



BANCO CENTRAL  
DE LA REPÚBLICA ARGENTINA

COMMUNICATION No. 50853

February 16, 2017

Re: ***Summarized foreign trade and foreign exchange regulations in force as of the end of January 2017.***

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This summary is published as a guide to the main aspects of foreign exchange regulations in force at the end of January 2017. These Communications are available at the Central Bank's website [www.bcra.gob.ar](http://www.bcra.gob.ar) Sistema Financiero y de Pagos / Marco Legal y Normativo / Buscador de Comunicaciones.

Communication "A" 6037 issued on August 8, 2016 provided for significant changes in the general conditions under which the foreign exchange market had been operating since 2002. The new regulation specifies, among other aspects, that foreign exchange transactions may be conducted by submitting an affidavit of the reasons behind the foreign exchange transaction, except in cases of specific requirements which, in general, remove the obligation to provide supporting evidence of the reasons behind each foreign exchange transaction.

Communication "A" 6118, issued in December 2016, introduced the requirements for payment processing companies to issue global tickets grouping residents' transfers of proceeds from the sale and funds for the purchase of goods and services.

Communication "A" 6137, issued on December 30, 2016, came into force on January 2 and introduced changes to paragraphs "I. General rules of the Free and Single Foreign Exchange Market", "III. Rendering of Services, Returns, and Current Transfers and Non-Produced Non-Financial Assets", and "V. Purchase of Foreign Assets of Residents" of the Annex to Communication "A" 6037 as amended. Thus, the use of bank accounts to carry out foreign exchange transactions is only restricted to the transactions included in section 4, subsection (b) of Decree No. 616/05.

In addition, Communication "A" 6150, issued on January 13, 2017, regulates the provisions set forth in section 1 of Resolution No. 1 - E/17 of the Ministry of the Treasury, and removes the requirement to show that funds entered the country in the case of portfolio investments that will be repatriated abroad.

Moreover, progress was made towards regulatory flexibility. Communication "A" 6163, issued on January 20, 2017, authorizes residents to access the foreign exchange market to carry out transactions with other residents. In turn, Communication "A" 6174, issued on January 27, 2017, (i) enables non-residents to access the MULC where the funds so obtained in foreign currency are deposited in local accounts and, (ii) relieves the monitoring institution from the follow-up requirement where goods are exported with the EXPONOTINEROSO customs benefit.



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## **1. GENERAL RULES OF THE FREE AND SINGLE FOREIGN EXCHANGE MARKET**

Please refer to paragraph I of the Annex to Communication “A” 6037, amended by Communications “A” 6058, “A” 6102, “A” 6137, “A” 6150 “A” 6163 and “A” 6174.

### **1.a. Characteristic features, exchange tickets and movements of funds related to foreign exchange transactions**

- According to the provisions of Decree No. 260/2002 which provided for the creation of a Free and Single Foreign Exchange Market, foreign exchange transactions must be conducted at a freely agreed exchange rate and must be subject to requirements and regulations of this Central Bank.
- Foreign exchange transactions must be carried out through institutions authorized by the Central Bank within the scope of their operation and pursuant to applicable rules and regulations, along with specific requirements established or to be established for each transaction.
- Any transaction carried out between institutions and their customers must be supported by an exchange ticket. Each foreign exchange transaction shall be supported by an exchange ticket (for either currency purchase or sale), which shall be deemed as an affidavit from the originator of the exchange transaction; the affidavit comprises the purpose of the transaction, among other items.
- Financial institutions and foreign exchange houses shall follow a procedure to ensure that the beneficiary is informed—no later than 24 business hours after funds have been credited in the correspondent account—of the fact that the amount received in foreign currency may be exchanged or deposited in local accounts in foreign currency.
- Residents in Argentina may access the local foreign exchange market in these cases: (i) funds collected from and/or payments related to transactions with non-residents, (ii) funds collected from and/or payments to local financial institutions and/or debt security issues in foreign currency; and/or (iii) purchase or sale of own foreign assets and transfers between residents. Such transactions shall be carried out under conditions set out in paragraphs 2 to 7 of this summary.
- General Rules (paragraph 1) and those specified in paragraph 8 below shall be applied to non-resident transactions.
- The above-mentioned affidavit that includes the purpose of the exchange transaction in each exchange ticket is sufficient for residents and non-residents to have access to the foreign exchange market, except in the cases where specific regulatory requirements are set out.



