Must reads

Law 31 of 1992 Decree 2520 of 1993 Resolución Interna 6 de 2015 "Por la cual se reglamenta el Comité de Reservas Internacionales, se crea y reglamenta el Comité Operativo de las Reservas Internacionales, y se establecen otras condiciones..."

The Political Constitution of Colombia[1],Law 31 of 1992 and Decree 2520 of 1993(Bylaws of *Banco de la República* (the Central Bank of Colombia) establish the regulations to which the Bank must adhere to comply with its central banking functions, including the management of foreign reserves.

In Chapter IV of Law 31 of 1992, dedicated to foreign reserves management and attributions in international matters, Article 14 states that "*Banco de la República* (the Central Bank of Colombia) shall manage foreign reserves in the public interest, for the benefit of the national economy, and in order to facilitate the country's payments abroad. Management includes the administration, investment, custody, and utilization of reserve assets." In addition, the law defines that these reserves must be managed following the criteria for security, liquidity, and return in assets denominated in freely convertible reserve currency or gold. On the other hand, it establishes that the Board of Directors of *Banco de la República* (the Central Bank of Colombia) (BDBR) is the body empowered to: "make contributions to international financial organizations from reserves, provided that such contributions also constitute reserve assets […] carry out risk hedging transactions [and] contract non-monetizable balance of payments credits," among others.

At *Banco de la República* (the Central Bank of Colombia), the main decision-making bodies for the management of reserves are the Foreign Reserves Committee and the Foreign Reserves Operational Committee. Exercising its legal and statutory powers, the BDBR issued Internal Resolution 06 of 2015 (Only in Spanish), which replaced Resolution 02 of 2001, which regulates the objectives, functions, and responsibilities of the Foreign Reserves Committee and creating the Foreign Reserves Operational Committee. On the one hand, the Foreign Reserves Committee is responsible for establishing the objectives, principles, and general policies for reserve management. It meets at least every two months, is chaired by the Governor of the Central Bank, and is attended by all full-time members of the BDBR and the Minister of Finance and Public Credit (or his/her delegate). On the other hand, the Foreign Reserves Operational Committee is responsible for monitoring and promoting efficient operational risk management of the foreign reserves. It meets regularly at least once a month, and its members are the Chief Officer for Payment Systems and Banking Operation, the Chief Officer for Monetary Operations and International Investments, and the Secretary to the Board of Directors.

As for controlling authorities, the Bank has a broad and robust infrastructure to manage foreign reserves, which includes personnel from different areas and from other entities, to ensure that this exercise is impartial and independent. The Political Constitution of Colombia establishes that *Banco de la República* (the Central Bank of Colombia)Banco de la República must be overseen by the President of Colombia, and Law 31 of 1992 authorizes him to delegate the exercise of this function to the Auditor General. In addition, Banco de la República engages an external auditing firm, which issues an opinion on its financial statements according to international auditing standards. Finally, the Bank has an Internal Control Department whose function is to independently verify that the necessary procedures are in place to comply with the central bank's tasks related to the reserve investment activity and that those parameters are followed. Law 87 of 1993 stipulated the procedures that regulate the internal control activity for public entities.

[1] ? Political Constitution of Colombia 1991, Title XII (On the economic regime and public finance), Chapter 6 (On the central bank), Article 371.