LATINLAWYER

LATINLAWYER Reference – RESTRUCTURING 2009

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COLOMBIA

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Actions prior to a formal proceeding

1. What actions are available to creditors prior to a formal insolvency proceeding to recover on a defaulted loan or obligation of a debtor? Are there any expedited formal proceedings?

Any creditor of an obligor has two possible actions available: an executive action or an ordinary action, depending on the evidence obtainable.

Executive action

If the payment obligation can be found in a document under which the debtor's obligation to pay is express, clear and currently enforceable (such document is known as an executive title), an expedited formal proceeding (executive action) may be filed with a civil court. It is called "executive" because its purpose is focused on payment of the unfulfilled obligation rather than a legal debate for discussing enforceability or existence of the obligation to pay. As a consequence, such executive proceedings are designed to be more expeditious than a regular civil proceeding (ie, ordinary action) and, even before of the service, attachment of assets (or *embargo*, that may include a petition for judicial administration of those attached assets, known as *secuestro*) may be solicited if a bond is posted. A payment order is issued; and if the debtor does not pay, or no defence succeeds, those attached assets shall be sold in a judicial auction and the creditor will be paid.

Finally, if the payment obligation was secured with a pledge or mortgage, those pledged or mortgaged assets will be preferentially used to pay such secured creditor before any other creditor.

Ordinary action

If the creditor lacks an executive title, an ordinary action has to be filed. Judicial terms in such proceedings are long – favouring a thorough debate – and no attachment may be asked, but the competent judge may order the filing of the suit in the public registrar office of real estate. Nevertheless, as an alternative to a cumbersome ordinary action, such creditor may obtain an executive title through conciliation or to a judicial confession proceeding (which is a preliminary hearing), if the debtor recognises before a conciliator or a judge respectively, that he currently owes a certain sum of money – in an express and clear manner.

2. What duties do directors or officers of a company owe creditors or other third parties if the company is insolvent or in financial difficulties, or has negative net worth? Is there a standard of care towards third parties? In what circumstances can officers and directors be found liable for continuing to operate a company in financial difficulties?

In Colombia, officers and directors have general duties of good faith, loyalty and diligence – "to be as diligent as a prudent businessman", Law 222 of 1995, Article 22. Any violation of those duties implies for such representatives possible civil liability claims against them.

Following such considerations, the Colombian Insolvency Law (Law 1116 of 2006, hereinafter Law 1116) provides that directors and officers may be found liable for any conduct that, intentionally or negligently, diminishes the debtor's net worth causing a pecuniary harm to its creditors if the company has become insolvent or has fallen into an economic distress situation (Article 82). In spite of any criminal consequences, such conducts are also punished with legal incapacity to perform any commercial activity up to a ten-year period, if they do not act carefully towards creditors and third parties. Particularly, Law 1116 indicates the following conducts as prohibited: (i) incorporating or using a company to defraud creditors; (ii) placing the company into insolvency through fraud methods; (iii) destroying corporate assets; (iv) wasting corporate assets and as a result, placing the company into insolvency; (v) breaching the reorganisation agreement without a just cause; (vi) diminishing or hiding the corporate assets; (vii) simulating expenditures, debts, or losses (Article 83). Please note that all those conducts imply bad faith of the director or officer, and such bad faith needs to be proven during the correspondent litigation. No liability shall be placed under a good faith performance of its duties.

3. Can a creditor that has secured debt foreclose on the collateral or sell collateral in a private sale? If so, what rules exist to ensure the sale or foreclosure generates the maximum amount of sales proceeds possible? Can lenders sell their debt claims or take possession or control of the underlying collateral?

The only permitted way to enforce payment of a secured obligation that has been defaulted is through judicial auction. It is expressly prohibited that a secured creditor sells such collateral in a private sale. Articles 2422 of the Civil Code and 1203 of the Commercial Code provide that a pledgee may only be paid through a judicial public auction, and any contrary provision shall be deemed as not valid. Regarding mortgages, payment rules applicable for pledges are also valid for mortgages (Article 2448 of the Civil Code), which means that a mortgagee may not privately sell the real estate property either.

Formal proceedings

4. What types of insolvency proceedings are available in your jurisdiction?

There are two general types of insolvency proceedings available in Colombia, as recently amended by Law 1116: reorganization and judicial liquidation.

