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(DECEMBER 14)
BY WHICH THE STATUTES OF THE
BANCO DE LA REPUBLICA ARE ISSUED.

The President of the Republic of Colombia, through the exercise of the authority established in Article 372 of the Constitution and subject to the norms set forth by Statute 31/1992,

DECREES:

Article 1. The issuance of the Banco de la Republica statutes as follows:

TITLE I
GENERAL CHARACTERISTICS

Article 1. Name, principles and objective. The Banco de la Republica is a legal public institution that shall continue to operate as a governmental entity of constitutional character within its own legal framework as well as its own and special nature and with administrative, equity, and technical autonomy. The Banco de la Republica shall carry out the functions of a central bank in accordance with the rules spelled out in the Constitution, in Statute 31/1992 and in these statutes.

Article 2. Constitutional objective. The Banco de la Republica, on behalf of the Nation, shall oversee the preservation of the purchasing power of the currency based on the norms established in Article 373 of the Constitution and in Statute 31/1992.

Paragraph. In order to accomplish this objective, the Bank's Board of Directors shall adopt specific inflation targets that shall always be lower than the latest inflation figures

registered. It shall also use the policy instruments under its control and follow the recommendations that are relevant to that same purpose.

Article 3. Legal structure. The Banco de la Republica is subject to its own legal framework. Therefore, the determination of its organization, structure, functions, and powers as well as the contracts to which it becomes a party shall be regulated exclusively by the norms established in the Constitution, in Statute 31/1992 and in these statutes. In those cases not covered by any of these regulations, the commercial and civil operations and, in general, the non-administrative actions of the Bank shall be regulated by the norms in the private law.

Due to its own and special nature, its administrative, equity and technical autonomy, and explicit constitutional directive that determines the existence of its own legal structure, the Banco de la Republica shall not be subject to the regulations applicable to decentralized entities, which are mainly defined by Decrees 1050, 2400, 3074, 3130 and 3135/1968, 128 and 130/1976, and Statute 80/1993, or by those norms that modify, add to or replace them, excluding the exceptions contemplated in Statute 31/1992.

The Bank shall be enabled to carry out all banking and commercial procedures, contracts, and operations both within the nation and abroad necessary to the fulfillment of its objective in compliance with the capacities and powers granted to it by the Constitution, Statute 31/1992 and these statutes.

Article 4. Headquarters. The Banco de la Republica is headquartered in Santa Fe de Bogota, D.C. The Board of Directors may determine the cities where it may be necessary to keep, establish or close branches or agencies in order to guarantee the proper operation of the payment system. Likewise, the bank may place representatives abroad.

Article 5. Monetary, foreign exchange and credit authority. The Board of Directors of Banco de la Republica is the monetary, foreign exchange and credit authority and as such it shall carry out the functions spelled out in the Constitution and in Statute 31/1992 by using rules that are general in character. Those functions shall be rendered in coordination with the general economic policy established in the macroeconomic program approved by the National Economic and Social Policy Council, Conpes (in Spanish), provided that said policy is not in conflict with the constitutional responsibility of the Government, vested in the Banco de la Republica, to preserve the purchasing power of the currency.

Article 6. Program and reports to Congress. Within ten days after the start of each period of regular sessions, the Board of Directors of the Bank shall submit a report to Congress, through the governor, on the implementation of the monetary, foreign exchange, and credit policies. This report shall include at least the general guidelines for these policies, an assessment of the results achieved in the previous period, and the objectives, purposes and goals of the said policies for the subsequent period as well as for the medium term. The Board shall also submit a report on the policy for management and composition of the international reserves and on the financial situation of and outlook for the Bank.

In any case, if, over the course of a period, a substantial change should take place in the abovementioned policies with respect to what the Governor has reported to Congress, a further report must be submitted to Congress within a maximum period of fifteen (15) days. This report shall indicate the origin of the situation and explain the measures adopted.

The Banco de la Republica shall submit any other reports required by Congress for comprehensive compliance with the functions of the bank.

Also, the Governor and the members of the Board of Directors of the Banco de la Republica shall attend the Third Standing Constitutional Committees in the Senate and in the House when they are summoned in order to explain the contents of the report and the decisions made in compliance with the provisions of articles 233 and 249 of Statute 5/1992.

Paragraph. The reports mentioned in paragraphs 1 and 2 of this article shall be submitted by the Governor to the Third Standing Constitutional Committees in the Senate and the House in special sessions convened for that purpose and to be held within the period specified in this article. Failure to comply shall be grounds for misconduct.

TITLE II
FUNCTIONS OF THE BANK AND OF ITS BOARD OF DIRECTORS.

CHAPTER I
ISSUING BANK

Article 7. Exercise of origination power. The Banco de la Republica holds exclusive and nontransferable state power to issue the legal currency that consists of notes and coins based on the monetary unit established under Statute 31/1992.

Paragraph. The Banco de la Republica may arrange the minting of legal tender coins either domestically or abroad for commemorative or numismatic purposes under the provision of special laws. It may also establish their alloys and determine their characteristics.

Article 8. Features of the currency. The legal currency shall express its value in pesos based on the denominations determined by the Board of Directors of Banco de la Republica and shall be the only legal tender used as means of payment with unlimited power to settle debts.

Article 9. Production and disposal of materials that make up the legal currency. The printing, import, minting, change and destruction of the materials the legal currency is made of are exclusive functions of Banco de la Republica and which it shall fulfill in accordance with the general regulations issued by the Board of Directors. This power includes establishing the alloys and determining the characteristics of metallic coinage.

The Bank shall continue to carry out the manufacturing that consists of the production of banknotes, coins, securities and all other products related to this activity and allocated to the domestic market or for export.

Article 10. Withdrawal of notes and coins. The Banco de la Republica may withdraw banknotes and coins from circulation which shall cease to be legal tender once the term for redemption announced in the order of substitution has expired.

The Banco de la Republica is only required to replace damaged notes based on the rules determined by the Board of Directors.

Article 11. Provision of banknotes and coins. The Banco de la Republica shall adopt the necessary measures to ensure the provision of notes and coins in their various denominations.

To comply with this, the Administrative Council shall periodically authorize the amounts of currency that will be put into circulation in accordance with the regulations issued by the Board of Directors.

Credit institutions authorized to receive deposits in national currency shall be required to have notes and coins in reserve to ensure their availability in accordance with the rules established for that purpose by the Board of Directors of Banco de la Republica.

CHAPTER II BANKER AND LENDER OF LAST RESORT FOR CREDIT INSTITUTIONS.

Article 12. Functions. The Banco de la Republica, as banker and lender of last resort for credit institutions both public and private, shall be enabled to:

- a) Grant temporary liquidity support through discounts and rediscounts under the conditions determined by the Board of Directors in conformity with the provisions of Article 68 of these statutes;
- b) Intermediate external lines of credit to be granted through credit institutions; and,
- c) Provide trust, deposit, clearing, and transfer services as well as other services as determined by the Board of Directors.

CHAPTER III FUNCTIONS IN RELATION TO THE GOVERNMENT.

Article 13. Functions. The Banco de la Republica shall carry out the following functions in relation to the Government:

- a) Act as fiscal agent at the request of the Government in the contracting of foreign and domestic loans and in those operations that are consistent with the purposes of the Bank;
- b) Grant loans or guarantees to the State under the conditions set forth in Article 373 of the Constitution;
- c) Receive deposits of funds from the State and from public entities. The Board of Directors shall specify the cases and conditions under which the Bank will carry out such operations;
- d) To serve as an agent for the government in the issuance, offer, and management of government bonds on the market;
- e) Provide the National Government and other public entities as determined by the Board with the technical assistance required on issues related to the nature and functions of the Bank.

