Implementation / Temporary liquidity support (ATL)

Last modified Thursday the 25th of April, 2024

To comply with the constitutional mandates, the Congress issued Law 31 of 1992, entrusting the Board of Directors of *Banco de la República* (BDBR) with the task of determining the conditions under which temporary liquidity support (ATL in Spanish) resources are provided, but setting the following specific limits (articles 12 and 52):

- They must be in the form of a discount or rediscount contract under the conditions determined by the Board of Directors; that is, they may not involve credit in the strict sense of the term nor capital contributions.
- They must be instrumented with credit securities.
- The endorsement in ownership to Banrep of the discounted or rediscounted securities does not extinguish the obligations of the credit institution (CI).
- *Banco de la República* may not authorize overdrafts or grant revolving credits or credits of an undetermined amount.

In addition to the above, ATLs have the following general characteristics:

- The credit institutions that make use of the funds must certify during the term of the operation that they are solvent.
- **Cost:** interest rate equivalent to the rate charged on a temporary expansion window of open market operations plus 375 basis points.
- **Term:** initial maximum term of thirty (30) calendar days, extendable at the request of the credit institution until completing one hundred and eighty (180) calendar days.
- **Eligible securities:** Public debt instruments, private debt instruments of domestic issuers, private debt instruments of foreign issuers, and securities from credit transactions.
- During the term of the operation, the credit institution requesting the funds will be subject to certain restrictions related to the increase of its active operations.

In general, an ATL has the following stages:

Access


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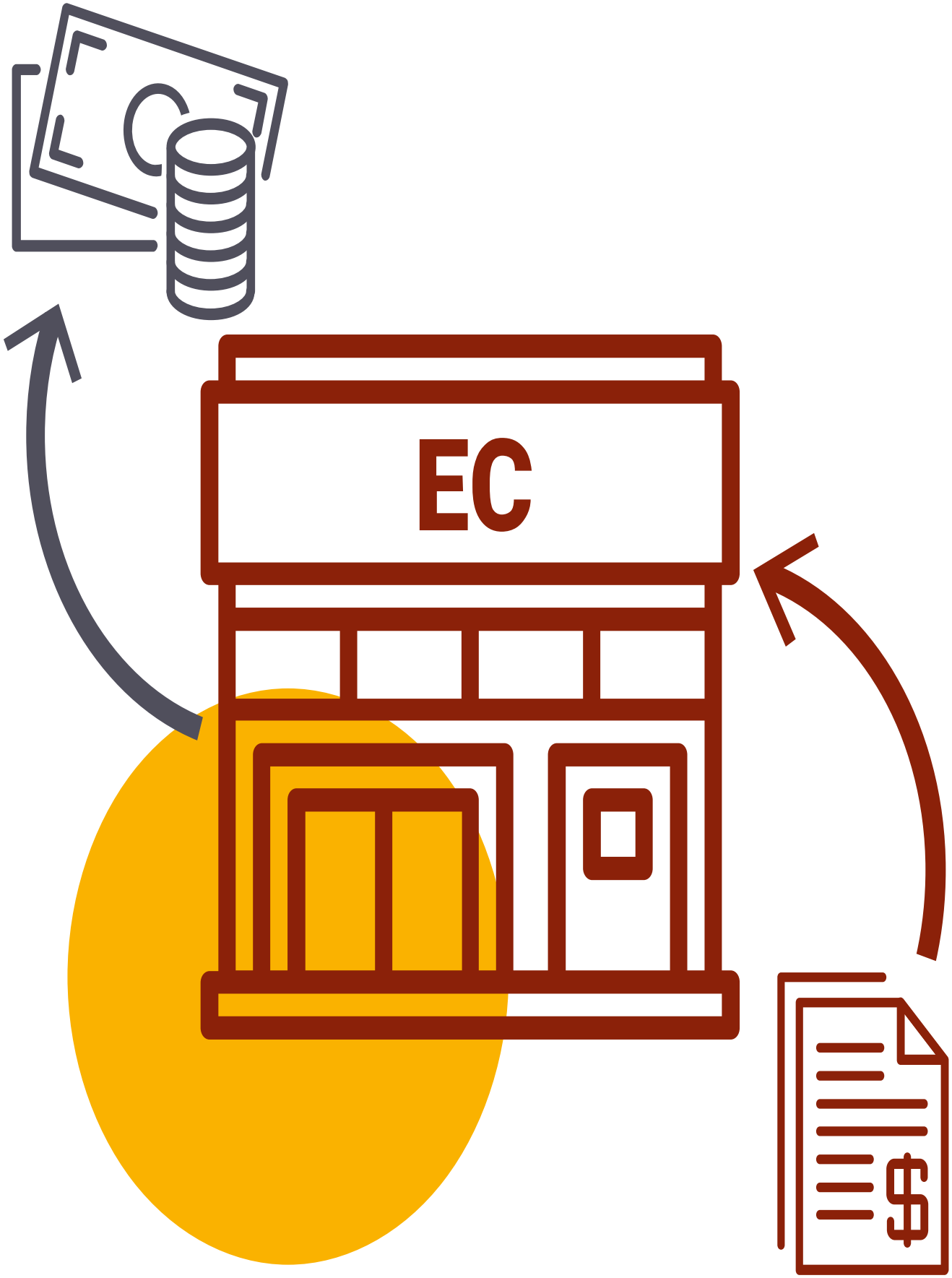
- Request for access by the CI
- Review of documentation and access requirements
- Validation of eligibility criteria for securities
- Valuation of securities instrumenting the transaction
- Transfer of securities instrumenting the transaction
- Disbursement of resources

Maintenance



- Verification of information reported by the CI.
- Controls on active operations
- Validation of eligibility criteria for securities
- Valuation of securities
- Update of data from the CI
- Substitution of securities and margin calls
- Requests for extensions and increase in the amount.

Cancellation or prepayment


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- Mandatory or voluntary prepayment, or voluntary, automatic, or mandatory cancellation
- Collection of ATL resources (interest + principal)
- Return of securities

Fuente: https://www.banrep.gov.co/en/financial-stability/implementation-temporary-liquidity-support-atl