

---

*Banco de la República* (the Central Bank of Colombia) has access to the Federal Reserve Repurchase Agreement (Repo) Facility (FIMA), which is an instrument that facilitates access to immediate liquidity if required under extreme circumstances. In these transactions, FIMA account holders (central banks and other international monetary authorities with accounts at the Federal Reserve Bank of New York) exchange their U.S. treasury bonds held at the Fed for U.S. dollars, with a commitment to repurchase the securities the following day, along with interest. The main benefit for Banco de la República to access the FIMA facility is to have liquidity in U.S. dollars without having to definitively sell the assets of the foreign reserves portfolio, which mitigates liquidity and market risk. Banco de la República would only use this facility in the event that, having decided to sell dollars in the spot market, the Treasury securities market shows very low liquidity at that time.

Additionally, starting in June of this year, Banco de la República has been granted access to liquidity facilities from the Bank for International Settlements (BIS), which complement the availability of external liquidity from foreign reserves. Under these facilities, central banks' investments with the BIS serve as collateral for the supply of liquidity by the BIS. In this regard, Banco de la República could have contingent and immediate liquidity without having to sell the assets of the foreign reserves portfolios invested in BIS instruments. This could be useful, especially in extreme circumstances of low liquidity in global fixed income markets or episodes of high-risk aversion. In particular, in June of this year, the BIS provided Banco de la República with two uncommitted liquidity facilities<sup>1</sup> for a total amount of USD 1,000 million, which would only and exceptionally be used in extreme market situations. In this regard, *Banco de la República* considers these facilities as precautionary lines that complement the availability of external liquidity from foreign reserves.

---

<sup>1</sup> The BIS reserves the right to approve or reject requests for access to the lines and to disburse the facilities. The BIS will consider each central bank's request for access to the lines and, if requested, for the disbursement of the facilities.