

# **Charter of the Central Bank of the Argentine Republic**

## **Chapter I - Nature and Purpose**

**Section 1.** The Central Bank of the Argentine Republic is a self-administered National Government entity subject to the provisions of this Charter and other related legal rules.

The National Government shall guarantee the commitments undertaken by the Bank.

Unless otherwise expressly provided by law, the Bank shall be subject to no existing or future general regulations – regardless of their nature–, to which National Public Administration agencies are bound, whenever their provisions restrain the Bank’s authorities or powers conferred hereby.

**Section 2.** The head office of the Central Bank of the Argentine Republic shall be located in the capital city of the Argentine Republic. The Bank may establish agencies and appoint correspondents both at home and abroad.

**Section 3.** The purpose of the Bank is to promote –within the framework of its powers and the policies set by the National Government– monetary and financial stability, employment, and economic development with social equality.

**Section 4.** The Bank shall have the following functions and powers –

- a) to regulate the operation of the financial system and enforce the Law on Financial Institutions and such regulations as may be consequently adopted;

- b) to regulate the amount of money and interest rates, and to regulate and steer lending;
- c) to serve as the financial agent for the National Government, and as depositary and agent for Argentina before international monetary, banking and financial institutions to which Argentina has endorsed, and to play an active role in international integration and cooperation;
- d) to hold and administer its gold and foreign exchange reserves, and other foreign assets;
- e) to contribute to the smooth functioning of capital markets;
- f) to implement the foreign exchange policy in full accordance with the laws passed by the National Congress;
- g) to regulate, within its authority, all payment systems, clearing and settlement houses, money remittance entities, and cash-in-transit companies, and to carry out any other action related to the financial and foreign exchange industries; and
- h) to provide for the protection of financial service users' rights and of fair competition, coordinating its actions with all relevant government agencies.

In carrying out its functions and powers, the Bank shall neither be subject to any order, indication, or instruction from the National Executive, nor may it undertake any commitment conditioning, restricting or delegating such functions and powers without the express consent of the National Congress.

## **Chapter II - Capital**

**Section 5.** The capital of the Bank shall be fixed in the initial balance sheet to be submitted at the time of enactment of this law by the National Executive.

## **Chapter III - Board**

**Section 6.** The Bank shall be governed by a Board consisting of a Governor, a Deputy Governor, and eight members. All of them must be born or naturalized in Argentina, and they must have been Argentine citizens for at least ten (10) years. In addition, they must possess tested ability in monetary, banking or finance-related legal matters, and a solid moral reputation.

**Section 7.** The Governor, the Deputy Governor and the members of the Board shall be appointed by the Argentine Executive with the Senate's consent; they shall serve for a term of six (6) years, and may be reappointed. The Executive may make provisional appointments pending the Senate's confirmation.

The compensation payable to the Governor, Deputy Governor and members of the Board shall be fixed in the Bank's budget.

**Section 8.** A person may not serve on the Board if such person –

a) is an employee or official of any federal government agency, or holds any office or position for profit or otherwise remunerated in the federal, provincial or municipal governments, either directly or indirectly, including their legislative and judicial branches; provided, however, that this restriction shall not apply to teaching positions;

b) is a shareholder or serves on a board of directors, board of managers or audit committee, or provides services in the financial system at the time of appointment;

c) is ineligible in accordance with the Law on Financial Institutions.

**Section 9.** The members of the Board may be removed from office by the National Executive for failure to comply with the provisions set forth in this Charter or for falling within any of the ineligibility criteria referred to in the preceding section.

The removal of the members of the Board shall be ordered by the National Executive in the event of misconduct or failure to comply with the duties incumbent on civil servants on the advice of a committee of the National Congress. Such a committee shall be chaired by the President of the Senate and shall consist of the chairs of the committees of Budget and Treasury and of Economy of the said house, and by the chairs of the committees of Budget and Treasury and of Finance of the House of Representatives.

