

January, 2020

CHILEAN PENSIONS SUPERINTENDENCE PUBLISHED PROVISIONS THAT CONSOLIDATE REGULATIONS REGARDING INVESTMENT IN ALTERNATIVE ASSETS.

On December 27, 2019, the Chilean Pensions Superintendence (the "SP") issued General Regulations No.68 and No.256, amending the Unemployment Insurance Regulation Compendium and Pension Funds Regulation Compendium, respectively, in order to organize the different regulations applicable to the investment of Pension Funds in alternative assets and consolidate the various instructions and resolutions issued by the SP between 2018 and 2019.

Since its entering in force on November 1, 2017, the new investment regime allowed the investment of Pension Funds' resources in "alternative assets", which are instruments, operations and contracts representative of real estate assets, private equity, private debt, infrastructure and other assets traded on private markets, with the main purpose of achieving a greater diversification of the funds' investments, reduce costs and obtain a better return.

Among the improvements introduced by the general regulations mentioned above there are the following:

1. New regulations for the custody of foreign alternative assets.
2. New regulations regarding the safety of investments in alternative assets performed abroad.
3. Mechanism for the valuation of syndicated and variable-rate endorsable mortgage loans.
4. Elimination of references to commodities and hedge funds in the regulation of structured notes.
5. New regulations for syndicated loans.
6. Improvements to the financial reports on investments in alternative assets to the SP by Pension Fund Administrators and the Unemployment Funds Administrators.

The new General Regulations came into force on December 27, 2019 (except for certain reporting obligations, which shall enter in force on July 1, 2020).

Also, on January 1, 2020 came into force the amendments of SP to the Pension Funds' Investment Regime set forth in ruling No.24 dated as of March 25, 2019. These are:



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

Cristián Eyzaguirre

Partner

+56 2 2928 2209

ceyzaguirre@carey.cl

Francisco Guzmán

Partner

+56 2 2928 2217

fguzman@carey.cl

Andrés Latorre

Associate

+56 2 2928 2217

alatorre@carey.cl

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

1. To allow the launch of Call Options (only in the case in which the target asset is a part of the Pension Funds' investment portfolio).
2. Set a new limit for the investment of such operations in the local and foreign market.
3. Include bonds as target asset in operations with derivatives with hedging purposes.