

ANEXO 1

REQUEST FOR PROPOSAL FOR EXTERNAL MANAGERS OF THE FOREIGN RESERVES BANCO DE LA REPÚBLICA 2018

Since 1994, Banco de la República (the “Bank” or “BdIR”) has been successfully running an External Management Program. The main objectives of the program are to: (a) enhance the performance of Colombia’s Foreign Reserves Investment Portfolio; (b) provide training and transfer knowledge to the Bank’s staff; and (c) support the Bank’s research efforts and the management of the reserves where needed.

The Board of Directors of the Bank (the “Board”) has approved a selection process for a new external asset manager¹ to manage a portfolio of approximately US\$1.4 billion². The Bank is issuing this Request For Proposal (“RFP”) from asset managers specializing in short-duration fixed income portfolios to manage a portfolio with an allocated ex-ante tracking error of 100 basis points per annum³.

Funding for the new investment portfolio will be provided in cash or a mixture of cash and securities, with the new asset manager to invest such funds in accordance with investment guidelines approved by the Board. Permissible investments are concentrated in government bonds, however, within strict limits, investments are also allowed in debt of high-quality issuers, such as quasi-governments, supranational organizations, agency MBS, banks and corporations. The minimum credit rating is A+ / A1 for banks and corporations and A- / A3 for governments and quasi-governments. The current benchmark portfolio is invested in US dollars, Australian dollars and British pounds. Other eligible currencies are Euros, Canadian dollars, New Zealand dollars, Swedish kronor, Japanese yen, Singapore Dollar, Hong Kong Dollar, Swiss francs and Norwegian kronor. For currency and interest rate risk management, currency forwards and futures contracts on interest rates and government bonds are allowed. Additionally as of December 31st, 2017 the benchmark portfolio duration was close to 2.6. Further details regarding the Foreign Reserves Management and the External Management Program can be found on the Bank’s website at (<http://www.banrep.gov.co/es/administracion-reservas-internacionales-marzo-2017>).

In order to participate in the selection process set forth in this Request for Proposals (the “RFP”), each prospective participant (a “Candidate”) should submit a Proposal (as defined in Annex 1 attached hereto). To satisfy the minimum eligibility criteria the Candidate must meet each of the following: (1) at least US\$50 billion in fixed income assets under management across the Candidate’s asset management business unit/division, (2) minimum experience of 10 years in fixed income management for institutional investors across the Candidate’s asset management business unit/division and (3) at least US\$14 billion in fixed income assets under management by the legal entity that will, if its Proposal is selected, enter into an investment management agreement with the Bank and be responsible for the performance of all obligations under such Agreement (the “Responsible Party”). Candidates may not include any third party entity as part of their Proposal. Existing investment managers of the Bank, their Affiliates⁴, and any other firm or Affiliate of any firm that has served the Bank as a manager of the Bank’s Foreign Reserves on or after December 31, 2012 will not be eligible for consideration.

Custody services are not being solicited pursuant to this RFP. Custody for the Bank’s assets is provided by the

¹ The Bank reserves the right to appoint more than one external asset manager. All references herein to a selected Candidate include each such selected Candidate.

² This is an approximate amount, only for reference purposes. The Bank can modify the amount under management and the investment guidelines at any time.

³ Measured as the ex-ante volatility of the excess returns versus a given benchmark.

⁴ In this RFP, “Affiliate” means any entity or legal organization that controls, is controlled by or is under common control, with another entity.

Bank's existing custodians, as described below, and Candidates (or their Affiliates), if its Proposal is selected, will not be permitted to custodialize the Bank's assets.

Schedule of the RFP

The proposed schedule for the selection process of this RFP is as follows:

- Questions about the RFP or the selection process should be sent by electronic mail to Investmentmanager2018@banrep.gov.co on or prior to April 30, 2018 (23:59 Bogota time). The Bank will endeavor to respond to such questions by publishing the answers on its website approximately one week later.
- Candidates responding to this RFP must provide a Proposal to the Bank consisting of (i) Certification as to Satisfaction of the Minimum Selection Criteria for Consideration, (ii) Additional Documentation, and (iii) the Questionnaire. Proposals must be received by the Bank on or prior to May 18, 2018 (23:59 Bogota time). Please refer to Annex 1 for specific instructions which must be strictly adhered to.
- The Bank will evaluate the Proposals and will endeavor to inform each Participant whether it has been chosen as a finalist on or prior to August 2018.
- Officers from the Bank anticipate visiting finalists in their offices in order to gain a better understanding of the key aspects of their proposal, including training. The Bank expects such visits to occur during August 2018, in each case based on the Bank's schedule.
- Following visits to the finalists, each of the finalists will be required to submit a fee proposal and to present confirmation of such finalist's willingness to accept the Bank's standard Discretionary Management Agreement (a copy of which will be provided to each finalist).
- The Bank will endeavor to communicate the results of the process to the finalists by September 2018. To the extent that the Bank decides to hire one or more managers, the Bank expects each such manager to be ready to accept funding from the Bank on or after October 31st, 2018.

