

Chilean Benchmark Facility (“CBF”)

Public Minute

Meeting: Oversight Committee Meeting

Date: 8 January 2020, 13:30 - 15:30

Premises: *Chilean Benchmark Facility, Isidora Goyenechea 3000, Floor 23, Las Condes, Santiago*

Participants:

1. Chairman: José Miguel Sánchez – voting member (JMS)
2. Juan Esteban Laval – voting member (JEL)
3. Matthias Bernier – voting member (MB)
4. Roland Jacob (CBF) – voting member (RJ)
5. Asier Uriarte (BCI) – voting member (AU)
6. Francisco Cisternas (Banco de Chile) – voting member (FC)
7. Juan Cardenas (CBF) – non-voting member (JC, involved in TAB/TADO and ICP operations)

Apologies:

1. Andrea Silva (Banco Estado) – voting member (AS)

Circulation: Published on the CBF website www.cbf.cl

I. Introduction

- RJ reviewed the main points of the previous minutes. In this regard, he highlighted the following points:
 - Both the Confidentiality Agreements and the Conflict of Interest Policies have not been signed by all members.
 - CBF will prepare a redacted public version of the minutes.
 - CBF prepared a report on the ICP incident of 20 November 2019.
 - CBF accepted the Oversight Committee's suggestion regarding DRP testing between Prague and the Panel Banks.
- The Oversight Committee commented on the Conflict of Interest policy agreeing that the 3 Panel Bank members should declare that they are employees of their banks. They also agreed to give greater powers to the Chairman of the Oversight Committee when a member declares a possible Conflict of Interest, so that he can resolve the declaration.
- The Chairman of the Oversight Committee reviewed the agenda along with the other members. None of them stated that they had any Conflict of Interest with regard to the topics to be discussed.
- RJ mentioned that changes had been made to confidentiality agreement based on comments from the last meeting and those sent by members after the meeting.

II. Supervision and Calculation Methodology

- JC, at the request of the Oversight Committee, delivered further details on the ICP incident of 20 November 2019. He commented that a report was created and that it will be distributed to the members of the Committee.
- JC reported that on 2 January 2020 two Panel Banks alerted CBF regarding a change in the ICP Nominal value on Bloomberg's distribution platform. CBF contacted Bloomberg, who mentioned an internal human error had caused an incorrect publication of the ICP Nominal data which resulted in the last available data from December 30 being published. CBF will continue to investigate the error and will create a report to be distributed to Committee members.
- JC submitted the monthly TAB/TADO and ICP rates report. In this regard, he mentioned that, during December, all banks with the exception of one bank reported their pre-11:00am rates where the latter did not report on 23 December. JMS suggested sending a letter signed by him to the CEO of the bank in question for the cause of their omission that day. The Oversight Committee approved the suggestion.
- The Oversight Committee, to safeguard Conflicts of Interest and confidential information, requested CBF to omit the names of the banks in all submissions and to show the detail noted in the operational report. CBF noted the proposal and will evaluate it internally.
- JC highlighted the methodological change to the Central Bank of Chile's TIB rate introduced via Circular Letter 631.
 - The Committee members commented on the positives of methodological change, as it improves the instrument for measuring the interbank cash market.
 - The Committee members determined that there was no need to make changes to the current ICP methodology as a result of the TIB changes.

III. Governance, regulatory and supervision issues

- The Committee members agreed to leave only one person from each Panel Bank as a member of the Committee. In this regard JMS will contact the Panel Banks to clarify the Committee's decision.
- JC commented that CBF wishes to advance the implementation of the Code of Conduct by the Panel Banks. In this regard he mentioned that at the time of the meeting the CBF has received comments from 7 of the 12 Panel Banks:
 - The Committee members suggested consulting the other banks on the status of their review of the Code of Conduct.
 - JEL proposed that, instead of agreeing the Code of Conduct with each of the banks, the new version including the comments of the Panel Banks should be reviewed by the ABIF Committee of Lawyers to move the process forward expediently, rather than waiting for the review of each Panel Bank lawyer one by one.
 - CBF proposed a timetable for accession to the Code of Conduct considering; (i) OC agreement on the draft of the Code of Conduct – End of February, (ii) Signature of Panel Banks on Accession Forms – End of March, (iii) Signature of Panel Banks on *Compliance* Forms – End of June, and (iv) Implementation of the Code – Monday July 13th, 2020:
 - The Committee members considered this timetable to be too optimistic and proposed the following dates; (i) Panel Bank Working Group Meeting – January 23, dedicated to discussing a new version with all comments included; (ii) Oversight Committee Meeting - January 30, dedicated exclusively to the revision of the Code of Conduct, (iii) ABIF Committee of Lawyers – March or April.
- JC mentioned that the document "*CBF 17015 Oversight Committee Terms of Reference*" will be made public within the next few days.
- JC mentioned that the publication of the document "*CBF 17029s Calculation Methodology*" will be delayed, due to the need to modify certain elements of the text to adhere to IOSCO principles.

IV. Any Other Business

- MB requested to confirm with CBF the reduction request status of the contribution window discussed at the last meeting. CBF commented that based on the new comments its implementation will continue to be evaluated.
- JMS requested confirmation by CBF that GRSS insurance policies cover any civil liability claims of supervisory committee members.
- The next Oversight Committee meeting will be held on 30 January at 1:30PM with the aim of reviewing the latest draft of the Code of Conduct.

Meeting formally closed