

New York
Menlo Park
Washington DC
São Paulo
London

Paris
Madrid
Tokyo
Beijing
Hong Kong



Karen E. Wagner

Davis Polk & Wardwell LLP 212 450 4404 tel
450 Lexington Avenue 212 701 5404 fax
New York, NY 10017 karen.wagner@davispolk.com

March 17, 2015

Re: *NML Capital, Ltd. v. Republic of Argentina*, Nos. 08 Civ. 6978 (TPG),
09 Civ. 1707 (TPG), 09 Civ. 1708 (TPG);

 Aurelius Capital Master, Ltd. and ACP Master, Ltd. v. Republic of Argentina,
Nos. 09 Civ. 8757 (TPG) and 09 Civ. 10620 (TPG);

 *Aurelius Opportunities Fund II, LLC and Aurelius Capital Master, Ltd. v. Republic
of Argentina*, Nos. 10 Civ. 1602 (TPG), 10 Civ. 3507 (TPG), 10 Civ. 3970 (TPG)
and 10 Civ. 8339 (TPG);

 Blue Angel Capital I LLC v. Republic of Argentina, Nos. 10 Civ. 4101 (TPG) and
10 Civ. 4782 (TPG);

 Olifant Fund, Ltd. v. Republic of Argentina, No. 10 Civ. 9587 (TPG); and

 Pablo Alberto Varela, et al. v. Republic of Argentina, No. 10 Civ. 5338 (TPG).

Hon. Thomas P. Griesa
United States District Judge
U.S. District Court for the Southern District of New York
Daniel Patrick Moynihan United States Courthouse
500 Pearl Street
New York, New York 10007

Dear Judge Griesa:

We write to advise Your Honor that, in view of recent developments, set forth below, Citibank has determined to have its Argentine branch, Citibank Argentina, develop, and execute, a plan to exit the custody business in Argentina as soon as possible.

Citibank has made this decision now in light of (1) the Court's March 12, 2015 Order and its denial yesterday of Citibank's application to stay that Order to permit Citibank to process the March 31 payment to its custodial customers owning Argentine Law Bonds, and (2) the Republic's renewed threat to strip Citibank of its banking license in Argentina and to impose criminal, civil and administrative sanctions, reiterated on March 13 and March 16, 2015.

Consistent with our commitment to be fully transparent with the Court, we wanted to advise Your Honor immediately of Citibank's intention to have Citibank Argentina exit the custody business—and, on that basis, to renew Citibank's application for a limited stay and to request a conference at the Court's earliest convenience to discuss the issues that have arisen in the wake of the Court's March 12, 2015 Order.

As you are aware, since May 2013, Citibank has undertaken to determine its obligations under the Court's Injunction. Citibank, whose branch in Argentina acts as a custodian for customers holding

Honorable Thomas P. Griesa

2

March 17, 2015

only approximately 25% of the Argentine Law Bonds, was the only entity to seek a determination of its legal obligations. Since doing so, Citibank has been repeatedly subjected to the imminent threat of loss of its license in Argentina and criminal, civil and administrative sanctions by the Republic, its regulators and its customers. The imminent nature of these risks was emphatically confirmed by the Republic in a press release on March 13, 2015 and again yesterday in a letter from the Ministry of Economy and Public Finance to Citibank Argentina dated March 16, 2015 (a copy of which is attached, with an unofficial translation, as Exhibit A hereto). The letter from the Republic requires Citibank Argentina to respond (within 48 hours) indicating whether it intends to comply with Argentine law with respect to the processing of the March 31 payment.

The precise manner by which Citibank Argentina will exit the custody business has yet to be finally determined, but it may include the sale of certain portions of the custody business or termination of account relationships with notice to its customers. Upon exiting the custody business, Citibank Argentina will no longer have any role in custodying any securities, including the Argentine Law Bonds, in Argentina for any client.

We respectfully request that the Court hold a conference at the earliest possible time to address these recent developments and to discuss the issues that have arisen in the wake of the Court's March 12, 2015 Order.

