

NEW REGULATION FOR PRIVATE OFFERINGS OF SECURITIES

On June 27, 2012, the Chilean Securities and Exchange Commission (the "SVS") issued General Rule No. 336, which regulates in general terms, for the first time, in which cases a securities offering shall not be considered a "public offering" and shall therefore be excluded from the application of Law No. 18,045 on Securities Market and from the oversight of the SVS, except with regard to the verification of compliance with the requirements provided in said General Rule.

This General Rule represents a landmark with regard to the concepts of "public offering" and "private offering", becoming a safe harbor and giving clarity on the regulatory treatment for many of the private offerings of securities carried out in Chile.

The SVS' rule provides three cases in which an offering of securities shall not be considered a "public offering": (i) when it is addressed exclusively to certain accredited investors (institutional investors, securities intermediaries acting on their own behalf, individuals and companies with financial investments for more than UF10,000 (US\$450,000 approximately) and individuals and companies whose portfolios are managed by accredited investors), regardless of the

number of addressees; (ii) when it is addressed to no more than 250 accredited investors, whatever the type of the accredited investor. In this case 50 nonaccredited investors may be included, and (iii) when the offered securities have a unit value equal to or higher than UF5,000 (US\$225,000 approximately), regardless of whether the offering's addressee is or not an accredited investor.

The new rule requires the private offerings not to be carried out through mass media (press, radio, television, internet without restricted access, mass letters and e-mails) and that the issuer or placement agent complies with certain information and protection requirements, including the obligation to inform the addressees about the private nature of the offering, that the

offering and the securities are not subject to the SVS' oversight and

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

that they may not be the object of a public offering while there are not registered in the SVS' Securities Registry.

The text of General Rule No. 336 may be downloaded from the following link

https://www.svs.cl/normativa/ncg_336_2012.pdf

Authors: Cristián Eyzaguirre; Francisco Ugarte; Salvador Valdés