

## **VENTURE CAPITAL SUPPORT**

### **Law No. 27349**

#### **General provisions.**

The Senate and the House of Representatives of the Argentine Republic, in Congress assembled, enact the following provisions with the force of law:

#### Title I

#### *Venture capital support*

#### Chapter I

#### *General provisions*

Section 1.- *Purpose.* Application authority. The purpose of this title is to support entrepreneurial activity in Argentina and its international expansion, as well as to foster venture capital in the Argentine Republic.

Specifically, venture capital development shall be promoted taking into consideration the geographical distribution of entrepreneurial activity in every province of the country, in order to foster the local development of different production activities.

The Secretariat for Entrepreneurs and Small and Medium-Sized Enterprises of the Argentine Ministry of Production shall be the application authority under this title.

Section 2.- *Entrepreneurship.* Entrepreneurs. As used herein, the following terms shall have the following meaning:

1. "Venture": any for-profit or non-profit activity performed in the Argentine Republic by a newly established legal entity or an entity which has existed for not more than seven (7) years.

Within the "Venture" category, "Dynamic Venture" shall mean for-profit production activities whose original entrepreneurs retain political control over the legal entity. Political control shall mean the necessary votes required to take valid corporate decisions, to appoint a majority of members of the entity's management body and to make management decisions. The activity shall no longer be considered a "Venture" upon failure to comply with the aforementioned requirements.

2. "Entrepreneurs": persons who undertake new production projects in the Argentine Republic or develop and establish a venture in accordance with the provisions hereof.

The Argentine Executive is hereby instructed to establish a regularization plan for individuals not registered with the Argentine Federal Administration of Public Revenue (AFIP) who do not make social security contributions, in order to encourage their inclusion and ensure equal access to financing and any benefits arising herefrom.

Section 3.- Venture capital institutions and venture capital investors.

1. For the purposes of this law, "venture capital institution" shall mean any legal entity —public,

private or public-private— or any fund or trust —public, private or public-private— established within Argentina for the sole purpose of investing its own or third-party resources in a group of ventures, as defined in relevant regulations.

2. "Venture capital investors" under this law shall mean the following:

- a) Any legal entity —public, private or public-private—, fund or trust —public, private or public-private— investing its own or third-party resources in venture capital institutions;
- b) Any individual contributing their own resources to venture capital institutions;
- c) Any individual contributing their own resources directly to a venture.

Section 4.- *Venture Capital Institutions Registry*. The Venture Capital Institutions Registry is hereby created for the purposes of registering venture capital institutions and their managers, if any, as well as venture capital investors interested in receiving any benefits provided hereunder, who shall inform the registry of any obligations undertaken, contributions made and venture investments, in accordance with the formalities and provisions set forth in relevant regulations.

The registration of venture capital institutions with the aforementioned registry shall not impede their registration with the Argentine Securities and Exchange Commission if they engage in public offerings, in accordance with section 2 of Law No. 26831.

Section 5.- *Venture Capital Institutions*. *Venture Capital Investors*. Registration. Eligibility for receipt of any benefits provided under this title shall require the registration of potential beneficiaries with the Venture Capital Institutions Registry, in accordance with the formalities and conditions set forth in relevant regulations. Venture capital institutions shall be responsible for the registration of their venture capital investors and shall have adequate powers for that purpose.

Applicants for registration with the aforementioned registry shall comply with the following minimum requirements:

- a) Provide proof of the legal entity's incorporation or the creation of the fund or trust, demonstrating, in both cases, compliance with the purpose set forth in section 3 hereof;
- b) Submit a document with the applicant's background information and, in the case of legal entities, provide proof of experience in venture capital activities. In the case of legal entities, funds or trusts, such proof of experience may be offered by individuals appointed as their directors and/or administrators;
- c) Appoint a management company, if applicable, submitting said company's background information;
- d) Venture capital investors under section 3(2)(c) hereof shall register on their own behalf, providing proof of their individual identities, their subscribed contributions and, where appropriate, their paid-in contributions.
- e) In the case of other types of venture capital investors, venture capital institutions shall be responsible for providing all information pertaining to the investor, as well as proof of subscribed contributions and, where appropriate, paid-in contributions.

Section 6.- *Common requirement*. For the purposes of registration with the Venture Capital Institutions Registry, applicants and venture capital investors shall be in full compliance with tax and social security obligations and shall observe all other applicable provisions on prevention of money-laundering, financing of terrorism and other illicit activities.

## Chapter II

### *Tax treatment*

Section 7.- *Benefits.* Capital investment contributions made by venture capital investors may be deducted from income tax, under the conditions and in the amounts set forth in relevant regulations, which shall exceed neither seventy-five percent (75%) of such contributions nor ten percent (10%) of the net taxable income for the fiscal year or its proportional amount based on the number of months in operation. Any amounts in excess may be deducted from income tax over the course of five (5) fiscal years immediately following the fiscal year in which such contributions were made. In the case of capital investment contributions made to ventures in underdeveloped areas with limited access to financing, as defined in relevant regulations, an amount not greater than eighty-five percent (85%) of such contributions may be deducted from income tax.

Investment contributions shall be made in cash or in liquid financial assets readily convertible into local currency.

The venture capital institution invested in shall issue a certificate serving as an affidavit, in order to inform the Venture Capital Institutions Registry of any sums contributed by the venture capital investor. The institution shall be personally, jointly and severally liable to the investor for any non-payment of taxes arising from the inaccuracy or falsehood of the information contained in the certificate. For that purpose, the applicable procedure to hold the institution jointly and severally liable shall be that prescribed by Law No.11683, as restated in 1998, as amended. In addition, the interest and penalties set forth in the aforementioned Law shall be imposed on the tax deduction beneficiary and, if applicable, on the institution held jointly and severally liable. If applicable, the venture capital investor shall also be liable for the offence provided for in section 4 of Law No. 24769, as amended.