However, specialised proceedings are available for the following cases: (i) for natural persons that are not deemed as merchants, a creditor's meeting procedure (*concurso de acreedores*) has to be filed with a civil judge; (ii) for territorial entities and public entities excluded by Law 1116, there is a different regime known as restructuring proceedings (*proceso de reestructuración*), as provided by Law 550 of 1999; (iii) for financial institutions and private entities rendering public utility services, mandatory takeovers for administration or mandatory administrative liquidations are available. Proceedings of public interest in which the service rendered by the distressed entity may not be ceased or interrupted, as ruled by Decree 2211 of 2004.

Through this document, we will make exclusive reference to the general regime of Law 1116.

5. On what grounds may a debtor company be placed into an insolvency proceeding? Who may do this? What are the grounds for a voluntary proceeding? If an involuntary proceeding is filed, must a bond be posted or is there any risk of liability to the creditor or creditors who filed the action? What effect, if any, does a filing have on a subsidiary or affiliate of the debtor?

According to Law 1116, a debtor company may be placed into a reorganisation proceeding upon two situations: (i) Default (non-payment for 90 days or more, of two or more obligations owed to two or more creditors, or two or more executive proceedings filed by two or more creditors demanding payment of obligations. In both cases, the accrued amount of those debts must be at least 10 per cent of the debtor's total liabilities according to its financial statements) and (ii) imminent incapacity to pay (when market circumstances or internal or structural situations of the company affects – or will reasonably affect – payment of its obligations maturing in a year or less). Regarding judicial liquidations, a debtor company may be placed into such proceeding if the reorganization agreement has failed or if a legal circumstance (as provided by Law 1116) implying immediate liquidation arises.

Upon any of those situations described above, (i) the debtor, (ii) one or more creditors of those defaulted credits, (iii) or a representative of a foreign insolvency proceeding, may validly file a request for the insolvency proceeding with the Superintendence of Corporations (the judge in corporate insolvencies (hereinafter SC) who may also, by its own initiative, commence such proceedings, and in any case, decides if a proceeding have to be conducted or not).

No bond has to be posted, and no liability of the creditor is provided in Law 1116. The filing for the reorganisation proceeding may include subsidiaries and affiliates, even if control situation over such subsidiaries and/or affiliates has not been registered in the Chamber of Commerce registry (Article 12). However, separate reorganisation agreements may be dealt for any of those affiliates involved.

6. What notifications and meetings are required after the company has been placed in an insolvency proceeding? Do the insolvency laws recognise bondholders under an indenture? What must they show to prove their ownership interest in the underlying debt?

There are several notifications and meetings (ie, public hearings) during the proceeding, as follows.

Notifications

After the reorganisation proceeding is requested, the SC will decide if a proceeding shall be conducted. If so, it issues an initial statement (*auto de iniciación*) that has to be known by these means: (i) notified by a publication at the SC's offices and its web page; (ii) registration in the Chamber of Commerce registry; (iii) a publication in national and wide known newspapers, letters, radio announcement, and/or any appropriate means determined by the SC; (iv) written announcement at the debtor's headquarters and its branches. After those notifications, creditors may become parties at the proceeding by means of personal presentation and request of its recognition as creditor and following notices (eg, convoking for a meeting) shall be done by posting a notice at the SC's offices and its web page.

Meetings
Several meetings are called during the proceedings: (i) After issuance of the initial statement, the SC chooses a date to appoint a promoter (*promotor*) for the reorganisation proceeding. Such promoter will be appointed by the SC in a public hearing, who will be selected through a ballot from a list that has been previously made by the SC; (ii) such promoter has to rank and qualify any credit owed by the debtor (*calificación y graduación de créditos*), and creditors are notified of such ranking, upon which they may object or make comments. Those objections and comments are conciliated in a second public hearing; (iii) finally, after an evidence period has been provided, a definitive ranking of credits is reached, and a reorganisation plan is proposed, a confirmation hearing is summoned to approve the plan.

Bondholders
Regarding bondholders, if Colombian law governs bond issuance the bondholders' representative shall represent them at the insolvency proceeding. The representative of the bondholders will file with the SC an authentic copy of the issuance contract. Such representative shall vote at the insolvency as determined by the bondholders' assembly under Colombian securities laws; in the case of bonds governed by any other law, the representation of bondholders will follow the applicable law.

