

Ladies and Gentlemen,

With our newsletter we would like to inform you of recent and significant legal developments.

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New Regulations to Foreign Companies in Argentina

NEW REGULATIONS TO FOREIGN COMPANIES IN ARGENTINA

By means of General Resolution No. 02/2020 (the "Resolution 02/2020"), published on February 21, 2020, the Public Registry of Commerce of the City of Buenos Aires ("IGJ") modified the requirements for the registration of foreign companies with the IGJ. Such requirements apply to foreign entities registered for the sole purpose of participating as a shareholder of an Argentine company (Section 123 of the General Companies Law) and branches established in Argentina (Section 118 of the General Companies Law).

Resolution 02/2020 has reinstated the regulatory regime in force until August 2018, pursuant to which, any foreign entity wishing to register with the IGJ must demonstrate:

- that the company is not comprised in legal prohibitions or restrictions to carry out, in its place of origin, (place of constitution, registration or incorporation of the company), all its activities or the main activity;
- that the company conduct relevant business abroad;
- that the main seat of the company is located abroad; and
- the identification of its shareholders.

The IGJ shall verify the compliance with these requirements at the time the foreign company applies for registration.

Likewise, any foreign company currently registered with the IGJ, or that is registered as of February 21, 2020, must demonstrate annually the maintenance of substantial economic activity outside of Argentina and must identify its shareholders. Compliance with this annual information regime must be filed with the IGJ within 120 calendar days as of the closing date of the foreign company's fiscal year.

In addition, the prohibition on registering off-shore companies has been reinstated.

Finally, Resolution 02/2020 establishes the obligation for the legal representatives of foreign companies registered before the IGJ to constitute a guarantee for an amount equivalent to five times the minimum capital stock required for the incorporation of corporations (sociedades anónimas), currently set at AR\$ 100,000 (one hundred thousand Argentine pesos). The guarantee must remain in force until the cancellation of the registration of such legal representatives, plus an additional term of three (3) years as of the cancellation date.

Resolution 02/2020 is effective as of February 21, 2020.

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