CUATRECASAS

Doing business in Chile

2023 Edition

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These guidelines provide general information to investors interested in operating in Chile. They include legal issues that may require advice.

They must not be considered a detailed, complete analysis of Chilean law. They must not be interpreted as legal advice from Cuatrecasas.

These guidelines were drafted based on the information available on March 31, 2023

Cuatrecasas has no obligation and assumes no liability with regard to updating this information.

May 2023.

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Introduction

These guidelines provide an overview of key legal aspects for foreign investors interested in investing in Chile. They are not intended as detailed guidelines but rather to address practical issues to help investors planning to launch investment projects in Chile.

Cuatrecasas is a law firm that advises on all areas of business law through a multidisciplinary, diverse and highly qualified team of more than 1,200 lawyers and 26 nationalities.

We have a network of 27 offices in 13 countries and our firm is well established in Spain and Portugal, where we are present in the main cities, and Latin America, where we have over 20 years of experience and a team of 200 professionals who operate from our offices in Chile, Colombia, Mexico and Peru. We have a sectoral approach focused on each type of business. With extensive knowledge and experience, we offer our clients the most sophisticated advice, covering ongoing and transactional matters.

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LACCA

1 Corporate

Prior authorization to carry out foreign investments is not required, except in certain strategic sectors

1.1. Foreign investment

Law 20848 of 2016 is the main regulatory body governing foreign direct investment in Chile (the "Foreign Investment Act"), and it provides a series of benefits for qualifying investment in the country. The Foreign Investment Act creates the Foreign Investment Promotion Agency (also known as "Invest Chile"), whose purpose is to promote Chile as a destination for foreign direct investment in the global market.

In addition to the benefits under the Foreign Investment Act, Chile has signed a series of agreements, treaties and conventions, including Double Taxation Treaties and Free Trade Agreements, that offer additional benefits.

Furthermore, the current tax regulations provide that for the first three years after foreign investors enter Chile, those domiciled in Chile or becoming residents are only taxed on income obtained from Chilean sources.

On the other hand, Chapter XIV of the International Exchange Standards of the Central Bank of Chile regulates the implementation and reporting obligations regarding certain transactions involving the entry of foreign currency into the country above a certain amount.

Prior authorization for foreign direct investments in Chile is not required, except in certain strategic sectors such as hydrocarbons exploration and exploitation and nuclear energy production.

1.2. Key Foreign Investment Act concepts

Under the Foreign Investment Act, foreign direct investment means transferring to Chile capital and assets owned or controlled by an individual or legal person incorporated abroad that is not resident or domiciled in Chile, for an amount equal to or greater than USD 5,000,000 or the equivalent in other currencies.

Investments can be made in the following forms: (i) freely convertible foreign currency; (ii) physical assets in all their forms and conditions; (iii) profit reinvestment; (iv) loan capitalizations; (iii) all types of technology that can be capitalized; and (iv) loans associated with foreign investments from related companies.

Foreign direct investment is also any investment that takes the form of direct or indirect acquisition or interest in the equity of a company, or in the capital of the recipient company incorporated in Chile, that grants control of at least (i) 10% of the voting rights of the recipient

company, or (ii) an equivalent percentage in share capital if it is not a joint-stock company or in the company assets.

1.3. Foreign investor rights under the Foreign Investment Act

To benefit from the rights under the Foreign Investment Act, foreign investors must request a certificate from the Foreign Investment Promotion Agency, proving they fulfill all the Act's legal requirements. The certificate must be issued within 15 days of the date the documentation required by Invest Chile was submitted.

This certificate grants the following rights:

- The right to send abroad the invested capital and the net profits from the investments after meeting all tax obligations under domestic regulations.
- The right to access the formal exchange market (comprising banks and authorized financial entities) to settle the currencies in which the investment is denominated and to obtain the necessary foreign currency to send abroad the invested capital or the net profits from the foreign investment after meeting all tax obligations under domestic regulations.
- The right to exemption from sales and service tax on importing capital goods, provided the importation meets the requirements and procedures established in domestic regulations.
- The right to non-discrimination, whether direct or indirect, while remaining subject to the common legal system applicable to domestic investors.

1.4. Validity of contracts entered into under DL 600

Foreign investors that have a foreign investment contract in force with the Republic of Chile under the umbrella of Decree-Law 600 will fully retain the rights and obligations set out in that contract, provided that they entered into it prior to January 1, 2016.

1.5. Central Bank Foreign Investment Income Registration System

Foreign capital transfers entering the country from loans, deposits, investments or capital contributions originating abroad and exceeding USD 10,000, or the equivalent in other currencies, must be transferred through the formal exchange market and reported to the Central Bank of Chile by commercial banks.

This registry system is regulated in Chapter XIV of the International Exchange Standards of the Central Bank of Chile.

1.6. Organizational structures in Chile

The following are the most common organizational structures in Chile:

1. **Individual limited liability company ("EIRL"):** Although not a corporate structure, this is a type of organization regulated by Law 19587 of 2003 consisting of a single individual creating a legal person by means of a public deed to operate in his or her name, but keeping personal assets separate from company assets so that personal liability is limited to the capital contributed to the company, while the company is liable with all its assets.

   The company name must include that of the founder or a created name that refers to the corporate purpose, and it must include the words *Empresa Individual de Responsabilidad Limitada* ("Individual Limited Liability Company") or its acronym "EIRL." All kinds of civil and commercial transactions can be carried out through an EIRL, except those reserved by law for public limited liability companies. An EIRL is managed by its owner or by a general manager appointed by the owner.

2. **Limited liability company ("SRL"):** This type of company is governed by Law 3918, in addition to the Commercial Code

and the Civil Code. SRLs are partnerships whose partners are financially liable up to the amount of their respective contributions, unless they agree to a greater liability when the partnership is established.

SRLs must have between 2 and 50 partners, who can be Chilean or foreign individuals or legal persons. They are free to decide the corporate purpose, the form of management and the supervision of the company.

The company's business name can include the name of one or more partners or a reference to its corporate purpose, and it must always be followed by the word "Limited," without which the partners would be jointly and severally liable.

There are no minimum capital requirements for incorporating or operating an SRL. Capital can be paid in cash, assets and even in work or services provided by the partners.

As partnerships, all partners must unanimously approve all changes to the company's bylaws and transfers of corporate rights.

SRLs are incorporated through a public deed, a excerpt of which must be filed with the Registro de Comercio del Conservador de Bienes Raíces ("Commercial Registry of the Asset Registrar") with jurisdiction over the location of the company's registered office and published in the Official Gazette within 60 days.

3. **Public limited liability company ("SA"):** This type of company, governed by Law 18046, is incorporated through a public deed specifying its shareholders, capital, purpose, term, form of management and the manner of distributing profits, among other items. A excerpt of the public deed must be published in the Official Gazette and registered with the Commercial Registry of the Asset Registrar with jurisdiction over

the company's registered office within 60 days of being granted. An SA requires at least two shareholders, which can be Chilean or foreign individuals or legal persons.

The capital of an SA is divided into shares created through contributions from shareholders, who are liable only up to the amount of their respective contributions. Capital must be subscribed and paid in within three years from incorporation; otherwise, it be automatically reduced to the amount actually subscribed and paid in. There are no minimum capital requirements for incorporating or operating a public limited liability company. The share capital can be paid in cash or in other assets, in which case they must be appraised by the shareholders. Issuing shares as compensation for a shareholder's personal work or services is not allowed.

These types of companies are managed by a board of at least three directors in closed SAs and a minimum of five in open SAs. Directors can be revoked; they adopt decisions by majority vote, and they can only be individuals, whether Chilean or foreign.

The name of the SA may include the name of one or more shareholders or a created name, followed by the letters SA.

Selling shares does not require authorization from the other shareholders, unless they enter into a shareholders agreement restricting these transfers.

There are two types of SAs:

- **Open:** These SAs' shares are traded on the Stock Exchange and, by law or voluntarily, they must register their shares with the Securities Registry of the Financial Market Commission (CMF), which is the controlling regulator.
- **Closed:** Their shares are not traded on the Stock Exchange.

4. **Stock company ("SpA"):** This type of company is a combination of an SA and an SRL and is governed by its bylaws, the provisions of articles 424 et seq. of the Commercial Code and, in addition, the rules for closed SAs. This corporate form allows greater regulatory flexibility, which is why it has become the most popular structure in recent years.

Stock companies (SpA) allow greater regulatory flexibility and have become the most popular structure in recent years

An SpA can be incorporated by one or more individuals through a public deed or a private agreement, in which case their signatures must be certified by a notary public. An excerpt of the incorporation deed must be published in the Official Gazette and filed with the Commercial Registry of the Asset Registrar with jurisdiction over the location of the company's registered office within one month.

An SpA can be incorporated with a single shareholder, which can be a Chilean or foreign individual or legal person.

The capital of an SA is divided into shares created through contributions from shareholders, who are liable only up to the amount of their respective contributions. Capital must be subscribed and paid in within five years from incorporation; otherwise, it be automatically reduced to the amount actually subscribed and paid in. There are no minimum capital requirements for incorporating or operating an SpA. Capital can be paid in cash or by contributing other assets, in which case they must be appraised by the shareholders. Issuing shares as compensation for a shareholder's work or services is not prohibited.

The shareholders must establish in the bylaws the form of management, whether by one or more managers or a board of directors. Managers can be Chilean or foreign individuals or legal persons. If the SpA is managed by a board of directors, its members can only be nationals or foreign individuals.

Selling shares does not require authorization from the other shareholders, unless they enter into a shareholders agreement restricting these transfers.

5. **Agencies of foreign companies in Chile:** A foreign company can establish an agency in Chile without incorporating a formal company. The Companies Act provides legal recognition to foreign companies so that they can operate in Chile without acquiring a formal legal personality.

A foreign company can also establish an "Agency in Chile" to operate without acquiring a formal legal personality

The appointed agent or legal representative of the foreign company in Chile must formally execute the following documents before a notary public at the location of the intended domicile in Chile:

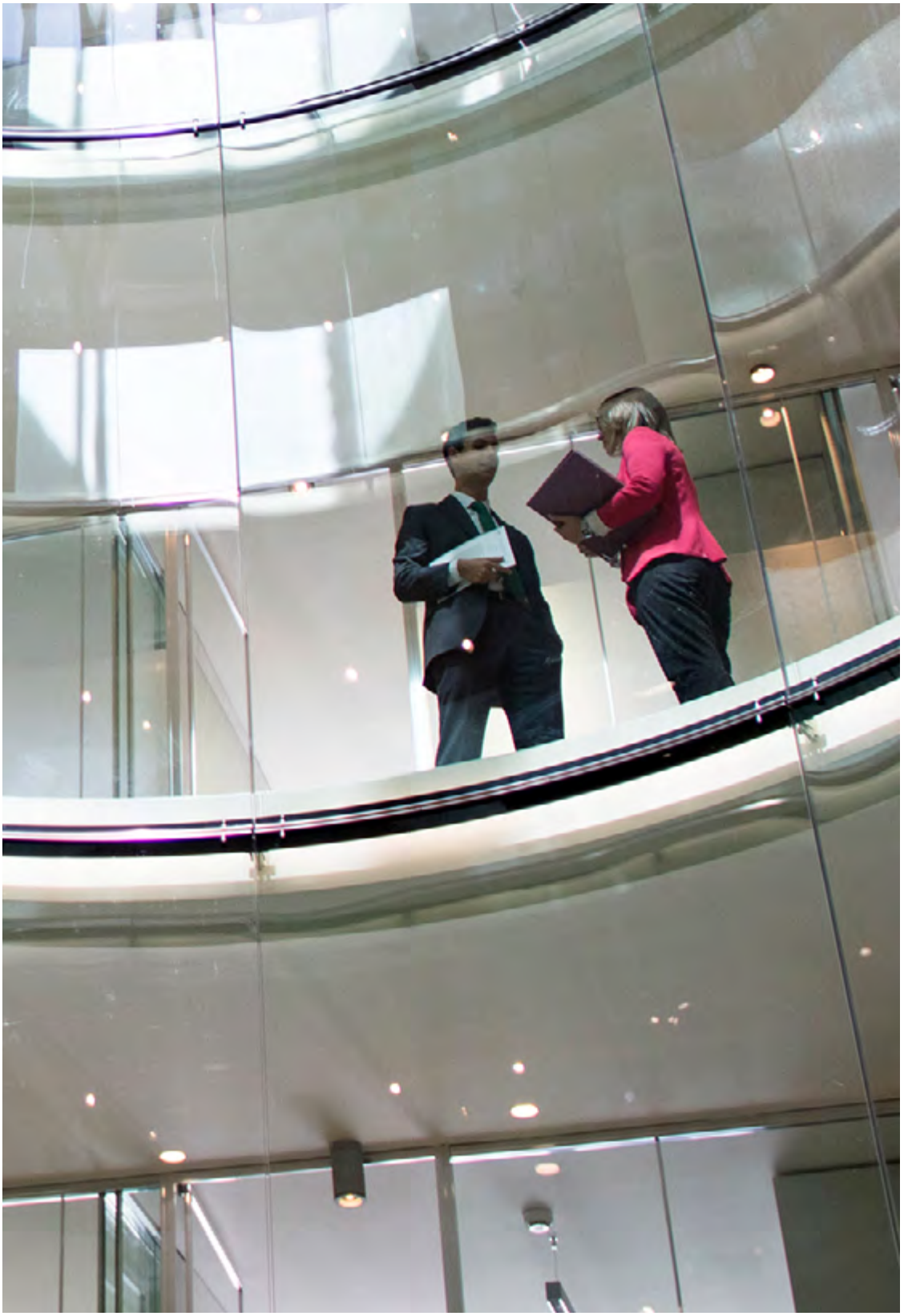
- Proof that the foreign company is legally incorporated under the laws of its country of origin and a certificate of good standing.
- A certified copy of the foreign company's current bylaws.
- A general power-of-attorney granted by the foreign company to the agent who is to represent it in Chile (i) specifying the legal status of the foreign principal, (ii) stating that the agent will act in Chile under the foreign company's direct responsibility, and (iii) specifying that the agent will have broad powers to carry out operations on its behalf, as well as all ordinary and special powers required by law.

To be valid public instruments in Chile, these documents must originate from the country in which the foreign company was incorporated and be translated into Spanish and certified or bear an apostille, as appropriate.

At the time the foreign corporate documents are notarized, the representative of the agency or branch must sign a public document before the same notary public, making all legally required statements so that, on the company's behalf and with sufficient powers, the foreign company "Agency in Chile" can be created. The legally required statements are:

- a declaration that the foreign company is familiar with the Chilean legislation and regulations that will govern the agency and its operations, contracts and obligations in Chile;
- a declaration that the company's assets are subject to the laws of Chile, especially with respect to fulfilling any obligations arising in Chile;
- a declaration that the company is required to maintain easily realizable assets in Chile to fulfill any obligations arising in our country;
- the address of the main agency, which will be considered the headquarters in Chile, although other domestic branches may be opened in other cities.

Subsequently, and within 60 days from the date the documents are notarized, an excerpt of the notarization and of the public deed must be filed with the commercial registry and published in the Official Gazette.




45.6 %
42.5 %
35.7 %
32.9 %
30.2 %
28.5 %

2 Taxes

2.1. Income tax

2.1.1. Background

Chilean law provides for a broad concept of income, comprising all earnings that constitute gains or profit yielded from an asset or activity, and all the profits and capital gains received or earned, regardless of their nature, source or designation.

Under the Chilean Income Tax Act ("LIR"), all individuals and entities domiciled or resident in Chile are taxed on their worldwide income, whether national or foreign-source income.

Generally, non-resident individuals or entities are only taxed on their Chilean-source income. However, all income arising from foreign companies' activities in Chile or abroad will be taxed in Chile, if these companies' profit can be attributable to agencies, branches or other permanent establishments in Chile.

Foreign natural persons that end up being domiciled or resident in Chile will only be taxed on Chilean-source income for the first three years in the country, although this period may be extended

Foreign natural persons that end up being domiciled or resident in Chile will only be taxed on Chilean-source income for the first three years in the country, although this period may be extended.

Domicile and tax residency in Chile:
Any person residing in Chile with the actual or apparent intention of remaining in the country will be considered domiciled in Chile.

Any person that spends more than 183 days in Chile during any 12-month period will qualify as a tax resident in Chile.

Any companies incorporated in Chile will be considered tax residents.

Chilean and foreign-source income:
Income will qualify as Chilean-source income if it derives from assets located in Chile or activities carried out in the country, regardless of the taxpayer's domicile or residence.

The LIR includes specific provisions on the sources of income, under which (i) royalties, brand use fees and other similar payments arising from the use or exploitation of industrial or intellectual property in Chile will be considered Chilean-source income; (ii) the shares in public limited companies (SAs) incorporated in the country will be considered located in Chile, as will bonds and other public or private debt securities issued in Chile by taxpayers domiciled, resident or established in the country; (iii) as for credits, bonds and other debt instruments, the source of interest will be the debtor's domicile or the parent company's registered office or headquarters if these

instruments have been entered into or issued through a permanent establishment abroad.

For the purpose of Chilean tax legislation, all income other than Chilean-source income is foreign-source income.

Difference between received and earned income:
Chilean tax law defines earned income as earnings to which taxpayers have title or a right, regardless if any payments are due, and to which they hold a claim.

In contrast, received income means the earnings that have been actually received by the taxpayer. The fulfillment of an obligation or claim through means other than payment will also be considered received income.

Income taxes in Chile are classified as explained below.

2.1.2. Category taxes

a. **First category income tax ("IDPC"):** In Chile, "corporate tax" is a 25% or 27% tax (depending on the taxpayer's regime and regardless of its structure) on income generated by companies from industry, trade, mining, real estate and other activities that involve the use of capital, also including any other capital gains, regardless of their source, nature or designation.

   Integrated system and regimes: Corporate tax effectively paid is creditable against the final taxes payable by company owners, partners or shareholders. There are three regimes for applying the final taxes on corporate income.

   i. **General regime 14(A):** This is the generally applicable regime, covering the income from companies required to file a corporate tax return for their effective income calculated on a full accounting.

      Under this regime, companies are taxed at a 27% rate on their taxable income (*Renta Líquida Imponible*, "RLI"), which will be annually assessed as of December 31.

      In late April of every tax year, taxpayers must file their tax returns and pay corporate tax.

      The corporate tax paid at company level is creditable against the final tax on any withdrawals or distributions made to partners or shareholders. However, partners and shareholders must repay 35% of the first category tax credit effectively paid, their tax burden (tax rate) being capped at 44.45%, considering corporate tax and final taxes.

If the partner or shareholder receiving these distributions or dividends is a tax resident in a country that has a double taxation agreement ("DTA") with Chile or, until 2026, in a country with which Chile entered into a DTA before January 1, 2020, even if the DTA is not in force (e.g., United States or United Arab Emirates), there is no repayment obligation, and all the corporate tax paid can be credited against the withholding tax on these remittances. In other words, the maximum tax burden will be 35%. See a summary below:

ITEM	With DTA		Without DTA	
Taxable income		100		100
IDPC	27%	27	27%	27
Dividend paid to the shareholder		73		73
Increased tax base		100		100
Additional tax	35%	35	35%	35
IDPC tax credit	100%	27	100%	27
Additional tax		8		8
Repayable tax credit	0%	0	35%	9,45
Additional tax due		8		17,45
Effective tax rate		35%		44,45%
Net remittance received by the shareholder		**65**		**55,55**

ii. **Pro-SME regime:** Applicable to SMEs with an initial capital not exceeding approximately EUR 3 million and average income below EUR 2.7 million. In this case, their income (i.e., their earnings minus deductible expenses) will be taxed at a 25% rate, and SMEs will not be required to repay the first category tax credit.

iii. **Transparency regime for SMEs:** Companies eligible for the transparency regime for SMEs may choose not to be subject to the corporate tax and pay final taxes directly at partner or shareholder level.

Deductible expenses

Any expenses necessary for generating income incurred by the company in the course of its business are deductible from gross income, as long as they meet the requirements set out in the Chilean tax legislation:

- They must be related to the company's ordinary course of business;
- They must be necessary for generating income or have the potential to generate income;
- They must not have been previously deducted as cost;
- They must have been effectively incurred, whether they have already been paid or remain due in the relevant tax year. For taxpayers subject to the Pro-SME Regime, the expenses must have been paid in the relevant fiscal year; and
- They must be appropriately certified in an credible manner.

Interest, depreciation, organization and start-up expenses may be deducted as tax expenses, provided they meet the additional requirements established by the tax legislation.

Other relevant considerations

The obligation to keep tax records for corporate income:
Companies must keep a series of specific tax records to monitor income and other earnings and to (i) keep a detailed record of any tax-exempt amounts at the time of withdrawing or distributing them; and (ii) determine in which cases these withdrawals are taxable and the applicable tax credit.

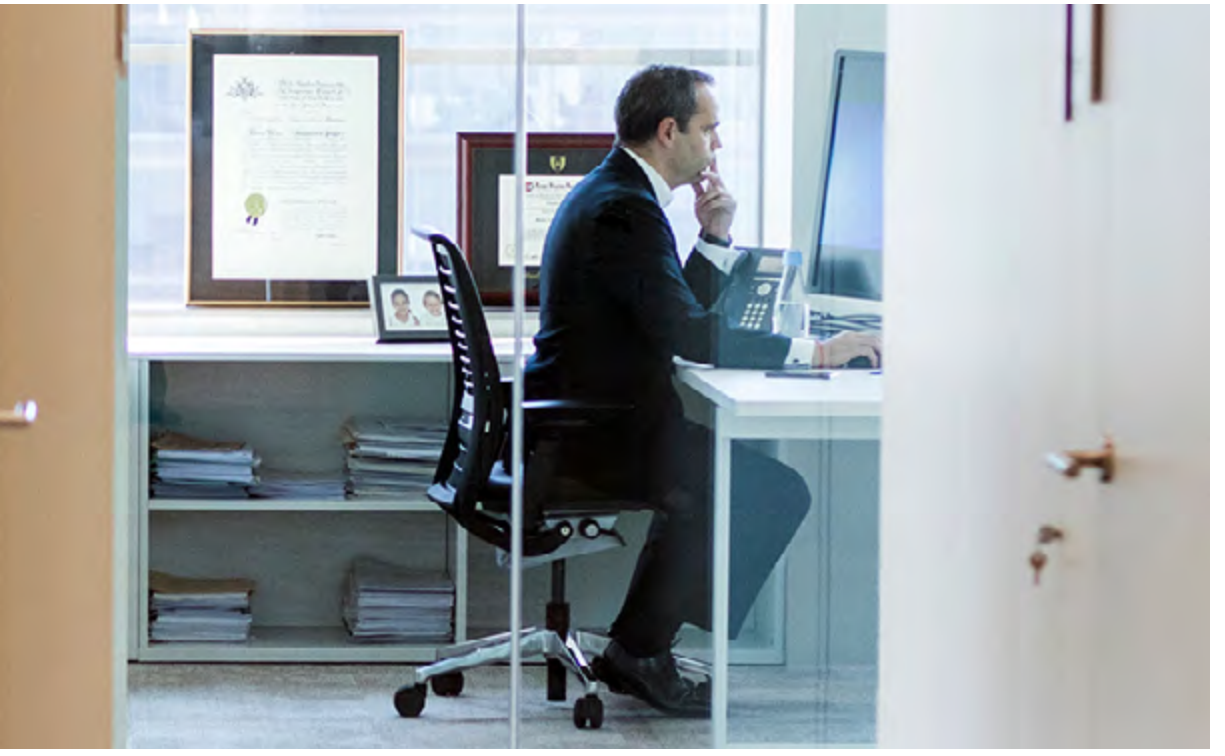
Authorization for bookkeeping, filing tax returns and paying taxes in foreign currency: Chilean companies must keep their tax accounting records in Spanish and in Chilean pesos. However, if they meet certain requirements, companies can request the SII's authorization to keep their tax accounting books in foreign currency (USD, EUR and Canadian dollars).

