

## **THE EXCHANGE MARKET IN ARGENTINA NEW REGULATIONS IN FORCE AS FROM 17/12/2015**

### **BRIEF SUMMARY**

Both the Ministry of Economy and the Central Bank of the Argentine Republic (BCRA), have announced, late in the afternoon, on 16/12/2015, a set of new measures that drastically modify the operation of the exchange market in the country. Following, as a way of summary, a detail of the main measures adopted and their significance.

**A only one exchange rate is established**, through a dirty float system or managed for the exchange market (Dollar, Euro, etc.), which implies that the BCRA will be selling foreign currency to limit an excessive increase of the exchange rate against the Argentine Peso, or shall be buying such currency to avoid a drop on the exchange rate ratio, higher than the expected one. In the first case, the aim is to prevent the impact of a higher exchange rate on prices. The purpose of the second action is to avoid an exchange rate lag.

- Both legal entities and individuals will be freely allowed to buy foreign currency and other foreign assets up to the amount of USD 2.000.000, monthly.
- The requirement of fiscal validation and registration previously demanded under the Programme of Consultation on Foreign Exchange Operations by the Federal Revenue Administration (AFIP), as a compulsory step before performing any transaction, has been eliminated.
- Every new incoming fund from abroad will have the right to a free outgoing remittance, for an equal amount.

- For incoming capitals from overseas, the permanence requirement is reduced to 120 days, and the obligation to constitute a compulsory non-remunerated deposit equivalent to 30% of the total amount, for the term of one year (so called “Encaje” – Reserve Requirement or Cash Reserve Ratio) is set aside.
- New financial debts kept abroad shall not longer be required to be liquidated in the Argentine exchange market. However, those willing to access the exchange market to buy foreign currencies for the repayment of such debts, must previously remit the corresponding funds into the country. These debts may be pre-paid at any time.
- Foreign currency income due to exports or the transfer of non-financial non-produced assets will continue being subject to the obligation to income and be liquidated in the exchange market.
- For importations of goods and services performed or intended to be performed from this date onwards, as well as for previous importations guaranteed by letters of credit from local banks or oficial credit entities, their respective payments are released / can be freely made.
- Provisionally, and for the purpose of **regularizing pending payments due to importations already shipped and performed, a timetable is established aimed at allowing to make payments for each operation, up to the amount of USD 2.000.000 until 31st December 2015; USD 4.500.000 monthly** between January and June 2016, and freely from July 2016 onwards. In the case of services rendered and/or accrued before today, the amounts allowed for that purpose will be USD 2.000.000 and USD 4.000.000 respectively, under the same time terms. As an alternative, there exist mechanisms that can be implemented, by means of public bonds, to comply with those payments in advance.

Buenos Aires, 17.XII.2015

