

LEGAL WARNING

"The following English translation of the PRODUCTIVE RECOVERY PROGRAM Law No. 27,264 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 del Programa de Recuperación Productiva Ley N° 27.264 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".

PRODUCTIVE RECOVERY PROGRAM

Law No. 27,264

Permanent Nature. General Provisions.

The Upper and Lower Houses of the Argentine National Congress, duly assembled, hereby pass the following

Law:

Permanent Nature of the Productive Recovery Program

Section 1.- The Productive Recovery Program, created by Resolution of the Ministry of Labor, Employment and Social Security No. 481 dated July 10, 2002, as amended and supplemented is hereby established.

Section 2.- The maximum fixed monthly amount set forth in the regulations for the benefits set forth in the program shall be increased by fifty percent (50%) in the case of Micro, Small and Medium-Sized Enterprises (MSMEs), pursuant to Section 1 of Law No. 25,300, as supplemented.

Section 3.- The Ministry of Labor, Employment and Social Security shall take all necessary steps to simplify the access of Micro, Small and Medium-Sized Enterprises to the benefits of the Productive Recovery Program, thus adopting all necessary measures to effectively avail the benefits promptly.

TITLE II

Special Tax Regime to Strengthen Micro, Small and Medium-Sized Enterprises.

Section 4.- Special Tax Regime. Entities falling under the category of Micro, Small and Medium-Sized Enterprises, according to Section 1 of Law No. 25,300, as supplemented, shall be subject to a special tax regime, pursuant to the provisions hereof, in the forms and conditions set forth in the corresponding regulations.

Section 5.- Minimum Presumed Income. Exclusion. The Minimum Presumed Income Tax (Title V of Law No. 25,063, as amended) shall not be applied to Micro, Small and Medium-Sized Enterprises, for fiscal years beginning as of January 1, 2017.

Section 6.- Benefits. Tax on Credits and Debits. Tax on credits and debits in Banking Accounts and Other Transactions, set forth in Section 1 of Competitiveness Law No. 25,413, as amended, which may have been actually paid, may be calculated one hundred percent (100%) as payment creditable against the final tax liability of income tax by companies deemed "micro-sized" and "small-sized" and fifty percent (50%) by manufacturing industries deemed "medium-sized- part 1-" pursuant to Section 1 of Law No. 25,300, as supplemented.

(Infoleg Note: Pursuant to Section 2 of Decree No. 409/2018 O.G. 5/7/2018, the aforementioned down payment shall be increased by SIXTY PERCENT (60%). Validity: As of the day following its publication in the Official Gazette, having effect for advance payments and balances of the Affidavit of the Income Tax and/or the Minimum Presumed Income Tax or of the Special Contribution on the Capital of Cooperatives corresponding to fiscal years beginning on or after January 1, 2018, for tax credits originated in taxable events executed as from said date.)

Down payment calculation may be made in the annual income tax affidavit or its advance payments. Under no circumstances shall the unpaid balance be subject to compensation with other taxes payable by the taxpayer or to reimbursements or transfer requests in favor of third parties.

In case of income tax credit corresponding to the parties not included in Section 69 of the law related to said tax, the aforementioned down payment shall be allocated to each of the partners, associates or participants, in the same proportion in which they participate in the tax results thereof.

However, the allocation referred to hereinabove shall only apply up to the amount of the increase in the tax liability arising from registering the profits of the entity giving rise to the credit in the individual affidavit.

Should the foregoing tax credit plus the amount of the advance payments set up for the income tax, calculated according to the corresponding standards, exceed the estimated liability of the term for said taxes, the taxpayer may reduce the total or partial amount to pay in advance, in the form, terms and conditions set forth by the Federal Administration of Public Revenues (AFIP), a self-sufficient entity within the scope of the Ministry of Treasury and Public Finance.

The amount of tax calculated as income tax credit shall not be deducted for the purposes of setting up this tax.

Section 7.- Micro and Small-Sized Companies, pursuant to Section 1 of Law No. 25,300, as supplemented, may remit the balance resulting from the Value Added Tax Affidavit, on the due date corresponding to the second month immediately following its original due date, under the conditions set forth by the Federal Administration of Public Revenues.

Section 8.- Offset and Refund. In the event that the beneficiaries hereof have credit and debit balances, their offset shall be adjusted pursuant to the regulations in force, taking into account the operational guidelines set forth by the Federal Administration of Public Revenues, through the so-called "Tax Account" Regime. If the aforementioned offset is not possible, said balances may be subject to refund, upon request of the interested party, and according to the procedure provided for by the collecting body.

The Argentine Executive Power is hereby authorized to issue public debt bonds, the underwriting of which shall be voluntary, for the Federal Administration of Public Revenues to carry out the aforementioned refund for balances existing prior to the enactment hereof.

Section 9.- The Federal Administration of Public Revenues shall implement procedures to simplify the set-up and remit of national taxes for Micro, Small and Medium-Sized Enterprises for which it shall take all necessary steps to develop a single-counter regime.

Section 10.- The Argentine Executive Power shall be empowered to implement programs aimed to compensate Micro, Small and Medium-Sized Enterprises in border areas determined by said Power based on differences and economic instabilities caused by competitiveness with bordering countries; therefore, it may apply in a differential and temporary manner, tax tools and incentives to productive and tourism investments.

