relevant currency, even if this cannot be reliably prearranged or guaranteed in extreme market conditions?

See question C.7.6.1.

C.7.6.3: What proportion of these supplemental assets qualifies as potential collateral at the relevant central bank?

See question C.7.6.1.

C.7.6.4: In what circumstances would the FMI use its supplemental liquid resources in advance of, or in addition to, using its qualifying liquid resources?

See question C.7.6.1.

C.7.6.5: To what extent does the size and availability of the FMI's supplemental liquid resources, in conjunction with its qualifying liquid resources, cover the relevant liquidity needs identified through the FMI's stress test program for determining the adequacy of its liquidity resources (see key consideration 9)?

See question C.7.6.1.

Key consideration 7: An FMI should obtain a high degree of confidence, through rigorous due diligence, that each provider of its minimum required qualifying liquid resources, whether a participant of the FMI or an external party, has sufficient information to understand and to manage its associated liquidity risks, and that it has the capacity to

perform as required under its commitment. Where relevant to assessing a liquidity provider's performance reliability with respect to a particular currency, a liquidity provider's potential access to credit from the central bank of issue may be taken into account. An FMI should regularly test its procedures for accessing its liquid resources at a liquidity provider.

Use of liquidity providers

C.7.7.1: Does the FMI use a liquidity provider to meet its minimum required qualifying liquidity resources? Who are the FMI's liquidity providers? How and on what basis has the FMI determined that each of these liquidity providers has sufficient information to understand and to manage their associated liquidity risk in each relevant currency on an ongoing basis, including in stressed conditions?

Argentina Clearing has the following liquidity providers:

- ROFEX: freely available equity resources created to assist Argentina Clearing.
- First-class private commercial banks: pre-approved liquidity assistance lines in local currency.

Reliability of liquidity providers

C.7.7.2: How has the FMI determined that each of its liquidity providers has the capacity to perform on its commitment in each relevant currency on an ongoing basis?

In regard to liquidity providers, the liquidity procedure provides evaluation and diversification procedures, agreement renewal mechanisms, tests, limits on exposure, access to BCRA financing and liquidity agreement testing without prior notice.

The commercial Banks selected as liquidity providers are first-line entities based on their reputation and risk ratings by independent agencies. In addition, liquidity and equity solvency ratios are taken into account for their evaluation.

The Risk Committee reviews and validates the liquidity procedure periodically and reports to the Board of Directors.

C.7.7.3: How does the FMI take into account a liquidity provider's potential access to credit at the central bank of issue?

As previously mentioned, the first line private commercial banks with liquidity agreements have lines with the BCRA (Liquidity Window) as provided in the Law on Financial Institutions and also participate in the MAE REPO cycle.

C.7.7.4: How does the FMI regularly test the timeliness and reliability of its procedures for accessing its liquid resources at a liquidity provider?

For those entities the company has liquidity agreements with which have not been executed as a result of specific liquidity needs, tests are carried out during the last quarter of each year, without prior notice, in order to ensure their availability. For example, it is verified that the correct contact people are listed, that they are aware of the procedure and that the lines are suitable for use and that the deadlines stipulated in the contract will be met. The results are presented to the Risk Committee that then delivered to the Board of Directors.

Key consideration 8: An FMI with access to central bank accounts, payment services, or securities services should use these services, where practical, to enhance its management of liquidity risk.

C.7.8.1: To what extent does the FMI currently have, or is the FMI eligible to obtain, access to accounts, payment services and securities services at each relevant central bank that could be used to conduct its payments and settlements and to manage liquidity risks in each relevant currency?

Argentina Clearing uses two payment systems for currency settlement:

- Interbanking: multi-bank service.
- The BCRA MEP national payment system.

The Clearing and Settlement Agent procedures must state that the transfers could be carried out by Argentina Clearing until 8:00 pm.

Two payment systems are used for in kind settlements:

- Securities Clearing House
- CRyL.

C.7.8.2: To what extent does the FMI use each of these services at each relevant central bank to conduct its payments and settlements and to manage liquidity risks in each relevant currency?

The BCRA services cited in C.7.8.1 are used daily at a high degree in the settlement processes.

C.7.8.3: If the FMI employs services other than those provided by the relevant central banks, to what extent has the FMI analyzed the potential to enhance the management of liquidity risk by expanding its use of central bank services?

It would be desirable to use the BCRA services with all our Participants for daily settlements, but not everyone can access this service due to the BCRA regulatory restrictions.

C.7.8.4: What, if any, practical or other considerations to expanding its use of relevant central bank services have been identified by the FMI?

See question C.7.8.3.

Key consideration 9: An FMI should determine the amount and regularly test the sufficiency of its liquid resources through rigorous stress testing. An FMI should have clear procedures to report the results of its stress tests to appropriate decision makers at the

FMI and to use these results to evaluate the adequacy of and adjust its liquidity risk-management framework. In conducting stress testing, an FMI should consider a wide range of relevant scenarios. Scenarios should include relevant peak historic price volatilities, shifts in other market factors such as price determinants and yield curves, multiple defaults over various time horizons, simultaneous pressures in funding and asset markets, and a spectrum of forward-looking stress scenarios in a variety of extreme but plausible market conditions. Scenarios should also take into account the design and operation of the FMI, include all entities that might pose material liquidity risks to the FMI (such as settlement banks, nostro agents, custodian banks, liquidity providers, and linked FMIs), and where appropriate, cover a multiday period. In all cases, an FMI should document its supporting rationale for, and should have appropriate governance arrangements relating to, the amount and form of total liquid resources it maintains.

Stress test program

C.7.9.1: How does the FMI use stress testing to determine the amount and test the sufficiency of its liquid resources in each currency? How frequently does the FMI stress-test its liquid resources?

Two liquidity measurements are carried out quarterly:

- Measurement of potential liquidity needs (Lamfalussy Plus):
 - Backward Looking: sum of the two largest debits by differences suffered by the Clearing and Settlement Agents in the period under analysis (the last year).
 - Forward Looking: projection of the sum of the worst value that the two largest portfolios can have from one day to the next, assuming the estimated changes in prices suggested by Risks.
- Measurement of the liquidity of the Collateral (realizable immediately, in 24 hours, in 48 hours). Annually, the Risk Committee reviews the liquidity management procedure.

C.7.9.2: What is the process for reporting on an ongoing basis the results of the FMI's liquidity stress tests to appropriate decision-makers at the FMI, for the purpose of supporting their timely evaluation and adjustment of the size and composition of the FMI's liquidity resources and liquidity risk management framework?

If a deficiency arises during the quarterly measurement of the Potential Liquidity Need, the Risk area notifies the Administration and Finance departments and the ROFEX Treasury to renegotiate the conditions of the current agreements with the banks, or to negotiate new agreements.

Stress test scenarios

C.7.9.3: What scenarios are used in the stress tests, and to what extent do they take into account a combination of peak historic price volatilities, shifts in other market factors such as price determinants and yield curves, multiple defaults over various time horizons,

simultaneous pressures in funding and asset markets, and a spectrum of forward-looking stress scenarios in a variety of extreme but plausible market conditions?

For the stress tests, 5 scenarios are used based on variations of the following risk factors:

- Adjustment prices
- Interest rates

C.7.9.4: To what extent do the scenarios and stress tests take into account the FMI's particular payment and settlement structure (for example, real-time gross or deferred net; with or without a settlement guarantee; DVP model 1, 2 or 3 for SSSs), and the liquidity risk that is borne directly by the FMI, by its participants, or both?

In the calculation of the intraday liquidity needs, the different payment and settlement systems are taken into account as well as the liquidity risk directly supported by the FMI or its participants.

C.7.9.5: To what extent do the scenarios and stress tests take into account the nature and size of the liquidity needs, and the associated sources of liquidity risks, that arise in the FMI to settle its payment obligations on time, including the potential that individual entities and their affiliates may play multiples roles with respect to the FMI?

See question C.7.9.3 and C.7.9.4.

Review and validation

C.7.9.6: How frequently does the FMI assess the effectiveness and appropriateness of stress test assumptions and parameters? How does the FMI's stress test program take into account various conditions, such as a sudden and significant increase in position and price volatility, position concentration, change in market liquidity, and model risk including shift of parameters?

The effectiveness and appropriateness of the stress test assumptions and parameters used are reviewed monthly. They are reviewed annually by the Risk Committee.

C.7.9.7: How does the CCP validate its risk management model? How frequently does it perform this validation?

Annually, an external consultant validates the Group's risk management model.

C.7.9.8: Where and to what extent does the FMI document its supporting rationale for, and its governance arrangements relating to, the amount and form of its total liquid resources?

The stress tests are documented in the Argentina Clearing internal systems. In addition, reports are provided to the Risk Management and the Risk Committee.

Key consideration 10: An FMI should establish explicit rules and procedures that enable the FMI to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations on time following any individual or combined default among its participants. These rules and procedures should address unforeseen and potentially uncovered liquidity shortfalls and should aim to avoid unwinding, revoking, or delaying the same-day settlement of payment obligations. These rules and procedures should also indicate the FMI's process to replenish any liquidity resources it may employ during a stress event, so that it can continue to operate in a safe and sound manner.

Same day settlement

C.7.10.1: How do the FMI's rules and procedures enable it to settle payment obligations on time following any individual or combined default among its participants?

Argentina Clearing has a solid procedure that establishes the steps to be taken in the event of a Participant default:

- Operational due to liquidity problems (not definitive).
- Definitive

For more detail see Principle 13.

C.7.10.2: How do the FMI's rules and procedures address unforeseen and potentially uncovered liquidity shortfalls and avoid unwinding, revoking or delaying the same day settlement of payment obligations?

The liquid resources support the same day settlement of all Argentina Clearing obligations. In the event of a deficit, the liquidity lines will be used.

Replenishment of liquidity resources

C.7.10.3: How do the FMI's rules and procedures allow for the replenishment of any liquidity resources employed during a stress event?

The Argentina Clearing rules and procedures provide for the rapid replacement of liquid resources used in the event of a specific need for them.

2.8. Principle 8: Settlement finality

An FMI should provide clear and certain final settlement, at a minimum by the end of the value date. Where necessary or preferable, an FMI should provide final settlement intraday or in real time.

Assessment: **Compliant.**

Key Consideration 1: An FMI's rules and procedures should clearly define the point at which settlement is final.

Point of settlement finality

C.8.1.1: At what point is the settlement of a payment, transfer instruction or other obligation final, meaning irrevocable and unconditional? Is the point of settlement finality defined and documented? How and to whom is this information disclosed?

Argentina Clearing uses two payment systems for its settlement processes:

- Through the MEP System (Electronic Payment Medium of the BCRA) when the counterparty is a Financial Entity. For contingent situations, a manual mechanism is foreseen in the BCRA itself.
- Through Interbanking with the rest of the non-financial entity Participants. For contingent situations, the use of the MEP is foreseen.

Both settlements through the MEP System and settlements through Interbanking through Commercial Banks ensure that the settlements are final (irrevocable) at the moment they are sent. It should be mentioned that Interbanking as Payment System of Systemic Importance is also in line with the CPMI-IOSCO Principles, with the BCRA being its controlling entity.

Argentina Clearing has structured its payment system to ensure that settlements are finalized on the day of the obligation and within the hours established in the Settlement Instructions. The status of the transfers carried out is monitored in order to ensure their execution in a timely manner. At the moment they become irrevocable, they are credited to the Clearing and Settlement Account (CCL) of the Participant.

Argentina Clearing has never paid its Participants on a date other than the date of the obligation. In regard to payments received, they are recorded when they are verified at the Bank. They are immediately credited to the Participant CCL.

For the settlement of guarantees, the above also applies, and the payments or withdrawals are impacted in the Margin Integration Account (CIM) of the Participant.

C.8.1.2 : How does the FMI's legal framework and rules, including the applicable insolvency law(s), acknowledge the discharge of a payment, transfer instruction or other obligation between the FMI and its participants, or between participants?

The Argentina Clearing Internal Regulations and Settlement Instructions recognize that payments must be made definitively and irrevocably on the day of the obligation.

C.8.1.3 : How does the FMI demonstrate that there is a high degree of legal certainty that finality will be achieved in all relevant jurisdictions (for example, by obtaining a well-reasoned legal opinion)?

See question 8.1.1 and C.8.1.2.

Finality in the case of links

C.8.1.4 : How does the FMI ensure settlement finality in the case of linkages with other FMIs?

a) For an SSS, how is consistency of finality achieved between the SSS and, if relevant, the LVPS where the cash leg is settled?

Not applicable.

b) For a CCP for cash products, what is the relation between the finality of obligations in the CCP and the finality of the settlement of the CCP claims and obligations in other systems, depending on the rules of the relevant CSD/SSS and payment system?

Argentina Clearing does not guarantee the operation through interconnections. The Settlement Instructions establish the following:

- In the event of any failure in the settlement processes or systems administered by the interconnected market, Argentina Clearing will not assume any responsibility for that event nor for the implementation of the contingency procedures of said Market.
- Argentina Clearing will deliver the negotiable securities and/or funds to the Agents once received from the interconnected market, as long as the Clearing and Settlement Agent has previously delivered the negotiable securities and/or funds, as appropriate. If the interconnected market delays the settlement, the Clearing and Settlement Agent will not be able to dispose of the negotiable funds or securities in advance.
- Argentina Clearing will be able to liquidate the operation with the Clearing and Settlement Agent through the Interbanking or MEP payment system as provided by the Clearing and Settlement Agent in their procedures.

Key consideration 2: An FMI should complete final settlement no later than the end of the value date, and preferably intraday or in real time, to reduce settlement risk. An LVPS or SSS should consider adopting RTGS or multiple-batch processing during the settlement day.

Final settlement on the value date

C.8.2.1 : Is the FMI designed to complete final settlement on the value date (or same day settlement)? How does the FMI ensure that final settlement occurs no later than the end of the intended value date?

Argentina Clearing has mechanisms to ensure final settlement on the value date. In stress situations, such as the impossibility of accessing the usual settlement systems (Interbanking and MEP), there are contingency plans to guarantee same day settlement, even be made directly from the BCRA.

C.8.2.2 : Has the FMI ever experienced deferral of final settlement to the next business day that was not contemplated by its rules, procedures or contracts? If so, under what circumstances? If deferral was a result of the FMI's actions, what steps have been taken to prevent a similar situation in the future?

Argentina Clearing has never paid its Participants on a date other than the date of the obligation.

C.8.2.3 : Does the FMI provide intraday or real-time final settlement? If so, how? How are participants informed of the final settlement?

Argentina Clearing does not perform intraday Mark to Market settlements. But yes, intraday collateral payments are made.

Argentina Clearing informs its participants of the effective settlement through the publication of the transfer statements on the Extranet.

