DOING BUSINESS IN ARGENTINA

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Table of Contents

1. ARGENTINE REPUBLIC OVERVIEW

1.1. Demographic Data

The territory of the Argentine Republic is the second largest in South America and the eighth worldwide. Located at the south of the American continent, it is a part of the Southern Cone together with Chile, Uruguay, Paraguay and southern Brazil.

The country is 3,694 kilometers long from north to south and 1,423 kilometers from east to west, with a total area of 3,761,274 sq km. As to population, it is one of the forty most populated countries in the world, with a total population of 42,000,000 and a density of 15 inhabitants per km^2.

The Argentine Republic is considered an "immigration country" due to the massive immigration flows it received in time, largely from Europe, which resulted in a cosmopolitan population with a good level of education (a literacy rate of 95.7%) and of technical specialization.

With a population of more than 42 million at present, its human development index, per-capita income, economic growth level and life quality are among the highest in Latin America. According to official information by the Central Bank of the Argentine Republic (BCRA) the stated value of the Gross Domestic Product was 4,412,374 million pesos at current prices, equivalent to 544,737 million U.S. dollars, with a nominal GDP per-capita of 12,917 U.S. dollars.

As regards economic development, the Argentine Republic has the advantage of its territorial area and, particularly, of its wealth and variety of natural resources (such as oil, natural gas, lead, zinc, copper, tin, gold and uranium), an advanced agricultural system and a substantial industrial base, which got to be one of the major industries in Latin America.

One of the major countries worldwide in soybean production, it is also a dominant producer of oleaginous products, corn and meat.

The Argentine Republic is a part of the regional entity Southern Common Market, also known as "Mercosur", which comprises Argentina, Brazil, Paraguay and Uruguay as members and Chile, Colombia, Ecuador and Peru as associates.

1.2. Constitutional and Judicial System

The National Constitution of the Argentine Republic of 1853 provided for a representative, republican and federal system of government, which has been maintained through all the constitutional amendments since then (the latest was in August 1994). The current Constitution results from the text enacted by the Constituent Convention of 1994.

As mentioned above, Argentina has adopted a federal system of government. Accordingly, its government system is based upon division of powers between the federal government and local

governments (i.e. the provinces and the Autonomous City of Buenos Aires), where the latter retain all the powers not delegated to the Federal Government by the National Constitution (Cf. section 121 of the National Constitution).

Thus, under the federal system adopted by the Argentine Republic there are two (2) types of government: (i) a federal or national sovereign government, with jurisdiction in the entire territory of Argentina, and (ii) the local governments (Provinces and Autonomous City of Buenos Aires), with separate authority to provide their own institutions and local constitutions, and with jurisdiction exclusively on their own territorial areas.

The Argentine Republic is divided into twenty-three (23) provinces and the Autonomous City of Buenos Aires, the seat of the federal government.

Its governmental organization consists of three branches: executive, legislative and judicial.

The executive branch of federal government is exercised by the President of Argentina, elected for four (4) years. The President has broad powers, including the power to approve or veto decisions by the National Congress (legislative branch). The executive branch of each province is exercised by a governor; the governor's term of office, the manner of election and the right to be reelected are determined by each provincial constitution, which generally determine a term of four years.

The second is the National Congress, consisting of two houses. The House of Representatives composed by two hundred and fifty-seven (257) members elected by direct voting, and a Senate, which consists of seventy-two (72) members elected by each provincial Jurisdiction, three for each province and three for the City of Buenos Aires. In turn, each of the twenty-three (23) provinces and the Autonomous City of Buenos Aires has a provincial legislative branch, exercised by the relevant provincial legislature, which consists of one or two houses as established by each provincial Constitution.

Finally, the Judicial Power of the Argentine Republic is exercised by the National Supreme Court of Justice (NSCJ). As the highest judicial authority in Argentina, it is the final legal authority for matters in which it has original jurisdiction (concerning foreign ambassadors, ministers and consuls, and also litigation between provinces), and also for appellate review of cases of unconstitutionality or, as the case may be, by a special federal appeal, where the case requires a decision between two Acts of equal or different rank, or with respect to an international treaty.

The judicial power of the Argentine Republic consists of two systems, federal and provincial (which relate to each of the twenty-three (23) provinces, pursuant to the National Constitution).

The federal judiciary (sitting in different jurisdictions within Argentina) has jurisdiction in federal matters occurring in the relevant venue. Federal courts in the City of Buenos Aires are organized into Courts of Appeals and lower courts (referred to as *primera instancia*) for each subject matter (e.g. commercial, labor, civil and criminal law). In the other jurisdictions, such federal courts have jurisdiction on all federal matters.

In turn, the provincial judiciary is in the hands of each province. Based upon the separate jurisdiction acknowledged by the National Constitution, they organize and administer ordinary justice within each territory. Most provincial judiciaries are divided into lower courts, Courts of Appeals and a Supreme Court of each province.

2. REGULATIONS ON FOREIGN INVESTMENT

2.1. Treatment and Regulation for Foreign Investors

Investment in the Argentine Republic is regulated by a set of regulations including international treaties and local regulations, ruling on the treatment of foreign investment, the registration of foreign companies, regulations on monetary policy, foreign exchange control and foreign currency transfers to and from Argentina.

With the exception of investments in certain sectors of the economy as, for instance, activities regulated by the Government such as banks or insurance, real property acquisition in frontier or security areas, or regarding specific applicable systems as, for instance, Anti Trust, it is not necessary to count on prior Government approval in order to start a new venture or acquire an existing one.

In the event the investor is a foreign company wishing to acquire a share in a domestic company, it must previously register the foreign company with the Public Registry of the jurisdiction where the local company is organized. Depending on the jurisdiction, it may be necessary to carry out (usually annual) filings in order to keep such information updated.

On the matter of investment in media, there is a restriction for foreign investors –with the exception of the United States of America by virtue of an already existing investment promotion treaty- to acquire an interest in excess of thirty percent (30%) in the equity and voting rights. Such percentage may be expanded based on reciprocity with countries who contemplate foreign investment in their media, up to such percentage as they allow.

At the same time, there are limits to the property or possession of rural lands by foreign legal entities or individuals. Pursuant to what is set forth in Act No 26,737, only 15% of the total number of "rural lands" in the Argentine territory may be property or possession of foreign companies or individuals. This percentage is also applicable to the territory of the province or municipality where rural lands are located. In no case shall foreign legal entities or individuals of a same nationality acquire or possess more than 30% of the aforementioned 15%. Besides, a same foreign owner may not acquire or possess more than one thousand hectares (1.000 Ha) of the "core area" or the "equivalent surface" to be determined by the application authority, pursuant to the land location.

2.2. Foreign Investment Regulation System

2.2.1. Promotion and Protection of Investments

Act 21,382 (As amended by Decree 1.853/1993) established a legal system intended to promote foreign investments in the country, based on the principle of non-discrimination between Argentine and foreign investors.

The main provisions of Act 21,382 establish that:

- Foreign investors may carry out investments in the country for the promotion of activities of an economic nature or to expand or improve existing ones, under the same conditions as the investors domiciled in Argentina, having the same rights and obligations established in the Constitution and the Acts for Argentine investors, subject to the regulations of Act 21,382 and those provided for in especial or promotional systems.

- Investments may be carried out in some of the following ways: (i) Freely Convertible Foreign Currency; (ii) Capital goods, their spare parts and accessories; (iii) profits or capital in Argentine currency belonging to foreign investors, provided they are in legal conditions to be transferred abroad; (iv) Foreign credits capitalization in freely convertible foreign currency; (v) Intangible Goods, pursuant to specific legislation; or (vi) Other forms of contribution provided for in especial or promotional systems.

- It is considered a "foreign capital investment" (i) capital contributions belonging to foreign investors applied to activities of an economic nature carried out in Argentina; and (ii) purchases of interests in the equity of an existing domestic company, by foreign investors.

- It is considered a "domestic foreign-capital investment" any company domiciled in the territory of the Argentine Republic, in which individuals or legal entities domiciled outside Argentina hold a direct or indirect interest of above forty nine percent (49%) in its equity or are the direct or indirect holders of such number of voting rights as are necessary to prevail at the shareholders' or partners' meeting.

- Foreign investors may transfer abroad the liquid and realized profits coming from their investments, as well as, repatriate their investment. This right may be exercised at any time after the minimum term of residence that may be determined from time to time by the Central Bank of the Argentine Republic, pursuant to foreign exchange control regulations in full force and effect. At present, such minimum term is of three hundred and sixty five (365) days.

- Foreign investors may use any of the legal forms of organization provided for by

the national legislation.

- Domestic foreign-capital companies may use local credit with the same rights and under the same conditions as domestic Argentine-capital companies.

- Legal acts entered into by and between a domestic foreign-capital company and the company which directly or indirectly controls it or an affiliate of the latter, are considered as entered into by independent parties if the consideration and conditions are consistent with usual market practice between independent parties.

2.2.2. Bilateral Investment Treaties. Southern Cone Common Market [Mercosur]

The Argentine Republic has entered into various treaties to guarantee foreign investments. Some of them secure investments against political risks, such as foreign currency availability and the right to transfer foreign exchange, expropriation and similar measures, non-compliance with contracts by the Government of the host country, war and civil disturbances, among other risks. In most cases, prior approval is required to determine the lawfulness of the investment and insurance coverage by the government of the host country.

Since 1990 and with the purpose of increasing foreign investment in the country, Argentina has signed treaties of investment promotion and protection with many countries, including United States of America, Italy, Belgium, United Kingdom, Germany, Switzerland, France, Poland, Chile, Spain, Canada, Turkey, Egypt, Holland, China, Denmark, Hungary, Finland, Korea, Portugal, Israel, Australia, Peru, Venezuela, Bolivia, Mexico, Russia, South Africa, India, New Zealand and Japan.

In general, in those treaties, the Argentine Republic committed to give a fair and equal treatment to the original investors of the signatory countries and agreed to refer to the jurisdiction of international arbitration courts for the solution of conflicts.

At the same time, during 1980, Argentina promoted the creation of the Southern Cone Common Market [*Mercosur*], which from its creation and to these days is composed by, Argentina, Brazil, Paraguay and Uruguay as full members and Chile, Colombia, Ecuador and Peru, as associate members. The purpose of *Mercosur* is the gradual elimination of all customs barriers among member countries and to provide for a common foreign tariff regarding the rest of the world. Since the creation of the *Mercosur*, trade among member countries has substantially increased.

2.3. Monetary and Foreign Exchange Policy

The currency and foreign exchange policy of the Argentine Republic has as main purpose to control the capital flow and the value of the domestic currency in relation to other currencies, especially the

U.S. Dollar. With that purpose as from 2001, foreign exchange control was reinstated by the Central Bank of the Argentine Republic [Banco Central de la República Argentina or "BCRA"].

Even though the BCRA is empowered to grant, prior request, an especial exemption from some of the limitations described hereinbelow, in practice, it has rarely done so.

The non-compliance with the foreign exchange regulations is punished in many ways. Fines, of up to ten times the amount of the operation carried out in breach of the regulations, apply jointly and severally to legal entities, to the highest rank officers and to those taking part in the operations.

Even when the exchange rate in the market is free and it is determined by the law of supply and demand, the BCRA has the power to intervene in the market by means of the purchase and sale of foreign currency, which is a habitual practice.

There are also some regulations from other bodies as, for instance, the Secretariat of Commerce of the Nation and the Federal Administration of Public Revenue [Administración Federal de Ingresos Públicos or "AFIP"], which establish that financial entities must file a prior request to obtain the approval for the sale of foreign currency by means of Affidavits and/or the verification of the validity of the transaction and register it by means of validation systems. Throughout these processes, it is verified whether the transaction is valid or inconsistent with the taxing, economic and financial status of the potential purchaser of the foreign currency.

In the case of Argentine residents, they can access the market, prior approval by AFIP, to purchase foreign currency with investment ends (hoarding as denominated by the BCRA), once a month and for a value of up 20% of their income.

2.3.1. BCRA Foreign Exchange Control Systems. Foreign Currency Inflows.

Towards the end of 2001, foreign exchange controls were reinstated in Argentina in order to control the foreign currency inflows and outflows. At the beginning of 2002, the One Free Foreign Exchange Market [Mercado Único y Libre de Cambio or "MULC"] currently in force was created as the only place where foreign exchange operations can be lawfully carried out.

The MULC can only be accessed by residents and non-residents of the Argentine Republic with the purpose of carrying out operations authorized by the foreign exchange system and within the limits established. The operations that are not within the frame authorized may only be carried out prior approval by the BCRA.

On the matter of foreign investments, the foreign exchange system currently in full force and effect regarding foreign currency inflows establishes, among its main provisions, the following:

- Registration of foreign exchange inflows: Foreign exchange inflows are subject to recording by the BCRA. The registration is carried out at the same time of the sale of foreign currency in the MULC.

