

Decree Law No. 3,538¹

CREATES THE FINANCIAL MARKET COMMISSION

TITLE I

Objective and Functions of the Financial Market Commission

Article 1.- The Financial Market Commission (hereinafter also the "Commission") is hereby created, as a decentralized public service, of a technical nature, endowed with legal personality and its own patrimony, which will relate with the President of the Republic through the Ministry of Finance and will be governed by this law and other regulations issued to that effect.

The Financial Market Commission will be responsible, in the exercise of its powers, to ensure the proper functioning, development and stability of the financial market, facilitating the participation of market agents and promoting the protection of the public faith. In order to do so, it must maintain a general and systemic vision of the market, taking into consideration the interests of investors, depositors and insurance policyholders, and the protection of public faith as well.

Likewise, it shall be responsible for ensuring that supervised individuals or entities, from the start of their organization or activities, as appropriate, until the end of their liquidation, comply with the laws, regulations, by-laws and other provisions governing them, having the power to supervise them extensively regarding all their operations.

Its domicile will be the city of Santiago, notwithstanding the regional agencies that could be established in other cities of the country.

Article 2.- The Commission and its personnel will be governed by the provisions set forth in this law and, suppletively, by the rules contemplated in the law No. 18,575, constitutional organic of the General Basis of the State Administration, which consolidated, coordinated and systematized text was set by the decree with force of law No. 1/19653, from 2000, of the Ministry of the Presidency's General Secretariat; and in Law No. 19,880, which establishes the Basis of Administrative Procedures that govern the acts of the State Administration Bodies; and in the Law No. 20,880, on Probity in the Public Function and Prevention of Conflicts of Interest, in everything that is not expressly regulated by this law.

Notwithstanding the above mentioned, the Commission will be supervised by the General Comptroller of the Republic exclusively as regards to the review of its expenses accounts.

Article 3. - The Commission will be responsible for the supervision of:

1. The persons issuing or intermediating securities subject to public offering.

¹ The latest reforms to the Decree Law No. 3,538 are the following: i) Law No. 21,000 that creates the Financial Market Commission, published in the Official Gazette of February 23th, 2017, and ii) Law No. 21,130 that Modernizes Banking Legislation, published in the Official Gazette of January 12th, 2019.

2. Commodities exchanges, stock exchanges and stock exchange transactions.
3. The associations of securities agents and securities transactions carried out by such agents.
4. The funds submitted to its supervision by law and the companies that manage them.
5. Corporations and limited partnerships subject to its supervision by law.
6. Insurance and reinsurance companies, whatever their nature is, and their businesses, as well as those persons intermediating insurance.
7. The Financial Self-Regulatory Committee referred to in title VI.
8. Banking companies, regardless of their nature, and companies issuing and operating credit cards, payment cards with provision of funds or any other similar system, to the extent that the issuer or operator enters money obligations on an habitual basis with the general public or specific groups or sectors of the latter.
9. The saving and credit cooperatives under its supervision according to the provided by the Decree with Force of Law No 5 of 25 September 2003 issued by the Ministry of Economy, Promotion and Tourism that set the consolidated, coordinated and systematized text of the General Law of Cooperatives.
10. Any other entity or individual or legal person subject to its supervision by this law or other laws.

The pension funds managers and other entities and individuals or legal entities expressly excepted by law are not subject to the supervision of this Commission. However, when they carry out activities that produce or may produce effects on the matters that fall within the competence of the Commission, at the initiative of the Commission or of the corresponding oversight bodies, the mechanisms necessary to observe the principle of coordination governing the bodies of the Administration of the State in the fulfillment of their functions shall be adopted, facilitating the due collaboration and avoiding the interference of functions.

Article 4.- Notwithstanding the provisions of the preceding article, the Commission will collaborate with the Internal Revenue Service in its supervisory role of compliance with tax regulations. To that effect:

1. All the companies subject to its supervision must inform the Commission about any reorganization of assets or functions, including mergers, divisions, transformations, liquidation, creation or total contribution of assets and liabilities of one or more companies.
2. For the cases in which the entity subject to the supervision of the Commission has a board of directors, the minutes of board of directors' meetings shall include a detailed record of whether, in the relevant period, any of the transactions referred to in the preceding number was approved,

or if the company has been subject to inspection by the Internal Revenue Service. The minutes shall also include the content of the written resolution or report issued by such Service, in case it has been issued.

3. In the notes to the financial statements of the companies referred to in this article, a detailed register of the controversies of a tax nature that could reasonably and materially affect some of the reported items will be recorded.

Article 5.- The Commission is vested with the following general powers, which must be exercised in accordance with the rules and approval quorum determined by this law:

1. To dictate the norms for the application and fulfillment of the laws and regulations and, in general, to dictate any other regulation that according to the law corresponds to it for the regulation of the financial market. Similarly, the Commission is responsible for administratively interpreting the laws, regulations and other rules that govern individuals, entities or activities supervised, and it may set rules, give instructions and dictate orders for their enforcement and compliance. These powers may not be extended in any case to the regulatory and interpretative powers that correspond to the Central Bank of Chile in accordance with the law, notwithstanding the provisions set forth in article 82 of its constitutional organic law.

2. To answer to inquiries and requests and investigate complaints or claims made by shareholders, investors, policyholders, depositors or other legitimate interested parties, in matters of its competence, determining the requirements or preconditions they must fulfill in order to be admissible. For this purpose, the Commission will establish criteria and procedures for coordinating the work between its different units, in order to efficiently manage the claims received from the public.

3. To issue the reports required by public prosecutors from the Public Prosecution Ministry conducting criminal investigations, as long as they correspond to matters under its powers and refer to information available in its archives.

4. To examine without any restrictions and through the means it deems necessary all transactions, assets, books, accounts, files and documents of supervised individuals, entities or activities or of their parent companies, subsidiaries or affiliated entities, and require them or their managers, advisors or staff, the background information and explanations deemed necessary for obtaining information on the situation, resources, the manner in which its businesses and investments are managed, the acting of its staff, the level of security and prudence used for investing its funds, as appropriate, and, in general, any other aspect that it is necessary to clarify in order to determine compliance with the applicable provisions by the supervised entity.

Likewise, it may request the implementation and presentation of balance sheets and financial statements on the dates it deems appropriate in order to verify the accuracy and investment of the capital and funds.

Additionally, it may request the delivery of any document, book or background information necessary for supervision or statistical purposes, without disturbing the normal development of the activities of the affected person.

Excluding the exceptions authorized by the Commission, all the books, files and documents of the supervised individuals or entities must be permanently available for examination at the headquarters of their businesses.

At the same time, in order to assess the risks of the financial situation of the entities subject to its supervision, the Commission may request from them background information on the financial situation of all those individuals or entities belonging to the same business group which could significantly affect the financial situation of the supervised entity, as well as information conducive to determining ownership or control relationships and transactions between them. For the purposes of the provisions set forth in this paragraph, a business group shall be understood as set forth in articles 96 et seq., of Law No. 18,045, Securities Market Act. The information and background gathered by the Commission in accordance with this paragraph shall be subject to the regime and reserve obligations stated in this law.

5. To authorize the prosecutor referred to in article 22 to, in the context of investigations or sanctioning procedures, with the favorable vote of at least three of its commissioners and by reasoned resolution, require information related to banking transactions of certain individuals, including all those subject to secrecy or subject to reserve, which are essential for verifying the performance of conducts, by individuals or legal entities, that constitute infractions to the rules that govern the individuals or entities supervised by the Commission and which, in turn, are typified as crimes in the legislation subject to its supervision. The exercise of this attribution will only proceed at the request of the aforementioned prosecutor, and must have, in addition to the foregoing, the prior authorization of a minister of the Court of Appeals of Santiago in accordance with the provisions of the following paragraphs of this numeral.

Likewise, the prosecutor may be authorized to comply with the requests of foreign supervisory entities when this has been agreed upon under an international agreement for exchange of information entered into by the Commission by virtue of the powers granted in the numeral 23 of this article and in conformity to the terms and the reciprocity established in the agreement.

Except for those cases specially regulated in other legal provisions, the requests for banking transactions information submitted to secrecy or reserve formulated by the prosecutor under the provisions of this numeral must also be previously authorized by a Minister of the Court of Appeals of Santiago. It will be the responsibility of the president of said court to appoint, once a year and by raffle, two of its members to fulfill this task. If none of the ministers is in office, the authorization shall be granted to the president of the court or to the person who subrogates the position. The request must be presented by the prosecutor together with the background information that support the request and that justify the need to have such information for the purpose of verifying the existence of the infractions subject of the investigation or sanctioning procedure in progress. In the case of requests received from abroad, the prosecutor must identify the entity which requested the information and attach other information that supports the relevant request.

The request made by the prosecutor and the resolution related thereto must be based on clear, accurate and serious background about the fulfillment of behaviors subject to the ongoing investigation or sanctioning procedure, as well as the indispensable nature of the measure requested for the determination of the infringement. In turn, the favorable resolution of the minister must specify the measure, the period of time within which it may be exercised and the individuals or entities that may be affected. For the case of requirements made by foreign authorities, both the request made by the prosecutor and the corresponding resolution of the minister shall be based on serious and specific facts that comply with the terms of the international agreement for the exchange of information entered into or ratified by the Commission pursuant to the faculties conferred in numeral 23 of this article, which will be expressly stated in both documents.

The resolution referred to in the previous paragraph must be issued within three days, without hearing or intervention by third parties.

In the event that the prosecutor does not comply with one of the requirements or formalities referred to above or those stated in the authorization, the results derived from such actions may not be used as evidence in the sanctioning procedure that may eventually be initiated due to the infringement under investigation, nor shall they serve as a basis for the complaint formulated by the prosecutor indicated in article 22 concerning the quality of offense that may arise from the same facts. However, said background information may be used in an ongoing criminal proceeding, without prejudice to the provisions of the third paragraph of article 276 of the Code of Criminal Procedure. Those affected may complain to the court minister referred to in the third paragraph, who will resolve in the shortest time, in a single hearing, without trial formalities and hearing the parties, once they have become aware of the facts in the corresponding sanctioning procedure.

If the request is rejected by the court minister, the prosecutor may appeal to the Court of Appeals of Santiago, appeal which will be admitted and without further proceedings, as soon as the background information is received, which will maintain the secret character and will be returned in full to the prosecutor, once the appeal is ultimately resolved.

Once the petition is accepted by a final legal ruling, the Commission will notify the relevant entity to provide the information, along with an authorized copy of the decision of the court minister or of the account hall minister of the Santiago Court of Appeals, as the case may be. Said entity will have a period of five days for the delivery of the requested information, and the omission or delay will be sanctioned by the Board of the Financial Market Commission in accordance with Article 37.

The information obtained by the Commission under the procedure referred to in this number will be reserved and can only be used by it to verify the existence of infractions to the rules that govern the individuals or entities supervised by the Commission and that, in turn, are typified as crimes in the legislation subject to its supervision, in the context of investigations or sanctioning procedures being admitted and for the application of the corresponding sanctions, or, for being delivered to the foreign auditing entities that have requested it under an agreement of exchange of information entered into by the Commission in accordance with current legislation, notwithstanding the provisions of the final paragraph of article 180 of the Code of Criminal

Procedure. For the purposes of its incorporation into the criminal proceedings, it will be understood that the copies of the records, evidences and other background information that have been gathered from the proceedings carried out with judicial authorization of a Minister of the Court of Appeals, granted pursuant to the present numeral, comply with the provisions of article 9 of the Criminal Procedure Code. The Commission will adopt the necessary internal organization measures to guarantee its confidentiality and control its proper use. The information thus collected that does not give rise to an inspection or subsequent sanction or to the exchange of information with a foreign supervisor, in accordance with the aforementioned, shall be eliminated.

The commissioners or employees of the Commission who become aware of the banking information subject to secrecy or subject to reserve will be obliged to keep it with this character, not being allowed to give it or communicate it to third parties, except in order to comply with the requirement of the ordinary court familiar with the claim against the sanction or of subsequent procedures, or of a foreign authority as indicated above, or in order to substantiate the sanctioning resolutions and the resolutions of termination of sanctioning procedures, as the case may be. The infraction of this obligation will be punished with the penalty of minor imprisonment in any of its grades and a fine of 10 to 30 monthly tax units. Likewise, said infraction will give rise to administrative liability and will be sanctioned with dismissal from the position.

6. To set the rules for the preparation and presentation of reports, balance sheets, statements of situation and other financial statements of the supervised entities and define the principles according to which they must keep their accounting. In the absence of a national accounting principle for a specific case, the supervised entity must previously consult the Commission and will be subject to the general rules that the commission determines.

For these purposes, it may also issue instructions to the supervised entities and adopt measures in order to correct deficiencies that may be observed and, in general, those deemed necessary to safeguard shareholders, investors, depositors and policyholders, as well as the public interest.

It may command that the value in which certain accounting items are based be amended or corrected, when it establishes that said value has not been recorded in accordance with the standards issued by it, or to accounting standards and principles of general acceptance. In particular, it may command that the value in which certain items of the accounting are based be amended or corrected, when it determines that said value does not correspond to the real one, and may also command the reversal of the financial statements of up to the last four years, in the manner that it determined.

In any case, for the purposes of applying the monetary correction system of Decree-Law No. 824, which approves the text of the Income Tax Law, the valuation guidelines indicated in article 41 of said law shall apply. However, the Director of the Internal Revenue Service may establish that it is at the value determined by the Commission.

7. To inspect, by means of its employees or external audit companies, individuals or entities subject to its supervision.

In the inspections that the Commission carries out as part of the supervision, it may integrate its own staff with that of the supervised company.

8. To require that the supervised individuals or entities provide to the public, through the channels indicated, truthful, sufficient and timely information about their legal, economic and financial situation.

The Commission may directly make the publications that may be necessary for the purposes specified in the preceding paragraph, charging the individuals or entities supervised, in which case the provisions of article 7 shall apply.

9. To summon the partners, directors, managers, representatives, employees and individuals whom, to any title, provide services or have rendered services to the individuals or entities supervised and any other person who has executed and entered into acts and conventions of any nature with them, to declare with respect to any event whose knowledge deems necessary for the fulfillment of their functions. Those individuals who, without being supervised or related to, carry out or perform acts or conventions whose objective are instruments or securities issued by individuals or auditing entities may be summoned to declare.

