



GUIDE TO BEST PRACTICES
NON-RESIDENT, NON-DOMICILED
INVESTORS (NRND) IN CHILE
INVESTING IN PUBLIC INVESTMENT FUNDS

Document summarizing the characteristics, benefits, challenges, and opportunities of
Fund Management Companies and Public Investment Funds for non-resident,
non-domiciled investors in Chile.

INTRODUCTION

This guide describes, in practical language, how non-resident, non-domiciled investors in Chile (NRND) may invest in public investment funds managed by Fund Management Companies (AGFs) supervised by the Financial Market Commission (CMF). It covers the custody chain (global custodian – sub - custodian – DCV), operational flows (subscriptions/redemptions, exchanges and dividends via SWIFT), and the applicable tax framework (general regime, Article 107 of the Income Tax Law, and the 80/20 regime). Its objective is to standardize best practices and reduce operational, regulatory, and compliance frictions.

In this guide, Fund Management Companies (AGFs) will be able to understand the processes, platforms, and legal aspects involved in investments by non-resident, non-domiciled foreign investors in Chile, as well as how such investors may access the Chilean investment fund market through local sub - custodian banks and the Central Securities Depository (DCV), the institutions that represent them and safeguard their investments in the country.

As a complement, we include brief Annexes that provide detailed guidance on best practices related to the most common settlement events in the Investment Funds market, applicable to Non-Resident Foreign Investors in Chile, their custodian banks, the DCV, and relevant tax matters.

We expect this document to serve as a useful tool for those seeking to participate in the Investment Funds market in Chile, and to contribute to the development and strengthening of the Chilean Investment Funds industry.

* Legal and tax disclaimer: This material is for informational purposes only and does not constitute legal, tax, or investment advice. Regulations may change and tax interpretation depends on specific circumstances. Investors should consult their advisors and verify applicable regulations and rulings. Valid as of October 2025.



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PARTICIPANTS AND THEIR ROLES

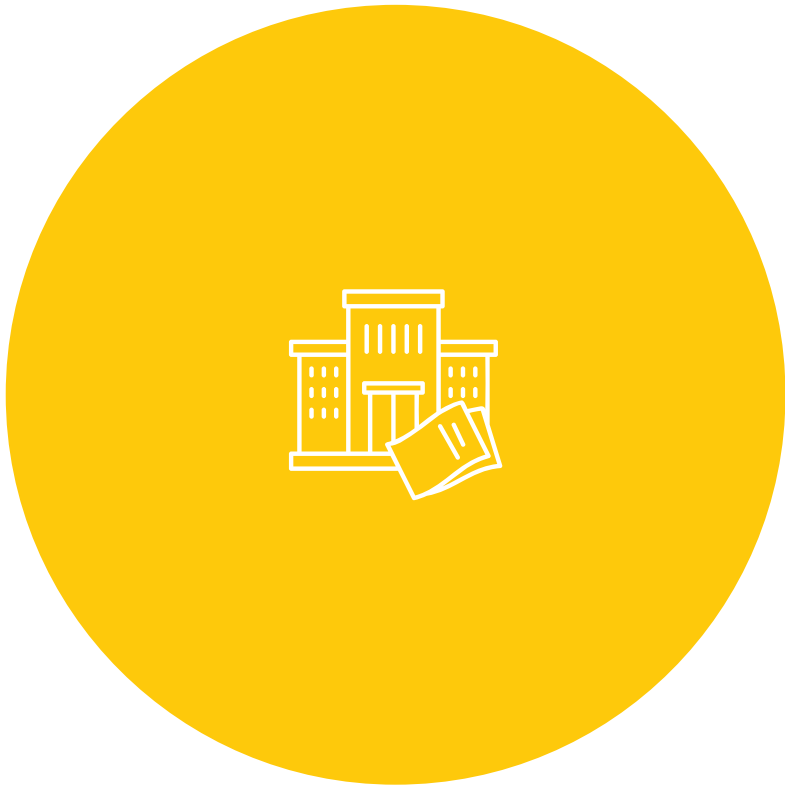
CUSTODY CHAIN RELATIONSHIP

NRND investors are those investors who are not Chilean nationals and who do not have residence or domicile in Chile.

They may buy or sell their fund units in the secondary market through a stock brokerage firm and submit their instructions to the local sub-custodian bank, which is the local bank that represents the investor in Chile. The sub-custodian bank is responsible for executing the investor’s instructions in the market, settling the transactions, updating the investor’s unit holdings in the Central Securities Depository (DCV), and communicating the relevant information to the global custodian, which is the bank that maintains a direct contractual relationship with the foreign investor.



FUND MANAGEMENT COMPANIES (AGF)



Fund Management Companies (AGFs) act as demanders of securities through the funds and third-party portfolios they manage.

They are special-purpose corporations established for the management of third-party assets through mutual funds, investment funds, and third-party portfolios (those subject to supervision by the Financial Market Commission – CMF), and are governed by Law No. 20,712.

Fund Management Companies are responsible for managing fund assets on behalf and at the risk of the investors.

In consideration for fund management services, Fund Management Companies may charge the fees established in the bylaws or internal regulations of each fund¹.

¹ Source: CMF



INVESTORS



Investors in an investment fund may be individuals or legal entities who, through their contributions, become owners of a portion of the fund by acquiring fund units.

In the case of a non-resident, non-domiciled investor in Chile, the first step is to register with the local custodian, providing the required documentation, including identification of the beneficial owner, corporate bylaws, and other relevant information. Such investors may operate either as individuals or as legal entities. It is not necessary to incorporate a company in Chile; however, a local legal representative must be appointed.

In addition, the investor must obtain a tax identification number locally known as the RUT (Rol Único Tributario). If the investor does not already have a RUT, the local custodian will request and obtain one through the platform made available by the Chilean Internal Revenue Service (SII). The custodian will act as the intermediary between the investor and the Chilean market.

Under Chilean regulations, investors are required to maintain segregated securities accounts in the name of the beneficial owner. Such accounts may be omnibus accounts held in the name and under the RUT of the global custodian, or fully segregated accounts held in the name of the beneficial owner.

A global or regional custodian may maintain its registration and act in the name and/or on behalf of other non-resident, non-domiciled investors in Chile, provided that such activities are properly segregated and, accordingly, reported to the Chilean tax authority by the tax agent.

Chile is considered a beneficial owner (BO) market; however, it is market practice for the local custodian to register assets and securities in its own name, acting on behalf of foreign investors at the central securities depository.

In the case of investment funds, it is advisable to open a principal (mandator) account at the Central Securities Depository (DCV) for investment funds, in order to ensure better portfolio control.



GLOBAL CUSTODIAN



To operate in the Chilean market, NRND investors typically appoint a global custodian that provides access to multiple international and regional markets.

The global custodian appoints a local sub-custodian in Chile, who reflects investor holdings in the Central Securities Depository (DCV).

The contractual duty of the local sub-custodian is owed to the global custodian, not directly to the foreign investor. The global custodian maintains the direct contractual relationship with the investor.



LOCAL SUB-CUSTODIAN



The role of the local custodian is fundamental and essential to enable institutional and foreign investors—such as NRND investors—to invest in a secure and regulated manner in the Chilean securities market. For this reason, the local custodian must be the local entity that deals directly with fund management companies.

The local custodian is an entity registered with the Financial Market Commission (CMF) and approved by the Chilean Internal Revenue Service (SII) to act as a securities custodian and tax responsible agent, offering such services in the Chilean market to both local and foreign investors and companies. The local custodian is appointed by the global custodian.

