

September 16, 2020

THE CENTRAL BANK FURTHER RESTRICTS THE FOREIGN EXCHANGE MARKET

On September 15, 2020, the Argentine Central Bank (*Banco Central de la República Argentina*) issued *Communiqué "A" 7106* ("*Communiqué 7106*") that further restricts the access to the foreign exchange market as well as the possibility of entering into "blue chip transactions" aimed at channelizing inflows and outflows of funds from Argentina. In addition, the National Securities Commission (*Comisión Nacional de Valores*) published General Resolution No. 856/2020 ("*GR 856*"), which also restricts blue chip transactions.

Among other restrictions, *Communiqué 7106* provides the following:

1. "Blue chip transactions"

a. non-residents are prevented from entering into sales of securities in Argentina to be settled in foreign currency other than securities purchased and settled in foreign currency as from September 16, 2020 that have been held by the non-resident for at least one year. Notwithstanding this limitation, according to GR 856, a non-resident is allowed to transfer securities to an account outside of Argentina for further sale for foreign currency, to the extent the securities had been held for at least 15 business days; and

b. transactions with securities entered into abroad and securities purchased abroad, either by residents or non-residents cannot be settled or sold for Pesos. Notwithstanding this limitation, the regulation does not prevent from transferring securities from an account outside of Argentina to an account in Argentina. According to GR 856, such sale could only be made after the securities had been held for at least 15 business days (if made for Pesos) or 5 business days made (if made for foreign currency).

2. Repayment of financial debts: debtors of external financial debts and foreign currency-denominated domestic securities payable in foreign currency with principal maturing from October 15, 2020 to March 31, 2021 will need to file with the Argentine Central Bank a restructuring plan pursuant to the following guidelines:

a. Access to the foreign exchange market cannot exceed 40% of the principal due and payable; and

b. The balance must have been refinanced at a minimum average life of two years, either by the original creditors or through new external debt repatriated into Argentina and exchanged for Pesos.

The refinancing plan must be submitted to the Argentine Central Bank (i) with respect to debts maturing on or before December 31, 2020, before September 30, 2020; and (ii) with respect to debts maturing between January 1, 2021 and March 31, 2020, at least 30 days prior to the maturity date.

The above requirements will not apply with respect to principal payments not exceeding US\$1 million per month, debts owed to, or guaranteed by, international organizations or their agencies, and debts owed to, or guaranteed by, official lending agencies.

Should you require further information, do not hesitate to contact [Fermín Caride](#), [María Victoria Funes](#) and/or [María Victoria Tuculet](#).

The information of this newsletter is not to be construed as an opinion or legal advice and does not imply a comprehensive coverage of all the matters referred herein.

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