

ARGENTINA

**GLOSSARY OF FINANCIAL TERMS
AND ACRONYMS**

ECONOMIC SECTION

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A Glossary of Argentine Financial Terms and Acronyms Version5 – September 2003

ABA – Association of foreign-owned Argentine banks. Until April 2003, when domestic banks broke off and formed *ADEBA*, this association represented privately-owned Argentine banks. (“Asociacion de Bancos Argentinos.”) See also *ABAPPRA*, *ABE* and *ADEBA*.

ABAPPRA – Association of Argentine state-owned banks. Originally an association of provincial banks, both public and mixed ownership, it now represents the remaining state banking sector. (“Asociación de Bancos Públicos y Privados de la República Argentina.”) See also *ABA*, *ABE* and *ADEBA*.

ABE – Association of specialized Argentine banks, such as automobile credit providers. (“Asociacion de la Banca Especializada.”) See also *ABA*, *ABAPPRA*, and *ADEBA*.

ABRA – Argentine Bond Restructuring Agency, a group of 20 European banks formed to negotiate with Argentina on restructuring its defaulted foreign debt.

ADEBA – Association of Argentine private banks, which broke off from *ABA* in April 2003 to form a banking association of only Argentine-owned private banks. (“Asociacion de Bancos Privados de Capital Nacional.”) See also *ABA*, *ABAPPRA*, and *ABE*.

AFIP – The Argentine public revenue collection agency (“Administración Federal de Ingresos Publicos”). AFIP combines tax, customs, and pension fund contribution collections.

AFJP – A private pension fund. There are about 13 AFJP’s in Argentina. (“Administradoras de Fondos de Jubilaciones y Pensiones”).

Amparos – A type of legal action similar, but much broader, than an injunction or writ of mandamus in US courts. Asks the court to review the constitutionality/legality of a government action and force the government to act according to the law. Used by many debtors to obtain their dollars from banks, by challenging the *Corralon*, *Corralito* and forced conversion of dollar-denominated accounts into peso-denominated accounts as a violation of their contract and/or property rights.

ANSES – The Argentine Social Security Administration. (“Administración Nacional de Seguridad Social”).

Asymmetrical Indexation - the difference between some bank assets being indexed to *CER* - the CPI-linked index - and some liabilities to *CVS* - the salary-linked index . When the government forced pesification of bank accounts, it indexed pesified deposits

to the CER price index, but indexed most consumer loans and home mortgages to the CVS wage-based index. The effect has been a growing mismatch between bank assets and liabilities.

Asymmetrical Pesification – When the government forced banks to convert their dollar-denominated accounts and debts to pesos, it mandated that deposits be converted at a 1USD = 1.4 peso exchange rate, but credits were converted at a 1USD = 1 peso rate. This asymmetrical conversion reduced the value of banks’ net worth substantially. The GOA issued about 27 billion in compensation bonds to banks in 2002 and as of September 2003, had compensated banks for 70-80 percent of their losses from asymmetrical pesification. See also *Compensatory Bonds*.

BID – The Inter-American Development Bank (IDB) (“Banco Interamericano de Desarrollo”)

BCRA – The Argentine Central Bank (“Banco Central de la Republica Argentina”).

Bocade – Name of the *Quasi-Monies* issued by the provinces of Tucuman and La Rioja. Bocades from La Rioja province were issued as “Bocade A” or “Bocade B.” The Tucuman Bocades were withdrawn from circulation in June and July, 2003 under the *PUM*. The La Rioja Bocades are being redeemed at a 1-1 rate with the provincial Banco de La Rioja.

Bocanfor -- The quasi-money issued in the province of Formosa. The Bocanfors were withdrawn from circulation between May 29 and July 3, 2003 under the *PUM*. See also *Quasi-Monies*.

BOCON – A peso-denominated federal bond used to pay for consolidation of old debts. (“Bonos de Consolidación.”)

BODEN – A federal bond issued after the 2002 default. Bodens were issued in a *Canje* in exchange for reprogrammed bank deposits (deposits trapped by the *corralito* or *corralon*), and to banks in compensation for *asymmetrical pesification*. Five versions have been issued: the ten-year BODEN 2012 and 2013 denominated in dollars, the ten-year BODEN 2013 denominated in pesos, the five-year BODEN 2007 and 2008 denominated in pesos, and the 39 month BODEN 2005 denominated in dollars. Tradable on the stock exchange. See also *CEDRO* and *Bono Compensatorio*. (“Bono Optativo del Estado Nacional.”)