Very respectfully yours,

/s/ Karen E. Wagner

Karen E. Wagner

By ECF

cc: All counsel of record (via ECF)

Exhibit A



Ministerio de Economía y Finanzas Públicas

Nota S.L. y A N° 124/15

Buenos Aires, 16 de marzo de 2015

Citibank, N.A. (Sucursal Argentina)

Sr. Gabriel Ribisich

De nuestra consideración,

Nos dirigimos a esa Entidad en relación con la causa *NML Capital, Ltd. v. Republic of Argentina*, en trámite ante la Corte de Distrito Sur de Nueva York, Estados Unidos, en la que fueron emitidas órdenes relativas a los pagos efectuados a través de la sucursal argentina de Citibank, N.A. ("Citibank Argentina") en virtud de los bonos que se rigen por ley argentina denominados en pesos y dólares, y pagaderos en Argentina (los "Bonos Argentinos del Canje"), siguiendo con nuestra carta de fecha 6 de agosto de 2014 (la "Carta del 06/08/14") y teniendo presente el rechazo efectuado por el Juez Thomas P. Griesa el 12 de marzo de 2015 al pedido de anulación formulado por Citibank, N.A. a la orden del mismo tribunal de 28 de julio de 2014.

Conforme se le recordó oportunamente en la Carta del 06/08/14, esa Entidad financiera, encontrándose registrada, constituida y autorizada para operar en la República Argentina conforme la Ley de Entidades Financieras N° 21.526, y en atención a que los fondos depositados por la República Argentina para proceder al pago de los intereses de los bonos sujetos a ley y jurisdicción argentina son efectuados en nuestro país para su distribución a los Tenedores, cualquier pedido de aclaración en la causa *NML Capital, Ltd. v. Republic of Argentina* devenía innecesario, por lo que Citibank N.A. debió abstenerse de formular pedidos de nuevas aclaraciones que tuvieron el efecto, por un lado, de confundir al mercado y a los Tenedores sobre el alcance de sus derechos y los efectos extraterritoriales de las medidas *pari passu* dictadas por el Juez Griesa en los Estados Unidos de América; y, por el otro, de abrir la posibilidad de que el Juez Griesa vuelva a dictar medidas judiciales que exceden su jurisdicción y vulneran el orden público argentino.



Ministerio de Economía y Finanzas Públicas

En consecuencia, en cumplimiento de la legislación aplicable, por medio de la Carta del 06/08/14 se requirió a Citibank Argentina que continuara actuando en favor y protegiendo los intereses de los Tenedores de Bonos Argentinos del Canje, ajenos a las órdenes procesales mencionadas.

Esto así, porque de lo contrario, esa Entidad estaría ejecutando una sentencia de tribunales extranjeros en la República Argentina, sin que la misma cumpla con los requisitos establecidos en el artículo 517 del Código Procesal Civil y Comercial de la Nación; afectando, en consecuencia, el orden público argentino. En este sentido, se le recuerda que la Corte Suprema de Justicia de la Nación ya ha tenido oportunidad de pronunciarse en el caso "Claren Corporation c/ E.N 517/518 CPCC exequátur s/ varios", fallo del 6 de marzo de 2014, estableciendo que las órdenes judiciales dictadas por el Juez Griesa, al instituir una mecánica que bloquea el procedimiento de cobro de la deuda pública reestructurada, resultan contrarias al Orden Público Argentino.

Citibank Argentina, como entidad registrada y autorizada para operar en el sistema bancario y financiero en nuestro país, tiene la obligación de someterse a las normas nacionales que regulan dicha actividad. Según fue adelantado en la Carta del 06/08/14, el incumplimiento de esta obligación puede derivar en la suspensión y revocación de dicho registro y autorización. En ese sentido, como ha reconocido la propia casa matriz de esa Entidad en las distintas presentaciones en la causa *NML Capital, Ltd. v. Republic of Argentina*, "Argentina tiene un legítimo interés en aplicar sus leyes bancarias"¹ y "si Citibank Argentina no remite a sus clientes los fondos que recibe, al igual que todos los otros custodios, estaría violando el derecho bancario argentino. La República podría revocar la licencia de Citibank Argentina e incluso imponer responsabilidad penal a sus empleados."²

¹ Audiencia celebrada el 3 de marzo de 2015 ante el Juez Griesa de la Corte del Distrito Sur de Nueva York, p. 22.

² Carta enviada por Citibank N.A. al Juez Griesa de la Corte del Distrito Sur de Nueva York el 6 de marzo de 2015. Similares declaraciones fueron realizadas en los escritos presentados por Citibank N.A. el 5 de



Ministerio de Economía y Finanzas Públicas

Por lo tanto, y toda vez que mediante la Orden de fecha 28 de julio de 2014 el Juez Griesa sólo permitió la transferencia de los fondos correspondientes a los bonos adheridos al Canje denominados en dólares estadounidenses por única vez, se intima nuevamente a esa Entidad para que en el término de 48 horas informe a la Secretaría de Finanzas del Ministerio de Economía y Finanzas Públicas la actitud que adoptará en relación a la distribución de los pagos efectuados y los próximos a realizarse, teniendo en cuenta las razones invocadas en la presente.

