
DECREE NUMBER 1735 OF 1993

(SEPTEMBER 2)

WHEREBY PROVISIONS ARE LAID DOWN ON THE SUBJECT OF INTERNATIONAL EXCHANGE

The President of the Republic of Colombia, in the exercise of his constitutional and legal authority, particularly under Law 31 of 1992, Article 59, in accordance with the principles set forth in Law 9 of 1991 and consistent with External Resolution No. 21 of 1993 issued by the Banco de la República's Board of Directors,

DECREES AS FOLLOWS:

Article 1. FOREIGN EXCHANGE OPERATIONS. Foreign exchange operations shall mean all operations under the categories described in Law 9 of 1991, Article 4, including specifically the following:

1. Imports and exports of goods and services;
2. Foreign capital investments in Colombia;
3. Colombian investments abroad;
4. Foreign borrowing operations between residents in Colombia;

5. Any operations that involve or may involve payments or transfers in foreign-currency between residents and non-residents in Colombia.
6. Any operations carried out by residents in Colombia with residents abroad that involve the use of foreign currency, such as deposits and other financial operations in foreign currency;
7. Inflows into or outflows from Colombia of Colombian legal tender or instruments representing same;
8. The operations in foreign currencies or instruments representing same that are carried out by the Banco de la República, foreign-exchange market intermediaries or other authorized agents, with other residents in Colombia.

Article 2. DEFINITION OF RESIDENT. Without prejudice to the provisions of international treaties and special laws, for purposes of the foreign-exchange system all individuals living in Colombia shall be considered as resident. Public-law bodies and legal entities, including non-profit entities, that are based in Colombia and the branches registered in Colombia of foreign companies shall also be considered as resident.

Individuals not living in Colombia, and legal entities, including non-profit ones, that are not based in Colombia shall be considered as non-resident. Foreigners whose stay in Colombia does not exceed six consecutive or non-consecutive months during a period of twelve months shall not be considered as resident either.

Article 3. INTERNAL OPERATIONS. Unless otherwise expressly authorized, no contract, agreement or operation entered into by residents shall be considered as a foreign-exchange operation. Consequently, the obligations arising from such contracts, agreements or operations shall be discharged in Colombian legal tender.

Article 4. FOREIGN-EXCHANGE TRADING. Only the foreign-exchange operations listed below shall be channeled through the currency market:

1. Imports and exports of goods;
2. Borrowing operations entered into by residents in Colombia, as well as the financial costs inherent therein;
3. Capital investments from abroad in Colombia, as well as the returns associated therewith;

4. Colombian capital investments abroad, as well as the returns associated therewith;
5. Financial investments in securities issued abroad or in assets registered abroad as well as the returns associated therewith, except where the investments are made with foreign exchange from operations that should not be channeled through the currency market;
6. Foreign currency sureties and guarantee; and
7. Derivative and peso-foreign currency operations.

Article 5. DEROGATION. As a result of the entry into force of this Decree, the provisions of the Monetary Board and the Board of Directors of the Banco de la República set forth in Monetary Board Resolution 57 of 1991 which regulate matters pertaining to national government competence under Law 31 of 1992, Article 59 shall cease to apply.

Article 6. EFFECTIVENESS. The provisions on insurance denominated in foreign currencies contained in Decree 2921 of 1991, which was partly derogated by Decree 1254 of 1992, shall continue in force.

This Decree shall come into force from its date of publication and shall govern foreign-exchange operations made from October 1st, 1993. The foregoing notwithstanding, foreign-exchange operations entered into prior to October 1st, 1993 shall continue to be subject to the requirements and conditions in force at the time they were entered into.

To be published, communicated and observed.

Issued in Santafé de Bogotá, D.C. this September 2nd, 1993.

CESAR GAVIRIA TRUJILLO

Minister of Finance and Public Credit

Rudolf Hommes Rodríguez