

LEGAL WARNING

"The following English translation of the Capital Market Law No. 26,831 has been prepared to facilitate the approach of potential future investors and any person interested in the legal framework that regulates the capital market of Argentina.

Notwithstanding, only the Spanish version of this law is binding. "

AVISO LEGAL

"La siguiente traducción al idioma inglés de la Ley de Mercado de Capitales N° 26.831 ha sido preparada para facilitar el acercamiento de posibles futuros inversores y toda persona interesada en el marco legal que regula el mercado de capitales de la República Argentina.

Sin perjuicio de ello, sólo la versión en español de esta ley es vinculante".

CAPITAL MARKET¹

Law No. 26,831

Capital Market Law

Enacted: November 29, 2012

Promulgated: December 27, 2012

The Argentine Senate and the House of Representatives, assembled as Congress, hereby enact with the force of Law:

CAPITAL MARKET LAW

PRELIMINARY PART

Principles and Definitions

Section 1.- Purpose. Principles. This law is intended to set rules to govern capital market players and securities traded therein and subject to the *Comisión Nacional de Valores* (Argentine Securities Commission) ("CNV") regulation and monitoring.

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These rules, any provisions supplementary hereto and regulations hereunder reflect and the interpretation hereof and thereof shall be guided by the following goals and principles:

- a) Promoting the participation of small investors, union associations, industry groups and trade associations, professional associations and all public savings entities in the capital market, particularly encouraging mechanisms designed to promote domestic savings and channel such funds towards the development of production;
- b) Strengthening mechanisms for the protection of and prevention of abuses against small investors for the protection of consumers' rights;
- c) Promoting access of small and medium-sized companies to the capital market;
- d) Fostering the creation of a federally integrated capital market through mechanisms designed to achieve an interconnection of computer systems from different trading markets, with the use of state-of-the-art technology;
- e) Encouraging simpler trading procedures available to users to attain greater liquidity and competitiveness in order to provide the most favorable conditions for the implementation of transactions.

Section 2.- Definitions. When used in this law and regulations hereunder, the following terms shall have the meanings set forth below:

Securities: Securities issued both in certificated and book-entry form, including in particular any negotiable instruments or instruments evidencing claims, shares of stock, mutual investment fund quotas, debt securities or certificates of participation in financial trusts or other collective investment vehicles, and in general any homogeneous and exchangeable securities or investment agreements or receivable instruments issued or grouped in series and which may be traded in the same manner as and with effects similar to securities; and which on account of their nature and transfer requirements may be traded on a general and impersonal basis in financial markets. Also, the term "securities" includes futures, options and derivative contracts in general when traded in authorized markets, deferred payment checks, admissible time deposit certificates, invoice payment commitments, certificates of deposit and stock warrants, promissory notes, bills of exchange and any other securities admitted to trading in secondary markets.

Collective investment products: Mutual investment funds under Argentine Law 24,083, financial trusts under Argentine Law 24,441, as amended, and any other capital market vehicles for which public offering authorization is requested from the CNV.

Markets: Corporations authorized by the CNV to act for the organization of transactions involving securities authorized for public offering, any activities related and supplementary thereto and capable of furthering such purpose also being under the jurisdiction of the CNV.

Capital market: A market where securities or other previously authorized instruments are publicly offered so that members of the public may perform legal acts through the trading activities of authorized agents, all subject to monitoring by the CNV.

Registered agents: Natural persons and/or legal entities authorized by the CNV to be registered in the applicable registers created by the CNV for purposes of performing trading, underwriting, distribution, brokering, settlement and clearing, custody and collective deposit of securities, management and custody of collective investment products, risk rating and any other activities that, at the discretion of the CNV, must be registered for purposes of developing the capital market.

Trading Agent: A company authorized to act as a market intermediary, the performance of any related or supplementary activities also being under the jurisdiction of the CNV.

Financial Advisors: Natural persons and/or legal entities registered with the CNV to perform activities designed to publicize and promote securities under the responsibility of a registered trading agent.

Underwriters and distributors: Natural persons and/or legal entities registered with the CNV to develop underwriting and distribution channels for securities, in accordance regulations issued by the CNV to such an effect.

Brokers: Legal entities registered with the CNV to put in contact two (2) or more parties for the performance of business transactions involving securities, such entities having no relationship whatsoever, whether as assistants, subordinates or representatives, with any of the parties involved (section 34, subsection (a), first part, of Annex I to Argentine Law 25,028).

Settlement and clearing agents: Legal entities registered with the CNV to take part in the settlement and clearing of transactions involving securities on a market, any other activities conducted by them also being under the jurisdiction of the CNV.

Managers of collective investment products: Managing companies under Argentine Law 24.083, financial trustees under Argentine Law 24,441, as amended, and other entities providing similar services which, at the discretion of the CNV, must be registered as such to be able to act in connection with collective investment products.

Custodians of collective investment products: Legal entities registered with the CNV to act as custodians of collective products instruments and perform any duties assigned thereto under applicable law or any other duties as determined by the CNV.

Collective depositories: Legal entities registered with the CNV to receive collective securities deposits, act as custodians of any instruments and transactions under Argentine Law 20,643, as amended, any activities conducted by such entities also being under the jurisdiction of the CNV.

Risk rating agencies: Legal entities registered with the CNV to provide risk rating services for securities and other risks, any activities related and supplementary thereto and capable of furthering this purpose also being under the jurisdiction of the CNV.

Controlling entity, controlling group or controlling person: A natural person or legal entity holding, whether directly or indirectly, and individually or collectively, as the case may be, under any title, an equity interest or voting securities conferring such holder, legally or de facto, and if de facto on a permanent basis, the right to cast the number of votes required to establish corporate policy at regular shareholders'

meetings or to appoint or revoke the appointment of a majority of directors or members of the supervisory committee.

Public offer: A solicitation for the performance of legal acts involving securities that is addressed to the general public or to specific sectors or groups by issuers or sole proprietorships or companies engaging solely or partially in securities trading by means of personal offers, newspaper announcements, radiotelephone, telephone or television broadcasting, film projections, posters, placards or signboards, programs, electronic media, circulars and printed communications or any other procedure for dissemination.

Concerted action: The coordinated action of two (2) or more persons under a formal or informal agreement for the purpose of cooperating actively to purchase, hold or dispose of any shares of stock or other convertible securities or interests in an entity whose securities have been authorized for public offering, whether acting through any such persons, any companies or other associations in general, or through other persons related to or controlled by such entity, or persons holding voting rights on behalf thereof.

Insider or non-public information: Any specific information referring to one or more securities, or to one or more issuers of securities, which has not been made known to the public or which, if being or having been made public, might materially influence or have influenced the underwriting conditions or price or any course of dealings involving those securities.

Section 3.- Creation of Securities. A legal entity will be able to create and issue securities to be traded in any market of the kind and pursuant to terms of its own election, including any rights that may be conferred to holders thereof and other conditions established upon the issuance thereof, provided no confusion will arise with respect to any securities of the kinds, denominations and subject to the conditions specifically contemplated under applicable law. The scope of the rights arising from any securities so created shall be governed by the instrument of creation, instrument of issuance and registration thereof with competent supervisory authorities.

Section 4.- Conflicts of Interest. Any persons taking part in the process of underwriting an issue of securities shall solely be able to purchase or offer to purchase, whether directly or indirectly, those or other securities of the same class or series or the right to purchase any of them in the events and subject to the conditions established by the CNV until such time as they have ceased to take part in the relevant underwriting process.

Regulations shall be established to specify the conditions for any persons referred to in the preceding paragraph to be able to directly or indirectly sell any securities or selling rights relating to securities of the issuer involved in the underwriting process that they are taking part in for so long as they continue to so take part in order to prevent the creation of artificial prices or other practices prohibited under this law.

Section 5.- Digital Documents. Any documents bearing digital signatures and submitted by electronic means to the CNV pursuant to regulations issued by the CNV for their respective identification for all legal and regulatory purposes shall be similarly valid and effective as any documents signed on paper.

PART I
The Argentine Securities Commission (CNV)

CHAPTER I

Organization and Operation

Section 6.- *Self Administration.* The CNV is a self-administered agency of the Argentine Government governed by the provisions contained in this law and other related statutory regulations. The relationship of the CNV and the Argentine Executive is maintained through the *Ministerio de Economía y Finanzas Públicas* (Ministry of Economy and Public Finance), which shall hear any appeals filed against decisions made by the CNV, notwithstanding any other legal actions and remedies contemplated in this law.

Section 7.- *Seat and Delegation Offices.* The CNV shall have its seat in the Autonomous City of Buenos Aires but it may hold meetings and establish regional delegation offices in any other locations within the country.

Section 8.- *Composition.* The CNV shall be managed by a board of directors of five (5) members appointed by the Argentine Executive among persons of recognized capacity and professional experience in matters subject to its jurisdiction.

The Chairman and Vice Chairman of the Board of Directors shall be appointed by the Argentine Executive.

Section 9.- *Incompatibilities.* The following persons shall in no event be members of the Board of Directors of the CNV:

a) Shareholders or members of the governing, managing or supervisory bodies of or persons having provided services of any kind to entities subject to regulation and inspection by the CNV at the time of their appointment and during two (2) years before such time.

b) Persons falling within the scope of any of the events of lack of legal ability contemplated in section 264, subsections 1, 2 and 3, of Argentine Companies Law 19,550 (codified text 1984), as amended.

Section 10.- *Term of Office. Removal.* Directors of the CNV shall hold office during five (5) years and their respective terms of office may be renewed for successive periods.

Directors may be removed before the expiration of their respective terms of office by the Argentine Executive solely upon the occurrence of any of the events set forth below:

a) A director has committed an intentional crime of any nature in the exercise or during the performance of his/her duties.

b) A director has committed misconduct or acted negligently in the performance of his/her duties, or has failed to act in accordance with the provisions of this or other laws that may be applicable to or should be enforced by such officer on account of his/her office;

c) A director has subsequently become unable to hold his/her office.

The decision to remove an officer shall not be subject to judicial review, but a claim may be filed by the affected party with a national court of competent jurisdiction on federal administrative litigation matters for any damages that he/she may have sustained in the event of removal under subsection (b) above and evidence that removal was patently unreasonable being provided by the affected officer. Compensation shall in no event exceed the amount of any gross salaries that the officer would have been entitled to receive until the expiration of his/her term of office.

In case of removal under subsection (a), a reversal of conviction of the removed director shall in no event entitle such director to be restored to office.

Section 11.- *Quorum and Majority Requirements.* The board of directors of the CNV shall hold meetings with the presence of a majority of its members, and their simultaneous presence in the same premises shall not be required if they are in communication with each other by any means for the simultaneous transmission of sound, images and words, pursuant to the regulations issued by the CNV to such an effect.

Section 12.- *Exceptional Circumstances.* In the event that the board of directors of the CNV may, under exceptional circumstances, be prevented from validly holding meetings due to the absence of quorum or whenever any decisions must be urgently adopted, the Chairman or any director then present at the CNV premises may adopt such decisions in his/her own name and under his/her responsibility, subject to the subsequent consideration thereof by the board of directors; the board shall decide whether or not such decision will be ratified at its first subsequent meeting.

Section 13.- *Substitution of Directors.* Whenever a long-period license is requested by any CNV directors, the Ministry of Economy and Public Finance may appoint an interim substitute director from among CNV managers until such time as the cause for his/her appointment will have ceased.

CHAPTER II

Resources

Section 14.- *Sources of funds.* The CNV shall have access to the resources set forth below for its own operation:

- a) Any resources assigned thereto under the Argentine Government's General Budget for the current fiscal year;
- b) Any resources derived from fines imposed by the CNV and any amounts received by it as inspection and monitoring fees, authorization fees and other services which fees shall be established by the Ministry of Economy and Public Finance at the proposal of the CNV;
- c) Any gifts or legacies conferred to the CNV and any income derived from CNV's assets. The CNV shall have ample powers to allocate and redistribute any funds available thereto pursuant to this section.

Section 15.- *Interest.* Any unpaid inspection and monitoring fees and authorization fees shall bear compensatory interest at the rate determined by the Ministry of Economy and Public Finance, which rate shall not exceed one and a half times the

interest rate applied by *Banco de la Nación Argentina*, a self-administered entity under the Ministry of Economy and Public Finance, to its discount transactions on commercial documents.

Section 16.- Exemption. The CNV is hereby authorized to grant a reduction of or exemption from any inspection and monitoring fees and authorization fees applicable to security issuances by small and medium sized companies, including cooperatives and mutual associations, under Executive Decree No. 1,087, dated May 24, 1993.

CHAPTER III

Employment Regulations and Incompatibility

Section 17.- Directors. Members of the CNV board of directors shall be subject to regulations as to compensation, rank and incompatibility similar to those applicable to Argentine Executive's undersecretaries.

Members of the board shall not be able to perform any other activities for payment other than as teachers or members of study commissions.

Upon the expiration of their respective terms of office, board members shall not be able to provide services to or fill managing positions in entities that have been subject to monitoring by the CNV or any companies controlling, controlled by, affiliates of or under common control with any such entities as members of one economic group for a term of two (2) years.