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- Financial institutions must provide complete information about the originator and the beneficiary and adopt proceedings to pinpoint transfers from abroad with insufficient information; in such cases, transfers must stay pending until omissions are remedied.

Minimum information required: (i) full name, (ii) address or identity number or Client's Taxpayer Identification number (CUIT), Employee Identification number (CUIL) or Identity Code (CDI), Foreign Investors' Code (CIE), and (iii) customer identification at the originator's institution.

- In foreign exchange transactions, all currency movements either in foreign exchange or in pesos have to be made in the name of the customers. In this sense, movements in local currency other than those made in cash, must correlate to movements in the accounts of the customers, or in joint accounts, where the customer performing the exchange transaction is one of the customers. This requirement shall not apply in the case a resident purchases foreign currency to another resident in order to transfer the proceeds in pesos to the account of a third-party resident in Argentina.

In the event that customers conduct foreign exchange transactions in an institution other than that in which they have their funds deposited, the institution handling the transaction may either transfer the proceeds from its account to customers' local accounts or make non-transferable checks out to customers.

#### **1.b. Foreign currency exchanges and arbitrages with customers**

Institutions licensed to trade in foreign exchange may perform arbitrages and any foreign currency exchange with their customers, — either residents or non-residents —; however, they must issue the technical tickets that record the corresponding items giving rise to no movements in pesos as provided for in paragraph I.7:

- \* Transfer of foreign exchange from abroad to local accounts in foreign currency.
- \* Funds in foreign currency deposited in local accounts for their transfer abroad.
- \* Arbitrages in foreign currencies carried out in Argentina.

Financial institutions shall credit any amount transferred 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.

Given the nature of these transactions which involve no movements in local currency but an exchange of foreign currency for local currency with a same counterparty, the institution shall issue technical exchange tickets (purchase or sale) for the same amount in foreign currency.

Where the amount of the funds transferred (i) from an account abroad or (ii) to an account abroad is denominated in the same currency than that of the local customer's bank account, the amount to



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be credited or debited by financial institutions shall agree with the funds transferred from or to an account abroad.

Where the amount of the funds transferred from or to an account abroad is denominated in a foreign currency other than that of the local customer's bank account, 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.

Financial institutions offering online banking services ("home banking") shall exhibit the fees for performing arbitrages and any foreign currency exchange in their website.

**1.c. Permanent instructions for the deposit of funds transferred from abroad in foreign currency accounts**

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 paragraph 1.8. of the Annex to Communication "A" 6037 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.d. Cash withdrawals from ATMs located abroad**

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.

In case of financial institutions offering online banking services ("home banking") customers may opt for the primary account linked to the purchases and cash withdrawals made abroad.

**1.e. Foreign exchange market operating hours**

Free and Single Foreign Exchange Market is open on business days from 10 am to 3 pm (official opening hours of Argentina). At provincial level, the foreign exchange market operates during the first five hours of the financial institutions' opening hours.

Institutions authorized to conduct foreign exchange transactions may extend their opening hours, without any limit of time, in order to purchase or sell foreign currency to or from their customers and to carry out other operations only involving foreign exchange.



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**1.f. Retail exchange rate. Exhibition in places where transactions with clients are performed. Posting on the BCRA's website**

Institutions authorized to trade in foreign exchange shall clearly exhibit at all times and in a visible place where exchange transactions with customers are carried out, the retail exchange rates they offer for the purchase or sale of currency and travelers checks at least for the following currencies: US dollars, euros, British pounds, Swiss francs and currencies from bordering countries listing separately all expenses or fees, if any.

Notices shall be written with a font size suitable for reading and located in visible places for customers. These notices shall be available in every place where customers carry out traveler's checks and currency exchange transactions.