In general, it may provide that any person who has knowledge of any fact that needs to be clarified in any operation of the supervised institutions or in relation to the conduct of their personnel be summoned to testify.

The individuals indicated in article 361 of the Code of Civil Procedure, to whom the Commission, for the purposes expressed in the preceding paragraph, must request a written declaration, are not obliged to declare.

10. To issue rules that assure the faithfulness of the records, books and documents that it determines and request, in its case, that testimony or communications are partially or integrally inserted therein.

11. To command the designation, by the supervised individuals or entities supervised determined by it, of external audit companies, which must inform their balance sheets and, where appropriate, shall replace the external auditors or account inspectors and will be vested with the powers and duties contemplated in Title XXVIII of Law No 18,045, Securities Market Act. The Commission may establish the requirements to be met by external audit firms for the fulfillment of their duties, all in relation to the characteristics of the supervised individuals or entities.

12. To monitor the actions of the external audit companies designated by the individuals or entities subject to its supervision; to provide them with rules regarding the content of their opinions, certifications, reports or opinions and their audit work, and to require any information or background related to the fulfillment of their duties.

13. To designate external auditing companies in the entities or individuals supervised, to carry out the tasks specifically entrusted to them, with the powers it deems necessary. In particular, the Commission may designate one of these companies to carry out an external additional audit of the financial statements of such entities.

The external audit entities designated by the Commission will be bound by the secrecy obligation established and sanctioned in article 28 and will be paid by the supervised individual or entity. The remuneration shall be granted the privilege established in No. 4 of article 2472 of the Civil Code.

14. To designate a risk rating agency to carry out a risk classification with respect to a supervised entity or to the securities issued by a specific publicly offered securities issuer.

15. To keep the public registries of professionals or information that the laws entrust the Commission.

16. To request to the technical agencies of the State the reports it deems necessary and hire or have hired by the supervised individuals or entities, the services of experts or technicians for the work entrusted to them, which will be charged to said supervised individuals or entities.

17. To provide, when deemed convenient, that the documents kept in its records be stored in media other than paper, using digital systems that ensure its faithfulness to the originals. Likewise, authorize the supervised individuals or entities to maintain their documentation in media other than paper. The printing on paper of the documents contained in the aforementioned media will have the probative value of a public or private instrument according to the nature of the original. In case of discrepancy between the printed version of a technologically archived document and the original or an authentic copy thereof, the latter ones will prevail without the need for another comparison. The documents received by the Commission through the technological means that the Commission has established for such purpose and that are suitable to produce faith will also be considered as originals. For the purposes of the provisions of this number, the Commission will authorize the technological means that protect the integrity, authenticity and durability of the documents.

18. To establish the form, periods and procedures for the supervised individuals or entities to present the information required by law to be sent to the Commission or to be disclosed to the public, through magnetic or computer support means or in other forms as provided, as well as the way in which it will present the content and detail of the information.

19. To charge and collect the fees for registration, approvals and certifications established by this law or any other one.

20. To estimate the amount of the benefits received by the offenders of the provisions of Title XXI of Law No 18,045, Securities Market Act, expressed in its equivalent in foment units, indicating it in the resolution that enforces the sanction. While estimating the benefits, the Commission will consider the market weighted average price of the public offering value in the sixty days prior to the date of the transactions made with inside information.

For the sole purpose of safeguarding the interests of third parties harmed as provided in article 172 of Law No 18,045, Securities Markets Act, the Commission may request that the competent court enacts the precautionary measures provided by law.

21. To submit to the courts of justice, in civil matters, written reports regarding the facts verified, which will be assessed according to the rules of reasonable criticism.
22. To provide technical assistance and collaborate, within the scope of its powers, with the investigation of infractions that fall within the competence of the Commission, as requested by national or foreign regulatory, supervisory or self-regulatory entities or international organizations, including the delivery of available information, pursuant to the agreements or memoranda of understanding entered into for technical cooperation, exchange of information, training and reciprocal assistance.
23. To enter into agreements or memoranda of understanding with national, international or foreign organizations, whether public or private. Said agreements or memoranda may cover, among other matters, technical cooperation, training and mutual assistance, joint investigation of possible infractions of the relevant regulations, exchange of information, access to international organizations, interconnection of online information systems or any other issue deemed convenient for the exercise of its attributions and fulfillment of its purposes.
24. To propose to the President of the Republic, through the Ministry of Finance, the necessary legal and regulatory rules to ensure the proper functioning of the financial market and the compliance by the supervised individuals or entities with the regulations that govern them.

The Commission, through the power enshrined in this numeral, shall endeavor to avoid the existence of regulatory gaps that could jeopardize the proper functioning of the financial market, as well as its due supervision; it shall promote regulatory coherence among the different markets under its scope of competence; and shall ensure the permanent updating of the financial market regulation, in order to face the challenges and demands that may arise as a consequence of new activities, markets, agents or financial instruments.

25. To interact with public agencies and other State bodies, as well as with supervisors, regulatory and self-regulatory entities or national, foreign or international financial market participants.
26. To instruct, the securities intermediaries, the supervised funds managers, with respect to their resources, the insurance companies of the second group, and the securitization companies, with respect to the resources of their separate assets, through a substantiated resolution, to abstain from carrying out the transactions specifically determined by the Commission with their related persons or through them, for a period of up to three months, renewable for the same period, when their financial situation of that of their related persons puts at risk the relevant managed funds, separate assets or commitments with investors or policyholders, as appropriate.
27. To authorize the prosecutor referred to in article 22, with the favorable vote of at least three of its Commissioners and through a well-founded resolution, to request to force or to the Investigative Police of Chile, under the direction of the employee of the Commission indicated in the request, that it proceeds to execute any of the measures indicated below, within the framework of investigations or sanctioning procedures. In order for these powers to be exercised, the prior authorization of a minister of the Court of Appeals of Santiago, granted in accordance with the procedure referred to in paragraph 5 of this article, will also be mandatory. Furthermore, the

prosecutor's request, the resolution of the Minister of the Court of Appeals of Santiago, the appeal of the prosecutor, the claim of those affected, the confidentiality obligations, the procedures and all the other rules set forth in the aforementioned norm, will all fully govern the exercise of the power referred to in this numeral. For the purposes of its incorporation into the criminal proceedings, it will be understood that the copies of the records, evidences and other information that have been collected from the proceedings carried out with the aforementioned authorization, comply with the provisions set forth in article 9 of the Criminal Procedure Code.

The measures subject to such authorization will proceed in serious and qualified cases, and whenever they are essential to prove the performance, by individuals or entities, of conducts that constitute infractions to the rules that govern the individuals or entities supervised by the Commission and that, in turn, are typified as offenses by the legislation subject to its supervision, and will empower the prosecutor to, cumulatively or alternatively:

- a) Enter private premises and, if necessary, search and break open with the help of law enforcement.
- b) Register and seize all kinds of objects and documents.
- c) Intercept all kinds of communications.
- d) Require companies that provide telecommunications services to provide copies and records of communications transmitted or received by it.
- e) Command other public bodies to provide background information, even when they are subject to some cause of secrecy or reserve obligation. For these purposes, the provisions established in the second paragraph of article 35 of the Tax Code will not be applicable. Furthermore, the aforementioned judicial authorization will serve as a sufficient background to constitute the exception provided for in the third paragraph of the article 66 of Law No 18,840, organic constitutional law of the Central Bank of Chile.

Said background information will maintain the aforementioned character, except for the exceptional cases contemplated in the ninth paragraph of numeral 5 of this article, being the safeguards and responsibilities related to the handling of this information that are provided for in the final paragraph of the aforementioned numeral equally applicable.

28. Keep the public registry where the labor, commercial and service provision activities of the ex-commissioners and former employees subject to the duty of information referred to in the first paragraph of article 31, as well as the sanctions that have been imposed pursuant to the provisions in the third and subsequent paragraphs of the aforementioned Article.

29. To resolve sanctioning procedures that arise as a result of the formulation of charges, imposing the corresponding sanctions, as the case may be.

30. To adopt the preventive or corrective measures that are deemed necessary for the proper protection of shareholders, investors, depositors and policyholders, as well as the public interest

and financial stability. Such measures may be established without further procedure in the context of its general powers of supervision, and challenged in accordance with article 70.

31. To request information from other public agencies. In the event that such information is secret or reserved, it must maintain that character notwithstanding its transfer. Employees and individuals who, to any title, provide services to the Commission will be subject to the requirements of confidentiality and the responsibilities established in the relevant laws in relation to the information transferred.

In the event that the public body denies the request, the Commission may proceed in accordance with the provisions of letter e) of number 27 of this article.

32. To formulate the complaints that correspond to the Public Prosecution Ministry with respect to the facts to which it got acquainted in the performance of its attributions and which could have the character of a crime, notwithstanding the general duties on the subject determined by law.

33. To designate a delegated inspector, a provisional administrator or a liquidator, pursuant to titles XIV and XV of Decree with Force of Law No 3, of 1997, of the Ministry of Finance that sets the consolidated, coordinated and systematized text of the General Banking Act and other laws indicated, as appropriate.

34. To provide information on the supervised entities to the Ministry of Finance, the Central Bank of Chile and the Financial Stability Board, without prejudice of article 28 of the present law and the provisions on banking secrecy in article 154 of Decree with Force of Law No 3, of the Ministry of Finance, of 1997, that sets the consolidated, coordinated and systematized text of the General Banking Act and other laws that are indicated.

Even so, regarding the compliance with the objectives of the above mentioned organisms, the Commission may reveal to them information subject to banking secrecy, under the condition that the personal data is anonymized, that is to say, through its previous modification to avoid individual identification.

35. To evaluate the effectiveness of the controls implemented by the banks to avoid the use of the financial system and of other sectors of the economic activity, to commit any of the crimes described in article 27 of the Law No 19.913 and in article 80 of Law No 18.314. In the cases that the Commission detects any conduct or omission that may be circumstantial of the situations referred in this numeral, it should inform of it to the Financial Analysis Unit (UAF), communicating to it, besides, every antecedent that may be useful to initiate and carry on an investigation in regard to those situations, including the information referred in the second paragraph of article 154 of the General Banking Act.

Regarding the gathered information, as well as the communications referred in the previous paragraph, it shall apply the duty of confidentiality established in the first paragraph of article 28 of the present law.

36. To exercise the powers purposefully conferred to it in other laws.

Article 6.- The patrimony of the Commission will consist of:

1. The contribution that is contemplated annually in the Public Sector Budget Law.
2. Resources that are granted by special laws.
3. The movable goods and real estate, tangible and intangible goods transferred to it or acquired to any title.
4. The fruits of its goods.
5. The amounts received for the concepts of collection of rights and services rendered.
6. The contributions received to any title for the concept of international cooperation.

The Commission will be subject to the provisions of Decree Law No 1,263 of 1975, of the Ministry of Finance, on the financial administration of the State.

Article 7.- The Commission may pay with funds from its budget the expenses incurred as a result of the exercise of the powers granted to it, especially those contemplated in numerals 6 and 8 of article 5, and in the final paragraph of article 28.

In this case, it will be entitled to charge the entity or person for whose account the disbursement has been made with the amounts paid plus the adjustments and interests indicated in article 53 of the Tax Code.

For the collection of the amounts referred to in the preceding paragraph, the Commission may commence an executory lawsuit against the debtor before the corresponding civil court pursuant to the provisions set forth in articles 175 and following of the Organic Code of Courts, requesting the corresponding writ of execution and seizure.

In these cases, a payment collection document will be generated which, once signed by the Chairman of the Commission, will have executory force on its own. In the corresponding lawsuit, the counter claim of the executed person will not be admissible unless it is based on one of the following exceptions:

1. Payment of the debt. If it was done at a later date than the date of the notification of the claim, the defendant will necessarily be condemned to pay the costs of the lawsuit.
2. In case the payment collection document does not imply a burden to the defendant. The legality of the resolution which resulted in the expenses claimed by the Commission cannot be challenged in case this exception applies.
3. Prescription.

TITLE II
Organization of the Financial Market Commission

Article 8.- The superior management of the Commission will be in charge of the Board of the Financial Market Commission, which will be responsible for exercising the powers and fulfilling the functions that this and other laws entrust them with.

The Board of the Financial Market Commission will establish an internal operating regulation, which will determine the basic aspects for its operation and for compliance with the obligations entrusted by this law and will contain, in general, all those provisions which allow an efficient management.

The Commission shall provide defense to its staff, including the members of the Board of the Financial Market Commission and the prosecutor referred to in article 22 in case any lawsuit is filed regarding formal acts, actions and omissions produced in the performance of their duties. The same shall apply with respect to the provisional administrator, the delegated inspector and the liquidator established in articles 117 and 130 of the Decree with Force of Law No 3 of 1997 of the Ministry of Finance, which sets the consolidated, systematized and coordinated text of the General Banking Law and other bodies indicated. This defense will be extended to all those lawsuits initiated against them for the reasons indicated, even after having left the position.

The defense referred to in the preceding paragraph will not proceed in cases in which the formal acts, actions or omissions under discussion fulfill the grounds for the cessation in the duties attributable to the conduct of the relevant commissioner or employee of the Commission.

Section 1
The Board of the Financial Market Commission

Article 9.- The Board of the Financial Market Commission (hereinafter also the "Board") will be composed of five members, named commissioners, who will be appointed and will be subject to the following rules:

1. A commissioner appointed by the President of the Republic, of recognized professional or academic prestige in matters related to the financial system, will have the title of Chairman of the Commission.

The Chairman of the Commission will be appointed no later than ninety days after the start of the presidential term and will remain in the position until the end of the term of the appointing President, unless any of the grounds for cessation in its duties established in the present law occur.

The Chairman of the Commission shall have the status of head of the service and shall be entitled with the authority, the powers and the duties inherent to such quality, especially those indicated in article 21 and in the other relevant legal provisions.

2. Four commissioners appointed by the President of the Republic, from among individuals of recognized professional or academic prestige in matters related to the financial system, by supreme decree issued through the Ministry of Finance, after endorsement of four sevenths of the members of the Senate in exercise, in session specially convened for that purpose.

