/Carey

February 2022

FINANCIAL MARKET COMMISSION OPENS PUBLIC CONSULTATION PROCESS TO SIMPLIFY THE REGISTRATION IN CERTAIN REGISTRIES AND ONGOING REPORTING OBLIGATIONS.

On January 31, 2022, the Financial Market Commission (" **FMC** ") opened a public consultation process (the "Regulatory Proposal"), in order to simplify the registration process in the following registries, and the ongoing reporting obligations of entities registered in those registries:

- Registry of Foreign Reinsurance Brokers.
- Registry of Foreign Securities.
- Special Registry of Reporting Entities.

According to the FMC, the existing requirements for these registries could be unnecessary or excessively burdensome for registered entities, and the reforms contemplated in the Regulatory Proposal would significantly reduce costs for such entities, without material risks or adverse effects on the public interest.

As part of the public consultation process, the FMC expects to learn from reporting entities, foreign reinsurance brokers, issuers and sponsors of foreign securities, law firms and other market participants, if the registration requirements for each registry generate additional costs or risks to the entities that require to be registered therein, and if the proposed amendments may create risks or costs not detected by the FMC and that may need to be remedied in order not to affect market confidence.

The public consultation process on these modifications will be extended until February 25, 2022.

In particular, the Regulatory Proposal seeks to amend the following general rules issued by the FMC:

General Rule No. 139 regarding the contracting of reinsurance and

This news alert is provided by Carey y Cía. Ltda. for educational and informational purposes only and is not intended and should not be construed as legal advice.

Carey y Cía. Ltda.
Isidora Goyenechea 2800, 43rd Floor.
Las Condes, Santiago, Chile.
www.carey.cl

the Registry of Foreign Reinsurance Brokers.

The Regulatory Proposal establishes, for the purpose of the registration in the Registry of Foreign Reinsurance Brokers, the submission of the information and documents indicated below:

• Identification of the entity: Full name or company name, tax identification number, if any, and commercial or fantasy name.
• Legal address, main office address, telephone, and e-mail address.
• Identification of the legal representatives, indicating their address in Chile, telephone number and e-mail address.
• In the case of foreign brokers, (i) a certificate of good standing attesting that the entity is legally constituted in its country, and (ii) a certificate of authorization, license or registration, or other document of similar nature, issued by the competent authority of the broker's country, certifying that the entity may intermediate risks ceded from abroad, indicating the date from which it has been authorized to operate.
• Sworn statement indicating that the entity does not have any inability to be included in the registry, signed by the legal representative.
• Power of attorney in Chile, which must include both faculties of paragraph 2 of article 7 of the Civil Procedure Code, in addition to the power to be subpoenaed in court.
• Document evidencing the insurance policy required by letter c) of Article 16 of D.F.L. No. 251.
• Sworn statement of veracity of all the information provided for registration purposes, indicating that it is faithful to the information contained in the legal documents that support the registration, signed by a valid representative of the entity.

In addition, the Regulatory Proposal establishes that, at the same time of requesting its registration, the reporting entity must request the activation of a user in the Online Information Delivery System (Sistema de Envío de Información en Línea – " **SEIL** "), and then, any modification to the information provided in the registration request must be updated by the reporting entity, within 5 working days of its occurrence, through such system.

Regarding the requirements for the cancellation of a registration in the Registry of Foreign Reinsurance Brokers, the entity must submit a request to the FMC through the SEIL, notwithstanding that the public authority may cancel on its own initiative the registrations of those

brokers who:

• Fail to meet the legal requirements for their registration.
• Have not submitted to the FMC the required updates of information within the deadlines set forth in the regulations.
• Have not submitted to the FMC the renewal of the insurance policy within the established deadlines.
• The contracted policy does not comply with the conditions established in the regulations.

Finally, the proposal establishes the minimum requirements that the insurance policy taken out by the entity must comply with, in accordance with letter c) of article 16 of D.F.L. No. 251.

General Rule No. 352 regarding the public offering of foreign securities in Chile and the Registry of Foreign Securities.

The Regulatory Proposal considers, for purposes of registration in the Registry of Foreign Securities, the submission of the information and documents indicated below:

Of the applicant:

• Full name or company name and tax identification number.
• Full name and identity document of the legal representative.
• Legal address, telephone number and e-mail address.
• In the case of issuing applicants, also indication of the Internet site, if any.

