



COMMUNICATION No. 50782

August 3, 2016

Re: ***Summarized foreign trade and foreign exchange regulations in force as of the end of July 2016***

Warning about latest regulations:

This summary does not include the latest regulations that have been revealed as under Communication "A" 6037 after this publication. They have lifted restrictions on foreign exchange transactions; have streamlined foreign exchange markets; have removed bureaucratic requirements and brought down operating costs for all the parties involved; and have eliminated the obligation to provide documents for supporting each foreign exchange transaction. These changes will be included in the next summary.

This summary is published as a guide to the main aspects of foreign exchange regulations in force at the end of July 2016. These Communications are available at the Central Bank's website: www.bcra.gob.ar / *Sistemas Financiero y de Pagos* / [Buscador de comunicaciones](#) / [Buscador](#).

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1. CAPITAL INFLOWS INTO THE LOCAL FOREIGN EXCHANGE MARKET

Proceeds from the settlement of foreign exchange from residents — irrespective of its type — that exceed the equivalent of US\$ 2,500 per calendar month should be credited to a checking or savings account in pesos at a local financial institution on behalf of the customer. When the proceeds from such settlement are not credited in any account, the customer must submit an affidavit on the compliance of the statutory limit (according to paragraph 3 of Communication “A” 5850).

Customers may grant a permanent authorization to their financial institutions for the direct crediting of funds transferred from abroad to their accounts in foreign currency, provided Communication “A” 5964, paragraph 2., is fully observed. Such paragraph sets forth, among other requirements, that customers may not use this option in excess of US\$ 100,000 per calendar month across all financial institutions.

1.a. Proceeds from the Exports of Goods: Obligation to Enter and Settle Funds in the Local Forex Market; Exemptions

Exporters are required to settle exports proceeds (FOB, CIF, as appropriate) in the foreign exchange market (Communication “A” 3473). The terms to comply with such obligation have been amended as per Resolution No. 91/2016 of the Ministry of the Treasury and Public Finance.

Decree No. 1722/2011 dated October 25, 2011 (Official Gazette of October 26, 2011), establishes the compulsory entry and settlement in the local forex market of all foreign exchange proceeds from export transactions of companies producing crude oil or its by-products — natural gas and liquefied gas — as well as mining companies. Communication “A” 5262 sets forth the scope of such regulation.

Under Decree No. 1003/2008 dated June 25, 2008 (Official Gazette of June 26, 2008) the obligation to enter foreign exchange proceeds from exports of domestic products is considered fulfilled when such proceeds are settled through the local currency payment system between the States Parties to the Southern Common Market (MERCOSUR), according to the conditions set forth by the Central Bank of Argentina (BCRA).

Communication “A” 4847 introduces the implementing rules for any payment and collection arising from the international trade of goods and services carried out through the local currency payment system between the States Parties to the MERCOSUR, which is in force since October 3, 2008 for transactions conducted with the Federative Republic of Brazil.



1.a.i. Deadlines for the Settlement of Proceeds from the Exports of Goods, Advances and the Pre-Financing of Exports

Deadlines for the settlement of proceeds from the exports of goods are calculated as from the date of the bill of lading and have been set by Resolution No. 269/01 of the former Secretariat of Trade, as amended, and recently modified by Resolution No. 91/2016 of the Secretariat of Trade (Official Gazette of May 10, 2016). Under such amendment, exporters shall settle foreign exchange in the local financial system within 365 calendar days, irrespective of the tariff item involved.

Where exports are entirely pre-financed out of funds entered in the local forex market as of May 4, 2015 (Communication “A” 5751”) — by means of pre-financing granted abroad and/or locally through foreign funding — exporters have an additional period of 180 calendar days depending on the type of goods established by the Ministry of the Treasury and Public Finance.

Exporters may credit the proceeds from the sale of goods, advances and pre-financing of exports to a local account in foreign currency opened at a bank in their name. These funds must be settled in the local exchange market within the relevant deadlines to be compliant with the obligation of entry and settlement of foreign exchange in the local forex market (Communication “A” 5899 paragraphs 1. and 2.).

1.a.ii. Follow-Up of Entry of Foreign Exchange Proceeds from the Exports of Goods in the Local Forex Market

Communication “A” 3493, as amended, sets forth a control mechanism to ensure compliance with the obligation to enter foreign exchange proceeds from exports. Upon drafting the shipping documents, the exporter is required to appoint a financial institution which shall issue a “certificate of compliance” (showing that the obligation to either settle any foreign exchange transferred from abroad or assign them to an account overseas as set out in the exchange regulations has been discharged).

Foreign trade transactions may give rise to certain issues that are covered by follow-up regulations as mentioned below:

Shortfalls and Deficiencies: financial institutions in charge of monitoring shipping permits may accept any shortfalls and deficiencies without the prior approval of the BCRA, provided that such shortfalls and deficiencies are supported by the documentation submitted by the exporter. This also applies to temporary exported goods — with or without added value — whose re-importing to Argentina is unreasonable on account of their loss of value (impossible repair or high degree of deterioration). In addition, it is applicable to goods that have been damaged prior to delivery according to the conditions agreed between the exporter and importer (Communication “A” 5233).



Discounts and Service Charges Payable Abroad: the appointed financial institution may also issue a certificate of compliance when discounts and service charges payable abroad appear on the shipping permits and exporters provide supportive evidence of the purpose for which they access the local exchange market together with the prior approval of the Central Bank, where applicable (Communication “A” 5330 paragraph III). As for charges not included in the shipping permit (such as discounts made by importers on the sale of goods abroad that are not established at the shipping date — such as charges arising from sales promotions and other discounts debited by the importer and accepted as customary to the sale for goods exported to the destination country), the certificate of compliance may also be issued to the extent that the amount in question does not exceed the equivalent of US\$ 5,000 per shipping permit, nor the equivalent of US\$ 100,000 per calendar year per exporter (Communication “A” 5233).

Where the importer withholds an amount as a fine for any delays incurred by the exporter when delivering the goods, the institution may issue a certificate of compliance to the extent that such fines are contemplated in the international purchase and sale agreements entered into prior to the shipping date, and provided that the delay is effectively verified and that the parties thereto are not related companies (subparagraph 1.6 of Communication “A” 5233 included by Communication “A” 5701).

Goods Totally or Partially Rejected at Destination: these goods, which are subsequently re-imported to Argentina are referred to in paragraph 5. of Communication “A” 5135.

Exports of Products Sold Based on FOB Prices and Subject to Further Change: in these cases (prices subject to change – Resolution 2780/1992 of the former National Customs Administration) and in the case of products exported pursuant to the Mineral Concentrate Regime (Resolution 281/1998 of the National Tax Authority), the mechanisms set forth in Communications “A” 3678 and “C” 36260 shall apply.

Shipment of Goods Exempted from Follow-Up Requirements: customs operations as under Communications “A” 3587, “A” 3693, “A” 3751, as amended by paragraph 1 of Communication “A” 5135, “A” 3812, “A” 3813 and “A” 4099 are exempted from the mechanisms to monitor the settlement of proceeds from exports of goods.

In terms of reshipment covered by the ZFRE sub-regime, financial institutions appointed for the follow up of foreign exchange transactions may consider the entry requirement as met when shipments agree with imports carried out through a ZFI. In this case, the access to the local exchange market for the payment of imports of goods entering the free zone is not allowed since these transactions do not involve sales from a non-resident to a resident (paragraph 2. of Communication “A” 5135).



Paragraph 4 of Communication “A” 5135 explains how to achieve compliance in the case of re-exported unused goods as under the in-factory customs regime (RAF), and recorded through the RR01 sub-regime (National Tax Authority General Resolution 1673/04).

In addition, Communication “A” 4839 authorizes financial institutions in charge of monitoring shipping permits to issue a certificate of compliance for such documented transactions with the “EXPONOTITONEROSO” (non-commercial exports) customs benefit that do not generate an equivalent in foreign exchange, provided that the requirements set forth by the regulation are met. Moreover, it establishes that in the cases not covered by the regulation, the institution concerned may consult with the BCRA, by attaching an external auditor certification to attest that based on the customer’s documents as well as on-balance and off-balance sheet items, the good delivered to the non-resident involved no payment (paragraph 7 of Communication “A” 5135). Additionally, previously set forth provisions on documented exports with EXPOSINVALORCOM customs benefit apply (Communication “C” 52211).

EXW, FAS, DDP and FCA Trading Conditions: Communications “A” 3922, “A” 4004 and “A” 4076 set forth the follow-up mechanisms to be used for the entry of foreign exchange proceeds from goods exported under EXW, FAS, DDP and FCA trading conditions, respectively.