The tax deduction provided for in the first paragraph of this section shall not be applicable if the total investment is not maintained for at least two (2) years from the first fiscal year in which the investment was made. If the investor claims, within that period, full or partial restitution of any contributions made, he or she shall disclose in his or her income tax return the sum deducted and any resulting compensatory interest.

Section 8.- *Tax benefit requirements and maximum annual quota.* The Argentine Federal Administration of Public Revenue shall establish a general information system so that venture capital institutions may provide the information pertaining to investments under section 7 hereof.

The maximum annual quota for application of the aforementioned benefit shall be point nought two percent (0.02%) of the nominal Gross Domestic Product (GDP). The quota shall be authorized upon commitment of investment, in accordance with the procedures prescribed by the Argentine Executive Branch.

The Argentine Executive Branch shall have the power to reduce the percentage of net income for a fiscal year which serves as a limit to the deduction provided for in section 7.

Section 9.- *Entry into force of benefits for venture capital investors.* Benefits granted under section 7 hereof shall be retrospective to 1 July 2016, provided that the beneficiary registers as such within ninety (90) days from the entry into force of the regulations hereto.

Section 10.- The tax benefits granted under Title I, Chapter II hereof shall not be applicable if the investment is made after the venture is no longer considered as such.

## Chapter III

### *Miscellaneous provisions*

Section 11.- *Duty to inform.* Beneficiaries under Chapter II have a duty to inform the application authority upon failure to comply with any of the requirements set forth herein, for any reason, within thirty (30) days from the event that gave rise to non-compliance.

Section 12.- *Penalties.* The following penalties shall be applicable in the event of failure to comply with the provisions under this title or its regulations:

- a) Deregistration with the Venture Capital Institutions Registry;
- b) Disqualification from re-applying for registration with the Venture Capital Institutions Registry, in the manner and conditions set forth in relevant regulations.

Section 13.- *Micro, small and medium-sized enterprises.* Any ventures undertaken by venture capital institutions duly registered with the Venture Capital Institutions Registry shall be considered micro, small or medium-sized enterprises as defined in section 1 of Law No. 25300 as amended, provided that their activity is not excluded from such categories and they comply with the quantitative requirements set forth by the application authority under the aforementioned Law, even if such institutions are related to companies or business groups which do not satisfy those requirements.

#### Chapter IV

##### *Fiduciary Fund for Venture Capital Development (FONDCE)*

Section 14.- *Creation of FONDCE.* The Fiduciary Fund for Venture Capital Development (FONDCE) is hereby created as an administrative and financial trust with the scope and limitations set forth in this Law and its regulations. The provisions of the Argentine Civil and Commercial Code shall be applicable as supplementary legislation.

Section 15.- *Purpose.* The purpose of the Fiduciary Fund for Venture Capital Development (FONDCE) and any trusts established within its framework shall be to finance ventures and venture capital institutions registered as such, in accordance with the formalities and conditions set forth in relevant regulations.

Section 16.- Resources of FONDCE.

1. The property of the Fiduciary Fund for Venture Capital Development (FONDCE) shall consist of assets held in trust which shall under no circumstances constitute or be classified as budgetary assets, tax assets, or under any other category that jeopardizes compliance with their intended purpose, or the manner or occasion for the fulfilment of such purpose. The trust assets shall be the following:

- a) Resources allocated annually under the relevant general budget bills of the Argentine Government or other laws enacted by the Congress of the Argentine Republic;
- b) Income derived from bequests or gifts;
- c) Funds allocated by national, provincial, international or non-governmental organizations;
- d) Funds raised or recovered as a result of the implementation of the programmes and the fulfilment of the aims of the Fund;
- e) Income and profit derived from those assets;
- f) Funds raised as a result of the public offering of negotiable securities issued by the Fund on the capital market;
- g) Funds from state-owned or private, domestic or foreign companies choosing to support the

development of the venture capital industry in Argentina.

2. Funds earmarked for FONDCE shall be deposited in a special account of the trustee, who shall act as FONDCE's financial agent. Fund resources not applied to the instruments set forth in section 17 hereof may be invested in the instruments and in the manner described in section 74 of Law No. 24241.

The application authority shall have the power to create specific funds with FONDCE's resources, as an integral part thereof, in order to improve the investment, allocation and management of available funds.

Section 17.- Instruments for application of FONDCE resources. Fund assets shall be applied as follows:

*a) Grant of loans:* FONDCE shall grant loans and/or provide financial aid to ventures and/or venture capital institutions to support projects undertaken by entrepreneurs.

Financial conditions may vary depending on fund allocation purposes and borrower characteristics;

*b) Non-refundable contributions (NRC):* for the benefit of ventures, venture capital institutions and business incubators or accelerators, provided that such NRC beneficiaries make contributions in return, in accordance with the provisions set forth in relevant regulations. Such regulations shall provide that non-refundable contributions will account for up to seventy percent (70%) of all contributions made to ventures and venture capital institutions. In the case of business incubators, one hundred percent (100%) of contributions made may be non-refundable, depending on the type of project and its geographical location. If the characteristics of the project render the grant of a loan infeasible, FONDCE shall have the power to make non-refundable contributions. The assessment of the project shall place special emphasis on the aspects taken into consideration to ensure that the beneficiary possesses the necessary technical capabilities to undertake the project. The total amount of non-refundable contributions (NRC) made shall not exceed thirty percent (30%) of the total funds managed by FONDCE;

*c) Capital contributions to ventures and venture capital institutions:* FONDCE may make direct or indirect capital contributions to ventures and venture capital institutions;

*d) Other financial instruments:* Other financial instruments to be determined by the application authority may be issued, provided they are intended to finance projects for the purposes set forth herein. Specifically, financial aid may be granted to entrepreneurs in the context of the "Seed Fund" Programme, hereby created, where authorized by the application authority thereof. In this case, the advisory committee set forth in section 63 hereof shall replace the committee provided for in section 19(4) hereof.