Terms and Conditions of the RFP

During this process we request that participants refrain from contacting directly any officer of the Bank about this RFP or the selection process effective immediately upon the release of this RFP and continuing until the review and evaluation process is completed. We also ask that you do not include any generic marketing or sales information, or rely on cross-references to other documentation, in your responses.

This RFP does not commit the Bank to award a contract. The Bank reserves the right, in its sole discretion, to accept or reject any or all Proposals, to negotiate with any or all Candidates, or to cancel, amend or postpone this RFP in whole or in part, at any time. The Bank does not assume and shall not have any responsibility, liability or obligation to any person in connection with this RFP or its analysis or assessment of any or all responses (including Proposals) to the RFP, and the Bank reserves the right, in its sole discretion, to choose a new external asset manager based on whatever criteria it deems necessary and appropriate at any time. The Bank will not have any obligation to specify the reasons, either in general or specific terms, at any stage in the process, for not accepting a particular applicant's response or for terminating the selection process. If the Bank decides to award this RFP, in whole or in part, the Bank will then begin contractual discussions with the selected Candidate and, contingent on the outcome of these contractual discussions, the Bank may or may not proceed with the execution of the Discretionary Management Agreement with the selected Candidate. Alternatively, the Bank may begin contractual negotiations with one or more Candidates, but determine to proceed to the execution of the Discretionary Management Agreement with a different Candidate, including in circumstances where the first Candidate is not able to proceed with its Proposal on its previously indicated terms, without incurring any

liability to any person. Such alternative selection of Candidates will not constitute an amendment, modification or termination of the RFP or any aspect of the selection process with respect thereto.

The Bank will not reimburse any Candidates for any expenses incurred in preparing or submitting Proposals or providing information to the Bank in connection with such Proposals. The Bank reserves the right to retain all Proposals submitted and to use any ideas in any Proposal regardless of whether such Proposal is selected by the Bank.

To the extent permitted by applicable law, the Bank and the Candidates will treat as confidential any information provided to each other in connection with this selection process, unless such information is otherwise made public by a person other than the Bank or the Candidate.

Prospective managers may be requested to clarify the contents of their Proposal. Other than to provide such information as may be required by the Bank, no prospective manager will be allowed to amend its proposal or to add new information after the RFP due date. If a prospective manager discovers any ambiguity, conflict, discrepancy, omission or other error in this RFP, please immediately notify the Bank of such error before April 30, 2018 and request clarification or modification of the document. If it becomes necessary to revise any part of this RFP or if a more exact interpretation of provisions of this RFP are required prior to the due date for Proposals, a supplement will be posted by the Bank on its website. If such addenda issuance is necessary, the Bank reserves the right to extend the due date of Proposals to accommodate such interpretations or additional data requirements.

Fee proposals provided by finalists will be firm for a period of 365 days following communication of the final decision by the Bank and may not be changed following submission. The term of the proposal may be extended upon request by the Bank. If a Candidate fails to notify the Bank of a known error in such Candidate's Proposal or in this RFP or such error could reasonably have been known prior to the final filing date for such Proposal, the Bank will evaluate the measures to be adopted. If awarded the contract, such Candidate shall not be entitled to any compensation by reason of such error or its correction at any time.

Notwithstanding any other provision of this RFP, the Bank reserves the right to reject any or all Proposals or to waive any informality in any Proposal. Please note that the Bank is not required or committed to accept the lowest bidder to this RFP. The Bank will consider each Candidate's experience in the investment advisory field and with similar clients on related projects. Further, the Bank will consider each Candidate's detailed responses to each section of the RFP (including the Proposal), such Candidate's interviews with the Bank, and such Candidate's presentations to the Bank. Conditions described in these specifications should be closely adhered to, and any deviations must be accompanied by a detailed explanation by the applicable Candidate.

