

**Charter Act No. 24,144**  
**CENTRAL BANK OF THE ARGENTINE REPUBLIC**  
(Updated as at December, 2007)

Wording subject to the following rules:

- Act No. 24.144 enacted on 09.23.92 (Official Gazette 10.22.92).
- Decree No. 1.860 enacted on 10.13.92 (Official Gazette 10.22.92).
- Decree No. 1.887 enacted on 10.15.92 (Official Gazette 10.22.92).
- Decree No. 290 enacted on 02.27.95 (Official Gazette 03.01.95).
- Act No. 24,485 enacted on 04.05.95 (Official Gazette 04.18.95).
- Decree No. 538 enacted on 04.18.95 (Official Gazette 04.18.95).
- Decree No.1.373 enacted on 11.24.99 (Official Gazette 11.29.99).
- Decree No. 439 enacted on 04.17.01 (Official Gazette 04.18.01).
- Decree No. 1.311 enacted on 10.22.01 (Official Gazette 10.26.01).
- Decree No. 1.523 enacted on 11.23.01 (Official Gazette 10.26.01).
- Decree No. 1.526 enacted 27.11.01 (Official Gazette 11.28.01).
- Act No. 25.562 enacted on 01.23.02 (Official Gazette 02.08.02).
- Decree No. 248 enacted on 02.06.02 (Official Gazette 02.08.02).
- Decree No. 401 enacted on 02.28.02 (Official Gazette 03.05.02).
- Act No. 25,780 enacted on 08.27.03 (Official Gazette 09.08.03)
- Decree No. 738 enacted on 09.05.03 (Official Gazette 09.08.03)

GENERAL PROVISIONS

CHAPTER I

-Role and Purpose-

Article 1: The Central Bank of the Argentine Republic is a self-administered institution for the National State governed by the provisions set forth herein and other related legal rules.

Article 2 : The CENTRAL BANK OF THE ARGENTINE REPUBLIC is domiciled in the Capital City of the Argentine Republic. It shall be entitled to set up agencies and license correspondent banks to work within the country and abroad.

Article 3<sup>1</sup> : The CENTRAL BANK OF THE ARGENTINE REPUBLIC shall primarily and essentially preserve the value of currency.

The authorities of the CENTRAL BANK OF THE ARGENTINE REPUBLIC shall involve, to this effect, the regulation of the amount of money and lending within the economic system and the formulation of monetary, financial and exchange rules under the legislation in force.

The CENTRAL BANK OF THE ARGENTINE REPUBLIC shall disclose, before each fiscal year, its monetary program for the following fiscal year as well as the projected inflation target and global money changes. With a quarterly periodicity or whenever substantial biases on the above-mentioned targets are foreseen, the Central Bank of the Argentine Republic shall further disclose the reasons for such biases and the reviewed program. Every member of the Board of directors of the CENTRAL BANK OF THE ARGENTINE REPUBLIC shall be bound to the reporting duty, the non-compliance of which shall be deemed as a cause of dismissal by virtue of Article 9.

As regards the preparation and implementation of a monetary and financial policy, the CENTRAL BANK OF THE ARGENTINE REPUBLIC shall not be subject to any order, recommendation or instruction given by the National Executive Power.

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<sup>1</sup> Act No. 25,562 - Article 1.

The CENTRAL BANK OF THE ARGENTINE REPUBLIC shall not be allowed to undertake any liability whatsoever that may involve the subordination, restriction or delegation of its legal powers without the explicit authorization of the National Congress.

The National State guarantees any liabilities undertaken by the Bank.

<sup>2</sup>Except as otherwise explicitly provided by law, the rules -regardless of their nature- that may have been or will be generally formulated for instrumentalities of the National Public Administration and that may restrain the CENTRAL BANK OF THE ARGENTINE REPUBLIC's capacity or powers acknowledged under this Charter will not be applicable thereto.

<sup>3</sup> Article 4 : The CENTRAL BANK OF THE ARGENTINE REPUBLIC shall perform the following duties:

- a) oversee the duly performance of the financial market and apply the Financial Entities Act and other rules which may be laid down as a result thereof;
- b) act as 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 may be 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 Congress may lay out.

## CHAPTER II -Capital-

<sup>4</sup>Article 5 : The capital of the CENTRAL BANK OF THE ARGENTINE REPUBLIC shall be determined in the original balance sheet to be submitted on the date this act is enacted.

## CHAPTER III -Board of directors-

Article 6: The CENTRAL BANK OF THE ARGENTINE REPUBLIC shall be under the charge of 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 legal matters in relation to the financial area and shall prove to be of high integrity.

<sup>5</sup>Article 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 shall be entitled to appoint the abovementioned officers on an interim basis until the Senate agrees on such appointments.

The fees of the president, vice president and directors shall be determined according to the CENTRAL BANK OF THE ARGENTINE REPUBLIC budget.

Article 8 : The members of the board of directors shall not be:

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<sup>2</sup> Act No. 25.780, Article 13.