Bono Público -- The quasi-money issued by the province of Catamarca. The Bono Publicos are being withdrawn from circulation under the *PUM* by September 30, 2003. See also *Quasi-Monies*.

Bono Compensatorio – Compensatory bonds, given to banks to compensate for their losses from *asymmetrical pesification*. Banks were compensated with *BODEN* bonds,

but *BODENs* were issued for other purposes as well (i.e., all compensatory bonds are *BODENs*, not all *BODENs* are compensatory bonds).

Bono Patriotico – “Patriotic bonds” issued in 2001 on a “voluntary” basis that effectively forced banks to subscribe to the issue. The GoA recently decreed that they cannot be used to make tax payments, effectively reducing their value significantly.

BONEX – Government bonds issued in the 1980’s and early 1990’s. The 1989 issue was used to compensate for confiscated bank deposits. Although *BONEX* bonds traded as low as 20-25% of par value, they generally enjoyed a good reputation and were all paid off. Many were purchased by foreign investors at discounted value, and then used (at full value) to acquire privatized public companies.

CAMMESA – A GOA entity which regulates Argentina’s electricity market. It also manages a fund that evens out electrical costs between high and low-cost seasons. High-cost season is when hydro power production is low. (“Compania Administradora del Mercado Mayorista Electrico Sociedad Anonima.”)

Canje – Generally, an exchange of some debt of the government for another type of debt, usually public bonds. There have been a series of *Canjes*: one in mid-2001, the “Mega-Canje” of various types of public debt for public bonds. A second was the exchange in November 2001 of various types of bonds for government guaranteed loans. More recently, there have been two exchange of bank deposits frozen by the *corralon* and *corralito* for *BODENs*. The first *Canje* of this type (“*Canje I*”) was completed in July 2002, in which about 23 percent of eligible account holders took part. The second (“*Canje II*”) was in October 2002.

Cecacor -- The quasi-money issued by the province of Corrientes. Still in circulation. See *Quasi-Monies*.

Cedear – The Argentine ADR market, shares of foreign companies traded on the Argentine stock exchange in pesos.

CEDRO – Certificate representing reprogrammed bank term deposits (deposits subject to the *corralon*) obtained in a *Canje*. These are promises by the account holder’s bank to pay principal and interest according to a formula established by the Ministry of Economy that varies according to the size of the deposit. Do not have a government guarantee. (“Certificado de depositos reprogramados”)

Cemis – The quasi-money issued by the province of Misiones. See *Quasi-Monies*.

CER – One of two indexes used to adjust pesified debts for inflation. *CER* adjusts debts according to inflation in the prices of goods and services (as opposed to *CVS*, which adjusts debts according to the growth in salaries). Part of a package of laws intended to shield debtors who borrowed in dollars from the collapse of the peso. (“Coeficiente de estabilizacion de referencia.”). See also *Asymmetrical Indexation*.

Compensatory Bonds – See *Bono Compensatorio*.

Concurso – A legal process, similar to Chapter 11, which allows a company to suspend payments to its creditors pending an agreement with the creditors to reduce the debt. If the company fails to abide by its Concurso agreements, a judge may declare the company bankrupt and sell its assets to pay creditors.

Convertibility – The fixed 1-1 exchange-rate system between the peso and the US dollar that existed in Argentina from April 1, 1991 to January 7, 2002. See also *Lecop*.

Corralito – The nickname for the decree that froze bank demand deposits (checking and savings accounts), both dollar- and peso-denominated, in December 2001. Holders were allowed to withdraw small amounts each month, or receiving a *BODEN* 2005, 2007 or 2012 in a *Canje* exchange. The Corralito was lifted November 2002, although large deposits were converted to *CEDROS*.

Corralon – The nickname for the decree that froze bank term deposits in January 2002. Holders had the option of receiving a *BODEN* 2007 or 2012 in a *Canje* exchange. The corralon was lifted over time, beginning in October 2002, with the final exchange (“*Canje IF*”) in March 2003. Depositors who refused to accept a *BODEN* in exchange received a *CEDRO*.

Cuevas – Small, unregulated exchange houses that trade in pesos, dollars, bonds and *quasi-monies*.

CUIL – A number (and also the name of the card on which the number is located) indicating that a person is an employee who is registered with and contributing to the pension system. See also *CUIT*. (“Codigo Unico de Identificacion Laboral”).

CUIT – A number (and also the name of the card on which the number is located) indicating that a firm (or a self-employed person) is registered with and contributing to the pension system. Serves as an indicator of formal employment. See also *CUIL*. (“Codigo Unico de Identificacion Tributaria”).