Section 11.- Tax benefits for Micro, Small and Medium-Sized Enterprises granted hereby shall have a differential of at least five percent (5%) and a maximum of fifteen percent (15%) when carrying out activities identified as belonging to a regional economy. The Ministry of Agro-Industry and the Ministry of Treasury and Public Finance shall establish the scope of the sectors and the benefits referred to herein.

TITLE III

Investment Promotion

CHAPTER I

General Provisions

Section 12.- Investment Promotion Regime. Beneficiaries. An Investment Promotion Regime for Micro, Small and Medium-Sized Enterprises making productive investments according to the provisions set forth herein shall be created pursuant to Section 1 of Law No. 25,300, as supplemented.

Section 13.- Productive Investments. Definition. For the purposes of the aforementioned regime, productive investment shall mean those made in relation to capital goods or infrastructure works, in the forms and conditions set forth in the corresponding regulations.

Investments in capital goods shall be aimed at, as the case may be, the final purchase, construction, manufacture, production or import of capital goods either new or used, excluding automobiles. These goods shall also be depreciable for income tax, including the acquisition of breeding animals, even females, provided that they are of pedigree or pure through cross breeding, as set forth by the corresponding regulations.

Section 14.- Exclusions from the Regime. The regime set forth herein shall not be applied to the following parties:

a) Those who have been declared bankrupt and have been prevented from running business pursuant to the provisions of Law No. 24,522, as amended.

b) Defendants or accused parties based on Law No. 24,769, as amended, in relation to whom the corresponding prosecutor's request of trial had been filed before the express declaration of adherence to the regime.

c) Accused parties or defendants accused of ordinary crimes related to the breach of their tax liabilities or those of third parties, in relation to whom the corresponding prosecutor's request of trial had been filed before the express declaration of adherence to the regime.

d) Legal entities, including cooperatives, in which, if appropriate, their partners, administrators, directors, receivers, supervisory board members, board members or those holding an equivalent position therein, have been formally accused or sued for ordinary crimes related to the breach of their tax liabilities or those of third parties, in relation to whom the corresponding prosecutor's request of trial had been filed before the express declaration of adherence to the regime.

If any of the aforementioned events occurs after adhering to the benefits set forth herein, the tax regime mentioned above shall fully terminate.

Section 15.- Effective Term. The provisions hereof shall be applicable to productive investments made between July 1, 2016, and December 31, 2018.

Section 16.- Tax Stability. Micro, Small and Medium-Sized Enterprises shall have tax stability during the effective term set forth hereinabove.

It shall include all taxes, including direct taxes, duties and tax contributions, having Micro, Small and Medium-Sized Enterprises as taxpayers.

Micro, Small and Medium-Sized Enterprises shall not be subject to an increase in their total tax burden, considered separately in each specific jurisdiction, at a national, provincial and municipal level, provided that all provinces adhere hereto, by passing a law expressly inviting municipalities of their own jurisdiction to pass all corresponding regulations in the same sense.

Section 17.- Time of Productive Investment. For the purposes of the provisions hereof, productive investments shall be deemed made in the fiscal year in which their qualification or implementation and their allocation to the production of taxable income is verified, in accordance with the Income Tax Act (revised text, 1997), as amended. As an exception, partial qualifications may be requested in accordance with mechanisms established by the corresponding regulations for such purpose.

Section 18.- Expiration of the Benefit. The benefits set forth herein shall expire if, within the fiscal year in which the benefit was calculated, and the following one, the company reduces the level of employment in the forms and conditions set forth in the corresponding regulations.

If the goods or works giving rise to the benefit stop being part of the company's estate, the following shall not be deemed as grounds for expiration:

- a) Replacing goods for other ones, when the value of the latter is equal to or higher than the sale price of the replaced goods or when they are destroyed by acts of god or force majeure, in the forms and conditions set forth in the corresponding regulations.
- b) When one third of the useful life of goods has elapsed.

Section 19.- Consequences of Expiration. After one or more grounds for expiration are verified, where appropriate, the income tax corresponding to the payment creditable against the final tax liability whose calculation was inadmissible or the amount of the applied tax credit bond shall be remitted and the remaining balance shall be paid. In both cases, compensatory interests and a fine equivalent to one hundred percent (100%) of the defaulted tax shall be paid.

For such purposes, the Federal Administration of Public Revenues shall issue the corresponding notice without having to apply the procedure set forth in Section 26 et seq. of Law No. 11,683 (revised text, 1998), as amended, for which the debt shall be set up only upon notice requesting the payment of the tax and its related charges by the corresponding body, without the need of any other proceeding.

Section 20.- Control Regulations. The Federal Administration of Public Revenues shall lay down the control regulations that it deems necessary to verify the origin of the calculation of the benefits set forth herein, and may even implement the use of the franchise by means of a computerized current account, whatever the category of the beneficiary company included in Section 1 of Law No. 25,300 and the purpose of the investment made.

Section 21.- Subsidiary Regulations. In all other cases not included herein, the regulations of the Income Tax Act (revised text, 1997), as amended; of Law No. 11,683 (revised text, 1998), as amended, and of the Value Added Tax Act, (revised text, 1997) as amended, shall be applied subsidiarily.

Section 22.- Term of Regulation. The Argentine Executive Power shall regulate this law within sixty (60) days of its publication in the Official Gazette.