<sup>3</sup> Act No. 25.562, Article 2.

<sup>4</sup> Decree No. 1.860/92, Article 2.

<sup>5</sup> Decree No. 1.373/99, Article 1.

- a) either employees or officers who hold office in any instrumentality of the national government and any other person who, by virtue of his title or position, remunerated or compensated in any way whatsoever, holds office, directly or indirectly, in a national, provincial or municipal agency, including the relevant legislative and judicial powers. Teachers shall be excluded from this subparagraph;
- b) either shareholders, members of the management, administration, supervisory committee or any person who render services to financial entities by the time they are appointed;
- c) any person included in the provisions of disqualifications set forth under the Financial Entities Act.

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 prescribed under the foregoing article.

The National Executive Power shall decree, after consultation with a committee set up by the Honourable National Congress, the dismissal of any member of the Board of directors on account of misconduct or non-compliance with his duties as public servant. 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 Lower House.

- The President's Powers-

Article 10 : The president shall be the main executive officer of the CENTRAL BANK OF THE ARGENTINE REPUBLIC and as such he shall:

- a) manage the CENTRAL BANK OF THE ARGENTINE REPUBLIC;
- b) act in the name of the board of directors, call and chair its meetings;
- c) watch over the full compliance of this Charter, national laws and the resolutions laid down by the board of directors;
- d) act as CENTRAL BANK OF THE ARGENTINE REPUBLIC legal representative before third parties;
- e) propose the National Executive Power to appoint two members of the board of directors as superintendent and vice-superintendent of financial and exchange entities.
- f) <sup>6</sup>...
- g) appoint, promote and dismiss any employee of the CENTRAL BANK OF THE ARGENTINE REPUBLIC according to the resolutions the board of directors may adopt, subsequently giving notice of the decisions made to the board of directors;
- h) file, through the relevant body, administrative summary proceedings against any employee, regardless of his/her seniority;
- <sup>7</sup>I) submit an annual report on the CENTRAL BANK OF THE ARGENTINE REPUBLIC transactions to the Honourable National Congress. 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 Lower House at least once during the general term or whenever any of these Committees may summon him in order to inform on the scope of the monetary, exchange and financial policies under way.

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<sup>6</sup> Decree No. 1.860/92, Article 4.

<sup>7</sup> Act No. 25.562, Article 3.

<sup>8</sup>Article 11 : Under well-founded circumstances of 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 account for the resolutions so adopted to the board in the first meeting that may take place. The officer who shall replace him shall be likewise empowered.

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 simple majority of votes of the members present. In case of a tie, the President shall have a casting vote. The Board of directors may provide for stronger majority requirements to adopt a resolution in cases of particular importance.

The Minister of Economy and Public Works and Services 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 hindrance, or vacancy. Except for the foregoing, the vice-president shall perform such duties inherent to the president as the latter may assign or delegate to him.

The board of directors shall appoint one of its members as a deputy vice-president, who shall substitute the regular vice-president when the latter 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 has been 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 the implementation of the CENTRAL BANK OF THE ARGENTINE REPUBLIC monetary and financial policy pursuant to the provisions set forth in Article 3. Furthermore, the board of directors shall:

- a) take part in the decision-making process that may affect the monetary and exchange markets, being empowered to operate in both markets;
- b) provide for legal reserve requirements subject to the conditions set forth in Article 28;
- <sup>9</sup>c) fix interest rates and other general conditions for the CENTRAL BANK OF THE ARGENTINE REPUBLIC lending transactions, which must not be under the reserves placement average;
- d) set liquidity/creditworthiness ratios for financial entities;
- e) <sup>10</sup>...
- 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 followed by the Superintendence of Financial and Exchange Entities;
- h) revoke the license of Financial and Exchange Entities, either at their behest or at the request of the superintendent;

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<sup>8</sup> Decree No. 1.860/92, Article 5.

<sup>9</sup> Act No. 25.562, Article 4.

<sup>10</sup> Decree No. 1.860/92, Article 6.

- i) exercise the powers vested upon the Bank hereby and by virtue of related rules;
- j) regulate the creation and operation of clearing houses for checks and other instruments organized by financial entities;
- k) establish the denominations and characteristics of bank notes and coins;
- l) demonetize bank notes and coins in circulation and establish the terms during which they shall be exchanged.
- m) provide rules for the CENTRAL BANK OF THE ARGENTINE REPUBLIC organization and management; acknowledge the decisions adopted according to such rules and take part in the decision-making process intended to solve that cases that are not provided therein;
- n) make decisions on those matters which, not being explicitly reserved to other bodies, the president of the CENTRAL BANK OF THE ARGENTINE REPUBLIC may put forward for consideration;
- ñ) approve the opening of new financial or exchange entities and of subsidiaries or branches of overseas financial entities;
- o) approve the opening of financial entities and merger projects;
- p) approve the transfer of shares which, according to the Financial Entities Act, requires the previous authorization of the CENTRAL BANK OF THE ARGENTINE REPUBLIC.
- q) <sup>11</sup> ...
- r) <sup>12</sup> ...
- s) <sup>13</sup> ...