Section 18.- *Trust agreement.* Execution. Parties. The FONDCE trust agreement shall be entered into by the Ministry of Production or its designee, as trustor, and the government entity, public bank or their subsidiaries appointed by the application authority in relevant regulations, as trustee.

FONDCE beneficiaries shall be ventures, entrepreneurs and venture capital institutions registered as such.

Section 19.- Executive and advisory committees.

1. The Fund shall be managed by an executive committee, which shall have the power to assess and determine the eligibility of entities to which funds or contributions are to be allocated, as well as the power to establish the investment policy and the terms and conditions to provide financing and contributions. For such purpose, the executive committee shall abide by the distribution criteria established by the application authority.

2. The duties and powers of the committee shall be set forth in the relevant regulations.
3. The committee shall be composed of representatives from authorities with subject-matter jurisdiction, in accordance with the formalities and conditions set forth in relevant regulations. The committee shall be chaired by the head of the Secretariat for Entrepreneurs and Small and Medium-Sized Enterprises of the Argentine Ministry of Production, or his or her designee.
4. The executive committee shall appoint an ad hoc advisory committee for each FONDCE programme that involves the transfer of funds to ventures and/or venture capital institutions. The ad hoc advisory committee shall be composed of renowned national and international experts in the field, in accordance with the formalities and conditions set forth in relevant regulations.

Section 20.- *Term.* The Fund is hereby created for a term of thirty (30) years from the effective date of commencement of operations; provided, however, that the trustee shall retain sufficient resources to fulfil pending obligations undertaken by the Fund, whether actual or contingent, until the date of discharge of such obligations.

Section 21.- *Tax exemptions.* The Fund and its trustee are hereby exempted from any existing or future national taxes, charges and contributions, in all transactions directly related to FONDCE. This exemption shall apply to all taxes under Laws No. 20628, 25063, 25413 y 23349, as amended, and to other excise taxes, where applicable.

The Argentine provinces and the Autonomous City of Buenos Aires are hereby invited to apply tax exemptions in their respective jurisdictions in accordance with the preceding paragraph.

## Title II

### Crowdfunding systems

#### Chapter I

##### *Purpose. Application authority.*

Section 22.- *Crowdfunding system. Purpose. Application authority.* A Crowdfunding System is hereby established as a special promotion scheme to foster the venture capital industry. The Crowdfunding System shall seek to attract funds for the venture capital industry through the capital market. The application authority shall set forth the requirements to be satisfied by its contributors.

The Argentine Securities and Exchange Commission shall be the control, regulation, oversight and application authority under this Title, and shall exercise for such purpose all powers conferred by Law No. 26831, the provisions of which shall be applicable to the Crowdfunding System.

Section 23.- *Definitions.* The following definitions pertaining to the Crowdfunding System are hereby added to section 2 of Law No. 26831:

*Crowdfunding platform:* corporations authorized, regulated, overseen and controlled by the Argentine Securities and Exchange Commission duly registered with the registry established for that purpose, whose main aim shall be to bring together, professionally and solely through websites or other similar platforms, a group of individuals and/or legal entities acting as investors, and individuals and/or legal entities seeking financing in their capacity as crowd-funded entrepreneurs.

*Representative of the crowdfunding platform:* individual appointed by crowdfunding platform shareholders in order to comply with the requirements set forth by the Argentine Securities and Exchange Commission, who shall act on behalf of the crowdfunding platform.

*Crowdfunded entrepreneur:* individuals or legal entities that submit a crowdfunding project in order to attract funds from investors to be channelled into its development, in accordance with the provisions set forth by the Argentine Securities and Exchange Commission for that purpose.

*Crowdfunding project:* specific development project submitted by a crowdfunded entrepreneur through a crowdfunding platform, aimed at attracting funds from investors to create and/or develop goods or services.

Section 24.- *Participation in crowdfunding projects.* The only forms of participation for investors in crowdfunding projects shall be the following:

- i) Ownership of shares issued by corporations (S.A.) or simplified joint-stock companies (SAS), taking into special consideration, in both cases, companies whose purpose factors in the provision of social or environmental benefits for society as a whole;
- ii) Acquisition of loans convertible into shares issued by corporations (S.A.) or simplified joint-stock companies (SAS); and
- iii) Interests in trusts.

In all cases, participation in crowdfunding projects shall be offered online through crowdfunding platforms, with a view to allocating funds to crowdfunding projects.

Section 25.- *Requirements, name and registration of crowdfunding platforms.* The Argentine Securities and Exchange Commission shall set forth the requirements to be satisfied by crowdfunding platforms in order to obtain authorization to operate, the requirements to be fulfilled during their term of duration and those to be met to obtain registration with the relevant registry, as well as their information disclosure obligations.

The company name shall include the term "Crowdfunding Platform" or its Spanish acronym, "PFC", and shall be an exclusive name in accordance with section 28 of Law No. 26831.