- Investment minimum term of permanence: Investments are subject to minimum

terms of permanence, the minimum term currently in full force and effect is three hundred and sixty five (365) running days.

- Creation of non-compensated deposits in foreign exchange, with a term of three hundred and sixty five (365) days: Where foreign currency inflows are registered in the foreign exchange market as financial debt or to carry out portfolio investment, a non-compensated deposit must be created for three hundred and sixty five (365) days by an amount equal to thirty percent (30%) of the inflowing currency. There are multiple exceptions to the creation of such deposit, for instance, for direct investments (significant long-term investments in domestic companies) and real estate acquisitions, among others.

At the same time, there is a duty to enter and settle in the MULC any foreign exchange amounts from exports of goods and services rendered from Argentina.

2.3.2. Repatriation of Capitals. Foreign Currency Outflows.

On the matter of repatriation of capitals in foreign exchange, the foreign exchange system currently in full force and effect, among its main provisions, establishes the following:

- Registration of foreign currency outflows: foreign currency outflows are also subject to recording by the BCRA. The registration is carried out at the same time of the purchase of foreign currency in the MULC.

- Investment minimum term of permanence: as it has already been mentioned in item 2.3.1., investments are subject to minimum terms of permanence, so it is not possible to access the MULC to repatriate capitals if the amount has not remained the minimum term of permanence in full force and effect, which is three hundred and sixty five (365) running days.

- Payment of profits and dividends: the transfer of funds abroad for the payment of profits and dividends to foreign shareholders can be made, provided that they relate to closed and audited balance sheets. Nevertheless, it can not be ruled out that BCRA may apply *de facto* or informal restrictions in order to prevent such transfers.

- Repatriation of Direct Investments and/or investments on real estate: Direct investments (i.e. from sale, liquidation or reduction of an investment in the Argentina) may also be repatriated, having to evidence in some cases, the entry of funds invested and with certain restrictions in the matter of amounts and terms. Investment repatriation is subject to prior authorization of the Central Bank of the Argentine Republic when the beneficiary abroad is established or domiciled in jurisdictions considered uncooperative in the drive for tax transparency.

At the same time, there is an obligation to comply with certain requirements in order to access the MULC as, for instance, to obtain the affidavit prior to imports [DJAI and DJAS], in order to carry out

the payment for imports of goods and services rendered by non-residents. The operations that are not framed within the authorized ones shall be only carried out prior approval by the BCRA.

2.4. Rules on Anti Money Laundering and Counter Terrorism Financing

By means of Money Laundering, crime converts economic income from criminal activities into funds from apparently lawful source.

At present, in Argentina it is not required that the asset conversion be carried out by a person who has not participated in the abovementioned crime. There were several amendments to the AntiMoney Laundering Act carried out in the end of 2011, in order to include among the punished behaviors, self-laundering.

The agency in charge of Anti Money Laundering is the Financial Information Unit [Unidad de Información Financiera or "UIF"], an agency specifically dedicated to supervising the compliance with the regulations, with especial focus on the prevention of money laundering related to drug-trafficking, weapons smuggling, child prostitution and pornography, corruption, politically-motivated crimes and terrorism. The UIF is managed by a President, a Vice-president and an Advisory Committee, which includes representatives from the Central Bank of the Argentine Republic, the agency responsible for collecting taxes (AFIP), the National Securities and Exchange Commission, the Secretariat of Drug Use Prevention and two experts from other areas of government.

Certain types of companies and individuals, including financial entities and brokers, insurance companies and notary publics have the duty to report suspicious operations in which they are taking part and to provide information regularly to the UIF. The obligors have the following duties to:

- "Know your Client" and obtain from the client any documentation evidencing their identity, domicile and other basic data that shall be determined by the controlling regulations issued by the UIF;
- Store any client's data in the manner and for the periods that shall be determined by means of the controlling regulations issued by UIF;
- Report to the UIF any suspicious operation (defined as any transaction that, based on the company's experience and upon taking into account usual practices for this type of transaction, turns out to be unusual, not financially or legally reasonable or unreasonably complex); and
- Abstain from reveling to the client or third parties any information related to suspicious transactions or to the issuance of reports of suspicious operations.

The UIF has issued specific resolutions for each area of business subject to report suspicious transactions (financial entities, insurance, notary publics, accountants, etc.) including general guidelines in order to identify the suspicious operations and prevent money laundering. These resolutions establish the terms and procedures for the submittal of suspicious operations reports.

The crime of Money Laundering is punished with fines and prison and the non-compliance with the

obligation to report suspicious operations is punished with fines which amount may vary from one to ten times the amount of the non-reported suspicious operation.

With few exceptions, confidentiality duties determined by law or contract may not be asserted against the UIF, so an obligor of such duties can not assert professional privilege and refuse to report suspicious transactions.

3. INVESTMENT VEHICLES AND MODALITIES

Investments in the Argentine Republic are usually channeled through corporate entities with limited liability or by trusts, which main characteristics are hereinbelow explained.

3.1. Corporate vehicles.

The main vehicles used by foreign companies or individuals in order to carry out activities in Argentina are the establishment of a branch or the creation of a company, whether it is a corporation or a limited liability company.

With the recent enforcement of Act 26,944, unifying the National Civil and Commercial Codes and introducing modifications to the General Act of Companies No 19,550 [Ley General de Sociedades or "LGS"] it is also recognized the feature of single-shareholder corporations.

Companies are subjects of rights that have legal personality differentiated from their members and administrators. They are characterized by the existence of a company purpose, i.e., an organization for the production and exchange of goods and services.

3.1.1. Establishment of a Branch, Headquarters or Permanent Representation.

Foreign companies are entitled to establish in the country a branch, headquarters or any type of permanent representation, for which they must register before the Public Registry which, in the City of Buenos Aires, is the Superintendence of Corporations [Inspección General de Justicia or "IGJ"].

For the purposes of obtaining the registration, they must evidence that they have been duly created and that they remain in existence in their country of origin, establish domicile in Argentina and appoint a legal representative.

Even when at the beginning, it is not necessary to allocate a capital to the branch or permanent representation, the accounting must be carried separately and the accounting records of the branch or permanent representation must be annually submitted before IGJ. At the same time, certain acts must be registered, as the modification of domicile or the change of legal representative.

It is worth mentioning that IGJ limits the registration of off-shore foreign companies.

3.1.2. Corporations [Sociedades Anónimas or "S.A."]

Foreign individuals or companies may create a company in Argentina or acquire equity interests in a domestic company, for which they must register before IGJ.

The minimum capital to create a S.A. is AR$ 100,000. Nevertheless, the capital must be consistent with the business to be carried out by the entity, as required by the IGJ.

The main features of this type of company are that the capital is evidenced by shares and that the shareholders limit their liability to the paying in of the capital contribution committed.

The capital must be fully subscribed at the time of the organization act, but only 25% must be paid up at the moment of registering the company. The non-cash contributions must be fully paid up at the time of registration.

The S.A. is administered by a Board of Directors and audited by a Statutory Auditing Committee that, in certain assumptions, must be composed by at least three members.

The Board of Directors may be composed by one or more directors. The members of the Board of Directors may be foreign residents but the absolute majority of directors must have actual domicile in Argentina.

3.1.3. Single-shareholder corporations [Sociedades Anónimas Unipersonales or "S.A.U."]

The requirements for this new category are:

- S.A.U.s can only be incorporated as corporations (Sociedades Anónimas)
- S.A.U.s can not incorporate another S.A.U.
- S.A.U.s share capital must be 100% subscribed and paid up at the moment of incorporation.
- They are subject to permanent government supervision, thus they must submit, among other things, their accounting records before the IGJ.
- They must have a collective auditing committee.
- They must have a collective board of directors.

It is the first time that the law expressly admits as subjects single-shareholder companies.

Even when the characteristics previously described (mainly plurality of directors, auditors and permanent government supervision) makes this type very costly in practice, S.A.U.s may be a convenient alternative for foreign companies and multinationals intending to establish a fully paid up subsidiary in Argentina of a foreign company, which shall be the only organizer of the domestic branch.

At the same time, it allows the operational and equity decentralization of companies of certain size, authorizing them to create one or more S.A.U.s.

3.1.4. Limited Liability Company [Sociedad de Responsabilidad Limitada or "S.R.L."]

S.R.L.s are companies that include certain personal features and certain features related to joint stock companies.

The main features of this type of business organization are that the equity is made up of interest shares and that the partners limit their liability to the paying up of the capital contribution committed to in the organization agreement. Nevertheless, as distinctive note of this type of company, partners are jointly and severally responsible for the paying up of the capital contribution subscribed by the rest of the partners.

The equity must be fully subscribed at the time of entering into the organization agreement but only 25% must be paid up in cash at the time of registration of the company. Non-cash contributions must be fully paid up at the time of registration.

S.R.L.s are administered by one or more managers who may be partners or not.

3.2. Associative Contracts.

The Civil and Commercial Code of the Nation establishes broadly and without restrictions the agreement of associative businesses without legal personality. They are contracts entered into by and between one or several parties with the purposes of establishing bonds of collaboration or participation with common purposes and not by companies or subjects of rights different from their members.

There is, in this sense, freedom of forms and they have full legal effects among the parties.

It is to say that all association of two or more individuals for-profit, where there are contributions in order to obtain profits from their application but without running an entity is not a company and it remains included within any of the features of "associative contracts".

This form of regulation facilitates agreements among companies and strategic alliances by means of an open system of associative contracts that do not count on a legal form of business.

The Civil and Commercial Code regulate the following specifically:

3.2.1. Business in participation.

It has as purpose performing one or more specific operations carrying them out by means of common contributions and to the individual name of the manager.

The third parties acquire rights and undertake obligations only in relation to the administrator

whose liability is unlimited. On the other hand, the participating party does not act before third parties and it is only liable up to the amount of its contribution.

3.2.2. Collaboration Associations.

These contracts create a common organization among several subjects with the aim of facilitating and developing certain phases of an activity thereof or improving or increasing the result of such activities. Its purpose is to reduce costs and maximize benefits for its members.

The participants are jointly and severally liable for the obligations that their representatives undertake on behalf of the association. Actions may be brought against them only after the unsuccessful filling of a claim against the administrator of the association.

3.2.3. Transitory Associations.

It is a contract for the development and carrying out of works, services or specific supplies. It is the domestic feature for the contractual joint venture with a specific purpose.

The members carry out the provision of services and receive a result that may imply differentiated benefits or losses for each participant.

Except otherwise established in the contract, it is not undertaken joint and several liability for the acts and operations carried out in the transitory union or for the obligations undertaken before third parties.

3.2.4. Cooperation Consortiums.

By means of the contract of cooperation consortium, the parties establish a common organization in order to facilitate, develop, increase or carry out operations related to the economic activity of its members with the purposes of improving or increasing their results.

The results are distributed among the members in the corresponding proportion. The contract may establish the proportion in which each member answers for the obligations undertaken on behalf of the consortium. In the event of silence, all members are jointly and severally liable.

3.3. Trusts.

Trusts, once regulated by Act 24,441, were incorporated to the Civil and Commercial Code of the Nation after the amendment thereof.

By means of the trust contract, one party (the trustor) transfers the ownership of certain assets to another individual (trustee) who agrees to exercise it for the benefit of whoever is designated in the contract (beneficiary) and to transfer it upon the expiration of the term or condition to whoever is

indicated in the contract (residual beneficiary).

The practical importance of a trust is that the assets transferred in fiduciary property are kept separate from the property of the trustee and trustor. That is why such assets may not be claimed or affected by any creditor of the trustor or trustee, except in the event of fraud by the trustor.

The trustee may be any individual or legal entity, except for the case of financial trust, in which case the trustee must be a financial entity and/or legal entity authorized by the National Security and Exchange Commission [Comisión Nacional de Valores or "CNV"].

3.4. Mergers and Acquisitions "M&A".

3.4.1. Merger of companies.

In the consolidation of a merger, two or more companies transfer their assets and liabilities to a new company organized for that purpose. The partners of such companies receive shares in the new company pursuant to their corresponding participations and according to the exchange relation established for that purpose.

In a merger by absorption, an existing entity absorbs the assets and liabilities of one or more companies that are subsequently dissolved. The partners of the absorbed companies receive the shares of the surviving entity pursuant to the exchange relation established for that purpose.

The LGS establishes a process to carry out the merger, having to be mentioned the approval thereof by the partners, publication of legal notices to protect third-party creditors, the signing of a final merger agreement and the registration before the Public Registry.

With the registration in the Public registry, the whole property of the companies being consolidated or the companies absorbed is transferred entirely to the new company or to the absorbing company, as it may be the case. It is not required any additional requirement, except in the case of property subject to registration, in which case the final merger agreement must be registered in the corresponding registry.

The merger mechanism is regulated as a company reorganization procedure by the Income Tax Act. Subject to compliance with certain requirements, the operation shall have a certain tax treatment beneficial to the absorbing company.