If the SII authorizes bookkeeping in foreign currency, companies can also request the SII's authorization to file their returns and pay their taxes in foreign currency.

b. **Single Second Category Tax:** This tax is payable monthly at a progressive rate with a top marginal rate of 40% on the income received by employees (i.e., workers subject to an employment contract) whose monthly gross salary exceeds approximately USD 860. Employers must withhold this tax monthly.

   The tax is applied on taxable income, after having deducted pension and social security benefits.

c. **Independent Second Category Tax:** Income (i) from liberal professions or any other for-profit activities not included in the first category or subject to Single Second Category Tax; (ii) obtained by brokers that are individuals whose income comes exclusively from their professional activity or services,



without using any capital; and (iii) obtained by partnerships exclusively providing professional services and advice will be subject to Global Complementary Tax or Additional Tax (final taxes), depending on whether the taxpayer is domiciled or resident in Chile.

Note that partnerships exclusively providing professional services and advice may choose to file their tax returns subject to the IDPC rules. If they choose this option, they are not allowed to go back to the second category tax system

Self-employed workers that issue invoices (boletas de honorarios) for their professional services are subject to a 12.3% withholding rate for social security benefits in 2023. This withholding rate will progressively increase up to 17% in 2028.

2.1.3. Final taxes

a. **Global Complementary Tax:** This tax is payable annually at a progressive rate with a top marginal rate of 40% on the income of individuals domiciled or resident in Chile for tax purposes. Eventually, as a result of the obligation to repay the first category tax by companies owned by individuals subject to global complementary tax, the effective rate may reach up to 44.45%.

b. **Additional Tax:** This tax is applied to (i) Chilean-source income obtained by individuals or entities that are neither domiciled nor tax residents in Chile; and (ii) certain payments made from Chile to such individuals. Unlike the global complementary tax, this is a withholding tax. So, whoever pays the income subject to this tax must file the returns, withhold and pay the relevant tax amount. Also, this additional tax is generally applied to the gross remittance with no deductions.

Whoever pays the taxable income must file the tax return and pay the tax within 12 days from the month following the month on which the taxable amounts are paid, remitted, distributed or made available to the non-tax resident recipient.

The general rate is 35%, but there are reduced rates and exemptions. Also, the DTAs entered into by Chile can provide tax reductions or exemptions on certain payments.

i. **Royalties and license fees for the use or the right of use of intellectual propertyl:** As a rule, they are subject to a 30% withholding tax. The rate goes down to 15% for royalties paid for certain types of technology and for software payments made to a recipient that is not resident in a jurisdiction of no or low taxation.

ii. **Payments for services provided abroad**: Generally, they are subject to a 35% withholding tax.

    Payments for technical assistance or services, as well as payments for engineering and professional services provided in Chile or abroad are subject to a 15% withholding tax. The rate is 20% for payments made to a person resident in a jurisdiction with a preferential tax regime.

    Certain services provided abroad are exempt from the withholding tax (e.g., commercial commission services, international telecommunication services, freight services or product sampling and analysis).

iii. **Digital services:** If the payments are made by individuals not subject to VAT, they will be exempt from additional tax.

Specific considerations regarding transactions with related companies
Transfer pricing:Article 41(E) LIR sets out the transfer pricing rules applicable to crossborder related party transactions.

Chilean law on transfer pricing is mostly in line with the OECD guidelines. Chilean rules are based on the arm's length principle or principle of fair market value, under which crossborder transactions between related parties must be at normal market prices, values or yields, i.e., they should correspond to those agreed or established between non-related independent parties in similar transactions and circumstances.

If the SII considers that the taxpayer has not proven that the transactions complied with the transfer pricing rules, it will determine the arm's length value for these transactions. If the SII finds a difference applying the relevant transfer pricing rules, the resulting amount will be subject to a **single 40% tax** payable by the Chilean company. Also, any taxpayers that fail to timely submit the supporting documents requested by the SII will pay a fine equal to 5% of the aforesaid resulting difference.

These amounts will only be deductible if (i) the general deductibility requirements are met; and (ii) the applicable additional tax has been filed and paid, unless the law or a DTA provides that these amounts are exempt from, or not subject to, additional tax.

Thin Capitalization Rules: Under article 41(F) LIR, interest, commissions, services and any other standard charges or financial expenses on loans, debt securities and other transactions and contracts entered into by related parties abroad (i) subject to additional tax at a rate lower than 35%; or (ii) not subject to additional tax, and (iii) constituting excess indebtedness at year end, will be subject to a single 35% tax payable by the debtor (the "excess of indebtedness tax"). The

additional tax previously withheld on the amounts subject to the thin capitalization rules can be credited against the excess of indebtedness tax.

The excess of indebtedness tax is applied to taxpayers domiciled or resident in Chile, and it is levied on interest and the aforesaid expenses paid to related parties during the tax year.

For these purposes, the tax authorities will consider that there is "excess of indebtedness" if the taxpayer's 3:1 debt-to-equity ratio is exceeded at the end of the year in which the interest payments and other items provided in the new thin capitalization rules are due. Excess of indebtedness is calculated separately for each entity.

Exceptionally, and as long as certain requirements are met, the excess of indebtedness tax will not be applied to project financing in Chile.

2.2. Capital gains tax

General rule
Generally, capital gains obtained by taxpayers are considered ordinary income, i.e., subject to IDPC and final taxes.

However, if certain requirements are met, there are specific capital gains that qualify as non-taxable income. Note that article 17(8) LIR, which provides a special tax treatment for capital gains, only applies to (i) individuals, not to companies, other legal persons or assets allocated to individual businesses; and (ii) if the transactions are not between related parties under the terms of that article and of article 8(17) of the Chilean Tax Code.

Capital gains (i.e., the increased value) obtained from the transfer of shares and corporate rights not provided in article 107 LIR (shares and rights of non-listed companies): This constitutes taxable income, except for disposals made by individuals to non-related parties, in which case there is a non-taxable income of approximately EUR 8,650.

Gains for the transfer of securities listed in article 107 LIR: The LIR establishes a single income tax at a 10% rate on the gains obtained from the transfer of (i) shares of open public limited companies; (ii) investment fund units; and (iii) mutual fund units, provided the legal requirements are met.

The securities purchaser, broker or dealer acting on behalf of a seller that is not domiciled or resident in Chile must withhold the tax upon payment of the transfer price, whether this payment is remitted, transferred to an account or made available to the seller.

Institutional investors, whether residents in Chile or abroad, are not subject to the above tax.

Indirect sales: The indirect sale of underlying assets located in Chile is subject to a 35% additional tax. Therefore, the income obtained by a seller not domiciled and non-resident in Chile from the transfer of a foreign company's shares will be taxed in Chile, provided the conditions set out in the LIT are met.

The taxation of indirect sales does not apply if the transfer is made within the context of a corporate restructuring transaction, and there is no taxable increased value or gain according to the mechanisms provided by the rules on indirect sales.

2.3. Value Added Tax (VAT)

VAT is payable monthly. The tax rate is 19%, and it is levied on all regular sales of movable and immovable assets and on certain services used or provided in Chile, unless there is an exemption under the VAT Act.

VAT is specifically levied on (i) imports, where VAT is payable when the import is legally completed, regardless of whether the taxpayer is a recurring taxpayer and regardless of the import involving capital goods or realizable assets; and on (ii) the assignment or temporary licensing of brands, invention patents, industrial procedures or formulas or other similar payments.

Also, exported goods and certain exported services are VAT-exempt.

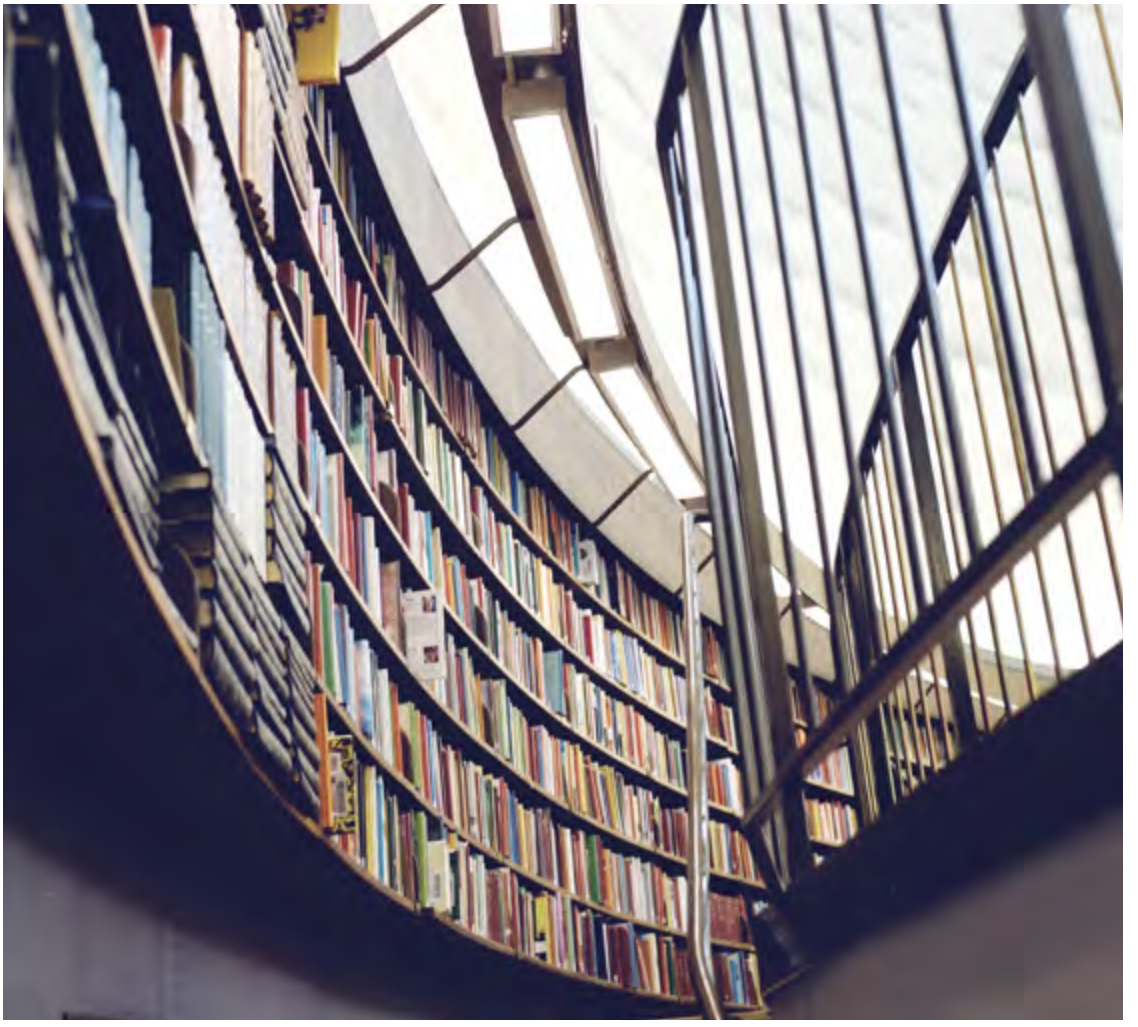
Input VAT gives taxpayers tax credit claim ("tax credit") equal to the amount of tax charged in the invoices for the acquisition of goods, the use of services or, if appropriate, the VAT paid on imports, insofar as the taxpayer enters into transactions subject to VAT.

When taxpayers make a sale or provide a service subject to VAT, the output VAT is a tax liability ("tax debt") that can be credited against the outstanding tax credit over the relevant tax period.

When output VAT (tax debt) exceeds input VAT (tax credit) during the relevant tax period, the difference is the tax amount that must be filed and paid by the taxpayer for that period. However, when the tax credit exceeds the tax debt in the relevant period, the outstanding amount can be allocated to the following tax periods until it is fully used, without time limits.

