

The Santiago Exchange Indices Maintenance Consultation

SANTIAGO, APRIL 2, 2018: In August 2016, the Santiago Exchange (the “Exchange”) and S&P Dow Jones Indices (“S&P DJI”) signed an Index Operation and License Agreement. The Exchange’s partnership with S&P DJI, the world’s leading provider of index-based concepts, data and research, includes the adoption of international index methodology standards and the integration of operational processes and business strategies and enhances the visibility, governance, and transparency of the existing indices. The agreement also enables the development, licensing, distribution and management of current and future indices which will be designed to serve as innovative and practical tools for local and global investors. The new and existing Santiago Exchange indices will be co-branded under the “S&P/CLX” name (the “Indices”) that can be used to underlie liquid financial products, expanding the breadth and depth of the Chilean capital market.

As part of this transition, S&P DJI and the Exchange are conducting a consultation with members of the investment community on potential changes to the Santiago Exchange indices so that they conform to S&P DJI’s standard policies and practices. The proposed changes, applicable to all Santiago Exchange indices except where noted below, are summarized as follows:

Rebalancing Announcement Schedule¹	
Current	Rebalancing announcements are sent one month prior to the rebalancing effective date.
Proposed	S&P DJI and the Exchange are proposing to revise the rebalancing announcement schedule so that rebalancing announcements would be sent one week prior to the rebalancing effective date. Constituent pro-forma files would be provided each time the indices rebalance. The pro-forma file would be provided daily in advance of the rebalancing date and would contain all constituents and their corresponding weights and index shares effective for the upcoming rebalancing. Index shares ² would be calculated using closing prices seven business days prior to the rebalancing date.

Rebalancing Effective Dates¹	
Current	Annual rebalancings take effect at the close of business on the first Friday of February. Quarterly rebalancings take effect at the open on the Monday following the third Friday of March, June, September and December.
Proposed	S&P DJI and the Exchange are proposing to change the rebalancing effective dates so that annual rebalancings would take effect at the open on the Monday following the third Friday of March. The rebalancing reference date would be the third Friday of February. Quarterly rebalancings, to update shares, float and weights, would take effect at the open on the Monday following the third Friday of June, September and December.

¹ This proposed change is applicable to all indices except for the IPSA Index.

² The number of index shares is derived from the calculation of the market capitalization adjusted by float, which is the quotient of the shares in circulation, the float factor, and the closing price.

Treatment of Spin-offs	
Current	Spun-off entities are added with an estimated price and immediately reviewed by the committee for continued eligibility.
Proposed	S&P DJI and the Exchange are proposing to modify the treatment of spin-offs so that spun-off entities would be added to all indices of which the parent is a constituent, at a zero price at the market close of the day before the ex-date. There would be no divisor change. Spin-offs would then be re-evaluated for continued index eligibility at the next rebalancing. For more information please refer to the S&P DJI's Equity Indices Policies & Practices Methodology available here .

Treatment of Suspended Stocks	
Current	Suspended stocks are removed after 60 days of consecutive suspension.
Proposed	S&P DJI and the Exchange are proposing to modify the treatment of suspended stocks so that the suspension review evaluation date to determine a potential index deletion would be the last business day of February, May, August and November. Stocks that reach a suspension period of 60 days or more, as of the evaluation date, would be subject to index deletion at the quarterly review effective at the open on the Monday following the third Friday in March, June, September and December. Suspended stocks would use the last available official closing price prior to the suspension for index calculation during the suspension period. Suspended stocks would be removed from the indices at a zero price. For more information please refer to the S&P DJI's Equity Indices Policies & Practices Methodology located here .

Foreign Exchange Rate used for Dividend Conversions	
Current	The Chilean Central Bank's "Dolar Observado" Rate is used for dividend conversions in the event that a constituent pays a dividend in an alternate currency or the issuer does not provide a conversion rate.
Proposed	S&P DJI and the Exchange are proposing to change the foreign exchange rates used for dividend conversions so that the rates used for conversions of dividend payments in an alternate currency are sourced from S&P DJI's standard FX rate provider and conform to global industry standards. Under this proposal, the rates used would be same day WM/Reuters foreign exchange rates taken daily at 4:00 PM London Time.