It should be noted that, although there is no direct contractual relationship between the foreign investor and the local custodian, it is market practice for the local custodian to hold a duly executed power of attorney from the investor in order to participate in the purchase and sale of investment fund units. This power of attorney serves as additional support to evidence the representation of the investor.

Key functions include:

- Tax Agent Services:**
Declares, withholds, and pays taxes when applicable, and provides the investor with tax certificates and tax reports. Maintains detailed supporting documentation (invoices, trade tickets, or other relevant records), as well as the investor’s documentation.
- Asset Sub-Custody and Settlement:**
Safekeeps and administers securities (shares, bonds, fund units, etc.) on behalf of the investor, generally through an omnibus account held at the Central Securities Depository (DCV).
- Representation in Corporate Actions:**
Informs the investor of events such as shareholders’ meetings, optional dividends, mergers, and similar corporate actions. It also executes instructions such as voting and the exercise of preemptive or subscription rights.
- Payment Execution:**
Receives and distributes dividends, interest, amortizations, and other income to the beneficial owners. Facilitates capital repayments and the repatriation of funds abroad.
- Complementary Services:**
Services required for operational purposes (such as foreign exchange transactions).

CENTRAL SECURITIES DEPOSITORY (DCV)

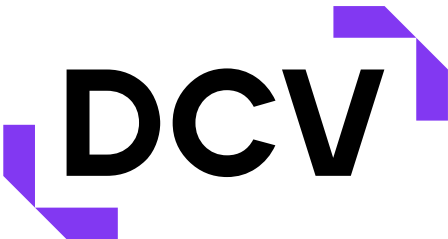


The Central Securities Depository (DCV) was established under Law No. 18,876 as the entity responsible for the custody of all publicly offered securities issued in Chile, as well as other instruments authorized by the CMF.

In addition to custody, DCV provides automated services for the registration and settlement of securities transactions in both exchange and over-the-counter (OTC) markets.

Through its subsidiary DCV Advisory and Services (DCV-AS), DCV offers Tax Responsible Agent (TRA) services, allowing investment funds and foreign investors to operate fully remotely while complying with Chilean tax obligations.





DCV Tax Responsible Agent (TRA) Service

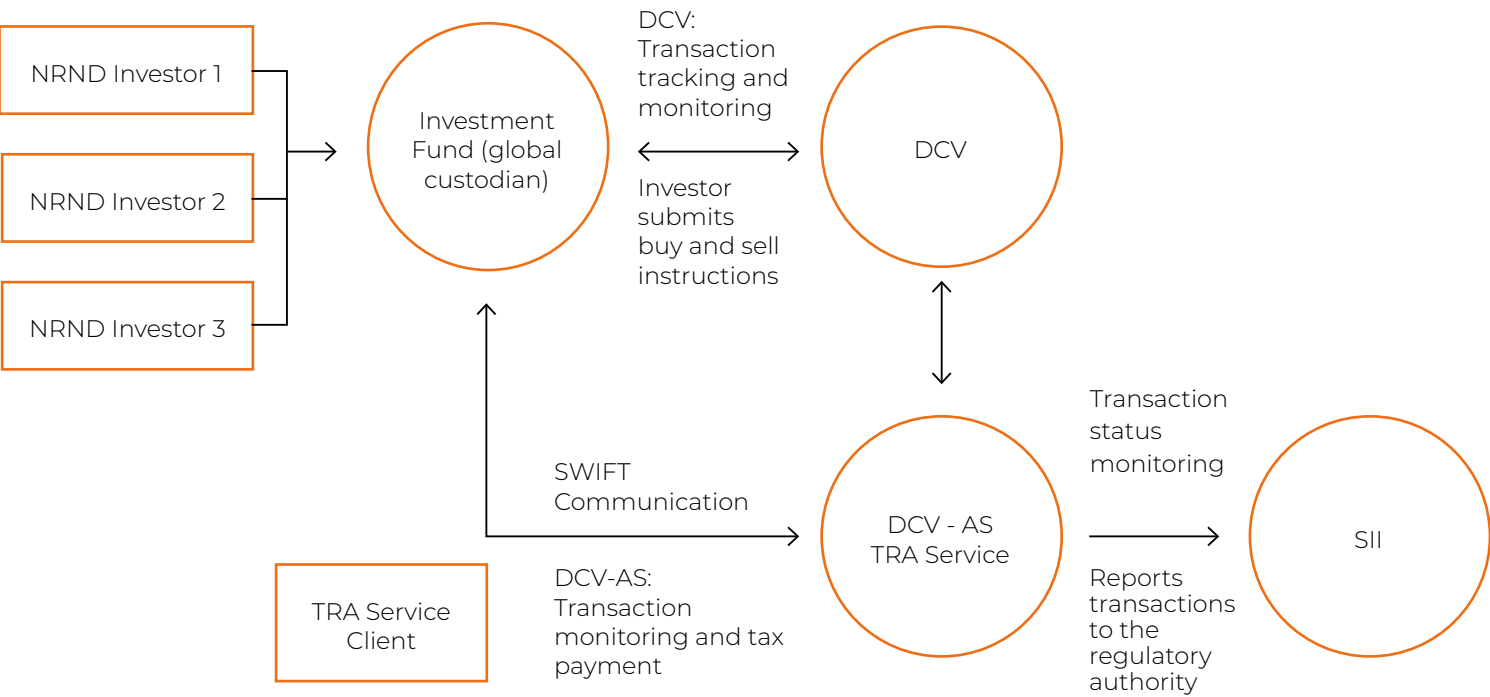
Relationship with Regulators:

- We manage the obtainment of RUTs for foreign investors.
- We submit monthly and annual reports to the Chilean Internal Revenue Service (SII).
- We ensure operational compliance under SII Resolution No. 150.
- We pay taxes on behalf of foreign investors in connection with transactions permitted under SII Resolution No. 150.

Operational Model:

- We receive transactions from foreign investors via SWIFT.
- We report the status of transactions throughout their entire life cycle.
- We ensure compliance with the applicable legal documentation (invoices or other supporting instruments).
- We perform full settlement and completion of transactions at the central securities depository.

Example of Buy and Sell Communication Flow



Plus

- Informs capital events via SWIFT and processes investor orders associated with each event.
- It processes tax information related to capital events in Chilean pesos (dividends), ensuring proper payments and required hedging.
- It processes capital events related to rights (tender offers, rights offerings, etc.).
- It also processes capital events related to rights (tender offers, capital increases, etc.), and other capital events associated with instruments accepted under SII Resolution 150.

In this model, the AGF assumes the role of sub-custodian, maintaining the relationship with the foreign investor, handling FX operations, and exchange or OTC trading. The AGF instructs subscriptions and redemptions to the DCV under the foreign investor’s RUT.

