

Banking and Finance News

Authorization for the purchase, holding and sale of debt securities by Banks and Financial Institutions

Through Resolution No. 3, Minute No. 16, dated April 15, 2025, the Board of Directors of the Central Bank of Paraguay ("BCP") authorized banking and financial institutions to purchase, hold and sell debt securities in foreign currency, issued by national governments and foreign financial institutions, provided such securities have an investment-grade credit rating granted by at least two of the following rating agencies: Fitch Ratings, Moody's or Standard & Poor's.

The regulation sets a global limit of up to 20% of each institution's effective equity for holding these financial instruments. Furthermore, it establishes that, for the purpose of calculating capital adequacy indicators, investments in these instruments must be classified according to the risk rating of the issuing country, based on the weighting table defined in the same resolution:

Moody's	S&P	Fitch	Category	Weighting factor
Aaa	AAA	AAA	Category III	0,20
Aa1	AA+	AA+		
Aa2	AA	AA		
Aa3	AA-	AA-		
A1	A+	A+		
A2	A	A		
A3	A-	A-		
Baa1	BBB+	BBB+	Category IV	0,50
Baa2	BBB	BBB		
Baa3	BBB-	BBB-		

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