### **Duties of the Governor**

**Section 10.** The Governor shall be the Bank's highest executive authority, and, as such, the Governor shall –

- a) be responsible for the management of the Bank;
- b) act on behalf of the Board and call and chair Board meetings;
- c) see to the faithful performance of this Charter and other national laws and of the resolutions of the Board;
- d) act as the legal representative of the Bank in its dealings with third parties;

- e) lead the actions of the Superintendence of Financial and Exchange Institutions;
- f) propose to the National Executive the appointment of a Superintendent and Vice Superintendent of Financial and Exchange Institutions, who must be members of the Board;
- g) appoint, promote and remove Bank personnel in accordance with the rules adopted by the Board, and subsequently account to the Board for any resolution adopted;
- h) decide on the commencement of administrative proceedings against any Bank personnel of whatever rank, through the competent department;
- i) present an annual report on the operations of the Bank to the National Congress. In turn, the Governor must appear before the Committees of Budget and Treasury of both houses of Congress; the Committee of Economy of the Senate; and the Committee of Finance of the House of Representatives, in a public and joint session, for each of the Houses, at least once during the ordinary period or whenever so requested by such Committees, for the Governor to report on the scope of any monetary, exchange and financial policies in progress; and
- j) operate in the monetary and foreign exchange markets.

**Section 11.** Where justified reasons of emergency so warrant, the Governor may, in addition, resolve matters reserved for the Board, in consultation with the Vice Governor, or his or her substitute, and a member of the Board, or, in the event of absence, impediment or vacancy of the position of Vice Governor, with two members of the Board; and must account to the Board at its immediately

succeeding meeting for any resolutions so adopted. This

power may also be exercised by the person replacing the Governor.

**Section 12.** The Governor shall call meetings of the Board at least once every fifteen (15) days. Five (5) members shall constitute a quorum and, unless otherwise provided, resolutions shall be adopted by a simple majority of the votes of the members present. In case of a tie, the Governor shall have the casting vote. The Board may establish more stringent majority requirements for matters of extraordinary importance.

The Minister of Economy and Public Works and Services of the National Executive, or his or her representative, may attend the meetings of the Board, having voice but not vote.

**Section 13.** The Vice Governor shall carry out the duties of the Governor in the event of absence or impediment or vacancy of the position. In all other cases, the Vice Governor shall perform the Governor's duties assigned or delegated to him or her by the Governor.

The Board shall designate a Second Vice Governor from its members, who shall replace the Vice Governor in the event of temporary absence or when the Vice Governor serves as Governor.

Should the Governor, the Vice Governor or any of the Board members die, resign or otherwise cease to hold office prior to the conclusion of their term of appointment, a replacement shall be appointed for the unexpired portion of such term, as provided for in Section 7.

## **Duties of the Board**

### **Section 14. The Board shall –**

- a) take part in any decision affecting the monetary and foreign exchange markets;
- b) establish minimum reserve requirements, subject to the conditions set forth in Section 28;
- c) set interest rates and other general conditions for the Bank's lending operations;
- d) establish liquidity and solvency technical ratios for financial institutions;
- e) set the reporting and accounting policy to be followed by institutions subject to the Bank's supervision;
- f) determine the amounts to be allocated to capital and reserves as provided in Section 38;
- g) set general policies related to economic order and expansion of the financial system;
- h) revoke a financial or exchange institutions license, on its own motion or at the request of the Superintendent;
- i) exercise the powers conferred on the Bank by this law and its related regulations;
- j) regulate the creation and functioning of clearing houses for checks and other securities organized by financial institutions;
- k) establish the denominations and characteristics of bills and coins;
- l) remove bills and coins from circulation and set the deadlines for effecting their exchange;

m) lay down the rules for organizing and managing the Bank, take notice of any operations decided upon in accordance with such rules and act, according to the regulations it has established, in the resolution of unforeseen cases;

n) resolve on all matters that the Governor submits to the Board for consideration, which are not expressly reserved for other bodies;

