

THE BUENOS AIRES SECURITIES MARKET



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Ernesto Allaria
TREASURER DIRECTOR

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The Buenos Aires Securities Market

- A corporation (*sociedad anónima*) founded in 1929.
- Stock capital composed of 183 shares listed on the Buenos Aires stock exchange.
- In charge of settling and securing stock market transactions.
- Central counterparty.

MAIN FUNCTIONS



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- Trading
- Settlement
- Securing
- Monitoring
- Central Counterparty
- Risk oversight and management
- Rule-issuing authority (a self-regulated entity)
- Brokerage firms auditor
- Disciplinary authority.

CENTRAL COUNTERPARTY TASKS AND FEATURES



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- To standardize and automate the capture of transactions and post-transaction processing.
- To create a “**golden register**” for each transaction.
- To issue a standard set of trading conditions so that legal risk is minimized.
- To provide sound systems of payment
- To keep confidentiality after completion of transaction.

CENTRAL COUNTERPARTY

(Continuation)



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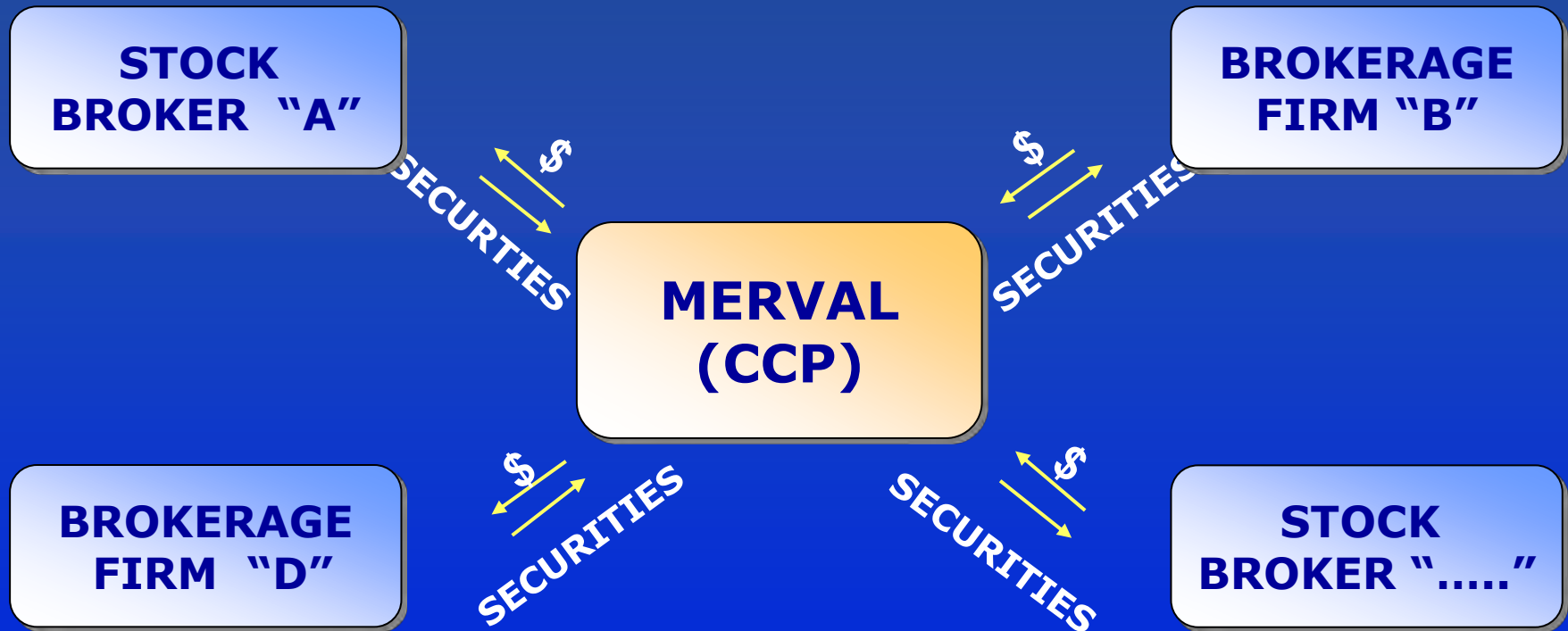
- To net payments and settlements
- To mitigate a counterparty's credit risk and facilitate multilateral exposure netting
- To render counterparty's risk analysis unnecessary
- To act until the transaction expires.
- It is subject to effective and transparent regulations and supervision
- **Member of CCP12**

GUARANTEE OF TRANSACTION SETTLEMENTS



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Multilateral Offsetting – Netting