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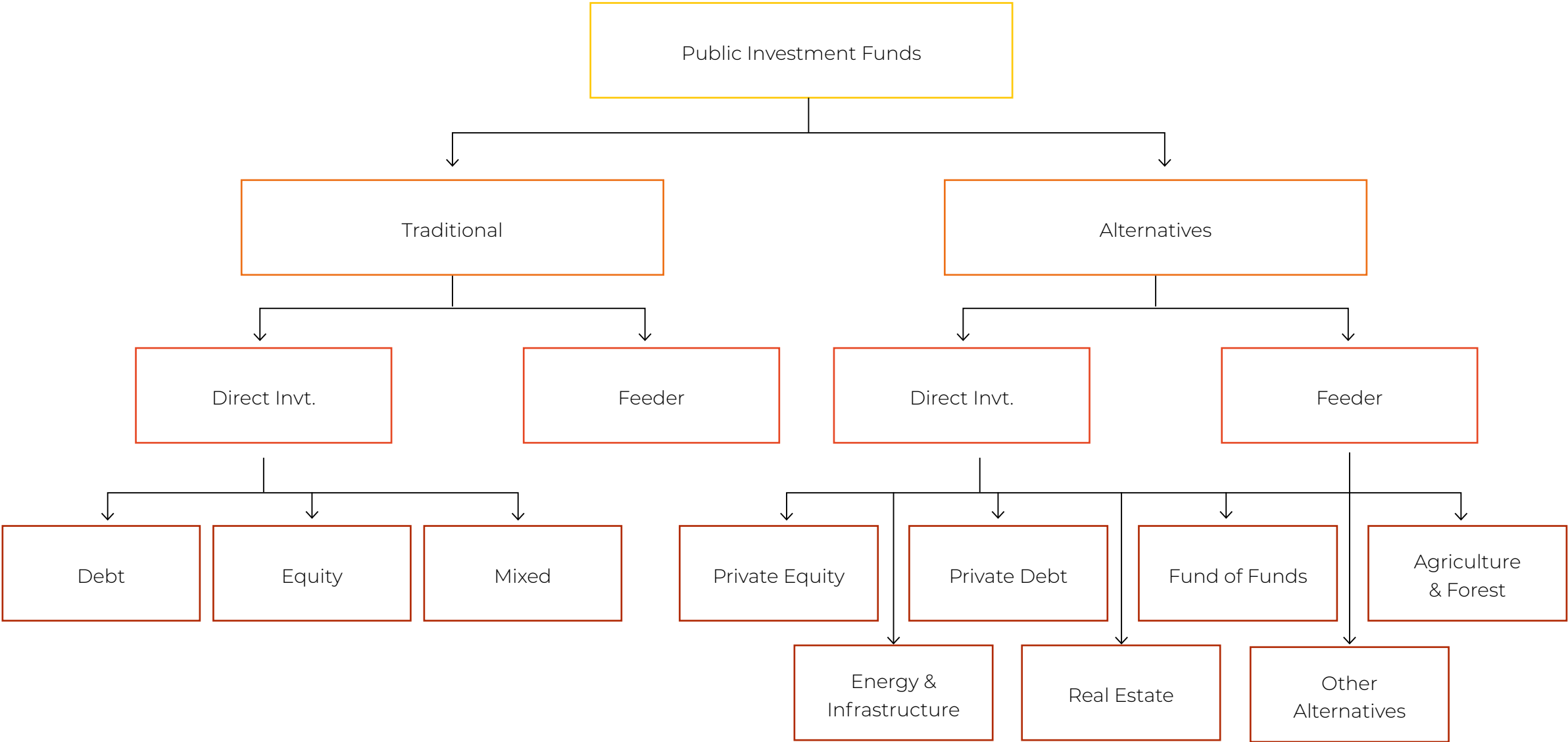


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INVESTMENT FUNDS: AN OPPORTUNITY FOR FOREIGN (NRND) INVESTORS

CHARACTERISTICS OF ELIGIBLE INVESTMENT FUNDS

Due to the characteristics of non-resident, non-domiciled investors in Chile, they may invest in **public investment funds** that are supervised by a locally regulated authority. In the case of Chile, Fund Management Companies (AGFs) are regulated by the Financial Market Commission (CMF), as are public investment funds. ACAFI has established the following classification of public investment funds, which allows for a clearer identification of the composition and structure of each fund:



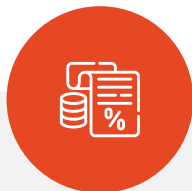
BENEFITS OF INVESTING THROUGH INVESTMENT FUNDS

Investing through investment funds offers a range of benefits for foreign investors—such as NRND investors in Chile—which can be summarized as follows:



Access to a diversified and dynamic market

Investment funds allow foreign investors to access a wide range of financial instruments, both domestic and international, with varying levels of risk and return.



Taxation

Foreign investors may access tax benefits depending on the type of investment fund and the type of instrument invested in. This will be reviewed in greater detail in the following pages.



Adoption of International Standards

Fund Management Companies (AGFs) and local sub-custodian banks are adopting international standards to facilitate communication and operational processes with foreign investors.

For example, the SWIFT system¹ is used for the transmission and receipt of instructions, confirmations, account statements, and other communications. Likewise, the BIC (Bank Identification Code)² is used to identify the financial institutions participating in transactions.



Continuous Improvement of Best Practices

The aim is to improve, optimize, and adapt transaction settlement processes, material events, and tax matters related to foreign investors.

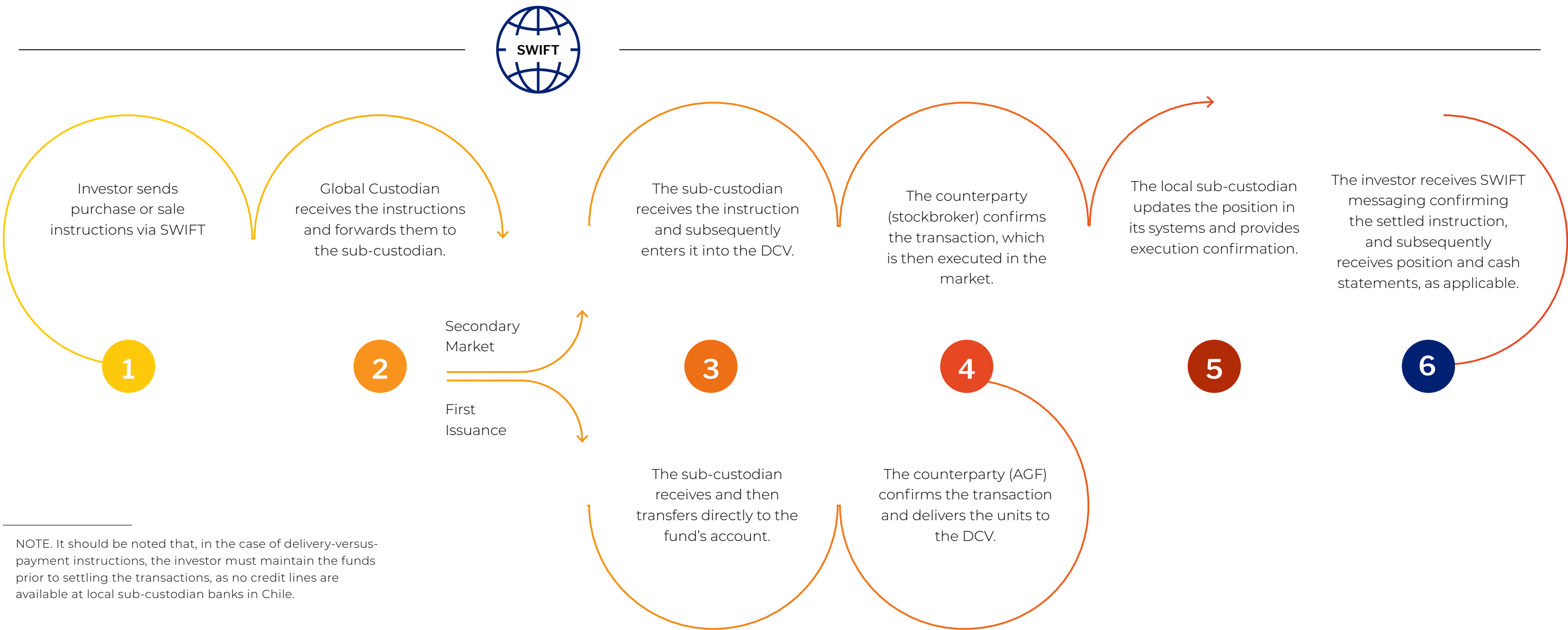
1 The SWIFT system is a secure and reliable platform that complies with global protocols and helps prevent security risks.