3.4.2. Purchase and Sale of Shareholding Interests.

There are different aspects to be analyzed regarding the purchase and sale of shareholding interests to the effects of achieving the correct instrumentation of the transaction.

The first of them is carrying out a suitable due diligence process on the target company in order to identify its main contingencies and risks.

Furthermore, it must be analyzed which will be the most suitable way to channel the acquisition of such shares. In the case of a company that already exists in the country and which has a similar

corporate purpose, it must be analyzed whether the acquisition must be reported or not for approval before the National Commission for the Defense of Competition [Comisión Nacional de Defensa del Consumidor or "CNDC"], as enforcement authority of the Act for the Defense of Competition.

On the other hand, it shall be analyzed whether the company which shares are intended for acquisition is regulated by some controlling authority (Superintendence of Insurance of the Nation, Central Bank of the Argentine Republic). In this case, authorization must also be requested to the corresponding controlling authority.

3.5. Transfer of Goodwill.

Goodwill comprises all the tangible and intangible property that is part of a certain commercial establishment. Act 11,867 regulates a procedure that shall be complied with so that the transfer of goodwill is enforceable before third parties.

Such procedure includes the publication of legal notices, a term for the creditors to safeguard their rights and the registration of the contract of transfer before the Public Registry.

The omissions or transgressions of the law brings about the joint, several and unlimited liability of the purchaser, the seller or intermediary who committed the violation, for the amount of the unpaid credits and up to the amount of the selling price.

The advantage of the transfer of goodwill is that whoever carries out the purchase counts on a mechanism that enables it to know accurately the liabilities of the business.

3.6. Anti Trust.

Act 25,156 on Anti Trust regulates several matters as prohibited agreements and practices, dominant position, concentrations, mergers and their administrative control.

All individuals and legal entities, public or private, for-profit or not, carrying out economic activities in the Argentine Republic or outside the country are subject to this Act insofar as their acts may have effects in the domestic market.

The current controlling authority is the National Commission for the Defense of Competition ["CNDC"] within the Ministry of Economy of the Nation and thus, part of the National Executive Power.

3.6.1. Prohibited Agreements and Practices.

The Act establishes that the actions or conducts related to the production or exchange of goods or services that may have as purpose to limit, restrict, defraud or distort competition or access to market or that constitute an abuse of a dominant position in a market, in such manner that it may be detrimental to the general economic interest are prohibited.

3.6.2. Dominant Position and Concentration.

The Act penalizes the abuse of dominant position. By dominant position it is understood when for a certain product or service, a person is the only offering or demanding party within the domestic market or when, without being the only one, it is not exposed to substantial competition.

By economic concentration, it is understood the taking of control of one or several companies, by means of any of the following actions: merger among companies, goodwill transfer, share acquisition or any other security that enables the acquiring party the control thereof or any other act transferring to an individual or economic group, the assets of a company or granting such party determining influence in the making of management decisions of a company.

All economic concentrations are prohibited if their purpose or effect is or may be to restrict or distort competition, in a way that may be detrimental to the general economic interest.

3.6.3. Prior Administrative Control.

Before the entering into of any of the acts prescribed by law, i.e., mergers, transfers of goodwill, or acquisition of shareholdings, among others, when the total joint business volume of the companies involved exceeds in the country the amount of AR$ 200,000,000, it must be communicated to the CNDC to be previously analyzed or within the term of a week as from the entering into of the agreement. Before the non-compliance of such notice, the offenders shall be liable of a daily fine of up to AR$ 1,000,000.

The CNDC may authorize the operation, deny it or subordinate the act to the compliance with conditions determined to such effect.

4. CAPITAL MARKETS

4.1. Rules

The capital markets in the Argentine Republic are regulated by Act 26,831 in full force and effect as from January 27th, 2013, regulated, in turn, by means of decrees 1023/2013 and 622/2013, which provide for a system of transparency in the public offer of the different negotiable securities, conducts inconsistent with such system (insider trading, fraud and market manipulation) and penalties that may be applied by the controlling authority in case of non-compliance.

The National Securities and Exchange Commission [Comisión Nacional de Valores or "CNV"] is the self-regulatory agency (with jurisdiction throughout Argentina) that guarantees the correct performance of the system of public offer, by means of administrating, control and supervisions of such system. In order to comply with such purpose, the CNV issues resolutions (CNV rules) binding upon the different participants of the capital market.

4.2. Joining the Public Offering System. Main Institutions of Our Capital Market.

The CNV is the agency that grants the authorization for "public offering" for the different negotiable securities, i.e. that the issuers or the dealers (duly registered before CNV) have the possibility to offer said securities to the general public or to specific sectors or groups in order to carry out any legal act, by means of any publicity procedure. The requirement imposed by the System of Public Offering of counting with CNV's authorization, prior to the issuing of negotiable securities is to avoid misleading the investor, by offering distorted information about the issuer and also about the instrument itself.

Upon the analysis of the definition of public offering, carried out in the preceding paragraph, we would like to point out that:

- The phrase "*carry out any legal act*" with the securities is meant in its wider sense, including original or primary transfer of medium and long term resources as well as the subsequent negation of such securities, by means of the secondary markets.
- Only the public offering of negotiable securities is subject to the control of the CNV and the Act of public offering, excluding in this manner, private placement.
- The fact that the CNV grants to issuers the authorization of public offering means that the requirements demanded by the different regulations to carry out the public offering have been complied with, i.e. that only a formal control is carried out, without analyzing the possible performance of the security as investment vehicle.
- Once the issuers count on the authorization of public offering issued by the CNV, they must respect and fulfill certain obligations (reporting information relevant to the market, submitting quarterly balance sheets, among others) during the time they are subject to the public offering system.
- The CNV may request that negotiable securities count on risk rating issued by a rating agency, which must be registered and authorized by the CNV.

Once authorized the issuance of negotiable securities, these may trade in the different stock exchanges, which must be integrated and use a common electronic platform.

It is important to highlight that business financing, by means of the capital market of the Argentine Republic may be carried out in different ways. Among the most prominent ones, we would like to note:

- Capitalization. Initial Public Offering (IPOs). Placement of shares and/or convertible negotiable obligations by means of the public offering system;
- Debt. Issuance of Negotiable Obligations for Small and Medium-sized Companies or Short-term securities.;
- Use of investment vehicles. Asset securitization by means of the issuance of trust debt, interest certificates or investment funds; and

- Other vehicles as CEDEARs [Certificados de Depósito Argentino] (deposit certificates of shares in foreign listed companies), trading of deferred-payment checks, futures and options.

5. ARGENTINE TAX SYSTEM

Pursuant to the federal system of government adopted by the National Constitution [Constitución Nacional or "CN"] hereinbeforementioned, there are three levels of authorities establishing and applying taxes: the Nation, the Provinces and the Municipalities. The City of Buenos Aires has an especial status, which nevertheless and in order to simplify, may be considered similar to a Province.

At each of such levels and pursuant to the CN provisions under the principle of legality or legal reserve, it is the legislative branch (National Congress / Provincial Legislature / City Council) that creates taxes and regulates their essential elements.

In turn, it is worth pointing out that CN and Act 23,548 (joined by all the provinces) which regulates the co-shared system of national taxes to local states, contain certain provisions limiting the local taxing powers to safeguard the distribution of jurisdictions established by the CN and, in the case of the Act, to avoid double taxation of the same source.

5.1 National Taxes

5.1.1. Income Tax (Act 20,628, as amended by Decree 649/97)

5.1.1.1. Income Tax Application Criteria

Income tax shall be applied to any individual, undivided estate, business or non-business parties. If they are Argentine residents, they shall contribute pursuant to the global income concept (i.e. for income obtained in the country or abroad). If they are non-residents, they shall contribute for income obtained from Argentine source.

5.1.1.2. Individuals

Income tax shall be payable at progressive rates. Rates vary between nine percent (9%) and thirty five percent (35%).

5.1.1.2.1. Residents

Taxable income is determined after discounting expenses and deductions provided for in the regulations in full force and effect, for all their worldwide income or benefits.

5.1.1.2.2. Non-residents

Taxable income for non-residents is the income or benefits of Argentine source.

5.1.1.3. Business Taxpayers

Companies pay income tax for any property increase resulting from profits, income, benefits or enrichments.

5.1.1.3.1. Residents

In such sense, companies resident in Argentina contribute upon their worldwide income. Deduction as payment on account of this tax includes any amount effectively paid for similar taxes abroad on activities carried out abroad, up to the limit the obligation increases due to the incorporation of income obtained abroad. The applicable rate on taxable income is thirty five percent (35%)

5.1.1.3.2. Non-residents

In the case of a non-resident company with no branch or other permanent establishment in Argentina, they are reached by the income tax on their income resulting from Argentine sources. The income tax is applied as a withholding carried out by the paying agent in Argentina who, in turn, pays the corresponding amount as a final lump sum. Tax is withheld on net profit by applying a rate of thirty five percent (35%).

5.1.1.4. Transfer Prices

The Income tax Act regulates transfer prices.

The following taxpayers and responsible parties indicated hereinbelow are included in the provisions on transfer prices:

- Those carrying out operations with individuals or affiliate entities created, domiciled, settled or located abroad and included in Section 69 (corporations) o Section 49 subsection b) (companies created in the country or single-shareholder companies located thereof) or in the same section 49 subsection added subsequent to d) (those derived from trusts where the trustor is the beneficiary or where the trustor-beneficiary is a beneficiary abroad).
- Those carrying out operations with individuals or legal entities domiciled or located in countries of low or null taxing, whether there is affiliation or not.
- Those residents in the country carrying out operations with permanent establishments located abroad, which they own.
- Those residents in the country, owners of permanent establishments located abroad, on the operations that they carry out with individuals or other type of affiliate entities domiciled, created

or located abroad, in the terms provided for in Sections 129 and 130 of the Income Tax Act.

Some specific methods are provided for in order to establish whether the price relates to the normal market price between independent parties or not under similar circumstances, being it possible to carry out the corresponding adjustments if that were not the case.

The methods to be applied depend on the type of operation it is being dealt with and the amount and quality of available comparable information.

5.1.2. Real Estate Transfer Tax

The tax applies to ownership transfers for-value of real estate located in the country, carried out by individuals or undivided estate (legal entities are not reached by the tax) that do not carry out as habitual commercial activity the purchase and sale of real estate.

For the purposes of this tax, a transfer is considered the sale, exchange, change, dation in payment, contribution to companies and all act of disposal by which the ownership is transmitted for value.

A rate of one point five percent (1.5%) upon the value of transfer of the real property at the moment of operation, or upon the market price when the operation is carried out without a specific amount shall be applied.

5.1.3. Value Added Tax (VAT)

Value Added Tax (VAT) is a tax applied to the selling price of goods and services in each phase of production and commercialization. The amounts paid in relation to such tax in its prior phases may be taken as payment on account of this tax.

The sale of personal property, works, leases and rendering of services carried out in the Argentine Republic are reached by VAT.

At the same time, exports of goods and services are not reached by this tax. Exporters may claim for reimbursements of VAT having an impact on the exported product, arising from consumables or services.

Nevertheless, services rendered within the territory of Argentina shall be considered exported if they have effectively been rendered and economically developed outside the territory of Argentina.

The general rate of VAT is twenty one percent (21%) but there are differential rates, the lowest of which is ten point five percent (10.5%).

5.1.4. Presumptive Minimum Income Tax

This tax, provided for in Title V Act No 25,063 is applied on the assets located in Argentina and abroad, valued pursuant to the provisions of the corresponding Act, owned, among others, by companies and permanent establishments domiciled in Argentina. The tax rate is one percent (1%) on such assets.

In the case of financial entities or insurance companies, the Act considers taxable income for this tax, 20% of the value of their taxable assets. On the other hand, when the taxpayers are livestock, fruits or products consignees of Argentina, it shall be considered as taxable income for this tax, 40% of taxed assets, only if these are exclusively allocated to the consignment activity.

This tax is supplementary to the income tax, therefore; any amounts paid in respect of the latter may be taken as a payment on account of presumptive minimum income tax.

5.1.5. Personal Assets Tax

This tax mainly applies to assets existing at December 31 each year in relation to the following persons:

- Individuals residents in Argentina are subject to an annual tax in the amount equal to 0.5% of the taxpayer's personal assets (located in Argentina and abroad) where the value of such assets is between AR$ 305,000 and AR$ 750,000; 0.75% where the value of such assets is between AR$ 750,000 and AR$ 2,000,000; and 1% where the value of such assets is between AR$ 2,000,000 and AR$ 5,000,000. Above the latter amount, the tax rate amounts to 1.25%. Exempted from personal tax are any shareholdings or equity interests in the capital of any type of entity regulated by the Argentine Commercial Companies Act, except for single-shareholder companies and developments.

- Non-resident entities pay taxes on their property located in Argentina.

