

RAMÓN CEDANO MELO, MBA
Judiciary Interpreter
Court of First Instance of the National District
Santo Domingo, Dominican Republic



I, Ramón Cedano Melo, Judiciary Interpreter of the Court of First Instance of the National District, duly licensed to practice as such in the district courts, HEREBY CERTIFY that the following is a true and accurate translation from Spanish into English of the document hereunto annexed. I further certify that I am competent in both Spanish and English to render and certify such translation.

Reg. No. 033/2019

[Coat of Arms]

THE NATIONAL CONGRESS

IN THE NAME OF THE REPUBLIC

Law No. 64-18

**LAW AUTHORIZING THE ISSUE AND PLACEMENT OF GOVERNMENT DEBT SECURITIES
BY THE EXECUTIVE BRANCH, THROUGH THE MINISTRY OF FINANCE.**

FIRST WHEREAS, pursuant to the provisions of the Constitution of the Republic, it is for the National Congress to legislate as regards public debt and approval or disapproval of credits and loans subscribed by the Executive Branch, in accordance with the provisions of the said Constitution and laws;

SECOND WHEREAS, the National Congress enacts the State General Budget Law for each financial year, where potential sources of revenue and expenditure are identified, including the deficit and funding approved for each fiscal year;

THIRD WHEREAS, it is a Dominican Government goal to continue to promote the deepening of the domestic capital market through government security instruments in order to help the Government meet its medium and long-term financial requirements;

FOURTH WHEREAS: The National Development Strategy defined the Nation's priority intervention areas, which in turn are aligned with the objectives set out in the Plan of Government of the current Administration, and therefore access to capital markets is required in order to obtain the necessary resources to finance the country's priority projects and programs;

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FIFTH WHEREAS: Funding through international capital markets provides a country risk reference rating for both corporate entities wishing to borrow in foreign currency and foreign investors wishing to invest in the country;

SIXTH WHEREAS: Timely access to both domestic and international capital markets allows the Government to efficiently and economically achieve its financing goals;

SEVENTH WHEREAS, The Dominican government should at all times have the flexibility to take advantage of more favorable financing conditions in both the domestic and international capital markets, which, because of their nature, tend to change in the short term;

EIGHTH WHEREAS: The State General Budget Law for fiscal year 2019 authorizes the contracting of public debt, through the issue of public debt securities to be placed in both the local and international capital markets in order to complete the financing requirements for the aforementioned financial year.

HAVING SEEN: The Constitution of the Dominican Republic promulgated on 13 June 2015.

HAVING SEEN: Law No. 11-92, dated 16 May 1992, approving the Tax Code of the Dominican Republic.

HAVING SEEN: Law no. 146-02, dated 9 September 2002, on Insurance and Bonds of the Dominican Republic.

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HAVING SEEN: Law No. 6-06, dated 20 January 2006 on Public Credit.

HAVING SEEN: Organic Public Sector Budget Law No. 423-06, dated 17 November 2006.

HAVING SEEN: Law No. 249-17, which regulates the Securities Market in the Dominican Republic, dated 19 December 2017.

HAVING SEEN: The Law approving the General State Budget for fiscal year 2019.

HAS PASSED THE FOLLOWING LAW:

ARTICLE 1. Purpose of the Law. This law is intended to give Congressional approval to the Executive Branch, through the Ministry of Finance, to issue and place internal debt securities.

ARTICLE 2. Scope of application. The scope of application of this law is for the entire national territory.

ARTICLE 3. Issue and Placement: The Executive Branch is hereby authorized, through the Ministry of Finance, to provide for the issuance of government securities for an aggregate amount of up to One Hundred Ninety Thousand Ninety million Three Hundred Ninety Thousand Dominican pesos and 00/100 (RD\$190,090,390,000.00) or its equivalent in foreign currency.

PARAGRAPH: In case of any changes in the makeup of the funding sources, the amount of the issue approved through this law may be increased to up to two hundred and thirty-one thousand eight hundred and eighty million forty-eight

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thousand nine hundred and sixty-six Dominican pesos and 00/100 (RD\$231,880,048,966.00), which is the total value contemplated as funding sources in the 2019 General State Budget Law. In no case shall this increase result in an increase of the aggregate amount of the funding sources approved to finance the General Budget of the State for 2019.