C.8.2.4 : If settlement occurs through multiple-batch processing, what is the frequency of the batches and within what time frame do they operate? What happens if a participant does not have enough funds or securities at the settlement time?

Are transactions entered in the next batch? If so, what is the status of those transactions and when would they become final?

In the case of Participant payments, batch payments are not accepted.

C.8.2.5 : If settlement does not occur intraday or in real time, how has the LVPS or SSS considered the introduction of either of these modalities?

See question C.8.2.3.

Key consideration 3: An FMI should clearly define the point after which unsettled payments, transfer instructions, or other obligations may not be revoked by a participant.

C.8.3.1: How does the FMI define the point at which unsettled payments, transfer instructions or other obligations may not be revoked by a participant? How does the FMI prohibit the unilateral revocation of accepted and unsettled payments, transfer instructions or obligations after this time?

The Argentina Clearing settlement systems provide a scheme that includes the preparation, authorization and sending of transfers assigned to different user roles, which ensures successive controls and their possible revocation if errors are detected.

C.8.3.2 : Under what circumstances can an instruction or obligation accepted by the system for settlement still be revoked (for example, queued obligations)? How can an unsettled payment or transfer instruction be revoked? Who can revoke unsettled payment or transfer instructions?

See question C.8.3.1.

- Interbanking: The instructions can be revoked after authorization, prior to execution.
- MEP: Once the transfer is authorized, it cannot be revoked.

C.8.3.3: Under what conditions does the FMI allow exceptions and extensions to the revocation deadline?

Argentina Clearing may authorize exceptions only when extreme need and urgency require it, after validation by General Management.

C.8.3.4: Where does the FMI define this information? How and to whom is this information disclosed?

The information is detailed in the Settlement Instructions, publicly available on the official website of Argentina Clearing. Any changes implemented in it are communicated by Customer Service.

2.9. Principle 9: Money settlements

An FMI should conduct its money settlements in central bank money where practical and available. If central bank money is not used, an FMI should minimize and strictly control the credit and liquidity risk arising from the use of commercial bank money.

Assessment: **Compliant.**

Key Consideration 1: An FMI should conduct its money settlements in central bank money, where practical and available, to avoid credit and liquidity risks.

C.9.1.1 : How does the FMI conduct money settlements? If the FMI conducts settlement in multiple currencies, how does the FMI conduct money settlement in each currency?

Argentina Clearing performs money settlements:

- Through the MEP System (Electronic Payment Medium of the BCRA) when the counterparty is a Financial Entity. For contingent situations, a manual mechanism is foreseen in the BCRA itself.
- Through Interbanking with the rest of the non-financial entity Participants. For contingent situations, the use of the MEP is foreseen.

Areas of improvement detected:

Inefficiencies are detected in the BCRA MEP system which do not ensure immediate settlement with the non-financial entity Participants. This is because the MEP system - although it is a real-time gross payment system - only admits direct account assignment in the same MEP system, and not in the final beneficiary's account. This is reported as additional information and requires the staff of the Financial Entity that receives the transfer to allocate the funds to their client.

C.9.1.2 : If the FMI does not settle in central bank money, why is it not used?

Clearing and Settlement Agents that are not financial entities are not allowed to open an account in the BCRA. It would be desirable to use the BCRA services with all our Participants for daily settlements, but not everyone can access this service due to the BCRA regulatory restrictions.

Key consideration 2: If central bank money is not used, an FMI should conduct its money settlements using a settlement asset with little or no credit or liquidity risk.

C.9.2.1 : If central bank money is not used, how does the FMI assess the credit and liquidity risks of the settlement asset used for money settlement?

Argentina Clearing, in addition to the BCRA, has four first-class private commercial banks authorized to make the settlements with their non-financial entity Participants in order to diversify the credit and liquidity risk that derives from said settlements. In addition, it has liquidity agreements that allow the company to mitigate said risks.

As an alternative to the money from the BCRA (MEP System), Interbanking (high-value clearing house) is used, which meets the no-liquidity risk standards, given that is cleared using money from the BCRA and with collateral accounts for each entity.

Periodic checks of the Interbanking performance is carried out in order to identify and, if applicable, take the necessary actions to mitigate the implicit risks of this SSS.

C.9.2.2: If the FMI settles in commercial bank money, how does the FMI select its settlement banks? What are the specific selection criteria the FMI uses?

To select the settlement banks through which the monetary settlements are executed with money from commercial banks, the procedures, services and financial structure of the entities are analyzed in order to ensure the on-time executions of the settlements.

The performance of the commercial settlement banks is monitored daily and if inconsistencies are detected, they will be reported. Furthermore, in order to assess solvency, capitalization and liquidity, the Financial Statements and their evolution are periodically analyzed.

For more detail see Principle 7.

Key consideration 3: If an FMI settles in commercial bank money, it should monitor, manage, and limit its credit and liquidity risks arising from the commercial settlement banks. In particular, an FMI should establish and monitor adherence to strict criteria for its settlement banks that take account of, among other things, their regulation and supervision, creditworthiness, capitalization, access to liquidity, and operational reliability. An FMI should also monitor and manage the concentration of credit and liquidity exposures to its commercial settlement banks.

C.9.3.1: How does the FMI monitor the settlement banks' adherence to criteria it uses for selection? For example, how does the FMI evaluate the banks' regulation, supervision, creditworthiness, capitalization, access to liquidity and operational reliability?

Argentina Clearing has a liquidity procedure that allows it to continuously monitor the transfers made in order to ensure compliance with its obligations in a timely manner.

Argentina Clearing has a policy of selecting Settlement Entities in order to diversify credit risk and monitor their solvency. In order to control regulatory compliance, solvency, capitalization, access to liquidity and operational reliability, the Audit Reports of the bank Financial Statements are verified and made available on the BCRA website as well as the Reports from the risk rating agencies.

C.9.3.2: How does the FMI monitor, manage and limit its credit and liquidity risks arising from the commercial settlement banks? How does the FMI monitor and manage the concentration of credit and liquidity exposures to these banks?

See question C.9.3.1.

C.9.3.3: How does the FMI assess its potential losses and liquidity pressures as well as those of its participants if there is a failure of its largest settlement bank?

The liquidity losses and pressures to which Argentina Clearing would be exposed in the event of the failure of any of its commercial settlement banks are measured based on the average daily settlements made through each one of them. In order to reduce large credit exposures, the policy is to diversify the use of commercial banks to make settlements.

Key consideration 4: If an FMI conducts money settlements on its own books, it should minimize and strictly control its credit and liquidity risks.

C.9.4.1: If an FMI conducts money settlements on its own books, how does it minimize and strictly control its credit and liquidity risks?

This is not applicable to Argentina Clearing.

Key consideration 5: An FMI's legal agreements with any settlement banks should state clearly when transfers on the books of individual settlement banks are expected to occur, that transfers are to be final when effected, and that funds received should be transferable as soon as possible, at a minimum by the end of the day and ideally intraday, in order to enable the FMI and its participants to manage credit and liquidity risks.

C.9.5.1: Do the FMI's legal agreements with its settlement banks state when transfers occur, that transfers are final when effected, and that funds received are transferable?

Both settlements through the MEP System and Interbanking settlements through Commercial Banks ensure that the settlements are final (irrevocable) at the moment they are sent. It should be mentioned that Interbanking as Payment System of Systemic Importance is also in line with the CPMI-IOSCO Principles, with the BCRA being its controlling entity.

In addition, the funds sent to the counterparties are credited to their bank accounts intraday within the hours established in the Settlement Instructions.

C.9.5.2: Are funds received transferable by the end of the day at the latest? If not, why? Are they transferable intraday? If not, why?

See question C.9.5.1.

2.10. Principle 10: Physical deliveries

An FMI should clearly state its obligations with respect to the delivery of physical instruments or commodities and should identify, monitor, and manage the risks associated with such physical deliveries.

Assessment: **Compliant.**

Key Consideration 1: An FMI's rules should clearly state its obligations with respect to the delivery of physical instruments or commodities.

C.10.1.1 : Which asset classes does the FMI accept for physical delivery?

Argentina Clearing clearly defines its procedures for the physical delivery of commodities and negotiable securities, for futures contracts with delivery, in the following Instructions:

- Instructions for the Delivery of Merchandise: for agricultural futures (soy, wheat, corn)
- Settlement Instructions: for financial futures (Government Securities, Lebacs).

Areas of improvement detected: Unlike other international markets, the delivery of physical assets (cereals and oilseeds) is not carried out through representative certificates of the merchandise. This is because the Warrant Law dates from 1914, and therefore does not provide for electronic mechanisms for issuance and transfer, among other shortcomings. There are Warrant Law modifications planned to resolve these problems, but their legislative status is not known. In addition, the tax regime applicable to these certificates prevents their use by financial participants.

C.10.1.2 : How does the FMI define its obligations and responsibilities with respect to the delivery of physical instruments or commodities? How are these responsibilities defined and documented? To whom are these documents disclosed?

All regulations on the delivery of merchandise are provided in the Instructions detailed in question C.10.1.1 which are published on the website.

<http://www.argentinaclearing.com.ar/operaciones/>

http://www.argentinaclearing.com.ar/operaciones/gtia_documentacion/

C.10.1.3 : How does the FMI engage with its participants to ensure they have an understanding of their obligations and the procedures for effecting physical delivery?

Argentina Clearing ensures that its Participants know the procedures through continuous support and monitoring during the delivery processes by the related areas.

Key consideration 2: An FMI should identify, monitor, and manage the risks and costs associated with the storage and delivery of physical instruments or commodities.

C.10.2.1 : How does the FMI identify the risks and costs associated with storage and delivery of physical instruments or commodities? What risks and costs has the FMI identified?

Argentina Clearing continues with the requirements for margins and daily differences for future contracts with physical delivery until the fulfillment of the contract obligation. The Instructions provide possible actions to be taken by the Board in the event of default by any of the parties, including compliance by the Counterparty with the unfulfilled obligation, or settlement due to price differences.

Areas of improvement detected:

Unlike other international markets, the delivery of physical assets (cereals and oilseeds) is not carried out through representative certificates of the merchandise. This is because the Warrant Law dates from 1914, and therefore does not provide for electronic mechanisms for issuance and transfer, among other shortcomings. There are Warrant Law modifications planned to resolve these problems, but their legislative status is not known. In addition, the tax regime applicable to these certificates prevents their use by financial participants.

C.10.2.2 : What processes, procedures and controls does the FMI have to monitor and manage any identified risks and costs associated with storage and delivery of physical instruments or commodities?

Argentina Clearing does not perform controls on the physical merchandise, as said processes are governed by the current regulations on the marketing of grains.

The instructions for the delivery of merchandise provide for settlements for shortages or surpluses as well as settlements for quality.

C.10.2.3 : If an FMI can match participants for delivery and receipt, under what circumstances can it do so, and what are the associated rules and procedures? Are the legal obligations for delivery clearly expressed in the rules and associated agreements?

The Merchandise Delivery Instructions provide a mechanism for assigning Delivery Offers according to the following priorities:

- a) Agreed Operations
- b) Sellers who have requested delivery by wagon.
- c) Buyers who have requested the assignment of Offers.
- d) Buyers and Sellers by quantity.
- e) Vendors who have requested a destination (North - South).

Given equal priorities, Argentina Clearing will assign offers to buyers randomly.

In addition, it is also expected that the parties may choose to liquidate their respective positions outside Argentina Clearing through an Exchange of Futures for Physical, known by the industry under the acronym EFP.

C.10.2.4 : How does the FMI monitor its participants' delivery preferences and, to the extent practicable, ensure that its participants have the necessary systems and resources to be able to fulfill their physical delivery obligations?

See question C.10.2.3.

2.11. Principle 11: Central securities depositories

A CSD should have appropriate rules and procedures to help ensure the integrity of securities issues and minimize and manage the risks associated with the safekeeping and transfer of securities. A CSD should maintain securities in an immobilized or dematerialized form for their transfer by book entry.

Assessment: This does not apply, because Argentina Clearing is a CCP.

Key Consideration 1: A CSD should have appropriate rules, procedures, and controls, including robust accounting practices, to safeguard the rights of securities issuers and holders, prevent the unauthorized creation or disposal of securities, and conduct periodic and at least daily reconciliation of securities issues it maintains.

Safeguarding the rights of securities issuers and holders

C.11.1.1 : How are the rights of securities issuers and holders safeguarded by the rules, procedures and controls of the CSD?

C.11.1.2 : How do the CSD's rules, procedures and controls ensure that the securities it holds on behalf of participants are appropriately accounted for on its books and protected from risks associated with the other services the CSD may provide?

C.11.1.3 : How does the CSD ensure that it has robust accounting practices?

Do audits review whether there are sufficient securities to satisfy customer rights? How frequently are end-to-end audits conducted to examine the procedures and internal controls used in the safekeeping of securities?

Prevention of the unauthorized creation or disposal of securities

C.11.1.4 : What are the CSD's internal procedures to authorize the creation and disposal of securities? What are the CSD's internal controls to prevent the unauthorized creation and disposal of securities?

Periodic reconciliation of securities issues

C.11.1.5 : Does the CSD conduct periodic and at least daily reconciliation of the totals of securities issues in the CSD for each issuer (or its issuing agent)? How does the CSD ensure that the total number of securities recorded in the CSD for a particular issue is equal to the amount of securities of that issue held on the CSD's books?

C.11.1.6 : If the CSD is not the official registrar of the issues held on its books, how does the CSD reconcile its records with official registrar?

Key consideration 2: A CSD should prohibit overdrafts and debit balances in securities accounts.

C.11.2.1: How does the CSD prevent overdrafts and debit balances in securities accounts?

Key consideration 3: A CSD should maintain securities in an immobilized or dematerialized form for their transfer by book entry. Where appropriate, a CSD should provide incentives to immobilize or dematerialize securities.

C.11.3.1 : Are securities issued or maintained in a dematerialized form? What percentage of securities is dematerialized, and what percentage of the total volume of transactions applies to these securities?

C.11.3.2 : If securities are issued as a physical certificate, is it possible to immobilize them and allow their holding and transfer in a book-entry system?
What percentage of securities is immobilized, and what percentage of the total volume of transactions applies to immobilized securities?

C.11.3.3: What incentives, if any, does the CSD provide to immobilize or dematerialize securities?

Key consideration 4: A CSD should protect assets against custody risk through appropriate rules and procedures consistent with its legal framework.

C.11.4.1 : How do the CSD's rules and procedures protect assets against custody risk, including the risk of loss because of the CSD's negligence, misuse of assets, fraud, poor administration, inadequate recordkeeping or failure to protect participants' interests in their securities?