Section 26.- *Crowdfunding System Structure and Types.* The Crowdfunding System shall solely encompass crowdfunding projects submitted on a crowdfunding platform authorized by the Argentine Securities and Exchange Commission and aimed at investors, through any of the forms of participation in crowdfunding projects set forth in section 24.

Crowdfunding projects shall:

- a) Be aimed at groups of individuals to encourage their participation in for-profit collective investment projects;
- b) Be carried out by crowdfunded entrepreneurs seeking to attract funds on behalf of their crowdfunding projects;
- c) Provide an estimate of the funds needed for specific crowdfunding projects;
- d) Comply with the limitations set forth in the regulations of the Argentine Securities and Exchange Commission.

Section 27.- *Limitations to the Crowdfunding System.* The following limitations shall apply to Crowdfunding Systems:

- a) The total sum offered for investment shall not exceed the amount and percentage set forth in the regulations adopted by the Argentine Securities and Exchange Commission for that purpose;
- b) The investor, acting on its own behalf or through a company controlled by it, shall not acquire a percentage in the offered investment which exceeds the amount set forth in the regulations

adopted by the Argentine Securities and Exchange Commission for that purpose;

c) Investors shall not be entitled to invest more than twenty percent (20%) of their gross annual income.

Section 28.- *Exclusions.* All projects with the following purposes are hereby excluded from the Crowdfunding System:

- a) Fund raising for charitable purposes;
- b) Gifts;
- c) Direct sale of goods and/or services through the crowdfunding platform;
- d) Loans other than those provided for in section 24(ii) hereof.

Section 29.- *Secondary market for crowdfunding.* Once issued, shares or interests in crowdfunding projects may be sold by the investor on the same crowdfunding platform through which they were acquired, in the manner set forth in relevant regulations.

Section 30. *Crowdfunding platform services.* Crowdfunding platforms shall provide the following services:

- a) Selection and publication of crowdfunding projects;
- b) Establishment and use of communication channels to facilitate engagement through the Crowdfunding System and the publicity of crowdfunding projects;
- c) Development of communication and direct consultation channels for investors;
- d) Submission of information pertaining to each crowdfunding project in accordance with the provisions set forth in the regulations adopted by the Argentine Securities and Exchange Commission;
- e) Drafting and provision of pro forma contracts for investor participation in crowdfunding projects.

Services provided under subsection d) hereof shall not amount to a risk assessment as defined in section 57 of Law No. 26831; therefore, crowdfunding platforms shall neither issue opinions on the feasibility of a crowdfunding project nor guarantee profits to the investor.

Section 31.- *Prohibitions for crowdfunding platforms.* Crowdfunding platforms and/or any representatives thereof are hereby barred from performing the following acts, on their own behalf or through legal entities, individuals, controlling or controlled companies, or affiliates:

- a) Providing financial advice to investors as regards crowdfunding projects fostered by crowdfunding platforms, notwithstanding the submission of impartial information as per section 30(d);
- b) Receiving funds on behalf of crowdfunded entrepreneurs, for investment in crowdfunding projects developed by said entrepreneurs;
- c) Managing investments in crowdfunding projects;
- d) Allocating funds from one crowdfunding project to another, without resorting to the mechanism established by the Argentine Securities and Exchange Commission for the transfer of such funds, and without express authorization of the investors who provided the funds;

- e) Guaranteeing crowdfunded entrepreneurs the collection of all or part of the funds;
- f) Guaranteeing investors a return on their investment in crowdfunding projects in which they participate;
- g) Submitting crowdfunding projects developed by a representative of the crowdfunding platform, its partners and/or subordinates, in order to obtain funds from investors.

Section 32.- *General principles applicable to the crowdfunding system.* Persons engaged in activities to attract funds from investors through any of the methods set forth in the Crowdfunding System, shall act in accordance with the principles of transparency, diligence and impartiality; and, according to good business practices, shall be bound by all obligations imposed by specific consumer protection legislation as regards the provision of information pertaining to crowdfunding projects, their risks and potential benefits, and by applicable legislation on the prevention of money laundering, financing of terrorism and other illicit activities.

### Title III

#### Simplified Joint-Stock Company

##### Chapter I

###### *Characteristics*

Section 33.- *Simplified Joint-Stock Company.* A simplified joint-stock company (SAS in the Spanish acronym) is a new business form having the scope and characteristics herein set forth. The provisions of the Argentine Companies Act (No. 19550), as amended in 1984, shall be applicable as supplementary legislation, provided that such provisions are in agreement with the provisions hereof.

##### Chapter II

###### *Incorporation*

Section 34.- *Incorporation and Liability.* An SAS may be incorporated by one or more individuals or legal entities, whose liability shall be limited to the amount of their paid-in shares subscribed or otherwise acquired by them, notwithstanding the guarantee set forth in section 43. An SAS owned by a sole shareholder may not incorporate or have an interest in another SAS owned by a sole shareholder.

Section 35.- *Incorporation requirements.* An SAS may be incorporated by means of a notarially recorded instrument or a private agreement. In the latter case, the signature of the shareholders shall be attested by a judge, a notary public, a bank or a competent authority of the relevant Registrar's Office.

An SAS may be incorporated through any digital means featuring a digital signature, in accordance with the relevant regulations issued to that end. In this case, the instrument shall have to be filed with the relevant Registrar's Office in such digital file format as may be established.

