Banco de la República Includes Solidarity Bonds in its Liquidity Operations

Banco de la República Includes Solidarity Bonds in its Liquidity Operations
Banco de la República (the Central Bank of Colombia) hereby informs that as of today (16 April 2020) solidarity bonds will be included as eligible instruments in its liquidity operations (repo, definitive purchases, and the lender of last resort facility).

The list of agents, eligible instruments, and types of operations with which the Central Bank is currently providing liquidity to the market is presented in Table 1 below:

Table 1

Group Institutions authorized as ACO Expansion Contraction Intraday Repo ROC Transitory Definitive Transitory Definitive With instruments from item 3.1.1. With instruments from item 3.1.2. With instruments from item 3.2.1 With instruments from item 3.2.2 Repos Deposits A Banks X X X X X X X X X Finance Corporations X X X X X X X X X Finance Companies X X X X X X X X X Financial Cooperatives X X X X X X X X X Fondo Nacional del Ahorro (FNA) X X X X X X B Brokerage Institutions (SCB) - (by proprietary positions and on behalf of third parties or managed funds) X X X X X X X X Trusts (SF) (by proprietary positions and on behalf of third parties or managed funds) X X X X X X X X Investment Management Companies (SAI) (by proprietary positions and on behalf of third parties or managed funds) X X X X X X X X Severance and Pension Funds Managing Institutions (SAPC) (by proprietary positions and on behalf of third parties or managed funds) X X X X X X Severance and Pension Funds Managing Institutions (SAPC) (by severance funds accounts) X X X X X X X X Insurance Companies X X X X X X Fondo de Garantías de Instituciones Financieras (FOGAFIN) X X X X X X Fondo para el Financiamiento del Sector Agropecuario (FINAGRO) X X X X X X C Financiera del Desarrollo Territorial S.A. (FINDETER) X X X X Financiera de Desarrollo Nacional S.A. X X X X Instituto Colombiano de Crédito Educativo y Estudios Técnicos en el Exterior (ICETEX) X X X X Empresa Nacional Promotora del Desarrollo Territorial (ENTerritorio) X X X X Capitalization Societies X X X Exchange intermediation and special financial services societies (SICFES) X X X X D Central Counterparty Risk Clearing Houses X

The instruments referred to in Table 1 are:

- Item 3.1.1.: Security Bonds, Peace Bonds, Agricultural Development Bonds (TDA), Class B TES, Solidarity bonds (TDS), government foreign debt bonds, securities issued by FOGAFIN, and bonds issued by Banco de la República. Transitory expansion operations may be held with these instruments inasmuch as 30 days have passed since their first issuance. This restriction does not apply to transactions performed with securities issued by Banco de la República, Class B TES and TDS issued at maturities equal to or less than a year.

- Item 3.1.2.: Ordinary bonds, Deposit Certificates (CDT), commercial securities, mortgage backed securities (including house leasing) and public debt instruments other than those described in item 3.1.1, provided at least one month has passed since their first issuance, they are dematerialized in a central

securities depository, are denominated in Colombian pesos, and their rating is in accordance with Table 2:

Table 2

Minimum Qualification for Securities by Domestic Issuers	Value Rating Institution BRC de Colombia	Fitch Ratings Colombia
Value and Risk Rating Short-Term Instruments	BRC2	F2
	VR2-	
Long-term Instruments	A-	A-
	A-	

Should the instruments have more than one rating, the lower rating assigned will be taken.

Also, transitory expansion operations with fixed-income securities in foreign currency from senior sovereign debt issued by governments and central banks may be performed, complying with the following conditions:

- ○ Having a long-term rating granted by at least two of the following qualifiers: Standard & Poor's, Moody´s, or Fitch Ratings. The minimum ranking assigned must be A- (or its equivalent). If the instrument also has a short-term ranking, it must be at least A-1 (or its equivalent).
  - ○ The instruments must be in the following eligible currencies: US dollars, yen, euro, Canadian dollar, Australian dollar, New Zealand dollar, Swiss francs, pounds sterling, Swedish crown, Norwegian crown, Singapore dollars, Korean won, Hong Kong dollar, or offshore Chinese renminbi.
  - ○ The instruments should be deposited in the account assigned by Banco de la República at the time of submission of the offer.

- Item 3.2.1.: TDA, Class B TES, TDS, government foreign debt instruments, and securities issued by BR. These instruments may be purchased inasmuch as 30 days have passed since their first issuance. This restriction does not apply to purchases of securities issued by Banco de la República.

- Item 3.2.2.: ordinary bonds and Term Deposits issued by credit institutions (CI) with maturity of less than or equal to 3 calendar years counted from the date of the operation, and whose date of issue is before 22 February 2020. The purchases can only be made with instruments dematerialized in a centralized value deposit and that are denominated in Colombian pesos or in Real Value Units (UVR), are payable in Colombian pesos, and have a minimum rating as established in Table 2. Should the instruments have more than one rating, the lower rating assigned will be taken. Securities issued by CI performing the operation or by CIs that are subsidiary or parent company to the institution performing the operation shall not be eligible.

The above is contained in the Regulatory Circular DEFI-354 (Only available in Spanish).

Fuente: https://www.banrep.gov.co/en/banco-republica-includes-solidarity-bonds-its-liquidity-operations