Section 18.- Employees. The designation, suspension and removal of employees are responsibilities of the board of directors of the CNV.

CHAPTER IV

Competent Jurisdiction and Powers

Section 19.- Responsibilities. The CNV shall be the enforcement and controlling authority under this law and for such purpose shall perform the following duties:

- a) Directly and closely monitor, regulate, inspect, supervise and impose penalties on any natural persons and/or legal entities that for any reason or cause or under any circumstances perform activities in relation to the public offering of securities, other instruments, transactions and activities within the scope of this law and other applicable regulations, and which on account of their business are subject to the CNV's competent jurisdiction;
- b) Keep the relevant register and grant, suspend and revoke public offering authorizations in relation to securities and other instruments and transactions; -----
- c) Keep a register of any persons that have been authorized to publicly offer and trade in securities, and establish any rules to be observed by them and any persons acting on behalf thereof;
- d) Keep the relevant register and grant, suspend and revoke any authorizations to operate granted to markets, registered agents and other natural persons and/or legal

entities falling, on account of their capital-market related business and based on the CNV's judgment, within the scope of the CNV's competent jurisdiction;

e) Approve any bylaws, regulations and other general rules established and review, on its own initiative or at a party's request, actions taken by markets when they are related to or capable of having an effect on any of the regulated services provided by those markets;

f) Perform any duties delegated to it under Argentine Law 22,169, as amended, with respect to entities registered pursuant to subsection (d) above, as from registration to deregistration thereof in the respective register, whether or not such entities have been granted authorization for the public offering of equity securities by the CNV;

g) Issue regulations to be complied with by any natural persons and/or legal entities and other entities authorized under subsection (d) above as from registration to deregistration thereof in the respective register;

h) Issue regulations to be complied with in order to obtain authorization for securities and instruments traded and transactions performed in the capital market until the deregistration thereof, and the CNV shall have powers to establish any necessary supplementary regulations to rules established under the various laws and executive decrees applicable thereto, settle any issues not contemplated therein and interpret any rules included therein in the context of the prevailing economic circumstances, for the promotion of capital market development;

i) Declare, without any preliminary investigation, that any acts submitted to CNV inspection are irregular and without effect for administrative purposes whenever they are in conflict with this law, other applicable laws, any regulations issued by the CNV, bylaws and resolutions issued by other entities and approved by the CNV;

j) Promote and protect the interests of small investors, notwithstanding the concurring powers of any national and local enforcement authorities under Argentine Antitrust Law 25,156;

k) Establish minimum training, accreditation and registration requirements applicable to registered agents' employees or to natural persons and/or legal entities performing tasks in relation to the provision of advisory services to investors from the public at large;

l) Determine the minimum requirements to be satisfied by providers of audit services to persons subject to monitoring by the CNV;

m) Encourage the development and strengthening of the capital market by creating or, if applicable, promoting the creation of products deemed necessary for such purpose;

n) Organize and manage any files and background data relating to CNV activities in themselves or data derived from the exercise of CNV's duties for the recovery of information related to its mission. The CNV may make agreements and enter into contracts with national, international and foreign agencies in order to become a part of information networks of this kind, and to this effect reciprocity under sections 25 and 26 of this law shall be considered a necessary and effective condition;

- o) Establish net worth requirements to be satisfied by natural persons and legal entities subject to monitoring by the CNV;
- p) Issue supplementary regulations for the prevention of money laundering and terrorist financing in accordance with the rules established by the Financial Intelligence Unit, a self-administered entity under the Ministry of Justice and Human Rights, which regulations shall be applicable to the capital market, and monitor compliance therewith. All the above shall apply notwithstanding the CNV's duty to inform the Financial Intelligence Unit and allow it to act within its competent jurisdiction for the imposition of penalties and provide such Unit the assistance prescribed under Argentine Law 25,246, as amended.
- q) Establish procedures for the effective performance of its information gathering and monitoring duties under this law. The CNV may require the implementation, by entities subject to its jurisdiction, of any mechanisms that it deems advisable for a more effective monitoring of activities under this law;
- r) Establish different information reporting systems and public offering requirements;
- s) Determine the conditions pursuant to which any registered agents that are legal entities will be authorized to carry out more than one activity under the CNV's jurisdiction, after those activities have been included in the respective entity's corporate purpose for purposes of registration thereof in the respective registers kept by the CNV;
- t) Monitor objective and subjective compliance with any legal, statutory and regulatory rules within the scope of the enforcement of this law;
- u) Perform any other duties assigned to it under any applicable laws, executive decrees and regulations.

Section 20.- Related Powers. Within the scope of its competent jurisdiction under the preceding section, the CNV shall be able to:

- a) Request reports and documents, conduct inquiries and inspections on natural persons and legal entities subject to monitoring, issue summons to give statements, take informative statements and testimony. Where as a result of the above inquiries it is determined that the interests of minority shareholders and/or holders of securities authorized for public offering have been affected, the CNV may, depending on how serious the relevant injury is:
 - I) Appoint inspectors with power to veto any resolutions adopted by the entity's management bodies, whose decisions will be subject to appeal in sole instance to the Chairman of the CNV.
 - II) Remove members of the entity's management bodies for a period not exceeding one hundred and eighty (180) days until such time as any detected deficiencies will have been remedied. This decision will be subject to appeal in sole instance to the Minister of Economy and Public Finance;
- b) Request the assistance of the police force;

- c) Request an order from a court of competent jurisdiction to conduct a search of any private premises in order to obtain necessary evidence and information for the performance of its monitoring and investigation duties;
- d) Bring legal actions and demand compliance with its decisions in court;
- e) Report any crimes or assume the role of accuser;
- f) Request any kind of information from governmental agencies and any natural persons or legal entities as deemed necessary for the performance of its duties, and such agencies, persons and entities shall be under the obligation to provide the information requested within the period established under penalty of law. This provision shall not be applicable with respect to the Financial Intelligence Unit.

Section 21.- Powers of the Chairman. The Chairman of the CNV shall have powers to:

- a) Represent the CNV and chair its meetings;
- b) Carry out the general management of the CNV;
- c) Provide for the processing of any matters handled by the CNV;
- d) Any other powers that may be delegated to it under CNV internal regulations.

Section 22.- Powers of the Vice Chairman. The Vice Chairman shall substitute the Chairman in the event of the Chairman's temporary or permanent absence and perform such duties as may be assigned thereto under CNV internal regulations and as delegated thereto by the Chairman.

Section 23.- Delegation of powers. The board of directors of the CNV shall be able to delegate to the incumbents of any CNV's regional offices the powers conferred under section 19, except for powers referring to the revocation of authorizations, to such an extent as they are related to the respective geographical jurisdiction of any such office.

As regards the imposition of penalties, regional offices shall be able to conduct investigative proceedings of any kind, but any penalties consisting in fines shall be solely imposed by the board of directors of the CNV.

Section 24.- Review of decisions of permanent or temporary offices. Any resolution involving the delegation of powers to a regional office shall expressly state whether the CNV reserves the right of administrative review over any decisions that may be adopted before any interested parties are entitled to file an appeal in court. It shall otherwise be understood that any decisions adopted by delegated authority may be challenged in court in accordance with regulations applicable to CNV resolutions.

CHAPTER V

Confidentiality

Section 25.- Confidentiality. Any information collected by the CNV in the exercise of its inspection and investigative powers shall be confidential, other than in the events contemplated in sections 26 and 27 of this law.

Legal courts shall dismiss on their own initiative any petitions to have such information subpoenaed from the CNV, except under criminal proceedings on common crimes directly related to the events subject to investigation and other events contemplated in this or other special-purpose laws.

The board of directors and employees of the CNV shall preserve the confidentiality of any information obtained in the performance of their duties. In the event of any infringement of confidentiality they shall be liable to administrative and criminal penalties, as it may correspond. The duties and restrictions established under this section shall not be applicable to the disclosure of such or any other information for purposes of prevention of money laundering and terrorist financing.

The above restrictions shall not apply when the information is requested by or to be submitted to the Financial Intelligence Unit.

The duty of confidentiality shall extend to all registered agents in any categories and to any members of market management and supervisory bodies. Any resolutions of the CNV ordering investigative proceedings, final resolutions entered in these proceedings and resolutions ordering the filing of a criminal complaint or charge shall be exempted from the above duty of confidentiality and disclosed in accordance with relevant regulations.

Section 26.- *Cooperation agreements.* The limitations established under the preceding section shall not be applicable to the disclosure of information to similar foreign authorities with standing reciprocity agreements signed with the CNV.

The CNV shall preserve the confidentiality of any request and/or supply of information by any such similar foreign authorities.

Section 27.- *Lifting of secrecy.* The restrictions and limitations provided under this law; sections 39 and 40 of Law 21,526, as amended by Law 24,144; section 53 of the Charter of the *Banco Central de la República Argentina* (Central Bank of the Republic of Argentina) ("BCRA"); section 74 of Argentine Law 20,091, in relation to the disclosure of information obtained in the course of the performance of its duties by the CNV, the BCRA and the *Superintendencia de Seguros de la Nación* (Argentine Insurance Authority), this being a self-administered entity reporting to the Office of the *Subsecretaría de Servicios Financieros* (Undersecretary of Financial Services) of the *Secretaría de Finanzas* (Finance Secretariat) in the Ministry of Economy and Public Finance, respectively, and any officers and employees of such agencies, shall not be applicable in the event of a formal requirement reciprocally made by any such agencies with respect to that information, provided the request is made by the highest authority of each such entity.

Also, the above mentioned restrictions and limitations shall not apply in the event of any requirements made by the Financial Intelligence Unit under Law 25,246, as amended.

PART II

Persons within the scope of this law

CHAPTER I

Markets. Guarantees. Settlement and clearing agents. Arbitration Courts.

Section 28.- Exclusive designations. "Stock exchange", "securities market", "futures exchange", "options exchange", "futures market", "options market" and similar designations shall be authorized solely by the CNV. -----

Section 29.- Requirements. The CNV shall establish the requirements to be satisfied by markets in order to obtain authorization to operate and be registered in the relevant register.

Section 30.- Registration. Any markets authorized by the CNV to be included in the CNV register shall comply with all the requirements established by the CNV for the term of their respective registration. Markets shall refrain from operating as such whenever they have incurred any event of non-compliance with respect to any requirements, conditions and obligations established by the CNV, without prior demand.

A failure to comply with any of the requirements, conditions and obligations established by the CNV shall be cause for the market in question to be preventively suspended until as a result of subsequent events a review of such suspension is deemed advisable, notwithstanding any penalties that may be imposed on infringers under section 132 of this law.

Section 31.- Legal form. Markets shall organize as corporations subject to regulations governing the public offering of shares. CNV regulations shall establish the necessary restrictions applicable to the corporate bylaws of markets in order to prevent the existence of controlling shareholders or the creation of controlling groups. -----

Section 32.- Responsibilities. Markets shall have the following basic responsibilities, based on the nature of their respective specific business:

- a) Issue regulations governing the granting of authorization to CNV-authorized agents to act in the market; evidence that these agents are market shareholders shall not be demanded to this effect;
- b) Authorize, suspend or revoke the authorization for the listing and/or trading of securities as provided by their own regulations;
- c) Issue regulations to ensure the truthful recording of prices and trading transactions;
- d) Issue any necessary rules and provisions to ensure that any trades carried out by their agents are effectively consummated;
- e) Establish the guarantee margins to be required from their agents for each kind of trade that may be guaranteed by them;
- f) Establish arbitration courts as provided by section 46 of this law; and
- g) Issue newsletters.

The powers provided for under the above subsections may be exercised by the market itself or partially or wholly delegated to another knowledge-qualified entity for purposes of their respective performance.

Section 33.- *Concurring Powers.* The powers conferred to markets shall not prevent the exercise of concurring powers by the CNV for purposes of establishing minimum requirements to be applied on a uniform basis throughout the country.

Section 34.- *Current Price.* The result of any trades usually conducted in a market shall determine the current price of securities.

Section 35.- *Clearing Houses.* Markets shall be able to organize settlement and clearing agencies for the settlement of trading transactions.

Also, markets shall be able to carry out financial transactions for purposes of facilitating stock exchange trades in accordance with their respective bylaws and regulations.

Section 36.- *Fees.* Fees and charges to be paid to markets for their services shall be freely determined, subject to maximum amounts to be established by the CNV, and may differ according to the kind of instruments or where small and medium sized issuers or small investors are involved.

Section 37.- *Recourses.* A market decision to refuse, suspend or revoke the listing and/or trading of any securities shall be appealable to the CNV, without stay of execution, in the event of an infringement of any regulations thereof within fifteen (15) business days.

The writing of appeal and grounds therefor shall be filed with the market, which shall in turn submit it to the CNV within three business days, with or without the addition of its own report.

The CNV shall enter a decision without any further hearing, except for any actions it may take in order to request the addition or clarification of evidence for a better adjudication of the case.

Section 38.- *Listing or Trading Authorization.* Markets shall only authorize the listing and/or trading of securities and other financial instruments when the public offering thereof has been authorized by the CNV or when required to do so under a court order. Trades involving securities which are ordered under judicial proceedings must be carried out by an agent within the trading scope of the respective market.

