

Law 24.144
Central Bank of the Argentine Republic's Charter
(Updated in September 2003)

Text according to the following provisions:

- Act No. 24.144, Article 1, passed on 09.23.92 (Official Gazette 10.22.92).
- Decree No. 1.860, enacted on 10.13.92, as amended by Decree No. 1.887, Articles 1 and 2, enacted on 10.15.92.
- Decree No. 1.887, Article 3.
- Act No. 24.485, Article 2, passed on 04.05.95, enacted by Decree No. 538/95 (Official Gazette 04.18.95).
- Decree No. 1.373/99, enacted on 11.24.99 (Official Gazette 11.29.99).
- Decree No. 439/01, enacted on 04.17.01 (Official Gazette 04.18.01).
- Decree No. 1.311/01, enacted on 10.22.01 (Official Gazette 10.26.01).
- Act No. 25.562, passed on 01.23.02 (Official Gazette 02.08.02).
- Decree No. 401/02, enacted on 02.28.02 (Official Gazette 03.05.02).
- Act. No. 25.780, passed on 27.08.03 (Official Gazette 08.09.03).
- Decree No. 738/03, enacted on 05.09.03 (Official Gazette 08.09.03).

CHAPTER I
-Role and Purpose-

Article 1 – The Central Bank of the Argentine Republic (Banco Central de la Republica Argentina) (“BCRA”) is a self-administered institution of the National State governed by the provisions of this act and other legal rules applicable.

Article 2 - BCRA is domiciled in the Capital City of the Argentine Republic. It shall be empowered to set up agencies and correspondent banks in the country and abroad.

¹Article 3 - BCRA shall primarily and essentially maintain the value of legal tender.

BCRA shall be empowered to regulate the amount of money and the level of lending within the economic system and to issue monetary, financial and exchange rules according to the legislation in force.

BCRA shall disclose, at the onset of each fiscal year, its monetary program corresponding to the coming fiscal year, including any information about the projections on inflation target and total changes in money. It shall further disclose the grounds on which the targets informed are not attained, and submit a new program on a quarterly basis or whenever a substantial bias on projected targets is foreseen. Every member of the BCRA's Board of directors shall be bound to such reporting duty, the non-compliance of which shall be deemed a cause of dismissal under Article 9.

As regards the preparation and implementation of any monetary and financial policy, BCRA shall not be subject to any order or instruction given by the National Executive Power.

BCRA shall not undertake, without the explicit authorization of the National Congress, any liability whatsoever that may result in the subordination, restriction or delegation of its legal powers.

The National State guarantees any liabilities undertaken by BCRA.

² Except as otherwise expressly provided by law, such rules, whichever their nature, that have been, or may be, issued on a general basis for instrumentalities of the National Government shall not be applicable to BCRA, if they restrain its capacity or powers acknowledged by this Charter.

¹ L. 25.562, art. 1°

² L. 25.780, art. 13

³Article 4 - BCRA shall perform the following duties:

- a) Monitor the duly performance of the financial market, and apply the Financial Entities Act and other rules which may be laid down for that purpose;
- b) Act as a financial agent for the National State, and as depository and agent for the country before international monetary, banking and financial entities, of which the Nation is a member;
- c) Store and manage its gold reserves, foreign exchange and other external assets;
- d) Foster and strengthen the development of capital markets;
- e) Implement an exchange policy in accordance with such legislation as the National Congress may lay out.

CHAPTER II

-Capital-

⁴Article 5 - BCRA's capital shall be determined in the opening balance sheet which shall be submitted on the date this act is enacted.

CHAPTER III

-Board of directors-

Article 6 - BCRA shall be managed by a board of directors composed of a President, a Vice president and eight directors. All of them shall be Argentine, either native or nationalized, having exercised their citizenship for a minimum period of ten (10) years. They shall be qualified in monetary, banking, or finance-oriented legal fields, and they shall be of high integrity.

⁵Article 7 - The president, vice president and directors shall be appointed by the National Executive Power in agreement with the Senate of the Nation; they shall hold office for six (6) years and may be reappointed. The National Executive Power may appoint the abovementioned officers on an interim basis until the Senate agrees on the final appointments.

The fees of the president, vice president and directors shall be determined according to the BCRA's budget.

