

In order to comply fully with this assignment, the Board of Directors was authorised to study and adopt measures that regulate the monetary base and the liquidity of the financial market, as well as to ensure the normal functioning of internal and external payments of the economy.

The Law specifically empowered the Board with the following functions:

- To fix and regulate the cash reserves of different types of credit institutions.
- To regulate interbank credit destined to meet the temporary liquidity requirements of credit institutions.
- To fix the interest rate limits of credit institutions and establish maximum limits on the growth of their credit operations, when circumstances require and on a temporary basis (for a maximum of 120 days in any given year). These restrictions ensure that it is the market that ultimately defines these variables.
- To establish the methodology for the determination of legal currency values of Units of Constant Purchasing Power (UCPP), ensuring that this also reflects interest rate movements in the economy.
- To decide the Banco de la República's intervention in the foreign exchange market as a buyer or seller of currencies.
- To determine management policy with respect to the exchange rate, which should contribute to preserving the currency's purchasing power.