CHAPTER II

Payment Creditable against the Final Tax Liability regarding Income Tax for Productive Investments

Section 23.- Scope of Application. Productive Investments. Micro, Small and Medium-Sized Enterprises making productive investments defined in Section 13 hereof shall be entitled to calculate as payment creditable against the final tax liability and up to the amount of the liability specified as income tax for the corresponding fiscal year, the amount resulting from the application of the following section. Regulations shall provide for the procedure to be applied by the partners of the companies or the owners of sole proprietorships qualified as Micro, Small and Medium-Sized Enterprises for the purpose of calculating the aforementioned payment creditable against the final tax liability in their annual liability.

This benefit is inconsistent with the sale and replacement regime stated in Section 67 of the Income Tax Act (revised text, 1997), as amended, as well as with other industrial and sectorial, general or special promotion regimes established in other legal bodies, whether or not expressly created for Micro, Small and Medium-Sized Enterprises.

Section 24.- Amount Calculated. Rate to be Applied. The amount calculated as payment creditable against the final tax liability shall arise from applying the rate of ten percent (10%) on the value of the productive investments, as set forth in the Income Tax Act (revised text, 1997), as amended, made during the fiscal year, as appropriate, and may not exceed the amount determined by the application of two percent (2%) on the average of the net income obtained from sales, services, works or services contracts, depending on the case, corresponding to the fiscal year in which investments were made and the previous year. The amount of said net income shall be calculated in accordance with the provisions of the Value Added Tax Act, (revised text, 1997), as amended.

In the case of Micro, Small and Medium Size Manufacturing Industries- part 1- under the terms of section 1 of Las 25,300 and its supplementary rules, the percentage limit established in the previous paragraph shall be increased to three per cent (3%).

Section 25.- Regime for New Companies. If Micro, Small and Medium-Sized Enterprises start their activities within the term set forth in Section 15 hereof, make productive investments during said term and at the end of the fiscal year, where appropriate, in which the former were made, establish in the income tax the corresponding liability to the extent that they cannot fully or partially calculate the amount of the aforementioned payment creditable against the final tax liability, calculated through the application of ten percent (10%) of the value of such investments, they shall be able to record it until the liability settled for said tax in fiscal years immediately following the one mentioned is exhausted, provided that they preserve their condition as Micro, Small and Medium-Sized Enterprises. After five (5) fiscal years following the one in which the payment creditable against the final tax liability originated, the remaining amount for such item shall not be calculated in the following fiscal years. Under no circumstance shall the balance give rise to refund in favor of the beneficiary.

Section 26.- Taxable Net Income. The benefit arising from calculating the payment creditable against the final tax liability set forth herein shall be exempt from income tax and, for the purposes of the single and final withholding stated in the section without number that follows Section 69 of the Income Tax Act (revised text, 1997), as amended, shall be considered as included in the income determined pursuant to the application of the general provisions of said Act.

CHAPTER III

Tax Credit Bond for Investments in Capital Goods and Infrastructure Works

Section 27.- Investment Promotion Regime. A special investment promotion regime shall be established for Micro, Small and Medium-Sized Enterprises, for their tax credits in the value added tax arising from productive investments, pursuant to the definition set forth in Section 13 hereof.

The foregoing parties, upon verifying the general due date set by the Federal Administration of Public Revenues for the filing of the annual Income Tax Affidavit corresponding to companies falling under Section 69 of the Income Tax Act (revised text, 1997), as amended, or to individuals and undivided estates, where appropriate, may request that the aforementioned tax credits become a non-transferable bond, which may be used for paying national taxes, including customs duties, under the conditions and terms set forth by the Argentine Executive Power, provided that on the aforementioned due date, said tax credits or their remaining balance include the credit balance of Section 24, first paragraph, of the Value Added Tax Act (revised text, 1997), as amended.

Section 28.- Tax Credit Bond. Restrictions. The tax credit bond mentioned hereinabove shall not be used to settle taxes intended exclusively for the financing of funds specifically allocated.

The aforementioned bond shall not be used to settle debts prior to the effective adherence of the beneficiary to the regime hereof and, under no circumstance shall any balance in its favor result in reimbursements or refunds by the national State.

Section 29.- Capital Goods. Taxpayers Estate. The capital goods included in this regime shall be those that qualify as depreciable assets for income tax purposes.

The regime of this Chapter shall not apply when, at the time of requesting the conversion of the credit balance, the capital goods do not integrate the estate of the taxpayer, except where fortuitous or force majeure acts, such as fires, storms or other accidents or loss, duly proved.

Section 30.- Leasing. Should capital goods be acquired by leasing, the tax credits corresponding to the fees and to the purchase option, shall only be calculated for the purposes hereof after verifying the general due date for the filing of the Annual Income Tax Affidavit corresponding to the period in which the aforementioned option has been exercised.

Section 31.- Tax Share. For the purposes of the regime set forth herein, an annual tax share of five billion Argentine pesos (ARS 5,000,000,000) aimed at the conversion of tax credit bonds shall be established and shall be allocated in accordance with the procedure established by the Argentine Executive Power and

according to the percentages set by the latter in relation to capital goods and infrastructure works.

The Argentine Executive Power shall report quarterly to the Budget and Finance Commission of both Houses of the Argentine National Congress about the distribution of the tax share established herein.

The provisions hereof shall have full force and effect in relation to tax credits creating calculation rights as of July 1, 2016.

TITLE IV

Amendments of Laws No. 24,467 and 25,300.

Section 32.- Definition of Micro, Small and Medium-Sized Enterprises. Section 1 of Law No. 25.300 shall be replaced and shall read as follows:

Section 1: The purpose of this law is the competitive strengthening of Micro, Small and Medium-Sized Enterprises that develop productive activities in the country, through the creation of new instruments and the updating of the existing ones, in order to achieve further integrated, balanced, equitable and efficient development of the productive structure.

