

CHILEAN CENTRAL BANK ISSUES NEW CHAPTER OF ITS FINANCIAL COMPENDIUM REGARDING THE ACKNOWLEDGEMENT AND REGULATION OF BILATERAL DERIVATIVES.

On April 5, the Central Bank of Chile, ("Central Bank"), through Board Agreement No. 2143-02-180405, approved new rules (the "Rules") applicable to the acknowledgement and regulation of master agreements for bilateral derivatives (the "Agreements"), thereby incorporating a new Chapter III.D.2 to its Financial Compendium.

Regarding the foregoing, in October 2017, the Central Bank started a public consultation process concerning its proposed rules for bilateral derivatives. In order to improve the proposed rules, some of the comments received were included therein.

The Rules set forth that the parties to the Agreements will be authorized to agree that the close-out netting provisions may become effective as a consequence of specific critical situations affecting a bank or an institutional investor before their bankruptcy, to the extent the non-affected party expressly requests the acceleration and the same takes place only after two banking days have elapsed from the date of the critical event.

Furthermore, the Rules provide that in the above referred cases, the payment of the net amount may only be requested once the critical situation has been regularized, or, once the insolvency or bankruptcy proceedings have begun, whichever occurs first.

To see the complete Rules, please see the following PDF:

<http://www.bcentral.cl/documents/20143/352788/CapIIID2.pdf/1cd61827-b211-b1c6-f344-8266e5d6e6be>