Please note that non-responsive Proposals include, but are not limited to, such Proposals that:

- Are irregular or not in conformance with all RFP requirements and instructions.
- Are conditional, incomplete, indefinite or ambiguous.
- Are not submitted on time.

If more than one Affiliate of the same group participates in this RFP process as Candidates, only one of them will be eligible to be selected by the Bank as an investment manager.

The Bank may waive minor informalities in any Proposal in a manner that the Bank, solely upon its own determination, has deemed would not be prejudicial to any other Candidate(s).

The Bank's Discretionary Management Agreement

The Bank has a standard Discretionary Management Agreement that it signs with each of its managers within the External Management Program. A Candidate's willingness to accept the Bank's standard Discretionary Management Agreement will be among the factors used in evaluating Candidates. Please note that the Bank expects that this Discretionary Management Agreement will only be subject to minor modifications and discussion.

Under the Discretionary Management Agreement, external managers have discretion as to which assets and securities to trade (within the Bank's investment guidelines). However, if an asset / security is established under or traded pursuant to an agreement (e.g., under an ISDA Master Agreement, a Futures Agreement or an MSFTA) that is in the name of or binding on the Bank (a "Manager Agreement"), the Manager Agreement must comply with certain required terms that will be specified in the Discretionary Management Agreement⁵. These required terms are principally focused on the following matters: (i) limitation of recourse for losses arising out of the investment activities of the external manager to the given portion of assets under management with the external manager, (ii) limitation of liens and payment and other netting under the given manager agreement to assets managed by the external manager, and not other portions of the Bank's assets or the Foreign Reserves generally and (iii) reservation of the Bank's sovereign immunity. Please note that the Bank is focused on maintaining its sovereign immunity to the maximum extent possible, and that the Bank expects its external managers to not agree to express waivers of, and specifically reserve, the Bank's sovereign immunity (or negotiate modifications of any such express waivers found) in manager agreements.

The external manager is expected to certify on a quarterly basis during the term of the Discretionary Management Agreement as to its compliance with the Discretionary Management Agreement.

Certification as to Satisfaction of the Minimum Selection Criteria For Consideration

Each Candidate must meet all the criteria as listed in the "REQUIRED MINIMUM SELECTION CRITERIA" section for its Proposal to be considered.

For each criterion, the Candidate must initial alongside such criterion indicating that the Candidate has met the conditions as of December 31, 2017.

The Candidate must be the party that will, if its Proposal is selected, enter into the Discretionary Management Agreement with the Bank and perform the functions described in the definition of "Responsible Party" above.

It is important to note that the following entities will not be eligible for consideration: (i) existing external managers, (ii) entities that have worked with the Bank as managers of the foreign reserves on or after December 31, 2012, and (iii) Affiliates of entities described in clauses (i) and (ii). If more than one affiliated entity participates in this process, only one affiliated entity will be eligible to be hired by the Bank.

⁵ This provision does not apply to transactions solely made pursuant to a trade confirm.

REQUIRED MINIMUM SELECTION CRITERIA:

The Candidate must meet each of the following:

The Candidate's asset management business unit/division has at least US\$50 billion in fixed income assets under management as of December 31, 2017. _____ (Initial)

The Candidate's asset management business unit/division has more than 10 years of experience managing fixed income portfolios for institutional clients as of December 31, 2017. _____ (Initial)

The Responsible Party has at least US\$14 billion in fixed income assets under management as of December 31, 2017. _____ (Initial) Please include in your response the legal name of the Responsible Party.

Certification

By signing below, the Candidate represents and warrants that the Candidate (i) meets all of the REQUIRED MINIMUM SELECTION CRITERIA as detailed above; (ii) is capable of performing all services as asset manager as contemplated by this RFP; (iii) understands and agrees to the terms and selection process set forth in this RFP (including the provisions described under the "The Bank's Discretionary Management Agreement" heading above); (iv) has carefully reviewed this RFP and has submitted accurate responses in the Proposal; and (v) acknowledges and agrees that, if selected as an investment manager of the Bank in accordance with this RFP, the Candidate will have a fiduciary duty to the Bank to perform its services as asset manager acting in the best interests of the Bank.

By: _____

Name:

Date:

Please provide a Certificate of Incumbency attesting to the signatory's authority to make this certification

Additional Documentation

Candidates must also provide the following documents or their equivalents for the Responsible Party:

- Most recent audited financial statements
- Certificate of good standing
- Certificate of incumbency for authorized signatories
- Registration as investment advisor⁶

Candidates are only expected to send the most recent documentation. Please provide an explanation if any of these documents cannot be provided.