Undelivered Shipments Due to the Importer’s Failure to Pay – Collection Management: in these cases, when the importer’s failure to pay results from exchange controls in the importing country, subsequent insolvency or non-performance of the foreign importer (with or without legal actions filed against them, and regardless of their export credit insurance coverage), the financial institution following-up on the shipping permit must report it as undelivered according to the regime in force, stating that a collection management process has already been started without the need to have the prior approval of the BCRA, provided that the specific conditions set forth in each case have been met as per Communication “A” 5019, as amended by paragraph 5. of Communication “A” 5899. Under these regulations, once the failure to pay is resolved and the importer makes the payment, the Argentine exporter or the export credit insurance company, as applicable, shall have to enter foreign exchange proceeds from exports within 5 business days of the date the funds became available.

Shipments with Amounts Withheld for Taxes Applicable in the Country of Destination: in these cases, financial institutions appointed to make a follow-up on the shipping permits may issue a certificate of compliance for the amount withheld abroad, provided that the documents detailed in Communications “A” 4922 and “C” 62405 are submitted.

Shipments of Temporarily Imported Goods without Transfer of Foreign Exchange: paragraph 6. of Communication “A” 5135, as explained in Communication “C” 61688,



gathers the regulations for the mechanism through which the institutions appointed to follow-up shipping permits may determine that the exporter has complied with the entry requirement up to the amount of the temporarily imported goods included in the value of the exported goods, provided that the imports are being made without the transfer of foreign exchange.

Exports to Venezuela under the Financial Mechanism Agreed between Argentina and Venezuela. Communication “A” 5276 sets forth the provisions for the follow-up of the entry of foreign exchange proceeds from exports of goods shipped to the Bolivarian Republic of Venezuela, the payments of which are collected through the Financial Mechanism established by the Comprehensive Convention on Cooperation entered into by said country and the Argentine Republic on April 6, 2004, as amended.

1.a.iii. Proceeds from the Exports of Goods to Pay Advances and the Pre-Financing of Exports, as well as Other External Credit Facilities

Proceeds from the exports of goods can be allocated to pay the exporter’s debts abroad in the following cases:

- Advances and pre-financing of exports (paragraph 5. of Communication “A” 3473).
- Financing of new investment projects in Argentina aimed to increase the production of goods that will mostly be sold abroad, the production of goods that allow for import substitution, or else the transport capacity for exporting goods and services through infrastructure works at ports, airports and international land terminals, subject to the compliance with all other requirements set forth in subparagraph 7.1. of Communication “A” 5265, as amended by Communications “A” 5464 and “A” 5475, and supplemented by Com. “A” 5597.
- Other financial debts from bonds issued abroad and loan facilities with foreign banks and in foreign currency with local financial institutions, provided that the following conditions are met: term conditions (not less than 10 years), average life (not less than 5 years) and financing transaction interest rate (up to a spread of 100 b.p. over the Libor rate to 180 days), as well as all other requirements set forth in subparagraph 7.2 of Communication “A” 5265.

Communication “A” 4110 establishes the regulations on mergers. As from the date of registration of the merger in the Public Registry of Commerce, the following shall be deemed transactions of the merging, or the surviving company, as applicable: export transactions of goods and services pending entry and settlement in the local foreign exchange market, and outstanding advances and export pre-financing loans from dissolved companies undergoing a merger process.



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1.a.iv. Exchange Rate Applicable to the Entry of Proceeds from the Exports of Goods after Deadline

Communication “A” 3608 dated May 17, 2002 was reestablished by Communication “A” 5630. Therefore, the exchange rate to be applied to proceeds from exports of goods included in Communication “A” 3473, as supplemented, which are settled in arrears as from September 26, 2014 shall be the benchmark exchange rate informed by the BCRA for the settlement deadline. If such benchmark exchange rate is higher than the rate of the actual settlement date, the latter shall be applied.

The foregoing shall not apply where the proceeds from exports have not been settled due to default by the importer, provided that both the shipping permit is informed as “unfulfilled under collection management” pursuant to Communication “A” 5019, as supplemented, and the funds collected are settled no longer than 5 business days after collection.

1.a.v. Other Regulations

When exporters of goods enter in advance proceeds from exports made but pending collection from their own funds deposited in overseas accounts in order to comply with the obligation to enter foreign exchange proceeds within the deadlines determined by applicable regulations, the affidavit attached to the exchange ticket shall state this and the fact that, at the time of trading, the exporter has not collected on such transaction (Communication “C” 66718).

1.b. Proceeds from Exports of Services

These proceeds are subject to regulations disclosed by Communication “A” 5264 as supplemented (Communications “A” 5295, “A” 5377, “A” 5899 and “A” 6003).

All funds received in foreign currency by residents from non-residents for exports of services and/or collections of insurance claims which are in accordance with legal regulations but do not fall under the international trade of goods (the latter being governed by regulations applicable to proceeds from exports and imports payments) shall enter the local foreign exchange market within 365 calendar days after the date of collection in Argentina or overseas, or after their crediting to overseas accounts (in accordance with Communication “A” 6003, dated July 1, 2016, which extends the term applicable to funds collected after that date as well as funds collected prior to that date provided that the relevant term for fund settlement has not already elapsed by that date).

Residents who collect services from non-residents may enter the funds into Argentina for crediting their local accounts in foreign currency, without being required to settle them in the local foreign exchange market, provided that (a) funds are entered within the term established to settle such services in the foreign exchange market, (b) the amounts



entered under this procedure do not exceed the monthly limit on the purchase of freely available foreign assets—which is currently US\$5,000,000 as under Communication “A” 5963—, and (c) the amount of the funds entered into Argentina under this procedure shall be deducted from the current limit amount available on the purchase of freely available foreign assets (paragraph 3 of Communication “A” 5899).

The collection of services may also be credited to local accounts in foreign currency opened at local financial institutions in the name of the beneficiary. In this case, the obligation to enter and settle foreign exchange in the local forex market (Communication “A” 5899, paragraphs 1. and 2.) shall be acknowledged as discharged where funds are settled in the local foreign exchange market within the term mentioned above.

The 100% of the amounts actually collected for services provided to non-residents shall be entered net of any withholdings or discounts applied abroad by the customer and/or through generally accepted international clearing systems.

The settlement of proceeds from the export of services in the local foreign exchange market is not mandatory if funds are allocated to pay financial debt service abroad (subparagraph 7.1. of Communication “A” 5265, as amended by Communications “A” 5464, “A” 5475 and supplemented by Comm. “A” 5597).

Communication “A” 3608 dated May 17, 2002 was reestablished by Communication “A” 5630. Therefore, the exchange rate to be applied to proceeds from exports of services included in Communication “A” 3473, as supplemented, which are settled in arrears as from September 26, 2014 shall be the benchmark exchange rate informed by the BCRA for the settlement deadline. If such benchmark exchange rate is higher than the rate of the actual settlement date, the latter shall be applied.

1.c. Wages and Salaries; Returns on Investments

Any payments made under this heading are subject to regulations disclosed by Communication “A” 5264, as supplemented (Communication “A” 5295).

Any funds collected by residents under this heading are not subject to entry and settlement in the local forex market, except for such companies that have acquired foreign assets for direct investment fully or partially financed from abroad and have prior approval of the BCRA (Communication “A” 5265, subparagraph 4.1.g.).

1.d. Other Current Transfers

The transfers under this heading are subject to regulations disclosed by Communication “A” 5264, as supplemented (Communications “A” 5295 and “A” 5377).



Family support. Any amounts entered as family support shall be transferred by non-resident natural persons for the benefit of resident natural persons (Communication “A” 5264, subparagraph 2.5.).

Donations. Financial institutions may enter some proceeds from donations in certain cases, which depends on the type of originator and/or beneficiary. In other cases, financial institutions may request customers to submit a public deed and the evidence of notice of the acceptance of donation sent to Argentina's Federal Tax Authority (AFIP) are required (Communication “A” 5264, subparagraph 2.6.).

1.e. Capitals

1.e.i. Main Definitions

Foreign Financial Debt: a debt to a non-resident which does not arise from an Argentine foreign trade transaction or else a debt which is not deemed as foreign commercial debt according to foreign exchange regulations, even though it actually arises from such transaction.

External Bonds and Other Debt Securities: an external issue shall meet the following requirements:

- a. the issue has been made abroad in compliance with the regulations and law of the country of issue,
- b. the issue is mostly placed abroad; therefore, the issue shall comply with the regulations of the country where bonds and securities are placed,
- c. the issue is paid in full abroad,
- d. principal and interest are payable abroad.