Article 8 -The following shall not be entitled to act as members of the board of directors:

- a) Employees or officers who hold office in any agency of the national government or any other person who, by virtue of his title or position remunerated or compensated in any way whatsoever, holds office, directly or indirectly, in any national, provincial or municipal agency, including the relevant legislative and judicial powers. Those persons working as teachers shall be excluded from this subparagraph;
- b) Either shareholders, members of the governance, management, and comptrollership or any person who renders services to financial entities by the time of his appointment;
- c) Any person included in the provisions of disqualification set forth under the Financial Entities Act.

³ L. 25.562, art. 2°

⁴ D. 1860/92, art. 2°.

⁵ D. 1373/99, art. 1°.

Article 9 - The members of the board of directors may be dismissed by the National Executive Power on the grounds of non-compliance with the provisions contained herein or on account of any of the disqualifications under the foregoing article.

The National Executive Power shall decree, after consultation with a committee set up by the National Congress, the dismissal of any member of the Board of directors on account of misconduct or non-compliance with his duties as public officer. The Committee shall be chaired by the President of the Senate and shall be composed of both the president of the Budget and Treasury Committee, and the president of the Economy Committee of the Senate, and of both the president of the Budget and Treasury Committee and the president of the Finance Committee of the House of Representatives.

- The President's Powers-

Article 10 - BCRA's president shall be the head executive authority and shall:

- a) Be in charge of management;
- b) Act in the name of the board of directors, call and chair its meetings;
- c) Supervise the enforcement of this Charter, national laws and board of directors' resolutions;
- d) Act as BCRA's legal representative before third parties;
- e) Propose the National Executive Power the appointment of two members of the board of directors as superintendent and vice-superintendent of financial and exchange entities.
- 6 f) ...
- g) Appoint, promote and dismiss any BCRA's employee according to the resolutions the board of directors may adopt, subsequently giving notice of the decisions made to the board of directors;
- h) File administrative summary proceedings against any employee, regardless of his/her seniority through the relevant BCRA's division;
- i) Submit an annual report on BCRA's transactions to the National Congress for consideration. In addition, the president shall attend public and joint sessions of the Budget and Treasury Committees of both Chambers, the Economy Committee of the Senate, and the Finance Committee of the House of Representatives at least once during the general term or whenever any of these Committees may ask him to attend for reporting on the scope of the monetary, exchange and financial policies under way.

⁷Article 11 - Under circumstances of reasonable urgency, the president shall also be entitled to decide on such matters as are under the charge of the board of directors, in consultation with the vice president, or such other officer as may replace him, and at least one director, having to inform the board of directors, in the first meeting they hold, about the resolutions so adopted. Any replacement for the President shall be empowered with the same authority.

Article 12 - The President shall call a Board of directors' meeting at least once every fifteen (15) days; meetings shall have a quorum, when a minimum of five members are present and, unless otherwise provided, resolutions shall be adopted by a majority of votes of the members present. In case of tie, the President shall have a casting vote. The Board of directors may provide for stricter majority requirements to adopt a resolution in cases of particular importance.

The Minister of Economy and Production of the National Executive Power, or his representative may attend, without having any voting right, the Board of Director's meetings.

Article 13 - The vice president shall hold the president's office in case of the latter's absence or incapacity, or vacancy of office. Except for the foregoing, the vice president shall perform those president's duties as the president may assign or delegate to him.

⁶ D. 1860/92, art. 4°

⁷ D. 1860/92, art. 5°

The board of directors shall appoint one of its members as an alternate vice president, who shall substitute the regular vice president when he is temporarily absent or holds office as president.

Should the president, vice president or any of the directors die, resign or otherwise leave his position vacant before his term of office is completed, an officer shall be appointed to replace him for the remaining part of such term as prescribed by Article 7.

-The Board of directors' powers-

Article 14 - The board of directors shall determine BCRA's monetary and financial policies in compliance with the provisions set forth in Article 3. Furthermore, the board of directors shall:

- a) Make decisions on the course of monetary and exchange markets, where BCRA is also empowered to participate;
- b) Provide for legal reserve requirements subject to the conditions set forth in Article 28;
- ⁸c) Determine interest rates and other general conditions for BCRA's lending transactions, which must not be under the reserves placement average;
- d) Establish liquidity/creditworthiness ratios for financial entities;
- ⁹e) ...
- f) Determine the amounts to be allocated to reserves in accordance with the provisions of Article 38;
- g) Draw up general policies about economic regulation and growth of the financial system, which shall be fulfilled by the Superintendence of Financial and Exchange Entities (Superintendencia de Entidades Financieras y Cambiarias) ("SEFyC");
- h) Revoke Financial and Exchange Entities' licenses, either on its own initiative or at the request of the superintendent;
- i) Exercise the powers vested upon BCRA by this law and the rules applicable;
- j) Regulate the creation and operation of houses organized by financial entities for clearing checks and other instruments;
- k) Establish the denominations and characteristics of bank notes and coins;
- l) Demonetize bank notes and coins from circulation and establish the terms during which they shall be exchanged.
- m) Provide rules for BCRA organization and management; take notice of the transactions entered into according to such rules, and take part in solving unforeseen cases subject to such regulations as it may issue;
- n) Make decisions on those matters which, though not explicitly submitted to other agencies, the president of the BCRA may put forward;
- o) Authorize the licensing of new financial or exchange entities and of subsidiaries or branches of foreign financial entities;

⁸ L. 25.562, art. 4°

⁹ D.1860/92, art 6°

- p) Authorise the licensing of new financial entities' branches and merger projects;
- q) Approve the transfer of shares which, according to the Financial Entities Act, requires BCRA previous authorization.

Article 15 - As BCRA governing body, the board of directors shall:

- a) Lay down regulations on the employment, technical training and dismissal of BCRA's staff;
- b) Appoint such deputy general managers as proposed by BCRA President;
- c) Set up and close agencies;
- d) Appoint correspondent banks;
- ¹⁰e) Prepare and submit for approval, before September 30th each year, the annual budget of expenses, estimation of income and wages both for BCRA and for SEFyC;
- f) Approve balance sheets, income statements and the annual report.

CHAPTER IV

-General Management of the BCRA-

Article 16- BCRA shall be managed by deputy general managers, who must be Argentine, either native or nationalized, having exercised their citizenship for a minimum period of ten (10) years. They shall meet the same eligibility requirements as directors.

Deputy general managers shall be the president's and the board of directors' counsellors and shall attend the board of directors' meetings in such capacity at the request of the president or the board of directors. They shall report to the president or to such officer as the latter may appoint as general manager.

Deputy general managers shall enforce such applicable rules, regulations and resolutions as the board of directors and the president may adopt, laying down, with the president's prior consent, any necessary internal regulation. Moreover, they shall inform BCRA's president about the BCRA's ongoing performance.

CHAPTER V

-BCRA's Transactions-

¹¹Article 17: BCRA shall:

- a) Issue banknotes and mint coins in accordance with its powers vested by the National Congress;
- b) Grant rediscounts to financial entities on temporary illiquidity grounds for a maximum amount equivalent to the equity of each entity. Rediscount transactions shall imply the assignment of financial entities' credit instruments on behalf of BCRA. A financial entity under aid shall be bound by debtors' rediscounted portfolio;
- c) Grant advances to financial entities on temporary illiquidity grounds, upon the submission of a collateral consisting of public or other securities, or through a special or general lien or guarantee on certain assets, provided that the total amount of rediscounts and advances so granted to each

¹⁰ D. 1860/92, art. 7°; L. 25.780, art. 14 ; D. 738/03, art. 1°

¹¹ L. 24.485, art 2°; D. 1523/01, art. 1°; D. 1526/01, art. 1°; L. 25.562, art. 6°

institution does not, under any circumstance, exceed the limit determined in the foregoing subparagraph.

Should the financial system require appropriate liquidity or, under general and extraordinary circumstances, the supply of such liquidity be advisable in the absolute majority of the board of directors' opinion, the limit for each entity as under paragraph b) above and the first paragraph of this subparagraph may be exceeded.

Whenever an extraordinary financing is granted, shareholders shall at least pledge, in addition to the entity's assets granted as collateral, the entity's controlling interest, and they shall agree with the eventual implementation of the procedure set forth in Article 35 bis of the Financial Entities Act. In the case of financial entities acting as cooperative financial corporations, a pledge on capital stock will be substituted by an irrevocable decision by their shareholders assembly to eventually enforce Article 35 bis. State-owned banks may be exempted from this requirement.

- d) Enter into payment transactions derived from international agreements and borrow loans from foreign multilateral agencies and foreign instrumentalities, central banks or such entities of which the BCRA may solely be a borrower, on its behalf or on behalf of the National Treasury as the Argentine Republic's Financial Agent.
- e) Assign, transfer, or sell debt instruments from illiquidity-troubled financial entities;
- f) Grant advances to financial entities, for which they shall provide as collateral security, assignment in guaranty, pledge or any other special lien: I) credits or any other financial assets, whose debtor or guarantor is the National State, II) debt instruments or deposit certificates issued by financial trust funds, the assets of which comprise credits or other financial assets, whose debtor or guarantor is the National State. In these cases, the restrictions under subparagraphs b) and c) above are not applicable.