Paragraph. The functions above shall be fulfilled by the Bank upon signing the corresponding contracts with the Government or other public entities. These contracts shall be subject to the rules set forth in Statute 31/1992.

CHAPTER IV MANAGEMENT OF INTERNATIONAL RESERVES AND POWERS WITH RESPECT TO INTERNATIONAL MATTERS.

Article 14. Scope of the management function. The Banco de la Republica shall manage the international reserves in accordance with the public interest, for the benefit of the national economy and in order to facilitate the country's payments abroad. The management encompasses the administration, investment, custody, and use of the reserve assets. The investment of these shall be subject to the criteria of safety, liquidity, and return on assets denominated in freely convertible reserve currency or in gold.

The Banco de la Republica cannot grant loans from the international reserves.

As the manager of international reserves, the Banco de la Republica may carry out hedging operations. To comply with this, the Bank may allocate some of the assets for margin or

guarantee deposits or for making direct payments for the purchase of hedging instruments on the market.

The international reserves of the Banco de la Republica cannot be attached.

The Banco de la Republica may contract non-monetizable balance-of-payment loans.

Paragraph. The operations set forth in this article shall be carried out in conformity with the conditions established by the Board of Directors of the Bank.

Article 15. Powers with respect to international matters. The Banco de la Republica may develop the relationships with international financial institutions and other foreign entities that arise from its functions as central bank or those that facilitate international transactions for payments and credit.

CHAPTER V FUNCTIONS OF THE BOARD OF DIRECTORS AS MONETARY, FOREIGN EXCHANGE AND CREDIT AUTHORITY

Article 16. Powers. The Banco de la Republica is responsible for considering and adopting monetary, foreign exchange and credit measures to regulate the circulation of currency and, in general, the liquidity of the financial market, and the normal operation of the domestic and foreign payments thereby ensuring the stability of the currency value. To this end, the Board may:

a) Set up and regulate the bank reserve requirements for the different categories of credit institutions and, in general, for all entities that receive either demand, term or savings deposits, to indicate their remuneration and establish the penalties for violations of the rules on this matter. To comply with these purposes, considerations such as the type and term of the transaction subject to reserve requirements may be taken into account. The bank reserves must be represented by deposits in the Banco de la Republica or cash on hand;

b) Arrange the transaction of open market operations with their own securities, public debt securities or those authorized by the Board of Directors. In such cases, the Board shall determine the intermediaries for these transactions, whether in legal or foreign currency, and the requirements they must meet. Pursuant to this authority, the Board may undertake repo transactions (repos) to regulate the liquidity in the economy.

Beginning in 1999, the open market operations in local currency shall be carried out exclusively with public debt securities;

c) Specify, by the use of general rules, the financial conditions to which the public entities authorized by law must be subject to acquire or offer securities in order to ensure that these operations are carried out under market conditions. Without compliance with these conditions, the respective securities cannot be offered or transacted;

d) Establish, in exceptional circumstances and for periods that, do not total more than one hundred and twenty (120) days within a calendar year, limits to the growth of the loan portfolio and other active operations carried out by credit institutions such as sureties, guarantees and banker's acceptances;

e) Establish, in exceptional circumstances and for periods that, do not total more than one hundred and twenty (120) days within a calendar year, the maximum payable interest rates that credit institutions may charge or pay to their customers on all lending and borrowing operations without inducing negative real rates. The maximum interest rates that may be agreed upon in foreign currency transactions shall remain subject to the determinations of the Board of Directors. These rates may be flexible depending on type of transaction, destination and local usage.

The credit institutions that charge interest rates in excess of those authorized by the Board of Directors shall be subject to administrative penalties established by the Board as a general rule in these cases;

f) Establish the methodology to determine the values in legal tender for the "Unit of Constant Purchasing Power, UPAC" (in Spanish), to ensure that it also reflects the changes of the interest rate in the economy.

g) Regulate interbank lending to meet temporary liquidity requirements of credit institutions;

h) Rule on the effects on the Bank's policies, upon receiving the information supplied by the Government, of the measures that the latter may issue to authorize the transactions that financial and insurance entities that are subject to the control and oversight of the Banking Superintendency may carry out and, in general, with respect to the entities involved in the management, use, and investment of funds deposited by their customers during the performance of their main purpose as permitted by law (Subsection 1 of Article 3, Statute 35/1993);

i) Determine the intervention of the Banco de la Republica in the foreign exchange market as purchaser or seller of foreign currency or in the issuance and sale of certificates denominated in foreign currency. Also determine the management policy for the exchange rate by mutual agreement with the Minister of the Treasury and Public Credit. In case of disagreement, the constitutional responsibility of the Government to ensure the maintenance of the purchasing power of the currency shall prevail;

j) Issue the pertinent regulations so that the mortgage banks and the commercial financing companies may carry out purchase and sale transactions of foreign currencies as intermediaries on the foreign exchange market and other transactions that the Board of Directors authorizes. (Article 18, Statute 35/1993);

k) Regulate the method used by the Banco de la Republica for the purchase and sale of gold referred to in Article 24 of Statute 31/1992;

l) Issue an opinion that is favorable prior to the monetization of the foreign currency caused by the payment of temporary surpluses referred to in Article 31 of Statute 51/1990;

m) Issue an opinion, when they deem it proper during the legislative process, on the amount of resources from domestic or foreign credit included in the budget project in order to comply with the mandate set forth in Article 373 of the Constitution;

n) Exercise the other powers and functions established under both Statute 31/1992 and these statutes.

Article 17. Foreign exchange and complementary functions. Pursuant to the provisions in Articles 16, clause h) and 58 of Statute 31/1992. The Board of Directors of the Banco de la Republica shall exercise the relevant functions specified in Statute 9/1991 and those conferred by the Financial System Act or those rules that modify, add to, or replace them.

Paragraph. The functions referred to in this article and those set forth in the preceding article shall be exercised by the Board of Directors of the Banco de la Republica without overriding those functions conferred to the National Government by the Constitution and the law.

CHAPTER VI PROVISIONS COMMON TO THE TOPICS ABOVE

Article 18. Compliance with the acts of the Banco de la Republica. Without prejudice to their obligations to other individuals or companies, the financial institutions, the intermediaries for open market operations and the foreign exchange market intermediaries shall perform their duties in compliance with the legal actions of the Board of Directors of the Banco de la Republica as the monetary, foreign exchange and credit authority.

Article 19. Provision of information to the Banco de la Republica. When dealing with information other than that which normally must be supplied to the Banking Superintendency, the financial institutions and the intermediaries for operations on the open market and the foreign exchange market shall be obligated to furnish the Banco de la Republica with the general and specific information it requires of them about their operations as well as all data that would make it possible to estimate their financial situation. The Bank shall fulfill its duty to protect the confidentiality of this information.

Similarly, in order to fulfill its functions, the Banco de la Republica may require from other state agencies and departments the cooperation and the provision of information it deems necessary and they shall be required to provide it.

Article 20. New financial operations. In accordance with the provisions of article 118, point 2 of the Financial System Act, the Board of Directors of the Bank may require, through the Banking Superintendency, the suspension of new financial transactions carried out by institutions that are under the oversight of said Superintendency when those transactions are contrary to the monetary, foreign exchange or credit policies.

