

THE ASSOCIATION OF GLOBAL CUSTODIANS

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STATE STREET BANK AND TRUST COMPANY

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21 December 2010

By Electronic Delivery

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Sra. Jeanette Forigua Rojas
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Superintendencia Financiera de Colombia
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Bogotá, D.C. Colombia

RE: Monthly Withholding Tax on Fixed Income Securities for Foreign Investment Funds

Dear Señora Forigua:

We write on behalf of the members of the Association of Global Custodians (the "Association") to convey members' views regarding Colombia's current withholding tax framework for non-resident investors in fixed income securities. The Association is an informal group of ten global banking institutions, listed on the letterhead above, that conduct significant custodian services and related asset-servicing functions on behalf of cross-border institutional investors worldwide, including Foreign Investment Fund ("FIF") clients investing in the Colombian market.

In a meeting at your offices on September 10, 2010, with an Association representative from State Street Bank and Trust Company, you expressed interest in working to reduce the cumbersome processes surrounding withholding tax as they apply to global custodians and FIFs. We also understand that Decree 2080, which governs FIF activities, is currently under review, and the timing may be right to consider regulatory enhancements relative to withholding tax requirements.

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As you are aware, non-resident investors in Colombian fixed income securities are subject to a monthly withholding income tax of 33% that involves a series of steps and calculations, which happen at the end of each month. These actions include:

- taxes that were withheld at source by the issuer on interest income are subtracted from the total tax liability due;
- the remaining tax liability is withheld as part of the determined calculation on accumulated yields;
- the local administrator for each non-resident investor calculates the monthly withholding tax that pertains to accumulated yields derived from fixed income instruments during the period. This amount is determined after deducting any losses from the previous month, administration costs, and the currency devaluation cost from the gross income earned during the investment period; and,
- the total tax due is then subject to value added tax (VAT) and debit tax.

These complicated withholding tax-calculation processes are particularly challenging given their monthly frequency. In addition to that complexity, significant variability in related administration fees makes it very difficult for FIF's and their investment managers to calculate yield information on their fixed income security investments.

Notably, this withholding tax is unique to Colombia; it does not represent the typical tax practices found in the rest of the region. Association members are accordingly concerned that the complexity and uncertainty may discourage non-resident investors from participating in the Colombian fixed income market.

The Association requests your assistance in liaising with Direccion de Impuestos y Aduanas Nacionales to reduce the existing burdens associated with the withholding tax framework. Members would welcome refinements to existing requirements that would reduce tax calculation frequency and processing steps, thereby increasing investor yield predictability. One solution would be to simplify the tax calculation so that it is easier for portfolio managers to calculate an accurate yield at the moment a transaction occurs. Another option could be to amend the existing framework for non-resident investors and align these with the existing withholding tax framework for resident investors.

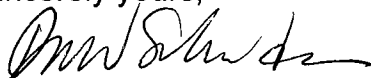
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Members appreciate the opportunity to provide you with the foregoing request. We believe that simplifying the withholding tax process is likely to make the fixed income market in Colombia a more attractive investment vehicle for FIFs. Association members would be pleased to provide additional information should that be useful to you. If you have questions regarding this letter, please contact the undersigned at 1.312.861.2620 as an initial matter.

Sincerely yours,



Dan W. Schneider
Baker & McKenzie LLP
Counsel to the Association