

FOREIGN EXCHANGE PROCEDURES

IMPORTANT NOTICE: The sole purpose of this translation is to provide guidance to the general public and is therefore not legally binding. This is a non official translation of the “Circular Reglamentaria Externa DCIN 36 de Julio 19 de 2001”. Any legal opinion based upon this document must refer to the Spanish version.

1. EXCHANGE DECLARATION

1.1. INTRODUCTION

Pursuant to May 5, 2000 External Resolution 8 (hereinafter “E.R. 8 /2000 B.D.”) passed by the Board of Directors of the Banco de la República -The Central Bank of Colombia, (hereinafter “Banco de la República”), published on May 11, 2000, and all other laws that modify or enhance it, Colombian residents living in Colombia or abroad who perform foreign exchange transactions, as defined in Article 1 of Decree 1735 of September 2, 1993, must fill out and submit an Exchange Declaration (original and copy) to the Foreign Exchange Broker. The forms to be used for this declaration can be found in Issue 12 of this Bulletin. Instructions for completing the Declaration are attached to each of the forms in this Bulletin.

The Exchange Declaration must be personally completed by the individual exchanging currency, by that individual’s legal representative, or representative empowered by special or general power, whether an attorney or not. Upon presentation of an Exchange Declaration, it shall be presumed that the person presenting the document meets the foregoing requirement. As set forth in Law 527 of August 18, 1999, the Exchange Declaration may be signed electronically.

An Exchange Declaration must be presented to the Foreign Exchange Broker at the time of the purchase, sale, or negotiation of foreign currency for all exchange transactions carried out by or through such Foreign Exchange Brokers. A Foreign Exchange Broker is hereby defined as an individual or company that negotiates foreign currencies on the international foreign currency market.

Moreover, Foreign Exchange Brokers may electronically receive and keep the information required for an exchange declaration providing the information conforms to the provisions of Law 527 of August 18, 1999 and laws that modify, replace, or regulate it.

Foreign Exchange Brokers receiving Exchange Declarations must issue an identification number for all submitted Exchange Declarations, which must be unique nationwide, for any given day. Foreign Exchange Brokers shall process and keep the original of each Declaration. Foreign Exchange Brokers will return a correctly numbered copy to the declaring party, upon which written evidence will appear demonstrating that the declaration was received. Foreign Exchange Brokers will reject forms that have erasures and/or corrections. Furthermore, they are duty bound to guarantee that the Banco de la República receives the general or specific information needed concerning the performance of foreign exchange transactions in the Country.

The interested party or their representative shall present an Exchange Declaration directly to the Banco de la República for transactions performed through compensation accounts, in keeping with the procedure described in Section 9.4 of this Bulletin. The holder of compensation accounts must assign an identifying number to each exchange declaration, which must be unique nationwide for that particular date.

Residents may empower Foreign Exchange Brokers to present their respective Exchange Declarations. Foreign Exchange Brokers may also submit those Exchange Declarations acting on behalf of the interested party, subject to the restrictions and formalities of the law. When Foreign Exchange Brokers, representing first parties, fill out Exchange declarations for expenses and interests due on foreign loan Statements, they shall send that information monthly, following the same statement format and citing each registered loan individually, in order to perform controls on foreign loans.

When purchasing or selling foreign currencies through an electronic system and/or using an international debit card, the record or voucher shall replace the Exchange Declaration. In such cases, Foreign Exchange Brokers that provide these cards or manage these systems, must send every month, a consolidated statement to the Banco de la

República using Form No. 5 (Services, transfers and other concepts) exchange code numbers 2900 or 1706 (Expense or Revenue - Other Services) to report all transactions.

1.2. PROVIDING INFORMATION TO THE BANCO DE LA REPÚBLICA

Within the term and according to the procedures set forth in Annex 5 of this Bulletin, Foreign Exchange Brokers shall send the information recorded on the Forms received from residents and non-residents to the Banco de la República when they exchange currency.

Regarding sending information on transactions performed by Currency Exchange Brokers, as stipulated in Section 2 of Article 59 of E.R. 8 / 2000 B.D., they must enroll in the Banco de la República's Foreign Exchange Department and receive an operating code before carrying out exchange transactions. To accomplish this, the Foreign Exchange Brokers must send a request signed by a corporate officer whose signature is registered with the Electronic Services and Payments Department of the Banco de la República. Before registering, stock brokers must first meet all the conditions stipulated in Article 61 of the E.R. 8 / 2000 B.D. Currency Exchange Companies authorized by the Superintendency of Banking must obtain registration by sending a letter to the Banco de la República signed by their legal representative. The text of the communication and the signature on it must be duly authenticated by a notary public.

Foreign Exchange Brokers who perform exchange transactions other than those authorized for intermediaries must comply with the obligations stated in the Exchange Regulations for all other residents as, for instance, filling out the corresponding exchange declarations, among other rules.

Foreign Currency exchange intermediaries that use their own liquidity in foreign currency to pay interest and banking expenses to their correspondent banks outside the country may send their information on a daily, weekly, or monthly basis using Form No. 5 (Exchange Declaration for Services, Transfers, and Other Concepts), using the appropriate exchange code numbers: exchange code number 2215 – “Intereses Corrientes y Mora Deuda Banca Comercial ” (current and

late-payment interest on commercial bank loans); exchange code number 2270 – “Gastos y Comisiones Deuda Banca Comercial” (Expenses and commissions on commercial bank loans).

1.2.1. Purchase and Sale of Foreign Currency by Professional Exchange Brokers.

The purchase or sale of foreign currency to residents in Colombia who exchange currency professionally do not require the presentation of an exchange declaration. These activities need not be reported to the Banco de la República.

However, these professionals are subject to the obligations set forth in the aforementioned E.R. No. 8/2000 B.D.

1.2.2. Temporary Regulation

Currency Exchange Companies referred to in Article 85, E.R. 8/2000 B.D., as modified by Article 3 of E.R. 9/2000 B.D., that used to send information to the Banco de la República, no later than the third working day after the week during which the respective transactions occurred, must send a consolidated weekly report on the information on the Exchange Declarations presented to them, by filling out Form No 18 (Foreign currency purchased and/or sold by Currency Exchange Companies not authorized to carry out transactions of the Foreign Exchange Market). This information must be sent electronically or via magnetic record as agreed upon with the Banco de la República.

This information must be sent within the term stipulated in Article 4 of E.R. No. 2/2001 B.D., unless these entities liquidate or make the corresponding modifications before that date, both in denomination and corporate purpose. This situation must be reported to the Foreign Exchange Department of the Banco de la República.

1.3. RESPONSABILITIES OF DECLARING PARTIES AND FOREIGN EXCHANGE BROKERS.

The Declaring Party shall be responsible for:

1. Correctly presenting the exchange declaration for exchange operations s/he performs and,
2. The truthfulness of the information presented on the declaration.

Defaulting on these obligations and on all others stipulated in the Exchange Regulation shall cause penalties to be imposed as set forth in the pertinent laws, without prejudice to other applicable tax, customs, and criminal penalties. Responsibility under the law shall also be assumed when the respective authority or an interested party does not comply with the conditions that would lead to the presumption set forth in section 4 of Article 1 of E.R. 8/2000 B.D.

Foreign Currency Exchange Brokers are responsible for:

1. Processing the information in the exchange declarations and sending the documents required for statistics by the Banco de la República, in such a way that defaulting on these obligations shall give rise to imposing the penalties set forth in Article 5 of E.R. 8/2000 B.D.
2. Verifying the person's identification and that the amount of the currency declared corresponds to that which the person purchases or sells. Furthermore, the Currency Exchange Broker shall make certain that the exchange declarations have been completed without erasures or corrections and that they contain the information required by the authorities, in keeping with the type or nature of the operation and instructions. When appropriate, the Broker must require the presentation of documents as stipulated in the Exchange Regulation.

Defaulting on these obligations and on any others established by the Exchange Regulation shall give rise to penalties being imposed by the Superintendencies of Banking or Securities Exchange, within their respective jurisdiction, both on the company as well as the officials responsible for having disregarded these provisions, pursuant to Law 9 of 1991, the Finance System Statute, and Law 27 of 1990, and all other pertinent provisions.

Without prejudice to the foregoing, Currency Exchange Brokers, to perform their duties of controlling and preventing illegal activities, must adequately know the client so that they can inform Exchange Regulation control and overseeing authorities, if required, about the basic

characteristics of a given exchange operation in which they act as intermediaries, as set forth in Articles 102 and 107 of the Financial System Statute in respect of the prevention of illegal activities, in Articles 39 through 44 of Law 190 of 1995, in Articles 9 and 11 of Law 526 of 1999, and in all other laws which modify or enhance them.

1.4 COMPLETING EXCHANGE DECLARATIONS

Exchange Declarations may be completed on paper or electronically, using the Forms described in this Bulletin, as follows:

Form No. 1, Exchange Declaration for importing goods.

Form No. 2, Exchange Declaration for exporting goods.

Form No. 3, Exchange Declaration for foreign debt.

Form No. 4, Exchange Declaration for international investment.

Form No. 5, Exchange Declaration for Services, Transfers, and Other Concepts.

Form No. 6, Information on foreign loans to residents

Form No. 7, Information on foreign loans to non-residents

Exchange Declarations will be completed by following the instructions given in this Bulletin.

Forms 6 and 7, Information on foreign loans to residents and Information on Foreign loans to non-residents, may replace Exchange Declarations only when the report presented with them simultaneously corresponds to the channeling of the disbursement of passive or active credits, respectively, through Foreign Exchange Brokers.

1.5. REFUNDS

In the following cases a new Exchange Declaration must be filled out by marking the “Devolución” (Refund) box in the section labeled “Tipo de Operación” (Type of Transaction): whenever a transfer is sent back abroad to refund foreign currency that has already been traded through the Foreign Exchange Market and reported in a preceding Exchange Declaration, or when the value of transferred foreign currency previously reported on an Exchange Declaration is received from abroad, because the corresponding check bounced or the merchandise was lost or refused. The Form and exchange code number must correspond to the ones on the former Declaration. The Foreign Exchange Broker must

always ask for the earlier Declaration so as to verify its dateline and terms.

No authorization from the Banco de la República will be required for refunds on advanced export payments of amounts less than fifteen percent (15 %) of the traded value, or when the deposit is at zero percent (0%). Otherwise, prior Banco de la República authorization will be required.

In case of Foreign Capital investments that do not reach a state of legal validity, a deposit must be opened as established in Article 26 of E.R. 8/2000 B.D., except for cases expressly stated in Article 33 of the same Resolution. For this effect, exchange code number 4565 shall be used upon the return of the foreign currency to offshore, by checking a number one (1, corresponding to Initial Declaration) in the “Tipo de Operación” (type of transaction) section.

1.6. CORRECTING EXCHANGE DECLARATIONS

An Exchange Declaration may require corrections or additional data. To comply, a new Exchange Declaration must be submitted to the same entity that received the previous one.

The correction of an Exchange Declaration must be made no later than fifteen (15) work days after the presentation of the first Declaration. It must be presented to the same Exchange Market Broker who received the first declaration. For all parties concerned, any Declaration not corrected during this time period will be considered unalterable.

For declarations presented through current compensation accounts, the fifteen (15) day time period for corrections starts on the date that the corresponding transaction report is presented.

To make the corrections, the following must be taken into account:

1.6.1 CHANGING THE FORM

When the declaring party has used a form that does not correspond to the transaction, or when the Form must be replaced by various

declarations of the same type, one or more exchange declarations must be presented, depending on the case, as follows:

- a) The declaring party shall replace one Form of exchange declaration with a different Form, maintaining the same U.S. dollar amount;
- b) The declaring party shall replace one Form of exchange declaration with several other Forms of the same type;
- c) The declaring party shall replace one Form of exchange declaration with several exchange declarations of differing types; or
- d) The declaring party shall replace one exchange declaration for one or several exchange declaration of the same type and one or several of another type.

The aggregate value in U.S. dollars of the various exchange declarations replacing the original exchange declaration must equal the dollar amount of the original.

The interested party shall prepare one or several new Forms, which must correspond to the correct type of foreign exchange transaction. In its box “tipo de operación” (transaction type) in the upper right-hand corner, the declaring party shall indicate Number 3, which corresponds to the choice of “Cambio de Formulario” (Form Change). In the section, “Identificación de la declaración inicial” (Original Declaration ID), the declaring party shall fill in the information on the city, the Broker’s Tax ID number or ID code assigned by the Banco de la República to the compensation account, the date on which the declaration Form was requested, and the new number assigned to identify the declaration. The information of the declaration requiring modification shall be included in the Section entitled “Identificación de la Declaración de Cambio anterior” (Identification of the Initial Exchange Declaration). The rest of the replacement declaration will be filled out in accordance with the requirements of the Form that corresponds to the type of the foreign exchange transaction.

The corrected Forms must be reported together with the weekly transactions referred to in Section 1.2 of this Bulletin.

1.6.2 MODIFICATIONS

Modifications will be used when a declarer needs to change information of a preceding Declaration. For this, the same type of Form as the initial Declaration will be used. The declarer shall indicate “Number 4” in the upper right-hand corner box, “Tipo de Operación” (Transaction Type), which corresponds to option of “Modificación” (Modification).

In the Section, “Identificación de la Declaración inicial”, (Original Declaration ID), the declarer shall fill in the information of city, Broker Tax ID number , or the ID code assigned by the Banco de la República to the compensation account, date on which the modification and new number assigned to identify the modifying declaration were given. In the Section entitled “Identificación de la Declaración de Cambio Anterior” (Identification of the Previous Exchange Declaration), the declarer shall provide the information from the initial exchange declaration. Since the new declaration corrects the preceding one, the remainder of the modified declaration must be completed, changing whatever information requires correction.