Section 36.- *Contents of the Articles of Incorporation.* The Articles of Incorporation shall contain at least the following provisions, notwithstanding any other provisions included by the shareholders:

1. Name, age, marital status, nationality, occupation, address, ID number, Taxpayer ID number (CUIT for legal entities, CUIL for individuals, or CDI for taxpayers not required to have a CUIT or CUIL) of the shareholders. In the case of one or more legal entities, the Articles shall also

include their name, jurisdiction of formation and principal place of business, as well as the particulars of the members of the management body including their CUIT or CDI; otherwise, the filing requirements set by the tax authority for such purpose shall have to be complied with, including the information on the registration with the relevant Registrar's Office.

2. The corporate name, which shall include "*Sociedad por Acciones Simplificada*", its abbreviation or the acronym "SAS." Should this requirement not be complied with, the managers or representatives of the corporation shall have unlimited, joint and several liability for any act carried out by the company under such name.

3. The jurisdiction of incorporation and principal place of business. Should the Articles of Incorporation only include the jurisdiction of incorporation of the company, the address of the principal place of business may be included in the bylaws or may be registered simultaneously by means of a separate petition signed by the management body. All notices served on the company at the registered address of the principal place of business shall be deemed validly served and shall be binding on the company, until the record of the address is cancelled by the Registrar's Office with which it was filed.

4. The company's purpose or purposes and a clear and accurate statement of the activities comprising such purpose. Those activities may or may not be interrelated.

5. A definite term.

6. The capital stock and the contributions of each shareholder, which shall be expressed in the Argentine currency, specifying the classes, method of issuance and other characteristics of the shares and, if applicable, the procedure for a capital increase. The Articles of Incorporation shall also specify the subscribed capital, the amount and form of payment and, if applicable, the term for payment of any unpaid amounts, which shall not be greater than two (2) years as from the execution of said Articles.

7. The organization of the management body, the meetings of shareholders, and, if applicable, the internal auditing body. The Articles of Incorporation shall contain the names of the members of the management body and the internal auditing body, if any, the duration of their terms of office and the address at which notices served upon them in such capacity shall be deemed validly served. A legal representative must be appointed in all cases.

8. The rules for sharing in profits and losses.

9. The provisions relating to the rights and duties of the shareholders with respect to each other and to third parties.

10. The provisions relating to the operation, dissolution and winding up of the corporation.

11. The closing of the fiscal year.

Sample Articles of Incorporation shall be approved by the Registrar's Offices to facilitate the registration procedure.

*Section 37.- Publication requirements for simplified joint-stock companies.* SASs shall be required to post a notice for one (1) day in the relevant official gazette of their jurisdiction of incorporation. Such notice shall contain the following information:

- a) At the time of incorporation, the information required under subsections 1 to 7 and 11 of section 36 hereof and the date of the Articles of Incorporation;
- b) At the time of an amendment to the Articles of Incorporation or the dissolution of the SAS:

1. The date of the resolution passed by the shareholders at a meeting approving the amendment to the Articles or the dissolution of the company.

2. Where the amendment modifies any of the items listed in subsections 2 to 7 and 11 of section 36, the notice shall so state in the manner prescribed.

Section 38.- *Registration.* The relevant documents shall be submitted to the Registrar's Office, which, after complying with the applicable legal and regulatory provisions, shall proceed to register such documents. Registration shall be carried out within twenty-four (24) hours as from the working day immediately following the submission of the relevant documents, provided the petitioner uses the sample Articles of Incorporation approved by the Registrar's Office.

All Registrar's Offices shall establish and implement the relevant regulations for such purpose, including provisions on the use of digital means with a digital signature and a procedure for electronic notices and solution to any objections to the documents submitted. The same criterion shall be applicable to any amendments to the Articles of Incorporation.

Section 39.- *Limitations.* To be incorporated and keep its status as an SAS, the company:

1. Must not fall within any of the cases provided for in subsections 1, 3, 4 and 5 of section 299 of the Argentine Companies Act, as amended in 1984.

2. May not have a parent company that falls within any of the cases provided for in section 299 of the Argentine Companies Act, as amended in 1984, nor have any affiliates owning more than 30 per cent (30%) of its capital that fall within any of the cases provided for in the aforementioned section.

Should an SAS subsequently fall within any of the cases provided for in subsections 1 or 2 aforementioned for any reason, such SAS shall have to be converted into any of the types of business organizations provided for in the Argentine Companies Act, as amended in 1984, and register such conversion with the relevant Registrar's Office not later than 6 months from such conversion. During the course of such term, and until registration is completed, the shareholders shall have joint and several, unlimited and secondary liability to third parties, notwithstanding any other liability incurred.

### Chapter III

#### *Capital and shares*

Section 40.- *Capital.* The Company's capital shall be divided into shares. At the time of incorporation, the Company's capital may not be less than twice the Argentine minimum wage.

Section 41.- *Subscription and payment.* Shares shall be subscribed and paid in according to the conditions, proportion and terms established in the Articles of Incorporation. At least twenty-five per cent (25%) of cash contributions shall be paid in at the time of subscription. The remaining amount shall be paid in within a term not exceeding two (2) years. In-kind contributions shall be fully paid in at the time of subscription.

Section 42.- *Contributions.* Contributions may be made in cash or in kind.

In-kind contributions shall be made at the value unanimously agreed on by the shareholders in each case, with an indication on the Articles of Incorporation of the background to the valuation, or at the market value. In the event of insolvency or bankruptcy of the company, shareholders may object to the valuation within five (5) years of the contribution. No objection may be raised if the valuation was made by a court. The financial statements shall include a note expressing the valuation method for the contributions in kind to the company's capital.