Such funds as are granted to financial entities in accordance with the procedures provided under subparagraphs b) and c) above, shall, under no circumstance, lack guarantee or be deemed as a current account overdraft. These transactions shall be firstly guaranteed by listing securities at market prices.

¹²Article 18 - BCRA may:

- a) Purchase and sell, by means of spot and forward transactions at market prices, government securities, foreign exchange and other financial assets in order to regulate monetary and exchange systems;
- b) Assign or transfer to a third party those assets it has acquired as a result of the rediscounts it may have granted to financial entities in accordance with subparagraph b) of article 17 above, or transfer them on a fiduciary basis to other financial entities, to a Trust Fund created by the National Executive Power, a Deposit Guaranty Fund or to a financial Trust Fund.

¹³ The assets guaranteeing BCRA's advances according to subparagraph c) of Article 17 or those transactions entered into under international agreements on mutual payments and credits may be collected or executed by the BCRA, either directly or through the persons or entities mentioned in the foregoing paragraph;

- c) Purchase and sell gold and foreign exchange. Should they be purchased or sold on behalf of the Ministry of Economy and Production, as financial agent for the National State, the resulting losses shall be debited from, and the profit credited with, the National Government' account;

¹² L. 24.485, art 2°; L. 25.562, art. 7°

¹³ D. 401/02, art. 5°

- d) Receive gold and other financial assets in custody;

- e) Act as correspondent bank or agent for other central banks,

represent or be part of any international agency that may exist or be set up for banking, monetary or financial cooperation purposes;

- f) Take deposits in local or foreign currency;
- g) Draw up financial policies geared to small and medium-sized companies and regional economies, by implementing differential reserve or cash requirements.
- h) Provide for the allocation of financial entities' contributions to deposit insurance and/or banking illiquidity funds. BCRA shall further be empowered to make exceptions to said contributions when financial entities undergo certain liquidity problems;
- i) Issue securities or bonds, and share certificates on the securities it holds.

Article 19 - BCRA shall not:

- a) Extend loans to the national government, banks, provinces and municipalities, except for the provisions set forth under Article 20;
- b) Guarantee or endorse bills and other obligations of the national government, provinces, municipalities and other instrumentalities;
- c) Grant loans to natural or legal persons not licensed as financial entities;
- ¹⁴d) Grant rediscounts, advances or enter into other lending transactions, except for those cases provided under Article 17, subparagraph b), c) and f) or those which, on a technical and temporary basis, might arise from market transactions provided under Article 18, subparagraph a);
- d) Purchase and sell real estate, except for those transactions necessary for the proper performance of BCRA;
- e) Purchase shares except for those issued by international financial agencies;
- f) Participate, either directly or indirectly, in any commercial, agricultural or industrial company, or otherwise;
- g) Place its liquid assets in non-freely available instruments in local or foreign currency;
- h) ...
- i) Pay interest on savings accounts higher than those accrued on the placement of the corresponding funds minus the cost of such transactions;
- j) Grant special guarantees, either directly or indirectly, explicitly or on an implied basis, for covering financial entities' obligations, including those resulting from deposit raising.

¹⁵Article 20 - BCRA may advance funds to the National Government on a temporary basis up to an amount of TWELVE PER CENT (12%) of the base money made up of the monetary circulation plus demand deposits of financial entities held with BCRA in current or special accounts. BCRA may further grant advances for an amount not exceeding TEN PER CENT (10%) of cash resources the National Government may have collected

¹⁴ D. 1523/01, art. 2°

¹⁵ D. 439/01, art. 3°; L.25.562, art. 8°; L. 25.780, art. 15

during the last twelve months. At no time, the amount of temporary advances granted, excluding such advances ~~solely devoted to the payment of outstanding obligations with multilateral lending agencies~~, may exceed TWELVE PER CENT (12%) of base money as defined above. All advances granted pursuant to this article shall be reimbursed within twelve months from the date they have been made. If any of such advances remains outstanding after the term referred to above is due, advances shall not be made again until the amount due has been reimbursed.

Article 21 - BCRA shall transfer funds and carry out banking transactions at home and abroad for the national government, either directly or through financial entities, shall receive funds in deposit from the national government and any self-administered agency, and shall make payments on their behalf, subject to the provisions set forth in the foregoing Article.