Article 21. Current bank interest rate and calculation of UPAC. The Board of Directors may request that the Banking Superintendent certify the current bank interest rate when this shall be necessary due to substantial market variations of the rate.

The Banco de la Republica shall calculate the values of the Unit of Constant Purchasing Power, UPAC (in Spanish) in legal tender monthly and, likewise, report this with the same frequency to the savings and loan corporations, for each day of the next calendar month based on the corresponding methodology.

CHAPTER VII RELATED ACTIVITIES

Article 22. Deposit of securities. The Banco de la Republica may manage a securities deposit in order to receive, under custody and management, the securities issued, guaranteed or managed by the Bank, and the securities, other than stock, that constitute mandatory or substitute investments issued by entities subject to the inspection and oversight of the Banking Superintendency.

Access to the service of securities deposit of the Banco de la Republica shall be granted to the entities that are subject to the inspection and oversight of the Banking Superintendency as well as to the people who own or manage (sic) the securities referred to in the preceding paragraph under the conditions established by the Board of Directors of the Banco de la Republica.

To fulfill the purposes set forth in this article, the Banco de la Republica may take part in companies organized to manage deposits or clearinghouses or computerized information systems of securities in the capital market.

Article 23. Opening of checking accounts. The Bank may open bank checking accounts or sign deposit contracts with public or private entities when necessary for them to carry out transactions with the Bank based on the assessment made by the Board of Directors.

The Board of Directors of the Bank shall have exclusive authority to determine the conditions applicable to the bank checking accounts and the deposits to which this article refers.

Article 24. Interbank clearing service. The Banco de la Republica may provide interbank clearinghouse services in accordance with the regulations that the Administrative Council determines for that purpose and subject to the regulations established by the Government.

Article 25. Precious metals. The Banco de la Republica is authorized to purchase, sell, process, certify, and export precious metals.

Without prejudice to the free competition set forth in article 13 of Statute 9/1991, the Banco de la Republica shall purchase gold from domestic producers in open and fair transactions.

The Board of Directors shall regulate the procedures employed by the Banco de la Republica to carry out these transactions.

Article 26. Culture-related functions. The Bank may continue the following cultural and scientific functions that it currently carries out. They are as follows:

The Gold Museum and the Luis Angel Arango Library with their music and visual arts sections. These activities include the cultural areas and the regional libraries that the Bank had at its branches under Statute 31/1992 as well as its collections of art, coins and stamps.

In addition, the Bank may continue the cultural activities corresponding to the support for studies abroad through the competitive scholarship program that was created prior to the enactment of Statute 31/1992.

The activities of cultural and scientific advancement that the foundations established with contributions given by the Bank may continue, but the Bank may not provide new contributions to these foundations.

Paragraph. The expenses to provide for the operations and the structure of the Bank necessary for the fulfillment of the cultural and scientific functions currently being developed shall be ordinary operating expenses of the Bank.

TITLE III MANAGEMENT AND ADMINISTRATION OF THE BANK

CHAPTER I MANAGEMENT AND ADMINISTRATIVE DEPARTMENTS OF THE BANK

Article 27. Basic principles. The management, administration, and internal control of the Banco de la Republica shall be exercised by those who are designated in the following articles and the measures and acts by means of which they are carried out shall comply with, along with others, the following principles:

- a) Monitor and maintain the purchasing power of the currency in accordance with the legal requirements contained in article 373 of the Constitution and Statute 31/1992;
- b) Preserve the institutional stability of the Bank as an essential element for ensuring the soundness and public confidence in the country's monetary system at both the national and international levels.
- c) Ensure that only those people with the highest qualifications and greatest ability for a post in the Banco de la Republica are placed in the respective positions of responsibility.
- d) Ensure that in the measures taken to carry out the activities of the Banco de la Republica, technical criteria prevail, especially those that correspond to the general policy of the central bank;
- e) Ensure that in the administrative, operational and internal control functions of the Bank's activities, the criteria of efficiency and risk prevention would prevail.

Article 28. Basic structure of the Bank. The basic structure through which the management and administration of the Bank are exercised consists of the Board of Directors, the Administrative Council, the Governor, and the Technical and Executive Directors.

The Secretary of the Board of Directors shall depend directly on the board itself and carry out advisory functions in the area of public law.

The Board of Directors shall decide on the functions of the Technical and Executive Directorships and when they consider it appropriate, they may decide that the Executive Director shall fulfill the functions of the Secretary of the Board of Directors.

Modified by Decree No. 2867/2001 (December 24)

CHAPTER II BOARD OF DIRECTORS

Article 29. Integration. In accordance with Article 372 of the Constitution, the Board of Directors shall be made up of seven (7) members as follows:

- a) The Minister of the Treasury and Public Credit, who shall preside:
- b) The Governor of the Bank, and
- c) Five (5) full-time board members appointed by the President of the Republic.

The members of the Board of Directors represent exclusively the general interest of the nation.

Article 30. Requirements. To be a full-time board member the following is required:

- a) Be Colombian and a citizen of legal age
- b) Have a professional degree
- c) Have held public or private positions with recognized efficiency and honesty. Have practiced his profession with good standing or have taught courses at a university. In either case, the periods added together shall be equivalent to a period of no less than ten (10) years in subjects related to the general economy, international commerce, currency, banking system, public or private finances, or economic law.

Article 31. On ineligibility to be a full-time member of the Board of Directors. The following cannot be members of the Board of Directors:

- a) Those who have been convicted at any time and sentenced to a prison term except for political offences or negligence;

- b) Those who have been penalized through dismissal by an inspection or security authority or for unethical conduct in the practice of their profession during the previous ten (10) years;

- c) Those that have double nationality excluding those who are Colombian by birth.

- d) Those who within the year prior to being appointed to the position have been legal representatives (with the exception of the regional or branch directors) of any institution that is subject to the inspection and oversight of either the Banking or Securities Superintendencies or stockholders of said institutions who held more than 10% of the issued share capital during the same period of time.

- e) Those who are related by marriage, permanent union, or blood relationship to the second degree of consanguinity, first degree of affinity or by first degree of civil or legal relationship to the other members of the Board of Directors or to the legal representatives –with the exception of regional or branch directors– or to members of the boards of directors of credit institutions.

Paragraph. The ineligibility set forth in clause d) of this article does not apply to those who have acted as a legal representative of the Banco de la Republica during the year prior to their selection.

Article 32. Regarding conflict of interests of the members of the Board of Directors. The members of the Board of Directors cannot:

- a) Practice their profession nor hold any other position during the period in which they are members of the board with the exception of teaching classes at a university;

- b) Sign contracts with the Bank for themselves or through an intermediary, or on behalf of another person nor transact business for themselves or others during their terms nor for a year after they have left their positions;
- c) At any time, be a party to issues that are private and specific in character resulting from actions they would have taken in the performance of their duties and in relationship to their positions;
- d) Participate in political campaigning or election activities during the period of their service on the board. This stipulation shall not interfere with the free exercise of the right to vote;
- e) Be legal representatives, directors or shareholders who hold more than 10% of the issued stock of any institution that is subject to the inspection and oversight of either the Banking or Securities Superintendencies during the period of their appointment;
- f) Those who have rightfully exercised the position of member of the Board cannot be legal representatives nor members of a board of directors –except of the Banco de la Republica itself– of any institution that is subject to the oversight of either the Banking or Securities Superintendencies until a year after stepping down from their position.
- g) The full-time members of the Board of Directors of the Banco de la Republica may not hold the positions of minister, director of a bureau, or ambassador during the period for which they were named. If they step down, this conflict of interest shall remain in effect for one (1) year after they have relinquished their position.