ñ) authorize the opening of new financial or foreign exchange institutions, and of subsidiaries or branches of foreign financial institutions;

o) authorize the opening of branches and other offices of financial institutions and any proposed mergers thereof, with a view to expanding the geographical reach of the system; serving the needs of loweconomic-potential and most thinly-populated areas; and promoting widespread access to financial services by users;

p) approve stock transfers requiring the Bank's authorization in accordance with the Law on Financial Institutions;

q) determine the level of gold and foreign exchange reserves and of other foreign assets that are necessary for the implementation of the foreign exchange policy, taking into account the evolution of external accounts;

r) regulate lending conditions in terms of risk, maturities, interest rates, fees and charges of any nature, and steer them through reserve requirements, differential reserve requirements or any other appropriate means;

s) adopt rules applicable to the activities referred to in Section 4(g);



- t) adopt rules aimed at preserving competition in the financial system;
- u) adopt rules for the financial institutions to obtain foreign exchange, including through the issuance of bonds, notes and other securities, both in local and foreign markets;
- v) expand the scope of application of the Law on Financial Institutions to persons not subject thereto, where the volume of their operations or reasons of monetary, foreign exchange or lending policy so warrant; and
- w) set differentiated policies aimed at small and medium-sized enterprises and regional economies.

**Section 15.** In its capacity as the Bank's governing body, the Board shall –

- a) adopt bylaws for the Bank's personnel, prescribing the terms of recruitment and removal from office, and technical training;
- b) designate deputy general managers on the advice of the Governor of the Bank;
- c) create and eliminate agencies;
- d) appoint correspondents;
- e) prepare and submit for approval, prior to 30 September each year, the annual budget, the calculation of resources, and compensation of the Bank's personnel; and
- f) approve the balance sheet, income statement, and annual report.

## **Chapter IV - General Management of the Bank**

**Section 16.** The Bank shall be managed through deputy general managers, who must be born or naturalized in Argentina, and must have been Argentine citizens for at least ten (10) years. They shall be subject to the same qualification requirements that apply to the members of the Board.

Deputy general managers shall act as advisors to the Governor and the Board. They shall attend meetings in that capacity at the request of the Governor or the Board. They shall functionally report to the Governor or to such official as the Governor may designate, who shall serve in this function as general manager.

Deputy general managers shall be responsible for compliance with the rules, regulations and resolutions of the Board and the Governor. For the application of such rules, they may, with the prior consent of the Governor, adopt such internal regulations as may be necessary. Further, they must keep the Governor informed of the Bank's performance.

## **Chapter V - Operations of the Bank**

**Section 17.** The Bank shall be empowered to conduct the following operations –

- a) Issue bills and coins pursuant to the powers delegated by the National Congress.
- b) Grant rediscounts to financial institutions on grounds of temporary illiquidity, up to a maximum amount per institution equivalent to the value of its assets. Rediscount operations shall entail a transfer of ownership of a financial institution's receivables to the Bank. The financial institution so aided shall remain

under the obligation to satisfy the claims arising from the rediscounted portfolio.

c) Grant advances to the accounts of financial institutions on grounds of temporary illiquidity, subject to the furnishing of government or other securities as guarantee or to a special or general charge over certain assets, provided that the sum of the rediscounts and advances granted to a single entity does not exceed, under any circumstance, the limit fixed in the preceding paragraph.

Where it becomes necessary to provide adequate liquidity to the financial system, or where general and extraordinary circumstances so warrant at the discretion of an absolute majority of the members of the Board, the maximum amounts per institution allowed in (b) above and in the first paragraph hereof may be exceeded.

Where this extraordinary form of financing is granted, in addition to the assets of the institution to be pledged as guarantee, shareholders shall pledge at least their controlling interest in the institution, and shall consent to a subsequent potential application of the procedure set forth in Section 35 *bis* of the Law on Financial Institutions. In the case of cooperative financial institutions, the controlling interest pledge shall be replaced with the members' irrevocable approval of the potential application of Section 35 *bis*. State-owned banks may be exempted from this requirement.

d) Any operations arising from international agreements on payment and borrowings from multilateral or foreign official agencies, central banks or entities with respect to which only the Bank can be a borrower, either on its own behalf or on behalf of the National Treasury as the Financial Agent of the Republic.

e) Assign, transfer or sell any receivables that it may have acquired from financial institutions experiencing liquidity problems.