A new Exchange Declaration must be prepared in the amount of any additional sum, in the event of additional transfer(s) on a previously submitted Exchange Declaration or the payment through the Foreign Exchange Market of additional sums to a former transaction. These transactions are not considered modifications of a preceding Statement, but new transactions.

1.7. CLARIFICATIONS FOR STATISTICAL PURPOSES

For statistical purposes, Exchange Declaration data can be clarified at any time with the Broker who handled the transaction. The following data are not subject to clarification:

- Date
- Amount
- Declaring party’s ID
- Reason: “reason” shall be understood to mean each of the transactions for which an Exchange Declaration Form exists. Consequently, clarifications for statistical purposes cannot be made when they imply a Form change. The Form can only be changed within the first fifteen (15) days after presenting the Exchange Declaration.

Clarifications for statistical purposes are subject to the following rules:

- Clarifications for statistical purposes of information in Exchange Declarations for foreign loans (Form No. 3) or foreign investment (Form No. 4) that have been transmitted to the Banco de la República electronically, in keeping with the procedure set forth in Annex 5 of this Bulletin, must be made by letter sent to the Banco de la República.
- The title holders of current compensation accounts may clarify their transaction reports and annexes, by sending a letter to the Banco de la República.
- Clarifications for statistical purposes regarding exchange declarations for “Importing Goods” (Form No. 1), “Exporting Goods” (Form No. 2), and for “Services, Transfers and other Concepts” (Form No. 5) including the information on exchange codes and import and export documents, must be made by letter to the Broker that carried on the transaction, without reporting to the Banco de la República. In the event of channeling these transactions through compensation accounts, such clarifications should be kept on file so that if they are required by control and overseeing authorities they may be readily presented.
- It is understood that the possibility of correcting or clarifying an Exchange Declaration does not prejudice the authorities in charge of control and overseeing of Currency exchange regulations, may investigate, by any means, corrections or clarifications made under sections 1.6 and 1.7 of this Bulletin if they were made for fraudulent purposes or untruthfully. Should such an occurrence take place, the pertinent penalties will be invoked.

1.8. DEPOSIT

Pursuant to E.R. 6 and 8 / 2000, the deposit for foreign loans is zero % (0%). Consequently, it will not be necessary to meet this obligation in all the foreign exchange transactions that require this deposit unless the percentage is increased.

Nevertheless, the foreign loan transactions addressed in Article 2 of E.R. 5 / 97 B.D. will continue to be subject to the deposit requirement established in Paragraph 2 of Article 83 of E.R. 8 / 2000 B.D.

2. TRANSACTIONS WITH THE BANCO DE LA REPÚBLICA, “Banco de la República”

All the transactions referred to on this point will be carried out through the Foreign Exchange Department of the Banco de la República, in Bogota D.C., unless otherwise specified.

2.1. AUTHORIZED ENTITIES

Pursuant to the provisions of Article 59, Section b. 1. of E.R. 8 / 2000 B.D., the entities authorized to transact the purchase and sale of foreign currency with the BR do not need to fill out a Exchange Declaration, except for instances established in Section 1.2. of this Bulletin.

2.2. TRANSFERS ABROAD

Transfers processed through the Banco de la República by the entities referred to in Section 2.1 of this Bulletin may be carried out using “Títulos canjeables por certificados de Cambio” (Exchange Bonds for Certificates of Foreign Currency) or foreign currency deposited in current accounts with that entity or in foreign accounts, pursuant to the regulations, modifications, or substitutions that the Banco de la República issues for this effect.

2.3. TRADING FOREIGN CURRENCY TO INTERVENE ON THE FOREIGN CURRENCY MARKET

Pursuant to the procedure established in Item 2: Procedure For the Banco de la República operations in the Foreign Currency Exchange Market, established in the Market Operations Manual (Bulletin SGMR-OM 64 of November 25, 1999 and subsequent modifications or substitutions), the Banco de la República can intervene in the Foreign Currency Market,.

2.4. BUYING AND SELLING FOREIGN CURRENCY THROUGH INTERNATIONAL AGREEMENTS

Transactions carried out with charge to extant Payment and Reciprocal Credit Agreements must be done through the Banco de la República, as set forth in the instructions provided by Regulatory Bulletin DCIN - 52 of May 6, 1996 and all subsequent rules that modify or substitute them. For this case, no Exchange Declaration is required.

2.5. REGISTRATION AND REPORTS

When needed and in keeping with the instructions imparted by this Bulletin, a Banco de la República’s seal of receipt shall serve to certify the date the registration application, the extension or the data report were received. Acknowledgment of receipt from the Banco de la República is not required. When using electronic transmission methods, proof of compliance shall be as established in Annex 5 of this Bulletin.

The Banco de la República may request from the interested party additional explanations or information regarding the information or registration, within the two months following the application or the report. If the interested party has not submitted the corresponding explanations or documents two months after the requirement, an implicit case dismissal will operate, the Banco de la República will file the case and it will be considered as not registered or not informed.

If the Banco de la República does not request additional explanations or documents, the investment registration will be understood as notified on the day that the corresponding record was performed.

The international investment registration prorroque will be understood as authorized, starting from the document's record receipt date with which it was requested, as long as the request is presented to the Banco de la República before the term expiration stated on the regulation regarding international investment. Acknowledgment of the Banco de la República receipt will not be required when the request is done timely. On the other hand, the Banco de la República will inform the interested party when the application is not timely.

The interested party or its legal representative may request the Banco de la República, through its Foreign Exchange Department, certifications or Statements about the inscription of the acts of their interest that are subject to registration or information report.

The aforementioned is understood without prejudice to the procedure established in the present Bulletin for reporting information on foreign loan transactions by the Foreign Exchange Brokers, pursuant to the procedure established in Annex 5 of this Bulletin.

2.6 COMPLETING THE FORMS

The forms presented in this Bulletin for processing before the Banco de la República may be completed on paper or electronically.

3. IMPORTING GOODS

In-country residents must send payment for their imports through the Currency Exchange Market. They must present Exchange Declaration Form No. 1 (Importing Goods). A corresponding exchange code must be used.

Regarding imported goods paid for with an international credit card, supported by import declarations for amounts greater than ten thousand US dollars (\$10,000 US dollars) or their equivalent in other currencies, importers must present the Exchange Declaration for Imported Goods (Form No. 1), upon payment to the intermediary, or channeling of the payment abroad through their Exchange Market Broker or through a compensation account. When payments are made using credit cards issued in Colombia, exchange code No. 2014 entitled "Remittance for Imported Goods, Paid for Using Credit Cards issued in Colombia" must be used. Regarding payments using credit cards issued abroad, exchange code No. 2015 entitled "Remittance for Goods Already Loaded for Shipment and for Imported Goods paid for with Credit Cards Issued Abroad" must be used. When the amount for the imported goods is equal to or less than the aforementioned sum, the payment receipt or record shall replace the Exchange Declaration. In any case, this document must be kept for later presentation to the exchange regulation control and supervision authorities, should they request it.

When an importer prepays future imports using his/her own resources, s/he should fill out Exchange Declaration Form No. 1, for Imported Goods, numeral 2017 and conserve written proof of payment and shipping terms agreed upon with the foreign supplier.

Importers must submit the information provided on the bill of lading (hereinafter any reference to shipping documents shall mean maritime, air, land, or rail shipment documents), and on the import declaration, in the Exchange Declaration whenever they are available on the date the foreign currency is sold. If such information is not available on that date, importers must provide that data once available to the Currency Exchange Broker through which the operation was made, no later than fifteen (15) working days after presenting the customs declaration, and

keep a copy of this report for their files. When the transaction is channeled through compensation accounts, such documents must be conserved together with the exchange declaration for possible presentation to control and supervising authorities.

It will not be necessary to fill out the spaces corresponding to the information in the paragraph above if the rules for international commerce do not require these documents, notice of which will be left in the “observaciones” (observations) box.

The value of missing shipped merchandise that has not been nationalized, of merchandise confiscated by administrative authorities, and of merchandise abandoned to the State have the obligation of being paid through a transfer abroad can be paid to the exporter abroad, following the process stated in this numeral and by keeping documents that prove the transaction in case they are requested by the authorities in charge of surveillance and control of the Currency Exchange Regulation.

When an importer has not paid for damaged merchandise, s/he may deduct the amount for the damaged goods by writing the value effectively paid in the “value of currency remitted” and “dollar value” boxes of Exchange Declaration Form 1 for importing goods. Furthermore, importers may explain the difference between the price on the Import Declaration and the value that was remitted, by exposing this in the “observaciones” (observations) box.

In these cases as well as in others in which the importer considers that s/he does not owe the amount committed, s/he must conserve the documents that justify this fact, for currency exchange control and supervision effects.

If the imported goods have already been paid for by the resident buyer and the vendor abroad must reimburse part or all of the price, the reimbursement must be declared in an Exchange Declaration for Importing goods (Form No. 1), indicating “Operation Type 2” which stands for import payments “refund”.

Interest and commissions in Colombian pesos that Foreign Exchange Brokers charge their clients to whom they have opened letters of credit

to pay for imported goods financed over a term of six (6) months or less do not require the presentation of an Exchange Declaration.

3.1. FINANCED IMPORTS

Imports may be financed by vendors, foreign currency brokers, and financial entities abroad in accordance to the operation terms, this is for their FOB, CIF, or C&F value, among others.

3.1.1. CREDIT FOR IMPORTS

Imports financed by credit, that is, imports that may be paid for on a date later than the date of the bill of lading are considered to be financed and are not subject to the deposit requirement established in the Article 26 of E.R. 8 / 2000 B.D. Within this category fall imports paid for after the date of the bill of lading as a result of legal action before judicial, arbitration or administrative authority, for controversy over payment by the importer directly to the vendor, and for delays or extensions to the term of payment granted by the exporter.

Imports that are payable later than six months from the date of the bill of lading must be reported to the Banco de la República through the Foreign Exchange Broker within six (6) months after the date of the bill of lading. To do so, Importers must complete and present Form No. 6, Foreign loans granted to residents, as provided in Section 5.1 of this Bulletin.

For the purpose of the previous paragraph, when imported goods are transferred during shipment before reaching Colombia, the date of the first bill of lading shall be taken into account.

If merchandise enters the Country under a temporary short term import status which generates an obligation to pay for those goods, the term for reporting begins as of the date the goods are nationalized. For long term temporary imports which generate a payment obligation, the term for reporting begins as of the date of the bill of lading, without prejudice to applicable provisions for temporary imports financed by leasing.

Only financing of imports supported by Exchange Declarations for sums greater than ten thousand US dollars (US\$10.000) or its equivalent in other currencies, must be reported to the Banco de la República. For the effects of this Bulletin, the value of the import declaration shall mean the sum of the FOB value in US dollars corresponding to the declared custom items of the goods.

Financing pre-payment of goods to be imported supposes the direct delivery of funds to the vendor abroad and requires importers to report, via their Foreign Exchange Brokers, all loans obtained for this purpose to the Banco de la República. For doing this, importers must demonstrate beforehand the establishment of the deposit set forth in Article 26 of E.R. 8 / 2000 B.D.. As stated in Section 11.5 of this Bulletin, a deposit will not be required for advance payments of future capital goods imports.

When the Foreign Exchange Brokers directly withdraw interest charges and other financial costs associated with loans from their clients' accounts and the Foreign Exchange Brokers obtain clients' authority for completing and presenting corresponding Exchange Declarations, they may send the information once a month using a format containing the same spaces and information as the Foreign Loan Exchange Declaration (Form No. 3), specifying the information for each amortized loan so as to apply these amounts and concepts to the information regarding registered or reported loans.

When Foreign Exchange Brokers discharge a financing of imported goods not reported as a foreign loan owed by the importer, against established provisions, the entity must sign an exchange declaration for imported goods (Form No. 1) in their name, provided that the discharged amount derives from the discounting against their Colombian Peso provision, indicating Exchange Code 2015 "Payment of already shipped imports and imported goods paid for by using credit cards issued abroad". The broker must report this operation to the corresponding control and supervision authorities.

3.1.2. Leasing

Temporary imports may be financed through leasing when the term exceeds twelve (12) months and apply to capital goods as defined by the Board of Directors of the Banco de la República.

To pay for financing of temporary imported goods through leasing, importers must complete a Foreign Loan Exchange Declaration (Form No. 3) in accordance with the instructions given in Section 5.1 of this Bulletin, indicating the loan ID number assigned by the Foreign Exchange Broker to which the Information on Foreign Loans to Residents, Form No. 6, was presented. Before sending the first payment abroad, importers must present both Form 6 and the corresponding contract.

On Form No. 6 (information on foreign loans to residents), importers must present the estimated FOB value of the goods to be temporarily imported in the box marked "Declaración de la importación - valor en USD" (import declaration- amount in US dollars).

Once financing has been reported, since a variable lease was already agreed upon, importers are not required to modify reported amounts due to increases or decreases in the price of leasing, regardless of stating the total remittance amount for leasing in the exchange declaration.

Exchange declarations for foreign loans (Form No. 3) must indicate the total amount to be paid without discriminating between principal and finance costs.

3.2. PAYMENT OF IMPORTS IN COLOMBIAN PESOS

Paying for imported goods in Colombian Pesos is allowed, providing it is done through Foreign Exchange Brokers by making a credit book entry in Colombian Pesos to the current accounts opened by non-resident exporters or by foreign financial entities, under the terms stated on the Basic Judicial External Bulletin No. 7 / 96 of the Banking Superintendency and any laws added to or modifying it.