The Questionnaire

Please include in your response to the questionnaire the name and contact information of the persons who will be involved in this RFP process.

Please answer the following questions completely and avoid inaccurate, vague or partial answers. Be aware

⁶ If your firm is registered with the U.S. SEC, both Part 1 and Part 2 of Form ADV should be provided. For other jurisdictions, please provide equivalent documentation, if applicable.

that any unanswered question or table will receive the minimum score applicable.

Answers to the tables should be provided in the attached excel spreadsheet named "RFP 2018 Tables.xlsx". The Bank expects to receive it as a separate file in the email (excel spreadsheet).

For your information, the Questionnaire's sections will be evaluated as follows (technical evaluation):

Category	Weights
Firm	30%
Customer Service	10%
Investment Process / Risk Management	30%
Training / Knowledge Transfer	20%
Historical Performance	10%

The final evaluation will depend on the technical evaluation (adjusted based on the insights gathered during the visits) with a weight of 80%, and the economic evaluation (fee proposal) with a weight of 20%.

SECTION A – THE FIRM (information must refer to the Candidate's asset management business unit/division unless otherwise stated)

1. Please provide a brief description of the firm, including the legal name of the Responsible Party (including the relevant office location of such entity), ownership and capital structure, affiliated companies (including relevant relationship information, such as level of ownership and common management).
2. Please answer the following questions succinctly:
 - a. What other financial services does the firm provide?
 - b. In which jurisdiction is the firm incorporated? If the firm outsources asset management to one or more affiliates, please provide the name and jurisdiction of incorporation of each such affiliate.
 - c. The Bank's External Management Program works under a performance-based fee schedule. Please acknowledge that the firm would be willing to work with this type of fee schedule.
 - d. Would the firm provide / receive any advice or investment strategy to the Bank through or from any subadvisor, affiliate or other agent? If so, please describe what entity(ies) and your relationship.
 - e. Would the firm utilize or partner with any subadvisors, affiliates or other agents in the provision of services to the Bank? If so, please describe what entity(ies) and the relationship with them.

List all awards or other recognition that the firm or its employees have received during the last five years.

3. Please provide contact information for three to five current client references with mandates similar to the one proposed by the Bank. All information will be kept confidential.
4. Please provide any additional information not included above about the firm that supports its qualification to manage a fixed-income portfolio for a central bank.

5. Please provide the following information as of December 31, 2017 (in USD million):

Table A1

CATEGORY	TOTAL ASSETS UNDER MANAGEMENT	YEARS OF FIRM'S EXPERIENCE MANAGING PORTFOLIOS BY CATEGORY	NUMBER OF CLIENTS
TOTAL			
FIXED INCOME			
INSTITUTIONAL CLIENTS			
CENTRAL BANKS			
SHORT DURATION (0-3 YEARS) FIXED INCOME			

* Each of the categories is independent from each other, meaning they are not necessarily subgroups of the other categories.

6. Please provide the following information regarding assets under management as of December 31, for each year (in USD million):

Table A2

CATEGORY	ASSETS UNDER MANAGEMENT					NUMBER OF CLIENTS				
	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
TOTAL										
FIXED INCOME										
INSTITUTIONAL CLIENTS										
CENTRAL BANKS										
SHORT DURATION (0-3 YEARS) FIXED INCOME										

* Each of the categories is independent from each other, meaning they are not necessarily subgroups of the other categories.

7. Please complete the following table (Please allocate assets only to one category):

Table A3

Financial instrument	Assets under management as of December 2017	Years of experience investing in this type of instruments
Government fixed income		
Government related fixed income*		
Corporate fixed income		
Agency MBS (FNMA, FHLMC or GNMA)		

* The Government related sector is composed by the following subsectors: supranational, government guaranteed agencies, government owned agencies / government sponsored agencies and local authorities, other than agency MBS.

8. Custody for the Bank's assets is provided by the Bank's custodians, and Candidates (or their Affiliates) will not be permitted to custodialize the Bank's assets. Please confirm that the Responsible Party complies with this requirement.

SECTION B – CUSTOMER SERVICE

The Bank expects the selected firm to have a dedicated and efficient customer service team that understands the Bank’s specific needs as a central bank. Additionally, the firm must be willing to prepare monthly performance and risk presentations, to regularly participate in conference calls with the Bank’s staff, and to prepare an annual review of the portfolio to be presented in meetings to be held at the Bank.