The bonds and securities described above also include bonds and other debt securities delivered in exchange for i) other bonds or securities which comply with all the above-mentioned requirements, and/or ii) other indebtedness to non-residents originating in an Argentine external debt.

In turn, the bonds and securities which fail to comply with all the requirements set forth in the foreign exchange regulations on external bonds or securities shall be deemed as local bonds and other debt securities.

1.e.ii. Entry and Settlement in the Local Forex Market

New financial debt transactions made abroad by the financial sector, the non-financial private sector and local governments are not subject to the requirement of entry and



settlement in the local forex market (according to paragraph 8 of Communication “A” 5850, dated December 17, 2015, amended by paragraph 5. of Communication “A” 6011).

The settlement of funds in the local foreign exchange market is required for servicing principal and interest. The settlement of funds deposited in local accounts in foreign currency shall be demonstrated. The following are exempted from this requirement:

- Funds obtained through new loans which resident debtors allocate to repay other debts of their own abroad, provided that such debtors would have had access to the market for repayment. For the service of principal through a transfer to an account opened abroad, the applicable minimum term shall apply as from the date of allocation (paragraph 5 of Communication “A” 6011).
- New debts of local governments for the cases provided, and under the conditions set forth, in Communication “A” 5961.

Local Issues of debt securities in foreign currency placed by the financial sector and the non-financial private sector shall be subscribed in foreign currency where principal and interest are not exclusively payable in pesos in Argentina. The funds thus obtained shall be settled in the local foreign exchange market. Until then funds shall remain deposited with local financial institutions (paragraph 3 of Communication “A” 5910).

Foreign currency-denominated bonds may be subscribed in pesos or exchanged for bonds or debts in pesos, provided that the service of the new issue in foreign currency is only payable in pesos in Argentina.

The proceeds of the settlement shall be credited to a sight account in the name of the customer in a local financial institution.

1.e.iii. Minimum Terms for Financial Borrowings

The minimum applicable holding term for financial borrowings was reduced to 120 calendar days as from the date funds are entered into Argentina in accordance with Resolution No. 3/15 of the Ministry of the Treasury and Public Finance.

Such minimum term does not apply in the case of primary issuances of debt securities which are listed and traded in self-regulated markets, and outstanding balance on correspondent accounts of institutions authorized to trade in foreign exchange, as far as they do not involve a credit line. If they do, funds shall meet the requirements for financial borrowings.

1.f. Sale of Non-Produced Non-Financial Assets

Any foreign currency collected by residents from the sale of non-produced non-financial assets, such as transfers of athletes, patents, marks, copyrights, royalties, license rights,



concession agreements, leases, and other transferable agreements shall be entered and settled in the local foreign exchange market within 365 calendar days after collection in Argentina or abroad, or after the date funds are credited to an account abroad (in accordance with Communication “A” 6003, dated July 1, 2016, which extended the term applicable to collections as from that date and to collections prior to that date provided that the relevant term for fund settlement has not elapsed by that date).

Residents who collect funds in foreign currency from the sale of non-produced non-financial assets may enter the funds into Argentina for their crediting to local accounts in foreign currency, their settlement not being required in the local foreign exchange market, provided that (a) funds are entered into Argentina within the term required, (b) the amounts entered under this procedure do not exceed the monthly limit on the purchase of freely available foreign assets—which is currently US\$5,000,000 as under Communication “A” 5963—, and (c) the amount of the funds entered into Argentina under this procedure shall be deducted from the current limit amount available on the purchase of freely available foreign assets (paragraph 3 of Communication “A” 5899).

Other funds from the sale of non-produced non-financial assets may also be credited in local accounts in foreign currency opened at local financial institutions in the name of the beneficiary. These funds shall be settled in the local foreign exchange market within the term mentioned above in compliance with the obligation to enter and settle foreign exchange in the local forex market (Communication “A” 5899, paragraphs 1. and 2.).

2. OUTFLOW OF FUNDS FROM THE LOCAL FOREIGN EXCHANGE MARKET

2.a. Payments of Imports of Goods

Applicable regulations to access the local foreign exchange market for payments of Argentine imports of goods are disclosed by Annex to Communication “A” 5274, as amended by Communications “A” 5507, “A” 5574, “A” 5630, “A” 5647, “A” 5850, “A” 5875, “A” 5899 and “A” 6011.

Specifications and definitions are included in such Annex. For example, the customs registration date is the import customs clearance¹ date rather than the date of customs release². Moreover, imports are officially cleared when customs formalities are completed in order to enter foreign goods into national free zones, as far as those goods are sold by a non-resident to a resident, and entered into Argentina upon a particular application with customs release by courier. Customs registration for both suspensive imports of goods

¹ Permission by Customs authorities for goods to be brought into a country.

² Point in time when the goods are effectively made available for free circulation.



stored in warehouses and for temporary imports with no outflow of foreign currency abroad fall outside the scope of these specifications and definitions. Importers may buy foreign exchange in the local market up to the amount invoiced according to the conditions of purchase.

General regulations include the following conditions, among others:

- the sale of foreign exchange in payment of imports shall only be made against customers' own check or debit from their local accounts. Cash payments are not permitted.
- advance payments shall be made to a foreign supplier or foreign financial institution or else the official credit agency that have financed the advance payment to the foreign supplier.
- in the case of imports with letters of credits or guaranteed drafts issued by local financial institutions, these institutions shall have access to the foreign exchange market for making payments abroad at maturity, notwithstanding the submission by the importer of the documentation required to that effect.
- the implementation of an "Import Payment Monitoring" system (SEPAIMPO) as from July 1, 2010 reduces the physical handling of customs documents and improves controls ensuring that the payment of imports is backed by trading operations registered at Customs.

The SEPAIMPO is a system that enables the BCRA to monitor: (a) payments associated with import customs clearance, and (b) supporting documents for the entrance of goods into Argentina that were partly or fully paid before the customs registration date.

2.a.i. Monitoring Methodology for Import

This methodology is implemented for import customs clearances completed as from July 1, 2010. Any prior clearances, those made upon particular application or by courier, and those entered from free zones with transfer of title from the exporter to the importer after customs clearance are still subject to control based on the review and handling of customs documents by the institution that grants access to the Free and Single Foreign Exchange Market (*Mercado Único y Libre de Cambios*, MULC).

The control of accessing the foreign exchange market for each import clearance is made by a single institution appointed by the importer. Such institution is the one that authorizes the access to the foreign exchange market, notwithstanding both the institution that actually channels the payment and the one that certifies the supporting documents for the entrance of goods in the case of payments made before this date.



2.a.ii. Monitoring Methodology for Import Payments Made Before Customs Registration Date

- Each payment of imports without customs registration made through the MULC is univocally identified for monitoring.
- The institution through which the payment is channeled shall be in charge of monitoring the compliance with the obligation to prove the entrance of goods within the term provided under the relevant regulation, to return foreign currency, and/or to report on the circumstances leading to change the amount to be brought back to normal. In the absence of certification of an import customs clearance, such institution shall also be responsible for reporting noncompliance to the Central Bank.

2.a.iii. Access to the MULC to Pay Imports of Goods with Customs Registration

This access must be in compliance with paragraph 3. of the Annex to Communication “A” 5274 (amended by Communications “A” 5507 and “A” 6011), as supplemented by subparagraph 19. of Communication “A” 5899.

2.a.iv. Access to the MULC to Pay Imports of Goods with No Customs Registration

This access is governed by paragraph 4. of the Annex to Communication “A” 5274, as amended by Communications “A” 5507, “A” 5899 and “A” 6011, and is subject to monitoring of proof of compliance with customs registration of good. In these cases, importers shall state in an affidavit:

- For payments of “commercial debts or payments at sight against submission of shipment documentation,” their commitment to prove their customs registration of goods within 90 calendar days from the date of access to the local foreign exchange market or, otherwise, the date of reentering of foreign currency from abroad within the same term.
- For advance payments — in accordance with paragraph 16. of Communication “A” 5899 — their commitment to prove their customs registration of goods within 365 calendar days as from the date of access to the local foreign exchange market or, otherwise, in order to settle through the local foreign exchange market the funds in foreign currency arising from the return of payment. Where a longer term is needed for import customs clearance, the access to the local foreign exchange market requires the prior approval of the Central Bank.



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Paragraph 1. of Communication “A” 6011 eliminates the requirement of not having delayed in showing proof of import customs clearance or of the reentering of foreign currency for transactions made through the local foreign exchange market prior to customs registration.