The commissioners appointed in accordance with the provisions of this section shall hold office for six years, and may be re-elected only for a new consecutive term. They will be renewed in pairs, every three years, as appropriate.

The President of the Republic must propose to the Senate the corresponding candidates before the expiration of the term of the outgoing commissioners. In the event that their appointments are not made before the expiration of said term, the outgoing commissioners can remain in the performance of their duties until the appointment of their replacements for a maximum period of three additional months. If the Senate has not issued any pronouncement in the terms indicated above upon expiration of said term, the candidates proposed by the President of the Republic will be appointed, without further formalities.

In the appointment of the commissioners referred to in numbers 1 and 2 of this article, the conformation of a diverse Board and which balances the experience and technical knowledge held by its members on the specific markets that are subject to the control of the Financial Market Commission must be permanently ensured.

The Board will elect a vice chairman from among its members, who will subrogate the Chairman in the event that the latter is absent or temporarily unable to perform his duties.

The function of commissioner will not be delegable, nor will the obligations, faculties and responsibilities that emanate from said designation.

For the purposes of the provisions of Law No. 20,880, on Probity in Public Function and Prevention of Conflicts of Interest, the requirements set forth for the Superintendent or Head of Service, as applicable, shall apply to all commissioners.

Article 10.- The performance of the commissioner duties will require full time dedication and will be incompatible with any position or service, whether or not paid, that is provided in the private sector. Notwithstanding the foregoing, the commissioner position shall be compatible with teaching positions in public or private institutions recognized by the State up to a maximum of twelve hours per week. In the same way, they will be permitted to serve in corporations or foundations, public or private, national or foreign, which do not pursue profit, as long as they do not receive remuneration and their performance is not incompatible with their functions.

The commissioner position will also be incompatible with any other employment or service paid with fiscal or municipal funds and with the functions, paid or not, of director, manager or employee of fiscal or semi fiscal entities, national or foreign autonomous agencies, State owned enterprises and, in general, of any public service created by law, as well as of enterprises, companies or public or private entities in which the State, its enterprises, companies or centralized

or decentralized institutions, have a majority capital participation or in the same proportion or, under the same conditions, representation or participation.

Article 11.- The persons in the following conditions cannot be appointed commissioners:

1. The person who has been convicted of an offense sanctioned with afflictive punishment or perpetual disqualification to perform public duties or offices, for crimes of prevarication, bribery and, in general, those performed in the exercise of public function, tax crimes, offenses contemplated in the Law No 18,045, Securities Market Act, offenses against the public faith and, in general, for any other crime contemplated in the laws subject to the control of the Commission.
2. A person who has dependence on narcotic or psychotropic substances or drugs whose sale is not authorized by law, unless such consumption is justified as being for medical treatment.
3. The person who is being subject to a sanctioning procedure or who has been sanctioned, within the last five years, for violation of the rules that regulate the markets subject to the Commission's supervision and which, in turn, are classified as crimes.

Those commissioners who maintain ownership interest in the entities subject to the Commission's supervision or in those companies that form part of the same business group of such entities, under the terms of article 96 of Law No. 18,045, Securities Market Act, must be subject to the regime described in chapter 2 of Title III of Law No. 20,880, on Probity in Public Function and Prevention of Conflicts of Interest. To the commissioner who should be subject to the regime aforementioned and does not do so within a period of ninety days as of his appointment, the cause set forth in number 5 of article 14 will be applied. The foregoing, notwithstanding other sanctions that should be applied as a result of the enforcement of the general rules contained in the Law No.20,880.

Article 12.- Notwithstanding the provisions set forth in article 10, the position of commissioner shall be incompatible with:

1. The positions of Deputy, Senator, Minister of the Constitutional Court, Minister of the Supreme Court, Counselor of the Central Bank, National Prosecutor of the Public Prosecution Ministry, Comptroller General of the Republic and positions of the high command of the Armed Forces and of the Forces of Order and Public Security.
2. The position of State Minister, Undersecretary, Intendant and Governor; Regional Mayor and Boardlor; Regional Counselor; member of the primary ranks of the Judiciary; Secretary and Rapporteur of the Constitutional Court; Prosecutor of the Public Prosecution Ministry; Member of the Elections Qualifying Court and its secretary-reporter; member of the regional electoral tribunals, their alternates and their secretary-reporters; member of other courts created by law; official of the State Administration, and member of the management bodies of political parties, candidates for public offices subject to elections, and leaders of trade associations or labor unions.

The incompatibility with the applicants to popular elections positions will apply as of the inscription of candidatures until six months following the date of the relevant election. For the cases of trade associations and labor union leaders, the incompatibility shall also apply until six

months after the date of cessation of the office of such trade association or union leader, as applicable.

3. The position of director, administrator, manager, dependent employee or adviser, counsel or trustee, chief executive, or member of a committee in entities subject to the control of the Commission, as well as their parent companies, subsidiaries or affiliates.

If, once appointed to the position, a commissioner has any of the incompatibilities or disabilities indicated in the preceding paragraph or in articles 10 and 11, he must inform immediately the Board, ceasing immediately to hold the position. If it does not do so, the cause foreseen will set as in number 5 of article 14.

Article 13.- Those individuals who have been appointed commissioners must present a sworn statement to prove compliance with the requirements established in article 9 and the circumstance of not being subject to the inabilities and incompatibilities referred to in articles 10, 11 and 12. The foregoing, notwithstanding the obligation to present the assets and interests declarations referred to in Law No. 20,880, on Probity in Public Function and Prevention of Conflicts of Interest.

In the event that the commissioners include inaccurate information or inexcusably omit relevant information from the declarations referred to in the preceding paragraph, the cause set forth in number 5 of the following article will be applied, apart from the sanctions established in Law No. 20,880.

Article 14.- The following causes will be grounds for dismissal of the commissioner position:

1. Expiration of the appointment term.
2. Resignation accepted by the President of the Republic.
3. Physical or psychic disability for the performance of the position.
4. Supervening of any of the causes of disability or incompatibility referred to in articles 10,11 and 12.

In case the commissioner has been accused of any of the offenses indicated in number 1 of article 11, such commissioner will be suspended from the position until the lawsuit is concluded with a final decision.

5. Serious breach of their functions and duties. The unjustified absence to two consecutive sessions or to three sessions during a calendar quarter; the breach of the secrecy obligation referred to in the final paragraph of number 5 of article 5 and the first paragraph of article 28; the breach of the obligations to present statements referred to in article 13, the breach of the duty of abstention referred to in article 16 and any breach of the principle of administrative probity.

Likewise, the breach of the full time dedication set forth in article 10 and the breach of the duty to inform the Board about supervening causes of disability or incompatibility, contemplated in the final paragraph of article 12, will be considered to be serious breaches. In such cases, the cause of dismissal shall be deemed verified at the time of the occurrence of the relevant disability or incompatibility. The affected commissioner shall return the remuneration received since the moment in which the cause is verified, and the compensation referred to in the second paragraph of article 30 shall not apply, without prejudice to the other consequences established by law.

The aforementioned will in no case affect the validity of the acts of the Board in whose enactment the affected commissioner has participated, except for the cases in which the inability or incompatibility observed constitutes, in turn, an infringement of the principle of administrative probity and would have been decisive to configure the majority necessary to adopt the agreement.

The commissioner with respect to which any of the causes contained in numerals 1, 2, 3 and 4 of the first paragraph are verified will automatically cease to hold office.

If any of the commissioners indicated in number 2 of article 9 commit any of the conducts described in number 5 of this article, such commissioner will be accused before the Supreme Court, which will decide in plenary session and in only one instance on the occurrence of the cause. The court will open a six working days' period for the defendant to present the defense in face of the accusation, and can also issue measures to better resolve. The court, if deemed appropriate, can open a probative period, which shall not exceed seven days.

The accusation must be filed by the president of the Commission on its own will or at the written request of two commissioners. It will be well-founded and will have preference for its hearing and resolution. The sentence will be issued within a maximum period of thirty days, counted from the hearing of the case.

While pending its resolution, the court may determine the temporary suspension of the accused commissioner. Once the sentence determining the fulfillment of the cause of dismissal is enforceable, the affected commissioner will immediately cease to hold office, being ineligible to be reappointed.

If the cause described in number 5 of this article is observed with respect to the commissioner referred to in number 1 of article 9, the President of the Republic will dismiss such commissioner by supreme decree, issued through the Ministry of Finance.

If the position of commissioner becomes vacant, a new appointment must be made in the manner indicated in the aforementioned article 9. The commissioner appointed as a replacement will remain in office only for the time remaining to complete the term of the replaced commissioner.

Article 15.- The Board may only hold meetings with the attendance of at least three of its members. The agreements will be adopted by absolute majority of the attending commissioners, unless the law requires a different majority. The Chairman of the Commission, or whoever subrogates it, will have the deciding vote in case of a tie.

The Board must hold ordinary sessions at least twice a week, and extraordinary meetings when they are specially called by the Chairman of the Commission on its own will or at the written request of two of the commissioners, in the manner and conditions determined by their internal operating rule. The Chairman shall not refuse to call which will take place within the two business days following the aforementioned requirement.

The commissioners may participate in the meetings of the Board through any technological means that enables their participation, when they are unable to attend in person due to a justified reason. The internal operating rule will determine the modality and conditions in which the non-attendance participation regulated in this paragraph will be exercised. In any case, attendance and participation in the session will be certified under the responsibility of the Chairman of the Board, or whoever acts as such, stating this fact in the corresponding minutes.

The agreements adopted by the Board must be recorded in the minutes of the respective meeting.

The Board may grant special powers to officials of the Commission for the execution of certain agreements.

Article 16.- The commissioners must refrain from participating and voting when they might have an interest in the matters dealt with or resolved. In addition, they must inform the Board about the conflict of interests affecting them.

It will be understood that a commissioner has an interest, among other circumstances, whenever:

1. The decisions or matters refer to the cases provided in the third paragraph of article 44 of the Law No. 18,046, Corporations Act.
2. The decision adopted may affect their interests, in the terms referred to in article 7 of Law No. 20,880, Probity in Public Function and Prevention of Conflicts of Interest Act, and in article 12 of Law No. 19,880, which establishes the Bases of the Administrative Procedures that govern the acts of the Bodies of the State Administration.
3. The decisions or matters to be discussed fall on companies or entities in which he has served in the last twelve months as a director, administrator, manager, dependent employee or adviser, counsel or trustee, principal executive or member of a committee, as well as of their parent companies, subsidiaries or affiliates. However, such a prohibition shall not prevent the commissioner concerned from participating in decisions whose purpose is to issue rules of general scope that are applicable to a sector, market or industry.
4. He has pronounced or issued opinions by any means, on an ongoing sanctioning procedure and whose resolution is pending.

Likewise, the Board may establish, in its internal operating rule, the procedures and mechanisms to be adopted in matters of conflicts of interest. The foregoing, without prejudice to the general duties of abstention for the exercise of the public functions established in this and in other laws.

Without prejudice to the provisions of the first paragraph, the commissioner affected by a cause of abstention may attend the meeting in which additional matters to the ones that implicate the conflict of interest are discussed, being able to participate in their discussion and resolution. However, his attendance will not be considered for the purposes of determining the quorum in the resolution of the matter or subject in which it could have interest or be involved.

The absence of the commissioner who has abstained from participating in a certain meeting of any of the causes referred to in this article shall be deemed, for all purposes of this law, as being justified.

Article 17.- The commissioners shall be entitled to receive the remuneration corresponding to grade 1o of the staff of the Financial Market Commission, including the bonuses and allowances of article 5 of Law No 19,528, article 17 of Law No 18,091, article 9 of Law No 20,212 and the others corresponding to said grade.

The commissioners shall be entitled to receive an assignment of Financial Sector Senior Management, which shall correspond to the monthly sum of \$ 2,318,561 pesos, in the case of the President of the Commission, who shall be the Chief of Service, and \$ 1,174,173 pesos, for the remaining commissioners. Such assignment shall be taxable, and shall not serve as the basis for calculation of any other remuneration, except for the economic compensation referred to in the second paragraph of article 30.

Article 18.- The Chairman of the Commission, subject to the maximum authorized staff levels of the Commission and approval of the Board, may establish its internal organization and, in accordance with the provisions of article 32 of Law No. 18,575, constitutional organic Law of General Basis of the State Administration, whose consolidated, coordinated and systematized text was established by decree with force of law N° 1 / 19,653, of 2000, of the General Secretariat of the Presidency Ministry, to determine, by resolution, the functions that correspond to the different divisions for the performance of the powers and responsibilities assigned to the Commission.

Article 19.- The Chairman of the Commission may order any of its officials to answer reply to interrogatories or give statements before the corresponding courts.

Article 20.- The Board will be responsible for:

1. To exercise the powers and carry out the functions entrusted to the Commission by law.
2. Establishing policies regarding the planning, organization, management, supervision, coordination, and control of the Commission's functioning and of administration, acquisition and sell of goods, except for those properties whose acquisition or sell would require the approval of the Minister of Finance.
3. Dictating general rules, circulars, circular letters, and other resolutions that are required. The issued regulations must contain the fundamentals that make their dictation necessary, including an adequate definition of the problem that is to be addressed, the justification of the

regulatory intervention, the evaluation of the impact of said regulation, as well as those studies or reports on which it is based, in the cases that correspond or are possible. Said regulation must be the subject to a public consultation. For this purpose, before the issuance of said regulation, the draft regulation will be made available at the Commission's web site, providing the necessary mechanisms so that anyone interested can make observations to it.

The Commission, by reasoned resolution, may exclude from the procedures contemplated in the previous paragraph those regulations that, given their urgency, require immediate application. However, in such cases, once the regulation has been issued, the Commission must prepare the corresponding regulatory impact assessment report.

Likewise, the procedures considered in the first paragraph of this section will not be required when the Commission, by reasoned resolution, considers that these are impracticable, unnecessary or contrary to the public interest.

