



PROTOCOL FOR INVESTORS HOLDING INTERESTS IN THE REPUBLIC'S LOCAL BONDS INDIRECTLY THROUGH EUROCLEAR CASH TENDER AND EXCHANGE OFFERS IN THE LOCAL MARKET

PROTOCOL FOR INVESTORS HOLDING INTERESTS IN THE REPUBLIC'S LOCAL BONDS INDIRECTLY THROUGH EUROCLEAR

The following protocol (the “Protocol”) establishes the general procedures and rules applicable to investors holding interests in local law-governed bonds (the “Bonds”) issued by the General Treasury of the Republic of Chile (the “Republic”) indirectly through Euroclear (the “Investors via Euroclear”) interested in participating in the Republic’s local debt transactions for the purchase or exchange (“Early Repurchases”) and placement of Bonds, in compliance with the provisions of *Resolución Exenta* No. 255 dated September 02, 2020 of the Ministry of Finance of the Republic of Chile (the “Resolution Containing the Bases”), which is publicly available at the following link: <https://www.hacienda.cl/english/work-areas/international-finance/public-debt-office/euroclear-channel-for-local-operations/legal-documents/resolucion-n-255>.

This Protocol describes the procedures that Investors via Euroclear must follow to participate in Early Repurchases. The procedures described in this Protocol are governed by the laws of the Republic of Chile, including the Resolution Containing the Bases. All legal documentation related to the Republic’s Early Repurchases will be publicly available at the following link: <https://www.hacienda.cl/english/work-areas/international-finance/public-debt-office/euroclear-channel-for-local-operations/protocol-for-participation-via-euroclear>.

All dates and periods included in this Protocol shall refer to Chilean business days. “Chilean business day” means any day other than a Saturday, a Sunday, a legal holiday or a day on which banking institutions or trust companies are authorized or obligated by law to close in Santiago, Chile.

Early Repurchases by the Ministry of Finance (“Issuer”) will commence with the publication of the relevant timetable of the transaction on the webpage of the Ministry of Finance, Office of Public Debt ([LINK]).

Early Repurchases to which this Protocol relates include:

- a) Cash tender offers consisting of the Republic’s invitation to tender outstanding Bonds (“Old Bonds”) for cash (“Cash Tender Offers”).
- b) Exchange offers consisting of the Republic’s invitation to tender Old Bonds in exchange for new bonds (“New Bonds”), including the reopening of an existing series of bonds (“Exchange Offers”).

The series of Old Bonds targeted in the relevant offer and the series of New Bonds to be issued therein will be published at the following link: <https://www.hacienda.cl/english/work-areas/international-finance/public-debt-office/euroclear-channel-for-local-operations/auction-details>, under the following format:

Old Bonds corresponding to Cash Tender Offers	ISIN	Local Code (nematécnico)	Coupon	Maturity

Old Bonds corresponding to Exchange Offers	ISIN	Local Code (nematécnico)	Coupon	Maturity



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New Bonds corresponding to Exchange Offers	ISIN	Local Code (nemetécnico)	Coupon	Maturity

I. Cash Tender Offers

The Ministry of Finance will announce its invitation to accept cash tenders orders (“Cash Tender Orders”), up to the maximum amount of Old Bonds determined by the Ministry of Finance, at 5:00 p.m. Chilean time on day [T-5], or as soon as practicable thereafter, at the following link <https://www.hacienda.cl/english/work-areas/international-finance/public-debt-office/euroclear-channel-for-local-operations/auction-details>, providing the information included in Table 1 below.