Any payment of imports with pending customs registration is subject to foreign exchange monitoring from the date of access to the local foreign exchange market to the date registration is completed. This payment shall be considered as made in terms of foreign exchange when the importer submits to the monitoring institution any of the supporting documents described in paragraph 5 of the Annex to Communication “A” 5274, amended by Communication “A” 5630, namely:

- a) Customs registration in the name of the importer or of a third party as far as all conditions set forth in the Annex referred to above are fully met; and/or
- b) Settlement—in the local foreign exchange market—of funds in foreign currency related to the return of payments made; and/or
- c) Simplified registration within the prescribed limits in the Annex referred to above due to minor transactions, losses and collection management.
- d) Evidence that the transaction was brought to normal, whether in full or in part, to the satisfaction of the Central Bank.

Under subparagraph 5.7. of the Annex to Communication “A” 5274, amended by Communication “A” 5899, in the cases of outstanding balance pending settlement, exchange rate differences, failure to deliver by an external supplier and any other reasons that account for the failure to deliver goods or return funds, importers may request the monitoring institution to acknowledge their compliance with the obligation to demonstrate the entrance of goods and/or funds in foreign currency to Argentina for an amount not exceeding US\$ 100,000 accumulated over a calendar year up to the payment date. This exemption must be recorded by the monitoring institution.

According to Communication “A” 5630, any payments of imports with pending customs registration shall be entered and settled in the local foreign exchange market at the benchmark exchange rate published by the Central Bank on the date when the advance or at sight payment was made. If the benchmark exchange rate is higher than the MULC exchange rate used by the institution on the settlement date, the latter shall apply. The funds so settled shall be sold by institutions to the Central Bank at the stated normal value on the settlement date at the exchange rate applied.

The foregoing shall not be applied to payments of imports falling within subparagraphs 6.1. and 6.2. of the Annex to Communication “A” 5274, as supplemented. Therefore,



extensions may be granted in case of loss of goods and transactions under “collection management”.

2.a.v. Extension of Terms to Exhibit Customs Registration

Paragraph 6. of the Annex to Communication “A” 5274 provides for different cases where monitoring institutions may grant extensions:

- Loss of goods after delivery as agreed upon, provided that goods are insured: the monitoring institution may grant up to five successive extensions of 180 calendar days (subparagraph 6.1 of Communication “A” 5274).
- Transactions under “collection management” (due to exchange control in the exporter’s country, or insolvency or arrears of the foreign supplier): the monitoring institution may grant up to five successive extensions of 180 calendar days, provided that the claim is pending settlement and there are reasons to explain the delay in reentering funds (subparagraph 6.2 of Communication “A” 5274).
- For other reasons beyond the importer’s control (such as delays in production or shipment by the supplier, transport issues) the monitoring institution may grant extensions, when most of the transaction is being affected, for up to 540 calendar days from the date of access to the local foreign exchange market. If reasons for delay that are beyond the importer’s control persist once the extended term has elapsed, a new extension may be requested to the Central Bank (paragraph 3 reestablished by paragraph 17. of Communication “A” 5899).

2.a.vi. Other Regulations

- Pursuant to paragraph 2 of Communication “A” 6011 (which amends paragraph 3.5.a. of Communication “A” 5274), importers shall have access to the local foreign exchange market in order to pay imports of goods before maturity, whether fully or partially.
- Importers have access to the local foreign exchange market to pay imports of goods with or without customs registration (paragraphs 3. and 4. of Communication “A” 5274).
- Third parties other than importers may also have access to the market in order to make payments of imports in the following cases:
 - Third parties who handle import customs clearance in order to make local sales of imported goods (subparagraphs 3.5.d. and 5.5. of Communication “A” 5274), submitting the local sales invoice along with usually required documents.



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- Legal persons in charge of providing medication as under health insurance to patients who file a Particular Application (subparagraphs 3.5.b. and 4.4. of Communication “A” 5274).
 - Local governments importing goods within the framework of infrastructure contracts. In this case import customs clearance shall be endorsed by Provincial State’s entities, instrumentalities and agencies, and/or fully owned-companies of a Provincial State, even if they have legal personality (subparagraphs 3.5.f. and 4.5. of Communication “A” 5274).
 - In the case of mergers, either the merged or the surviving company shall have access — as from the date the merger is recorded in the Public Registry of Commerce — to the foreign exchange market to repay debts from the imports of goods of the merged company, and/or may submit the import customs clearance as from the date of registration in order to bring to normal any payments with pending import customs registration carried out by the merged company before that date. In addition, they shall be required to produce any such documents and certifications as are provided for in the regulation (subparagraphs 3.5.g. and 5.6. of Communication “A” 5274).
 - Public sector agencies importing goods within the framework of self-financed projects as far as they have supporting documentation. In the case of payments without import customs registration, the importer shall undertake to submit documentation evidencing the import customs registration within the relevant period (paragraph 19. of Communication “A” 5899).
- Regarding access to the local foreign exchange market, the financing of imports of goods that are considered commercial debts are specified in subparagraphs 1 through 12 of subparagraph 2.4. of Communication “A” 5274 as amended by Communications “A” 5574, “A” 5647 and “A” 5875.
 - The conditions for paying Argentine imports of goods entered from free zones with the exporter’s transfer of title to the importer are laid down under subparagraph 3.4. of Communication “A” 5274. The monitoring institution shall endorse the customs documents supporting the nationalization of goods.
 - Paragraph 13 of Communication “A” 5274 regulates payments of inputs, equipment and spare parts for construction, repair, maintenance or replacement of parts in off-shore hydrocarbon production and treatment facilities (subparagraph 1), payments of goods to be sold in duty free shops under Act No. 22,056 (subparagraph 2), and payments of goods stored in free warehouses licensed in accordance with the National Customs Authority Resolution No. 2676/79 (subparagraph 3). In these cases, the institution shall endorse customs documents for payments made.



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2.b. Payment of Services

The payment of services is subject to regulations disclosed by Communication “A” 5264, as supplemented by Communications “A” 5377, “A” 5850, “A” 5861 and “A” 5981. Transactions which fall outside the scope of such regulations shall require prior approval of the Central Bank (Communication “A” 5539).

Residents in Argentina may access the local foreign exchange market to transfer funds abroad in payment of services provided by non-residents under the conditions agreed upon between the parties pursuant to the applicable legal regulations. Thus, residents shall submit supporting documents in order to prove the authenticity of the transaction involved in terms of the type of service, features of the service rendered by the non-resident to the resident and amount to be transferred abroad (Communication “A” 5377).

If the nature of the service intended to be paid has no direct connection with the activity performed by the customer, the institution authorized for carrying out foreign exchange transactions shall require the importer to submit the most essential documentation established under the applicable regulation in order to certify the debt abroad.

The participating institution shall ensure, among other things that all current contracts are registered at a national level, and shall ask customers to provide any documentation it may deem fit to account for their statements.

Sales of foreign currency to residents on account of services shall be made against a customer’s own check or debit to the customer’s sight account in a local financial institution by any of the means of payment currently available.

2.c. Wages and Salaries; Returns on Investments; and Current Transfers

Returns and current transfers are subject to regulations disclosed by Communication “A” 5264, as supplemented by Communications “A” 5377, “A” 5604, “A” 5731 and “A” 5850. Transactions which fall outside the scope of such regulations shall require prior approval of the Central Bank (Communication “A” 5539).

Debtors may access the local foreign exchange market to pay interest on unpaid debts either alone or jointly with principal on condition that exchange rules allow doing so, and the principal is paid in compliance with all general conditions in force, including the requirement to demonstrate settlement of funds in the local foreign exchange market.

The purchase of foreign currency may be made up to 10 business days before the maturity date of each interest payment calculated in arrears.

The participating institution shall ensure that debtors submit, if applicable, two lists: one of private sector securities issues and external liabilities that originate interest payment —



with validation of data so reported — and, the other, of “direct investments”, if the creditor from abroad belongs to the same economic group.

According to subparagraph 3.8. of Communication “A” 5377, institutions authorized to operate in the exchange market may transfer abroad profits and dividends to non-resident shareholders and ADR and BDR holders, resulting from balance sheets certified by external auditors following all the applicable requirements for balance sheet certification. The institution concerned shall ensure — if applicable — that customers submit a statement on private sector’s securities issues and external liabilities, with validation of data reported in accordance with the requirement to distribute profits and dividends, and of direct investments.