- 9. Please confirm that the firm would be able and willing to provide the services described.
- 10. Please provide a brief description of your customer service program. Additionally, please complete the following table with the information of the customer service employees who would be directly involved with the Bank’s account, including the most important point of contact and his/her location.

Table B1

Person	Name	Title	Number of years working in investment management	Education (bachelor, masters, Ph.D., CFA)*
1				
2				
3				
...				
...				
N				

* In case they have more than one of these degrees please provide all of them.

- 11. Please briefly explain your standard procedures to resolve the following situations:
 - a. Breach of the investment guidelines
 - b. Operational issues (overdraft of the account, differences with the custodian, futures commission merchant, among others)
 - c. Client requests/inquiries
- 12. Please provide a sample of an annual portfolio review report.

Operations

BACK OFFICE PROCEDURES

- 13. Describe briefly your back-office operations including trade confirmations, settlements, reconciliation, exceptions identification, monitoring and escalation, report production, etc.
- 14. Describe your technological infrastructure and connections among the different systems involved on the back-office activities. Describe the level of automation and connections with JP. Morgan Chase and State Street Bank (which are the Bank’s current custodians) and with JP Morgan and Goldman Sachs (which are the Bank’s current clearing brokers).
- 15. How do you notify clients of changes in your internal back-office procedures? Do you conduct (or take into consideration) test stages with clients before the effective date of the implementation of those changes
- 16. Indicate the means you would use to communicate trades to the Bank’s custodians and the time at which instructions will be sent. Please provide an example for each transaction type (forex, fixed income, futures, mortgages, TBAs, cash and securities for collateral, cash movements to and from the Bank’s custodians and the clearing broker). If all trades will be instructed to the Bank’s custodians via

- SWIFT, please specify the messages types used. Which means do you use alternatively in the case of a SWIFT contingency?
17. Do you instruct FX transactions via CLS? Describe the instruction and communication processes with the custodians.
 18. Do you perform back office activities by yourself or are such activities outsourced to an affiliate or a third party? If such activities are outsourced/subcontracted (either to an affiliate or third party), please provide the name of the company to which such activities are outsourced/subcontracted and describe your monitoring and tracking out procedures to assure that the company to which such activities are outsourced/subcontracted firm complies with the requirements? Are you considering outsourcing/subcontracting of any applicable back office activities (either to an affiliate or third party) in the next two years?
 19. Describe your recordkeeping policies related to the transactions of the account and the availability for inspection and audit purposes by the Bank or any person designated by the Bank.

CLIENT SERVICE

20. Describe the communication procedures with clients and with custodian banks. Include degree of automation, timing of communications, and controls in place and back-up structure for the client service group.
21. Describe if you have internal timing standards to answer queries sent by your clients. Include your escalation procedures.
22. Taking into account that BdIR is located in Eastern Standard Time (NY), indicate how and when clients can contact you.
23. Please provide your views on the major issues facing the industry and those that you anticipate will demand attention in the next five years. (We are referring to issues relating to custody, settlements, accounting and any other topic that can be considered as relevant to back offices).
24. Do you produce bulletins or news flashes on the topics mentioned in the above question which could be shared with BdIR?

REPORTING

25. Does your firm have the capability to develop, configure and generate reports resulting from specific requirements from the client? Please, also take into account in your answer, modifying your reports to satisfy a specific requirement from the client.
26. Please confirm that you can comply (Yes/No) with providing the below listed reports on the required format and indicate whether reports will be delivered via email, web platform, swift, fax, other.

Table B2

Daily reporting requirements	Preferred Format	Yes / No	Delivery method(s) (email, web platform, swift, fax, other)
End of day trading report by 6 pm EST of trade date.	Excel		
Cash activity report by 12 pm EST on value date plus one. This will be a detailed cash flow file including opening and closing balances by currency	Excel		

Cash reconciliation report with the custodian Bank by 12 pm EST on value date plus one.	Excel-Pdf		
Futures cash report by 12 pm EST on value date plus one. This file will show for each currency the activity in the margin accounts at the Futures Clearing Intermediary	Excel		
Futures cash reconciliation report with the broker by 12 pm EST on value date plus one.	Excel-Pdf		
Account holdings report by 6 am EST on trade date plus one. A report with all relevant information for each investment type in the account	Excel-Pdf		
Open TBA Report by 12 pm EST on value date plus one	Excel-Pdf		
Open FX Report by 6 am EST on value date plus one	Excel-Pdf		
Collateral report by 12 pm EST on value date plus one	Excel-Pdf		