f) Make advances to financial institutions, upon the submission of collateral, assignment, pledge or any other special encumbrance of: I) receivables or other financial assets owed or guaranteed by the National Government, or II) debt securities or share certificates issued by financial trusts, whose assets consist of receivables or other financial assets owed or guaranteed by the National Government in order to promote mid-term and long-term lending for production investment. In the case of advances for production investment, the Board may accept that, out of the total guarantee required, up to TWENTY-FIVE PER CENT (25%) consist of the assets referred to in the first paragraph of (c) above, taking into account for such purposes the time frames related to such transaction. The restrictions set forth in (b) and (c) above shall not apply to these cases.

The funds to be provided to financial institutions through the provisions set forth in (b) and (c) above may never be granted without guarantee or in the form of a checking account overdraft. The securities that must first be pledged as guarantee for those operations shall be listed securities and valued at market value.

**Section 18.** The Central Bank of the Argentine Republic may –

a) buy and sell, at market prices in spot and term transactions, government securities, foreign exchange, and other financial assets for purposes of monetary, foreign exchange, financial and lending regulation;

b) assign or transfer to third parties any assets whose ownership has been transferred to the Central Bank of

the Argentine Republic on account of the rediscounts that it may have granted to financial institutions pursuant to Section 17(b) above or transfer them in trust to other financial institutions, to the trusts established by the National Executive, to the deposit guarantee fund or to a financial trustee.

The assets pledged as collateral for the Bank on the advances provided for in Section 17(c) and on the operations arising from international agreements on mutual payments and loans may be collected or executed by the Bank, either by itself or through the persons or entities referred to in the preceding paragraph;

c) buy and sell gold and foreign exchange. Should it do so on behalf of the Ministry of Economy, in its capacity as financial agent for the National Government, the resulting losses or gains must be recorded as credits or debits of the national government;

d) keep gold and other financial assets in custody;

e) act as a correspondent or agent of other central banks, or represent or take part in any other international entity already existing or hereafter created for banking, monetary or financial purposes;

f) receive deposits in domestic or foreign currency;

g) [*Repealed*]

h) establish the contributions to be made by financial institutions to deposit guarantee and/or bank liquidity funds. The Bank may exempt certain financial institutions from contributing to the liquidity funds taking into consideration special situations of illiquidity;

i) issue securities or bonds, as well as share certificates in any of its portfolios.

**Section 19.** The Bank may not –

- a) make loans to the national government, banks, provinces and municipalities, except as provided for in Section 20;
- b) guarantee or endorse bills and other notes issued by the National Government, the provinces, municipalities and other government institutions;
- c) make loans to individuals or legal entities not authorized to operate as financial institutions;
- d) make rediscounts, advances or carry out other lending transactions, except as provided for in Section 17(b), (c) and (f) or those that could technically and temporarily arise from the market operations set out in Section 18(a);
- e) purchase and sell real property, except for such transactions as may be necessary for the normal functioning of the Bank;
- f) purchase shares, except for those issued by international financial organizations;
- g) hold a direct or indirect interest in any commercial, agricultural, industrial or any other company;
- h) invest its domestic or foreign currency holdings in instruments that do not substantially provide immediate liquidity;
- i) *[Repealed]*
- j) pay interest on deposit accounts higher than that accruing on the placement of the respective funds, less the cost of such operations;
- k) grant special guarantees that directly or indirectly, impliedly or explicitly, secure obligations assumed

by financial institutions, including those arising from deposits taken.

**Section 20.** The Bank may make temporary advances to the National Government in an amount equivalent to up to twelve per cent (12 %) of the monetary base, consisting of the money in circulation plus demand deposits of financial institutions with the Central Bank of the Argentine Republic in checking or special accounts. It may also grant advances in an amount not exceeding ten per cent (10%) of the cash flows earned by the National Government in the last twelve (12) months.

The advances referred to in the preceding paragraph must be reimbursed within twelve (12) months from the date they are made. Should any of these advances be overdue, no further advances may be taken until the amounts due have been repaid.