In case of exchange houses located in ports, international airports and international land terminals, retail exchange rates for purchase or sale offered by institutions shall not exceed 3% from the retail quote traded by Banco de la Nación Argentina on the same day and without fees. Regarding transactions during extended hours, such ceiling quotes shall be computed based on the closing rates published by Banco de la Nación Argentina as a benchmark.

In order to achieve greater disclosure of retail quotes offered by institutions authorized to trade in foreign exchange, the website of the Central Bank of Argentina will disclose retail exchange rates offered in the Autonomous City of Buenos Aires ([http://www.bcra.gob.ar/PublicacionesEstadisticas/Tipo\\_de\\_cambio\\_minorista.asp](http://www.bcra.gob.ar/PublicacionesEstadisticas/Tipo_de_cambio_minorista.asp)).

**2. PROCEEDS FROM EXPORTS OF GOODS**

Exporters are required to settle exports proceeds (FOB, C&F, as appropriate) in the foreign exchange market (Decree No. 1606/2001, Decree No. 1722/2011, Communication "A" 3473, as supplemented). Deadlines to comply with such obligation were amended by Resolution No. 47-E/2017 issued by the Secretariat of Trade.

Under Decree No. 1003/2008, 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 (SML) between the States Parties to the Southern Common Market (MERCOSUR), according to the conditions set forth by the Central Bank of Argentina (BCRA).

**2.a. 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 as provided by Resolution No. 269/2001 of the former Secretariat of Trade, as amended, and recently modified by Resolution No. 47-E/2017 of the Secretariat of Trade (Official Gazette of January 20, 2017). Under such amendment, exporters shall settle



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foreign exchange in the local financial system within 3,650 calendar days, irrespective of the tariff item involved.

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 (paragraph a) of item I.7 of Annex to Communication “A” 6037 and Communication “A” 5899, item 2).

## **2.b. Follow-Up of Entry of Foreign Exchange Proceeds from the Exports of Goods in the Local Forex Market**

Communication “A” 3493, as amended, (including Communication “A” 3848, “A” 4277, “A” 5752, “A” 6057, and “B” 8601) sets forth a control mechanism to ensure compliance with the obligation to settle foreign exchange proceeds from exports. Upon drafting the shipping documents, the exporter is required to appoint a financial institution which shall be the only one entitled to issue a “certificate of compliance”, once the exporter discharges its settlement obligation.

In the case of exports made by companies producing crude oil or its byproducts, natural gas, liquefied gas, and by mining companies, they are monitored as set forth in Communication “A” 5262.

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.

On the other hand, follow-up regulations provide for such cases in which financial institutions in charge of monitoring shipping permits may issue—without the prior approval of the BCRA—a certificate of compliance evidencing that the obligation to settle foreign exchange has been met:

- i. Shortfalls and Deficiencies: 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).
- ii. Discounts and Service Charges Payable Abroad: provided that such 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 have not been established at the shipping date), the certificate





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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, or the equivalent of US\$ 100,000 per calendar year per exporter (Communication "A" 5233).

- iii. Where the importer withholds an amount as a fine for any delays incurred by the exporter when delivering the goods, 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 the parties involved are not related companies (subparagraph 1.6 of Communication "A" 5233, included by Communication "A" 5701).
- iv. Goods Totally or Partially Rejected at Destination and re-imported to Argentina: paragraph 5 of Communication "A" 5135.
- v. 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.
- vi. Reshipments covered by the ZFRE sub-regime, to the extent that 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).
- vii. 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).
- viii. Shipments with the "EXPONOTITONEROSO" / "EXPOSINVALORCOM" customs benefit that do not generate an equivalent value in foreign exchange, subject to the compliance with the requirements set forth by paragraph I of Communication "A" 6174.
- ix. Shipments under EXW and FAS, DDP, and FCA trading conditions: are governed by Communications "A" 3922, "A" 4004 and "A" 4076, respectively.
- x. Shipments for Amounts Withheld for Taxes Applicable in the Country of Destination: up to the amount withheld abroad, provided that the documents detailed in Communications "A" 4922 and "C" 62405 are submitted to the institution handling the foreign exchange transaction.
- xi. Shipments of Temporarily Imported Goods without Transfer of Foreign Exchange up to the amount included in the value of the exported goods as provided in paragraph 6. of Communication "A" 5135, and explained in Communication "C" 61688).