4. Resolving sanctioning procedures that arise as a result of the filing of charges, applying the corresponding sanctions, as the case may be.
5. Authorizing the measures referred to in numerals 5 and 27 of article 5.
6. Dictating and modifying its internal operating rule, in accordance with the provisions of article 8.
7. Drawing up to the President of the Republic, through the Ministry of Finance, the proposals for reform of legal and regulatory norms referred to in the numeral 24 of article 5.
8. Resolving on the signing of agreements or memoranda of understanding referred to in numeral 23 of article 5.
9. Drawing up to the Public Prosecution Ministry the complaints that may correspond to the facts for which it took knowledge in the exercise of its powers and that could fulfill the characteristics of an offence, without prejudice of the general duties determined by Law on the matter.
10. To appoint a delegated inspector, provisional administrator or liquidator, in accordance with the provisions of articles 117 and 130 of the Decree with Force of Law No 3, of 1997, of the Ministry of Finance, which establishes the consolidated, systematized and coordinated text of the General Banking Law and other legal bodies indicated, as appropriate.
11. Publishing, within the first four-month period of each year, an annual public report detailing the work carried out by the Commission in the immediately preceding year, including, among other matters, a general evaluation of the behavior of the markets that are subject to its powers, the actions of the Commission in normative and regulatory matters, the number of sanctions imposed and their causes, the number of sanctioning procedures in progress, its participation in the design of public policies, the resources used, the level of compliance with the objectives imposed and the performance indicators used, as well as the challenges and goals for the following year.

12. Temporarily suspending, in serious and urgent cases duly qualified, totally or partially, by **reasoned resolution**, the activities of a supervised person or entity or the **quoting** and trading of one or more securities, and adopting, in general, any preventive or corrective measure established by law, in cases in which the necessary norms are not complied with for the adequate development of such activities or when the public interest, the financial stability or the protection of the investors, depositors and policyholders so require.

However, in the case of entities whose activities are regulated by the Decree with Force of Law No 3, of 1997, of the Ministry of Finance, which establishes the consolidated, systematized and coordinated text of the General Banking Act and other legal bodies indicated, **the power of provisional suspension of activities** described in this numeral shall be exercised in accordance with the provisions of said law.

13. To issue resolutions regarding the authorization of existence, operation and mergers or reorganizations of supervised entities, as appropriate and, in general, **to pronounce** on any other authorization or registration to be granted by the Commission within the scope of its powers.

14. Other functions and powers that this or other laws entrust the Commission.

The exercise of the powers referred to in paragraphs 1 to 12 of this article shall be of exclusive responsibility of the Board, and may not be delegated to other officials or authorities of the Commission.

In any case, the Board may delegate certain powers of administration, authorization, registration and operation to the Chairman, other Commissioners and other authorities or officials of the Commission, in accordance with the provisions of its internal operating regulations. The Board may also grant special powers to Commission officials for the execution of certain agreements.

The Board may be organized into committees for the fulfillment of the functions assigned to it by this law. Without prejudice to the exercise of this power, the responsibility and final resolution of the matters and the exercise of the powers relating to the superior management of the Commission will always fall on the Board.

Section 2

Chairman of the Financial Market Commission

Article 21. – The Chairman of the Commission, in his capacity as head of service, will be in charge of the organization and administration of the Commission, in accordance with article 18. In addition, he shall be responsible for the supervision and hierarchical control of the performance of the personnel of the Commission, without prejudice to the provisions of numeral 6 of article 24.

The Chairman of the Commission will especially be responsible for:

1. Executing and complying with the rules and agreements adopted by the Board.

2. Calling and presiding the meetings of the Board, as well as establishing the agenda to be discussed in each meeting.
3. Informing periodically the Board, when any of its members require so, about the execution of the policies and general rules dictated by said body, and rendering account of the operation and development of the institution. In addition, to send to the members of the Board on a monthly basis a list of the agreements fulfilled or to be fulfilled.
4. To represent the Commission legally, judicially, and extrajudicially.
5. Temporarily suspending, in serious and urgent cases duly qualified, the quotation or trading of one or more public offering securities, without prejudice to numeral 12 of the preceding article. The Chairman must inform the Board at the next meeting to be held about the action taken, which must be specifically set to that effect within forty-eight hours after its adoption, and at which the Board must decide on the appropriateness of maintaining or rendering ineffective such measure.
6. Ensuring compliance with the rules applicable to the Commission and adopting the necessary measures to ensure its efficient operation.
7. Establishing, prior approval of the Board, regional offices when the proper functioning of the Commission so requires.
8. Resolving about entering into the acts and conventions necessary for the fulfillment of the purposes of the Commission.
9. Delegating to officials of the Commission the faculties or powers derived from his position of head of service.
10. The conduction of the relations of the Commission with public bodies and other organs of the State and with the individuals or entities subject to its supervision, as well as with the supervising, regulatory, self-regulatory bodies or entities participating in the national, foreign or international financial markets, without prejudice to the powers which may be held by other State agencies on the subject. 11) To publish the report referred to in numeral 11 of the preceding article.
11. Publishing, the annual public report mentioned by numeral 11 of the preceding article.
12. Communicate to the Minister of Finance, prior approval of the Board, within the periods and according to the modalities established for the public sector, the budgetary needs of the Commission.
13. Other matters and powers that are expressly established in this or in other laws.

Section 3

Investigation Unit

Article 22.- Notwithstanding what is stated in article 18, the Commission shall have an investigation unit responsible for the conduction of the sanctioning procedure regulated by Title IV, of which an official named prosecutor will be in charge, who will be appointed by the Board through the selection process for senior public managers provided in paragraph 3 of Title VI of Law No. 19,882. The function of the prosecutor shall be exercised by a directive level official, grade 2, of the Directive Personnel of the Financial Market Commission.

The prosecutor will be subject to the disabilities and incompatibilities established in articles 10, 11 and 12, and will last six years in office, and his appointment may be renewed for a consecutive period.

Causes of cessation in the position of prosecutor will be those contained in article 14. If any of the grounds established in numbers 1, 2, 3 and 4 of said norm is verified, it will automatically cease his function, without prejudice to the duty to communicate this circumstance immediately to the Board. If the cause described in number 5 of the aforementioned article is observed, the Board, by agreement adopted by at least three of its members, will remove the prosecutor through a well-founded decision.

Anyone who has been designated as a prosecutor must present a sworn statement to prove the circumstance of not being affected by the inabilities and incompatibilities referred to in articles 10, 11 and 12. The foregoing, without prejudice to the obligation to present the declarations of assets and interests referred to in Law No. 20,880, on Probity in Public Function and Prevention of Conflicts of Interest.

In the event that the prosecutor includes inaccurate information or inexcusably omits relevant information in the statements referred to in the preceding paragraph, the cause set forth in number 5 of article 14 will be deemed fulfilled, without prejudice to the sanctions established in Law No. 20,880.

The duties of abstention contained in article 16 shall apply to the prosecutor.

Article 23.- In the performance of his duties, the prosecutor shall take into account the supervisory systems and policies defined by the Board for the individuals or entities supervised by the Commission. The prosecutor will be responsible for carrying out or conducting the necessary or appropriate investigations to verify infractions of the law and the regulations subject to the supervision of the Commission with respect to the individuals or entities supervised by the Commission, in accordance with the provisions of Title IV; to contribute to the determination of those responsible for the infractions investigated, and to comply with the sanctions imposed by the Commission for infractions to the laws and regulations under its supervision.

Article 24.- The duties and powers of the prosecutor will be the following:

1. To conduct, with respect to those facts about which he has become aware through the denunciation of individuals made before the Commission, due to those antecedents that he has gathered by his own initiative and provided to him by other units of the Commission as a result

of their supervision processes or from those provided in the framework of the collaboration regulated by the paragraph 4 of Title IV, the investigations that he deems appropriate to verify the infractions to the laws and regulations whose supervision corresponds to the Commission and to decide the imposition of sanctions according to law. In case the prosecutor decides not to initiate the investigation of the facts brought to his knowledge, he will issue a well-founded report stating the reasons for such decision, which shall be sent to the Board and to the interested parties. As a result of the conducted investigation, the prosecutor will proceed, in accordance with article 45, to issue the corresponding notice of charges, or, if is the case, to issue the well-funded report on the decision of not doing so, and, in general, to carry forward the proceeding as set forth in the Title IV of this Law.

2. In the framework of the investigations or proceedings in which he is taking part, to exercise the powers referred to in numerals 4, 5, 7, 9, 16, 21, 22 and 27 of article 5, without prejudice of the powers granted by other laws.

3. To propose to the Board the formulation of the complaints that correspond to the Public Prosecution Ministry for the facts brought to his knowledge in the exercise of his powers and which may be considered as offenses, without prejudice to the general duties that the law determines on the matter.

4. To verify the compliance with the resolutions issued by the Board within the framework of the sanctioning procedures submitted to his knowledge, and of the court decisions issued with regard to said matters.

5. To collaborate in the detection, investigation, determination and pursuit of the responsibilities for infractions to the norms that govern the markets subject to the supervision of the Commission in the terms of numeral 22 of the article 5, in order to contribute to the fulfillment of the obligations that said entity has committed to in the agreements or memoranda of understanding referred to in number 23 of the same article.

6. To propose to the Chairman of the Board to hire and remove the officials who are part of the Investigation Unit, responsible for the conduction of the sanctioning procedure. Likewise, he must evaluate the officers of said unit.

Yet, the officials of the Investigation will be, for all legal purposes, officials of the Commission and will be governed by the provisions that this law and the Commission, as the case may be, establish for its staff.

7. To exercise the powers expressly conferred upon him by other laws and norms.

Article 25. - The prosecutor must receive the complaints directed to him regarding acts that may constitute an infraction of the regulations under the supervision of the Commission, without prejudice to referring to the competent authorities those that should be known by other bodies by reason of their nature. In order to determine whether to investigate or to dismiss the complaints raised, the prosecutor can, within a sixty-days period from the presentation of the complaint, request background information from individuals, as well as summon any person that could have

knowledge of the reported facts to declare. The delivery of background information and the declarations referred to before will always be voluntary, and the provisions of the article 35 will not apply to them.

Paragraph 4
About the Personnel of the Financial Market Commission

Article 26. - All the personnel of the Commission will be governed by a special personnel statute with a special with a special status. In the matters not provided in the personnel statute or in the present law, the Labor Code will govern as supplementary legislation.

The Chairman of the Commission, in accordance with the referred to in the preceding paragraph, may appoint and remove the personnel, with entire independence in regard of any other authority, except for the exceptions expressly contained in the law.

The remuneration and other pecuniary and social security benefits that currently govern personnel of the Superintendence of Securities and Insurance, including the bonuses and allowances set forth in articles 8, 9, 12 and 13 of. Law No. 20,212, in article 17 of Law No. 18,091 and in article 5 of Law No. 19,528 will apply to all Commission personnel, and will be granted in the manner indicated by said laws and other laws that govern said Superintendence.

Article 27.- The Chairman of the Commission may enter into contracts for the rendering of services at a fee for the execution of specific tasks, according to the budget availability. The individuals hired under this regime will not have, in any case, the legal status of employees of the Commission, but the rules referred to in article 2 will apply to them.

Article 28.- The Commission, and the Commissioners as well, officials and persons who, in any capacity, render services to this entity will be obliged to keep confidential the information about the documents and background information that they become aware of during the exercise of their functions, as well as documents, reports and background information which they draw up, prepare or keep in their possession or of which they have become aware in the exercise of these functions, provided that these are not public information. Likewise, they must refrain from formulating opinions or making judgments regarding the matters they were aware of during ongoing sanctioning proceedings and whose resolution is pending. The infraction of these obligations will be punished with the penalty of minor imprisonment in any of its grades and a fine of ten to thirty monthly tax units. Likewise, said infraction will give rise to administrative responsibility and will be sanctioned with dismissal from his position. This is without prejudice to the duty to abstain from participating and voting referred to in article 16.

Without prejudice to the duties of reserve referred to in this article, and in order to ensure the fulfillment of their respective duties, the Commission, the Central Bank of Chile and the Superintendence of Pensions may share any information. The foregoing shall not apply to the information referred to in the first paragraph of article 154 of the Decree with Force of Law No 3 of the Ministry of Finance, of 1997, which establishes the consolidated, systematized and concordant text of the General Banking Act and other legal bodies indicated, except as provided

in numeral 34 of article 5 of this law. When the information shared is reserved, it must be maintained in this capacity by those who receive it.

The Commission must keep permanently available to the public, through its institutional website, the resolutions through which supervised persons or entities have been sanctioned. For the purposes of publishing the aforementioned resolutions, public versions thereof may be drawn up when, in the opinion of the Commission this is necessary or advisable for the proper functioning of the financial market or to safeguard the information protected by any confidentiality provisions.

For all legal purposes, it shall be understood that any information derived from the documents, antecedents, reports referred to in the first paragraph and whose disclosure may affect the proper performance of their functions, as well as the privacy, commercial and economic rights of the persons or entities subject to their supervision, or that may affect financial stability, insofar as it is not of a public nature, is reserved.

It will be understood as being reserved, for all legal purposes, the documents to which the Commission has access in the exercise of its functions and whose disclosure may affect the privacy, commercial or economic rights of the persons or entities subject to its supervision, or which may affect financial stability, insofar as none of them has a public character.

The provisions set forth in the foregoing paragraphs shall not prevent the Board from disseminating or getting persons to disseminate through the means determined by it the information or documents related to supervised individuals or entities for the purpose of ensuring the public faith, the interest of the shareholders, investors depositors and policyholders.

Article 29.- Once dismissed in their functions, and for a period of six months, both ex-commissioners and ex-officials of the Commission shall not provide any type of service, be it free-of-charge or remunerated, or acquire ownership in entities with respect to which, within the twelve months prior to the cessation of their duties, such persons have, in a specific, personal and direct manner, issued acts, resolutions or rulings; participated in meetings of the Board in which an agreement or resolution has been adopted in their respect; or have taken part in the administrative procedures, completed or not, that produced or will produce such administrative acts. The prohibition referred to in this article extends to those companies that are part of the same business group under the terms of article 96 of Law No. 18,045, Securities Market Act.

Within ten business days following the cessation of their duties, the ex-commissioners and ex-officials referred to in this article must make a sworn statement in which they identify the entities with respect to which they have taken part under the terms of the preceding paragraph. A copy of said declaration must be sent to the Chairman of the Commission and to the Comptroller General of the Republic, for its registration.