Shareholders may agree on ancillary obligations. In such case, the obligations, whether on the part of the shareholders, managers or outside suppliers of the SAS, may comprise services already rendered or to be rendered in the future, which may be contributed at the value determined by the shareholders in the Articles of Incorporation or in a resolution subsequently passed by the shareholders' unanimous consent; otherwise, the value shall be determined by

one or more experts appointed unanimously by the shareholders. The Articles of Incorporation shall indicate the background to the valuation.

The obligations shall be set forth in the Articles of Incorporation and/or any subsequent amendments, which shall specify their content, term, conditions, compensation, penalties upon breach and any alternative method of payment should performance be rendered impossible for any reason. Such obligations may only be modified as agreed by the shareholders, or, otherwise, with the consent of all the shareholders and the obligors.

Should performance of an obligation be executory in whole or in part, any shares held by the shareholder who undertook to perform such obligation shall be transferable only upon unanimous consent of all shareholders. Where appropriate, an alternative method of payment shall be set.

Section 43.- *Shareholders' guarantee for the payment of contributions.* Shareholders give an unlimited, joint and several guarantee to third parties for the payment of contributions.

Section 44.- *Capital increase.* Upon a capital increase, the shareholders at a meeting may decide on the characteristics of the shares to be issued, including their class and inherent rights.

Shares may be issued at par value or at a premium, and different premium values may be set for shares issued upon the same capital increase. To such end, shares of different classes shall be issued which may carry the same dividend and voting rights, but different premiums.

Where the capital increase does not exceed fifty per cent (50%) of the registered capital, the Articles of Incorporation may provide for a capital increase without the need for any notice or any registration of the resolution passed by the shareholders at a meeting.

In any case, the resolutions passed shall be submitted to the Registrar's Office via digital means so as to verify compliance with the registration requirements, in the manner prescribed in the relevant rules.

Section 45.- *Irrevocable capital contributions.* Irrevocable capital contributions for any subsequent issuance of shares may only exist as such for twenty-four (24) months as from the date on which the contributions are accepted by the management body of the SAS, which shall have to decide on the acceptance or rejection of such contributions within fifteen (15) days of receipt of the amount of the contribution in whole or in part. The conditions and requirements for payment of such contributions shall be set forth in the relevant rules.

Section 46.- *Shares.* The Company may issue non-endorsable registered shares of common or preferred stock, with an indication of their par value and the dividend and voting rights carried by each class of shares. The Company may also issue uncertificated shares.

Section 47.- *Rights.* Different classes of shares may carry the same voting and dividend rights, regardless of any differences in the purchase or sale price. The Articles of Incorporation shall specify the voting rights carried by each class of shares, expressly stating whether such shares carry one or multiple votes, if applicable.

Should the shares be uncertificated, shareholding shall be proved by means of the records kept by the SAS in the book of shares. In addition, in these cases, the Company shall be required to issue account balance statements.

Section 48.- *Transfer of Shares.* The manner in which shares are to be traded or transferred shall be set forth in the Articles of Incorporation, which may establish that any transfer of shares or of any class thereof shall be subject to prior approval by the shareholders at a meeting. Should the Articles of Incorporation not contain any such provision, any transfer of shares shall be notified to the Company and recorded in the relevant Book of Shares to take effect in relation to third parties.

The Articles of Incorporation may prohibit the transfer of shares or any class thereof, provided that the term of such prohibition does not exceed ten (10) years as from the date of issuance. Such term may be extended for additional terms not exceeding ten (10) years, provided that the relevant decision is adopted by shareholders representing all of the Company's capital stock.

Restrictions or prohibitions on the transfer of shares shall be recorded in the Book of Shares. Certificates of shares shall also specify such restrictions or prohibitions. In the case of uncertificated shares, such restrictions shall be specified in the statements issued.

Any trading transaction or transfer that does not comply with the provisions of the Articles of Incorporation shall be void.

## Chapter IV

### *Structure of the Company*

Section 49.- *Internal legal structure.* The shareholders shall determine the internal structure of the Company and the rules governing the operation of the company's bodies. The management, executive and internal auditing bodies, if any, shall operate in accordance with the provisions set forth herein, those contained in the Articles of Incorporation and, as supplementary legislation, the provisions applicable to limited liability companies and the general provisions of the Argentine Companies Act, as amended in 1984.

Should the Company be run by a sole shareholder for a given term, such sole shareholder may, during such term, exercise the powers vested by the law in the Company's bodies, in so far as compatible, including the powers of the legal representative.

The managers that are to participate in a meeting of the management body may convene themselves to hold discussions without prior notice. The same rule applies to meetings of shareholders. The resolutions passed by the management body shall be deemed valid if all members are present and the agenda is approved by the majority provided for in the Articles of Incorporation. The resolutions passed by the executive body shall be deemed valid if shareholders representing one hundred per cent (100%) of the company's capital stock are present and the agenda is unanimously approved.

Section 50.- *Management Body.* The SAS shall be managed by one or more individuals, whether shareholders or not, appointed for a specified or indefinite term in the Articles of Incorporation or at a subsequent stage. Should the Company have no internal auditing body, at least one alternate manager shall be appointed. The appointment and termination of managers shall be registered with the Registrar's Office.

Section 51.- *Powers of the managers.* Should the management body be comprised of more than one member, the Articles of Incorporation may set forth the powers of each manager or establish that managers shall act jointly. In addition, at least one of the members shall have to reside in the Argentine Republic. Foreign members shall be required to have a CDI and to appoint a representative in the Argentine Republic. Furthermore, managers shall have to establish domicile in the Argentine Republic at which all notices served upon them in such capacity shall be deemed validly served.