¹⁶BCRA shall neither pay interest on deposits made in the National Government account, except for those deposits it may make with domestic or international financial entities in the name and on behalf of the National Government, nor receive any compensation for the payments it may make in the name of the National Government. Nevertheless, it may charge the National Government such expenses it may, in turn, pay to financial entities.

BCRA may determine the transfer of deposits made by the National Government and self-administered agencies to financial entities. In addition, BCRA may instruct banks to carry out any kind of banking transactions for the National Government, its instrumentalities or state owned-companies.

¹⁷Article 22 - As financial agent for the National State, BCRA may replace the securities it has been instructed to issue with new registered securities by issuing global certificates. In this case, such instruments shall be recorded before the corresponding Registry authorized by the Argentine Securities Exchange Commission (Comisión Nacional de Valores) in accordance with the provisions of Act No. 20,643, as amended. Under reasonable circumstances, BCRA may issue temporary certificates.

BCRA may sell securities in the market either directly or through arrangers, and shall promote and supervise their activities, but it shall not take subscriptions in its own name. BCRA shall charge fees to the National Government's account for the services hereinabove mentioned.

¹⁸Article 23 - ...

Article 24 - BCRA shall charge domestic and foreign debt services to the account of the National Government, in its name and on its behalf, and the resulting expenses as well. The National Government shall provide BCRA with funds to pay such expenses, being BCRA empowered to advance the corresponding amount subject to the restrictions set forth under Article 20.

Article 25 - BCRA shall assist the Ministry of Economy and Production to control the whole procedure for placing public bonds and paying public debt services, including securities break-up and destruction, and supervision of books, records and other related documents. It shall further provide the above mentioned Ministry with special and detailed information about BCRA's performance as financial agent of the State.

¹⁹Article 26 - BCRA shall inform the Ministry of Economy and Production about the monetary, financial and exchange position, cash flows, and balance of payments.

Article 27 - The Ministry of Economy and Production shall provide BCRA with the following information on a quarterly basis:

- a) A detailed statement of income and expenditure of the General Treasury of the Nation;
- b) A detailed description of funds collected in cash and loan proceeds;

¹⁶ L. 24.485, art 2°

¹⁷ D. 1860/92, art. 9°

¹⁸ D. 1860/92, art. 10

¹⁹ D. 1860/92, art. 11

- c) Expenses incurred if accounting procedures may allow to do so;

_____ d) A statement of both domestic and external consolidated and floating debt.

In addition to the information mentioned above, BCRA shall require the Ministry of Economy and Production, any other ministry, and instrumentality any necessary information for the BCRA to fulfil its duties.

-Minimum cash requirements-

²⁰Article 28 - In order to regulate the flow of funds available and monitor the proper financial market performance, BCRA may require financial entities to put aside a certain amount of deposits and other liabilities, denominated in local and foreign currency. These reserves shall not bear interest. Financial entities must not be required to open other blocked or frozen-deposit accounts. Reserve requirements shall only be made in cash, in demand deposits with the BCRA, or in foreign currency-denominated accounts, depending on whether Financial Entities' liabilities are denominated in domestic or foreign currency.

²¹Under general circumstances, BCRA may establish the partial payment of reserve requirements through government securities at market prices.

CHAPTER VII
-Exchange System-

²²Article 29 - The BCRA shall:

- a) Advise the Ministry of Economy and Production and the National Congress on the exchange system, and establish the relevant general regulations;
- b) Issue regulations about the exchange system, and supervise it for assuring its enforcement.

CHAPTER VIII
-Issuance of Currency and Reserves in Gold and Foreign Exchange-

²³Article 30 - BCRA shall be exclusively entrusted with the issuance of banknotes and coins in the Argentine Nation and no other agency of the national, provincial or municipal government, bank or other institution whatever shall be entitled to issue either banknotes, coins or any other kind of legal tender. Banknotes and coins shall be deemed as legal tender, regardless of their terms and characteristics, whenever:

- I) The issuer mandates or prompts, either directly or indirectly, their mandatory acceptance for the settlement of any kind of obligation; or
- II) Their nominal values are below, or equal to, ten times the value of the national currency note with the highest denomination in circulation.

²⁴Article 31 - The notes and coins issued by BCRA shall be par value legal tender throughout the Argentine Republic. Banknotes shall bear the facsimile signatures of BCRA's, the Senate's and the House of Representatives' presidents, according to the resolution adopted by BCRA's board of directors for each denomination.