C.11.4.2 : How has the CSD determined that those rules and procedures are consistent with the legal framework?

C.11.4.3 : What other methods, if any, does the CSD employ to protect its participants against misappropriation, destruction and theft of securities (for example, insurance or other compensation schemes)?

Key consideration 5: A CSD should employ a robust system that ensures segregation between the CSD's own assets and the securities of its participants and segregation among the securities of participants. Where supported by the legal framework, the CSD should also support operationally the segregation of securities belonging to a participant's customers on the participant's books and facilitate the transfer of customer holdings.

C.11.5.1 : What segregation arrangements are in place at the CSD? How does the CSD ensure segregation between its own assets and the securities of its participants? How does the CSD ensure segregation among the securities of participants?

C.11.5.2 : Where supported by the legal framework, how does the CSD support the operational segregation of securities belonging to participants' customers from the participants' book? How does the CSD facilitate the transfer from these customers' accounts to another participant?

Key consideration 6: A CSD should identify, measure, monitor, and manage its risks from other activities that it may perform; additional tools may be necessary in order to address these risks.

C.11.6.1 : Does the CSD provide services other than central safekeeping and administration of securities and settlement? If so, what services?

C.11.6.2 : If the CSD provides services other than central safekeeping and administration of securities and settlement, how does it identify the risks associated with those activities, including potential credit and liquidity risks? How does it measure, monitor and manage these risks, including legally separating services other than safekeeping and administration of securities where necessary?

2.12. Principle 12: Exchange-of-value settlement systems

If an FMI settles transactions that involve the settlement of two linked obligations (for example, securities or foreign exchange transactions), it should eliminate principal risk by conditioning the final settlement of one obligation upon the final settlement of the other.

Assessment: **Compliant.**

Key Consideration 1: An FMI that is an exchange-of-value settlement system should eliminate principal risk by ensuring that the final settlement of one obligation occurs if and only if the final settlement of the linked obligation also occurs, regardless of whether the FMI settles on a gross or net basis and when finality occurs.

C.12.1.1 : How do the FMI's legal, contractual, technical and risk management frameworks ensure that the final settlement of relevant financial instruments eliminates principal risk? What procedures ensure that the final settlement of one obligation occurs if and only if the final settlement of a linked obligation also occurs?

In the bond futures delivery process, the DvP criterion is provided to mitigate principal risk. In the agricultural futures delivery process, in order to mitigate principal risk, Argentina Clearing provides communications for additional margins for certain situations in the delivery period. In addition, for those contracts with physical delivery of the merchandise, the seller can ask Argentina Clearing to ensure that the process be guaranteed by the advance payment of the Buyer.

In the negotiable securities delivery process through transactions interconnected with other Markets, the DvP criterion is provided to mitigate the principal risk.

C.12.1.2 : How are the linked obligations settled – on a gross basis (trade by trade) or on a net basis?

In regard to settlement in kind, in the case of an Clearing and Settlement Agent who records positions bought and sold with different recorded accounts, the settlement of the operations counted at 24 hours, 48 hours and 72 hours, which expire on said day will be for the net position by interconnected market, with the Clearing and Settlement Agent being responsible for the individual settlement for each record.

In regard to forward transactions (for example, cautions), as well as in the settlements of physical merchandise (grain), the netting will not be applied between different recorded accounts and must be settled in gross.

C.12.1.3 : Is the finality of settlement of linked obligations simultaneous? If not, what is the timing of finality for both obligations? Is the length of time between blocking and final

settlement of both obligations minimized? Are blocked assets protected from a claim by a third party?

The final settlements for linked obligations are not simultaneous. However, the Argentina Clearing processes minimize the time between the settlements of different obligations.

C.12.1.4 : In the case of a CCP, does the CCP rely on the DvP or PvP services provided by another FMI, such as an SSS or payment system? If so, how would the CCP characterize the level of its reliance on such services? What contractual relationship does the CCP have with the SSS or payment system to ensure that final settlement of one obligation occurs only when the final settlement of any linked obligations occurs?

Argentina Clearing relies on the services of other FMIs with which it has links and does not guarantee interconnection operations. Argentina Clearing will deliver the negotiable securities and/or funds to the Clearing and Settlement Agents once received from the interconnected market, as long as the Clearing and Settlement Agent has previously delivered the negotiable securities and/or funds, as appropriate. If the interconnected market delays the settlement, the Clearing and Settlement Agent will not be able to dispose of the negotiable funds or securities in advance.

2.13. Principle 13: Participant-default rules and procedures

An FMI should have effective and clearly defined rules and procedures to manage a participant default. These rules and procedures should be designed to ensure that the FMI can take timely action to contain losses and liquidity pressures and continue to meet its obligations.

Assessment: **Compliant.**

Key Consideration 1: An FMI should have default rules and procedures that enable the FMI to continue to meet its obligations in the event of a participant default and that address the replenishment of resources following a default.

Participant default rules and procedures

C.13.1.1 : Do the FMI's rules and procedures clearly define an event of default (both a financial and an operational default of a participant) and the method for identifying a default? How are these events defined?

The Argentina Clearing Internal Regulations provide the measures to be adopted in the event of the Default of an Clearing and Settlement Agent and the effect of collateral on a breach of its own portfolio as well as the effect thereof in case of default by a Client.

Argentina Clearing has a solid procedure that establishes the way to configure a default of a Participant obligation, having exhausted all mechanisms prior to the default declaration provided in the current operating procedures. This includes the default declaration (type and origin), the constitution of an Execution Committee, liquidation of the Portfolio, liquidation of the Collateral and the final Settlement.

Argentina Clearing provides:

- Operational default: this type of default does not imply problems in the Participant's financial capacity, but it is financial and could be resolved in the short term.
- Final default: this default implies problems in the equity and financial capacity of the Participant when it is unknown when it can be resolved. In this scenario, it is important to limit the potential risk of the portfolio of the defaulting party, liquidating both the portfolio and the Participant's collateral.

C.13.1.2 : How do the FMI's rules and procedures address the following key aspects of a participant default:

- a) the actions that the FMI can take when a default is declared;
- b) the extent to which the actions are automatic or discretionary;
- c) changes to normal settlement practices;
- d) the management of transactions at different stages of processing;
- e) the expected treatment of proprietary and customer transactions and accounts;
- f) the probable sequencing of actions;
- g) the roles, obligations and responsibilities of the various parties, including non-defaulting participants; and
- h) the existence of other mechanisms that may be activated to contain the impact of a default?

a) See question C.13.1.1.

b) Discretionary measures are provided depending on the case.

c) Argentina Clearing reserves the right to make changes in normal settlement practices.

d) Positions are assigned to manage the operations in the different stages of the default procedure.

f) The probable sequences of the actions to be taken are provided.

g) The roles, obligations and responsibilities of the various parties, including non-defaulting participants are provided.

h) Alternatives are planned at the discretion of the Execution Committee, which may trigger unforeseen mechanisms.

Use of financial resources

C.13.1.3 : How do the FMI's rules and procedures allow the FMI to promptly use any financial resources that it maintains for covering losses and containing liquidity pressures arising from default, including liquidity facilities?

In order to liquidate the collateral of the defaulting party, the Execution Committee, taking into account market circumstances, may:

- 1) Partially execute the collateral to the extent necessary to cover the balance owed plus the reasonably foreseeable expenses of the execution.
- 2) Execute all collateral at the same time in order to carry out the execution without delay while trying to maximize the proceeds from the asset disposal.

In the event that the debtor has constituted several instruments, taking into account the liquidity of some or all, the agreements on the trust funds in force and the market conditions at the moment, the Committee will determine discretionally which ones will be executed with priority.

The cash collateral of the defaulter will be the first to be applied to the unpaid debit balance.

The settlement of each collateral instrument will be adjusted to its applicable regime.

The liquidation of Surety Policies will be executed in accordance with the attached Operations for Surety Policies document.

In order to cover the default balance, the Committee must apply the order of priority established by the Argentina Clearing Internal Regulations.

C.13.1.4 : How do the FMI's rules and procedures address the order in which the financial resources can be used?

See question C.13.1.3.

C.13.1.5 : How do the FMI's rules and procedures address the replenishment of resources following a default?

The Argentina Clearing Rules provide for the replenishment of the Joint Trust (FGIMC) for amounts up to the obligation of each Participant.

Key consideration 2: An FMI should be well prepared to implement its default rules and procedures, including any appropriate discretionary procedures provided for in its rules.

C.13.2.1 : Does the FMI's management have internal plans that clearly delineate the roles and responsibilities for addressing a default? What are those plans?

The Execution Committee for the default will implement the established rules and procedures, including the discretionary procedures considered. All actions will be notified to the Board of Directors.

Annually, the Risks Committee reviews the rules and procedures related to defaults, ensuring that they are safe, practical and effective and that, in the event of an occurrence, they do not impact daily settlements.

C.13.2.2 : What type of communication procedures does the FMI have in order to reach in a timely manner all relevant stakeholders, including regulators, supervisors and overseers?

The default procedure provides the mechanisms of communication between the interested parties, including the controlling agencies.

In the event of a default, the Execution Committee will be established, which will determine the conditions of the Default and will inform the Board and the Authorities by sending a "Declaration of Default".

Once the issue has been managed, a Final Report will be issued containing the summary of all the actions taken and the results obtained, to be ratified by the Board of Directors and subsequently presented to the Authorities, if applicable.

C.13.2.3 : How frequently are the internal plans to address a default reviewed? What is the governance arrangement around these plans?

See question C.13.2.1.

Key consideration 3: An FMI should publicly disclose key aspects of its default rules and procedures.

C.13.3.1: How are the key aspects of the FMI's participant default rules and procedures made publicly available? How do they address:

a) the circumstances in which action may be taken;

- b) who may take those actions;
- c) the scope of the actions which may be taken, including the treatment of both proprietary and customer positions, funds and assets;
- d) the mechanisms to address an FMI's obligations to non-defaulting participants; and
- e) where direct relationships exist with participants' customers, the mechanisms to help address the defaulting participant's obligations to its customers?

On the Argentina Clearing website, it publishes the key aspects of its safeguards system and the effect of collateral in cases of default.

The Agreement for the Opening of the Participant Account establishes their rights and obligations in regard to Argentina Clearing and the Clearing and Settlement Agent.

In the event of a Default arising from the Clearing and Settlement Agent's own portfolio, this event will be communicated to the Committees, and they will be asked to choose an Clearing and Settlement Agent to whom they will transfer the portfolios and collateral.

Given that in the short term, the model (internationally known as the "Final Beneficiary") will be implemented in which the collateral will be segregated and identified at the final participant level, as detailed in Principle 14, the Default Procedure is being updated to include this change, which we believe will provide a more secure structure in relation to the protection of the Participant collateral, mitigating the risks of fraud.

Key consideration 4: An FMI should involve its participants and other stakeholders in the testing and review of the FMI's default procedures, including any close-out procedures. Such testing and review should be conducted at least annually or following material changes to the rules and procedures to ensure that they are practical and effective.

C.13.4.1 : How does the FMI engage with its participants and other relevant stakeholders in the testing and review of its participant default procedures?

How frequently does it conduct such tests and reviews? How are these tests results used? To what extent are the results shared with the board, risk committee and relevant authorities?

The default procedure includes agreements with other Participants for the liquidation of the defaulting party's portfolio as well as with Financial Institutions for the settlement of the guarantees.

The Argentina Clearing Rules are submitted to the Regulator for consideration and approval.

C.13.4.2 : What range of potential participant default scenarios and procedures do these tests cover? To what extent does the FMI test the implementation of the resolution regime for its participants?

Annually, the Risk Committee reviews the main policies in relation to defaults. However, if there were changes that could impact the manner that a default is handled, the procedure will be reviewed in order to consider this new situation.

2.14. Principle 14: Segregation and portability

A CCP should have rules and procedures that enable the segregation and portability of positions of a participant's customers and the collateral provided to the CCP with respect to those positions.

Assessment: **Compliant.**

Key Consideration 1: A CCP should, at a minimum, have segregation and portability arrangements that effectively protect a participant's customers' positions and related collateral from the default or insolvency of that participant. If the CCP additionally offers protection of such customer positions and collateral against the concurrent default of the participant and a fellow customer, the CCP should take steps to ensure that such protection is effective.

Customer protection from participant default

C.14.1.1 : What segregation arrangements does the CCP have in place to effectively protect a participant's customers' positions and related collateral from the default or insolvency of that participant?

Argentina Clearing segregates positions at the customer level. This structure allows for the mobility of the portfolios in default situations as contemplated in the procedure mentioned in Principle 13.

In addition, at the collateral level, Argentina Clearing has a solid legal framework that provides for three types of Funds (Trusts):

- Collateral Fund I: composed of asset contributions from the Clearing and Settlement Agent, intended to cover the breach of the debit net balance of its Clearing and Settlement Account and that of third parties.
- Collateral Fund II: composed of third-party asset contributions destined to cover the breach of the debit net balance of the Third Party Clearance and Settlement Account.
- Collateral Fund III: composed of asset contributions of the Clearing and Settlement Agent which is constituted as an additional guarantee to the other Funds, destined to cover breaches of any Clearing and Settlement Agent jointly up to the maximum amount established by the Board of Directors.

This structure has a solid legal basis. Thanks to this structure, the company can achieve the following:

- Differentiation between its own funds and third party funds.
- Protection from external aggressions, since the contributions in trust are committed to the fulfillment of the obligations in the Market.
- Obligation of the Clearing and Settlement Agent for all the Obligations, their own and third parties.
- Protection of the Committees from Clearing and Settlement Agent defaults.

In addition, the model that is internationally known as the "Final Beneficiary" will be implemented in the short term, in which the collateral is segregated and identified at the final client level, mitigating the risks of fraud. This is consolidated as the safest structure in relation to the protection of the customer collateral.

C.14.1.2 : What are the CCP's portability arrangements?

The Default Procedure considers the need to transfer the portfolios and collateral from the default Clearing and Settlement Agent's customers to other Clearing and Settlement Agents, provided that the following conditions are met:

- Each Participant customer chooses the Third Party account to whom he/she wishes to transfer their positions and collateral.
- Approval of the Participant "receiver" of the portfolios and collateral. In the event that any of the conditions set forth is not feasible, the portfolio transfer will not be executed and the third-party portfolio must be declared "in liquidation".

Notwithstanding the provisions of the previous paragraphs, portfolios may be transferred "without collateral" in cases where:

- The customer is responsible for depositing the collateral into the account of the receiving Participant.
- The receiving Participant guarantees the portfolio received using its own resources.

C.14.1.3 : If the CCP serves a cash market and does not provide segregation arrangements, how does the CCP achieve protection of customers' assets? Has the CCP evaluated whether the applicable legal or regulatory framework achieves the same degree of protection and efficiency for customers that would otherwise be achieved by segregation and portability arrangements?

