FINANCIAL SUPERINTENDENCE OF COLOMBIA

TITLE X

Specific Provisions relative to Operations of Entities mentioned in the Third Paragraph of Article 75, Law 964 of 2005 and of Stock Issuers

First Chapter

Bond Issue by Stockbroker Companies

1. Authorization to issue and place ordinary bonds. Stockbroker companies are authorized to issue and place ordinary bonds prior authorization of the Financial Superintendence of Colombia.

In the cases in which they decide to issue ordinary bonds to be publicly offered, they must observe the provisions governing authorizations for public offer of securities in the primary market, especially those contained in Books First, Second and Fourth of Part 6 of Decree 2555 of 2010.

2. Exclusive allocation of bond resources. Furthermore, the resources gained by stockbroker companies from the issue and placement of ordinary bonds will solely be allocated to satisfy their liquidity needs.

3. Requirements and conditions for the issue of ordinary bonds. Stockbroker companies that intend to issue and place ordinary bonds must prove, prior to the corresponding authorization, their compliance with the following requirements:

a) Preparation of a manual containing the management procedures of the issue, the assets on which they will keep invested the resources obtained, as well as the cases in which it will be eventually and temporarily possible to use them.

b) Update of its internal control and risk management and control systems pursuant to the provisions of number 8 of this Chapter.

c) Inclusion within the company's Good Governance Code of specific conduct standards for the management of own issues, which must be in full agreement with the provisions of number 4 below and with principles of loyalty, transparency, confidentiality, proper information handling, professionalism and abidance to the law.

4. Stockbroker companies placing ordinary bonds must refrain from carrying out with respect to bonds comprising the corresponding issue, the following operations or activities:

a) Develop the commission contract for the purchase and sale of securities.

b) Recommend or suggest to their customers investment in said bonds.

c) Participate in the placement process of the corresponding issue.

d) Carry out own-account operations or with own resources.

e) Acquire and integrate the bonds to third-party securities portfolios managed by them.

f) Acquire and integrate the bonds to collective portfolios managed by them.

g) Securities management

h) Grant loans with own resources to finance the acquisition of bonds issued by them.

5. Investment or representation of resources from bond allocation. All the resources gained by stockbroker companies from the placement of ordinary bonds should be kept continuously invested, exclusively, in one or several of the following types of assets:

a) Bank deposits in savings or checking accounts.

b) Participations in collective portfolios of voluntary subscription offering their subscribers or holders immediate liquidity.

c) High security and liquidity internal public debt bonds or securities issued by the Nation, understanding as such the securities comprising internal public debt issues or references with respect to which existing and aspiring market-makers should permanently and simultaneously place purchase-sale surpluses in the higher end of the secondary market of Treasury Bonds (TES) Class B within the internal public debt program, in accordance to publications made to that end by the Central Bank.

d) In other instruments or securities generally and previously authorized by the Financial Superintendence of Colombia.

6. Use of resources from bond allocation. Stockbroker companies are entitled to use the resources obtained through the placement of ordinary bonds exclusively in the following events: (i) to solve temporary liquidity problems stemming from non-compliance of operations by their counterparts; (ii) for interruptions in compensation and liquidation systems and processes of securities operations; (iii) for interruptions or failures in securities negotiation systems and (iv) to speed the enforcement process of operations that are to be compensated and liquidated on their same negotiation or contracting day.

7. Refund of resources. Stockbroker companies that use the resources obtained through the placement of ordinary bonds must refund them to each asset item mentioned in number 5 of this Chapter on the same day they are used. Otherwise, the company's legal representative must promptly notify the Financial Superintendence of Colombia and the representative of bond holders about this situation, indicating the reasons that hindered the refund as well as the date on which such a procedure will become effective.

In any case, the resources are to be refunded at the latest within three (3) business days following the date on which the stockbroker company used said resources.

8. Adjustments to the internal control system. Stockbroker companies that resort to the placement of ordinary bonds as an indebtedness mechanism should adjust their internal control system by establishing policies, procedures and methods to follow up and monitor, among other, the following aspects: (i) ensure that resources obtained from debt placements are invested and maintained in authorized assets, as provided by number 5 of this Chapter; (ii) verify that

resources generated by the bond allocation process are solely utilized for permitted events, (iii) determine full adherence and compliance with obligations of information delivery and disclosure to the market and to the Financial Superintendence of Colombia, and (iv) verify strict compliance of prohibitions and other provisions of this Title.

