

Press Release



SUPERINTENDENCIA
VALORES Y SEGUROS

SVS ANNOUNCES RESTRUCTURING AND CREATION OF NEW DIVISIONS

- *The restructuring process, which will begin progressively as of January 1, 2008, will create new divisions that will be cross-departmental to the current organizational structure of the Superintendencia de Valores y Seguros (SVS).*
- *There will be a new Division of Market Studies and Development, which will be headed by Marco Morales, M.A. and Ph.D. in Economics from the University of Boston. Morales will be aided by Guillermo Yáñez, Ph.D. Candidate in Economics from the University of Montreal.*
- *These modifications will be added to those implemented in September by the Intendencia de Seguros (Insurance).*

The SVS Chairman, Guillermo Larraín Ríos, gave an announcement this morning about an organizational restructuring that will include the creation of new divisions, the redefinition of existing divisions and a reorganization of the institutional work order.

The regulatory authority explained that these changes are the result of an intense process of reflection, analysis and strategic planning that began last August.

“The SVS has recognized prestige both inside and outside of Chile. Its independence and the high technical level of its employees have been fundamental to the development of the country’s financial market. Nevertheless, the dynamism and greater complexity of the markets have required that this organization respond appropriately and opportunely to the changes that are coming”, indicated Larraín.

Chairman Larraín emphasized that these changes are aimed at providing the SVS with the best and most modern tools to fulfill its mission to contribute to the economic development of the country, by making the securities and insurance markets reliable and efficient. This is the result of effective supervision and modern regulation that protect the rights of the investors and policyholders and facilitate the role of other market agents.

The restructuring – announced this week to the SVS employees – will be implemented gradually starting on January 1, 2008, and will create new areas for the

professional development of those who make up this organization, as many of the new leadership positions will be filled internally.

OBJECTIVES

The restructuring includes the creation of different areas and divisions that are oriented towards fulfilling specific objectives and objectives that are transverse to the work done by the SVS.

These include:

- a) To improve the process of identifying and following up on bad market practices as well as the arbitrary nature of the decision-making process related to sanctions.
- b) To promote cross-departmental work, in both the Securities and Insurance *Intendencias*, and create work groups that will carry out defined projects with clear responsibilities and timeframes.
- c) To improve the quality of information that the SVS provides to the others. This essential means to generate simple information that can be easily understood by an ever increasing public.
- d) To strengthen the institution in order to confront the challenges of international issues which demand that Chile and the SVS be more greatly integrated into forums such as the OECD, IOSCO and IAIS.
- e) To formalize existing internal procedures, with better assignment of responsibilities and tasks.

NEW AREAS AND DIVISIONS

1. Research Division and Sanctions Committee:

The objective of this change is to formalize, on the organizational level, the work mechanism that is already being used in practice. The sanctions committee (made up of the Securities *Intendente*, the Securities Prosecutor, and presided over by the SVS Chairman) is an arbitration group that will now formally be in charge of the Research Division. This division will continue to be led by Carlos Pavez, Business Administration and Law.

2. Monitoring Division:

This new division to be created will be under the supervision of the Securities *Intendente*. Its purpose is to permanently monitor the market and, when there any abnormality appears in the systems, to automatically generate alerts that comply with standardized parameters. Up until now this function has been divided between the Research and Intermediary Control Divisions. The leader of this group will be assigned internally.

3. Strategic Project Management Area:

The role of this area will be to manage the development of cross-departmental projects that are of importance to the Institution. To do so, it will create work groups for each project, with the various areas of the SVS. It will also manage the development of institutional projects that are carried out in conjunction with other entities, for example, in the discussion and analysis of law projects. This group will be led by Francisco Silva, Business Administration and M.A. in Economics from the University of Lovaina.

4. Securities Regulation Area:

This unit will be under the supervision of the Securities *Intendente*, and its objective, among others, will be the creation of rules, circulars and instructions, especially those that regulate the development of new activities and products in the market. It will also perform studies related to market regulation and evaluate the degree of progress and fulfillment of international principles and standards related to regulation. The head of this area will be assigned internally.

5. Communications, Education and Institutional Image Area:

The main objective of this new area, in addition to the traditional role of linking the SVS to the press, will be to design instruments that will reduce breaches of information between the SVS and regulated entities to investors and insurance policyholders. The education process that will be generated will allow people to make better decisions regarding investment, savings and risk coverage. This unit will provide cross-departmental support for the work done in various divisions of the SVS. Daniel Garcia, a journalist graduated from the University of Chile, will be in charge of this area.

6. International Area:

The objective of this area is to coordinate the international agenda of the SVS, to strengthen its presence in the international organizations that it takes part in, and to provide input for specific local projects through the analysis of international experiences. The head of this area will be assigned internally.

7. Division of Market Studies and Development:

The objective of this division is to generate empirical studies that help to improve the analysis of the situation and evolution of the financial market in Chile and of how these may be improved. In this way, the SVS will contribute substantially to the debate on the situation of the regulated markets. This division will be led by Marco Morales, Business Administration, M.A. and Ph.D. in Economics from the University of Boston. Morales will be aided by Guillermo Yáñez, Ph.D. candidate in Economics from the University of Montreal.

8. Division of Securities Custody and Liquidation:

The creation of this new division responds to the necessity presented by the law project on Securities Compensation that is currently being discussed by Congress. The initiative presents an important supervision challenge, since it suggests a series of changes, such as the creation of a Compensation Bureau and Central Counterpart entities. The head of this division will be determined through an external selection process that SVS employees may participate in.

9. Technological Risk Unit:

One of the objectives of the SVS is to create a framework for risk evaluation in the area of Informational Technology, observing better practices on the international level. This unit will be created for this purpose, and will provide central support to the areas of supervisions related to the evaluation of technological risk faced by the supervised entities. It will also be charged with developing strategies and guidelines for providing adequate supervision in the area of technological risk, based on a Risk-Based Supervision approach.

Administratively, it will depend directly upon a committee made up of the Securities *Intendente*, the Insurance *Intendente* and the IT Division Head. This group will be led by Rubén Leiva, Business Administration and Auditing.

This restructuring process will be accompanied by an intensive training program. It should be pointed out that during 2008 and 2009 all SVS employees will have the opportunity to participate in English classes in order to improve their oral and written language skills.

Santiago, December 21, 2007.

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