Subsection 1. The use of the goods or services that the Bank offers to the public or its officials or workers in equal conditions are not covered by the conflict of interest referred to in this article.

Subsection 2. The conflicts of interest set forth in clauses b) and e) of this article shall not apply to the Minister of the Treasury and Public Credit when, under his legal authority, he acts on behalf of the nation or when, based on this same mandate, he is required to be the legal representative or director of any institution that is subject to the oversight of the Banking or Securities Superintendencies.

Nor shall clause e) of the present article apply to the Governor of the Banco de la Republica with respect to his participation in the Board of Directors of the Financial Institution Guarantee Fund.

Article 33. Other duties, rights, and prohibitions of full-time members of the Board of Directors. What is set forth in Articles 6 to 10 of Decree 2400/1968 shall be applicable to the full-time members of the Board of Directors of the Bank notwithstanding what was established in Articles 30 and 31 of Statute 31/1992.

Article 34. Responsibilities of the Board of Directors. In addition to the powers established for it in the Constitution and in Statute 31/1992 as the monetary, foreign exchange and credit authority, the Board of Directors shall have the responsibility for the management and exercise of the Bank's functions in its capacity as the highest level agency in the government. For that, it shall have the following powers:

- a) Approve the financial balance sheet and income statement corresponding to the Bank's fiscal accounting period and the plan for setting aside reserves and distributing profits within, at the latest, the two (2) months following the close of the accounting period;
- b) Periodically review and approve the Bank's annual budget which is presented by the Governor for their consideration subject to the previously given opinion of the Fiscal Policy Board, Confis (in Spanish), with regard to the effect that the budget will have on public finances.
- c) Approve the establishment or closing of branches and agencies of the Bank in order to keep the system of payments as well as the performance other functions specific to the Bank operating appropriately subject to the study that the Bank management submits for that purpose;
- d) Issue their own regulations. In any case, it should be established in these regulations that the Board of Directors shall meet in session at least once a month. This was modified by Decree No. 1458/2004 (May 10)
- e) Appoint and dismiss the Governor in those cases spelled out in Article 32 of these Statutes and when he misses more than two (2) consecutive sessions of the Board of Directors without justification.
- f) Approve the basic organizational structure of the Bank that is not established in the current statutes;
- g) Have approval power for those nominated by the Governor to be the managers and assistant managers in the main office, the directors of branches and the secretary of the Board of Directors. Likewise, to choose, at the suggestion of the Governor, the person who should substitute for him during his temporary absences.
- h) Approve the suspension of all or some of the transactions with institutions that violate what is set forth in Article 18 of Statute 31/1992;

- i) Draw up the project of statutes and its subsequent reforms to be submitted to the government for review and approval;
- j) Approve the organizational structure of the auditing company as proposed by the Minister of Treasury and Public Credit which shall maintain cohesion and proportion with the Bank's structure and approve the annual budget for expenditures and investment of the auditing company with funds that shall be included in the Bank's annual budget;
- k) Provide the necessary resources for the Social Security Fund of the Bank to meet its obligations efficiently and safely. These resources shall be included in the annual budget of the Bank;
- l) Establish the general contracting system of the Bank;
- m) Authorize the signing of contracts with the government or other public entities;
- n) Provide a special system for the organization and operation of the Mint;
- ñ) Establish and set the rules for decision-making and policy advisory committees such as the Reserves, OMAS, and Credit Committees when appropriate and under the methods as provided;
- o) Grant to the full-time members of the Board of Directors and to the General Manager the licenses and permits provided for by law and authorize commissions within the nation or abroad for tasks assigned by the Board or for meetings that are of interest to the Bank;
- p) Exercise any other powers provided by the law and these statutes.

Article 35. Quorum and voting system. The Board of Directors may only hold meetings, have discussions and make decisions with the attendance of at least five (5) of its members, one of whom shall be the Minister of the Treasury and Public Credit who shall preside.

Board decisions may only be passed by the affirmative vote of at least four (4) of its members except in the case of approval of loans or guarantees for the State, which shall require the unanimity of all the members.

Article 36. Appointment and period of the members of the Board. The members of the Board of Directors of the Banco de la Republica other than the Minister of the Treasury and Public Credit and the Governor shall be appointed by the President of the Republic for terms of four (4) years (official starting date of terms determined by the date of the first Board meeting after these statutes went into effect) which shall be counted from the date of appointment to the Board. The members of the board shall serve staggered terms with at least two new members being appointed by the President for each 4-year session of the board within the first month of that session to ensure that each term of the board shall

have continuity from term to term in keeping with the mandate in Article 372 of the Constitution. The members shall be limited to no more than 3 consecutive terms starting from the effective date of Statute 31/1992.

Article 37. Absence by members of the Board. In the event that any member is unable to fulfill his term, the President shall appoint a replacement for the remainder of the term.

Death, accepted resignation, dismissal for cause and unauthorized absence from more than two (2) continuous sessions are considered as definitive absence.

In case of illness of a member of the Board, that member may request, or upon the motion of another member and its approval, the President shall appoint a replacement for the time deemed necessary.

Article 38. Dissenting opinion and clarification to vote. In the event that a decision of the Board is not unanimous, the member(s) who have opposed it may submit their dissenting opinion or clarify their vote in writing to the secretary no later than two (2) business days following the session has been verified, in which case, the report shall be included in the respective minutes.

When a member of the Board requests the publication of his dissenting opinion or clarification of vote, the Secretary of the Board will carry out the procedures necessary to include the submitted text in the Bank Journal. In any case, the publication shall include an outline of the topic, the majority and the minority opinions and be reviewed in advance by the Board and shall be published either in the Journal or in the Bulletin of editorial notes of the same journal as early as possible. If any member of the Board requests immediate publication of the dissenting opinion or clarification of vote, a press release shall be issued at the same time that the decision itself is published. This press release shall be reviewed in advance by the Board.

Article 39. Spokesperson of the Board. The issues discussed by the Board of Directors shall not be released to the public prior to the release of the Board's decision. Once the decision is made, the Chairman of the Board of Directors or the Director of the Bank as designated by the Board shall be the person authorized to give statements and make explanations that may be requested with regard to the decisions that have been made.

Nonetheless, the Board may decide that certain issues shall be explained through public statements previously made by either the Board or by the Director so appointed by the Board.

CHAPTER III

ORGANIZATION AND FUNCTIONS OF THE ADMINISTRATIVE COUNCIL.

Article 40. Organization. The Administrative Council of the Banco de la Republica shall consist of the five (5) full-time members of the Board of Directors.

The Governor and the Auditor shall attend the meetings of the Administrative Council as non voting members.

The Administrative Council shall have discretion invite other officers of the Bank or any people from outside the Bank to attend meetings. In the latter case, they shall be invited only for the purpose of addressing specific topics.

