

ELECTRONIC REGISTER OF LIENS SERVICE



Every day there is more businesses that can be carried out electronically and in dematerialized form. In this sense, DCV has occupied important place as a supplier of solutions for the securities market.

Accordingly, the new electronic pledge registry service came “to be updated” along with the other processes that are already being carried out in dematerialized form.

“Today, a transfer of shares from one stock broker to another is performed completely in dematerialized form, with need to generate physical documents, but the lien issue had trailed behind. The world of transfers was dematerialized, while liens continued to be physical”, says Cristián Canales, manager of Corpbanca Legal Services Division.

Today’s situation allows a Depositor or Grantor to constitute a lien in favor of a Depositor or Acceptor for securities deposited with DCV, for which purpose they shall reference and attach a Position Certificate issued by DCV in a public or private deed, accrediting that the Debtor or Grantor has the totality of the securities deposited, and that they bear the status of free availability.

The Notary Public notifies DCV of the constitution of lien, and requires it to be registered in DCV’s Council, which is principally responsible for receiving it and verifying that the deed is in line with the certificate.

Once the Council lawyer in charge of the process verifies the preceding, then proceeds to register the lien in DCV’s computer system, taking the following information into consideration:

- Debtor or Grantor Securities Account
- Identification of Creditor or Acceptor
- Identification of Beneficiary
- Name and/or RUT (ID or Taxpayer ID) of Capital Events Beneficiary (when it is a third party that is not a Depositor)
- Identification of the lien amount
- Amount of the security lien expressed in nominal units
- Brief description of the collateral

The system processes this instruction and blocks the positions of the lien securities in the account of the so-called Debtor or Grantor Depositor. Collateral redemption processes occur in a similar way, in which case the securities that are blocked are left in available position.

On the other hand, according to article 14 of Law 18.876, DCV – prior registration of the lien– issues and delivers a Position Certificate to the Debtor or Grantor Depositor which accredits the quantity of securities with free availability that it has had deposited in the accounts requested; according to the previously mentioned article, this certificate replaces the title for lien constitution purposes.

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“The bureaucracy of the processes gave rise to the creation of an Electronic Register of Liens. Normally, a transaction could take at least 20 days. Now this is automatic, in real-time, this 20-day waiting period is over. The benefits of the service may result in greater safety, speed, time and personnel cost savings, since the document is no longer manipulated.

In addition, the electronic register of liens offers the market a great opportunity for investors who wish to invest through loans underwritten with security liens. As a bank, we grant the loan, but in the modality of current liens, people risk losing value in their lien shares given the lead-time in the redemption and constitution of liens. With the new service, the benefits will not only be reflected in DCV’s direct clients, the depositors, but a very important benefit will also be transferred to our clients”, says Canales.

In order to develop this service, DCV worked in close cooperation or Corpbanca throughout the initiation process. “The way we’ve managed to work, and are working, as we are on the verge of launching the first real operation, was absolutely satisfying. The whole technical development implemented by DCV to carry out this service was really well done, and I’d like to mention not only the efforts from the internal

development point of view, but also the struggle to change the regulations to enable all this, something that was certainly reasonable. It is an important effort by DCV, and I think that it will definitely bear fruit, and it will soon become a widely used service”, Canales says.

The system expedites transactions and allows the elimination of the risks that associated with physical documents entail

Challenges to come

Following the implementation there is a second stage already outlined by DCV, which intends to automate these operations of the Register of Liens into operations between Depositors and their respective representatives.