Article 15 : As the CENTRAL BANK OF THE ARGENTINE REPUBLIC governing body, the board of directors shall:

- a) lay down the regulations applicable to the CENTRAL BANK OF THE ARGENTINE REPUBLIC staff as far as employment, technical training and dismissal of employees are concerned;
- b) appoint deputy general managers as proposed by the President of the CENTRAL BANK OF THE ARGENTINE REPUBLIC;
- c) set up and close agencies;
- d) appoint correspondent banks;
- e) <sup>14</sup> draw up and submit for approval the annual budget of expenses, assessment of resources and wages of the staff of both the CENTRAL BANK OF THE ARGENTINE REPUBLIC and the Superintendence of Financial and Exchange Entities by September 30 of each year;
- f) approve the balance sheet, income statements and the annual report.

#### CHAPTER IV

<sup>11</sup> Decree No. 1.311/01, Article 1; Act 25.780, Articles 14 and 17; Decree 738/03, Article 1.

<sup>12</sup> Decree No. 1.311/01, Article 2; Act 25.780, Article 17.

<sup>13</sup> Act No. 25.562, Article 5; Decree No. 248/02, Article 1.

<sup>14</sup> Decree No. 1.860/92, Article 7; Act. No. 25.780, Article 14; Decree No. 738/03, Article 1.

-General management of the CENTRAL BANK OF THE ARGENTINE REPUBLIC-

Article 16- The CENTRAL BANK OF THE ARGENTINE REPUBLIC 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 advise the president and the board of directors and shall attend the meetings of the board in such capacity at the request of either the president or the board. They shall report to the president or to such other officer that the latter may appoint as general manager.

Deputy general managers shall enforce the rules, regulations and resolutions adopted by the board of directors and the president. They may further formulate, with the president's prior consent, any internal regulation that may prove to be necessary for implementation purposes. Moreover, they shall report to the president on the progress of the CENTRAL BANK OF THE ARGENTINE REPUBLIC.

CHAPTER V

-Operations of the CENTRAL BANK OF THE ARGENTINE REPUBLIC-

<sup>15</sup>Article 17 : The CENTRAL BANK OF THE ARGENTINE REPUBLIC is empowered to:

- a) issue banknotes and coins in accordance with the powers vested thereupon by the National Congress;
- b) grant rediscounts to financial entities on account of temporary illiquidity for a maximum amount equivalent to the equity of each entity. Rediscount transactions shall imply the transfer of ownership of financial entities securities to the CENTRAL BANK OF THE ARGENTINE REPUBLIC. An entity so aided shall be bound by the rediscounted portfolio;
- c) advance funds on financial entities' accounts due to temporary illiquidity upon the submission of public bonds or any other security or imposition of encumbrances of a special or general nature on certain assets, provided that the total amount of rediscounts and advances so granted to each institution does not, under any circumstance, exceed the ceiling set in the previous subparagraph.

The maximum amounts available to each institution by virtue of paragraph b) above and the first paragraph of this subparagraph may be enlarged, provided that the financial system requires to be endowed with appropriate liquidity or, under general and extraordinary circumstances, the majority of the board of directors advises to do so.

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

- d) conduct transactions related to payments under international agreements and borrow loans from foreign multilateral or state-owned companies, central banks or such entities of which the only CENTRAL BANK OF THE ARGENTINE REPUBLIC may 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 such debt instruments it may have obtained from the financial entities undergoing liquidity problems.

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<sup>15</sup> Act No. 24.485, Article 2; Decree 1.523/01, Article 1; Decree No. 1.526/01, Article 1; Act 25.562, Article 6.

- f) advance funds to financial entities upon the submission of a collateral, guaranty assignment, pledge or any other special assignment of I) credits or other financial assets, the debtor or guarantor thereof is the National State, II) a debt instrument or deposit certificate issued by financial trust funds, the assets of which comprise credits or other financial assets, the debtor or guarantor thereof is the National State. The restrictions provided under subparagraphs b) and c) above are not applicable to these cases.

The resources intended for financial entities in accordance with the procedures provided under subparagraphs b) and c) above, shall, under no circumstances, be granted unbaked or as a current account overdraft. These transactions shall firstly be guaranteed by marked-to-the-market publicly offered securities.

<sup>16</sup>Article 18 : The CENTRAL BANK OF THE ARGENTINE REPUBLIC may:

- a) purchase and sell, by conducting spot and forward transactions, government bonds, foreign exchange and other financial assets at market prices for the regulation of the 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 by virtue of subparagraph b) of article 17 above, or transfer them as a trust-fund deposit to other financial entities, a Trust Fund created by the National Executive Power, a Deposit Guaranty Fund or to a Financial Trust Fund.