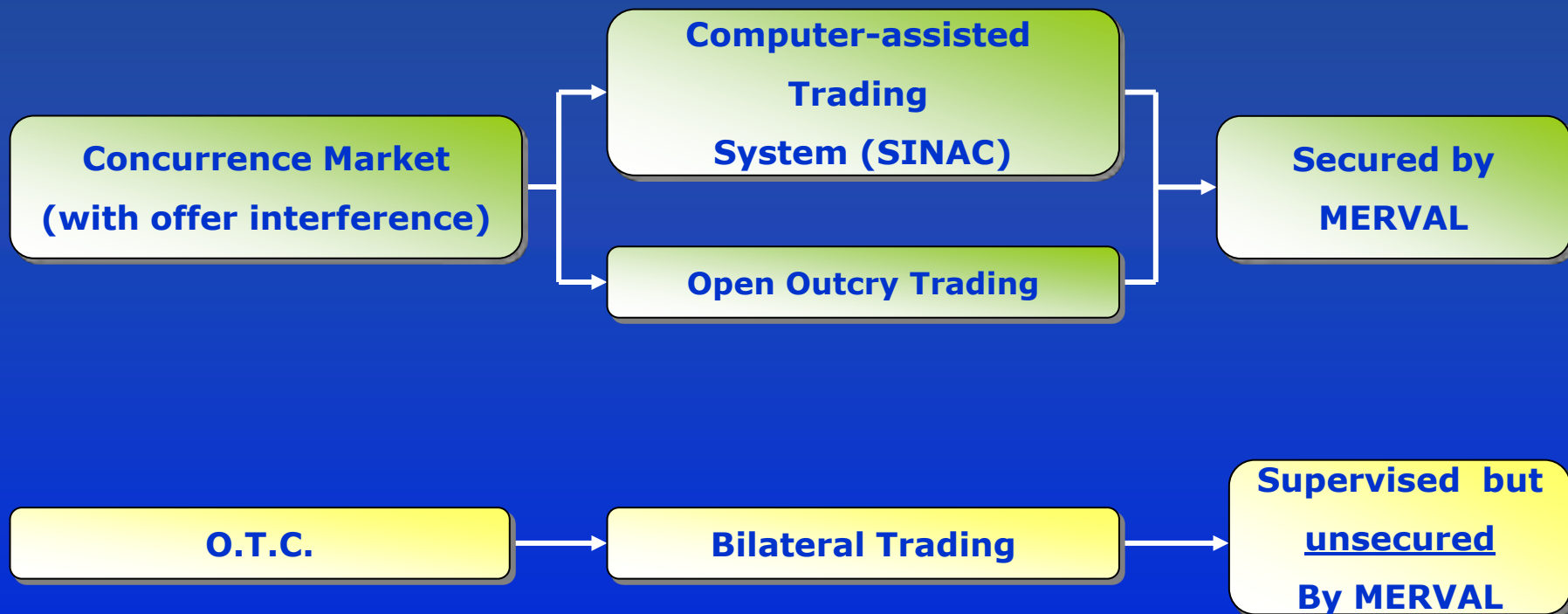


005	BIGC	3325	3375	3325+	050	BPIC	20	20	20	0	0
006	BJC	420	435	440	0	BPIC	20	20	20	0	0
0	CPALL	355	360	355+	0.10	BPIC	20	20	20	0	0
055	D1	0.48	0.19	0.19	0	BPIC	20	20	20	0	0
0.10	HPRO	334	336	336+	002	BPIC	20	20	20	0	0
002	IT	0.22	0.22	0.22	0	BPIC	20	20	20	0	0
0	LOXLEY	0.22	0.22	0.22	0	BPIC	20	20	20	0	0
0	MAKRO	60	60	60	0	BPIC	20	20	20	0	0
046	MIDA	049	050	050+	005	BPIC	20	20	20	0	0
0	ROBINS	530	535	530+	005	BPIC	20	20	20	0	0
0	SINGER	530	535	530+	005	BPIC	20	20	20	0	0
005	SSE	0.17	0.18	0.18	0	BPIC	20	20	20	0	0
010	BOH	2.150	2.2	2.2	0	BPIC	20	20	20	0	0
004	NA	0.150	0.15	0.15	0	BPIC	20	20	20	0	0

TRADING SYSTEM



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INSTRUMENTS

- Equity Securities
- Fixed-income Securities
- Financial Trusts
- Corporate Bonds
- Deferred Payment Checks
- CEVA (Certificate of Securities)
- CEDEARs
- Quota-holder of private mutual funds
- ADRs
- Indices

TRANSACTIONS IN THE STOCK MARKET SYSTEM



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FORWARD TRANSACTIONS RISK ANALYSIS



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- Value at Risk (VAR): its main objective is to measure market risk.

Quota Committee: its main function is to set up operating quotas. For the forward trading in authorized securities, Stock Brokers and Brokerage Firms are allocated a quota for each Merval share of their own.

- Guarantees
 - Cash
 - Appraised equity securities and fixed-income securities.
 - Foreign exchange.
 - Bank guarantees and others approved by the Board.
- Guarantee replacement
- Guarantee margin replacement



- The Buenos Aires Securities Market requires a fixed percentage of the transaction as collateral based on the list comprising the asset:
 - Equity securities: lists 1 to 5, maximum appraisal 80%, minimum 40%, minimum margin 10% and maximum 30%
 - Fixed-income securities: lists 1 to 3, maximum appraisal 90%, minimum 70%, minimum margin 10% and maximum 30%

RISK analysis



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<i>Market Risk</i>	<i>Credit Risk (payment liability)</i>	<i>Liquidity Risk</i>
Intraday valuation of guarantees. Price volatility and fluctuations.	Guarantee portfolio diversification.	Access to credit facilities of securities /Repos – conversion of assets into cash
Application of margins to instruments	Limits per type of instruments and issues.	Banking credit lines
Transaction collateralization Individual guarantees Collective guarantees		