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FINANCIAL MARKET COMMISSION OPENS CONSULTATION ON RULE FOR SIMPLIFIED REGIME OF REGISTRATION OF SECURITIES AND CONTINUOUS REPORTING FOR CERTAIN PUBLIC CORPORATIONS

On January 31, 2022, the Financial Market Commission (" **FMC** ") opened a public consultation process on a regulatory proposal (the " Regulatory Proposal ") which main purpose is to improve the current criteria set forth in the General Rule No. 328 of the FMC, which allows certain public corporations to be exempted from complying with the obligations set forth in General Rule No. 30 and Circular No. 1,924, both of the FMC, regarding registration in the Securities Registry and continuous reporting to the FMC.

The Regulatory Proposal provides that those entities that must register their shares in the Securities Registry because they have complied with the requirement established in letter c) of Article 5 of Law 18,045 on Securities Market, i.e., that have 500 or more shareholders or at least 10% of their subscribed capital belongs to at least 100 shareholders, excluding those that individually or through other individuals or legal entities, exceed such percentage, and that meet the criteria defined by the regulation, may opt for a simplified registration regime in the Securities Registry, and must only submit to the FMC their annual audited financial statements, the annual report, the list of shareholders updated as of December 31 of each year and the material facts.

In this sense, the Regulatory Proposal states that the following may be eligible for this regulation:

• Those entities with total assets equal to or less than 300,000 Unidades de Fomento (equivalent to approximately US$11.35 million) and having less than 2,000 shareholders;
• Those entities in which at least 50% of their assets consist of infrastructure which purpose is to allow their users to carry out non-professional sports or educational activities, and in which it is a condition for access to such infrastructure to be a shareholder of the

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company; and
• Those entities in which at least 50% of their assets consist of infrastructure which purpose is to allow their shareholders to carry out common economic, social and cultural activities, and at least two thirds of such shareholders carry out such common activities using such infrastructure.

The entities that choose to be registered in the Securities Registry must expressly indicate that fact, in addition to attaching the information related to the identification of the entity, identification of the legal representative, identification of the entity's controller and an affidavit of veracity of such information.

The consultation process will be open until February 25 of this year, and, without prejudice to the other elements, suggestions or observations that the different actors or users of the financial market may express in the consultation process to which the Regulatory Proposal is submitted, the following is expected from issuers of securities, law firms and legal advisors and other entities of the financial system:

• Whether the requirements for registration in the Securities Registry set forth in the Regulatory Proposal would generate additional costs or risks for the entities requesting to avail themselves of such regulations;
• Whether other parameters other than those set forth in the Regulatory Proposal should be considered so that other entities may avail themselves of the exempted regime set forth in the Regulatory Proposal; and
• If with the Regulatory Proposal there are risks or costs not detected by the FMC that need to be corrected in order not to affect the market confidence.

Finally, as indicated in the Regulatory Proposal, the rule contemplated therein will become effective as of the date of its enactment.

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