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Banco Central de la República Argentina
Vicepresidente

Buenos Aires, 15 JUL 2014

Mr. Mark Carney
Chair of the Financial Stability Board
CH-4002 Basel
Switzerland

Dear Mr. Carney,

In order to respond to your request for information on our ability to defer to other authorities in the field of OTC derivatives markets, we carefully considered our law and regulation to determine to what extent and under what circumstances such a procedure is admissible within our legal framework and, above all, if it responds to the characteristics and priorities of our markets.

To put our conclusion into context, it is important to remember –as we expressed in previous responses to the FSB– that most of the derivatives activity consists of standardized instruments traded, cleared, and settled through regulated systems supervised by our National Securities Commission (CNV). Furthermore, our OTC derivatives market is small and almost exclusively domestic in nature, since there are few records of cross-border transactions, which are not significant in volume and amount. On this basis, we see little opportunity for duplications, gaps or conflicts in the regulatory requirements applicable to our relatively simple and almost hundred percent local transactions and even less for the building of systemic, cross-border risk.

Should cooperation be needed, our legal system enables the BCRA and the CNV to share information and to coordinate actions with respect to the entities under their supervision, according to the current terms and conditions of the Memoranda of Understanding; a capacity that also encompasses the information about transactions traded on, or reported to, electronic trading platforms, clearing houses and repositories. Our framework for OTC derivatives is still in the implementation stage, which means that further details are needed in some important areas such as trade reporting and central clearing. Until the regulatory process has been completed, it will be difficult to determine if our legislation is comparable or equivalent to other regimes.

We believe that the effects of any mechanism that leads a supervisor to defer to another jurisdiction's regulatory framework or to the competence of a foreign authority must be carefully assessed before being implemented since its

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consequences may turn out to be of relevance. Our conclusion is that, at present, we do not have the ability to defer to other jurisdictions' regulatory regimes, mainly because of the reasons described above. It is also relevant to mention that we share the G20 and FSB's views on the importance of consistency, transparency and coordination among supervisors to resolve cross-border issues. Therefore, we think that an acceptable way forward for jurisdictions with less developed OTC markets and infrastructures is to allow for experience to be gained by the authorities of more complex markets in their joint effort to establish rules with similar outcomes and clear processes to defer to other regimes. We are also confident in the support from the FSB and standard setting bodies to achieve coordination and cooperation among jurisdictions with due regard to each other's interests and responsibilities.

Yours sincerely,

A handwritten signature in black ink, consisting of a large, sweeping initial 'M' followed by several vertical strokes and a large, rounded flourish at the end.

MIGUEL ANGEL PESCE
VICEPRESIDENTE