

Press Release



SUPERINTENDENCIA
VALORES Y SEGUROS

SVS PUBLISHES WORK AGENDA FOR PUBLIC / PRIVATE MISSION TO BRAZIL

July 2008

The Superintendencia de Valores y Seguros (SVS), with its continual concern for boosting the development of the financial market, promoting the adoption of high standards and generating conditions of security and efficiency which allow Chile to gain position as a regional financial center, organized a public-private mission to Sao Paulo, Brazil, on the July 24 and 25, in order to have an in-depth look at the components that have affected the recent evolution of that country's securities market.

During the last few years, Brazil has experienced strong development in the stock and derivatives markets, and in the share management industry, along with important reforms, both in the Comissão de Valores Mobiliários (CVM, Brazilian securities market regulator) as well as the securities, commodity and derivatives exchanges of that country.

Some of the issues that were analyzed by the work group in a series of meetings were:

BM&FBOVESPA:

- The mission held meetings with the higher authorities of the New Exchange (BM&FBOVESPA), which arose from the merger between the Sao Paulo Stock Exchange and the Commodities and Futures Exchange. These meetings dealt with issues such as the structure and make-up of its corporate governance, its self-regulation plan and tools to boost the secondary market. At the same time, they included an analysis of the experience of this exchange and its brokers after the demutualization of the stock market.

ANBID

- The Chilean mission team met with the directors of the Associação Nacional dos Bancos de Investimento de Brasil (ANBID), where they analyzed this association's experience with self-regulation. ANBID is the primary representative of the participating institutions in the Brazilian capital market. In addition to representing the interests of its associates, this institution self-regulates its activities with the adoption of standards that are as strict as public regulation.

Comissão de Valores Mobiliários (CVM)

- Also discussed were the recent regulatory modifications introduced by this organism which, in their opinion, have boosted public offerings and the development of the Brazilian securities market. At the same, the CVM was asked about its vision and experience with self-regulation, as well as about the regulation and supervision procedures that it uses.

Private actors

The work group met with several representatives from the financial market:

- With Banco Fator, one of the primary Brazilian-owned investment banks, they analyzed the strategies adopted in order to compete with the large international entities, and the post-demutualization relationship between brokers and the Exchange.
- With Bradesco, and more specifically the area of fund administration, in order to analyze the relevant aspects of that industry.
- With HSBC and its investment banking area, they analyzed aspects related to the boosting of public offerings, opportunities for small and medium-sized company to access financing, the costs associated with such public offerings and the obtainment of financing.

One issue present in the meetings with the different actors from the Brazilian private sector was the strengths that have been shown by that country's fund administration industry; and the meetings included an analysis of specific situations of that market and its regulatory framework.

Finally, regarding investor education, some noteworthy policies are being developed by the different actors in the Brazilian market (exchanges, regulators, investment banks), who are working specifically on education about personal finances, even at the high school level.

IMPORTANT ASPECTS OF THE MISSION

The mission team found three general themes to highlight:

1. The experience of BM&FBOVESPA in two senses. One is that it has specific market segments for companies with certain corporate governance traits. To be more specific, the supervision generates credibility, making it easier for investors, especially foreigners, to have access to relevant information when choosing among investment alternatives. It also reduces the costs to companies for obtaining financing. Additionally, this entity has a stock index associated with the performance of companies with good corporate governance (IGC).

The second is that this financial center chose to separate its self-regulation function, handing it over to one person with his own budget, generally called “BOVESPA Supervisão de Mercados (BSM)”, in order to minimize conflicts of interest that could arise from the exercise of this function. This situation has been repeated in the exchanges of other developed countries.

2. ANBID’s experience with the adoption of self-regulation codes in areas such as the distribution of public offerings, investment funds, private banking, qualified services and the supervision of its members. ANBID is the main certifying entity in the Brazilian market. Its programs are geared at promoting the training of capital market professionals who have direct contact with investors in product sales.
3. The experience of continual cooperation between public and private entities of the Brazilian securities market, on the basis of well-designed institutions, clear responsibilities, public information and systems of control.

The mission’s participants

The mission’s participants, led by the Superintendente de Valores y Seguros, Guillermo Larraín, represented all actors in the Chilean capital market. The SVS organized the work agenda and coordinated visits, with the help of the CVM and BM&FBOVESPA. All transportation and lodging costs in Sao Paulo of the participants from the private sector were covered by the entities that they represent.

The mission’s participants were:

- Álvaro Alliende – General Manager, Moneda Asset Management.
- Axel Christensen – General Manager of Investments, Cruz del Sur.
- Felipe Divin, Cabinet Leader, SVS.
- Jorge Errázuriz – Director, Santiago Stock Exchange and Vice President of Celfin Capital.
- Daniel García, Head of Communications, Education and Image, SVS.
- Andrés Lagos – President, Mutual Funds Trade Association.
- Guillermo Larraín – Superintendente de Valores y Seguros.
- Hernán López - Intendente de Valores, SVS.

- José Antonio Martínez – General Manager, Santiago Stock Exchange.
- Leonidas Montes – School of Government Dean, Universidad Adolfo Ibáñez and member of the self-regulation committee of the Santiago Stock Exchange and Electronic Stock Exchange
- Francisco Murillo – Director, Mutual Funds Trade Association
- José Manuel Silva – Director of Investments, Larraín Vial S.A. Corredora de Bolsa S.A.
- Juan Carlos Spencer – General Manager, Electronic Stock Exchange of Chile.
- Gerardo Spoerer – General Manager, BCI Asset Management Adm. Gral. de Fondos S.A.
- Patricio Valenzuela – Head of the Securities Regulation Division, SVS.

Santiago, August 1, 2008.