

**BANK DEPOSIT INSURANCE**

**SYSTEM..... 2**

**LAW 24,485 RELEVANT PART.....**

2

*Regulatory wording according to Decree 540/95 as amended by Decree  
1,292/96..... 2*

## BANK DEPOSIT INSURANCE SYSTEM

- Enacted by Law 24,485, Article 1.
- Partially passed by Decree 538/95.
- Regulated by Decree 540/95 (April 12, 1995).
- Amended by Decree 1,292/96 (November 15, 1996).
- Amended by Law 25,089 (May 11, 1999).
- Amended by Decree 1,127/98 (Published in the Official Gazette on September 28, 1998).

### Law 24,485

#### Relevant Part

**Article 1** - The Bank Deposit Insurance System is hereby created; it shall be restricted, compulsory and for a valuable consideration, and shall serve the purpose of covering bank deposit exposure, in addition to and on a supplementary basis of the system of privileges and deposit coverage established by the Law of Financial Institutions , without affecting the resources from the Central Bank of the Argentine Republic or the National Treasury.

Regulatory wording according to Decree 540/95 as amended by Decree 1,292/96

**1 Article 1** - The “DEPOSIT GUARANTY FUND” (DGF) is hereby created with the purpose of

covering banking deposits falling within the scope of this Decree.

“SEGURO DE DEPOSITOS SOCIEDAD ANONIMA” (SEDESA) is hereby organized with the

exclusive purpose of acting as trustee under the trust agreement, to be timely entered into by SEDESA

and the NATIONAL STATE through the CENTRAL BANK OF THE ARGENTINE REPUBLIC, in

order to manage the DGF.

**2** Whenever the Central Bank of the Argentine Republic should resolve total or partial suspension

of the operation or revocation of the authorization of a financial institution, the Deposit Guaranty

Insurance System shall resolve the reimbursement to their owners of all amounts deposited in special

remuneration accounts, which had been opened under the provisions of article 124 of Law 20,744

(consolidated text of 1976), within a term that shall not exceed five (5) working days from the date of

suspension or revocation of the authorization to operate.

**3** *Guaranty shall include the aggregate amount of the last remuneration accredited in the employer's account.*

**4 Article 2** - The MINISTRY OF ECONOMY AND PUBLIC WORKS AND UTILITIES is hereby empowered to approve the Articles of Incorporation and By-laws of “SEGURO DE DEPOSITOS

SOCIEDAD ANÓNIMA” (SEDESA), the partner of which shall be the CENTRAL BANK OF THE ARGENTINE REPUBLIC, holding at least one share, and the trustee of the trust agreement to be entered into by such financial institutions authorized to operate in the ARGENTINE REPUBLIC that state their intention to take part, in the proportion determined by the CENTRAL BANK OF THE ARGENTINE REPUBLIC in terms of their capital contribution to the DGF. Up to the moment SEDESA is

<sup>1</sup>  
Decree 1,292/96, Article 3.

<sup>2</sup>  
Law 25,089/99, Article 1.

<sup>3</sup>  
Vetoed under Decree 499/99 (Published in the Official Gazette on May 14, 199)

<sup>4</sup>  
Decree 1,292/96, Article 3.

incorporated, contributions to the DGF shall be deposited in an account and institution that the

CENTRAL BANK OF THE ARGENTINE REPUBLIC may determine.

**Article 3** - SEDESA shall receive no compensation for acting as trustee of the DGF.

Operating

expenses of the corporation shall be limited to those strictly necessary to operate and paid from the DGF

funds. Amendment to its by-laws or change in share capital shall require at least the affirmative vote of

the shares held by the CENTRAL BANK OF THE ARGENTINE REPUBLIC.

**Article 4** - Let SEDESA Articles of Incorporation and By-laws be formally recorded, together

with any other document that may need to be submitted as a legal instrument, at no expense whatsoever,

through the ARGENTINE NOTARY GENERAL BUREAU.

**Article 5** - The CORPORATION CONTROL AUTHORITY is hereby empowered to grant the

respective agreements or authorizations and to record SEDESA's registration in the Registry kept

thereby.