9. Information to the Financial Superintendence of Colombia. Stockbroker companies must report on a daily basis to the Financial Superintendence of Colombia, via the Internet, information about non-amortized balances of ordinary bond issues that are still effective, and also with respect to the assets in which the non-amortized portion of said issues is invested or represented, pursuant to the preceding number 5.

10. Disclosure in connection with outstanding ordinary bond issues. Stockbroker companies must disclose in the form of notes to their financial statements the following information about ordinary bond issues that are still effective: (i) the total amount authorized and placed for each issue; (ii) the series in which each issue is divided into, indicating the amount authorized and placed for each series, as well as the redemption date of bonds comprising each series; (iii) interest rates and payment method; (iv) guarantees or warranties; (v) the assets in which the non-amortized portion of each effective issue is invested or represented, indicating the accounting accounts where they are recorded; (vi) the non-amortized amount or portion of each of the series in which the issue is divided into, (vii) the amount of cash flows to be required by the debt service (capital and interest) throughout the twelve (12) months following the respective report, (viii) the reason for cash flow coverage, and (ix) credit rating scores awarded to the stockbroker company or to the corresponding issue by securities and credit risk rating agencies authorized for such purposes.

In addition to the above, stockbroker companies must comply with provisions of Book 16, Part 6 of Decree 2555 of 2010, and all other obligations foreseen for security issuers.

Second Chapter

Unauthorized and Unsafe Practices for Security Issuers

1. Illegal, unauthorized and unsafe practices

To the extent that they may constitute a breach of provisions contained in Articles 184 and 185 of the Code of Commerce and Article 23 of Law 222 of 1995, particularly numbers 2, 6 and 7, securities issuers should refrain from performing either directly or indirectly the following conducts:

a) Encourage, promote or suggest to shareholders the granting of powers in which the name of the proxy for shareholder assembly meetings of the respective companies is not clearly defined.

b) Receive from shareholders powers for assembly meetings in which the name of the respective proxy is not clearly defined.

c) Accept as valid the powers vested by shareholders, failing to fully comply with the requirements of Article 184 of the Code of Commerce, to participate in shareholder assembly meetings.

d) In the case of individuals who according to the bylaws are entitled to exercise the legal

representation of the company, of liquidators and of all other officials of the stockbroker company, suggest or determine the name of the persons who will act as proxies of shareholders at assembly meetings.

e) In the case of individuals who according to the bylaws are entitled to exercise the legal representation of the company, of liquidators and of all other officials of the stockbroker company, recommend to shareholders to vote for a certain list.

f) In the case of individuals who according to the bylaws are entitled to exercise the legal representation of the company, of liquidators and of all other officials of the stockbroker company, suggest, coordinate or agree with any shareholder or with any proxy thereof, the presentation in the assembly of proposals to be submitted to its consideration.

g) In the case of individuals who according to the bylaws are entitled to exercise the legal representation of the company, of liquidators and of all other officials of the stockbroker company, suggest, coordinate or agree with any shareholder or with any proxy thereof, voting in favor or against any proposal submitted during the assembly.

In any case, the administrators or employees of the stockbroker company are entitled to exercise political rights inherent to their own actions and to the actions they represent when acting in their capacity as legal proxies.

2. Corrective and remediation measures

Should any of the situations provided in number 1 above occur, the following must be done:

a) The administrators must return to their principals the powers that could breach the provisions of the above number.

b) The administrators must inform shareholders that powers cannot be vested on individuals directly or indirectly associated with the administration or with company employees.

c) The administrators will not be entitled to receive special powers prior to the summons whereby it is informed on the topics to be addressed in the respective assembly meeting.

d) The administrators must take the necessary measures in order for officials of the respective company to act with neutrality vis-à-vis the different shareholders.

e) The administrators must adopt, prior to holding a shareholders assembly meeting, all measures that are appropriate and sufficient to ensure the effective participation of shareholders in the meeting and their exercise of political rights.

f) The Board of Directors of stockbroker companies will be required to establish in writing measures that are appropriate and sufficient aimed at ensuring the enforcement of the provisions of number 1 of this Chapter. These measures should target legal representatives, administrators and other officials of the respective company, in order to guarantee fair treatment of all its shareholders.

g) For purposes foreseen in this number 2, the respective board of directors must adopt in writing control mechanisms, as well as design and enforce specific procedures by appointing officials responsible for verifying proper compliance of said procedures.

h) Members of the Board of Directors must require prior to each assembly meeting that officials responsible for verifying compliance of adopted procedures deliver a compliance report thereof, and shall take the actions needed to rectify potential failures detected by the mentioned officials responsible for verification.

i) The measures and mechanisms referred to in this number 2 must be informed by the Chairman of the Board of Directors to the general market, via the Deputy Superintendent of Issuers, Investment Portfolios, and Other Agents prior to holding the respective shareholders assembly.