Early VAT refund for the acquisition of fixed assets: Article 27 bis of the Chilean VAT Act provides a mechanism for recovering the tax credit accrued by VAT taxpayers that allows, if certain requirements are met, for either (i) offsetting the outstanding amount against any payable taxes; or (ii) claim a cash refund. Note that the refunded amounts under this mechanism must be repaid to the tax authorities if the taxpayer that requested the refund subsequently carries out activities not subject to VAT.

VAT on digital services: Taxpayers not domiciled or resident in Chile that provide digital services to be received in the country by individuals or legal persons not subject to VAT will be subject to this tax. The SII has made available to these taxpayers a Simplified Registry. If they do not apply the Simplified Regime, the SII may include them in a list of taxpayers whose VAT will be withheld by banks and other payment institutions.



2.4. Stamp duty ("ITE")

The ITE Act applies to bills of exchange, promissory notes, ordinary or documentary credit (loans) and any other documents recording a "money lending transaction." Note that "money lending transactions" are any transactions under which a party delivers or agrees to deliver an amount of money to the counterparty, who agrees to repay it later.

The ITE rate is 0.066% on the amount of the transaction for every month or fraction of a month between issuance and maturity of the document. The rate is capped at 0.8%. Demand instruments and those without a maturity date are subject to a 0.332% rate.

As for documents issued abroad, money lending transactions entered into abroad will be subject to ITE, even if there is no document recording the transaction, as long as these transactions are registered and accounted for in Chile.

2.5. Municipal tax

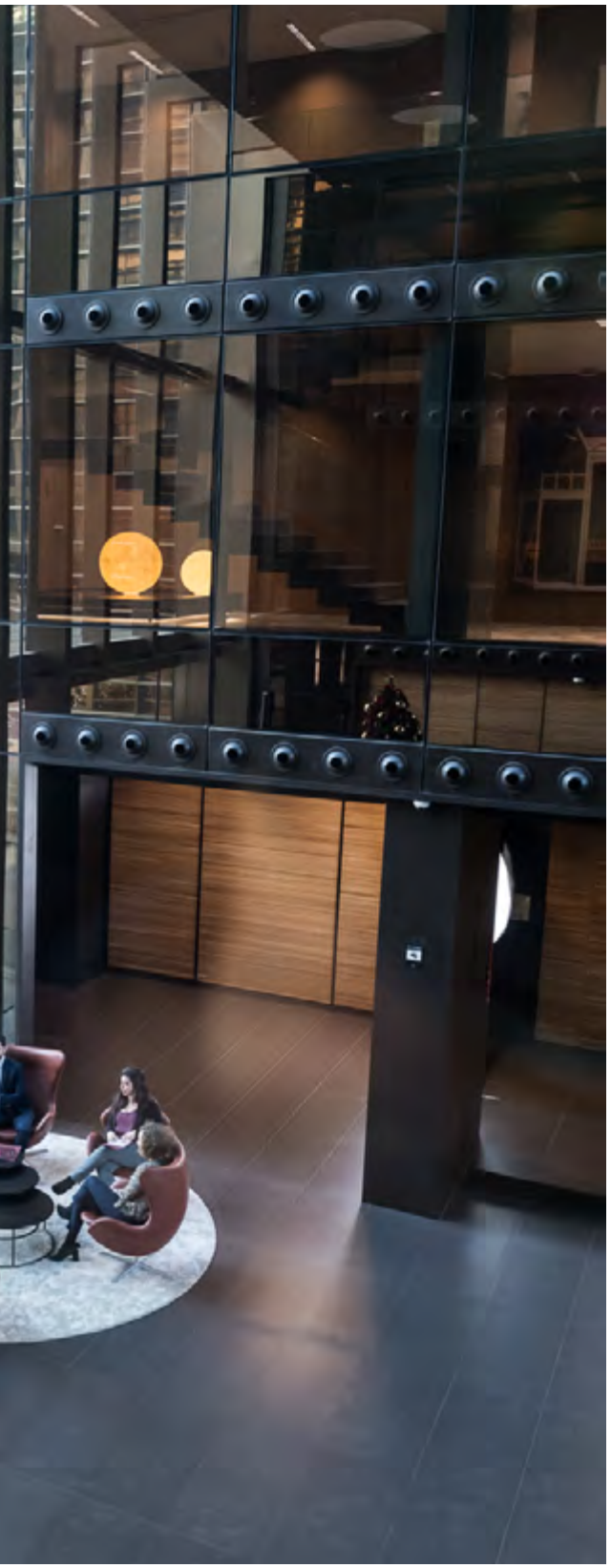
Under the Chilean Municipal Income Act, the municipal tax applies to anyone starting a business or commercial activity in a municipality. Each municipality (town council) sets the tax rate, which ranges between 0.0025 and 0.005 of the taxpayer's tax equity (i.e., assets minus liabilities, both at tax value). This amount cannot be below 1 monthly tax unit (UTM), approximately EUR 64, or exceed 8,000 UTMs (approximately EUR 510,000). The amount set by the municipality is the amount of municipal tax for a 12-month period.

2.6. Territorial tax

The territorial or real estate tax is levied on the ownership of real estate at a rate that ranges between 1% and 1.4%. It is payable annually by the owner of the property and applied to the value of the relevant real estate. This tax is payable in four installments over the year and indexed to inflation on a half-yearly basis.

2.7. General anti-avoidance rule ("GAAR")

The Chilean Tax Reform Act established a new general anti-avoidance rule ("GAAR"), granting



the SII extensive powers to assess and tax certain transactions or schemes qualifying as tax avoidance structures.

The GAAR's purpose is to ensure compliance with tax regulations. To that end, the SII uses its enforcement powers to ensure the correct tax payment in case the transactions entered into by taxpayers (whether individually or together) amount to:

- **abuse of law or abuse of legal forms,** i.e., fully or partially circumventing the behavior provided in the law, reducing the applicable tax base or delaying the enforceability of the tax obligation through acts or transactions that individually or together have no significant legal or financial results or effects for taxpayers or third parties, other than the strictly tax-related purposes;
- **concealment,** i.e., acts and transactions aimed at concealing a taxable event or the elements giving rise to a tax obligation, a tax payment or the date on which a tax obligation arises.

Abuse of law and tax concealment must be declared or found by a tax and customs court subject to a procedure governed by the Tax Code.

2.8. SII's monitoring and inspection powers

The tax authorities have a broad scope of power to review tax returns, books, accounting records, inventory records, invoices and other taxpayer's supporting documents to ensure compliance with tax obligations.

The tax authorities are also empowered to review the books and documents of withholding agents.

2.9. Double taxation agreements ("DTA")

Chile has entered into many DTAs that remain in force, mostly based on the on the OECD Model Convention, promoting cooperation between the tax authorities of the contracting parties to avoid double taxation.

3

Labor and employment

Labor relations between employers and employees are regulated by the Labor Code and supplementary laws

3.1. General hiring characteristics

Labor relations between employers and employees are regulated by the Labor Code and supplementary laws.

An individual employment contract is consensual and mutually binding between the employer and the employee. The latter is required to provide personal services under the supervision of, and subordinate to, the employer, who is required to pay a specific amount for those services.

An employment contract must include, at least, the following information:

- Place and date of the contract.
- Identification of the parties, indicating nationality, address and email, and dates of birth and employment.
- Nature of the services and place where they are to be provided. The contract may indicate two or more specific functions, either alternative or supplementary.
- Amount, manner and frequency of the agreed remuneration.
- Duration and distribution of the working day.
- Term of the contract.

3.1.1. Types of employment contracts

Based on their term and duration:

- **Fixed-term contract:** An employment contract for a specified term that cannot exceed one year. If the employee is a manager or holds a professional or technical degree issued by a national higher education institution certified by public authorities, the term of the employment contract cannot exceed two years. This provision allows the parties to agree on a single extension of the fixed-term employment contract, either for the same term or a different one. If so, the duration of the contract, considering its original term and the extension, must not exceed the maximum period provided under applicable law, i.e., one or two years. Fixed-term contracts become indefinite when:
  - the employer knowingly allows an employee to continue providing services after the agreed termination date;
  - after one extension, if the contract exceeds the maximum periods provided by law, or after a second extension; and
  - the employee has provided discontinuous services for the

same employer under more than two fixed-term contracts for 12 months or more, within an overall period of 15 months.

- **Indefinite contract:** An employment contract with an indefinite term, without establishing a termination date for the employment relationship.
- **Specific job or task:** An employment contract under which an employee agrees to carry out specific and defined material or intellectual work, with specified start and end dates, and which remains in force only during that time.

3.2. Possibility of outsourcing

3.2.1. Requirements

Outsourcing is subject to the following requirements:

- An employment contract between an employee and an employer, i.e., a contractor or subcontractor, that is responsible for executing works or performing services, at its own risk and with its own employees, on behalf of a third party.
- That third party, whether an individual or legal person, is the main company and the owner of the work, company or task for which the contracted work or service is performed.
- There must be a non-labor contractual agreement between the main company and the contractor under which the contractor is required to perform work or provide services for the main company.
- The work or the services must be carried out by the contractor's employees.
- The services provided must be habitually continuous, i.e., permanent or regular, not sporadic.

If these requirements are not met, the main company may be fined.

3.2.2. Main company liability

Joint and several liability: The main company and the contractor will be jointly and severally liable for employee-related labor and social security obligations that apply to contractors and subcontractors, where appropriate, including any legal severance pay at the end of the employment relationship.

Subsidiary liability: The main company or the contractor, as applicable, will be subsidiarily liable for employee-related labor and social security obligations that apply to contractors and subcontractors when:

- The main company or the contractor effectively complies with the right to information regarding the sum and compliance with employee labor and social security obligations and, if compliance is not demonstrated, exercises the retention right; and
- The main company or the contractor have been notified by the labor authorities of a breach of employee labor and social security obligations, as appropriate, and have effectively applied the retention right.

3.3. Legal benefits

Minimum wage

All workers are entitled to a minimum wage. From January 1, 2023, the gross monthly minimum wage is CLP $410,000 (USD 519).[1]

Legal bonuses

The law provides that a bonus is an annual benefit that must be paid to employees every year in April, provided the company has made a profit.

For the employer to be required to pay the legal bonus, it must meet all the following requirements simultaneously:

- It is a mining, industrial, commercial, agricultural or any other establishment, or a cooperative;
- The establishment or company pursues a profit, i.e., for-profit companies, except cooperatives;

1 Exchange rate in effect on March 31, 2023.

- It keeps accounting records; and
- It obtains net profits (earnings) in the year, i.e., the profit (based on income tax paid) minus 10% of the value of equity, excluding any deduction of losses from prior financial years.

Vacation

Employees with more than one year of service are entitled to an annual paid vacation of 15 business days.

The vacation time will be granted preferably in the spring or summer, taking into consideration the needs of the service concerned.

The vacation must be uninterrupted, but the excess over ten business days may be broken up by mutual agreement.

The vacation time may also be accumulated, if so agreed between the parties, but only for up to two consecutive periods.

45 hours per week

Currently, the ordinary working schedule is established by the Labor Code for all employees, with some exceptions. The maximum work schedule is 45 hours per week, which may not be distributed over more than six days or fewer than five, and in no case may it exceed 10 hours per day.

Notwithstanding the above, the Senate has approved the bill amending the Labor Code to reduce the working day to 40 hours per week, pending the approval of the lower house of the Chilean Congress *(Cámara de Diputados)* for its entry into force. The Government expects the bill to be voted in the Chamber of Deputies during the first weeks of April 2023.

The entry into force would be gradual, starting with 44 hours in the first year, 42 hours in the third year, and 40 hours in the fifth year, counted from the date of publication of the Act.

Overtime

Daily overtime is limited to two hours, and the weekly maximum is 12 hours, provided the weekly

work schedule can be distributed over a maximum of six business days (6 days x 2 overtime hours = 12 overtime hours per week). The labor authorities have established a maximum of 7 hours of work plus 30 minutes of overtime on Saturdays. The overtime worked from Monday to Friday must be added to these 30 minutes so that it will not exceed the weekly limit of 12 overtime hours. To calculate overtime payment for an employee hired for a 45-hour working week and receiving a monthly salary, the salary must be divided by 30 and then multiplied times 28, dividing the result by 180 to obtain the value of a regular work hour.

