

TRADUCCIÓN PÚBLICA

INSOLVENCY AND BANKRUPTCY LAW No. 24.522⁽¹⁾
Amended by Laws 24.760, 25.113, 25.563 and 25.589

INSOLVENCY PROCEEDINGS

TITLE I - GENERAL PRINCIPLES

Article 1. Suspension of Payments. The suspension of payments, irrespective of the reason and the nature of the liabilities affected, is a condition precedent to the institution of insolvency proceedings governed by this law, despite the provisions of Articles 66 and 69.

Universality. The effects of insolvency proceedings apply to the debtor's full estate, except for those exclusions which are legally established in respect of specific assets.

Article 2. Parties Subject to Insolvency Proceedings. Natural persons, private legal entities and companies in which the National, Provincial or Municipal Government may have an interest, irrespective of percentage, may be declared subject to insolvency proceedings.

The following are also subject to insolvency proceedings:

- 1) The estate of the deceased, during such time as it remains separate from the heirs' estate;
- 2) Debtors domiciled abroad with respect to assets in Argentina.

The persons governed by Laws Nos. 20.091, 20.321 and 24.241 and those otherwise specifically excluded by law, may not be declared subject to insolvency proceedings.

Article 3. Competent Court. Courts vested with ordinary competent jurisdiction shall hear the insolvency proceedings, pursuant to the following rules:

- 1) In the case of an individual, the competent Court shall be that vested with jurisdiction over the place where the debtor's administrative offices are located, or if not, in the place of domicile;
- 2) Should the debtor have several administrative offices, the Court vested with jurisdiction over the place where the debtor's main administrative offices are located shall be competent; if this cannot be ascertained, then the Court which first heard the case shall be deemed to be competent.
- 3) In cases of insolvency proceedings of duly organized private legal entities and companies in which the National, Provincial or Municipal Government has an interest, with the exceptions noted in Article 2, the competent Court shall be that vested with jurisdiction over the place where the debtor's domicile is located.
- 4) When companies are not duly organized, the competent Court is that vested with jurisdiction in the place where the headquarters are located or, secondarily, that with jurisdiction over the place where the principal place of business is located.
- 5) When debtors are domiciled abroad, the competent Court is that having jurisdiction over the administrative offices located within Argentina or, secondarily, that with jurisdiction over the place

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where the principal place of business is located or principal activities are conducted, as the case may be. -----

Article 4. Insolvency proceedings instituted abroad. Insolvency proceedings instituted abroad constitute grounds to open insolvency proceedings in Argentina, at the request of the debtor or creditor whose claim is to be satisfied in the Republic of Argentina. Without detriment to the covenants established in international treaties, the existence of insolvency proceedings abroad may not be invoked against those creditors whose claims are to be paid in the Republic of Argentina, in order to contest rights claimed by such creditors over assets existing within the territory or to annul any agreements which they may have entered into with the debtor. -----

Multiple Proceedings. In the event debtor is also adjudged bankrupt in Argentina, the creditors involved in the insolvency proceedings pending abroad may enforce their claims on the balance, once the other claims proven in the Argentine proceedings have been satisfied. -----

Reciprocity. The proof of a creditor's claim payable abroad, which is not involved in foreign insolvency proceedings, is conditional upon evidence being submitted to the effect that, reciprocally, a creditor's claim payable in Argentina may be proven and collected under the same conditions in an insolvency case instituted in the country where such claim is payable. -----

Parity of dividends. Sums collected abroad for unsecured claims after insolvency proceedings have been instituted in Argentina shall be allocated to the dividend payable to their beneficiaries on account of general claims. Holders of claims guaranteed by a security interest are exempted from evidencing reciprocity. -----

TITLE II - INSOLVENCY PROCEEDINGS -----

CHAPTER I - REQUIREMENTS -----

SECTION I - SUBSTANTIVE REQUIREMENTS -----

Article 5. Parties Subject. Those individuals covered by Article 2, including companies in the process of liquidation, may file a petition for the institution of voluntary insolvency proceedings. -----

Article 6. Companies. Representation and ratification. In the case of legal entities, whether private or state-owned, the legal representative shall file the petition upon prior resolution, if pertinent, by the administrative body. -----

Within the thirty (30) days following the petition filing date, in order to continue with the proceedings, evidence must be submitted of the resolution adopted by the relevant shareholders' meeting, meeting of partners or respective governmental agencies, with the majorities required to resolve ordinary matters. -----

If this requirement is not met, the proceedings shall cease by operation of law, resulting in abandonment of the petition. -----

Article 7. Incompetent and disqualified parties. In the case of incompetent or disqualified parties, the submission must be filed by a legal representative and ratified, if applicable, by the respective Court, within thirty (30) days as from the submission. Lack of ratification shall result in the effects described in the last paragraph of the preceding Article. -----

Article 8. Deceased persons. While the estates continue to be separate, any heirs may file a petition for insolvency proceedings with respect to the deceased's estate. A petition must be ratified by the other heirs within thirty (30) days. In the event of failure to do so, the last paragraph of Article 6 shall apply. -----

Article 9. Voluntary representation. A request to institute insolvency proceedings may also be filed by an attorney-in-fact specifically authorized for such purpose. -----

Article 10. Term for filing the petition. Insolvency proceedings may be requested provided bankruptcy has not been adjudged. -----

Article 11. Requirements to file the petition. The formal requirements to petition for insolvency proceedings are: -----

- 1) Debtors enrolled in a professional association and regularly organized corporate entities must evidence registration with the respective Registers. The latter must also attach their Articles of Incorporation or Partnership Agreements, and amendments thereto and evidence of the relevant registrations. -----

Other companies must file, when relevant, their Articles of Incorporation or Partnership Agreements and amendments thereto, even when not registered. -----

- 2) An explanation of the actual causes of the financial status, specifying the date when payments ceased and the facts by which such inability became manifest. -----
- 3) A detailed statement of assets and liabilities must be appended with the amount thereof updated to the date of submission, specifically describing their "acuerdo preventivo", the rules applied in preparing the assessment, the location, state and liens on assets and other data necessary to become appropriately acquainted with the estate. This financial statement condition must be accompanied by an opinion signed by a certified public accountant. -----
- 4) A copy of the balance sheets or other financial statements must be appended by the debtor as required by legal provisions applicable to the debtor's business, or if not, those set forth in the debtor's bylaws or prepared voluntarily by the debtor, covering the last three (3) fiscal years. When relevant, annual reports and opinions of the debtor's supervisory body shall be attached. ---
- 5) A list of creditors must be appended, specifying domicile, amounts of claims, grounds invoked, due dates, co-debtors, guarantors or third-parties obliged or liable for the debt and preferences. Likewise, a dossier on each creditor must be attached, containing a copy of the documents evidencing the debt claimed and including an opinion by a certified public accountant regarding the consistency between the debtor's claim and its accounting records or existing documents and the absence of other creditors in its records or existing documents. A detail of the judicial or administrative proceedings involving monetary issues which are pending or judgment whereof has not been enforced shall also be submitted, specifying the court or agency which is hearing such proceedings. -----
- 6) An accurate list of the commercial and other books kept by the debtor must be furnished, specifying the last page used in each case, placing them at the disposal of the Court, together with the related documentation. -----
- 7) Notice must be served reporting any former insolvency proceedings and evidence, when applicable, that the debtor is not subject to the restraint period set forth by Article 59, or the abandonment of such insolvency proceedings, when relevant. -----

Two (2) signed copies of the petition and the documents attached thereto shall be submitted. -----

Whenever an appropriate and valid reason is invoked, the Court shall grant a non-extendable ten-day term, as from the filing date, for the interested party to comply in full with the provisions of this section. ----

Article 12. Domicile. The insolvent party and, when applicable, such [insolvent party's] managers and general partners shall establish domicile for litigation purposes at the place where the lawsuit is being heard. If no such domicile is established at the time of the first appearance in the proceedings, such domicile shall be deemed to have been established at the courthouse, for all purposes of the insolvency proceedings.

CHAPTER II - INSTITUTION OF PROCEEDINGS

SECTION I - JUDICIAL

Article 13. Term. Once a petition has been submitted or, if applicable, after the term granted by the Court has expired, the Court shall issue a decision within a period of five (5) days.

Dismissal. The petition shall be dismissed when the debtor is not subject to the institution of insolvency proceedings, when Article 11 has not been complied with, when it is subject to the restraint period established by Article 59, or when the Court has no competent jurisdiction over the case. An appeal may be lodged against such resolution.

Article 14. Resolution to Institute Proceedings. Requirements. Once the legal requirements have been duly complied with, the Court must issue a resolution providing for:

- 1) A declaration that insolvency proceedings are instituted, stating the name of the debtor and, if applicable, the names of its general partners.
- 2) The scheduling of a hearing for the appointment of the Trustee by means of a lottery system.
- 3) A deadline for creditors to submit their requests to the Trustee to have their claims proven, which shall be a date not earlier than fifteen (15) days nor later than twenty (20) days counted as from the date when the publication of notices is expected to conclude.
- 4) The order to publish notices in the manner set forth in Articles 27 and 28, the designation of the respective newspapers and, if applicable, an order to issue the necessary letters rogatory.
- 5) The determination of a term not exceeding three (3) days for the debtor to submit the books in which it maintains records of its financial situation, at such place as the Court may fix within its jurisdiction, to enable the Court Clerk to affix a dated note after the last entry and fill in any blank spaces.
- 6) The order to record the opening of the insolvency proceedings in the Register of Insolvency Proceedings and in any corresponding records, requesting a report on the existence of any prior insolvency proceedings.
- 7) A general restraint on the disposition and encumbrance of those assets eligible for registration, owned by the debtor and, when applicable, by any partners with unlimited liability, which restraint shall be recorded in the respective registers.
- 8) A demand for the debtor to deposit in court, within the three (3) days following service of notice of the resolution, the amount the Court deems necessary to pay the relevant postal expenses.
- 9) The dates when the Trustee shall submit individual reports on claims and a general report.
- 10) The scheduling of an informational hearing which shall be held five (5) days before the expiry of the exclusivity term set forth in Article 43.

- 11) The organization of a temporary creditors' committee, comprised by three unsecured creditors with the largest claims reported by the debtor. -----

SECTION II - EFFECTS OF INSTITUTING INSOLVENCY PROCEEDINGS -----

Article 15. Management by the debtor. The debtor retains the management of its estate under the supervision of the Trustee.-----

- a) Article 16. Prohibited acts. The debtor may not engage in any activity free of charge or any act which may entail a change in the standing of those creditors with claims, irrespective of the cause or title, prior to the institution of the proceedings. -----

Prompt payment of labor claims. The Court hearing the insolvency proceedings shall authorize payment of any remuneration owed to workers, compensation for occupational accidents, compensation in lieu of prior notice, payment of the full month of dismissal, as well as the indemnities provided for in Articles 245 through 254 of the Employment Contract Law, which enjoy a general or special preference, upon proof by the Trustee of the amounts of such claims, which shall be preferentially settled with the proceeds of the business concern. -----

For prompt payment to proceed, it shall not be necessary to prove the claim in the insolvency proceedings or to obtain judgment in a prior labor lawsuit. -----

Notice of the request for prompt payment shall be served upon the Trustee during a ten-day period. The request may be rejected, either in full or in part, by a well-grounded resolution, in the following circumstances: if the claims are not evidenced by the employer's legal and accounting documents or when the claims are disputed or there are doubts as to their origin or legitimacy, or suspicion of willful connivance between the worker and the debtor. In these cases, a worker shall prove his or her claim pursuant to the procedure provided for in Article 32 and the following Articles. -----

Acts subject to authorization. Prior judicial authorization shall be required to perform any of the following acts: those connected with assets subject to registration; the disposal or lease of going concerns; the issue of debentures with special or floating guarantees; the issue of negotiable obligations with special or floating guarantees; the creation of pledges and any acts other than those performed in the regular course of business. -----

The authorization procedure involves a hearing held with the Trustee and the creditors' committee; in order to grant authorization, the Court shall assess the advisability thereof vis-à-vis the continuation of the insolvent's activities and the protection of creditors' interests. -----

Article 17. Invalid acts. Acts which violate the provisions of Article 16 are, by operation of law, null and void vis-à-vis creditors. -----

Separation from management. In addition, should the debtor contravene the provisions contained in Articles 16 and 25 or conceal any property, fail to disclose the information requested by the Court or the Trustee, supply any false information or perform any acts to the creditors' evident detriment, the Court may resolve to remove the debtor from the management of its business by issuing a well-grounded decision and shall appoint a successor to act in the debtor's stead. An appeal against this resolution may be filed by the debtor solely for the purpose of referring the lower court decision to the Appellate Court. The Trustee may appeal against this ruling if the measure is dismissed. -----

The manager shall act in accordance with the provisions of Articles 15 and 16. -----

Limitations. According to the particular circumstances, the Court may limit its ruling to the appointment of a co-manager, an overseer or a controlling trustee, who shall be vested with the powers specified by the Court. An appeal may be filed against the decision in the conditions specified in the second paragraph. --

In all cases, the debtor shall retain exclusive legal capacity to act in respect of all issues connected with the proceedings that, under the provisions of this law, pertain to the insolvent. -----

Article 18. General Partners with unlimited liability. Effects. The provisions of Articles 16 and 17 shall apply to the estate of general partners with unlimited liability of partnerships subject to insolvency proceedings. -----

Article 19. Interest. The institution of insolvency proceeding suspends interest accruing on any claims having any cause or title prior thereto which are not secured by pledge or mortgage. Interest accrued on secured claims subsequent to the filing may only be claimed in respect of amounts originating from property encumbered by the mortgage or pledge. -----

Non-monetary debts. Non-monetary debts are converted, for all purposes of the proceedings, into legal tender as of the filing date, or upon maturity date, if earlier, at the creditor's option. Debts in foreign currency are calculated in legal tender as of the date of the filing of the Trustee's report referred to in Article 35, solely for the purpose of calculating liabilities and majorities. -----

Article 20. Contracts with pending reciprocal considerations. The debtor may continue to perform ongoing contracts when there are pending reciprocal considerations. For such purpose, the debtor shall request authorization by the Court which will render its decision after serving notice to the Trustee. Continuation of the contract entitles a counterparty to demand performance of obligations due as of the institution of insolvency proceedings, under warning that the contract shall be terminated. -----

Obligations discharged by a third party after the institution of insolvency proceedings and subsequent to compliance with the provisions hereof, enjoy the preference set forth in Article 240. Such obligations shall not be deemed performed for the purposes of this section by constructive delivery prior to filing such proceedings. -----

Notwithstanding the application of Article 753 of the Civil Code, a third party may terminate a contract if such third party does not receive notice of an intention to continue such contract, after thirty (30) days have elapsed following institution of insolvency proceedings. Notice thereof must be served upon the debtor and the Trustee. -----

Labor contracts. The opening of insolvency proceedings annuls current collective bargaining agreements for a three-year term or such length of time as may be required to honor the "acuerdo preventivo", whichever is shorter. -----

During such period, labor relationships are governed by individual contracts and by the Employment Contracts Law. -----

The insolvent company and the acknowledged trade union shall negotiate an emergency collective bargaining agreement for the duration of the insolvency proceedings, up to a maximum three (3) year term. -----

Conclusion of the insolvency proceedings, irrespective of the cause, as well as the final abandonment of such insolvency proceedings, shall result in the termination of any emergency collective agreements that may have been entered into and the relevant collective agreements shall recover their effectiveness. -----

Public Utilities. Public utilities supplied to the debtor may not be suspended on the grounds of debts dated prior to the institution of the proceedings. Public utilities supplied subsequent to the institution of

proceedings must be paid on their respective due dates and may be suspended in the event of default by means of the procedure provided for in the regulations governing the relevant utility.-----

In the event of liquidation upon bankruptcy, claims arising by reason of the utility services mentioned in the previous paragraph are entitled to the preference established by Article 240.-----

Article 21. Lawsuits against the insolvent. Opening insolvency proceedings entails the following:-----

- 1) The Court hearing the insolvency proceedings shall also try all actions involving monetary issues brought against the insolvent. A plaintiff may choose to request the proof of its claim in accordance with the provisions of Articles 32 and related Articles or continue formalities applicable to ordinary judicial proceedings until judgment is rendered by the Court hearing the insolvency case, which judgment shall also be valid, when pertinent, as proof of the relevant claim.-----
- 2) Litigation dealing with condemnation matters and actions based on family relationships are excluded from the jurisdiction of the Court hearing the insolvency proceedings. Proceedings for enforcement of security interests are suspended or may not be brought, until such time as a request for proof of the claim in question has been submitted; if the publication of notices has not commenced or the ratification under Articles 6 through 8 has not been submitted, only acts of forced execution will be suspended.-----
- 3) No new actions involving monetary issues against the insolvent on account of any cause or title prior to instituting proceedings may be brought, except for those which are not subject to suspension according to item 1 above.-----
- 4) Any precautionary measures levied shall continue in effect, save for those affecting assets which are necessary for the insolvent to continue its regular business; the release thereof shall, in all cases, be decided by the Court hearing the insolvency proceedings, after service of notice upon the Trustee and the garnisher.-----
- 5) When prompt payment of labor claims cannot proceed because the claims are under dispute, the creditor shall prove its claim in accordance with the procedures provided for in Articles 32 et seq. of this law. Any action already brought shall be joined with the request for the proof of claim. Exception is made in the case of an action for occupational accidents brought under the applicable legislative provision.-----

Article 22. Stipulations that are null and void. Any stipulations contrary to the provisions contained in Articles 20 and 21 shall be null and void.-----

Article 23. Execution by non-judicial auction. The holders of claims guaranteed by security interests, who are entitled to execute against assets belonging to the insolvent or, when applicable, to the general partners, by means of non-judicial auction, must render account thereof in the proceedings by submitting instruments evidencing their claims and the respective vouchers, within the twenty (20) days subsequent to the auction. A creditor forfeits one per cent (1%) of the amount of its claim in favor of the insolvency proceedings estate per day of delay, provided there has been a prior judicial demand therefor. The balance shall be deposited once the claims are settled, within the period to be specified by the Court.-----

When the publication of the notices set forth in Article 27 has commenced, a creditor must, prior to publication of notices of the non-judicial auction, appear before the Court hearing the insolvency proceedings, to report upon the date, place, day and time established for the auction and the assets to be auctioned, likewise submitting the instrument evidencing its claim. Omission of this prior notice shall invalidate the auction.-----

The rendering of accounts must be implemented by means of ancillary proceedings, with the participation of the insolvent and of the Trustee.-----

Article 24. Suspension of auctions and precautionary measures. In cases of evident need and urgency in the proceedings and according to the criterion set forth in Article 16 *in fine*, the Court may order the temporary suspension of the auction and of the precautionary measures which prevent the debtor from using the encumbered asset in the execution of claims backed by pledges or mortgages. Interest accrued after the suspension shall be paid as part of the expenses of the proceedings, should the proceeds of the encumbered asset prove insufficient. This suspension may not exceed ninety (90) days.

The resolution is subject to appeal -solely for the purpose of referring the lower court decision to the Appellate Court- by a creditor, the debtor and the Trustee.-----

Article 25. Trips abroad. The insolvent and, if applicable, the managers and general partners of companies under insolvency proceedings may not travel abroad without prior communication to the Court hearing the insolvency case, making known the period of their absence, which may not exceed forty (40) calendar days. In the event of a longer absence, Court authorization must be requested.-----

CHAPTER III - FORMALITIES PRIOR TO THE "ACUERDO PREVENTIVO"-----

SECTION I - NOTICES-----

Article 26. General Rule. Once the petition for insolvency proceedings has been filed, the debtor or his representatives must appear at the Court Clerk's office on the dates notice is served. All court orders are deemed to have been notified by operation of the law, unless the appearing party records its presence in the relevant book kept at the court clerk's office and evidences it has been unable to examine the dossier.