CVS – One of two indexes used adjust pesified debts. CVS adjusts debts according to the growth in salaries (as opposed to the *CER*, which adjusts debts according to inflation in the prices of goods and services). Part of a package of laws intended to shield debtors who borrowed in dollars from the collapse of the peso. Debts subject to CVS are mortgages on homes, personal credits of less than 12,000 pesos and loans of less than 30,000 pesos. The CVS is expected to be terminated in April 2004, after which point all pesified credits will be indexed to *CER*. (“Coeficiente de Variacion Salarial”) See also *Asymmetrical indexation*.

Depósitos Reprogramados – Bank fixed-term deposits, in dollars or pesos, that were frozen by the *corralon* law and repaid by being “reprogrammed” into *CEDROs* or *BODENs*.

Dolar Futuro - Future price of the USD in pesos at a certain month.

Dolar Mayorista -- Price in pesos of buying dollars on the *MAE*. This market is open only to corporations, and operates entirely electronically (no cash dollars). Since May 2003, companies may not buy more than USD 500,000 per month on this market. The *BCRA* buys and sells on this market.

Dolar Minorista – Price in pesos of buying dollars at a regulated exchange house or at a bank that trades dollars on its own account. Market is for cash dollars only. See also *Cuevas*.

Dolar Paralelo – Price in pesos for corporations to buy dollars in excess of the USD 500,000 per month they can buy in the *Dolar Mayorista* market. Because this is a gray market, it operates entirely in cash.

Dolar Transferencia – Price in pesos of buying dollars offshore. Cost estimated to run 5 percent above the cost of *Dolar Libre* for legal transactions (legally, an Argentine may transfer a maximum of USD 10,000 offshore as portfolio investment). Cost reportedly rises to 10 percent for transactions above the legal limit.

Empalme – A rebate program instituted in June 2001 intended to aid exporters. It gave exporters a rebate calculated on the difference in exchange rate between the dollar and the euro (FOB price of exports times one dollar minus the average of one dollar and one euro). Also known as “the convergence factor.”

Federal -- The quasi-money issued by the province of Entre Rios. Federales were withdrawn from the market between May 26 and July 8, 2003 under the *PUM*. See *Quasi-Monies*.

FMI – The International Monetary Fund (IMF).

Huarpes -- The quasi-money issued by the province of San Juan. See *Quasi-Monies*.

INDEC – The National Institute for Statistics and Census, an agency within the Ministry of Economy that produces official statistical data on Argentina. (“Instituto Nacional de Estadística y Censos”).

INDOL – Peso futures contracts traded on the stock exchange.

IPIB -- Index of Wholesale Basic Prices. The same as the *IPIM* index, except it excludes taxes. One of three producer or wholesale price indexes used in Argentina. (“Indice de Precios Basicos al por mayor”). Produced by *INDEC*. See also *IPP*.

IPIM -- Internal Wholesale Price Index. One of three producer or wholesale price indexes used in Argentina. The IPIM measures the price changes of products sold in the internal market before their commercialization at the retail level. It includes both Argentine goods (including Primary Products, Manufactures, and Electric Energy) net of export, imported goods and value-added taxes, internal taxes, and other taxes included in the price, such as the fuel tax. (“Indice de Precios Internos Mayoristas”). Produced by *INDEC*. See also *IPIB* and *IPP*.

IPP – Price index of Argentine-produced wholesale goods, whether for domestic consumption or export, net of taxes. One of three price indexes used in Argentina. (“Indice de Precios Básicos al Productor”). Produced by *INDEC*. See also *IPIM* and *IPIB*.

IVA – Value-added tax (VAT) (“Impuesto al valor agregado”).

Lebac – Short-term paper issued by the *BCRA*, denominated in either pesos or dollars, used to manage liquidity (i.e., to regulate the amount of money in circulation). Usually issued to banks in exchange for cash taken out of circulation. (“Letras del Banco Central”)

Lecop – Argentine short-term Treasury bond. Lecops often are accepted as means of payment, and therefore are one of the types of *Quasi-Monies* in circulation in Argentina. They were widely issued by the federal government during *Convertibility* to make payments to provinces, suppliers and employees when the government ran short of cash. The GOA is withdrawing Lecops from the market as they are used to make tax payments to *AFIP*, or they can be exchanged at a 1-1 rate at Banco Nación.

Lecor – The quasi-money issued by the province of Cordoba. The Lecor was withdrawn from circulation between May 9 and July 16, 2003 under the *PUM*. See *Quasi-Monies*.

Letras – The quasi-money issued by the government of the province of Tierra del Fuego. See also *Quasi-Monies*.