As for donations, the donee shall be a governmental institution, an international organization and/or any related agencies and/or a foreign institution located in Argentina and internationally recognized for their charitable work. The purpose of donations shall be the handling of natural disasters and health or humanitarian emergencies of public domain. Diplomatic missions, consular offices and other international representations accredited to Argentina may also fall under the category of donees. Moreover, donations may be made under the conditions provided for in paragraph 10. of Communication “A” 5899 regarding residents’ purchase of foreign assets. All other cases shall require the prior approval of the Central Bank (subparagraph 3.10. of Communication “A” 5377).

Residents in Argentina have access to the foreign exchange market to transfer funds abroad as family support, retirements and pensions, scholarships and tuition fees, payment of fines imposed on natural persons for engaging in any misconduct abroad and to conduct any other transactions deemed as current transfers in accordance with international criteria.

Transfers for family support to a non-resident natural person shall be ordered by a customer of the participating institution, who must be either a resident natural person or diplomatic personnel accredited to Argentina.

Scholarships and tuition fees shall be transferred by resident natural persons to educational institutions abroad. Institutions may also make transfers abroad in the case of scholarships awarded to a resident where the latter is the beneficiary of the scholarship. The amounts so transferred shall agree with that allocated to cover expenses in the foreign country.

Sales of foreign currency to residents for profits and wages, scholarships and tuition fees, as well as donations shall be made against a customer’s own check or debit to the customer’s sight account in a local financial institution by any of the means of payment currently available. The same requirements shall apply to transfers for family support



exceeding US\$ 300 per customer, per calendar month, in all institutions authorized to carry out foreign exchange transactions (subparagraph 3.11. of Communication “A” 5377).

2.d. Financial Debt

Access to the local foreign exchange market is allowed to repay financial loans in foreign currency, in accordance with the Annex to Communication “A” 5265, as amended by Communications “A” 5337, “A” 5464, “A” 5475, “A” 5597, “A” 5899, “A” 5910 and “A” 6011.

- Pursuant to subparagraph 4.3., any debtors of the financial sector and the non-financial private sector shall have access to the local foreign exchange market to repay principal—whether partially or totally,—in respect of their financial debts abroad, in advance of maturity, provided that inflows remain in Argentina over a minimum term of 120 calendar days (as amended by paragraph 3 of Communication “A” 6011, which removed the requirements to be met for the early repayment of debts entered and settled up to December 16, 2015).

In the case of bonds and other debt securities eligible as external issuances and listing on securities markets, which are repaid with more than 10 business days in advance of maturity, debtors may access the foreign exchange market in an amount exceeding the nominal value as far as the transaction reflects market conditions.

Debtors may further access the foreign exchange market to make an early repayment of financial debts with such international organizations, official credit agencies and banks from abroad as are parties to the relevant debt contracts, as far as the participating institution assesses the reasonableness of the amounts involved within the framework of monitoring controls.

Paragraph 5. of Communication “A” 6011 allows the access to the market for the service of principal of debts out of which resident debtors have obtained foreign exchange which has not been settled in the local foreign exchange market but has been allocated abroad to repay other debts of their own, provided that such debtors would have had access to the market for repayment. This shall be recorded as appropriate.

- Debtors may access the local foreign exchange market for the service of local debt securities in foreign currency issued as from February 26, 2016, as far as securities are listed and traded in securities markets and have been paid after such date with a deposit of foreign currency in any correspondent accounts of the placing bank or debit to local bank accounts in foreign currency, and other conditions as set forth in paragraph 4. of Communication “A” 5910 are met.

Debtors may access the local foreign exchange market for the service of local debt securities in foreign currency issued up to and including February 25, 2016, as far



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as securities are listed and traded in self-regulated markets and have been issued and subscribed in foreign currency, inflows have been aimed at financing infrastructure works in Argentina, and the other conditions established in paragraph 5 of Communication “A” 5265 are met.

- Debtors may access the foreign exchange market for servicing principal and interest of external bonds and other securities, irrespective of the place of resident of the holders (subparagraph 6.4.c. of Communication “A” 5265).
- Local banks may have direct access to the foreign exchange market without the prior approval of the Central Bank in order to fulfill their obligations as guarantors to non-residents for the repayment of financial stand-by agreements, when guaranteed transactions are eligible for direct access to the market or when a guarantee is granted to execute or maintain a certain work or another commercial transaction abroad (directly or indirectly including the provision of related goods and/or services by Argentine residents), subject to the compliance with all conditions set forth in subparagraph 4.4 of Communication “A” 5265.

2.d.i. General Requirements

Some of the general requirements to access the local foreign exchange market to repay financial debts of the financial sector and the non-financial private sector (subparagraph 4.1. of Communication “A” 5265, as amended) are as follows:

- Sales of foreign currency for the amortization of financial debts shall be made against a customer’s own check or debit to the customer’s sight account in a local financial institution through any of the means of payment currently available.
- Participating institutions shall ensure that debtors access the local foreign exchange market once the minimum applicable term has elapsed. The minimum holding term in Argentina is not applicable in these cases:
 - (i) Primary issuances of debt securities listed and traded in self-regulated markets;
 - (ii) Debts arising from credit facilities granted by multilateral or bilateral credit organizations and official credit agencies, either directly or through their related agencies, in keeping with their objectives.

Subparagraph 4.2. of Communication “A” 5265 establishes specific requirements to repay loans under section 3 of Decree No. 753/04.



2.d.ii. Other Provisions Establishing Requirements for Specific Transactions

- Where one of the debtors in a joint issue of bonds and other debt securities fails to repay the principal and/or interest, the other issuers—who are jointly and severally liable—shall have access to the local foreign exchange market to discharge the defaulting issuer’s obligations (paragraph 6. of Communication “A” 6011). The manner in which such contingent obligations shall be reported for the sake of the disclosure of external liabilities and issues of debt securities in foreign currency is established (Communication “A” 3602, as supplemented).
- Access to the local foreign exchange market is allowed for the purchase of foreign exchange to “make international payments of goods purchased but not actually imported into Argentina and sold to third countries”, provided that the provisions set forth in subparagraph 4.6 (according to Communication “A” 5337) are met.
- Access to the local foreign exchange market is allowed to pay principal and interest on financial debts incurred in financing granted by a non-resident to a resident for the purchase of direct investment assets in the country and/or non-produced non-financial assets, subject to the provisions set forth in subparagraph 4.7. (included by Communication “A” 5899 paragraph 9).
- Subparagraph 6.3 sets forth how to deal with debts of merged companies.
- Paragraph 7. provides for the cases of external borrowing which are governed by specific regulatory regimes: debts incurred in to finance new investment projects for the production of exportable goods or increase in export capacity (paragraph 1, supplemented by Communication “A” 5597), debts incurred for long-term financing of exports (paragraph 2) and the financing granted to local companies to conduct activities under public procurement contracts (paragraph 3).
- According to paragraph 6 of Communication “A” 5899, payment to foreign creditors of advances and pre-financing of exports that are direct debts not endorsed by local banks with no exports in return are governed by the regulations applicable to the payment of foreign financial loans. To that effect, the date of origin shall be the date on which the foreign exchange was brought into the country, except the following cases which retain their commercial nature:
 - Repayment of export advances when the exporter is unable to comply with the shipment in time as agreed with the customer, due to the suspension of shipments ordered by a state regulation in force as from the advance disbursement date.



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- Repayment of export advances when the exporter complied with the shipment, but the goods were rejected by the importer and re-imported into the country. In this case, documentation evidencing that the goods were re-imported must be submitted to the relevant institution before having access to the local foreign exchange market.
- Payment of advances and the pre-financing of exports, whenever after using foreign exchange arising from shipments to make such payments, there is an outstanding amount resulting from the transaction entered into the foreign exchange market, not exceeding 5% of the amount entering Argentina or US\$ 5,000, whichever is higher.
- Repayment of advancements collected from the export of goods to a foreign creditor, not exceeding US\$ 10,000 per calendar month within the group of institutions authorized to trade in foreign exchange. This access to the local foreign exchange market is in addition to that provided for in the preceding paragraph.

2.d.iii. Access to the Local Foreign Exchange Market for the Payment of the External Financial Debt of Local Governments

According to subparagraph 4.5., access to the local foreign exchange market for the payment of principal and interest on the external financial debt of local governments — in other words, the central administration of the provinces, the Autonomous City of Buenos Aires and the municipalities — is governed by regulations that apply to the payment of the external financial debt owed to the financial and non-financial private sector, provided that current regulations at the time do not establish a specific treatment thereof.

Communication “A” 5961 sets forth specific conditions for the repayment of principal and interest on new debts of local governments as from May 4, 2016 and allocated as provided for in such Communication.