<sup>17</sup>Any collateral on behalf of the Central Bank of the Argentine Republic in support of the funds advanced pursuant to subparagraph c) of Article 17 and of such transactions that are conducted under international agreements related to mutual payments and lending may be collected or executed by the CENTRAL BANK OF THE ARGENTINE REPUBLIC, either directly or by commissioning the legal persons mentioned in the foregoing paragraph;

- c) purchase and sell gold and foreign exchange. Should the Central Bank of the Argentine Republic, as financial agent for the National State, makes such purchases or sales on behalf of the Ministry of Economy, the resulting losses shall be debited from, and the profit credited with, the National Government account;
- d) receive gold and other financial assets in custody;
- e) act as correspondent bank or agent for other central banks, or represent or be part of any international institution existing or to be set up for banking, monetary or financial cooperation purposes;
- f) take deposits in local or foreign currency;
- g) formulate financial policies intended for small and medium-sized companies and regional economies through differential reserves or minimum cash requirements.
- h) establish such contributions that financial entities shall make to deposit guarantee/banking liquidity schemes. The CENTRAL BANK OF THE ARGENTINE REPUBLIC shall be empowered to treat contributions to the banking liquidity scheme as an exception, making allowances for the liquidity problems undergone by a financial entity;
- i) <sup>18</sup>issue securities or bonds and certificates of participation in the portfolio thereof.

Article 19 : The CENTRAL BANK OF THE ARGENTINE REPUBLIC must not:

- a) make loans to the national government, banks, provinces and municipalities, notwithstanding the provisions set forth under Article 20;

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<sup>16</sup> Act No. 24.485, Article 2; Act 25.562, Article 7.

<sup>17</sup> Decree No. 401/02, Article 5.

<sup>18</sup> Decree No. 401/2002, Article 1.

- b) pledge assets or endorse bills and other notes of the national government, provinces, municipalities and other public institutions;
- c) grant loans to natural or legal persons other than those licensed to operate as financial entities;
- d) <sup>19</sup>grant rediscounts, advances or other lending transactions, except for the cases provided under Article 17, subparagraph b), c) and f) or those which might eventually arise, on a technical and temporary basis, from market transactions provided under Article 18, subparagraph a);
- e) purchase and sell real estate, except for those transactions that prove to be necessary for the operation of the CENTRAL BANK OF THE ARGENTINE REPUBLIC;
- f) purchase shares except for those issued by international financial agencies;
- g) take part, either directly or indirectly, in any commercial, agricultural or industrial company, or otherwise;
- h) invest domestic or foreign currency in such instruments that are not freely-available on a substantial basis;
- i) <sup>20</sup> ...
- j) <sup>21</sup>pay interest on deposit accounts higher than those accrued on the placement of the corresponding funds less the cost of such transactions;
- k) offer special guarantees which, directly or indirectly, explicitly or on an implied basis, secure financial entities' liabilities, including those resulting from the deposits taken.

<sup>22</sup>Article 20 : The CENTRAL BANK OF THE ARGENTINE REPUBLIC may advance funds to the National Government on a temporary basis up to a 12% (TWELVE PER CENT) of the monetary base, made up of money in circulation plus current or special accounts' sight deposits of financial entities made with the Central Bank of the Argentine Republic. The Central Bank of the Argentine Republic may further advance funds up to 10% (TEN PER CENT) of the National Government's cash income earned over the last twelve months. The temporary advances so granted, excluding those solely assigned to settle obligations with multilateral lending agencies, shall never go beyond 12% (TWELVE PER CENT) of the monetary base as defined above. All advances given under this article must be repaid within the subsequent twelve months. Should any funds so advanced remain outstanding at the end of such 12-month period, the CENTRAL BANK OF THE ARGENTINE REPUBLIC shall refrain from exercising the above powers until outstanding amounts are paid.

Article 21 : The CENTRAL BANK OF THE ARGENTINE REPUBLIC shall transfer funds and conduct banking transactions for the national government, either directly or through financial entities, both at home and abroad; shall take deposits from the national government and from whole self-administered agencies; and shall make payments on their behalf, subject to the provisions set forth in the foregoing article.

<sup>23</sup>The CENTRAL BANK OF THE ARGENTINE REPUBLIC shall neither pay interest on the deposits made to the National Government's accounts, except on those made with domestic or international financial entities in the name and on behalf of the National Government, nor receive any compensation for the payments made in the name thereof. Nevertheless, the Central Bank of the Argentine Republic may charge the National Government such expenses it has paid, in turn, to financial entities.

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<sup>19</sup> Decree No. 1.523/01, Article 2.

<sup>20</sup> Decree No. 401/2002, Article 2.

<sup>21</sup> Decree No. 439/01, Article 2.

<sup>22</sup> Decree 439/01, Article 3; Act 25.562, Article 8; Act 25.780, Article 15.

<sup>23</sup> Act No. 24.485, Article 2.

The CENTRAL BANK OF THE ARGENTINE REPUBLIC may determine the transfer of deposits made by the National Government and self-administered agencies to financial entities.