Article 30.- Notwithstanding the prohibition established in the preceding article, the ex-commissioners and ex-directors belonging to the first and second hierarchical levels of the Commission may not, once they have ceased their duties and for a period of three months from the effective cessation, provide any type of service, paid or unpaid, neither acquire ownership with regard to the entities subject to the Commission's supervision, nor of those companies that are part

of the same business group of those entities, under the terms of article 96 of Law No. 18,045, Securities Market Act.

During the three months that will last the prohibition established in this article, the personnel indicated in the preceding paragraph will be entitled to receive from the Commission a monthly financial compensation equal to 75% of the remuneration that they would have received in the exercise of their duties. The base for calculation of this compensation will be the average gross monthly remuneration of the last twelve months prior to cessation of duties, adjusted according to the consumer price index determined by the National Statistics Institute or by the system of readjustment that replaces it. This compensation will be considered as remuneration for all legal purposes and will not serve as the basis for calculating any other entitlement.

From the compensation referred to in the foregoing paragraph, it shall be deducted the amounts corresponding to the monthly income received by the ex-commissioner or ex-director for the provision of services that he is authorized to perform will be deducted from the compensation referred to in the previous paragraph, in case they exceed the threshold of 25% of the aforementioned average monthly gross remuneration. The General Treasury of the Republic will be authorized to retain the amounts that correspond to the annual return of taxes on said income, and compensate said amounts with the mentioned deduction, in the manner indicated in the regulation.

The compensation to which reference is made in the second paragraph shall not apply in the case in which the persons affected by the prohibition referred to in this article leave their duties by dismissal or any other cause attributable to their behavior.

The individuals indicated in the first paragraph of this article will be prohibited to develop lobbying activities, under the terms of Law No. 20,730, in favor of the entities subject to the supervision of the Commission and those that are part of their same business group in accordance with article 96 of Law No. 18,045, Securities Market Act, for a period of two years, from the date of cessation of their functions.

Article 31.- Ex-commissioners, ex-directors and ex-officials subject to the prohibitions established in articles 29 and 30, during the period of said prohibitions, must inform the Commission about their shareholdings and all work activities and provision of services they carry out, both in the public and in the private sector, whether or not they are remunerated. This obligation shall be extended until six months after the end of the prohibition referred to in article 29 and will be materialized in the manner indicated in the regulation.

The Commission must maintain a public record available on its website where the information delivered in accordance with the previous subsection shall be displayed, during the entire duration of said obligation and until the term indicated in the final paragraph of this article has expired. In said public record, in addition, there will be included the sanctions that would have been imposed by virtue of the following paragraphs.

Infringement of the duty to inform established in the first paragraph of this article committed by the ex-commissioners and ex-directors belonging to the first and second hierarchical levels of the

Commission will be sanctioned with a fine for fiscal benefit of up to 100 tax units. In case said infraction is committed by an ex-official other than those indicated previously, the offender will be sanctioned with a fine for fiscal benefits up to 50 monthly tax units. If the Commission infringes the provisions of the previous paragraph, it will be sanctioned by the Board for Transparency in accordance with article 47 of the Law on Transparency on the Public Function and Access to Information of the State Administration, contained in the first article of the Law No. 20,285.

Additionally, the infringement of the prohibition set forth in article 29 will be sanctioned with a fine for tax benefit of up to 500 monthly tax units.

The violation of the prohibitions to which reference is made in the first and last paragraphs of article 30 will be sanctioned with a fine for fiscal benefit of up to 1,000 monthly tax units. In addition, the offender will be obliged to return the amount received for the concept of financial compensation referred to in the second paragraph of that article.

The responsibility of ex-officials, including ex-commissioners and ex-directors belonging to the first and second hierarchical levels, for infringement of the provisions of the first paragraph of this article and of articles 29 and 30, will be made effective by the Office of the General Comptroller of the Republic in accordance with articles 134, 135 and 138 of Law No. 10,336, about the organization and powers of the Office of the General Comptroller of the Republic, whose consolidated text was set by the Decree No. 2,421, of 1964, of the Ministry of Finance, for which the instructor will have a maximum and non-extendable period of twenty working days. The sanctions imposed by the General Comptroller of the Republic will be subject to appeal before the respective Court of Appeals, within five days of the notification of the resolution. The Court of Appeals will request a report from the Office of the General Comptroller of the Republic, which must be issued within ten working days of the request. For the processing, hearing and decision of these matters, the rules about appeals of issues on civil matters will be applied, with preference for hearing and sentence. Regarding the resolution ruling on this matter, no further appeals will be acceptable. The filing of the claim will suspend the application of the sanction imposed by the appealed resolution.

The natural or legal persons that, in violation of the provisions of articles 29 and 30, establish employment or service provision links, whether they are paid or not, with those who are subject to the prohibitions contemplated, will be sanctioned by the Commission with a fine for fiscal benefit up to 4,000 monthly tax units. The fine applied to the private entities will have to be proportional to the size of the company under the terms of the law N° 20,416.

The responsibility for the infractions established in this article shall expire two years after the date of the facts that gave origin to it.

Article 31 bis: The staff of the Commission shall inform the President of the credits it requests from banking companies and other institutions subject to its control, as well as the goods it acquires from such companies. The Board shall establish, in its internal regulation, the necessary procedures for the due fulfillment of this duty, as well as for the safeguarding of the information received. Without prejudice to the foregoing, such information shall have the character of reserved.

Article 32. - In civil matters, the statements of the officials of the Commission appointed as examiners, on the facts verified in the exercise of their functions and in the verification of infractions, will be assessed according to the rules of due circumspection.

Section 5 Collection of Fees

Article 33.- The individuals and entities which must register in the registries kept by the Commission, or submit information to said registries, obtain approvals, or request certifications, will pay the following fees:

1. Rights for inscription in the registries kept by the Commission. The amount for the inscription in the Securities Registry and in the Registry of Foreign Securities will be fixed, for the equivalent of 20 foment units. Notwithstanding the foregoing, the entries in the Registry of Foreign Securities, of securities with same nature and coming from the same market from another country, which are presented by the same sponsor, according to the provisions of Title XXIV of the Law No. 18,045, Securities Market Act, under a certain type of transaction, will be subject of the payment of rights for a maximum amount of 500 foment units, whether they correspond to simultaneous registration requests or presented at different times. The provisions of the final paragraph of this numeral shall not apply to these applications for registration.

The amount for registration in other registries will be fixed, for the equivalent of 10 foment units.

Without prejudice to the amount indicated in the first paragraph of this section, the issuances of securities will pay, additionally, a right of 0.5 per thousand of the capital involved in the transaction, with a maximum limit of 200 foment units.

2. Annotations in the registries. The amount will be fixed and will correspond to 3 foment units for each annotation carried out.

3. Rights for approvals and authorizations of stock regulations or securities deposit and custody regulations and for approval of operating rules of systems for settlement and clearing of financial instruments, as well as their modifications. The amount will be fixed and for the equivalent of 30 foment units.

4. Rights for approvals, authorizations and submissions of internal regulations and contracts of funds authorized by law. The amount will be fixed and for the equivalent of 15 foment units.

5. Rights for approvals of authorizations for existence, amendments of bylaws, mergers, divisions, cancellations or dissolutions, of entities subject to authorization by the Commission. The amount will be fixed and for the equivalent of 20 foment units.

6. Rights for approvals of contracts and insurance policies. The amount will be fixed and for the equivalent of 6 foment units.

7. Rights for the issuance of certifications of information that appear in the registries. The certifications issued in relation with the inscriptions or approvals granted by the Commission and that appear in the public records which the laws determine the Commission to administer will have a value equivalent to 0.2 foment units for each copy.

The collection for a certification will not apply when it is issued as a consequence of a registration or the grant of an approval for which the rights have been paid.

8. Rights for modifications related to numerals 3, 4 and 6. There will be a fixed amount for the equivalent of the half of the foment units indicated in these numerals.

Entities that are affected by the contribution of the quotas referred to in article 8 of the Decree with Force of Law No 3, of 1997, of the Ministry of Finance, which establishes the consolidated, systematized and coordinated text of the General Banking Act and other bodies indicated, shall be exempt from paying the payments referred to in this article.

Article 34. - The fees provided in the previous article will be paid in the offices of the Commission or by electronic means enabled at the time of obtaining the corresponding registration, submission, approval or certification, as the case may be, according to the value that the foment units has had in the last business day of the month prior to the month in which the payment is made.

TITLE III Compulsion and Sanctions

Article 35. - In cases where the full exercise of the functions granted by numerals 4 and 8 of article 5 to the Commission or to the prosecutor is obstructed or impeded, the Commission may require an ordinary court of justice to enforce the compulsion procedure set forth in articles 93 and 94 of the Tax Code, in order to obtain the full compliance and execution of such attributions.

This compulsion procedure will also be applied in face of the individuals who, having been summoned under penalty by the Commission or the prosecutor, as the case may be, according to the provisions established in numeral 9 of article 5, do not show up to declare without a justified cause.

The competent court to hear these compulsion proceedings, at the request of the Commission, will be the corresponding civil court of justice of the domicile of the offender that according to the articles 175 and following of the Organic Code of Courts of Justice.

The individuals who issue false statements before the Commission or the prosecutor will be sanctioned with penalties of minor imprisonment from minimum to medium grades and a fine of 6 to 10 monthly tax units.

Article 36.- Corporations and banking companies subject to the supervision of the Commission that incur in infractions to the laws, regulations, statutes and other rules that govern them, or non-compliance of the instructions and orders given by the Commission, may be subject to the application by the Commission of one or more of the following sanctions, without prejudice of those specifically established in other legal bodies:

1. Censorship.
2. Fine to fiscal benefit equivalent, alternatively, to a global amount per company of up to:
 - a) The sum of 15,000 foment units. In case of having been previously sanctioned for infractions of the same nature, a fine of up to five times the maximum amount stated above may be applied.
 - b) 30% of the value of the issuance, accounting record or irregular transaction.
 - c) The double of the amount of gains obtained as a result of the issuance, accounting record or irregular transaction.

In the cases of letters b and c the Commission will express the amount of the fine in its equivalent in foment units, indicating it in the resolution where the sanction is imposed.

3. Revocation of the authorization of existence of the company, when applicable.

The sanctions indicated in numbers 1 and 2 may be applied to the company, directors, managers, employees, external audit companies or liquidators, as determined by the Commission.

When the sanctions of the numbers 1 and 2 of this article are applied, the Commission must inform the shareholders meeting about the infractions, non-compliance or acts committed by the directors, managers, external audit companies or liquidators, so that the company can remove them from their positions if deemed convenient, without prejudice of the judicial claims which might considered pertinent. The call to this shareholders meeting must be made by the board of directors within the term set by the Commission, and may be summoned by the Commission, if deemed necessary.

Article 37.- Individuals or entities different from those to which reference is made in the first paragraph of the preceding article that commit violations of the laws, regulations, statutes and other regulations that govern them, or incur in non-compliance with the instructions and orders issued to them by the Commission, may be subject to the application of one or more of the following sanctions, without prejudice of those established specifically in other laws or regulations:

1. Censorship.
2. Fine to fiscal benefit equivalent, alternatively, to a total amount per individual or entity of up to:

- a) The sum of 15.000 foment units. In case of having been previously sanctioned for infractions of the same nature, a fine of up to five times the maximum amount stated above may be applied.
- b) 30% of the total amount of the issuance, accounting record or irregular transaction.
- c) The double of the amount of gains obtained as a result of the issuance, accounting record or irregular transaction.

In the case of letters b and c the Commission will express the amount of the fine in its equivalent in foment units, indicating it in the resolution where the sanction is imposed.

3. In the case of individuals appointed or authorized by the Commission to exercise certain functions or actions, the Commission may also apply the sanctions of:

- a) Suspension from his position for up to one year.
- b) Revocation of his authorization or appointment for serious causes.

Notwithstanding the provisions of the preceding article and the previous paragraphs, the Board may apply the temporary disability as an accessory sanction, for up to five years, for the exercise of the position of director or chief executive officer of the entities described in the preceding article and in the first paragraph of this article, to those individuals who have incurred in the conducts described in articles 59, 60 and 61 of Law N° 18,045, Securities Market Act, and articles 157, 158, 159 and 160 of Decree with Force of Law No 3, of 1997, of the Ministry of Finance, which establishes the consolidated, systematized and coordinated text of the General Banking Act and other bodies indicated, and articles 41 and 49 of Decree with Force of Law No 251, of 1931, of the Ministry of Finance, on Insurance Companies, Corporations and Stock Exchanges.

The sanctions established in this article may be applied to the company, businesses, entity, legal persons or individuals, managers or representatives, as determined by the Commission.

Article 38.- In order to determine the range and specific amount of the fines indicated in the preceding articles, the Commission must ensure that its application is optimal for the fulfillment of the purposes entrusted to it by law, considering the following circumstances:

- 1. The severity of the behavior.
- 2. The economic benefit obtained as a result of the infraction, in case there was.
- 3. The damage or risk caused to the proper functioning of the financial market, the public faith and the interests of those affected by the infringement.
- 4. The participation of the offenders in it.

5. Having been previously sanctioned for infractions to the rules subject to its supervision.
6. The economic capacity of the offender.
7. The penalties applied previously by the Commission in the same circumstances.
8. The collaboration rendered by the offender to the Commission before or during the investigation which determined the sanction.

The offender's recidivism will not be taken into account in those cases in which the Commission has determined on its own discretion the increase of the amount of the specific fine in accordance with letter a) of numeral 2 of article 36 and in letter a) of numeral 2 of the article 37.

Article 39.- The amount of the fines applicable in accordance with this law shall be determined by the Board in accordance with the aforementioned rules and based in the sanctioning proceeding referred to in the following Title.

TITLE IV Sanctioning Procedure

Section 1 Common Rules

Article 40. - The sanctioning procedure brought before the Commission will admit the participation of interested parties, with the ability to submit allegations and to provide documents or other elements of judgment throughout its processing. For these purposes, those persons indicated in article 21 of the Law No. 19,880 will be considered interested parties.

The interested parties may act by themselves or through proxies, being it understood that they have all the necessary powers to pursue the sanctioning procedure, unless expressly stated otherwise. The corresponding power of attorney must be recorded in a public deed, a public instrument granted abroad in accordance with the provisions of article 345 of the Civil Procedure Code, or in a private instrument signed before a notary public under the terms of article 22 of Law No. 19,880.