ARTICLE 4. Market of Issue and Placement. The Executive Branch is hereby authorized, through the Ministry of Finance, so that, based on the favorability of financial market conditions, it may provide for the issuance and placement of a part or all of the indebtedness referred to in the foregoing article, through the international, or domestic capital markets, in Dominican pesos, or in the currency of issue and placement that is most favorable for the country.

ARTICLE 5. Definitions. For the purposes of this Law, the following definitions apply:

1. **Aspiring Market-Makers:** Multiple banks, stock brokers, savings and loan associations and any other entity authorized by the Directorate General of Public Credit, which can compete through a rating and ranking system for a slot to become a Market Maker.

2. **Advance Security Purchase:** is the purchase of securities held by holders prior to maturity in an amount, a currency and a price that may or may not be predetermined.

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3. **Consolidation:** is the transformation of one or more parts of short-term or medium term domestic public debt securities into long-term debt, allowing for possible changes in the financial conditions.

4. **Conversion:** is the exchange of one or more securities for other certificates representative of the same amount of outstanding principal, allowing for changes in deadlines and other financial conditions.

5. **Market Maker:** Multiple banks, stockbrokers, savings and loan associations, and any other entities authorized by the Directorate General of Public Credit, designated through a rating and ranking system to be responsible for conducting daily marketing, purchase and sale price quotes, execution of authorized financial transactions of, and with, Public Debt Securities in order to develop the secondary market for such Securities.

6. **Public Debt:** public debt shall be construed as debt resulting from the operations of public credit in accordance with the provisions of Law No. 6-06, on Public Debt.

7. **Differentiated Issuer:** Differentiated Issuers refers to the Ministry of Finance, an entity which, in accordance with the provisions of Article 9 of Law No. 19-00 on the Securities Market, is not required to obtain approval from the Dominican Republic Superintendence of Securities; however, it shall submit information on the securities issued for the purpose of registration with the market of securities and products.

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8. **Custodian entity:** any entity that offers the services of Centralized Securities Depository, under the legal provisions and regulations established for such purposes.

9. **ISIN:** [International Securities Identification Number] shall mean the International Identification Code assigned to the securities issued under this Law by the relevant entity.

9. **Initial Offering:** Placement of securities on the market for the first time.

11. **Security:** Right or set of rights, essentially of an economic nature, freely negotiable, incorporating a literal and autonomous right, which is exercised by its legitimate holder under the Law. Included within this concept are derivative instruments that are recorded on the Registry of the Securities Market.

ARTICLE 6. Placement modality. The method of placement of the amount of the issue of the securities that is approved by this law shall be determined by the Ministry of Finance.

PARAGRAPH I: In cases where the issue of the securities is carried out in the local market, this may be done through auctions or through direct placements.

PARAGRAPH II: For cases where the placement is done directly, it must be approved through a motivated resolution of the Minister of Finance.

ARTICLE 7. Placements within the financial year. The amount approved by this law shall be placed within the fiscal year corresponding to the year 2019,

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in accordance with the scheduling provided by the Minister of Finance, as proposed by the General Directorate of Public Credit.

PARAGRAPH I: If at the end of the 2019 financial year there is a portion of unplaced government securities, authorization from the Legislature shall be required prior to its use in the General State Budget for the relevant financial year.

PARAGRAPH II: If prior to the 2019 financial year there are favorable market conditions for the country, a placement in the amount approved, in part or in whole, may be conducted as pre-financing for the General State Budget for the year 2019.

ARTICLE 8. Local Market Securities. For cases of securities placed in the local market, their financial characteristics, tax regime and system of registration, shall be as follows:

1. The securities authorized hereunder shall be placed under the best conditions as regards market interest rates. Financial characteristics, such as periodicity of interest payments, basis for calculating interest, coupon interest rate and denomination, will be specified in each Series-Tranche, which shall be indicated in the public offering notice.

2. Repayment of the securities to be placed hereunder may be made at maturity or through an installment arrangement and shall be specified in the notice of public offering, but in no case shall such period be less than one year from issuance.