In addition, it may instruct banks to conduct any kind of banking transactions for the National Government and for state-owned companies or agencies.

<sup>24</sup>Article 22 : As financial agent for the National State, the CENTRAL BANK OF THE ARGENTINE REPUBLIC may replace the securities it has been instructed to issue with new registered securities, issuing global certificates. In this case, such instruments shall be recorded before the relevant Registry authorized by the Argentine Securities Exchange Commission in accordance with the provisions of law No. 20,643, as amended. Where advisable, the Bank may issue temporary certificates.

The CENTRAL BANK OF THE ARGENTINE REPUBLIC may sell securities on the market either directly or through arrangers; may promote and supervise arrangers' operations; but may not underwrite securities on its behalf. The CENTRAL BANK OF THE ARGENTINE REPUBLIC shall charge a fee for the above-mentioned services to the National Government's account.

<sup>25</sup>Article 23 : ...

Article 24 : The CENTRAL BANK OF THE ARGENTINE REPUBLIC shall charge the domestic and foreign public debt service, and the cost thereof, paid in the name and on behalf of the National Government to the National Government's account. The National Government shall provide the CENTRAL BANK OF THE ARGENTINE REPUBLIC with funds for servicing and the CENTRAL BANK OF THE ARGENTINE REPUBLIC may advance such funds subject to the restrictions set forth under Article 20.

Article 25 : The CENTRAL BANK OF THE ARGENTINE REPUBLIC shall assist the Ministry of Economy and Public Works and Services in the control of the whole procedure for placing official borrowings and servicing public debts, including securities break-up and destruction and supervision of books, records and other documents related to such transactions. It shall also report to such Ministry giving special and detailed information about the CENTRAL BANK OF THE ARGENTINE REPUBLIC performance as financial agent of the State.

<sup>26</sup>Article 26 : The CENTRAL BANK OF THE ARGENTINE REPUBLIC shall inform the Ministry of Economy and Public Works and Services about the monetary, financial and exchange position, cash flows and balance of payments.

Article 27 : The Ministry of Economy and Public Works and Services shall inform the CENTRAL BANK OF THE ARGENTINE REPUBLIC as follows on a quarterly basis:

- a) the General Treasury of the Nation's account movements (income and expenditure);
- b) a detailed description of public revenues in cash and lending proceeds;
- c) expenses incurred by virtue of the relevant accounting principles;
- d) a statement of consolidated and floating debt, both domestic and external.

In addition to the above-mentioned information, the CENTRAL BANK OF THE ARGENTINE REPUBLIC shall require the Ministry of Economy and Public Works and Services and the remaining ministries and public bodies any such information that may be necessary or useful for the operation thereof.

## CHAPTER VI -Minimum cash requirements-

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<sup>24</sup> Decree No. 1.860/92, Article 9.

<sup>25</sup> Decree No. 1.860/92, Article 10.

<sup>26</sup> Decree No. 1.860/92, Article 11.

<sup>27</sup> Article 28 - The CENTRAL BANK OF THE ARGENTINE REPUBLIC may require financial entities to put aside a certain portion of deposits and other liabilities denominated in domestic and foreign currency in order to regulate the amount of money and monitor the proper performance of the financial market. These reserves shall bear no interest. Financial entities must not be required to create other blocked or frozen-deposit accounts. Reserves shall only be built up in cash, in demand deposits with the CENTRAL BANK OF THE ARGENTINE REPUBLIC or in foreign currency-denominated accounts, depending on whether Financial Entities liabilities are denominated in domestic or foreign currency, respectively.

<sup>28</sup> Under general circumstances, the Central Bank of the Argentine Republic may provide that reserves be partially built up with marked-to-market public bonds.

#### CHAPTER VII -Exchange System-

<sup>29</sup>Article 29 : The CENTRAL BANK OF THE ARGENTINE REPUBLIC shall:

- a) advise the Ministry of Economy and the Honourable National Congress on the exchange system and establish general regulations;
- b) formulate regulations governing the exchange system and supervise the enforcement thereof.

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

<sup>30</sup>Article 30 : The Bank shall exclusively issue banknotes and coins in the Argentine Nation; hence, no other agency of the national, provincial or municipal government, bank or authority whatsoever shall be entitled to issue either banknotes, coins or any other kind of legal tender. Currency shall be deemed as legal tender irrespective of the conditions and features thereof:

i) the issuer may impose or induce, either directly or indirectly, its mandatory acceptance for the settlement of any type of obligation; or

(ii) issuances involve nominal values that are lower than, or equal to, 10-fold the value of the highest denomination of the circulating domestic currency.

<sup>30</sup>Article 31 : Such notes and coins to be issued by the CENTRAL BANK OF THE ARGENTINE REPUBLIC shall be legal tender throughout the Argentine Republic at face value. The banknotes shall bear the facsimile signature of the president of the CENTRAL BANK OF THE ARGENTINE REPUBLIC, together with the facsimile signature of the president of the Senate and of the Lower House according to the resolution adopted by the board of directors of the CENTRAL BANK OF THE ARGENTINE REPUBLIC for each denomination. The CENTRAL BANK OF THE ARGENTINE REPUBLIC is further empowered to mint coins of commemorative or numismatic value. Such coins shall fall beyond the scope of the provisions set forth in the first paragraph of this Article.