Article 27. Notices. The resolution instituting insolvency proceedings shall be made known by means of notices which must be published during five (5) days in the legal newspaper of the jurisdiction of the court and in another leading newspaper published in the jurisdiction of the debtor's place of domicile, as shall be ordered by the Court. The notices must contain information referring to the identity of the debtor and of the general partners; data describing the action and the competent court; the name and domicile of the Trustee, the demand that creditors file requests for the proof of their claims and the period and locations to do so.-----

This publication shall be at the expense of the debtor and shall be made within the five days following service of notice of the resolution.-----

Article 28. Establishments in another jurisdiction. Whenever the debtor possesses establishments in another judicial jurisdiction, notices must also be published during five (5) days in the jurisdiction where each is located and, when available, in the respective legal newspaper. The Court shall fix the term for the debtor to make these publications, which term may not exceed twenty (20) days as from notification of the writ instituting insolvency proceedings.-----

Evidence of notice. In all cases, the debtor must evidence that notices have been published, by submitting the receipts within the stated periods; the debtor must also prove the actual publication of the notices within five days after the first publication.-----

Article 29. Letter to the creditors. Notwithstanding the provisions of Articles 27 and 28, the Trustee must address a registered letter to each reported creditor advising such creditor that insolvency proceedings have been instituted, including a brief report on the requirements set forth in Items 1 and 3 of Article 14, the Trustee's name and domicile, office hours, designation of the incumbent Court and Court Clerk and location thereof, as well as any other information the Trustee may consider of interest to creditors.-----

The letters must be sent within five (5) days after the first publication of notices. _____

Failure by the Trustee to send the letters does not invalidate the process. _____

SECTION II – ABANDONMENT _____

Article 30. Penalty. In the event the debtor fails to comply with the provisions of Items 5 and 8 of Article 14 and Articles 27 and 28, first paragraph, it will be deemed to have abandoned its petition. _____

Article 31. Voluntary abandonment. Without requiring the consent of its creditors, a debtor may abandon its petition until the date when the first notices are published. _____

In addition, the debtor may abandon the petition until the date scheduled to commence the exclusivity period under Article 43 provided that, together with the petition, the debtor encloses evidence of the consent of the majority of the general creditors representing seventy-five percent of the unsecured capital. In order to calculate these majorities, according to the stage of the legal action, the following are taken into account: reported creditors plus those who have submitted requests for proof of claims, when abandonment occurs before filing the report required under Article 35; after filing such report, those recommended by the Trustee for the proof of their claims shall be taken into account; once the judgment provided for by Article 36 has been rendered, the majority is calculated on the basis of proven claims or those which have been declared admissible by the Court. If the Court dismisses a petition for abandonment by reason of insufficient consent by creditors, but such consent is subsequently obtained, either due to decisions upon the proof of claims or to new consents, the abandonment will be sustained and the insolvency shall be declared concluded. _____

Inadmissibility. When a petition for insolvency proceedings is dismissed, abandoned or not ratified, then petitions filed within the following year must not be admitted, should there be involuntary bankruptcy petitions pending. _____

SECTION III - PROCESS FOR PROOF OF CLAIMS _____

Article 32. Request for proof. All creditors, on the grounds of any cause or title prior to the filing, as well as their guarantors, must submit a request for the proof of their claims to the Trustee, stating the amount, grounds and preferences. The petition must be in writing, in duplicate, attaching instruments evidencing the claim and two signed copies thereof. The petition must specify the domicile established with respect to the action. The Trustee shall return the original instruments, affixing to them a statement to the effect that a request for the proof of the claims has been made and the date thereof. The Trustee may require the submission of the originals whenever deemed advisable. Failure to submit the originals precludes the proof of the claim. _____

Effects. The request for proof has the same effects as a judicial complaint, it tolls the statute of limitations and prevents the right and the petition from lapsing. _____

Fees. For each request for the proof of a claim which is submitted, the creditor shall pay the Trustee a fee in the amount of fifty pesos (Arg\$50) which shall be added to said claim. The Trustee shall allocate the referenced sum to the expenses incurred in the process of proof of claims and drafting of reports and shall be required to render account thereof to the Court in due time and the balance shall be credited to the fees to be assessed for his performance. Labor claims as well as those involving less than one thousand pesos (Arg\$1,000) are exempt from the fee, without the need for any judicial declaration. _____

Article 32 *bis.* Proof by Trustees and other lawful parties. Proof of claims may be requested by the Trustee designated in issuances of debentures, convertible bonds, negotiable instruments or other securities issued in series and likewise by whoever has been legally vested with powers of representation to act by a group of creditors. The extent of the powers vested in the Trustee, the

lawful party or the representative shall be deemed in accordance with the contract or documents whereby such party has been vested with the capacity of Trustee, lawful party or representative. No confirmation or submission of other powers of attorney shall be required.-----

Article 33. Informative Powers. The Trustee must undertake all necessary examinations of the debtor's books and documents and, when relevant, those of creditors. The Trustee may also avail himself of all data it may consider useful and, in the event of a refusal to furnish the latter, he is entitled to request the incumbent Court to adopt the relevant measures.-----

He must maintain the creditors' files submitted by the insolvent, including in them the requests for proof and the documentation presented by the creditors and shall arrange and maintain the files on the non-reported creditors who have requested proof of their claims. The Trustee must record all measures taken in these files.-----

Article 34. Period to object to claims. During ten (10) days following expiration of the term to request proof of claims, the debtor and creditors who have done so may appear at the Trustee's domicile, in order to review the files and lodge written objections and observations against the requests made. Two (2) copies of these objections must be submitted and shall be added to the relevant file. The Trustee shall deliver to the interested parties evidence acknowledging receipt thereof, specifying the date and time of the submission.-----

Within forty-eight (48) hours after the expiration of the term set forth in the previous paragraph, the Trustee must file with the Court a set of copies of the objections received for their inclusion in the file specified in Article 279.-----

Article 35. Individual report. Upon expiration of the term for the debtor and the creditors to file objections, within a period of twenty (20) days, the Trustee shall draft a report on each request for acknowledgment, which shall be submitted to the court.-----

The report must contain each creditor's full name, actual domicile and domicile ad litem, amount and grounds of the claim, preference and guarantee invoked; furthermore, it must summarize the information obtained, the objections lodged by the debtor and the creditors in respect of the requests and render a grounded opinion on each claim as to the correctness of the proof of the claim and its preference.-----

It must also be accompanied by a copy, to be attached to the file referred to in Article 279, which must be permanently available to interested parties for examination, as well as a copy of the files.-----

Article 36. Judicial resolution. Within ten (10) days following submission of the Trustee's report, the Court shall issue a decision as to the correctness and scope of the requests made by the creditors. The claims or preferences uncontested by the Trustee, the debtor or the creditors, shall be proven, if the Court considers there is a legal basis therefor.-----

When no objections have been raised, the Court shall issue a decision, declaring the claim or the preference to be either admissible or inadmissible.-----

These resolutions are final for the purposes of calculating the majorities and the basis of the agreement, without detriment to the provisions of the following Article.-----

Article 37. Judicial resolution. The resolution declaring the claims proven and, if applicable, their preferences, has the effect of *res judicata*, save in the case of fraud.-----

The resolution which declares them admissible or inadmissible may be reviewed at the request of the interested party, provided such request is made within twenty (20) days following the resolution provided

for in Article 36. Once this period has elapsed and provided that no objections have been filed, such resolution shall be final and shall also have the effect of *res judicata*, except in the case of fraud. -----

Article 38. Allegation of fraud. Effects. The actions for fraud to which the previous Article refers shall be settled by means of ordinary proceedings, before the court hearing the insolvency case and shall become statutorily barred ninety (90) days after the date on which the judicial resolution set forth in Article 36 was issued. The filing of this action does not hinder the creditor's right to seek fulfillment of the agreement, without detriment to the precautionary measures which may be ordered. -----

SECTION IV - GENERAL REPORT BY THE TRUSTEE -----

Article 39. Timeliness and contents. Thirty (30) days after the specific report on the claims is submitted, the Trustee shall file a general report containing: -----

- 1) An analysis of the grounds for the debtor's financial difficulties. -----
- 2) A detailed updated breakdown of assets. An estimate must be made of the probable realization value of each asset, including intangibles. -----
- 3) Breakdown of liabilities, including also, a provision fund, detail of claims that the debtor reported in its submission and which had not been presented for verification, as well those others arising from the accounting books or other true items. -----
- 4) List of the accounting books with an opinion as to their accuracy, deficiencies and satisfactions of Articles 43, 44 and 51 of the Commercial Code. -----
- 5) References to the registration of the debtor in the relevant registers and, in the case of companies, to the registration of the incorporating documents and amendments thereto, specifying the name and domicile of the managers and partners with unlimited liability. -----
- 6) The time when payments were suspended, specifying the events and circumstances which led to such determination. -----
- 7) In the case of companies, it must be reported whether or not the partners made regular contributions, and if monetary liability may be asserted against them on account of their performance in such capacity. -----
- 8) A detailed enumeration of the acts which are considered subject to revocation, as provided for in Articles 118 and 119. -----
- 9) A duly grounded opinion as to the grouping and classification made by the debtor with respect to the creditors. -----
- 10) Information as to whether debtor may be subject to the legal procedure set forth by Chapter III of Law No. 25,156, because it is included in Article 8 thereof. -----

Article 40. Objections to the Report. Within ten (10) days after the submission of the report provided for in the previous Article, the debtor and any parties who have requested proof of claims may file objections to the report; these shall be attached to the record of the case without further processing and shall remain available to interested parties for consultation. -----

CHAPTER IV - PROPOSAL, PERIOD OF EXCLUSIVITY AND REGULATIONS GOVERNING THE "ACUERDO PREVENTIVO" -----

Article 41. Classification and grouping of creditors into categories. Within the ten (10) days following the date on which the resolution set forth in Article 36 is issued, the debtor shall submit to the Trustee and to the Court a grounded proposal for grouping and classifying those creditors whose claims have been proven and declared admissible into categories, taking into account the amounts proven or declared admissible, the nature of the obligations giving rise to the claims, whether they are preferred or general creditors, or any other feature which may reasonably determine their grouping or categorization, in order to offer them differing "acuerdo preventivo" proposals. _____

The categorization must group creditors into at least three (3) categories: general, general labor (if any) and preferred, and may also consider sub-categories of each. _____

Subordinate claims. Acknowledged creditors who have agreed with the debtor to postpone their rights with respect to other debts, are to form a category comprising all such claims. _____

Article 42. Resolution regarding the categorization. Within the ten (10) days following the expiration of the term set forth in Article 40, the Court shall issue a resolution establishing the final categories and the creditors included within each. _____

Organization of the Creditors' Committee. In such resolution, the Court shall appoint the new members of the provisional creditors' committee, which shall be comprised of at least one creditor from each established category, and that creditor having the highest claim within each category shall necessarily become a member. As from that time, the duties of the former members of the prior committee shall cease. _____

Article 43. Period of exclusivity. Proposed "acuerdos preventivos". Within the ninety (90) days following service of notice by operation of law of the resolution set forth in the previous Article, or within such longer term the Court may establish, on the grounds of the number of creditors or categories, which may not exceed thirty (30) days after the ordinary term, the debtor shall enjoy a period of exclusivity to submit to its creditors proposed "acuerdos preventivos" by categories and obtain their approval, according to the mechanism set forth in Article 45. _____

The proposals may consist of debt reduction, extension or both; the delivery of assets to creditors; the constitution of a company with the unsecured creditors as partners; reorganization of the debtor company; management of all or part of the assets for the creditors' benefit; issuance of negotiable obligations or debentures; issue of bonds convertible into shares; creation of guarantees on third party assets; assignment of shares of stock in other companies; capitalization of claims, including labor claims, in shares, or in employee stock ownership plans, or of any other understanding accepted by a sufficient number within each category and with respect to the aggregate number of creditors to whom the proposal is made. _____

The proposals must contain equal provisions for all creditors within each category and may differ one from another. _____

The debtor may make more than one proposal with respect to each category, from among which the relevant creditors may make a choice. _____

A creditor must exercise its option upon rendering its consent to the proposal. _____

The proposal may not contain any provision which is voluntary on the part of the debtor. _____

When the proposal does not consist of a reduction or extension, it must state the manner and time at which any existing debt denominated in foreign currency shall be definitively calculated, in regard to the stipulated obligations. _____

Preferred creditors who expressly waive their preference must fall within the scope of one of the categories of unsecured creditors. _____

The waiver may not be for less than thirty percent (30%) of their claims. _____

A preference arising from an employment relationship may be waived, such decision to be ratified at a hearing before the Court overseeing the insolvency proceedings, to which the lawful trade union will be summoned. If the worker does not fall within the scope of the Collective Agreement System, a summons to the trade union will not be required. The waiver of the labor preference may not amount to less than twenty percent (20%) of the claim and the labor creditors who have waived their preference shall be included within the category of unsecured labor creditors in respect of the amount of the claim whose preference they have waived. The preference waived by a worker who voted in favor of the "acuerdo preventivo" will be reinstated in case of subsequent bankruptcy due to a failure to reach an agreement, or in the event the agreement is not approved. _____

The debtor must make its proposal publicly known by submitting it to the record of the proceedings not less than twenty (20) days before the expiration of the exclusivity period. If the debtor fails to do so, it shall be declared bankrupt, except in the special cases set forth in Article 48. _____

The debtor may submit amendments to its original proposal until the time the Informative Hearing is held as set forth in Article 45, penultimate paragraph. _____

Article 44. Preferred creditors. The debtor may offer a proposed "acuerdo preventivo" including preferred creditors or any category of the latter. _____

The "acuerdo preventivo" in question requires the majorities set forth in Article 46, but must be approved by all creditors with special preferences that fall within its scope. _____

Article 45. Term and majorities to approve the "acuerdo preventivo" applicable to unsecured creditors. In order to obtain approval of the proposed agreement, the debtor must send to the court, by the day the exclusivity period expires, the text of the proposal, including the consent thereto, evidenced by a written statement with signatures certified by a Notary Public, a court or an administrative authority in the case of National, Provincial or Municipal public entities, of an absolute majority of creditors, within each and every category, representing two-thirds of the computable capital within each category. Only those consents which are dated subsequent to the last proposal or amendment thereto submitted by the debtor in the record, shall be declared valid and computable. _____

The majority of the capital in each category shall be computed taking into account the total amount of the following claims: _____

- a) Unsecured claims, either proven or declared admissible, falling within the category. _____
- b) Preferred claims whose holders have waived the preference and which have been included within that category of unsecured claims. _____
- c) Creditors admitted as unsecured creditors because the preference they invoked was rejected shall be excluded from this category, for calculation purposes, when they have instituted ancillary proceedings for review under the terms of Article 37. _____

The debtor's spouse, blood relatives to the fourth degree, second degree by marriage or adopted relatives and their assignees within one year prior to the filing are excluded from this calculation. In the case of companies, the partners, managers and creditors described in the previous paragraph are not calculated. The prohibition is not applicable to creditors that are shareholders in the debtor company, unless they control such company. _____

The debtor must also submit, as part of the proposal, a system for management and limitations to acts of disposal applicable to the stage of performance, and the formation of a Creditors' Committee which shall act as controller of the "acuerdo preventivo" and shall replace the committee set up by Article 42, second paragraph. The Committee Members shall be those creditors representing the majority of capital. -----

Within the five (5) days before the expiration of the exclusivity period, an informational hearing shall be held with the attendance of the Judge, the court clerk, the debtor, the provisional Creditors' Committee and those creditors who wish to be present. At this hearing, the debtor shall explain the negotiations it is conducting with its creditors and those present may pose questions concerning the proposals. -----

In the event that prior to the date scheduled for the Informational Hearing, the debtor has obtained the approvals required under Article 45 and has notified the Court accordingly, attaching the relevant evidence, the hearing shall not be conducted. -----

Article 45 *bis*. Voting system for securities issued in series. The holders of debentures, convertible bonds, certificates or other securities issued in series representing claims against the insolvent, shall take part in obtaining consents using the following system: -----

- 1) They shall hold a meeting summoned by the trustee or, when pertinent, by the Court. -----
- 2) At such meeting those present will approve or reject the proposed "acuerdo preventivo" relevant to them and shall state which alternative they support in the event the proposal is approved. -----
- 3) The consent shall be calculated by the capital represented by all those who have accepted the proposal as though granted by one single person; rejections shall also be calculated as one single person. -----
- 4) Consent shall be reported by the Trustee or whoever has been appointed by the Shareholders' Meeting, and the Minutes of such meeting shall serve as sufficient evidence for all purposes. -----
- 5) The Shareholders' Meeting may be dispensed with when the Trust or applicable regulations establish a different method to obtain the acceptance of holders of claims which the Court deems sufficient. -----
- 6) In those cases in which the Trustee is the one who has been acknowledged or declared admissible as holder of the claims, as set forth in Article 32, *bis*, the Trustee may split its vote; the vote will be calculated as acceptance for the capital of those beneficiaries who have expressed their agreement with the "acuerdo preventivo" according to the method established in the Trust or in the applicable law; and as a rejection by the remainder. In the majority of persons it shall be computed as one acceptance and one rejection. -----
- 7) In the case of legal entities or collective representatives who have been acknowledged or declared admissible as stipulated in Article 32, *bis*, Item 6 shall be applied to the voting system. -----
- 8) In all cases the Court may order the relevant measures to ensure that creditors participate and that the consents or rejections are properly obtained. -----

Article 46. Failure to obtain consent. Should the debtor fail to submit in the record of the case, within the stipulated term, the general creditors' consent granted pursuant to the system of categories and majorities set forth in the previous Article, the debtor shall be declared bankrupt, except in those circumstances described in Article 48 with respect to certain persons. -----

Article 47. "acuerdo preventivo" with preferred creditors. When the debtor has submitted a proposal for preferred creditors or any category thereof and has not obtained, prior to the expiration of the exclusivity period, the approval of a simple majority of creditors and two-thirds of the computable capital as well as the unanimous support of the preferred creditors having special preferences covered by the proposal, the debtor shall only be adjudged bankrupt should it have, at any time, declared in the record of the case that the proposal to the general creditors was conditional upon the approval of the proposals made to the preferred creditors. -----

Article 48. Special Situations. In the case of limited liability companies, stock companies, cooperatives and those companies in which the National, Provincial or Municipal Government has an interest, excluding those persons governed by Laws Nos. 20.091, 20.321, 24.241 and those excepted by special laws, should the debtor fail to obtain the consents required to approve the "acuerdo preventivo", once the exclusivity term has expired, there shall be no adjudication in bankruptcy; instead, the following shall apply: -----

- 1) Opening of a Register. Within two (2) days, the Court shall order that a Register be opened in the proceedings for a five-day (5) term, during which the creditors and third parties interested in purchasing shares or quotas representing the capital stock of the insolvent company, may register their names for the purpose of proposing a "acuerdo preventivo". Upon instructing that a Register be opened the Court will fix an amount to defray payment of published notices. Upon registration, such sum must be deposited by those parties interested in proposing a "acuerdo preventivo". -----
- 2) Absence of registrations. Should no registrations have been entered upon the expiration of the term established in the previous Item, the Court shall declare the bankruptcy. -----
- 3) Appraisal of corporate quotas or shares. When interested parties have registered their names within the term provided for in Item (1) of this Article, the Court shall appoint the Appraiser referred to in Article 262, who must accept such office before the Court Clerk. The appraisal must be submitted in the dossier of the proceedings within the subsequent thirty (30) days. -----

The appraisal shall establish the real market value, for which purpose, and without detriment to other items deemed appropriate, it shall consider: -----

- a) The report provided for in Article 39, Items 2 and 3, which shall not be binding upon the Appraiser. -----
- b) Substantial increases, decreases and modifications of assets; -----
- c) The incurrence of liabilities after the Insolvency Proceedings have been instituted. -----

The appraisal may be objected to within a five (5) day period, without leading to any substantiation whatsoever. -----

Taking into account the appraisal, any eventual objection thereto and an additional liability estimated for Insolvency Proceedings-related costs equal to four percent (4%) of assets, the Court shall fix the value of the quotas or shares representing the insolvent's corporate capital. The Court resolution is not subject to appeal. -----

- 4) Negotiation and presentation of proposed "acuerdos preventivos". In the event that interested parties register their names within the term set in the first Item, they shall be qualified to present proposed "acuerdos preventivos" to the creditors, for which purpose they may preserve or modify the classification of the exclusivity period. The debtor may seek support of its former proposal or of any new proposals it may submit, at the same time and on the same terms, without any preference whatsoever, as those offered by other interested parties presenting proposals. -----

All interested parties, including the debtor, have a maximum twenty (20) day term to obtain the required consent by creditors subsequent to the date when the value of the quotas or shares representing insolvent's corporate capital has been fixed by the Court. Those creditors who have been acknowledged and declared admissible may grant their consent to the proposals submitted by more than one interested party and/or by the debtor. The same majorities and formal requirements set for the exclusivity period for the "acuerdo preventivo" must be met.-----

- 5) Informative Hearing. Five (5) days prior to the expiration of the term set to present proposals an Informative Hearing shall be held on the date, at the time and place to be fixed by the Court upon issuing the resolution setting the value of the quotas or shares representing the insolvent's corporate capital. The Informative Hearing is the last chance to submit the proposed "acuerdo preventivo" to creditors, which may not be modified as from such date.-----
- 6) Communication of the existence of sufficient consent. Whoever has obtained the sufficient number of consents for the "acuerdo preventivo" to be approved, must make this known in the record in the proceedings before the legal term set in Item 4 has expired. In the event the first party to obtain such consents is the debtor, the rules provided for the "acuerdo preventivo" obtained within the exclusivity period shall apply. Should a third party be the first to obtain such consents, the procedure set forth in Item 7 shall be followed.-----
- 7) Agreement obtained by a third party. In the event the first person to obtain the consent of creditors and to serve notice thereof is a third party:-----
 - a) When as a result of the appraisal the Court has ascertained that the quotas or shares representing the corporate capital are valueless, the third party acquires the right to be assigned the ownership thereof, jointly with the approval of the agreement, without any other formality, payment or additional requirements.-----
 - b) When the quotas or shares representing the corporate capital are ascertained to have value, the amount set by the Court shall be reduced in the same percentage as the Court judges -- after a prior report by the Appraiser -- that the unsecured liability shall be reduced to reflect current values and as a consequence of the "acuerdo preventivo" by the third party. In order to ascertain the above-referenced current value, the contractual interest rate of claims, the interest rate prevailing in the Argentine market and, when relevant, in the international market and the relative risk exposure of the insolvent company due to its particular circumstances, shall be taken into account. The resulting Court estimate is not subject to appeal.-----
 - c) Once the value described in the preceding paragraph has been judicially determined, the third party may:-----
 - i) State that it will pay the respective amount to the partners, depositing at that time twenty five percent (25%) as guarantee of the balance it must deposit at Court, within the ten (10) days subsequent to the Court approval of the "acuerdo preventivo", at which time the definitive conveyance of the ownership of the corporate capital will take place; or,-----
 - ii) Within the twenty (20) following days, agree upon the acquisition of the corporate interest at a value lower than that set by the Court, for which purpose it must obtain the consent of partners or shareholders representing two-thirds of the insolvent's corporate capital. Once these consents have been granted, the third party must serve the Court notice accordingly and, when relevant, pay the Court deposit and/or subsequent payment of any balance outstanding, in the manner and on the occasions stated in the previous paragraph (i), after which it will definitively acquire ownership of the full corporate capital.-----

8) Bankruptcy. When no "acuerdo preventivo" is obtained during this stage, by the third party or the debtor, or the "acuerdo preventivo" is not approved by the Court, the Court will declare the bankruptcy. —

CHAPTER V - CHALLENGE, APPROVAL, FULFILLMENT AND NULLITY OF THE "ACUERDO PREVENTIVO"

SECTION I

Article 49. Existence of an "Acuerdo Preventivo". Within the three (3) days following submission of the respective consents, the Court shall render its resolution making known the existence of the "Acuerdo Preventivo".

Article 50: Challenge. The creditors entitled to vote and those who filed a motion for ancillary proceedings because of failure to file their submission within the stipulated period or on account of rejection of their unsecured claims, may file objections to the "acuerdo preventivo" within the five (5) days following the date on which notice of the resolution established in Article 49 was served by operation of the law.

Grounds. A challenge may only be based on:

- 1) An error in calculating the required majority.
- 2) Lack of representation of those creditors who jointly comprise a majority in the categories.
- 3) A fraudulent exaggeration of liabilities.
- 4) Concealment or fraudulent exaggeration of assets.
- 5) Failure to observe the required formalities to execute the "acuerdo preventivo".

This cause may only be invoked by those creditors who have not approved the proposal submitted by the debtor, the creditors or third parties.

Article 51. Resolution. Once the challenge has been processed, should the Court consider it admissible, it shall issue the related resolution ordering the adjudication of bankruptcy. In the case of limited liability companies, stock companies and those in which the National, Provincial or Municipal Government has an interest, the procedure established by Article 48 shall be applied, unless the challenge has been filed against a proposal made by application of this procedure.

Should it be considered inadmissible, the Court shall approve the "acuerdo preventivo".

Both decisions are subject to appeal, solely for the purpose of referring the lower court decision to the appellate court; in the first case, by the debtor company and in the second, by a challenging creditor.

SECTION II – APPROVAL

Article 52: Approval. If no challenges are filed within the established period, or if those filed are rejected, the Court shall render a ruling upon the approval of the "acuerdo preventivo".