The enforcement authority shall have to define the characteristics of the companies that are to be considered Micro, Small and Medium Size considering, when justified, the specific characteristics of the different sectors and regions and based on some or all of the following features thereof or their equivalents, employed staff, value of the sales and value of the assets deployed to the productive process.

The enforcement authority shall review every year the definition of Micro, Small and Medium-Sized Enterprises in order to update the parameters and specificities taken into account in the adopted definition.

Companies that, though meeting the quantitative requirements established by the enforcement authority were related to or controlled by national or foreign companies or economic groups that do not meet such requirements, shall not be considered Micro, Small and Medium-Sized Enterprises.

The current benefits for Micro, Small and Medium-Sized Enterprises shall be extended to the associative forms conformed exclusively by them such as consortiums, joint ventures, cooperatives and every other form of associations.

Section 33.- Registration of Micro, Small and Medium-Sized Enterprises. Section 27 of Law No. 24,467 shall be replaced and shall read as follows:

Section 27: The enforcement authority shall create a MSMEs Registry for the following purposes:

a) To have up-to date information on the composition and characteristics of the various Micro, Small and Medium-Sized Enterprises sector, which shall enable the design of suitable policies for the support of these companies.

b) To collect, register, digitalize and safeguard the information and documents of the companies that want or need to prove before the enforcement authority or any

other public or private entity, the status of Micro, Small or Medium-Sized Enterprises according to the guidelines set forth by the enforcement authority.

c) To issue certificates to prove the status of Micro, Small or Medium-Sized Enterprise, upon the request of the company, of national, provincial and municipal authorities.

In order to simplify the operation and development of Micro, Small and Medium-Sized Enterprises as well as access to the plans, programs and benefits established by the National State, the provinces, the Autonomous City of Buenos Aires and the municipalities of the Argentine Republic, the enforcement authority shall have the power to specify, modify and extend the purposes of the MSMEs Registry; to link up with public records, the Central Bank of the Argentine Republic, the Federal Administration of Public Revenues, the Securities and Exchange Commission and any other body or authority, both national and local, that is relevant to comply with the purposes of the Registry.

The aforementioned bodies and authorities shall provide the Registry with the information and documents that the enforcement authority requires, provided that this does not result in a breach of the restrictive regulations that might eventually apply to those authorities. For these purposes, the enforcement authority shall enter into agreements with the corresponding authorities.

Likewise, the enforcement authority shall have the power to establish the conditions and limitations in which the information and documents included in the MSMEs Registry can be consulted and used by national public administration bodies, financial entities, mutual guarantee companies, guarantee funds, stock Exchanges and securities markets duly authorized by the Securities and Exchange Commission, a decentralized body within the scope of the Secretary of Finance of the Ministry of Treasury and Public Finance. Access to such information by provincial or municipal authorities or the Autonomous City of Buenos Aires may be agreed upon through entering into agreements with the enforcement authority, ensuring the safekeeping of confidential information or subject to restriction by the applicable rules.

Section 34.- Registry of MSMEs Consultants. Section 38 of Law No. 25,300 shall be replaced and shall read as follows:

Section 38: The Registry of MSMEs Consultants is hereby created. The professionals who want to offer services through the use of instruments and programs of the Secretariat of Entrepreneurs and of the Small and Medium Companies of the Ministry of Productions shall register therein. Registration in said Registry shall remain open permanently for all those applicants who meet the minimum professional requirements that, in general, are established by the enforcement authority.

The provinces and the Government of the Autonomous City of Buenos Aires may adhere to the Registry in order to include all suppliers of technical assistance of the network.

Section 35.- Productive Development Agencies. Section 13 of Law No. 24,467 shall be replaced and shall read as follows:

Section 13: The Ministry of Production shall organize a Network of Productive Development Agencies that shall aim to provide assistance to the business sector throughout the national territory and coordinate actions aimed at strengthening the institutional framework in order to achieve sustainable development and in accordance with the characteristics of each region.

In the organization of the Network of Productive Development Agencies, the Ministry of Production shall favor and prioritize the articulation and integration into the network of those agencies dependent on provincial and municipal governments and business centers already existing in the provinces. All institutions entering into the corresponding agreements shall guarantee that the agencies of the network comply with the requirements of the enforcement authority shall order to secure a level of homogeneity in the rendering of services of all the institutions that are part of the network.

The agencies that are part of the network can operate as access counter to all current and future instruments and programs available from the Ministry of Production to assist the company sector as well as all those from other areas of the national State destined to the section that the abovementioned Ministry agrees to include.

The agencies shall promote the articulation of public and private parties that are related to the productive development and shall deal at the levels of diagnosis and formulation of proposals, with all aspects related to regional development.

The Network of Productive Development Agencies organized by the Ministry of Production shall seek to promote articulation, collaboration and institutional cooperation, the association between the public and the private sectors and the co-financing of activities among the national State, the provinces, the Autonomous City of Buenos Aires and the municipalities.

Section 36.- Section 4 of Law No. 22,317, as amended. Section 4, second paragraph, of Law No. 22,317 shall be replaced and shall read as follows:

As regards the annual tax share destined to training performed by Micro, Small and Medium-Sized Enterprises, regardless of the administrative body of said tax share and under any circumstance shall the amount of certificates referred to in Section 3 hereof exceed thirty percent (30%) of the total amount of salaries and compensations in general for the services rendered, corresponding to the last twelve (12) months paid to staff employed in business premises and without taking into account the type of work performed. The administrative body may establish different percentages, within the limit set forth herein, depending on whether it is a Micro, Small or Medium-Sized Enterprises and taking into consideration the sector in which they operate.