- All Cash Tender Orders will be channelled through Euroclear, who will receive such orders from its direct clients and release them to a coordination agent to be designated by the Republic (the “Coordination Agent”) who will report them to the Issuer. To be considered valid, Cash Tender Orders must be submitted in multiples of Ch\$5,000,000 in the case of Peso-denominated Old Bonds (BTP) and UFs 500 in the case of UF-denominated Old Bonds (BTU)¹.
- The period to deliver Cash Tender Orders will commence at 5:00 P.M Chilean time on day [T-2], or as soon as practicable thereafter, and will expire at 9:00 A.M. Chilean time on day [T] (the “Cash Tender Offer Expiration”).
- Cash Tender Orders must be delivered in accordance with the procedures and deadlines specified by Euroclear. Participating investors are responsible for informing themselves of these deadlines and for arranging the due and timely delivery of Cash Tender Orders to Euroclear. Participating investors acknowledge and agree that Cash Tender Orders include Blocking Instructions and that Cash Tender Orders may **not** be revoked. “Blocking Instructions” means: (i) instructions to block any attempt to transfer the corresponding Old Bonds; (ii) instructions to debit the participating investors’ account on or about the Settlement Date (as defined below) in respect of all of such participants Old Bonds, or in respect to such lesser portion of a participant’s Old Bonds as are accepted in the Cash Tender Offer by the Issuer, and (iii) an authorization to disclose the identity of the participant name and account information to the Coordination Agent and the Issuer.
- The Republic will publish the Peso-denominated purchase price, expressed as a Yield to Maturity (“YTM”) payable for Old Bonds tendered pursuant to valid Cash Tender Orders (the “Cash Tender YTM”) at 5:00 P.M. Chilean Time on day [T-2], or as soon as practicable thereafter, at the following link: [LINK]. The final amount to be received by each investor will be calculated using the *Bolsa de Santiago* methodology (also available in Bloomberg with the YAS function), which includes interest accrued to but excluding the Settlement Date (as defined below). Although all calculations will be made in Pesos, all payments to be made by the Republic pursuant to the Cash Tender Offer to Investors via Euroclear will be made in U.S. dollars, as described below.
- The Ministry of Finance will consolidate all Cash Tender Orders delivered by (i) Investors via Euroclear and (ii) investors that hold their interests in Old Bonds through accounts maintained with local broker dealers and will publish a proration ratio (the “Cash Tender Proration Ratio”) at 10:00 A.M. Chilean Time on day [T], or as soon as practicable thereafter, at the following link: [LINK]. The Cash Tender Proration Ratio will apply to all valid Cash Tender Orders accepted by the Republic. Thus, the Republic will acquire in the Cash Tender from each investor only the notional amount of Old Bonds that will result from multiplying the aggregate notional amount of Old Bonds tendered by that Investor pursuant to valid Cash Tender Orders by the Cash Tender Proration Ratio (never greater than 1.0), rounded down to the nearest multiple of Ch\$5,000,000 in the case of Peso-denominated Old Bonds

¹ Inflation linked bonds are denominated in UF (*Unidad de Fomento*, by its Spanish acronym).

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(BTP) (the “Notional Amount of Old Bonds Accepted for Cash”) and UFs 500 in the case of UF-denominated Old Bonds (BTU).

In the event of any such proration, the Republic will accept in full any Cash Tender Orders if the portion to be returned to investors, after applying the Cash Tender Proration Ratio, is lower than the minimum denomination of the Old Bonds. Any Old Bonds corresponding to Cash Tender Orders, or a portion thereof, not accepted by the Republic will be returned to investors. Given timing and operational constraints, investors will not be able to tender any Old Bonds so returned into the Exchange Offer (as defined below).

Direct participants in Euroclear submitting Cash Tender Orders on behalf of beneficial owners acknowledge that the Cash Tender Proration Ratio will apply to each Cash Tender Order delivered by them. Therefore, if such participants wish to have the Cash Tender Proration Ratio applied at the beneficial holder level, they should submit a separate Cash Tender Order on behalf of each beneficial owner.

6. The Republic will pay each investor participating in the Cash Tender Offer an amount in cash equal to such investor’s Notional Amount of Old Bonds Accepted for Cash valued at the Cash Tender YTM.
7. Information corresponding to the Cash Tender Offer will be published at the following link: <https://www.hacienda.cl/english/work-areas/international-finance/public-debt-office/euroclear-channel-for-local-operations/auction-details>, pursuant to the format provided for in Table 1 below:

Table 1.

Old Bonds corresponding to Cash Tender Offers (ISIN) ⁽¹⁾	Maximum Amount to be Accepted (notional of Old Bonds) ⁽¹⁾	Cash Tender YTM ⁽²⁾	Equivalent Dirty Price ⁽²⁾	Cash Tender Proration Ratio ⁽³⁾	Purchase Price per Multiple

(1) To be published at or prior to 5:00 p.m. Chilean time on day [T-5], or as soon as practicable thereafter.