- 1) If it considers a single proposal, approved by legal majorities, it must be approved.
- 2) If it considers a "acuerdo preventivo" which classifies unsecured creditors and consequently multiple proposals pertaining to the respective categories:

- a) It must approve the "acuerdo preventivo" when the majorities set forth in Article 45 have been obtained or, where appropriate, those set in Article 67; -----
- b) When the required majorities in all categories have not been obtained, the Court may approve the "acuerdo preventivo" and impose it upon all unsecured creditors, provided the following requirements have been met: -----
 - i) Approval by at least one of the categories of unsecured creditors; -----
 - ii) Consent by at least three-quarters of the unsecured capital; -----
 - iii) Non-discrimination against the dissident category or categories. Discrimination is understood as preventing the creditors included in such dissident category or categories from electing -after the court imposition of the "acuerdo preventivo"- any one of the single or alternative proposals, agreed upon with the category or categories by which they were expressly approved. Failing express election, the dissidents will never receive a payment or a value lower than the highest agreed upon with the category or with any one of the categories which rendered express consent with the proposal; -----
 - iv) The payment resulting from the imposed "acuerdo preventivo" must be equivalent to a dividend not lower than that which dissident creditors would obtain in an adjudication of bankruptcy. -----
- 3) The "acuerdo preventivo" may not be imposed on those creditors enjoying special preference who have failed to accept it. -----
- 4) In no case shall the Court approve a proposal that is abusive or contrary to law. -----

Article 53. Enforcement measures. The resolution approving the "acuerdo preventivo" must establish the judicial measures required for its enforcement. -----

Should it consist of the reorganization of the debtor company or in the organization of a company jointly with the creditors, or with certain creditors, the Court shall order the measures required for the implementation thereof and shall establish a term to do so, unless otherwise agreed upon in the "acuerdo preventivo". -----

In the case described in Article 48, Item 4), the approving resolution shall order the transfer of the equity interests or shares of the indebted company to the bidder and such bidder shall make a judicial deposit of the purchase price on the order of the overseeing court, within three days after being notified of the approval by operation of law. For this purpose, the amount deposited as security under the terms of Article 48, Item 4), shall be considered included in the price. Such deposit shall be made available to the partners or shareholders, who shall request that the Court issue checks. -----

If the creditor or third party fails to deposit the purchase price within the stated period, the Court shall declare the bankruptcy and the creditor or third party shall forfeit the deposit made, which shall become an integral part of the assets of the insolvency proceedings estate. -----

Article 54. Fees. Fees payable by the debtor shall become due ninety (90) days after the approval date, or simultaneously with the payment of the first installment to any of the categories of creditors expiring prior to such term. -----

Lack of payment shall comprise grounds to file a petition for the adjudication of bankruptcy. -----

SECTION III - EFFECTS OF THE APPROVED AGREEMENT -----

Article 55. Novation. In all cases, the approved agreement entails the novation of all the obligations having an origin or cause prior to the insolvency proceedings. This novation does not extinguish the obligations of the guarantor nor of joint and several co-debtors.

Article 56. Application to all creditors. The approved "acuerdo preventivo" shall affect all unsecured creditors whose claims had originated prior to the submission, even if they were not party to the proceedings.

It has the same effects on preferred creditors whose claims have been proven, to the extent that such creditors have waived their preference.

Any benefits granted to the creditors beyond what is established in the "acuerdo preventivo" for each category are absolutely null and void.

Jointly and severally liable partners. The "acuerdo preventivo" extends to general partners, except that, as a condition thereof, it should be established that such general partners are to assume broader liability with respect to all creditors falling within its scope.

Late acknowledgment. The effects of the approved "acuerdo preventivo" are also applicable to those creditors that have not requested acknowledgment of their claims, once they have been acknowledged or declared admissible.

The request for late acknowledgment must be processed by means of ancillary proceedings if the insolvency case is still in progress or if it has concluded, resorting to the individual actions which may be in order, within two (2) years as from the filing of the petition for insolvency proceedings. Upon expiration of this term, a creditor's right to bring action shall become statutorily barred with respect to other creditors, the debtor company, or third parties connected with the "acuerdo preventivo", unless the term set by the statute of limitations is shorter.

When late acknowledgment is processed by means of ancillary proceedings during the course of the insolvency proceedings, the creditor and the debtor shall be parties to such ancillary proceedings and the Trustee shall issue a report once the period to produce evidence has concluded.

Those creditors that have been the subject of late acknowledgement may not claim moneys collected by co-creditors under the "acuerdo preventivo" and the Court shall establish the manner in which the effects that have already taken place shall be applied, taking into account the nature of the obligations.

Article 57. "Acuerdo Preventivo" with preferred creditors. The effects of the clauses involving preferred creditors shall only apply if the agreement is approved. Preferred creditors that are not included within the scope of the agreement may enforce the judicial decision approving proof of their claims before the relevant Court, in accordance with the nature of their claims. They may also request that the debtor be adjudged bankrupt in accordance with the provisions of Article 80, second paragraph.

Article 58. Challenge filed against proven claims: Effects. A challenge filed against the declaration of admissibility of a claim or preference shall not prevent the fulfillment of the related "acuerdo preventivo" or obligation and the debtor company must place at the Court's disposal the consideration to which the creditor is entitled, in the event the creditor should so request.

The Court may either order delivery to the creditor or provide for the preservation of the asset which the debtor must deliver. In the first case the Court shall fix a bond to be furnished by the creditor prior to the delivery. In the second case, it shall decide whether the asset must remain in the debtor's possession or be deposited in such place and manner as it may instruct. An appeal may be filed against the resolution in question.

Article 59. Conclusion of the insolvency proceedings. Once the "acuerdo preventivo" has been approved and the measures for its enforcement have been carried out, the Court shall declare that the insolvency proceedings have concluded, ending the participation of the Trustee. _____

Prior to the resolution ordering the conclusion of the proceedings, the relevant bonds shall be furnished, and the general restraint on the debtor's assets shall remain in force during the period of performance of the "acuerdo preventivo", except with the creditors' express consent, pursuant to the specific provisions contained in the "acuerdo preventivo", or powers granted to the creditors' committee as controller of the "acuerdo preventivo". _____

The Court may, at the debtor's request and with notice thereof to the controllers of the agreement, authorize the performance of acts which result in exceeding the limitations imposed by the general restraint. _____

The conclusion of the proceedings shall remove the limitations on the debtor set forth in Articles 15 and 16, except for the provisions contained in this Article. _____

The resolution must be published for one (1) day in the legal bulletin and in one leading newspaper and may be the subject of appeal. _____

Declaration of fulfillment of the "acuerdo preventivo". Prohibition against new insolvency proceedings. Fulfillment of the "acuerdo preventivo" shall be declared by means of a judicial resolution issued by the Court which has heard the insolvency proceedings, at the debtor's request, and after notice to the controllers in charge of monitoring fulfillment of the "acuerdo preventivo". _____

The debtor may not submit a new petition for insolvency proceedings until one (1) year has elapsed as from the date of the judicial decision declaring the fulfillment of the "acuerdo preventivo", nor may debtor convert the adjudication of bankruptcy into insolvency proceedings. _____

SECTION IV – NULLITY

Article 60. Subjects and term. The approved "acuerdo preventivo" may be declared null and void upon request of any creditor included therein, within a six-month term following the judicial decision ordering the approval of the "acuerdo preventivo".

Causes: The grounds for nullity are limited to the existence of fraud aimed at exaggerating liabilities, acknowledging or simulating non-existing or fraudulently-created preferences, and concealing or exaggerating assets, discovered after the expiration of the period set forth in Article 50.

Article 61. Judgment: Bankruptcy. The judgment declaring the nullity of the "acuerdo preventivo" must contain the debtor's adjudication of bankruptcy and the measures set forth in Article 177. It may be appealed without detriment to immediate compliance with the measures provided for in Articles 177 through 199.

Article 62. Other effects. The nullity of the "acuerdo preventivo" also produces the following effects:-----

- 1) It releases the surety that secured its performance.-----
- 2) Creditors recover the rights they had before the proceedings opened. If they received payments on account of the performance of the "acuerdo preventivo", they have the right to collect pro rata the unpaid portion. Any creditor who has received total payment of the amount stipulated in the "acuerdo preventivo" is excluded from the bankruptcy.-----
- 3) The other measures adopted for performance of the "acuerdo preventivo" are null and void to the extent such measures settle claims included in the agreement.-----
- 4) Creditors recover the preferences they waived upon voting in favor of the "acuerdo preventivo".-----
- 5) Creditors whose claims were fraudulently exaggerated are excluded.-----
- 6) A new disclosure period is commenced, to which Articles 200 through 202 shall apply.-----
- 7) Assets must be realized without further formalities.-----

SECTION V – DEFAULT

Article 63. Request and formalities. When the debtor fails to complete the "acuerdo preventivo", either totally or partially, even with respect to the bonds, the Court must adjudge the bankruptcy upon request by interested creditors or by the controllers of the "acuerdo preventivo". Notice must be served upon the debtor and the controllers of the "acuerdo preventivo". Bankruptcy must also be adjudged, without the need to file a petition, when the debtor declares in court that it will prove impossible for it to complete the "acuerdo preventivo" in the future.

An appeal may be filed against this resolution; however, the appeal does not suspend fulfillment of the measures imposed by Articles 177 through 199.

Article 64. Bankruptcy while fulfillment of the "acuerdo preventivo" remains pending. In all cases in which bankruptcy is adjudged while the "acuerdo preventivo" is pending compliance, Items 6) and 7) of Article 62 shall apply. The Court which heard the insolvency proceedings shall have competent jurisdiction and likewise the same Trustee.

CHAPTER VI - INSOLVENCY PROCEEDINGS APPLICABLE TO BUSINESS GROUPS -----

Article 65. *Petition.* Whenever two or more individuals or legal entities are permanent members of a business group, they may petition for the joint institution of insolvency proceedings, describing those facts that evidence the existence of the group and the manner in which the group is made manifest. -----

The petition must include all the members of the group without any exclusion. The Court may dismiss the petition if it believes the existence of the group has not been duly evidenced. An appeal may be filed against the resolution in question. -----

Article 66. *Suspension of payments.* It shall suffice for only one of the members of the group to suspend payment in order to institute insolvency proceedings, provided that such circumstance may detrimentally affect the other members of the business group. -----

Article 67. *Jurisdiction.* The Court who would ordinarily be competent to hear the insolvency proceedings of the party possessing the most substantial assets, as evidenced by the latest balance sheet, shall be vested with competent jurisdiction. -----

Trusteeship. There shall be one single Trustee for the entire group, although the Court may appoint a body of Trustees under the terms of Article 253, in fine. -----

Formalities. Proceedings shall be conducted with respect to each physical or corporate insolvent. There shall be only one general report which shall be completed with a consolidated statement of the assets and liabilities of the group. -----

The creditors of any of the debtors may file objections and observations against the requests for the proof of claims filed by the creditors in each of the other proceedings. -----

Unified proposal. The debtors may propose categories of creditors and offer proposals considering their liabilities as a unified whole. -----

The majorities set forth in Article 45 will be required to approve these proposals. Nevertheless, they shall also be considered approved with the affirmative vote of at least seventy-five percent (75%) of the total capital entitled to vote computed vis-a-vis the aggregate number of debtors and not less than fifty percent (50%) of the capital within each one of the categories. -----

Failure to obtain the majorities shall entail the adjudication of bankruptcy of all debtors. The adjudication of bankruptcy of one of the debtors during the performance stage of the "acuerdo preventivo" shall also produce the same effect. -----

Individual proposals. Should the proposals refer to each debtor individually, approval must be granted by the majority set forth in Article 45, in each insolvency proceeding. The provisions contained in the last paragraph of the previous Item shall not apply in this case. -----

Claims among debtors. Claims among members of the group or their assignees, within two (2) years prior to the filing shall not be entitled to vote. The "acuerdo preventivo" may provide for the total or partial extinguishment of these claims, their subordination or other form of specific treatment. -----

Article 68. *Guarantors.* Whoever should, through any legal act, guarantee the liabilities of an insolvent, regardless of whether or not there is a group, may petition its own insolvency proceedings to be heard jointly with those of its secured party. The petition must be submitted before the same court within thirty (30) days as from the last publication of notices. -----

The other stipulations of this Article shall be applicable. -----

CHAPTER VII - ACUERDO PREVENTIVO EXTRAJUDICIAL (OUT OF COURT PREVENTIVE AGREEMENT OR "APE")

Article 69. Legitimacy. A debtor that suspends its payments or has economic or financial difficulties of a general nature, may reach an agreement (an "APE") with its creditors and submit it for judicial approval. -

Article 70. Form. The APE may be executed by means of a private instrument, with the signature of the parties and the representations invoked attested to by a Notary Public. The documents whereby the executing parties are empowered to act, or an authenticated copy thereof, shall be attached to the instrument. It is not necessary for the signature of creditors to be affixed on the same date. -----

Article 71. Freedom of content. The parties may include in the APE those matters they deem advisable according to their interests and such APE shall be binding upon them even when legal approval has not been granted, unless expressly agreed otherwise by the parties. -----

Article 72. Approval requirements. -----

In order to approve the APE, the following documents shall be submitted to the Court of competent jurisdiction, as stipulated in Article 3, together with the relevant APE, which documents shall be duly certified by a national public accountant:-----

- 1) An updated statement of assets and liabilities as of the date of the APE which shall precisely describe the rules followed for their appraisal.-----
- 2) A list of creditors, specifying domicile, amount of claims, causes, maturities, co-debtors, guarantors or obliged and liable third parties; the accountant's certification must express that there are no other registered creditors and must describe the accounting and documentary evidence supporting its attestation. -----
- 3) A list of lawsuits or administrative proceedings in process or with sentence pending, indicating the relevant court before which such suits or proceedings are being heard. -----
- 4) A precise list of the commercial and other books kept by the debtor, identifying the last page used as of the date of the APE.-----
- 5) The amount of capital represented by the creditors who have signed the APE and the percentage they represent compared to all the debtor's registered creditors. -----

Effects of the presentation. As from the time the application for approval of the APE has been filed, all legal actions against the debtor, of a financial nature, are suspended in accordance with the terms set in Article 21, Items 2 and 3.-----

Article 73. Majorities. In order to obtain court approval it is necessary for consent of the APE to have been granted by an absolute majority of unsecured creditors, representing two-thirds of the total sum of unsecured liabilities, excluding from this calculation those creditors listed for the purpose in Article 45.-----

Article 74. Published Notices. The submission of the APE for approval must be made known by legal notices published for five (5) days in the legal bulletin within the court's jurisdiction and in one (1) leading newspaper in the area. Should the debtor have establishments in other court jurisdictions, the legal notices must be published during the same period in each location and, if pertinent, in the respective official bulletin. -----

Article 75. Objections. Declared creditors and those who legally evidence they have been omitted from the list provided for in Item 2 of Article 72 may object to the APE. The objection must be filed within the ten (10) days following the last publication of notices and may only be based on the grounds of omission or exaggeration of the assets or liabilities or the absence of the majority required by Article 73. If necessary, a ten (10) day term shall be granted to produce evidence at Court and the Court shall render its decision within ten (10) days following the expiration of such term.

When legal requirements have been met and no objections are raised, the Court shall approve the APE.

When any objections have been raised, fees shall be assessed by the Court taking into account exclusively the scope and nature of the tasks performed by the professionals in the case, without considering the financial amount involved in the APE or the amount of the claim of the objecting creditor.

Article 76. Effect of Approval. The APE approved in accordance with the provisions of this Chapter produces the effects set forth in Article 56 and remains subject to the provisions of Chapters III, IV and V of Chapter V of Title II of this Law.

TITLE III - BANKRUPTCY

CHAPTER I - DECLARATION

SECTION I - CASES AND PREREQUISITES

Article 77. Cases. Bankruptcy shall be adjudged:

- 1) In the cases set forth in Articles 46, 47, 48, Items 2) and 5), 51, 54, 61 and 63.
- 2) Upon request of the creditor.
- 3) Upon petition by the debtor.

Article 78. Evidence of suspension of payments. Suspension of payments must be evidenced by any means which proves the debtor is unable to meet its obligations regularly as they become due, irrespective of their nature and the causes giving rise thereto.

Plurality of creditors. Plurality of creditors is not necessary.

Article 79. Manifestation. The following, among others, may be deemed to be acts evidencing the suspension of payments:

- 1) Court or out-of-Court acknowledgment of suspension of payments by a debtor.
- 2) Default in the performance of an obligation.
- 3) Concealment or absence of a debtor or a company's managers, when applicable, without leaving a representative with sufficient powers and means to fulfill its/their obligations.
- 4) Closing down the administrative office or the establishment where a debtor conducts business.
- 5) Sale at low prices, concealment or payment of assets.
- 6) Judicial revocation of fraudulent acts performed to the creditors' detriment.
- 7) Any ruinous or fraudulent means to obtain funds.

Article 80. Creditor's petition. Any creditor whose claim is enforceable, irrespective of its nature and preference, may file a petition for bankruptcy.-----

When, according to the stipulations of this law, the claim in question enjoys a special preference, the creditor shall expeditiously prove that the assets involved are insufficient to settle such claim. This proof shall not be necessary in the case of labor claims.-----

Article 81. Excluded creditors. The debtor's spouse, his ancestors or descendants, or assignees of his claims, may not petition his bankruptcy.-----

Article 82. Debtor's petition. A voluntary petition in bankruptcy filed by the debtor prevails over a creditor's petition, whatever its status may be, until the adjudication of bankruptcy has been declared.-----

In the case of corporate entities, the provisions of Article 6 shall apply. In the case of incompetent persons, prior judicial authorization must be evidenced.-----

Section II -- FORMALITIES

Article 83. Petition by Creditors. When the petition in bankruptcy is filed by a creditor, such creditor must expeditiously prove its claims, the acts manifesting the suspension of payments and the fact that the debtor falls within the scope of Article 2.-----

The Court may order *ex officio* those expeditious measures deemed relevant for the purposes in question and, in the case of companies, those required to ascertain whether they are registered and, when relevant, the identities of their general partners with unlimited liabilities.-----

Article 84. Service of summons on a debtor. Once these circumstances have been evidenced the Court shall, within five days as from service of notice, summon the debtor to invoke and prove those facts the debtor considers advisable within its rights.-----

Once this period has elapsed and the creditor has been heard, the Court shall resolve without further formalities whether to uphold or reject the petition in bankruptcy.-----

There is no provision for bringing pre-bankruptcy legal action.-----

Article 85. Precautionary measures. At any stage of proceedings prior to adjudication of bankruptcy, at the request and under the liability of a creditor, the Court may decree precautionary measures to protect the integrity of a debtor's estate, when it considers that a creditor's claim is *prima facie* acknowledged and it is proven that any delay could be dangerous.-----

Such measures may consist of a general restraint on debtor's assets, the controlled supervision of its business or other measures suited to attaining the purposes sought.-----

Article 86. Debtor's petitions. Requirements. A debtor's petition in bankruptcy must be accompanied by the documents required by Article 11, Items 2, 3, 4 and 5 and, if applicable, those set forth in Items 1, 6 and 7 thereof; however, an omission shall not preclude the adjudication of bankruptcy.-----

A debtor is obliged to place all its assets at the disposal of the court in a suitable manner to enable the authorities overseeing the insolvency proceedings to take immediate and safe possession thereof.-----

In the case of partnerships, the stipulations of this Article shall apply to any general partners with unlimited liability who have decided to file or sign the petition, without detriment to the fact that the Court may demand compliance therewith by the other partners, after the bankruptcy has been adjudged.-----

Article 87. Abandonment by the creditor. The creditor petitioning bankruptcy may abandon such request provided the summons under Article 84 has not yet been effectively served. -----

Payments made by a debtor or by a third party to the creditor, petitioning the bankruptcy, shall be subject to the provisions of Article 122. -----

Abandonment by the debtor. The debtor petitioning its own bankruptcy cannot abandon its request, unless it evidences, before the first publication of notices, that the suspension of payments has been discontinued. -----

SECTION III - BANKRUPTCY DECREE -----

Article 88. Contents. The judgment declaring the bankruptcy shall record: -----

- 1) Identification of the bankrupt party and, in the case of a partnership, of the general partners with unlimited liability. -----
- 2) Order to record the bankruptcy and the general restraint on assets in the relevant registers. -----
- 3) Order for the bankrupt party and third parties to deliver the bankrupt party's assets to the Trustee. -----
- 4) Demand upon the debtor to meet the requirements to which Article 86 refers if it has failed to do so before that time and to deliver the accounting books and other accounting documentation to the Trustee within twenty-four hours. -----
- 5) Prohibition on making payments to the bankrupt party, which will be held invalid. -----
- 6) Order to intercept correspondence and deliver it to the Trustee. -----
- 7) Demand for the bankrupt party or the managers of the insolvent company to set up, within forty-eight hours, a domicile *ad litem* in the place where the action is being heard, under advisement to have it set up at the court premises. -----
- 8) Order to serve the necessary notices to ensure fulfillment of Article 103. -----
- 9) Order to realize the debtor's assets and appoint the person to undertake their disposal. -----
- 10) Appointment of an official to take the relevant inventory within a thirty-day (30) term, which shall only include general headings. -----
- 11) Setting a hearing to appoint a Trustee by means of a lottery system. -----

Special Cases. In the case of direct bankruptcy or when it is declared as a consequence of non-performance of the "acuerdo preventivo" or nullity, the decree must fix the deadline for filing the requests for the proof of claims with the Trustee, to be set within twenty (20) days counted as from the date on which it is estimated that the publication of notices shall conclude and also to establish a date to submit the specific and general reports, respectively. -----

Article 89. Notices. Within twenty-four (24) hours after the relevant order is issued, the court clerk shall have notices published for five (5) days in the legal newspaper, in order to make known the bankruptcy and the information required by Article 88, Items 1, 3, 4, 5 and 7, *in fine*, if applicable, as well as the Trustee's name and domicile. -----

The same publication shall be ordered in each jurisdiction in which the bankrupt party has an establishment or in which a general partner is domiciled. The relevant letters rogatory shall be processed *ex officio* and shall be issued within twenty-four (24) hours following the bankruptcy decree. -----

The publication shall be made without the need for prior payment and without detriment to the allocation of funds, if any. -----

When at the time of the bankruptcy, there are sufficient funds in the proceedings, the Court may order the publication of similar notices in other leading newspapers it designates, which shall be implemented in the manner and terms established. -----

SECTION IV – CONVERSION -----

Article 90. Conversion at the debtor's request. A debtor who meets the conditions set forth in Article 5 may request the conversion of the process into insolvency proceedings, within ten (10) days as from the last publication of the notices referred to in Article 89. -----

Included debtors. This right is also vested in partners whose bankruptcy is decreed in accordance with Article 160. -----

Excluded debtors. Conversion may not be requested by a debtor whose bankruptcy has been decreed due to non-performance of the "acuerdo preventivo" or during the pendency of an insolvency proceeding, or by a debtor who is subject to the restraint period established in Article 59. -----

Article 91. Effects of a request for conversion. Once a request for conversion has been submitted, a debtor may not file a petition for the court to reverse the bankruptcy decree; if it has already been filed, it will be regarded as abandoned without the need for a legal declaration. -----

The request for conversion does not prevent the continued processing of a claim for incompetent jurisdiction brought in accordance with Articles 100 and 101. -----