Of the registered security:

• Name or corporate name of the issuer and country of incorporation.
• Kind of security to be registered (equity instrument, debt securities and other instrument).
• Series or classes and their description, if applicable.
• Country and name of the foreign regulator; and foreign stock exchange on which the security is traded, if applicable.
• Individualization of the administrator, in the case of a collective investment vehicle.
• Identification of the foreign custodian, in the case of certificates of deposit of domestic or foreign securities.
• Identification of the security in case the security has an ISIN code assigned to the instrument by the Numbering Agency of the country

of incorporation of the issuer and mnemonic or "ticker" of the instrument.
• Indication as to whether the security complies with all the requirements established in these regulations to be susceptible to be offered to the general public, or whether it only complies with those that allow it to be offered to qualified investors.
• Internet site of the issuer, of the regulator or of the foreign regulated market where the security is traded, and where the public background of the issuer of the securities is available. It should indicate whether these Internet sites will allow remote and free access to the information that issuers must submit to their home regulator and foreign markets where their securities are traded.
• In the case of sponsoring applicants, indication as to whether the security is of the same nature and from the same market in another country with respect to those whose application has been submitted previously, for the purpose of qualifying for the maximum payment of 500UF referred to in numeral 1 of Article 33 of D.L. No. 3,538. For this purpose, it must indicate the date or dates of the applications for which such condition is met.In addition, a sworn statement of veracity of all the information provided for registration purposes shall be submitted, indicating that such information is consistent with the information contained in the legal documents that support the registration, signed by a representative of the entity.

Consistent with the modifications proposed to the Registry of Foreign Reinsurance Brokers, the Regulatory Proposal also establishes that, at the same time that the entity requests its registration in the Registry of Foreign Securities, such entity must request the activation of a user in the SEIL, and afterwards, any modification to the information provided in the registration request must be updated by the reporting entity, within 5 business days of its occurrence, through such online system.

General Rule No. 364, which establishes requirements for registration in the Special Registry of Reporting Entities and ongoing reporting obligations.

Finally, the Regulatory Proposal mandates, for the purposes of registration in the Special Registry of Reporting Entities, the submission of the information and documents indicated below:

• Application signed by the legal representative of the entity.
• Identification of the entity: Full name or company name, tax

identification number and commercial or fantasy name.
• Legal address, telephone, and e-mail.
• Identification of the legal representative: Full name and identity document number.
• Identification of the entity's controller: Name or company name and tax identification number, passport number or equivalent.
• Indication of the legislation that, being applicable to the entity, confers to it the character of an entity subject to the supervision, control or oversight of the FMC, and which motivates the corresponding application for registration.
• Sworn statement of veracity of all the information provided for registration purposes, indicating that it is faithful to the information contained in the legal documents that support the registration, signed by a valid representative of the entity.

The Regulatory Proposal reiterates the obligation that in the same opportunity in which the entity requests its registration in the Special Registry of Reporting Entities, the reporting entity must request the activation of a user in the SEIL, and afterwards, any modification to the information provided in the registration request must be updated by the reporting entity, within 5 business days of its occurrence, through such online system.

With respect to the other ongoing reporting obligations, reporting entities, as the case may be, must submit the following information to the FMC:

• Private investment funds managers must submit quarterly:

• Name of the private investment fund and tax identification number.
• List of participants.
• Security of assets and liabilities of the fund.
• In case the private invest funds managers do not have any private investment funds under their administration, it must expressly state that fact.

• The entities governed by the rules of corporations are subject to Section II of General Rule No. 30 and its amendments.
• Other reporting entities must submit the following information to the FMC:

• Annual financial statements, audited by an external auditing firm.
• Annual report of the reporting entity.

• In the case of corporations, they must also submit the number of shareholders as of December 31 of each year, and the identification of their controller.

Lastly, as for the cancellation of registrations in the Special Registry of Reporting Entities, it must be requested to the FMC, together with a sworn statement, and indicating the cessation of the obligation or activity by virtue of which the law subjected the entity to the supervision, control or oversight of the FMC, notwithstanding that the authority may cancel the registration of those companies that cease to meet the requirements by virtue of which they were registered, and in the case of private fund managers, if for more than twelve months they do not have at least one private investment fund under their management.

More information on each of the documents and other information that must be submitted with the application is contained in the Regulatory Proposal.

Authors: Fernando Noriega; Arturo Fasani