²⁰ D. 439/01, art. 4°; L. 25.562, art. 9°; D. 248/02

²¹ D. 401/02, art. 3°

²² L. 25.562, art. 10

²³ L. 25.780, art. 18

²⁴ L. 25.562, art. 11

BCRA is further empowered to mint coins of commemorative or numismatic value. Such coins shall not be subject to the provisions set forth in the first paragraph of this Article.

Article 32 - Should BCRA find out that its exclusive power to issue currency has been exercised by any other legal or natural person, it shall report such crime to the competent authority and shall serve notice to the Executive Power for it to take the corresponding measures.

²⁵Article 33 - BCRA may invest a portion of its external assets in deposits or any other interest-bearing transaction with any foreign banking institution or in low-risk and high-liquidity securities payable in gold or in foreign currency.

CHAPTER IX
-Accounts, Financial Statements and Supervision-

Article 34 – BCRA’s financial year shall elapse one (1) year and shall end on December 31. BCRA’s financial statements shall be prepared in accordance with the generally accepted accounting rules, and such general principles as the Superintendence of Financial and Exchange Entities (“SEFyC”) (Superintendencia de Entidades Financieras y Cambiarias) may establish for all financial system.

Article 35 - BCRA shall publish a summary balance sheet as of the close of business on the seventh (7), fifteenth (15) and twenty-third (23) day, and the last day of each month, within the subsequent seven-day period.

²⁶Article 36 - A regular comptroller and a deputy comptroller, appointed by the Executive Power in consultation with the Senate, shall supervise the fulfilment by the BCRA, including SEFyC, of the provisions of this Charter and any other rules applicable. The National Executive Power may make provisional appointments for the time elapsing until the Senate of the Nation grants its consent.

Comptrollers may be lawyers, chartered accountants or university graduates in economy. They shall hold office for four (4) years and may be reappointed.

Comptrollers shall issue opinions on BCRA’s balance sheets and income statements at the close of every financial year. For this purpose, they shall have access to the documents, books and other records of BCRA’s transactions. They shall inform the board of directors, the Executive Power, and the National Congress about the due compliance with this Act and any other rules applicable. Comptrollers’ fees shall be determined in the BCRA’s budget.

Article 37: The following persons shall not be entitled to hold office as comptrollers:

- a) Those who are disqualified to be directors;
- b) Spouses, relatives of such officers mentioned in Articles 6, 16, and 44 related by lineal consanguinity, collateral consanguinity up to the fourth degree (indirect descending line), and affinity up to a second degree.

CHAPTER X
-Profits-

²⁷Article 38: Those profits that have not been capitalized shall be allocated to the general and special reserve funds up to FIFTY PER CENT (50%) of BCRA’s capital. Once this limit is reached, non-capitalized profits or those non-allocated to reserve funds shall be freely transferred to the National Government account.

²⁵ L. 25.562, art. 12

²⁶ D. 1373/99, art. 2°

²⁷ L. 25.562, art. 13

Losses borne by the BCRA in a given financial year shall be deducted from reserves made in previous years, but if it is not possible to do so, they shall be deducted from BCRA's capital. In these cases, BCRA's board of directors may assign such profits as may arise from the following financial years to restore the capital and reserve levels recorded before the loss took place.

-External Audit Examination-

Article 39: BCRA's accounting statements shall be subject to the opinion of external auditors appointed by the board of directors from a special record of professionals, which shall have to be kept and ruled by such board. Audit firms shall not render audit examination services for more than four (4) successive terms, only being eligible to resume rendering services after another four terms has elapsed.

The information submitted by BCRA to external auditors about financial institutions is confidential and shall not be disclosed without the BCRA express consent.

The external auditor's report shall be submitted by the board of directors both to the National Executive Power, and to the National Congress, attached, in the case of the latter, to the annual report prescribed under Article 10, subparagraph i).

-On the external audit firm-

²⁸Article 40: Financial Management Act No. 24,156, as amended, is only applicable to BCRA for the purpose of verifying the agreement of its expenses with the corresponding budget and the rendering of its accounts in writing, which shall be submitted before the external accounting firm of the public sector within a one-year term.

BCRA's external audit shall be the National Audit Office.

Article 41: BCRA's profits shall not be subject to income tax. BCRA's assets and transactions shall receive the same tax treatment as the National Government's assets and actions.