Article 92. Requirements. A debtor must meet the requirements set forth in Article 11, either upon making its request for conversion or within such term as the Court may establish in accordance with the provisions of Article 11, *in fine*. -----

Article 93. Effects of fulfillment of requirements. Once the term established in the previous Article has expired, the Court shall set aside the bankruptcy decree and render judgment according to the provisions of Articles 13 and 14. The Court may only reject conversion into insolvency proceedings when the requirements of Article 11 have not been met. -----

SECTION V – APPEALS -----

Article 94. Reversal. A bankrupt party may file an appeal to set aside a judgment when the bankruptcy is adjudged upon petition made by a creditor. The same right may be exercised by a general partner with unlimited liability, even when the bankruptcy of the partnership to which he is party has been requested by the partnership without his consent. -----

An appeal must be submitted within five (5) days after notice is given of the bankruptcy decree or, if it is not known earlier, by the fifth (5th) day after the last publication of notices in the official bulletin that is within the competent court's jurisdiction. -----

The bankrupt party shall be deemed to possess knowledge thereof upon the shut-down or seizure of its assets. -----

Article 95. Grounds. The grounds for an appeal are limited to a lack of the substantial prerequisites necessary to institute insolvency proceedings. -----

Parties. Upon adopting a decision, the Court shall evaluate all the circumstances of the principal case and its ancillary proceedings. -----

The bankrupt party, the Trustee and the petitioning creditor are parties to the appeal for reversal. The Court shall issue a resolution within a maximum term of ten (10) days as from the time such insolvency proceedings are ready to be resolved. -----

Article 96. Release without further formalities. The Court may revoke the adjudication of bankruptcy without processing the ancillary proceedings if the appeal for reversal is filed by the bankrupt party together with a payment deposit, or through an attachment in the amount of the claims that served as a basis to evidence suspension of payments and accessories. -----

Petitions in process. Sufficient amounts shall also be deposited to defray the remaining claims invoked in petitions in bankruptcy pending as of the date of the declaration, plus accessories, unless the illegitimacy of the claim is *prima facie* evidenced, in the opinion of the Court, without detriment to the rights of the creditor whose claim was not an impediment to revoke the bankruptcy. -----

Deposit of expenses. Enforcement of the resolution is conditional upon the deposit by the debtor, within five (5) days, of the sum fixed for payment of legal expenses. -----

Appeal. The resolution dismissing immediate revocation may be appealed exclusively by the debtor, solely in order to refer the lower court decision to the appellate court, and it must be resolved by the appellate court without further proceedings. -----

Article 97. Effects of the filing. The filing of the appeal does not prevent the prosecution of the case, except insofar as it involves the disposal of assets, without detriment to the application of Article 184. -----

Article 98. Effect of revocation. Revocation of a bankruptcy decree shall cause the effects of the insolvency proceedings to cease. -----

Nevertheless, those acts legally performed by the Trustee and the termination of executory contracts are enforceable against the debtor, even when such acts consist of the disposal of assets under the conditions set in Article 184. -----

Article 99. Damages against petitioner. Should the bankruptcy decree be revoked, the party who filed the petition in bankruptcy acting fraudulently or with gross negligence shall be liable for damages caused to the appellant. The action shall be settled by the Court hearing the insolvency proceedings. -----

Article 100. Lack of competent jurisdiction. Within the same period as that set forth in Article 94, the debtor and any creditor, except the creditor that filed the petition in bankruptcy, may seek a declaration that the Court hearing the case lacks competent jurisdiction. -----

The parties to the proceedings are those indicated in Article 95 and, when applicable, the creditor that claimed lack of competent jurisdiction. -----

Article 101. Petition and admission - Effects. This petition does not suspend the course of the proceedings if the debtor is registered with the Public Registry of Commerce within the jurisdiction of the court. The application of the effects of the bankruptcy shall not cease under any circumstances. -----

The resolution admitting that the Court lacks competent jurisdiction shall order that the record be referred to the competent Court. The proceedings that have taken place up to that point shall be valid. -----

CHAPTER II - EFFECTS OF BANKRUPTCY-----

SECTION I - PERSONAL EFFECTS WITH RESPECT TO THE BANKRUPT -----

Article 102. Cooperation by the bankrupt. The bankrupt and his representatives and the company's managers, when pertinent, are required to render their full cooperation to the Court or Trustee, when so requested, in order to assess their financial condition and determine the claims. -----

They must appear each time that the Court summons them to give explanations and may be compelled to attend by the police if they fail to do so. -----

Article 103. Authorization to travel abroad. Until the submission of the general report, the bankrupt and his managers may not travel abroad without Court authorization in each specific case, which must be granted when their presence is not required for the purposes of Article 102, or on occasions of manifest need and urgency. This authorization does not prevent the prosecution of the action and effects of the domicile *ad litem* shall subsist. -----

Via a well-grounded resolution, the Court may extend the prohibition against leaving the country to specific persons, during a term not exceeding six months counted as from the date fixed for submission of the report. An appeal may be filed against the resolution by the aggrieved persons for the sole purpose of referring the lower court decision to the appellate court. -----

Article 104. Continuation of employment, profession or trade. The bankrupt retains the power to practice arts and crafts or professional tasks or to serve under an employment relationship, without detriment to the provisions of Articles 107 and 108, Item 2.

Subsequent debts. Debts incurred while not yet discharged from bankruptcy may give rise to new insolvency, which shall only cover those assets that remain once the bankruptcy estate has been liquidated and after distribution has concluded, together with those acquired after discharge from bankruptcy. -----

Article 105. Death or incompetence of the bankrupt. The death of the bankrupt does not affect the proceedings or their effects. The heirs succeed the deceased and must unify their legal capacity. -----

In the succession proceedings no steps whatever are taken referred to the dispossessed assets and a decision shall be rendered concerning the person who will represent the heirs in the bankruptcy proceedings. -----

The incompetence or disqualification of the bankrupt, even if it occurs during ongoing proceedings, does not affect the procedure or the effects of the bankruptcy. The bankrupt's legal representative succeeds him in the proceedings. -----

SECTION II - DISPOSSESSION -----

Article 106. Effective Date. The bankruptcy decree entails the immediate application of the measures contained in this Article. -----

Article 107. Concept and scope. As a matter of law the bankrupt is dispossessed of his assets existing as of the date of the adjudication of bankruptcy, and any others acquired by him until his discharge. The dispossession precludes the exercise of disposal and management rights. -----

Article 108. Excluded assets. The following are excluded from the scope of the preceding Article:-----

- 1) Personal rights. -----
- 2) Non-attachable assets. -----
- 3) The usufruct from assets belonging to the bankrupt's minor children; however, the fruits to which he is entitled may be dispossessed once charges have been paid. -----
- 4) Management of his/her spouse's own property. -----
- 5) The power to act in Court in the defense of assets and rights not subject to dispossession, to the extent his personal participation is allowed by this law. -----
- 6) Indemnities granted to the bankrupt for property damages or pain and suffering. -----
- 7) Remaining assets excluded by other laws. -----

Article 109. Management and Disposition of Assets. The Trustee is entrusted with the management of the assets and participates in their disposition to the extent established in this law. -----

Any acts implemented by the bankrupt with the dispossessed assets as well as the payments he should make or receive are null and void. Nullity is declared in accordance with the provisions of Article 119, penultimate paragraph. -----

Article 110. Bankrupt's legal capacity to sue and be sued. The bankrupt loses his capacity to act in all litigation referred to the dispossessed assets and the Trustee must act on his behalf. He may, nevertheless, apply in Court for precautionary measures until the Trustee appears in the proceedings, and take any out-of-Court measures in the absence of the Trustee. -----

He may also: raise objections under the terms of Article 35 against those claims whose acknowledgment has been requested; be a party to any ancillary proceedings for review and late acknowledgment; and file submissions concerning performance by the bodies acting in the insolvency proceedings. -----

Article 111. Inheritance and testamentary gifts. Acceptance or disclaimer. The bankrupt may accept or disclaim inheritances or testamentary gifts. -----

In the event of acceptance, the deceased's creditors may only satisfy their claims against the dispossessed assets after settlement of the bankrupt's creditors and payment of the expenses arising from the proceedings. -----

The disclaimer shall only be effective vis-a-vis any amounts in excess of the creditors' interests and the aggregate expenses of the proceedings. In all cases the Trustee shall act in the succession proceedings in which the interests of the insolvency proceedings are at stake. -----

Article 112. Testamentary gifts and donations: Conditions. The condition whereby the assets which are bequeathed or donated may not be dispossessed, cannot be invoked vis-à-vis creditors, without detriment to the survival of the donation or testamentary gift, of the other charges or conditions and the application of the previous Article. -----

Article 113. Donation after bankruptcy. Assets donated to the bankrupt after the adjudication of bankruptcy and until his discharge become part of the insolvency proceedings and are subject to dispossession. -----

Should donations entail a charge, the Trustee may reject the donation; should he accept it, he must meet the condition on behalf of the insolvency proceedings. In both cases, prior Court authorization must be requested. -----

In the event the Trustee should disclaim the donation, the bankrupt may accept it *per se*, in which case the donor has no right whatever in respect of the proceedings. -----

Article 114. Correspondence. Correspondence and communications addressed to the bankrupt must be delivered to the Trustee. The latter must open them in the presence of the bankrupt, or of the Court in the latter's absence, and surrender those documents, which are strictly personal, to the interested party. -----

SECTION III - PERIOD OF SUSPICION AND EFFECTS ----- ON THE ACTS WHICH ARE HARMFUL TO CREDITORS -----

Article 115. Date of suspension of payments: effects. The date established by final resolution as that on which payments were suspended is *res judicata* in respect of the bankrupt, the creditors and those third parties who have been party to the proceedings when such date is established, and is a presumption which allows evidence to the contrary vis-a-vis third parties who were not party thereto. -----

When bankruptcy is adjudged on any of the grounds described in Article 77, Item 1, or fulfillment of a "acuerdo preventivo" remains pending, the date to be determined will be that when the suspension of payments commenced, prior to the filing provided for in Article 11. -----

Article 116. Date of suspension of payments: retroactive effects. Determination of the date when payments were suspended may not be backdated for the purposes of this Article beyond two years before the date of the bankruptcy decree or of the filing of an application for insolvency proceedings. -----

Period of suspicion. The period of suspicion is defined as the period which elapses between the date fixed as the commencement of the suspension of payments and the pronouncement of the bankruptcy decree. -----

Article 117. Suspension of payments: determination of the commencement date. Within thirty (30) days following submission of the general report, interested parties may file objections to the date when payments were suspended according to the Trustee. -----

Writings shall be filed in triplicate and notice thereof shall be served upon the Trustee, together with those other writings which may have been submitted on the subject in accordance with Article 40. -----

The Court may order the production of evidence it deems necessary. -----

The resolution fixing the date when payments ceased may be the subject of appeal by those who were party to the processing thereof and by the bankrupt. -----

Article 118. Acts which are ineffective as a matter of law. Any of the following acts performed by the debtor within the period of suspicion are ineffective *vis-à-vis* the creditors, viz.: -----

- 1) Gratuitous acts. -----
- 2) Advance payments of debts falling due, according to the relevant evidence of debt, on the day of the bankruptcy or subsequently. -----
- 3) The creation of mortgages, pledges or any other preferences, with respect to unmatured obligations which originally lacked such security. -----

The declaration of ineffectiveness shall be pronounced without the need for express action or petition and without any further procedure. An appeal may be lodged against the declaration via ancillary proceedings.

Article 119. Ineffective acts due to prior knowledge of the suspension of payments. Other acts which may detrimentally affect the interests of the creditors, performed within the period of suspicion, may be declared ineffective in respect of creditors, when whoever was party to the act with the bankrupt was aware of the latter's suspension of payments. The third party in question must prove that the act did not cause any damages.

This declaration is to be claimed by means of an action instituted before the Court hearing the bankruptcy proceedings, and is processed via ordinary proceedings, unless it is decided, by agreement between the parties, to process them through ancillary proceedings.

The action is pursued by the Trustee and is subject to prior authorization by an absolute majority of the unsecured capital which has been acknowledged and declared admissible and is not subject to any prior tax, without detriment to its payment by any person who becomes the losing party; any tax claim shall enjoy the preference set forth in Article 240. The action becomes statutorily barred after a six months' term.

Article 120. Action by the creditors. Without detriment to the Trustee's responsibility, any interested creditor may bring this action at his own expense, once thirty days have elapsed after the petition filed with the Trustee to bring the action.

The creditor filing this action may not demand the benefit of suing *in forma pauperis* and, at the request of the party and at any stage of the lawsuit, the Court may order that the third party should furnish a bond for the potential costs of the action, to which end he shall make a provisional estimate thereof. If the bond is not furnished, it shall be considered that action has been abandoned and the plaintiff shall be required to pay expenses and court costs.

Ordinary revocation. The action governed by Articles 961 through 972 of the Civil Code may only be instituted or processed by the creditors after they have requested the Trustee to do so, in lieu of plaintiff, within a period of thirty (30) days.

Effects. In both cases, upon a declaration of ineffectiveness, the creditor shall have the right to be reimbursed expenses incurred and shall enjoy a special preference to assets recovered, as determined by the Court, between one third and one tenth of the proceeds thereof, up to the amount of his claim.

Article 121. Acts performed during insolvency proceedings. The first paragraph of Article 119 is not applicable to acts performed in the ordinary course of business during the pendency of an insolvency case, nor to any acts beyond the ordinary course of business or acts of disposition executed within the same stage, or during the stage of performance of the "acuerdo preventivo" with judicial authorization conferred in the terms of Articles 16 or 59, third paragraph.

Article 122. Payment to the creditor who files the bankruptcy petition: presumption. When the petitioning creditor, after having filed the petition in bankruptcy, receives any payment in kind or *datio en paiement* from a third party to satisfy the claim acknowledged in the proceedings, it shall be deemed to have been delivered and received in favor of all creditors and any such arrangement shall not be enforceable against them.

Reimbursement. The creditor must reimburse to the insolvency proceedings estate anything he has received, and may be compelled to do so via the application of interest up to the rate established in Article 565 of the Commercial Code, in the event of unreasonable refusal.

Article 136. Recovery from other insolvency proceedings. No action is possible between the insolvency proceedings of joint and several co-obligors in respect of dividends paid to the creditor, unless the total amount paid exceeds the claim. -----

The creditor must refund any surplus resulting from the bankruptcy proceedings of the co-obligor who has been secured by the others, or according to the rule established in Article 689 of the Civil Code in the other cases. -----

Article 137. Secured co-obligor or creditor. The co-obligor or creditor of the bankrupt secured by a pledge and mortgage set up on the latter's assets shall, in order to ensure his right of recovery, appear in the bankruptcy proceedings for the amount paid before the bankruptcy decree, or for that for which he holds a preference, should the latter be higher. -----

Payment is made in the first place to the creditor of the bankrupt and of the secured co-obligor or creditor from the proceeds of the asset, and up to the amount of the preference; and subsequently to whoever exercises the right of recovery for the amount of his payment. In all cases the relevant preferences must be honored. -----

Article 138. Third parties' assets. When the bankrupt has any assets in its possession which have been delivered to him without the intention of conveying title thereto, third parties entitled to their return may so request, upon submitting evidence of their right in accordance with Article 188. -----

The assets obtained from the transformation of products manufactured through systems called "inbond assembly", when the hiring is recorded in public registers, are included in this rule. -----

The claimant may require the adoption of measures to preserve the asset, at his expense, and the Court may order that it be delivered to him on deposit while his request is being processed. -----

The right to which this Article refers may not be exercised when, in accordance with the title of conveyance, the bankrupt retains the power to keep the assets in his possession, and the Court decides, either at the request of the Trustee or ex officio, to maintain such status at the expense of the insolvency proceedings estate. -----

Article 139. Repossession. Seller may recover possession of the assets delivered to the bankrupt for the purpose of transferring title to him, provided the following conditions are met: -----

- 1) when the bankrupt or his representatives have not taken effective possession of the assets before the bankruptcy decree; -----
- 2) when the bankrupt has not performed his obligations in full; -----
- 3) when a third party has not acquired *in rem* rights to the bankruptcy assets, without detriment to the provisions of Article 141. -----

Article 140. Requirements to exercise the seller's right. The right granted in the previous Article is in order even when there has been constructive delivery and its exercise is subject to the following: -----

- 1) Seller must file the petition in the bankruptcy proceedings within thirty (30) days following the last publication of notices in the jurisdiction where the assets are to be delivered, or the last publication in the court's jurisdiction if the former is inapplicable. -----
- 2) The Trustee may choose to discharge the obligation and retain the assets within the bankruptcy estate. This decision must be made known within fifteen (15) days after notice of the seller's petition is served, and requires judicial authorization. -----

Article 123. Ineffectiveness and creditors of subordinate rank. If by virtue of the provisions of Articles 118, 119 and 120 a mortgage or a pledge cannot be enforced, the mortgagees or pledgees of subordinate rank shall only enjoy a preference to the amounts vested with such preference when the ineffective acts have produced their effects in full. The amounts to which creditor would have been entitled for the ineffective acts shall become part of the insolvency proceedings estate, without detriment to the other acknowledged preferences. -----

Article 124. Terms. The declaration set forth in Article 118, the demand established by Article 122 and the action that may be brought under Articles 119 and 120, shall become statutorily barred three (3) years as from the date of the bankruptcy decree. -----

Extension of dispossession. The assets that are made part of the insolvency proceedings estate by virtue of the provisions of Articles 118 through 123 are subject to dispossession. -----

SECTION IV - GENERAL EFFECTS ON PRE-EXISTING LEGAL RELATIONSHIPS -----

Article 125. General principle. Once the bankruptcy has been declared, all creditors become subject to the stipulations of this law and may only exercise their rights over the dispossessed assets in the manner set forth herein. -----

Conditional creditors are included, even those whose actions in respect of the bankrupt may be pursued upon *excussio* or any other previous act against the principal debtor. -----

Article 126. Acknowledgment: Binding force. All creditors must request the acknowledgment of their claims and preferences in the manner stipulated in Article 200, unless otherwise expressly provided for herein. -----

Pledge or mortgage-backed loans. Without detriment to the timely satisfaction of these charges, pledgees and mortgagees or any creditors secured by means of warrants, may claim payment at any time via the realization of the encumbered property, after their titles have been duly proven in the manner specified in Article 209 and the posting of a bond by the creditor vested with the preferential right. -----

Trustee may request authorization from the Court in order to make total payment of the pledge or mortgage enforced by the creditor with liquid funds possessed by the estate, whenever the preservation of the asset entails an evident benefit to creditors. For this purpose, he may be authorized to set up another guarantee or otherwise order that different assets be sold. -----

Article 127. Non-monetary obligations. Creditors of non-monetary obligations, of any obligations denominated in foreign currency or those whose monetary claim must be assessed *vis-à-vis* other assets, appear in the bankruptcy proceedings representing the value of their claims in currency of legal tender in the Republic of Argentina, calculated as of the declaration date or, at creditor's option, as of the maturity date, when the latter is earlier. -----

Article 128. Expiration of terms. The bankrupt's liabilities without any expiration date are considered due and payable as a matter of law on the date of the bankruptcy decree. -----

Discount of interest. When a claim which does not accrue interest is totally or partially paid before the expiry of the term fixed in the title of indebtedness, legal interest accrued *vis-a-vis* the period pertaining to such advance payment, shall be deducted. -----

Article 129. Suspension of interest. Declaration of bankruptcy suspends the accrual of any kind of interest. -----

Nevertheless, regular interest accrued thereafter with respect to claims guaranteed by security interests, may be collected up to the limit of the proceeds of the encumbered asset, subsequent to payment of costs, preferred interest prior to the declaration of bankruptcy and principal amount. -----

Article 130. Set-off. Set-off is only in order when the transaction was implemented prior to the declaration of bankruptcy. -----

Article 131. Lien. Bankruptcy suspends any lien on assets subject to dispossession, which must be delivered to the Trustee, without detriment to the preference stipulated by Article 241, Item 5). -----

Should the bankruptcy cease before the disposition of the asset, the lien shall continue in force, and the assets shall be restored to the creditor at debtor's expense. -----

Article 132. Ancillary jurisdiction. The adjudication of bankruptcy vests the court hearing the bankruptcy proceedings with competent jurisdiction over all the legal actions brought against the bankrupt that involve monetary rights, except for any condemnation suits, and those involving family matters. -----

There is a stay in the prosecution of actions outside the court's regular jurisdiction when a final bankruptcy decree is pronounced against the defendant. Subsequently they are prosecuted with the Trustee and no forced execution proceedings may take place. -----

The provisions of Article 21, Item 5, apply to labor lawsuits. -----

Article 133. Co-defendant bankrupt. When the bankrupt is sued as co-defendant, the plaintiff may opt to continue the lawsuit before the court where it was originally filed, abandoning the claim against the former without any liability for costs, and without detriment to the right to request the proof of his claim. -----

In the event of mandatory joinder of defendants, the action shall be heard by the court handling the bankruptcy proceedings, and shall continue with the Trustee's participation; for this purpose the latter may delegate his duties to professionals of another jurisdiction, whose powers shall be exclusively limited thereto. The creditor may request proof of its claim only after judgment has been rendered. -----

When an insurance company has been summoned to make an appearance in Court and its liquidation has been ordered in accordance with the provisions of Law 20,091, the action shall continue before the ordinary courts, with the participation of the liquidator of the insurance company or of an attorney appointed for such purpose. Judgment may be enforced against the other parties having taken part in the action who were ordered to satisfy such judgment, without detriment to a petition for proof of the claim before the Court hearing the liquidation proceedings. -----

Article 134. Arbitration clause. The declaration of bankruptcy shall bar the application of any arbitration clauses agreed upon with the debtor, unless the Arbitration Board has been organized before the judgment is rendered. -----

In specific cases the Court may authorize the Trustee to agree upon the arbitration clause or allow the organization of an Arbitration Board. -----

Article 135. Joint and several obligors. A creditor of various joint and several obligors may appear in the bankruptcy proceedings of those obligors who are declared bankrupt, having in each a claim for the face value of the evidence of his debt until the full payment thereof. -----

The non-bankrupt co-debtor or guarantor who satisfies payment after the adjudication of bankruptcy, is subrogated to the creditor's rights, up to the amount of the settled claim and accessories accrued as a result of the right of recovery. -----

- 3) In order to recover the assets, seller must satisfy the claim of the *bona fide* pledgee who appeared before the date of the bankruptcy decree. _____
- 4) The seller seeking to recover possession of the assets must effectively file the petition within thirty (30) days following service of the notice allowing his request and must previously pay all expenses incurred by the assets, including transportation and insurance expenses, taxes, custody and maintenance costs, and must deposit, to the order of the court, the consideration received by him from the bankrupt. If such requirements and those of Item 1 are not met when due, or in the event set forth in Item 2, then the goods will definitely remain within the bankruptcy estate. _____
- 5) The seller has no right to claim damages or interest. _____