7. How are contingent creditors dealt with? How are inter-company claims handled? Are there special rules for certain contracts?
Regarding contingent credits (ie, conditional obligations and judicial claims against the debtor), those shall be subject to the terms provided in the reorganisation agreement, in equal conditions to credits of their own categories and preference, and shall be subject to fulfilment of the pending condition or the judicial result of the respective claim (Article 25). Regarding inter-company claims, those may be voted in a restructuring proceeding, but those shall have to be identified as so (Article 24 number 4).

Finally, regarding contracts, a general rule applies: after commencement of the proceeding, no contract shall be terminated by reason of entering into the insolvency proceeding. Moreover, for certain contracts particular rules are applicable: (i) as government contracts are concerned, the penalty of *caducidad* may not be imposed unless it has been filed before commencement; (ii) regarding real estate leases or movable assets leasing, no eviction actions may be filed, if as cause non-payment of the rent is invoked and if such asset is being used for the corporation bylaws purposes; (iii) as an exemption of the general rule, derivative contracts governed by Colombian law may include netting provisions and early termination clauses that may be validly entered into. For other special rules Law 1116 shall apply, but will not be explained herein due to extent constrains.

8. What effect does the commencement of an insolvency proceeding have on the debtor and its operations? Is there an automatic stay that prevents third parties from acting against the debtor? Can a debtor terminate or reject contracts to which it is a party?
The main effects of the commencement of the reorganization proceeding are: (i) the debtor may not execute any amendment of its corporate documents, subscribe a guarantee, sell or purchase anything (apart from in the ordinary course of business operation), pay or settle any debt; (ii) the statute of limitations is interrupted for all credits; (iii) no executive proceeding may be filed, and those already filed are transferred to the reorganisation; (iv) public utilities may not be suspended; (v) periodically performed contracts may be amended after authorization of the SC; (vi) and those explained in our answer to question 7.

Upon commencement of a judicial liquidation, its main effects are: (i) the debtor corporation is immediately dissolved; (ii) directors and officers are removed, and a liquidator assumes those roles; (iii) all contracts are terminated, excepting those necessary to maintain the corporate assets; (iv) trusts (*fiducias*) are terminated, and such assets in trust (in Colombia, that involves a separate estate) return to the debtor's assets; (v) statute of limitations is interrupted for all credits; (vi) all debts become enforceable, even if those have not matured yet; (vii) and no settlement or payment may be done outside the liquidation.

9. How are secured creditors treated in an insolvency proceeding? How do they protect their collateral, particularly liquid assets? Can they seek remedies? Must their approval be obtained to use or dispose of their collateral? How are unsecured creditors treated?
Insolvency proceedings follow the creditors' preferences provided by the Civil Code, ranking credits in the following order, omitting those applicable only to natural persons: (i) *First rank*: employees about their unpaid salaries and stipends, and the Government about unpaid taxes; (ii) *Second rank*: the shipper has preference over any carried asset of the debtor, and the pledgee over the pledged asset; (iii) *Third rank*: the mortgage over the mortgaged real estate; (iv) *Fourth rank*: public education entities and suppliers of raw materials necessary to produce goods and or render services; (v) *Fifth rank*: any other creditor, without preference. Therefore, secured and unsecured creditors are subject to such categorisation.

Nevertheless, the reorganisation agreement may validly vary the aforesaid creditors' preferences if: (i) 60 per cent or more of the admissible votes agree on that, (ii) such different allocation of credits has as rationale to facilitate the purposes of the plan, and (iii) no creditor ranking is lowered. If a creditor ranking wants to be lowered, a 60 per cent favourable vote of such particular class is required.

Regarding such assets serving as collateral, those are protected in the proceeding and may not be sold, transferred or assigned before the reorganisation agreement (on reorganizations) or the adjudication (on liquidations). The law provides no specific remedy for protection of collaterals.

10. What is the effect of an insolvency proceeding on current and retired employees?

Current and retired employees have the preference explained above in question 9, regarding salaries and other stipends. It is noteworthy that, after Law 1116 was enacted: (i) in the reorganisation proceeding there is no room for unpaid pensions claims, because it is required to be admitted into reorganisation that any pension payments due have been previously paid (Article 10 number 3, Law 1116), and (ii) there is a special rule for the votes of labor creditors (employees), indicating that such votes will be those of certain credits, provided by law, employment contract, collective bargaining, or arbitral award, even if such credits are not currently enforceable.