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3. The securities shall be freely tradable in the secondary exchange and over-the-counter markets set out in the Securities Law of the Dominican Republic and on the Trading Market for Public Debt Securities of the Ministry of Finance, run by the General Directorate of Public Credit.

4. The Ministry of Finance in its capacity as differentiated issuer may, through the Directorate General of Public Credit, create and manage a Government Securities Trading Market exclusively for entities designated by the Directorate General of Public Credit as Market Makers and Candidates for Market Makers, which are subject to the applicable legal regulations issued by the Ministry of Finance.

5. The securities issued shall have an International Securities Identification Number designated as ISIN.

6. The securities to be issued by the Ministry of Finance shall be entered in the Securities and Products Market Registry of the Superintendence of Securities, in accordance with the provisions of Law No.249-17, which regulates the Securities Market in the Dominican Republic.

7. The securities to be issued by the Dominican Government, through the Ministry of Finance, shall be registered in an applicable Electronic Securities Registration System to be designated by the Ministry of Finance in accordance with the legislation in force in the Dominican Republic.

8. The securities shall be kept with the applicable custodial entity to be designated by the Ministry of Finance in accordance with the legislation in force in the Dominican Republic.

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9. The principal and interest on the securities issued by the Ministry of Finance shall be exempt from the payment of any tax imposition whatsoever or any taxes, duties, fees, surcharges, assessment, fees or public, governmental or municipal payments.

10. The disposal of the securities issued by the Government hereunder, whether for free or for consideration, shall be exempt from income tax applied to Capital Gain as set out in the Tax Code, as amended. Consequently, the said disposal shall be subject to all kinds of operations without any permission or authorization.

11. The securities shall be accepted as collateral or security by the Dominican State, its autonomous and decentralized bodies, the National District and the municipalities. Additionally, the securities may be used by insurance companies for the composition of their technical reserves in accordance with the provisions of Law No.146-02 and as investment instruments for the Pension Fund Administrators (AFP) and the funds managed by them.

12. The face value of the securities, once they become due, may be used for the payment of Income Taxes by companies legally incorporated in the Dominican Republic, provided they are in compliance and current on all their tax liabilities with the Dominican State.

Article 9. International market securities. In the case of securities placed in the international market, their financial characteristics, tax regime and

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registration system shall be as follows:

1. The issue date of each Tranche/Series of the securities shall be indicated in the notice of public offering.
2. The method of placement and allocation for the initial offering of the securities shall be pursuant to the terms and conditions normally used when trading in international markets or in compliance with the laws of the jurisdiction in which the issue is made.
3. The securities authorized hereunder shall be placed under the best conditions as regards market interest rates. Financial characteristics, such as periodicity of interest payments, basis for calculating interest, coupon interest rate and denomination, will be specified in each Series-Tranche, which shall be indicated in the public offering notice.
4. Repayment of the securities may be made at maturity or through an installment arrangement and shall be specified in the notice of public offering, under the various applicable types of public offering, in compliance with the laws of the jurisdiction in which the issue is made; however, in no event shall such period be less than five (5) years for foreign-currency-denominated bonds, nor less than one (1) year for Dominican peso-denominated bonds.
5. The securities shall be freely tradable in the secondary exchange and over-the-counter markets provided for in the Securities Law of the Dominican Republic and on the Exchange Market for Government Debt Securities at the Ministry of Finance, managed by the Directorate General of Public Credit, referred to in this law.

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6. The principal and interest on the securities issued by the Ministry of Finance under this Law shall be exempt from the payment of any taxes, duties, fees, surcharges, assessment, fees or governmental or municipal payments whatsoever.

7. The Securities to be issued shall have an International Securities Identification Number (ISIN, by its acronym in the English language).

8. The securities to be issued by the Ministry of Finance shall be entered in the applicable Registry of Securities to be designated by the Ministry of Finance in compliance with the laws of the jurisdiction in which the issue is made.

9. The securities shall be registered electronically in an applicable Electronic Securities Registration System to be designated by the Ministry of Finance in compliance with the laws of the jurisdiction in which the issue is made.

10. The securities shall be kept with the applicable Custodial Entity to be designated by the Ministry of Finance in compliance with the laws of the jurisdiction in which the issue is made.