Certain Eligibility Criteria	
Current	Companies with the following characteristics are ineligible for index inclusion: <ul style="list-style-type: none"> • Court Recovery defined as when a company files a recovery plan agreed upon together with its creditors with involvement from an arbitrator. • Negative Equity defined as companies with equity of less than zero at portfolio rebalancing based on the most recently filed financial statements. • Companies for which the primary objective for purchasing their stock is not to use their facilities (e.g. social clubs, sports clubs or schools, among others) that are exempt from the reporting requirements set forth in the third article of Law 18,045.
Proposed	S&P DJI and the Exchange are proposing to eliminate certain eligibility criteria described above currently used by the indices and instead follow S&P DJI's standard policies and practices as detailed in S&P DJI's Equity Indices Policies & Practices Methodology available here .

Eligibility of Stocks Ineligible for Pension Plans	
Current	Stocks that are not eligible as investment instruments for Chilean pension funds (“Administradora de Fondos de Pensiones” or “AFPs”) are ineligible for index inclusion.
Proposed	S&P DJI and the Exchange are proposing to eliminate this rule and replace it with a new rule (see Eligibility of AFPs and Companies Holding > 50% of a Public Pension Fund’s Shares below).

Eligibility of AFPs and Companies Holding > 50% of a Public Pension Fund’s Shares	
Current	--
Proposed	In conjunction with the proposed elimination of the rule regarding stock ineligibility for pension plans above, S&P DJI and the Exchange are proposing a new rule whereby AFPs and companies holding more than 50% of the shares of a public pension fund (considered major shareholders) would be ineligible for index inclusion.

Total Return Calculations	
Current	The Santiago Exchange’s total return indices employ the TR calculation methodology as detailed in <i>section 3.5 Calculation of Total Return of Santiago Exchange Market Indices & DJSI Chile Selection and Calculation Methodology</i> available here .
Proposed	<p>S&P DJI and the Exchange are proposing to change the total return (“TR”) calculation methodology so that the Santiago Exchange’s total return indices conform to S&P DJI’s standard methodology used for all global total return indices.</p> <p>For more information on the proposed TR calculation methodology, please refer to the <i>Total Return Calculations</i> section of S&P DJI’s Index Mathematics Methodology available here.</p> <p>The proposed TR index calculation change will have no impact on the price return index calculation and will not have a material impact on the TR index returns. Appendix I shows a comparison of end-of-day total return calculations for the IGPA Index using the current Santiago Exchange indices total return methodology and the proposed S&P DJI methodology.</p> <p>In addition, S&P DJI real-time TR intraday index calculations apply an index dividend at the market open on the ex-date to properly reflect the dividend payment.</p>

IMPLEMENTATION TIMING

Once closed, S&P DJI and the Exchange will review the results of the consultation and determine which changes, if any, will be adopted. At that time, S&P DJI and the Exchange will provide the details of the changes and provide sufficient lead time prior to implementation.

QUESTIONS

Please answer the following questions and provide S&P DJI and the Exchange with the reasoning behind your answers:

- 1. Do you agree with the proposed change to the rebalancing announcement schedule?**
- 2. Do you agree with the proposed change to the rebalancing effective dates?**
- 3. Do you agree with the proposed change to the treatment of spin-offs?**

CONSULTATION

4. Do you agree with the proposed change to the treatment of suspended stocks?
5. Do you agree with the proposed change to the foreign exchange rates used for dividend conversions?
6. Do you agree with the proposed change to eliminate certain eligibility criteria and instead follow S&P DJI's standard policies and practices?
7. Do you agree with the proposed change to replace the rule regarding eligibility of stocks ineligible for pension plans with a new proposed rule regarding the eligibility of AFPs and companies holding > 50% of a public pension fund's shares?
8. Do you agree with the proposed change to the total return calculation methodology?
9. Do you have any other comments or feedback regarding the proposed changes outlined above?

Your participation in this consultation is important as we gather information from various market participants in order to properly evaluate your views and preferences. S&P DJI and the Exchange will make responses to this consultation available upon request.³ If you do not want your response to be made available, you must clearly state that in your response. Please respond to this survey by **May 4, 2018**. After this date, S&P DJI and the Exchange will no longer accept survey responses. Prior to the Index Committee's final review, S&P DJI and the Exchange will consider the issues and may request clarifications from respondents as part of that review. Alternative options to the proposed questions after the deadline require that the consultation be re-opened to the public.

To participate in this consultation, please visit the online survey available [here](#).

For further information about this consultation, please contact S&P Dow Jones Indices at index_services@spglobal.com or the Santiago Exchange at indices@bolsadesantiago.com.