-Economic information-

Article 42: BCRA shall compile and publish monetary and financial statistics on a regular basis. It may further compile information on Argentine Republic's balances of payment and national accounts.

Moreover, BCRA may do research work on subjects particularly relevant to the monetary, exchange and financial policy.

CHAPTER XI

-Superintendence of Financial and Exchange Entities-

Article 43: BCRA shall supervise financial and exchange activities through the SEFyC, which shall directly report to BCRA's president. The superintendent shall report, at any time, financial entities' rating and the criteria applied to determine such ratings to the board of directors and the competent authorities.

²⁹Article 44: SEFyC is a decentralized agency^{NdeT}: subject to audit procedures as BCRA may decide, and its budget is subject to BCRA's approval. It is managed by a superintendent, a vice superintendent and deputy general managers.

²⁸ L. 25.780, art. 19

²⁹ D. 1311/01, art. 3° ; L. 25.780, art. 17

^{NdeT}: This kind of decentralization means that the decentralized agency is not a legal person, then it is neither empowered to appear in court, nor to dispose of the goods assigned by BCRA. (Banco Central de la República Argentina - Carta Orgánica, by Eduardo A. Barreira Delfino.)

The vice superintendent shall hold the superintendent's office in case of absence, incapacity or vacant position. Except for those cases, the vice superintendent shall fulfil such duties as the superintendent may assign or delegate to him.

Article 45 –BCRA's president shall propose one of the members of its board of directors as superintendent and another as vice superintendent, but both officers shall be appointed by the National Executive Power. They shall hold office for a three-year period or until their terms of office as Directors expire, whichever comes first.

Article 46: The superintendent shall perform the following duties, in compliance with the general policies implemented by BCRA's board of directors, reporting to such board the decisions he may make:

- a) Rate financial entities according to the Financial Entities Act;
- b) Revoke licenses for making exchange transactions;
- ³⁰c) Approve financial entities' reorganization and/or rehabilitation programs;
- d) Implement the applicable regulations on the Financial Entities Act laid down by BCRA's Board of directors.
- e) Set forth requirements for auditors of Financial and Exchange Entities;

³¹Article 47 - The superintendent shall:

- a) Design a reporting and accounting system for exchange and financial entities;
- b) Instruct financial entities to publish monthly balance sheets, debtors' statements and any other useful information for the analysis of the system condition;
- c) Order entities to discontinue or refrain from carrying out lending or financial assistance policies that may jeopardize their creditworthiness;
- d) Draw up rules for financial entities to raise foreign currency by the issuance of bonds, notes and other securities both in the local market and abroad;
- e) Extend the scope of the Financial Entities Act to include such persons that are not covered thereby, when both turnover and the monetary, exchange or credit policy may advise to do so, having previously consulted BCRA's board of directors;
- f) Enforce those penalties as under the Financial Entities Act for breaches incurred by natural or legal persons or both at the same time;
- g) Exercise all other powers vested upon BCRA by law in connection with the Superintendence, except for such powers expressly granted hereby to BCRA's Board of directors.
- h) Apply such legal provisions as the National Congress may lay down about credit cards, debit cards, electronic money or any other instrument, and such regulations as BCRA may lay down by virtue of its powers;

³²Article 48 – The following powers are also vested upon the Superintendent in his capacity as manager:

- a) Establish rules for the administration and management of the Superintendence; and
- b) To appoint, promote and dismiss any Superintendence's staff according to the rules to be laid down for that purpose and file an administrative summary proceeding.

³⁰ D. 1311/01, art. 4° ; L. 25.780, art. 17

³¹ D. 1311/01, art. 5° ; L. 25.780, art. 17

³² D. 1311/01, art. 6°; L. 25.780, art. 17

³³Article 49: The superintendent shall be empowered, with the previous authorization of BCRA's president, to suspend, either totally or partially, the operational continuity of one or several financial entities, for a maximum period of thirty days. This resolution shall be subsequently reported to the board of directors.

Should the superintendent, at the end of a suspension period, consider it advisable to extend said term, such extension shall be authorized by the board of directors, with a maximum duration of ninety days. In such case, the superintendent may reasonably extend the term established in Article 34, second paragraph of Act 21 526.

During a suspension term, neither precautionary nor enforcement actions may be taken against an entity. Moreover, those commitments that may increase an entity's liabilities, and the enforcement of such commitments together with the interest accrued thereon shall be rendered null and void during such period, except for those commitments arising from debts payable to BCRA. Under no circumstance, a license suspension shall entitle creditors to sue BCRA or the National State for damages.