- Non-resident legal entities with a direct holding of shares or equity interests in local companies of any type. The Act assumes, regardless of any contrary evidence that the shares or equity interests are directly owned by an individual residing abroad or any undivided estate located therein. The applicable rate in this case is zero point fifty percent (0.50%).

A taxpayer subject to this tax may take as a payment on account any amounts actually paid abroad in relation to similar taxes considering as taxable amount, the global property or assets.

5.1.6. Excise taxes

This tax only applies to the consumption of certain specific goods and specific services designated restrictively by legal regulations with different rates. The main products subject to the tax are cigarettes, alcoholic beverages, insurance, mobile and satellite telephone services, automobile vehicles and motors, vessels, electronic products and the like.

5.1.7. Tax on Credits and Debits to Current Accounts

The tax applies to all credits and debits made to current accounts opened at financial institutions; certain operations in which bank current accounts are not used, carried out by financial institutions; and movements or deliver of own or third parties funds carried out in its own name or on behalf of

third parties.

The general rate is six (6) per thousand for debits and credits in bank current accounts and twelve (12) per thousand for the rest of the operations and it is applied on the gross amount of the taxable debits, credits and operations. A lower rate is established in certain assumptions as, for instance: grain brokers, companies that operate credit, purchase and debit cards or operate electronical transfer systems via internet and guaranty trusts, where the trustee is a financial institution regulated by Act 21,526.

Financial institutions act as tax withholding agents.

Pursuant to the regulations in full force and effect, the holders of the taxed bank accounts may take, as tax credit, pursuant to the following parameters:

- For operations reached by 0.6%, 34% of the tax on debits and credits arising from the credits into the bank accounts.
- For operations reached by 1.2%, 17% of the tax on debits and credits.

5.2 Provincial Taxes

5.2.1. Turnover Tax

This tax is the most significant for the Provinces and taxes the exercise of industrial and/or commercial activity in each, without allowing the deduction from what is paid for this tax in the prior phases of the economic cycle of the product or service.

The taxable amount consists of the turnover resulting from the activity. Rates vary according to the different jurisdictions applying the tax and the type of activity being taxed.

Nevertheless, provinces and the Autonomous City of Buenos Aires have carried out an inter-jurisdictional multilateral agreement for the purposes of avoiding double taxation for activities carried out in more than one jurisdiction.

5.2.2. Real Estate Tax

This tax applies to urban and rural real estate located in the corresponding jurisdictions. The taxable amount and rates vary from one jurisdiction to another and are applied on the taxable value assessed by each jurisdiction upon the relevant real estate.

5.2.3. Automobile Tax

This tax applies on the registration of vehicles in the corresponding jurisdiction. As in the case of the real estate tax both, the taxable amount and rates are established by each one of the jurisdictions.

5.2.4. Stamp Tax

This tax applies to acts, contracts or operations for value executed in public and private instruments and, in general, it is calculated on the economic value of the agreement. Rates vary from one jurisdiction to another, but for instance it can be mentioned that the general rate established in the City of Buenos Aires is 0.8%. In each jurisdiction, exemptions are established regarding certain instruments and/or taxpayers.

5.3. Municipal Taxes

Municipalities establish in their jurisdictions, different rates and contributions on payment of services as, for instance, public lightning, sweeping and cleaning, occupying public space, advertising and promotion, obtaining authorization for sites and shops, inspection, safety and health, etc.

It is worth mentioning that the addition of new fees, even when there is no such site within the city area, and the raising of rates generally brings about an issue of concern for the companies with activity in the country.

5.4. Double Taxation Agreements

Argentina has entered into agreements with other countries to avoid double taxation ("DTA").

It is important to note that, pursuant to the National Constitution, DTAs rank higher than Public Acts as it is a treaty entered into with other nations, so it prevails over the provisions of the latter.

In this sense, Argentina has entered into and confirmed by Act the DTAs with the following countries: Sweden, Germany, Bolivia, France, Brazil, Austria (no longer effective since January 1, 2009), Italy, Chile, Spain, Canada, Finland, United Kingdom, Belgium, Denmark, The Netherlands, Australia, Norway and Russia. With the U.S.A. and Switzerland the DTAs have not been yet confirmed by Act. Except in the cases of Chile and Bolivia, which have been modeled upon the Andean Pact, the agreements have followed the OCDE model.

Such agreements provide for different mechanisms in order to mitigate or avoid international double taxation, which arises due to different criteria for regulations between the taxpayer and relevant taxing authority.

5.5. Civil and Commercial Code of the Nation

In relation to the tax system, the New Civil and Commercial Code of the Nation [Código Civil y Comercial or "CCC"], include some provisions that are relevant.

5.5.1. Statute of Limitations

It is worth mentioning that it has been discussed whether the provinces may validly establish a different term to that established by the national legislator in the prior Civil Code, issue on which the Supreme Court of Justice of the Nation has many times declared that *"…it is not a power belonging to the local public law but a general power of law…"* (CSJN; in ref: "Filcrosa S.A. on bankruptcy on proof of claim motion of Municipality of Avellaneda"; Judgments 326:3899).

Nevertheless, sections 2532 and 2560 of the CCC expressly acknowledge now the power of the local legislations to establish statutes of limitations different to the ones provided for in the CCC itself for the different local tax procedures.

5.5.2. Matrimonial Property Regime

It is important to note that both the Income Tax Act and the Personal Assets Act establish, in general terms, that the benefits of the community property must be taxed on the husband.

Now, taking into consideration that sections 469 and 470 of the CCC establish that each spouse has the free administration and disposal of its own property and of the community property acquired, the adaptation of the aforementioned tax provisions shall be necessary.

5.5.3. Domestic Partnerships [Uniones convivenciales]

The new CCC acknowledges domestic partnerships and establishes in its Section 518 that "*The economic relationship between the members of the partnership are regulated pursuant to what is set forth in the civil pact [pacto de convivencia]" and in the absence thereof, "each member of the partnership shall freely exercise the administration and disposal of its own property with the restriction regulated in this Title for the protection of the family dwelling and the essential furniture located therein".*

Therefore, it is also necessary to adapt tax regulations, taking into consideration the income and property of the domestic partnership.

5.5.4. Single-shareholder Companies

Finally, it is worth mentioning that, pursuant to the CCC, the creation of single-shareholder companies is now allowed.

Nevertheless, the Income Tax Act establishes that it is the owner of a single-shareholder company who must carry the declaration of the tax positive result in its profits and register the income. Pursuant to this modification, tax law shall define now whether income shall be declared by the company or by its shareholder.

6. INTELLECTUAL PROPERTY

Article 17 of the National Constitution protects Intellectual Property rights in general, by providing that an author or inventor is the exclusive owner of the work, invention or discovery, for the term prescribed by law.

6.1. Trademark Law

The regulatory framework of a Trademark is the Act 22,362 and the Regulatory Decree 558/81, as amended by Decree 1141/03, which determine the procedure to register a commercial trademark. Likewise, Argentina has ratified the Paris Convention on Intellectual Property Rights.

On the subject of trademarks, Argentina has adopted the "Nice Agreement Concerning the International Classification of Goods and Services" (currently 9th edition).

The first three sections of the Act 22,362 define the signs that may or may not be registered as trademarks, so as to obtain legal protection.

Once the mark is registered, the protection term is ten (10) years, which may be renewed indefinitely.

A mark is acquired by registration with the Directorate of Marks at the National Institute for Intellectual Property [Instituto Nacional de la Propiedad Industrial or "INPI"], which has the primary role to examine an application and granting registration to those that comply with the law, and to keep the register of marks granted and pending applications, and provide the public with information, both on the process and on the registration requirements for approved and pending marks.

Now, by exception, the courts have acknowledged protection of well-known marks that are used peacefully for a long period of time, upon considering that they are *de facto* marks.

A foreign mark is acknowledged by our legislation provided that it is duly registered in our country. However, if the mark is a recognized and well-known foreign mark, its registration is not indispensable, but it is advisable, because of the principle protecting well-known marks under the Paris Convention.

6.2. Patents and Utility Models

In our country, patents and utility models are subject to the Act 24,481 (as amended and regulated by the Decree 260/96). Argentina is also a party to the Paris Convention (Act 17,011) and the TRIPS Agreement (Act 24,425).

Act 24,481 establishes that *"a patent may be granted on an invention of a product or of a procedure, provided that it is new, involving inventive activity and suitable for industrial use".*

An invention patent is protected for twenty (20) years –not subject to extension– from the submittal of the relevant application to the National Institute for Industrial Property. The patent must be developed by its holder or by a third party, otherwise it lapses.

A utility model is intended to protect innovations and features made to tools, work instruments, utensils, devices or known objects suitable for use in a practical work.

In this case, in addition to being new and having an industrial nature, the invention must determine a better use of the function which the modified tool or instrument is intended for. The utility model grants its creator exclusive rights to develop it, for ten (10) years not subject to extension, as from the date of the application.

A patent and a utility model may be transmitted and be the subject of a license. For the assignment to be effective with respect to third parties, it must be registered with the National Institute for Industrial Property.

6.3. Copyright

In Argentina, apart from Constitutional protection (Article 17), copyrights are primarily governed by Act No 11,723, the Berne Convention and the Universal Copyright Convention.

It is important to note that Copyright protection only covers the expression of its content and not the ideas, which are a part of the common heritage of Mankind. The creation of a copyright does not require any formality, i.e. there is no requirement to register with a registry or to deposit copies, a copyright is born with the creation of the work. However, registration is advisable in order to achieve prompt and effective protection in the event of a violation.

The general principle is that a copyright protection lasts during the life of the author and seventy (70) years more –counted from January 1 of the year following the decease– with the author's successors. After such term, property rights to the work enter the public domain and may be freely used, provided that moral rights are observed, which are perpetual and inalienable. For a movie work, the protection period extends fifty (50) years from the decease of the last person who was involved in its production, and for a photographic work the protection period lasts twenty (20) years after the first time it is published.

For a foreign work to have the same protection as an Argentine work, the author must comply with the formalities required by the country where the work was first published.

Act No 25,036 amended Act No 11,723, including software, databases and compilations within its scope of protection.

6.4. Technology Transfer

Technology transfers are governed in Argentina pursuant to Act No 22,426, as regulated by Decree 580/81. Its first Section provides that: “[it] comprises any legal acts for value having the primary or accessory purpose of a transfer, assignment or license of technology or marks by any person with domicile abroad, to any individual or entity, public or private, with domicile in Argentina, provided that the acts have effects in Argentina”. “Technology” is defined as any patent, industrial model or design and/or any technological know-how necessary to prepare products or provide services”.

Although there is no legal duty to register a technology transfer or a user license, by doing so the register provides a legal guarantee, as a copy of the contract and associated documentation is attached to an official file and they are thus acknowledged with a certain date. Also, under Argentine legislation, and depending on the purpose of the contract, direct benefits can be obtained for income tax purposes. Registration entitles the taxpayer to deduct as an expense, any amounts paid in consideration for the technology acquired; and contributes to create a database for use by the Government and the general public. We should add that such contracts are subject to international treaties entered into by Argentina to avoid double taxation.

A contract is registered with the National Institute for Industrial Property (INPI). The lack of registration of a contract does not affect its validity as such or the validity of its clauses.

6.5. Industrial Models and Designs

Industrial Models and Designs are regulated by Decree-Law 6,673/63, confirmed by Act 16,478, which establishes that industrial models or designs shall include any shapes incorporated or matters applied to an industrial product that renders it an ornamental quality. They are also protected internationally by the Paris Convention.

In order to limit its scope, it is important to note that this legislation protects any visible (model or design) or tangible (only the model) aspects of the industrial product, in the manner in which it will be presented in the market, i.e. the outside layout or appearance wished to have a favorable impact on its consumers upon a glance (model or design) or contact (only the model).

For a foreign industrial model or design to be protected in our country, it must be registered in Argentina with the Registry of Industrial Models and Designs at the INPI.

The legal term of protection is five (5) years, renewable for two consecutive and equal periods. The same registration may comprise up to fifty specimens embodying a single model or design, provided that there is homogeneity among them.

In the event of a conflict of rights, the new feature (priority in time as to the author) must be shown in court (federal courts).

6.6. Domain Names

The INTERNET domain manager in Argentina is NIC Argentina, and it is a responsibility of the Ministry of Foreign Affairs, International Trade and Cult.

The Resolution 654/09 regulates the registration of a domain name, as follows: "... a specified domain name shall be granted, by principle, to the first individual or entity applying for registration thereof, with the exceptions indicated herein ..." (RULE 1)

The registration of a domain name lasts one year from the date of registration, and it is renewable. The renewal must be requested in the last month of effectiveness of the registration. If the domain registration is not renewed prior to the end of such period, the write-off procedure shall commence upon expiration thereof. A domain name in the write-off process may be renewed.

NIC Argentina has registration functions only and has no jurisdiction in the event of a dispute relating to the registration or use of a domain name.