Likewise, the interested parties should be allowed to act assisted by a counselor when they consider it convenient to defend their interests.

The sanctioning procedure should be developed with simplicity and effectiveness, in a manner where only the formalities necessary to render undoubted evidence about the actions performed are required, in order to avoid damages to the interested parties.

The procedural or formal defect will only affect the validity of the administrative acts when it falls on an essential requirement of such acts, and be of such an importance as to cause damages to the interested parties. The Commission may always, ex officio or upon request of the interested party,

correct the defects observed in the conduct of the proceeding and remedy formal defects affecting the acts issued, provided that the interests of third parties are not affected by such remedies.

Article 41.- Each one of the periods established for the substantiation of the sanctioning procedure, be them provided by this law or by resolution of the prosecuting authority, may be extended only once and for the same period, in case that this is necessary for the successful resolution of the case. The extension may be determined by the Board, upon request of the prosecutor or one of the interested parties, submitted before the expiration of the term established.

The extension granted in the terms of the preceding paragraph will benefit in the same way all those interested parties who appeared in the sanctioning procedure.

The sanctioning procedure will have a maximum duration of nine months, counted from the notice of charges until the final resolution of the Board, unless one or more extensions of time have been determined in the terms of the first paragraph. In this latest case, the nine months' term shall be understood extended by the time equivalent to the sum of all the extensions determined in the framework of the sanctioning procedure.

Article 42. - The notification of the acts dictated during the substantiation of a sanctioning procedure will be performed in accordance with the provisions of article 64.

Article 43. - Those interested parties who appeared in a sanctioning procedure will be obliged to keep confidentiality regarding the information they have access to during their processing, and they will not be allowed to reveal it to third parties. Said obligation will remain in force even after finalized the corresponding procedure with respect to the information which does not become public under the terms of Law No. 20,285. The infringement of this norm will be sanctioned with the penalties of minor imprisonment from minimum to medium grades and a fine of 6 to 10 monthly tax units.

Article 44. - In case the individuals subject to charges, having been validly notified by the Commission, do not appear within the time limit, personally or represented by a proxy, they will be declared in default. Said declaration will produce as an effect that the resolutions that are dictated during the sanctioning procedure will be understood as notified from the date of its dictation.

Section 2 General Procedure

Pre-trial Hearings and Beginning of the Procedure

Article 45.- If the prosecutor verifies any possible violation of the regulations whose supervision corresponds to the Commission, as a result of the investigation of the facts about which he had known through the complaint of individuals made before the Commission, of its subordinated units, due to information collected ex officio or provided in the framework of the collaboration regulated by section 4 of this Title, he shall proceed to press charges for the constituting facts, in accordance with the following article.

In the event that, existing an investigation in progress, the prosecutor decides not to press charges, the founded report of said decision must be sent to the Board, which may accept it or, if applicable, request the extension of said report, or the presentation of additional background to justify his decision.

Article 46. - The official communication by means of which charges are pressed shall be founded and shall contain the description of the facts on which they are based and of how they appear in the investigation, the indication of why they are considered to be contrary to the rules subject to the Commission's supervision, specifying the norm or rules considered to have been infringed, and the person allegedly responsible for the infringement, indicating the participation attributed to him.

In the official communication where charges are pressed, the applicable procedure will also be informed, as well as the right to present evidence and the period set for the formulation of the defense, which may not be of less than fourteen nor of more than twenty days.

Article 47. - Once the official communication of charges is issued, the person subject to charges will be notified by any of the means indicated in article 64.

Those interested parties who have appeared in the sanctioning procedure will also be notified about the communication of charges, in accordance with the article 40, in order to allow them to formulate allegations and provide documents to defend their interests.

Article 48.- In the defense there should be indicated all the circumstances or backgrounds of fact and law that exempt or mitigate the alleged responsibility of the accused person, as well as those that deny the effective occurrence of the facts, or which demonstrate that they do not constitute an infringement. All this, without prejudice to other presentations or subsequent background that are submitted in the course of the sanctioning procedure with the same objective.

Article 49.- After the period for the formulation of defense, the prosecutor will determine the opening of the probationary period so that the interested parties and the person being charged can enforce any evidence admissible in law that relates to facts relevant to the decision of the procedure.

The duration of the probationary period will be determined according to the nature of the subject matter and may not be of less than ten nor exceed thirty days. This period may be extended by the prosecutor's own initiative or at the request of the person being charged, only once and for up to the same period.

The practice of the evidentiary proceedings which are determined in the sanctioning procedure must be notified to all the interested parties who participate in said procedure.

Article 50. - During the probationary period, the person subject to charges and the interested parties, where appropriate, may use any means of evidence which is appropriate and conducive to verify the effectiveness of their allegations.

Article 51. - Once the evidentiary period has expired, the prosecutor may decree, by his own initiative or upon request of the person subject to the charges and of the interested parties, as appropriate, the proceedings he deems strictly necessary for the resolution of the matter. The time set up for performing said procedures shall be considered as an extension of the sanctioning procedure in the terms set forth in the final clause of article 41. The provision of such proceedings must be notified, unless its performance results to be contrary to the purposes pursued.

Once all the evidentiary acts have been performed, and the probationary period has expired or the proceedings that have been decreed have been carried out, the prosecutor will send the file to the Board, informing about its status and his founded opinion with regard to the configuration of the infraction imputed in the charges, pursuant to what is demonstrated in the sanctioning procedure for each person subject to charges. The remittance of the file and of the prosecutor's report will be notified to the interested parties.

Article 52. - The Board shall terminate the sanctioning procedure by means of a well-founded resolution adopted by the majority of the present members, dictated within a period of seventy-five days, counted from the receipt of the prosecutor's report to which reference is made in the previous article, term during which a hearing for the person subject to charges and interested parties must be proposed, in order that such persons present their allegations. Likewise, the Commission may order the performance of the proceedings or measures to better resolve it deemed necessary.

The resolution to which reference is made in the preceding paragraph must contain an analysis of all defenses, allegations and evidence made in the sanctioning procedure; determine, in accordance with them, if there has been an infringement of the applicable regulations; resolve whether the person subject to charges is responsible for it, indicating his participation in the facts, and the sanction that is made worthy, if applicable.

Article 53. - The notification of the definitive resolution of the sanctioning procedure will be delivered by registered letter, which will be sent to the person subject to charges and to all the interested parties who have appeared in the proceedings.

Section 3 Simplified Procedure

Article 54. - If the alleged infractions in respect of which the prosecutor becomes aware by any of the modalities contemplated in the first paragraph of article 45, are of a minor nature, they will be submitted to a simplified procedure.

Under no circumstances may this procedure be applied to conducts typified as offenses in the laws that govern the individuals, entities or activities supervised by the Commission. For these purposes, the Board will determine, through a general rule, those infractions which may be submitted to this procedure, and will establish the range of sanctions that might be applicable to them in accordance with title III.

In order to determine the applicable sanction, in the context of the simplified procedure, in each case the following circumstances shall be taken into consideration:

1. If the alleged offender has remedied the detected breaches, within thirty days counted as of its notification.
2. If the alleged offender has been sanctioned by the Commission.

Article 55. - The simplified procedure will be initiated by the request of the prosecutor to the alleged offender to admit in writing his responsibility for the facts indicated, mentioning in it the sanction which he will request the Board in the event that he does so.

If the alleged offender admits his responsibility for the facts, the prosecutor will send the request to the Board, together with the act or document that contains the admission of responsibility by the offender, the information gathered, his well-founded opinion regarding the configuration of the imputed infraction and the sanction he deems appropriate to apply. Once said background information has been received, the Board will proceed to issue the final resolution in the terms of article 52, without further formalities. However, the hearing to which reference is made in the first paragraph of said article shall not proceed.

In case that the alleged offender does not admit responsibility for the facts attributed to him, the prosecutor will issue the notice of charges according to article 46, as appropriate, and will continue with the processing of the simplified procedure according to the following article.

Article 56. - The simplified procedure will be governed by the following special rules:

1. Once the notice of charges has been issued, it will be delivered to the person subject to it through a notice made according to article 64.
2. The period for the formulation of the defense, set in the notice of charges, may not be of less than three nor of more than six days.
3. Once the defense has been presented, the prosecutor will order the opening of a probationary period so that the interested parties and the person subject to charges may assert any admissible evidence in law related to facts relevant to the decision of the procedure. The duration of the evidentiary term will be determined according to the nature of the matter and cannot be of less than five nor of more than ten days. However, this period may be extended, by the operation of the law or upon request of an interested party, only once and up for the same period.

In matters not expressly regulated in this article, the simplified procedure will be governed, in its processing, by the same rules as the general procedure, in all that is not contrary to its summary nature.

Article 57.- If, during the processing of the simplified procedure, information is gathered that would allow a different qualification about the nature or seriousness of the infraction, the prosecutor, by his own initiative or upon request of the person subject to charges, may order the substitution of the simplified procedure with the general procedure, upon agreement of the Board.

In case responsibility has been acknowledged under the terms of the second paragraph of article 55, no background related to the assumption of responsibility by the alleged infringer may be invoked or incorporated as evidence to the general procedure that replaces the simplified procedure, in accordance with previous paragraph.

Section 4

About the Collaboration of the Alleged Infringer

Article 58. - Anyone who incurs in conduct punishable by the Commission may have access to a reduction of up to 80% of the applicable monetary penalty, when they self-report by providing the Commission with background information that leads to the accreditation of the facts constituting the infringement.

In the case of an infringement involving two or more potential perpetrators, the first one to self-report and provide background information to the Commission may have access to a 100% reduction in the applicable monetary penalty. The remaining involved infringers, however, may only have access to a reduction of up to 30%, provided that they provide substantial and additional background to those already presented by the first complainant.

A penalty one or two grades inferior than that indicated by the law to the offense will be applied to the person to whom the Commission has granted a reduction of 100% of the monetary penalty applicable in accordance with the preceding paragraph, in case that the facts investigated are typified as crimes according to the laws that govern individuals, entities or activities supervised by the Commission. Exceptionally, the extinction of criminal liability will be recognized in cases in which the information provided allows revealing or discovering one or more behaviors sanctioned as a crime by articles 59, letter e, only in relation to the prohibitions set forth in articles 52 and 53; 60 letters e, g and h in relation to article 164; or 61, provided that it does not concern the subjects indicated in its second paragraph, of Law No.18, 045, Securities Market Act.

The benefits indicated in the preceding paragraphs will not prevent the pursuit of civil responsibilities that shall take place. The action for compensation of corresponding damages may be filed before the competent civil court in accordance with the general rules, and will be processed according to the summary procedure established in title XI of book III of the Civil Procedure Code. The court will interpret the evidence according to the rules of due circumspection.

In order to have access to the benefits indicated in the first, second and third paragraphs, whoever provides background information to the Commission must fulfill the following requirements:

1. Provide accurate, precise and verifiable background that represent an effective contribution to the constitution of sufficient elements of evidence in order to substantiate the notice of charges.
2. Refrain from disclosing the request for this benefit until the sanctioning resolution has been issued or the background of the case was ordered to be archived.

3. His participation in the behavior have been terminated before the submission of the request.
4. Not having been the organizer or leader of the illegal behavior, nor having coerced others to participate in it.
5. Not having been previously sanctioned for infractions to the laws and regulations subject to the supervision of the Commission, with any of the sanctions provided in numerals 2 and 3 of article 36 or 2 and 3 of article 37.

The person who accesses any of the benefits described in the third paragraph must, in addition, contribute effectively to the investigation in the context of the criminal proceedings carried out by the Public Ministry for the same facts. For these purposes, he must provide the prosecutor of the Public Ministry in charge of the case with all the background information that he has brought in the investigation conducted by the Commission, and give statements as a witness when requested by the prosecutor or by the court where the facts are analysed, if appropriate. The statement may be issued under the procedure set in article 191 of the Code of Criminal Procedure, in which case it shall be incorporated into the oral trial as set out in article 331 of the mentioned Code.

If the legally summoned witness does not appear without justified cause or refuses to ratify his statement given to the Commission and so declares the competent judge of guarantee at the request of the Public Ministry, or incur in any of the behaviors provided in articles 206 and 269 bis of the Penal Code, he shall be deprived of the benefits to which he has had access under the third paragraph of this article. Against the resolution of the judge of guarantee that deprives him from said benefits, an appeal will be applicable which will be granted in both effects.

Whoever requests one of the benefits set out in the first, second and third paragraphs of this article, knowing that it is based on false or fraudulent information, will be sanctioned with the penalties of minor prison in its minimum to medium grades and a fine of 6 to 10 monthly tax units.

Section 5 General Provisions

Article 59.- The sanction applied by the Board consisting of a fine must be paid at the communal treasury corresponding to the domicile of the offender, within ten days, counted from the date in which the resolution of the Board is final. The sanctioned person must deposit the respective payment vouchers at the offices of the Commission within five days of the payment. If the sanctioned person does not have his domicile in Chile, he will be able to pay the corresponding fine at the Communal Treasury of Santiago.

For purposes of the provisions of the previous paragraph, it will be understood that the resolution of the Board is final when the periods provided in articles 69 and 71 have elapsed without the filing of appeals, or, since the notification of the resolution which expressly rejects the appeals in total or partially.

Once the resolution of the Board is firm, the General Treasury of the Republic may bring an executive action against the offender before the court with civil jurisdiction corresponding to his domicile, accompanied by a copy of the resolution of the Board that applied the sanction or of the sentence executed, which will have, by itself, executive merit.

In the respective executive trial, the opposition of the executed party must be filed within five days of its notification.

Article 60. - The directors or liquidators who concurred with their vote in favor of the agreements that motivate the sanction will be jointly and severally liable for any fine applied to the company or its directors or liquidators.

Article 61. - The Board shall not sanction an offender after four years from the date on which he terminated the performance of the act constituting an infraction or the sanctioned omission occurred.

The term established in the previous paragraph shall be understood to be suspended for up to six months, counted from the date on which the Commission receives a claim or complaint referring to facts that may constitute an infringement. The same term will be understood interrupted by the initiation of a sanctioning procedure as from the date of notification of the respective charges to the person subject to them.