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- xii. 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 were 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.

Moreover, follow-up is concerned with undelivered shipments due to the importer’s failure to pay – Collection Management: the regulation identifies the following cases: 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 paragraph III of Communication “A” 5729, 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.

**2.c. 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 financing from bonds issued abroad and loan facilities with foreign banks or local financial institutions in foreign currency, provided that the following conditions are met: term (not less than 10 years), average life (not less than 5 years) and financing 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



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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.

### **3. ARGENTINE IMPORTS OF GOODS AND OTHER GOODS PURCHASES FROM ABROAD**

Please refer to paragraph II of the Annex to Communication “A” 6037.

Importers shall submit an affidavit stating compliance with the “Disclosure of Financial and Non-Financial Private Sector Issues of Securities and other External Liabilities” (Com. “A” 3602) in relation to the payment transferred abroad and compliance with the “Disclosure of Direct Investment” (Com. “A” 4237), if applicable.

In addition, financial institutions may access the foreign exchange market to make transfers abroad for paying guarantees granted in relation to Argentine imports of goods.

Payments Transferred Abroad for Argentine Imports of Goods Comprise: (1) payments made in advance of the delivery date of goods under the purchase conditions agreed upon with the foreign supplier, (2) payments at sight for imports of goods, and (3) deferred payments for imports.

Other Purchases of Goods from Abroad include, among other things: (1) inputs, equipment, and spare parts for construction, repair, maintenance or replacement of parts of facilities and (2) goods purchased, but not entered into Argentina, to be sold abroad.

### **4. RENDERING OF SERVICES, RETURNS, AND CURRENT TRANSFERS AND NON-PRODUCED NON-FINANCIAL ASSETS**

Please refer to paragraph III of the Annex to Communication “A” 6037, as amended by Communications “A” 6118 and “A” 6137.

#### **4.a. Rules on inflows**

The proceeds in foreign currency originating from the export of services to non-residents or from collections of insurance claims arising from coverages hired to non-residents are only subject to the obligation to be entered into Argentina and settled in the foreign exchange market to the extent that they are a part of or cover the FOB and/or C&F value of the exported goods, respectively. In both cases, they are governed by the regulations applicable to proceeds from the export of goods.

Should a retirement or pension beneficiary decide to credit the funds received into his foreign currency account, the institution may credit the funds directly with the client’s authorization, recording an exchange ticket in accordance with the applicable regulation.



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#### **4.b. Rules on outflows**

In order to access the foreign exchange market to make transfers abroad for the payment of services, interest, profits, and dividends and to purchase non-produced non-financial assets, an affidavit stating compliance with the “Disclosure of Financial and Non-Financial Private Sector Issues of Securities and other External Liabilities” (Com. “A” 3602) must be filed, if applicable, in relation to the payment transferred abroad and compliance with the “Disclosure of Direct Investment” (Com. “A” 4237).

### **5. FINANCIAL DEBTS**

Please refer to paragraph IV of the Annex to Communication “A” 6037, amended by Communication “A” 6150.

#### **5.a. Funds from foreign financial debts entering the foreign exchange market**

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 forex market.

However, irrespective of funds entering or not into the market, debts arising from transactions made by the non-financial private sector and the financial sector are required to be registered in the “Disclosure of External Liabilities and Debt Security Issues” (Com. “A” 3602) pursuant to Section 1 of Decree No. 616/05.

#### **5.b. Payment of foreign financial debts**

In the case a customer accesses the exchange market for the service of principal of foreign financial debts, including the payment of financial stand-by agreements granted by local banks, he must file a debtor’s affidavit stating compliance, if applicable, with the “Disclosure of Private Sector External Liabilities and Debt Security Issues” debt statement (Com. “A” 3602).