2 The BIC code is an 8- to 11-digit code assigned to each SWIFT member, which allows the identification of the financial institution and its branch or business unit.

SETTLEMENT FLOWS

SUBSCRIPTION AND REDEMPTION FLOW OF INVESTMENT FUND UNITS

Settlement of instructions begins with the investor and execution in the market through SWIFT messaging.





Investor

The process begins with Non-Resident, Non-Domiciled Investors in Chile, who decide to purchase or sell units of a specific Investment Fund.



Instruction to the Global Custodian

The investor sends an instruction to the global custodian. The instruction may be to purchase or sell investment fund units, indicating the quantity and the relevant fund, and is submitted via SWIFT messaging.



Instruction from the Global Custodian to the Sub-Custodian

The global custodian transmits the instruction to the sub-custodian. The sub-custodian verifies the instruction and ensures that all legal and regulatory requirements are met. The role of the sub-custodian is to represent the non-resident, non-domiciled foreign investor in the settlement of the purchase or sale.



Execution in the Market

The sub-custodian executes the instruction in the secondary market or directly with the AGF. This involves settling the purchase or sale of the units in accordance with the instruction received.



Counterparty (optional)

In cases where subscriptions or redemptions are not carried out directly with the AGF, the counterparty to the transaction is the stock brokerage firm representing the other side of the trade. If the investor wishes to purchase units, the brokerage firm sells the units through the local sub-custodian bank. If the investor wishes to sell units, the brokerage firm purchases the units through the local sub-custodian bank.

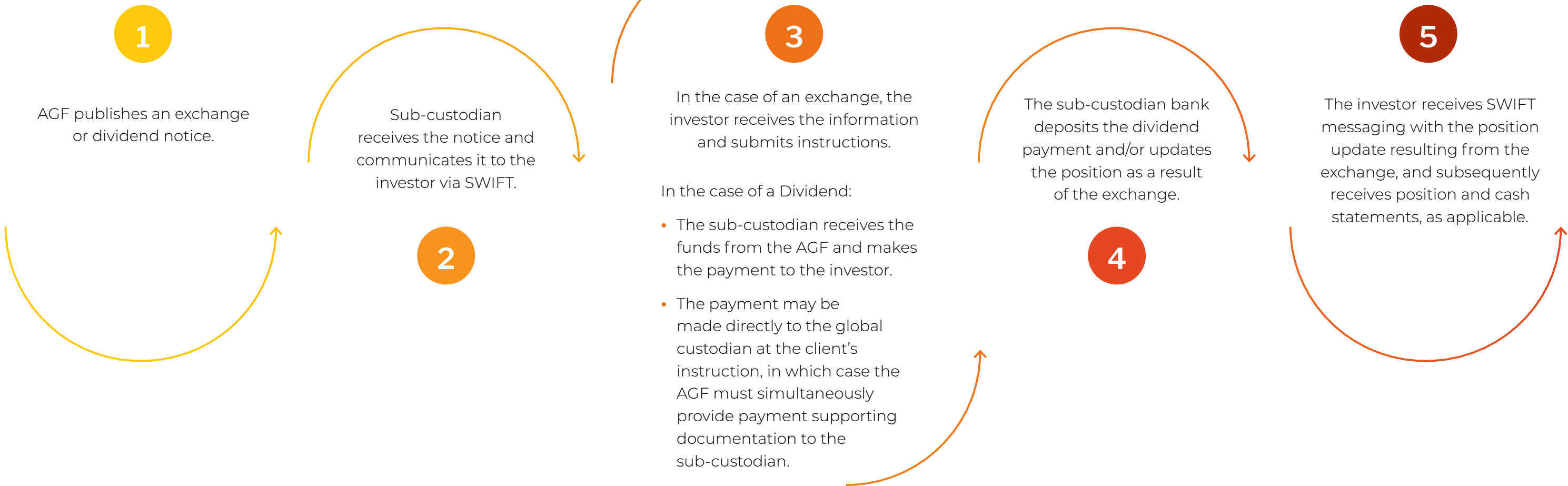


Settlement and Update of Units

Once the transaction has been executed, the units are updated in the investor's account at the Central Securities Depository (DCV), which is administered by the sub-custodian. In cases where the settlement of units has been directly requested and carried out by the AGF, the AGF delivers the units through the DCV. The sub-custodian and the global custodian record the transaction and ensure that the units are correctly reflected in the investor's records. This information is also communicated via SWIFT messaging, and investors receive their position or balance statements in their systems.

SUBSCRIPTION AND EXCHANGE FLOW OF INVESTMENT FUND UNITS

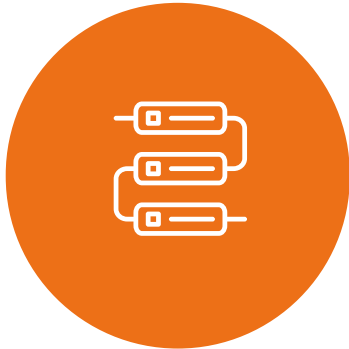
In the investment funds market, the exchange of units and the payment of dividends are very important events for NRND investors, as these are the instances in which direct communication is established with the Fund Management Company (AGF) that manages the investment fund.





Direct Communication

AGFs and investors communicate directly. AGFs receive exchange requests and dividend payment requests (distribution of profits to investors).



Recordkeeping and Transparency

- AGFs must maintain accurate records of exchanges and dividend payments.
- It is very important that these events be disclosed through official market channels, such as the Stock Exchange.
- Direct communication and the use of SWIFT ensure transparency in these processes.



Exchange Flow

Communication with the AGF: AGF must communicate, through a notice, that an exchange of units will be carried out. In these cases, it is recommended that such communication be made through a publicly available medium, such as the Stock Exchange Bulletin.

Investor Instruction: Once participation in the exchange has been established, the investor must send the instruction to its global custodian, so that it is subsequently received by the local sub-custodian bank and executed at the DCV.