**Article 6** - Financial institutions authorized to operate in the ARGENTINE REPUBLIC shall

make a monthly standard contribution to the DGF, to be determined by the CENTRAL BANK OF THE

ARGENTINE REPUBLIC between a minimum ZERO POINT ZERO FIFTEEN PER CENT (0.015%)

and a maximum ZERO POINT ZERO SIX PER CENT (0.06%) of the average daily balance of deposits

in pesos and in foreign currency made with financial institutions, as well as such additional contributions

as the CENTRAL BANK OF THE ARGENTINE REPUBLIC may determine for each institution, based

on risk ratios it may deem appropriate. In no case shall additional contributions exceed the amount

equivalent to the standard contribution.

Such deposits corresponding to domestic public accounts opened with the ARGENTINE NATIONAL BANK shall be excluded for the purpose of computing the average daily balances of

deposits in pesos and in foreign currency.

The CENTRAL BANK OF THE ARGENTINE REPUBLIC may provide that the capital contribution be paid up in cash or by undertaking to make a capital contribution,

implemented in

accordance with such terms and formalities as may be established by the CENTRAL BANK OF THE

ARGENTINE REPUBLIC; in the last case, contributing financial institutions shall have to observe

minimum capital requirements in force. Such commitments may not be over FIFTY PER CENT (50%)

of the contribution that may apply.

<sup>7</sup> **Article 7** - The CENTRAL BANK OF THE ARGENTINE REPUBLIC shall determine the due

date of the obligation to deposit capital contributions. As a condition to operate regularly, financial

institutions shall timely deposit their contributions. Those financial institutions which start operating in

the ARGENTINE REPUBLIC may join the trust fund referred to in Article 2 of this Decree; those which

cease to operate shall not be eligible to be part of such fund, and shall assign the rights thereof to the par

value of SEDESA shares. The Enforcement Authority shall annually establish the pro rata share in the

trust fund by each financial institution, the corresponding transfers being immediately carried out at the

shares' par value.

<sup>8</sup> **Article 8** - When the DGF reaches the greater of TWO BILLION PESOS (\$2,000,000,000) or

FIVE PER CENT (5%) of total deposits in the financial system, the CENTRAL BANK OF THE

ARGENTINE REPUBLIC may interrupt or reduce the obligation to make contributions to the DGF,

partially or totally reestablishing such obligation when the DGF reduces such amount or proportion. For

the purposes of this Article, only those contributions in cash made by financial institutions shall be

computed. The CENTRAL BANK OF THE ARGENTINE REPUBLIC may adapt the total amount that

the DGF has to reach, whenever, in its opinion, the amount accrued is sound in relation to the situation in

the financial market and the role of the DGF.

<sup>5</sup>

Decree 1,292/96, Article 3.

<sup>6</sup>

Decree 1,292/96, Article 3.

<sup>7</sup>

Decree 1,292/96, Article 3.

<sup>8</sup>

Decree 1,292/96, Article 3.

9 **Article 9** -The CENTRAL BANK OF THE ARGENTINE REPUBLIC may at any time require financial institutions to pay in capital in advance, for a sum equivalent to two years of the minimum amount provided for standard contributions, whether totally in cash or including the equity underwriting commitments up to the maximum amount authorized in Article 6 of this Decree. The CENTRAL BANK OF THE ARGENTINE REPUBLIC may, at SEDESA's request, debit standard or additional contributions due by financial institutions from the funds they have deposited with such Institution. The same shall apply in absence of the equity underwriting commitments provided in Article 6 of this Decree.

10 **Article 10** - DGF's resources shall be invested in conditions similar to those established to place foreign exchange international reserves of the CENTRAL BANK OF THE ARGENTINE REPUBLIC. This notwithstanding, the CENTRAL BANK OF THE ARGENTINE REPUBLIC may authorize up to FIFTY PER CENT (50%) of the DGF's assets to be invested in Argentine government securities. DGF's return shall be part thereof, and shall be reinvested under the same conditions.

SEDESA shall submit a monthly report on the DGF balance to the public and the SUPERINTENDENCY OF FINANCIAL AND EXCHANGE INSTITUTIONS.