Please be advised that all comments from this consultation will be reviewed and considered before a final decision is made; however, S&P DJI and the Exchange make no guarantees and are under no obligation to comply with any of the responses. The survey may result in no changes or outcome of any kind. If S&P DJI and the Exchange decide to change the index methodology, an announcement will be posted on our websites.

Thank you for taking the time to complete this survey.

³ Individual and company names as well as contact details will be redacted.

APPENDIX I – TOTAL RETURN CALCULATIONS

The table below shows a comparison of end-of-day total return calculations for the IGPA Index using the current Santiago Exchange indices total return methodology and the proposed S&P DJI methodology.

Index Name: IGPA					
Index Date	Current Methodology		Proposed Methodology		Daily Index Return Difference
	TR Calculation	Index Return	TR Calculation	Index Return	
16-Jun-17	24211.86283		24211.86283		
19-Jun-17 ⁴	24156.86797	-0.22714%	24156.86834	-0.22714%	0.000002%
20-Jun-17	24016.22390	-0.58221%	24016.22435	-0.58221%	0.000000%
21-Jun-17	23818.33236	-0.82399%	23818.33272	-0.82399%	0.000000%
22-Jun-17	23838.24197	0.08359%	23838.24233	0.08359%	0.000000%
23-Jun-17	23878.79138	0.17010%	23878.79175	0.17010%	0.000000%
27-Jun-17	23839.03570	-0.16649%	23839.03606	-0.16649%	0.000000%
28-Jun-17	23784.70203	-0.22792%	23784.70239	-0.22792%	0.000000%
29-Jun-17 ³	23707.04071	-0.32652%	23707.04375	-0.32651%	0.000011%
30-Jun-17	23787.44065	0.33914%	23787.44370	0.33914%	0.000000%
03-Jul-17	23956.82551	0.71208%	23956.82858	0.71208%	0.000000%
04-Jul-17	24187.52032	0.96296%	24187.52343	0.96296%	0.000000%
05-Jul-17	24240.20722	0.21783%	24240.21033	0.21783%	0.000000%
06-Jul-17	24176.32235	-0.26355%	24176.32545	-0.26355%	0.000000%
07-Jul-17	24286.47232	0.45561%	24286.47544	0.45561%	0.000000%
10-Jul-17	24492.69103	0.84911%	24492.69417	0.84911%	0.000000%
11-Jul-17	24459.55236	-0.13530%	24459.55550	-0.13530%	0.000000%
12-Jul-17	24734.32657	1.12338%	24734.32975	1.12338%	0.000000%
13-Jul-17	24879.34945	0.58632%	24879.35264	0.58632%	0.000000%
14-Jul-17	24955.15874	0.30471%	24955.16194	0.30471%	0.000000%
17-Jun-17 ³	25171.33593	0.86626%	25171.33325	0.86624%	-0.000024%
18-Jul-17	25151.92471	-0.07712%	25151.92203	-0.07712%	0.000000%
19-Jul-17	25150.21693	-0.00679%	25150.21426	-0.00679%	0.000000%
20-Jul-17	25149.51267	-0.00280%	25149.50991	-0.00280%	0.000000%
21-Jun-17 ³	25028.83898	-0.47983%	25028.83766	-0.47982%	0.000006%

⁴ Days when dividends were applied.

ABOUT S&P DOW JONES INDICES

S&P Dow Jones Indices is the largest global resource for essential index-based concepts, data and research, and home to iconic financial market indicators, such as the S&P 500[®] and the Dow Jones Industrial Average[®]. More assets are invested in products based on our indices than products based on indices from any other provider in the world. Since Charles Dow invented the first index in 1884, S&P DJI has become home to over 1,000,000 indices across the spectrum of asset classes that have helped define the way investors measure and trade the markets.

S&P Dow Jones Indices is a division of S&P Global (NYSE: SPGI), which provides essential intelligence for individuals, companies and governments to make decisions with confidence. For more information, visit www.spdji.com.

ABOUT THE SANTIAGO EXCHANGE

The Santiago Exchange manages a multi-asset class exchange, and currently trades over USD 1.5 billion a day in equities, fixed income securities, exchange-traded financial derivatives, money market instruments, investment funds and foreign securities. During the last decade, the Santiago Exchange has expanded and evolved into a player of interest for global investors and a strategic partner for regional exchanges. It has led the offering of new instruments, such as ETFs and derivatives, and the development of best practices in the market, such as the release of recommendations of extended transparency for listed companies. For more information, visit www.bolsadesantiago.com.

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