At the time a credit book entry or transfer is made to the account in Colombian Pesos in favor of a non-resident exporter, the importer must

present an Exchange Declaration for Imported Goods (Form No. 1), to the Foreign Exchange Broker bank, where the exporter or the foreign financial institution has a corresponding current account in Colombian Pesos.

The amount paid for each import in Colombian Pesos and its equivalent in US Dollars must be stated on the Exchange Declaration for Imported Goods (Form No. 1). This type of transaction shall be identified by exchange code 2060 – “Pago de Importaciones en Moneda Legal” (Payment for Imported Goods in Colombian Pesos). The name and address of the exporter abroad must be written in the section reserved for observations. If the import that is being paid was financed to a longer than six (6) month term and due to this was reported to the Banco de la República, The Foreign Loan Exchange Declaration (Form No. 3) and the same exchange code, 2060, will be used.

Residents abroad will be able to purchase foreign currency on the Foreign Exchange Market with their Colombian Pesos, received from exports. For this, Residents must fill out a Service, Transfer and Other Concepts Exchange Declaration (Form No. 5), indicating the exchange code number 2910 on the face of the declaration.

4. EXPORTING GOODS

In-country residents must channel foreign currency derived from exports of goods and from foreign currency received as prepayment for future exports, through the Currency Exchange Market, no later than six (6) months after the date it was received. If the foreign currency is wired through the Currency Exchange Market prior to shipment of the merchandise, this will be considered as a prepayment.

In accordance with E.R. 8 / 2000 B.D., residents must channel all foreign currency for guarantees given during the export process, through the Exchange Market. Likewise, refunds for goods exported must be channeled through the Exchange Market when a foreign buyer totally or partially refuses the merchandise.

Exporters must fill out an Exchange Declaration for Exported Goods (Form No. 2), at the time the foreign currency is traded on the Foreign

Exchange Market, whether sold to Foreign Exchange Brokers or deposited in current compensation accounts, using the correct exchange code number, as indicated in the accompanying instructions.

Exporters will provide written proof on the Exchange Declaration of all information related to the final export declaration, when the data are available on the date of the foreign currency sale, as well as of the effectively transferred funds, all expenses incurred, and agreed upon deductions, if any. Importers are not required to process or send such information to the Banco de la República, but they should conserve it in case control and supervision authorities request it. If exporters are unable to provide the information on that date, they must report to the Foreign Exchange Broker who performed the operation within fifteen (15) work days after the date the final export declaration is obtained, and they must conserve a copy of the documents for their files. When the operation is channeled through a compensation account, the documents shall be annexed to the exchange declaration so that should they be required by control and supervisory authorities, they can be readily presented.

Regarding exports via mail and other urgent shipments, importers are only required to provide a written record in the “Observaciones” (observations) box of the Exchange Declaration, stating that the export was performed in this manner.

4.1. PAYING FOR EXPORTS IN COLOMBIAN PESOS

In-Country residents may receive payment for exports in Colombian Pesos only through Foreign Exchange Brokers, by presenting the respective Exchange Declaration and by adjusting to the other procedures stipulated in External Basic Judicial Bulletin No. 007 / 96 of The Banking Superintendency and other laws which enhance or modify it.

In the above instance, exporters must fill out an Exchange Declaration for Exported Goods (Form No. 2). The amount traded in US Dollars on the Foreign Exchange Market for every Statement of Export must be indicated in the Exchange Declaration, and the exchange code number 1060 – “Reintegro de Exportaciones en Moneda Legal” (Payment

received in Colombian Pesos for Exported Goods) must appear on the face of the document.

If the exported goods being paid for received financing that exceeds twelve (12) months beyond the date on the Export Declaration and consequently, the respective loan has been reported to the Banco de la República, a Foreign Loan Exchange Declaration must be used (Form No. 3) and the exchange code number 1060 shall apply.

4.2. FINANCING GRANTED BY EXPORTERS

Colombian residents may grant extensions to buyers abroad for paying exported goods.

If the extension exceeds more than twelve (12) months or if due to circumstances stipulated in Article 15 of E.R. 8 / 2000 B.D., payment exceeds this extension, counted from the date on the final Export Declaration, then, if the amount exceeds US\$10.000 or its equivalent in other foreign currencies, the export must be reported to the Banco de la República.

The obligation of reporting must be met by the exporter no later than twelve (12) months after the date of the final export declaration, by presenting an Exchange Declaration for Information on Foreign Loans to non-residents (Form No. 7), together with the final Export Declaration, as specified in the instructions of Section 5.2 of this Bulletin, directly to a Currency Exchange Market broker, that the exporter voluntarily chooses to send the transaction report.

4.3. LOANS RECEIVED FOR FINANCING EXPORTS

4.3.1. Prepayments

The foreign currency received by the exporters concerning future exporting of goods is not considered a financial obligation that generates interests or generates obligations for the exporter other than delivering the merchandise. The corresponding export must be carried out no later than four (4) months after sending the foreign currency through the Currency Exchange Market. The Exchange Declaration that is presented and subscribed at the moment of trading the foreign currency through the Foreign Exchange Market, must contain the payment and delivery terms of the merchandise.

If the term for carrying out the export is longer than the one in the paragraph above, the prepayment constitutes an foreign loan transaction. This transaction must be reported to the Banco de la República accordingly to the terms on numeral 5.1 of this Bulletin, through an Intermediary of the Currency Exchange Market, before the four (4) month term following the date of sending the foreign currency through the Currency Exchange Market is due. For this, Form No. 6 Information on Foreign Loans given to residents, must be filled out. Before presenting the report, the deposit regarded on Article 26 of E.R. 8 / 2000 must be made, based on the advance payment balance received but not yet exported, except for exportation of capital goods.

If the export is performed once the transaction is reported to the Banco de la República, the exporter must send the final export Declaration to the Banco de la República's Foreign Exchange Department, within the two following months after the date of the final export declaration, together with the disbursement and foreign loan payments Form (No. 3A).

On the other hand, those exporters who due to circumstances beyond their control have not been able to completely or partially export their goods within four (4) months after the date the foreign currency was traded in the Foreign Currency Exchange Market, must ask the Banco de la República's Foreign Exchange Department for authorization to purchase foreign currency on the Foreign Exchange Market equivalent to the amount traded as prepayment or for the remainder once

discounted the value of the goods effectively exported, so as to return them abroad. The request must indicate the reason for refund, the exporter's business, the type of merchandise to be exported, the exports' value in dollars of the twelve months former to the request and the estimates for the twelve following ones. In this same manner, a copy of the export of goods Exchange Declaration (Form No. 2) which was filled out at the moment the foreign currency was reimbursed must be enclosed. When it regards sums that do not surpass fifteen per cent (15 %) of the channeled value or when the deposit is at zero per cent (0 %), authorization from the Banco de la República will not be required.

4.3.2. PREFINANCING EXPORTS

Exporters may obtain loans from foreign financial institutions or from Foreign Exchange Brokers to pre-finance the exportation of their goods, including capital goods. Those loans constitute a foreign loan transaction that must be reported to the Banco de la República before disbursement, by filling out Information on foreign loans to residents (Form No. 6), as indicated in Section 5.1 of this Bulletin, and the prior establishment of the deposit referred to in Section 2 of Article 16 of E.R. 8 / 2000, excepting for capital goods.

4.3.2.1. Channeling Foreign Currency and Paying Foreign Loans.

4.3.2.1.1. Foreign Currency Disbursement

In-country residents who obtain pre-financing for exports as defined in Article 16 of E.R. 8/2000 B.D. must channel these disbursements through the Foreign Exchange Market, applying exchange code number 4022 for Coffee Sector Transactions and 4024 for all other transactions and indicate the respective number on the face of the exchange declaration.

4.3.2.1.2. Total or partial payment of Foreign Loans

Exports pre-financing may be paid with the revenues derived from goods exported after the date of the pre-financing or with foreign currency purchased on the exchange market (loan amortization, interest payments and other banking expenses).

If the payment is made abroad directly using revenues from goods exported, Form 3A, Information on Disbursement and Payment of Foreign Loans must be sent to the Banco de la República within ten (10) work days after performing the operation.

If the payment is made with foreign currency from the exchange market, the Foreign Loan Exchange Declaration (Form No. 3), must be filled out. Exchange code number 4522 will be used for pre-financing in coffee sector exports while exchange code number 4524 shall be used for pre-financing in other sectors. The Exchange Declaration will be transmitted to the Banco de la República electronically, in keeping with the procedure established in Annex 5 of this Bulletin, by the Foreign Exchange Brokers, or attached to a compensation account Statement. In case the export is carried out, the export of goods Exchange Declaration (Form No. 2) must be filled out, once the fund channeling is effectively carried out.

4.3.3 REIMBURSEMENT OF THE DEPOSIT

The procedure for establishing, liquidating and reimbursing the deposit will be subject to the provisions stated in the 44th issue of the Fiduciary and Securities Manual, foreign loan deposits.

4.4. SALES OF PAYMENT INSTRUMENTS

Residents can sell, with or without being held responsible, to foreign financial institutions or to Foreign Exchange Brokers, payment instruments in foreign currency received from an offshore buyer of exported goods. If this transaction regards to credit that has been reported to the Banco de la República, under the terms noted in Section 5.2 of this Bulletin, this entity must be informed, within the following week of it being carried out, in order to cancel the credit record.

At the moment of selling the foreign currency proceeding from exports, the exporter must fill out the export of goods Exchange Declaration (Form No. 2) or the Foreign Loan Exchange Declaration (Form No. 3), if the export has been financed. The discount that is agreed on while negotiating the payment instrument, cannot be considered as an expense deduction, but as a lower export value.

The payment instruments from exports can also be sold in Colombian Pesos to Foreign Exchange Brokers. On receiving payment for exports from the offshore buyer, an Exchange Declaration for Export Goods (Form No. 2) must be filled out. The name of the exporter from whom the instrument was purchased must be written on the form in the box marked "Identificación del Exportador" (Exporter's ID), and in the space reserved for "condiciones de pago" (payment conditions) the instrument buyers must write their own name along with the phrase: "reintegro de instrumento de pago adquirido a" (reimbursement of payment instrument acquired from) ... exporter's name or company.

When the transaction that has given place to the payment instrument referred to above has been reported to the Banco de la República because of it being considered foreign loan, its sale should be reported to this entity within the next 15 working days after the date on which the transaction was carried out, to be able to change the creditor's name.

Whenever the sale of the foreign currency from exported goods does not reach 100% of the export value but a lesser amount, due to a discounted sale of the payment instrument, this discount cannot be written on line 15 of the Exchange Declaration, since it does not correspond to Exchange code number 2016, Freight and Port or Airport Insurance. Consequently, box "valor reintegrado USD" (Transfer in USD for exported goods) must be filled out with the amount received from the sale of the payment instrument.

If the sale is made holding the exporter responsible, and the importer abroad does not pay the instrument, to return the foreign currency back to the instrument buyer, the exporter must make a refund of the first transaction.

5. FOREIGN LOANS

Foreign loans are classified as both active and pasive credits. The first corresponds to credits obtained by residents in Colombia and the second, to credits given by in-country residents to non-residents.

All foreign currency income and expenditure from credits in foreign currency, obtained by or given by residents in Colombia, must be channeled through the Currency Exchange Market, except those described in Section 5.1.11.

5.1. PASSIVE CREDITS

5.1.1 Authorization

In-country residents may obtain credit in foreign currency from financial entities abroad and from Foreign Exchange Brokers, directly or with charge to funds from state owned rediscount entities as well as by putting up securities in international capital markets. These credits can be used to finance any activity or purpose and their term will be the one freely agreed on with the creditor. For interpretation of Article 81 of E.R. 8 / 2000 B.D., state owned rediscount entities are those with state owned capital, that have legal authority to discount or rediscount credits and are not Foreign Exchange Brokers.

Rediscount entities abroad are considered foreign financial entities in accordance with Section 5 of this Bulletin.

5.1.2. Filling Out the Exchange Declaration

Form No. 6, information on foreign loans to residents, will be used to report foreign currency financing disbursements, if they are carried out simultaneously with the credit report. Conversely, Foreign Loan Exchange Declaration (Form No. 3) will be used. A new Form will be filled out every time a disbursement is made.

The sale of foreign currency to service a debt due to financing in foreign currency should be made by filling out Form No. 3., Foreign Loan Exchange Declaration.

5.1.3 Duty to Report Information on Foreign Loan Operations.

5.1.3.1. Filing the report and opening the deposit

Foreign loans must be reported to the Banco de la República by filling out Form No. 6 Information on Foreign loans to residents, original and two copies.

This information must be presented to the same broker by whom the deposit is opened, if required. Otherwise the information may be presented to any broker.

This Form will contain a record of the deposit's information, whenever required. The broker will verify the contents and assure that the amount deposited is correct, for which the corresponding documents for each type of transaction will be requested.

Presenting this Form and the deposit receipt is also required for loans agreed upon in foreign currency from the World Bank to government entities and disbursed through the Banco de la República.

The credits obtained for the purpose stated in Article 45 of E.R. 8 / 2000 B.D. must be reported to the Banco de la República as stated in this Bulletin. These credits do not require a deposit as stated in Article 26 of E.R. 8 / 2000 B.D.

The financing that public rediscount entities obtain to give credit to residents is exempted from the deposit referred to in Article 26 of E.R. 8 / 2000 B.D. These Credits to residents may be granted in both foreign currency and pesos, upon prior deposit. Both the public rediscount entity or the final beneficiary may open the deposit. The credits that public rediscount entities obtain for reasons other than the aforementioned are subject to the deposit requirement and must be reported to the Banco de la República.