11. How do the various types of claims rank in an insolvency proceeding? Do some claims automatically have higher priority? May claimants with lower priority receive consideration under a reorganisation plan even though claimants with higher priority are not paid in full?

Please refer to question 9.

12. What level of creditor support is needed to approve a reorganisation plan? Can secured creditors and other priority claim holders that do not approve a reorganisation proposal be "crammed down"? Are there any substantive criteria that a plan must satisfy? Must hearings take place or documents be distributed?

A reorganisation plan has to be approved by the absolute majority of the admissible votes. However, at least three types of creditors have to approve such plan. Law 1116, apart from the aforesaid about creditors' ranking of the Civil Code, provides for five categories of creditors exclusively for voting purposes: (a) labour creditors; (b) public entities and social security institutions; (c) Colombian financial institutions and other surveilled entities of the Superintendence of Finance, and foreign financial institutions as well; (d) internal creditors (shareholders); and (e) any remaining external creditor.

Nevertheless: (i) if there are only three types of creditors, it has to be approved by two; (ii) if there are only two types of creditors, majority in both types are required. Regardless of the rules above, a 75 per cent approval shall not require any additional rule regarding types of creditors approval.

In addition, there is a special majority required if the majority of approving votes are issued by the same group (ie, affiliates or related companies): a plural number of votes have to approve with at least 25 per cent of such remaining votes.

Finally, according to those rules, secured creditors may be legally crammed down, but if such plan satisfies the substantive criteria provided by Law 1116 (Article 34): the provisions of the plan must have a general character (avoiding exclusion of any recognised and admitted credit) and legal rankings and privileges shall be followed; the agreement shall include provisions providing for a creditors' committee, which includes external and internal creditors, but shall not manage the corporation, and a provision requiring an annual meeting of creditors, that will evaluate compliance to the plan. In general, any plan has to respect principles of universality, fairness, efficiency, information, negotiability, reciprocity and economic governance, as defined in Article 4 of the Law 1116.

Regarding the hearings that shall take place, please see question 6.

13. May creditors trade their claims during the course of a reorganisation? What impact, if any, will it have on voting for a plan?

Article 28 of the Law 1116 provides that any legal subrogation or assignment of credits will validly transfer to a new or existent creditor any right, action, privilege as provided in the Civil Code. Hence, it is valid that creditors trade their claims, and no there will be no direct impact on the voting for a plan. Nevertheless, it is worth saying that if credits are assigned to an affiliate of another creditor, such situation may trigger the special majority described in question 12.

14. What kind of court supervision is there in each type of insolvency proceeding? Is a trustee or receiver (or other court-appointed officer) appointed to supervise the debtor or can the debtor continue to control operations during the insolvency proceeding? What formal role do creditors (or creditors' committees) play in the process? Are the judges that supervise and administer the process specialised?

Insolvency proceedings provide for different levels of court supervision. In reorganisation proceedings, the judge (for corporations, the SC) plays a key role appointing the promoter, approving the reorganisation plan, calling for – and directing – the hearings, authorising amendments to the corporate documents, and in general, conducting the proceeding. After approval and development of the plan has been reached, the SC has to confirm that the reorganisation agreement has finished because obligations are satisfied, or a default has occurred. In contrast, in liquidation proceedings, after removal of directors and officers, a receiver and not a promoter is appointed. Such receiver shall have the exclusive capacity to validly bind the entity and shall control operations of the debtor.

As we said in question 12, in reorganisation proceedings a creditors committee is appointed. Even though such committee shall not have any management authority, the committee will be useful as a legality control instrument for any operation performed by directors and officers, and it will inform to the judge of any irregularity that may arise.

Finally, in Colombia any corporate insolvency proceeding is filed with the SC (see question 4). In the SC there is a specialised division of public servants specialised in insolvency, and no other proceedings are conducted by them (as financial institutions is concerned, the situation is identical, because those specialised insolvency proceedings are filed exclusively with the Superintendence of Finance, or in the case of public utility companies, such proceedings are carried out by the Superintendence of Public Utility Services).

15. May a debtor obtain financing while in insolvency *(eg, debtor-in-possession financing)*? Will the lender enjoy special rights or preferences for providing debtor-in-possession financing?

Debtor-in-possession financing is permitted in Colombia, and those lenders will enjoy special preference. As provided by Article 41 of the Law 1116, if any of the creditors at the reorganisation proceeding lends money to the debtor, it will enjoy the ranking of the government regarding taxes due (ie, first rank), and such preference shall be followed even if there is a subsequent liquidation.