Unemployment insurance

The Unemployment Fund Administrator ("AFC") provides insurance that protects all employees with an indefinite or fixed-term contract, and those with a specific job or service contract, if these jobs are governed by the Labor Code.

Every employee registered with the AFC has an individual unemployment account to which the employer must contribute 3% of the taxable monthly wages paid to the employee. This contribution is mandatory in different percentages by the employee and the employer, depending on the type of contract.

Remote work

The law that regulates remote work and teleworking entered into force on April 1, 2020. Employment contracts governed by this law must include the following:

- Express indication that the parties have agreed to remote work or teleworking, specifying whether it will be full-time or part-time work and, in the latter case, the formula for combining on-site work and remote work or teleworking;
- The place or places where the services will be rendered, unless the parties have agreed that the employee can freely choose that location, which must be identified;

- The term of the remote work or teleworking agreement can be indefinite or for a specified time;
- The supervision or control mechanisms that the employer will use with respect to the services agreed with the employee;
- The agreement that the remote employee will be able to distribute working hours as needed, or that the employee is excluded from the limitation of working hours; and
- The time of disconnection from work.

COVID insurance

Mandatory individual insurance for private-sector employees with contracts subject to the Labor Code and who are performing all or part of their work at a worksite, while the state of alert is in force.

The purpose of this insurance is to finance or reimburse the costs of the employee's hospitalization and rehabilitation associated to COVID-19, as well as compensation in case of natural death of the insured.

The state of alert will end on August 31, 2023, but may be extended by the Ministry of Health.

3.4. Social security contributions

The employer must deduct from the employee's gross salary:

- 10% for pension contribution
- 7% for healthcare coverage
- 1.54% for Disability and Survival Insurance ("SIS"), which covers employees in case of disability or death

3.5. Termination of the employment contract

3.5.1. Grounds

The grounds for termination of an employment contract are set out in articles 159, 160 and 161 of the Labor Code and are as follows:

Grounds under article 159:

- Mutual agreement of the parties
- Resignation of the employee, notifying the employer at least 30 days in advance
- Death of the employee
- Expiration of the term agreed in the contract
- End of the work or service that gave rise to the contract
- Unforeseeable circumstances or force *majeure*.

Grounds under article 160:

- Any case of duly verified serious misconduct, as indicated below:
  - Lack of probity on the part of employees when performing their duties;
  - Sexual harassment;

  - Any action taken by the employee against the employer or any employee working at the same company;
  - Insults to the employer;
  - Immoral behavior affecting the company;
- Negotiations that the employee carries out during the course of business that have been prohibited by the employer in writing in the employment contract.
- Employee's failure to appear at work without just cause for two days in a row, two Mondays in a month or three days during the same period of time. Similarly, any unjustified absence or absence without prior notice from the employee who is responsible for an activity, task or machine when abandonment or stoppage seriously disturbs work efficiency.
- Abandonment of the job by the employee, i.e.,:
  - the employee's untimely and unjustified departure from the worksite during working hours, without permission from the employer or its representative; or
  - refusal to work without just cause on the tasks agreed in the contract.
- Reckless acts, omissions or recklessness that affect the safety or operation of the establishment, the safety or the activity of employees or their health.
- Material damage intentionally caused to facilities, machinery, tools, equipment, products or merchandise.
- Serious breach of the obligations imposed by the contract.

Grounds under article 161:

- Needs of the company, establishment or service such as those arising from streamlining and modernization, decline in productivity, and changes in market or economic conditions that make it necessary to dismiss one or more employees.
- Employer eviction.

Grounds under article 161 bis:

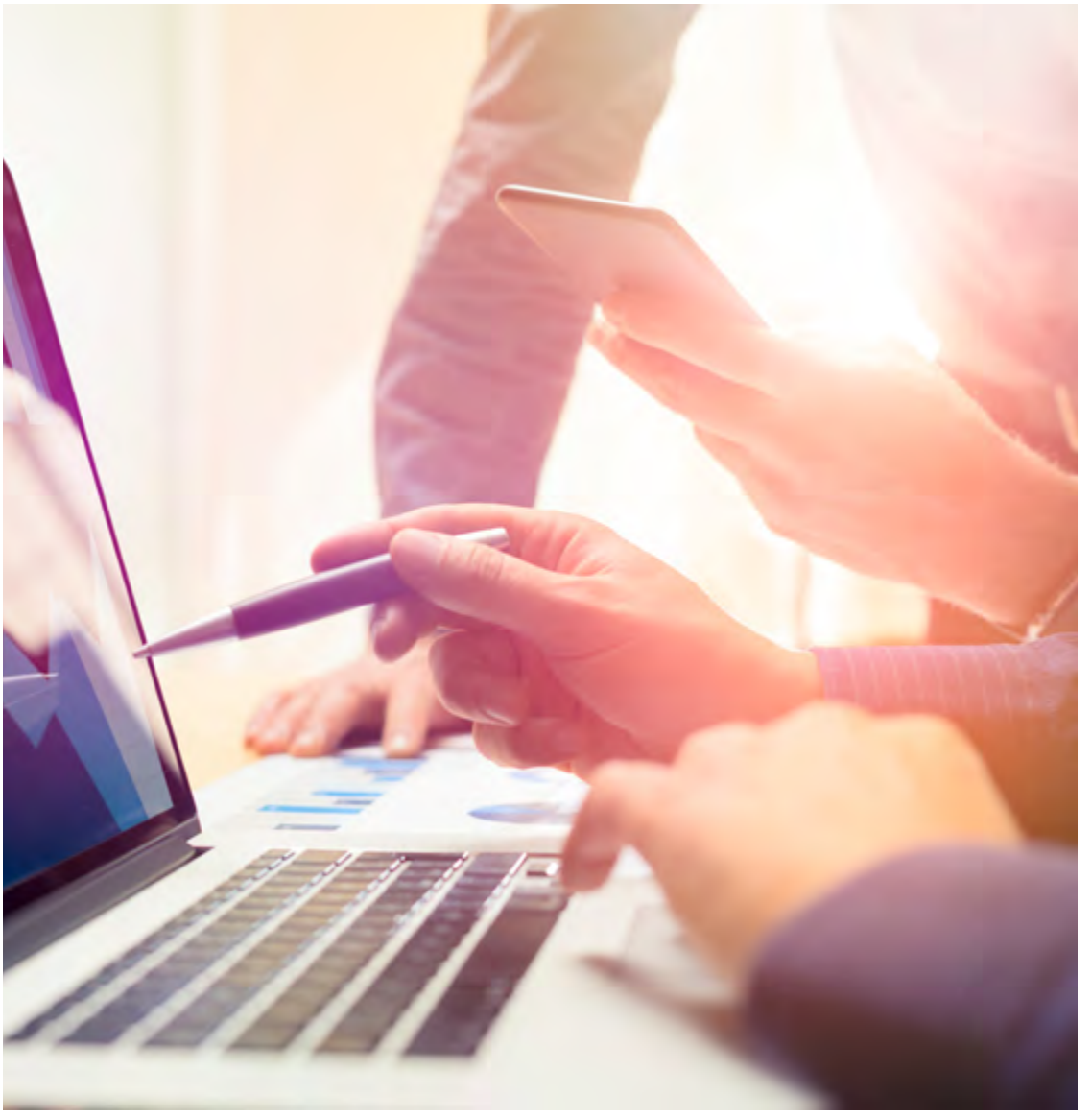
- Total or partial disability is not just cause for termination of an employment contract. Employees dismissed for this reason will be entitled to the compensation established in paragraph one or two of article 163 of the Labor Code, as appropriate, with the increase indicated in article 168 b) of the same law.

3.5.2. Compensation system for termination of an employment contract

As a rule, when an employment contract is terminated, any amounts owed due to termination must be paid as determined in the final settlement document (*finiquito*).

Some of those payments at the end of the employment relationship include:

- **Outstanding remuneration:** for the days worked in the month in which the contract ends, if any.
- **Accrued vacation time:** compensation for the time between the hiring date or the date of the last work anniversary and the employment end date.
- **Length of service indemnity:** compensation if the contract has been in force for one year or more and has ended due to any of the causes set out under article 161 of the Labor Code, i.e., the needs of the company, establishment or service, or employer eviction.
- **Indemnity in lieu of notice:** compensation if the dismissal took place for any reason set out under article 161 without at least a 30-day notice to the employee.



4 Data protection

The LPD establishes certain obligations regarding the use of personal data and, in general, requires that the processing of personal data take place with consent of the data subject or legal authorization

4.1. Legal framework

Article 19(4) of the Political Constitution of the Republic of Chile guarantees "respect and protection of private life and honor of a person and his or her family, as well as the protection of personal data." Also, the Chilean Constitution provides that the processing and protection of these data will be subject to the law. Law 19628 on Protection of Private Life (the "LPD"), in addition to other special regulations, regulates the processing of personal data in registries and databases by public or private entities, establishing obligations regarding the use and collection of personal data, rights of data owners, responsibility for breaching the law, and certain special regulations applicable to data of economic, financial, banking or commercial nature and to the processing of data by public entities.

In general, the LPD requires that the processing of personal data take place with consent of the data subject or legal authorization. There is no public control authority in this area, except that granted to the Transparency Board with regard to public administration bodies.

A bill that substantially modifies the regulatory framework of the LPD is currently before Congress, and among other novelties, it establishes:

- new rights for data subjects;
- new legal ways of data processing;
- an authority responsible for ensuring data protection;
- the international transfer of personal data; and
- breach prevention models.

4.2. Main obligations

The LPD requires consent from the data subject, use of the data exclusively for the purpose for which they were collected and registration of databases with a public registry, among others

The main obligations covered by the LPD are as follows:

- Express, written and informed consent from the data subject must be obtained for processing personal data, with certain exceptions such as the processing of publicly available data.
- Use of the data exclusively for the purpose for which they were collected and the removal, modification or blocking of data as appropriate.
- Due diligence when in possession of the data, establishing liability for any damages caused.
- Confidentiality of personal data.
- Guarantee for exercising the rights (a) to information or access, (b) to modification or correction, (c) to cancellation or elimination and (d) to blocking data.
- Registration of databases with a public registry run by the Civil and Identification Registry in the case of public bodies.

5 Public procurement

The forms of public procurement are framework agreements, public tenders and, exceptionally, private tenders and direct awards

5.1. Legal framework and forms of public procurement

Law 19886 of 2003 on Administrative Contracts for the Supply and Provision of Services and their Regulations (Decree 250 of 2004) sets out the rules that govern the State's contracting for the supply of goods and services. This without prejudice to other public bodies of specific sectors that regulate, for example, contracts for concessions of public works and their execution.

There are different ways of contracting with the State: framework agreements, public tenders, private tenders and direct awards. In general, State agencies use framework agreements, regularly tendered and awarded by the Directorate of Public Procurement and Contracting, regardless of the amount of the contract, which can be found in a catalog of framework agreements published by the Directorate on the Transactional Platform. When this public procurement mechanism does not apply, a public tender is held. Private tenders and direct awards are held exceptionally in certain circumstances, e.g., if there are no bidders. As a rule, to formally acquire goods and services for a certain amount, a contract must be signed.

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership, known as TPP-11, entered into force in February 2023. It represents 13.5% of the world's GDP and covers public procurement. The TPP-11:

- guarantees equitable access to the public procurement markets of member countries;
- promotes transparency in public procurement by requiring member countries to publish detailed information on their tender procedures;
- establishes clear rules and efficient procedures for the submission and assessment of bids, as well as complaint and dispute settlement mechanisms; and
- includes specific provisions to prevent and combat corruption in connection with public procurement.

Chilean and foreign individuals and legal persons that have not been barred from contracting with State agencies can be entered into the official electronic registry of State contractors

5.2. National Providers Registry

ChileCompra is responsible for an official electronic registry of State contractors. All Chilean and foreign individuals and legal persons that have not been barred from contracting with State agencies can be entered into that Registry, whose purpose is registering and accrediting past activities, hiring history, legal and financial situation, technical suitability, as well as any situation precluding entering into contracts with the State.