If the transaction is financed by a Foreign Exchange Broker, a foreign financial entity or a foreign reinsurance entity, the broker who receives the documentation must verify the nature of these creditors.

The holders of current compensation accounts that channel foreign currency credit disbursements through those accounts must demonstrate that a deposit was opened as stipulated in Article 26 of E.R. 8 / 2000 B.D., by filling out Information on Foreign Loans to Residents Exchange Declaration Form No. 6, as indicated in the instructions provided in Section 5.1 of this Bulletin.

5.1.3.2. Verifying the Condition of a Foreign Financial Institution

If the foreign loan transaction is financed by a foreign financial institution, such financing will only be accepted if the entity is on the list of acceptable foreign financial institutions published by the Banco de la República (Annex No. 1) or if that institution has offices of representation duly accredited before the Colombian Banking Superintendency. When the foreign financial institution providing credit is neither on the list published by the Banco de la República nor has an office of representation, the interested party must ask that it be included on the list, as a duly accredited financial institution pursuant to the laws governing the country in which it is incorporated. To prove such a condition, the government entity that performs the corresponding control and supervision or that issues certification of incorporation of such institutions must issue a certificate declaring the nature and purpose of the entity; such certificates must be issued by the competent authority. In any case, the Banco de la República has the authority to refuse the request for inclusion or to exclude any financial entity on the list.

If the Foreign Loan transaction is being financed by a foreign reinsurance company, that financing is acceptable only if the borrowers are insurance or reinsurance Colombian companies and if the foreign reinsurance company is registered in the Registry for Foreign Reinsurance Companies, held by the Superintendency of Banking. If the lender foreign reinsurance company is not in the mentioned Registry, the interested party must request its inclusion, in accordance with the Basic Juridic External Bulletin 007/96 issued by the Superintendency of Banking, and norms that add or modify it.

Loan transactions may be financed by an off-shore venture capital fund, provided that evidence is given to the Banco de la República establishing that they perform lending activities in various countries and that they carry on those operations in cooperation with international or multilateral credit entities.

5.1.3.3. Credit Identification and Reporting

The Foreign Exchange Broker must assign Form No 6, Information on Foreign Loans to Residents, the approval date and loan identification number, consisting of eleven (11) digits, distributed as follows:

The first two (2) digits identify the type of loan; the following three (3) digits correspond to the compensation or transfer code assigned to each broker (see Annex No. 2), and the last six (6) digits correspond to the sequence assigned independently by each Broker, which may be broken down by the type of loan or by a general identifying number. It is important to note that this credit identification number must be unique nationwide for that institution, and that this differentiation must be kept for every loan type.

Type of Loan:

01 – Public Foreign Debt.

02 – Private loans to residents.

04 – Non-resident private loans (Active loans).

07 – Credits rediscounted by the Colombian Foreign Trade Bank, BANCOLDEX (Banco de Comercio Exterior de Colombia) to finance exports with terms of up to one year.

09 – Pre-financed exports

Foreign Exchange Brokers must electronically transmit all of the information contained on the Forms to the Banco de la República, that is information on foreign loans granted to residents (Form No. 6), received from their clients nationwide, within two (2) working days after receipt, pursuant to the instructions provided in Annex 5 of this Bulletin.

5.1.4. Verification of Documents and Information by Foreign Exchange Brokers.

Foreign Exchange Brokers must:

- a) Require the presentation of Form No 6 Information on Foreign Loans to Residents, properly filled out, in an original and two (2) copies.
- b) Verify the amount and date of opening the deposit with the Trust and Securities Department, referred to in Articles 16 and 26 of E.R. 8/2000 B.D., as appropriate.
- c) Require a copy of the loan contract and amendments, and if applicable to imports, a copy of the bill of lading and a copy of the Import License, if available.
- d) Confirm, if appropriate, the quality of the foreign financial institution. If it applies to a foreign reinsuring agency, verify that they are on the list maintained by the Banking Superintendency.
- e) Demand a copy of the issuance, placement, and payment agreements and the authorization issued by the Superintendency of Securities, to issue and place bonds abroad, if applicable. The acquisition of convertible bonds is treated as foreign capital investment in Colombia and is governed by the provisions of Section 7.1 of this Bulletin.

Defaults on terms and remittance of the information as established in this Bulletin will be reported to the control and supervision entities.

5.1.5. Information about working capital credits given by the Colombian Foreign Trade Bank BANCOLDEX (Banco de Comercio Exterior de Colombia) to finance exports with a term of up to a year.

Credits in foreign currency to finance exports with terms of up to one (1) year, granted by Foreign Exchange Brokers against the resources of BANCOLDEX, within the quota established by the Board of Directors of the Banco de la República, must be reported to the Banco de la República's Foreign Exchange Department, as established herein, by filling out an Information on Foreign Loans to Residents Exchange Declaration (Form No. 6). For this, Foreign Exchange Brokers who rediscount the loan must assign a credit identification number to each of the loans, preceded by the digits 07.

As to extensions, if the total credit term exceeds one year, an Information on Foreign Loans to Residents Form No. 6 must be filled out pursuant to Section 5.1.8 of this Bulletin and when necessary, a deposit proportionate to the credit balance must be opened.

5.1.6. Deposits in foreign currency for transferring and disbursing credits in foreign currency.

Pursuant to the provisions of Article 26 of E.R. 8 / 2000 B.D., a deposit must be established prior to each disbursement as a requirement for disbursement and transferring credits in foreign currency obtained by residents, if necessary, regarding the amount, terms, and conditions established by the Board of Directors of the Banco de la República. The deposit must be opened in keeping with Issue 44 procedure on Deposits for Foreign Loans in the Fiduciary and Securities Department Handbook.

Should credit disbursements in foreign currency not be transferred through the Exchange Market, as set forth in the exceptions established in Section 5.1.11., the deposit must be opened before disbursement and accredited within the following fifteen (15) working days, through the Broker of the Currency Exchange Market chosen to perform the credit report by presenting the corresponding documents and Forms.

5.1.7. Servicing loans derived from credits in foreign currency and financing exports

The foreign currency required for the service of external loans and imports financing with a longer than six month term, from the date on the transport document, will be negotiated through the Foreign Exchange Brokers or will be sent through the compensation accounts. For this, the Foreign Loan Exchange Declaration (Form No. 3) will be presented, in which the identification credit number, assigned by the Foreign Exchange Broker when remitting the information to the Banco de la República, will be written down in box 10.

The repayment of the pre-financing of exports must follow the procedure on numeral 4.3.2.

For trading the foreign currency, the Foreign Exchange Brokers must request a copy of Form No. 6, Information on foreign loans given to residents, correctly approved and numbered by an intermediary of the Currency Exchange Market and of the modifications made to this, if any were presented. Also, they must verify that the information recorded on the Exchange Declaration, related with the credit identification number, the name of creditors and debtors, loyally correspond to the Form No. 6, information on foreign loans given to residents, that would have been presented to the same Broker that carried out the original request. For loans registered before May 21st , 1997, a copy of the Registration Form approved by the Banco de la República will be requested.

The holders of the current compensation accounts must list on the Exchange Declarations, in a precise manner, the credit identification number that would have been assigned by the Broker of the Currency Exchange Market at the moment of giving the information of the loan and the names of the creditor and debtor, in the exact same way they have been reported on Information on Foreign Loans to Residents Form No. 6.

5.1.8. Modifying credits

When the conditions of a credit or the financing of imports that has already been informed to the Banco de la República, are modified, related with the change of debtor, creditor, sum, term or interest rate, a new Form No. 6, Information on foreign loans given to residents, will be filled out before a Broker of the Currency Exchange Market. The “modificación” (modification) box, the information related with the date and the credit identification number assigned by the Broker of the Currency Exchange Market on the original Form, the date on which the respective modification was agreed on and the debtor ID, must be filled out. Only the spaces corresponding to modifications must be filled out.

The modification to the credit conditions in the aspects noted before must be reported by the interested people to the corresponding Broker of the Currency Exchange Market within the following fifteen (15) working days of the modification. For this, the documents that accredit them must be presented, and must be verified by the aforementioned Foreign Exchange Brokers.

The information contained in the Information on Foreign Loans to Residents Form No. 6, regarding modifications, must be transmitted electronically by the Foreign Exchange Broker who transacted the operation to the Banco de la República, no later than the second working day after being received, in keeping with the provisions set forth in Annex 5 of this Bulletin.

Dividing up reported credits will cause the balance of the original credit to be canceled as well as the requirement of reporting the credits that result from the action of dividing up or creating fractions. The sum of the new credit shall be equal to the amount of the canceled credit balance. Form 3 A, Report on Disbursements and Foreign Loan Payments, must be remitted to the Banco de la República within ten (10) work days of the date on which the report was presented.

Concerning modifications of credits registered with the Banco de la República, the Form “Information on Foreign Loans to Residents” (Form No. 6), together with support documents, must be physically presented to the Banco de la República, in keeping with the procedure stipulated in Section 5.3.1 of this Bulletin.

5.1.9 Interest rates

The interest rates on foreign currency loans to the private sector, or on financing imports, can be freely agreed upon by the parties.

Current and late interest rates, stipulated in foreign currency credits and on financing imports obtained by the Government, territorial entities, and decentralized entities of the Central Government cannot exceed the maximum rates established by Article 28 of E.R. 8 / 2000 B.D. and Issue 4, on foreign loans to public entities in the Market Operations Manual (External Regulatory Bulletin DSMAR – 29 of 1999 and others that modify, substitute or enhance it).

5.1.10. Loan payment

The obligations derived from foreign loan transactions are canceled by paying foreign currency through the Currency Exchange Market.

Evidence of this is provided by completing Exchange Declarations that the obligated party must present to the Currency Exchange Market Broker that carries out the transaction, or to the Banco de la República, when the payment has been completed abroad by the holder of a current compensation account.

With exception to the obligations that are expressly authorized in the Foreign Exchange Regulation, the termination of the obligation by paying in Colombian Pesos constitutes an unauthorized transaction and will lead to notification of the control and supervision entities.

In each case the Banco de la República's prior authorization is required, when foreign loans and import financing obligations with terms of up to six (6) months are to be terminated by payment in kind. For this, the interested party must present a request to the Foreign Exchange Department, annexing the information about the transaction conditions. Once payment in kind has been demonstrated and is legally valid, Report on disbursement of foreign loans and payment (Form 3A) will be presented to the Banco de la República, so that the amount that results from this deal shall be applied to payment of the loan, if such loan was reported or registered as a foreign loan.

The interested party must conserve the documents that prove payment of the loan pursuant to the terms of authorization in the official letter.

When authorization for payment in kind has been obtained, and goods different from those appearing on the request are given in payment, registration of the loan may be canceled by informing the Banco de la República. New authorization is not needed.

The borrower cannot use the aforementioned authorization to terminate obligations derived from other loans.

To cancel the report and/or the registration of a foreign loan, should the Foreign Exchange Broker lender, that provided the loan, write off the loan against the allowance, the entity must sign the Foreign Loan Exchange Declaration (Form No. 3). The entity must fill out the Form on its behalf, considering that the cancellation comes from writing off the loan against the allowance in Colombian pesos. In these cases,

exchange code numbers 4500- “Amortización deuda privada otorgada a residentes por los Intermediarios del Mercado Cambiario” (Amortization of private debt given to residents by Foreign Exchange Brokers) or 4615 “Amortización créditos otorgados al resto del sector público por los Intermediarios del Mercado Cambiario” (Amortization of Credit granted to the public sector by the Foreign Exchange Brokers) must be used.

Regarding non-paid obligations that are not written off yet but catalogued as doubtful or non collectible, the cancellation of the registration or report of a foreign loan necessarily requires the foreign currency to be channeled through the foreign exchange market, hence, a Foreign Loan Exchange Declaration (Form No. 3) is generated, using exchange code number 4500 “Amortización Deuda Privada otorgada a residentes por los Intermediarios del Mercado Cambiario” (Private debt amortization given to residents by Foreign Exchange Brokers) or exchange code number 4615 “Amortización Créditos Otorgados al resto del sector público por los Intermediarios del Mercado Cambiario” (Amortization of the credits granted to the public sector by the Foreign Exchange Brokers). This channeling and the corresponding Exchange Declaration can be done and signed by the company that provided the loan, in representation of its clients or by the clients themselves, to their own name, corresponding to a new credit in Colombian pesos authorized by the aforementioned.

5.1.11. Exceptions to the rule of sending funds through the Currency Exchange Market

Disbursement of credit in foreign currency can be done directly abroad, upon establishing a deposit when necessary, for the following cases.

- a) To pay obligations with non-resident creditors for imported goods.
- b) To pay credit obtained to pay Colombian investments abroad.
- c) Deductions by creditor when disbursing funds for interest, tax and/or service fees directly related to the loan.
- d) When substituting one credit for another.

e) When the loans are agreed upon by public sector entities and multilateral banks.

f) When credit is granted to in-country residents to cover obligations derived from the purchase of stocks or preferential subscription rights of Colombian companies or for payment of concession contracts or licenses, from Colombian public entities.

g) Regarding credit obtained for the purposes stipulated in Article 45 of E.R. 8 / 2000 B.D.

The borrower must send the information which proves the loan, together with the disbursement notice made by the lending financial entity or the document that replaces it, the corresponding receipts of the deductions that have been carried out and the import Statement that is filled out to effect the customs requirements when it regards financing imports, to the Foreign Exchange Broker chosen to carry out the credit report, within fifteen (15) work days after the date of disbursement.