Section 39.- *Trading Systems.* Securities trading systems under public offering regulations as applied in markets shall ensure a fully effective operation of principles for the protection of investors, equity, efficiency, transparency, absence of fragmentation and reduction of systemic risks.

Markets shall establish their respective regulations, which shall be approved by the CNV. The CNV may require that markets on which securities are listed and/or traded establish a mutually interconnected system so as to be able to keep a common order book.

Also, the CNV may require the creation of securities trading systems aimed at giving prevalence to trading with interference of bids according to the principle of price and time priority.

Section 40.- *Guarantee of Trades.* -----

Markets shall identify with utmost clarity in their respective bylaws and regulations the circumstances and conditions under which they will guarantee the consummation of any trades made or registered thereon.

When a market guarantees the consummation of trading transactions or is responsible for the settlement of any trading transactions made within it, whether in its own name or through a settlement and clearing agent, the market shall be required to settle any outstanding trades of an agent that is subject to reorganization proceedings or has been adjudged bankrupt. If as a result of that settlement a balance amount is payable to the insolvent or bankrupt debtor, the relevant amount shall be deposited by the market under the respective proceedings.

Section 41.- *Document as Proof of Right of Execution.* In the event that the effective consummation of trades is not guaranteed, markets shall be required to issue, for the benefit of any agent that has sustained a loss as a result of a failure in compliance by the other contracting party, a certificate evidencing the amount of such compliance failure. This certificate shall be proof of the first party's right of execution.

Section 42.- *Guarantee Margins.* The BCRA, in the performance of its duties as currency and credit authority, shall be able to order, on an exceptional basis, a change in the guarantee margins established by markets or the CNV.

Section 43.- *Events of Default.* The principal shall deliver any collateral and reimburse any deficit amounts to the respective agent within the periods established by market regulations. The agent shall otherwise be authorized to settle the trading transaction.

Section 44.- *Market Regulations.* Any regulations issued by markets shall be submitted to the CNV for its prior approval.

Section 45.- *Guarantee Fund.* Markets shall establish a guarantee fund that may be organized as a trust or in any other manner approved by the CNV for the purpose of meeting any unfulfilled commitments of market agents resulting from guaranteed trades, which shall be funded with not less than fifty per cent (50%) of the annual liquid and realized profits of the respective market.

Any amounts accumulated in this fund shall be invested in the manner and subject to the conditions established by the CNV, which shall determine the proper security, profitability and liquidity criteria to be applied. Any amounts allocated to the guarantee fund and the guarantee fund itself shall be exempt from any taxes, assessments or other fiscal charges.

Section 46.- *Arbitration court.* All markets shall have a permanent arbitration court in place, which any entities whose securities are traded in such markets shall be mandatorily subject to as regards their relations with shareholders and investors. This arbitration court shall be competent to hear any actions under Argentine Companies Law 19.550 (codified text 1984), as amended, including any actions challenging resolutions adopted by corporate bodies and liability actions brought against any members thereof or other shareholders, and any actions for the nullity of certain

sections of corporate bylaws or regulations. In all events, regulations shall safeguard the right of shareholders and investors to choose to file an action in a court of competent jurisdiction. In case the law provides for a joinder of any actions filed in pursuit of the same purpose in one court, such joinder shall be effected in the legal court.

Also, any persons making a public tender offer for shares shall be subject to the jurisdiction of the arbitration court with respect to the recipients of such tender offer. Any regulations issued by markets regarding the creation and performance of arbitration courts shall be submitted to the CNV for its prior approval.

CHAPTER II

Registered Agents

Section 47.- *Registration.* Authorization by and registration with the CNV is required for an agent to act as such. Agents shall be required to comply with any formal and other requirements established by the CNV for each category.

Section 48.- *Prohibitions and Incompatibilities.* None of the following persons shall be authorized to be registered as an agent:

a) Persons convicted of crimes under sections 176 to 180 of the Argentine Criminal Code or crimes committed for profit or involving public instruments or subject to a primary, concurrent or alternative penalty of disqualification to hold public office, until ten (10) years after completion of the service of sentence;

b) Persons adjudged bankrupt and subject to insolvency proceedings, until five (5) years after they have been discharged;

c) Persons regularly employed by any companies listing and/or trading securities, according to their respective categories;

d) Paid officers and employees of any National, provincial, Autonomous City of Buenos Aires and municipal governments, other than those working as teachers or members of study commissions;

e) Persons whose former registration as agents has been cancelled or revoked, until five (5) years after cancellation was final and non-appealable.

f) Companies whose controlling shareholders, managers or statutory auditors include one or more persons whose former registration as agents has been cancelled until five (5) years after cancellation was final and non-appealable.

g) Persons whose duties are incompatible with a registered agent's responsibilities under regulations issued by the CNV;

h) Members of management or supervisory bodies of any security deposit agents.

When an event of incompatibility occurs after an agent's registration, the agent shall be suspended in its duties until such event has ceased.

Section 49.- Authorization. The request for authorization shall be submitted to the CNV and the CNV shall make its decision within twenty (20) business days after its receipt thereof.

Notice of the CNV decision shall be given to the submitting party, who in the event of a negative decision shall be able to challenge it within ten (10) business days.

Upon the lapsing of this period or immediately upon a positive decision by the CNV, the agent shall be registered in the category for which registration has been requested.

Section 50.- Denial of Registration. If a requesting party's authorization for registration is denied by the CNV, such party may file any of the petitions contemplated under applicable law. A denied request for registration may be newly filed only after two (2) years have elapsed after the time when the relevant resolution became final.

Section 51.- Non-Compliance. After an agent has been authorized and registered, it shall act in compliance with all the requirements established by the CNV for the term of its registration, and shall refrain from acting as an agent when in default under any requirements, conditions and obligations prescribed by the CNV, without prior demand.

A failure to comply with any of the requirements, conditions and obligations imposed by the CNV shall be cause for an agent to be preventively suspended until as a result of subsequent events a review of such suspension is deemed advisable, notwithstanding any penalties that may be imposed on infringers under section 132 of this law.

Section 52.- Publicity of Registration. The CNV shall publish the registration of any agents, detailing the different categories that agents have been registered under.

Section 53.- Confidentiality. Registered agents shall keep the confidentiality of any trading transactions made by them on behalf of third parties and the names thereof. Agents shall be released from the above duty by a court order issued in family or criminal proceedings related to such transactions or to third parties involved therein, and at the request of the CNV, BCRA, Financial Intelligence Unit or Argentine Insurance Authority in the framework of inquiries within the scope of the respective jurisdiction of these entities. Notice of such requirement shall be given by the three (3) latter above mentioned entities to the CNV at the time of exercising the power herein granted thereto.

Also, the duty of confidentiality shall not apply to any information requested in the performance of its duties by the *Administración Federal de Ingresos Públicos* (Argentine Federal Revenue Service), a self-administered entity of the Ministry of Economy and Public Finance, whether in respect of particular or general matters or with reference to one or more specific persons, including persons not subject to monitoring.

However, any information required on stock exchange issues shall not make reference to trading transactions then being consummated or pending settlement.

Section 54.- Probative Value. The signature of a registered agent shall certify the authenticity of any documents signed by it.

The CNV shall establish the formal requirements to be satisfied by any documents in order to avail of the above legal presumption.

Section 55.- *Liability.* A trading agent shall be liable to the market for any amount paid by such entity on such agent's behalf.

For so long as the above circumstance has not been remedied and evidence of the occurrence of a fortuitous or force majeure event been submitted by the agent, the agent shall be disqualified from trading.

Section 56.- *Disciplinary Jurisdiction.* Registered agents shall be subject to the sole disciplinary jurisdiction of the CNV, to which any fault incurred by them shall be reported by the markets.

An intentional omission to monitor or lack of due diligence in monitoring any authorized agents by a market shall be penalized by the CNV.

Section 57.- *Risk Rating Agencies.* The CNV shall establish any formal and other requirements to be satisfied by entities that request to be registered as risk rating agencies, including regulations hereunder, and specify the type of organizations that will be authorized to conduct such business.

The CNV shall be authorized to admit into its register any public universities authorized to act as such and establish any requirements to be complied with by them in such respect based on their respective nature.

Section 58.- *Instruments Subject to Rating.* Risk rating agencies shall be allowed to rate, at the request of issuers and other entities, any securities, whether or not subject to public offering regulations.

CHAPTER III

Issuers

Section 59.- *Applicable regulations.* Issuers within the scope of public offering regulations shall be subject to the rules contained in this chapter, which shall be supplementary to applicable law according to the legal form of each entity.

Section 60.- *Accounting standards.* Issuers within the scope of public offering regulations are subject to the provisions set forth below as regards accounting information:

a) For information purposes only and notwithstanding any obligations that may be enforceable against each company, the CNV shall, on an individual basis, be able to authorize the controlling entity to disclose its consolidated financial statements solely when the condition of and information on the company authorized to publicly offer its securities are clearly, truthfully and more faithfully reflected in those statements;

b) Notwithstanding any information that may be required under applicable statutory regulations, issuers shall include the following additional information in the supplementary notes to their respective financial statements:

I. In the case of corporations, any shares issued or authorized to be issued by a shareholders' meeting and the shares actually issued; also, pursuant to any applicable statutory rules and regulations, any granted options and any convertible or other securities conferring rights to a distribution of the company's income;

II. Any agreements that contain a prohibition to encumber and/or dispose of the whole or a part of the company's assets, and adequate information concerning such commitments;

III. Sufficiently detailed information on the company's policy on the assumption and hedging of market risks, with special reference to futures, options and/or any other derivatives contracts;

c) Notwithstanding the provisions of section 66 of Argentine Companies Law 19,550 (codified text 1984), as amended, and additional regulations to be established by the CNV, the company's annual report shall include at least the following, as additional information:

I. The company's intended business policy and other relevant business, financial and investment planning issues;

II. Any matters related to the company's decision-making structure and internal control system;

III. The dividends policy that has been proposed or recommended by the board of directors, including a well-founded and detailed explanation thereof;

IV. The form of remuneration of members of the board of directors and compensation policy for company managers, stock option plans and any other form of remuneration of company directors and managers.

The information reporting obligation shall extend to any subsidiaries where substantially different systems or policies are applied.

The CNV may authorize the delivery of all accounting and other financial information by electronic or other means of communication, provided such means satisfy any security requirements that it may establish to such an effect.

Section 61.- Management. An issuer's management body shall be able to transact business with its members present at a meeting or in communication with each other by other means for the simultaneous transmission of sound, images and speech where this is permitted by the corporate bylaws. The supervisory body shall expressly record the fact that any actions have been taken according to applicable rules.

It shall be understood that only members present at a meeting shall be computed to determine the existence of quorum, unless provided otherwise under the bylaws.

Also, the bylaws shall establish in what manner the remote participation of any members shall be expressly set forth in the records of a meeting.

In the case of remote meetings held by the management body, the records of the meeting shall be drawn up and signed within five (5) business days after the meeting has been held by any members present thereat and a representative of the

supervisory body. The corporate bylaws may provide that remote shareholders' meetings may also be held, and for such purpose the CNV shall establish rules concerning the necessary means and conditions to ensure the safety and transparency of any such acts.

Section 62.- *Capital Increases.* When adopting a capital increase resolution, a shareholders' meeting may authorize the board of directors to increase the authorized number of shares to contemplate the possibility of subscription requests exceeding the number of shares offered to be issued by the company. In such an event, a shareholders' meeting shall establish a limit to such excess issuance. The limit set by the CNV shall not be exceeded, and any requirements to be complied with in such an event shall be established by the CNV.

Section 63.- *Stock Options.* In the case of companies that publicly offer their shares and when such possibility is contemplated in the corporate bylaws, the issuance of stock options on shares to be issued or of convertible securities may be approved, and the responsibility of establishing the terms and conditions of such issuance and the rights to be conferred under such instruments delegated to the board of directors, by a shareholders' meeting. The setting of prices for any options and for any shares to be acquired under such options may be delegated to the management body. Any resolutions respectively adopted by meetings of shareholders and of the board of directors shall be published and recorded. The provisions of sections 11, 12 and 17 to 27 of Argentine Law 23,576, as amended, shall be additionally applicable.

Section 64.- *Purchase of Own Shares.* A corporation shall be able to purchase any shares previously issued by it, provided such shares have been authorized for public offering and are listed on a market pursuant to this section and subject to other conditions established by the CNV. Applicable regulations shall safeguard the principle of equal treatment to all shareholders and the right of investors to be fully informed.

Any purchase of an issuer's own shares shall comply with the required conditions set forth below:

- a) Any shares to be purchased shall have been fully paid;
- b) The board of directors shall have adopted an adequately substantiated resolution, including a report by the audit committee and by the statutory auditors' committee. The resolution of the board of directors shall establish the purpose of the purchase, the maximum amount to be invested in connection therewith, the maximum number of shares or maximum equity interest to be purchased and the maximum price to be paid for any shares; the board of directors shall furnish shareholders and investors extensive and detailed information on the purchase;
- c) The stock purchase shall be paid from liquid and realized profits or else from free or facultative reserves, and evidence that the company has the necessary liquid funds and that the relevant purchase does not affect the company's creditworthiness shall be provided to the CNV;
- d) The whole number of shares to be purchased by the company, including any shares previously purchased and retained in the company's possession, shall in no event exceed ten per cent (10%) of the company's capital stock or a smaller percentage to be established by the CNV on the basis of the volume of trading of the shares in question.