5.3. Transactional Platform for State Procurement - Public Market

ChileCompra manages a transactional platform (www.mercadopublico.cl), in which public entities carry out the process of acquiring and contracting for the supply of goods, services and works. They must use this platform to price, tender, contract, award, request dispatches and, in general, carry out all their processes for acquiring and contracting for goods, services and works.

5.4. Public Procurement Court

The Public Procurement Court ("PPC") has jurisdiction over the appeals against unlawful or arbitrary acts or omissions during public tender procedures involving public bodies subject to Law 19986. These appeals can be filed against any unlawful or arbitrary acts or omissions carried out between (i) the adoption of the terms and conditions of tender; and (ii) the award of the contract. Any person with a vested interest in the procedure is entitled to file the appeal. The final judgment delivered by the PPC can be challenged before the Court of Appeals of Santiago.

6

Conflict resolution: Arbitration

The use of arbitration has increased significantly in Chile in recent decades. The Chilean Law on International Commercial Arbitration is based on the United Nations Commission on International Trade Law Model. Chile is a member of the New York Convention, the Panama Convention and the ICSID Convention

The use of arbitration as a method of conflict resolution has increased significantly in Chile in recent decades, and that increase has been boosted since 2004 with the enactment of Law 19,971 on International Commercial Arbitration (LACI) based on the United Nations Commission on International Trade Law (UNCITRAL) Model.

6.1. Domestic and international arbitration

Chilean law recognizes domestic and international arbitration and regulates them through a dual system, i.e., they are governed by different regulatory bodies.

Domestic arbitration is regulated by the Organic Code of Courts (articles 222 to 243) and the Code of Civil Procedure (articles 628 to 644).

International arbitration is regulated by the LACI, although other international regulatory bodies of which Chile is a member may influence the regulation of arbitration. Such is the case of the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitration Awards and the Inter-American Convention on Arbitration International Commercial, also known as the Panama Convention.

Chile is a member of the 1965 Convention on the Settlement of Investment Disputes (ICSID Convention); therefore, under certain conditions, ICSID arbitration can be applied with foreign investors.

The new ICSID Rules came into force in 2022, with the purpose of modernizing the procedures. The main novelties are related to greater transparency and efficiency, aiming at reducing the duration of proceedings, streamlining times and reducing costs.

Por su parte, el Arbitraje Internacional se encuentra regulado en la LACI. Sin perjuicio de ello, existen otros cuerpos normativos internacionales a los que Chile se encuentra adscrito y que pueden incidir en la regulación del Arbitraje, tales como la Convención de Nueva York de 1958 sobre Reconocimiento y Ejecución de Sentencias Arbitrales Extranjeras y la Convención Interamericana sobre Arbitraje Comercial Internacional o también conocida como Convención de Panamá.

The new ICSID Rules allow new participants to have access to ICSID rules and specialized services. Thus, the ICSID Additional Facility rules will also be available for arbitration and conciliation proceedings in which either or both of the disputing parties are not an ICSID Member

State or a national of a Member State. The new ICSID Rules also include new rules on mediation and fact-finding, with a view to streamlining the time and cost of proceedings and removing arbitrators due to conflicts of interest.

Under the LACI, arbitration is international if:

- The parties to an arbitration agreement are established in different States when the agreement is entered into; or
- One of the following places is located outside the State in which the parties have their establishments:
  - the place of arbitration, if it has been determined in the arbitration agreement or under the arbitration agreement; or
  - the place of fulfillment of a substantial part of the obligations of the commercial relationship or the place with which the object of the dispute has a closer relationship; or
- the parties have expressly agreed that the matter that is the subject of the arbitration agreement involves more than one State.

  The LACI expressly recognizes the autonomous will of the parties, allowing them to classify a particular arbitration process as international.

6.2. *Ad hoc* and institutional arbitration

Arbitration can be institutional or *ad hoc*. Institutional arbitration is handled by an institution that provides support to both parties and the arbitrators during the course of the arbitration.

In this case, arbitration is governed by the regulations of the arbitration entity selected by the parties in the arbitration agreement.

In ad hoc arbitration, the parties choose not to go to an arbitration institution and leave the procedure mainly in the hands of the arbitration court.

They may (i) select an arbitration rule developed for non-administered arbitration, e.g., the Arbitration Rules of the United Nations Commission on International Trade Law ("UNCITRAL") or (ii) create their own.

In Chile, the main arbitration institutions are the Arbitration and Mediation Center of the Santiago Chamber of Commerce and the National Arbitration Center.

6.3. Judicial review

A distinction must be made between domestic and international arbitration with respect to judicial oversight of arbitration awards issued in Chile.

A broad system of appeals applies to domestic arbitration awards, since an appeal and an appeal for reversal can be filed in the same manner as against final judgments issued by the ordinary courts. However, the parties can (i) submit appeals to arbitration so that they may be heard by a higher arbitration court or (ii) waive the available appeals. Both academic doctrine and case law have established that an appeal for reversal cannot be waived if the court is not competent or in the case of *ultra petita* (granting more than what was sought by the parties). A complaint appeal cannot be waived either, given its disciplinary nature.

Only an appeal for annulment, established by the LACI, can be filed against international awards issued in Chile. The appeal for annulment does not consist of raising the matter to a higher court to decide on the merits of the matter submitted to arbitration, but rather its purpose is the annulment of the arbitration award on certain specific grounds.

These grounds are established in article 34 of the LACI and are as follows:

- One of the parties to the arbitration agreement was affected by some incapacity, the agreement is not valid by virtue of the law to which the parties have submitted it, or if nothing has been indicated in this regard, by virtue of the law of Chile.
- One of the parties has not been duly notified of the appointment of an arbitrator or of the arbitration proceedings, or it has not been able to assert its rights for any other reason.
- The award refers to a dispute not covered by the arbitration agreement or contains decisions that exceed the terms of the arbitration agreement. However, if the provisions of the award that refer to the issues submitted to arbitration can be separated from those that are not, only the latter may be annulled.
- The composition of the arbitration court or procedure has not been adjusted to the agreement between the parties, unless that agreement was in conflict with a provision of this law from which the parties could not deviate or, in the absence of such agreement, that did not comply with this law.
- Under Chilean law, the object of the dispute is not subject to arbitration.
- The award is contrary to public policy in Chile.

6.4. Recognition and enforcement of international arbitral awards in Chile

All international arbitration awards to be recognized and enforced in Chile must be approved through the *exequatur* process. *Exequatur* is an authorization granted by the Supreme Court for the enforcement in Chile of judgments issued abroad.

Foreign arbitration awards in Chile will have the force attributed, first of all, to existing international treaties between Chile and the country where the arbitration award is issued. In the absence of a treaty, the award will have the same force given to Chilean arbitration decisions by the country where it originates.

If it is not possible to demonstrate reciprocity, the *exequatur* will be approved if (i) the award does not contravene public policy in Chile; (ii) Chilean courts are not competent for hearing the matter; (iii) there is due summons; and (iv) the award has been enforced in the jurisdiction where it was issued.

6.5. Arbitration proceedings in which Chile is a party

Chile can be a party to investment arbitration and international commercial arbitration.

It has developed a strong negotiating policy in the investment arbitration area for agreements for promoting and protecting foreign investments and free trade agreements that include chapters on investments.

In most of these instruments, Chile has decided to apply friendly solutions as the first step in conflict resolution and subsequently offer the investor the option of a forum. The investor will be able to decide whether to submit the dispute to Chilean jurisdiction or to international arbitration. However, the applicable regulatory instruments in each specific case must be analyzed.

Chile, its agencies, institutions and companies are empowered to submit to foreign courts, including arbitration courts, any disputes arising from the international contracts into which they enter. However, the following requirements must be met: (i) the contract must be international (the parties must have their establishments in different countries or one of them must have its main center of business abroad); (ii) the State, its agencies, institutions or companies must participate; and (iii) the contract must be of an economic-financial nature.

6.6. Arbitration in public procurement

The Public Works Concession Act considers arbitration one of the possible dispute resolution mechanisms between the State and a contractor.

Disputes or claims that arise as a result of the interpretation or application of the concession contract or its performance may be initiated by the parties before an arbitration commission or the Court of Appeals of Santiago.

Disputes of a technical or economic nature between the parties during the performance of the concession contract must be submitted for the consideration of a technical panel at

the request of any of the parties. The technical panel does not have jurisdiction and only issues a technical and duly founded recommendation that does not curtail the parties' power to submit the same dispute to an arbitration commission, but only when such matters have been previously submitted to a technical panel to obtain a recommendation.

The Ministry of Public Works may only file an appeal with the arbitration commission once the final launch of the works has been authorized, unless it requests the declaration of serious breach of the concession contract by the contractor, which can be requested at any time.

The arbitration commission must be made up of three university professionals, two of whom, at least, must be lawyers, and one must preside over the arbitration commission. The members are appointed by mutual agreement of the parties based on two lists of experts: the first one made up of lawyers and drawn up for this purpose by the Supreme Court, and the second one made up of professionals appointed by the Competition Defense Court through a public competency tender, during which it must verify the suitability of the chosen professionals and the absence of any barring issues or incompatibilities.

The arbitration commission will have the authority of an arbitrator with respect to the proceedings and will review the evidence under the rules of sound analysis, allowing any source of evidence or background that, in the commission's opinion, can establish the substantial and pertinent facts in dispute.

The commission will have 60 business days from the date the parties are summoned to issue a final judgment in accordance with the law, which will be justified and state the factual, legal, technical and economic considerations on which the decision has been made. The final decision cannot be appealed.

7 Insider information

Individuals who are presumed to have insider information must maintain confidentiality and cannot use the information for their own benefit or that of others

7.1. Definition

"Insider information" is defined as follows:

- Any information on one or more issuers of securities, their businesses or one or more securities they have issued, not disclosed to the market and whose knowledge, due to its nature, can influence the price of the issued securities.
- Information on certain facts or background that refers to pending negotiations that, when known, could harm the interests or the business and that has been classified as confidential information through the approval of three-quarters of the company's directors. As for companies with no collegiate governing body, the decision to classify certain information as confidential must be made unanimously by the directors.
- Any information on decisions involving the acquisition, sale and acceptance or rejection of specific investment offers by an institutional investor in the stock market.

7.2. People who are presumed to have insider information

It is presumed that the following persons have insider information:

- The directors, managers, administrators, senior executives and liquidators of the issuer or institutional investor, if appropriate.
- The persons indicated above, who act as controller of the issuer or institutional investor, as the case may be.
- The controlling persons or their representatives who carry out transactions or negotiations intended to transfer that control.
- Directors, managers, administrators, legal representatives, senior executives, financial advisers and securities broker-dealers, with respect to any information on decisions involving the acquisition, sale and acceptance or rejection of specific investment offers by an institutional investor in the stock market and any information relating to the placement of securities that has been entrusted to them.

It is also presumed that the following persons possess insider information, to the extent that they had direct access to the facts contained in the information:

- The main and dependent executives of the external auditing companies of the issuer or institutional investor, as the case may be.
- The partners, managers, administrators and main executives and members of the rating boards at the rating agencies that rate the issuer's securities or the issuing company.
- Employees working under the direct instructions or supervision of the directors, managers, administrators, main executives and liquidators of the issuer or institutional investor, as the case may be.
- Persons who provide permanent or temporary advisory services to the issuer or institutional investor, as the case may be, insofar as the nature of their services may allow them access to that information.
- Public officials working at institutions that supervise issuers of publicly offered securities or funds authorized by law.
- The spouses and partners of the persons indicated in the first paragraph of this section 7.2, as well as any person living at the same residence.