This information must be reported to the Banco de la República in keeping with the procedure for transmitting information on foreign loans to residents, Form No. 6, providing written proof of having opened the deposit referred to in Article 26 of E.R. 8 / 2000 B.D., before the date of the respective disbursement. The disbursement and payment report for foreign loans (Form No. 3A) must be sent within ten (10) work days after the date of the presentation of the loan report.

5.2. ACTIVE LOANS

5.2.1 Authorization

In-country residents and Foreign Exchange Brokers can give credit in foreign currency to residents abroad, no matter the term and the destination of these funds.

5.2.2 Submitting information

Submitting information to the Banco de la República about credit must be done by the filling out Information on Foreign Loans granted to non-

residents (Form No. 7), presented to any broker of the Currency Exchange Market, in original and two (2) copies, simultaneously with disbursement of the corresponding credit. If the foreign loan is originated because of the term given by a Colombian exporter to its buyer abroad under the conditions noted in the Article 15 of E.R. 8 / 2000 B.D., Information on Foreign Loans Granted to Non-Residents, Form No. 7, will be filled out and presented within the twelve (12) months following the date on the Export Declaration, providing the amount of the transaction exceeds US \$ 10.000.00 or its equivalent in other currencies.

The procedure to assign the credit identification number and the procedure of sending information to the Banco de la República by the Foreign Exchange Brokers will be carried out as described in numeral 5.1 for passive credits. However, for identifying the type of credit, the first two digits must be assigned sequence 04 “Deuda privada no residentes” (non-resident private debt).

Active credit financing is not subject to the constitution of deposit that the 26th article of E.R. 8 / 2000 B.D. regards. The Foreign Exchange Brokers will check the information on Form No. 7, Information on Foreign Loans given to non-residents, with the information on the export Statement when it regards credit provided by suppliers, and in the case of working capital loans, they must request the presentation of the respective contract copy or of the mail between the parties that demonstrate the financing terms.

The modifications to active credits must be informed within the following fifteen (15) working days to the date that they are agreed upon by using the “Modificación” (modification) box on Form No. 7, Information on Foreign Loans given to non-residents, when it regards foreign loans that has been reported through the Foreign Exchange Brokers.

5.2.3 Remitting Foreign Currency

The revenue and expenditure of foreign currency originated from loans given by in-country residents to non-residents must be sent through the Foreign Exchange Brokers or through current compensation accounts. Only when the loan transaction is complete and the Credit Identification

Number has been assigned, can the sale of the foreign currency be carried out by the Broker of the Currency Exchange Market or by the corresponding withdrawal from the current compensation account.

If the loans are given by Foreign Exchange Brokers to non-residents and this foreign currency is not traded, the Foreign Exchange Broker must send a properly completed Report on Disbursement and Payment of Foreign Loans, Form No. 3 A,. to the Banco de la República

5.3. TEMPORARY REGULATION

Pursuant to the provisions of Article 83 of E.R. 8 / 2000 B.D., the foreign credit registered with the Banco de la República before May 21, 1997 will continue to be subject to laws established in Article 2 of External Resolution 5 of 1997, modified by External Resolution 7 of 1997, issued by the Board of Directors of the Banco de la República.

5.3.1 Passive credits

The disbursements of credits that are carried out in accordance with the disbursement schedule registered in the Banco de la República before the 21st of May of 1997 do not require the constitution of deposit that the 30th article of E.R. 21 / 93 B.D. is about. To verify this, the Foreign Exchange Brokers must request the copy of the letter by which the Banco de la República confirms the registration. Foreign Loans Exchange Declaration (Form No. 3) must be used with the register number issued by the Banco de la República, according to the arranged on the instructions of the aforementioned Form.

Prepayments or refunds of the credits registered in the Banco de la República, that anticipate the registered dead lines, partially or totally, can be made without the constitution of deposit referred to in the 30th article of E.R. 21 / 93 B.D. with prior authorization from the Banco de la República. In case no authorization is obtained, prepayment can be made, as long as the corresponding deposit has been previously constituted in proportion to the sum of each one of the refunds.

The modification that implies an increase in the sum of the registered credit will be subject to the prior constitution of deposit, issue of the 30th article of E.R. 21 / 93 B.D., regarding the value of each disbursement that is pretended to be carried out. Also, subject to the constitution of deposit, is the modification that implies an increase in the registered sum as a consequence of interest capitalization.

The modification motivated by the change of the debtor registered in the Banco de la República will be subject to the constitution of deposit referred to on the 30th article of E.R. 21 / 93 B.D. which will be carried out previously on the sum of each one of the refunds except prior authorization to the modification is given by the Banco de la República.

The modification due to the extension of the registered term, can be done only once without the constitution of the deposit referred to on the 30th article of E.R. 21 / 93 B.D. as long as the credit would have been totally disbursed.

However, any additional extension will require the prior constitution of the deposit referred to on the 30th article of E.R. 21 / 93 B.D. taking into account the value of each one of the redemption payments. The extensions to the term of the intermediate installments of a registered loan are not subject to the preceding rule, as long as the final obligation deadline is not extended.

In the event that there is willingness to extend the term of the registered credit that has not been disbursed yet, the deposit referred to in the 30th article of E.R. 21 / 93 B.D. must be previously constituted accordingly to the value of each disbursement.

The substitution of registered credits that would have been totally disbursed, by other credits in foreign currency obtained for such purposes, can be carried out just once, without the constitution of the deposit referred to in article 30 of E.R. 21 / 93 B.D. Nevertheless, if the new credit transaction requires a change of debtor, the constitution of the respective deposit must be accredited, except if having prior authorization from the Banco de la República. In the same way, the new credit that is obtained to replace the prior one, can not be prepaid without the constitution of the respective deposit.

The modifications originated due to the variation of the disbursement schedules registered in the Banco de la República, must constitute the deposit referred to on article 30 of E.R. 21 / 93 B.D. previously on the value of each disbursement, except when the issue are credits registered to a longer than sixty (60) month term that have been previously authorized by the Banco de la República.

Whenever the debtor's obligations are intended to be covered by payment in kind, the arranged on the 3rd paragraph of this Bulletin's numeral 5.1.10 will be taken into account.

Modifications from divisions, mergers, liquidation, bankruptcy agreements and restructuring processes provided under Law 550 of 1999, do not require the opening of a deposit referred to in Article 30 of E.R. 21 / 93 B.D.

All modifications to the reported information made after June 23, 1997, must be reported within fifteen (15) work days after the respective

modification was agreed on, for which Form No. 6, Information on Foreign Loans Granted to Residents will be filled out, by marking the “modificación” (modification) box. The date, the number assigned by the Banco de la República at the moment of registering the credit, the date on which the modification was agreed on and debtor ID must be provided. Only the boxes corresponding to the modifications will be filled out, enclosing the documents that prove the modification of the original agreement, subscribed to by the parties.

In the events that require prior authorization from the Banco de la República, the corresponding request and the documents that support it must be remitted to the Foreign Exchange Department.

5.3.2 Active Credits

Any modifications to Active credits registered in the Banco de la República before the May 21st, 1997 must be reported to this same by using Form No. 7, Information on Foreign loans given to non-residents, marking the “Modificación” (modification) box.

6. GUARANTEES IN FOREIGN CURRENCY

Without prejudice to what is stipulated in Paragraph Two of Section 6.1 of this Bulletin, the purchase and sale of foreign currency related to guarantees referred to in this section, must be done by filling out Exchange Declaration, Form No. 3, which will be presented and signed before a Broker of the Currency Exchange Market. The register number issued by the Banco de la República must be written down.

Modifications to guarantees in foreign currency must be reported to the Banco de la República using the “Modificación” (Modification) box on Form No. 8, Registration of Foreign Currency Guarantees. These modifications will be understood as presented according to the stated on Section 2.5 of this Bulletin, provided they fulfill all the established requirements.

6.1. GRANTED BY IN-COUNTRY RESIDENTS

In-country residents can grant guarantees in foreign currencies to support any type of obligation derived from an exchange transaction.

In case a guarantee becomes enforceable, the Exchange Declaration must be presented for the sale of the foreign currency on the same type of Form corresponding to the main guaranteed transaction, leaving record of the guarantor that covers the obligation. The negotiation of the foreign currency will lead to the cancellation of the exchange transaction that is subject to guarantee.

6.2. GRANTED BY THE FOREIGN EXCHANGE BROKERS OF THE FOREIGN EXCHANGE MARKET

The Foreign Exchange Brokers are authorized to support obligations derived from foreign exchange transactions that must be channeled through the Foreign Exchange Market and for the other purposes noted on Subparagraph “e” of the Section 1 of Article 59 of E.R. 8 / 2000 B.D.

Likewise, Foreign Exchange Brokers authorized to do so, may grant contingency credit to their respective branches or subsidiary companies abroad.

6.3. GRANTED BY RESIDENTS ABROAD

Financial entities and other residents abroad can grant warranties and guarantees to back the fulfillment of foreign exchange obligations and internal transactions stated on the 39th article of E.R. 8 / 2000 B.D. These transactions must be registered before the total or partial maturity of the obligation that has been backed or guaranteed by presenting Form No. 8, “Registro de Avals y Garantías en Moneda Extranjera” (Registration of Guarantees in foreign currency) and a copy of the corresponding guarantee document. If the guarantee becomes effective, Foreign Loan Exchange Declaration No. 3 must be filled out, on which the guarantee registration number will be written for both disbursement and later payment abroad.

For cases in which the transaction that has been backed or guaranteed is not subject to deposit, the sending of the foreign currency through the Currency Exchange Market in order to reimburse the Currency paid by

whom has given the warranty or guarantee will require the constitution of deposit stated on the 26th article of E.R. 8 / 2000 B.D.

In the case of warranties given to guarantee transactions that are to be reported to the Banco de la República (e.g. foreign loans transactions for working capital or imports financing), the warranty given by the resident abroad will be considered as registered with the presentation of the document that accredits its issuance, together with Form No. 6 Information on Foreign Loans given to residents. The purchases or sales of foreign currency that this transaction generates will be done by using Form No. 3, Foreign Loans Exchange Declaration on which the number assigned by the Broker of the Currency Exchange Market, for primary guaranteed loans will be indicated.

7. INTERNATIONAL INVESTMENTS

This Bulletin determines the registration procedure for international investments and their movements according to the stated on the International Investment Statute and any adding, modifying, substituting or complementing rules.

For the purchase or sale of foreign currency due to international investments, International Investment Exchange Declaration (Form No. 4), must be filled out. The Exchange Declaration must be presented personally to the Foreign Exchange Brokers, who must clearly identify their clients and obey the rules about clients acquaintance.

If the case is a foreign currency transfer due to reimbursement of capital (liquidation, sale or capital reduction) or profits proceeding from foreign capital investments in Colombia, International Investment Exchange Declaration (Form No. 4), must be presented to the Foreign Exchange Brokers with the corresponding information, rightly certified by the Statutory Auditor or a Certified Public Accountant, for which, certification for drafts related to foreign investment (Form No. 14) may be used .

When it regards foreign currency transfer coming from liquidation, sale, capital reduction or profits on Colombian investments abroad, these must be channeled through the Foreign Exchange Brokers or through

the current compensation accounts, by filling out the International Investment Exchange Declaration (Form No. 4).

7.1. FOREIGN CAPITAL INVESTMENTS IN COLOMBIA

7.1.1. Registering

The Banco de la República will register foreign capital investments with subjection to the established in the International Investment Statute, with the prior fulfillment of the requisites established by these rules.

The register only generates the rights and obligations stated in the International Investment and Foreign Exchange Regulations, and does not make rightful the origin of the resources.

The request to register must be presented to the Foreign Exchange Department of the Banco de la República by the foreign capital investor, its representative or its proxy, who must accredit the legal representation given to him by the foreign investor through properly legalized and translated documents. If the information is remitted by the legal representative of the receiving company, it will be understood as a presumption that they act as representative of the foreign capital investor.

In the case of foreign company branches, the registration request can be presented directly by the legal representative of the foreign company branch in Colombia, correctly enrolled in the Mercantile Registry Office.

When the purpose of an investment is to purchase stocks or societal rights and a term for the investment payment is agreed with the foreign capital investor, only the exchange of the foreign currency or the payment of the investment up to the stocks or societal rights that have effectively been paid, will be registered.

The Banco de la República will register the commercial value paid in foreign currency for a stock or capital quota, including the prime on the stocks, whenever this happens to be the case. The capitalization of the aforementioned premium will not imply a raise in the foreign currency registration value. Nonetheless, this transaction must be registered at the Banco de la República by using Form No. 11, foreign capital

investment registration in Colombia, aimed to increase the number of shares or quotas registered to the foreign investor.

To register international investments performed as a currency exchange, the exchange market brokers are required to electronically transmit the information contained on the “International Investments”, Form No. 4 exchange declaration, or the compensation account holder must remit that same Form No. 4. In the latter of the two situations, exchange declarations may be remitted to the Banco de la República before the term generally established for reporting information on the handling of compensation accounts.

The loans and transactions that imply credit do not constitute foreign investment and the Banco de la República will withhold from carrying out this registration.

In all cases in which certification from the auditor elected by the stockholders assembly, or the public accountant is required, a photocopy of the professional credential that accredits as public accountant, issued by the “Junta Central de Contadores” (Central Board of Accountants) must be attached.

7.1.1.1 Incorporation of a company, capital increases, stock purchasing, acquisition of corporate rights, or international mergers.

In order to get registered, a Form No 11, Registration of Foreign Capital Investment in Colombia, must be presented to the Banco de la República, duly filled out and accompanied by the following documentation.