Section 65.- *Disposition.* Any shares purchased by a company in excess of the above limits shall be disposed of within ninety (90) business days after the date of the purchase having caused such excess as provided by subsection (d) of the preceding section, notwithstanding any liability that may be incurred by the directors of the company.

Section 66.- *Form of purchase.* Any transactions made for the purpose of a company's purchasing its own shares may be carried out by means of a market trading transaction or a public tender offer.

In the event of a market purchase, the amount of any such purchases made on one day shall not exceed twenty five per cent (25%) of the average daily volume of trading in such company's shares during the previous ninety (90) business days. In any event, the CNV may require that a purchase be performed by means of a public tender offer when the shares to be purchased represent a significant percentage of the average trading volume.

Section 67.- *Consequences Derived from Purchase.* -----

Any shares purchased pursuant to the provisions contained in the preceding sections shall be disposed of by the company within not more than three (3) years after the purchase.

Upon the lapsing of the above period and in the absence of any resolutions adopted by a shareholders' meeting, the company's capital stock shall be reduced by operation of law by an amount equal to the nominal value of any shares then held in portfolio, which shares shall be cancelled.

At the time of disposing of such shares the company shall make a preemptive offer to shareholders under section 221 of Argentine Companies Law 19,550 (codified text 1984), as amended. This preemptive offer shall not be required if the sale is made for purposes of implementing an employee compensation program or plan, or if the shares are distributed to all shareholders pro rata to their respective holdings, or if the sale involves a number of shares not exceeding, in any twelve (12) month period, one per cent (1%) of the company's capital stock, provided that in any such events the prior approval of a shareholders' meeting has been obtained.

In case shareholders fail to exercise, whether in whole or in part, their preemptive right as provided in the preceding paragraph or the number of shares is within the above mentioned limits, the relevant shares shall be disposed of on a market.

Section 68.- *Stock Owned by Employees.* At the time of voting for a capital increase, a shareholders' meeting may decide to allocate a portion of any new shares to be issued for the distribution thereof to employees of the company or of any one or more subsidiaries thereof under a regular employment relationship. The cumulative aggregate number of any shares issued for this purpose shall not exceed ten per cent (10%) of the company's capital stock.

A shareholders' meeting may decide that any such shares shall be given as a bonus, in which case liquid and realized profits or free reserves shall be allocated to this purpose, or else that they shall be subject to payment by the respective beneficiaries,

and in such an event the form of payment shall be established by such shareholders' meeting.

Section 69.- Regulatory Guidelines. The CNV shall establish guidelines in relation to:

- a) Stock exchange offers or any similar procedures;
- b) Voting by entities holding shares on behalf or for the account of third parties under a trust, in deposit or under a similar legal relationship, where authorized under the respective contracts;
- c) The public solicitation of proxies for purposes of ensuring the right of investors to be fully informed.

Any shareholders wishing to publicly request the granting of a proxy shall submit the relevant request pursuant to the regulations established by the CNV to such an effect. To submit such a request, a shareholder shall hold not less than two per cent (2%) of the capital stock represented by any voting shares and have been a shareholder for not less than one (1) year; also, any formal requirements established by the CNV shall be complied with. A proxy shall always be revocable and must be granted for a specific shareholders' meeting.

Any shareholders submitting such requests shall be held liable for the information contained in the proxy form to be registered with the CNV, and for any information that may be disclosed while the request is pending. This information must be sufficient as to enable shareholders to make a fully informed decision. Any intermediaries taking part in the above request shall diligently check the accuracy of any such information.

A failure to comply with any of the duties set forth in this paragraph and regulations hereunder shall be penalized by the CNV, notwithstanding any common law liability that infringers might incur.

Section 70.- Notice of Shareholders' Meetings. Companies publicly offering their shares shall publish the first notice of a shareholders' meeting not less than twenty (20) calendar days or more than forty five (45) calendar days before the date set for the meeting to be held. The above periods shall be counted as from the last publication of a notice of meeting.

The board of directors shall, twenty (20) calendar days before the date set for a shareholders' meeting to be held, make available to the shareholders at the company's principal offices or by electronic means any relevant information concerning the meeting to be held, documents to be considered thereat and any proposals submitted thereto by the board of directors.

Up to five (5) calendar days before the date when an annual shareholders' meeting is to be held to consider the documents for the fiscal year, shareholders representing not less than two per cent (2%) of the capital stock may submit to the company's principal offices any comments or proposals relating to the conduct of the corporate business during the fiscal year. The board of directors shall inform shareholders that such comments or proposals are available at the company's principal offices or may be accessed by electronic means.

Section 71.- Annual shareholders' meetings. In the case of companies that publicly offer their shares each annual shareholders' meeting shall, in addition to the matters referred to in section 234 of Argentine Companies Law 19,550 (codified text 1984), as amended, adopt resolutions on any of the matters set forth below:

- a) Any disposition of or lien on the whole or a material portion of the company's assets when made or created outside the ordinary course of business of the company;
- b) The execution of company management contracts. Also, the approval of any other agreements pursuant to which any assets or services received by the company will be wholly or partially paid from a percentage of the company's revenues, income or profits for a significant amount as compared to the company's business turnover and net worth.

Section 72.- Contracts with related parties. In the case of companies that publicly offer their shares, any acts performed or contracts executed between the company and a related party and involving a significant amount shall be performed or executed pursuant to the procedure set forth below.

For purposes of this section:

a) A "related party" shall mean any of the following persons with respect to the issuer:

I. Directors, members of the supervisory body or surveillance committee, as well as chief executive officers or special managers of the issuing company appointed under section 270 of Argentine Companies Law 19,550 (codified text 1984), as amended;

II. Natural persons or legal entities controlling or holding a substantial interest, as determined by the CNV, in the capital stock of the issuer or the issuer's controlling entity; -----

III. Any other company under the common control of the same controlling entity;

IV. The ascendants, descendants, spouses or siblings of any of the natural persons referred to in paragraphs I and II above;

V. Companies in which any of the persons referred to in paragraphs I to IV above hold a significant direct or indirect interest. Provided none of the circumstances described above is present, a subsidiary of the issuer shall not be deemed a "related party";

b) A "significant amount" shall be deemed involved in an act or contract when such amount exceeds one per cent (1%) of the company's shareholders' equity as shown in the most recently approved balance sheet.

The board of directors or any members thereof shall request the audit committee to state whether in its opinion the terms of a transaction may be reasonably deemed adapted to regular and usual market conditions. The audit committee shall issue its pronouncement within five (5) business days.

Notwithstanding the above inquiry from the audit committee, a resolution may be adopted by the company on the basis of a report from two (2) independent evaluation companies, which shall express their opinion on the same matter and other terms of the transaction.

Section 73.- Procedure. Promptly after the approval by the board of directors of any acts or contracts referred to in the preceding section, they shall be reported pursuant to section 99, subsection (a), of this law, indicating that a pronouncement has been obtained from the audit committee or, if applicable, from independent evaluation companies.

The audit committee's report or independent evaluation companies' reports, as applicable, shall be made available by the board of directors to the shareholders at the principal offices of the company on the business day following the adoption of the relevant resolution by the board of directors, notice of which circumstance shall be given to the shareholders through the respective market newsletter.

The controlling entity or related person that is the counterparty to the transaction shall, if applicable and before the transaction is approved by the board of directors, make available to the board all background information, reports, documents and disclosures referring to the transaction and which have been previously submitted to foreign supervisory or regulatory entities of competent jurisdiction or to foreign stock exchanges.

The affirmative or negative vote cast by each director shall be recorded in the minutes of the board meeting at which the transaction was approved.

The transaction shall be subject to prior approval by a shareholders' meeting when the contemplated terms thereof have not been qualified as reasonably adapted to market conditions by the audit committee or both evaluation companies.

Section 74.- Legal Burden of Proof. In case a claim for compensation for damages is filed by a shareholder as a result of an infringement of the preceding section, the defendant shall bear the burden of proving that the act or contract was adapted to market conditions or that no harm was sustained by the company as a result of the terms thereof. Such reversal of the burden of proof shall not be applicable in the case of transactions approved by the board of directors upon a positive opinion expressed by the audit committee or both (2) evaluation companies, or transactions approved by an annual shareholders' meeting without the shareholder that is a related party or has an interest in the act or contract in question having cast a deciding vote.

Section 75.- Remuneration of Directors. Companies authorized to make public offering of their shares may provide, as a form of remuneration of board members performing executive or technical and administrative duties and managers, stock purchase options on the company's own shares in compliance with the procedures and requirements established by the CNV to that effect. In these cases, the price of any options and of the shares to which holders will be entitled under those options, and the amount to be computed for remuneration purposes in relation to the limits established under section 261 of Argentine Companies Law 19,550 (codified text 1984), as amended, shall be determined by a shareholders' meeting. Unless provided otherwise under its corporate bylaws, civil liability insurance may be carried by a company for the benefit of its directors so as to cover any risks inherent in the performance of their duties.

Section 76.- Civil Liability Actions. In the case of companies that publicly offer their shares, civil liability actions under section 276 of Argentine Companies Law 19,550 (codified text 1984), as amended, may, in the event they are to be brought by

individual shareholders, be filed to claim compensation on behalf of the company for the total damages sustained by it or else to claim compensation for a partial damage indirectly sustained by the shareholder pro rata to its respective holding, in which case the compensation amount shall be paid to and owned by the shareholder.

Where a defendant under a civil liability action is sued for the whole damage allegedly sustained by the company, the defendant may elect to agree to pay to shareholder plaintiffs an amount in compensation for any indirect damages sustained by them as determined, pro rata to their respective holdings.

Section 77.- *Assignment of Duties.* In the case of companies that publicly offer their shares, the assignment of specific duties to directors under section 274, second paragraph, of Argentine Companies Law 19,550 (codified text 1984), as amended, shall be registered with the Public Registry of Commerce as provided and additionally be informed to the market on which the shares of such companies are listed on.

Section 78.- *Duty of Loyalty of Directors.* In the case of companies that publicly offer their shares, the directors' duty of loyalty shall be deemed to expressly include the following rules:

- a) A director shall not be allowed to make use of any corporate assets or confidential information for his/her own private purposes;
- b) A director shall not be allowed to profit or permit a third party to profit, whether by an action or an omission to act, from any business opportunities available to the company;
- c) Directors shall be required to exercise any powers conferred to them solely for the purposes for which they were conferred under the law or the corporate bylaws or by a shareholders' meeting or the board of directors;
- d) A director shall be required to meticulously ensure that no conflict of interest, whether direct or indirect, shall under any circumstances arise between his/her actions and the company's interests.

In case of doubt as to a director's compliance with his/her duty of loyalty, the burden of proof shall be borne by the director.

Section 79.- *Statutory Auditors Committee.* In the case of companies falling within the scope of public offering regulations with respect to their shares or debt securities, the Statutory Auditors Committee shall consist of independent members only.

The companies making public offering and having established an audit committee may dispense with a Statutory Auditors' Committee.

In such an event, members of the audit committee shall have the powers and duties conferred under section 294 of Argentine Companies Law 19,550 (codified text 1984), as amended.

A resolution to suppress the Statutory Auditors' Committee must be adopted by a Special Shareholders' Meeting, whether on first or second call, with the attendance of shareholders representing not less than seventy five per cent (75%) of voting shares.

In any event this resolution shall be adopted with the affirmative vote of seventy five per cent (75%) of all voting shares, and no plurality of votes shall apply.

PART III

Public Offer

CHAPTER I

Public offer of securities and other financial instruments

Section 80.- Powers. The CNV will be the implementing and enforcement authority for the public offer of securities within Argentina.

This agency shall provide, whenever it may deem appropriate, the prequalification of the authority for the public offer of the securities by exchanges and markets at the beginning of the process, which shall be subject to the formalities and requirements set by the agency to these effects.

Section 81.- Regulatory powers. The CNV may establish different authorization schemes for public offer according to objective or subjective characteristics of issuers and / or recipients of the offers, the limited number of the latter, the issuer's domicile of incorporation, the minimum amount of issues and / or placements, the nature, origin and / or kind of securities, or any other characteristic that could be reasonably justified.

All trading of instruments that in the CNV opinion have similar characteristics to the public offer as defined in this law shall be deemed as such, and shall be subject to the CNV rules

Section 82.- Purpose and subject of the public offer. Securities issued or grouped in series that avail of the same characteristics and grant the same rights in their class that are offered in generic form and identified at the time of execution of the relevant contract, and any financial instrument authorized by the CNV may be publicly offered.

The public offer of securities or other financial instruments shall be done by the relevant issuer institution or registered agent authorized by the CNV to the effect.

Section 83.- Securities issued by public entities. The public offer of securities issued by the National Government, provinces, the Autonomous City of Buenos Aires, municipalities or autonomous entities, as well as by multilateral credit agencies of which Argentina is a member are not covered by this law, without prejudice to the powers of *Banco Central de la República Argentina* in the exercise of its regulatory role over currency and credit and the enforcement of the exchange policy. Trading of securities as abovementioned is deemed public offer subject to the provisions hereof whenever trading is carried out by a private individual or legal entity, under the terms set out in section 2 of this law.