7.3. Obligations and prohibitions for individuals with insider information

The use or disclosure of insider information carries criminal penalties and the obligation to compensate anyone harmed

Individuals who because of their job, position, activity or relationship with the issuer of securities or with persons who are presumed to have insider information have the following obligations:

- They must maintain confidentiality and cannot use the information for their own benefit or that of others, or acquire or sell, for themselves or for third parties, directly or through other people, the securities regarding which they have insider information.
- They are prohibited from using insider information to obtain profits or avoid losses, through any type of transaction involving the securities to which the information refers or with instruments whose returns are affected by those securities.
- They must refrain from communicating the information to third parties or from recommending the acquisition or sale of the securities concerned and ensure that no such action occurs through subordinates or trusted third parties.

7.4. Penalties for non-compliance

Those who reveal or use insider information, for their own benefit or that of others, or acquire or sell, on their own behalf or for third parties, directly or through other people, the securities for which they have insider information will be subject to ordinary imprisonment of a minimum to medium term (from 541 days to 10 years).

In turn, anyone harmed will be entitled to claim compensation from the offender within four years from the date the insider information was disclosed to the market and the investing public.

The above does not preclude the offender's obligation to repay to public authorities, unless there is another injured or aggrieved party, all gains or profits obtained from insider trading.

8

Free market competition

Chilean regulations penalize actions that hinder free market competition and include a mandatory prior notification mechanism regarding certain concentration transactions

8.1. Overview

The regulation of free market competition in Chile is essentially set out in Decree-Law 211 of 1973 and its amendments ("DL 211"), and its main purpose is to promote and defend free market competition. In general, DL 211 penalizes any event, action or agreement that impedes, restricts or hinders free market competition or that tends to produce such effects.

Basically, the main entities responsible for promoting and protecting free market competition are the Free Market Competition Defense Tribunal ("TDLC") and the National Economic Prosecutor's Office ("FNE").

8.1.1. TDLC

The TDLC is an independent body, subject to the supervision of the Supreme Court. It is made up of five regular members, three of whom, at least, must be lawyers and two must be graduates or have postgraduate degrees in economics, plus two alternates. The role of the TDLC is to prevent, correct and penalize any action against free market competition. It has the authority to hear both contentious and non-contentious matters, issue general instructions and rule on certain special appeals.

8.1.2. FNE

The FNE is a decentralized, independent public service, subject to the supervision of the President of the Republic through the Ministry of Economy, Development and Reconstruction and headed by the National Economic Prosecutor.

Within the defense and promotion of free market competition, the FNE has the following powers:

- It is endowed with broad powers to investigate any events, actions and agreements that prevent, restrict or hinder free market competition, or that tend to produce such effects;
- It acts as a party representing the general interest before the TDLC and the courts of justice, and it may require the TDLC to exercise its authority;
- It signs out-of-court agreements with economic agents involved in its investigations to safeguard free market competition; and
- It supervises compliance with its resolutions and the judgments of the courts of justice with respect to free market matters.

8.2. Anticompetitive practice

Under article 3 of DL 211, any event, action or agreement that prevents, restricts or hinders free competition, or that tends to produce such effects, constitutes anticompetitive practices.

In addition to this generic offense, article 3 establishes certain special cases of anticompetitive practice. We highlight the following:

8.2.1. Collusion

In general, agreements between competitors that have the effect or potential effect of preventing, restricting or hindering free competition are considered especially harmful to market competition.

Article 3(a) of DL 211 includes certain practices known as "hard cartels" that refer to anticompetitive agreements on price setting, limitation of production, allocation of zones or market quotas, and the distortion of bidding processes, and whose anticompetitive nature is independent of the market power held by the parties, their intention or the anticompetitive effects of the practice. This article also penalizes agreements or concerted practices that, by granting market power to competitors, consist of determining marketing conditions or excluding current or potential competitors.

8.2.2. Abuse of dominant position

Article 3(b) of DL 211 penalizes the abusive exploitation by an economic agent, or a group of them, of a dominant position in the market, either by setting purchase or sale prices, imposing another product in a sale, assigning zones or market shares or imposing other similar abuses. The sanctioned conduct is the abuse of the dominant position that is illegal and not the dominant position itself. There is no legal definition of what it means to have a dominant position or a pre-established defining threshold, so analysis is carried out on a case-by-case basis, depending on the market's characteristics

Within the definition of illegal abuse of a dominant position, the FNE investigates the

practice that constitutes vertical restrictions (including price setting or suggestions, exclusive territories, preferred customer clauses and linked sales). It has indicated that each case's compliance with the regulations on free market competition will depend on weighting the efficiencies, risks and inherent anticompetitive effects, taking into consideration (i) the market share of the economic agents, (ii) the anticompetitive effects of the restriction, and (iii) the efficiencies arising from the law that cannot be achieved through less restrictive free market measures.

8.2.3. Predatory practices

Article 3(c) of DL 211 penalizes predatory practices and unfair competition to achieve, maintain or increase a dominant position.

Predatory practices seek to exclude a competitor or impede the entry of a new competitor (e.g., predatory pricing).

Unfair competition refers to any conduct contrary to good faith or good practices that, through illegitimate means, seeks to divert customers from a market agent, e.g., misappropriation of the reputation of others and misleading advertising.

8.2.4. Cross participation or interlocking

Article 3(d) of DL 211 refers to the simultaneous participation of a person in executive or director positions in two or more competing companies,

provided that the business group of each of these has an annual income that exceeds 100,000 UF (approximately USD 3,960,625) in the last calendar year. DL 211 requires the FNE be notified of certain acquisitions of capital in a competing company.

8.3. Penalties

If violations of free market regulations are detected, the TDLC may impose the following penalties:

- Fines for the legal person and its directors, managers and any other party involved up to (i) 30% of the violator's sales in the line of products or services associated with the violation during the period of violation; (ii) twice the economic profit arising from the violation; and (iii) 60,000 UTAs (approximately USD 50,000,000), if the violator's sales or economic profits cannot be determined.
- Modification or termination of actions, contracts, covenants, systems or agreements contrary to the law may also be ordered, as well as the modification or dissolution of legal entities of private law participating in the action.
- For the practice described in article 3(a), a ban on contracting with the State can also be ordered, as well as a ban on being awarded any concessions granted by the State.
- Practices that constitute cartels may also be penalized (imprisonment between 3 years and one day and 10 years), together with disqualification from holding executive positions. It should be noted that there is a compensated whistleblower procedure that allows the penalties associated with collusion to be waived or reduced in the event of cooperation, under certain conditions.

The above does not preclude any action for compensation for damages the affected parties might initiate.

8.4. Control of concentration operations

DL 211 includes a mandatory prior notification mechanism with the FNE regarding certain concentration operations that have effects in Chile.

8.4.1. Requirements

The notification obligation is subject to two related requirements:

- The transaction represents a concentration operation under article 47 DL 211, defined as any event, act or agreement, or a group of them, constituting a concentration of operations that has the effect of two or more economic agents that are not part of the

same business group, and previously independent from each other, ceasing to be independent in any of their business areas, through any of the following means: (i) merger, (ii) acquisition of rights that grant decisive influence over the management of another company, (iii) association to create an independent and permanent economic agent, or (iv) acquisition of control over the assets of another.

- Certain thresholds defined by the FNE are exceeded, although voluntary notification of transactions that do not exceed those thresholds is allowed. This requirement means, in turn, fulfilling the following related requirements: (i) the sum of the sales in Chile by the economic agents that plan to merge are, during the year before the year notification is verified, equal to or greater than the threshold established by the resolution issued by the FNE (currently, UF 2,500,000, or approximately USD 100,000,000); and (ii) at least two of the economic agents planning to merge have individually generated sales in Chile equal to or greater than the threshold established by the resolution issued by the FNE (currently, UF 450,000, or approximately USD 18,000,000).

8.4.2. Procedure

The requirements that the notification must meet are regulated by Decree 33 of March 1, 2017 issued by the Ministry of Economy, Development and Tourism, approving the Regulation on the Notification of a Concentration Operation.

Concentration operations cannot be completed until the final resolution ending the procedure has been issued

In general, a two-phase procedure is established as follows:

- **Phase 1.** The FNE must issue a resolution within 30 business days after the beginning of an investigation, either by simply approving the operation, approving it subject to certain conditions presented by the notifying party, or extending the investigation for an additional 90 business days when it considers that the operation could substantially reduce competition.
- **Phase 2.** It includes an extension of the phase by an additional 90 business days. Once this additional period has elapsed, the FNE can approve the operation (purely and simply, or subject to compliance with the conditions presented by the notifying party) or prohibit it. An appeal for review against the resolution that prohibits the operation can be filed with the TDLC.

8.4.3. Effects

Economic agents cannot complete concentration operations (which are suspended) until the final resolution or judgment ending the procedure has been issued.

8.4.4. Penalties

Failure to comply with the duty to not complete a concentration operation reported to the FNE that has been suspended, or with the obligation to report a concentration operation, is subject to the penalties established under section 8.3 above, regardless of the fact that, in the second case, the TDLC can impose fines of up to 20 UTA per day (approximately USD 16,500) for each day the operation completion is delayed.


80.08.1
36.5.2

9 Public offer for acquisition of shares

Acquiring control over a public limited liability company in which a premium is paid to the controlling entity is subject to the regulations of the Securities Market Law on Public Offers for the Acquisition of Shares

9.1. Overview

A public offering is prepared to acquire shares in public limited liability companies or securities convertible into shares, through which its shareholders receive an offer to acquire their shares under conditions that allow the bidder to obtain a certain percentage ownership of the issuing company, within a specified period.

9.2. Voluntary and mandatory public offering

The offer may be voluntary, if the bidder presents it without being legally required to do so, or mandatory if required by law.

The Securities Market Law describes the cases in which a public offering must necessarily be carried out:

- Those that allow obtaining control of a company;
- If, as a result of an acquisition, control of two-thirds or more of the capital of a company is obtained, an offer for the remaining shares must be made within 30 days after the previous offer (known as a "secondary offering"); and
- If the intention is to acquire control of a company that, in turn, controls another public limited company, when representing 75% or more of the value of its consolidated assets, an offer must be previously made to the shareholders of the latter for an amount not less than the percentage that allows control to be obtained.

The following situations are exempt from the above:

- Acquisitions resulting from a capital increase consisting of the first issue of shares which, due to their number, allows the buyer to obtain control of the issuing company;
- Acquisitions of shares that are sold by the company's majority stakeholder, provided they are listed on a stock market, the price of the sale is paid in cash, and it is not substantially higher than the market price (for these purposes, a premium is deemed to exist if the price is 10% higher than the market price of the shares);
- Those that occur as a result of a merger;
- Acquisitions due to death; and
- Those originating from forced sales.