7. LABOR LAW AND LABOR RISK REGULATIONS

7.1. Labor Acts

Pursuant to Argentine labor law, there are general principles –shared with the other branches of law– and particular principles that cause it to have specificity. Article 14 bis of the National Constitution determines the guiding criteria to be followed by the legislator. Such principles have been embodied in various Acts in the Argentine legal system, among which it is worth mentioning:

- Acts related to labor individual rights:

The primary Act is the Employment Contract Act No 20,744 (Ley de Contratos de Trabajo or "LCT"). Act No 11,544 is also significant and regulates matters such as working hours, and Act No 24,557 refers to occupational accidents and professional diseases. Acts Nos 24,013 and 25,323 establish increases to labor indemnities in the event of labor fraud, and also –in the former case– it regulates various matters on the subject of employment.

- Acts related to labor collective rights:

Act No 14,250 (1953) regulates all matters concerning Collective Bargaining Agreements, i.e. agreements entered into between entities representing the relevant workers and companies, the purpose of which is to regulate any employment contracts within their scope of applicability. The Act is still in force to date, but with amendments, the latest of which is Act No 25,877 (2004). We should also note the enactment of Act No 23, 551, which provides legislation in relation to trade unions. Finally, Act No 14,786 regulates union conflicts and the Government's role therein.

7.2. Characteristics of Labor Law

An employment contract is not subject to any formalities. Although it is an informal type of contract, for certain acts, the LCT requires a specified formality (e.g. notice of penalties, resignation from employment, notice of dismissal, etc.).

For a contract to exist, a meeting of the minds is required (pursuant to Section 21 of the LCT). Employment involves a personal service, so the name or form given by the parties is irrelevant. There is technical, legal and financial subordination between the employee and the employer, which includes the power to give directions, with the consequent duty of the employee to comply with such directions, and the right to receive compensation for his/her work. Pursuant to the LCT, a minimum age of 14 is required to enter into a contract as an employee.

The general principle in the LCT is a contract for indefinite time (Section 90). A typical contract pursuant to individual labor law has no ending term and lasts until the employee is in a position to apply for retirement, with the exception of certain grounds for termination prescribed by law. A contract is presumed entered into for an indefinite period of time, unless there is contrary evidence, which must be furnished by the employer.

Although the LCT encourages employment contracts for indefinite time, the Act itself provides certain exceptions so that the employer –in certain exceptional circumstances– may make a contract for a specified period of time; this term may result specifically from the contract, or be unspecified but specifiable. The use of this type of contract not only depends on the will of the employer, but also –apart from fulfilling the requirements prescribed by law– there must be, and it must be proven that there are, *objective* reasons that justify a departure from the general principle of indefinite time of employment. Such exceptional systems are a fixed-term contract, an occasional contract, a season contract, a team contract and a part-time contract.

Also, there are certain non-labor contract systems such as traineeships and fellowships. The purpose of such contracts is training and education of the future employee. A traineeship is primarily governed by the Decree 340/92 and the Act No 25,165. Fellowships are accepted by legislation reference, but do not have a specific regulation of their own.

7.3. Contributions and Social Payments

Our labor legislation, among other things, includes the concept of social security, referring to a number of means or instruments by which the community is organized in a systematic manner, so as to provide coverage for events such as illness, unemployment, motherhood, old age and death.

The employer has the duty, under serious penalties, to make relevant withholdings on the worker's compensation, which must be paid to the Integrated Retirement and Pension System *[Sistema Integrado de Jubilaciones y Pensiones*] and the National Social Security System *[Régimen Nacional de Obra Social]*. Employee contributions to finance the Social Security system amount to about 17 % of the employee's compensation.

Likewise, the employer has the duty to make, in due time and manner, employer payments for which it is solely responsible. In this case, the contributed percentage is about 23% of the employee's compensation, which is also redirected to the National Social Security Systems (Retirement, National

Retirement and Pension Funds Institute [PAMI], family allowances, Unemployment Insurance Fund) and Labor Union-Managed Health Care (medical care) entities.

The procedure to determine and make payments and contributions is regulated by various provisions and resolutions, and is carried out with a computer system in accordance with current applications.

An employer also has the duty to take Mandatory Collective Life Insurance to insure against the risk of death of its permanent employees, pursuant to Decree No 1567/74. This insurance is independent from any other social benefit, insurance or indemnity, of any type whatsoever, prescribed by collective agreement, Act or contract. The cost of such insurance must be paid fully by the employer. Upon the employer failing to take this insurance, it is liable to pay the benefit, apart from any penalties as the case may be. The amount to be insured (as from April 01, 2010) is AR$ 20,000 (Twenty thousand Argentine Pesos), and the annual cost per person is AR$ 49,20 (Fourty nine Argentine Pesos and 20/100).

7.4. Trial Period

Section 92 bis of the LCT establishes that a contract for an indefinite period of time, other than a season contract, is deemed entered into on trial for the first 3 months of its effective time.

During this time, any of the parties may terminate the employment without cause and without right to severance pay by reason of the termination, but with the duty of giving advance notice pursuant to Sections 231 and 232 of the LCT. To this end, there is a 15-day term from the day immediately following the notice date. If the advance notice is not given, an indemnity for lack of advance notice is payable for such 15 days.

The trial period counts as service time for all employment and social security purposes, and the parties are obliged to make payments and contributions to social security.

7.5. Termination of Employment

Stability in time is the right of an employee to maintain the labor relationship for all the agreed time, either definite or indefinite. Pursuant to Argentine legislation, relative job security (*estabilidad impropia*) refers to the condition where the employee is not guaranteed that the employment relationship will last in time, but that the employee will have a severance payment in the event of dismissal *without cause*. Now, if the dismissal is *for cause*, the employee is not entitled to any severance payment whatsoever.

The LCT provides for a rated redress, which by principle comprises all the damages resulting from a decision to terminate *without cause*. In order for *emotional damage* to be available (i.e. an indemnity above the damage rated by the legislator), courts have held by exception that the employer must have an additional and fraudulent behavior beyond the contract scope, i.e. an unlawful act in addition to the termination.

In the event of a termination *without cause* the employer has the following duties:

- Giving written advance notice to the employee: the notice must be given one month ahead, if the employment time of the worker is less than five years, and two months if the employment time is longer. During the trial period, notice must be given 15 days in advance. The employee must only give notice 15 days in advance, regardless of the employment time. If the notice is omitted, the employer must pay: 1. a severance payment in substitution for the advance notice, i.e. an amount equal to the compensation that would accrue to the employee during the terms described above, and 2. payment of the month of dismissal (except in the trial period), i.e. an amount equal to the salaries for the days missing until the last day of the month of dismissal.

- Paying severance payment pursuant to the LCT or the applicable Collective Agreement: such indemnity is rated. Pursuant to Section 245 of the LCT, severance payment in respect of seniority applies by multiplying the highest monthly, normal and habitual compensation of the employee, for his/her employment time in years (or fraction in excess of three months). Such compensation is accrued with a ceiling: the National Supreme Court of Justice, in 2004, held that the applicable ceiling is as indicated in section 245, but only up to 67% of the monthly, normal and habitual compensation to be calculated ("Vizzoti" case).

- In addition to the duty to pay the days actually worked during the month of dismissal, holidays and the annual bonus must be paid proportionally in either case, further to any especial severances as the case may be (e.g. severance aggravated by marriage, maternity, fines pursuant to the Acts Nos 24,013 or 25,323, dismissal of union representatives, dismissal during sick leave, etc).

The employer is also entitled to terminate the employment contract by reason of force majeure or lack of work beyond the employer's control, validly justified. In this event, the employee is entitled to receive a payment equal to one half of the indemnity established pursuant to Section 245 of the LCT. In such cases, the dismissal must commence by the least senior personnel in each specialization. With respect to personnel who joined in the same semester, the dismissal must start by the personnel having least family payments, even if this alters the order of seniority. Such grounds for dismissal are reviewed by case precedents in a very restrictive manner.

A dismissal notice must be given in writing to be able to give a valid indication of the asserted grounds. In the event of a court action, the grounds for dismissal indicated in the relevant notice may not be changed (invariability of the cause).

With reference to especial contracts, the system varies from case to case, we highlight two:

- In fixed-term contract, if the contract is one year long or more and is deemed fulfilled, the severance is 50% of the severance provided for in Section 245 of the LCT for dismissal without cause. If the dismissal occurs prior to expiration, the employee is paid the severance under section 245 of the LCT, plus the severance for damages, which is usually equal to the months remaining to end the contract.

- In an occasional contract, a resignation or expiration of the contract by reason of fulfillment of the assigned task, or by reason of completion of the project, or of the cause that gave rise to it, does not accrue any severance, with the obvious exception of mandatory payments (proportional payment of the annual bonus and holidays). If the employer dismisses the employee without cause, the employee accrues the same severancess provided for pursuant to a contract for an indefinite period of time.

7.6. Labor Risks [Ley de Riesgos del Trabajo or "LRT"]

The labor Risk Act No 24,557 (LRT), as regulated, with especial reference to the Act No 26,773, provides the regulatory legal framework applicable in case of labor l accidents, labor l accidents on the way to and from work [in itinere] and certain professional illnesses, as specified in a list prepared by the Executive Power.

Said Act provides a system of payments in kind (medical and pharmaceutical assistance; prostheses and orthopedic items; rehabilitation; professional re-qualification and funeral services) and money payments (as a lump-sum) in favor of damaged workers (or their successors). Said payments shall be accrued over the periods of temporary or permanent disability to work, which may be total or partial, severe disability; death, covering any contingencies suffered by the worker and his/her subsequent rehabilitation and return to work.

The duty to make payments in money and in kind under the LRT is imposed mainly on certain private-law for-profit institutions referred to as Labor Risk Insurers [Aseguradoras de Riesgos del Trabajo or "ARTs"], even though the possibility to be insured through mutual organizations of employers [*mutuas*] has been recently approved. All employers must provide their employed staff with the referred insurance of one ART, making the pertinent monthly payment (employer contribution).

Several notions of the system are being judicially reviewed, among others, the scope of the employers' liability, the exclusion option regime among the payments of the system or comprehensive repair derived from the general regulations, valuation of said payments or the definition of the occupational nature of certain illnesses.

7.7. Foreign Employee Regulations

Pursuant to the Argentine immigration law, a foreign person may work in Argentina and he/she is protected by law to develop, only during the time of permitted residence, any compensated or lucrative business, either self employed or under employment.

This is prescribed by Act No 25,871 on "Migrations", Title II, where it refers to admissibility of foreigners in Argentina, and determines the conditions and classes in which they may be accepted to engage in different activities.

7.7.1. Applicable Labor Law

The general principle ruling on the matter is provided for in Section 3 of the Act No 20,744, which establishes its scope and the performance of the employment contract within the Argentine Republic, whether the contract is entered into inside or outside Argentina.

Accordingly, the validity, rights and duties of the parties, etc of an employment contract performed in Argentina is governed by Argentine labor law.

In general, our country does not determine quotas or restrictions for the employment of foreigners, provided that the relevant parties comply with immigration regulations, i.e. a valid residence permit, issued by the National Directorate for Migrations. The Regulation for Professional Journalists and the Regulation for Administrative Employees of Journalist Businesses are exceptions, insofar as they provide for maximum quotas of foreign workers.

7.7.2. Immigration Law Requirements

Pursuant to Act No 25,871, a foreigner wishing to work in Argentina must obtain a Visa enabling or authorizing the relevant party to work for compensation in Argentina.

The Visa is issued by the Argentine Consulate at the place of origin or nationality of the foreigner or expatriate, and consists of a permit to enter a foreign country. The Visa obtained by a person applying to the Argentine Consulate of the habitual place of residence is personal and individual, and may not be requested or managed by any other individual or entity.

Once in the country, the expatriate must appear with his/her visa before the National Migration Directorate, and apply for a residence permit subject to the Act No 25,871, attaching the required documentation.

7.7.3. Admission and Residence of Foreigners. Work Permit Granting

Acceptance for entrance and residence of a foreigner may be permanent, temporary, transitory or precarious.

A permanent resident may carry out any compensated or lucrative work or business, either self-employed or under employment, with the protection of labor Acts (section 51) throughout Argentina, unless the residence has been restricted to a certain location.

Whoever is accepted as a temporary resident may be employed during the effective term of the permit granted by the immigration authority, within the Ministry of Internal Affairs.

A temporary resident may not work or carry out any compensated or lucrative tasks, either self-employed or under employment, except those included in the subclass “Seasonal Migrating Workers”, or if they are specifically authorized by the National Directorate for Migrations. Pursuant to the same Act (Section 23), a Migrating Worker is whoever enters the country to engage in any lawful and compensated business, with permission to remain in the country for a term not to exceed three (3) years, which may be extended, with multiple entrances and exits, with permission to work under employment.