The public offer of securities issued by foreign States, their political subdivisions and other foreign state owned entities within the Argentine territory must be authorized by the Argentine Executive, with the exception of issues of national States of country members of the Southern Common Market (Mercosur), which will be deemed automatically, public offer under condition of reciprocity.

Section 84.- *Authorization procedure.* The CNV shall resolve on the application for authorization for public offer within thirty (30) business days from the time all documentation is collected to the CNV satisfaction, provided no other applications or qualifications are made.

Upon expiration of such term without any response, the applicant may petition expedite procedure or prompt dispatch. If CNV had not ruled authorization for the public offer within fifteen (15) business days from this petition, the authorization shall be deemed granted unless the term is extended by CNV on an adequately substantiated decision.

Such extension shall not exceed fifteen (15) business days from the date when extension is provided.

Upon expiration of that new term, the authorization shall be deemed granted.

The authorization to make public offer of a certain amount of securities, forward contracts, futures or options of any kind or other financial instruments shall not imply authorization to offer other securities issued by the same issuer, even if they have the same characteristics.

Section 85.- *Intervention of Banco Central de la República Argentina.* Banco Central de la República Argentina in the exercise of its regulatory role over currency and credit, and the enforcement of the exchange policy may limit, generally and for any period of time as necessary, the public offer of new securities issues. This power may be exercised in respect of either public or private securities.

The decision must be communicated to the CNV to suspend the approval of new public offers, and to markets to suspend the authorization for new permits or trading.

CHAPTER II

Takeover bid

Section 86.- *General principles.* Any takeover bid of shares with voting rights of a company whose shares are admitted to the public offer system, either of a voluntary or mandatory character under the provisions of the subsections below, should be directed to all holders of those shares. In the case of mandatory takeover bids it should include also the holders of subscription rights or share options, convertible debt securities or other similar securities, that directly or indirectly, may entitle the holder to a subscription right, purchase or to a conversion into shares with voting rights ratably with their holdings and the amount of participation intended to be purchased; and shall abide by any and all procedures established by the CNV, in accordance with all applicable transparency rules governing primary placements and secondary trading of securities.

The procedure to be established by *Comisión Nacional de Valores* shall ensure and provide for:

- a) An equal treatment of shareholders both in the economic and financial conditions and in any other condition for the purchase of all shares, securities or rights of the same class or kind;
- b) The equitable/fair price;
- c) Reasonable and sufficient time limits for recipients of the offer to avail of sufficient time to take a decision thereon, and also the computation method for these periods;
- d) The obligation to supply detailed information to investors to enable them to make a decision relying on the necessary data and information, with full knowledge of the facts;
- e) The terms under which the offer is irrevocable or may become subject to conditions, in that case under objective causes, that must be clearly included and highlighted in the offer prospectus, and whenever provided by the enforcement authority, the guarantees required according to the consideration offered consisting of cash, marketable securities or securities already issued or securities whose issue has not yet been agreed by the offerer;
- f) The regulation of the management board duties to provide, in the interest of company and all holders of securities subject to the offer, its opinion on the tender and on bid prices or the considerations offered;
- g) The scheme of possible competing offers;
- h) The rules on withdrawal or revision of the offer, apportionment, revocation of acceptance, rules of best price offered and minimum offer period, among others;
- i) The information to be included in the offering memorandum / offer prospectus, and the registration form thereof, which shall consider the offerer's intentions regarding the future activities of the company;
- j) The rules regarding the publicity of the offer and related documents issued by the offerer and the management of the company;
- k) In the case of exchange offers of securities, the regulation of financial and accounting information of the issuer of the securities offered in exchange to be included in the offer prospectus;
- l) The validity of the principle that the management board of the company is prohibited from impeding the normal development of the offer, unless it refers to the search for alternative offers or has received prior authorization to this effect from the shareholders' meeting during the term of the offer;
- m) That the company must not be hindered in the conduct of its affairs by a bid for its securities for longer than is reasonable;
- n) The exemptions that are applicable to such procedure.

Section 87.- Takeover. Events covered. Whomsoever intending to achieve control, either directly or indirectly, of a company whose shares are admitted to the public offer scheme intends to acquire for consideration, acting individually or in concert with

others in a single act or successive acts, a number of shares with voting rights, subscription rights or share options, of convertible debt securities or other similar securities that directly or indirectly may provide the right to underwriting, purchase, or conversion of or into shares with voting rights, whichever their form of implementation, giving the right or upon enforcement entitling to a substantial participation in the terms as defined under the regulations to be issued by *Comisión Nacional de Valores*, in the equity and / or voting of a company whose shares are admitted to the public offer system, shall promote previously a mandatory public offer to acquire or exchange securities in accordance with the procedure established by *Comisión Nacional de Valores*, within the period established by the regulation.

This offer shall be addressed to all holders of securities at an equitable price as determined under the guidelines established in section 98 of this Law, and shall refer at least to the units established by the regulation which shall determine the obligation to promote total or partial mandatory and differentiated offers according to the percentage of share capital and votes to be attained.

Likewise, this obligation also includes events such as a change of control as a result of a corporate reorganization, merger or spin-off according to the terms and cases defined by regulations issued by *Comisión Nacional de Valores*, but shall not apply in any event when the acquisition of a significant participation does not involve acquisition of control of the company.

Section 88.- *Recipients.* Any takeover bid of shares with voting rights of a company whose shares are admitted to the public offer system must be addressed to all holders of those shares, including the holders of subscription rights or options, of convertible debt securities or other similar securities, that directly or indirectly, may entitle to a right to underwrite, to purchase or conversion into shares with voting rights ratably to their holdings and the amount of participation intended to be purchased.

The offer shall be made at an equitable price determined according to the guidelines in the next chapter, and shall refer at least to the participations provided under the regulations which shall determine the obligation to promote full or partial, and differentiated mandatory bids according to the equity share and voting rights intended to be attained.

Section 89.- *Default.* In cases where the participation as specified in section 87 of this law has been reached without due and prior compliance with the conditions provided therefor, it shall be declared irregular and ineffective for administrative purposes by *Comisión Nacional de Valores* which shall then cause the auction of the shares acquired on infringement, without prejudice to the penalties that may correspond.

Section 90.- *Universal range.* The takeover bid scheme regulated in this chapter and the residuary participation scheme regulated in the next following chapter cover all listed companies, including those that under the previous scheme have opted-out of its application.

CHAPTER III

Residuary equity scheme

Section 91.- Assumptions. The provisions in this chapter will apply to all corporations whose shares may be subject of public offer as authorized by *Comisión Nacional de Valores*.

When a corporation becomes subject of quasi-total control:

- a) Any minority shareholder may at any time make a formal request to the controlling person for it to make a purchase offer to all minority shareholders;
- b) Within six (6) months from the date on which a person became under quasi-total control of another person, the latter may issue a unilateral statement of intent of acquisition of the whole remaining share capital held by third parties.

Section 92.- Quasi-total control. To the effect of provisions under this chapter:

- a) Quasi-total control of a corporation means a corporation in respect of which another individual or legal person, either directly or through one or more corporations which in turn are under its control, is the holder of ninety-five percent (95%) or more of the subscribed capital;
- b) The date on which the law of transfer of ownership of shares necessary to reach the percentage provided in the preceding paragraph is perfected, shall be deemed as the date on which a corporation is under quasi-total control of another person.
- c) Minority shareholders means the holders of shares of any type or class, as well as holders of all other securities convertible into shares of non-controlling person;
- d) The entitlement to exercise the right granted to minority shareholders is attributable only to those who can prove their ownership of shares or other securities as of the date on which the company was subject to quasi-total control; the entitlement is transmitted only to the universal successors;
- e) The controlling company or person and the controlled company shall communicate the *Comisión Nacional de Valores*, and the market where the controlled company shares are listed, the fact that there is a quasi-total control situation within the term and conditions specified by regulation. Without prejudice to any other penalties that may be appropriate, the right provided for in section 94 of this law shall not be exercised until compliance with previous communications.

The existence of a quasi-total control can be confirmed by the CNV upon request of the minority shareholders. Should that situation be proven, the agency shall notify it to the minority shareholders through any means it may deem appropriate, and thereafter, shall be entitled to exercise the right they are granted under the following section.

The provisions of this chapter are also applicable in an event of quasi-total control exercised in a shared or concerted manner between two (2) or more entities or between an entity and other natural or legal persons, although not being part of the same group or linked each other, provided the exercise of that common control avails of stability characteristics, and is so declared, undertaking joint liability among all them.

Section 93.- Rights of minority shareholders. Upon a formal request on the controlling person to make a takeover bid to all minority shareholders, should the controlling

person agree to make the offer, it may opt to make a takeover bid or use the statement of acquisition method regulated in this chapter.

In the event the controlling person is a corporation which shares are listed and avail of public offer in local or foreign markets as authorized by *Comisión Nacional de Valores*, the controlling/parent company, additionally to the cash offer, may offer to all minority shareholders of the company under quasi-total control to opt to exchange their shares for shares of the parent company. The parent company will propose the exchange ratio based on the statements prepared in accordance with the rules established for merger balance sheets.

The exchange ratio must be supported also by the opinion of one (1) or more independent evaluators who are recognized specialists in the field. The requirements for minority shareholders to exercise their option shall be regulated by *Comisión Nacional de Valores*.

After sixty (60) business days from the notification to the controlling person to make a takeover bid or a statement of acquisition without an affirmative response on its part, the shareholder may require an statement that its shares have been acquired by the controlling person, and that an equitable/ fair price in cash be set for its shares by the competent judiciary or arbitral court, under the guidelines of subsection d), section 98 of this law and that the controlling person be ordered to pay for it.

In any of the cases contemplated under this Section, including for all purposes provided in the preceding paragraph, or to challenge the price or the exchange ratio, the procedural rules provided under section 96 of this law shall apply, irrespective of whether the litigation is carried out at court or arbitral offices.

Section 94.- *Statement of intent to purchase all of the remaining equity.* The unilateral statement of intent to purchase all of the remaining equity held by third parties as referred to under subsection b) of section 91 of this law, named statement of acquisition, shall be resolved by the management board of the controlling legal person or made under a public deed or instrument in the case of natural persons.

It is a condition for validity of the statement that the acquisition comprises all the outstanding shares, as well as all other securities convertible into shares that are held by third parties.

The statement of acquisition shall include setting of the equitable price to be paid by the controlling person for each remaining share held by third parties. Whenever appropriate, the statement of acquisition shall also contain the fair price to be paid for each security convertible into shares.

Determination of the equitable/fair price will be done as provided in subsection d) of section 98 of this law. If the controlling person is a corporation with its shares already trading, and other conditions satisfied as set forth in the second paragraph of section 93 of this law, it may offer the minority shareholders the share exchange option contemplated, in the same conditions set forth therein .

Within five (5) business days from the issuance of the statement, the controlling person shall notify the quasi-total controlled company about the statement of acquisition, and submit the application for withdrawal of the public offer to *Comisión Nacional de Valores*, and to the markets where its shares are listed.

The statement of acquisition, the value set and other conditions, including the name and address of the financial institution referred to in the following paragraph shall be published for three (3) days in the *Boletín Oficial* (Official Gazette) of the market where the shares are listed, in the *Boletín Oficial de la República Argentina*, and in one (1) newspaper with general circulation in the Republic of Argentina. -----

Advertisements shall be immediate in accordance with the frequency of each media.

Within five (5) business days from the conformity of *Comisión Nacional de Valores*, the controlling person is required to deposit the amount corresponding to the total value of the shares and other convertible securities included in the statement of acquisition, in an account specifically established to the effect with a financial institution in which it is admitted the *Fondo de Garantía de Sustentabilidad del Sistema Integrado Previsional Argentino* (Sustainability Guaranty Fund of the Argentine Integrated Social Security System) to invest in the form of fixed-term deposits. In the case of exchange offers, the certificates representing the shares accepted in exchange for minority shareholders who had expressed their will to that effect shall be deposited in the accounts of entities approved by the CNV. The deposit shall be accompanied by a list of minority shareholders and, where appropriate, of holders of the other convertible securities, together with their personal data and the number of shares and amounts and, if applicable, the relevant shares in exchange corresponding to each one. The CNV shall devise ways and means to keep the list of financial entities admitted to the above mentioned deposit effects, updated and available to the public.

Section 95.- *Effects of the statement of acquisition and disposition of funds.* After the authorization by *Comisión Nacional de Valores* was published for the last time, and recorded with the *Registro Público de Comercio* (Public Registry of Commerce), and after the relevant deposit, the statement of acquisition will be passed into a notarial public deed by the controlling person, which shall include:

- a) An statement by the controlling person that, through that act it is acquiring all shares held by minority shareholders and, where appropriate, all other convertible securities belonging to third parties; and also a reference to the resolution of the management board that resolved to issue the statement of acquisition, if applicable;
- b) The price per share and the price for every other convertible security;
- c) Data of deposit, including date, financial institution and account;
- d) Data of publications made;
- e) The registration data of the controlled company;
- f) The conformity data of the CNV, and the evidence of withdrawal by the company from the public offer of shares.