1. Proof of non-resident condition

Documents properly legalized and translated into Spanish must be presented in the following manner: for a body corporate, a certificate of incorporation and legal representation issued by the proper authority in the country of domicile; for individuals, a photocopy of the ID document and a Statement declaring that the investor falls within the situations specified in Decree 1735 of 1993 to be considered as a non-resident. It is understood that this is a sworn Statement, presented under oath for the purpose stated in Article 83 of the Constitution of Colombia.

2. Proof of foreign origin of equity participation.

a) If in foreign currency, indicate on Foreign Capital Investment Registration in Colombia (Form No. 11), following the instructions, the information of the international investment Statement(s) of Exchange (Form No. 4).

b) If it is in kind, an authenticated document from the proper organizational authority which proves the appraisal of the equity participation. In case of branches, the appraisal carried out by the Superintendency of Companies, when necessary, must be attached. When it regards non-reimbursable imports, the report of the import Statements indicating the authorization date of the merchandise's nationalization certified by the auditor elected by the stockholders assembly or a public accountant.

c) When it regards the capitalization of sums with right to draft, a certificate of the debtor's fiscal auditor or public accountant stating the capitalization terms and conditions. In the cases that the right to draft comes from a foreign obligation, the date and the credit's identification number, assigned by the Broker of the Exchange Market that reported the transaction will be indicated, specifying the sum that has effectively been capitalized.

When it regards the capitalization of sums that correspond to reimbursable financed imports not subject to being informed to the Banco de la República, a fiscal auditor's or public accountant's certificate must be annexed, on which number and date of the transport document or the document to take the merchandise out of the duty free zone, or the import Statement, whichever the case, and the amount to capitalize, is proved. If it regards an external debt capitalization, the credit's registration or identification number must have been obtained by a Foreign Exchange Broker prior to filling out Form No. 6, Information on Foreign Loans given to residents, if necessary. This information must be included by the fiscal auditor or a public accountant on Form No. 11, sheet 2, foreign capital investment registration in Colombia, as an annex.

3. Proof that the equity participation was devoted for investment.

For this effect the following must be attached:

a) When it regards the purchase of stock shares, equity participation or a company's capital representative rights, bonds that are obligatorily convertible into shares or trust funds' rights, from national investors by foreign investors, the following must be annexed:

- (i) The document that proves the transaction's date and value or certificate issued by the selling national investor about the amount received from the transaction. If the seller is an artificial person, the proof of the transaction value received must be certified by its fiscal auditor or public accountant.
- (ii) If the transaction is carried out through the stock exchange, the stock broker's transaction's date and value certificate must be annexed.
- (iii) Certificate signed by the receiving company's fiscal auditor or public accountant, stating the book entry was made in accordance with the terms of Form No. 11, Foreign capital registration in Colombia, sheet 2.

b) When it regards investments for buying real estate, the purchased good's tradition certificate, on which the value and the foreign investor's ownership is stated, must be presented.

c) In case of purchasing joint ownership shares that have been issued as result of mobilization or conversion of assets regarding real estate or construction projects, or through real estate funds, the document that proves the joint ownership shares purchase.

d) When it regards direct investments that have no participation in the company's net worth and the income that the investment generates for its holder depends on company profits, the foreign investment contract copy, duly legalized, must be sent.

e) When authorization is required for the investment, copy of the public entity's official letter that issues the respective authorization must be sent, when necessary.

7.1.1.2. Supplemental Investment to Assigned Capital

Form No. 13, supplemental investment to the assigned capital registration, must be presented, duly filled out, together with the list of the international investments Exchange Declarations (Form No. 4), presented during the registration year with the number, date, value, and name of Foreign Exchange Broker.

When foreign corporations transfer foreign currency into the Country to wash off loses of their branch under general regulation, these must be channeled through the Currency Exchange Market as a supplemental investment to the assigned capital, exchange code 4040 and later cancel out the loses against that account.

7.1.1.3 Withholding profits in net worth and other equity accounts

In order to up-date the investment information, the companies receiving foreign investment must annually send, by June 30th of the following year to the closing of the respective business year at the latest, to the Foreign Exchange Department of the Banco de la República, Form No. 15, retained earnings and other patrimonial accounts, correctly filled out and certified by the Statutory Auditor or the Certified Public Accountant of the receiving company.

7.1.1.4 Term for requesting the registration

The term for requesting the registration of a foreign capital investment at the Banco de la República is of three (3) months, counted from the day the investment was carried out according to the nature of the contribution, in the following way:

1. In foreign currency: from the date of the foreign currency sale to the Foreign Exchange Brokers or of its deposit in a current compensation account of the receiving company or of the investment seller, according to the case.

2. In kind: regarding common non-reimbursable imports, starting on the date of nationalization or when the merchandise is legally introduced into the custom's area, according to the case.

Regarding temporary non-reimbursable imports, starting on the date on which this import becomes common.

3. In sums with the right to be transferred and intangibles: From the date on the capitalization booking voucher.

4. For the register of sums deposited in the additional investment to the assigned capital account, the three (3) month term will be counted from the last date of the fiscal year approved according to the statutes.

5. When one foreign investor is substituted for another foreign investor, it will be counted from the date the act is legally valid, according to the receiving company's legal representative's certificate or a certificate by the proper authorities, according to the case.

7.1.1.5 Extensions

Before the term established in the Foreign Investment Law, Form No. 17, prorogation request for international investment registration, must be presented, filled out by the interested party or its duly accredited legal representative or proxy. The Banco de la República may authorize prorogues to the registration term for up to the period noted in the aforementioned regulation. The prorogue will be understood as authorized according to the stated on numeral 2.5 of this Bulletin.

When the original term or its prorogue matures without registration being requested, the Banco de la República will inform the corresponding supervising entities about the non-fulfillment, in accordance to the arranged by the Foreign Investment Law.

7.1.1.6 Late registration

According to the arranged in the Foreign Investment Law, foreign capital investors that have not registered investments under the terms there established, may be able to do so as long as they meet all of the

registration's conditions. The aforementioned, without prejudice to the arranged by Executive Decree 1746 of 1991 and other norms that substitute or complement it.

7.1.2. Exchange amnesty

Abolished by Decree 2080 of 2000

7.1.3. MOVEMENTS OF CAPITAL

7.1.3.1 Due to substitution:

Substitution means any change in holders of foreign investment for other foreign investors, as to the destination or company that receives the investment. These transactions will be registered by presenting the following documents, according to the case:

1. When the case regards a change in the investment's holders (sale, merger or spin-off abroad) an auditor's or public accountant's certificate that proves the stock's cancellation, the issuance of new stocks, indicating the stock number, the amount of stocks or rights, according to the case, issuance date, beneficiary's name and nationality and the capital's composition after the substitution. In case that new investors appear, these must additionally send proof of their condition as non-residents, according to the documents noted on numeral 1 of section 7.1.1.1. of this Bulletin.

In conformity with the taxation law, a copy of the letter enclosing the information that constitutes the private liquidation's support and the official payment receipt of generated taxes by the foreign investment's alienation, must be sent without annexes and with written proof that it was submitted to the DIAN (Bureau of National Taxes and Customs).

If there are no taxes to charge, once the private liquidation is carried on, the foreign investment's holder must directly or through its legal representative or proxy, in writing, certify such situation before the Banco de la República; this document will substitute the official payment receipt.

2. When it regards a change in the receiving company or if there was a merger or a spin-off within the country, this transaction will give place to the registration's total or partial cancellation and to a new registration that must be requested in agreement to the stated in numeral 7.1.1., within the three (3) months following the Deed of assignment's date, with which the act has legal validity. For this effect, Form No. 11, foreign capital investment registration in Colombia, must be filled out.

3. When it regards a change in the foreign investor's trade name, the foreign investor, its proxy or the receiving company's legal representative will report such fact.

The foreign investment's holder, its proxy or legal representative must keep the document that proves such fact, at the disposition of the Banco de la República and the entities in charge of control and supervision.

7.1.3.2 Record Cancellation

The register will be partially or totally canceled due to sale to in-country residents or liquidation of the investment, international merger, capital or supplemental investment to the assigned capital reduction, the repurchasing of stocks or shares of societal rights or the sale of real estate. For this it is necessary to send to the Banco de la República, the following:

1. In case of a sale to Colombians or in-country residents, a certificate of the Statutory Auditor or a Certified Public Accountant of the receiving company on which the cancellation of the stocks or societal rights titles and the composition of equity after the sale are demonstrated. If the case is the receiving company's liquidation, a certificate from the legal representative on which the final liquidation statement approval is on record. If the case is the sale of real estate to Colombians or in-country residents, a standing ownership and trading certificate, where the disposition of the property is demonstrated.

2. When it regards capital or supplemental investment to the assigned capital decrease or an international merger, a fiscal auditor's or public accountant's certificate about the new capital's composition. In case of

decrease of capital or of supplemental investment to the assigned capital, a copy of the official letter issued by the Superintendency of Companies authorizing the decrease, must be annexed.

At the moment of drafting abroad, the taxation statute must be fulfilled.

7.1.4. Transferring foreign currency between a foreign corporation and its branch in Colombia

Foreign currency transfers between a foreign corporation and its branch in Colombia can only be carried out in the following cases:

1. Assigned or supplemental capital transference.
2. Profits and assigned or supplemental capital reimbursement.
3. Payment of reimbursable transactions corresponding to foreign trade of goods, in consent with customs and tax regulations.

7.1.5. Non-legalized Foreign capital investments

Pursuant to the 33rd article of E.R. 8 / 2000 B.D., the equivalent in foreign currency of the sums in Colombian pesos proceeding from the foreign currency channeled to perform foreign investments in Colombia, may be drafted abroad, when the investment has not been legalized (registered at the Banco de la República nor has it been recorded in the equity capital account). For this effect, the constitution of the deposit that is referred to on the 26th article of E.R. 8 / 2000 B.D. will be required before carrying out the corresponding draft of these sums.

Nevertheless, in the following cases drafting abroad may be carried out without meeting the deposit requisite:

1. When the term to request the investment registration is not due, yet.
2. Once the registration has been obtained and it regards sums corresponding to the exchange difference generated between the trading of the channeled foreign currency and the effective equity capital participation in the receiving company. That difference must not surpass five per cent (5%) of the value (in pesos) originally channeled through the Foreign Exchange Market.

Due to justified reasons, the Banco de la República may authorize drafts abroad without fulfilling the deposit, prior request.

7.2. SPECIAL REGULATIONS FOR FOREIGN CAPITAL INVESTMENTS

7.2.1. Financial Sector

When necessary, registration and movement of capital will be performed, in accordance with the provisions established in Sections 7.1.1 and 7.1.3, by annexing the official authorization note from the Banking Superintendency.

7.2.2. Petroleum and Mining Sectors

Registration

Registration and movements of capital will be carried out as stipulated in Sections 7.1.1 through 7.1.4. Nevertheless, when a company with foreign capital investment in the hydrocarbon and mining sectors develop varied economic activities in this sector, to which different foreign exchange rules apply, the profits generated in each fiscal year, for each one of its activities, must be demonstrated to the Banco de la República, by implementing bookkeeping procedures of general acceptance that permit the clear identification of assets, liabilities and investments engaged in each one of those activities. In such cases, neither assets nor liabilities that are simultaneously related to different activities will be accepted.

Branches of foreign oil, natural gas, coal, nickel and uranium companies active in exploration and production of those minerals, as well as companies that render services exclusively to the coal, gas, and oil industries, must send investment information together with the annual report on net worth, contained in Section four (4) of Form No. 13, Registration of Additional Investment to Assigned Capital, that must be presented within the term stipulated in Numeral four (4) of Section

7.1.1.4 of this Bulletin.

Branches of foreign companies dedicated exclusively to rendering services to the oil, gas, and coal industries must send a copy of their category as assigned by the Ministry of Mines and Energy.

7.2.3. Foreign Capital Portfolio Investment

The Banco de la República will register foreign capital portfolio investment based on an International Investment Exchange Declaration, Form No. 4, transmitted electronically by the Foreign Exchange Brokers, in keeping with the procedure established in Annex No. 5 of this Bulletin, or sent by the local manager when the transaction has been channeled through its current compensation account. When cash investment is provided as equity participation, other than importing foreign currency, the fund manager must register said investment within the thirty (30) days after the date on which the investment is made, using a duly completed Form No. 16, Registration of Foreign Capital Portfolio Investment other than Foreign Currency.

On the same No. 16 Form, foreign capital portfolio investment different from foreign currency registration, the fund manager's fiscal auditor must certify the fund's patrimony value at the end of each month.

7.3. NATIONAL INVESTOR CATEGORY

The Banco de la República will categorize as national investors the foreign individuals who request such categorization, as established in Foreign Investment Law. For this effect it is necessary to send the certification issued by the Administrative Department of Security (D.A.S.), on which the person's stay in the Country for a period of no less than the stated on Decree 1735 / 93 is proven and a letter through which the person's waiver to the exchange rights they currently hold or may hold in the future, is also proven.

7.4. COLOMBIAN INVESTMENTS ABROAD

7.4.1. Registration

The Banco de la República will register Colombian investments abroad, subject to the terms and conditions established in the Regulations for

International Investment, upon fulfillment of the requirements stipulated in this Bulletin.

Colombian investors or their legal representative must submit the request for registration to the Foreign Exchange Department of the Banco de la República, accrediting Power of Attorney to request the registration, by presenting duly legalized documents.

For investments made under foreign currency channeling through Foreign Exchange Brokers, the Exchange Declarations listed in the Form No12, "Registration of Colombian Investment Abroad", must be electronically transmitted beforehand, as established in Annex 5 of this Bulletin. If they happen through current compensation accounts, the Exchange Declarations may be sent by the account holders to the Banco de la República in advance to the common term stated for the account movements information report.