Article 41. Functions of the Administrative Council. The Administrative Council of the Banco de la Republica shall carry out, the following functions, along with others, as previously mandated by the Board of Directors:

- a) Formulate and adopt the general management and operating policies of the Bank;
- b) Determine the powers for contracting, management of costs and investments, and authorization for transfer or use of assets owned by the Bank;
- c) Determine, subject to these statutes, the structure of wage and benefit package for the employees of the Bank that are not included in the collective agreement as well as to set forth the standards and guidelines that the Bank must consider when making a decision about the list of petitions submitted by their workers;
- d) Study, approve, and implement special projects related to Bank operations;

- e) Order the printing of or request for banknotes specifying the number or series as well as the denomination and count of each;
- f) Establish the general policy on human resources that includes, among other items, the size of the payroll, the definition of ranks for the different categories of jobs, and the training and specializations of workers;
- g) Issue the substantive rules for the staff handbook of the Bank and approve any modifications thereto;
- h) Grant to the Managers or Assistant Managers at the Headquarters Office of the Bank the power to issue the necessary regulations for the prompt implementation of the legal and regulatory norms as well as the decisions made by the administrative staff of the Bank in their respective areas of competence;
- i) Create and oversee advisory and decision-making committees for the Management when appropriate and under the methods determined;
- j) Determine the signature system for the actions, contracts, securities, and documents that under its legal and contractual duties the Banco de la Republica shall sign, issue and promulgate;
- k) Issue its own regulations. In any case, the regulations shall stipulate that the Administrative Council must hold sessions at least once (1) a month;
- l) Approve the organization of the Social Security Fund of the Bank along with its statutes and amendments. Also, appoint both the Manager of the Social Security Fund and the members of its Board of Directors;
- m) Regulate the archival system for the documents and paperwork which are not affected by a predetermined period under Statute 31/1992;
- n) Establish the conditions under which the cultural and scientific activities are held subject to the annual budget approved by the Board of Directors;
- ñ) Determine the salary of the Minister of the Treasury and Public Credit for attending the meetings of the Board of Directors;
- o) Establish the general rules under which the Bank may provide financing to its officers and employees based on factors related to their regular work duties;
- p) Establish the criteria for, and based on this, set the rates that the Bank must charge for services rendered;
- q) Determine other functions as provided by Statute 31/1992 and these Statutes as well as those functions set forth by the Board of Directors with regard to the administration and operation of the Bank.

Article 42. Quorum and voting system. The Council may only hold meetings, have discussions and make decisions with the attendance of at least three (3) of its members.

The decisions may only be made by the affirmative vote of at least three (3) of its members.

CHAPTER IV GOVERNOR

Article 43. Term, requirements, disqualifications, and conflicts of interest. The Governor of the Bank shall be elected by the Board of Directors for a term of four (4) years and may be reelected for up to two (2) additional periods counted from the effective date of Statute 31/1992.

The Governor shall be required to meet the same requirements and shall be subject to the same disqualifications and conflicts of interest as provided for full-time members of the Board except in the cases set forth in the paragraph of Article 30 and the paragraph 2 in Article 31 of Statute 31/1992.

Article 44. Functions. In so far as there is no interference or conflict as a member of the Board of Directors, the Governor's duties shall include:

a) Act as legal representative of the Bank personally, and through subordinates, in accord with the guidelines set out by the Administrative Council. In the cases where permanent legal representation shall be required in specified areas, prior approval must be obtained from the Board.

b) Oversee the management of the Bank and, as its legal representative and administrator, personally and through subordinates implement the policies and programs of the Bank, approve the expenditures and investments within his purview as determined by the Board of Directors or if required by the Administrative Council and contingent on the budget as well as oversee other activities required of the Bank. The duties referred to in this item

may be exercised directly by the Governor or through those officials designated by him for that purpose;

c) Submit to Congress the reports referred to in Article 6 of these Statutes;

d) Submit to the Administrative Council for study and decision proposals to improve the management and operation of the Bank;

e) Carry out the representation legally assigned to him before international financial entities as well as the National Economic and Social Policy Council, Conpes (in Spanish), the Higher Foreign Trade Board and, with authorization of the Board of Directors, representation on other boards as required. For international representation, he may use the title of President, Governor, or Managing Director in accordance with the international standards;

f) Create, in those cases not under the authority of the Board of Directors or the Administrative Council, the necessary positions for the proper operations of the Bank as well as set forth their respective functions and remunerations;

g) Issue the regulations governing the various aspects to ensure the competence, ability, and confidence of the people who work as employees of the Bank;

h) Hire or lay off workers of the Bank;

i) Hire or lay off workers at the service of the Auditor upon previous agreement therewith;

j) Submit the annual Budget Plan of the Bank to the Board of Directors;

k) In concert with the Board exercise an autonomous and independent analysis to develop and report concepts and opinions concerning the behavior of the national economy. These functions shall be exercised by the Governor, primarily, through the Bank's journal;

l) Appoint any other officer of the Bank in those situations not under the authority of the Board of Directors or the Administrative Council;

m) Exercise any other duty as provided by both Statute 31/1992 and these Statutes.

Paragraph. The functions referred to in clauses f), g) and h) of this article shall be exercised based on the policies established by the Administrative Council for such cases.

Article 45. Delegation. The Governor may delegate duties to other officers as stated in clauses b), except for the management of the bank, h), i) and l) of the previous article.

TITLE IV
LABOR, BENEFITS AND SOCIAL SECURITY SYSTEM.

CHAPTER I
LABOR SYSTEM

Article 46. Nature of the Bank employees. The people who under conditions of labor subordination or exclusivity perform tasks specific to the Banco de la Republica or any function of the Bank as commissioned by the laws, decrees, and contracts in effect are employees at the service of the Bank and are classified into two categories as follows:

a) Excluding the Minister of the Treasury and Public Credit, the other members of the Board of Directors are public officers of the central bank and are hired as management staff.

The salary and benefit system for the public officers of the central bank shall be established by the President of the Republic;

b) The other employees of the Bank shall remain subject to the specific labor system established by Statute 31/1992, these Statutes, the internal labor regulations, the Collective Agreement, the work contracts and, in general, by the provisions of the Labor Code that do not contradict the special rules as set forth by that Statute and these Statutes.

The labor relationship between the Banco de la Republica and its employees shall continue to be contractual and governed by the Labor Code in conformity with the categories and singularities derived from their position as employees of the Banco de la Republica and which are spelled out in the employment rules in the Legal System of the Bank as described in these Statutes. The relationship between the Bank and its retired employees shall also continue to be regulated by the Labor Code in conformity with the categories and singularities as set forth in the abovementioned employment rules of the Bank.

Subsection 1. Preexisting retirement plans shall continue under current law for retired employees of those organizations managed by the Banco de la Republica on behalf (under the laws of and contracts with) of the National Government.

Subsection 2. The relevant authorities of the Bank shall not hire people who are related by marriage, permanent union or kinship within the fourth degree of consanguinity, second degree of affinity or first degree of civil relationship with any officer or employee of the Bank.

Article 47. Essential public service. In accordance with article 39 of Statute 31/1992 and for the purposes set forth in article 56 of the Constitution, the services provided by the Central Bank are regarded as an essential public service.

Article 48. Special category and applicable labor system. As provided by the Labor Code, all officers and employees of the Banco de la Republica shall continue to merit security clearance.

Consequently, the employee benefits for such workers and, in general, all legal relationships arising from the work contracts shall be determined by those rules of the abovementioned Code that do not contradict the special rules established by Statute 31/1992, these Statutes, the Internal Labor Regulations and the Collective Agreement. To this end, their special status as employee with security clearance as provided by Statute 31/1992 shall be taken into account for this purpose and shall also affect the application of the rules of the Labor Code. Public officials of the Central Bank shall be subject to the special provisions issued by the national government to that effect.