The public deed containing this statement shall be recorded with *Registro Público de Comercio*, and submitted to the CNV, and the market where the company shares were listed. -----

The controlling person under the public deed becomes as a matter of law, the owner of the shares and convertible securities. The controlled company shall cancel previous

securities and issue new securities to the order of the controlling company, and shall register the change of ownership in the register of shareholders or in the register of book-entry shares, as applicable.

The statement of acquisition shall imply per se, and as a matter of law, the withdrawal of shares from the public offer after the date of the public deed.

The provisions under section 94, subsection 8 of Law 19,550 (codified text 1984) as amended, shall not be applicable to quasi-total control companies which were subject of the statement of acquisition ruled under this section.

Minority shareholders and, where appropriate, the holders of other convertible securities, from the date of crediting of the deposit referred to in the last paragraph of section 94, shall have the right to withdraw from the bank account funds to which they are entitled, plus interest that may have accrued on the relevant amounts.

The voluntary withdrawal of funds shall imply the acceptance of the equitable/fair price assigned by the controlling person the shares and other convertible securities.

Section 96.- *Disputed equitable/fair price.* Within three (3) months from the date of the last publication referred to under the penultimate paragraph of section 94 of this law, any minority shareholder and, if applicable, any holder of any other convertible security may challenge the value assigned to the shares or convertible securities or, where applicable, the exchange ratio proposed, arguing that the price assigned by the controlling person is not an equitable or fair price. After this time-limit, the valuation published in connection with the minority holder who has not challenged shall be considered firm. The same termination shall apply to the holder of convertible securities who has not challenged.

The challenging proceeding does not change the transmission with full legal rights of shares and convertible securities in favor of the controlling person.

During the challenging proceeding, all rights attached to the shares and convertible securities, economic and non-economic, do correspond to the controlling person.

Challenge may be made before the arbitral court of the market where the company has negotiated or before the ordinary courts with commercial jurisdiction over domicile of the company. All challenges submitted by the minority shareholders and, where appropriate, by holders of other convertible securities, will be accumulated for consideration before the same court. The challenging proceeding shall be suspended until expiration of the limitation period referred to in the first paragraph of this section or until an action for challenge is brought by all legitimate parties.

To this end legitimate means those shareholders or holders of other convertible securities that had not voluntarily withdrawn funds from the account mentioned in the last paragraph of section 95 of this law.

As for the challenge, which may only focus on the assessed value of the shares and, where appropriate, other convertible securities, and the exchange ratio as well, if any, shall be transferred to the controlling person for a term of ten (10) business days. Evidence must be provided with the writ of commencement of the proceeding and the answer thereto. The arbitral court or judge, as appropriate, shall appoint the number

of appraisers it may deem appropriate, and then the case shall be transferred for another five (5) business days, and the court shall resolve on the final equitable price within fifteen (15) business days. The judgment is subject to appeal within ten (10) business days, and the appeal must be adequately substantiated.

The transfer (*traslado*) will run for the same term, and the court of appeal must resolve within twenty (20) business days.

Attorneys' and expert witnesses' fees shall be determined by the judicial or arbitral court, as appropriate, in accordance with the scale applicable to incidents. The fees of lawyers and experts or technical consultants for each party shall be borne by the parties, respectively. The fees of the experts appointed by the judicial or arbitral court or tribunal will always be borne by the controlling party except when there is a shortage between the equitable price sought by the appellant exceeding thirty percent (30%) the price offered by the controlling company. In this case, provisions under section 154, first paragraph of Law 19,550 (codified text 1984) as amended, shall apply.

If applicable, the controlling person shall deposit in the account specified in the last paragraph of section 95 hereof within five (5) business days after the final judgment has been passed on *res judicata*, the amount of price shortages that have been identified. The delay in fulfillment of the deposit shall cause a penalty interest to be borne on the controlling person equal to one and a half times the rate in force at the commercial courts of jurisdiction for the domicile of the corporation. If the delay exceeds thirty (30) calendar days, any shareholder is entitled to declare the invalidity of the sale of its securities. In this case the controlling person shall return the ownership of the shares and other shareholders' rights to their former state, in addition to the liability for damages caused.

Minority shareholders and, where appropriate, holders of other convertible securities may withdraw the relevant funds for their shares or convertible securities as of the date of the accreditation of the latter deposit, plus interest which have accreted the respective amounts.

CHAPTER IV

Withdrawal from Public Offer

Section 97.- *Voluntary withdrawal from the public offer.* Whenever a company whose shares are admitted to public offer systems agrees its voluntary withdrawal, shall follow the procedure established by *Comisión Nacional de Valores*, and likewise, shall promote a mandatory takeover bid for its shares, subscription rights, convertible notes or options on shares under the terms provided in the following section.

The acquisition of own shares shall be made with realized and liquid profits or free reserves, when they were fully paid-in, and for redemption or sale within the term provided under section 221 of Law 19,550 (codified text 1984) as amended; the company being required to prove to the CNV that it avails of the necessary liquidity, and that payment of the shares does not affect its solvency. If these ends cannot be proven, and in the events of corporate control, the obligation herein provided shall be the responsibility of the controlling company, which must prove identical ends.

Section 98.- Conditions. The take over bid referred to in the preceding section shall be subject to the following conditions:

a) It shall extend to all convertible notes and other securities entitling to a subscription or acquisition right;

b) It is not necessary to extend the offer to those who had voted in the meeting in favor of withdrawal, who must tie-up their values until expiration of the acceptance period determined by the regulations;

c) Such fact will be clearly expressed in the information memorandum for the takeover bid, and both tied-up values and the identity of the titleholders shall be identified;

d) The price offered should be an equitable price. To the effects of such determination, the following acceptable criteria could be used among other:

I. Asset value of the shares, it being considered to that purpose a special balance sheet of withdrawal of listing;

II. Value of the company valued according to criteria of discounted cash flows and / or indicators applicable to comparable companies or businesses;

III. Liquidation value of the company;

IV. Average price of securities during the six months immediately preceding the application for withdrawal agreement, regardless of the number of sessions in which they were negotiated;

V. Price of the consideration previously offered or placement of new shares, assuming a public offer or takeover bid was made on the same shares or new shares were issued as appropriate, in the last year, as of the date of the withdrawal request agreement.

These criteria will be considered jointly or separately and with justification for their respective relevance at the time the offer is made and duly reasoned in the offering memorandum, and in all cases must avail of the views of the management and supervisory bodies and the audit committee of the entity.

In all cases, the price to be offered shall not be less than that resulting from the approach outlined in paragraph IV above.

The *Comisión Nacional de Valores* may object to the price to be offered on the grounds that it is not equitable. Omission to object to the price does not impair the shareholders' right to challenge the price offered at court or arbitral offices. Challenging of the price will be ruled by provisions under section 96 of this law. The CNV will take particular account of the decision process that sets the price of the offer, including background information and rationale of that decision and the fact that such a decision has sought the opinion of an independent assessor specialist and have obtained the favorable opinion of the audit committee and the supervisory body.

If the price is challenged by the CNV, the company or the controlling company may resort to the procedure provided under section 96 of this law.

CHAPTER V

Transparency regulation

TITLE I

Information systems

Section 99.- *General Information system.* The people mentioned in this section shall inform the CNV directly, accurately, sufficiently and timely, with the formalities and within the time schedule it may provide the following facts and circumstances, without prejudice to other established in accordance with the law:

a) The registered entity managers performing public offer of securities and the members of its supervisory body, the latter in area of its competence, shall inform on any event or situation that is suitable for its importance to materially affect the placement of securities or the course of trading. This obligation exists from the time the application is filed for public offer of securities and shall be made known to the CNV immediately. The board of directors, with the intervention of the supervisory body shall appoint a person to act as a market relations officer for the communications and to disclose the information referred to in this paragraph, and shall inform such appointment to *Comisión Nacional de Valores* and the respective market. This appointment does not release the persons mentioned above from their obligations as set forth;

b) The trading agents authorized to law in the area of public offer, shall inform about any unusual fact or situation whose importance may affect the development of their business, their responsibility or their investment decisions;

c) The directors, administrators, trustees, managers appointed in accordance with section 270 of Law 19,550 (codified text 1984), as amended, and members of the supervisory board, regular and alternates, and also controlling shareholders of issuer institutions making public offer of their negotiable securities, shall inform on the number and class of shares, debt securities convertible into shares and purchase and sale options on their securities owned from the entity to which they are linked;

d) The qualification board members, principals, administrators, managers, trustees or members of the supervisory board, regular and alternates, and of risk rating agents on the amount and class of shares, debt securities or purchase or sale options on shares owned from companies authorized to make a public offer of their securities;

e) The directors and officers of CNV, of markets and other registered agents shall inform on the number and class of shares, debt securities and purchase or sale options on shares owned from companies authorized to make a public offer of their securities;

f) Any individual or legal person that, directly or through other individual or legal person, or all those members of any group acting in concert, acquires or disposes of shares in a company that conducts a public offer of securities, in quantities involving a change in holdings that make up the control groups or affecting its conformation, with respect to such transaction or series of transactions made in concert without prejudice, where applicable, of the enforcement of the procedure provided in Chapter II of this part;

g) Any individual or legal person not covered by the operation of the preceding paragraph that, directly or through other individual or legal person, or all those members of any group acting in concert, acquires or disposes by any means of shares of an issuer whose equity is covered under the public offer system that grant five percent (5%) or more of the votes that may be issued for the purpose of forming the social will in the ordinary shareholders' meetings, shall inform on such transactions when implemented, and the abovementioned limit is exceeded;

h) Any individual or legal person that covenants or agrees with shareholders seeking to exercise the voting rights in a company whose shares are admitted to public bidding, or in any controlling company thereof, whichever its form, including, without limitation, covenants creating a mandatory prior obligation to consult to exercise the vote, restricting transfer of the relevant shares or securities, conferring purchase (preemptive) or subscription rights for the same, or providing for the purchase of such securities and generally, the purpose or object of which is focused on a joint exercise of a dominant influence over such companies, or significant changes in the structure or in the relations of power in the government of society, against such covenants, agreements or changes. The directors, administrators, trustees and members of the supervisory board and the controlling shareholders of these companies shall be equally liable to report whenever they are part, or are aware of such covenants, agreements or changes, as well as the controlling shareholders of said companies about the execution and enforcement of said agreements. Said covenants or agreements must be submitted to the CNV. Compliance with the reporting and presentation of these covenants or agreements to the CNV does not imply recognition of the validity thereof.

Failure to comply with the reporting obligation, shall cause covenants or agreements to become of no value whatsoever.

In the events referred to in subsections c), d) and e) of this section, the scope of the reporting obligation referred to shall extend both to holdings of their own and to those holdings directly or indirectly managed under the ownership of such companies and controlling companies, controlled companies or any associated company with them.

The reporting obligation shall extend during the term of office for which they were appointed, and in the case of the persons included in subsections c), d) and e) of this section within six (6) months after the effective end of their terms.

For the purposes of this law, the statements made by the persons listed above to the CNV shall be deemed an affidavit.

Section 100.- Information system for markets. The persons mentioned in subsections a), b), c), f), g) and h) of the preceding section shall address similar communications simultaneously, except in the event provided in the following paragraph, to those markets in which the authorized agents or such securities are qualified. Markets should immediately publish the communications received in their newsletters or other means to ensure their wide dissemination.

In the event of negotiable securities not traded in the markets, the communication shall be deemed to be met when advertised in one (1) newspaper of wide national circulation.

TITLE II

Reserve

Section 101.- Exemptions to the general reporting system. The *Comisión Nacional de Valores* shall establish the conditions under which, upon a party's request, by a reasoned decision and for a specific period, the obligation to inform the public may be suspended about certain facts and background included in subsections a), b) and h) of section 99 which are not in the public domain and whose disclosure could affect the public interest. The exemption /waiver referred to in subsection h) of that section may be indefinite in the case of issues which in the CNV opinion only concern agreements involving private interests of the parties.

Section 102.- Confidentiality duty. The directors, administrators, managers, trustees, members of the supervisory board, controlling shareholders and professionals involved in any entity authorized for public offer of securities or person making a tender offer or exchange of securities in respect of an entity authorized to public offer and the agents, according to the appropriate category and, in general, any person who by reason of his position or activity is informed about a fact not yet publicly disclosed and whose importance can jeopardize the placement or course of the trading to be made with negotiable securities under an authorized public offer, shall maintain strict confidentiality and refrain from trading until such information is made public.

Public officials and those directors, officers and employees of risk rating agents, of public or private control agencies, including the *Comisión Nacional de Valores*, markets and collective depository agents and any other person that because of its tasks has access to similar information, must keep the same strict confidentiality.

The duty of confidentiality extends to all those who for temporary or accidental relationship with the company or with the persons mentioned above could have accessed the information described therein; likewise to subordinates and others who by the nature of their duties have had access to the information.

Section 103.- Duty to cooperate. Any person subject to an investigation must provide the CNV the information it may require.