Article 141. Transfer to third parties: Assignment or preference. If a third party has acquired an *in rem* right to the assets sold, under the circumstances specified in Article 139, Items 1 and 2 thereof, and owes the considerations therefor, seller may apply for assignment of the claim, always provided both claims are the same in nature. _____

When they are different in nature, he shall enjoy a special preference to the outstanding consideration up to an amount equal to his own claim. _____

Compensation for damages. The seller shall enjoy the same right mentioned above to compensation for damages owed by the insurer or by any other liable third party, when the assets have disappeared or perished, either fully or in part, provided the conditions of the preceding paragraph or those of Articles 139 and 140 are met. _____

Article 142. Legal standing of Trustees. For the purposes set forth in this Article, the Trustee is qualified to exercise the rights stemming from the monetary legal relationship established by the debtor before his bankruptcy. _____

Any agreements whereby the Trustee is hindered from exercising the bankrupt's monetary rights are null and void. _____

Bankruptcy does not entitle third parties to obtain compensation for damages as a result of the application of this law. _____

SECTION V - EFFECTS ON CERTAIN SPECIFIC LEGAL RELATIONSHIPS _____

Article 143. Contracts in Process. The following rules shall apply to any contracts in which the parties' obligations are not totally fulfilled at the time of the bankruptcy decree: _____

- 1) When the bankrupt's obligation has been performed in full, the other contractual party must discharge his/its own. _____
- 2) When the non-bankrupt party's obligation has been totally fulfilled, the latter must file a claim in the insolvency proceedings for acknowledgment of the obligation owed to him. _____
- 3) Should there be reciprocal obligations pending, then the non-bankrupt party is entitled to request the termination of the contract. _____

Article 144. Pending reciprocal obligations: rules. The right set forth in paragraph 3 of the preceding Article shall be subject to the following rules: _____

- 1) Within twenty (20) calendar days as from the publication of notices in the jurisdiction of its domicile or that of the court if the former is inapplicable, the contracting third party must appear in the proceedings making known the existence of a pending contract and his intention to continue or terminate the same. Within the same period, any other creditor or interested party may make known the existence of the contract and, when pertinent, his opinion as to whether it is advisable to continue or terminate the contract.-----
- 2) Upon filing the report set forth in Article 190, the Trustee shall disclose the contracts with mutual outstanding obligations and his opinion as to their continuation or termination.-----
- 3) Upon resolving to continue the contractual business, the Court must also render a decision regarding the termination or continuation of any existing contracts. In those cases described in Articles 147, 153 and 154, the provisions thereof shall apply.-----
- 4) If it has not been decided to continue the contractual business immediately, the performance of the contract shall be suspended until a judicial decision is rendered.-----
- 5) Once sixty (60) days have elapsed since the publication of notices without a decision having been issued, the third party may file a petition to that end, in which case the contract shall be terminated if no notice of its continuation is given by sufficient means to the requesting party within ten (10) days following the request.-----
- 6) In exceptional cases, whenever more expedient action is required under the particular circumstances, the Court may issue a decision as to the continuation or termination of the contracts, within shorter terms than those established in the preceding paragraphs, giving prior notice thereof to the Trustee and the contracting third party, fixing for such purpose, those terms deemed pertinent.-----
- 7) The decision to continue:-----
 - a) may order that guarantees be furnished in favor of the third party, upon the latter's request or when the third party has filed an objection to the continuation of the contract, to the extent the preference established by Article 240 is not deemed sufficient.-----
 - b) may be the subject of appeal only by the third party, when he has objected to continuation; the third party may also choose to appeal before the same Court, evidencing in the proceedings that continuation would detrimentally affect him because the agreed guarantee did not afford sufficient security. The third party may appeal against the decision rendered by the Court solely in order to refer the lower court decision to the appellate court.-----

Article 145. Termination in the event of default: Invalidity. The bankruptcy decree invalidates the legal or contractual rules authorizing termination upon default, whenever such termination did not effectively take place or was not demanded in court prior to such decree.-----

Article 146. Contractual promises. Any contractual promises or contracts not executed in proper legal form, are not enforceable through the insolvency proceedings, except when the contract is continued thereunder and whenever a judicial authorization is issued, at the express request of the Trustee and the third party, within thirty (30) days after the publication of the notice of bankruptcy within the court's jurisdiction.-----

Preliminary agreements for the sale of real property executed in favor of *bona fide* purchasers may be invoked in the insolvency or bankruptcy proceedings if the buyer has paid twenty-five (25%) per cent of the price. In these cases, the Court must order, irrespective of the use to be given to the property, that the

deed of conveyance of title be executed in favor of the buyer against fulfillment of the consideration for which the buyer is liable. The buyer may meet his obligations within the agreed term. Should buyer's consideration be paid in installments, a first mortgage shall be set up on the property, as security for the outstanding balance of the price.

Article 147. Contracts providing for personal consideration by the bankrupt, contracts to be performed over a period of time and contracts regulating the parties' future conduct. Any contracts in which the bankrupt's outstanding obligations are personal in nature and irreplaceable by any other consideration which the Trustee could offer in its stead, as well as contracts to be performed over a period of time and any contracts that regulate the parties' future conduct terminate as a result of bankruptcy. Any agreement providing for the opening of checking accounts, agency and franchise or distribution contracts fall within the scope of this provision.

Article 148. Contracts for Commissions. Without detriment to what is stipulated in the preceding Article, any contract for a commission shall give rise to the following effects:

- 1) If the debtor has sold assets through an agent, the latter may claim the unpaid fee directly from the buyer, up to an amount equal to what was owed to him for the transaction, after prior notice to the upon Trustee and Court authorization.
- 2) If the debtor has purchased any assets through the agent, seller has the power to collect directly from the agent the amount owed by the bankrupt, up to an amount equal to the unpaid price, after prior notice to the Trustee and with Court authorization.

Article 149. Companies. Withdrawal Right. Should the withdrawal right be exercised while the company has suspended payments, the withdrawing partners must return to the bankruptcy proceedings estate everything they collected therefor. The reimbursement may be required in the manner and under the conditions established in the second paragraph, of the following Article.

Article 150. Companies: contributions. In the event of bankruptcy of a company, any unpaid contributions by the partners shall become due and payable, until the interest payable to creditors and the expenses of the insolvency proceedings have been settled.

The claim may be filed in the same action via ancillary proceedings, and the Court may immediately decree any precautionary measures required to ensure collection of the contributions, provided there are no general partners involved.

Partners' insolvency proceedings. The officers handling the general partners' bankruptcy proceedings estate cannot claim what is owed to them by the bankrupt company, regardless of the causes therefor. ---

Article 151. Unincorporated association. Upon the adjudication of bankruptcy of the managing partner the unincorporated association is dissolved.

The remaining partners shall acquire rights to the assets subject to dispossession, only after the creditors and expenses of the proceedings have been totally paid up.

Article 152. Debentures and negotiable securities. If the bankrupt has issued debentures or negotiable securities that are still outstanding, the following specific rules shall apply:

- 1) When they have a special guarantee, the provisions regulating the rights of mortgagees or pledgees in bankruptcy proceedings shall apply thereto.
- 2) In the case of debentures and negotiable securities having a floating or common guarantee, the fiduciary shall act as assistant liquidator to the Trustee in the proceedings. If the debenture

holders or bondholders have failed to appoint a representative, one may be appointed at a meeting summoned therefor for the purposes of this clause. -----

Article 153. Futures contracts. The bankruptcy of one of the parties to a futures contract, before its expiry, entitles the other party to petition proof of its claim in respect of its pending balance as of the date of the bankruptcy decree. -----

Should any balance exist at that time in favor of the insolvency proceedings estate, the non-bankrupt contracting party shall only be liable should there be a balance payable by it as at the date of the expiry of the contract. In such case, it shall be required to pay the lower amount between the balance accrued at the end of the bankruptcy proceedings and that accrued at the expiry of the contractual term. -----

When there are no differences at the time of bankruptcy, the contract is terminated by operation of the law, without any outstanding obligations. -----

Article 154. Insurance. The bankruptcy of the insured party does not terminate the insurance contract covering the risk of property damages and any agreement to the contrary shall be null and void. -----

When the contract continues in force after the adjudication of bankruptcy, the insurer shall enjoy a claim against the insolvency proceedings estate for the full unpaid premium. -----

Article 155. Protest of negotiable instruments. When the adjudication of bankruptcy leads to a release from the obligation to protest negotiable instruments, the subsequent stay of the proceedings, irrespective of the reason therefor, does not alter the effects of such release. -----

The inefficacy and ensuing reimbursement of sums paid in respect of these documents, in the conditions set in Articles 118 through 122, have the effects of the protest with regard to actions against other obligors. -----

Article 156. Alimony. Only claims for alimony payments owed by the bankrupt before the bankruptcy decree are admissible in insolvency proceedings. -----

Article 157. Lease of real estate. The following rules shall apply to real estate lease agreements: -----

- 1) when the bankrupt is the lessor, the lease shall remain in full force and effect. -----
- 2) when the bankrupt is the lessee and uses the leased premises for commercial purposes, the rules established in Articles 144 or 197, as the case may be, shall apply. -----
- 3) when the bankrupt is lessee and uses the leased premises exclusively as his place of residence and that of his family, the contract shall not be subject to the insolvency proceedings. No claims will be admitted in these proceedings for any unpaid rents, whether accrued before or after the bankruptcy decree. -----
- 4) when the bankrupt is the lessee and uses the leased premises both for business and dwelling purposes, a decision must be taken bearing in mind the other circumstances of the contract, especially what has been agreed upon with the lessor, the main use of the real estate and of the lease and the physical possibility of dividing the property without the need for any remodeling other than minor changes. -----

When doubts arise, non-severability of the contract shall be assumed and the stipulations of Item 2) shall apply. -----

Should it be decided that the contract is severable, the rent to be paid thereafter by the bankrupt for the portion of the property used for dwelling purposes shall be fixed; the latter shall remain subject to the provisions of Item 3).

Article 158. Life annuity. The bankruptcy decree issued against a debtor who is a party to an onerous life annuity contract shall cause the latter to terminate; the creditor must request proof of his claim for sums owed, as provided for in Article 2087 of the Civil Code.

When the annuity is granted on a gratuitous basis, the contract shall be terminated without any indemnification or obligation arising thereafter for the insolvency proceedings estate.

Article 159. Cases not contemplated: Rules. Insofar as concerns any monetary relationships for which no express provision is made, the Court must render its decision by applying analogous rules, taking into account the due protection of the claim, the integrity of the debtor's estate and business, the status of the insolvency proceedings and the general interest.

CHAPTER III - EXTENSION OF BANKRUPTCY. BUSINESS GROUPS' THIRD PARTIES' RESPONSIBILITY.

SECTION I - EXTENSION OF BANKRUPTCY

Article 160. General Partners. The bankruptcy of a partnership entails the bankruptcy of its general partners. It also implies the bankruptcy of any general partners who have withdrawn therefrom or who have been excluded after the time of suspension of payments, for any debts outstanding as of the date such withdrawal was recorded in the Public Register of Commerce, duly evidenced in the insolvency proceedings.

All references in the law to the bankrupt or debtor shall also be deemed to refer to the partners indicated in this Article.

Article 161. Action in personal interest. Controlling parties. Confusion of assets and liabilities. The bankruptcy shall extend to:

- 1) Any person who, impersonating the bankrupt, has performed any act in his personal interest and disposed of the assets as if they were his own, to the detriment of his creditors;
- 2) Any person controlling the bankrupt company, whenever it has unduly deviated the corporate interests of the controlled company, subjecting it to unified management in the interests of the controlling party or of the business group to which it belongs.

For the purposes of this Article, controlling party is defined as:

- a) a person who either directly or through another controlled company, holds an interest, under any title, which grants him the votes required to adopt corporate decisions.
- b) each of the persons who, acting jointly, holds an interest in the same percentage as that mentioned in paragraph a) above and is responsible for the conduct described in the first paragraph of this Item.
- 3) Any person in respect of whom there is an indivisible confusion of assets and liabilities which prevents a clear delineation of his assets and liabilities or a greater part of them.

Article 162. Competence. The Court hearing the bankruptcy action shall be competent to resolve upon its extension to other persons.

Once the extension has been declared, the Court having competent jurisdiction over the insolvency action which *prima facie* involves the greatest value in assets shall hear all the insolvency proceedings - in the event of doubt, the court which first heard the case shall be competent. _____

The same rules shall apply in those cases of extension to persons with pending insolvency or bankruptcy proceedings that are known to the Court hearing such proceedings. _____

Article 163. Request for extension. The extension of bankruptcy may be requested by the Trustee or by any creditor. _____

The petition may be filed at any time after the adjudication of bankruptcy and up to six (6) months subsequent to the date when the Trustee's general report was submitted. This period shall be extended: -

- 1) in the event a negative vote has been cast in respect of a "acuerdo preventivo", until six months after the expiry of the exclusivity period set forth in Article 43 or the expiry of the term set forth in Article 48, Item 4), as the case may be. _____
- 2) should the "acuerdo preventivo" or resolution fail to be homologated or fulfilled or is declared null and void, until six months after the date on which the respective final ruling is issued. _____

Article 164. Procedure. Precautionary measures. The petition for extension is processed according to the rules applicable to ordinary proceedings, with the participation of the Trustee and of all the parties to whom it is intended to extend the bankruptcy. Should one of such parties be undergoing insolvency or bankruptcy proceedings, then the Trustee of such proceedings shall also be a party thereto. The petition lapses after a six months-period. _____

The Court may order that the measures set in Article 85 be adopted in respect of those parties held liable, under the responsibility of the insolvency proceedings estate. _____

Article 165. Co-existence with other insolvency proceedings. No appeal lodged against the bankruptcy decree prevents the prosecution of the extension proceedings. The decree may only be issued once appeals have been dismissed. _____

Article 166. Coordination of proceedings. Trusteeship. Upon ordering the extension, the Court shall issue such measures as may be required in order to coordinate all the bankruptcy proceedings. _____

The appointed Trustee takes part in the insolvency proceedings of the parties falling under the scope of the extension, without detriment to the stipulations of Article 253, *in fine*. _____

Article 167. Single estate. The judgment which decrees the extension on the grounds of Article 161, Item 3, shall order that a single estate be formed. _____

A single estate shall also be formed when the extension has been declared by application of Article 161, Items 1) and 2) and it is evidenced that there is an indivisible confusion of assets and liabilities. In these circumstances the formation of a single estate may be required by the Trustee or any of the Trustees upon submitting the report specified in Article 41. Only the bankrupt parties and the Trustee shall be parties to these proceedings. _____

Any amount owed by more than one of the bankrupt parties shall only be admitted once in respect of the highest amount acknowledged. _____

Article 168. Separate estates. Balances. In those cases not provided for in the previous Article, the assets and credits belonging to each bankrupt are considered separately. _____

The balances of each separate estate comprise a common fund, to be distributed among the creditors whose claims have not been settled through the liquidation of the estate to which they were party, without taking any preferences into account. -----

However, claims filed by a party who acted in his/its personal interests, in the case of Article 161, Item 1) or of the controlling party in the case of Article 161, Item 2), do not share in the distribution of such common fund. -----

Article 169. Suspension of payments. In the case of a single estate, the commencement date of the suspension of payments determined for the purposes of Articles 118 et seq., shall be the same in respect of all bankrupt parties. This date shall be established at or after the time it is decided to form a single estate. -----

In cases of separate estates, the commencement date of suspension of payments is fixed in respect of each bankrupt. -----

Article 170. Claims among bankrupt parties. Claims among bankrupt parties are proven by means of a report issued by the Trustee, or if applicable, by means of a joint report by the Trustees acting in the various bankruptcies, in the event set forth in Article 35, without need for a request of proof. -----

Such claims shall not form part of the common fund provided for in Article 168. -----

Any claims lodged among bankrupt parties included within a single estate are not taken into account. -----

Article 171. Effects of the extension decree. The bankruptcy declared by extension shall be effective as from the date the decree declaring such extension is issued. -----

SECTION II - BUSINESS GROUPS -----

Article 172. Cases. When two or more persons are members of the same business group, even when this involves a controlling relationship, but without the characteristics set forth in Article 161, the bankruptcy of one does not extend to the other(s). -----

SECTION III - THIRD PARTIES' LIABILITY -----

Article 173. Liability of representatives. The bankrupt's business representatives, managers, attorneys or managers who have fraudulently caused, facilitated, allowed or aggravated the debtor's financial condition or his insolvency, shall provide compensation for any damages caused. -----

Third parties' liability. A party who has fraudulently been party to any action aimed at reducing the assets or increasing liabilities, either before or after the adjudication of bankruptcy, shall return those assets that are still in his possession, making compensation for damages caused, and shall not be entitled to claim any rights in the bankruptcy proceedings. -----

Article 174. Extension, procedure and statute of limitations. The liability set forth in the previous Article shall apply to acts performed until one year before the commencement date of suspension of payments and shall be declared and determined in action brought by the Trustee. This action shall be governed by the rules applicable to ordinary proceedings, shall become statutorily barred after two (2) years counted as from the date of the bankruptcy decree and the petition shall lapse after six (6) months. For the purposes of bringing such action, the system of prior authorization established in Article 119, third paragraph, shall apply. -----

Article 175. Partners and other responsible parties. Other action for damages arising out of tort or contract against limited liability partners, managers, statutory auditors and liquidators, shall be brought by the Trustee. -----

Pending lawsuits. Should any action for damages arising out of tort or contract be pending, the case shall continue to be heard by the court handling the insolvency proceedings. The Trustee may opt to become involved as party to the proceedings regardless of the stage thereof or otherwise refrain from taking part in the proceedings and bring the relevant actions on a separate basis. -----

Article 176. Precautionary measures. In the cases described in the preceding Articles, under the responsibility of the insolvency proceedings estate and at the request of the Trustee, the Court may adopt precautionary measures in those amounts it deems necessary, even before the action is brought. -----

For these measures to be adopted, it is required that the asserted liability be evidenced in a summary and feasible manner. -----

The actions governed by this Article are to be prosecuted before the Court hearing the insolvency proceedings and Articles 119 and 120 shall be applicable, insofar as pertinent. -----

CHAPTER IV - SEIZURE, PRESERVATION AND MANAGEMENT OF ASSETS -----

SECTION I - UNIFORM MEASURES -----

Article 177. Seizure: Forms. Immediately after the bankruptcy decree, the bankrupt's property and papers shall be seized, for which purpose the Court shall appoint the officer deemed pertinent, who may be a Notary Public. -----

Seizure shall be implemented in the most suitable manner, in accordance with the nature of the assets, and may consist in: -----

- 1) closing-down the debtor's establishment, his offices and other places where his assets and documents are to be found. -----
- 2) direct delivery of the assets to the Trustee, drawing up three counterparts of a description and inventory thereof, one of which shall be attached to the record of the case, another to the dossier specified in Article 279 and the third shall be delivered to the Trustee. -----
- 3) seizure of any of the debtor's assets held by third parties, who may be appointed depositories, should they be individuals of renowned responsibility. -----

These steps may also be taken in respect of assets owned by the general partners. -----

Measures shall be taken by means of letters rogatory referred to assets outside the Court's jurisdiction, which must be issued within twenty-four (24) hours and processed without the party's participation. -----

Assets which are essential for the bankrupt's and his family's subsistence shall be delivered to the debtor, with acknowledgment of receipt, after taking an inventory thereof. -----

Article 178. Absence of Trustee. Even if the Trustee has not accepted the appointment, the above steps shall still be carried out and police surveillance required to safeguard the assets shall be ordered. -----

Article 179. Preservation and management by the Trustee. The Trustee shall adopt and carry out those measures required to preserve and manage the assets in his charge. -----

He shall take possession of them under the right of inventory, subject to the requirements of Article 177, Item 2) and may do so through a third party acting on his behalf. _____

Article 180. Seizure of books and documents. On the above mentioned occasions, the Trustee shall seize the debtor's commercial books and documents, crossing out any blank pages and inserting a note specifying the number of written pages, which shall be signed jointly with the incumbent officer or Notary Public. _____

Article 181. Urgent security measures. When assets are found in premises which do not furnish sufficient protective security for the property's preservation and custody, the Trustee shall request all measures required to achieve this end, and shall directly take the most urgent action aimed at preventing theft, losses or impairments, serving prompt notice thereof to the Court. _____

Article 182. Collection of credits payable to the bankrupt. Trustee shall undertake the collection of credits owed to the bankrupt, and may issue the pertinent receipts. He must bring all legal action necessary for their collection and to defend the interests of the bankruptcy proceedings. He shall also petition all judicial precautionary measures and take out of court steps and measures. _____

He does not require special authorization for the above mentioned acts. Court authorization is required to enter into settlements, grant rebates, stays, novations, or to submit to arbitration. _____

Complaints may be brought and prosecuted without the need for prior payment of taxes or court fees, stamp duties or any other levy, without detriment to their settlement with the liquidation proceeds, honoring the preference set forth in Article 240. _____

Article 183. Funds of the Bankruptcy proceedings. Any sums of money collected shall be deposited to the order of the Court, with the respective judicial deposits bank, within three (3) days after receipt thereof. _____

The debts falling within the scope of Article 241, Item 4), and 246, Item 1), are to be paid immediately with the first funds collected or with the proceeds of the assets subject to a special preference, setting aside the amounts required to meet preferred claims. The rules set in Article 16, second paragraph, shall apply.