Monthly reporting requirements	Preferred Format	Yes / No	Delivery method(s) (email, web platform, swift, fax, other)
Investment Management Report (risk, performance) by ten business days after month end	Excel		
Preliminary monthly position file by 12pm [EST] of one business day after month end	Excel		
Audited End of the Month Holdings report by ten business days after month end	Excel		
Detailed spreadsheet containing a list of assets, including cost, unit valuation, position valuation, accrued income, position duration and position contribution to duration	Excel		
Detailed activity summary for the previous month, including trades, dividends and interest	Excel		
Reconciliation report of the Bank's custodians records with respect to the Investment Manager's records of cash accounts, holdings, pricing discrepancies and off-balance sheet items	Excel-Pdf		

"Business day" means a day other than a day on which banks in the jurisdiction of the account manager are generally closed for business, Saturday or Sunday.

MANAGEMENT OF SETTLEMENT FAILURES

- 27. How are overdraft charges handled?
- 28. Describe the market practices that you follow to manage settlement failures.
- 29. Specify if you keep record of the failures due to operational risk. How do you monitor operational risk events that had an effect on the settlement of transactions?
- 30. Based on the nature of the investment activity that you anticipate for BDLR's portfolio, is there any regulatory requirement that would apply?

RESEARCH AND TRAINING

- 31. Does your firm provide standard training programs for its customers on topics such as settlement, safekeeping, accounting, risk control, performance measurement, etc.? If so, do you currently provide, or would you consider providing, customized training in such topics for a customer's staff?

TAXES

- 32. Describe the procedures you have in place, or possibly will implement, to monitor investments for which tax exemption documentation is available and which actions are taken when there is no available/updated documentation. BdlR can provide semi-annually a list of markets and locations where securities can be held indicating the status of tax exemption documentation and the rates for each market.

SECTION C - INVESTMENT PROCESS / RISK MANAGEMENT

- 33. Please complete the following table with information regarding the portfolio management team that would be directly involved with the Bank's account. Provide a brief biography of each as an annex.

Table C1

Person	Name	Title	Number of years working in investment management	Number of years at the firm	Education (bachelor, masters, Ph.D., CFA)*
1					
2					
3					
...					
...					
N					

* In case they have more than one of these degrees please provide all of them.

- 34. Please provide the number of investment professionals who left the firm during the last three years. Briefly detail the reasons and year in which each of them left.
- 35. Please describe minimum qualifications for your staff and briefly comment about internal training programs for portfolio managers, risk managers, traders, research analysts, operational analysts, etc.

INVESTMENT PROCESS

- 36. Please briefly describe the theory and beliefs underlying the firm's investment philosophy in fixed income (quantitative or fundamental, top-down or bottom up). If possible describe how this is evidenced in the firm's investment process.
- 37. Please provide the organizational structure and main functions of the areas involved in the investment

process (portfolio management, risk management, compliance, internal audit, research, etc.). Indicate the number of employees in each area.

38. Please detail how investment decisions are made (people/areas involved, processes, frequency). Are there any committees where investment ideas are discussed? Who is accountable for the investment decisions?
39. Do you have specialized teams responsible for making investment recommendations in the following sectors: interest rates, currencies, agency MBS, corporate debt, and government related debt? If so, please provide the following information for those teams:

Table C2

Sectors	Number of members	Name of member	Years of experience	Education (bachelor, masters, Ph.D., CFA)*
Interest rates				
Currencies				
Agency MBS				
Corporate debt				
Government related*				

* In case they have more than one of these degrees please provide all of them.

** The Government related sector is composed by the following subsectors: supranational, government guaranteed agencies, government owned agencies / government sponsored agencies and local authorities.

40. Please explain the role of the portfolio manager in charge of the account. Does he/she participate in the decision making process? Is he/she allowed to deviate from the overall investment strategy of the firm? Does his/her compensation depend on the performance of the account?
41. Do you have separate research teams in economics and quantitative analysis that provide support to the portfolio management function? If so, please provide the number of dedicated members.
42. Has your investment process experienced significant changes during the last 5 years? Do you envision significant changes to that process in the near future? Please briefly elaborate if needed.
43. Please describe your approach to risk budgeting and portfolio construction. Do you use any quantitative tools in this process?
44. If your firm has previously worked with the Bank as an external manager, please explain what has changed in your investment process.