Exceptionally, and if the situation or prospects of the domestic or international economy so warrant, temporary advances may be granted for an additional amount equivalent to a maximum of ten per cent (10%) of the cash flows earned by the National Government in the last twelve (12) months. This exceptional power may only be exercised during a maximum period of eighteen (18) months. Upon the lapse of this period, the Central Bank of the Argentine Republic may not grant to the National Government any additional advances.

The advances referred to in the preceding paragraph must be reimbursed within eighteen (18) months from the time they are made. Should such advances be overdue, this power may not be used again until the amounts due have been repaid.

**Section 21.** The Bank, either directly or through financial institutions, shall make remittances and conduct banking transactions for the National Government, both at home

and abroad; shall take funds of the National Government and of all self-administered instrumentalities on deposit; and shall make payments out of such funds, subject to the provisions of the preceding section.

No interest shall be paid by the Bank on any of the amounts on deposit in the account of the National Government, except in the case of the deposits it makes on behalf and at the order of the National Government in domestic or international financial institutions, nor shall the Bank receive any compensation for any payments made on its own behalf: provided, however, that it may charge any expenses that it has in turn paid to financial institutions.

The Bank may order the transfer of the deposits of the National Government and other self-administered entities to financial institutions.

The Bank may also entrust banks with the conduct of banking transactions of any nature for the National Government, and for the National Government's instrumentalities or companies.

**Section 22.** In its capacity as financial agent of the National Government, the Bank may replace the securities that it has been instructed to issue with book-entry securities, issuing global certificates. In such case, the securities must be registered with the respective entities authorized by the National Securities and Exchange Commission (*Comisión Nacional de Valores*), pursuant to the provisions of Law No. 20643, as amended. Where circumstances so warrant, the Bank may issue interim certificates.

The Bank may sell securities directly or through arrangers, and may promote and supervise the operation of the latter. The Bank may not underwrite securities on its own behalf, and shall charge a fee for the services referred to above against the National Government's account.



**Section 24.** The Bank shall charge the National Government's account with the fee for domestic and external public debt servicing on its behalf, as well as any expenses arising therefrom. The National Government shall provide to the Bank the necessary funds for meeting those expenses, and the Bank may make advances for those expenses subject to the restrictions set forth in Section 20.

**Section 25.** The Bank shall assist the Ministry of Economy and Public Works and Services in the control of all acts related to the placement of governmental borrowings and public debt servicing, which includes the cancellation and destruction of securities and the inspection of the books, records and other documents related to such operations, and shall also provide detailed and special information concerning its performance as the government's financial agent.

**Section 26.** The Bank shall keep the Ministry of Economy and Public Finance informed of the monetary, financial, foreign exchange and lending situation.

**Section 27.** The Ministry of Economy and Public Works and Services shall provide the Bank with the following information regarding each quarter –

- a) receipts and disbursements of the Argentine Federal Treasury;
- b) a detailed description of cash revenues and loan proceeds;
- c) expenses incurred as permitted by the implementation of the respective accounting rules;
- d) the status of consolidated and floating debt, both internal and external.

In addition to such information, the Bank may require the Ministry of Economy and Public Works and Services, as well as other ministries and<sup>18</sup> governmental

instrumentalities, to provide such other information as may be necessary or useful for the better performance of its functions.

## **Chapter VI - Minimum Cash Requirements**

**Section 28.** The Central Bank of the Argentine Republic may require that financial institutions maintain reserves consisting in certain proportions of the different deposits and other liabilities, denominated in domestic or foreign currency. Reserve requirements shall only be fulfilled through demand deposits made with the Central Bank of the Argentine Republic in domestic or in a foreign currency denominated account, according to whether the liabilities of the financial institutions in question are denominated in domestic or foreign currency, respectively.

In view of the general circumstances, the Central Bank of the Argentine Republic may order that the reserve requirement be fulfilled partly with government securities valued at fair market value.