The Court may authorize the Trustee to retain in his possession those funds which may be necessary to defray any ordinary or extraordinary expenses which the former may authorize. _____

It may also order that the funds be deposited in interest-bearing accounts with official or private leading banks or credit institutions. Likewise it may authorize the deposit of documents for collection, in official or private leading banks. _____

Article 184. Perishable goods. At any stage of the proceedings, the Trustee shall request the immediate sale of perishable goods, of any goods likely to suffer a sharp fall in prices, and of those whose preservation is costly. _____

The sale shall be implemented in any of the forms set forth in Article I, Chapter VI of this Title, but should the urgency of the case so require, the Court may authorize Trustee to sell the perishable goods in the manner most advisable for the bankruptcy proceedings estate. _____

These provisions shall also apply to those assets that should be realized in order to meet any expenses incurred in the proceedings and the other measures provided for in this law. _____

Article 185. Powers to preserve and manage assets. The Trustee may enter into any contracts that may be necessary, including insurance contracts, to preserve and manage the assets, with prior judicial

authorization. In granting such authorization, the lowest possible expenses and the current value of such services must be taken into account.-----

Should it be essential in case of emergency, the contract may be directly executed, and immediate notice of such fact shall be served upon the Court.-----

Article 186. Power over dispossessed assets. In order to obtain income, Trustee may agree upon the lease or any other contract involving assets, always provided it does not entail their total or partial disposition, nor exceed the time-frame set forth in Article 205, without detriment to the provisions of Articles 192 through 199. Prior Court authorization is required.-----

Article 187. Offer and conditions of the contract. According to the circumstances, the Court may require the presentation of various proposals adopting the safest and most efficient procedure, and that guarantees be furnished accordingly.-----

The conditions in which the third party shall be required to discharge his obligations are considered essential, and his default shall cause the agreement to terminate by operation of the law.-----

Upon expiry of the term or termination of the contract, the Court shall order the immediate return of the asset without any formality or appeal whatsoever.-----

Article 188. Procedure for the return of third parties' assets. After the adjudication of bankruptcy and before disposition of the asset, interested parties may request the return of those assets referred to in Article 138.-----

Notice shall be given to the Trustee and the bankrupt who had possession of the asset at the time of bankruptcy, in the event the latter should have filed an appeal for reversal which remains pending.-----

If the process for the proof of claims has not been concluded, then the Court may demand, in accordance with the circumstances, that the petitioner should furnish sufficient guarantee.-----

SECTION II - ONGOING BUSINESS BY THE COMPANY -----

Article 189. Immediate continuation. The Trustee may immediately continue to operate the company or of any of its establishments only in exceptional circumstances when an interruption would manifestly and seriously damage the creditors' interests and the preservation of the estate. He shall serve the Court notice within twenty-four (24) hours. The Court may order those measures it considers advisable, including closing down the business, subject to the provisions set out in the following paragraphs.-----

Public utilities companies. The provisions of the preceding paragraph and the other stipulations of this Article are applicable to the bankruptcy of public utilities companies that render essential services, subject to the following specific provisions:-----

- 1) Notice of the bankruptcy decree must be served upon the authority which granted the concession or any other competent authority.-----
- 2) Should the Court decide, under the terms of Article 191, that the company cannot continue to do business, it must notify the pertinent authority accordingly.-----
- 3) The competent authority may order any measures which are advisable to ensure the service is rendered; any responsibilities arising therefrom are alien to the bankruptcy proceedings.-----
- 4) Business may not be effectively discontinued until thirty (30) days have elapsed as from the notice specified in paragraph 2) above.-----

Article 190: In all bankruptcy proceedings, including the cases provided for in the previous Article, the Trustee shall inform the Court, within twenty (20) calendar days as from acceptance of his appointment, that there is an exceptional possibility to continue operating the bankrupt's business or any of its establishments and the advisability of disposing thereof as a going concern. -----

Upon continuing with the ongoing business' consideration will be given to a formal petition by employees representing two thirds of the active staff or of labor creditors who must, during the continuity period, discharge duties as a working cooperative. -----

The length of time during which the firm will continue as an ongoing concern, irrespective of the cause, shall not generate the right to any new employment indemnities. -----

The Trustee's report shall expressly render an opinion on the following specific issues: 1) The possibility that business be continued without incurring new liabilities; 2) The benefit to creditors for the undertaking to be sold as a going concern; 3) The advantages to third parties if business is continued; 4) The business plan, accompanied by a duly grounded list of budgeted resources; 5) The contracts in process that must remain in force; 6) When pertinent, the reorganization of or changes in the company to make its operation economically feasible; 7) The persons he shall require to assist him to manage the business; 8) An explanation of the manner in which it is expected to meet preexisting liabilities. -----

For the purposes of this Article and within the framework of the power described in Article 274, the Court may, on well founded grounds, extend the terms set by the Law for the continuation of the ongoing concern, to the extent this were reasonable to ensure the liquidation of each establishment as an ongoing business unit. -----

Article 191. Authorization to continue doing business. The authorization for the bankrupt or any of its establishments to continue doing business shall be granted by the Court only when an interruption could lead to a substantial reduction in the realization value or the conclusion of a production cycle. -----

In granting authorization, the Court shall render an express decision on at least the following issues: -----

- 1) The business plan, for which purpose it may obtain advice from experts or specialized entities. ---
- 2) The term during which the concern is to continue doing business, which shall not exceed the minimum required to dispose of the concern; this term may be extended on one single occasion via a duly grounded resolution. -----
- 3) The number and professional qualifications of the personnel who will continue to be engaged in the business. -----
- 4) The assets which may be used. -----
- 5) The appointment, or not, of one or more co-managers; and authorization for the Trustee to hire persons to assist him in management. -----
- 6) Those contracts in process shall remain in effect; the others shall be terminated. -----
- 7) The nature and frequency of the information which the Trustee and, if applicable, the co-manager, must supply. -----

This resolution must be issued within ten (10) days following the submission of the Trustee's report required under Article 190. The resolution rejecting the continuation of business may be the subject of appeal by the Trustee but there is no stay of execution. -----

Article 192. Applicable system. The Trustee or co-manager, upon due Court resolution, are authorized to perform all ordinary management acts related to ongoing business. Judicial authorization is required for any acts that are beyond such scope, which shall be granted only in the event of manifest need and urgency.-----

In these cases the Court may allow special guarantees to be granted when they are essential to ensure the continuation of business.-----

Obligations lawfully undertaken by the party responsible for doing business are entitled to the preference vested in creditors of bankruptcy proceedings. In the case of revocation or termination of the bankruptcy proceedings, the debtor assumes, as a matter of law, the obligations lawfully undertaken by the party responsible for operations.-----

He may only dispose of assets encumbered by a special preference after satisfying the claims of the preferred creditor or replacing such assets by others having an equivalent value.-----

Early discontinuation of business. The Court may order that business be discontinued prior to the expiry of the specified term if it proves to be unprofitable or could otherwise detrimentally affect creditors.-----

Article 193. Lease contracts. In the event of ongoing business and where the Trustee has advised within thirty (30) days after the adjudication of bankruptcy that the assets should be realized in bulk, lease contracts shall remain in force under the same terms and the estate shall be directly liable for rentals and other future consequences. Any agreements which provide for the termination of the contract in the event of adjudication of bankruptcy shall be null and void.-----

Article 194. Issues concerning leases. Any issues which may be raised by the lessor in respect of the lease shall not preclude the bankrupt's ongoing business, nor the disposition set forth in Article 205, which circumstances shall be taken into account by pertinent provisions.-----

Article 195. Mortgage and pledge in the continuation of business. Should business continue, mortgagees or pledgees may not exercise the right set forth in Articles 126, second paragraph, and 209, if their claims have not matured as of the date of the adjudication and the Trustee meets the subsequent obligations in due time.-----

Any agreements to the contrary shall be null and void.-----

SECTION III - EFFECTS OF BANKRUPTCY ON EMPLOYMENT CONTRACTS-----

Article 196. Employment contracts. Bankruptcy does not lead to termination of the employment contract, although it causes its suspension as a matter of law for sixty (60) calendar days period.-----

Should this period expire before it is decided whether the concern will continue doing business, the contract will terminate on the date of adjudication of bankruptcy and any claims arising therefrom may be acknowledged in accordance with the provisions of Articles 241, Item 2) and 246, Item 1).-----

When it is decided to continue business, the employment contract shall be deemed to be partially extended and the worker shall be entitled to request acknowledgment of the sums accrued as indemnification. Those accruing during the continuation of business shall be added to the former. Even when work is not effectively resumed, the employees have the right to collect their salaries.-----

Article 197. Selection of personnel. Once it has been decided to continue business, the Trustee must decide within ten (10) calendar days as from the respective resolution, which employees shall be definitively terminated upon the reorganization of tasks.-----

In these circumstances, ordinary regulations shall be observed and dismissed employees shall be entitled to have their claims acknowledged in the bankruptcy proceedings. Those who continue to discharge their duties may also request acknowledgment of amounts due to them. For all legal effects, termination of the employment relationship shall be deemed caused by bankruptcy.

Article 198. Liability for future obligations. Salaries, wages and other remuneration that may accrue in the future under the employment contract must be paid by the bankruptcy proceedings estate within the statutory terms, and are construed as expenses of the lawsuit, entitled to the preference set in Article 240.

Termination of the employment contract. In the event the employee is dismissed by the Trustee, closing down of the concern, or acquisition by a third party of the concern or of the business unit where the employee renders services, the employment contract shall be definitively terminated. The increase in compensation which may accrue as a result of severance payments or compensation in lieu of notice for duties discharged during the continuation of business, are entitled to the preference set in Article 240, without detriment to relevant acknowledgment of claims accrued until bankruptcy.

The collective labor agreements governing personnel who perform duties in the bankrupt's establishment or concern are terminated as a matter of law with regard to the purchaser and the parties shall be freely entitled to renegotiate them.

Article 199. Labor obligations of the purchaser of the concern. The purchaser of a concern which has continued to do business is not deemed to succeed the bankrupt and the bankruptcy proceedings estate in respect of all the employment contracts existing as of the transfer date. Amounts owed to the employees by the bankrupt or by the bankruptcy proceedings estate, any indemnification and compensation resulting from occupational accidents and professional illnesses, caused or originated prior to the disposition, shall be subject to acknowledgment or payment in the bankruptcy proceedings, and the purchaser shall be released therefrom.

CHAPTER V - DISCLOSURE PERIOD IN THE BANKRUPTCY PROCEEDINGS

Article 200. Disclosure Period: Identification. All creditors, irrespective of the cause or title thereof, existing prior to the adjudication of bankruptcy as well as their guarantors, must submit a petition for the proof of their claims to the Trustee, indicating the amount, cause and preferences. The request must be made in writing, in duplicate, attaching the supporting instruments together with two signed copies; the domicile set up for all procedural purposes must be also specified. The Trustee shall return the original instruments, appending a statement to the effect that a request has been filed and the date thereof. He may ask for submission of the originals whenever he deems advisable. Failure to present them precludes acknowledgment.

Effects. The request for acknowledgement has the same effects as a judicial complaint, tolls the term set by the statute of limitations and rules out forfeiture of the right and of the petition.

Fee. For each request for acknowledgement a claim submitted by a creditor, the latter shall pay the Trustee the sum of fifty pesos (Arg\$50), which is to be added to such claim. The Trustee shall allocate the sum received to expenses incurred during the process of acknowledgment of claims and drafting of reports, and shall be required to render account thereof to the court at the due time, and the balance shall be credited to fees to be assessed for his performance. Labor claims and claims under one thousand pesos (Arg\$1,000) are exempted from the fee, without the need for any judicial decision.

Powers to furnish information. The Trustee must undertake all necessary examinations of the bankrupt's books and documents, and when relevant, those of creditors. He may also avail himself of all the relevant

facts he considers useful and, in the event of refusal to furnish them, he is entitled to request the incumbent judge to adopt relevant measures.

He must draw up and keep dossiers on those creditors who request proof of their claims. The Trustee shall record any measures taken in these dossiers.

Period to oppose claims. Once the term set for creditors to request proof of their claims by the Trustee has expired, during a ten-day period following expiration date, the debtor and the creditors who have requested acknowledgement of their claims may appear at the Trustee's domicile, in order to review the dossiers and file written objections and oppositions to the requests in question, pursuant to the system provided for in Article 35. These objections shall be accompanied by two (2) copies and shall be added to the relevant dossier. The Trustee shall deliver evidence acknowledging receipt thereof to the interested parties, specifying the date and time of submission.

Within forty-eight (48) hours after expiration of the term established in the previous paragraph, the Trustee shall file one set of copies of objections received at court in order for them to be made part of the dossier specified in Article 279.

The Trustee must submit the reports referred to in Articles 35 and 39 separately with respect to each one of the bankrupt parties.

The provisions contained in Articles 36, 37, 38 and 40 are applicable to this Chapter.

Article 201. Creditors' committee. Within the ten (10) days following the date when the resolution established by Article 36 is issued, the Trustee must organize a creditors' committee which shall act as controller during the liquidation stage. For this purpose, he shall address written notices to those creditors whose claims have either been acknowledged or declared admissible for the purpose of appointing the committee members, pro rata their capital majority.

Article 202. Indirect bankruptcy. In cases of bankruptcy declared by application of Article 81, Item 1), subsequent to the filing, creditors may petition proof of their claims through ancillary proceedings, without imposition of costs, except in cases of manifestly unjustified request or opposition.

There shall be no need for those creditors whose claims have been acknowledged in insolvency proceedings to prove them anew. The Trustee shall proceed to recalculate claims according to their ranking.

CHAPTER VI - LIQUIDATION AND DISTRIBUTION

SECTION I - REALIZATION OF ASSETS

Article 203. Timeliness. The realization of assets is undertaken by the Trustee and must commence immediately, unless an appeal for the court to reverse its own decision has been brought against the bankruptcy decree or in the event conversion under the terms of Article 90 has been allowed by the Court.

Article 204. Forms of realization. Priority. Assets must be realized in the manner that is most advantageous for the insolvency proceedings, it shall be ordered by the Court according to the following order of priority:

- a) Disposition of the concern as a unit.
- b) Disposition in bulk of the assets which comprise the bankrupt's establishment, when the latter concern has not continued doing business.

c) Individual disposition of all or part of the assets. _____

When the interests of the insolvency proceedings or special circumstances so require, more than one of the realization forms may be applied in the same process. _____

Article 205. Disposition of the concern. The sale of the concern, or of one or more establishments thereof, shall be carried out according to the following procedure: _____

- 1) The person appointed for the purpose of the disposition appraises the value of the items for sale, on the basis of their potential realization value in the market; the Trustee shall be served notice of this appraisal, who shall also report the value referred to in Article 206. _____
- 2) The sale shall be ordered by the Court and may be implemented by public auction. In the latter case, the formalities of Article 206 and those laid down in Items 3), 4) and 5) of this Article shall be applicable insofar as pertinent. _____
- 3) Should the Court order the sale otherwise than by public auction, the Trustee shall, with the assistance of whomsoever is appointed for the disposition, draw up the bid specifications, which must include the upset price; the latter shall be the figure resulting from the appraisal made or that arising from Article 206, whichever is higher, a brief description of the assets, the particulars of the lease in the event the bankrupt were a lessee and such other data considered of interest. The proposed upset price may not be lower than the appraisal provided for in Item 1). Credits pending realization, associated with the concern or establishment to be sold may be included, in which case, the upset price must be reasonably increased. The sale shall be in cash and the price must be fully paid prior to taking possession, which may not exceed a term of twenty (20) days following notice of the resolution approving the award. _____

The Court must decide upon the final contents of the bid specifications, via a well grounded resolution. For this purpose he may request the advice of specialists, investment banks, consulting firms, or other qualified entities skilled in technical, economic, financial and market fields. _____

This resolution must be issued within the twenty (20) days following submission of the Trustee's proposal. _____

- 4) Once the bid specifications have been drawn up, notices must be published during two (2) days in the legal newspaper and in another leading newspaper within the jurisdiction of the court and furthermore, if applicable, in a comparable publication circulating in those places where the establishments are located. _____

The notices must briefly indicate the location and use of the establishment, the upset price and other conditions of the transaction; they must state the term within which written bids may be submitted in a sealed envelope addressed to the court and the date and time when they will be opened. The Court may order additional publicity, within Argentina or abroad, if it considers such measure advisable. _____

- 5) Bids must be submitted in sealed envelopes and contain the bidder's name, actual domicile and domicile *ad litem* set up within the jurisdiction of the Court, profession, age and civil status. They must specify the tendered price. In the case of companies, they must attach an authenticated copy of their Articles of Incorporation, By-laws and documents evidencing the legal capacity of the signatory thereof. _____

The bidder must accompany a bid bond equivalent to ten percent (10%) of the tendered price, in cash, government bonds, or bank guarantee enforceable upon first demand. _____

- 6) The envelopes containing the bids shall be opened by the Court, at the time established, in the presence of the Trustee and those bidders and creditors who are present. Each bid must be signed by the court clerk, for identification purposes and a record thereof shall be drawn up. In the event of a tie the Court may call for an improvement of bids. _____

The formalities established in Items 1 through 6 of this Article must be completed within the four (4) months following the date of bankruptcy, or as from the time a final decision is issued, should a petition for reversal of the Court resolution be brought. In exceptional cases, and on one single occasion, the Court may extend the term for a further thirty (30) days. _____

- 7) The award must be granted to the bidder offering the highest price. _____
- 8) Within a term of twenty (20) days as from notice of the final resolution approving the award, the bidder must pay the price and deposit the relevant amount. Once this requirement is fulfilled, the Court must issue an order for the pertinent registrations to be made and possession of assets sold. In the event that, once the term has expired, the awardee has not deposited the price, he forfeits his right and the bid bond. In these circumstances, the Court shall grant the award to the second best bid exceeding the upset price. _____
- 9) In the event the first invitation to tender bids should fail, the Court shall, at that same time, issue a second tender, without any upset price. _____

Article 206. Encumbered assets. Should the disposition mentioned in the preceding Article include the alienation of any assets encumbered by mortgages, pledges or special preferences, these preferences are transferred, by operation of the law, to the price obtained, which in this case cannot be less than the aggregate of the above mentioned claims. The latter amount must be recorded by the Trustee in a special schedule. Any secured creditor who has been omitted and does not petition his inclusion within ten (10) days after publication of the first notice, enjoys no preference and ranks after those mentioned in the schedule and up to the extent of the liquid proceeds of the disposition. _____

Should the disposition to which the preceding Article refers be carried out under the terms of Article 205, Item 9), the Trustee shall draw up a report evidencing the proportional share vested in each one of the assets with special preferences with respect to the price obtained, and their probable realization value if sold individually in the market. Interested parties shall be given notice of this report during a five day-term in order to submit the objections or observations they deem in order and may offer documentary evidence, evidence by expert witnesses and reports upon the realization value of the assets encumbered by the mortgage or pledge or those that enjoy special preference. Once this period has elapsed and the evidence, if any, has been substantiated, the Court shall render a resolution assigning a value to the share of the assets which are the basis of the preference vis-à-vis the price obtained. The resolution may be the subject of appeal; provided, however, that the latter shall in no case preclude the award and delivery of the assets sold. _____

Article 207. Separate execution and subrogation. In the event it should prove advisable for a better realization of the assets, the Trustee may propose that those which are encumbered, or such others as he may decide, be sold by auction separately from the remainder. _____

The Court renders its decision via a duly grounded resolution. _____

Likewise, the Court may choose to satisfy the claims of preferred creditors with funds from the insolvency proceedings or with those obtained from whomsoever wishes to be subrogated with respect to the creditor, and renders consent to the transfer, with judicial authorization. _____

Article 208. Individual sale. The individual sale of assets is carried out by auction. The Court must order that notices be published in the legal newspaper and another leading newspaper during between two (2) and five (5) days, in the case of movable property and between five (5) and ten (10) days in the case of real estate. The Court may order supplementary publicity if deemed necessary. The sale is ordered without prior appraisal and without an upset price. -----

The Court may order that the procedure established in Article 205 be followed, to the extent this is relevant. -----

Article 209. Special insolvency proceedings. Those creditors who are holders of claims guaranteed by security interests may demand the sale to which reference is made in Article 126, second part, by means of a petition in the insolvency proceedings, which shall be processed separately. -----

After serving notice to the Trustee, the instrument presenting the petition is examined and an order is issued for the auction of the goods subject to the guarantee. After setting aside the sums required to satisfy those creditors enjoying preference over the petitioner, the credit is liquidated and paid up to the amount of the preference and the liquid balance, after posting a surety, when in order. -----

Article 210. Execution by non-judicial auction: remission. Article 24 is applicable in bankruptcy actions. ---

Article 211. Price: set-off. The purchaser who is likewise a creditor cannot claim any set-off, unless his claim is guaranteed by a security interest in the asset he acquired. In this case he must post a surety guaranteeing the fact that he is the creditor enjoying right of preference, before the property is transferred. -----

Article 212. Bids in envelopes. Bids submitted in envelopes are allowed, they must be presented to the Court at least two (2) days before the date of the auction. They are opened when the auction commences, for which purpose the court clerk delivers them to the auctioneer the previous day, jointly with acknowledgment of receipt. -----

In the circumstances established in Article 205, offers received are deemed to be bids submitted in envelopes at the auction, when this form of disposition has been chosen. -----

Article 213. Direct sale. The Court may order the direct sale of assets, with prior notice served upon the Trustee, when, on account of their nature, scant value, or the failure of other forms of disposition, this were evidently advantageous for the insolvency proceedings. In this case the form of disposition is established, which may be entrusted to the Trustee or an intermediary, specialized institution or market. The sale requires subsequent judicial approval. -----

Article 214. Assets that cannot be sold. Upon serving the Trustee and the insolvent due notice of any assets which cannot be sold or whose realization has proved fruitless, the Court may order that they be delivered to public welfare associations. The order may be the subject of appeal by the Trustee and the insolvent if they manifest their express objection on well founded grounds. -----

Article 215. Securities and other quotable assets. The securities listed on stock exchanges and the assets whose sale may be made at a price established by public tender in official markets or which are subject to officially established minimum or maximum support prices, must be sold at the respective institutions, to be determined by the Court with prior notice served upon the Trustee. -----

Article 216. Credits. Credits must be realized in the manner established in Article 182. -----

The Trustee may entrust public or private prime line banks to process collection procedures or, with judicial authorization, to resort to any other *modus operandi* which is customary in the market and offers sufficient guarantees. -----

Nevertheless, when special circumstances make it advisable, the Court may authorize the auction of credits or their private disposition, individually or as a portfolio, with the prior consent of the Trustee and notice to the insolvent and may even follow the procedure set in Article 205, insofar as pertinent. -----

Article 217. *Terms.* The dispositions provided for in Articles 205 through 213 and 214 *in fine*, must be implemented within the four (4) months elapsing as from the date of the bankruptcy, or as from the date the bankruptcy decree becomes final, when an appeal has been filed for the Court to reverse its decision. In exceptional cases, the Court may extend this term a further thirty (30) days. -----

Penalty. Failure to comply with the terms set forth in this Chapter for the disposition of assets or for processing those procedures required for the purpose, shall cause the automatic removal of the Trustee and of the auctioneer or the person appointed to undertake the disposition. Likewise, insofar as the Judge is concerned, such default may be considered to be grounds for undue performance of his office. -----

SECTION II - FINAL REPORT AND DISTRIBUTION -----

Article 218. *Final Report.* Ten (10) days after approval of the last disposition, the Trustee must draw up two copies of a report containing: -----

- 1) Rendering of accounts of transactions formalized, attaching documentary evidence. -----
- 2) Results of the realization of assets, with a breakdown of the proceeds of each. -----
- 3) List of assets that could not be sold, uncollected credits and those pending judicial ruling, with a brief explanation of their causes. -----
- 4) The final distribution proposal, taking into account the acknowledgment and ranking of claims, with provision for necessary reserves. -----

Fees. Once the report is submitted, the Court shall assess the fees in accordance with what is stipulated in Articles 265 to 272. -----

Publicity. Notices shall be published during two (2) days in the legal newspaper, making known the submission of the report, the final distribution proposal and the assessment of fees by the first instance court. Should it be considered advisable and the assets of the estate so afford, orders may be imparted for publication in another newspaper. -----

Objections. The bankrupt and the creditors may raise objections within the following ten (10) days, attaching three (3) copies. Only those referred to omissions, errors or falsehood of any part of the report, are admissible. -----

Should the Court consider it necessary, it may summon the parties involved and the Trustee to attend a hearing for the purpose of submitting all the evidence they intend to produce to support their stance. -----

Once the objections have been raised or the hearing held, when in order, the Court shall render its resolution, within a maximum term of ten (10) days as from the date a final decision is issued upon the assessment of fees. The resolution issued is enforceable, unless it refers to the preference assigned to the objecting party or to material errors in the calculation. -----

The final distribution shall be proportionally modified pro rata amounts due, including any increases in the funds resulting from accruals, proportionally and pro rata deducting those sums pertaining to the final assessment of fees.