Notwithstanding the provisions of Statute 31/1992, the employees of the Banco de la Republica referred to in clause b) of Article 46 of these Statutes are not subject to the rules that regulate the labor relations of other government employees.

Article 49. Accumulation of terms served. Notwithstanding the provisions of article 7 of Statute 71/1988, for the purposes of determining the full legal retirement pension, the period of time employed at the Bank shall be totaled with other types of public service to the Nation, the Departments, Districts, Municipalities, decentralized entities and any company or government institution in which the government has a controlling interest.

Article 50. Obligation of Confidentiality. Under the provisions of the paragraph in article 54 of Statute 31/1992 any person employed by either the Bank or the Auditor is obligated to maintain the confidentiality of the information, organization and operations of the Bank.

CHAPTER II
INELIGIBILITY AND CONFLICTS OF INTEREST OF WORKERS

Article 51. Ineligibility. No one who is under any of the following disqualifications shall be hired by the Banco de la Republica:

1. Those that are married to or live in permanent union with any officer or employee of the Bank.

2. Those with family relationship to the fourth degree of consanguinity, second degree of affinity or first degree at the civil level with any officer or employee of the Bank.

Article 52. Conflict of interest. The following conflicts of interest apply to all Bank employees:

1. They shall not, in the discharge of their functions or within one year after their separation, sign on their own behalf or through third parties any contract with the Bank or do business with the Bank on their own or anyone else's behalf. The exception to this prohibition covers all acts and contracts that necessarily arise from their work requirements. It also shall not apply in cases of the use of services that the Bank provides to the public under conditions common for anyone upon request.

2. They may not, at any time, get involved in confidential and private matters of which they had knowledge during the performance of their duties and in relation to their positions.

Article 53. Exclusive commitment. The Bank's employees are obligated to provide their services exclusively to the Bank and, therefore, not allowed to accept any other compensated employment during their employment with the Bank. The exception shall be educational activities that, upon prior approval from the Bank, the employees may undertake and which shall not, in any case, exceed a single course with a maximum of five hours per week.

Article 54. Ban on receiving other payments. No employee or retired employee of the Bank may receive any salary, wages, or any other remuneration for services rendered to the nation and its decentralized entities or to the territorial entities and their decentralized entities apart from the exceptional cases referred to in Statute 04/1992 and its related provisions as well as in Statute 31/1992.

CHAPTER III SALARY AND FRINGE BENEFIT SYSTEM

Article 55. Salary and fringe benefit system. The salary and benefit system in effect for the current and retired employees of the Bank may not be modified to the recipients' detriment as a result of the application of the provisions of both Statute 31/1992 and these Statutes.

Article 56. Conciliation. Any dispute that arises between a current or former employee of the Bank and the Bank as employer, as long as it refers to uncertain and debatable rights, may be referred to arbitration.

CHAPTER IV SOCIAL SECURITY

Article 57. Social Security Fund. The Banco de la Republica, with the approval of its Administrative Board may reorganize its existing Social Security Fund in order to meet through it, totally or in part, the legal, regulatory, and contractual obligations that the entity has or acquires in the area of social security with respect to its employees or retired personnel and develop programs that foster their health, education, and social, cultural, and recreational well-being.

Once the Social Security Fund is reorganized, it shall be a quasi-public corporation connected to the Banco de la Republica. Its acts and contracts shall be governed by private law and it will enjoy the same benefits set forth in item 1 of article 57 in Statute 31/1992.

Article 58. Agreements between the Banco de la Republica and the Institute of Social Security. The Banco de la Republica's Social Security Fund may completely take on the entire employee benefit system on behalf of their officials, employees, and retired personnel including risks covered and benefits currently granted by the Institute of Social Security. In this event, the Bank is authorized by Article 44, Statute 31/1992 to negotiate an agreement with the Institute of Social Security regarding all of the obligations that the acceptance of transfer and payment of benefits from one entity to another as well as the refund of contributions implies. In the event that the Bank's Social Security Fund or the Bank itself takes on responsibility for the risks and benefits currently granted by the Institute of Social Security, the employees and retired personnel shall be required to contribute to the Bank's Social Security Fund an amount that is at least equal to the value of the contributions that the employee or retired employee without prejudice to the regulations in effect or to the agreement with the Institute of Social Security would have paid the Institute of Social Security or the entity that plays the same role if they had been affiliated with them.

TITLE V
FINANCIAL AND ACCOUNTING SYSTEM

CHAPTER I
EQUITY

Article 59. Equity. The equity of the Banco de la Republica shall consist of its capital, the Monetary and Exchange Rate Stabilization Reserve, the rest of the reserves authorized in these statutes as well as of the surplus accounts, the account for earnings from previous periods and the account for earnings from the period.

The Bank's starting capital shall be the sum of \$153,881,200 which is equivalent to the value of the shares that will be ceded to the Bank upon the enactment of article 62 Statute 31/1992.

Article 60. Monetary and Exchange Rate Stabilization Reserve. The Board of Directors shall establish and fund a Monetary and Exchange Rate Stabilization Reserve. The purpose of this reserve shall be to absorb losses the Bank may have before turning to the pertinent appropriations established in the general national budget. This reserve shall be established with sufficient funds in accordance with the projected losses for the next two periods the Bank budget provides for.

Article 61. Other reserves. In addition to the reserve anticipated in the previous article, the Bank shall establish the following:

1. Reserve for Reacquiring Shares. This shall be created using resources from the Reserve for the Acquisition of Assets up to the amount necessary to carry out the divestiture of shares that is covered in Article 62 of Statute 31/1992.

2. Foreign Exchange Result Reserve. Starting on the 1st of January, 1994, the differences in value of the daily purchase-sale transactions of foreign currency on the foreign exchange market in comparison to the market price each day constitute Bank income or expenses depending on the case. However, at the end of each accounting period, any income thus derived shall be deposited in the foreign exchange result reserve. This reserve may be

allocated to cover losses that the Bank may incur in its daily purchases and sales of foreign currency.

3. Currency Fluctuation Reserve. This shall consist of that part of the profit from each accounting period corresponding to the highest net value of the assets and liabilities the Bank has in foreign currency resulting from the variations in foreign exchange that occurred between the US dollar and the rest of the currencies in which these were denominated whenever a profit occurred in the respective accounting period. When the currency fluctuations generate a negative net result at the end of the accounting period, this may be covered by this reserve.

4. Asset Protection Reserves. This shall consist of the part of the profit from each fiscal period as determined by the Board of Directors to guard against possible risks and lost assets that are specifically ascertainable and that, according to the accounting rules, should not be provided.

Paragraph. The current balance of the legal reserve and of the equity revaluation account shall be allocated to increasing the Bank's initial capital account. The current amount of the statutory reserves shall be allocated to increasing the Monetary Stabilization and Foreign Exchange Reserve with the exception of the general portfolio reserve that shall be allocated to the asset protection reserve.

CHAPTER II

ACCOUNTING PERIOD, FINANCIAL STATEMENTS, RESERVES, PROFITS AND LOSSES

Article 62.