Not applicable.

Customer protection from participant and fellow customer default

C.14.1.4 : If the CCP offers additional protection to customers to protect their positions and collateral against the concurrent default of the participant and a fellow customer, how does the CCP ensure that such protection is effective?

See question C.14.1.1.

Legal basis

C.14.1.5 : What evidence is there that the legal basis provides a high degree of assurance that it will support the CCP's arrangements to protect and transfer the positions and collateral of a participant's customers?

See question C.14.1.1 and C.14.1.2.

C.14.1.6 : What analysis has the CCP conducted regarding the enforceability of its customer segregation and portability arrangements, including with respect to any foreign or remote participants? In particular, which foreign laws has the CCP determined to be relevant to its ability to segregate or transfer customer positions and collateral?

How have any identified issues been addressed?

Argentina Clearing has almost 20 years of experience as a CCP without having defaulted on its Central Counterparty obligations. The segregation mechanisms currently applied comply with international standards in this area (e.g. Dodd Frank and EMIR). However, in order to continue to improve and provide more security in relation to the protection of customer collateral, in the short term, we will implement the model that is internationally known as the "Final Beneficiary" in which the collateral is segregated and identified at the

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final customer level, mitigating the risks of fraud. This is consolidated as the safest structure in relation to the protection of the customer collateral.

The relevant jurisdiction for all the above aspects is the jurisdiction of Argentina, whose laws exclusively apply, except as indicated in Principle 1 in regard to collateral deposited abroad. As indicated in Principle 5, Argentina Clearing accepts collateral in the US (dollars or Money Market Funds with first-line Banks) as well as securities registered in Caja de Valores that are in custody in Euroclear or DTCC. The legal, material and procedural aspects related to the delivery of said collateral are subject to the laws where the custodians are located.

To mitigate the legal risk derived from being subject to different legal frameworks, the company chooses Entities based in countries with less risk than there is locally, while the assets must have the highest risk rating.

Key consideration 2: A CCP must have an account structure that allows it to easily identify customer positions of a customer as well as segregate the related guarantees. A CCP should maintain customer positions and collateral in individual customer accounts or in omnibus customer accounts.

C.14.2.1 : How does the CCP segregate a participant's customers' positions and related collateral from the participant's positions and collateral? What type of account structure (individual or omnibus) does the CCP use for the positions and related collateral of participants' customers? What is the rationale for this choice?

Argentina Clearing plans to open two types of accounts for each Participant:

- Margin Integration Account for the accounting of the margins of the operations and collaterals provided to Guarantee Fund I.
- Margin Integration Account for the accounting of the margins of the third party operations and the collateral provided to Guarantee Fund II.

The margins of each portfolio are calculated at the customer level. Argentina Clearing collects gross margins, therefore no accounts are added between clients, further strengthening the system.

Argentina Clearing verifies the following:

- The Clearing and Settlement Agents do not finance their own operations with collateral from their Customers.
- The Clearing and Settlement Agents maintain an adequate segregation of collateral by Customers and there is no financing between them.
- The Clearing and Settlement Agents have agile and reliable accountability mechanisms for the Customers.

In addition, the model that is internationally known as the "Final Beneficiary" will be implemented in the short term, in which the collateral is segregated and identified at the final client level, mitigating the risks of fraud. This model, although not the one adopted by the majority of the CCPs, is the model implemented by BM & FBOVESPA.

C.14.2.2 : If the CCP (or its depositories) has guarantees that protect customer positions, what do these guarantees cover (for example, requirements for initial margins or variation margins)?

The guarantees requested by Argentina Clearing and ensured by the Trustee (ROFEX) cover the initial margin requirements of the portfolios due to the risk of price variations they may suffer.

C.14.2.3 : Does the CCP rely on the participant's records containing the sub-accounting for individual customers to ascertain each customer's interest? If so, how does the CCP ensure that it has access to this information? Is customer margin obtained by the CCP from its participants collected on a gross or net basis? To what extent is a customer's collateral exposed to "fellow customer risk"?

Argentina Clearing collects gross margins and establishes that Clearing and Settlement Agents must:

1. Carry at least one current account per customer where all movements between the Clearing and Settlement Agent and the customer are reflected.
2. Carry an adequate segregation of collateral by customer, which may be accredited in any of the following ways:
 - a) Accounting, through the use of individual accounts.
 - b) Extra-accounting, through a back office system which issues a report on the historical stocks of collateral provided by each customer, with a breakdown of the instrument, quantity, depository and valuation.

Annually, in the audits of the Clearing and Settlement Agents, the appropriate segregation of collateral and the account statements to the Committees is verified.

Key consideration 3: A CCP should structure its portability arrangements in a way that makes it highly likely that the positions and collateral of a defaulting participant's customers will be transferred to one or more other participants.

C.14.3.1 : How do the CCP's portability arrangements make it highly likely that the positions and collateral of a defaulting participant's customers will be transferred to one or more other participants?

The Internal Regulations provide that in the event of a default arising from portfolio itself, it will be possible to order the immediate transfer of the portfolios and collateral of the customers of the Participant in default to other Participants. This safeguard mechanism is described in further detail in the Default Procedure described in question C.14.1.2.

C.14.3.2 : How does the CCP obtain the consent of the participant(s) to which positions and collateral are to be ported? Are the consent procedures set out in the CCP's rules, policies or procedures? If so, please describe them. If there are exceptions, how is this information disclosed?

See question C.14.1.2.

Key consideration 4: A CCP should disclose its rules, policies, and procedures relating to the segregation and portability of a participant's customers' positions and related collateral. In particular, the CCP should disclose whether customer collateral is protected on an individual or omnibus basis. In addition, a CCP should disclose any constraints, such as legal or operational constraints, that may impair its ability to segregate or port a

participant's customers' positions and related collateral.

C.14.4.1 : How does the CCP disclose its segregation and portability arrangements? Does the disclosure include whether a participant's customers' collateral is protected on an individual or omnibus basis?

Argentina Clearing publishes its Internal Rules on its website where all the policies related to this principle are provided. In addition, a summary of the most important aspects of the Safeguards System is published.

The collateral provided by the Clearing and Settlement Agents are disaggregated between the Collateral of the Clearing and Settlement Agent and the collateral of the customers on an omnibus basis.

Argentina Clearing has a web platform (Extranet) for the Clearing and Settlement Agents, which displays the portfolios by customer and the collateral (own/third party) integrated in the trusts, among other things.

As mentioned above, with the new project to segregate the collateral, this segregation will also be available on the Extranet at the customer level.

C.14.4.2 : Where and how are the risks, costs and uncertainties associated with the CCP's segregation and portability arrangements identified and disclosed? How does the CCP disclose any constraints (such as legal or operational) that may impair the CCP's ability to fully segregate or port a participant's customers' positions and collateral?

See question C.14.4.1.

2.15. Principle 15: General business risk

An FMI should identify, monitor, and manage its general business risk and hold sufficient liquid net assets funded by equity to cover potential general business losses so that it can continue operations and services as a going concern if those losses materialize. Further, liquid net assets should at all times be sufficient to ensure a recovery or orderly wind-down of critical operations and services.

Assessment: **Compliant.**

Key Consideration 1: An FMI should have robust management and control systems to identify, monitor, and manage general business risks, including losses from poor execution of business strategy, negative cash flows, or unexpected and excessively large operating expenses.

C.15.1.1 : How does the FMI identify its general business risks? What general business risks has the FMI identified?

Argentina Clearing has:

- The Risk Committee, which monitors and manages the general risks of the CCP on a continuous basis.
- The Risk and Investment Committee, which continuously monitors and manages the general risks of the business and approves the investment policy and monitors it on a regular basis.
- The Board of Directors, which is responsible for the company's strategic planning.
- External consultants who evaluate the methodology used by the Group to identify and analyze the relevant risks to which it is subject and their associated controls and other mitigating actions, so that it is able to make appropriate decisions on the need to adopt new measures and properly plan the risk management process.

See Principle 3.

C.15.1.2 : How does the FMI monitor and manage its general business risks on an ongoing basis? Does the FMI's business risk assessment consider the potential effects on its cash flow and (in the case of a privately operated FMI) capital?

See question C.15.1.1.

Key consideration 2: An FMI should hold liquid net assets funded by equity (such as common stock, disclosed reserves, or other retained earnings) so that it can continue

operations and services as a going concern if it incurs general business losses. The amount of liquid net assets funded by equity an FMI should hold should be determined by its general business risk profile and the length of time required to achieve a recovery or orderly wind-down, as appropriate, of its critical operations and services if such action is taken.

C.15.2.1 : Does the FMI hold liquid net assets funded by equity so that it can continue operations and services as a going concern if it incurs general business losses?

Argentina Clearing's holdings exceed the requirements established by the international capital regulations based on risk, and constitutes an additional safeguard to the guarantees requested from the Participants.

In addition, Argentina Clearing has the Guarantee Fund under Law 26,831 Art. 45, constituted in liquid assets accepted by the CNV, whose composition and valuation is shown on the public website. The order in which collateral is affected in the event of the default of an Clearing and Settlement Agent provides that prior to the liquidation of Argentina Clearing's assets, LMC-established fund will be the first affected in emergency situations.

It should be noted that Argentina Clearing's assets are liquid.

C.15.2.2 : How does the FMI calculate the amount of liquid net assets funded by equity to cover its general business risks? How does the FMI determine the length of time and associated operating costs of achieving a recovery or orderly winddown of critical operations and services?

Argentina Clearing determines the minimum amounts of Net Equity based on the considerations detailed in question C.15.2.1.

Moreover, the Risk and Investment Committee determines its composition.

Key consideration 3: An FMI should maintain a viable recovery or orderly wind-down plan and should hold sufficient liquid net assets funded by equity to implement this plan. At a minimum, an FMI should hold liquid net assets funded by equity equal to at least six months of current operating expenses. These assets are in addition to resources held to cover participant defaults or other risks covered under the financial resources principles. However, equity held under international risk-based capital standards can be included where relevant and appropriate to avoid duplicate capital requirements.

Recovery or orderly wind-down plan

C.15.3.1 : Has the FMI developed a plan to achieve a recovery or orderly wind-down, as appropriate? If so, what does this plan take into consideration (for example, the operational, technological and legal requirements for participants to establish and move to an alternative arrangement)?

Argentina Clearing is working on an orderly recovery or wind-down plan (internationally known as the "Recovery and Resolution Plan") that establishes the recovery tools and has wind-down procedures.

Resources

C.15.3.2 : What amount of liquid net assets funded by equity is the FMI holding for purposes of implementing this plan? How does the FMI determine whether this amount is sufficient for such implementation? Is this amount at a minimum equal to six months of the FMI's current operating expenses?

Argentina Clearing holds additional assets capable of covering 1-year of operating expenses which would allow it to carry out its wind-down plan.

The calculation established by EMIR (mentioned in question C.15.2.1) to determine the minimum net worth considers the criterion of operating expenses.

C.15.3.3 : How are the resources designated to cover business risks and losses separated from resources designated to cover participant defaults or other risks covered under the financial resources principles?

Argentina Clearing has the Guarantee Fund under Law 26,831 Art. 45, constituted in liquid assets accepted by the CNV, whose composition and valuation is shown on the public website. The order in which collateral is affected in the event of the default of an Clearing and Settlement Agent provides that prior to the liquidation of Argentina Clearing's assets, LMC-established fund will be the first affected in emergency situations.

C.15.3.4 : Does the FMI include equity held under international risk-based capital standards to cover general business risks?

Yes, see question C.15.2.1.

Key consideration 4: Assets held to cover general business risk should be of high quality and sufficiently liquid in order to allow the FMI to meet its current and projected operating expenses under a range of scenarios, including in adverse market conditions.

C.15.4.1 : What is the composition of the FMI's liquid net assets funded by equity? How will the FMI convert these assets as needed into cash at little or no loss of value in adverse market conditions?

Argentina Clearing's assets are high quality and highly liquid, which in addition to security, provide an adequate return, which can be seen in the growing financial results over recent periods, as a result of an adequate investment policy. This demonstrates a balanced portfolio of assets and currencies. The make-up of the investment portfolio and the decisions made in regard to the instruments that comprise it are discussed within the framework of the Risks and Investments Committee which, in turn, monitors the main indicators monthly.

In addition, Argentina Clearing has liquidity agreements on its own investments which allow it to make more profitable investments.

C.15.4.2 : How does the FMI regularly assess the quality and liquidity of its liquid net assets funded by equity to meet its current and projected operating expenses under a range of scenarios, including in adverse market conditions?

See question C.15.4.1.

Key consideration 5: An FMI should maintain a viable plan for raising additional equity should its equity fall close to or below the amount needed. This plan should be approved by the board of directors and updated regularly.

C.15.5.1 : Has the FMI developed a plan to raise additional equity? What are the main features of the FMI's plan to raise additional equity should its equity fall close to or fall below the amount needed?

Argentina Clearing plans to raise additional equity in the event it falls below the required amount. It also has its main shareholder, ROFEX, with satisfactory solvency, which in emergency situations can become its main lender.

C.15.5.2 : How frequently is the plan to raise additional equity reviewed and updated?

Annually, the Risk Committee recalculates the minimum equity requirements demanded by international regulations and recommendations. In the event of deviations, this issue is brought to the Directors.

C.15.5.3 : What is the role of the FMI's board (or equivalent) in reviewing and approving the FMI's plan to raise additional equity if needed?

See question C.15.5.2.

2.16. Principle 16: Custody and investment risks

An FMI should safeguard its own and its participants' assets and minimize the risk of loss on and delay in access to these assets. An FMI's investments should be in instruments with minimal credit, market, and liquidity risks.

Assessment: **Compliant.**

Key Consideration 1: An FMI should hold its own and its participants' assets at supervised and regulated entities that have robust accounting practices, safe-keeping procedures, and internal controls that fully protect these assets.

C.16.1.1 : If the FMI uses custodians, how does the FMI select its custodians? What are the specific selection criteria the FMI uses, including supervision and regulation of these entities? How does the FMI monitor the custodians' adherence to these criteria?

In relation to its own assets, ROFEX and Argentina Clearing have a Risk and Investment Committee that, among other functions, establishes and monitors the investment policy and selects custody services among frontline entities. The Clearing House equity is composed of highly liquid quality assets which, in addition to security, also offers an adequate return to our profile. This performance demonstrates a balanced portfolio of assets and currencies. The make-up of the investment portfolio as well as the decisions in regard to its instruments are discussed within the framework of the Risks and Investments Committee which, in turn, monitors the main indicators monthly.