Article 219. Notices. The publications required by Article 218 may be replaced by notices sent personally to the creditors or by written judicial notifications, when the number of creditors or the minimization of expenses make this advisable.

Article 220. Reserves. In all cases, the following reserves must be set up:

- 1) For creditors whose claims are subject to conditions precedent.
- 2) Those pending judicial or administrative resolution.

Article 221. Payment of insolvency proceedings dividend. Once the distribution statement is approved, the dividend to which each creditor is entitled will be paid.

The Court may order that payments be made directly by the bank where judicial deposits are made, by means of a statement which must be sent containing the pertinent data.

It may also order that they be implemented by means of transfers to bank accounts designated by the creditors, at the latter's expense.

When the credit consists of securities, the creditor must submit the relevant document, in which the court clerk shall record the payment.

Article 222. Supplementary distributions. The proceeds derived from any assets not realized as of the date the final report is filed, as well as those stemming from the release of reserves or those incorporated subsequently to the assets of the insolvency proceedings, shall be distributed directly without the need for prior formalities, in accordance with the Trustee's proposal, approved by the Court.

Article 223. Late appearance of creditors. Those creditors who appear in the insolvency proceedings petitioning acknowledgment of their claims or preferences after the final distribution proposal has been submitted, are only entitled to share in the dividends of any future supplementary distributions pro rata the aggregate uncollected claim.

Article 224. Insolvency dividend lapsing. The creditors' right to collect amounts to which they are entitled in the distribution lapses one year after the date of its approval.

The lapsing occurs by operation of law and is declared at the discretion of the Court. The uncollected amounts are allocated to the State funds to foster common education.

CHAPTER VII - CONCLUSION OF BANKRUPTCY

SECTION I - ACCEPTANCE

Article 225. Requirements and petition. The insolvent may request the conclusion of his bankruptcy when all acknowledged creditors so consent; such agreement must be evidenced by means of an affidavit and the signatures affixed thereto must be authenticated by a Notary Public or ratified by the court clerk.

The petition may be submitted at any time after acknowledgment and until the last disposition of assets is implemented, exclusive of credits.

Article 226. Effects of the petition. The petition only interrupts the prosecution of proceedings when the relevant requirements are met. The Court may require the deposit of a sum to satisfy the claims of acknowledged creditors who cannot reasonably be located and of those pending judicial decision. -----

Upon ordering the conclusion of the bankruptcy, the Court establishes the guarantee that the insolvent must set up to cover the expenses and court costs, establishing the term therefor. Once this term expires, the insolvency proceedings continue without further formalities. -----

Article 227. Effects of the acceptance. Upon acceptance all the monetary effects of the bankruptcy cease. Nevertheless, action taken until that time by the Trustee or the co-managers remains valid. -----

Failure to comply with the agreements that the insolvent has reached to obtain the consents, does not grant authorization for the insolvency proceedings to be reopened, without detriment to the fact that the interested party may file a petition for new insolvency proceedings. -----

SECTION II - FULL PAYMENT

Article 228. Requirements. When assets suffice to pay acknowledged creditors, those pending decision and the expenses and costs of the insolvency proceedings, a declaration that the bankruptcy has concluded must be rendered, on the grounds of full payment, once the final distribution statement is approved. -----

Remainder. Should a balance remain, interest suspended on account of the adjudication of bankruptcy must be paid, taking preferences into account. The Trustee proposes this distribution for consideration by the Court, after serving notice thereof upon the insolvent and the Court must issue a decision within the following ten (10) days. -----

The balance must be delivered to the insolvent. -----

Article 229. Receipts. The preceding Article applies whenever the receipts of all creditors, duly authenticated, are appended to the record of the case and the total expenses of the insolvency proceedings are cancelled. -----

This Article also applies when the Court must rule on the acknowledgment or admissibility of claims, provided no creditor should appear and the total expenses of the insolvency proceedings are settled. -----

CHAPTER VIII - TERMINATION OF THE PROCEEDINGS -----

SECTION I - TERMINATION UPON FINAL DISTRIBUTION -----

Article 230. Requirements. Once assets are totally realized and the final distribution concluded, the Court resolves the closure of the proceedings. -----

The resolution does not preclude the effects of bankruptcy. -----

Article 231. Reopening. The proceedings may be reopened when it becomes known that there are assets subject to dispossession. -----

Those creditors who have not made an appearance may only petition proof of their claims when they report the existence of new assets. -----

Conclusion of insolvency proceedings. Once two (2) years have elapsed as from the date of the resolution ordering termination of the proceedings, without their being reopened, the Court may order the conclusion of the insolvency proceedings. -----

SECTION II - TERMINATION DUE TO LACK OF ASSETS

Article 232. Requirements. Termination of the proceedings due to lack of assets must be declared when, subsequent to proof of claims, sufficient assets do not exist to meet the expenses of the action, including fees, in an amount reasonably estimated by the Court.

The Trustee must serve the bankrupt notice of the request for termination; the resolution in question is subject to appeal.

Article 233. Effects. Termination of the proceedings due to lack of assets implies the presumption of fraud. The Court shall serve notice upon the Criminal Courts, for the latter to commence the relevant investigative proceedings.

CHAPTER IX - DISQUALIFICATION OF THE BANKRUPT

Article 234. Disqualification. The bankrupt is disqualified as from the date of bankruptcy.

Article 235. Legal Persons. When a legal person is declared bankrupt, disqualification is extensive to those individuals in charge of its administrative bodies as from the date payments are suspended. For this purpose, the time limitation set forth in Article 116 shall not apply.

Commencement of the disqualification. The disqualification of the members of the administrative body or managers when the bankruptcy is declared enters into effect as from the latter date. The disqualification of those parties who acted as such as from the date payments were suspended, but who did not do so at the date of bankruptcy, shall commence to produce effects as from the date when a final decision is issued in respect of the determination of the date of suspension of payments under the terms of Article 117.

Article 236. Disqualification term. The disqualification of the bankrupt and members of the administrative body or managers of a legal person, ceases by operation of the law, one year after the date of the bankruptcy decree or after the date when the decision regarding the date of suspension of payments was issued in accordance with Article 235, second paragraph, unless one of the events of reduction or extension mentioned in the following paragraphs should occur.

This term may be reduced or repealed by the Court, upon motion by one of the parties, serving prior notice thereof to the Trustee when apparently, in the opinion of the Court, the disqualified party has not, *prima facie*, been involved in a criminal offense. The disqualification is extended or resumes enforceability when the disqualified party is the subject of a criminal action and shall continue until his acquittal or release. When a sentence has been rendered, it shall continue in force until fulfillment of the accessory disqualification resolution imposed by the Criminal Court.

Article 237. Disqualification term. The disqualification of companies is definitive, unless there is a conversion under the terms of Article 90, admitted by the Court, or for conclusion of the bankruptcy case.

Article 238. Effects. In addition to the effects provided for by this law or special laws, a disqualified person may not do business, either *per se* or through third parties, nor act as administrator, manager, trustee, liquidator or founder of companies, associations, mutual partnerships or foundations. Nor may such person be a member of companies or act as agent or attorney-in-fact with general powers granted by them.

TITLE IV

CHAPTER I - PREFERENCES

Article 239. System. In the case of insolvency proceedings, only the claims listed in this Chapter shall be entitled to preferences, according to the provisions hereof. -----

Effectiveness of the preference. Preferred claims in insolvency proceedings maintain their ranking in the bankruptcy which may be subsequently declared. The same rule is applicable to those claims specified in Article 240. -----

Accumulation. Those claims which have a preference acknowledged only for a period prior to the submission in the insolvency proceedings, may accumulate the preference for the period between the insolvency proceedings and the bankruptcy. -----

Article 240. Maintenance and Court expenses. The claims arising from the maintenance, management and liquidation of the assets of the bankrupt and from the formalities to process the insolvency proceedings, are settled before the claims against the insolvent, unless the latter enjoy special preference. -----

These claims must be paid when they become due without the need for acknowledgment. -----

Should the funds to meet these claims prove to be insufficient, the distribution is made pro rata amongst them. -----

Article 241. Claims with special preference. The following enjoy special preference with respect to proceeds from the specific assets described in each case: -----

- 1) Expenses incurred in the construction, improvement or maintenance of a thing, to such thing, while it remains in the possession of the insolvent for whose account the expenses were incurred. -----
- 2) The claims for salaries owed to workers during six (6) months and those payables by reason of indemnities due to occupational accidents, seniority or dismissal, compensation in lieu of notice and unemployment fund, over the goods, raw materials and machinery which, whilst owned by the insolvent, are located in the establishments where they have worked or are used for operative purposes. -----
- 3) Taxes and rates specifically imposed on certain assets, over and above the value of the latter. -----
- 4) Claims secured by mortgage, pledge, warrant and those related to debentures and negotiable securities with special or floating guarantees. -----
- 5) Sums owed to the withholding party on account of the thing withheld as of the date of the bankruptcy decree. The preference is extensive to the guarantee established by Article 3943 of the Civil Code. -----
- 6) Claims described in Title III, Article IV of Law No. 20,094 Title IV, Article VII of the Aeronautical Code (Law 17,285), in Article 53 of Law 21,526 and those set forth in Articles 118 and 160 of Law 17,418. -----

Article 242. Scope. The preferences apply exclusively to the principal amount of the claim, except in the cases listed below, which are also covered by the preference. -----

- 1) Interest accrued during two (2) years as from the date of default of the claims listed in Item 2), Article 241. -----

- 2) Court costs, all interest accrued during the two (2) years prior to the bankruptcy and regular interest subsequent thereto until effective payment, subject to the limitation established in Article 126, in the case of the claims listed in Item 4) of Article 241. In this case, court costs, interest accrued prior to the bankruptcy, the principal and interest accrued subsequent to bankruptcy shall be collected, in that order. -----

The preference recognized with respect to the claims specified in Item 6 of Article 241 enjoys the scope provided for in the respective rules. -----

Article 243. Order of the special preferences. The special preferences have the order of priority specified in the relevant Items, except: -----

- 1) In the cases of Items 4) and 6) of Article 241, when the respective statutory provisions shall govern. -----
- 2) The claims of whomsoever exercises the right of withholding prevail over specially preferred claims, when the withholding commenced before the preferred claims originated. -----

In the event of claims falling within the scope of the same Item that refer to identical assets, liquidation shall be pro rata. -----

Article 244. Reserve Fund for Expenses. Before paying claims enjoying special preferences, funds must be reserved from the price of the assets to which they refer, to defray those expenses entailed by their preservation, custody, management and realization during the insolvency proceedings. Likewise, an amount shall be established to meet the expenses and fees of the officers involved in the bankruptcy proceedings, referred exclusively to the measures connected with such assets. -----

Article 245. *In rem* subrogation. The special preference is extensive, by operation of law, to those amounts which replace the assets enjoying such preferences, whether through indemnity, price or any other item which entails *in rem* subrogation. Insofar as these amounts are exceeded, the claims are considered common or general for all effects, except as provided for in Article 246, Item 1). -----

Article 246. Claims with general preference. The following claims are entitled to a general preference: ----

- 1) Claims for salaries and family allowances owed to the worker, during six (6) months, and compensation for occupational accidents, seniority or severance pay and for indemnity in lieu of notice, vacations and legal annual bonus, amounts allocated to the unemployment fund and any other stemming from the employment relationship. Interest accrued over a two (2) year period as from the date of default and the court costs, if applicable, are included. -----
- 2) The principal amount owed with respect to contributions payable to National, Provincial or Municipal Social Security Agencies, family allowances and unemployment funds. -----
- 3) When the bankrupt is an individual: -----
 - a) Customary funeral expenses. -----
 - b) Illness-related expenses during the last six (6) months of life. -----
 - c) Expenses to defray lodging, food and clothing for the insolvent and his family during the six (6) months prior to filing the petition for insolvency proceedings or adjudication of bankruptcy. -----
- 4) The principal amount of taxes and rates owed to the National, Provincial or Municipal treasuries. --

- 5) The principal amount of the credit invoices accepted for up to an amount of twenty thousand pesos (Arg\$20,000) by each seller or lessor. For purposes of exercising this right, only the drawer thereof including in the event of reimbursement to third parties, or the assignee of said drawer may exercise the right. _____

Article 247. Scope of the claims with general preference. Claims enjoying general preferences may only affect half the liquid proceeds of the assets, after settling claims with special preferences, the claims set forth in Article 240 and the principal amount owed as wages, salaries and compensation mentioned in Item 1) of Article 246. _____

To the extent such ratio is exceeded, the other claims enumerated in Article 246 share pro rata with the common or general claims, insofar as concerns the portion not collected as preferred claims. _____

Article 248. General or unsecured claims. Those claims which are not acknowledged preferences are deemed to be general or unsecured claims. _____

Article 249. Ratable distribution. When the funds in question do not suffice to settle general preference claims in full, the former are distributed pro rata the latter. The same rule applies to general claims. _____

Article 250. Subordinated claims. Should creditors have reached an agreement with the insolvent to postpone their rights in relation to other present or future debts incurred by the latter, their claims shall be subject to those subordination conditions that have been established. _____

CHAPTER II - OFFICERS AND EMPLOYEES IN THE INSOLVENCY PROCEEDINGS _____

SECTION I - APPOINTMENT AND DUTIES

Article 251. Officers. The Trustee, co-manager and controllers of the fulfillment of the "acuerdo preventivo" are officers in the insolvency and the bankruptcy liquidation proceedings. _____

Article 252. No delegation of duties. The powers vested by this law in each officer cannot be delegated, without detriment to duties discharged by employees. _____

Moreover, they exclude the insolvent and creditors from taking any action, except in those cases in which their individual participation is required and notwithstanding their right to accuse officers of misfeasance. -

Article 253. Trustee: Appointment. The Trustee is appointed according to the following procedure: _____

- 1) The following persons may enroll as candidates to act as Trustee: certified public accountants who have been registered, as a minimum, during five (5) years with the professional association in question and accounting firms whose majority members are professionals registered, as a minimum, during five (5) years with the respective professional association. Those who are members of the above mentioned firms at the time of registration may not simultaneously enroll as independent professionals. Their professional and academic background and experience in exercising office as Trustee shall be taken into account and priority granted to those possessing university specialization degrees in bankruptcy Trusteeship; each candidate shall be classified on the grounds of all this background data. _____
- 2) Every four (4) years the respective Court of Appeals shall draw up two (2) lists, the first, identified as category A, comprising accounting firms; and the second, identified as category B, comprised exclusively of professionals; jointly they must contain not under fifteen (15) Trustees per Court, with ten (10) alternates, who may be indefinitely re-enrolled. In order to be included within these categories, their background and experience shall be weighed and priority granted to those who

evidence having attended specialized post graduate university courses. In order to qualify for inclusion within these categories, the guidelines given in the last paragraph of the previous clause shall be honored.

- 3) The Court of Appeals may disregard the above described categories in those courts exercising competent jurisdiction over a territory having a population under two hundred thousand (200,000) inhabitants, in accordance with the last national population and dwellings census. It may also increase or reduce the number of regular Trustees per court.
- 4) The appointments must be made within the referred four (4) years by the Court by lot, calculating insolvency and bankruptcy proceedings separately.
- 5) The appointment by lot shall be public and shall be made among those persons enrolled in one of the lists, in accordance with the complexity and magnitude of the bankruptcy proceedings in question, classifying the actions into A and B. The decision is adopted by the Court in the decree declaring the opening of insolvency or bankruptcy proceedings. The decision is not subject to appeal.
- 6) The appointee is taken off the list, until all candidates have been appointed to act.
- 7) The Trustee appointed in insolvency proceedings acts in the bankruptcy declared as a result of the failure of the former, but not in the bankruptcy proceedings decreed as a consequence of non-fulfillment of the "acuerdo preventivo".
- 8) Alternates are incorporated into the list of regular Trustees when one of the latter ceases acting as such.
- 9) Alternates also act as substitutes during leaves of absence. In these cases, they cease exercising such office when the leave in question concludes.

Trustees Acting as a Group. The Court may appoint more than one Trustee when the volume and complexity of the case makes it necessary, through a duly grounded resolution which also contains provisions relevant to the coordination of the Trusteeship. Likewise, a Trusteeship originally comprised by one single individual can become plural, by incorporating Trustees of the same or another category, when the complexity or magnitude of the case is subsequently discovered and it should be classified in another category of greater complexity.

Article 254. Duties. The Trustee undertakes the duties specified in this law to handle the insolvency proceedings until their conclusion and throughout the full bankruptcy process, including liquidation.

Article 255. No Waiver. The professional or accounting firm included in the list to which Article 253 refers, may not waive his/its appointment as such, except on serious grounds which prevent him/it from discharging duties.

The waiver applies to all the Trusteeships in which the officer acts and must be restrictively judged by the Court of Appeals. The waiving party must continue discharging his duties until acceptance of office by a substitute.

Removal. Causes for the removal of the Trustee are negligence, serious offense or improper performance of duties. Removal is ordered at the discretion of the Court and an appeal against such order may be lodged before the Court of Appeals. Upon admission or enforcement of the decision, the Trustee ceases exercising his duties as such in all insolvency proceedings to which he is party. Removal leads to disqualification to act as Trustee during a period of not less than four (4) nor more than ten (10) years, which term is established in the respective resolution. The removal may cause a reduction in the

Trustee's fees consisting in between thirty and fifty percent of those assessed for his duties, except in the event of fraud when the reduction may exceed the limit in question. _____

Furthermore, according to the circumstances, a warning may be given or a fine may be applied up to an amount equivalent to the monthly remuneration of a First Instance Judge. _____

Leaves of absence. Leaves of absence are granted only on grounds which preclude a temporary exercise of office and may not exceed two (2) months per calendar year. The Court grants the leave and an appeal may be brought against cases of refusal. _____

Article 256. Disqualifying kinship. The office of Trustee may not be exercised by any individual whose position, vis-à-vis the bankrupt, is such that it allows a challenge for cause by the magistrates. Should the Trustee be an accounting firm, the grounds of the challenge must refer to its principal members. When the Trustee is in this position with respect to a creditor, he must make such fact known before issuing an opinion on the latter's petitions, in which case an Alternate Trustee shall take over. _____

Failure by Trustee to excuse himself within a five-days term following his appointment or the date when the grounds are made known comprises a serious offense. _____

Article 257. Professional advice. The Trustee may request professional advice and legal counsel when the matter exceeds his competence. In all cases he is exclusively liable for fees payable to the professionals he retains. _____

Article 258. Personal performance. Scope. The Trustee must act personally. When companies are involved, they must announce, in all those insolvency proceedings to which they are party, the name of the professional or professionals who assume the duty of acting personally. The person appointed may not be replaced without justified cause, accepted as such by the Court. Duties must be discharged personally even when action must be taken outside the jurisdiction of the court. _____

Should there be insufficient funds to defray traveling and lodging expenses or if there are other justified causes, the assistance of the fiscal agent in the respective jurisdiction shall be requested by means of letters rogatory addressed to the competent Court. Nevertheless, the Court may authorize the Trustee to appoint an attorney-in-fact, to be charged as expenses involved in the proceedings, for the latter to discharge duties outside his jurisdiction. _____

Article 259. Co-managers. Co-managers may act in the cases mentioned in Articles 192 through 199. The persons appointed must be specialized in the respective branch or be university graduates in business management. _____

Their removal is governed by the provisions set in Article 255. _____

Article 260. Controllers. Creditors' Committee. The provisional creditors' committee in insolvency proceedings is an informative and advisory body. The final committee is the controller required at the stage the "acuerdo preventivo" is enforced and upon the liquidation of the bankruptcy. Its members are chosen by the creditors pro rata capital majorities and the committee must, as a minimum, comprise three (3) creditors. The proposed "acuerdo preventivo" must include the formation and organization of the definitive creditors' committee. The committee set up to supervise compliance with the "acuerdo preventivo" continues acting in the event bankruptcy is declared due to failure to comply with the "acuerdo preventivo". _____

The committee, whether provisional or final, has full informative and advisory powers in insolvency proceedings. It may request the Trustee and the insolvent for information, the production of books, legal and accounting records, propose plans for the custody and safekeeping of the bankrupt's estate; request hearings before the incumbent judge and take any other measures it considers advisable at the

respective procedural stage. At the liquidation stage of the bankruptcy proceedings, the committee may propose measures, suggest who is to be appointed to dispose of the assets or a portion thereof, basing its proposal on grounds of advisability for the optimum realization of assets; require information from the officers in the proceedings, petition the incumbent judge for hearings and take any other measures it considers advisable at the respective procedural stage.-----

It must report on its tasks to the creditors with the frequency established in the "acuerdo preventivo", which must not be under every four (4) months and monthly in bankruptcy proceedings, drawing up and placing the report at their disposal at the domicile set up for such purpose in the record of the case. -----

When the "acuerdo preventivo" is put into effect, the committee must issue its opinion on the release of restraints on persons, in those cases when this is necessary under the terms of Article 60. -----

The remuneration of the Committee, if established, is governed by the provisions of the "acuerdo preventivo". In the case of bankruptcy, it shall be fixed by the Court taking into account the nature and scope of duties performed. -----

The provisional committee provided for by Article 14, Item 11), shall discharge informative and monitoring duties during the process of the "acuerdo preventivo" until its replacement by the creditors' committee approved in the "acuerdo preventivo". Whilst discharging their duties they shall have the powers granted in the second paragraph, first part, of this Article. -----

Professional advisors retained. The creditors' committee may retain professionals who are lawyers, accountants, auditors, assessors, estimators, appraisers and any others they consider advisable, to assist them in their tasks, charging the expenses involved against the proceedings. The fees of such professionals shall be established by the Court at the time the "acuerdo preventivo" is homologated, when the "acuerdo preventivo" is fulfilled or when the liquidation is concluded -depending at which stage such professionals rendered services- on the grounds of the performance achieved and the work carried out, which remuneration may not, jointly and for all participants, exceed one half percent (0.5%) of the amount of the claims held by the members of the committee, nor less than the amount equivalent to one salary received by a First Instance Court Clerk within the jurisdiction in which the insolvency or bankruptcy proceedings are processed. -----