Uncooperativeness and other reiterated reluctant conduct observed during the procedure may be deemed evidence corroborating some other existing to decide the opening of an investigation, and a subsequent final resolution. The person under investigation must have been previously notified by personal or otherwise formal notification, addressed to his/her real domicile of residence or domicile of choice, informing about the effect that can be attributed to the failure or reluctance in reporting obligations imposed by this section. -----

TITLE III

External auditors

Section 104.- External auditors. The financial statements of companies making public offer of its securities, closing as of the date determined by the CNV, may only be audited by accountants who have previously filed an affidavit informing any criminal, administrative or professional penalties that could have been imposed on them, except those of a professional order that could have been classified as private by the acting professional association. This information must be kept currently updated by

stakeholders and will be accessible to the public through the procedures that the CNV may determine through regulation. The misrepresentation or omission of this information or its relevant updates will be considered a gross negligence.

Section 105.- *Appointment of the external auditor.* The regular shareholders' meeting upon the approval of the financial statements, shall appoint independent certified public accountants in accordance with criteria established by the CNV by regulation to perform the external audit functions for the new fiscal year. The meeting shall revoke the engagement upon the occurrence of an adequately substantiated reason. Whenever the appointment or its revocation is decided at the initiative of the management board it must be supported with the audit committee's prior opinion.

Section 106.- *Control over external auditors.* *Comisión Nacional de Valores* will monitor the activity and independence of external expertising accountants (*contadores dictaminantes*) and audit firms controlling companies making public offer of its securities additionally, and without prejudice to the competence of professional associations or councils regarding the surveillance of professional performance of its members.

Section 107.- *Reporting system of sanctions.* Professional associations or councils shall give prompt notice to the CNV of any violation of their professional standards as well as of the penalties/sanctions imposed on, or committed by public accountants under their enrollment license of which the corresponding council is aware, that have certified accounting statements of companies making public offer of their securities in the five-year (5) period preceding the commission of the offense or the imposition of the professional sanction.

Section 108.- *Powers to the comptroller of the external auditors.* In carrying out its functions the CNV shall avail of the following powers:

- a) Request expertising accountants or companies, associations or firms forming part of, or professional councils to be communicated regularly or occasionally, as determined, data and information relating to acts or facts regarding their activity in connection with companies making public offer of its negotiable securities;
- b) Conduct inspections and request clarifications;
- c) Recommend principles and criteria to be adopted for the accounting audit;
- d) Determine criteria for independence;
- e) In cases where the rights of minority shareholders may be affected and upon an adequately substantiated request by shareholders accounting for a percentage of not less than five percent (5%) of the company's equity that makes a public offer of its shares, the CNV may, with the prior opinion of the supervisory and audit committee of the company and provided there is notice of the alleged damage likelihood to shareholders, request the appointment of an external auditor proposed by them to carry out one or several particular tasks or limited in time, at the expense of those requesting it.

If the audit firm hired determines the existence of irregularities, requesting shareholders may repeat the requested service costs against the company and the

members of their management boards and / or supervisory bodies liable through its acts or omissions in respect of illicit transactions.

TITLE IV

Audit Committee

Section 109.- *Composition.* Companies making public offer of its shares shall establish an audit committee to work in a collegial way with three (3) or more members of the board, the majority of which must necessarily retain an independent status, according to the criteria set by the CNV. These criteria shall determine that for a director to be qualified as independent should avail of that status both in respect of the company and controlling shareholders, and should not perform executive duties in the company.

Section 110.- *Duties.* The duties of the audit committee include:

- a) to issue an opinion on the proposal of the board for the appointment of external auditors hired by the company, and ensure its independence;
- b) to supervise the operation of the internal control systems and the administrative and accounting system, and the reliability of the latter and of all financial information or other substantial events to be submitted to the CNV, and the markets in compliance the applicable reporting system;
- c) to monitor the implementation of policies regarding information on the company's risk management;
- d) to provide the market with complete information regarding transactions whenever there is a conflict of interest with members of the corporate bodies or controlling shareholders;
- e) to issue an opinion on the reasonableness of the proposals on fees and stock option plans for directors and managers of the company prepared by the management board;
- f) to issue an opinion on the compliance with legal requirements and the reasonableness of the terms of issue of shares or securities convertible into shares, in the event of an increase in capital excluding or limiting the preemptive right;
- g) to verify compliance with the standards of conduct that are applicable;
- h) to issue an informed opinion based on transactions with related parties in the cases established by this law. To issue an informed opinion and communicate it to the markets as determined by the CNV whenever there is a conflict of interest or an alleged conflict of interest in the company.

Annually, the audit committee shall develop an action plan for the year which will be reported to the board and the supervisory body. The directors, members of the supervisory body, managers and external auditors will be required, at the request of the audit committee, to attend its meetings and to provide them cooperation and access to information at their disposal. To ensure better compliance with the powers and duties herein provided the committee may seek the advice of counsel and other independent professionals and hire their services on behalf of the company within the

budget which could be approved by the shareholders' meeting to that end. The audit committee will have access to all information and documentation as it may deem necessary to fulfill its obligations.

Small and medium-sized enterprises may be exempted generally by the CNV from the establishment of an audit committee as provided in this section.

TITLE V

Advertising

Section 111.- *Transactions.* The identity of the security, the quantity, the price and the time when each of the transactions made is formalized in a market, as well as the identity of the qualified officers in the corresponding market who have participated in such transactions, and the nature of their participation shall be made publicly available since the time they occur.

Section 112.- *Misleading advertising.* Advertising, propaganda and dissemination through any means made by the issuer companies, markets, agents and any other person or entity involved in an issue, placement and trading of securities may not include statements, references, names, phrases or descriptions which could result misleading, deceptive, or confusing to the public about the nature, price, yield, redemption, liquidity, guarantee or any other characteristic of securities, their issuers or services offered.

Section 113.- *Denominations leading to confusion.* Denominations used hereunder to characterize the entities and their transactions may only be used by authorized entities.

No other similar, derived or doubtful denominations may be used about their nature or individuality.

Section 114.- *Powers of Comisión Nacional de Valores.* The CNV may order the persons referred to in section 112 of this law the preventive cease of advertising or the use of names or expressions or other references that could be misleading, deceptive or confusing to the public without prejudice of other penalties that may correspond.

Section 115.- *Scope.* The provisions included in this section are applicable to all advertising commissioned by the issuer, the registered agents or any other natural person or legal entity regardless of the means chosen for publication.

However, such provisions shall not be applicable to editors' notes, sections, articles or any other journalistic collaboration.

Section 116.- *Sanctionable conducts.* Persons in the field of public offer, disseminating false news through any of the means set forth in the definition of public offer under section 2 of this law, even if not intending thereby advantages or benefits for themselves or others, or damage to third parties, including the issuer, provided they have acted with willful misconduct or gross negligence, will be subject to sanction.

CHAPTER VI

Actions and sanctions for conducts contrary to transparency

TITLE I

Conducts contrary to transparency

Section 107.- a) *Abuse of insider information.* The directors, supervisory board members, shareholders, shareholder representatives and anyone who by their work, profession or duties within an issuer company or registered entity, per se or through an intermediary, as well as public officials and those managers, officers and employees of risk rating agents, and of public or private control agencies, including *Comisión Nacional de Valores*, markets and deposit agents, and any other person who, by reason of their duties have access to similar information, may not rely on any non-public or insider information to obtain, for himself or for others, benefits of any kind, resultant both from the purchase or sale of securities or any other transaction relating to the public offer regime.

These provisions shall also apply to those persons referred to under section 35 of Law 24,083, as amended. In these cases, the positive price differential obtained by those who have unduly availed of insider information resultant from any trading operation made within a six (6) month period, relating any securities of issuers with whom they are related to, shall be deemed for, and be recoverable by the issuer without prejudice to the penalties that may correspond to the offender. If the issuer fails to initiate the appropriate action or to act consequently within sixty (60) days of being notified to do so, or if it will not drive the action diligently after notification, those actions may be performed by any shareholder;

b) *Manipulation and deceiving.* Issuers, registered agents, investors or any other operator or participant in the authorized market, shall refrain from acting, either directly per se or through an intermediary, in initial offers or secondary markets, practices or conducts intending to allow manipulation of prices or volumes of securities, thus disrupting the normal development of supply and demand. Likewise, such persons should refrain from engaging in deceptive practices or conducts likely to deceive any participant in these markets, in connection with the purchase or sale of any securities in the public offer, either through the use of devices, misrepresentations or inaccuracies or omitting essential facts or through any act, practice or course of action that may have misleading and harmful effects on any person in the market.

In order to determine the sanction of those behaviors as described, the CNV shall regard as a aggravating circumstance if the conduct sanctioned was that of a controlling shareholder, administrators, managers, trustees of all persons subject to the supervision of the CNV or officers of the supervisory bodies;

c) *Prohibition to participate or tender in the public offer in an unauthorized manner.* Any natural or legal person involved, offering itself or offering services in the public offer of securities without proper authorization of the CNV, shall be subject to administrative sanctions without prejudice to the criminal penalties that could apply.

Section 118.- *Action for recovery.* The action for recovery is limited to three (3) years, may be promoted by any shareholder subject to the rules governing the subrogation action and will be combined with that of liability under section 276 of the Companies' Law 19,550 (codified text 1984) as amended, without requiring a prior shareholders' meeting resolution.

TITLE II

Offering Memorandum or Prospectus

Section 119.- *Directly responsible.* Issuers of securities, together with the members of the management and supervisory bodies, the latter in matters under their jurisdiction, and where appropriate the bidders of the securities regarding the information linked to them, and people who sign the offering memorandum for the securities shall be liable for all information contained in the prospectus they have registered with the CNV.

Section 120.- *Indirectly responsible.* Institutions and brokers participating in the market as organizers or underwriters in a public offer or purchase of securities should diligently review the information contained in the offering memorandum. Experts or others that give an opinion about certain parts of the prospectus are only liable for the part of the information on which they have expressed an opinion.

Section 121.- *Legitimization and burden of proof.* Buyers or purchasers of any kind of securities under public offer, offered by the respective prospectus shall avail of legitimacy to sue, and must prove to that end the existence of an error or omission in an essential aspect of the information regarding the offer. In this respect, essential information shall mean any information that an ordinary investor could have appreciated as relevant to decide the purchase or sale of the securities offered.

Upon determination of the essential error or omission unless the issuer or the offerer proves the contrary, a causal link is presumed between the error or omission and the damage generated, except that the defendant proves that the investor was aware of the defectiveness of information.

Section 122.- *Compensation.* The amount of compensation may not exceed the loss caused to investors referred to the shortage between the purchase or sale price fixed in the prospectus and actually paid or received by the investor, and the price of the relevant security at the time of presentation of the respective demand or, if applicable, the price of disposal by the investor if it is earlier than that date.

The limitation established in the preceding paragraph shall not preclude the application of the penalties provided for in section 46 of law 25,156.

Section 123.- *Several liability.* Liability among offenders shall be assumed as several liability. The contribution or participation regime or scheme among offenders, provided there has not been willful misconduct shall be determined taking into account the individual performance of each of them and the degree of access to the erroneous or omitted information.

Section 124.- *Prescription.* The action for damages governed by this section shall lapse three (3) years after the error or omission under that prospectus is warned by the actor.

TITLE III

Claim of infringement

Section 125.- *Responsibility.* Without prejudice to the provisions of the preceding sections, any person operating in an authorized market in violation of the duties

imposed by this part, shall be liable for the damage caused to all those who contemporaneously with the purchase or sale of securities subject of such infringement, have purchased or sold provided the infringement is based, as appropriate, in the sale or purchase of such instruments or have suffered an impairment of any right, income or interest as a result of, or under violation of the aforementioned duties.

Section 126.- Compensation. The compensation shall not exceed the positive price differential gained or loss avoided in the transaction or transactions subject of the violation, provided none of the conducts or behaviors described in sections 307 through 310 of the Argentine Criminal Code occurs.

Section 127.- Prescription. The action shall prescribe at the end of three (3) years.

Section 128.- Nullity. The transactions motivating compensation actions provided for hereunder, shall not be voidable.

CHAPTER VII

Legal status of securities entered in an account or in book-entry form.

Section 129.- Legal system. Without prejudice to the special provisions applicable to each security or contemplated under the documents of the issue to the securities entered in an account or in book-entry form, the following legal framework shall apply to them: :

a) The creation, issue, transfer or establishment of security interests, liens, injunctions and any other restraining of the rights conferred by the security shall be made through entries in special registers to be carried out by the issuer itself, or acting on its behalf, by authorized collective depositories or commercial banks or investment banks or designated registrars, and shall have legal effect and be effective against third parties from the date of such registration;

b) The authorized entity to carry out the registration of securities shall grant the holder proof of its account opening and of any movement recorded therein. Each holder is entitled to receive, at all times, a record of its balance of account at its own expense. The relevant vouchers must indicate date, time of dispatch and the number of voucher; the species, quantity and issuer of the securities and any other identification data for the issue; complete identification of the owner, security interests and the precautionary measures imposed on the securities, and the proof of issuance of vouchers on account balances and its modalities, indicating the date of issue and the expiration date;

c) The issue of a proof of account balance for the purpose of handover of securities or imposition of security interests thereon shall imply blocking of the relevant account for a period of ten (10) business days;

d) The issue of a proof of account balance to attend to meetings or exercise voting rights shall imply blocking of the relevant account until the date next following that fixed for the meeting concerned. If the meeting were adjourned or should meet at another time, it will require the issuance of new vouchers, but these shall only be issued in the name of the same people who were legitimized by the issuance of the original vouchers;

e) Proof of account balance may be issued to legitimize the holder to claim at judiciary or arbitral court where appropriate, including through executive action if appropriate, submit requests for verification of claims or participate in universal processes for which such proof shall be sufficient title, without authentication or other requirement.