For such purpose, each new amount of money lent shall give preference to the correspondent equivalent amount in Colombian pesos of the older credit. Moreover, if any investor contributes fresh funds as equity (capitalization), those investments will also enjoy the aforesaid preference and, upon liquidation, they shall have preference at the moment that their stake has to be reimbursed (against other stakes), up to the sum capitalised during the insolvency.

In general, any other obligation assumed after the commencement of the insolvency proceeding (ie, any necessary contract) shall be considered as management expenditure and it shall have preference over any credit of the reorganisation agreement or the liquidation proceeding, and its payment may be claimed as mandatory (Article 71).

16. What happens at the end of an insolvency proceeding? If there is a discharge of prior claims, is it permanent or subject to any conditions subsequent?

As a result of a reorganisation agreement, the plan is mandatory for the debtor and all its creditors, including those absents or dissenters. Also, those corporations will enjoy some tax advantages during three years (not subject to presumptive income tax and may ask for refunds of any withholding tax paid during such period). There is a permanent discharge of prior claims and the reorganization plan may not be amended, unless an amendment is approved by 60 per cent of the admissible votes and satisfies the purposes of the plan (see question 12). There are no conditions subsequent to discharge such previous claims. During all the execution of the plan, there is permanent supervision of the SC.

Regarding to judicial liquidation, the adjudication plan is also mandatory. It shall respect the creditors' ranking and take into consideration the principle of fairness among creditors of the same ranking. There are no subsequent conditions either.

17. How long do restructurings last? Is there a formal deadline?

According to Law 1116, restructurings (in Colombia, reorganisations) shall last a fixed amount of time. After filing for reorganisation, the promoter is appointed, and notice is given to creditors. Then, the judge (SC) concedes to such promoter a fixed period (from 20 days to two months) to rank and qualify credits. Subsequently, a 10-day period shall be given to creditors to object such ranking, and immediately after, the SC shall give a new term (five days) to file any comment on those objections.

The promoter has to summon all creditors to conciliate the objections (10 days), and it shall have two days to inform the results to the SC. An evidence period follows (no longer than 30 days), and the SC shall call all participants to a hearing in order to resolve any objection not previously conciliated. Such hearing may be put off, but not for a term longer than 10 days.

After the SC has approved the ranking and qualification of credits, the agreement – or reorganization plan – has to be reached in a term no longer than four months, which may be extended for two months more if a filing is submitted by a debtor and/or various creditors, duly justified.

In conclusion, according to the Law 1116, reorganisation shall not last longer than 8.5 months. Nevertheless, is noteworthy that the SC has no fixed term to appoint the promoter, approve the ranking of credits, etc. Hence, it would take a longer period.

18. Is there an expedited or summary proceeding available to obtain court approval of an out-of-court restructuring plan? If so, what types of claims and creditors may participate and how does the process work?

An out-of-court restructuring plan is valid in Colombia (Article 84 of the Law 1116) only if: (i) a plural number of creditors agree with the majority required by law for an SC's reorganisation proceeding (see question 12); (ii) it is a written agreement; (iii) it is validated by the SC upon request of any of the parties of such agreement. The SC will verify that all the majorities and voting provisions of the Law 1116 were respected; negotiations have enough publicity and were open to all creditors; creditors within the same ranking have equal rights; no illegal or abusive provisions were included; and in general, it observes the law.

No additional requirement is mentioned about formalities of the out-of-court process. The validation takes into account more the material adherence to Law 1116 than formalities and procedures.

19. May creditors offset debts owed to them by the debtor in an insolvency proceeding? Does it require court approval? Can creditors recover the expense of participating in the process? If so, how is that dealt with?

Since the reorganisation proceeding request is filed with the SC, it is prohibited that any compensation, payment, arrangement is made by officers of the debtor, unless a previous request –duly argued – is filed with the SC, which may authorise such transaction or not (please see the exception for derivatives, question 7).

If such authorisation is not granted, any transaction shall have no legal effect and officers shall be removed and penalties shall be imposed to such officers and be up to 200 minimum monthly legal wages (as of 2008, approx. US$40,000). As for the second part of the question, there is no specific provision in the Law 1116 for creditors to recover the expense of participating in the process.