Removal. Replacement. The provisions of Article 255 govern the removal of members of the creditors' committee. Without detriment thereto, its members may be replaced at any time by the creditors, under the same system of majorities applied for their appointment. -----

Article 261. Alienors. The task of disposing of the bankruptcy assets may be discharged by auctioneers, commercial or investment banks, professional intermediaries specialized in the disposition of business concerns or any other special expert or entity. -----

The auctioneer is appointed by the Court. He must have business premises open to the public and have been registered for six (6) years as an expert in the field. He only collects a commission from the purchaser and may incur in the expenses ordered by this law, those which are customary and others expressly authorized by the Court before the disposition. -----

When the disposition of assets in the bankruptcy proceedings is to be undertaken by banks, intermediaries skilled in the disposition of business concerns, or any other expert or specialized entity, their compensation shall be governed by the provisions of the previous paragraph. -----

Article 262. Appraisers. Investment banks, financial entities authorized by the Argentine Central Bank or auditing firms with more than ten (10) years' experience in the subject shall be in charge of appraising the value of shares or quotas representing the capital, in those cases set forth in Article 48. -----

Every four (4) years, the respective Court of Appeals shall open a register of appraisers. _____

The Creditors' Committee shall propose three appraisers from such list, from amongst whom the Court shall appoint the party in question. _____

In the absence of such list, due to lack of registered parties, the Creditors' Committee shall propose two or more appraisers, who meet requisites similar to those established in the first paragraph of this Article, and the Court shall make the appointment on the grounds of such proposal. _____

The remuneration of the appraiser shall be fixed by the Court at the same time it establishes the fees payable to the other executives and lawyers, and shall do so according to the work actually performed, without taking into account the sum of the appraisal. _____

Article 263. Employees. The Trustee may request Court authorization to hire the number of employees for the length of time required for him to effectively and economically perform his tasks. _____

The decision must establish, when pertinent, the authorized time and compensation. _____

Article 264. Payment of services: Rules. Except when services must be paid monthly or operations are engaged for a specific amount, authorization cannot be given to withdraw any sum whatever from the funds of the proceedings, intended to pay ongoing services, when the remuneration whereof depends on court estimates. _____

The provisions of this and the preceding Article shall apply without detriment to the power of the Trustee to dispose of the sums received as payment of the fee set forth in Article 32, paragraph 3, and his powers in the event of ongoing business concerns and the provisions of Articles 269 and 270. _____

SECTION II - ASSESSMENT OF FEES _____

Article 265. Timeliness. On the following occasions, officers' fees must be established by the Court: _____

- 1) When the "acuerdo preventivo" is homologated. _____
- 2) Upon dismissal of the proceedings by reason of settlement. _____
- 3) Upon approval of each supplementary distribution statement in the amount stated in the relevant liquidation. _____
- 4) Upon completing the realization of assets, at the time specified in Article 218. _____
- 5) Upon the conclusion, irrespective of the reason, of the insolvency or bankruptcy proceedings. _____

Article 266. Calculation in the event of a "acuerdo preventivo". When a "acuerdo preventivo" is reached, the aggregate fees of the officers and legal counsel to the Trustee and insolvent are assessed according to the value of assets reasonably estimated by the Court, at a ratio not under one percent (1%) and not over four percent (4%) thereof, taking into account the duties performed and the time involved. _____

The amounts thus assessed may not exceed four percent (4%) of the verified liability nor be less than an amount equivalent to two (2) salaries received by the First Instance Court Clerk in the jurisdiction where the insolvency proceedings are processed. _____

If the reasonably calculated asset exceeds the amount of one hundred million pesos (Arg\$100,000,000), the fees set forth in this section may not exceed 1% of the estimated asset. _____

Article 267. Amount in the case of liquidated bankruptcy. In those cases provided for by Items 3 and 4, Article 265, the fees of the officers and professionals are assessed on the basis of the realized assets, and may not, in the aggregate, be less than four percent (4%) thereof or three salaries collected by a First Instance Court Clerk in the jurisdiction where the proceedings are processed, whichever is higher, nor exceed twelve percent (12%) of the realized assets.

This proportion is applied in the case of Article 265, Item 2), reasonably calculating the value of those assets not realized until such time, to add them to those already realized, taking into consideration the amount of work effectively performed.

Article 268. Amount upon extinguishment or termination. In the cases set forth in Item 5, Article 265, the assessments are calculated as follows:

- 1) When bankruptcy is concluded as a result of total payment, Article 267 shall apply.
- 2) When the proceedings are terminated due to lack of assets, or if the bankruptcy concludes due to the fact that no acknowledged creditors exist, the fees of the officers and professionals are fixed taking the work performed into consideration. When it is necessary for fair compensation, all existing funds in the proceedings may be used, after settling the special preferences, if any, and the other expenses incurred by the proceedings.

Article 269. Ongoing concern. In the case of an ongoing concern, in addition to the fees which may be in order according to the preceding Articles, the Trustee and co-manager shall be entitled to a maximum of ten percent (10%) of the net profits obtained from such operations but the sales price of the assets of the inventory may not be computed.

Article 270. Ongoing concern: Other alternatives. In those circumstances described in the previous Article, by means of a duly grounded resolution it may be decided to:

- 1) Pay a specific amount to the co-manager, without taking into account the net profits or in accordance with the latter after exceeding the sum established.
- 2) Pay the remuneration of the Trustee and co-manager periodically, according to established guidelines. The co-manager is only entitled to fees in accordance with this and the previous Article, and has no share in the proceeds derived from the assets.

Article 271. Local laws. To calculate the fees set forth in this Article, the provisions of local laws do not apply.

The Court shall assess fees without taking into consideration the minimum amounts set forth in this law, whenever the nature, scope, quality or results of the professional work or the value of the assets in question indicate that a literal application of the above would lead to a disproportionate difference between the importance of the work performed and the resulting remuneration. In this case, the Court decision must contain explicit grounds explaining the reasons justifying this decision, under penalty of nullity.

Article 272. Appeal. The holder of title thereto and the Trustee may file an appeal against the assessment of fees. In the cases set forth in Article 265, Items 1, 2 and when applicable, item 5, the insolvent may also lodge an appeal. In the remaining cases, without detriment to the appeal by title holders, the Court must forward the case to the Appellate Court, which may reduce the fees so assessed even when the Trustee has failed to file an appeal.

CHAPTER III - PROCEDURAL RULES

SECTION I - GENERAL RULES

Article 273. Common principles. Save for express provisions to the contrary contained in this law, the following procedural provisions apply:

- 1) All terms are peremptory and are considered to comprise five (5) days in the event no special term is established.
- 2) Terms are computed in legal business days, save for express provision to the contrary.
- 3) Resolutions are not subject to appeal.
- 4) When an appeal is admitted, it shall be granted in respect of the specific issue, with suspensive effects in relation to the first instance ruling.
- 5) Notice to the parties is served by written judicial notification; by letter or tacitly in the case of the remaining notices.
- 6) The domicile *ad litem* continues until another is set up or until the proceedings are concluded by final resolution.

When domicile is set up in a non-existent building or one which subsequently disappears, or in the event the bankrupt or managers of the insolvent company should incur in default with respect to the obligation imposed by Article 88, Item 7), the established domicile shall be deemed to be the court premises, without the need for any prior declaration or demand.

- 7) The record of the case must not be forwarded to a court other than that hearing the proceedings. Should it be essential to solve a criminal action, it may be forwarded for a period not exceeding five (5) days and the Court in question shall be responsible for obtaining the depositions and other evidence required to allow it to be returned within the due term.
- 8) All the transcriptions and annotations in registers or other files which are essential to protect the integrity of the insolvent's estate, shall be made without the need for prior payment of fees, taxes, rates and other expenses, without detriment to their due consideration jointly with the claims to which Article 240 refers. The same rule applies to the reports required to determine the assets or liabilities.
- 9) The burden of proof in disputed issues is governed by the customary rules according to the nature of the relationship in question.

It is the responsibility of the Court to ensure that all statutory terms are strictly honored. Unjustified extension of the proceedings may be deemed to comprise inappropriate performance of its duties.

Article 274. Powers of the Court. The Court directs the process, being empowered to order all measures to expedite the cause and all investigative proceedings that may be deemed necessary. To this end, it may order, *inter alia*:

- 1) The appearance of the insolvent in the cases set forth in Articles 17 and 102, and of those other persons who may contribute towards such objective. It may order the assistance of the police in the case of unjustified absence.

- 2) The presentation of documents which the insolvent or third parties may have in their possession, which must be returned when not connected with the disputed facts under litigation to which they are party. _____

Article 275. Duties and powers of the Trustee. The Trustee is competent to file all the petitions necessary for the expeditious prosecution of the case, the investigation of the insolvent's financial situation, the events which might have had incidence thereon and the identification of responsible parties. _____

To this end he is vested, amongst others, with powers to: _____

- 1) Issue all written judicial notifications and court letters required, except those addressed to the President of the Nation, Governors, Ministers and Secretaries of State, officers of similar rank and court magistrates. _____
- 2) Directly request reports from public and private entities. In the event the party to whom the request is addressed should consider it unjustified, it must request the Court to dismiss it within five days following receipt thereof. _____
- 3) Request the insolvent or third parties to give the explanations he considers relevant. In the case of refusal or unwillingness by those interrogated, he may request the Court to apply Articles 17, 103 and 274, Item 1). _____
- 4) Examine, without the need for any Court authorization whatsoever, the judicial or extra-judicial files dealing with any monetary issues referred to the insolvent or any party directly related thereto. _____
- 5) Issue employment certificates for employees to file with the social security entities, according to the records of account. _____
- 6) In general, request all the measures stipulated by this law and others which are admissible for the purposes in question. _____
- 7) During the proof of claims stage and until the specific report is submitted, he shall have an office open to the public, during timetables established by the regulations to be issued for the purpose by the respective court of appeals. _____
- 8) The Trustee must issue a receipt, specifying date and time, bearing his signature or that of the person expressly authorized in the dossier, for all documents presented at his office during the proof of claims stage until the specific report is submitted; the receipt shall be transcribed on a copy of the relevant document. _____

The Trustee is a party to the main process, in all its ancillary proceedings and to the other actions involving monetary issues to which the insolvent is party, except those involving family relationships to the extent stipulated by this law. _____

Article 276. Justice Department - Acts. The Justice Department is party to the appeal in the cases set forth in Article 51. The Appellate Court must serve notice of the bankruptcy proceedings whenever an appeal has been granted to which the Trustee is a party. _____

Article 277. Lapsing of the action. Action does not lapse in the insolvency proceedings. Other proceedings, at any instance, lapse after a three (3) months term. _____

Article 278. Local procedural laws. To the extent no express provision is contained in this law, the procedural rules of the laws of the place where the action is heard shall apply, provided they are consistent with the speed and the economy of insolvency proceedings.

Article 279. Dossier of copies. A dossier is compiled containing copies of all the fundamental records of the lawsuit and those specially established by this law; this dossier must be permanently available to interested parties at the Court Clerk's Office. Failure to keep this dossier updated constitutes a serious offense committed by the Court Clerk.

All copies appended to the dossier must bear the signature of the persons involved. In the case of court records, these consist in affidavits issued by the court clerk. The references, mentions and evidence cited concerning the record of the case must always be in line with the originals.

SECTION II - ANCILLARY PROCEEDINGS

Article 280. Cases. All questions related to the principal subject matter of the insolvency proceedings, which are not the subject of a special procedure, must be prosecuted as a separate part of the case, in the manner set forth in the provisions of this Chapter.

Article 281. Procedure. The brief petitioning the commencement of ancillary proceedings must submit all the evidence and attach the relevant documentary evidence.

Should the Court consider the petition to be manifestly inadmissible, it must reject it without further formalities. The resolution may be the subject of appeal, solely for the purpose of forwarding the lower court decision to the appellate court.

Should ancillary proceedings be formally allowed, notice shall be served during a ten (10) days term, through written judicial notification. Together with the reply, evidence must also be submitted and the documents attached.

Article 282. Proof. Proof must be processed within the term set by the Court, within a maximum of twenty (20) days. Should a hearing be necessary, it shall be fixed to be held within the specified period, for the purpose of producing all proof required.

The parties must take expeditious action for proof to be received within the stated periods; the Court may declare, at its own initiative, the negligence incurred and also issue a resolution once the period has expired, even when the proof has not been completely processed, if it considers the production thereof to be unnecessary.

Article 283. Expert evidence. Expert evidence is produced by one (1) single expert appointed at the court's discretion, unless the nature of the matter causes the Court to deem it necessary to appoint three (3) experts. In the latter case, within two (2) days following the appointment, the parties may file a joint written proposal that two (2) experts be appointed. They shall act together with the first expert appointed by the Court and the appointment of the remainder shall be null and void.

Article 284. Witnesses. Not more than five (5) witnesses are allowed for each party.

When due to the complexity of the case or the disputed facts a greater number should be necessary, the proposal for their appointment must be filed with the remaining proof. Should the increase fail to be admitted, then only the five (5) witnesses put forward in the first place shall appear.

Article 285. Appeal. Only the resolution putting an end to the ancillary proceedings is subject to appeal.

Insofar as concerns resolutions referred to an incidental question or which disallow some measure of proof, the interested party may petition the court of appeals for its revocation on well founded grounds given in the appeal provided for in the preceding paragraph. -----

Article 286. Concurrence of ancillary proceedings. All incidental issues based on simultaneous causes which are known by whomsoever they are prosecuted, must be raised jointly. -----

Those brought subsequently must be dismissed without further formalities. -----

Article 287. Fees in ancillary proceedings. In those proceedings brought for the review of acknowledgment of claims and of belated acknowledgment, fees are assessed in accordance with the provisions governing ancillary proceedings contained in local laws relating to fees, considering the amount of the principal action to be the petitioned and acknowledged claim itself. -----

CHAPTER IV - SMALL-SCALE INSOLVENCY AND BANKRUPTCY ACTIONS -----

Article 288. Definition. For the purposes of this law, small-scale insolvency and bankruptcy actions are defined as those in which, indiscriminately, any of the following circumstances are present: -----

- 1) The reported liabilities do not reach the amount of one hundred thousand pesos (Arg\$100,000). --
- 2) Not more than twenty (20) unsecured creditors appear in the proceedings. -----
- 3) The insolvent does not employ more than twenty (20) workers. -----

Article 289. Applicable System. In these actions neither the opinions set forth in Article 11, Items 3) and 5), nor the organization of the creditors' committee shall be necessary and the special cases system provided for by Article 48 of this law shall not apply. Supervision of the fulfillment of the "acuerdo preventivo" shall be in charge of the Trustee when a creditors' committee has not been set up. The fees for his duties at this stage shall be 1% of what is paid to creditors. -----

CHAPTER V - TEMPORARY AND SUPPLEMENTARY PROVISIONS -----

Article 290. Objected to by Executive Branch Order 267/1995. -----

Article 291. Opening registers. Within a period of thirty days subsequent to the publication of this law, the courts of appeals vested with competent jurisdiction shall proceed to open the registers established by Articles 253, 261 and 262. -----

Article 292. Fees in pending insolvency and bankruptcy proceedings. As from the enforcement of this law, the provisions hereof governing the assessment of fees shall apply in any pending insolvency or bankruptcy proceedings, except insofar as concerns the fees set forth in Article 291, Item 1) of Law 19,551. -----

Article 293. Supplementary provisions. This law is incorporated as Book IV of the Commercial Code and, with the scope of Article 288, the following are repealed: Articles 264, 265 and 266 of Law 20,744, Articles 313 and 314 of Law 19,550, Law 19,551, its amendments and any other legal or regulatory provisions contrary hereto. -----

Article 294. Article 251 of Law 20,744 (text revised by Decree 390/76 and its amendments), shall be replaced by the following: -----

"Article 251. Evaluation of employer's conduct. Amount of indemnity. Should the bankruptcy of the employer cause the termination of the employment contract and the causes of the bankruptcy are not

attributable to the employer, the indemnity payable to the worker shall be that set forth in Article 247. In any other case, indemnity shall be calculated on the basis of the provisions of Article 245. The circumstances referred to in this Article shall be determined by the Bankruptcy Court at the time the resolution is rendered on the admissibility and scope of the petitions for acknowledgment filed by the creditors".

Article 295. The National Register of Insolvency and Bankruptcy Proceedings is set up, in order to take note of the procedures governed by this law that are processed before the Magistrates of any National or Provincial jurisdiction, which shall forward to the former, within five (5) days after having received knowledge of the proceedings, all information as well as relevant amendments subsequent thereto, in accordance with required legal specifications.

Article 296. The National Executive Branch is empowered to regulate the operation and organization of the National Register of Insolvency and Bankruptcy Proceedings.

Article 297. Be it notified, etc.

Updating:

Article 2: The medical service providers are included in the system of Law 24,522 as from replacement of section 37 of Law 20,321, made by Law 25,374, section 1, paragraph d) (Official Gazette January 2, 2001) Adla LI-A, 26.

Article 32 *bis* is incorporated by Law 25,589, section 14 (Official Gazette of May 16, 2002).

Article 39 is replaced by Law 25,589, section 15 (Official Gazette of May 16, 2002).

Article 43 is replaced by Law 25,589, section 1 (Official Gazette of May 16, 2002).

Article 45 *bis* is incorporated by Law 25,589, section 16 (Official Gazette of May 16, 2002).

Article 48 is replaced by Law 25,589, section 13 (Official Gazette of May 16, 2002).

Article 49 is replaced by Law 25,589, section 2 (Official Gazette of May 16, 2002).

Article 52 is replaced by Law 25,589, section 17 (Official Gazette of May 16, 2002).

Title II, Chapter VII, sections 69 to 76 is replaced by Law 25,589, section 18 (Official Gazette of May 16, 2002).

Article 138, second paragraph is incorporated by Law 25,113, section 8 (Official Gazette of July 21, 1999) Adla LIX-C, 2741.

Article 190 is replaced by Law 25,589, section 21 (Official Gazette of May 16, 2002).

Article 246, Item 5 is incorporated by Law 24,760, section 7 (Official Gazette of January 13, 1997) Adla LVII-A, 17.

Article 262 is replaced by Law 25,589, section 19 (Official Gazette of May 16, 2002).

Article 266, last paragraph is incorporated by Law 25,563 (Official Gazette of February 15, 2002) Adla Bol. 3/2002, page 3.

Article 290 is objected to by Executive Branch Order 267/95 (Official Gazette of August 9, 1995) Adla LV-D, 4381.

Law 25,563
Insolvency and Bankruptcy Proceedings – Declaration of productive and credit emergency,

Approved on January 30, 2001; Promulgated on February 14, 2002 (partially vetoed by executive branch order 318); Published in the Official Gazette on February 15, 2002.

UPDATED TEXT
PERTINENT PART

CHAPTER I - THE EMERGENCY

SECTION 1. A state of emergency in the production and credit areas caused by the crisis Argentina is currently undergoing is declared until December 10, 2003. The amendments hereby made to the Laws mentioned herein shall be enforced as long as the emergency lasts, unless a shorter term is fixed, without detriment to compliance with and ongoing maintenance towards the future of the respective effects of those acts performed during its term of enforcement.

CHAPTER II - DEBTORS IN INSOLVENCY PROCEEDINGS

Article 8 is repealed by Law 25,589.

Article 9 is repealed by Law 25,589.

Article 10: In those cases of court or out of court "acuerdos preventivos" homologated under the terms of Law 24,522, the term to comply with the obligations assumed by the debtor and notwithstanding the provisions of Chapter III shall be extended for one (1) year counted as from the date on which the obligations homologated in the "acuerdo preventivo" become enforceable.

Article 11 is repealed by Law 25,589.

Article 12: Access to Credit. The Central Bank of the Argentine Republic shall regulate the removal of any limitation preventing, hindering or making it more expensive, in any manner whatsoever, for natural and/or artificial insolvent persons to have access to credit facilities. The Central Bank of the Republic of Argentina shall implement a rediscount line intended for financial institutions to assist insolvent companies undergoing the stage provided for in Article 43 of Law 24,522 for the purpose of ensuring that the insolvent parties enjoy access to credits and sureties sufficing to propose a "acuerdo preventivo" to their creditors, considered reasonable and feasible by the banking entity in charge of providing credit assistance.

Insolvent companies as well as those which are bankrupt but with ongoing business activities, may freely enter into agreements with the national Government always provided that they meet the requirements set forth by the latter.

Article 13: The following paragraphs shall be included as the last paragraphs of Article 3 of Law 23,898: -

Special Fee: The applicable rate in insolvency proceedings shall amount to 0.75% (zero point seventy five percent) of the aggregate acknowledged claims included in the "acuerdo preventivo". However,

whenever said amount exceeds Arg\$100,000,000 the applicable rate shall be 0.25% (zero point twenty five percent) of the excess in question. -----

The Federal Administration of Public Revenue shall, as a general measure, grant those insolvency proceedings installments to pay the court fees established in this Law for a term of up to ten (10) years. --

The Provinces are hereby invited to provide for a reduction in their respective tax systems referred to court fees along the same lines as those rules established herein. -----

CHAPTER III - THE DEBT INCURRED BY THE PRIVATE SECTOR AND IN LIEU OF MORTGAGES ----

Article 15 is repealed by Law 25,589.-----

Article 16: The following acts are suspended for a one hundred and eighty day (180) calendar term, counted as from the enforcement hereof: -----

(a) Auctions of real estate on which the debtor's abode is located or of assets he has assigned to the production, commerce or rendering of services, ordered in executory proceedings, the enforcement of sentences or in out-of court foreclosures. Claims of an alimony nature and those derived from liability arising from the perpetration of crimes, labor claims, those derived from civil liability and against insurance companies which have insured the civil liability, obligations originated after the enforcement hereof and the liquidation of assets in the bankruptcy proceedings are exempted from this provision. -----

(b) The enforcement of precautionary measures that entail the divestment of assets assigned to activities discharged by commercial and manufacturing establishments or the like, which are required for the operation thereof. -----

Article 17 is objected to by Executive Branch Order 318/2002. -----

Article 18 is objected to by Executive Branch Order 318/2002. -----

SUPPLEMENTARY PROVISIONS: -----

Article 19: Item c) of Article 28 of Executive Branch Order 1023/01 is repealed. -----

Article 20: Item e) of Article 3 of Law No. 23,898 is repealed. -----

Article 22: This Law is of public order and shall enter into force as from the time it is promulgated. -----

Updating:-----

Article 8 is repealed by Law 25,589, section 7° (Official Gazette of May 16, 2002).-----

Article 9 is repealed by Law 25,589, section 8° (Official Gazette of May 16, 2002).-----

Article 10: See section 9 of Law 25,589 (Official Gazette of May 16, 2002). -----

Article 11 is repealed by Law 25,589, section 10° (Official Gazette of May 16, 2002). -----

Article 15 is repealed by Law 25,589, section 11° (Official Gazette of May 16, 2002). -----