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DEMUTUALIZATION OF SANTIAGO'S STOCK EXCHANGE

Last Monday April 12, the Santiago's Stock Exchange ("Bolsa de Santiago") demutualization was implemented. The decision was originally taken more than a year ago, in a shareholders meeting held on March 17, 2016 (the "Meeting"), being the amendment of by-laws finally approved, necessary to carry out the demutualization, by the Security and Insurance Commission ("SVS") through Extent Resolution No. 1732 dated April 21 of the year in course.

Before the referred reform of by-laws of the Bolsa de Santiago, one of the main requirements to participate in it as an authorized broker, was that the interested broker had to acquire shares in the Bolsa de Santiago, thus becoming, owner of part of the Bolsa de Santiago. That requirement was removed from the by-laws of the Bolsa de Santiago, "demutulizating it" with the aim of separating the property of the entity from the brokerage activity.

The shareholders also agreed a series of important amendments, in line with the demutualization of the Bolsa de Santiago, some of which are:

1. To increase the number of shares from 48 to 48,000;
2. Setting a limit of property concentration, in a way that no person or legal entity could own, directly or indirectly, more than 25% of the capital shares;
3. "Non-related directors" were included, establishing the obligation to have a board of directors formed by 11 directors, 3 of them non-related;
4. Approve the new regulation and a Corporate Government Code by the directors; and
5. Create users committees.

Among the advantages that have been attributed to such amendments, is the increased flexibility to the entry requirements for new brokers, more competition, freeing brokers' immobilized capital, the strengthening of the local capital market, perfecting autoregulation, bigger levels of efficiency and transparency. On the

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other side, it has been said that among the disadvantages is the possibility of loss of fidelity and participation of current brokers.

Lastly, it is important to highlight that the demutualization of the Bolsa de Santiago is not an isolated measure on the international market, but a response to an increasing international trend, which has already been executed by the New York, Sao Paulo and Mexico City stock exchanges. Thus, the Bolsa de Santiago has aligned with this trend, which seeks the modernization of this type of institutions.