In addition, local financial institutions may access the MULC in their capacity as fiduciaries of trusts created by local governments to ensure the payment of principal and interest on their external debt, provided that all the conditions set forth in the abovementioned subparagraph 4.5 are met.

2.e. Foreign Exchange Sales to Non-Residents



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Communication “A” 4662, as amended (“A” 4692, “A” 4832, “A” 5011, “A” 5163, “A” 5602, “A” 5850, “A” 5899, “A” 5910 and “A” 5937), governs the access to the foreign exchange market by non-residents (as per the definition of the IMF’s Balance of Payments Manual).

In this regard, the following non-resident transactions may be performed without the prior approval of the Central Bank of Argentina, provided that the respective requirements are met:

1. Purchase of foreign exchange for the transfer abroad, provided that the documentation required in the above regulations is met, when transactions are carried out by, or collections are made in Argentina, any of the following:
 - 1.1. International organizations and institutions acting as official export credit agencies.
 - 1.2. Diplomatic and consular missions accredited in the country, regarding the transfers made in the exercise of their duties.
 - 1.3. Representative offices in Argentina from Courts, Authorities or Departments, Special Missions, Bilateral Commissions or Bodies created by International Treaties or Agreements — to which the Argentine Republic is a party — provided that transfers are made in the exercise of their duties.
 - 1.4. Payment at sight of Argentine imports.
 - 1.5. External debts of residents arising from the Argentine imports of goods, provided that foreign exchange transactions are conducted within 20 business days following the date of payment, and conditions set forth in subparagraph 3.5.e. of Communication “A” 5274, as amended by Communication “A” 5507, are met.
 - 1.6. Rendering of services, returns and other current transfers made to other countries.
 - 1.7. Financial debts from foreign loans to non-residents.
 - 1.8. Return on bonds and secured loans from the National Government issued in local currency.
 - 1.9. Recovery of claims in local bankruptcies and debt collection from insolvency proceedings provided that the non-resident customer is the judgment creditor with a final court decision.
 - 1.10. Inheritances, according to the affidavit of heirship.
 - 1.11. Compensations, servicing or sale of amounts received from the Government under the provisions of Laws Nos. 24,043; 24,411 and 25,914.



- 1.12. For transactions made through the reciprocal payments and credits agreements subscribed with ALADI (Latin American Integration Association), the Dominican Republic and Malaysia, discounted in foreign institutions, and collected on accounts opened with local institutions, provided that the exporter has entered and settled the funds received from abroad in the MULC.
- 1.13. Repatriation of direct investments in the non-financial private sector, companies that are not parent entities of local financial institutions, and/or real property, provided that the foreign beneficiary is a natural or legal person residing, incorporated or domiciled in domains, jurisdictions, territories or associated States that are considered “cooperators for the purposes of fiscal transparency” according to the provisions of Section 1 of Decree No. 589/13, as amended. They include the following transactions:
 - 1.13.1. Direct investment sale.
 - 1.13.2. Final settlement of direct investment.
 - 1.13.3. Capital reduction by a local company.
 - 1.13.4. Return of irrevocable contributions made by a local company.Specific requirements are set (paragraph 7 of Com. “A” 5899) in cases of capital reduction or return of irrevocable contributions.
- 1.14. Repatriation of amounts collected from the servicing of principal or the settlement of amounts from the sale of other portfolio investments (and their return thereon), provided that the foreign beneficiary is a natural or legal person residing, incorporated or domiciled in domains, jurisdictions, territories or associated States that are considered “cooperators for the purposes of fiscal transparency” according to the provisions of Section 1 of Decree No. 589/13, as supplemented and amended (paragraph 8. of Communication “A” 5899).

All repatriations of portfolio investments include, among others, portfolio investments in stocks and shares in local companies, investments in mutual funds and local trusts, purchase of loan portfolios granted to residents by local banks, purchase of invoices and promissory notes arising from local business transactions, investments in local bonds issued in pesos and foreign currency payable in Argentina, and purchases of other domestic credit.

In these cases, the non-resident shall obtain a certification from a local financial or exchange institution to substantiate the date and amount of the funds placed for investment that have been settled in the foreign exchange market. In turn, such institution shall ensure that the funds remain in Argentina



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at least 120 calendar days from the date of entry into the country. These requirements do not apply in the following cases:

- ❖ When funds correspond to the collection in pesos in Argentina of credits originating from debts of imports assigned by the importer to a third party.
- ❖ In the case of investments made by natural persons during their residence in Argentina using funds not covered by the provisions of Decree No. 616/05, who subsequently settled abroad, provided that the institution has documentation supporting the date of change of residence.
- ❖ When the source of investment is the collection in Argentina of any of the transactions for which the non-resident would have had access to the market for the repatriation of funds at the time of collection.

1.15. Compensation decided by local courts in favor of non-residents.

In cases where access of the non-resident is permitted without prior agreement, the resident is also allowed access to the market in order to transfer funds in favor of the non-resident (Communication "C" 51232).

2. Purchase of notes, checks and traveler's checks in foreign currency, in the amounts needed by the following bodies to perform their duties in the country:
 - 2.1. International organizations.
 - 2.2. Diplomatic and consular representations and diplomatic staff serving in Argentina.
 - 2.3. Representations in Argentina from courts, authorities or departments, special missions, bilateral commissions or bodies established by international treaties or agreements to which Argentina is a party.
3. Purchase of foreign exchange or foreign currency in amounts not exceeding US\$ 2,500 per calendar month for the ensemble of financial institutions authorized to trade in foreign exchange.

Where the servicing of principal and interest as well as returns on government securities issued by the national government in foreign currency and other bonds issued by residents in foreign currency which, according to the current exchange regulation, are deemed as external issuances, and deposited by non-residents in local custody accounts, the non-resident may choose from any of the following options: collection in foreign currency, deposit in a local account in foreign currency in their name or retransfer of funds to an account in their name abroad. In these cases, no exchange tickets are made. If after the servicing of principal and interest, the beneficiary of the funds wishes to convert the funds collected in foreign currency to local currency, the purchase shall be carried out in



the foreign exchange market pursuant to general regulations for portfolio investments by non-residents.

2.f. Financial Derivatives

Communication “A” 4805 compiles exchange regulations on conducting and paying for transactions involving futures, forwards and other derivatives within the financial sector and the non-financial private sector. These regulations provide that:

For transactions carried out and settled in Argentina: futures transactions conducted and paid in regulated markets, as well as forwards, options and other types of derivatives transactions settled in Argentina and cleared in domestic currency are not subject to prior compliance with the requirements of the exchange regulations. These local transactions are implemented under Argentine laws, irrespective of the place of residence of the contracting parties, which in no case may involve present or future obligations to make transfers abroad.

For external transactions: prior approval by the Central Bank of Argentina is not required to conduct transactions and access the exchange market to pay for premiums and collaterals and to settle, as applicable, futures, forwards, options and other derivatives transactions included in subparagraph 2.1 of Communication “A” 4805. External transactions conducted involving the remaining futures, forwards, options and other derivatives and their access to the exchange market for subsequent settlement require the prior approval of the Central Bank of Argentina even when future access to the local exchange market is not expected.

The local customer may enter the MULC on condition that the funds arising from any qualifying external transaction or from the release of collaterals are settled within 5 business days following the transaction closing date.

External transactions with access to the exchange market for coverage may only be made: (1) in institutionalized markets in international financial markets, (2) with foreign banks complying with the requirements set forth in Communication “A” 5391 and “C” 65366, or (3) with financial institutions authorized by law for this type of transactions, provided that they are controlled by banks meeting the requirements stated in the preceding paragraph.