Third Chapter

Unsafe and Unauthorized Practices by Entities mentioned in Numbers 1 and 3 of the Third Paragraph of Article 75, Law 964 of 2005

The following are considered unsafe and unauthorized practices:

a) The use of business schemes, mechanisms or legal figures whereby stockbroker companies entrust or empower third parties with the execution of intermediation operations when these imply the loss of autonomy and discretionary power that should characterize professional decision-making.

b) The use by stockbroker companies of any mechanism or figure enabling an individual who may or not be associated with any of these companies, to assume partially or totally financial risks to which they are exposed in development of own-account operations and with own resources.

The mentioned stockbroker companies must manage and assume directly all risks related to own-account operations and with own resources and, therefore, the profits or losses resulting from these operations cannot correspond to individuals other than stockbroker companies themselves and they should be recognized, reflected and disclosed in their information systems once they have occurred.

The above does not exempt individuals associated with stockbroker companies from the responsibility arising from the breach of effective regulations or of internal manuals, procedures and policies to that end established by said corporations.

The use by stockbroker companies of variable compensation schemes in accordance with the results of own-account operations or with own resources will not constitute in itself an unauthorized or unsafe practice.

c) That the legal representation of stockbrokers for the development of securities intermediation operations should be exercised by a legal entity.

d) Those practices aimed at offering or guaranteeing specific profitability on investment to be accomplished by the customer in order to develop portfolio management activities for third parties and commission agreements. Furthermore, fixed or minimum profitability cannot be offered in collective portfolio management, unless it is expressly authorized by the regulations.

e) Exercise the duties corresponding to the legal representative, member of the board of directors, and internal auditor without being sworn in by the Financial Superintendence of Colombia.

f) The use of customer assets to accomplish or guarantee operations of other customers or of the entity controlled by this Superintendence, except in the cases authorized by regulations and with the customer's express and written permission.

Fourth Chapter

Content of Securities Settlement Certificates

Notwithstanding the provisions of regulations for equities trading systems, the administrators of securities trading systems must make the necessary adjustments in order for the certificates of transactions conducted through them to contain in addition to minimum conditions allowing to identify the transaction accomplished, the following:

1. The effective registration fee for traded securities;

2. The purchaser effective net rate and the assignment effective net rate, as appropriate;

3. The commission value expressed in pesos and as percentage-point difference between the registration effective rate for traded securities and the purchaser effective net rate and the assignment effective net rate, as appropriate;

4. The total commission generated by the transaction expressed as percentage-point difference between the purchaser effective net rate and the assignment effective net rate, and

5. The modality of the operation conducted.

Fifth Chapter

Democratization Operations Through the Stock Exchange

Purchase and sale transactions performed at the stock exchange in development of the provisions of Article 60 of the Political Constitution, Law 226 of 1995, as substituted, complemented or amended, or arising from democratization operations which for purposes of this circular have been expressly qualified as such by the Financial Superintendence of Colombia will be subject to special regulations established to that end by the stock exchange regime, according to which the offer may be subject to the following rules:

a) That purchase conditions are fixed and uniform for all investors.

b) That the number of shares or convertible bonds acquired by each investor is limited.

c) That a prorating mechanism is foreseen in the event that the number of bonds required exceeds the total number of bonds offered.

d) That whenever dealing with stock sales by public entities, the offer is contingent on the compliance by accepting parties of certain specifications, provided these aim at democratizing the company or developing said democratization, or at allowing the participation of solidarity and worker organizations, all in accordance to the law.

Also, in the case of operations conducted in development of the provisions of Law 226 of 1995 as

substituted, complemented or amended, the offer will be subject to the compliance by purchasers of specifications referred to in said provisions.

Sixth Chapter

Insurance Policies

1. Insurance policies

In order to obtain and maintain registration at the National Registry for Securities Market Brokers, stockbroker companies must constitute insurance policies including minimal coverages established by securities markets, and grant all other guarantees determined by said entities irrespective of additional policies to be taken by each stockbroker company to cover their own risks.

Stock exchange markets will inform the Financial Superintendence of Colombia and the market about their measures regarding insurance policies and additional guarantees, as well as on their compliance and the scope of protection provided for each case by these policies and guarantees to each broker.