Article 32 - Should the CENTRAL BANK OF THE ARGENTINE REPUBLIC find out that its exclusive power for issuing currency has been infringed, it shall report such case to the competent authority serving notice to the Executive Power, which shall take the corresponding measures.

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<sup>27</sup> Decree No. 439/01, Article 4; Act No. 25.562, Article 9; Decree No. 248/02.

<sup>28</sup> Decree No. 301/02, Article 3.

<sup>29</sup> Act No. 25.562, Article 10.

<sup>30</sup> Act N1 25,780, article 18

<sup>30</sup> Act No. 25.562, Article 11.

<sup>31</sup>Article 33 - The CENTRAL BANK OF THE ARGENTINE REPUBLIC may invest a portion of its external assets in deposits or other interest-bearing transactions with foreign banking institutions or in securities of acknowledged soundness and liquidity payable in gold or foreign currency.

CHAPTER IX  
-Accounts, Financial Statements and Supervision-

Article 34 – The CENTRAL BANK OF THE ARGENTINE REPUBLIC fiscal year shall comprise one (1) year and shall end on December 31. The CENTRAL BANK OF THE ARGENTINE REPUBLIC financial statements shall be prepared in accordance with generally accepted accounting principles and such general principles that may be established by the Superintendence of Financial and Exchange Entities for the whole financial system.

Article 35 : The CENTRAL BANK OF THE ARGENTINE REPUBLIC shall, no later than the subsequent week, publish a summary balance sheet as of the close of business on the seventh (7), fifteenth (15), twenty-third (23) day and on the last day of each month.

<sup>32</sup>Article 36 : A regular trustee and an alternate trustee, appointed by the Executive Power in agreement with the Senate, shall supervise the enforcement of the provisions of this Charter and other applicable rules by the Central Bank of the Argentine Republic. The Executive Power may appoint officers on an interim basis until the Senate grants its consent.

Trustees shall further supervise the enforcement of the aforementioned regulations by the Superintendence of Financial and Exchange Entities. Trustees may be lawyers, chartered accountants or university graduates in economy. They shall hold office for four (4) years and may be reappointed at the expiry thereof.

Trustees shall issue opinions on the CENTRAL BANK OF THE ARGENTINE REPUBLIC balance sheets and income statements as at the end of each financial year for the purpose of which they may have access to the documents, books and other records of the CENTRAL BANK OF THE ARGENTINE REPUBLIC transactions. They shall inform the board of directors, the Executive Power and the Honourable National Congress about the enforcement of this Charter and other rules applicable. Trustees' fees shall be determined in the CENTRAL BANK OF THE ARGENTINE REPUBLIC budget.

Article 37 : The following persons must not hold office as trustees:

- a) those who are not eligible to be directors;
- b) spouses, relatives related by lineal consanguinity, collateral consanguinity up to the fourth degree and affinity up to a second degree to the officers mentioned in Articles 6, 16 and 44.

CHAPTER X  
-Profits-

<sup>33</sup>Article 38 : Non-capitalized profits shall be allocated to general and special reserve funds up to FIFTY PER CENT (50%) of the CENTRAL BANK OF THE ARGENTINE REPUBLIC' capital. Once this limit is reached, such profits that have not been capitalized or allocated to reserve funds shall be freely transferred to the National Government's account.

Losses borne by the CENTRAL BANK OF THE ARGENTINE REPUBLIC during a certain fiscal year shall be deducted from the reserves made in previous years and if it were no possible to do so, they shall be deducted from the CENTRAL BANK OF THE ARGENTINE REPUBLIC's capital. In these cases, the CENTRAL BANK OF THE ARGENTINE REPUBLIC's board of directors may assign subsequent fiscal years' profits to restore the capital and reserve levels recorded before the loss takes place.

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<sup>31</sup> Act No. 25.562, Article 12.

<sup>32</sup> Decree No. 1.373/99, Article 2.

<sup>33</sup> Act No. 25.562, Article 13.

-External Audit Examination-

Article 39 : The CENTRAL BANK OF THE ARGENTINE REPUBLIC financial 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 must not render audit examination services for more than four (4) successive years, only being eligible to resume rendering services after at least four (4) years have elapsed.

The information submitted to external auditors about each financial institution is confidential and shall not be disclosed without the CENTRAL BANK OF THE ARGENTINE REPUBLIC's express consent.

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

-On the external accounting firm-

<sup>34</sup>Article 40 : The provisions of the Financial Management Act No. 24,156, as amended, are only applicable to the CENTRAL BANK OF THE ARGENTINE REPUBLIC to ensure that expenses agree with the corresponding budget and to render accounts in writing to the body in charge of external auditing of the public sector within a year.