A person with a precarious residence, by exception, may be authorized to carry out work within the term, locations and in the manners determined by the immigration authority (Section 52).

Act No 24,493 specifically prohibits "to provide work or any compensated activity" and "housing" to any foreigners residing illegally in Argentina, subject to a fine. The Act also provides that the ability to obtain employment in Argentina, in any activity, is reserved to "Argentine labor" consisting of "native or nationalized Argentine citizens and foreigners permitted under immigration legislation to carry on compensated tasks".

8. RULES ON SUSPENSION OF PAYMENTS AND INSOLVENCY

8.1. General Matters

The National Constitution of Argentina establishes, in its Article 75, subsection 12 that the Congress shall enact general Acts for all the country on various matters including bankruptcy, which shall be applied by each jurisdiction. In this way, provided that it is consistent with the principles of a speedy and economic procedure, the matter is heard pursuant to the code of procedure of each jurisdiction, on matters not specifically established by the National Act on Reorganization Proceedings and Bankruptcy.

The Act on Reorganization Proceedings and Bankruptcy No 24,522 [Ley de Concursos y Quiebras or "LCQ"] comprises both, individuals and legal entities, whether the latter are registered or not.

The court having jurisdiction is the court in the venue of the debtor's residence and, in the case of non-registered entities, the court where the entity has its business management and, if different venues are involved, the venue of the main establishment.

The LCQ comprises two primary cases: reorganization proceedings [*concurso preventivo*] and bankruptcy [*quiebra*], and in both cases a condition of insolvency or suspension of payments is required prior to the petition for either.

The purpose of reorganization is to avoid the debtor's bankruptcy, which will be achieved by the debtor upon negotiation with its creditors. The negotiation may be conducted in court or by an out-of-court proceeding known as an out-of-court preventive agreement *["acuerdo preventivo extrajudicial"]*.

In a bankruptcy case, the debtor's assets are sold and the proceeds are used to repay its debts.

The procedure to accept a creditor is similar in either case. A petition must be submitted to the trustee, describing the causes originating the claim and the amount, and the corresponding documentary evidence. Likewise, certain claims may have a payment privilege that must be asserted in order to be recognized.

8.2. Reorganization Proceedings

A reorganization proceeding may only be initiated by the debtor. The law provides for the right of a creditor to directly petition for the debtor's bankruptcy, who may in turn avoid the judgment of bankruptcy by requesting the related order for relief.

Upon the commencement of the reorganization proceedings, the debtor continues to manage its property under the supervision of a receiver.

The purpose of this procedure is to enable the debtor to negotiate with its creditors so as to arrive at a solution overcoming the insolvency condition. The debtor is free to submit the proposal it considers best for its creditors.

In order to overcome the insolvency condition, the debtor must obtain approval by its creditors by a majority of both capital and number of persons, and court approval of the proposal. Otherwise bankruptcy will be declared.

If a proposal is approved in a reorganization process, it subsequent default will bring about bankruptcy of the debtor.

The procedure for reorganization proceedings may be used for an economic group, whether it comprises individuals or legal entities, and encompasses all persons in the group. For this procedure, the law requires that at least one of the group members be insolvent. The court having jurisdiction in this case is the court in the venue of the member with the largest assets, and will be conducted for each member separately.

The procedure for an out-of-court preventive agreement [*Acuerdo Preventivo Extrajudicial* or "APE") is essentially and partly, an abridged and informal reorganization proceeding. In this type of case, the debtor is not forced to negotiate with all its creditors, but only with those who would form the double majority in the reorganization proceedings and, upon obtaining consent by the creditors, must submit the agreement for judicial approval. The agreement approved by this procedure is valid and binding upon all the creditors.

8.3. Bankruptcy

In the event of bankruptcy, the debtor is dispossessed of its property, which is sold to repay the approved claims.

An order for bankruptcy of the debtor may be entered upon: i) the debtor's own petition for bankruptcy; ii) a petition of a creditor for involuntary bankruptcy; iii) upon the failure of a reorganization proceeding; iv) upon default of an agreement approved in a reorganization proceeding; v) by extension, by being a member of an entity having limited liability; and vi) by extension from another bankruptcy proceeding, upon compliance with certain requirements provided by law.

In the cases i), ii) and v), the debtor may request that the bankruptcy proceeding be converted into reorganization.

9. TELECOMMUNICATIONS

The telecommunication market in our country can be divided into three main areas:

- Fixed line telephone services;
- Mobile telephone services;
- Data transmission and Internet.

These three areas are primarily regulated by the following rules:

(i) Regulation for Telecommunication Service Licenses

In order to provide telecommunication services, the relevant party must have a license granted by the Secretariat of Communications –with federal jurisdiction– authorizing it to provide such utility.

(ii) National Interconnection Regulation *[Reglamento Nacional de Interconexión or "R.N.I"]*

By virtue of this Regulation, a provider of telecommunication utility must allow the other telecommunication service providers to access the provider's network, in order to provide their own utilities.

(iii) General Universal Service Regulation (Annex replaced by Decree No 558/2008, Section 1)

This Regulation provides minimum conditions to be met by a provider of basic telephone service that is massively provided to the entire population.

(iv) Regulation for Administration, Management and Control of the Radio-electric Spectrum

This Regulation governs the radio-electric spectrum by means of which wireless telecommunication service is provided. The Secretariat of Telecommunication is responsible for authorizing and allocating frequency bands requested by telecommunication service providers.

9.1. Fixed Line Services

Since 1956, with the creation of *Empresa Nacional de Telecomunicaciones* (ENTel) by the National Executive Power, basic telephone services were provided by a government-owned company.

Under the implemented scheme, at the end of the eighties, basic telephone service was provided by ENTel, which operated about 3,300,000 fixed lines, i.e. 90% of the total number of lines in the country. Two private companies, Compañía Argentina de Teléfonos (C.A.T.) and Compañía Entrerriana de Teléfonos (C.E.T.) owned by Ericsson operated 6% of the lines. The other 4% was provided by about three hundred (300) local telephone cooperatives that provided the service independently since the late 1950s.

With the enactment of the State Reform Act (No 23,696) in 1989, a process began to privatize ENTel, because at the time there was a growing demand for telecommunication services and a need to develop infrastructure and investments. It was then that the Executive Power took over the company and Congress declared it as subject to concession and privatization.

The Decree 62/90 called to an International Public Tender for the privatization of the telecommunication public utility. On such occasion, the installed telephone network was divided into two large geographic areas: North and South. In November 1990, at the end of the bidding process, Telefónica was awarded the South area and Telecom the North area. The contracts made on such occasion granted licenses including an exclusive permit to the successful bidder to provide basic telephone service for seven years, which could be extended for three more years upon compliance with certain objectives established in the instructions to bidders. However, about 300 independent operators –mostly small and medium-sized cooperatives–, who on account of their size were not related to the privatizing process, were allowed to continue providing telephone service.

Within the privatizing process, it was determined that services exceeding basic telephone, such as mobile phone and data transmission, would be offered under licenses by the procedure of public competitive bidding.

As the objectives established in the tender documents were fulfilled by the concession operators, the extension took effect and the exclusive period was extended until November 2000. On such occasion, the Executive Power enacted Decree 764/2000 and determined a new regulatory framework for the telecommunication utility.

Pursuant to the regulatory environment structured in 2000, basic telephone service is supplied by three types of providers: (i) *Historic Providers*: Telecom and Telefónica; (ii) *Independent Operators*: local cooperatives and municipalities that provided the utility since before it was privatized, and (iii) *New Providers*: businesses and cooperatives who began to provide the utility once the exclusive period ended.

9.2. Mobile Telephone Services

The invention and development of mobile or cell telephony, one of the major innovations in the history of communications, has also had its impact in the Argentine Republic.

Movicom (Bell South) was the company that obtained the first license to operate mobile telecommunication in the City of Buenos Aires, its Surroundings and La Plata, in 1989. It was only in 1993 that Miniphone (owned by Telecom and Telefónica in equal shares) joined and obtained its license to provide the service only in the Metropolitan Area of Buenos Aires.

Since 1995, Compañía de Teléfonos del Interior (CTI) began to operate in the interior of the country, and in 1996 Telecom and Telefónica obtained licenses to operate mobile telephone in the same geographic areas where they provided basic telephone services, in competition with CTI.

Mobile telephone businesses made large investments to implement digital technologies, which substantially improved utility quality. That was how in 1997 the Calling Party Pays feature was

installed, whereby the cost of calls to cell phones was also paid by those who made the call from a fixed line, which contributed to reduce the high initial costs of the utility, significantly expanding the number of customers.

In 1999 the mobile telephone market became much more competitive, because the parties operating in the interior of the country were able to access the Buenos Aires Metropolitan Area, and vice-versa. Also, Miniphone was spun off and the market was distributed among CTI, Personal (owned by Telecom), Unifon (owned by Telefónica) and Movicom, who began to operate in the whole country.

At present, the mobile telephone utility is provided by three large mass operators: Personal (Telecom), Movistar (owned by Telefonica, formerly Unifon and Movicom) and Claro (America Moviles, formerly CTI). The fourth operator is Nextel, which focuses on the corporate market and provides the Push To Talk (PTT) service.

Unlike what occurs with basic telephone rates –which are regulated by the National Government– the final price of mobile communications is determined by the operators themselves, among whom there is a strongly competitive market.

Since 2006, operators have implemented the European standard GSM, in keeping with the world trend in the matter. Additionally, third-generation (3G) networks have been developed, which has not only made a clear improvement to the voice transmission service, but has also enabled the supply of new advanced and better-quality services, such as high-speed Internet and mobile multimedia.

At present, the mobile telephone utility encompasses 45 million terminals, with a penetration of 117 %.

9.3. Data Transmission and Internet

Prior to the bidding process, data transmission services were restricted to corporate customers. After the services were privatized, they began to be provided by Startel S.A. a company owned by equal shares by Telefónica and Telecom. Subsequently, when the telecommunication market was deregulated, Startel S.A. was spun off into two companies, one owned by Telefónica and another by Telecom, so both companies began to provide data transmission services separately.

Internet access services began to have a significant volume of customers in 1997, when flat rates were implemented with reasonable prices for dial-up access.

At present, a customer can access the Internet via broadband connections (by Cable-Modem, ADSL, Wi-Max, satellite, and so forth), which has provided greater speed and larger capacity to deliver and receive contents. Argentina has 3 million broadband connections and a total penetration of 7.8 % among the population, and it is one of the countries with the highest index of high-speed Internet connectivity in Latin America.

10. ENVIRONMENTAL LAW

In the last decades, the Argentine Republic, due to its territorial characteristics and its vast natural and cultural resources has experienced a great peak and development in the matter of the environment, which has originated a prolific activity in regards to regulations, books of authority and precedents.

10.1. The National Constitution

The Constitution of the Argentine Nation, the regulation of highest hierarchy within our legal system regulates the environmental matter in its section 41 (included in the Constitutional Reform of 1994), establishing that *"All inhabitants have the right to a healthy and balanced environment, suitable for human development, so that productive activities satisfy present needs without endangering those of future generations; and have the duty to preserve it"*.

In turn, it separates regulatory jurisdictions for environmental matters, pointing out that *"The Nation is responsible for enacting the regulations containing the minimum protection requirements and the provinces, those necessary to supplement such provisions, without altering local jurisdictions"*.

Likewise, section 41 establishes a prohibition regarding the entrance of hazardous wastes to the country *"It is prohibited the entrance to the national territory of currently or potentially hazardous wastes and radioactive wastes*".

Finally, section 43 expressly regulates the constitutional shelter actions [*amparos* in Spanish] for protection in environmental matters.

10.2. Environmental Regulations

Environmental regulation and control are the responsibility of both, the Federal Government and the Provincial and Municipal authorities.

The division of these three levels of government is given by subject matter and territory since, on one hand, the Federal Government regulates minimum requirements and substantive matters in the entire national territory and, on the other hand, the Provinces and Municipalities regulate on local environmental matters within their corresponding area.

In this way, federal regulation co-exists with local regulations in each Province and Municipality, which are integrated into the environmental regulatory frame, as it arises from the National Constitution itself.

At the same time, it is highlighted that the regulations on environmental law are largely public policy rules, reason why they are not left to the discretion of private persons. Thus, the non-compliance with these regulations may result in civil and criminal liability.

Supreme Court has direct jurisdiction when different states are involved in the same conflict.

10.3. General Environmental Law

Act 25,675, denominated General Environmental Law [Ley General del Ambiente or "LGA"] is a regulation enacted by the National Congress, which regulates the aforementioned constitutional principles and establishes minimum requirements for a sustainable and suitable environmental management, preserving and protecting biological diversity and implementing sustainable development. The Act seeks to provide basic environmental conditions that are equal throughout Argentina.

Attention should be paid to section 5, which establishes that "*The different levels of government shall integrate in all its decisions and activities, environmental provisions aiming at ensuring the compliance with the principles established"* in the LGA.

