

# Press Release



SUPERINTENDENCIA  
VALORES Y SEGUROS

## SVS PUBLISHES INITIATIVE TO PROMOTE THE DEVELOPMENT OF THE BONDS MARKET

- *Companies can now access standardized contracts for the issuance of bonds, tradable items, bond lines and tradable item lines, which are aimed at making these processes more efficient.*
- *Companies will have financing alternatives to complement the banking system, which will free up the capital of financial institutions in order to be used as loans for small and medium-sized companies.*

The corporate bonds market has experienced significant development during the last few years which has allowed many companies to finance investment projects. At the same time, these bonds have expanded within the fixed-rate market, giving institution investors the opportunity to access instruments with high return and long maturity.

The international financial crisis has decreased companies' access to external financing, and when examining the experience of the Asian crisis of 1997, the impact generated by companies that no longer had access to international markets was that all local bank financing was quickly depleted. This left very little capital to finance small and medium-sized companies, the main generator of employment in Chile.

Within this context, the Superintendencia de Valores y Seguros (SVS) decided to promote three initiatives that seek to develop the bonds market, allowing companies to obtain financing in local capital markets, and that, through a thorough analysis, led to modifications to sections IV and V of General Rule No. 30, with regards to bond and tradable item issuances, which were published by the SVS today on its website:

1. **Standardized contracts for the issuance of bonds, tradable items, bond lines and tradable item lines.** These contracts, for those companies that opt to use them, will make it easier to prepare the required information and will expedite the review process for registration. The initiative is aimed at making access to this type of financing more efficient for Chilean companies. These standardized contracts generated in collaboration with the private sector (see appendix on work methods) are now available for use by market agents and the general public.

2. The Law now includes model clauses for financial protection – *covenants* – which correspond to the clauses established for the issuance of previously registered bonds and tradable items, and which may be used by the issuing entities in their contracts.
3. These changes give greater flexibility to the wording of the minimum content required for the bond issuance prospectus. With these modifications, the content of the instruments – issuance prospectus contracts – may be written so that they are easier to understand for investors or for commercial purposes. At the same time, they facilitate the registration process within the Securities Registry.

### **Appendix: Work Methods and Acknowledgement**

The proposals published today came about as a result of the work teams made up of market representatives, summoned by the SVS at the beginning of last October, and which was directed towards making the issuance of bonds and tradable items more efficient, through the improvement of the registration and review process.

The SVS asked the representatives of the legal research teams and financial advisors that participated in this team to generate standardized contracts and financial protection clauses (*covenants*) to allow the issuers that opt to use them to have a quicker review process for the registration of their debt title, both with respect to the preparation of information to present as well as the review performed by the SVS.

The SVS would especially like to acknowledge the members of this team, given the high level of participation and dedication they had with this initiative: Diego Peralta and Francisco Ugarte, of Carey y Cía; Cristián Fabres, of Guerrero Olivos Novoa Errázuriz; Pedro García and José Miguel Carvajal, of Morales & Besa; Juan Francisco Gutiérrez and Andrés Sanfuentes, of Philippi, Yrarrázabal, Pulido & Brunner Abogados; as well as Guillermo Tagle, Francisco Benedetto, Hugo Horta and Carlos Valdivieso, of IM Trust; José Miguel Barros, Sebastián Cereceda, Andrés Trivelli and Eric Vucina, of Larrain Vial; Alejandro Bertrand and Michael Clark, of BBVA, and Joaquín Quirante and Rafael Carvallo, of Santander.

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