Dividend Payment Flow

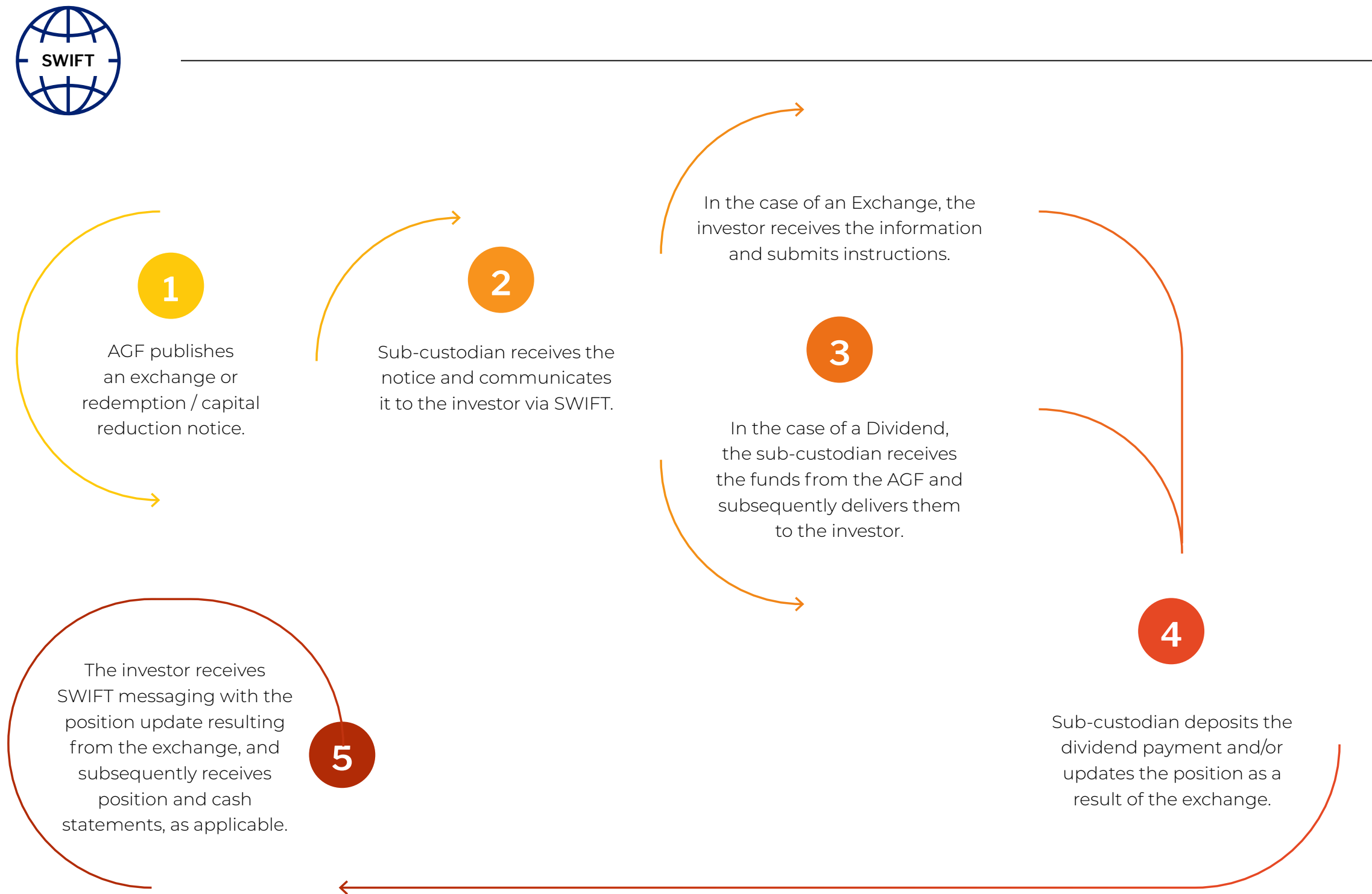
Communication with the AGF: Investors expect to receive their dividends. The AGF calculates and communicates the amounts to be paid. It is important to note that the tax must be withheld by the AGF, and only the net amount is to be paid. In parallel, the AGF must provide the corresponding certificate detailing the gross amount, net amount, and the tax withheld. This certificate must be delivered to the sub-custodian.

CAPITAL DISTRIBUTION FLOW

Transactions are generally settled free of payment (FOP), although delivery versus payment (DVP) may be used.

When settled FOP, USD remittances are agreed directly with the AGF, and the local custodian is not involved in the cash leg.

For FX settlement or DVP transactions, standard settlement flows and market cut-off times should be observed.

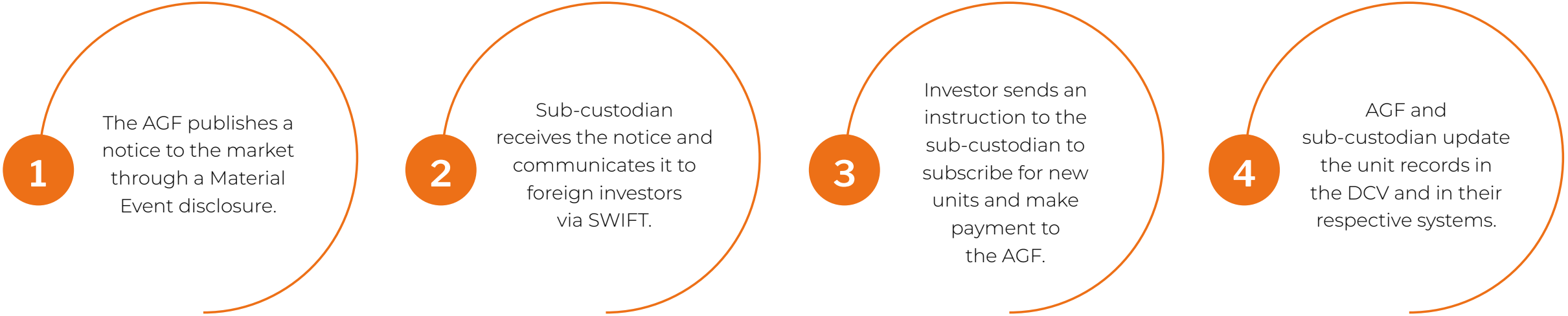


CAPITAL DISTRIBUTION FLOW

Capital Reduction



Capital Increase



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TAXATION

APPLICABLE TAXATION TO NON-RESIDENT INVESTORS

Investment funds (whether redeemable or non-redeemable) are not considered taxpayers of the First Category Income Tax under the Chilean Income Tax Law and, therefore, are not subject to such tax.



Important:

- It should be noted that all applicable taxes must be withheld and certified by the AGF¹.
- Special 80/20 tax regime applicable to Chilean public investment funds that invest more than 80% of their assets abroad. This definition is addressed in greater detail later on.

Summary of the taxation applicable to NRND investors in Chile

Event	General Tax Regime	Regime 107	80/20 Funds
Dividend Payment	Single tax 10%	Single tax ¹ 10%	0%, unless the distribution corresponds to returns from investments in Chile (in which case, a single tax of 10% or 4%, as applicable).
Capital Gains	Single tax ² 10%	Single tax 10% (Institutional Investors 0%)	0% ³
Capital reduction through a decrease in unit value not imputed to capital	For tax purposes, it is considered a dividend distribution.	For tax purposes, it is considered a dividend distribution.	For tax purposes, it is considered a dividend distribution.
Capital reduction through a decrease in the number of units	It is considered a redemption of units, that is, a capital gain	It is considered a redemption of units, that is, a capital gain.	It is considered a redemption of units, that is, a capital gain.

¹ Annually, during the month of March, the AGF must file DJ N°1922 with the Chilean Internal Revenue Service (SII), reporting the amounts of distributions made (indicating the beneficiaries of such amounts), the tax classification of the distributed amounts, and the number of unit redemptions, among other information, corresponding to the immediately preceding taxable year. Together with the filing of such DJ, the AGF must certify to each investor (Certificate N°44) the amounts distributed and redemptions carried out, as well as inform the applicable tax classification thereof.

² Paragraph 3 of Article 81 of Law N° 20,712 establishes that capital reductions based on unit value must, as a general rule, follow the same order of imputation as a distribution of profits (see SII “oficios” N° 1220/2024 and 2302/2024). Therefore, for purposes of filing DJ N°1922, this type of capital reduction must be reported as a dividend distribution (unless it is imputed to capital).

³ Pursuant to Article 82 of Law N° 20,712.

GENERAL TAX REGIME

Dividend Distribution

The taxation applicable to dividend distributions shall be a single tax at a rate of 10% on the total amount distributed.

Dividends paid through the issuance of bonus units are not subject to tax.