In regard to the collateral custody services, the company has the following policies:

- Deposits in bank accounts, Guarantees, Fixed Period: First-line entities are selected.
- Marketable securities: Caja de Valores and CRyL.
- FCI: requirements were established for the acceptance of an AAPIC (Managing Company), as detailed in the procedure published on the web.
- Bond insurance: Agreements were signed with first-line insurers.
- SGR guarantees: requirements were established for the acceptance of an SGR, as detailed in the procedure published on the web.
- Warrants: requirements are established for the acceptance of a Warrant, as detailed in the procedure published on the web.
- Deposits in foreign bank accounts and foreign funds: first line entities are selected.

The selection of the Custodial Entities is ratified by the Board of Directors.

<http://www.argentinaclearing.com.ar/riesgo/colateral/>

C.16.1.2 : How does the FMI verify that these entities have robust accounting practices, safekeeping procedures, and internal controls that fully protect its and its participants' assets?

The procedures for accepting custody entities include, among others: credit rating, asset and financial solvency, liquidity, procedures, periodic updating of information.

Key consideration 2: An FMI should have prompt access to its assets and the assets provided by participants, when required.

C.16.2.1 : How has the FMI established that it has a sound legal basis to support enforcement of its interest or ownership rights in assets held in custody?

Argentina Clearing has a solid legal infrastructure that provides the highest level of legal security possible in Argentina and is based on:

- Internal Regulations.
- Guarantee Trust Agreement for Obligations of the Clearing and Settlement Agent.
- Guarantee Trust Agreement for Third Party Operations.
- Clearing and Settlement Agent-Negotiation Agent Registration Agreement.
- Customer Account Opening Agreement.
- Legal opinion of the firm PriceWaterhouseCoopers on the legal structure.

For more detail see Principle 5.

C.16.2.2 : How does the FMI ensure that it has prompt access to its assets, including securities that are held with a custodian in another time zone or legal jurisdiction, in the event of participant default?

Argentina Clearing has two types of liquidity agreements. On one hand, it has liquidity agreements on its own investments which allow the company to make more profitable investments; on the other hand, it has liquidity agreements on trust funds. Trust fund agreements provide greater financial flexibility by reinforcing the level of liquidity in times of market stress while equity investment agreements allow the company to make higher yield investments which may have a lower degree of liquidity.

Argentina Clearing monitors the degree of exposure of the non-liquid collateral (more than 48 hours for materialization) to negotiate pre-approved liquidity lines with leading financial entities that cover the need for liquidity by type of instrument. On a bi-monthly basis, Argentina Clearing reviews the current regulations regarding the repatriation of foreign currency, in the event of a default in which the collateral must be deposited abroad. This analysis is carried out together with the local financial entity selected for the reception of said assets.

Key consideration 3: An FMI should evaluate and understand its exposures to its custodian banks, taking into account the full scope of its relationships with each.

C.16.3.1: How does the FMI evaluate and understand its exposures to its custodian banks? In managing those exposures, how does it take into account the full scope of its relationship with each custodian bank? For instance, does the FMI use multiple custodians for the safekeeping of its assets to diversify exposure to any single custodian? How does the FMI monitor concentration of risk exposures to its custodian banks?

The Argentina Clearing policy for Assets accepted as collateral as well as assets for investments takes into account the concentrations in custody entities, establishing limits by entities.

It is mandatory that the Clearing and Settlement Agents, in their Customer Account Opening Agreements, include that the collateral transferred to the Trusts are deposited with financial entities and/or depositories chosen by the Clearing and Settlement Agent and are exposed to the contingencies that may affect the financial system in general or any particular entity, which could result in the delay or inability to recover those funds and/or negotiable securities.

Key consideration 4: An FMI's investment strategy should be consistent with its overall risk-management strategy and fully disclosed to its participants, and investments should be secured by, or be claims on, high-quality obligors. These investments should allow for quick liquidation with little, if any, adverse price effect.

Investment Strategy

C.16.4.1 : How does the FMI ensure that its investment strategy is consistent with its overall risk management strategy? How and to whom does the FMI disclose its investment strategy?

ROFEX and Argentina Clearing have a Risk and Investment Committee that establishes and monitors the investment policy, consistent with the general risk strategy. The Clearing House equity is composed of highly liquid quality assets which, in addition to security, also offers an adequate return to our profile. This performance demonstrates a balanced portfolio of assets and currencies. The make-up of the investment portfolio and the decisions made in regard to the instruments that comprise it are discussed within the framework of the Risks and Investments Committee which, in turn, monitors the main indicators monthly.

C.16.4.2 : How does the FMI ensure on an ongoing basis that its investments are secured by, or are claims on, high-quality obligors?

See question C.16.4.1.

Risk characteristics of investments

C.16.4.3 : How does the FMI consider its overall exposure to an obligor in choosing investments? What investments are subject to limits to avoid concentration of credit risk exposures?

See question 16.4.1.

C.16.4.4 : Does the FMI invest participant assets in the participants' own securities or those of its affiliates?

Yes. It is allowed to invest in assets issued by the Participants themselves with the restrictions detailed in question C.5.1.3 mitigating the wrong way risk (or risk of unfavorable correlation).

The Participants may not provide the following as collateral:

- Shares issued by themselves or by members of their economic group.
- FCI to guarantee operations of the Fund's own portfolio or of companies of the same economic group. In the case of third party operations, up to 70% can be guaranteed.

C.16.4.5 : How does the FMI ensure that its investments allow for quick liquidation with little, if any, adverse price effect?

See questions C.16.2.2 and C.16.4.1.

2.17. Principle 17: Operational risk

An FMI should identify the plausible sources of operational risk, both internal and external, and mitigate their impact through the use of appropriate systems, policies, procedures, and controls. Systems should be designed to ensure a high degree of security and operational reliability and should have adequate, scalable capacity. Business continuity management should aim for timely recovery of operations and fulfillment of the FMI's obligations, including in the event of a wide-scale or major disruption.

Assessment: **Compliant.**

Key Consideration 1: An FMI should establish a robust operational risk-management framework with appropriate systems, policies, procedures, and controls to identify, monitor, and manage operational risks.

Identification of operational risk

C.17.1.1 : What are the FMI's policies and processes for identifying the plausible sources of operational risks? How do the FMI's processes identify plausible sources of operational risks, whether these risks arise from internal sources (for example, the arrangements of the system itself, including human resources), from the FMI's participants or from external sources?

The Operational Risk post trade policy aims to establish the principles, methodology and responsibilities that must be observed in the operational risk management process, in order to identify, measure, mitigate, monitor and communicate the risks inherent in the ROFEX GROUP's post trade activity.

The following points are addressed in the policy:

- Methodology
 - Preventive approach
 - Heat map by areas
 - Global Heat Map
 - Measurement focus
- Treatment of risks
- Responsibilities
- Communication
- Value Chain

The Risk Committee is responsible for reviewing the policy and the Board of Directors is responsible for ratifying it.

Moreover, the Infrastructure and Information Security area implements policies and procedures that cover the critical processes for the business. An IT Risk Analysis is carried out every year in order to identify, control and manage new threats.

C.17.1.2 : What sources of operational risks has the FMI identified? What single points of failure in its operations has the FMI identified?

Argentina Clearing has identified the following sources of operational risk:

- Internal areas
- Primary S.A. (principal technology provider and member of the ROFEX Group)
- Interconnected markets
- Custodians
- Other Providers
- Payment Systems
- Securities Settlement Systems
- Participants
- Others

Management of operational risk

C.17.1.3 : How does the FMI monitor and manage the identified operational risks? Where are these systems, policies, procedures and controls documented?

Each internal area is responsible for identifying, measuring, mitigating, monitoring and communicating its inherent risks. These risks are transferred to the Risk Matrix for each area in order to assign them a probability of occurrence and impact.

In addition, real cases reported are fed into the Matrix, recording the following information: Originating entity, failure, category, cause, probability of occurrence, estimated loss, severity level, affected function and actions to be followed. The results of the Matrix are reported to the Risk Committee for analysis.

Both approaches (the area Matrix and the real cases Matrix) are fed back and consolidated in a global heat map of GRUPO ROFEX's post-trade operational risk.

Policies, processes and controls

C.17.1.4 : What policies, processes and controls does the FMI employ that are designed to ensure that operational procedures are implemented appropriately? To what extent do the FMI's systems, policies, processes and controls take into consideration relevant international, national and industry-level operational risk management standards?

The internal procedures establish control mechanisms to guarantee their timely application. The Quality area is responsible for their control.

The structure of the operational risk management policy has taken the following international standards into account:

- PFMI (Principle 17)

- Basel II - Measurement methods
- COSO Focus - Enterprise risk management
- Policies of other international markets

C.17.1.5 : What are the FMI's human resources policies to hire, train and retain qualified personnel, and how do such policies mitigate the effects of high rates of personnel turnover or key-person risk? How do the FMI's human resources and risk management policies address fraud prevention?

Argentina Clearing has different policies in place in regard to Human Capital in the different recruitment, training and loyalty processes for its employees. In regard to hiring, the company has designed different processes to ensure that qualified personnel are hired to cover the different positions required. Among them, interviewing techniques by competency, technical evaluations, job descriptions, etc.

In regard to training, from the beginning of the employment relationship, new hires go through a series of introductory training courses on the business and specific to the company. Likewise, new hires go through a training period (of about 6 months) in which he/she is accompanied and guided by a Manager or Leader of his/her area to ensure his/her proper adjustment to the position. In the course of the year, the new hires will also go through a Training Program that will not only provide them with specific technical courses but also workshops and/or activities aimed at acquiring tools to allow them to develop communication and relationship skills.

Within this framework, we also have individual Development Plans to help them acquire the necessary tools to achieve a position of greater responsibility within the organization. These plans are tailored and the growth strategy is designed according to current needs.

In regard to loyalty, we have a benefits policy, activities and training intended to offer our employees a menu of options that serve a diversity of interests.

The tangible result of these different policies is directly reflected in the low rate of turnover that we have had in recent years.

In addition, in regard to the hiring of new collaborators, a background search is performed through NOSIS for more information. Each new hire is trained in PLAFT (Money Laundering Prevention) issues and introduced to the channel for anonymous complaints, through which, using a shared user name and password, the subject may report the indications of a Money Laundering crime, which will be handled by the Human Capital Manager and the PLAFT Team Coordinator. In the event that any of these subjects is reported for such issues, the notification will be sent to the General Managers so that they may deal with the issue appropriately.

C.17.1.6 : How do the FMI's change management and project management policies and processes mitigate the risks that changes and major projects inadvertently affect the smooth functioning of the system?

The implementation of new products or new operations are subject to a process of analysis and testing in which all the areas involved participate. The analysis uses a risk-based approach.

The projects functional analysis area centralizes the management and documentation of projects related to systems (or those that are requested), analyzes new projects and manages the requirements to the systems suppliers in order to ensure their effective implementation.

On the other side, the Quality area is in charge of ensuring compliance with procedures, modifying them when appropriate and measuring the effectiveness of the processes through indicators.

Key consideration 2: An FMI's board of directors should clearly define the roles and responsibilities for addressing operational risk and should endorse the FMI's operational risk-management framework. Systems, operational policies, procedures, and controls should be reviewed, audited, and tested periodically and after significant changes.

Functions, responsibilities and framework

C.17.2.1 : How has the board of directors defined the key roles and responsibilities for operational risk management?

The post trade Operational Risk Policy includes the following roles and responsibilities:

- Risk Committee
 - Approve the operational risk policy.
 - Review the risks classified as "High" and "Extreme".
- Executive Committee
 - Deal with risks classified as "Extreme" and "High" when they involve one or more areas of the Group.
- Risk Owners
 - Immediately communicate unmapped risks, whether new or existing.
 - Monitor the risks under their responsibility

Each year, an external consultant is entrusted with evaluating the methodology used by the company to identify and analyze the relevant risks (including operational risks) that affect the Organization and the associated controls and other mitigating actions, to ensure that the organization is prepared to make appropriate decisions about the need to adopt new measures and to properly plan the risk management process. In addition, an Information Security Committee has been established, which meets periodically to evaluate, define and approve the strategy and actions related to the organization's cyber-resilience capacity. The operational risk structure is subject to annual review by external auditors in order to identify eventual opportunities for improvement.

C.17.2.2 : Does the FMI's board explicitly review and endorse the FMI's operational risk management framework? How frequently does the board review and endorse the FMI's operational risk management framework?

The Argentina Clearing Board of Directors ratifies the post-trade operational risk management policy, takes record of the actions taken by the Argentina Clearing Risk Committee and rules on any deviations.

Review, audit and testing

C.17.2.3 : How does the FMI review, audit and test its systems, policies, procedures and controls, including its operational risk management arrangements with participants? How frequently does the FMI conduct these reviews, audits and tests with participants?

See question C17.1.6.

C.17.2.4 : To what extent, where relevant, is the FMI's operational risk management framework subject to external audit?

See question C.17.2.1.

Key consideration 3: An FMI should have clearly defined operational reliability objectives and should have policies in place that are designed to achieve those objectives.

C.17.3.1 : What are the FMI's operational reliability objectives, both qualitative and quantitative? Where and how are they documented?

The Infrastructure and Information Security area, based on an Inventory of Information Assets, performs a risk analysis to determine the critical points and define mitigating measures.

Quantitative objectives are defined based on this analysis, used to define the control and validation tasks to contribute to the achievement of said objectives.

In addition, a regulatory framework is established, composed of Policies, Rules and Procedures, to set the guidelines, scope and operation thereof.

C.17.3.2 : How do these objectives ensure a high degree of operational reliability?

The ROFEX Group has an Information Security Committee, which periodically validates and verifies that the actions carried out are aligned with the objectives of operational reliability.

C.17.3.3 : What are the policies in place that are designed to achieve the FMI's operational reliability objectives to ensure that the FMI takes appropriate action as needed?

The designed policies are the following:

- The Continuity Plan, which includes the Contingency Tests.
- The Risk Analysis of Computer Assets.
- The Inventory of Computer Assets.

Key Consideration 4: An FMI should ensure that it has scalable capacity adequate to handle increasing stress volumes and to achieve its service-level objectives.

C.17.4.1 : How does the FMI review, audit and test the scalability and adequacy of its capacity to handle, at a minimum, projected stress volumes? How frequently does the FMI conduct these reviews, audits and tests?

Operating reliability objectives have been established for critical business processes.

Risk scenarios have been identified, contemplating disruptions in stress volumes. Periodic tests are carried out to verify that the mitigation measures are consistent with the established service levels. All critical services are tested at least once a year.