To carry out the registration, Form No. 12, Colombian investment abroad registration, duly filled out, must be presented to the Banco de la República in addition to the following:

1. Only when registering for the first time, a Certification of Incorporation or deed of the foreign receiving company's constitution, duly authenticated.
2. A certificate issued by the receiving company's legal representative or whoever replaces him, which certifies the investment's value and the number of stocks or rights received by the Colombian investor.
3. When it regards the purchase of stocks, shares or foreign investor's rights, the document that proves the transaction's date and value as well as the value proceeding from the transaction, issued by the selling investor.
4. When it regards direct investment contracts which do not have shares in the company's capital stock and the income that the investment generates for its holder depends on the company's profits, a copy of the contract of the Colombian investment abroad must be sent in, duly legalized.

5. When it regards exports without channeling foreign currency through the Foreign Exchange Broker, a list of the numbers, date and value of the definite export Statements must be rendered.

6. When it regards equity participation different from foreign currency and the exporting of goods, the document that proves the amount, date and type of investment carried out, as well as the object, nature and value of the act or contract.

7. When it regards sums bound to channeling through the Foreign Exchange Brokers, a certificate of the obligee company regarding the obligation's terms and conditions and the documents that prove the transaction. In cases in which this obligation is derived from a foreign loan transaction, the date and identification number of the credit assigned by the Foreign Exchange Broker that reported the transaction will be indicated, specifying the amount to be capitalized.

8. When the investment requires authorization, a copy of the official letter from the public entity that expedites it must be sent.

7.4.1.1 Term for Requesting Registration

The term for requesting the Banco de la República for a foreign capital investment registration, is three (3) months, counted from the date that the investment was carried out, according to the nature of the contribution, as follows:

- 1) In foreign currency: beginning the date of their draft through the Foreign Exchange Brokers or of their charge to the current compensation account of the Colombian investor.
- 2) In kind: from the date of the final export declaration.
- 3) Other types: from the date on the capitalization booking voucher.

7.4.1.2. Extension

The Banco de la República may authorize an extension of the registration term up to the term noted on the aforementioned Regulation, by presenting Form No. 17, Extension Request for

International Investment Registration, filled out by the interested party or its duly accredited legal representative or proxy, prior to the deadline established on the Regulation for Foreign Investment. The extension will be understood as authorized according to Section 2.5 of this Bulletin.

If the initial term or its prorogue matures without the registration being requested, the Banco de la República will report the non-fulfillment to the corresponding supervision entities, according to the arranged by the Regulation for Foreign Investment.

7.4.1.3. Late registration

Colombian capital investors abroad that have not registered the investment under the terms terms, can do so by fulfilling the requirements of the Colombian investment registration. The above, without prejudice of what is stated by Decree Law 1746 of 1991 and other laws that substitute or complement them.

7.4.2. Keeping documents

The holder of the Colombian investment abroad will keep a copy of the balance sheets and financial statements of the investing as well as of the receiving company of the Colombian investment abroad, corresponding to the business year, at the Banco de la República's disposition.

7.4.3. Capital Movements

7.4.3.1 Sales between Colombian investors

In this case, for changing the holder, a copy of the document on which the contract of investment alienation is stated, must be sent. This transaction will generate the obligation for the buyer to register and must be requested in accordance with the stated on numeral 7.4.1 within the following three months after the date of the trading contract.

7.4.3.2 Liquidation or sale of an investment to a foreigner

In this case, the Colombian investor abroad must send a duly authenticated copy of the document stating that the investment contract has been transferred or liquidated, and indicate the date and number of the exchange declaration and name of the Foreign Exchange Broker who handled the reimbursement of the foreign currency. When reimbursement is made through a current compensation account, indicate the number and date of the exchange declaration, as well as the account code assigned by the Banco de la República.

7.4.4. Colombian investments that have not been fully carried out

When a Colombian investment abroad has not been completed, the sums transferred for that concept must be transferred back to the country, through the Foreign Exchange Brokers or by means of current compensation accounts. For this, International Investment Exchange Declaration, Form No. 4, will be filled out, as a refund transaction, with exchange code 4580.

7.4.5. Financial investments and investment in assets abroad

In-country residents must channel the transactions established in Article 36 of E.R. 8 / 2000 B.D. through the exchange market, unless they are performed abroad in foreign currency not requiring channeling through that market, as stipulated in Article 76 of the aforementioned Resolution.

The Banco de la República will automatically register financial investments and investments in assets abroad, based on information contained in International Investments Exchange Declaration, Form No. 4, , transmitted electronically by Foreign Exchange Brokers, as provided in Annex 5 of this Bulletin. Colombian investors that would have carried out investments through their current compensation account, must keep in mind the established in numeral 9.3.3., of this Bulletin.

Nevertheless, when these investments are carried out abroad, with foreign currency that must not be sent through the Currency Exchange Market, it will be necessary to register these within the three following months of them being carried out, when the sum accumulated is equal to, or more than five hundred thousand US Dollars (USD \$ 500.000.00) or its equivalent in other currencies. For this, Form No. 12, Colombian investment abroad registration, correctly filled out, must be presented to the Banco de la República.

If the financial investment is done with foreign currency that should not be channeled through the Foreign Exchange Market, its redemption may also be voluntarily channeled through this same market. If the financial investment is done with foreign currency that comes from the

Foreign Exchange Market, its redemption must obligatorily be done through this market.

The substitution of a registered financial investor for a national investor requires report to the Banco de la República. The parties must keep the documents that prove such transaction.

8. REGULATIONS APPLICABLE TO THE MINING AND PETROLEUM INDUSTRIES

8.1 SPECIAL REGULATIONS

Foreign currency derived from sales in foreign currency by branches of foreign companies do not require reimbursement to the Foreign Exchange Market when those companies perform activities of:

- a) Oil , natural gas, coal, nickel or uranium exploration and production
- b) Services inherent to the oil industry, rendered exclusively thereto, in keeping with the provisions of Article 16 of Law 9 of 1991 and Decree 2058 of 1991 and the concordant norms or laws that modify or complement the aforementioned.

Companies that are subject to Special Regulation may not purchase foreign currency on the Currency Exchange Market to carry out transfers abroad, for any concept. Nevertheless, they may transfer the foreign currency required for covering operating expenses in Colombian Pesos, into the Foreign Exchange Market.

8.2 SWITCHING TO THE GENERAL REGULATION

Branches of foreign companies that do not want to be included in the Special Regulation must inform the Banco de la República of their decision. They will be exempted from those special norms for a non-modifiable term of at least ten (10) years, counted as of the date of the presentation of the letter informing their choice. Consequently, all foreign exchange transactions they carry out will be subject to the normal rules stipulated in the Currency Exchange Regulation, including the ones related to the use of compensation mechanisms.

9. CURRENT COMPENSATION ACCOUNTS

9.1. COMPENSATION MECHANISM

In-country residents that handle incomes and / or outcomes derived from transactions that are subject to the requisite of being sent through the Currency Exchange Market, because of their activities, can handle them through current accounts in foreign currency, in financial entities abroad. Those accounts must be registered in the Banco de la República under the compensation mechanism.

9.2. REGISTERING WITH THE BANCO DE LA REPÚBLICA

Interested parties must register their current compensation accounts directly with the Banco de la República, no later than one month following the date on which these accounts were opened, or after performing a transaction that must be channeled through the Foreign Exchange Market, for current accounts that have already been established pursuant to authorization established in Article 55 of E.R. 8 / 2000 B.D. For this purpose, Form No. 9, Current Compensation Account Registration, must be filled out, original and copy. The account will be understood as registered according to the stated on numeral 2.5 of this Bulletin.

When data on Form No. 9, current compensation account registration, is modified, the same Form will have to be filled out again before the Banco de la República, by marking the “Modificación” (Modification) box and writing only in the spaces that correspond to the Taxpayer ID Number (NIT) or Citizen ID (Cédula de Ciudadanía), account number and the specific fields being modified.

If the account number is to be modified, the former account number must be indicated.

To cancel the registration of a compensation current account, the holder of that account must first present a communication to that effect to the Banco de la República. Likewise, when canceling an account in a foreign banking institution abroad, this fact must be reported within one month following the date of such cancellation. In all cases, the “Report

on Transactions in Current Compensation Accounts”, Form No. 10, must be sent to the Banco de la República until the date of cancellation of that account.

The opening and maintaining of the current compensation account’s registration is conditioned to that their holders have not been sanctioned for infringement to the Foreign Exchange Regulation, administrative customs infringements, violating the control regulation regarding money laundering, or when the CERT (Tax reimbursement certificate) tax benefit had been suspended.

The Banco de la República may cancel or not carry out the respective registration when it establishes that the accounts have not been duly managed or when the accounts’ holders do not supply the State with the information required by the Foreign Exchange Regulation within the term that Regulation states for doing so. When the registration is canceled, the holder is obligated to sell the balance in the Foreign Exchange Market. Nonetheless, the Banco de la República, in an exceptional manner, with prior analysis of the breach’s nature and scope, and of the background of the requesting person, may authorize or maintain the compensation account’s registration.

In case of companies included in the events ruled by the previous paragraph, automatic registration will not operate. The requests to open or maintain current compensation accounts must be duly presented, sustained and justified, together with:

- a) A simple photocopy of the Administrative Act expedited by the entity that imposed the penalty.
- b) A photocopy of the official receipt of payment of the infringement value.
- c) A brief outline of the activities carried out by the holder and of the transactions the company uses to carry out in the Foreign Exchange Market indicating their volume and values.
- d) Financial statements of the last three years, rightfully certified by the Statutory Auditor or Certified Public Accountant.

9.3. TRANSACTIONS THAT CAN BE SENT THROUGH CURRENT COMPENSATION ACCOUNTS

9.3.1 INCOMES

Current compensation account incomes may come from both, transactions derived from the Currency Exchange Market as well as those that do not have the obligation of being sent through this market. The income of foreign currency into these accounts fulfills the obligation of transferring the foreign currency through the Currency Exchange Market.

In addition, foreign currency purchased from the Foreign Exchange Brokers can be deposited in these accounts. Foreign currency purchased from in-country residents that are not obliged to transfer these funds through the Currency Exchange Market or from other current compensation account holders can also be deposited.

When the foreign currency is purchased from the Foreign Exchange Brokers, submitting Exchange Declaration, Form No. 5 Services, transfers and other concepts Exchange Declaration, correctly filled out, is required. If the purchases are made from other current compensation account holders, the instructions on numeral 9.4.1., must be followed.

When export revenues are transferred through the accounts, the respective Exchange Declaration, Form No. 2 or a document that has the same information as this Form, must be filled out but not sent to the Banco de la República. They must be kept in the account holder's files, in order to be shown in case that control entities require it. The effective date of the foreign currency deposit in the account must be noted on these documents.

9.3.2 Outcomes

Obligations corresponding to Foreign Exchange transactions that must or must not be sent through the Currency Exchange Market can be serviced charging these accounts.

Foreign currency in current compensation accounts can only be sold to Foreign Exchange Brokers or to other compensation account holders. When sales are to the Foreign Exchange Brokers, Exchange Declaration, Form No. 5 Services, transfers and other concepts Exchange Declaration, correctly filled out, must be submitted to them.

When sales are to other current compensation accounts holders, the instructions noted on numeral 9.4.1., must be followed.

When import payments are channeled through these accounts, the respective Exchange Declaration, or a document that has the same information as this Form, must be filled out. Neither of these documents will be sent to the Banco de la República, but will be kept in the holder's files, in case that the control entities require them. The value date of the payment obligation must be noted on them.

9.3.3 Usage of available balances

The accounts' available balances may be used to perform financial investments abroad. The transactions on the financial investment must be recorded on the lower part of Form No. 10, Report on Transactions in Current Compensation Accounts, Current Compensation Transaction List. Channeling the financial investments, their redemption and their yields, do not require the filling out of Form No. 4, international investment Exchange Declaration. The monthly report will replace the Exchange Declaration and the automatic registration.

9.4. SUPPLYING INFORMATION

9.4.1 Remitting Reports and Exchange Declaration Forms.

Compensation account holders must present the information corresponding to the transactions carried out through these, during the previous month, to the Foreign Exchange Department of the Banco de la República, within the following calendar month, by filling out Form No. 10, in a consolidated manner. For this, the codes for the income and outcome concepts that are detailed on the Exchange Code Table for the Foreign Exchange Trading Balance, on Annex 3 of this Bulletin, must be taken into account.

The originals of Form No. 3, Exchange Declaration for Foreign Loan Transactions and Form No 4, Exchange Declaration for International Investments, shall be annexed to this report, corresponding to exchange code numbers 4030, 4035, 4040, 4565, and 4580. Exchange declarations for Foreign Investments related to exchange code numbers other than those mentioned in the previous sentence do not need to be reported to the Banco de la República, but should be conserved for presentation to the control and supervision authorities. Compensation account users that receive the disbursements of external loans, prior to the credit in the account, must constitute the deposit stated above for this loan if necessary; except when the deposit for foreign loans is at zero percent (0%) and have filled out Form No. 6, Information on Foreign Loans Granted to Residents. The disbursement must be informed on Form No. 3, Foreign Loan Exchange Declaration, that is annexed to Form No. 10, Report on Transactions in Current Compensation Accounts, List of Current Compensation Account Transactions.

The international investment Exchange Declarations may be sent, duly filled out by the accounts' holders according to the stated on the respective guidebook, to the Banco de la República before the term stated in a general manner for the account managing information report. In this event, it will not be necessary to resend Forms No. 4, Exchange Declarations for international investment, together with the monthly report, for which the filling out instructions of Form No. 10, Report on Transactions in Current Compensation Accounts, current compensation account transaction list, must be obeyed.