#### **5.c. Payment of local issues of debt securities in foreign currency**

In the case a customer accesses the exchange market for the service of local debt securities, they must submit an affidavit whenever previous submission of the “Disclosure of Private Sector External Liabilities and Debt Security Issues” debt statement applies (Com. “A” 3602).

#### **5.d. Other provisions on financial debts**

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



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foreign exchange is brought into the country, except the following cases which retain their commercial nature:

- i) 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.
- ii) Repayment of export advances when the exporter complied with the shipment, but the goods are rejected by the importer and re-imported into the country. In this case, documentation evidencing that the goods have been re-imported must be submitted to the relevant institution before having access to the local foreign exchange market.
- iii) 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.
- iv) 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 foreign exchange market is in addition to that provided for in the preceding paragraph.

Debts owed by direct investment companies to their headquarters and/or branches abroad are governed by exchange regulations in force applicable to the external indebtedness, irrespective of the kind of creditor.

## **6. PURCHASE AND REPATRIATION OF FOREIGN ASSETS OF RESIDENTS**

Please refer to paragraph V of the Annex to Communication “A” 6037, amended by Communications “A” 6137 and “A” 6163.

Residents in Argentina other than institutions licensed to trade in foreign exchange may access the local exchange market to purchase foreign assets without any limit as to the amount.

In the case of foreign exchange sales, proceeds may not be transferred to countries or territories which are 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 to countries or territories which do not comply — whether in whole or in part — with the Recommendations of the International Financial Action Task Force. To this end, non-cooperating countries or territories are those listed by the Financial Action Task Force ([www.fatf-gafi.org](http://www.fatf-gafi.org)).

In the case of purchase or repatriation of funds deposited abroad and other portfolio investments abroad, the proceeds must be either transferred to or from, as appropriate, an account registered under the name of the customer or held as external financial assets portfolio. The identification of



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the foreign entity or institution where the investment has been made and, where appropriate, the account number of the customer must be registered in the corresponding exchange ticket.

In the case of transactions related to transfers carried out between residents, the customer accessing the market must record in his/her affidavit, the full name or corporate name and Taxpayer Identification number (CUIT) of the resident acting as counterparty. The intervening institution must verify that the information matches, and record such data in the transaction's exchange ticket. In the case of foreign exchange transactions, the identification of the foreign entity or institution and the account number to/from which the funds are sent/received must be recorded on the corresponding exchange ticket.

In the case a resident sells foreign currency to another resident, the beneficiary's information must match that of the resident declared as counterparty by the customer performing the exchange transaction.

In the case a resident purchases foreign currency from another resident, the originator's information must match that of the resident declared as counterparty by the customer receiving the transfer.

In the case a resident sells foreign currency to another resident to be transferred to a local account of another resident, the funds must be transferred to a foreign currency account registered in the name of the resident recorded as counterparty by the customer performing the exchange transaction.

In the case a resident purchases foreign currency from another resident to be transferred to an account in pesos of another resident, the funds must be transferred to an account in pesos registered in the name of the resident recorded as counterparty by the customer performing the exchange transaction.

## **7. FINANCIAL DERIVATIVES**

Please refer to paragraph VI of the Annex to Communication "A" 6037.

Residents may access the foreign exchange market to pay for premiums and collaterals and to settle, as applicable, futures, forwards, options and other derivatives transactions conducted in institutionalized markets abroad or carried out with non-resident counterparties.

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.



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Local transactions referred to above 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 or local payments in foreign currency.

As far as financial institutions are concerned, regulations set forth in Communication “A” 6038 apply.

## **8. FOREIGN EXCHANGE TRANSACTIONS WITH NON-RESIDENTS**

Please refer to paragraph VII of the Annex to Communication “A” 6037, amended by Communications “A” 6058, “A” 6150 and “A” 6174.

