

Information Memo No. 3572

Ref.: Term Transactions - Allocation of Trading Volume per Agent

City of Buenos Aires, December 19, 2018

To: Our Member Brokers

Pursuant to CNV Regulations (Restated text 2013, as amended) and specifically to Title VI therein, I hereby inform the regulatory framework on Term Transactions and the Allocation of Trading Volume per Agent applicable to all BYMA Member Brokers who perform term transactions with repurchase agreements in Bolsas y Mercados Argentinos S.A.

The allocated amount covers Term transactions, including term or forward transactions, repos or guaranteed securities, authorized by the National Securities Commission (CNV) and established in Bolsas y Mercados Argentinos S.A.'s Operating Rules.

The maximum amount to be allocated to each Agent shall be governed by the terms and conditions set forth in this Information Memo.

<p>CLEARING AND SETTLEMENT AGENT - (DIRECT CLEARING MEMBER OR GENERAL CLEARING MEMBER)</p>

Member Brokers/Agents. Categories and Segments.

Two Member Brokers/Agents categories were established and segregated by levels, by their maximum volume of authorized terms and pending settlement.

The two main categories segregated by levels are:

T: Member Brokers/Agents who are not financial entities and who comply with capital requirements set forth herein.

B: Member Brokers/Agents who are Commercial Banks which have liquidity, solvency and credit policies in place and which are ruled by BCRA regulations and subject to its control.

Assessment Criteria

Based on **accounting information (i)** provided by the Agent or Broker, **management information (ii)** provided by BYMA's Member Brokers Surveillance and Legal Affairs Departments and the information provided by the National Securities Commission (CNV) and on **the types of securities (iii)** used as collateral, each Clearing and Settlement Agent (ALYC for its Spanish acronym) will be allocated in predetermined segments.

To provide further details, each information item is explained herein below:

i. Accounting information. It consists in the provision and analysis of the Member Broker's financial statements as well as, in particular, any other records including different accounting items, such as: Cash and Cash Equivalents, Investments -expressed in quote prices-, Receivables -debit balances payable by customers-, or Shareholders' Equity.

ii. Management information. Periodic assessments will be taken into account by the Member Brokers Surveillance Department, as well as all opinions issued by the Legal Affairs Department in regard to regulatory and corporate issues, as well as all the information provided by the CNV. As a corrective action, the Member Brokers Surveillance Department may consider the **Volume Concentration Index**, which relates Member Brokers' positions and their distribution in number of clients, and which includes a risk-weighting coefficient of assets under custody per Investor (Account Holder) and their amounts traded in other Agents/Brokers.

iii. Type of securities used as collateral. Collateral. The assessment on the type of securities to be considered as collateral will be subject to the assessment on volatility, trading volume and/or participation in Equity or Fixed Income theoretical portfolios.

BYMA reserves the right to change the assessment methods mentioned above.

Determination of Member Brokers Categories and Segments

Shareholders' Equity. This is the main variable considered upon segment allocation. This criteria will be analyzed based on the last Financial Statements submitted to the CNV.

The information pertaining to Financial Entities governed by the Argentine Central Bank (BCRA) is made available as public information on the BCRA web site.

Request of Segment Change. Member Brokers may request a change of segment at any time. BYMA reserves the right of granting the requested change.

In accordance with the before mentioned criteria, the following table was drafted.

Segments	Initial Allocation Thousands of ARS	Shareholders' Equity	
		Thousands of ARS	Thousands of ARS
		From	To
T1	70,000	18,000	40,000
T2	150,000	40,001	80,000
T3	270,000	80,001	120,000
T4	400,000	120,001	160,000
T5	520,000	160,001	200,000
T6	640,000	200,001	-
		From	To
B1	200,000	-	500,000
B2	350,000	500,001	1,000,000
B3	480,000	1,000,001	5,000,000
B4	620,000	5,000,001	10,000,000
B5	770,000	10,000,001	-

General Provisions

The Member Broker/Agent, besides its pertinent trading volume, may also request to be allocated a special trading volume for a specific period of time for the purpose of providing services to a specific customer or group of customers. BYMA may accept and even reduce the period of time requested, and may require different and higher margins.

In case that, after a regular or special assessment is made, the Member Broker (ALYC) should be placed in a lower volume allocation segment, notice will be

served by BYMA asking the Member Broker/Agent to change its trading volumes to the new segment reference values.

Categories and segments established herein are comprehensive for all Member Brokers/Agents in particular. They will be in force from the date this Circular becomes effective and until a new Table of Categories and Segments is established.

BYMA reserves the right to assess Member Brokers/Agents at any time and to re-allocate them to different categories or segments.

In order to revalidate the allocated segment based on Shareholders' Equity, BYMA may request at any time the last Financial Statements in accordance with the presentation standards set forth by the CNV.

BYMA may request an accounting certification to prove the validity of any records, assets valuation or Shareholders' Equity structure disclosed in the Financial Statements under analysis or in a future date to be stated.

BYMA per se or on behalf of third parties may verify Member Brokers/Agents' records or receipts; or apply its own valuation criteria over accounting records to validate or re-allocate Member Brokers/Agents to any of the authorized segments mentioned above.

BYMA reserves the right to require supplementary guarantees or pledges on Securities and reserves the right to request at any time, the change of the type of security used as collateral and even to request the Member Broker/Agent, or execute on its behalf, the closing of trades, in whole or in part.

TRADING AGENTS/BROKERS

The allocation of trading volumes per BYMA Member Broker/Agent will be based on its Shareholders' Equity pursuant to the Financial Statements submitted to the National Securities Commission (CNV) and on the conditions set forth in the "Clearing and Settlement Agreement between ALYC INTEGRAL (Direct Clearing Member) and AN (Trading Agent)" submitted to BYMA.

TYPES OF SECURITIES

Corrective Actions

Lists including types of securities were approved, the maximum limit per type of security on each list is detailed as follows:

Equity	Fixed income
List 1 ARS 80,000,000 per type	List 1 ARS 80,000,000 per type
List 2 ARS 50,000,000 per type	List 2 ARS 50,000,000 per type
List 3 ARS 25,000,000 per type	List 3 ARS 25,000,000 per type
List 4 ARS 12,000,000 per type	List 4 ARS 12,000,000 per type
List 5 ARS 5,000,000 per type	List 5 ARS 5,000,000 per type
List 6 ARS 300,000 per type	

The requested margins and appraisals will be published together with the lists.

Each security shall respect the maximum limit imposed by the list to which it belongs, and in no case may the allocation for this instrument be expanded.

There follow the criteria applied in drafting these lists:

1. Maximum volatility. Each list has a maximum limit of volatility in accordance with its applicable methodology, which details are available and published on BYMA web site.

2. Unwinding Positions. The lists are drafted in accordance with maximum limits of number of days necessary to unwind trading positions.

3. Merval / IAMC Indices. The types of securities included in “List 1”, whether they are Equity or Fixed Income securities, shall comply with the requirements mentioned above and shall also be included in the pertinent Merval indices or IAMC Bonds indices portfolios in force, as applicable.

The maximum volatility permitted, the possibility of unwinding positions and whether the security is included in the Indices mentioned above will be analyzed by BYMA, and in case of change in the types of securities included in the lists, trading positions shall be adapted as from the validity date of notice of said change.

In accordance with the methodology applied, the Lists are attached as a separate Annex to this Circular and are made an integral part hereto.

VALIDITY

This Circular (restated text) shall be valid as from January 1, 2019 and may be amended in case the above mentioned Controlling Body requires so.

With nothing further at present,

Sincerely Yours,

Jorge E. De Carli
General Manager