ARTICLE 10. Management of liabilities. The Executive Branch is hereby authorized, through the Ministry of Finance, to conduct liability administration and/or management operations during 2019 for up to ten percent (10%) of the nonfinancial public sector debt, which are aimed to reduce the amount and/or service of the foreign and domestic debt of the nonfinancial public sector, through issues of debt securities to redeem or repurchase debt liabilities of the nonfinancial public sector. The debt securities to be issued in Dominican pesos or foreign currency shall be placed on the term that is most convenient for the maturity profile of the debt of the non-financial public sector.

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PARAGRAPH I: These operations must be approved by the Executive Branch, subject to a prior favorable opinion from the Council of Public Debt, and reported to Congress in the quarterly reports on Public Credit prepared by the Ministry of Finance.

PARAGRAPH II: Amongst the liability management operations to be performed by the Ministry of Finance are conversion, consolidation and advance purchase of securities, amongst others.

PARAGRAPH III: These liability management operations shall not be binding upon bondholders who may be targeted for a certain kind of operation, i.e., participation in the operation by the bondholder shall be only voluntary.

PARAGRAPH IV: To this end, the Ministry of Finance may use national or foreign financial entities, such as commercial banks, stockbrokers, savings and loan associations, figures of Market Makers and Aspiring Market Makers or others authorized by the General Directorate of Public Credit. The redemption price of a security may be equal, lower or higher than its PAR value, according to the conditions prevailing in the domestic or foreign financial markets.

PARAGRAPH V The Ministry of Finance, through the General Directorate of Public Credit, shall decide the means to carry out these operations.

PARAGRAPH VI: If the Ministry of Finance's issue is oversubscribed, bonds shall be allocated to bondholders on a pro rata basis in proportion to their bids.

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PARAGRAPH VII: The Executive Branch, through the Ministry of Finance, is authorized to make the relevant budgetary changes in the cases required for carrying out any of the operations provided for in this article.

ARTICLE 11. Transfer. Proceeds from this issue shall be transferred to the National Treasury, and this entity shall implement financial strategies to minimize the carrying cost to be generated by the operation.

ARTICLE 12. Entry into force. This law shall enter into effect after its promulgation and publication, as provided by the Constitution of the Republic.

PASSED in the Assembly Hall of the Senate, in the Palace of the National Congress, in Santo Domingo de Guzmán, National District, the capital of the Dominican Republic, on this nineteenth (19th) day of the month of December in the year two thousand and eighteen (2018); of the National Independence the 175th, and of the Restoration (of the Republic) the 156th.

[Signature]

REINALDO PARED PEREZ,
Speaker.

[Signature]

RAFAEL PORFIRIO CALDERON MARTINEZ,
Secretary.

[Signature]

RUBEN DARIO CRUZ UBIERA,
AD-HOC Secretary.

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PASSED in the Assembly Hall of the Chamber of Deputies in the Palace of the National Congress, in Santo Domingo de Guzmán, National District, the capital of the Dominican Republic, on this twenty-first (21st) day of the month of December in the year two thousand and eighteen (2018); of the National Independence the 175th, and of the Restoration (of the Republic) the 156th.

[Signature]

Radhames Camacho Cuevas
Speaker

[Signature]

Ivannia Rivera Nunez
Secretary

[Signature]

Juan Julio Campos Ventura
Secretary

RHPG-EOM/ap-mb

DANILO MEDINA
President of the Dominican Republic

In exercise of the powers conferred upon me by Article 128 of the Constitution of the Republic.

I PROMULGATE the present law and order that it be published in the Official Gazette so that it shall come to be known and obeyed.

DELIVERED in Santo Domingo de Guzman, National District, the Capital of the Dominican Republic, on this twenty-sixth (26th) day of the month of December in the year two thousand and eighteen (2018); of the National Independence the 175th, and of the Restoration (of the Republic) the 156th.

[Signature]

DANILO MEDINA

TN: Each page on this document has been initialed by its authorized signatories.

IN WITNESS WHEREOF, I have hereunto set my hand and Official Seal at my office in Santo Domingo, National District, the Capital of the Dominican Republic, on this the sixteenth (16th) day of January A.D. 2019.



Ramón Cedano Melo

RAMÓN CEDANO MELO, MBA
Judiciary Interpreter