

Centralization of **Promissory Notes Payable at Sight**

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1. Introduction

DCV depositors who maintain securities credited in position account must refer to the Payer Bank offices in order to execute the withdrawal of the means of payment, generally promissory notes payable at sight (vv), corresponding to rights earned from said positions.

The present document proposes a new modality for carrying out withdrawals of promissory notes payable at sight by DCV depositors.

2. Current Situation

Payer Banks subscribing issuer contracts – payer of issuances with the company, receive from the DCV Payment Distribution files (DDP, Distribución de Pagos) containing the detail of the benefits earned by depositors who maintained position of the instruments payable by the Bank. Such receipt happens no later than 6:00 AM on the day payment shall be executed.

The Bank shall proceed with the generation of vv (promissory note payable at sight) from the information provided by DCV, distinguishing two situations:

- ✓ Expiration dates corresponding to self-responsibility issuances, whether as issuer or legal continuator of issuer, where the Bank must pay at all events.
- ✓ Expiration dates corresponding to third-party issuances regarding which the Bank acts as Paying Agent, where payment is usually subject to the timely provision of funds by the issuer.

The vv issued shall be derived to the branch office where the payment will be effected, which depositors are expected to withdraw at the counter. Each Bank can receive a maximum of 80 depositors per day.

In order to identify who withdraws the vv, the Banks have adopted different measures, from demanding prior evidence by depositor's representatives to demanding no identification at all. Most Banks require the record of receipt acknowledgment by the withdrawing party.

3. Proposal

It was proposed that the DCV and the Banks subscribe an annex to the Issuance Issuer/Payer Agreement establishing the following new payment scheme.

1. Bank issues the vv from DDP file sent by DCV
2. Bank takes the vv to DCV along with a list backing the delivery
3. DCV receives the vv with receipt acknowledgment
4. DCV groups the vv according to depositor
5. DCV submits the vv to depositors with Delivery Sheet
6. DCV keeps the vv of depositors who fail to withdraw by the end of the day, under custody

The following considerations are applicable to the procedure proposed:

1. A list is published, visible in the cash desk area, that will detail the Banks whose vv have been received that day.
2. Another list is published, this will detail the depositors whose vv are available so that the cash desk supervisor controls the access.
3. Custody registries will be referred to in order to verify that the person withdrawing the vv is duly authorized by depositor to withdraw securities at the cash desk.
4. If by the end of the day there are vv that have not been withdrawn, DCV enters these documents into its custody and notifies the respective beneficiaries of same, so that they are withdrawn.

The following operation schedule was proposed:

1. Receipt of vv at DCV from 9:00 hrs to 11:00 hrs.
2. Delivery of vv by DCV from 12:00 hrs. to 18:00 hrs.
3. Payer Banks that have not submitted the vv in the DCV at 11:00 hrs. shall pay in their own premises, without this bearing any penalties whatsoever.

4. Analysis of costs and benefits

The service affects Payer Banks as follows:

1. They must have a person who transfers the vv from the issuing Bank to DCV premises, which does not represent estimable marginal cost.
2. Avoid the time associated to vv delivery, one by one over the counter, in the office each Bank disposes to that effect.

The service affects Depositors as follows:

1. Absorb a direct and externalized cost for each vv collected.
2. May withdraw all vv from one single place.
3. May charge in an early schedule.
4. Reduce risk of vv misplacement by reducing the amount of trips to perform.
5. Reduce risk of leaving uncollected vv at the end of the day due to lack of time.

5. Service rate

This service does not represent significant operational savings for the Payer Bank, reason why a rate for rendering the service is not considered for registration. On the other side, important benefits for depositors can be appreciated, especially in the end of the month events. Therefore, the charge of a service rate has been proposed.

✓ Indifference Price:

Nowadays, direct collection at the offices of each Payer Bank carried out by 2 people hired for the occasion, each of whom charges \$12,000 daily, allows collecting up to 8 vv for \$24,000 a day.

Therefore, the cost for each vv collected is \$3,000 or UF 0.22.

✓ Expected volume:

Supposing that 80 depositors collect an average of 10 vv a month, the monthly volume will be 800 documents.

✓ Income:

In view of a substantial improvement in the quality of the service, it is suggested to apply depositors a rate of UF 0.20 per each vv delivered. The DCV obtains income for UF 160 monthly or UF 1,920 annually.

6. Adhesion to service

Each Bank may freely opt to adhere to the service or maintain the conventional payment procedures.

Depositors may withdraw the vv issued by Banks that have adopted the service only from DCV. Nevertheless, the validity of the rate remains subject to approval of the respective change in the DCV Internal Bylaws and subscription of the pertinent contract supplements by depositors. While the rate is not effective, the service will be catalogued in "Trial Phase".

7. Implementation Plan

In order to support this service a supplement to the Issuer-Payer contract was prepared. This document was sent to the Association of Banks and Financial Institutions for its approval, being mindful of the fact that the service was analyzed by the DCV / Banks Operations Committee, who unanimously approved it.

Subsequent to the approval, it is sent to each Bank for its subscription. Correspondingly, internal operational procedures were prepared and the required computer application was developed and tested.

With the adhesion of the first Bank the start-up of the service begins. The remaining Banks adhered gradually.

8. Support required by DCV

DCV disposes of the following:

1. The underground facilities of the building located in Huérfanos 770 where DCV maintains the Custody Area for the operation of a receiver / payer cash desk.
2. A half-day cashier and vv classifier.
3. A computer application that allows:

- a) Registering the VV received from each Bank
- b) Issuing Delivery Sheets
- c) Issuing a summary of the Banks that have concurred with their vv
- d) Issuing a summary of Beneficiaries for access control

The information may reside in the Administration Area statistics database and facilitate the estimation of the charge for the service. The application is not integrated in the financial liquidation data of the respective equity event as DCV may not determine the amount of vv where each Bank groups the different payments for the same beneficiary.