Se hace saber que se remite copia de la presente al Banco Central de la República Argentina.

Saludamos a Ustedes atentamente.

DR. FEDERICO G. THEA
SECRETARIO LEGAL Y ADMINISTRATIVO

C.c. Karen Wagner, Davis Polk & Wardell LLP

S / D:

Ministry of Economy and Public Finance

Note S. A. and A Nº 124/15

Buenos Aires, March 16, 2015

Citibank, N. A. (Argentina Branch)

Mr Gabriel Ribisich

Sir,

We address that Entity in connection with the proceedings *NML Capital, Ltd. v. Republic of Argentina*, before the Court of the Southern District of New York, United States of America, in which injunctions were issued in connection with payments made through the Argentine branch of Citibank, N. A. ("Citibank Argentina") under bonds governed by Argentine law denominated in pesos and dollars, and payable in Argentina (the "Argentine Exchange Bonds"); [this is] a follow-up to our letter dated August 6, 2014 (the "August 6, 2014 Letter") and taking into consideration the rejection by Judge Thomas P. Griesa on March 12, 2015 of the request made by Citibank, N. A. to nullify the order of that court dated July 28, 2014.

As indicated in due course in the August 6, 2014 Letter, it was unnecessary to make any request for clarification in the *NML Capital, Ltd. v. Republic of Argentina* proceedings [since] that financial Entity is registered, constituted and authorised to operate in Argentina pursuant to the Financial Entities Act Nº 21,526, and considering [further] that the funds deposited by Argentina for the payment of interest under the bonds subject to Argentine law and jurisdiction are made in our country for their distribution to the Holders[, and thus] Citibank, N. A. should have abstained from requesting further clarifications that had the effect, on the one hand to introduce confusion in the market and in the Holders as to the extent of their rights and to the extraterritorial effects of the *pari passu* measures issued by Judge Griesa in the United States of America, and, on the other hand, granting Judge Griesa the possibility to issue once again judicial measures that exceed his jurisdiction and impair Argentine public order.

Thus, in furtherance of applicable legislation, Citibank Argentina was requested in the August 6, 2014 Letter to continue acting in favor and protecting the interests of the Holders of the Argentine Exchange Bonds, who are alien to the above mentioned court orders.

This is so because, otherwise, that Entity would be enforcing in Argentina a judgment issued by foreign courts without [such judgment] satisfying the requirements established in Article 517 of the Federal Civil and Commercial Procedures Code. And thus impairing Argentine public order. In that connection, we remind you that the Federal Supreme Court has already had the opportunity of expressing itself in "*Claren Corporation c/ E. N. 517/518 CPCC exequaturs/ varios*"

dated March 6, 2014, establishing that the court orders issued by Judge Griesa are contrary to Argentine Public Order since they constitute a mechanism to block the procedure for the payment of the restructured public debt.

Citibank Argentina, as an entity registered and organized to operate in the banking and financial system of our country, has the obligation to submit itself to the National rules that regulate such activity. As anticipated in the August 6, 2014 Letter, a violation of this obligation may result in the suspension and revocation of such registration and authorization. In that connection, as acknowledged by the head office itself of that Entity in the various filings made in "*NML Capital v. Republic of Argentina*": "*Argentina has a legitimate interest in applying its banking laws*"¹ and "*if Citibank Argentina does not remit to its customers the funds it receives, as will all other custodians, it will be in violation of Argentine banking law. The Republic could revoke Citibank Argentina's license and even impose criminal liability on its employees.*"²

Thus, and given that through the Order dated July 28, 2014 Judge Griesa gave authorisation only one time for the transfer of funds corresponding to the bonds that participated in the Exchange denominated in United States dollars, that Entity is summoned once again to inform within the next 48 hours to the Secretary of Finance of the Ministry of Economy and Public Finance what attitude shall it adopt in connection with the distribution of the payments made and the ones to be made soon, taking into consideration the reasons provided in this letter.

A copy of this letter is being sent to the Central Bank of Argentina.

Sincerely yours,

Dr. Federico C. Thea

Secretario Legal y Administrativo

¹ Hearing dated March 3, 2015 before Judge Griesa of the Southern District Court of New York, page 22.

² Letter sent by Citibank N. A. to Judge Griesa of the Southern District Court of New York dated March 6, 2015. Similar statements were included in the letters filed by Citibank N. A. on September 5, 2014, before the Court of Appeals of the Second Circuit of the United States of America (pages 1, 19, 20, 21, 24 and 25) and February 17, 2015, before the Southern District Court of New York (pages 21 and 22).