(2) To be published at 5:00 P.M. Chilean Time on day [T-2], or as soon as practicable thereafter. Dirty Price will be calculated using Bolsa Santiago methodology, rounded at 9 decimals

(3) To be published at 09:00 A.M. Chilean Time on day [T], or as soon as practicable thereafter.

II. Exchange Offers

The Ministry of Finance will announce its invitation to accept exchange orders (the “Exchange Orders”), up to a certain maximum amount of Old Bonds determined by the Ministry of Finance, at 5:00 p.m. Chilean time on day [T-5], or as soon as practicable thereafter, at the following link <https://www.hacienda.cl/english/work-areas/international-finance/public-debt-office/euroclear-channel-for-local-operations/auction-details>, providing the information included in Table 2 below.

1. All Exchange Orders will be channelled through Euroclear, who will receive such orders from its direct clients and release them to the Coordination Agent who will report them to the Issuer. To be considered valid, Exchange Orders must be submitted in multiples of Ch\$5,000,000 in the case of Peso-denominated Old Bonds, and multiples of UF 500 in the case of UF-denominated Old Bonds (BTU).
2. The period to deliver Exchange Orders will commence at 11:30 P.M Chilean time on day [T] and will expire at 9:00 A.M. Chilean time on [T+1] (the “Exchange Offer Expiration”).
3. Exchange Orders must be delivered in accordance with the procedures specified by Euroclear. Participating investors are responsible for informing themselves of these deadlines and for arranging the due and timely delivery of Exchange Orders to Euroclear. By submitting Exchange Orders, Participating investors will acknowledge and agree that Exchange Orders include Blocking Instructions and that Exchange Orders may **not** be revoked.



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4. The Republic will publish the Peso-denominated purchase price, expressed as a YTM, (i) payable for Old Bonds tendered pursuant to valid Exchange Orders (the “Exchange Offer YTM”) and (ii) of New Bonds to be delivered to each investor participating in the Exchange Offer (the “New Bonds YTM”) at 11:30 A.M. Chilean Time on day [T], or as soon as practicable thereafter, at the following link: <https://www.hacienda.cl/english/work-areas/international-finance/public-debt-office/euroclear-channel-for-local-operations/auction-details>, in the format provided for in Table 2. Notwithstanding the foregoing, given that New Bonds will be issued in notional multiples of Ch\$5,000,000 in the case of Peso-denominated Bonds, and multiples of UF 500 in the case of UF denominated Bonds (BTU), each investor participating in the Exchange Offer will receive a difference in cash (the “Fractional Difference”) corresponding to the portion of Old Bonds that is not exchanged for New Bonds due to rounding. The final notional amount of New Bonds and the Fractional Difference to be received by each investor will be calculated using the Bolsa de Santiago methodology (also available in Bloomberg with YAS function), which includes accrued interest up to but excluding the Settlement Date. Although all calculations will be made in Pesos, the Fractional Difference payable to Investors via Euroclear will be made in U.S. dollars, as described below.
5. The Ministry of Finance will consolidate all Exchange Orders delivered by (i) Investors via Euroclear and (ii) investors that hold their interests in Old Bonds through accounts maintained with local broker dealers and will publish a proration ratio (the “Exchange Offer Proration Ratio”) at 10:00 A.M. Chilean Time on day [T+1], or as soon as practicable thereafter, at the following link: <https://www.hacienda.cl/english/work-areas/international-finance/public-debt-office/euroclear-channel-for-local-operations/auction-details>. The Exchange Offer Proration Ratio will apply to all valid Exchange Orders accepted by the Republic. Thus, the Republic will acquire in the Exchange Offer from each investor only the notional amount of Old Bonds that will result from multiplying the aggregate notional amount of Old Bonds tendered by that Investor pursuant to valid Exchange Orders by the Exchange Offer Proration Ratio (never greater than 1.0) (the “Notional Amount of Old Bonds Accepted for Exchange”), rounded down to the nearest multiple of Ch\$5,000,000 in the case of Peso-denominated Old Bonds (BTP) and UFs 500 in the case of UF-denominated Old Bonds (BTU).

In the event of any such proration, the Republic will reject in full any Exchange Orders if (i) the portion to be returned to investors, after applying the Exchange Offer Proration Ratio, is less than the minimum denomination of the Old Bonds; and (ii) if the Exchange Orders, after applying the Exchange Offer Proration Ratio, are insufficient to receive at least a minimum denomination of the New Bonds. Any Old Bonds corresponding to Exchange Orders, or a portion thereof, not accepted by the Republic will be returned to investors.