RISK MANAGEMENT

45. How is risk management integrated in your investment process? Is the risk management function independent from portfolio management? Can risk managers recommend changes to the portfolio? Describe your firm’s approach to risk management regarding both financial and non-financial risks.
46. Please explain what measures are used to assess market risk.
47. Please state if your firm has performance and risk attribution systems and if so briefly describe them, including whether such systems are proprietary or externally provided. Please also provide a sample of

a performance / risk report and indicate the frequency with which such reports would be made available to a client.

48. Do you have specialized teams involved in the market and credit risk management of the portfolios? If so, please provide the following information:

Table C3

Areas	Number of members	Name of member	Years of experience	Education (bachelor, masters, Ph.D., CFA)*
Market risk				
Credit risk				

* In case they have more than one of these degrees please provide all of them.

49. Please explain in detail your process to assess credit risk of individual issuers.

50. Regarding compliance:

- a. What is the scope of your compliance function? What tools do you have in order to monitor compliance with portfolio guidelines and internal policies and procedures at all times? Please specify if you have both pre-trade and post trade compliance systems.
- b. Please describe the role of compliance officers, specifying their independence from the investment team and their responsibilities towards clients.

51. Has your risk management process experienced significant changes during the last 5 years? Do you envision significant changes to such process in the near future? Please briefly elaborate if needed.

52. Please describe how your firm would monitor and ensure compliance with the Bank's investment guidelines.

53. In addition to the portfolio-related risk management policies and procedures discussed above, please describe your firm's enterprise-wide risk management, addressing, among other things, operation, legal, compliance and counterparty risk.

54. Please describe your firm's Business Continuity and Operations Plan.

55. Please describe your firm's policy relating to controls over vendors and affiliates that may be involved in the performance of services under the asset manager relationship or that may have access to confidential information of the Bank.

56. Does your firm maintain errors and omissions insurance or other potentially relevant insurance policies? If so, with which insurers and what are the policy limits?

SECTION D – TRAINING / KNOWLEDGE TRANSFER

One of the objectives of the Bank's External Manager Program is to acquire knowledge and training through our external managers. At a minimum, the selected firm is expected to provide five days of training for two officers or ten days of training for one officer per year, including accommodation and transportation costs. This training must suit the Bank's needs and be offered for both junior and senior staff.

57. Please acknowledge that the firm would be able and willing to provide at least this level of service.
58. Please further elaborate on training / knowledge transfer that your firm provides to clients. Please detail seminars or other events organized, the target audience and the type of clients that attend, and the staff and resources that your firm makes available. Include additional information if considered pertinent.
59. Support to the Bank's research efforts is another key element of the External Management Program. Do you have a dedicated team that provides support to the client's projects/initiatives? If so, please detail the pool of available resources/services that could be made available to the Bank.
60. Please describe any other specific products available to clients, for example, access to research papers, internal research or conference calls on special topics.
61. What other value-added services do you offer to clients?

SECTION E – HISTORICAL PERFORMANCE

62. Please provide in a separate excel file audited figures of portfolio and benchmark monthly returns during the last five years (from January 2013 to December 2017) of Global Fixed Income Short Duration composite(s) similar to the Bank's proposed mandate in terms of the type of client and permitted asset classes. Returns are to be calculated in compliance with GIPS.
63. Please provide a detailed description of the composite(s) and the benchmark(s), including credit rating breakdown, duration and the average size of the assets under management.
64. If your firm does not comply with GIPS, please provide a description of the standards that it employs in calculating its returns.

SECTION F – LEGAL, COMPLIANCE AND OTHER MATTERS

65. Do your Anti-Money Laundering (AML)/Combating the Financing of Terrorism (CFT) Program and AML policies and procedures comply with current AML legislation, regulations and guidelines issued by the regulatory bodies in the jurisdiction in which you operate?
66. Describe your firm's code of ethics and how compliance with the code is monitored.
67. Describe your firm's conflict of interest policy and how compliance with the policy is monitored.
68. Does your firm or its Affiliates have any real or potential conflicts of interest (personal or organizational) with the Bank? If so, how does your firm propose to avoid, mitigate or neutralize such conflicts of interest?
69. Describe how (if at all) your proprietary interests or interests of your other clients might affect or conflict with your duties to the Bank.
70. Describe your firm's confidentiality policies that would protect against both non-use and non-disclosure of confidential information of the Bank.
71. Describe how the firm determines, adheres to, measures, and reports on standards for best execution

with brokers, dealers and other counterparties in compliance with the Bank's investment guidelines.