The external auditing of the CENTRAL BANK OF THE ARGENTINE REPUBLIC shall be commissioned to the General Audit of the Nation.

Article 41 : The CENTRAL BANK OF THE ARGENTINE REPUBLIC profits shall not be subject to income tax and the assets and transactions thereof shall receive the same tax treatment as such given to the National Government assets and acts.

-Economic information-

Article 42 : The CENTRAL BANK OF THE ARGENTINE REPUBLIC shall essentially compile and publish monetary and financial statistics on a regular basis but it may further do so in relation to balances of payment and national accounts of the Argentine Republic.

Moreover, the CENTRAL BANK OF THE ARGENTINE REPUBLIC may do research works on subjects particularly relevant to the monetary, exchange and financial policy.

CHAPTER XI

-Superintendence of Financial and Exchange Entities-

Article 43 : The CENTRAL BANK OF THE ARGENTINE REPUBLIC shall oversee financial and exchange activities through the Superintendence of Financial and Exchange Entities, which shall directly report to the president of the CENTRAL BANK OF THE ARGENTINE REPUBLIC. The superintendent shall, at any time, make information about financial entities' ratings and the criteria adopted therefor available to the board of directors and any other competent authorities.

<sup>35</sup>Article 44 : The Superintendence of Financial and Exchange Entities is separate from, though budgetary dependent upon, the Central Bank of the Argentine Republic and is subject to audit as established by the latter. It shall be managed by a superintendent, a vice-superintendent and deputy general managers for the relevant areas.

The vice-superintendent shall hold the superintendent's office in case of absence, hindrance or vacancy. Except for those cases, the vice-superintendent shall fulfil such duties that the superintendent may assign or delegate to him.

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<sup>34</sup> Act No. 25.780, Article 19.

<sup>35</sup> Decree No. 1.311/01, Article 3; Act 25.780, Article 17.

Article 45 -The National Executive Power shall appoint such directors that the president of the Central Bank of the Argentine Republic may propose as superintendent and a vice-superintendent. They shall hold office for three years or until the conclusion of their terms of office as Directors, if the expiration thereof comes first.

Article 46 : The superintendent shall perform the following duties in compliance with the general policies formulated by the CENTRAL BANK OF THE ARGENTINE REPUBLIC's board of directors, reporting to such board the decisions adopted:

- a) rate financial entities in compliance with the Financial Entities Act;
- b) revoke banks' licenses to conduct foreign exchange transactions;
- c) <sup>36</sup>approve reorganization and/or rehabilitation programs of financial entities;
- d) formulate and enforce the regulations of the Financial Entities Act laid down by the CENTRAL BANK OF THE ARGENTINE REPUBLIC board of directors;
- e) impose requirements to be complied by Financial and Exchange Entities' auditors;

<sup>37</sup>Article 47 : The superintendent shall:

- a) establish a reporting and accounting regime for exchange and financial entities;
- b) provide that financial entities' monthly balance sheets, debtors' statements and any other useful information for analysing the status of the system be published;
- c) instruct entities to discontinue or refrain from carrying out lending or financial aid policies that may jeopardize their soundness;
- d) draw up rules so that Financial Entities may raise foreign currency by issuing bonds, liabilities and other securities within the domestic and foreign markets as well;
- e) extend, with prior consultation with the president of the CENTRAL BANK OF THE ARGENTINE REPUBLIC, the scope of the Financial Entities Act to include such persons that are not covered thereby, whenever the turnover of their transactions and the monetary, exchange or lending policy followed may so advise;
- f) impose penalties as under the Financial Entities Act on account of breaches committed by natural or legal persons or both at the same time;
- g) exercise such powers granted by law to the Central Bank of the Argentine Republic that are related to superintendence other than those explicitly assigned to the Central Bank of the Argentine Republic's board of directors by virtue of the Charter.
- h) apply such legal provisions that the National Congress may lay down in respect of the operation of credit cards, debit cards, electronic money or any other relevant regulations that the CENTRAL BANK OF THE ARGENTINE REPUBLIC may formulate in the exercise of its powers;

<sup>38</sup>Article 48 – The superintendence, as manager, shall further:

- a) formulate rules for the organization and management of the superintendence; and

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<sup>36</sup> Decree No. 1.311/01, Article 4; Act 25.780, Article 17.

<sup>37</sup> Decree No. 1.311/01, Article 5; Act 25.780, Article 17.

<sup>38</sup> Decree No. 1.311/01, Article 6; Act 25.780, Article 17.

- b) appoint, promote and dismiss any member of the superintendence's staff by virtue of the regulations that may be issued for that purpose, and file summary proceedings.