The lawsuit of collection of a fine prescribes within two years, counted from the date in which it is made enforceable, according to provisions set out in article 59.

Article 62. - The delay in the payment of any fine applied by the Commission, in accordance with the law, shall accrue the interest established in article 53 of the Tax Code, provided that it was made enforceable.

If the fine was not applicable and, nevertheless, had been deposited in fiscal coffers, the Commission or the Court of Appeals of Santiago, as the case may be, shall order it to be returned duly readjusted in the manner indicated in articles 57 and 58 of the Tax Code.

Article 63. - The rules established in the preceding articles shall apply in all cases in which the Commission sanctions with a fine the individuals or entities supervised.

Article 64. - The terms expressed in days established by this law shall be understood as business days, unless otherwise stated. For these purposes, it will be understood that Saturdays, Sundays and holidays are not considered working days. The terms established by the Commission shall be counted in the same manner.

The notifications will be delivered:

1. Through a certified letter addressed to the infringer's domicile registered at the Commission, or that the interested party has designated before the Commission. The notifications

by certified letter will be understood delivered as of the third working day following its reception by the post office corresponding to the address of the notified.

2. Personally, through an employee of the Commission, who will leave a full copy of the act or resolution that is notified at the domicile of the infringer or interested party, leaving evidence of such fact.

3. At the offices of the Commission, if the infringer or interested party appears to receive it, in which case a copy of the act or resolution shall be delivered, if he so requests, duly signing the certificate of receipt.

4. To the infringer's e-mail box registered at the Commission, or that the interested party has designated before it, signed by means of an advanced electronic signature, and the terms begins to run from the first working day following the dispatch by the Commission.

Even if no notification has been delivered or the existing notification is vitiated, the interested party of supervised person will be understood as duly notified in case he performs any formality, subsequent to the act, which necessarily implies his acknowledgement, without having previously claimed its mistake or nullity.

Article 65. - The provisions of this law shall prevail over those established in the statutes of the individuals or entities subject to the supervision of the Commission.

Article 66. - The amounts of the fines established in this law that are superior will prevail over those contemplated in other legal bodies for the sanction of the same infringements.

Article 67. - The Commission created by this law will be considered for all purposes the legal successor of the Superintendence of Securities and Insurance, and the service called Superintendence of Insurance Companies, Corporations and Exchanges. Likewise, it shall be for all purposes the legal continuator of the Superintendence of Banks and Financial Institutions.

References made to the Superintendence of Securities and Insurance, the Superintendent of Securities and Insurance, the Superintendence of Banks and Financial Institutions and Superintendent of Banks and Financial Institutions, the Superintendence of Insurance Companies, Corporations and Exchanges or the Superintendent of Insurance Companies, Corporations and Exchanges, contained in laws, decrees, regulations, resolutions, statutes or any other regulatory body, shall be construed, respectively, to the Financial Market Commission, the Board or its Chairman, as the case may be.

Likewise, the references made to decree law No. 3,538, of 1980, of the Ministry of Finance, will be understood as having been made to the present law.

TITLE V

Appeals

Article 68.- The individuals or entities that consider that the administrative acts issued by the Commission do not adjust to the law, regulations or norms which it is competent to apply, may challenge them through the appeals indicated in this title, without prejudice to those that are appropriate in accordance with the general regulations.

Article 69. - Appeals may be made against the administrative acts and sanctions of the Board, the Chairman of the Commission or the prosecutor, as the case may be. The petition shall be formulated in writing and shall contain a clear and precise description of the facts and the law on which is based.

The term for filing the appeal will be of five working days counted from the date in which the relevant administrative act or sanction is notified, and the corresponding authority will have fifteen working days to resolve in this regard, after which, in the lack of pronouncement of the authority, it will be understood that the appeal was rejected for the purposes of the following paragraph.

The filling of this appeal will suspend the period for claiming illegality in accordance with articles 70 and 71, term which will be resumed from the notification of the resolution that expressly resolves the total or partial rejection of the appeal, or when the negative silence operates under the terms of article 65 of Law No. 19,880.

Article 70. - Individuals who consider that a general rule, instruction, communication, resolution or any other administrative act issued by the Board, the Chairman of the Commission or the prosecutor, as appropriate, other than those referred to in the following article, is illegal and causes them harm, may file a claim of illegality before the Court of Appeals of Santiago.

The resolutions of the Commission imposing the prohibitions or limitations contained in article 116 of the Decree with Force of Law No 3, of 1997, of the Ministry of Finance, which establishes the consolidated, systematized and coordinated text of the General Banking Act and other bodies indicated, may also be challenged, subject to the same procedure; these resolutions may designate deputy inspector or provisional administrator, or renew such designations; they may revoke the authorization of existence or resolve the forced liquidation of a banking company.

Similarly, in general, the same claim of illegality shall proceed for the challenge of the other resolutions, orders or instructions that impose a corrective or preventive measure on a person or supervised entity by the Commission in the exercise of the power enshrined in numeral 30 of article 5 and numeral 5 of article 21. Once the claim has been filed, the court must issue a previous decision on its admissibility, for which the claimant will indicate in his petition, with precision, the challenged act, the allegedly infringed provision, the manner in which the infringement occurred and the reasons why it causes him damages. When appropriate, the claimant must attach the certificate stating that the appeal has not been resolved within the legal term under the provisions of article 65 of the Law No. 19,880 or, otherwise, a copy of the letter requesting the issuance of said certificate. The court will immediately reject the claim of illegality if the presentation does not comply with the conditions indicated in this paragraph.

The claim of illegality must be filed within a period of ten business days counted according to the provisions of article 66 of the Civil Procedure Code, counted as from the notification or publication of the act which rejects the appeal in total or partially, or since the negative silence to which reference is made in the third paragraph of article 69 has operated.

If the Court of Appeals declares the claim admissible, this resolution will be notified within six working days, by official letter.

Once the notice has been delivered, or the non-answering party was held in default, the court will dictate the sentence within fifteen days. The sentence which rejects the claim of illegality will be subject to appeal before the Supreme Court within ten working days counted according to the provision of article 66 of the Civil Procedure Code, counted as from its notification. The appeal will be processed in the manner provided in the previous paragraphs and shall take priority for its analysis and decision.

The sole filing of the claim of illegality to which reference is made in the present article shall not suspend the effects of the challenged act.

Article 71. - Those sanctioned by the Board may present a claim of illegality before the Court of Appeals of Santiago, within a period of ten working days counted in accordance with the provisions of article 66 of the Civil Procedure Code, counted since the notification of the resolution which imposed the sanction which rejected totally or partially the appeal or since the negative silence to which reference is made in the third paragraph of article 69 has operated. Said claims shall take priority for their analysis and decision.

The Court of Appeals of Santiago will have to previously pronounce on its admissibility, for which the claimant will indicate with precision in his petition the challenged act, the allegedly infringed provision and the reasons why it does not comply with the law, the regulations or other provisions that are applicable to him and the reasons why it causes him damages. When appropriate, the claimant must attach the certificate stating that the appeal has not been resolved within the legal term under the provisions of article 65 of the Law No. 19,880 or, otherwise, a copy of the letter requesting the issuance of said certificate. The court will immediately reject the claim of illegality if the presentation does not comply with the conditions indicated in the preceding paragraph.

If the Court of Appeals declares the claim admissible, it will serve notice for a six working days period, by official letter.

Once the notice has been answered, or the term available for the presentation of observations has expired, the court will command that the files are brought in relation and the case will be extraordinarily included in the agenda of the upcoming hearing, upon drawing of the chamber. The court may, if considered appropriate, open a probationary period which shall not exceed seven days.

The sentence which rejects the claim of illegality might be subject to appeal before the Supreme Court, and this appeal shall be filed within ten working days counted according to the provision of article 66 of the Civil Procedure Code, counted as from its notification. The appeal will be

processed in the manner provided in the previous paragraphs and shall take priority for its analysis and decision.

If the claim of illegality is filed in a timely manner, the effects of the resolution which imposed the sanction and the expiration of the term for the payment of the fine will be suspended, until it is resolved by a final ruling.

In its decision, the Supreme Court may render the sanction ineffective, confirm it or modify it, if this arises from the information brought to its attention. No claims will proceed against the ruling of the Supreme Court that resolves the claim of.

TITLE VI

Financial Self-Regulatory Committee

Article 72. - Intermediaries of securities subject to public offering, stock exchanges, commodities exchanges, mutual and hedge fund managers and individual portfolio managers supervised by the Commission must self-regulate in order to implement good practices in corporate governance, business ethics, transparency and fair competition among the different market participants.

For such purposes, a Financial Self-Regulatory Committee (hereinafter referred to as the "Committee") will be created, with the exclusive purpose of dictating rules that enable the achievement of the purposes described in the preceding paragraph and ensuring proper compliance with such purposes; establish and certify compliance with technical and ethical standards by the participants of the securities market; resolve the differences or claims that arise between its members or between them and their clients, when they request so, and promote the protection of investors.

The entities described in the first subsection of this article, as well as any other entity participants in the financial market that requests so, may participate as members of this Committee. The foregoing, notwithstanding the existence of entities that may be associated with the Committee, such as trade associations, custody and securities depository companies, administrators of financial instruments clearing systems, among others, under the terms and conditions determined by the Committee in this regard.

Article 73. - The general administration of the Committee shall be performed by a board of directors, composed of five independent directors, who shall be appointed by the appointment subcommittee due to the provisions set forth on the third paragraph of this article. The internal regulations shall establish the rules on appointment, periodicity, calls for meetings, quorum and general functioning of the board of directors. The chairman of the board of directors will be appointed by the aforementioned subcommittee from among the nominated directors, and will exercise judicial and extrajudicial representation of the self-regulatory entity.

For the purposes described in the preceding paragraph, those who fulfill any of the following conditions will not be considered independent:

1. Maintain any relevant economic, professional, credit or commercial link, interest or dependence, with any of the members of the self-regulatory entity or the business group of which it is a part, its controlling shareholder, or the principal executives of any of them; or have had such quality during the year immediately preceding the designation. For these purposes it will be understood that there is a link, interest or relevant economic dependence, when it represents 10% or more of their annual income.
2. Maintain a relationship of kinship up to the second degree of consanguinity or affinity with any of the individuals indicated in the previous numeral.

The designation subcommittee will be composed of eight members who will represent the entities that participate in the Committee according to the market areas in which they operate, which will be chosen pursuant to the procedure regulated by the internal regulations of the Committee. For these purposes, the intermediaries of publicly offered securities will be responsible for appointing two representatives, the stock exchanges and the commodities exchanges will be responsible for, together, appointing two representatives, the fund managers two representatives, and the individuals' portfolio managers supervised by the Commission, two representatives. If the entry of other financial market participants into the Committee is accepted, the number of members of the designation subcommittee shall be increased by one member for each new market area that is represented in the Committee.

The Committee may convene, by its own will or upon request of any of its members, a general meeting, composed by representatives of all of its members, and in which each of them shall have one vote. Notwithstanding the foregoing, those members which belong to the same business group under the terms of article 96 of Law No. 18,045, Securities Market Act, shall have, together, only one vote. The internal regulations shall establish the rules on periodicity, convocation, quorum, operation and participation in the general meeting, and shall seek to guarantee sufficient equality conditions among the members and transparency in their performance.

Article 74.- The Committee must dictate an internal regulation in which the rules regarding its organization, structure and functioning; the regulation and supervision procedures; and, in general, all those rules which guarantee an efficient management will be established.

The internal regulations of the Committee and its possible modifications must be approved by the majority of the General Meeting, and deposited in the Commission. The Commission may, at any time, reasonably indicate to the Committee that the regulations or any amendments thereto do not comply with the legislation or regulations in force, in which case the Committee will have to remedy the observations within the period indicated by the Commission. In the event that the Committee does not remedy the observations within the deadline, the Commission may, without further formalities, render ineffective the objected part of the regulation or its amendment, as the case may be.

Article 75. - The Committee will be a non-profit entity, and its assets will consist of:

1. The contribution to be made annually by its members, in the proportion established by the internal regulations.
2. The goods and real estate property acquired or transferred to its possession to any title.
3. The fruits of its goods and assets.
4. The donations received, which will not be subject to the prior approval of a judge.
5. The amounts received as a result of the sanctions imposed.
6. The contribution of the entities associated with the Committee referred to in the third paragraph of article 72.
7. The income received for services provided.
8. The contributions received to any title for international cooperation.

The internal regulations will establish in a precise manner the criteria and mechanisms for determining the amount of the contributions to be paid by its members, the registry in books and records of the transfers of goods and real estate property, the donations referred to in numeral 4 of the previous paragraph, the income and expenses and the contributions received under any modality or to any title, which shall be determined based on objective criteria and may consider fixed and variable components.

The internal regulations may provide for the additional services that the Committee may provide to its members, to the persons related to them or to the general public, as well as the amount to be charged for each of said services, which shall be public and non-discriminatory.

The board of directors shall annually appoint an external audit firm, which shall examine the accounting, inventory, balance sheet and other financial statements of the Committee, according to the terms set forth in the Title V of the Law No. 18,046, Corporations Act.

Likewise, the board of directors must render account of its management in general meeting, informing the detail of the work carried out by the Committee in the previous period. The internal regulations will establish the periodicity and subject matters which will be contained in such exhibition, which must be done, at least, annually.

The Commission may supervise at any time compliance with the provisions set forth in the internal regulations, especially regarding the establishment and payment of the members' contributions, request the records referred to in the second paragraph of this article and all other information related to the administration of the goods that comprise the Committee's assets.

Article 76. - The Committee will dictate the rules necessary to fulfill its objectives, especially in matters related to corporate governance, business ethics, transparency and information to investors, and fair competition among the different market participants.

The rules will be approved by the board of directors in accordance with the provisions of the internal regulations and, within thirty days counted as of their approval, they shall be deposited with the Commission and published on the Committee's website. Once these procedures have been accomplished, these rules will be mandatory for all its members.

The Commission may, at any time, properly represent the Committee that a certain rule does not comply with the legislation or regulations in force, in which case the Committee must address the observations within the period indicated by the Commission. In the event that the Committee does not remedy the observations within the deadline, the Commission may, without further formalities, render the respective rule ineffective.