C.17.4.2 : How are situations where operational capacity is neared or exceeded addressed? Primary S.A. (the Group's technology company) uses tools to monitor the performance of active technological resources in order to proactively detect certain events, such as increases in consumption. The applications include mitigating measures in case of limit situations, which allow them to adapt to and support high volumes.

Key consideration 5: An FMI should have comprehensive physical and information security policies that address all potential vulnerabilities and threats.

Physical security

C.17.5.1 : What are the FMI's policies and processes, including change management and project management policies and processes, for addressing the plausible sources of physical vulnerabilities and threats on an ongoing basis?

An IT Risk Analysis is carried out every year in order to identify, control and manage new threats.

The analysis considers aspects of Physical and Logical Security, considering risk scenarios for critical infrastructures.

In addition, Contingency Tests are carried out to test the effectiveness of the established mitigating measures, verifying scenarios such as Unavailability of Access to Offices, a Cut in the Datacenter Link, etc.

C.17.5.2 : Do the FMI's policies, processes, controls and testing appropriately take into consideration relevant international, national and industry-level standards for physical security?

Primary has chosen Datacenters aligned with international standards, such as SSAE (SAS70) and TIA 942, with recognized solvency, which are leaders in the region.

Information security

C.17.5.3: What are the FMI's policies and processes, including change management and project management policies and processes, for addressing the plausible sources of information security vulnerabilities and threats on an ongoing basis?

The FMI has formed an Information Security Committee, which validates that the actions carried out are aligned with the business objectives.

The Committee periodically evaluates the emergence of new threats to adapt the mitigation measures or define additional measures, such as: acquire new tools, implement controls, perform cross validations, etc.

C.17.5.4 : Do the FMI's policies, processes, controls and testing appropriately take into consideration relevant international, national and industry-level standards for information security?

The regulatory framework and tasks are aligned to international standards such as ISO 27000 and COBIT 5, and are even contrasted with local regulations, such as Communication "A" 4609 of the BCRA and Law 25.326.

Annual Audits are carried out to verify effective compliance and mitigate eventual deviations.

Key consideration 6: An FMI should have a business continuity plan that addresses events posing a significant risk of disrupting operations, including events that could cause a wide-scale or major disruption. The plan should incorporate the use of a secondary site and should be designed to ensure that critical information technology (IT) systems can resume operations within two hours following disruptive events. The plan should be designed to enable the FMI to complete settlement by the end of the day of the disruption, even in case of extreme circumstances. The FMI should regularly test these arrangements.

Objectives of the business continuity plan

C.17.6.1 : How and to what extent does the FMI's business continuity plan reflect objectives, policies and procedures that allow for the rapid recovery and timely resumption of critical operations following a wide-scale or major disruption?

Risk scenarios and their respective mitigation measures have been identified to ensure that the critical systems activities can be resumed at an agreed time in order to complete the settlement prior to end of day.

There are secondary sites for the operation in the event of a contingency situation.

Periodic tests are carried out in order to verify that the mitigation measures can provide the established service levels.

The technical personnel and business personnel participate in the tests, to validate the entire circuit and to detect deviations.

The tests are documented and all scenarios are tested at least once a year.

Design of business continuity plan

C.17.6.2: How and to what extent is the FMI's business continuity plan designed to enable critical IT systems to resume operations within two hours following disruptive events, and to enable the FMI to facilitate or complete settlement by the end of the day even in extreme circumstances? The Continuity Plan establishes periodic tests to verify that the mitigation measures can provide the established service levels.

The technical personnel and business personnel participate in the tests, to validate the entire circuit and to detect deviations. The tests are documented and all scenarios are tested at least once a year.

C.17.6.3 : How is the contingency plan designed to ensure that the status of all transactions can be identified in a timely manner, at the time of the disruption; and if there is a possibility of data loss, what are the procedures to deal with such loss (for example, reconciliation with participants or third parties)?

The Continuity Plan establishes periodic tests to verify that the mitigation measures can provide the established service levels.

The Recovery Time Objective has been defined as a maximum of 1 day, for which various actions are contemplated.

C.17.6.4 : How do the FMI's crisis management procedures address the need for effective communications internally and with key external stakeholders and authorities?

Various communication channels are used to provide notice of incidents: telephone lines, communications on the institutional page, extranet and emails.

Secondary site

C.17.6.5 : How does the FMI's business continuity plan incorporate the use of a secondary site (including ensuring that the secondary site has sufficient resources, capabilities, functionalities and appropriate staffing arrangements)? To what extent is the secondary site located a sufficient geographic distance from the primary site such that it has a distinct risk profile?

The secondary site is prepared for operations in the event of a contingency.

Periodic tests are carried out in order to verify that the mitigation measures can provide the established service levels.

The technical personnel and business personnel participate in the tests, to validate the entire circuit and to detect deviations. The tests are documented and all scenarios are tested at least once a year.

C.17.6.6 : Has the FMI considered alternative arrangements (such as manual, paper-based procedures or other alternatives) to allow the processing of time-critical transactions in extreme circumstances?

The FMI plans to operate with analogue means, using paper support, for critical operations in extreme cases where it may not be possible to use technological means.

Then this information must be input into the systems once the service is restored.

Review and testing

C.17.6.7 : How are the FMI's business continuity and contingency arrangements reviewed and tested, including with respect to scenarios related to wide-scale and major disruptions? How frequently are these arrangements reviewed and tested?

Periodic tests are carried out in order to verify that the mitigation measures can provide the established service levels. In addition, a high level Risk Analysis has been carried out, looking at the organization as a whole.

The technical personnel and business personnel participate in the tests, to validate the entire circuit and to detect deviations. The tests are documented and all scenarios are tested at least once a year.

In addition, an annual review is carried out, contrasted with the Technological Assets Risk Analysis, to verify that all possible scenarios are being considered.

C.17.6.8 : How does the review and testing of the FMI's business continuity and contingency arrangements involve the FMI's participants, critical service providers and linked FMIs as relevant? How frequently are the FMI's participants, critical service providers and linked FMIs involved in the review and testing?

Periodic tests are carried out in order to verify that the mitigation measures can achieve the established levels of service, including those that depend on third parties or external suppliers.

The technical personnel and business personnel participate in the tests, to validate the entire circuit and to detect deviations. The tests are documented and all scenarios are tested at least once a year.

Key consideration 7: An FMI should identify, monitor, and manage the risks that key participants, other FMIs, and service and utility providers might pose to its operations. In addition, an FMI should identify, monitor, and manage the risks its operations might pose to other FMIs.

Risks to the FMI's own operations

C.17.7.1 : What risks has the FMI identified to its operations arising from its key participants, other FMIs, and service and utility providers? How and to what extent does the FMI monitor and manage these risks?

Risk scenarios have been identified, considering threats inherent to the interconnection and the relationship with other interested parties.

Periodic tests are carried out in order to verify that the mitigation measures can provide the established service levels.

We perform a high level Risk Analysis considering the organization as a whole, through a recognized industry consultancy (BDO). This analysis also includes the high-level risks identified for Information Security, in line with the Technological Risk Analysis cited above.

C.17.7.2 : If the FMI has outsourced services critical to its operations, how and to what extent does the FMI ensure that the operations of a critical service provider meet the

same reliability and contingency requirements they would need to meet if they were provided internally?

Evidence of regulatory compliance is requested from each technical service provider, depending on the applicable area (for example: ISO certifications for technology, SSAE for Datacenters, etc.).

In addition, Confidentiality Agreements are signed to safeguard the information associated with the platforms they administer.

Risks posed to other FMIs

C.17.7.3 : How and to what extent does the FMI identify, monitor and mitigate the risks it may pose to another FMI?

The services offered to clients and other FMIs are implemented on isolated environments of the internal network, in dedicated segments with specific controls for this purpose. In addition, these services are periodically submitted to Vulnerability Analysis and Penetration Tests, to test the impact of possible attacks.

C.17.7.4 : To what extent does the FMI coordinate its business continuity arrangements with those of other interdependent FMIs?

A working group was recently formed in order to coordinate joint actions that mitigate risks that may affect the ecosystem as a whole.

2.18. Principle 18: Access and participation requirements

An FMI should have objective, risk-based, and publicly disclosed criteria for participation, which permit fair and open access.

Assessment: **Compliant.**

Key Consideration 1: An FMI should allow for fair and open access to its services, including by direct and, where relevant, indirect participants and other FMIs, based on reasonable risk-related participation requirements.

Participation criteria and requirements

C.18.1.1: What are the FMI's criteria and requirements for participation (such as operational, financial and legal requirements)?

Participants of the first level of participation (Clearing and Settlement Agents) require prior registration in the CNV.

All requirements to be accepted as Participants are published on the public website. Argentina Clearing has written procedures to ensure fair and open access, with no differential treatment. The level of requirements demanded from the participants (operational, financial, legal, etc.) is based on their category as Participant.

The website details the following:

- Before making a decision in this regard, it is recommended to read the current regulations in detail, in order to know the scope and requirements of each available category.
- In addition, you can ask for advice from the Customer Service area, by writing to atencionalcliente@argentinaclearing.com.ar
- Legal entities that wish to start operating as Clearing and Settlement Agents (Clearing and Settlement Agents) must comply with certain prior steps, which can be summarized as follows:
 - 1) Register as an Agent before the National Securities Commission (CNV), with any of the existing categories. To learn more about these categories, their requirements and their scope, please go to <http://www.cnv.gob.ar/web/>
 - 2) Be registered with ROFEX and Argentina Clearing, presenting the documentation available on the web.

C.18.1.2: How do these criteria and requirements allow for fair and open access to the FMI's services, including by direct and, where relevant, indirect participants and other FMIs, based on reasonable risk-related participation requirements?

See question 18.1.1.

The ROFEX Group has historically been at the forefront of markets in Argentina in regard to equitable and open access. Prior to the imposition of the demutualization of the markets, provided in Capital Markets Law 26,831, since 2006 ROFEX has not required the status of shareholder in order to be able to operate.

Access to trade repositories

C.18.1.3 : For a TR, how do the terms of access for use of its services help ensure that competition and innovation in post-trade processing are not impaired? How are these terms designed to support interconnectivity with other FMIs and service providers, where requested?

Not applicable.

Key consideration 2: An FMI's participation requirements should be justified in terms of the safety and efficiency of the FMI and the markets it serves, be tailored to and commensurate with the FMI's specific risks, and be publicly disclosed. Subject to maintaining acceptable risk control standards, an FMI should endeavor to set requirements that have the least-restrictive impact on access that circumstances permit.

C.18.2.1 : How are the participation requirements for the FMI justified in terms of the safety and efficiency of the FMI and its role in the markets it serves, and tailored to and commensurate with the FMI's specific risks?

The requirements to be admitted are justified in terms of safety and efficiency for each Participant category, in accordance with their scope or the service provided. Requirements for Initial Guarantees, Net Equity (in addition to those of the CNV), Liquidity, Operations, Suitability, Technology, etc. are defined.

C.18.2.2 : Are there participation requirements that are not risk-based but required by law or regulation? If so, what are these requirements?

Legal entities who wish to start operating as Clearing and Settlement Agents must register as an Agent before the CNV, in one of the existing categories. To learn more about these categories, their requirements and their scope, please go to <http://www.cnv.gob.ar/web/>

C.18.2.3 : Are all classes of participants subject to the same access criteria? If not, what is the rationale for the different criteria (for example, size or type of activity, additional requirements for participants that act on behalf of third parties, and additional requirements for participants that are non-regulated entities)?

Different Participant categories were defined, with different access requirements, depending on the scope of the operation and services provided by Argentina Clearing.

Least restrictive access

C.18.2.4 : How are the access restrictions and requirements reviewed to ensure that they have the least restrictive access that circumstances permit, consistent with maintaining acceptable risk controls? How frequently is this review conducted?

The Argentina Clearing Board of Directors is responsible for ensuring that the access requirements have the least possible restrictive impact.

Disclosure of criteria

C.18.2.5 : How are participation criteria, including restrictions in participation, publicly disclosed?

All Argentina Clearing regulations, including access regulations, are published on the public website under Notices, Communications and Instructions.

Key consideration 3: An FMI should monitor compliance with its participation requirements on an ongoing basis and have clearly defined and publicly disclosed procedures for facilitating the suspension and orderly exit of a participant that breaches, or no longer meets, the participation requirements.

Monitoring compliance

C.18.3.1 : How does the FMI monitor its participants' ongoing compliance with the access criteria? How are the FMI's policies designed to ensure that the information it uses to monitor compliance with participation criteria is timely and accurate?

At least once a year, each authorized Clearing and Settlement Agent is audited according to the Audit Plan approved by the CNV.

In addition, on a daily, weekly or monthly basis, as appropriate, the internal areas of Argentina Clearing monitor operational, risk and legal requirements, according to the category of the Participant. Failure to correct irregularities in the terms established by Argentina Clearing may result in the suspension or loss of the status of the Participant and this status will be communicated to the CNV, in order to evaluate the possible imposition of a penalty. However, the Participants must report any change that affects the fulfillment of a requirement.

C.18.3.2 : What are the FMI's policies for conducting enhanced surveillance of, or imposing additional controls on, a participant whose risk profile deteriorates?

If the risk controls carried out by each area detect the deterioration of a profile, additional controls may be imposed or additional requirements may be requested until the situation is regularized.

Suspension and orderly exit

C.18.3.3 : What are the FMI's procedures for managing the suspension and orderly exit of a participant that breaches, or no longer meets, the participation requirements?

Those Participants who violate or fail to comply with mandatory participation requirements are subject to a discussion by the Supervision and Control Committee, which will propose actions to be followed and must be ratified by the Board.

The Internal Regulation establishes the preventive measures that can be taken by Argentina Clearing.

The final decision regarding a Participant is notified to the CNV.

C.18.3.4 : How are the FMI's procedures for managing the suspension and orderly exit of a participant disclosed to the public?

See question C.18.3.3.

2.19. Principle 19: Tiered participation arrangements

An FMI should identify, monitor, and manage the material risks to the FMI arising from tiered participation arrangements.

Assessment: **Compliant.**

Key Consideration 1: An FMI should ensure that its rules, procedures, and agreements allow it to gather basic information about indirect participation in order to identify, monitor, and manage any material risks to the FMI arising from such tiered participation arrangements.

Tiered participation arrangements

C.19.1.1 : Does the FMI have any tiered participation arrangements? If so, describe these arrangements.

Argentina Clearing has direct participation agreements with the Clearing and Settlement Agents and interconnected markets. In addition, it maintains levels of indirect participation with Negotiating Agents, interconnected Agents (originating from other markets), Special Settlement Accounts (CEL) and the customers of the Participants.

According to the level of participation, Argentina Clearing demands compliance with solvency and liquidity requirements in order to act as such.

C.19.1.2 : How does the FMI gather basic information about indirect participation? Which information is collected and how frequently is it updated?