MAE – Electronic stock exchange, the Argentine version of NASDAQ (“Mercado Abierto Electronico”).

MERVAL – The index of the Argentine stock market (like Dow Jones Industrial Average or NASDAQ Composite in the US).

ON -- Corporate debt instrument issued for periods longer than 9 months. Usually have coupon payments on quarterly basis. (“Obligaciones Negociables.”)

PAMI – Medical services program for disabled people, retirees and their dependents, funded by the state. (“Programa de Ayuda Medica Integrada”).

Patacones – A type of quasi-money issued by Buenos Aires province. Circulates widely in Argentina as one of several types of *Quasi-Monies*, unlike other provincial quasi-monies that normally do not circulate outside their province of origin. Normally circulates at or near a 1-1 rate with the Argentine peso. Patacones are being withdrawn from the market as they are used to make federal tax payments to AFIP or to pay provincial taxes, and are expected to all be withdrawn from circulation by December 31, 2003.

Patriotic Bonds – See *Bono Patriotico*.

PBI – The acronym most commonly used in Argentina for Gross Domestic Product (GDP). (“producto bruto interno”). See also *PIB*.

Petrobono – Name of the quasi-money issued in three provinces: Chubut, Mendoza and Rio Negro. See also *Petrom* and *Quasi-Monies*.

Petrom – One of two types of quasi-money issued by the province of Mendoza. The province of Mendoza is withdrawing its Petroms from circulation using its own resources, at 100% of nominal value. See also *Petrobono*, *Quasi-Monies* and *PUM*.

PGC – The regulatory limit on the amount of foreign exchange that a bank can maintain based on its *RPC*. (“posicion general de cambios.”)

PIB – An acronym for Gross Domestic Product (GDP) that is sometimes used in Argentina, commonly used in other Latin countries (“producto interno bruto”).

PUM – The GOA program to withdraw *Quasi-monies* from circulation in Argentina, using federal funds. The PUM established a system to exchange quasi-monies for pesos, normally at market rates. Some provinces (e.g., Mendoza, see *Petrom*) have elected to redeem their quasi-currencies outside of the PUM, at nominal value using their own resources. The PUM also allows public employees and provincial retirees to redeem any quasi-currencies at nominal (1-1) value. (“Programa de unificacion monetaria.”)

PYME – A small or medium-sized business. (“Pequena y mediana empresa”).

Quasi-Monies – Paper other than pesos that circulates as a substitute for the peso. Broadly, these fall into two categories, federal bonds and provincial bonds or currencies. The federal bond that trades commonly as money is the *Lecop*. 15 provinces also issued their own currencies when they ran short of cash pesos, usually to pay their employees (see list below). One province, San Luis, announced it intended to issue a quasi-currency backed by an offshore fund of foreign currencies. Because quasi-monies are issued as provincial bonds, they are not regulated by the *CBRA*. In 2003, the GOA will withdraw most quasi-currencies from circulation under the *PUM*.

<u>Province</u>	<u>Quasi-money</u>
Buenos Aires	Patacones
Catamarca	Bono Publico
Chaco	Quebracho
Chubut	Petrobono
Cordoba	Lecor
Corrientes	Cecacor
Entre Rios	Federal
Formosa	Bocanfor
La Rioja	Bocade A and B
Mendoza	Petrom
Mendoza	Petrobono
Misiones	Cemis
Rio Negro	Petrobono
San Juan	Huarpes
Tierra del Fuego	Letras
Tucuman	Bocade

Quebracho – The quasi-money issued by the province of Chaco. The Quebracho is being withdrawn from circulation by December 31, 2003 under the *PUM*. See also *Quasi-Monies*.

Recaudación Tributaria – Tax receipts.

Reprogrammed Deposits – See *Depositos Reprogramados*.

RPC – A bank regulatory term for the net worth of a bank. (“responsabilidad patrimonial computable.”) See also *PGC*.

San Luis – The *quasi-money* that San Luis province announced in October 2002. Unlike other quasi-monies, the San Luis is to be backed by a \$60 million fund of foreign currencies (dollars, Euros, Chilean pesos and Japanese Yen) held offshore. The province also announced that acceptance of the San Luis would be “voluntary.” Not clear yet if it actually was issued or if it was only a campaign event. San Luis province has strong finances and does not need to issue quasi-money to pay its bills.

SENASA – The Argentine government veterinary and food safety inspection service. (“Servicio Nacional Sanitario y Calidad Agroalimentaria.”)

VCP – A short-term (less than one year) negotiable instrument. (“Valores de corto plazo”). See also *ON*.

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