## **Chapter VII - Foreign Exchange Regime**

**Section 29.** The Central Bank of the Argentine Republic shall –

- a) advise the Ministry of Economy and the National Congress on the foreign exchange regime and adopt such general regulations as may be appropriate;
- b) adopt regulations on the foreign exchange regime and oversee compliance therewith

## **Chapter VIII - Issuance of Currency and Reserves in Gold and Foreign Exchange**

**Section 30.** The Bank shall have the sole right to issue bills and coins of the Argentine Republic, and no other federal government agency or provincial government, municipality, bank or other authority may issue bills or metal coins or other instruments susceptible of circulating as currency. These instruments shall be deemed susceptible of circulating as currency, whatever their conditions or characteristics, where:

- i) the issuer thereof imposes or otherwise induces, directly or indirectly, their forced acceptance for the settlement of any type of obligation; or
- ii) they are issued for nominal values lower than or equal to 10 times the value of the largest currency denomination of Argentine bills in circulation.

**Section 31.** The bills and coins of the Bank shall constitute legal tender throughout the territory of the Argentine Republic for the amount therein expressed. The bills shall bear the facsimile signature of the Governor of the Bank, and of the President of the Senate or of the Speaker of the House of Representatives, as determined by the Board for the different denominations. The Central Bank of the Argentine Republic is also empowered to issue currency with numismatic value or for commemorative purposes. Such currency shall not be subject to the provisions set forth in the first paragraph hereof.

**Section 32.** If the Bank should ascertain that a violation to its exclusive right to issue currency has occurred, the Bank shall report such violation to the relevant authority and notify the Executive in order for it to take the relevant steps.

**Section 33.** The Bank may maintain a portion of its external assets in deposits or other interest-bearing transactions, in foreign banks or in portfolios having recognized solvency and liquidity ratios, payable in gold or foreign exchange.

## **Chapter IX - Accounts, Financial Statements and Audit**

**Section 34.** The financial year of the Bank shall run for one (1) calendar year and end on 31 December. The financial statements of the Bank must be prepared in accordance with generally accepted accounting standards, taking into account its capacity as monetary authority.

**Section 35.** The Bank shall publish, within the succeeding week at the latest, summarized financial statements showing its assets and liabilities as of the close of trading on the seventh (7th), the fifteenth (15th), the twenty-third (23rd) and the last day of each month.

**Section 36.** The observance by the Central Bank of the Argentine Republic of the provisions of this Charter and other applicable rules shall be supervised by an Auditor and a Deputy Auditor, appointed by the National Executive with the consent of the National Senate. The National Executive may make provisional appointments pending the Senate's confirmation.

An auditor must be an attorney-at-law, a certified public accountant or must hold a degree in economics. The term of office of an auditor shall be four (4) years, and auditors may be reappointed upon the completion of such term.

The auditors shall submit their opinion on the balance sheet and income statement as of year-end, for which purpose they shall have access to all documents, books and other evidence of the Bank's operations. They shall inform the Board, the National Executive and the National Congress of

the observance of this law and other applicable rules. The auditors shall receive such compensation as may be fixed in the Bank's budget.

**Section 37.** The following shall be ineligible to serve as Auditors –

- a) any person who is ineligible to serve on the Board of the Bank;
- b) the spouses, blood relatives in the direct line, collateral relatives up to and including the fourth degree of kinship, and relatives by affinity within the second degree of kinship of the authorities referred to in Sections 6, 16 and 44.

## **Chapter X - Earnings**

**Section 38.** Non-capitalized earnings shall be used for establishing the general reserve fund and special reserve funds of up to fifty per cent (50%) of the Bank's capital. Once this limit has been reached, any earnings that have not been capitalized or applied to establish the reserve funds shall be freely transferred to the federal government's account.

Any losses sustained by the Bank in a certain year shall be set off against the reserves that have been established in preceding years; if that is not possible, such losses shall affect the Bank's capital. In these cases, the Board may apply the earnings accrued in succeeding years to restoring the levels of capital and reserves existing prior to the loss.

## **External Audit**

**Section 39.** The Bank's financial statements must contain the opinion of external auditors, appointed by the Board

from among those listed in a special registry, which shall be created and regulated by the Board. Auditing firms may not render their services for more than four (4) consecutive periods, and shall be able to resume the rendering thereof only after at least another four (4) periods have elapsed.

