

## **New mechanisms to submit information to the Colombian Central Bank in connection with compensation accounts abroad of Colombian entities**

**By María Paula Valdés de Cubides**

Pursuant to External Circular DCIN – 83 dated December 16, 2004 issued by the Board of Directors of the Colombian Central Bank, holders of compensation accounts are obliged to register and inform, by electronic means, the movements of such accounts.

To this effect, these holders or their representative must firstly accept the terms and conditions established by the Central Bank to use the electronic services offered by this entity. This execution may be made through the Web page <http://www.banrep.gov.co>, “*Servicios Electrónicos de Cambios Internacionales*”, option “*suscribir acuerdo*”.

In second place, the holders of these accounts must appoint a manager user “*usuario administrador*” to transmit the information, create, consult and cancel the persons authorized to manage these accounts on behalf of the holder.

The Central Bank will assign a code and a password to each user which serve to identify them for purposes of their transactions.

The user managers of these current compensation accounts must, amongst others, transmit, by electronic means, the information contained in the exchange forms, the movements in the accounts, as well as any amendments, corrections and clarifications regarding these accounts. Thus, exchange forms number 9 and number 10 must be transmitted to the Exchange Department of the Central Bank by electronic means.

The information must be transmitted in working days between 7:00 a.m. and 9:00 p.m.

The Central Bank will answer in a PDF format with a 13-digit number appearing in the Exchange forms sent.

The user will have to print, execute and keep the report issued by the Central Bank as evidence of the information sent to this entity.

It should be noted that the obligation to inform the Central Bank about the movements of the current compensation account on a monthly basis must be complied with regardless of the absence of transactions involving such

account and regardless of the fact that the transactions made correspond to the free market (i.e. those transactions in which foreign currencies don't necessarily have to be channeled through Colombian exchange intermediaries – Colombian financial institutions).

On the other part, it is worth noting that exchange forms corresponding to foreign indebtedness transactions (exchange form number 3) and foreign investments transactions (exchange form number 4) corresponding to exchange codes 4030 (foreign investment in portfolio), 4035 (direct foreign investment – sectors other than oil and mining), 4040 (supplementary investment to the capital – sectors other than oil and mining), 4565 (non-perfected foreign investments) and 4580 (direct Colombian investments abroad) must be transmitted, by electronic means, before the transmission of the information on the movements of the current compensation account.

Exchange forms corresponding to other exchange codes (different than the afore mentioned) do not have to be sent to the Central Bank, but must be kept in case the relevant authority requests them.

Should the users of compensation accounts have no means to send the information electronically, they will not be able to register their compensation accounts and thus will necessarily have to carry out their exchange transactions through the intermediaries of the exchange market.

As from January 1, 2005, the holders of compensation accounts that have been duly registered but are not able to transmit the information to the Central Bank by electronic means, must request the cancellation of the relevant compensation account. To this effect, they must file exchange form number 10 requesting the cancellation of the registry during the month of February 2005.