Direct participants in Euroclear submitting Exchange Orders on behalf of beneficial owners acknowledge that the Exchange Offer Proration Ratio will apply to each Exchange Order delivered by them. Therefore, if such participants wish to have the Exchange Offer Proration Ratio applied at the beneficial holder level, they should submit a separate Exchange Order on behalf of each beneficial owner.

6. The Republic will deliver to each investor participating in the Exchange Offer a notional amount of New Bonds and pay a Fractional Difference, if applicable, to be determined as follows:

$$\text{Notional Amount of Old Bonds Accepted for Exchange valued at the Exchange Offer YTM} = \text{Notional Amount of New Bonds valued at the New Bonds YTM (rounded down to the nearest notional multiple)} + \text{Fractional Difference}$$

All relevant information to perform the above calculations will be published at the following link: <https://www.hacienda.cl/english/work-areas/international-finance/public-debt-office/euroclear-channel-for-local-operations/auction-details>, pursuant to the format provided for in Table 2.



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Table 2.

Old Bonds corresponding to Exchange Offers (ISIN) ⁽¹⁾	New Bonds corresponding to Exchange Offers (ISIN) ⁽¹⁾	Maximum Amount to be Accepted (notional of Old Bonds) ⁽¹⁾	Exchange Offer YTM ⁽²⁾	Equivalent Exchange Offer Dirty Price ⁽²⁾	New Bonds YTM ⁽²⁾	Equivalent New Bonds Dirty Price ⁽²⁾	Exchange Offer Proration Ratio ⁽³⁾	Exchange Ratio per Multiple

(1) To be published at or prior to 5:00 p.m. Chilean time on day [T-5], or as soon as practicable thereafter.

(2) To be published at 09:00 A.M. Chilean Time on day [T], or as soon as practicable thereafter. Dirty Price will be calculated using Bolsa Santiago methodology, rounded at 9 decimals.

(3) To be published at 09:00 A.M. Chilean Time on day [T+1], or as soon as practicable thereafter.

III. Settlement

- The Tender Offer and the Exchange Offer will settle on [T+2] (the “Settlement Date”)
- Cash payments to be made by the Republic to investors in the Cash Tender Offer or as Fractional Difference in the Exchange Offer will be made in U.S. dollars determined by reference to *Dólar Observado* published by the Central Bank of Chile on the Official Gazette on [T] and reported by the Ministry of Finance at 8:00 A.M. on day [T], or as soon as practicable thereafter, at the following link: <https://www.hacienda.cl/english/work-areas/international-finance/public-debt-office/euroclear-channel-for-local-operations/auction-details> .
- All questions regarding the validity, form and eligibility, including time of receipt, of any Cash Tender Order or Exchange Order, as applicable, will be determined by the Issuer in its sole discretion, which determination will be final and binding. Neither the Republic of Chile nor the Coordination Agent shall be liable for any irregularities in Euroclear’s procedures.
- Notwithstanding anything to the contrary herein, the Issuer reserves the right, in its sole discretion, not to accept Cash Tender Orders or Exchange Orders for any reason.
- None of the Republic or any other person will be under any duty to give notification of any defect or irregularity in any notice or incur any liability for failure to give any such notification. In addition, if the Issuer terminates the Cash Tender Offer or Exchange Offer without accepting any orders, all Cash Tender Orders and Exchange Orders shall be deemed to be invalid.
- The Coordination Agent or any of their respective directors, employees, agents or affiliates makes no representation about the legality of the acceptance of the Early Repurchases by an Investor via Euroclear under applicable investment or similar laws; and makes no recommendation as to whether Investors via Euroclear should participate in the Early Repurchases. Each prospective Investor via Euroclear is advised to consult its own counsel and business adviser as to legal, business and related matters concerning the acceptance of the Early Repurchases. The contents of this Protocol are not to be construed as legal, business or tax advice.
- Investors via Euroclear can contact the Coordination Agent if they have any question. The name of institution who will act Coordination Agent and its contact details will be informed at 5:00 p.m. Chilean time on day [T-5], or as soon as practicable thereafter, at the following link <https://www.hacienda.cl/english/work-areas/international-finance/public-debt-office/euroclear-channel-for-local-operations/auction-details> :