The issue shall imply blocking of the respective account, only to register acts of disposal by the owner, for a thirty (30) business day period unless the owner returns the proof or an order extending the blockade by the judge or arbitral court before which the voucher would have been invoked is received within that period.

The vouchers shall mention these circumstances.

Section 130.- *Effects on third parties.*

The third party purchaser for value consideration of securities entered in an account or in book-entry form, that according to the entries of the relevant record, is entitled to transfer them is not subject to claim except that had acted in bad faith or willful misconduct at the time of the purchase.

Section 131.- *Global Certificates.* A voucher may be issued for securities represented in global certificates in favor of persons having an interest therein, for the purposes and to the extent specified in subsection e) of section 129. The account lockout shall only affect those securities covered by the voucher/proof. Vouchers will be issued by the entity within or outside the country administering the collective deposit system in which the global certificates are registered. Whenever entities administering collective deposit systems have interests in global certificates registered with collective deposit systems administered by another entity, the vouchers may be issued directly by the former. The trustee, if any, in the event of global debt certificates will avail of the legitimacy referred to in subsection e) with the mere accreditation of its appointment.

PART IV

Penalties and administrative proceedings

CHAPTER I

Penalties

Section 132.- *Applicable fines.* Any individual or legal person of any nature infringing provisions under this law and its regulations, without prejudice to any criminal or civil liability it may incur, will be subject to the following fines / sanctions:

a) *Warning*, which may be accompanied by the obligation to publish the operative part of the resolution in the *Boletín Oficial de la República Argentina* (Official Gazette of the Republic of Argentina), and in up to two (2) newspapers of wide national circulation at the expense of the person penalized;

b) A fine from five thousand pesos (ARS 5,000) to twenty million pesos (ARS 20,000,000), which could be raised to five times the profit gained or loss caused as a result of illegal actions, whichever is the greater;

c) *Disqualification* up to five (5) years to act as director, manager / administrator, trustee, member of the supervisory board, expertising accountant or external auditor or manager of authorized markets and of registered agents or of any other entity under control of the CNV;

d) *Suspension* up to two (2) years to make a public offer or, where appropriate, of the authority to act in the public offering environment. As for mutual funds, it can only undertake common administrative acts and execute requests for redemption of units. To that end, it may sell the portfolio assets with the CNV control;

e) *Prohibition* to make public offering of securities or, where appropriate, banning on the authority to act in the public offering environment for securities.

Section 133.- Standards for qualification

In order to fix the aforementioned sanctions the CNV shall take particular note of: the magnitude of the infringement, the profits or losses incurred by the offender, the offender's operating volume, the individual performance of the members of the management and supervisory bodies, and their link with the control group, in particular the nature of independent or outsider member of these bodies. In the event of legal persons, the directors, managers, trustees or members of the supervisory board and, where appropriate, managers and members of the qualification board with respect to whom an individual responsibility in committing punishable conducts has been determined, shall be jointly liable.

Section 134.- Interest on fines. Unpaid fines shall accrue interest at the rate set by the *Ministerio de Economía y Finanzas Públicas* (Ministry of Economy and Public Finance), which shall not exceed one and a half times the interest imposed by *Banco de la Nación Argentina*, an autonomous entity acting under the scope of that ministry, in discount operations for business documents.

Section 135.- Prescription. Prescription for actions resultant from infringements to the rules under this law, and of law 24,083 shall lapse six (6) years after occurrence of the relevant fact. This period shall be interrupted by the occurrence of another offense of whatever nature, and for the acts and proceedings inherent to the procedural approach of the case when initiated by a board resolution of the CNV. Prescription of the fine shall operate three (3) years from the date of notification of the penalty, or from the date when the penalty has become final after it was challenged, if any.

CHAPTER II

Expedited proceeding

Section 136.- Minimum guarantees. The penalties provided for in this part shall be applied by the board of the CNV, through an adequately substantiated resolution, after a summary proceeding substantiated through the procedure that CNV may establish.--

The administrative procedural principles and rules shall be of further application, and all proceedings shall be safeguarded under the transcript of the oral hearing records, for any possible review on appeal.

Section 137.- *Prejudiciality (Preliminary judgment)*. . The existence of cases to be heard in a criminal court regarding conducts described in this law, that could led also to convictions under such legislation shall not prevent the prosecution and completion of the processing of the respective case files in the CNV.

Section 138.- *Processing.* Approach of the case will be in charge of another instrumentality of the CNV, separately and independently of that to make the proposal for charges. By the end of the hearing, the examining instrumentality shall raise the proceedings to the board of directors together with its recommendations, for its consideration and decision thereon. The resolutions by the CNV to carry out preliminary criminal proceedings, and during the proceeding will be non appealable but may be challenged through the institution of the appropriate appeal, in the case of an appeal against the final decision.

Prior to the period to produce evidence in the inquisitorial system, holding of a preliminary hearing should be considered where additionally to explanations required it should seek to reduce dissent on matters of fact, concentrating different steps of the procedure that have the potential of the principles of concentration, procedural economy and immediacy.

Section 139.- *Complainant.* Whenever the proceedings are initiated by complaint with the CNV, the complainant shall not be deemed part of the procedure, and may not have access to the proceedings.

Section 140.- *Fast-track procedure (procedimiento abreviado)*

The CNV may provide at any time prior to the preliminary investigation, the personal attendance of the parties involved in the investigation to require explanations as may be deemed necessary, and even to discuss the discrepancies that may exist on factual issues. The proceedings in this preliminary hearing shall be recorded in a Minute. The appropriate notice of the summons shall state specifically the purpose of the appearance. If the facts were admitted, with the express recognition by the accused of the unlawful behavior and responsibility, the CNV may order the termination of the investigation resolving without further action the application of penalties.

CHAPTER III

Systemic risk situations

Section 141.- *Systemic risk.* Whenever it is reasonably noticed the existence of systemic risk situations, or of other very serious danger situations, the CNV may preventively suspend the public offer or dealing in securities, other financial instruments and the performance of any act under its supervision until supervening events make it advisable to review the action.

Such action may also be taken at the start of the investigation or at any stage of the proceedings.

Section 142.- *Suspension.* The public offering of securities or of other financial instruments or transactions may be suspended temporarily by the CNV pending the dissemination of relevant information or whenever extraordinary circumstances arise that make it advisable, until the causes that led to its adoption have disappeared.

PART V

Lawsuits

CHAPTER I

Venue

Section 143.- *Direct actions.* The *Cámaras Federales de Apelaciones* (Federal Appellate Courts) shall hear and rule on:

- a) The review of sanctions imposed by the CNV, including the statements of irregularity and inefficiency for administrative purposes and the suspension or revocation of registration or authorization.
- b) The review of the rejection of the registrations and authorizations.

The *Cámara Nacional de Apelaciones en lo Contencioso Administrativo Federal* (National Appellate Court in Federal Contentious-Administrative proceedings) shall have jurisdiction in such disputes in the Autonomous City of Buenos Aires; litigants in the rest of the country may choose their cases to be referred to, and be resolved in this Autonomous City.

Section 144.- *Courts.* The *juzgados federales de primera instancia* (federal courts of first instance) shall hear and rule on:

- a) The enforcement of audit fees, licensing fees and fines imposed by the CNV;
- b) Requests for search warrants by the CNV to carry out its supervisory functions;
- c) All other requests for judicial assistance for the enforcement of its decisions;
- d) Requests for designation of co-managers or administrators intervenors made by the CNV.

The *juzgados nacionales de primera instancia en lo contencioso administrativo federal* (national appellate courts in federal contentious-administrative proceedings) shall have jurisdiction in such disputes in the Autonomous City of Buenos Aires.

CHAPTER II

Challenging of acts of the Comisión Nacional de Valores

Section 145.- *Appeal of sanctions.*

Direct recourses contemplated under subsection a) of section 143, shall be filed and adequately substantiated before the CNV within five (5) business days of notification of the challenged act.

The CNV shall grant the recourse with returnable effect (*efecto devolutivo*) within five (5) business days of its filing and shall forward the proceedings to the appropriate Federal Chamber, which in turn shall proceed with the procedure provided in the *Código Procesal Civil y Comercial de la Nación* (Argentine Civil and Commercial Procedure Code) for the appeals freely granted.

The CNV shall be the opposing party in the recourse and the *Ministerio Público* (Prosecutor's Office) shall act as prosecutor.

Section 146.- *Refusal of Registration*

Direct recourses contemplated under subsection b) of section 143, shall be filed and adequately substantiated before the CNV within thirty (30) business days of notification of the refusal of the registration requested.

The CNV shall grant the recourse, and shall forward the proceedings to the appropriate Chamber, within twenty (20) business days of receipt of the appeal, along with its answer, and the court shall decide upon intervention of the Prosecutor's Office.

CHAPTER III

Enforcement of control rates, authorization fees, and penalties

Section 147.- *Applicable procedure.*

The enforcement of control rates, penalties and authorization fees shall be processed under provisions of the tax execution procedure in Sections 604 and 605 in the Argentine Civil and Commercial Procedure Code.

Section 148.- *Executive title.* An evidence of debt of the relevant tariff, duties or penalties due and payable, signed by a director of the CNV, or the officer whom may be empowered to that end, including the debtor's name, amount and items due, and the maturity date of the obligation shall be deemed the executive title.

Section 149.- *Interest.* Since filing of the demand, the claimed credit shall bear interest at the rate determined by the Ministry of Economy and Public Finance, which shall not exceed two and a half times the interest applied by Banco de la Nación Argentina in its discount operations for business documents.

CHAPTER IV

Search and other restraining actions

Section 150.- *Assumptions.* *Comisión Nacional de Valores* shall indicate in the requests for search warrants, the documentation or information that is intended to be seized, and shall credit briefly its connection with duties of its own, as well as the documentation or information that allegedly would be found, or should be found in the site intended to be searched.

Section 151.- *Non-contentious.*

The search warrant shall be issued without prior hearing of the person concerned and may not be appealed, nor its compliance will be suspended for any incident or issue the person may file, which will be rejected without further proceedings. Notwithstanding, the right to promote the repair for damages caused to the person by the illegitimacy of the action or by any excesses incurred at the time of its enforcement. will be safe.

Section 152.- *Other restraining actions.*

The other restraining actions that could be required by the CNV will be dispatched at its own risk and subject to a prior summary declaration about necessity and legality, and the proceeding shall be subject to the non-contentious system provided under the above section.

SUPPLEMENTARY PART

Final provisions

Section 153.- *Advance payments for legal defense*

In civil or criminal proceedings against officers of the *Comisión Nacional de Valores* for acts or omissions in the exercise of its duties, that agency or the Argentine Executive shall advance the reasonable costs for legal assistance required to defend the officer as a consequence of the final decision on the legal action. Whenever an officer is deemed responsible under a final judgment, the offerer shall be required to refund the advances that might have received plus the appropriate interest thereon.

The term "officer" shall include board members and other staff of the CNV.

Section 154.- *Repealing.* Law 17,811; section 80 of law 11,672, the budget standing supplementary law (codified text 2005); the decrees 656 dated April 23, 1992; 749 dated August 29, 2000; 677 dated May 22, 2001, and 476 dated April 20, 2004; sections 80 through 84 of Decree 2284 dated October 31, 1991, and any other rules contrary to this law, are hereby repealed.

Section 155.- *Validity.* This law shall become effective thirty (30) days calendar days from its publication in the Official Gazette, except those provisions subject to regulation by the CNV.

The regulations shall be issued by the CNV within one hundred eighty (180) calendar days from the effective date of this law.

Such regulations shall provide the rules and schedules suitable for different entities, exchanges and intermediary agents.

Section 156.- Under no circumstances lay-offs may occur as result of provisions under this law.

Section 157.- Be it communicated to the National Executive.

PASSED IN THE SESSION ROOM OF THE ARGENTINE CONGRESS, IN BUENOS AIRES, ON THIS TWENTY-NINTH DAY OF NOVEMBER TWO THOUSAND AND TWELVE.

- Registered under No. 26,831

BEATRIZ ROJKES DE ALPEROVICH. — JULIAN A. DOMINGUEZ. — Gervasio Bozzano. — Juan H. Estrada

CAPITAL MARKET

Decree 2601/2012

Be it enacted Law No. 26.831.

Buenos Aires, 12/27/2012

THEREFORE:

Be it considered as Argentine Law No. 26.831. Be it enforced, communicated, published, passed to *Dirección Nacional del Registro Oficial* (National Official Registry Bureau) and filed. - FERNANDEZ DE KIRCHNER . - Juan M. Abal Medina. - Hernán G. Lorenzino.