2.g. Purchase of Foreign Assets of Residents



2.g.i. No Specific Purpose

Resident natural persons, legal persons from the private sector incorporated in Argentina that are not allowed to trade in foreign exchange, the undertakings (such as mutual funds) and other vehicles (such as trust funds) created in Argentina and local governments may access the local exchange market without prior approval of the Central Bank of Argentina in the following cases: real estate investments abroad, loans granted to non-residents, foreign direct investment contributions by residents, portfolio investments abroad by natural persons, other foreign investments by residents, portfolio investments abroad by legal persons, purchase of foreign currency to be held in Argentina, purchase of traveler's checks and donations not falling under the provisions of subparagraph 3.10. of Com. "A" 5377; when the following conditions are met:

- a) The total amount transacted in the abovementioned categories does not exceed US\$ 5,000,000 per calendar month for all institutions authorized to trade in foreign exchange (Communication "A" 5963).
- b) The institution has the customer's affidavit stating that the exchange transaction to be performed complies with the limits established in this regulation for transactions carried out in all institutions authorized to trade in foreign exchange.
- c) In the case of purchases of foreign exchange or foreign currency falling under any of the abovementioned categories in amounts exceeding US\$ 500 per calendar month established for all institutions authorized to trade in foreign exchange, the transaction can only be made through a debit to a sight account opened in the customer's name at local financial institutions, or through an Electronic Means of Payment (MEP) transfer to the relevant institution from sight accounts the customer maintains with any financial institution, or through a check payment from the customer's own account.
- d) In the case of sales of foreign exchange to residents for the purpose of making portfolio investments abroad, the transfer must be made to an account in the name of the customer performing the transaction and opened in foreign banks, investment banks or other foreign institutions that provide financial services and are controlled by foreign banks, which are not incorporated in countries or territories not considered cooperators for the purposes of fiscal transparency in terms of the provisions of Section 1 of Decree No. 589/13, as amended, or in countries or territories which do not comply — whether in whole or in part — with the Recommendations of the International Financial Action Task Force.

Moreover, residents who — as from December 17, 2015 — have recorded sales of own foreign assets in the local foreign exchange market are not subject to the limit



set forth in paragraph a) to make purchases up to the amount entered into the market.

Also, access to the local exchange market is allowed in the case of amounts exceeding the abovementioned limit, when the funds acquired are simultaneously used to pay residents for the acquisition of real property in the country through a deposit or transfer to local bank accounts in the foreign currency of the seller (Com. "A" 5899 paragraph 10).

It is worth noting that the entry of proceeds from exports of services and/or the sale of non-produced non-financial assets using the option of directly crediting funds in local accounts in foreign currency reduces the limit by which the customer can access the market to purchase assets with no specific purpose.

Additionally, Communication "A" 6011 provides that residents shall have access to the local foreign exchange market without limit to the amount for purchasing foreign currency in order to make contributions to and/or acquire interests in companies—that qualify as direct investments abroad,—provided that they are organized in cooperative countries or territories for the purposes of tax transparency, in accordance with Decree No. 589/13, Section 1, as supplemented, and that directly or indirectly pursue the performance of productive activities of goods and non-financial services. The transaction can only be made through a debit to a sight account opened in the customer's name at local financial institutions, or through an Electronic Means of Payment (MEP) transfer to the relevant institution from any sight accounts the customer maintains with any financial institution, or through a check drawn against the customer's own account.

2.g.ii. Specific Purpose

- Purchases of foreign currency made, without any limit, by public companies, private companies under the control of the national or local governments, and trusts created with funds provided by the public sector, provided that the acquired funds are deposited on the date of access to the local forex market in local accounts in foreign currency opened with the institution initiating the transaction, to secure letters of credit or other types of guarantees issued (Communication "A" 5937).
- Foreign currency purchases made, without limit, provided that funds are credited to accounts in Argentina or abroad opened to ensure the payment of imports of goods to be made after the date of access to the market, provided that the conditions specified in subparagraph 3.2. of Communication "A" 5937 are met.
- Purchase of foreign currency, without any limit, by resident natural persons, legal persons from the private sector incorporated in Argentina that are not allowed to trade in foreign exchange, mutual funds and trust funds, among others, created in



Argentina, provided that funds are allocated on the settlement date to pay up securities issued by the national government under a primary subscription in foreign currency (Communication “A” 5952).

2.h. The General Exchange Position of Authorized Institutions

Communication “A” 4646, amended by Communication “A” 4814, sets forth eligible liquid foreign assets for the General Exchange Position (*Posición General de Cambios*, PGC), the maximum limit calculated based on the regulatory capital, the maximum limit for particular cases and their adjustments.

Communication “A” 3640 sets forth that the institutions authorized to trade in foreign exchange require the prior approval of the Central Bank to purchase on their own behalf any other types of instruments, when payment is made against delivery of foreign currency or other external assets that are conceptually part of the PGC.

Local financial institutions can access the market without the prior approval of the Central Bank whenever they need foreign exchange for the purchase and sale of securities from their own portfolio in the case of transactions specified in paragraph 23. of Communication “A” 5850, supplemented by paragraph 7 of Communication “A” 6011. Anyhow, they shall issue the corresponding exchange ticket.

3. TRANSFER OF FOREIGN CURRENCY BETWEEN LOCAL ACCOUNTS AND FOREIGN ACCOUNTS

As of December 17, 2015, date of entry into force of Communication “A” 5850, institutions licensed to trade in foreign exchange are authorized to perform arbitrages and any foreign currency exchange with their customers, under the conditions set out in paragraph 1 as amended by Communication “A” 5899.

The following is allowed:

- a. For the entry of foreign exchange from abroad, the beneficiary may instruct the crediting of funds to a local account in foreign currency opened in their name at a financial institution. Institutions must issue technical tickets (recording the corresponding items) giving rise to no movements in the customer’s accounts in pesos.
- b. For funds held in local accounts in foreign currency, they may be transferred abroad, recording the corresponding technical tickets and noting that the operation was carried out against a movement in a local bank account in foreign currency. In



these cases, technical tickets are also issued (recording the corresponding items) giving rise to no movements in pesos.

Financial institutions shall credit any amount entered from abroad to their customers' accounts in foreign currency, as well as debit any funds in foreign currency which are deposited in a local account to be transferred abroad, subject to the regulations and registration duties that may apply (Communication "A" 5964).

Where the originating account opened abroad from which funds are transferred and the local recipient's bank account are denominated in the same currency; or where the recipient account opened abroad and the local originating account being debited are denominated in the same currency, the amount to be credited or debited by financial institutions shall agree with the funds transferred from or to an account abroad.

Where the originating account opened abroad from or to which funds are transferred and the local recipient's bank account are denominated in a different currency, the amount to be credited or debited shall agree with the amount received from or sent abroad as per the market exchange rate in effect on the date of the transaction.

Any fee charged by an institution for these transactions shall be debited and itemized separately.

4. MISCELLANEOUS

4.a. Other Transactions with Access to the Local Exchange Market

Communication "A" 5184 sets forth the rules of access to the local exchange market for the payment of principal and interest to Official Export Credit Agencies, as well as for financings from any such Agencies abroad to finance infrastructure works in Argentina related to works already completed, in progress and new ones.

4.b. Record of Transactions

Paragraph 1 of Communication "A" 4550 sets forth the rules on foreign exchange registration.

With respect to transactions made by resident natural persons, on their own behalf or as agents of non-resident natural or legal persons, the exchange ticket (purchase or sale) must include the CUIT (Individual taxpayer identification) number, or alternatively, the CUIL (workers identification) number, or otherwise the CDI (Identification key) number of the customer performing the transaction, and only for transactions that do not exceed



AR\$ 5,000 per entity, per day; also being accepted the following identification documents: DNI, LC or LE.

The use of electronic and digital signatures in exchange transactions is accepted, provided they comply with all the requirements set forth in Communications “A” 4345 and “A” 4463.

4.c. Record of Foreign Exchange Transactions Related to the Collection of Exports and the Payment of Imports

Whenever the collection of exports and/or the payment of imports of goods involve two or more customs destinations, a single exchange ticket can be submitted for the full amount of the foreign exchange transaction. In this case an Annex must be produced together with the list of shipping permits or import clearances involved, which must contain the information specified in Communication “C” 54352 or in paragraph 14 of the Annex to Communication “A” 5274, respectively.

In these cases, the Exchange Transaction Reporting System (*Régimen Informativo de Operaciones de Cambio*) must include a record for each shipping permit or import clearance that is a part of the foreign exchange transaction.

Moreover, in the case of settlements of proceeds from exports for several shipping permits that involve overdue transactions falling under the rules re-established by paragraph 1 of Communication “A” 5630, a specific ticket must be made for each destination (Communication “C” 66718).

4.d. Requirements that Must be Verified in Transfers of Funds

Communication “A” 5384 establishes minimum information requirements with respect to the originator and the beneficiary that must be informed when making transfers of funds to and from abroad, as well as in any related messages.

Local authorities must, when involved in the chain of payments of electronic funds transfers, ensure the complete documentary evidence of information on the originator and the beneficiary exists in the terms mentioned above.

In cases of transfers that do not include the minimum information required on the originator and the beneficiary, they must be held pending settlement in the local exchange market and/or in the local account where foreign currency is to be credited until such omissions are corrected (paragraph 23 of Communication “A” 5899).

Retransfer of funds to correspondents from other local institutions or return of funds to the issuer or any other retransfer of funds allowed by foreign exchange regulations is only



possible when the missing data of transfers received is completed in the correspondent account of the local institution.