Each indirect Participant has minimum information requirements that must be accredited to Argentina Clearing or the Clearing and Settlement Agent, as applicable.

The requirements and frequency of updating are established in the Internal Rules applicable to each category.

Risks to the FMI

C.19.1.3 : How does the FMI evaluate its risks arising from these arrangements?

The Risk Committee is responsible for evaluating the risks assumed by the participation mechanisms.

C.19.1.4 : What material risks to the FMI arising from tiered participation arrangements has the FMI identified? How has it mitigated these risks?

The following risks have been identified:

- Credit and liquidity risks of the CELs, and of the Clearing and Settlement Agents, which are jointly and severally liable for their clients.
This risk is mitigated by requesting minimum equity, minimum liquid guarantees and liquidity agreements.
- Pre-trade risks

This risk is mitigated by requiring the Clearing and Settlement Agents to permit their customers (Indirect Participants) to operate via DMA, which have pre-trade risk management tools.

- Post-trade risks

This risk is mitigated by requiring Clearing and Settlement Agents to have a control panel to monitor the risk of each customer account in real time.

- Risk of Default

Clearing and Settlement Agents are required to have a policy in place for different scenarios and/or types of default.

Key consideration 2: An FMI should identify material dependencies between direct and indirect participants that might affect the FMI.

C.19.2.1: How does the FMI identify material dependencies between direct and indirect participants that might affect the FMI?

Argentina Clearing identifies and classifies the different indirect participants through their categorization by levels of operation and the market access mechanisms.

Key consideration 3: An FMI should identify indirect participants responsible for a significant proportion of transactions processed by the FMI and indirect participants whose transaction volumes or values are large relative to the capacity of the direct participants through which they access the FMI in order to manage the risks arising from these transactions.

C.19.3.1 : Has the FMI identified (a) the proportion of activity that each direct participant conducts on behalf of indirect participants in relation to the direct participants' capacity, (b) direct participants that act on behalf of a material number of indirect participants, (c) indirect participants responsible for a significant proportion of turnover in the system, and (d) indirect participants whose transaction volumes or values are large relative to the capacity of the direct participant through which they access the FMI to manage risks arising from these transactions?

On a weekly basis, Argentina Clearing analyzes the composition of the open interest of the market identifying the proportion of each indirect participant with respect to its direct participant. In this manner, the significant indirect participants are detected, in order to promote their direct participation (or indirect participation through a Special Settlement Account).

C.19.3.2 : What risks to the FMI arise, and how does the FMI manage these risks arising from key indirect participants?

See questions C.19.1.4 and C.19.3.1.

Key consideration 4: An FMI should regularly review risks arising from tiered participation arrangements and should take mitigating action when appropriate.

C.19.4.1 : What are the FMI's policies for reviewing its rules and procedures in order to mitigate risks to the FMI arising from tiered participation?

How frequently is this review conducted?

The company attempts to identify risks arising from tiered participation through the weekly analysis of the composition of the open interest of the market and the results generated by each participant (direct and indirect).

According to the level of participation, Argentina Clearing demands compliance with credit and liquidity requirements in order to act as such.

C.19.4.2 : What criteria does the FMI use to determine when mitigating actions are required? How does the FMI monitor and mitigate its risks?

See question C.19.1.3.

In addition, Risk Management may demand additional requirements when it deems necessary.

2.20. Principle 20: FMI Links

An FMI that establishes a link with one or more FMIs should identify, monitor, and manage link-related risks.

Assessment: **Compliant.**

Key Consideration 1: Before entering into a link arrangement and on an ongoing basis once the link is established, an FMI should identify, monitor, and manage all potential sources of risk arising from the link arrangement. Link arrangements should be designed such that each FMI is able to observe the other principles in this report.

C.20.1.1 : What process is used to identify potential sources of risk (such as, legal, credit, liquidity, custody and operational risks) arising from prospective links? How does this affect the FMI's decision whether to establish the link?

Currently, Argentina Clearing maintains links with the following FMIs: Mercado Abierto Electrónico S.A. (MAE), Mercado Argentino de Valores S.A. (MAV) and Mercado a Término de Buenos Aires S.A. (MATBA).

In establishing a new link, all areas involved work together to analyze the specific characteristics of the products negotiated, their operations, risk systems and settlement mechanisms and legal structure of the collateral used by the other FMIs. In turn, the existing links are periodically surveyed in order to mitigate risks in the best manner and to comply with best practices.

Operations are segregated at the market level.

In the same manner, collateral is segregated at the interconnected market level. Argentina Clearing establishes its rules so that in the event of any failure in the settlement processes or systems administered by the interconnected market, Argentina Clearing will not assume any responsibility for that event nor for the implementation of the contingency procedures of said Market.

In regard to liquidity, Argentina Clearing coordinates settlement schedules with each interconnected market, so as not to affect the settlements.

Areas of improvement detected:

- Shared information, shared audits and periodic reports.
- Controls to prevent money laundering and the financing of terrorism (PLAFT).
- Shared risk management (methodologies, operational limits, etc.). Shared risk management could benefit the Interconnected Agents, both in the increase of their operative limits and the reduction of costs for efficiency in the management of the guarantees.
- Promote a joint notification procedure for operational contingencies, to provide information to the other Market in relation to, for example, power outages, etc.

C.20.1.2 : What links have been established with other FMIs? How does the FMI identify, monitor and manage the risks arising from an established link on an ongoing basis?

See question C.20.1.1.

In addition, links are continuously monitored in order to detect errors, potential risks, improvement opportunities and compliance with the IOSCO Principles.

C.20.1.3 : How does the FMI ensure that link arrangements are designed so that it is able to remain observant of the other principles? How frequently is this analysis conducted?

See question C.20.1.2.

Key consideration 2: A link should have a well-founded legal basis, in all relevant jurisdictions, that supports its design and provides adequate protection to the FMIs involved in the link.

C.20.2.1 : In which jurisdictions has the FMI established links? What are the relevant legal frameworks supporting the established links?

The links agreed by Argentina Clearing are entirely governed by the jurisdiction of Argentina. Regular routine checks and those carried out prior to the renewals of the existing links allow for the continuous monitoring of their suitability in regard to the current regulations.

Areas of improvement detected:

In some links, a settlement and compensation process has not been completed under equal conditions for Rofex agents that operate at other FMIs, as established in article 2, Chapter III, Title VI of the Orderly Text.

C.20.2.2 : How does the FMI ensure that its links have a well-founded legal basis that support its design and provide it with adequate protection in all relevant jurisdictions? How does the FMI ensure that such protections are maintained over time?

See question C.20.2.1.

Key consideration 3: does not apply to CCP/TR

Key consideration 4: does not apply to CCP/TR

Key consideration 5: does not apply to CCP/TR

Key consideration 6: does not apply to CCP/TR

Key consideration 7: Before entering into a link with another CCP, a CCP should identify and manage the potential spill-over effects from the default of the linked CCP. If a link has three or more CCPs, each CCP should identify, assess, and manage the risks of the collective link arrangement.

Linked CCP default

C.20.7.1 : Prior to establishing any links, what analysis was undertaken by the CCP to identify and assess the spillover effects of a linked CCP's default?

The spillover effects from the default of a linked FMI are identified prior to the formalization of the link, as detailed in question C.20.1.1, in order to mitigate eventual spillover effects that may arise. In addition, the Risk Committee is in charge of managing the risk monitoring of the links.

C.20.7.2 : How does the CCP manage any identified spillover effects of a linked CCP's default?

The following areas of improvement are detected in regard to this question:

The risk of possible spillover effects could be identified and mitigated more efficiently if it were possible to complement the information collected by transactions cleared, settled and guaranteed by Argentina Clearing, in its role as CCP, with those compensated and settled by interconnected markets.

Collective link arrangements (three or more CCPs)

C.20.7.3 : Prior to establishing any links, what analysis was conducted by the CCP to identify and assess the potential spillover effects of a link arrangement involving three or more CCPs?

Argentina Clearing does not have any collective link arrangements (three or more CCPs).

C.20.7.4 : In the case of collective link arrangements, what processes are in place for the CCP to identify, assess and manage risks arising from the collective link arrangement? In the case of links between CCPs, is there a clear definition of the respective rights and obligations of the different CCPs?

Argentina Clearing does not have any collective link arrangements (three or more CCPs).

Key consideration 8: Each CCP in a CCP link arrangement should be able to cover, at least on a daily basis, its current and potential future exposures to the linked CCP and its participants, if any, fully with a high degree of confidence without reducing the CCP's ability to fulfill its obligations to its own participants at any time.

Exposures and coverage of exposures

C.20.8.1 : What processes are in place to measure, monitor and manage inter-CCP exposures?

Argentina Clearing establishes in its link regulations that in the event of any failure in the processes or settlement systems administered by the CCP with which a link is maintained, Argentina Clearing will not assume any responsibility for that event or for the implementation of said CCP's contingency procedures.

C.20.8.2 : How does the CCP ensure, on an ongoing basis, that it can cover its current exposure fully?

See question C.20.8.1.

C.20.8.3 : How does the CCP ensure that it covers its potential future exposure with a high degree of confidence, without reducing its ability to fulfill its own obligations? See question C.20.8.1.

Management of Risks

C.20.8.4 : What arrangements do the linked CCPs have in place to manage the risks arising from the link (such as a separate default fund, increased margin requirements or contributions to each other's default funds)?

Argentina Clearing does not guarantee linked transactions; therefore it does not require additional guarantees.

C.20.8.5 : If the CCPs contribute to each other's default funds, how is it ensured that the contribution to another CCP's default fund does not affect the ability of the CCP to fulfill its obligations to its own participants at any time?

Argentina Clearing is the only CCP that has established a default fund for the operations it guarantees, therefore, it does not contribute to any other fund.

Information provided to participants

C.20.8.6 : How do the linked CCPs ensure that participants are informed about their exposures to the potential sharing of uncovered losses and uncovered liquidity shortfalls from the link arrangement?

See question C.20.8.5.

Key consideration 9: A TR should carefully assess the additional operational risks related to its links to ensure the scalability and reliability of IT and related resources.

C.20.9.1: How does the TR ensure the scalability and reliability of its IT and related resources to take into account the additional operational risks associated with a link to another FMI? How frequently does the TR validate the adequacy of its scalability and reliability?

Not applicable.

2.21. Principle 21: Efficiency and effectiveness.

An FMI should be efficient and effective in meeting the requirements of its participants and the markets it serves.

Assessment: **Compliant.**

Key Consideration 1: An FMI should be designed to meet the needs of its participants and the markets it serves, in particular, with regard to choice of a clearing and settlement arrangement; operating structure; scope of products cleared, settled, or recorded; and use of technology and procedures.

C.21.1.1: How does the FMI determine whether its design (including its clearing and settlement arrangement, its operating structure, its delivery systems and technologies, and its individual services and products) is taking into account the needs of its participants and the markets it serves?

Given that the functions and services provided by Argentina Clearing are fundamentally based on technology, its operations require a high level of interaction and coordination with Primary S.A., a company of the ROFEX Group, which has become a key and differentiated factor that allows us to provide efficient processes and secure and open platforms to interconnect with customers, other markets, ISV, Securities Depositories, etc. The ROFEX Group has its Customer Service area that seeks transparency in the daily management process with the Participants in order to further guide the business strategy towards a level of total customer satisfaction. Customer satisfaction is continuously monitored through feedback obtained through annual meetings with each customer, among other sources. The quality of service is our main commitment to our customers. It is the fundamental reason we can sustain the business in the long term, becoming the leading choice of our current customers and the only clearing house in Argentina. This vision has been embodied in concrete initiatives, which seek to directly or indirectly impact customer satisfaction, such as important advances in technology and new systems, the extranet service, web services queries, APIs, a new website, an outstanding Customer Service team, talks, meetings, webinars and training programs.

Argentina Clearing has its Compliance area, which good business practices among the Participants as a competitive advantage, and works with the Participants to proactively ensure that the Argentina Clearing regulatory demands are clear in order to prevent defaults. The company also seeks their feedback. The integrity approach is based on a concept of conduct that goes beyond what is required by the Standards and that achieves compliance "through the conviction" of the Participants.

Argentina Clearing has identified as its main asset (although not on its financial statements), its "Human Capital", which has given and will provide more than enough evidence of its high value. It is in the most important moments of crisis and opportunities

when the cited attitudes and aptitudes emerge, signs of maturity and unity that are difficult to find in organizations.

It highlights the proactivity of people in being attentive to all advances, innovations, new practices, regulations, etc. that may impact on daily tasks or may bring about new opportunities. In addition, the company seeks to participate actively in Associations or related Organizations that deal with the dissemination and promotion of best practices.

C.21.1.2 : How does the FMI determine whether it is meeting the requirements and needs of its participants and other users and continues to meet those requirements as they change (for example, through the use of feedback mechanisms)?

See question C.21.1.1.

Key consideration 2: An FMI should have clearly defined goals and objectives that are measurable and achievable, such as in the areas of minimum service levels, risk management expectations, and business priorities.

C.21.2.1 : What are the FMI's goals and objectives as far as the effectiveness of its operations is concerned?

Although compliance with the IOSCO Principles was not mandatory prior to the validity of the LMC, Argentina Clearing maintains the policy of aligning with international standards. Every year, the ROFEX Group issues its Business Plan, which is approved by the Board. This Plan analyzes the international and national context, new trends and best practices, and updates information on the companies in regard to structure, clients, operational and financial data and its management team.

The Argentina Clearing Business Plan includes:

1. Strategies by business lines: Clearing of Negotiable Securities, Clearing of OTC products, Custody of Negotiable Securities, Other related services.
2. Corporate plan, which incorporates the Company area strategies with clearly measurable and achievable goals and objectives.

C.21.2.2 : How does the FMI ensure that it has clearly defined goals and objectives that are measurable and achievable?

Each area establishes objectives and operational indicators and their form of monthly measurement. The objectives are included in the Business Plan, measured annually and reformulated if applicable.

The indicators are subject to review in each area and reformulated if applicable. The Quality area issues the Report to Management with the results obtained.

C.21.2.3 : To what extent have the goals and objectives been achieved? What mechanisms does the FMI have to measure and assess this?

See questions C.21.2.2.

Key consideration 3: An FMI should have established mechanisms for the regular review of its efficiency and effectiveness.

C.21.3.1 : What processes and metrics does the FMI use to evaluate its efficiency and effectiveness?

The ROFEX Group has mechanisms for measuring and periodically reviewing compliance with its rules, procedures, objectives and goals, namely:

- Annual review of the Business Plan.
- Annual External Audit of the Quality Management System.
- Annual Internal Audit on the Prevention of Money Laundering and the Financing of Terrorism.
- Annual Audit on Information Security.
- Annual audit on protection of personal data.
- Annual Risk Audit.

