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CHILEAN PENSIONS SUPERINTENDENCE PUBLISHED PROVISIONS THAT CONSOLIDATE REGULATIONS REGARDING INVESTMENT IN ALTERNATIVE ASSETS.

On December 27, 2019, the Chilean Pensions Superintendence (the "SP") issued General Regulations No.68 and No.256, amending the Unemployment Insurance Regulation Compendium and Pension Funds Regulation Compendium, respectively, in order to organize the different regulations applicable to the investment of Pension Funds in alternative assets and consolidate the various instructions and resolutions issued by the SP between 2018 and 2019.

Since its entering in force on November 1, 2017, the new investment regime allowed the investment of Pension Funds' resources in "alternative assets", which are instruments, operations and contracts representative of real estate assets, private equity, private debt, infrastructure and other assets traded on private markets, with the main purpose of achieving a greater diversification of the funds' investments, reduce costs and obtain a better return.

Among the improvements introduced by the general regulations mentioned above there are the following:

1. New regulations for the custody of foreign alternative assets.
2. New regulations regarding the safety of investments in alternative assets performed abroad.
3. Mechanism for the valuation of syndicated and variable-rate endorsable mortgage loans.
4. Elimination of references to commodities and hedge funds in the regulation of structured notes.
5. New regulations for syndicated loans.
6. Improvements to the financial reports on investments in alternative assets to the SP by Pension Fund Administrators and the Unemployment Funds Administrators.

The new General Regulations came into force on December 27, 2019 (except for certain reporting obligations, which shall enter in force on

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July 1, 2020).

Also, on January 1, 2020 came into force the amendments of SP to the Pension Funds’ Investment Regime set forth in ruling No.24 dated as of March 25, 2019. These are:

1. To allow the launch of Call Options (only in the case in which the target asset is a part of the Pension Funds’ investment portfolio).
2. Set a new limit for the investment of such operations in the local and foreign market.
3. Include bonds as target asset in operations with derivatives with hedging purposes.

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