Any information obtained by the Bank's external auditors regarding the financial institutions in particular shall be confidential, and may not be disclosed without the Bank's express authorization.

The external auditors' report must be submitted by the Board both to the National Executive and the National Congress; and in the case of the latter, it shall be submitted at the same time as the annual report referred to in Section 10(i).

### **External Audit Entity**

**Section 40.** The provisions of Law on Financial Administration No. 24156, as amended, shall only apply to the Bank with respect to the verification that the expenses incurred are within budget, and to the accounts that must be rendered in writing by the Bank to the external audit entity for the public sector within a term of one (1) year.

The Argentine General Audit Office shall be responsible for the external audit of the Central Bank of the Argentine Republic.

**Section 41.** The earnings of the Central Bank of the Argentine Republic shall not be subject to income tax. The property and operations of the Bank shall be afforded the same tax treatment as the property and actions of the National Government.

## **Financial Information**

**Section 42.** Prior to the beginning of each financial year, the Bank shall publish its objectives and plans regarding the implementation of the monetary, financial, lending and foreign exchange policies. Should significant changes in its objectives and plans occur, the Bank shall be required to disclose the causes thereof and the steps taken accordingly.

The Bank shall also be required to compile and regularly publish monetary, financial, foreign exchange and lending statistics.

The Bank may carry out research and promote financial education and activities on topics of interest related to the purpose for which it is created under this Charter.

### **Chapter XI - Superintendence of Financial and Foreign Exchange Institutions**

**Section 43.** The Central Bank of the Argentine Republic shall supervise all financial and foreign exchange activity through the Superintendence of Financial and Foreign Exchange Institutions, which shall report directly to the Governor of the Bank. The Superintendent must at all times have available for the Board and the appropriate authorities any information on the rating of financial institutions and the criteria on which such ratings are based.

**Section 44.** The Superintendence of Financial and Foreign Exchange Institutions shall be administered by a Superintendent and a Deputy Superintendent, who shall in turn be assisted by the deputy general managers of the departments it comprises.

The Deputy Superintendent shall replace the Superintendent in the event of absence, impediment or vacancy. Apart from those cases, the Deputy Superintendent shall exercise any such powers as are assigned or delegated to him or her by the Superintendent.

**Section 45.** The Superintendent and the Deputy Superintendent shall be appointed by the National Executive on the advice of the Governor of the Bank from among the members of the Board. They shall serve for a term of three years or for their unexpired term of office as members of the Board, if shorter.

**Section 46.** Within the framework of the general policies fixed by the Board of the Bank, and informing it of any decisions adopted, the Superintendent shall be responsible for –

- a) rating financial institutions for the purposes of the Law on Financial Institutions;
- b) revoking any authorization granted for carrying out foreign exchange transactions;
- c) approving regularization and/or recovery plans of financial institutions;
- d) implementing and applying the regulations of the Law on Financial Institutions, adopted by the Board of the Bank;
- e) establishing the requirements that must be met by the auditors of financial and foreign exchange institutions.



**Section 47.** The Superintendent shall have the following powers –

- a) to ensure compliance with the reporting and accounting regime for financial and foreign exchange institutions;
- b) to order the publication of monthly balance sheets of the financial institutions, debtors statement and such other information as may be useful for assessing the situation of the system;
- c) to order the institutions to discontinue or refrain from implementing lending or financial aid policies that jeopardize their solvency;
- d) to impose the sanctions provided for in the Law on Financial Institutions for violations committed by individuals or legal entities, or both, of its provisions, which, without prejudice to the Governor's power to take over the case in question, may only be challenged in accordance with Section 42 thereof;
- e) to exercise such other powers as the laws confer on the Bank related to the Superintendence, except for those expressly granted by this law to the Board of the Bank; and
- f) to apply such legal provisions on the operation of credit cards, purchase cards, electronic money or similar instruments as may be prescribed by the National Congress and such regulations as may be prescribed by the Central Bank of the Argentine Republic in the exercise of its powers.

**Section 48.** In its capacity as administrator, the Superintendent shall lay down the rules for the organization and management of the Superintendence.