Authorized institutions may, with the customer’s affidavit relating to the purpose of the transaction involved, proceed with the purchase of foreign exchange for the transfer abroad as well as the sale of notes, checks and traveler’s checks in foreign currency for the following non-resident customers:

1. International organizations and institutions acting as official export credit agencies, detailed in paragraph IV of the Annex to the Communication referred to above.
2. Diplomatic and consular missions accredited in the country, regarding the transactions made in the exercise of their duties.
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 — for transactions made in the exercise of their duties.

All other non-resident customers may also purchase foreign exchange to be transferred to accounts abroad, provided that the intervening institution has a customer’s affidavit stating that the funds originated in Argentina as a result of certain transactions, such as:

- (i) Payment at sight of Argentine imports, external debts of residents arising from the Argentine imports of goods, services, returns and other current transfers to other countries.
- (ii) Financial debts from foreign loans to non-residents.
- (iii) Return on bonds and secured loans from the National Government issued in local currency.
- (iv) 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.
- (v) Inheritances, according to the affidavit of heirship.



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- (vi) Compensations, servicing or sale of amounts received from the Government under the provisions of Laws Nos. 24,043; 24,411 and 25,914.
- (vii) For transactions made through the reciprocal payments and credits agreements subscribed with ALADI (Latin American Integration Association) and the Dominican Republic, and through bilateral agreements subscribed with the Russian Federation 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.
- (viii) Compensation decided by local courts in favor of non-residents.
- (ix) 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, involving the following transactions:
  - i. Direct investment sale.
  - ii. Final settlement of direct investment.
  - iii. Capital reduction by a local company.
  - iv. Return of irrevocable contributions made by a local company.

In these cases, compliance with Disclosure of Direct Investment must be verified, if applicable.

- (x) Amounts collected from the servicing of principal or from the sale of other portfolio investments (and their return), 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.

These 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 the cases mentioned above, the resident is also allowed access to the exchange market in order to transfer funds in favor of the non-resident, but before granting such access, the institution must verify compliance with applicable requirements.





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All other transactions involving the sale of foreign exchange, notes, checks and traveler's checks in foreign currency to non-residents may be performed without the prior approval of the Central Bank of Argentina, provided that the amount in question does not exceed the equivalent of US\$ 10,000 per calendar month in all institutions authorized to carry out foreign exchange transactions.

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 are 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.

Licensed institutions may sell foreign currency to non-residents, without any limits on the amounts traded, whenever funds are deposited in a local account in foreign currency held in the name of the non-resident.

Where funds in local or foreign currency originate from or are deposited in a "special investment account" — as provided for in the rules on "Savings deposits, salary account and special account" — (i) the financial institution where the special account is held may be recorded as acting on behalf of the non-resident investor on the exchange tickets, and (ii) the Foreign Investors' Code (CIE) granted by the National Tax Authority (AFIP) may be used to identify both the Customer on the exchange ticket, and the originator of a transfer of funds abroad in compliance with the minimum information requirements.

## **9. 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.

Communication "A" 6088 amended paragraph 4 of Communication "A" 4646 which sets the upper limit of the General Exchange Position (effective through 05.31.17). In turn, the latter had been amended by Communication "A" 4814. Within the framework of the latest amendment, the upper limit is further calculated on the basis of the daily amount in US dollars equivalent to the deposits made in foreign currency as under Act 27260—Regime for disclosing external assets without incurring hefty tax penalties—net of such bill notes in foreign currency exchanged or subject to



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arbitrage for making transfers abroad as provided in Communication "A" 3661, as amended, since 10.01.2016.

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.

In turn, 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 Communication "A" 6067. Anyhow, they shall issue the corresponding exchange ticket.

## **10. 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.

## **11. DISCLOSURE OF FINANCIAL AND NON-FINANCIAL PRIVATE SECTOR ISSUES OF SECURITIES AND OTHER EXTERNAL LIABILITIES**

Communications "A" 3602 and "A" 4062, as amended, establish 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.

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) along with the amount of their joint and several liabilities.

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



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## **12. DISCLOSURE OF DIRECT INVESTMENT**

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

### **12.a. 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.

### **12.b. 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.

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.