

▶ CENTRAL BANK AUTHORIZES EXECUTION OF FOREIGN EXCHANGE TRANSACTIONS IN NATIONAL CURRENCY

Pursuant to last paragraph of article 42 of the Organic Constitutional Law of the Central Bank of Chile, the foreign exchange transactions that the Central Bank requires to be exclusively executed in the Formal Exchange Market, cannot be executed in national currency or through other assets, unless the Central Bank expressly authorizes so.

In this context, on December 24, 2020, and after a public consultation process, the Central Bank's Council agreed to amend its Foreign Exchange Regulations Compendium ("FERC"), to authorize the execution of the following foreign exchange transactions in national currency:

1. The contracting of derivatives products whose settlements or payments consider physical delivery of Chilean pesos.
2. The opening and holding of bank checking accounts in Chilean pesos by individuals or entities neither domiciled nor resident in Chile.
3. The granting of loans by individuals or entities domiciled or resident in Chile, to individuals or entities domiciled or resident abroad. For these purposes, the definition of loans referred to in Chapter XII of the FERC shall be applied.
4. The execution of deposit or investments transactions abroad, by individuals or entities domiciled or resident in Chile. For these purposes, both the definition of deposit and investment referred to in Chapter XII of the FERC shall be applied.
5. The granting of loans or the execution of deposits, investments, and capital contributions in Chile, by individuals or entities neither domiciled nor resident in Chile, as these terms are defined in Chapter XIV of the FERC.

Validity

Transactions referred to in letters 1), 2) and 3) above can be executed in national currency as from March 1, 2021.

Transactions referred to in letters 4) and 5) above can be executed in national currency as from September 1, 2021.

Finally, on December 29, 2020, the Central Bank's Council sanctioned a restated text of the Annex No. 1 to Chapter I of the FERC, to update the regulations considering these amendments.



If you have any questions regarding the matters discussed in this news alert, please contact the following attorneys or call your regular Carey contact.

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