### *Meetings*

Notice of the meetings of the management body and information on the agenda to be discussed may be given via electronic means, and acknowledgment of receipt shall be required.

Meetings may be held at the principal place of business or at other places, by using means that enable participants to communicate simultaneously with each other. The minutes of the meeting shall be signed by the manager or legal representative, and the relevant proof shall be kept according to the means of communication used.

*Legal Representation. Powers.*

The legal representation of an SAS may be vested in one or more individuals, whether shareholders or not, appointed in the manner provided for in the Articles of Incorporation. Should the Articles not contain any such provision, the appointment shall be made by the shareholders at a meeting, or, where appropriate, by the sole shareholder. The legal representative may enter into and perform all acts and contracts that fall within the scope of the Company's purpose or that are directly or indirectly related thereto.

Section 52.- *Duties of the managers and legal representatives.* The duties, obligations and responsibilities set forth in section 157 of the Argentine Companies Act, as amended in 1984, shall be applicable to managers and legal representatives. Where appropriate, the provisions set forth in the aforementioned law shall be applicable to the internal auditing body.

Individuals who are not managers or legal representatives of an SAS and legal entities that engage in management actions for an SAS shall have the same responsibilities that apply to the managers and shall be liable for acts in which they did not engage but which they habitually perform in the course of their management actions.

Section 53.- *Executive Body. Optional Internal Auditing Body.* The meeting of shareholders shall be the executive body of SASs.

The Articles of Incorporation may set forth that meetings of shareholders shall be held at the principal place of business or at other places, by using means that enable shareholders and participants to communicate simultaneously with each other. The minutes of the meeting shall be signed by the manager or legal representative, and the relevant proof shall be kept according to the means of communication used.

Notwithstanding the foregoing, resolutions passed by vote of the shareholders, notified to the management body via any means that guarantee authenticity within ten (10) days of giving them sufficient notice of simultaneous consultation shall be deemed valid. Resolutions resulting from a written statement whereby all shareholders express their vote shall also be deemed valid.

Should an SAS have a sole shareholder, the resolutions of the executive body shall be adopted by such shareholder. The sole shareholder shall record the resolutions in minutes kept in the Company's books.

*Notice of meetings*

Any notice of meetings to shareholders shall be given at the address indicated in the Articles of Incorporation, unless a change of address has been notified to the management body.

*Internal Auditing Body*

The Articles of Incorporation may establish an internal auditing body, auditing authority or oversight body, which shall be governed by the provisions of the Articles of Incorporation, and, in the alternative, by the relevant provisions of the Argentine Companies Act, as amended in 1984.

Chapter V

*Amendments to the Articles of Incorporation.*

*Accounting records*

Section 54.- *Amendments to the Articles of Incorporation.* Any amendments to the Articles of Incorporation shall be made in the manner and in compliance with the requirements set forth in the Articles and shall be registered with the relevant Registrar's Office.

Section 55.- *Dissolution and Winding-Up.* SASs shall be dissolved by a decision adopted by the shareholders at a meeting, or, where appropriate, by a decision adopted by the sole shareholder, or upon the occurrence of any of the events set forth in the Argentine Companies Act, as amended in 1984.

Section 56.- *Winding-up.* Winding-up shall be carried out in accordance with the provisions of the Argentine Companies Act, as amended in 1984. The liquidator shall be the manager or legal representative or a person appointed by the shareholders at a meeting or by the sole shareholder.

Section 57.- *Dispute resolution.* Should any dispute arise regarding the operation of the SAS and the conduct of its business, the shareholders, managers and, as the case may be, the members of the internal auditing body shall solve the dispute amicably. The Articles of Incorporation may provide for a dispute resolution system with the participation of arbitrators.

Section 58.- *Financial statements.* An SAS shall have to keep accounting records and prepare financial statements, which shall comprise a balance sheet and an income statement to be recorded in the Company's inventory and balance sheet book.

The Argentine Federal Administration of Public Revenue (AFIP) shall determine the contents and manner of presentation of financial statements through computer or electronic applications or abridged information systems.

#### *Digital records*

1. SASs shall keep the following records:

- a) Minutes book
- b) Book of shares
- c) Journal
- d) Inventory and balance sheet book

2. All records that must be kept by an SAS shall be individually identified through electronic means before the Registrar's Office.

3. Registrar's Offices may regulate and implement mechanisms to allow SASs to replace the use of the aforementioned records with digital means or the creation of a website in which all of the data contained in said records is uploaded.

4. Registrar's Offices shall implement a control system to verify such data with a view to confirming compliance with registration requirements as prescribed in the relevant regulations.

Section 59.- *Electronic powers of attorney.* The bylaws of an SAS, any amendments thereto, and the powers of attorney and revocations signed by the representatives of the SAS may be given via electronic notarial record. Should such documents be given on paper, the first copy thereof shall be granted by digital means with the digital signature of the authorized person. In such cases, the registration with the relevant Registrar's Office shall be exclusively carried out through electronic means.

## Chapter VI

### *Procedure simplification*

Section 60.- *Simplification.*

1. Financial institutions shall provide for mechanisms enabling an SAS to open an account within

a maximum term to be set forth by the relevant regulations. An SAS shall only be required to submit its duly executed Articles of Incorporation and a certificate of its CUIT. Financial institutions shall not be required to grant loans to an SAS in whose name an account is opened.

2. An SAS registered with the Registrar's Office shall be entitled to obtain its CUIT within twenty-four (24) hours of having submitted the application form on AFIP's website or to any of AFIP's offices. An SAS shall not be required to submit proof of domicile at the time the procedure is initiated, but within twelve (12) months of incorporation.