The regulation sets forth that institutions should conduct a detailed examination of fund transfers, proceeding, if applicable, in accordance with Law No. 25,246, as amended by Law No. 26,734 and Decree No. 918/2012, and its regulations; and refrain from entering into financial relationships with other institutions that do not have adequate standards to prevent the use of electronic transfers for money laundering and/or terrorist financing purposes.

It also establishes that controls should be strengthened on transfers to and from countries not considered “cooperators for the purposes of fiscal transparency” in terms of the provisions of Section 1 of Decree No. 589/13, as amended (Communication “C” 65366). This also applies to transfers to and from countries or territories which do not comply — whether in whole or in part — with the Recommendations of the International Financial Action Task Force. For this purpose non-cooperating countries or territories are those listed by the Financial Action Task Force (www.fatf-gafi.org). Moreover, the regulation provides that institutions should ensure compliance with the obligations set out in the resolutions adopted by the United Nations Security Council No. 1267 (1999) and subsequent resolutions, and in resolution No. 1373 (2001) concerning the prevention and suppression of terrorism and terrorist financing by not engaging in transfers with individuals and institutions listed in such resolutions.

4.e. Loans from Local Institutions in Foreign Currency

Loans granted by local financial institutions in foreign currency are conditioned to the customer’s commitment to settle the funds borrowed in the lending institution, prior to any cancellation and/or allocation. Until settlement in the local exchange market, funds shall remain deposited in such institution. When the loan is granted in the form of subscription of bonds issued by the customer, funds must remain deposited until settlement in the local financial institution designated by the debtor (paragraph 2 of Communication “A” 5910).

4.f. Other transactions of Authorized Institutions with Customers

Communication “A” 4938 sets forth new requirements on the disclosure of retail foreign exchange rates by institutions authorized to trade in foreign exchange; moreover, uniform retail foreign exchange rates are set for all branches of each institution located in the Autonomous City of Buenos Aires. As per Communication “A” 5351, this requirement is also applied to exchange houses at international ports and airports and those located in the capital city of the respective province. That regulation provides that such exchange houses cannot purchase foreign currency to non-residents for amounts over US\$ 500, or its equivalent in other currencies, per customer, per stay.



In order to achieve greater disclosure of retail quotes offered by institutions authorized to trade in foreign exchange, Communication “B” 9791 sets forth that as from May 3, 2010 (inclusive) the website of the Central Bank of Argentina will disclose retail exchange rates offered in the Autonomous City of Buenos Aires and “reference retail exchange rates” resulting from weighting the reported quotes by the share of each institution in the segment of retail transactions for the group institutions informing quotations. Participation by institutions is voluntary.

❖ **Transactions with Resident Customers**

In foreign exchange transactions performed by institutions authorized to trade in foreign exchange with resident customers, all currency movements either in foreign exchange or in pesos have to be made in the name of the customers. In this sense, movements other than those made in cash must correlate to movements in the accounts of the customers, or in joint or individual accounts where the natural or legal person performing the exchange transaction is one of the customers.

Within the framework of Communication “A” 4834 as amended by Communication “A” 5899, residents — either natural or legal persons — are allowed to purchase and sale foreign exchange for certain purposes such as reimbursement of expenses and other current transfers, just by submitting the affidavit of the customer, provided that: i) funds in local currency originate from or are credited to the customer's bank account through any of the methods as under the means of payment in force, ii) a maximum amount of US\$ 10,000 is not exceeded per calendar month in all institutions authorized to trade in foreign exchange, and iii) funds arise from the customer's sale of foreign exchange transferred by non-residents, or from the customer's purchase of foreign exchange to make transfers to non-residents or resident natural persons who are temporarily abroad as tourists. In cases in which the customers trade with higher amounts, they must submit any other documentation that the institution may request to verify the purpose of the transaction.

❖ **Transactions with Non-Resident Customers**

For foreign exchange purchases from non-residents with payments other than in cash, the funds resulting from settlement shall be credited to the local account of either the non-resident or the agent carrying out the transaction on the non-resident's behalf. Likewise, for foreign exchange sales to non-resident customers with payments other than in cash as under the applicable exchange regulations, the funds resulting from settlement may be debited from the account of the principal or the agent carrying out the transaction, or of the buying company in the case of a purchase of blocks of shares of direct investment enterprises (Communication “C” 41003).



4.g. Foreign Transactions with Credit and Debit Cards Issued in Argentina

Domestic financial institutions and other card issuers shall request prior approval from the Central Bank to process foreign transactions with credit and debit cards issued in Argentina with the aim of playing games of chance and making bets — directly or indirectly— through international payment networks. In these cases, approval shall be obtained before expenditures are charged on cards abroad and/or in Argentina (Communication “A” 5405).

Communication “A” 5964 provides that purchases abroad as well as cash withdrawals from ATMs located abroad using a local debit card may be debited from a customer’s local account irrespective of whether it is denominated in foreign currency or in pesos.

Financial institutions shall give their customers the option to choose and change the primary account and other accounts linked to their debit cards for purchases and cash withdrawals abroad, with the default primary account being the customer’s account in foreign currency, if any.

4.h. Capital Markets

Transactions with securities in self-regulated exchanges and securities markets shall be paid through any of the following: (a) in AR\$, using any of the methods available from payment systems; (b) in foreign currency, through electronic transfers from/to sight accounts with local financial institutions; and (c) through wire transfers from/to accounts abroad. Under no circumstances may the purchase/sale of securities be paid in cash in foreign currency or through deposits to custody or third parties' accounts (Communication “A” 4308).

Communication “A” 5812 provides that natural persons who receive foreign currency payments for servicing in a local custody account may reinvest such funds to make payments abroad related to any new transactions they may conduct, as long as allocation entails neutral taxation.

4.i. Disclosure of Financial and Non-Financial Private Sector Issues of Securities and Other External Liabilities

Communication “A” 3602, dated May 7, 2002, establishes a system to disclose external liabilities and securities issuances to which natural and legal persons from the financial and non-financial private sector owing debts to non-residents are bound. Data shall be submitted at the end of each calendar quarter.

According to Communication “A” 5274, the original date of debts incurred by Argentine importers with a foreign supplier of goods shall be the date on which, based on the agreed-upon purchase conditions, the exporter’s obligation to deliver the goods to the



importer is deemed to have been fulfilled. Where a third party other than the supplier provides import trade financing, the original date of the external debt shall be the date when financing for payment to the supplier is disbursed.

Where bonds and other debt securities have been jointly issued by more than one issuer, each of them shall disclose their share under the general rules (paragraph 6. of Communication “A” 6011) and the amount of the joint and several liabilities from joint issues.

Debts incurred and being paid in the same calendar quarter shall not be disclosed.

4.j. Disclosure of Direct Investment

Communication “A” 4237, dated November 10, 2004, establishes a system to disclose direct investments in Argentina by non-residents and direct investments abroad by Argentine residents, which includes:

4.j.i. Direct Investment in Argentina by Non-Residents

Disclosure is mandatory for resident legal persons with non-residents’ direct investment interests and agents of non-residents’ real estate. Thus, they shall submit a statement of non-residents’ direct investment holdings in Argentina, as modified during the reported period. This further includes holdings of natural or legal persons which, at the beginning of the reported period, have been settled within six months before the reference date. Disclosure shall be made at the end of each calendar six-month period.

The reporting system as under Communication “A” 4305 provides that disclosure is mandatory where the amount of non-residents’ holdings in Argentina—including their share in the company’s net worth and/or the aggregate real estate assessed values—equals or exceeds the equivalent of US\$ 500,000. Otherwise, disclosure shall be optional.

4.j.ii. Argentine Residents’ Direct Investment Abroad

Disclosure is mandatory for all resident natural and legal persons with direct investments abroad in the form of interests in any company, whether financial or not, and in real estate. This further includes holdings of natural or legal persons which, at the beginning of the reported period, have been settled within six months (for half-year statements) or twelve months (for annual statements) before the reference date.



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The reporting system as under Communication “A” 4305 provides that disclosure is mandatory where the amount of holdings abroad by residents subject to disclosure — comprising the sum of their interests in the foreign company’s net worth and/or the foreign real estate assessed values — equals or exceeds the equivalent of US\$ 1,000,000.

If the amount of these holdings equals or exceeds the equivalent of US\$ 1,000,000 and equals or is under US\$ 5,000,000, disclosure may be made on an annual basis, rather than half-yearly, at the end of each calendar year. Should holdings not reach the equivalent of US\$ 1,000,000, disclosure shall be optional.