

SCALEX EXPANDS TO COMPANIES WITH ANNUAL SALES OF UP TO USD 44.7 MILLION

On January 30, 2023, the Commission for the Financial Market ("CMF") approved an amendment to the Stock Market Regulation applicable to Issuers Exempt from Registration with the CMF, corresponding to the "ScaleX Santiago Venture Exchange" section of the Santiago Stock Exchange ("ScaleX").

ScaleX is an initiative promoted by the Santiago Stock Exchange and the Chilean Economic Development Agency (Corporación de Fomento de la Producción - CORFO), which establishes the general rules and instructions that govern the registration, listing and settlement of transactions of issuers and securities exempt from registration with the CMF, as established in General Rule No. 452 of the CMF, dated February 22, 2021.

According to the original text of the ScaleX regulations (the "Regulation"), the companies that could register in ScaleX had to have relevant technological components in their products, services or business model, and be able to demonstrate sustained growth (paragraph 2.2 a)). Once these requirements were met, these companies could make offerings for a total amount not exceeding the equivalent to UF 100,000 (approximately, USD 4,475,000) in the 12 months following the first offering made in the stock exchange.

With the recently approved amendment, the Regulation now includes, in addition to the segment already described, a second segment (paragraph 2.2 b)) that allows the entry of medium/large companies with annual sales ranging between UF 100,000 (approximately, USD 4,475,000) and UF 1,000,000 (approximately, USD 44,750,000), and that are at least three years old, without requiring them to have a technological component, as opposed to what is established for companies in paragraph 2.2 a).

Also, the amendment indicates that companies that fall into the category of paragraph 2.2 b) are not subject to a maximum amount to be raised by the issuer or offeror, unlike the limit of UF 100,000

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(approximately, USD 4,475,000) established for technology companies. However, both the securities corresponding to paragraph 2.2 a) and the securities corresponding to paragraph 2.2 b) may only be acquired by Qualified Investors (Inversionistas Calificados).

This amendment is an important step to make the Chilean stock market more competitive, as well as to strengthen local entrepreneurship and the startup ecosystem, reducing the barriers that currently exist in order to obtain financing and reaching a segment of the industry that, until now, had to migrate to foreign markets to raise capital.

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