The taxation described above shall not apply in the case of foreign investors whose partners or shareholders are residents in Chile and hold more than a 5% interest in the ownership or profits of the foreign investor. In such case, dividends shall be taxed in accordance with the general rules (Additional Tax at a rate of 35%). This restriction does not apply where the foreign investor qualifies as an institutional investor or as an individual.

Interest Payments

Interest payments derived from bonds or other financial instruments issued in Chile, as described in the law, shall be subject to a single tax at a rate of 4%.

Capital Gain:

Capital gains obtained from the disposal of fund units shall be subject to a single tax at a rate of 10%.

The capital gain is calculated as the difference between the acquisition cost of the fund unit and its value on the date of disposal.

Where the amount of the capital gain cannot be determined, the AGF must withhold a provisional tax at a rate of 5%, which shall be applied to the total amount received upon disposal. In April of the following year, the investor may request a refund of any excess amount withheld.

	DISPOSAL VALUE	CAPITAL GAIN
-	ACQUISITION COST	* 10%
=	CAPITAL GAIN	APPLICABLE TAX

Capital Reduction through a Decrease in the Value of the Fund Units

Capital reductions (not imputed to capital, but to the Fund's profits) carried out through a decrease in the value of each fund unit must follow the same order of imputation as a dividend distribution. Therefore, in cases where such capital reductions must be imputed to amounts recorded in the Fund's tax registers corresponding to taxable profits, they shall be considered, for tax purposes, as a dividend distribution.

Capital reductions through unit value that are effectively imputed to capital for tax purposes shall not be subject to tax.

PRACTICAL RULE:

Capital reductions through unit value are treated as dividends, unless imputed to capital.

Capital Reduction through a Decrease in the Number of Fund Units

A capital reduction of a fund carried out through a decrease in the number of fund units is considered, for tax purposes, as a redemption (disposal of such units), provided that such reduction is not carried out during or in connection with the liquidation of the fund.

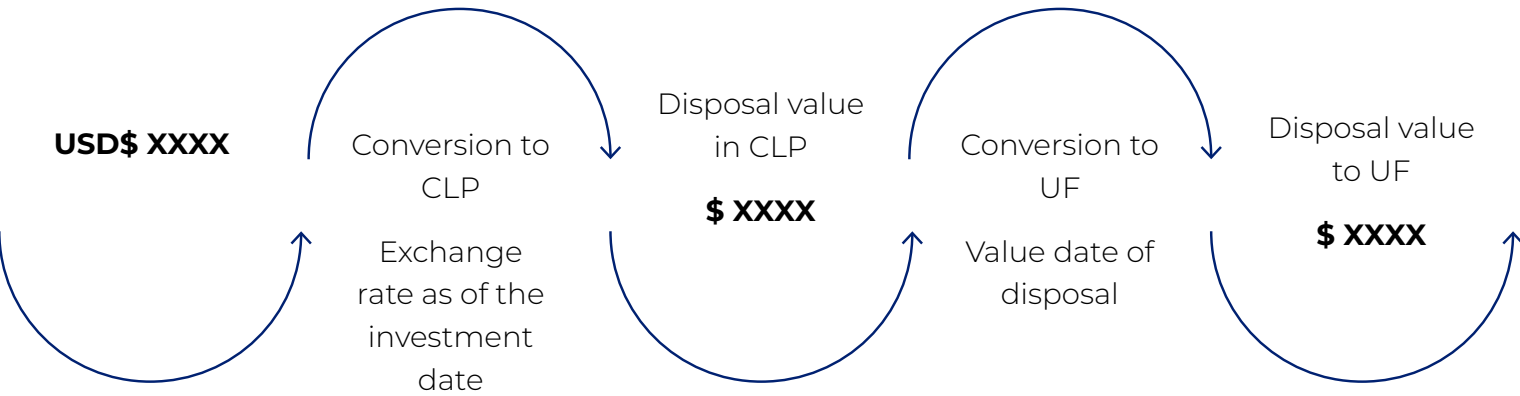
Therefore, in this regard, the provisions set forth in Section 3 above shall apply.

For foreign investors who acquire units of Chilean investment funds denominated in U.S. dollars, the acquisition cost and the disposal value must be determined in accordance with the following rules.

Rule for determining the acquisition cost



Regla para determinar el valor de enajenación



ARTICLE 107 REGIME OF THE INCOME TAX LAW

Special tax regime set forth in Article 107 of the Income Tax Law. Pursuant to the provisions of said article, the capital gain obtained from the disposal of fund units is subject to a single tax at a rate of 10%, provided that certain requirements are met, except in the case of institutional investors¹ (domiciled or resident in Chile or abroad), for whom the gain is not subject to tax.

¹ The status of institutional investor is set forth in Article 4 bis of the Securities Market Law No. 18,045 and in General Rule No. 410 of the Financial Market Commission (CMF), and applies in the following cases:(a) A fund that publicly offers its units in a country that has an investment-grade rating for its public debt.(b) A fund that is registered with a regulatory authority of a country that has an investment-grade rating for its public debt, provided that the fund has investments in Chile, including securities issued abroad that are representative of domestic securities, which account for less than 30% of the value of its total assets.(c) A pension fund.(d) An insurance company that, in its country of origin, is subject to regulation and supervision by the competent insurance regulatory authorities.(e) A foreign State recognized by Chile, or a territorial and political subdivision with autonomy and legislative powers, with respect to the investment of its international reserves.(f) A foreign State recognized by Chile, or a territorial and political subdivision with autonomy and legislative powers, with respect to the investment of its sovereign wealth funds.(g) A foreign entity registered with a regulatory authority of a country that has an investment-grade rating for its public debt.(h) Any other type of foreign institutional investor that meets the characteristics defined by the CMF, subject to a prior report from the Chilean Internal Revenue Service (SII). Additionally, this requirement shall also be deemed to be met in the case of units that do not have stock exchange presence, provided that the investment policy set forth in the fund’s bylaws establishes that at least 90% of the fund’s investment portfolio will be allocated to investments in shares with stock exchange presence.

Cumulative requirements



The units must have stock exchange presence.

This requirement shall be deemed to be met if a Market Maker is in place; however, if stock exchange presence is provided exclusively by the Market Maker, the capital gain shall be subject to the single tax at a rate of 10% only for a period of one year counted from the first public offering of securities carried out after the issuer has been registered or the bylaws have been filed with the CMF registry.



The disposal of the units must be carried out:

- On a stock exchange authorized by the CMF; or
- Through redemption upon liquidation or capital reduction by number of units(option (ii) applies only to funds whose units do not have stock exchange presence)².



The fund’s investment policy

The fund’s investment policy must establish the obligation of the fund management company to distribute all dividends and interest received from the issuers of the securities in which the fund has invested.

² The foregoing applies to both redeemable and non-redeemable investment funds (SII Ruling No. 2302/2024).

Dividend Distribution

The taxation applicable to dividend distributions shall be a single tax at a rate of 10% on the total amount distributed.

Dividends paid through the issuance of bonus units are not subject to tax.

Interest Payments.

Interest payments derived from bonds or other financial instruments described in the law shall be subject to a single tax at a rate of 4%.