20. If a debtor company has tax losses prior to a reorganisation, will it retain and be able to use such losses after it emerges from the reorganisation?

According to Article 147 of the Colombian Tax Code, there is no temporal limit or restriction for a corporation to retain and be able to use tax losses. Therefore, it may use freely such losses after it emerges from reorganisation.

21. How are extraterritorial bankruptcy or insolvency proceedings recognised? Could a bankruptcy or insolvency judgment abroad substantially delay an insolvency proceeding in your jurisdiction? Does your jurisdiction contemplate ancillary or parallel insolvency proceedings with respect to a foreign proceeding?

Law 1116 incorporated the cross-border insolvency proceedings recognized by the UNCITRAL model law. Such rules shall be applied: (i) if a foreign court or a foreign representative requires support in Colombia regarding a foreign proceeding; (ii) if a foreign person requires support regarding a Colombian insolvency proceeding; (iii) if simultaneous insolvency proceedings are conducted, or (iv) if creditors or other third-parties abroad, have interest to request or participate in an insolvency proceeding in Colombia.

According to the Law 1116, if such foreign proceeding is recognised, no executive proceeding may be filed with a court against the debtor, and if any proceeding was pending, it shall be suspended. Nonetheless, the right to file an insolvency request in Colombia will not be affected (Article 105, number 2), but it will be possible only if the debtor has assets in Colombia (Article 113).

Finally, parallel insolvency proceedings are contemplated in our legislation. Please see in detail such proceedings in articles 113 to 116 of the Law 1116.

22. How frequently do debtor companies reorganise and emerge from bankruptcy as opposed to liquidation? What factors determine this?

In general, we may say that it is fundamental to recognise that Colombian bankruptcy – or reorganisation – and liquidation purports different intentions: the reorganisation proceeding aims to preserve viable companies and normalise their commercial and credit relations through its restructuring; in contrast, a judicial liquidation pretends a fast and ordered liquidation, looking for an appropriate allocation of resources rather than a rescue plan for the company. Therefore, it is highly unlikely that a company emerges from liquidation (but it is legally possible).
The following statistics are taken from the SC website (as of 28 October 2008).

Reorganisation

Before Law 1116 was enacted, two restructuring proceedings were conducted (*reestructuración empresarial* and *concordatos*). From 629 reorganisation proceedings in which a reorganisation plan has been agreed, 107 have emerged from bankruptcy and returned to normality. Under the new Law 1116, from 37 corporations that have filed a reorganisation proceeding, just one has emerged from it (the remaining companies are still under such bankruptcy proceeding).

Liquidation

Before Law 1116 was enacted, a different liquidation was conducted (*liquidación obligatoria*). From 1378 liquidation proceedings, 1174 ended (dissolving the entity, not emerging). Under the new proceeding, 95 proceedings have begun, but none have yet concluded.

23. In what circumstances could transactions that were entered into prior to an insolvency proceeding be vulnerable to challenge? By whom?

Suspicious period is applicable under Colombian regulation. Any transaction that was entered into prior to the insolvency and has caused a harm to creditors, or affected the legal rankings provided by law, or altered the net worth of the debtor to cover all its debts, may be challenged by a creditor during the insolvency proceeding. Such transactions are: (i) any extinction of obligations, dation in payment, or any transaction that implies transfer, disposition, constitution or cancellation of encumbrances, limitation or partition of debtor ownership rights, executed against its net worth at any moment within an 18-month period before the filing for reorganisation or judicial liquidation if no evidence of a good-faith acquirer; (ii) any gratuitous transaction entered into at any moment within a 24-month period before the filing for reorganisation or judicial liquidation; (iii) any bylaws amendment registered with the Chamber of Commerce registry within the previous six months before the filing, if such amendment diminished the debtor's net worth causing harm to creditors, or modifying the creditors liability regime.

Such actions may be filed with the SC within six months after the ranking and qualification of credits becomes definitive, and such action will be conducted as an abbreviate proceeding within the insolvency proceeding.

Nevertheless, two transactions may not be challenged: (i) any transaction over securities or other negotiable rights which have received a transfer order through a settlement and negotiation system, as defined by the Colombian Securities Law (Law 964 of 2005); (ii) any transaction or contract regarding issuance of securities in the Colombian securities public market.

24. Are any amendments to your jurisdiction's insolvency laws envisaged?

Taking into consideration that Law 1116 is a very recent amendment, no further amendments are envisaged.

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