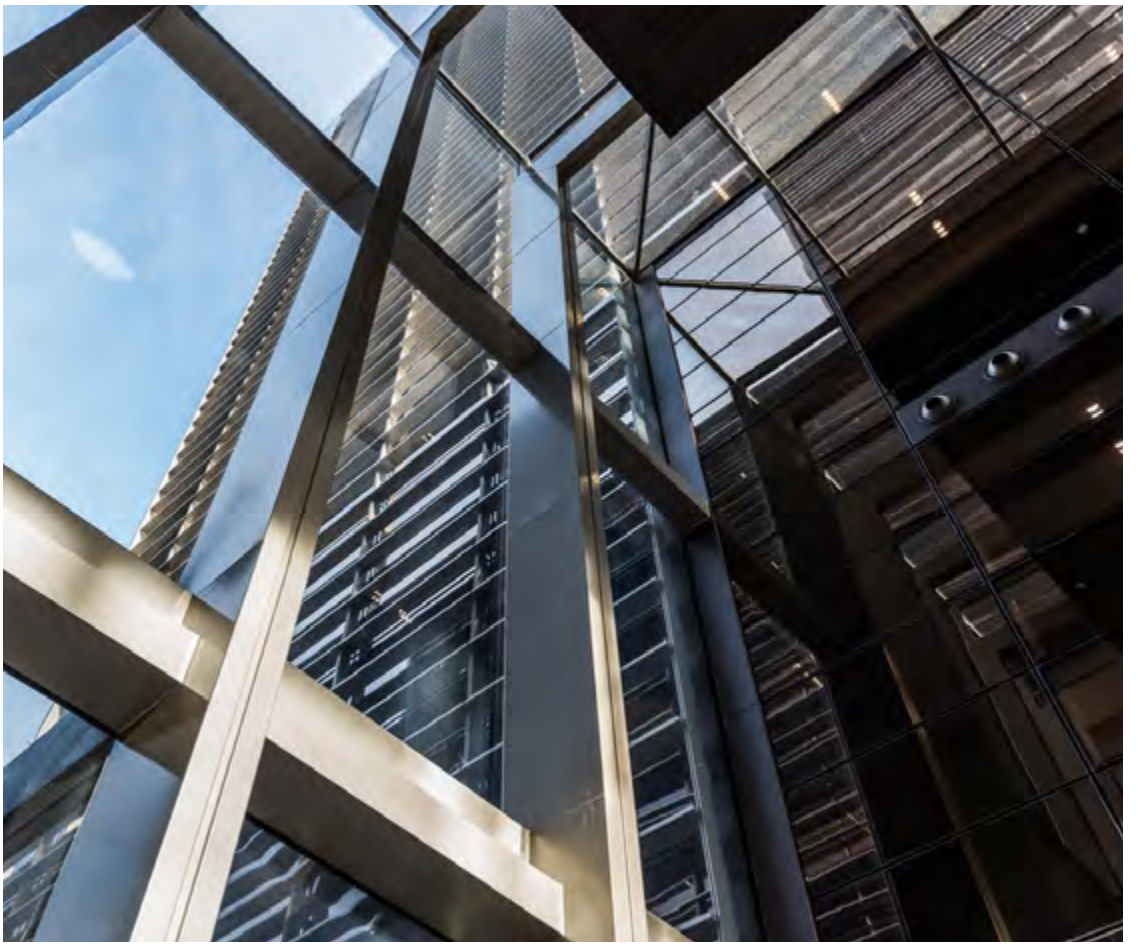
The issuing company and its board of directors are prohibited from acquiring treasury shares and from other actions during the entire term of the public offering

9.3. Restrictions on the bidder

- The public offering must involve all shareholders and must be irrevocable, but it may be subject to objective expiration conditions.
- If the number of acceptances exceeds the number of shares offered for acquisition, the bidder must buy them on a pro rata basis from each of the accepting shareholders.
- The public offering can be valid for 20 to 30 days, although in some cases the period must be 30 days, and it can be extended only once for 5 to 15 additional days.
- The public offering can only be modified during the validity period to increase the number of shares offered or to improve the price offered, in which case the shareholders that have previously accepted the offer must benefit from the increase.
- Shareholders that agree to sell in a public offering may partially or fully withdraw during its validity period and recover all of their shares or a portion of them.
- During the offer's validity period, the buyer cannot acquire shares in the target company through private transactions or on national or foreign stock exchanges.
- If, within the 30 days prior to the effective date of the offer and up to 90 days after the date the public offering takes place, the buyer directly or indirectly acquires shares included in the offer under more beneficial price conditions than those set out in the public offering, the shareholders that have sold the shares are entitled to demand the difference in price or the benefit in question, taking into consideration the highest value paid. In such cases, the offeror and the individuals who have benefited from acquiring shares under better conditions than those of the public offering will be jointly and severally liable for payment.
- A shareholder that has acquired control through the public offering cannot, within 12 months following the transaction date, acquire additional shares in the target company for an amount equal to or greater than 3% without making a public offering, and the unit price per share cannot be less than that paid in the takeover transaction.

9.4. Restrictions and obligations of the issuing company and its board of directors

- During the entire validity period of the public offering, the issuing company and the members of its board of directors are prohibited from acquiring treasury shares, creating subsidiaries, disposing of assets that represent more than 5% of the company's total value, or increasing the issuing company's debt by more than 10% with respect to the debt before the start of the public offering. However, the Financial Market Commission ("CMF") may authorize, duly giving reasons, any of the above transactions as long as they do not affect the normal course of the public offering.
- The issuing company must provide the buyer with an updated list of its shareholders within two business days from the start of the public offering.
- The directors of the issuing company must individually issue and make available to the public a written report containing their informed opinion regarding the suitability of the public offering for shareholders.



10

Consumer protection

The Law on the Protection of Consumer Rights regulates the relationship between suppliers and consumers of goods and services, establishes a series of rights for consumers and regulates adhesion contracts to prevent suppliers from including abusive clauses

The relationship between suppliers and consumers of goods and services is regulated in Chile by Law 19496 on the Protection of Consumer Rights ("LPDC").

10.1. Consumer and supplier definitions

Article 1 of the LPDC defines consumers and suppliers in the following terms.

Consumers or users: individuals or legal persons that, by virtue of any onerous legal act, acquire, use or enjoy goods or services as the final recipients. Under no circumstances may suppliers be considered consumers.

Suppliers: individuals or legal persons, of a public or private nature, that habitually carry out production, manufacturing, import, construction, distribution or marketing activities involving the supply of goods or services to consumers, for which a price or fee is charged. Individuals that have a professional degree and carry out their activity independently will not be considered suppliers.

An "act of consumption" must be carried out to be considered a consumer. An act of consumption must fulfill three requirements: (i) a payment is made (ii) within the context of a contract for which a good or service is received; and (iii) the good or service is acquired by the consumer as the final recipient.

The LPDC establishes that those who should be considered suppliers cannot be considered consumers. However, Law 20146, which sets out standards for smaller companies ("SME Statute"), makes certain LPDC standards applicable to micro and small companies, including consumer rights and obligations, supplier obligations, adhesion contracts, liability for non-compliance, information and advertising.

10.2. Pro-consumer principle

Article 2 ter LPDC establishes the pro-consumer principle, under which the LPDC provisions must be interpreted in favor of consumers, supplementing this prevailing interpretation with the general rules for interpretation of the LPDC.

10.3. Scope of the LPDC

Article 2 of the LPDC establishes its scope of application, stating that the rules relating to consumer protection apply to the following relationships:

- Legal acts that are commercial in nature for the supplier and civil in nature for the consumer;
- Selling tombs or burial sites;
- Acts or contracts in which the supplier is required to provide the consumer or user with the use or enjoyment of a property for specified, continuous or discontinuous periods not exceeding three months, provided that they are furnished and for the purpose of rest or tourism;
- Education contracts for basic, secondary, technical, professional and university education, but only in relation to the rules of equity in the stipulations and i n the fulfillment of adhesion, information and advertising contracts and to file a claim with the courts to enforce those rights; The right to file an appeal with the courts regarding the quality of education or the academic conditions set by educational establishments is excluded;
- Contracts for the sale of homes built by construction companies, real estate companies and by the Housing and Development Services, excluding construction quality;
- Contracts entered into or executed to obtain health care services, excluding health benefits. Those regarding matters relating to the quality of those services and their financing through health funds or insurance. Those regarding the accreditation and certification of public and private individual or institutional suppliers and, in general, those regarding any other matter that is regulated by special laws.

10.4. Consumer rights and obligations

The LPDC establishes a set of rights and obligations for consumers that cannot be waived in advance.

The main **consumer rights and obligations** are the following:

- Freedom to choose goods and services (silence does not constitute acceptance by consumers);
- The right to accurate and timely information regarding the goods and services offered, their price, contract conditions and other relevant features, and the obligation to duly become informed of those items;
- No arbitrary discrimination by suppliers of goods and services;
- Safety when consuming goods and services, protection of health and the environment and the obligation to avoid risks that may affect them;
- The right to adequate and timely repair and compensation for all material and moral damages in the event of breach of any of the obligations set out in the contract with the supplier, and the obligation to act in accordance with the means afforded by the law;
- Education for responsible consumption and the obligation to carry out consumer transactions with an established business; and

- Always being heard by the competent court under the LPDC.

10.5. Regulation of adhesion contracts

The LPDC regulates the rules of equity in the stipulations and in the fulfillment of adhesion contracts to prevent suppliers from including abusive clauses in adhesion contracts.

Although the LPDC does not define abusive clauses, it is understood that clauses are abusive when they can give rise to hidden damages to consumers in such a way that, if they had been aware of the possibility of damages, they would not have purchased the good or contracted the service.

The penalty for abusive clauses is their nullity.

The LPDC establishes specific grounds that constitute unfair clauses and a general rule.

Specifically, unfair clauses are those that:

- grant one of the parties the power to terminate or amend the contract at its sole discretion or to unilaterally suspend its execution;
- establish price increases for services or surcharges, unless they relate to additional benefits that may be accepted or rejected in each case and that are specifically defined separately;
- place on the consumer the burden of defects, omissions or administrative errors, when not responsible for them;
- shift the burden of proof against the consumer;
- contain absolute limitations of liability that may deprive the consumer of the right to compensation for defects that affect the usefulness or essential purpose of the product or service;
- include blanks that have not been filled in or blocked off before the contract is signed; and
- limit the remedies available to consumers to enforce their rights.

In general, abusive clauses are considered those that are contrary to the requirements of good faith, taking into account objective parameters for these purposes and causing, to the detriment of the consumer, a significant imbalance in the rights and obligations that result from the contract between the parties.

Additionally, under the LPDC, ambiguous clauses in adhesion contracts will always be interpreted in favor of consumers. Also, in case of conflicts or inconsistencies between clauses, the most favorable to the consumer must prevail.

10.6. Liability for non-compliance and actions

As a result of violations of the LPDC, consumers may submit complaints and file claims for any actions, omissions or behavior that affect the exercising of any of their rights.

These complaints or actions may be aimed at penalizing the supplier responsible for the violation, canceling the abusive clauses included in adhesion contracts, obtaining the supply of the unfulfilled obligation, stopping the action that affects the exercising of consumer rights, or obtaining due compensation for damages or the appropriate repair.

Filing complaints and actions can be done individually. Individual interests are those that exclusively promote the defense of the affected consumer's rights.

Exercising actions can also be done for the benefit of the interests of a group or the broad interest of consumers in general. Interests of a group are those promoted to defend the common rights of a certain or ascertainable group of consumers linked to a supplier through a contractual relationship. Broad interests of consumers are those that promote the defense of an undetermined group of consumers whose rights have been affected.

Complaints or actions in defense of individual interests may be filed, at the choice of the affected consumers, with the local police court with jurisdiction over their residence or the supplier's address.

Actions in defense of interests of a group or broad interests of consumers in general can be filed with (i) the National Consumer Service; (ii) a consumers association; and (iii) a group of affected consumers with the same interest. These actions fall within the authority of the respective civil courts, under the general rules of court competence.

Decree 84 of the Ministry of Economy, Development and Tourism, approving the regulations on mediation, conciliation and arbitration in consumer matters, was published in the Official Gazette on December 13, 2022. It will enter into force on June 13, 2023, and provides that actions in defense of the individual interest of consumers may be resolved through alternative dispute resolution mechanisms such as arbitration, mediation and conciliation. It also establishes that dispute resolution will be completely free of charge for consumers, since suppliers will have to cover all procedural costs.

10.7. The National Consumer Service

To ensure that adhesion contracts comply with the law, SERNAC grants the "SERNAC Seal"

The National Consumer Service ("SERNAC") is the agency responsible for ensuring compliance with the LPDC, providing information regarding consumer rights and obligations, and carrying out consumer information and education actions.

Its main functions include the following:

- Supervising compliance with the provisions of the LPDC and all consumer protection regulations;
- Administrative interpretation of consumer protection regulations that it is responsible for monitoring;
- Proposing the issue, amendment or repeal of legal and regulatory precepts when necessary to adequately protect consumer rights;
- Initiating actions to defend the interests of groups or the broad interests of consumers in general; and
- Preparing, publishing and promoting consumer information and education programs.

Among the SERNAC'S obligations and powers is granting the "SERNAC Seal" to adhesion contracts by banks and financial institutions, commercial establishments, insurance companies, clearing houses, savings and credit cooperatives and other suppliers of credit, insurance and, in general, any financial products.

The purpose of granting the SERNAC Seal is to ensure that these contracts comply with the law, that suppliers have customer service resources and that the consumer is allowed to use an arbitrator or mediator to resolve financial disputes, in the event of not receiving a satisfactory solution from the financial supplier's customer service.

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