NOTE: Where it is feasible, a syllabus (headnote) will be released, as is being done in connection with this case, at the time the opinion is issued. The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader. See *United States* v. *Detroit Lumber Co.,* 200 U. S. 321, 337.

SUPREME COURT OF THE UNITED STATES

Syllabus

REPUBLIC OF ARGENTINA ET AL. *v.* WELTOVER, INC., ET AL.

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

No. 91–763. Argued April 1, 1992—Decided June 12, 1992

As part of a plan to stabilize petitioner Argentina's currency, that country and petitioner bank (collectively Argentina) issued bonds, called ``Bonods,'' which provided for repayment in U. S. dollars through transfer on the market in one of several locations, including New York City. Concluding that it lacked sufficient foreign exchange to retire the Bonods when they began to mature, Argentina unilaterally extended the time for payment, and offered bondholders substitute instruments as a means of rescheduling the debts. Respondent bondholders, two Panamanian corporations and a Swiss bank, declined to accept the rescheduling and insisted on repayment in New York. When Argentina refused, respondents brought this breach-of-contract action in the District Court, which denied Argentina's motion to dismiss. The Court of Appeals affirmed, ruling that the District Court had jurisdiction under the Foreign Sovereign Immunities Act of 1976 (FSIA), 28 U.S.C. §1602 *et seq.,* which subjects foreign states to suit in American courts for, *inter alia,* acts taken ``in connection with a commercial activity'' that have ``a direct effect in the United States,'' §1605(a)(2).

Held: The District Court properly asserted jurisdiction under the FSIA. Pp.3–12.

(a)The issuance of the Bonods was a ``commercial activity'' under the FSIA, and the rescheduling of the maturity dates on those instruments was taken ``in connection with'' that activity within the meaning of §1605(a)(2). When a foreign government acts, not as a regulator of a market, but in the manner of a private player within that market, its actions are ``commercial'' within the meaning of the FSIA. Cf. *Alfred Dunhill of London, Inc.* v. *Republic of Cuba,* 425 U.S. 682, 695–706 (plurality opinion). Moreover, because §1603(d) provides that the

commercial character of an act is to be determined by reference to its ``nature'' rather than its ``purpose,'' the question is not whether the foreign government is acting with a profit motive or instead with the aim of fulfilling uniquely sovereign objectives. Rather, the issue is whether the government's particular actions (whatever the motive behind them) are the *type* of actions by which a private party engages in commerce. The Bonods are in almost all respects garden-variety debt instruments, and, even when they are considered in full context, there is nothing about their issuance that is not analogous to a private commercial transaction. The fact that they were created to help stabilize Argentina's currency is not a valid basis for distinguishing them from ordinary debt instruments, since, under §1603(d), it is irrelevant *why* Argentina participated in the bond market in the manner of a private actor. It matters only that it did so. Pp.4–9.

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(b)The unilateral rescheduling of the Bonods had a ``direct effect in the United States'' within the meaning of §1605(a)(2). Respondents had designated their accounts in New York as the place of payment, and Argentina made some interest payments into those accounts before announcing that it was rescheduling the payments. Because New York was thus the place of performance for Argentina's ultimate contractual obligations, the rescheduling of those obligations necessarily had a ``direct effect'' in this country: money that was supposed to have been delivered to a New York bank was not forthcoming. Argentina's suggestion that the ``direct effect'' requirement cannot be satisfied where the plaintiffs are all foreign corporations with no other connections to this country is untenable under *Verlinden B. V.* v. *Central Bank of Nigeria,* 461 U.S. 480, 489. Moreover, assuming that a foreign state may be a ``person'' for purposes of the Due Process Clause of the Fifth Amendment, Argentina satisfied the ``minimum contacts'' test of *International Shoe Co.* v. *Washington,* 326 U.S. 310, 316, by issuing negotiable debt instruments denominated in U. S. dollars and payable in New York and by appointing a financial agent in that city. Pp.9–12.

941 F.2d 145, affirmed.

SCALIA, J., delivered the opinion for a unanimous Court.