11 **ARTICLE 10** twice - SEDESA may carry out the following transactions with the DGF's resources:

a- Effectively provide depositors' guaranty, with such limits and conditions as are provided herein and the regulatory, supplementary and explanatory rules thereof.

b- Make capital contributions, non- reimbursable contributions or loans to:

I Financial Institutions subject to a regularization and reorganization schedule, and in order to support fulfillment thereof;

II Financial Institutions that acquire assets and undertake the payment of such deposits of another institution subject to the system of Article 35 *twice* and related ones of Law 21,526 of Financial Institutions, as amended, when this is advisable to offset such assets' inadequacy with regard to the total deposits transferred; or

III Financial institutions taking over or acquiring other financial institutions by virtue of a regularization and reorganization schedule.

c- Enter into a put agreement over the whole or a portion of the assets transferred, in favor of the acquiring institution, with financial institutions that acquire assets and undertake the payment of deposits with another institution subject to the system of Article 35 *twice* and related ones of Law 21,526, as amended.

d- Acquire deposits of banks suspended under Article 49 of Law 24,144 up to the guaranty amounts provided in Article 13 of this Decree, subrogating depositors' rights.

e- Undertake obligations for the DGF as manager thereof and having the guaranty of all

contributing financial institutions up to an amount equivalent to TWO (2) years of the total flow of current contributions, including contributions in cash and those which may be made with the guaranty of financial institutions in accordance with applicable rules. The guaranty to be given by financial institutions shall be determined by the amounts corresponding to each institution individually and under the conditions and formalities that the CENTRAL BANK OF THE ARGENTINE REPUBLIC may determine therefor.

f- Implement, maintain or finance swap programs with foreign banks with the purpose of contributing to the Financial System stabilization, upon the previous authorization of the CENTRAL BANK OF THE ARGENTINE REPUBLIC, and at DGF's expense.

<sup>9</sup>

Decree 1,292/96, Article 3.

<sup>10</sup>

Decree 1,292/96, Article 3.

<sup>11</sup>

Decree 1.262/96, Article 4.

Implementation of the alternatives provided in paragraphs b), c) and d) above shall be exclusively adopted by a Steering Committee, the decisions of which shall be binding for SEDESA. Such

Committee shall be formed by a representative of the CENTRAL BANK OF THE ARGENTINE

REPUBLIC and a number of members to be determined in the Trust Agreement, which may range from a

minimum of four and a maximum of seven representatives of financial institutions which contribute to the

DGF.

The CENTRAL BANK OF THE ARGENTINE REPUBLIC representative shall act as Chairman

and shall be entitled to veto but not to vote.

The members of the Committee shall have voting rights pro rata the contribution made to the DGF by the institutions represented thereby and in accordance with the provisions set forth in the Trust

Agreement.

The Steering Committee shall decide the application of any of the alternatives provided in paragraphs b), c) and d) above whenever, in accordance with the estimates made at the time of making the

decision, the adoption thereof entails a direct cost for the DGF below the amount that would be born by

the DGF if the institution's authorization to operate is revoked and payment financial situation of the

entity undergoing problems and the probable recovery of SEDESA's disbursements by subrogation shall

be taken into account.

Matters related to the Steering Committee shall be provided in the Trust Agreement to be entered

into by the CENTRAL BANK OF THE ARGENTINE REPUBLIC and SEDESA.

**Article 11** - Deposits in PESOS and in foreign currency with participating institutions in checking accounts, savings accounts, time deposits or any other modality that the CENTRAL BANK OF

THE ARGENTINE REPUBLIC may determine, which meet the requirements set forth in this decree and

any other requirement provided by the Enforcement Authority shall be covered by this insurance system.

**Article 12** - The guaranty system does not cover:

a- financial institutions' deposits with other intermediary institutions, including term certificates of deposit acquired in the secondary market;

b- deposits made by persons directly or indirectly related to the institution according to the guidelines established or to be established by the CENTRAL BANK OF THE

ARGENTINE REPUBLIC;

c- term deposits of securities, acceptances and guarantees;



d- deposits made after July 1 of the current year, for which the interest rate agreed is an annual

two per cent over the borrowing rate for equivalent terms offered by the CENTRAL BANK OF THE ARGENTINE REPUBLIC and effective on the day before the deposit is made.

The CENTRAL BANK OF THE ARGENTINE REPUBLIC may modify the reference rate provided in this paragraph, upon FIVE (5) business days' prior notice.

e- other deposits that the Enforcement Authority may exclude for the future.

<sup>12</sup>**Article 13** - Guaranty shall cover the return of demand or time deposits up to the amount of THIRTY THOUSAND PESOS (\$30,000).

The Central Bank of the Argentine Republic may at any time change the amount covered under

this guaranty system, based on the evolution of the financial system consolidation and other indicators

deemed appropriate.