Section 37.— Fonapyme. Investments Committee. Section 5 of Law No. 25,300 shall be replaced and shall read as follows:

Section 5: Investments Committee. The eligibility of the investments to be financed with Fonapyme's resources shall be in charge of the investments committee composed of as many members as set forth in the regulations and who shall be appointed by the enforcement authority. The chair of said Investments Committee

shall be the Minister of Production or the representative appointed by him and the vice-chair shall be the Secretary of Entrepreneurs and of Small and Medium-Sized Enterprises.

The responsibilities and powers of the Investments Committee shall be set forth by the rules hereof, including, among others, those of devising Fonapyme's investment policy, of establishing terms and conditions for the granting of finances it provides, and of acting as the highest authority for the approval of the business ventures in each case.

The Investments Committee shall set forth Fonapyme's objective allocation mechanisms that guarantee the equitable distribution of financial opportunities for projects in the provinces of the national territory. The selection and approval of projects shall be made by public tenders.

Fonapyme's trustee shall provide all the administrative support and management services required by the Investments Committee for the fulfillment of its duties.

Section 38.- Fogapyme Amendment to Purpose. Section 8 of Law No. 25,300 shall be replaced and shall read as follows:

Section 8: Creation and Purpose. The Guarantee fund for Micro, Small and Medium-Sized Enterprises (Fogapyme) is hereby created with the purpose of granting guarantees in support of those issued by mutual guarantee companies and offering direct guarantees in order to improve the conditions of access to credit of Micro, Small and Medium-Sized Enterprises and of the associative forms set forth in Section 1 hereof, to the following:

- a) Financial entities authorized by the Central Bank of the Argentine Republic.
- b) Non-financial entities that develop financing tools for Micro, Small and Medium-Sized Enterprises.
- c) Investors of instruments issued by Micro, Small and Medium-Sized Enterprises under the regime of public offering in stock exchanges, and or securities markets duly authorized by the Securities and Exchange Commission.

Likewise, it may grant guarantees in support of those issued by provincial or regional funds or by the Autonomous City of Buenos Aires, constituted by the respective governments, whatever the legal form adopted by them, provided they meet the technical requirements equal or equivalent to those of Mutual Guarantee Companies (SGR).

The granting of guarantees by Fogapyme shall be for consideration.

Section 39.- Fogapyme. Management Committee. Section 11 of the Law No. 25,300 shall be replaced and shall read as follows:

Section 11: Management Committee. The management of Fogapyme's trust estate and the eligibility of the operations to be endorsed shall be the responsibility of the Management Committee. Said Committee shall be composed of as many members as established in the regulations and the members shall be appointed by the enforcement authority. The chair of said Investment Committee shall be the

Minister of Production or the representative appointed by him and the vice-chair shall be the Secretary of Entrepreneurs and of Small and Medium-Sized Enterprises.

Section 40.- Interest Rate Discount Regime. Distribution of the Tax Share. Section 33 of Law No. 25,300 shall be replaced and shall read as follows:

Section 33: The enforcement authority shall proceed to distribute the total annual amount that is assigned to this regime, in a fractioned way and in as many acts as it deems necessary and convenient, awarding the credit share to financial and non financial entities that implement financing tools for Micro, Small and Medium-Sized Enterprises and that offer the best conditions to the applicants.

The enforcement authority may allocate part of the annual tax share for distribution to Micro, Small and Medium-Sized Enterprises issuing instruments under the regime of public offering in stock exchanges and/or securities markets duly authorized by the Securities and Exchange Commission.

Section 41.- Interest Rate Discount Regime. Awardees of the Tax Share. Section 34 of Law No. 25,300 shall be replaced and shall read as follows:

Section 34: Entities may not be awarded new credit shares until they have agreed to financing the equivalent of a percentage determined by the enforcement authority of the amounts allocated to them.

Loan operations aimed at refinancing liabilities in default or that correspond to credits granted with interest rates discounts shall be excluded from the benefits hereof, except in the case that said interest rate discount arises from programs paid by provincial or municipal jurisdictions. Participating entities must commit to provide equal treatment for all companies, whether or not they have previously been clients of them, and shall not establish the hiring of other services as a condition for granting an interest rate discount.

Section 42.- Interest Rate Discount Regime. Section 3 of Law No. 24,467 shall be replaced and shall read as follows:

Section 3: An Interest Rate Discount Regime shall be established for Micro, Small and Medium-Sized Enterprises and shall be aimed at reducing the credit cost. The amount of said discount shall be set forth in the corresponding regulation.

A special discount shall be given to new MSMEs or already operating MSMEs located in geographical areas that meet any of the following characteristics:

- a) Regions where unemployment rates are above the national average.
- b) The provinces of northern Argentina included in the Belgrano Plan.
- c) Regions in which the Geographical Gross Product (PBG) levels are below the national average.