Compensation account holders that purchase and sell balances between themselves, must leave record of these transactions on Form No. 10, Report on Transactions in Current Compensation Accounts Current compensation account transaction list. For this, they must use the following exchange codes: 5380 "Compra de divisas a otros usuarios de cuentas de compensacion" (Purchase of foreign currency from other compensation account users) or 5909 "Ventas de divisas a otros usuarios de cuentas de compensacion" (Sales of foreign currency to other compensation account users). Additionally, "Anexo al formulario no.10" (Annex to Form No. 10), Purchase or Sale of Foreign Currency to other current compensation account users and Obligations between

residents transactions, must be filled out, identifying the type of transaction (purchase or sale of foreign currency balances), counterpart account holder with which the transaction was carried out, its internal identification code, sum and transaction date.

For foreign exchange transactions that do not correspond to the Currency Exchange Market, Form No. 10, Report on Transactions in Current Compensation Accounts will work as the Exchange Declaration.

The obligation of monthly supplying such information must be serviced without prejudice to the account presenting transactions or not, or, to that the transactions that have been carried out through the aforementioned account do not correspond to those noted as of obligatory channeling through the Foreign Exchange Market.

The Banco de la República may request the information it deems necessary.

9.4.2. Procedure for Foreign Loan transactions with Foreign Exchange Brokers.

According to the procedure established in this Bulletin, when current compensation account holders carry out foreign loan transactions, subject to deposit, this must be opened with Foreign Exchange Brokers, prior to disbursement in the current compensation account, except when the foreign loan deposit is at zero percent (0%). Likewise, holders will annex a Form No. 6, "Information on foreign loans to residents.

Even though a foreign loan transaction does not require collateral deposit, owners of compensation accounts must present to an Intermediary of the Currency Exchange Market a Form No. 6, "Information on foreign loans to residents" along with the loan information, prior to the disbursement, pursuant to the terms established in this Bulletin. This information is to be forwarded by the Foreign Exchange Broker to the Banco de la República, in keeping with the procedure hereby noted.

Current compensation account owners who receive disbursements (credit to the account) due to off-shore loans, will accredit the opening of

the deposit by recording its number, date and value in Form No. 6, Information on Foreign Loans given to residents, except when the deposit for foreign loans is at zero percent (0%).

9.5 MANAGEMENT OF NATIONAL COFFEE FUND'S FOREIGN CURRENCY RESOURCES.

Current accounts in Foreign currency, devoted to handle resources for the execution of the National Coffee Fund budget in foreign currency, must be registered at the Banco de la República, pursuant to numeral 9.2, and fulfill the other obligations stated in this chapter.

To submit the information about the transactions carried out with charge to the National Coffee Fund budget in foreign currency, a monthly report of the movements of the prior month, must be presented to the Banco de la República, before the last working day of each month. For doing this, Form No. 10, Report on Transactions in Current Compensation Accounts, must be filled out as follows: the total of revenues and expenses of all registered accounts will be added, corresponding to each of the exchange codes that are presented on Annex No. 3 of this Bulletin.

9.6. SPECIAL COMPENSATION ACCOUNTS FOR INTERNAL TRANSACTIONS

In-country residents may pay and receive payments in foreign currency corresponding to the fulfillment of obligations derived from in-country transactions if they agree to do so, as long as these are carried out through a current compensation account opened for this purpose, in conformity with the stated on the 5th paragraph of article 79 of E.R. 8 / 2000 B.D.

9.6.1. Conditions for accounts established by the payer of obligations between residents

Current compensation account devoted for these purposes must be constituted exclusively for this, at financial institutions abroad and their income can only proceed from transactions that must be channeled through the Currency Exchange Market, which are stated on the 7th article of E.R. 8 / 2000 B.D.

The foreign currency deposited in these accounts must be used for payment of obligations between residents. The balances can be sold to the Foreign Exchange Brokers or to the holders of other compensation accounts.

9.6.2. Conditions for accounts established by the payee to receive payments from obligations between residents

The current compensation account that is used for these purposes must be constituted exclusively for this, in financial institutions abroad and their income can only proceed from payments of obligations between residents.

The resources from these payments can be received in one or more special compensation accounts. Transfers can be carried out between these accounts. In any case, the foreign currency deposited in these accounts can only be used for transactions that must be channeled through the Currency Exchange Market, as stated in the 7th article of E.R. 8/2000 B.D. Their balances can be sold to the Foreign Exchange Brokers or to other compensation account holders.

9.6.3. SPECIAL ACCOUNT REQUISITES

1. Register. These accounts must be registered at the Banco de la República by the interested party, directly, by using Form No. 9, Current Compensation Account Registration, according to the terms noted on numeral 9.2. of this Bulletin. The Banco de la República will assign an identification code to distinguish it from other current compensation accounts.

2. Transaction identification. The person making a payment in foreign currency due to an obligation between residents, must record the foreign currency outcome using exchange code 3500, "Pago de Obligaciones entre residentes" (Payment of obligations between residents). The person who receives the income must record it under exchange code 3000 "Ingresos por pago de obligaciones entre residentes" (income due to payment of obligations between residents).

3. Obligations. These accounts are subject to the obligations stated on article 56 of E.R. 8 / 2000 B.D. and therefore this information must be submitted to the Banco de la República accordingly to the terms of numeral 9.4. of this Bulletin. For this, Form No. 10, Report on Transactions in Current Compensation Accounts, and Annex to Form No. 10, Purchase and/or Sale, to or from other current compensation account users and obligation transactions between residents, will be used. On these Forms, in the box labeled "Código" (code), the new number assigned by the Banco de la República must be recorded.

The current compensation account holder must fulfill all tax obligations derived from the transactions handled in these accounts.

10. DUTY FREE ZONES

In accordance with E.R. 8 / 2000 B.D. the following regulation will apply to industrial duty free zones:

1. The industrial users of goods installed within the perimeter of the industrial duty free zones, are not obliged to channel the foreign currency that they obtain from exports and other exchange transactions through the Foreign Exchange Market. Nonetheless, the

aforementioned companies may channel the foreign currency that they require for servicing expenses in Colombian pesos or in foreign currency, through the Foreign Exchange Market.

2. The users installed within the perimeters of the industrial duty free zones may obtain financing from their suppliers, from Foreign Exchange Brokers and from foreign financial entities, to buy merchandise, without the obligation of opening the deposit regarded on article 26 of E.R. 8 / 2000 B.D. Users that obtain the aforementioned financing must report the information regarded on numeral 3.1 of this Bulletin to the Banco de la República. In this last case, the term of six months stated in the aforementioned numeral will be counted from the date of the first transport document. Only the financing of merchandise supported with invoices for a value over ten thousand US dollars (\$10.000 US dollars) or its equivalent in other currencies must be reported to the Banco de la República.

3. The importing and exporting of goods and services between residents in the country and the industrial users of goods that are installed in industrial duty free zones, may be paid in both foreign currency and Colombian pesos.

To determine the Foreign Exchange regulation that apply to the transactions among any duty free zone user, other residents in Colombia and the rest of the world, the qualification of the nature of the aforementioned transactions stated by customs regulations regarding foreign commerce transactions will be followed. If the case is of foreign capital investments or Colombian investments abroad, the qualification will be the one provided by Foreign Investment Laws.

The financing of imports coming from duty free zones must be reported to the Banco de la República through the Foreign Exchange Brokers, within the six (6) months following the date on the Form “Movement of merchandise in duty free zones – dispatch of merchandise”, issued by the user operator.

11. GENERAL INFORMATION ABOUT CURRENCY EXCHANGE MARKET TRANSACTIONS

11.1. RESIDENTS AND NON-RESIDENTS

Consortiums, temporary unions and de facto corporations, are not considered in-country residents for Foreign exchange Regulation purposes, because they do not comply with the conditions stated on article 2 of Decree 1735 of 1993, despite their being enrolled in the “Registro Unico Tributario” (Tributary Register) and in some cases, having a certificate of incorporation and legal representation issued by the Chamber of Commerce.

Thus, these organizations may neither carry out foreign exchange transactions nor register compensation accounts. Any Currency exchange transaction that is carried out, must appear to the name of each one of its participants which will be held responsible for the joint and several obligation. For registering and for sending information to the Banco de la República, the participants’ name and “NIT” (Tributary Identification Number) number must be included, explaining in parenthesis if it regards a Consortium, temporary union or a de facto corporation, additionally including the new “NIT” assigned by the tributary register.

11.2. SERVICES, TRANSFERENCES AND OTHER CONCEPTS

In-country residents may purchase and sell foreign currency for services, transfers and other concepts by presenting an Exchange Declaration, Form No. 5, Declaration for Services, transfers and other concepts to foreign currency brokers.

This Form may also be used for buying foreign currency devoted to open compensation accounts abroad or to deposit foreign currency in these, for which case, the exchange code must be written in the box for describing the transaction, accordingly. Also, this Form may be used to inform the sale of balances of these accounts to Foreign Exchange Brokers, exclusively.

11.3. REIMBURSEMENT OF FOREIGN CURRENCY FROM DIPLOMATIC AND CONSULAR MISSIONS

Diplomatic and consular missions accredited before the Colombian Government, multilateral organizations, and their officers who wish to sell foreign currency may do so directly with a Foreign Exchange Broker. For this, Exchange Declaration, Form No. 5 Services, transfers and other concepts, must be filled out.

11.4 NON RESIDENTS' DEPOSITS IN FOREIGN CURRENCY AND IN COLOMBIAN PESOS THROUGH FOREIGN EXCHANGE BROKERS

The Foreign Exchange Brokers will quarterly inform the Banco de la República about the opening of current accounts in both foreign and Colombian currencies, and their movements, by natural and artificial persons non-residents in the country. For this, the corresponding information must be sent, via diskette, through their main office.

This information must be remitted quarterly, broken down by month, preparing a flat file entitled "Cuentas" (accounts) containing the following information, in the following order:

DESCRIPTION	LENGTH	TYPE
Surnames and names (or company name)	50	A (text)
Nature of account holder (N = Individual; J = Business)	1	A (text)
Country of origin SWIFT code	2	A (text)
Account number	40	A (numerical)
SWIFT currency code	3	A (alphabetical)
Reported Month (YYYY / MM / DD)	8	D (date)
Opening balance	16	N (numerical)
Total credits	16	N (numerical)
Total debits	16	N (numerical)
Closing balance	16	N (numerical)

Reported Month... (the same as before)

Reported Month ...(the same as before)

In this same way, all value fields must occupy sixteen (16) positions, at maximum, justified to the right, including two decimal numbers, separated by the decimal sign (.).

Text fields must be justified to the left.

Notice that all the quarterly information must be recorded in a horizontal manner, in other words, each account occupies one single line.

11.5 CAPITAL GOODS

For effects of this Bulletin, capital goods are considered the machinery and equipment classified as such in the list expedited by the Bureau of National Taxes and Customs (DIAN) and The Supreme Council for Foreign Trade.

Books, magazines, brochures or collectable series, all of the aforementioned of scientific or cultural character, included in item 49.01, and the daily publications included in item 49.02 of the Customs tables for duties, have the same treatment.

12. FORMS AND INSTRUCTIONS

The Forms annexed to this Bulletin must be used starting September 3, 2001. Prior that date, use the forms from External Regulatory Bulletin DCIN 31 of June 6, 2000 and their modifications.

On the following pages are the Forms and the instructions to fill them out, corresponding to Exchange Declarations, requests for registration of international investments and current compensation account transactions and for submission of foreign loan transactions information.

1. Importing goods

Form No. 1, Exchange Declaration for Imported Goods

Form No. 3, Exchange Declaration for Foreign Loans

Form No. 6, Information on Foreign Loans to Residents

2. Exporting goods

Form No. 2, Exchange Declaration for Exporting Goods

Form No. 3, Exchange Declaration on Foreign Loans

Form No. 7, Information on foreign loans granted to non-residents

3. Foreign Loans

Form No. 3, Exchange Declaration on Foreign Loans

Form No. 3A, Disbursement and Payment Report on Foreign Loans

Form No. 6, Information on Foreign Loans Granted to Residents

Form No. 7, Information on Foreign Loans granted to Non-Residents

4. International Investments

Foreign investment

Form No. 4, Exchange Declaration on Foreign Investment

Form No. 11, Registration of Foreign Capital investment in Colombia

Form No. 13, Registration of supplemental investment to assigned capital

Form No. 14, Certification of drafts pertaining to Foreign Investments.

Form No. 15, Report on Retained Earnings in Net Worth and other Equity Accounts

Form No. 16, Registration of Foreign Capital Portfolio Investment other than foreign currency

Form No. 17, Request for Extension of the term to register Foreign Investment

Colombian Investments Abroad

Form No. 4, Exchange Declaration for International Investment

Form No. 12, Registration of Colombian investment abroad

Form No. 17, Request for Extension to register Foreign Investment

5. Services, Transfers and other concepts

Form No. 5, Exchange Declaration for Services, Transfers and Other

Concepts

6. Guarantees

Form No. 8, Registration of Foreign Currency Guarantees

7. Current compensation accounts

Form No. 9, Registration of Current Compensation Accounts

Form No. 10, Report on Transactions in Current Compensation Accounts (Attach Forms No 3 and No 4).

Annex to Form No. 10, Purchase and/or Sale of Foreign Currency to Current Compensation Account Users and Loan Transactions between Residents.

Annexes

Annex No. 1, List of Foreign Financial Institutions

Annex No. 2, Codes for Foreign Exchange Brokers

Annex No. 3, Exchange Codes

Annex No. 4, City and Currency Codes

Annex No. 5, Instructions for Foreign Exchange Brokers for sending information electronically.