LGA applies to all the national territory and its provisions are of public order, operational and they must be used to construe and apply specific legislation. By virtue thereof, this Act is mandatory for the Federal Government, which in turn, shall regulate on substantive matters.

Provinces and municipalities also have the obligation to apply the LGA. Notwithstanding this, they may also supplement such Act in their corresponding jurisdictions by means of local regulations.

At the same time, environmental principles listed in the LGA are highlighted as they shall be used to construe and apply the regulation, within which we find Prevention, Precaution, Inter-generational fairness, Responsibility, Subsidiary applicability, Sustainability, Solidarity and Cooperation.

Within these environmental principles we should highlight the Precaution Principle, which states that whenever there is danger of a serious or irreversible damage, absence of information or scientific certainty shall not be used as a reason to postpone the adoption of efficient and cost-effective action to prevent detriment to the environment.

This principle, which is stricter than the principle provided at the Rio de Janeiro Convention (1992), in many cases where it has not been scientifically determined that an activity is completely harmless to the environment, has been used in court to stop the activity.

The LGA, in turn, creates two requirements to be complied with before the commencement of any project or business that may affect the environment:

- Carrying out an environmental assessment; and

- Undertaking environmental insurance (Section 22 of the LGA). This civil liability insurance is regulated by Regulation 177/2007 and Resolution 1398/2008 issued by the Secretariat of Environmental and Sustainable Development, Decree 1638/2012 and Resolution 37,160/2012 of the Superintendence of Insurance of the Nation which defines the hazardous activities that require taking insurance against environmental risk and general conditions. In turn, it provides criteria in order to establish minimum insurable amounts. It further authorizes self-insurance and

creates the relevant agency with jurisdiction (UERA). Oh the other hand, it is created the Advisory Committee for the Technical Evaluation of Environmental Insurance as a consulting body of technical assistance on this matter.

Finally, we should note that LGA defines the environmental damage as any substantial alteration that modifies the environment, its resources, balance among ecosystems, and collective goods or values.

In the event of a damage of these characteristics, we should take into account that the legal standing to claim restoration is extremely wide and both, broad and restrictive (ordinary lawsuits or constitutional shelter actions [*amparos*] may be used. Also, we should note that liability for environmental harm is strict, unlimited and joint and several.

10.4. Specific Environmental Acts

To the abovementioned legislation, we should add specific federal rules for environmental matters, such as:

- Act No. 22,428 (Preservation of Soil). This Act regulates the encouragement of private and governmental action to preserve and recover the productive capability of soils; and it is supplemented by the UN Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification;

- Act No. 20,284 (Preservation of Air). This regulation is to provide rules on air quality and concentration of pollutants and plans to prevent critical situations of atmospheric pollution;

- Act No. 24,040 (Chemical Components). This Act provides regulations on controlled substances, chemical compounds, included in Annex A to the Montreal Protocol, relating to substances that exhaust the Ozone Layer. Its production, use, marketing, importation and exportation are subject to the restrictions determined by such Protocol and the provisions in such regulation;

- Act Nos 24,051 and 25,612 (Industrial and Hazardous Wastes). The Act No 24,051 applies to generation, handling, transport, treatment and final disposal of hazardous wastes, which are defined in the Act. Civil and criminal responsibilities are provided (together with section 200 of the Criminal Code). Act No 25,612 provides for minimum requirements for comprehensive management of industrial wastes and service activities;

- Act No 25,670 (PCBs). This Act sets forth minimum environmental protection requirements for the management of PCBs throughout Argentina. The Act defines the subject matter, creates a register and the controlling authorities, and determines responsibilities and penalties. Further, it establishes the duty of every individual carrying out activities or services that imply the use of PCBs to undertake insurance to guarantee the restoration of the possible environmental damages and to cover the health risks of the population that its activity may cause;

- Act 25,688 (Water Management). This Act provides for the minimum environmental requirements to preserve water and its development and rational use. Water is defined as the water that is a part of water courses or bodies, natural or artificial, superficial or underground, and any water contained in aquifers, underground rivers and the atmosphere. A superficial water basin means a geographic region

limited by watersheds draining towards the sea by a network of secondary beds that converge into one main bed, and any endorreic basin (Sections 1 and 2);

- Act No 25,831 (Free access to public information on environmental matters). This Act determines minimum environmental protection requirements to ensure the right to access environmental information kept by the Government, within the national, provincial, municipality and of the City of Buenos Aires, and likewise any self-regulated entities and public utility companies, whether they are governmental, private or mixed. Environmental information means any information, regardless of the method of expression or support, in relation to the environment, natural or cultural resources and sustainable development (Sections 1 and 2);

- Act No 25,916 (Residential Wastes). The provisions of this law determine minimum environmental protection requirements for comprehensive management of residential wastes, whether residential, urban, commercial, social assistance, sanitary, industrial or institutional, except those regulated under specific provisions (Section 1);

- Act No 26,331 (Native Forests). This Act provides for minimum environmental requirements in relation to enrichment, restoration, conservation, development and sustainable management of native forests. For this purpose, it requires the Provinces to determine a regulation for native forests in three conservation classes, by taking into account that if the regulation is not enacted, no deforesting activities will be permitted.

- Act No. 26,562 (Prescribed Burning for Productive Use). This Act establishes the minimum requirements of environmental protection related to the activities of burning in the national territory with the purpose of preventing fires, environmental damage and risks to the public health and safety. By virtue thereof, all burning activity in the national territory that is not duly authorized by the local authority with jurisdiction is prohibited; establishing penalties of supplementary application up until the local authorities enact the punitive system for cases of non-compliance.

- Act No. 26,639 (Protection of Glaciers and Periglacial Environment). This Act establishes the minimum requirements for the protection of glaciers and of the periglacial environment with the purpose of preserving them as strategical freshwater reserves for human consumption, agriculture and as sources for watershed recharge, protection of biodiversity, as a source of scientific information and as a touristic attraction. It further establishes that glaciers are goods of public character. On the other hand, it creates a National Glacier Inventory where all glaciers and periglacial landforms that act as freshwater reserves are identified for their protection, control and monitoring. It further establishes that all activities that may affect their natural or water reserve condition as well as those that may bring about their destruction or transfer or interfere with their advance are prohibited. Finally, it provides for a punitive system for those that fail to observe this regulation;

- Act No. 26,815 (Environmental Protection against Forest and Rural Fires). This Act establishes the minimum requirements for the environmental protection in the matter of Forest and Rural Fires in the national territory. This regulation creates the Federal System of Fire Management with the purpose of protecting the environment against the damage caused by Fires, safeguarding the health of the general public and firefighters and establishing mechanisms for an efficient fire management in defense of the environment, among other purposes; and the National Service of Fire Management who shall be responsible for the National Plan for Fire Management and the development and

implementation of a National System of Early Warning and Fire Risk Assessment; among other matters.

- Environmental regulation of public utilities: In addition to framework Acts and specific Acts, we should also take into account the existing regulatory frameworks for public utilities, which provide for environmental matters associated to each utility. For instance, such is the case of telecommunications, where we can find environmental provisions on the subject of non-ionizing radiation used for mobile telephone services, issued by the Federal Government for the entire country, regulated under Resolutions No 202/95 by the National Ministry of Health, and Resolution No 530/00 by the National Secretariat of Communications.

10.5. Civil and Commercial Code of the Nation

The New Civil and Commercial Code of the Nation ("CCC"), effective as from August 1st, 2015 includes some relevant provisions in environmental matters.

Firstly, section 14 acknowledges (a) individual rights; (b) collective incidence rights and, further, it specifically establishes that it does not guard the abusive exercise of individual rights when they may affect the environment and the collective incidence rights in general.

In this line, it is important to notice that section 10 considers abusive exercise of rights such exercise that "contradicts the purposes of the legal system or exceeds the limits imposed by good faith, morals and good customs". Therefore, in the event of the verification of the abusive exercise of a right, the judge shall have the duty "to order the necessary measures to avoid the effects of the abusive exercise or the abusive legal situation and, if that were the case, secure the restitution to the previous state and establish compensation".

On the other hand, section 240 establishes that the exercise of individual rights "*must be consistent with the exercise of rights of collective incidence […] it must not affect the functioning or sustainability of the ecosystems, flora, fauna, biodiversity, water, cultural values, landscape, among others…"*

In keeping with section 41 of the National Constitution, section 241 establishes that "*regardless of the jurisdiction where rights are exercised, the applicable regulations on minimum requirements must be complied with".* Therefore, in environmental matters, the different jurisdictions must comply with the minimum requirements regulations mentioned in the preceding paragraph and the provisions that may be subsequently enacted.

Furthermore, the CCC includes an important provision in which it expressly introduces the prevention principle.

Pursuant to this principle, section 1711 regulates prevention action establishing that it shall proceed when an illegal action or omission makes the occurrence of the damage, its continuation or worsening foreseeable, not being demandable the concurrence of any attributing factor.

On the other hand, regarding remedies, section 1716 establishes that the "violation of the duty not to harm others or the non-compliance with an obligation, gives rise to the redress of the damage caused", this pursuant to the CCC provisions that are applicable in environmental damage

assumptions.

In the same line and due to the characteristics of the activities bound to cause environmental damage, it is important to note Section 1757 which establishes the liability for the damage caused by the risk or vice of the thing, introducing in this matter the liability for "… the hazardous or dangerous activities in nature, by the means implemented or by the circumstances of their performance" and that "administrative authorization for the use of the thing or performance of the activity or the compliance with the prevention techniques shall not constitute a release of liability".

Finally, in the matter we are analyzing, section 1973 establishes that "*the disturbances caused by fumes, heat, odors, luminosity, noise, vibrations or similar immissions on account of the exercise of activities in neighboring properties shall not exceed the normal tolerance, taking into account the conditions of the place and despite the administrative authorization therefor".* On the other hand, and in the event of verification of any of these disturbances, the court may order "the removal of the cause of the disturbance and the compensation for damages. To order the cessation of the immission, the judge shall especially weigh the due regard to the normal use of the property, the priority of use, the general interest and the demands of production."

11. INSURANCE AND REINSURANCE REGULATIONS

Pursuant to the applicable law in full force and effect in the Argentine Republic (Act 20,091 as supplemented), the possibility to operate as insurer, requires an authorization from the Superintendence of Insurance of the Nation [Superintendencia de Seguros de la Nación or "SSN"], which is the controlling authority of said Act and the insurance market.

To obtain such authorization, certain requirements of a technical, economic and legal nature, must be complied with, among which the following must be mentioned:

- Legal creation pursuant to the Acts of the Argentine Republic, adopting one of the corporate types required by law for controlling purposes and with the insurance business as exclusive purpose.
- Compliance with suitability requirements required for the administration bodies.
- Compliance with minimum capital requirements by resolution, depending on risks assumed by the insurer.
- Approval of technical and contractual plans

In addition, the SSN must analyze and consider whether it is convenient or not to have a new insurer in the Argentine insurance market. Nevertheless, at present, SSN is not rejecting any insurer if the aforementioned requirements are met.

Regarding the origin of the capital stock, the Argentine Regulation does not establish any differences.

It is considered local any insurer created pursuant to the law of the Argentine Republic, regardless of who their shareholders are.

It is also possible to establish a branch of a foreign company. In such case, minimum capital requirements and the remaining conditions requested to local insurers must be met.

In relation to the reinsurance market, there are two ways to operate in Argentina:

- To be incorporated as local reinsurer they must comply with similar requirements to those previously indicated or they can register as a branch of a foreign company which must comply with minimum capital parameters. In this case, they are registered as "full reinsurers" as they can operate in all risks and businesses and they only depend on their capability; • To directly operate from abroad with the only requirement of registering with the SSN as foreign reinsurer and establishing a permanent representation with sufficient powers. They are called "admitted reinsurers" and their operation is limited to individual risks superior to 50 million dollars, to all the retrocession market and only in the other businesses reserved to local operators, prior especial authorization from SSN is required, depending on the business it is being dealt with.

In order to act as broker both, in insurance and reinsurance, prior registration and authorization before SSN must be complied with. The operation of branches of foreign brokers is admitted, provided certain requirements are met.

In Argentina there are specific rules about insurance contract. The Insurance Act 17.418 (Ley de Seguros) has regulated rights, obligations and duties of insurers policyholders and insureds since 1967.

12. CONSUMER PROTECTION

In Argentina there are specific rules to protect consumers both, at a national and a provincial level.

At a national level, the main provisions are Sections 42 and 43 of the National Constitution, the Civil and Commercial Code (the "CCC") that came into force on August 1st, 2015 and the Consumer Defense Act 24,240 [CDA] of 1993, which was amended several times. The most significant amendments were in 2008 and 2014.