Section 43.- Mutual Guarantee Companies. Penalty Regime. Section 43 of Law No. 24,467 shall be replaced and shall read as follows:

Section 43. Should any individual or legal entity of any nature fail to comply with the provisions of Title II hereof and its regulations, the following penalties shall be jointly or individually applied, notwithstanding other provisions set forth herein, under Law No. 19,550 (revised text, 1984), as amended, by virtue of the provisions of Section 32 hereof and those that may correspond by applying the criminal legislation:

a) Guarantees dismissal from the calculation of the utilization rate required in order to gain access the tax relief set forth in section 79 of Law 24,467 and its amendment.

b) Warning.

c) Warning with the obligation to publish the provisions of the resolution in the Official Gazette of the Argentine Republic and in the sites of the enforcement authority and in up to two (2) national newspapers at the expense of the punished party.

d) Fines applicable to Mutual Guarantee Companies (SGR) and/or depending on whether a specific breach is attributable to the members of the corporate bodies of same: The fines may be fixed between an amount of five thousand Argentine pesos (ARS 5,000) and twenty million Argentine pesos (ARS 20,000,000). The Argentine Executive Power may change said minimum and maximum amounts every two (2) years.

e) Discharge of the sponsoring partner or non-complying member, as well as the prohibition to join, permanently or temporarily, the regime by another Mutual Guarantee Company (SGR).

f) Disqualification, temporary or permanent, to act as directors, administrators, members of the supervisory board, receivers, liquidators, managers, auditors, partners or shareholders of the entities included in Title II of Law No. 24,467, as amended.

g) Temporary disqualification to run business as Mutual Guarantee Company (SGR).

h) Revocation of the authorization to run business as such.

The legal consequences set forth herein may be applied in whole or in part. For the purposes of setting the penalties aforementioned, the enforcement authority shall specially take into account: the magnitude of the breach; the benefits generated or the damages caused by the offender; the operational volume and the risk fund of the offender; the individual performance of the members of the administrative and supervisory bodies. In the case of legal entities, directors, administrators, receivers or members of the supervisory board and, as the case may be, managers and members of the rating board, shall be jointly and severally liable with respect to those who have been individually liable for the commission of the punishable offences.

The enforcement authority shall determine the corresponding procedure for the purposes of applying the penalties set forth herein, securing the exercise of the right to defense.

The resolution imposing the penalties may be appealed by motion of reversal before the enforcement authority, with an alternative appeal before the National Commercial Court of Appeals. Both appeals shall be with a stay of execution.

Section 44.- Enforcement Authority. The Ministry of Production shall be appointed as the enforcement authority of the National Development Fund for Micro, Small and Medium-Sized Enterprises (Fonapyme), the Guarantee Fund for Micro, Small and Medium-Sized Enterprises (Fogapyme), the Interest Rate Discount Regime, the Mutual Guarantee Companies Regime and the Network of Productive Development Agencies, set forth in Laws No. 24,467 and 25,300. The Ministry of Production shall have the power to delegate its capacity and powers.

TITLE V

Financing for Micro, Small and Medium-Sized Enterprises.

CHAPTER I

Amendments to the Corporate Bonds Law

Section 45.- Corporate Bonds Law. Parties Qualified to Contract Borrowings through Corporate Bonds. Section 1 of Law No. 23,576 shall be replaced and shall read as follows:

Section 1: Joint stock companies, limited liability companies, cooperatives and civil associations incorporated in the country, and branches of joint stock companies incorporated abroad under the terms of Section 118 of Law No. 19,550 (revised text, 1984), as amended, may contract borrowings through the issue of corporate bonds, in accordance with the provisions hereof.

The provisions hereof are applied, in the way the Argentine Executive Power regulates, to the agencies of the national State, the provinces and the municipalities governed by Laws No. 13,653 (revised text, decree 453/55), 19,550 (revised text, 1984), as amended (Sections 308 to 314), 20,705 and by the laws based on agreements between the Nation and the provinces.

Section 46.- Corporate Bonds Law. Guarantees. Section 3 of Law No. 23,576 shall be replaced and shall read as follows:

Section 3: Negotiable bonds can be issued with floating, special or common guarantee. The issue whose privilege is not limited to specific real estate shall be considered with floating guarantee. The provisions of Sections 327 to 333 of Law No. 19,550 (revised text, 1984), as amended, shall apply. The guarantees are established by the representations made by the issuer in the provisions that rule the issue and shall have to be registered, when appropriate according to their nature, in the corresponding registries.

The registration in said registries shall have to be certified before the supervisory body prior to the beginning of the placement period. The mortgage shall be established and settled by unilateral representation of the issuer when a trustee is not involved pursuant to the terms of Section 13 hereof, and it shall not require the acceptance of creditors. The settlement shall only apply if there is an accounting certification regarding the depreciation or total redemption of secured corporate

bonds or unanimous agreement of bondholders. In case of corporate bonds with public offering, the conformity of the Securities and Exchange Commission is also requested.

Corporate Bonds may also be endorsed or guaranteed by any other means, including the Mutual Guarantee Companies (SGR) of Guarantee Funds. They can also be guaranteed by financial entities included in the respective law.

Section 47.- Corporate Bonds Law. Bond Requirements. Section 7 of Law No. 23,576 shall be replaced and shall read as follows:

Section 7: Bonds shall have:

- a) The issuer's name and domicile, the date and place of issue, the term and its registration data with the Public Registry of Commerce or corresponding bodies, where applicable.
- b) The serial and order number of each bond, and the nominal value it represents.
- c) The amount of the borrowing and the currency in which it is issued.
- d) The nature of the guarantee.
- e) The conditions of its conversion as the case may be.
- f) The depreciation conditions.
- g) The capital updating formula, where applicable; the type and time of interest payment.
- h) The underwriter's name and last name or corporate name, if registered.