C.21.3.2 : How frequently does the FMI evaluate its efficiency and effectiveness?

See question C.21.3.1.

2.22. Principle 22: Communication procedures and standards

An FMI should use, or at a minimum accommodate, relevant internationally accepted communication procedures and standards in order to facilitate efficient payment, clearing, settlement, and recording.

Assessment: Compliant.

Key Consideration 1: An FMI should use, or at a minimum accommodate, internationally accepted communication procedures and standards.

Communication procedures

C.22.1.1 : Does the FMI use an internationally accepted communications procedure and, if so, which one(s)? If not, how does the FMI accommodate internationally accepted communication procedures?

For its backoffice interface (API BO), Argentina Clearing uses a standard interface based on SOAP (See Principle 23).

Argentina Clearing has a backoffice API based on the FIX/ISO 15022 standard (commercially known as SWIFT).

Argentina Clearing is connected to the SWIFT network and is currently integrating this protocol with its backoffice platform.

C.22.1.2 : If the FMI engages in cross-border operations, how do the FMI's operational procedures, processes and systems use or otherwise accommodate internationally accepted communication procedures for cross-border operations?

Cross-border transfers are made through the banking portals of the entities where we have an account abroad (non-standard method), which are also processed by SWIFT.

Communication standards

C.22.1.3 : Does the FMI use an internationally accepted communications standard and, if so, which one(s)? If not, how does the FMI accommodate internationally accepted communication standards?

Argentina Clearing has a backoffice API based on the FIX/ISO 15022 standard (commercially known as SWIFT).

Argentina Clearing is connected to the SWIFT network and is currently integrating this protocol with its backoffice platform.

C.22.1.4 : If the FMI engages in cross-border operations, how do the FMI's operational procedures, processes and systems use or otherwise accommodate internationally accepted communication standards for cross-border operations?

We use the tools provided by the Banks where we have accounts abroad for cross-border operations.

C.22.1.5 : If no international standard is used, how does the FMI accommodate systems that translate or convert message format and data from international standards into the domestic equivalent and vice versa?

We use the tools provided by the Banks where we have accounts abroad for cross-border operations, which in turn perform the corresponding translation.

2.23. Principle 23: Disclosure of rules, key procedures, and market data

An FMI should have clear and comprehensive rules and procedures and should provide sufficient information to enable participants to have an accurate understanding of the risks, fees, and other material costs they incur by participating in the FMI. All relevant rules and key procedures should be publicly disclosed.

Assessment: **Compliant.**

Key Consideration 1: An FMI should adopt clear and comprehensive rules and procedures that are fully disclosed to participants. Relevant rules and key procedures should also be publicly disclosed.

Rules and procedures

C.23.1.1 : What documents comprise the FMI's rules and procedures? How are these documents disclosed to participants?

The ROFEX Group defines its rules in its Statutes, Internal Regulations, Instructions, Manuals, Notices, Communications and Launch Guidelines, which are available on the public website. In addition, any modifications made to these Rules are adequately disseminated via notifications to Participants through the Customer Service area that handles all inquiries received.

In this manner, the Participants can evaluate the risks to which they are exposed.

C.23.1.2 : How does the FMI determine that its rules and procedures are clear and comprehensive?

The drafting and modification of the Internal Rules are proposed by the respective areas and put to review by all areas involved to ensure their integrity and clarity in the communication.

Disclosure

C.23.1.3 : What information do the FMI's rules and procedures contain on the procedures it will follow in non-routine, though foreseeable, events?

The rules and procedures of the ROFEX Group consider the possible occurrence of non-routine and foreseeable events, anticipating courses of action in this regard.

C.23.1.4 : How and to whom does the FMI disclose the processes it follows for changing its rules and procedures?

The processes to change the rules and procedures of the FMI are available through the quality management system available internally for all officers.

C.23.1.5 : How does the FMI disclose relevant rules and key procedures to the public?

The ROFEX Group publicly publishes the relevant rules and main procedures through its website. In addition, as already cited, the Customer Service Area formally provides via e-mail any notices, communications, alterations in services, implementation dates, new operations, product launches, regulatory changes, etc. so that the Participants can take the necessary measures in their systems and procedures. The area also plans talks and meetings and any other approaches to the Participants.

Key consideration 2: An FMI should disclose clear descriptions of the system's design and operations, as well as the FMI's and participants' rights and obligations, so that participants can assess the risks they would incur by participating in the FMI.

C.23.2.1 : What documents comprise information about the system's design and operations? How and to whom does the FMI disclose the system's design and operations? Information on the design and operations of the system are communicated through Operating Instructions and Manuals and disclosed on the website.

C.23.2.2 : How and to whom does the FMI disclose the degree of discretion it can exercise over key decisions that directly affect the operation of the system?

The Internal Rules published on the official website contemplate situations in which emergency measures may be applied.

C.23.2.3 : What information does the FMI provide to its participants about their rights, obligations and risks incurred through participation in the FMI?

The Argentina Clearing Participants have access to information about their rights and obligations, which are defined in the Internal Regulations and published on the website and which, in addition, the Participants declare they know and accept them on the application for registration. In turn, the Instructions, if applicable, include the risks that the operations entail for the Participants. In regard to the Customers, the rights, obligations and associated risks are defined in the Customer Account Opening Agreement.

Key consideration 3: An FMI should provide all necessary and appropriate documentation and training to facilitate participants' understanding of the FMI's rules and procedures and the risks they face from participating in the FMI.

C.23.3.1 : How does the FMI facilitate its participants' understanding of the FMI's rules, procedures and the risks associated with participating?

Participants registered in Argentina Clearing must declare their contact persons, by function, which are taken as the internal references for consultations, inconsistencies or defaults in relation to the area for which they are responsible. They must have a formal approach to the rules and procedures corresponding to the areas for which they are responsible, and if applicable, must have the suitability required by current regulations. On the other hand, their suitability can be acquired through participation in various activities: Inductions, participation in lectures or webinars, participation in courses or programs, consultations or meetings with the Customer Service area.

The ROFEX Group has its Customer Service area that seeks transparency in the daily management process with the Participants in order to further guide the business strategy towards a level of total customer satisfaction. The satisfaction of the Participants is continuously monitored.

Argentina Clearing has its Compliance area, which good business practices among the Participants as a competitive advantage, and works with them to proactively ensure that the Argentina Clearing regulatory demands are clear in order to prevent defaults. This objective is achieved by making the area more accessible to the Participants. The integrity approach is based on a concept of conduct that goes beyond what is required by the Standards and that achieves compliance "through the conviction" of the Participants.

C.23.3.2 : Is there evidence that the means described above enable participants' understanding of the FMI's rules, procedures and the risks they face from participating in the FMI?

Feedback from the Participants allows us to measure their understanding of the rules and procedures. In some cases, it has helped us to improve them, which is why our approach to our Clients is so important.

C.23.3.3 : In the event that the FMI identifies a participant whose behavior demonstrates a lack of understanding of the FMI's rules, procedures and the risks of participation, what remedial actions are taken by the FMI?

Risk mitigation actions are reinforced with critical Participants who present irregularities in regard to their compliance with the norms and procedures, via meetings, training, etc., depending on the case.

In some roles, suitability certifications are requested.

The Participants are audited annually in order to verify their ability to apply the rules and procedures.

Key consideration 4: An FMI should publicly disclose its fees at the level of individual services it offers as well as its policies on any available discounts. The FMI should provide clear descriptions of priced services for comparability purposes.

C.23.4.1 : Does the FMI publicly disclose its fees at the level of its individual services and policies on any available discounts? How is this information disclosed?

Argentina Clearing publishes the current clearing rights policy through its Communications section. In the event of a change, the new rights are communicated with proper notice so that the Participants can make their decisions.

For the purposes of easy interpretation by users, all the ROFEX and Argentina Clearing fees can be consulted on the website at the following link:

http://www.rofex.com.ar/productos/derecho_registro/

C.23.4.2 : How does the FMI notify participants and the public, on a timely basis, of changes to services and fees?

See question C.23.4.1.

C.23.4.3 : Does the FMI provide a description of its priced services? Do these descriptions allow for comparison across similar FMIs?

See question C.23.4.1.

C.23.4.4 : Does the FMI disclose information on its technology and communication procedures, or any other factors that affect the costs of operating the FMI?

See question C.23.4.1.

Key consideration 5: An FMI should complete regularly and disclose publicly responses to the CPSS-IOSCO disclosure framework for financial market infrastructures. An FMI also should, at a minimum, disclose basic data on transaction volumes and values.

C.23.5.1 : When did the FMI last complete the CPSS-IOSCO Disclosure framework for financial market infrastructures? How frequently is it updated? Is it updated following material changes to the FMI and its environment and, at a minimum, every two years?

Although compliance with the IOSCO Principles was not mandatory prior to the validity of the LMC, Argentina Clearing maintains the policy of aligning with international standards. In addition, the last self-assessment was presented to the CNV on June 30, 2017.

C.23.5.2 : What quantitative information does the FMI disclose to the public? How often is this information updated?

On its website, Argentina Clearing publishes the composition and valuation of its safeguard system every month:

- Funds in Participants' Guarantee (monthly)
<http://www.argentinaclearing.com.ar/riesgo/salvaguarda/>
- Special fund established by Law, Art. 45 of Law 26,831 (quarterly)
http://www.argentinaclearing.com.ar/institucional/estados_financieros/
- Financial information of Argentina Clearing (quarterly)
http://www.argentinaclearing.com.ar/institucional/estados_financieros/

C.23.5.3 : What other information does the FMI disclose to the public?

Argentina Clearing uses two interfaces for its communications with Participants (private information):

- AnywherePortfolio (Extranet): The AP interface is oriented to the "homebanking" communications with the Participant, providing as much information as possible, including: Operations, Intraday Operations, Portfolios, Balances of operating accounts, Guarantees, Receipts, Increases, Trial Balances, etc.

- API BO

Argentina Clearing provides its members with an interface called PrimaryAPI BO. The API BO interface allows to participants to connect their backoffice systems to the Counterparty System using the REST and JSON standard.

This service is aligned with the provisions of RG 702 of the CNV (Post-trade Protocol ISO 15022)

The API provides relevant information on the Participant in the Clearing House to automatically incorporate all transactions made in ROFEX and Interconnected Markets into their internal backoffice systems, as well as clearances and settlements through the ACSA.

For more information, consult the API BO Manual which details the information provided and the functionality covered by this API, with clear examples and recommendations for implementation.

In addition, the public information in relation to the volumes of business and the open interest is available at the Market Statistics Center (CEM):

<http://www.rofex.com.ar/cem/FyO.aspx>

C.23.5.4 : How does the FMI disclose this information to the public? In which language(s) are the disclosures provided?

Both the website and the Extranet (for Participant use) are available in Spanish and in English.

2.24. Principle 24: Disclosure of market data by trade repositories

A TR should provide timely and accurate data to relevant authorities and the public in line with their respective needs.

Assessment: Compliant.

General Resolution 775 of the CNV, relating to the Registry of Derivatives Operations, regulates the matter under analysis.

Key Consideration 1: A TR should provide data in line with regulatory and industry expectations to relevant authorities and the public, respectively, that is comprehensive and at a level of detail sufficient to enhance market transparency and support other public policy objectives.

C.24.1.1 : What data are made available by the TR to the relevant authorities and to the public?

Monthly, through its access to the Financial Information Highway, Argentina Clearing provides the CNV with information regarding the date, CUIT/CUIL/LEI of the intervening parties, indication of buyer/seller, type of contract, underlying asset, nominal value, settlement currency, amount, term, expiration date and applicable jurisdiction.

It should be clarified at this point that, upon request, Argentina Clearing provides the regulator with all information, including: types of registered derivative contracts, their nominal value, negotiation and settlement currencies, due dates, registration date and negotiation.

C.24.1.2 : How does the TR ensure that its disclosures of data effectively meet the needs of the relevant authorities and the public?

Argentina Clearing verifies this point by informing the CNV (its regulator) of the operative data with the frequency established in the regulations and using the designated reporting methods.

Key consideration 2: A TR should have effective processes and procedures to provide data to relevant authorities in a timely and appropriate manner to enable them to meet their respective regulatory mandates and legal responsibilities.

C.24.2.1 : What processes and procedures does the TR use to provide data to relevant authorities in a timely and appropriate manner to enable them to meet their respective regulatory mandates and legal responsibilities?

The Argentina Clearing processes and procedures in relation to the OTC regulations, are incorporated in:

- The Internal Regulations that provide for OTC operations.

- The OTC Manual that defines the rules and specific aspects related to the registration, valuation, settlement and guarantee of OTC Operations.
- The OTC Instructions that regulates the operative aspects related to the registration, valuation, settlement and guarantee of OTC Operations established in the Argentina Clearing OTC Manual.

C.24.2.2 : How does the TR ensure that this provision of data to relevant authorities is supported from a legal, procedural, operational and technological perspective?

After the 2008 crisis, in both the United States and in Europe, it became evident that regulatory systems needed an infrastructure to register and control operations in order to provide markets with greater transparency, especially the Over the Counter (OTC) markets. With the aim of improving transparency and mitigating systemic risk, in 2009, the G-20 agreed to the creation of the Financial Stability Board (FSB), whose function is to be a promoter of international financial stability through supervision and by issuing recommendations, seeking coordination between the regulations issued by the different national financial authorities and international standards bodies such as IOSCO, BIS, etc. As part of its commitment to the reform of the OTC derivatives market, the FSB imposed the obligation to register all OTC derivatives with specific entities (Trade Repositories). Likewise, it aims to achieve greater standardization and execute the settlements through CCPs whenever possible. This mandate has been incorporated into the legislation of the G20 countries. Therefore, the regulatory bodies with the greatest global impact are the following:

- o EMIR (Europe)
- o Dodd-Frank Act (United States).

Argentina Clearing aligned its procedures with the respective international guiding principles and regulations.

Key consideration 3: A TR should have robust information systems that provide accurate current and historical data. Data should be provided in a timely manner and in a format that permits it to be easily analyzed.

C.24.3.1 : How does the TR ensure that data remain accurate?

Argentina Clearing has an Extranet service through which Participants enter operations and obtain Operations and Valuation Registry reports. The veracity and certainty of the information registered in the computer systems used for this purpose are achieved through the implementation of strict IT security policies.

The format used for the registration of transactions is based on the schemes applied for the transactions carried out in formalized markets, taking the best practices as guidelines.

C.24.3.2 : How does the TR ensure that data and other relevant information are provided in a format that is generally accessible, comparable and easily analyzed?

See question C.24.3.1.