<sup>39</sup>Article 49 : The superintendent may, with the previous authorization of the president of the CENTRAL BANK OF THE ARGENTINE REPUBLIC, suspend the operations of one or several financial entities on a temporary basis, either totally or partially, for a maximum period of thirty (30) days. This resolution shall be subsequently reported to the board of directors. Upon the end of the temporary suspension period, the superintendent may submit an extension proposal to the board for approval. Such an extension shall not be over ninety (90) days. In this case, the superintendent may extend the maximum term established in Article 34, second paragraph of Act 21.526 on a prudential basis.

During the temporary suspension period, no action shall be filed for seizing or executing any financial entity's property. Moreover, any commitments increasing the liabilities of an entity and the enforcement of such commitment together with the interest accrued thereon shall be rendered null and void during such period, except for those arising from debts payable to the CENTRAL BANK OF THE ARGENTINE REPUBLIC. Under no circumstance, the temporary suspension of operations shall entitle creditors to sue the CENTRAL BANK OF THE ARGENTINE REPUBLIC or the National State for damages.

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

Article 50 : The Superintendence of Financial and Exchange Entities may both require the natural and legal persons falling under the scope of the Financial Entities Act to make their books and documents available and order their seizure on account of breach.

Article 51 : The Superintendence of Financial and Exchange Entities may require financial entities, exchange houses, agencies, offices and brokers, exporters and importers or any other natural or legal person who directly or indirectly conduct exchange transactions to make their books and documents available, to furnish all information and documents related to the transactions they have carried out or to which they have been part, and to order the seizure of such documents and any other papers related to such transactions.

Article 52 : The Superintendence of Financial and Exchange Entities is empowered to bring an action before the relevant courts for breaching exchange and financial rules, seeking an attachment in aid of judgment or any other injunction for an amount that may ensure the payment of fines and other reimbursements to be imposed by the competent judge.

Article 53 : The information obtained by the Superintendence of Financial and Exchange Entities in the exercise of its supervisory powers shall be confidential. The officers and employees having access to such information shall not disclose it without the express authorization of the Superintendence of Financial and Exchange Entities, even after having ceased holding office therein.

Article 54 : Should the Superintendence of Financial and Exchange Entities be refrained or hindered from fulfilling its supervisory duties, it may call for assistance from law enforcement forces. Furthermore, the Superintendence shall promptly request the competent courts to issue any necessary search warrants.

## CHAPTER XII -Jurisdiction-

Article 55 : The CENTRAL BANK OF THE ARGENTINE REPUBLIC submits to the exclusive jurisdiction of federal courts. Should the CENTRAL BANK OF THE ARGENTINE REPUBLIC be a plaintiff, national courts shall have jurisdiction concurrently with provincial courts. Likewise, the CENTRAL BANK OF THE ARGENTINE REPUBLIC may change venue in favour of foreign courts.

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<sup>39</sup> Decree No. 1.860/92, Article 14; Act No. 24.485, Article 2.

Article 56 : The president of the CENTRAL BANK OF THE ARGENTINE REPUBLIC and the superintendent may give testimony in writing, not being bound to appear in court.

CHAPTER XIII  
-Temporary provisions-

Article 57 : Any lending transactions conducted by the time this law is enacted shall be presented in detail in the original balance sheet and, during the terms provided for the definite reimbursement thereof, 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 its members hold office for only half a period. Once this term is over, new officers shall be appointed for a full six-year term of office, following the procedure established by Article 7.

Article 59 : The members of the board of directors and the trustees who are holding office by the time this law is enacted shall remain acting as such until they are confirmed or replaced in compliance with the procedure provided by Article 7.

Article 60 : The ceiling of freely available reserves held as ordinary pledge shall be 20% (twenty per cent) and may comprise marked-to-market public securities during the first term of the CENTRAL BANK OF THE ARGENTINE REPUBLIC board of directors appointed in accordance with the provisions contained herein.

Reserves built up out of public 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 the assets held as an ordinary pledge is affected.

Such a case shall be reported to the Honourable National Congress but may not occur for more than ninety (90) days running.

ACT 25,780 (relevant part)  
Temporary rule for the emergency period prescribed by Act No. 25,561

ARTICLE 16: During the term provided by the first paragraph of Article 1 of Act 25,561 and under general and extraordinary circumstances, the CENTRAL BANK OF THE ARGENTINE REPUBLIC may, with the agreement of TWO THIRDS (2/3) of its board of directors:

- a) grant aid as provided by Article 17 of the Charter of the CENTRAL BANK OF THE ARGENTINE REPUBLIC, approved by Article 1 of Act 24,144, as amended, to the financial entities included in Article 35 bis of the Financial Entities Act 21.526 –as amended- which undergo liquidity and/or solvency problems.
- b) Authorize building up the minimum reserve requirements set out by virtue of Article 28 of the CENTRAL BANK OF THE ARGENTINE REPUBLIC Charter approved under Act 24.144, Article 1, as amended, out of financial assets other than those established herein in a proportion that may be determined.

Waive, fully or in part, the right acknowledged by Article 53 of the Financial Entities Act of 21,526, as amended, with the sole purpose of supporting financial entities' restructuring processes and safeguarding depositors pursuant to Article 35 bis.