They have to be signed pursuant to Section 212 of Law No. 19,550 (revised text, 1984), as amended, or to Section 26 of Law No. 20,337, in the case of joint stock companies or cooperatives, respectively, and by the legal representative and a member of the administrative body appointed for such purpose in the case of civil associations or branches of companies incorporated abroad, or, if they are limited liability companies, by a manager and the receiver, if any. In the case of book-entry bonds, the data includes in Subsections a) and h) hereof shall have to be transcribed in the voucher and balance records.

Section 48.- Corporate Bonds Law. Authorization for the Issue. Section 9 of Law No. 23,576 shall be replaced and shall read as follows:

Section 9: In the case of joint stock companies, limited liability companies and cooperatives, the issue of corporate bonds does not require express authorization to be set forth in the bylaws and may be decided at the General Meeting.

In the case of convertible bonds, the issue shall be decided at the Special Meeting, except in the case of companies authorized to make a public offering of their shares, in which case said decision shall be made at the General Meeting.

In the case of civil associations, the issue requires express authorization to be set forth in the bylaws and shall be decided by members at a meeting.

The administrative body may be in charge of the following:

- a) For simple bonds: it shall set all or some of their issue conditions within the authorized amount, including the time, price, methods and conditions of payment.
- b) For convertible bonds: it shall determine de time of issue, placement price, methods and conditions of payment, interest rate and conversion value, stating the guidelines and limits to that effect.

The powers conferred shall be exercised within two (2) years after holding the meeting. Upon expiration of the term, the decision made at the meeting shall be null and void in relation to the amount not issued.

CHAPTER II

Amendments to the Law on Insurance Entities and Their Control

Section 49.- Law on Insurance. Section 35, Subsection c), of Law No. 20,091, as amended, shall be replaced and shall read as follows:

c) Corporate bonds having authorized public offering issued by joint stock companies, limited liability companies, cooperatives and civil associations and debentures, in both cases with special or floating first-degree guarantee on assets located in the country or with a guarantee of Mutual Guarantee Companies (SGR) of Guarantee Funds.

Section 50.- The Argentine Superintendence of Insurance, a decentralized body under the Ministry of Treasury and Public Finance, shall establish mandatory minimums in working capital financing instruments for Micro, Small and Medium-Sized Enterprises—part 1—, such as deferred payment checks secured by Mutual Guarantee Companies created pursuant to Law No. 24,467, authorized for public listing, secured promissory notes issued for trading in the securities market according to the provisions of General Resolution No. 643/2015 of the Securities and Exchange Commission, SME mutual funds authorized by the National Securities Commission, and others determined be the enforcement authority.

CHAPTER III

Amendments to Decree-law of Bills of Exchange and Promissory Notes.

Section 51.- Bill of exchange and Promissory Notes. Payment Currency. Section 44 of Decree-law No. 5,965 dated July 19, 1963, shall be replaced and shall read as follows:

Section 44. If the bill of exchange is payable in a currency that is not legal tender in the place of payment, the amount may be paid in the national currency at the exchange rate of the maturity date. If the debtor is in arrears, the bearer may, at their choice, claim that the amount be paid at the exchange rate of the maturity date or of the payment date.

The value of the foreign currency shall be determined by common practices in the payment place. However, the drawer may provide that the amount payable be

calculated pursuant to the exchange rate of the currency indicated in the Bill of Exchange.

The preceding regulations shall not apply in the case that the drawer had ordered that the payment be made in a certain currency (covenant on cash payment in foreign currency).

If the amount has been indicated in a currency that has the same name but different value in the country where the Bill was drawn and in the country of payment, it shall be presumed that the indication refers to the currency of the place of payment.

The foregoing shall not apply if promissory notes are traded in markets registered with the Securities and Exchange Commission, in which case, if the applicable exchange rate is not mentioned, the quotation of the seller exchange rate of Banco de la Nación Argentina, a self-sufficient entity under the Ministry of Finance, at the closing of the day before the maturity of each installment or upon the maturity of the promissory note

(Section replaced by Section 195 of Law No. 27,440 O.G. 5/11/2018)

Section 52.- Promissory note Requirements. Section 101 of Decree-law No. 5,965/63 shall be replaced and shall read as follows:

Section 101: The voucher or promissory note shall include:

- a) The expression "to the order" or the name of the security included in the text thereof and in the language used for its drafting.
- b) The pure and simple promise to pay a certain amount.
- c) The payment term.
- d) The indication of the payment place.
- e) The name to whom or to whose order the payment must be made, except in the case of a promissory note issued or endorsed for trading in market registered with the Securities and Exchange Commission, in which case this requirement shall not be enforceable.
- f) The indication of the place and date on which the voucher or the promissory note have been signed.
- g) The signature of the party creating the security (underwriter).

For the purpose of trading promissory notes in the securities markets registered with the Securities and Exchange Commission, said instruments may foresee a depreciation regime for the payment of capital with successive maturities in installments. Failure to pay one (1) or more installments of the capital shall entitle the holder/creditor to consider all the installments due and to claim payment of the total amount of the security. The Promissory Notes issued under these conditions shall not be subject to the nullity set forth in Section 35 hereof, last paragraph.