Capital Gain

Capital gains obtained from the disposal of fund units shall be subject to a single tax at a rate of 10%. Capital gains obtained by institutional investors shall not be subject to tax in Chile.The capital gain is calculated as the difference between the acquisition cost of the fund unit and its value on the date of disposal:

	DISPOSAL VALUE		CAPITAL GAIN
-	ACQUISITION COST		* 10%
=	CAPITAL GAIN		APPLICABLE TAX

For foreign investors who acquire units of Chilean investment funds denominated in U.S. dollars, the acquisition cost and the disposal value must be determined in accordance with the following rules:

- **Capital reduction through a decrease in the value of the Fund’s units:** A capital reduction carried out through a decrease in the value of each fund unit is considered, for tax purposes, as a dividend distribution.
- **Capital reduction through a decrease in the number of Fund units:** A capital reduction of a fund carried out through a decrease in the number of fund units is considered, for tax purposes, as a redemption (disposal of such units), provided that such reduction is not carried out during or in connection with the liquidation of the fund.



80/20 FUNDS REGIMEN

Special tax regime applicable to Chilean public investment funds that invest more than 80% of their assets abroad.

A 0% tax shall apply to any payment or capital gain received by foreign investors from a public fund, provided that such fund meets the following requirements:



For at least 330 continuous or non-continuous days in a calendar year, 80% or more of the total value of the fund's assets must be invested in securities issued abroad, in assets located abroad, and/or in derivative contracts or other assets of a similar nature.



The fund's bylaws must establish the obligation of the fund management company to distribute all dividends, interest, and other income derived from securities and capital gains arising from investments located in Chile.



The investment policy set forth in the fund's bylaws must be consistent with the characteristics of the fund.



Residents in Chile may not hold more than a 5% ownership interest in the capital or profits of the foreign investor. This restriction does not apply where the foreign investor qualifies as an institutional investor or is an individual.

Dividend Distribution

The taxation applicable to dividend distributions will depend on the location of the fund's assets:

- **Foreign underlying assets:** Dividends are not subject to taxation.
- **Underlying assets located in Chile:** Dividends are subject to a single tax at a rate of 10% if the underlying asset corresponds to shares, or at a rate of 4% if they correspond to bonds or other interest-bearing instruments.

Dividends paid through the issuance of bonus units are not subject to tax.

Interest Payments

Interest payments derived from bonds or other financial instruments described in the law shall be subject to a single tax at a rate of 4%.

Capital Gain:

Capital gains obtained from the disposal of fund units shall not be subject to tax in Chile.

Capital Reduction through a Decrease in the Value of the Fund Units

A capital reduction carried out through a decrease in the value of each fund unit is considered, for tax purposes, as a dividend distribution.

Capital Reduction through a Decrease in the Number of Fund Units

A capital reduction of a fund carried out through a decrease in the number of fund units is considered, for tax purposes, as a redemption (disposal of such units).



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APPENDICES

GLOSSARY

APENDIX 1 TYPES OF SWIFT MESSAGING

Categories



Custody operations make use of five of these categories.

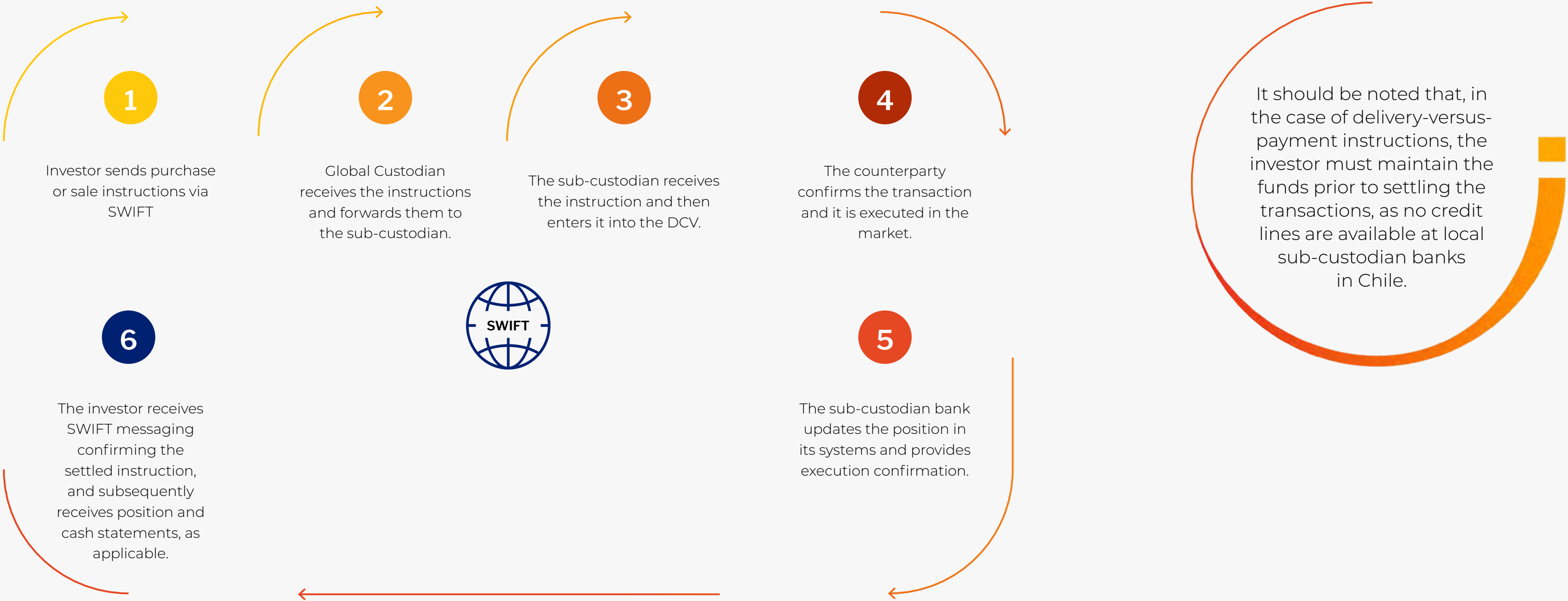
- MT1XX y MT2XX for cash settlement
- MT3XX for FX.
- MT5XX for securities settlement.
- MT9XX for cash reporting.

“

In summary:

This flow ensures that the instructions of Non-Resident, Non-Domiciled Investors in Chile are executed efficiently and securely in the secondary market, facilitating liquidity and the management of investments in Investment Funds.

Simplified diagram



Exchange and Dividend Payment Flow of Investment Funds

In the Investment Funds market, the exchange of units and the payment of dividends are very important events. This is where direct communication is established between Non-Resident, Non-Domiciled Investors in Chile and the Fund Management Company (AGF) that manages the Investment Fund.

Direct Communication:

AGFs and investors communicate directly. AGFs receive exchange requests and dividend payment requests (distribution of profits to investors).

Exchange Flow:

- **Communication with the AGF:** The AGF must communicate, through a notice, that an exchange of units will be carried out. In such cases, it is recommended that this communication be made through a publicly available medium, such as the Stock Exchange Bulletin of the Stock Exchange.
- **Investor Instruction:** Once participation in the exchange has been established, the investor must send the instruction to its Global Custodian, so that it is subsequently received by the Local Sub-Custodian Bank and executed at the DCV.

Dividend Payment Flow:

- **Generation of Dividends:** When a fund generates profits (from interest, dividends, etc.), these are distributed to investors.
- **Communication with the AGF:** Investors expect to receive their dividends. The AGF calculates and communicates the amounts to be paid. It is important to note that the recommendation is for the tax to be withheld by the AGF, and only the net amount to be paid. In parallel, the AGF must provide the corresponding certificate detailing the gross amounts, net amounts, and the tax withheld. This certificate must be delivered to the Local Sub-Custodian Bank.
- **Importance of SWIFT:** It is advisable to use the SWIFT system, as it ensures security and efficiency in transactions.