Accounting period and financial statements. Banco de la Republica shall close out its books at least once a year on the thirty-first of December and in determining the profit or loss and drawing up the financial statements, it shall follow, at least, the following rules:

1. Income and expenditures of the Bank shall consist of:

- a) Those derived from the purchase, sale, investment, and management of the international reserves and from the purchase and sale of gold alloyed precious metals.
- b) All income and expenditure activities that are specific to the central bank. These include the ones derived from the Open Market transactions and the minting and printing of monetary currency. The difference between the face value of the metal money issued and its production cost shall be registered on the Bank's income statement;
- c) All income and expenditures from its industrial and cultural activities;
- d) Outlays on personnel, maintenance, overhead, and others for operations and investment for carrying out the Bank's activities.
- e) The returns on Treasury bills issued by the government to pay the nation's internal debt with the Banco de la Republica. In that case, the service for said securities shall be covered in a timely fashion using funds from the national budget and shall not be guaranteed by the Bank.
- f) All other income and expenditures proper to its existence as a legal entity

2. The Banco de la Republica shall identify both financially and for accounting purposes the income and expenses that correspond to their main activities through appropriate systems such as the establishment of cost centers or their separation by areas of responsibility. To this end, the following shall be considered the main activities:

- a) monetary transactions;
- b) loan operations;
- c) foreign exchange operations;
- d) purchase and sales of precious metals;
- e) cultural activities;
- f) industrial activities;
- g) banking activities.

At the end of each economic accounting period, the Governor shall present a general balance and profit and loss statement to the Board of Directors in which the total income, costs, and expenditures of the Bank shall be included. The general balance and the income statement duly approved by the Board of Directors and authorized by the Banking

Superintendency shall be published in a widely circulated national journal and within the month following the date of said approval. It shall include the following: a report on the income, costs, expenditures and net income for each one of the abovementioned activities; an attached document in which the net effect of the services to the national government are consolidated in order to prevent these from generating losses; and an attached document in which the profit or loss from the management of the international reserves is reported.

3. No expenditure may be made unless resources are provided for by/ in the budget as approved by the Board of Directors for any given period at the initiative of the Governor.

Once the budget is approved, it shall constitute the instrument for administrative management of expenditures that the Banco de la Republica shall use for the corresponding period.

The Governor shall approve any adjustments that are necessary for the different items that the cost center is composed of within the overall quantities that the Board of Directors has approved.

The Board of Directors shall approve the adjustments and transfers that are necessary within the overall quantities approved for the different cost centers.

4. The international reserves shall be recorded at the market rate. An exchange rate adjustment for the international reserves caused by the devaluation of the exchange rate for the peso with respect to the United States Dollar shall be entered on the books as a surplus. The exchange rate adjustment from revaluation shall be applied to this surplus.

Nevertheless, the variations in the value of the assets and liabilities in foreign currency, including those that constitute the international reserves, generated by changes in the prices or foreign exchange rate difference between the United States Dollar and the currencies that are represented in said accounts shall constitute income and expenses of the Bank.

5. The Bank shall not be subject to laws that are issued with respect to readjustments in historical costs.

6. The non-monetary assets of the Bank may not exceed the total equity including the surplus from the liquidation of the Special Foreign Exchange Account after deducting the surplus from the foreign exchange adjustment and non-monetary liabilities.

Paragraph. With respect to what was stated above in this Article, the earnings to be transferred or the losses that the government is responsible for are defined as the result of subtracting both the outlays including depreciation and expenditures allocated to cover the Bank's ongoing operations and their investment for carrying out their cultural and scientific functions from the income.

"Paragraph 2. The Banco de la Republica shall seek to adopt internationally accepted accounting principles and standards provided that the same do not conflict with what has been established by law, especially Statute 31/1992 nor with the accounting rules that the Banking Superintendency has issued."

"Paragraph 3. Subject to what is set forth in Article 74 of this decree, the Banco de la Republica shall contract outside auditors whose reputation is internationally recognized to audit their financial statements.

Paragraphs 2 and 3 were added to article 62 by Decree 1458/2004 (May 10).

Article 63. Earnings, losses, and transfers that are the responsibility of the national government. Once the reserves are appropriated as set forth in the previous articles, the remainder of the Banco de la Republica's earnings shall belong to the nation. Losses for the accounting period shall be covered by the general national budget provided that they cannot be covered by the Monetary Stabilization and Foreign Exchange Reserve.

The profits of the Banco de la Republica may not be distributed or transferred to the nation if the losses from previous fiscal periods have not been totally covered.

In any case, the net profit/loss of the Banco de la Republica's operations shall be projected annually and this shall be incorporated into the annual budget law. The profit the Banco de la Republica is projected to receive shall be incorporated into the income budget. Likewise, the necessary appropriations shall be made in case a deficit is predicted at the Banco de la

Republica if and when such occurs and for accumulated losses from previous accounting periods.

The payment of earnings or losses whichever may be the case shall be made in cash within the first quarter of each year in compliance with what is set forth in clause e) article 27 of Statute 31/1992.

TITLE VI ACTS AND CONTRACTS SYSTEM

Article 64. On the decisions of the Board of Directors. The decisions of the Board of Directors shall be adopted as acts of general or specific character depending on the nature of the public function being exercised. Such acts must be signed by the President and the Secretary of the Board and shall be communicated and notified in accordance with the type of decision contained therein. All other decisions shall be governed by the rules of private law.

CHAPTER I CONTRACTS WITH PUBLIC ENTITIES AND PROCEDURES RELATED TO ADMINISTRATIVE ACTS

Article 65. Procedures related to administrative acts. The Banco de la Republica is subject to the following rules in procedures related to acts that are administrative in character:

- a) The acts that are general in nature shall be published in the bulletin authorized by the Board of Directors for this purpose;
- b) The actions that are based on a specific reason are to be carried out immediately and shall be reported as provided by the Administrative Code and the legal recourse shall be granted under the devolutive effect of the appeal.

Article 66. Contract system with public entities. The contracts entered into by the Bank with any public entity are inter-administrative in character and their legality shall only require the signatures of the parties and the registration of the budget on the part of the contractor.

Article 67. Contracts with third parties. The contracts signed by the Banco de la Republica with third parties on its own behalf and those the Bank agreed upon in order to carry out or comply with other contracts signed with public entities, shall conform to the contract requirements of the Bank itself, or, in the cases not specified by the latter, to the common rules of private law.

CHAPTER II
OPERATIONS AND ORDINARY CONTRACT SYSTEM

Article 68. Contract system. The credit, discount, and rediscount operations shall be documented by securities and in all cases shall always be the responsibility of the discounted or rediscounted institution. To that end, the authorized endorsement to the Banco de la Republica of the discounted or rediscounted securities does not void the obligations of the credit institution.

The Bank may not authorize any overdraft nor grant revolving loans or credits of undetermined amounts.

In addition to the provisions of this article, the discount and rediscount contracts signed with the Banco de la Republica shall be governed by the rules issued by the Board of Directors and, in the cases not covered by them, the rules of the Commercial Code shall apply.

All other contracts signed by the Banco de la Republica, other than those provided for in these Statutes, shall be subject to private law.

In the event that the Bank signs international commercial or financial contracts that cause it to be subject to foreign law or courts, it shall locate its foreign headquarters and agents for the purpose.

Article 69. Nature of the securities of the Banco de la Republica. The securities that, under the authorization of the Board of Directors of the Bank, are issued in order to regulate the money or the foreign exchange markets shall maintain the character of securities and, therefore, shall be considered as listed with the National Superintendency of Securities as well as the Stock Exchanges and their public offerings shall not require approval from any other authority.

Such securities shall be governed by the general provisions issued by the Board of Directors and, in cases not covered by them, the provisions contained in the Commercial Code shall apply.