(Section replaced by Section 196 of Law No. 27,440 O.G. 5/11/2018)

Section 53.- Promissory Note. Rules of Subsidiary Application. Section 103 of Decree-law No. 5,965/63 shall be replaced and shall read as follows:

Section 103: The provisions of the Bill of Exchange relating to the endorsement (Sections 12 to 22); to maturity (Sections 35 to 39); to payment (Sections 40 to 45); to appeals for non-acceptance and non-payment and to protests (Sections 46 to 54 and 56 to 73); to payment for intervention (Sections 74 and 78 to 82); to copies (Sections 86 and 87); to amendments (Sections 88); to the time-bar (Sections 96 and 97); to holidays; to the calculation of terms and to the prohibition to agree upon grace periods (Sections 98 to 100) shall apply to the voucher or promissory note. The provisions set forth for a bill of exchange payable in the domicile of a third party or in another place different from the domicile of the drawee (Sections 4 and 29); those related to the interests covenant (Section 5); to the different amounts to be paid (Section 6); for the purposes of the signatures in Section 7; to the signatures of the persons who invoke the representation of others without being empowered or acting in excess thereof (Section 8) and to the blank bill of exchange (Section 11) shall also apply to the voucher or promissory note. The provisions related to the surety (Sections 32 to 34) shall also apply to the voucher or promissory note. Should the surety, in the case of Section 33, last paragraph, fail to indicate for which of the debtors it is granted, it shall be deemed that it has been granted to secure the underwriter. The provisions related to the settlement of the bill of exchange (Sections 89 to 95) shall also apply to the voucher of promissory note.

The foregoing provisions shall apply to the promissory note to be traded in markets registered with the Securities and Exchange Commission insofar as they are not incompatible with the nature of this security and to the characteristics of its trading. The conditions hereunder shall also apply:

- a) They shall bear the covenant "without protest", which shall take effect with respect to breach of any of the installments.
- b) They shall bear the covenant "for trading in markets registered with the Securities and Exchange Commission".
- c) Payments in installments shall be registered in the account statement issued by the intermediary acting in their capacity to guard, register and/or pay, pursuant to the regulations of the Securities and Exchange Commission against principal accounts administered within the framework of their duties.
- d) The Securities and Exchange Commission, in its capacity as enforcement authority, shall determine the duties of collective deposit intermediaries in charge of the custody, registration and/or payment in relation to the validity of the information stated in the promissory note, as well as the verification of compliance of the formal thereof. In no case, shall the intermediary be bound to pay nor shall it give rise to exchange obligation, nor shall they be liable for their formal aspects, nor for the certification of subscribers or the authenticity of signatures in the promissory notes.
- e) The promissory note issued pursuant to the terms hereof can be traded in markets registered with the Securities and Exchange Commission according to the rules enacted by the enforcement authority.

f) Promissory notes may be publicly offered pursuant to the rules of Law No. 26,831, as amended, and may be traded in markets registered with the Securities and Exchange Commission provided that they meet the requirements that are set forth in the regulations made by said Commission in its capacity as enforcement authority and tax exemptions corresponding to marketable securities with public offering.

g) Custody and/or registration of the promissory note does not transfer to the intermediary neither the ownership nor its use, therefore, said intermediary shall keep the note carrying out the operations and accounting registrations stated in Law No. 20,643, as amended, or pursuant to the provisions set forth by the Securities and Exchange Commission in its capacity as enforcement authority.

h) The domicile of the intermediary acting as custodian shall be the place of payment of the promissory note.

(Section replaced by Section 197 of Law No. 27,440 O.G. 5/11/2018)

Section 54.- Enforcement Authority. The Securities and Exchange Commission is the enforcement authority of the trading regime of promissory notes in markets registered with the abovementioned body as set forth in Decree-law No. 5,965 dated July 19, 1963, ratified by Law No. 16,478, and amended by Law No. 27,264 and Law No. 26,831, as amended, and shall have the responsibility of issuing the corresponding regulations and supervising the trading within said regime.

(Section replaced by Section 198 of Law No. 27,440 O.G. 5/11/2018)

Section 55.- Stock Market Promissory Note. Stamp Tax. The provinces that do not apply the stamp tax exemption on marketable securities with public offering are hereby invited to grant said exemptions within the scope of their jurisdiction.

(Section replaced by Section 199 of Law No. 27,440 O.G. 5/11/2018)

TITLE VI

Other Provisions

Section 56.- The Monitoring and Competitiveness Board for Micro, Small and Medium-Sized Enterprises (MSMEs) is hereby created. It shall have public-private participation in the Secretariat of Entrepreneurs and Small and Medium-Sized Enterprises of the Ministry of Production. It shall have the following duties:

a) To monitor the development of the credit allocations to MSMEs pursuant to the provisions hereof.

b) To follow-up foreign trade and its impact on MSMEs' production and employment.

c) To analyze and keep track of the role, the position and the development of MSMEs in chain values.

Section 57.- Let the Ministry of Science, Technology and Productive Innovation be informed so as to carry out all actions aimed at minimizing costs in order to ease

for Micro, Small and Medium-Sized Enterprises the access to technological innovation plans and programs intended to solve productivity asymmetries.

Section 58.- Be thus notified to the Argentine Executive Power.

PASSED AT THE HOUSE OF THE NATIONAL CONGRESS, IN BUENOS AIRES, ON THIS THIRTEENTH DAY OF THE MONTH OF JULY OF THE YEAR TWO THOUSAND AND SIXTEEN.

— REGISTERED UNDER No. 27264 —

MARTA G. MCIHETTI- PATRICIA GIMÉNEZ- Eugenio Inchausti- Juan P. Tunessi.