Avoid Email:

- Although email is commonly used, it does not meet international standards for financial transfers.
- Messaging through SWIFT is more secure and reliable. It complies with global protocols and helps prevent errors.

Recordkeeping and Transparency:

- Finally,
- AGFs must maintain accurate records of exchanges and dividend payments.
 - It is very important that these events be disclosed through official market channels, such as the Stock Exchange.
 - Direct communication and the use of SWIFT ensure transparency in these processes.



In summary

The relationship between AGFs and investors in the exchange and dividend payment flow is important. Efficient messaging and the adoption of international standards such as SWIFT ensure successful and reliable operations.

APENDIX 2 TAXATION

Income Tax

Dividend payments received by contributing investors of an investment fund shall be subject to a tax of 10% where the underlying instruments are shares, and 4% where the underlying instruments are bonds.

Capital Gains Tax

Redemptions of investment fund units are considered eligible for the tax benefit set forth in Article 107 of the Income Tax Law (hereinafter, the “ITL”). That said, following the amendments to Article 107, the regulation provides an exemption from capital gains tax (CGT) only for institutional investors, together with the issuance of Resolution No. 79 of 2022, which requires the investor’s local custodian to report the investor’s institutional status to the Chilean Internal Revenue Service (SII – the Chilean Tax Authority).

For further details on the Chilean legal definition of an “institutional” entity, investors should refer to Article 4 bis of the Securities Market Law No. 18,045 and General Rule No. 410 of the Financial Market Commission (CMF).

Event	Tax	Tax (Withholding Agent)	Documentation	Foreing Investor
Dividend payment	10% for equity instruments and 4% for fixed income instruments	AGF	Certification confirming the withholding	Receives funds net of tax
Rescate Voluntario	Articule 107	N/A	Funds provide documentation	Receives funds net of tax
Rescate Mandatorio	10%	AGF	Certification confirming the withholding	Receives funds net of tax
Distribución de Capital	35% applicable for GC	AGF	Certification confirming the withholding	Receives funds net of tax

Tax Summary by Type of Investment Fund

The following table sets out the main characteristics related to tax matters applicable to Investment Funds, whether redeemable or non-redeemable.

Non-Redeemable Investment Funds

Type of Fund	Liquidity (Maximum payment period upon redemption of units)	Minimum number of participants	Maximum number of participants	% Minimum percentage of equity held by non-related participants	Maximum ownership allowed per participant	Minimum equity
Redeemable	In more than 180 days or it is not total and permanent.	50 o 1 institutional	-	-	35% non-institutional investors	UF 10.000

First Category Income Tax: Investment funds are not considered taxpayers of the First Category Income Tax under the Income Tax Law, pursuant to Article 81 No. 1 of the Investment Funds Law (LUF).

Management Fees: As income falling under Article 20 No. 3 of the Income Tax Law (LIR), management fees are generally subject to VAT. However, the following management fees are exempt from VAT:

- a. Management fees corresponding to ownership units held by investors without domicile or residence in Chile.
- b. Management fees for the administration of voluntary contributions, voluntary pension savings (APV), and agreed deposits made under duly authorized voluntary pension savings plans.

CFC Rules: Pursuant to Article 41 G of the Income Tax Law (CFC Rules), taxpayers or segregated estates domiciled in Chile that directly or indirectly control foreign entities must consider as accrued or received the passive income accrued or received by such controlled entities. However, the foregoing does not affect the taxation of investment funds or their investors, since investment funds are not taxpayers of the First Category Income Tax.

Monetary Correction: As a result of investment funds not being considered taxpayers of the First Category Income Tax, the method used to adjust the fund’s assets (whether based on exchange rates or the Consumer Price Index – CPI) does not generate tax effects for the fund.

GLOSSARY

Non-Resident, Non-Domiciled **Investor in Chile (NRND)**: A natural or legal person who does not have domicile or residence in Chile and invests in Chilean financial instruments (shares, bonds, funds, etc.). These investors are subject to a special tax regime regulated by the Income Tax Law (LIR), mainly with respect to withholding taxes and capital gains exemptions.

Local Custodian: A Chilean financial institution (bank or authorized entity) that holds securities in custody on behalf of a foreign investor, acting as its representative before the DCV and other regulatory authorities. It is responsible for settlement, collection of dividends/interest, tax withholdings, and reporting to the SII and the Central Bank.

Global Custodian: A foreign entity that channels international investments through local custodians in different countries. In the case of Chile, the global custodian maintains an omnibus account with the local custodian, where the securities of several NRND investors are held.

Omnibus Account: A custody account that aggregates the securities of several foreign investors under a single account in the name of the global custodian, rather than individual accounts. It allows for operational efficiency, although it requires additional reporting to ensure transparency of the beneficial owner before the SII and the CMF.

Beneficial Owner: The natural or legal person who effectively holds the economic rights over the securities held in custody, even if such securities are registered in the name of a global custodian or intermediary.

DCV (Central Securities Depository): The entity responsible for the custody, registration, clearing, and settlement of securities in Chile. The DCV acts as the central depository and enables the electronic holding of financial instruments. Domestic custodial institutions channel through the DCV the purchase, sale, and transfer transactions of investors' securities, including those of NRND investors.

FOP (Free of Payment): Transfer of securities without cash movement. It is used for internal custody transfers or transfers between accounts of the same holder, without monetary settlement. It is a settlement method used in the Chilean financial market and managed through the DCV.

DVP (Delivery versus Payment): Transfer of securities with an associated payment. It ensures that the delivery of the security and the payment occur simultaneously, reducing counterparty risk. It is a settlement method used in the Chilean financial market and managed through the DCV.

Market Maker (MM): A financial institution or intermediary that commits to providing liquidity to the market by maintaining bid and ask quotations for certain financial instruments (shares, bonds, derivatives, etc.). Market makers enable NRND investors to buy or sell local securities more easily and at more stable prices.

DJ 1922 (Affidavit No. 1922): An annual sworn statement that financial intermediaries or custodians must file with the Chilean Internal Revenue Service (SII), reporting transactions and income obtained by non-resident, non-domiciled investors in Chile. It allows the SII to properly supervise the application of tax benefits and corresponding withholdings.

Cert. 44 (SII Certificate No. 44): A certificate issued by the Chilean Internal Revenue Service (SII) that evidences the income received and taxes withheld from foreign investors. It is a key document for NRND investors to support taxes paid in Chile and, in some cases, to claim tax benefits or avoid double taxation.

80/20 Regime: A tax regime applicable to foreign investment funds or managed portfolios, whereby at least 80% of the assets must be invested outside Chile and up to 20% may be invested in local instruments. It allows foreign investors to access tax benefits on income obtained in Chile.

Income Tax Law — Article 107: Regulates the tax treatment of capital gains obtained from the disposal of securities with stock exchange presence. For non-resident investors, this article establishes exemptions or preferential treatments, provided certain requirements are met (for example, that the transaction is carried out on an exchange and that the securities have stock exchange presence).

SLA (Service Level Agreement): A Service Level Agreement between the local custodian and the client (investor or foreign custodian), which defines service standards, response times, responsibilities, and quality metrics. In the context of international custody, the SLA is essential to ensure proper administration and reporting of the foreign investor's assets.



GUIDE TO BEST PRACTICES
NON-RESIDENT, NON-DOMICILED
INVESTORS (NRND) IN CHILE
INVESTING IN PUBLIC INVESTMENT FUNDS

Document summarizing the characteristics, benefits, challenges, and opportunities of
Fund Management Companies and Public Investment Funds for non-resident,
non-domiciled investors in Chile.