**Section 49.** The Superintendent may, with the prior consent of the Governor of the Bank, cause the operations of one or several financial entities to be temporarily suspended, whether in whole or in part, for a maximum period of thirty (30) days. This action must be subsequently reported to the Board. If, upon the expiration of such term, the Superintendent determines the renewal thereof, any such renewal may only be authorized by the Board, and may not exceed ninety (90) days. In such case, the Superintendent may make a prudential extension of the maximum period set forth in Section 34, second paragraph, of Law No. 21526.

During the period of suspension of operations, no precautionary measures, or any other enforcement measures may be ordered against the institution in question. Further, during such period, any commitments increasing the liabilities of the institutions shall be void, and their enforceability shall be stayed, as well as the accrual of interest thereon, except in the case of liabilities to the Bank. The temporary suspension of operations shall never entitle creditors to pursue damages against the Bank or the Argentine Government.

The Superintendent may request the Board to revoke a financial institution's charter. In that case, the Board shall evaluate such request in a term not to exceed fifteen (15) calendar days as from the time of the request. Such period may be extended once for another fifteen (15) calendar days.

**Section 50.** The Superintendence may request that the entities and individuals subject to the Law on Financial Institutions show their books and documents, and may order the seizure of documentation and other items related to the violations of the rules thereunder.

**Section 51.** The Superintendence may request that financial institutions, foreign exchange bureaus and agencies, offices and brokers, exporters and importers, or any other individuals or legal entities directly or indirectly involved in foreign exchange transactions exhibit their books and documents, and provide any information and documentation related to the operations that they may have carried out or in which they may have been involved; and it may order the seizure of such documentation and of any other item related to such operations.

**Section 52.** The Superintendence shall be entitled to press charges before the relevant courts for violations of foreign exchange and financial rules and to request prejudgment attachments and any other precautionary measures in the amounts it deems sufficient to secure the payment of any penalties and reimbursements imposed by a competent judge.

**Section 53.** The information obtained by the Superintendence in exercising its inspection powers shall be confidential. The officials and employees involved in the respective actions must not disclose any such information without the express authorization of the Superintendence, even after they cease their duties with the Superintendence.

**Section 54.** The Superintendence may resort to the assistance of law enforcement officers if it meets with obstacles or resistance in the performance of its inspection duties. It must also apply to a court of competent jurisdiction without delay for such search warrants as may be necessary.

## **Chapter XII - Jurisdiction**

**Section 55.** The Central Bank of the Argentine Republic shall be exclusively subject to the jurisdiction of federal courts. Whenever it is involved in a lawsuit as plaintiff, federal and provincial courts shall have concurrent jurisdiction. The Bank may also submit to the jurisdiction of a foreign court.

**Section 56.** The Governor of the Bank and the Superintendent may answer interrogatories in the context of a lawsuit in writing, without the need to appear in court for that purpose.

## **Chapter XIII - Interim Provisions**

**Section 57.** Lending transactions in progress at the time of enactment of this law by the Executive must be specified in detail in the initial balance sheet and, during the periods established for the repayment of the amounts owed, such transactions shall not be subject to the general restrictions imposed thereon by this law.

**Section 58.** The initial Board appointed in accordance with this law, except for the Governor and the Vice Governor, shall determine that half of its members shall serve only half term, with such members being selected by lot. Once such a member has completed half term, the member replacing such member shall be appointed to serve for a full six (6) year term through the procedure prescribed in Section 7.

**Section 59.** The members of the Board and of the audit committee who are in office at the time of enactment of this law by the Executive shall continue to serve their terms until they are confirmed in office through the procedure prescribed in Section 7 or replaced.

**Section 60.** The level of freely available reserves to be maintained as guarantee is limited to twenty per cent (20%), and may consist of government securities valued at market value during the term of office of the first Board designated in accordance with this law.

The share of government securities referred to in the foregoing paragraph may temporarily reach the limit provided for in Section 33 only if it becomes necessary to provide adequate liquidity to the financial system or if the market prices of the assets maintained as guarantee are otherwise affected.

Such circumstance shall be reported to the National Congress and may not continue for more than ninety (90) calendar days.