

Chilean Benchmark Facility (“CBF”)

Public Minute

Meeting: Oversight Committee Meeting

Date: 9 December 2020, 8:30 – 10:30

Premises: *Conference Call*

Participants:

1. Chairman: José Miguel Sánchez – voting member (JMS)
2. Juan Esteban Laval – voting member (JEL)
3. Matías Bernier – voting member (MB)
4. Roland Jacob (CBF) – voting member (RJ)
5. Asier Uriarte (BCI) – voting member (AU)
6. Andrea Silva (State Bank) – voting member (AS)
7. Juan Cárdenas (CBF) – non-voting member (JC, involved in tab/TADO rate and ICP index operations)

They excuse each other:

1. Francisco Cisternas (Bank of Chile) – voting member (FC)

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I. Introduction

- The chairman of the Oversight Committee reviewed the agenda along with the rest of the members. None of them claimed to have any Conflict of Interest with respect to the topics to be discussed.
- The Committee reviewed the main points of the previous minutes:
 - JC presented the result of the evaluation of the document "Post Publication Re-determination Policy" and proposed to advance the re-determination period from 15:00 to 14:00. The Oversight Committee accepted the proposed changes and requested CBF to communicate to the Panel Banks.
 - RJ updated the committee on the measures taken with respect to the Covid-19 Pandemic. Internally CBF has continued with the telework mode since 17 March, maintaining the controls normally, a decision that will be maintained until further notice. With regard to Panel Banks, they have confirmed that they have technological processes in place to continue their reports. It was further reported that to date no bank has filed technological failures to prevent its report.
 - JC reported that in accordance with the previous meeting, two Panel Banks were consulted for their failure to report in some tenors. Oversight Committee discussed both cases and instructed CBF to request both banks to resume their reports.

II. Supervision and Calculation Methodology

- JC commented that on November 11, an issue occurred in the publication of ICP, without impact in the ICP final published rates, and explaining that CBF is working on the complete automation of the ICP calculation.
- JC filed a second incident report, which occurred on December 3 on the publication process on Calculation Agent and email, without impact on information vendors. As an immediate measure calculated TAB/TADO rates files were manually sent to the key contacts of each Panel Bank and the problem was subsequently resolved within the Contribution and Calculation Platform.
 - The Oversight Committee highlighted the speed of communication of both incidents, in line with agreed escalation protocols.
- JC submitted the quarterly TAB/TADO and ICP rates report. In this regard, it mentioned that, during the period September to November 2020, all banks reported their rates prior to 11:00am. A bank, as noted in previous reports, did not contribute to TAB UF rates for the entire period. Also, another bank did not report Nominal TAB within 180 and 360 for the entire period.
 - JC updated the status of the new metric report project, specifically commented that the CBF secretariat is working on it under the following objectives; (i) inclusion of evidence; (ii) incorporation of current theoretical rates; and (iii) design of a report for the Oversight Committee. JMS requested a draft report prior to the next meeting of the Committee.

III. Governance, Regulation and Oversight Issues

- The Oversight Committee reviewed the *Quarterly Compliance Report* and the minutes of the Risk and Compliance *Committee meeting*.

- RJ updated the process of Panel Bank adherence to the Code of Conduct. CBF, with the support of ABIF has agreed to extend the date of implementation of the new Panel Bank Code of Conduct to 1 July 2021, under the following commitments: (i) consideration of the new date as final by discarding a new extension, and (ii) delivery of the declaration of accession during 2020 by all Panel Banks.
 - The Oversight Committee agreed to support the extension of the date of implementation.
- RJ presented the situation of the Panel Banks pending accession to the new Panel Bank Code of Conduct. In this regard, it requested cooperation from the members of the Committee.
 - ABIF representatives agreed to contact each bank representative.
- RJ reported that CBF had held meetings with the Central Bank and the Commission for the Financial Market with the aim of reporting CBF's recent activities.
- JC reported that one of the Panel Banks raised the need to include the *Front Office* to the TAB/TADO rate reporting process, using clause 4.3.1 of the new Panel Bank Code of Conduct. The Risk and Compliance Committee accepted the bank's proposal and therefore the proposal will be sent to the Oversight Committee to support that decision.
- RJ reported that, based on the extension on the date of implementation of the New Panel Bank Code of Conduct, CBF proposed extending the membership of the current Oversight Committee members until July 1, 2021. The Chair contacted each member, obtaining affirmative response to the proposal. A communication will be sent to the Panel Banks¹.
- JC reported that annual contingency tests were conducted with Panel Banks on 3 December. The protocols were tested in case of a failure with the Contribution and Calculation Platform. The tests were successfully conducted with the participation of all Panel Banks.
- JC commented that CBF wishes to update the documentation of the Nominal ICP of the organization "International Swaps and Derivatives" (ISDA) for which the Oversight Committee was consulted on the need to consult banks in Chile on the initiative.
 - Committee members commented that CBF could move forward with the change.

IV. Various Issues

- The Oversight Committee set the timetable for the next meetings:
 - Quarter 1: Tuesday, March 16.
 - Quarter 2: Tuesday, June 8.
 - Quarter 3: Tuesday, September 7.

Meeting formally closed

¹ After the Oversight Committee meeting, CBF Board of Directors proposed to modify the term of the membership extension until December 31, 2021. This change was accepted by all members.