The superintendent may require the board of directors to revoke a financial entity's license. In such case, the board of directors shall consider such a request within a period of fifteen days running from the request date. This term may be extended only once for another fifteen days running.

Article 50: SEFyC may require those natural and legal persons included in the Financial Entities Act to make their books and documents available for consideration. It shall further be empowered to order that those documents and other documents related to a breach of such rules be seized.

Article 51: SEFyC may require financial entities, exchange houses, agencies, offices and brokers, exporters and importers or any other natural or legal person who directly or indirectly deal with exchange transactions to make their books and documents available, and to furnish all information and documents related to the transactions they have carried out or to which they have been part. It shall further be empowered to order that any document and other papers related to such transactions be seized.

Article 52: SEFyC is empowered to file actions before the relevant courts for breaches to exchange and financial rules, and to demand an attachment in aid of judgment or any other precautionary measures for an amount the competent judge may determine to guarantee the payment of fines and repayments.

Article 53: The information collected by SEFyC by virtue of its supervisory authorities shall be confidential. The officers and employees who have access to such information shall not disclose it without the express authorization of SEFyC, even after they cease holding office.

Article 54: SEFyC may resort to law enforcement officers, whenever it be refrained or hindered from fulfilling its supervisory duties. In addition, it shall promptly demand competent courts to issue search warrants.

CHAPTER XII -Jurisdiction-

Article 55: BCRA submits to the exclusive jurisdiction of federal courts. Should BCRA be a plaintiff, national courts shall have jurisdiction concurrently with provincial courts. BCRA shall also be empowered to waive immunity in favour of foreign courts.

Article 56: The president of BCRA and the superintendent may answer Court's questions in writing, not being bound to appear in court.

CHAPTER XIII -Temporary provisions-

³³ D. 1860/92, art. 14; L. 24.485, art. 2°

Article 57: Those lending transactions entered into by the time this law is enacted shall be displayed in detail in the opening balance sheet and, during the terms provided for settlement, they shall not be subject to the general restrictions set forth herein for this kind of transactions.

Article 58: The first board of directors appointed in accordance with the provisions set forth herein, except for the president and vice president, shall determine by lot that half of the board's members shall hold office for half a period only. Once this term is over, those officers replacing them shall be appointed for a complete six-year term of office, following the procedure set forth under Article 7.

Article 59: The members of the board of directors and the comptrollership, who have been holding office by the time this Act is enacted, shall continue holding their positions until they are either confirmed in compliance with the procedure under Article 7 or replaced.

Article 60: Freely available reserves held as a pledge shall amount to 20%, and may be paid in government securities marked to market during the first mandate of BCRA's board of directors appointed in accordance with the provisions set forth herein.

Those reserves paid in government securities as prescribed in the foregoing paragraph may temporarily reach the limit provided under Article 33, whenever the financial system requires adequate liquidity or the market value of those assets held as a pledge is affected.

In these cases, reserves shall only be increased for a maximum period of ninety days running and such circumstance shall be informed to the National Congress.

Temporary Provisions for the Emergency Term - Act No. 25,561 – Pursuant to Art. 16, Act No. 25,780

During the term established under the first paragraph of Article 1 of Act No. 25,561³⁴ and under general and extraordinary circumstances, the CENTRAL BANK OF THE ARGENTINE REPUBLIC, through a decision adopted in a Board of Director's meeting by TWO THIRDS (2/3) of its members, may:

- a) Grant such aids as under Article 17 of the CENTRAL BANK OF THE ARGENTINE REPUBLIC's Charter, enacted through Article 1 of Act no. 24,144, as amended, to financial entities undergoing liquidity and/or solvency problems, including those ruled by Article 35 bis of the Financial Entities Act No. 21,526, as amended.
- b) Authorize the payment of reserve requirements as under Article 28 of the CENTRAL BANK OF THE ARGENTINE REPUBLIC's Charter, enacted through Article 1 of Act No. 24,144, as amended, with other financial assets other than those set forth by said Charter in a proportion to be established.

To waive, fully or partially, the privilege acknowledged by Article 53 of the Financial Entities Act No. 21,526, as amended, with the sole purpose of favouring financial entities' restructuring processes for the safeguarding of depositors as under Article 35 bis of said Act.

³⁴ The term provided by Act No. 25,561 has been extended to December 31, 2004 under Act No. 25,820.