The main aspects are the following:

- New supplementary regulations, more favorable to the consumers, shall be applied to ongoing contracts;
- The CCC identifies certain clauses that, if included in standard form agreements, will be deemed abusive ;

- A specific chapter is established for consumer contracts where, among other matters, certain clauses and practices that are considered abusive are identifiedand certain aspects of the advertising of goods and services s are regulated (for example, injunctions against deceiving advertising).

- Arbitration clauses are prohibited in consumer contracts

- In the cases of international consumer contracts, legal claims against companies may be filed, at the consumer's discretion, before the courts of the entering into or compliance of the contract, the domicile of the defendant or the place where the consumer carries out the necessary acts to enter into the contract. Yet, if a company files an action against the consumer, it shall only do so at the domicile thereof;

- Several specific regulations for consumer banking contracts are also set forth.

C Certain relevant aspects of the CDA are the following:

- Consumers are entitled to accurate, clear, detailed and free information on the product or service;

- All participants in the commercial chain are jointly and severally liable for any damage caused by risks or defects of the item sold, including producers, manufacturers, importers, distributors, suppliers, sellers and whoever places its brand on the product or service. Carriers are only liable for damage resulting from the transport. A party shall only be released from such liability if it shows that it was unrelated to the cause of the damage;

- National or local authorities are empowered to investigate violations to the Act and determine different penalties. The most usual penalties are fines from AR$100 to AR$ 5,000,000;

- In certain cases, a class action is available in defense of certain undefined groups of consumers;

- In addition to compensation of damages suffered by a consumer, a court is specifically empowered to award punitive damages to the benefit of the consumer involved. The amount can be up to AR$ 5,000,000;

- In the event of an action, companies are obliged to collaborate in the judicial proceedings and submit any evidence they may have;

- Consumers filing a lawsuit have the benefit of free justice, which enables them to avoid the 3% litigation tax and, according to certain courts, also avoid payment of other litigation expenses (typically the counterparty's lawyers' fees)..

Controlling observance of the LDC and other supplementary rules is a responsibility of the Under-Secretariat for Consumer Defense within the National Ministry of Economy and, at a local level, of various provincial and municipal authorities. All such authorities may initiate investigations, take

preventive actions and, at the national and local level, determine penalties.

In the year 2014, Act 26,993 was also enacted providing for a "Consumer Disputes ResolutionSystem" established to promptly resolve, mainly in the City of Buenos Aires, consumer claims inferior to AR$ 260,000.

The most important matters of this Systemare:

- The creation of mandatory mediation process called COPREC for Consumer claims not exceeding AR$ 260,000.
- COPREC's intervention shall be mandatory and prior to the commencement of a legal action. The procedure shall last a maximum term of thirty days;
- In the event of not reaching a settlement at COPREC and if it is a claim lower than AR$ 71,000, the consumer can opt to continue its claim before a second administrative body: the Consumer Relations Auditing Office or to file a suit before the also newly created Consumer Claims Courts. If the claims amount is higher (but less than AR$ 260.000) the only option is to litigate before these new courts;
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- Proceedings before National Justice in Consumer Affairs shall be oral and last for a maximum term of sixty days. Judgment shall be subject to appeal, provided the amount of the claim exceeds AR$ 23,600.

To September 2015, only COPREC has begun to work.

Auditors in Consumer Affairs have not yet been appointed and the selection process to appoint judges for the Consumer Claim Courtshas been suspended as of September 2015 by virtue of an interim measure obtained by the Government of the City of Buenos Aires that considers this Act has invaded its jurisdiction.

Meanwhile, in the City of Buenos Aires, consumer judicial actions continue to be filed before the already existingcommercial or civil courts, as the case may be.

Finally, it is convenient to take into account that from 2009 to this date, the National Supreme Court of Justice has gradually clarified which requirements must be complied with for the commencement of consumers' class actions. Therefore at present there is a large number of this type of actions filed throughout the country.

13. MINING

Argentina is a country rich in minerals, and since early times its development has been a source of substantial resources.

The National Constitution determines that the Federal Government has jurisdiction to regulate on the matter (Article 75). Accordingly, the regulation for the business is the Mining Code enacted in 1886 and amended on multiple occasions until the present time.

The general principle governing the subject of mining pursuant to Argentine legislation is that mines are owned by the Government (national or provincial, as the case may be). However, a private person may obtain a permit or concession to explore and possibly develop minerals found.

Pursuant to Argentine legislation, mines are classified into three different types, depending on the minerals developed, and with certain differences in their regulation.

13.1. Exploration Concessions

Any individual or entity may request a concession to explore a specified area.

The concession application must be made to the provincial authority having jurisdiction (as the case may be) and specify the area where the exploration will take place, a description of the activities that will be carried out, and the details of the applicant and the owner of the land. Also, the applicant must disclose a list of the tasks to be carried out, the equipment that will be used and the work plan to be carried out.

Together with the concession application, the applicant must pay exploration duties, which are reimbursed if the concession is not granted.

Finally, the applicant must enclose the consent of the owner of the land where the exploration is intended to be carried out.

Note: If the exploration is carried out by the owner of the land, no prior permission is necessary.

13.2. Development Concessions

Minerals may only be developed with Government authorization, under a concession.

A concession can result from finding a certain mineral in the process of exploration work, or if the development of a certain mine is left vacant.

In all cases, in order to maintain the development, the concession operator must pay an annual royalty, submit an investment plan and not to interrupt development. If these requirements are not met the concession may be revoked.

13.3. Tax Incentives

The mining business is strongly encouraged by the Government with various types of tax benefits.

- Tax stability: a mining venture has tax stability for 30 years, as from the submittal of the feasibility studies.
- Tax exemption: the Mining Code exempts the concession operator for 5 years, from any taxes, national and provincial, on the land, products, machinery and other equipment and investment used for the development.
- Income tax: deductions from income tax include 100% of the amount invested in exploration, feasibility studies, tests and other expenses incurred to determine such feasibility. Likewise, for the purpose of such tax, there are a number of deductions that strongly benefit the business.

In summary, since Argentina is a mineral-rich country, the Federal Government has been careful in its regulation of the business, and seeks to encourage mining via certain tax benefits intended to generate investment in the sector.

14. CONFLICT RESOLUTION

At the federal level and in the City of Buenos Aires, there are three ways of resolving a conflict in Argentina.

14.1. By Mediation Procedures

Mediation is an alternative method of conflict resolution available in Argentina that is also mandatory in the City of Buenos Aires as a requirement prior to a judicial action in a large number of cases.

Pursuant to Act 26,589 regulating mediation in the City of Buenos Aires, all information revealed within the framework of a mediation procedure is confidential.

Agreements entered into within the framework of a mediation procedure with the signature of the mediator may be enforced before judicial courts.

If no agreement is reached, the plaintiff is free to file a judicial claim.

14.2. Before Judicial Courts.

Courts are a part of the National Judicial Power and they enter judgments that are binding upon the parties to the case, except in class actions where the effect also may be extended to individuals who did not participate in the process.

In general, to file a judicial action it is required to pay a litigation tax, which amounts to 3% of the amount claimed and the lawyers fees of both parties, as well as other expenses that are paid by the losing party. On certain occasions, litigation tax, costs and fees can be avoided if the plaintiff shows

the court that it is unable to pay such costs (waiver of court fees and costs).

In the case of trials initiated by a consumer, they are exempted from the litigation tax and, at the discretion of certain courts, also from the payment of the other expenses; unless the counterpart shows that the plaintiff has sufficient funds to pay such expenses.

14.3. Before Arbitration Courts.

The parties to a conflict, whether contractual or not, may agree in writing at the moment of entering the contract, or in absence of such agreement, they may subsequently agree at the time the conflict arises, to refer any dispute to an award of an arbitration court.

Pursuant to Sections 736 and associated provisions of the Civil and Commercial Procedure Code [Código Procesal Civil y Comercial or "CPCC"], any dispute on rights available to the parties can be submitted by the parties to the decision of an arbitration court. Following what is set forth by Section 1651 of the new Civil and Commercial Code of the Nation, there are excluded from the arbitration possibility, any matters related to family law, civil status or capacity of persons, labor law or where public policy is involved. At the same time, for disputes related to consumer rights in the City of Buenos Aires, there are especial arbitration courts within the National Ministry of Economy established by the Consumer Defense Act and it has recently been created the Service of Prior Conciliation for Consumer Affairs, although its performance has not yet been regulated; dismissing that this kind of matters may be resolved by other arbitrations.

There are two types of arbitration: (i) at law, in which case the award must be based on legislation in full force and effect and (ii) by amicable compounders, where the award is entered in equity, specifying that if the type of arbitration is not agreed upon, it shall be understood that it is at law, pursuant to what is set forth in section 1652 of the new Civil and Commercial Code of the Nation.

Arbitration awards have the same effects as court judgments, except that, if the award is not observed voluntarily, it must be enforced by a judicial court.

Awards entered by amicable compounders are not subject to appeal and awards at law may be appealed by means of the same remedies of a judgment, unless the parties have waived that possibility. Nevertheless, in either case the total or partial nullity of the award can be challenged when the award has been entered contrary to the legal system (Section 1656 of the Civil and Commercial Code) or when it has been entered outside the terms provided for or it has dealt with matters not subject to arbitration (Section 760 of the Procedural Code).

There is a possibility of appointing institutional arbitrators who are a part of private institutions, such as the Buenos Aires Stock Exchange or *Mercado Abierto Electrónico S.A.* or independent arbitrators selected by the parties by several mechanisms, which shall always be an odd number.

14.4. Selection of Applicable Law and Extension of Jurisdiction.

In Argentina, it is generally accepted that the parties to an international contract select the applicable

law, as long as there is a connection with such law and provided that there is no violation of public policy rules (generally associated to reorganization proceedings and bankruptcy, criminal matters, taxes and transfers of real estate or personal property permanently located in our country). Specifically for consumption-related contracts, the new Civil and Commercial Code establishes certain order of priority for applicable law: firstly, the domicile of the consumer, secondly, the domicile of the place of compliance of the contract and lastly, the domicile of the entering into of the contract (Cf. Section 2655 CCCN).

In matters of an international nature, exclusively related to property, it is allowed the extension of jurisdiction in favor of foreign courts or foreign arbitration acting outside Argentina, except in those cases where Argentine courts have exclusive jurisdiction (Section 2609 of the Civil and Commercial Code) or when such extension is prohibited by law.

In contractual cases, the Civil and Commercial Code establishes that there shall have jurisdiction: the courts of the domicile or habitual residence of the defendant, the courts of the place of compliance of the contract and the courts where the representative office, branch or agency of the defendant is located. At the same time, and specifically concerning consumption-related contracts, it is extended in favor of the consumer the possibility of also claiming before the courts of the place of delivery of the goods, the place of compliance of the rendering of services, of the compliance of the guarantee obligation and of the place where the necessary acts for the entering into of the contract are carried out. On the other hand, in case of actions being filed against the consumer, the actions shall only be filed before the courts of its domicile, without admitting any agreement to the contrary.

Lastly, in the matter of securities, it is specifically established the jurisdiction of the courts of the defendant, of the place where the obligation must be complied with and of the domicile of the drawee, having to be applied the law of the place where they were entered into (Cf. Section 2660 CCCN).

14.5. Enforcement of Foreign Judgments or Arbitration Awards

Foreign judgments or arbitration awards may be recognized and enforced in Argentina pursuant to the terms of the treaties entered into by the country where such decisions originate, such as the United Nations Convention on the Recognition and Enforcement of Foreign Arbitration Awards, entered into in New York in 1958.

In case there are no applicable treaties in full force and effect, at a federal level and in the City of Buenos Aires, the regulations of the National Code of Civil and Commercial Procedure apply, which in Sections 517 to 519 provides for different requirements.

In order to be recognized or enforced, foreign court judgments must comply with the following requirements:

- The judgment must be final, ordered by a court having jurisdiction pursuant to the Argentine regulations on international jurisdiction and it must relate to an individual action or an action on personal property transferred to Argentina during or after the foreign lawsuit;

- The defendant must have been personally served upon and its defense must have been guaranteed;
- The judgment must meet the necessary requirements to be considered as such in the venue where it was ordered and the authenticity conditions pursuant to Argentine law;
- The judgment must not affect public policy pursuant to Argentine law; and;
- The judgment must not be inconsistent with another prior or concurrent judgment entered by an Argentine court.

In the case of foreign arbitration awards, in addition to the abovementioned requirements, the following are also necessary:

- The jurisdiction extension in favor of foreign arbitration has been valid (i.e. that the arbitration only involves international property matters and not matters where Argentine courts have exclusive jurisdiction or cases where agreement upon a different jurisdiction is prohibited by law); and
- The matters may be validly referred to arbitration pursuant to Argentine law (this basically means that they are matters that can be subject of a settlement).

The enforcement of a court judgment or arbitration award must be requested to a lower court judge by means of *exequatur* proceedings, with an authentic and translated copy of the judgment or award and any items evidencing that the judgment or award is final and that the other abovementioned requirements have been complied with.