The foregoing is notwithstanding the possibility of issuance by the Commission, in the exercise of its regulatory powers, of a general rule containing a provision approved by the Committee, thus making it applicable to entities subject to its supervision which may not be members of the Committee.

Article 77. - The entities obliged to self-regulate by virtue of the established in article 72, and which do not participate in the Committee, shall dictate rules and codes of conduct to self-regulate in order to comply with the object established in said article.

The rules shall be submitted to the approval of the Commission, within thirty days counted as of its formulation, and the Commission will resolve within sixty working days from receipt. Once these procedures have been verified, compliance with such rules will be deemed mandatory for the relevant entity, which will have to publish them on its institutional website.

The Commission may, at any time, justifiably represent that a certain standard does not comply with the legislation or regulations in force, in which case the corresponding entity must address the observations within the period indicated by the Commission. In case it does not address the observations within such period, the Commission may, without further formalities, revoke the respective rule.

Article 78. - The Committee shall supervise the compliance with the regulations issued by it, by the Commission, by the stock exchanges, the commodity exchanges, by the depository and custodian of securities, and the administrators of financial instruments settlement and clearing systems. Said assignment must contemplate, at least, an adequate monitoring of the transactions carried out through the stock exchanges, plans of periodic audit of the members, and the performance of actions aiming to prevent the occurrence of infractions to the applicable laws and regulations applicable to its members. Infractions of the rules described in this article by the members of the Committee will be subject to a procedure that will determine if they are subject to a fine or other type of measure, notwithstanding any sanctions that the Commission may impose for the same infractions. In the case of infringements constituting a crime, the Committee must inform the Commission as soon as it becomes aware of them.

The internal regulations must establish the rules that regulate the procedure referred to in the previous paragraph, which, in any case, must guarantee a transparent investigation and a fair and rational procedure to all the participants.

Likewise, the regulation shall establish procedures about the anonymous denunciation of alleged infractions committed by the members of the Committee.

The Commission must take into consideration the sanctions imposed by the Committee for the purposes of determining the effective amount of the fine to be imposed on any of the member entities.

Article 79.- The Committee may grant certifications of adequacy and sufficient knowledge to the participants of the securities market which, by law or regulation are required to obtain them, and to those who voluntarily wish to do so, complying with the requirements previously established by the Commission in a general rule.

The foregoing is notwithstanding the powers granted to exchanges in the relevant legislation. Nevertheless, the exchanges may enter into cooperation agreements for the purposes of delegating such functions to the Committee.

Article 80.- The Committee shall establish in its internal regulations a transparent, regulated and participatory mechanism for the purpose of recognizing and resolving the conflicts that might arise among its participants, or between one or more of them and their clients, guaranteeing a fair and rational procedure to all the intervening parties.

Article 81. - The Committee may enter into memoranda of understanding with other entities of its same sort, supervisors, exchanges, academic entities and others related to the financial markets of the public and private sectors, be them national or foreign, for technical cooperation, training, reciprocal assistance and exchange of any type of information or documentation that is known or acquired in the exercise of its functions. Nevertheless, in the event that such information is secret or reserved, it must maintain such confidentiality notwithstanding its transfer.”.

TRANSITIONAL PROVISIONS (Law No 21,000)

Article First Transitional. - The provisions set forth in the first article of this law, except as indicated in the second and subsequent paragraphs of this article, as well as the set forth in the second and third articles, will be effective eighteen months after the publication of this law or when the Financial Market Commission becomes operational if this occurs beforehand. For its part, the amendment introduced by the article 4 of this law will become effective once the relevant regulation is issued, which cannot exceed six months from said publication.

At least two months before the date of commencement of the functions of the Financial Market Commission, the President of the Republic shall designate, in the manner provided in article 9 contained in the first article of this law, the Chairman of the commission and the other commissioners. Nevertheless, they will only assume their positions once the referred commission starts to operate.

The first Chairman of the commission shall remain in his position until the end of the mandate of the President of the Republic that designates him, unless any of the causes for cessation in their functions established in the provisions of article 1 of this law occurs.

For the first appointment of the other commissioners, and for the purposes of alternate renewal and partialities thereof referred to in letter b) of article 9 cited in the second paragraph, in the proposal made by the President of the Republic to the Senate, he will present two of the candidates with a term of office of three years from the date of appointment, and the other two with a term of office of six years from the date of appointment, notwithstanding that in both cases such commissioners may be designated for up to a new additional period. The foregoing should also be recorded in the first appointment decree.

Article Second Transitional. - The Board referred to in article 8 contained in the first article of this law must dictate its internal operating regulations within sixty days, counted from the date of commencement of its operation.

Article Third Transitional. - Notwithstanding the provisions set forth on articles 1 and 3 contained in the first article of this law, the Financial Market Commission will not exercise its powers with respect to individuals, entities or activities expressly subject to the control of the Superintendence of Banks and Financial Institutions until the legal modification that enables it to exercise competencies with respect to said individuals, entities and activities materializes. In such modification, the forms and conditions in which said powers shall be exercised must be established.

In compliance with the foregoing, the President of the Republic must send to the National Congress, within one year from the publication of this law, a bill that modifies the decree with force of law No. 3, of 1997, of the Ministry of Finance, which sets forth the revised, systematized and agreed text of the General Banking Act and other legal bodies indicated.

Article Fourth Transitional. - The President of the Republic is authorized to, within a period of one year counted as of the date of publication of this law, establish through one or more decrees with force of law, issued through the Ministry of Finance, the necessary norms to regulate the following subjects:

1. Determine the date on which the Financial Market Commission will start operating, contemplating a period for its implementation, which may not exceed six months, and determine the date of suppression of the Superintendence of Securities and Insurance.
2. Introduce the rules necessary to establish the statute of personnel of special character of the Financial Market Commission, which will contain the personnel management regime, regulating the relationships that bind this commission with its officials, which should set forth at least norms on the form or forms in which the hiring of personnel will be carried out; working hours; licenses; promotion mechanisms; the rules necessary for the performance of assignments, service commissions and official tasks; the systems of training and qualification of the labor performance, and causes of termination of the labor relations. It may also establish the transitory rules necessary for the enforcement of the statute of personnel of special character. In addition, it

may establish what matters will be governed by the supplementary rule referred to in article 26 contained in the first article of this law. Likewise, it will determine the date or the dates in which the personnel rules that govern the commission will enter into force.

Notwithstanding the provisions of the preceding paragraph, the personnel of the Financial Market Commission shall be subject to the rules on administrative probity referred to in article 2 contained in the first article of this law.

While the Personnel Statute referred to in this article is not issued, the personnel of the Financial Market Commission will continue to be governed by the statutory rules currently governing the personnel of the Superintendence of Securities and Insurance. Employees who, at the date of publication of this law, are serving in the Superintendence of Securities and Insurance will continue to work in the Financial Market Commission.

The exercise of the powers referred to in numeral 2 of the first paragraph will be subject to the following restrictions, with respect to the affected personnel:

- a) It cannot result in a change of the habitual residence of the employees to outside the region in which they are providing services, except for the cases in which they consent with it.
- b) It cannot result in or be considered as a cause of termination of services, removal of positions, termination of functions or termination of the employment relationship, or decrease in their remunerations. Any difference in remunerations must be paid by supplementary payroll, which shall be absorbed by future improvements in remunerations that correspond to employees, except for those derived from general readjustments that are granted to public officials. Said payroll will maintain the same taxation as that of the compensations that it compensates. In addition, the general readjustment indicated above will be applied to the supplementary payroll.

Article Fifth Transitional.- Sanctioning procedures initiated prior to the date of commencement of activities of the Financial Market Commission will continue to be processed in accordance with the regulations in force at the date of initiation thereof.

Article Sixth Transitional.- The Financial Self-Regulatory Committee referred to in the Title VI contained in the first article of this law shall be constituted within six months counted as of the date on which the Financial Market Commission starts functioning.

For this purpose, intermediaries of securities subject to public offering, stock exchanges, commodities exchanges, mutual and hedge funds managers and individual portfolio managers supervised by the Financial Market Commission, and other market participants that decide to do so, must present themselves to the commission stating their willingness to be part of the committee indicated in the preceding paragraph. The aforementioned commission will determine the deadline for making such presentation by means of a general rule, which must be published, once, in the Official Gazette, in a newspaper with national reach and on the commission's website, in order to have the due publicity.

Once the deadline determined by the Financial Market Commission has expired, it must provide the communication and coordination facilities in order for each of the market areas indicated in

the preceding paragraph to proceed with the appointment of the first designation subcommittee, pursuant to the provided in the third paragraph of article 73 contained in the first article of this law.

In case one of the areas of the financial market is not represented in the designation subcommittee due to lack of expression of willingness to do so by the entities that integrate such area, they will still be integrated, regardless of the presence of their representatives. Once the appointment subcommittee is constituted according to the provisions established in the preceding paragraphs, said subcommittee must proceed with the appointment of the first board of directors of the committee and its chairman, within ninety days.

The board of directors must dictate the internal rules of the committee, which must be approved by the general meeting of members by simple majority.

The internal regulations of the committee must be deposited with the commission within a period of six months, counted from the date of its constitution. Said regulations will establish the term for the beginning of the operation of the committee, which may not exceed twelve months, counted from the appointment of its board of directors. Within the same term, the initial contributions of their members must be contributed.

Article Seventh Transitional.- Within the six months following the date on which the Financial Market Commission begins its operations, the entities obliged to self-regulate by virtue of the provisions of article 72 contained in the first article of this law, which do not participate in the Financial Self-Regulatory Committee referred to in the title VI contained in the aforementioned first article, must submit the rules and codes of conduct that govern them to the approval of the Commission, in accordance with the article 77 of the first article of this law.

Article Eighth Transitional.- The maximum headcount of the Financial Market Commission shall be increased in 16 additional positions as of the date of commencement of its activities.

Article Ninth Transitional.- The President of the Republic, by a decree issued through the Ministry of Finance, will define the first budget of the Financial Market Commission and will transfer to it the funds of the Superintendence of Securities and Insurance, being authorized to create, suppress or modify the relevant chapters, assignments, items and budget lines.

Article Tenth Transitory.- The increase in the fiscal expense generated by the application of this law its first fiscal year will be financed from the Budget of the Superintendence of Securities and Insurance and, for the lacking part, from the Public Treasury budget line. In the following years it will be financed from the annual budgets of the Financial Market Commission.”

TRANSITIONAL PROVISIONS (Law No 21,130)

Article Ninth.- The President of the Republic is authorized to, within a period of one year counted as of the date of publication of this law, establish through one or more decrees with force of law, issued through the Ministry of Finance, the necessary norms to regulate the following subjects:

1. Set the date on which the Financial Market Commission will assume the powers of the Superintendence of Banks and Financial Institutions, determining, also, the date of its suppression. Said date may not exceed one year from the date of publication of the law.

2. Arrange, without interruption, the transfer of the officials from the Superintendence of Banks and Financial Institutions to the Financial Market Commission. The respective decree with force of law will determine the way in which all the personnel will be transferred and the number of officials to be transferred by civil service sector, being able to establish, in addition, the term in which this process will be carried out. The individualization of the transferred personnel will be conducted through decrees issued under the formula "By order of the President of the Republic", through the Ministry of Finance.

The transfer of personnel from the Superintendence of Banks and Financial Institutions to the Financial Market Commission, and that of the positions they serve, will be carried out to the same degree as they had at the date of the transfer, likewise transferring the respective budgetary resources. In the same way, the maximum staffing of said Commission will be increased in the number of transferred officials. In addition, in the exercise of this power, it may determine transitional rules for the application of variable remunerations in the Financial Market Commission with respect to the transferred personnel.

3. The exercise of the powers referred to in numeral 2 will be subject to the following restrictions, with respect to the affected personnel:

a) It cannot result in a change of the habitual residence of the employees to outside the region in which they are providing services, except for the cases in which they consent with it.

b) It cannot result in or be considered as a cause of termination of services, removal of positions, termination of functions or termination of the employment relationship, or decrease in their remunerations. Any difference in remunerations must be paid by supplementary payroll, which shall be absorbed by future improvements in remunerations that correspond to employees, except for those derived from general readjustments that are granted to public officials. Said payroll will maintain the same taxation as that of the compensations that it compensates. In addition, the general readjustment indicated above will be applied to the supplementary payroll.

c) The transferred officials will maintain the seniority assignment that they have recognized, as well as the computable time for said recognition.

d) The transferred officials will continue to be subject to the provisions of article 15 of the decree with force of law No 1,383, of 1975, of the Ministry of Finance.

4. Transfer the assets of the Superintendence of Banks and Financial Institutions to the Financial Market Commission. With the sole merit of an authorized copy of the respective decree or the decrees with force of law, the corresponding departments will make the pertinent inscriptions, sub-inscriptions and annotations.

Article Tenth.- Officials of the Superintendence of Banks and Financial Institutions that are transferred to the Financial Market Commission may retain their affiliation to the associations of officials of the aforementioned Superintendence.

Article Eleventh.- The President of the Republic, by a decree issued through the Ministry of Finance, may transfer to the Financial Market Commission the necessary resources of the Superintendence of Banks and Financial Institutions, being able to create, suppress or modify the relevant chapters, programs, assignments, items and budget lines.

Article Twelfth.- The increase in the fiscal expense generated by the application of this law during its first fiscal year will be financed from the Budget of the Financial Market Commission and, for the lacking part, from the Public Treasury budget line. In the following years it will be financed from the annual budgets of the Financial Market Commission.

Article Fourteenth.- The amendments to article 17 of law No 21,000, introduced by article 2 of this law, will come into effect when the Financial Market Commission assumes the functions and powers of the Superintendence of Banks and Financial Institutions. The assignment of Senior Management of the Financial Sector established in the aforementioned article 17 will begin to adjust from its entry into force in accordance with the general salary adjustments of public sector workers.

Article Seventeenth.- The amendment made to article 1o of the Decree with Force of Law No 13, of the Ministry of Finance, of 1981, which establishes the personnel of the Financial Market Commission, pursuant to the provisions of article 12 of this law, will come into effect on the date on which the Financial Market Commission assumes the powers of the Superintendence of Banks and Financial Institutions.