TITLE VII INSPECTION, OVERSIGHT AND CONTROL

CHAPTER I INSPECTION AND OVERSIGHT

Article 70. Inspection and oversight. The inspection and oversight of the Banco de la Republica, granted to the President by the Constitution, shall be exercised by the Banking Superintendent in accordance with Decree 239/1993.

CHAPTER II CONTROL OVER THE BANK

Article 71. Control. The function of control over the Banco de la Republica, granted by the Constitution to the President, shall be exercised by the Auditor.

Article 72. Qualifications to be auditor. To hold office as Auditor of the Banco de la Republica the candidate is required to be Colombian by birth and an adult citizen, be over thirty (30) years of age, be a certified public accountant (CPA) and hold a university degree or postgraduate degree in the fields of economics or administration, certify proven experience as either a university professor in accounting or as a professional in the financial sector for a period of not less than five (5) years, and certify the additional qualifications required by law.

Paragraph. No one shall be appointed to the position of Auditor of the Banco del la Republica if they are currently or were a management employee of the Bank or a member of the Board of Directors of the Bank for a year immediately preceding the appointment. Neither may individuals be appointed who are within the fourth degree of consanguinity, second degree of affinity, and first degree of civil or legal relationship with respect to the members of the Board of Directors. Likewise, the Auditor shall be subject to the same ineligibility and conflict of interest rules as established for the members of the Board of Directors of the Bank.

Article 73. Appointment. The Auditor shall be appointed by and serve at the pleasure and sole discretion of the President.

The salary of the Auditor shall be determined by the Board of Directors, which shall not exceed that earned by the full-time members of the Board.

In case of temporary absence, the Auditor shall appoint a replacement from among the officials of the Auditing Office subject to prior authorization by the Minister of the Treasury and Public Credit.

Article 74. Functions of the auditor. The Auditor to the Banco de la Republica shall discharge the following functions:

- a) Certify the financial statements of the Bank;
- b) Provide oversight on the management and monitor the outcome of the Bank's work;
- c) Ensure the Bank's operations are in conformity to the legal and statutory requirements as well as to the corresponding decisions of the Board of Directors and the Administrative Council, the General Management, and the regulations of the Bank;
- d) Ensure that the Bank's accounting and the Acts of the Board of Directors and the Administration Council are recorded regularly and in accordance with the law as well as that both the correspondence and the records of operations in the accounts of the Bank are properly archived;
- e) Submit to the President and to the Board of Directors an annual report on the work undertaken and the general plans programmed for the following year;
- f) Ensure that the conservation and security measures for the protection of the assets of the entity and those it holds under custody or under any other title are undertaken in a timely manner;
- g) Apply, in their control and verification procedures, the auditing standards that are generally accepted and ensure the compliance with the accounting rules and principles;
- h) Comply with other duties and responsibilities established by the Tax Auditor by the Commercial Code;
- i) Exercise the functions of Tax Auditor for the Social Security Fund of the Bank;

j) Comply with other duties that, based on the nature of the entity, are his responsibility under Statute 31/1992 and these Statutes.

k) Carry out the audit of the Oil Stabilization Fund managed by the Banco de la Republica based on the provisions of Act 209/1995.

k) of Article 74 was amended by Decree 1237/1997 (May 8).

TITLE VIII GENERAL PROVISIONS

Article 75. Confidentiality of documents. Documents regarding the general direction with respect to actions and decisions in addition to those dealing with monetary, foreign exchange and credit authority adopted by the Board of Directors are not considered confidential and may be issued for publication.

All other documents produced by the Bank are confidential in nature and shall be subject to confidentiality restrictions as provided for in Article 15 of the Constitution.

Notwithstanding the above, the work documents which have served as support for the decisions made by the Board of Directors in its capacity as monetary, foreign exchange and credit authority shall be accessible to the public unless, for reasons of general interest to the national economy in the opinion of the Board, they must be kept confidential, in which case the confidentiality shall not exceed three (3) years from the date the documents were prepared.

Article 76. Preservation of documents. The Bank is required to archive, for a minimum period of six (6) years, its books, forms, and other accounting documents as well as any correspondence received or sent. Within this period, the Bank may destroy the original documents after they have been microfilmed or when through the use of any other proper technical means their exact replication is guaranteed. The exception shall apply in the case of public documents which state the decisions, regulations, and actions of the bank as the monetary, foreign exchange and credit authority as well as in the case of contracts signed with entities subject to the public law, either national or international.

The period shall run from the date of the last entry made based on the documents or from the date on which the period has been extended as appropriate.

The archiving of other documents not included in the preceding items shall be regulated by the Bank.

The public documents may be submitted to the General Archives of the Nation.

Article 77. Security organization of the Banco de la Republica. In accordance with the special nature and oversight of the functions it must comply with under the provisions of the Constitution, Statute 31/1992 and as well as other special provisions, the Banco de la Republica shall have its own security organization. The main objective of this system shall be the comprehensive protection of the agencies and securities of the Bank and shall receive the support required from the military, police, and authorities in general.

The staff of the security organization shall not be subject to the regulations governing private security companies or similar organizations and their uniforms, badges, weapons and other required items shall also be exclusive and must be registered with the Ministry of National Defense.

The Bank shall coordinate with the Ministry of Communications for the use of the required communication frequencies and with the Ministry of National Defense for the Bank's radio repeater equipment to be located at its facilities. The operation of this equipment may also be contracted with public or private telecommunications networks.

Article 78. Security functions. The security organization shall be organized within the Bank's administrative structure under the responsibility of a Deputy and shall be equipped with special vehicles and mechanisms for security and communications of its own, provided by the Military and Police, or contracted with third parties.

The security organization shall be responsible for the following functions:

1. Surveillance, control of access and areas around the facilities of the Bank, bodyguard service, direct observation coverage, immediate support, and the supervision of the mechanical, sound, visual, and electronic security systems.
2. The design, maintenance, operation, and supervision of the mechanical, sound, visual, and electronic security systems.
3. The transportation of securities and, by extension, the necessary vehicular assets.

4. The special investigations and the monitoring of criminal cases as well as those legal actions advanced by the oversight and control state agencies as a result of legal procedures arising from the actions aforementioned or those that may entail criminal consequences and in which the Bank has an interest.
5. The coordination with national and international entities specialized in the control and criminal investigation of activities that are of interest to the Bank such as the efforts against currency counterfeiting.
6. Any other function as provided by the Board of Directors of the Bank.

Article 79. Special investigations. The Banco de la Republica may contribute in advance to bring to light illicit acts that affect the entity or interfere with their compliance with its constitutional, legal, and statutory functions. In such cases, the evidence gathered shall be presented to the Attorney General's Office or other judicial or administrative authority, as appropriate, in order to be admitted and considered as evidence in the legal proceedings for which it is required.

Article 80. Taxation and other rights. The Bank shall be exempt from the stamp, income and other taxes.

The obligations on its behalf shall possess the right provided for in Paragraph six, Subsection 10 of Article 300 of the Implementing Act of the Financial System.

Subsection 2: This Decree shall take effect from the date of publication. Once published it shall be considered law and shall be enforced as such.

Signed in Santafe de Bogota, D. C. on December 14, 1993.

CESAR GAVIRIA TRUJILLO

The Deputy Minister of the Treasury and Public Credit in charge of the functions of the Office of the Minister of the Treasury and Public Credit,

HECTOR JOSE CADENA CLAVIJO.