The shareholders of an SAS who do not reside in the Argentine Republic may obtain their CDI within twenty-four (24) hours of submitting the application form on AFIP's website or to any of AFIP's offices.

## Chapter VII

### *Conversion into a SAS*

Section 61.- *Conversion.* A company incorporated under the Argentine Companies Act, as amended in 1984, may be converted into an SAS, in which case the provisions set forth herein shall apply.

The Registrar's Office shall issue regulations on the conversion process.

Section 62.- The provisions of the Argentine Labour Contract Act (Law No. 20744), as amended in 1976, especially the provisions on joint and several liability set forth in sections 29, 30 and 31 thereof, shall be applicable to SASs.

## Title IV

### *Miscellaneous*

Section 63.- *Creation of the "Seed Fund" Programme.* The "Seed Fund" Programme is hereby created, within the framework of the Secretariat for Entrepreneurs and Small and Medium-Sized Enterprises of the Ministry of Production. The aim of such Programme shall be to train and finance entrepreneurs who wish to set up a project or boost an existing one under development.

The programme shall grant technical and financial aid to the beneficiaries thereof, which shall be funnelled by business incubators, in the manner prescribed and in compliance with the conditions set forth in the relevant regulations.

The Secretariat for Entrepreneurs and Small and Medium-Sized Enterprises shall call entrepreneurs and recently created enterprises of the Argentine Republic interested in participating in the "Seed Fund" Programme, pursuant to the regulations established for such purpose.

In order to grant assistance, the following non-exhaustive criteria will be assessed and weighted in selecting projects in accordance with the relevant regulations:

- a) Potential for innovation;
- b) Provincial or regional representation;
- c) Representation of the diversity of the productive sectors in the Argentine Republic;
- d) Job creation; and
- e) Value creation.

The application authority shall appoint an advisory committee, whose main function shall be to

assist the application authority in establishing fund distribution criteria, and which shall be composed of national experts and representatives of the entrepreneurial sector, especially taking into consideration regional economies, local development and social innovation, in the manner prescribed and in accordance with the conditions set forth in the relevant regulations.

Financial aid may comprise soft loans, non-refundable contributions (ANR in the Spanish acronym), and/or other financial instruments to be determined by the application authority. For the purpose of implementing the "Seed Fund" Programme, the application authority may grant the funds allocated to such Programme and specially earmarked for the Fiduciary Fund for Venture Capital Development (FONDCE).

The Secretariat for Entrepreneurs and Small and Medium-Sized Enterprises shall be the application authority of the "Seed Fund" Programme and shall have authority to issue the relevant regulatory and supplementary rules.

Section 64.- The Secretariat for Entrepreneurs and Small and Medium-Sized Enterprises shall promote, through its programmes and in accordance with the relevant regulations, the creation of business incubators across Argentina, especially in underdeveloped areas or areas with limited access to financing, in order for such incubators to support the creation, development and strengthening of ventures. To this end, funds may be granted to incubators for institutional strengthening, which funds shall be used to improve furniture or equipment, improve the professionalization level of the incubator's internal and external personnel and/or to develop the necessary skills to detect and support entrepreneurs, among other uses.

## Title V

### General provisions

#### Section 65.- *Federal Council for Entrepreneurial Support*

1. The Federal Council for Entrepreneurial Support is hereby created as a public-private entity, within the framework of the Secretariat for Entrepreneurs and Small and Medium-Sized Enterprises of the Ministry of Production. The main function of such Council shall be to participate in setting goals and identifying the most adequate instruments to promote an entrepreneurial culture in the Argentine Republic.
2. The Federal Council for Entrepreneurial Support shall be an independent and autonomous body and shall assist the Secretariat for Entrepreneurs and Small and Medium-Sized Enterprises of the Ministry of Production in developing entrepreneurial policies. Members of the Council shall receive no compensation.
3. The Secretariat for Entrepreneurs and Small and Medium-Sized Enterprises of the Ministry of Production shall make available the necessary resources in order for the Council for the Council to fulfil its function.
4. The Council shall be composed of the following members, in accordance with the regulations issued by the Secretariat for Entrepreneurs and Small and Medium-Sized Enterprises, which shall be the application authority:
  - a) Three (3) representatives of the Argentine Executive Branch (one for the Ministry of Science, Technology and Productive Innovation, one for the Ministry of Production and one for the Ministry of Social Development, not ranking below the position of National Director);
  - b) Six (6) representatives of the Argentine Legislative Branch, three (3) for each House, who shall represent different provinces and majority blocs. There shall not be two (2) representatives of the same province or of the same political party or coalition;
  - c) Four (4) representatives of the institutions for entrepreneurial support of the Argentine Republic. Federal representation shall be ensured.

Section 66.- The application authority provided for in section 1 hereof shall coordinate with the Ministry of Education and Sports, in collaboration with the Federal Education Council, the inclusion of curricular activities in the different levels and modules so as to promote an entrepreneurial culture.

Section 67.- *Regulations.* The Argentine Executive Branch shall adopt the relevant regulations to implement this law within sixty (60) days of the publication hereof.

Section 68.- Be this notified to the Argentine Executive Branch.

THIS LAW WAS PASSED ON THE FLOOR OF THE ARGENTINE CONGRESS, IN BUENOS AIRES, ON 29 MARCH 2017.

— REGISTERED UNDER No. 27349 —

MARTA G. MICHETTI. — EMILIO MONZÓ. — Eugenio Inchausti. — Juan P. Tunessi.

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