72. The Bank has a standard Discretionary Management Agreement that it signs with each of its managers within the External Management Program that will only be subject to minor modifications.
- a. Under the Discretionary Management Agreement, asset managers have discretion as to which assets and securities to trade (within the Bank's investment guidelines). However, if an asset / security is established under an agreement (e.g., transactions under an ISDA Master Agreement or an MSFTA) that is in the name of or binding on the Bank, the asset manager must comply with required terms that will be provided in the Discretionary Management Agreement, and the asset manager will be required to provide a certificate of compliance.
 - b. Please be aware that BdIR is considering to be included under the external manager's umbrella ISDA Master Agreements, subject to the compliance by the external manager of the required terms.
 - c. The Discretionary Management Agreement provides (i) that the Bank does not agree to waive, and specifically reserves its right to, any immunity to which it or its assets may be entitled on the grounds of sovereignty or other similar grounds, and (ii) the external managers will only have recourse to the given portion of assets under management.

Please confirm that your firm will comply with (a), (b) and (c) above.

73. Please confirm that your firm would agree to notify of (and update us on) litigation or any actions or investigations by governmental or regulatory agencies that could adversely affect your ability to fulfill your functions as asset manager.
74. What challenges have you observed, from a legal and compliance perspective, in implementing investment management programs for other central banks?
75. How have you addressed challenges, if any, you described in Question 72.
76. Describe the standards used by you to implement your cybersecurity system. Also, describe your due diligence related to cybersecurity programs of third and fourth party vendors you would utilize on behalf of the Bank.
77. How would MIFID II affect, if at all, your management of a portfolio of assets for BdIR?
78. Please confirm that there is no legal, regulatory or administrative proceeding threatened or pending that could adversely affect your ability to perform or comply with your role as an external manager to the Bank.
79. Please confirm that there are no legal impediments or operational impediments that would reasonably be expected to prevent you from carrying out your responsibilities as an external manager to the Bank.

Annex 1. Instructions for the Proposal

Please keep in mind that the Bank will only consider Proposals that are delivered on time, and received at the electronic and physical addresses according to the procedure stated below.

The term “Proposal(s)” should be understood as the group of documents consisting of:

1. Responses to the Questionnaire
2. Certification as to Satisfaction of the Minimum Selection Criteria for Consideration
3. Additional Documentation: Most recent audited consolidated financial statements, Certificate of good standing, Certificate of incumbency for authorized signatures, and Registration as investment advisor⁷.

Proposals should be submitted in written form in English. The instructions for sending the documents are as follows:

1. Responses to the Questionnaire: They must be submitted via e-mail only to the address DAOfertasdelExterior@banrep.gov.co with the following subject matter: “RFP 2018 Foreign Reserves. Final Response”. The body of the e-mail shall visibly state the complete name and contact data of the Candidate, including its physical and electronic address. The Responses to the Questionnaire must be received at the e-mail address indicated above no later than by 23:59 (Bogota time), May 18, 2018. The Bank will not consider e-mails received after the date and time indicated above. The documents must be sent as an attachment(s) to an e-mail in .PDF format with the exception of the tables that can be found in the excel file included in this RFP, which should also be sent in .XLSX format. The size of each email must be equal or less than 10 MB because the e-mail server of the Bank does not accept files of larger sizes. If you need to send separate e-mails, please take into account that they should be numbered (for example, e-mail 1 of 5) and come from the same e-mail address.
2. Certification as to Satisfaction of the Minimum Selection Criteria for Consideration and Additional Documentation: The documents must be sent by courier to the attention of:

Banco de la República
Departamento de Inversiones Internacionales
Dirección: Carrera 7 No. 14-78 Piso 1
Bogotá, Colombia

These documents should be delivered not later than May 18, 2018. The documents will be received at the address stated above, Monday to Friday (Local business day), from 09:00 to 12:00 (noon), and from 14:00 to 17:00 (Bogota time). For purposes of the timely delivery of the documents, please be aware that due to security procedures of BdIR, visitors of BdIR are required to record his/her personal data with BdIR, and this could take time.

The submission of the Proposal by the Candidate will be evidence of its understanding and acceptance of the conditions set forth in this RFP.

⁷ If your firm is registered with the U.S. SEC, both Part 1 and Part 2 of Form ADV should be provided.