Deposits for amounts in excess of the above shall also be covered by the insurance system up to

the maximum limit.

<sup>12</sup>

Decree 1,127/98, Article 1.

<sup>13</sup> **Article 14-** The reception by depositors of the amounts disbursed by SEDESA from DGF' available funds shall involve legal subrogation, in favor of SEDESA, in the right of collection upon the institution's liquidation or bankruptcy, with the privileges of depositors and enjoying priority up to the amount paid by SEDESA in accordance with the provisions set forth in Article 13 of this Decree.

**Article 15** - Guaranty governs natural and artificial persons under the same conditions. The aggregate deposits of each person with the institution on the date of the revocation of the institution's authorization to operate shall be computed in order to determine the amount covered and the return thereof to the depositor. In the case of accounts and deposits held by TWO (2) or more persons, only one of them shall be entitled to enjoy the guaranty, the same being proportionately distributed among the parties.

<sup>14</sup> **Article 16** - .....

**Article 17** - The Guaranty shall be additional and supplementary to the reimbursement, by applying the privileges established by the Law of Financial Institutions , within a term of THIRTY (30) business days as of the day following that in which the institution's authorization to operate has been revoked, to the extent that depositors meet the requirements set forth and the DGF may have funds available. At the request of SEDESA, the CENTRAL BANK OF THE ARGENTINE REPUBLIC may authorize extension of such term whenever the number of beneficiaries under liquidation proceedings may advise to do so. Whenever DGF's resources are inadequate to pay the amounts guaranteed, reimbursement shall be made pro rata the funds available. The balance shall be settled within the following THIRTY (30) days from the date in which the DGF has informed there are financial liquid assets. Under these circumstances, and whenever there is more than one institution whose authorization has been revoked, the order of priority for the reimbursement thereof shall be governed by the chronological order resulting from the 1st day of the guaranty payment term. In no case shall the DGF cover or pay interest for the term ranging between the deposits' original due date and the guaranty payment date.

**Article 18** - Payment of guaranteed amounts shall be made in pesos or in foreign currency,

according to the proportion of each kind resulting from the total capital deposited. To this effect, and in order to homogenize the balances of the total amount deposited in foreign currency, the equivalent amount in pesos shall be considered according to the selling exchange rate for notes offered by the ARGENTINE NATIONAL BANK on the day previous to that when the authorization of the institution covered has been revoked.

<sup>15</sup> **Article 19** - SEDESA may reject or postpone until the legal acceptance thereof the request for deposit insurance coverage when the relevant deposits do not meet the requirements of formalities set forth in this regulation or any other provision that may be laid down by the CENTRAL BANK OF THE ARGENTINE REPUBLIC.

<sup>16</sup> **Article 20** - SEDESA may bring the relevant legal actions whenever, in its opinion, there are good possibilities of recovering the amounts disbursed.

**Article 21** - The system set forth in this Decree shall govern term deposits made or renewed as from April 18, 1995 and demand deposits recorded in the corresponding balances at the closing of such day, made with financial institutions which are not suspended by the CENTRAL BANK OF THE ARGENTINE REPUBLIC or whose authorization to operate has not been revoked.

<sup>13</sup>  
Decree 1,292/96, Article 3.

<sup>14</sup>  
Revoked by Decree 1,292/96, Article 2.

<sup>15</sup>  
Decree 1,292/96, Article 3.

<sup>16</sup>  
Decree 1,292/96, Article 3.

**Article 22** - The CENTRAL BANK OF THE ARGENTINE REPUBLIC shall be the Enforcement Authority of the system created by Law 24,485 and ruled by this Decree, being empowered to lay down such construction and enforcement rules as may be necessary.

**Article 23** - SEDESA Board of Directors shall inform SUPERINTENDENCY OF FINANCIAL AND EXCHANGE INSTITUTIONS reporting to the CENTRAL BANK OF THE ARGENTINE REPUBLIC, on those financial institutions which, in its opinion, have commercial and credit policies deemed to be riskier than usual. Likewise, it may be requested to give an opinion on the authorization applications or the transformation under consideration by the CENTRAL BANK OF THE ARGENTINE REPUBLIC.

**Article 24** - This Decree shall become in force on the same day of publication thereof in the Official Gazette.

**Article 25** - Let it be known, published, given to the National Bureau of Official Records and filed -MENEM

- Domingo F. Cavallo.