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CENTRAL BANK OF CHILE PUBLISHES PROPOSAL TO MODERNIZE THE EXCHANGE INFORMATION REPORTING PROCESS

On October 16, 2023, the Council of the Central Bank of Chile ("**CBCh** ") published in consultation a proposal to systematize and update the exchange information requested to entities that are part of the Formal Exchange Market (the "**Project**"), in compliance with the regulation of the Foreign Exchange Regulations Compendium ("**FERC** "), together with a reformulation and restructuring of this regulatory body.

The Project maintains the existing exchange rules, which consist of the mandatory reporting to the CBCh of certain international exchange transactions through the Formal Exchange Market. The innovative aspect of the Project is that the latter obligation must be fulfilled through the new Foreign Exchange Information System ("**FEIS** "), which is still in the development stage, and which will have a high standard of information security, ensuring availability, confidentiality, integrity, and access to users facilitating the reporting of international exchange operations.

The Project seeks to reformulate the current structure of the FERC, resulting in a simplified structure of two chapters. The first chapter will regulate the Exchange Policy General Framework and Regulations, while the second chapter will contain the information requirements, with four sections, which are briefly analyzed below:

• Spot purchase and sale and transfer of foreign currency in the Formal Exchange Market, carried out by entities participating in such market.
• Rules on international exchange transactions carried out by banking companies and related to assets and liabilities abroad.
• Custody of securities by custodian entities (national or international).
• Rules applicable to international exchange transactions carried out by individuals or legal entities that are not institutional investors.

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The Project replaces the Procedures and Forms Manual, and incorporates Annexes, Operational Regulations and Information Systems, related to, respectively, more detailed FERC requirements, the specific information to be reported and the procedures, and the reported information.

Finally, the Project adds the requirement to report the flows and current liabilities of Chilean companies that have entered into external loans or received investments or capital contributions from abroad, on a time-to-time basis to be determined.

The consultation of the Project will be open until December 15, 2023. After that, a trial period will be initiated to ensure a harmonious transition between the current and the proposed regulatory system, with the final and comprehensive implementation of the new FERC expected to begin in 2025.

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