



International Swaps and Derivatives Association, Inc.  
360 Madison Avenue, 16th Floor  
New York, NY 10017  
United States of America  
Telephone: 1 (212) 901-6000  
Facsimile: 1 (212) 901-6001  
email: [isda@isda.org](mailto:isda@isda.org)  
website: [www.isda.org](http://www.isda.org)

19 August 2010

Mr. Pablo Correa

Coordinador de Mercado de Capitales

[pcorreag@hacienda.gov.cl](mailto:pcorreag@hacienda.gov.cl)

Re: MK Bicentenario

Dear Mr. Correa

We understand that the Chilean government is currently considering amendments to the existing framework of capital markets regulations in Chile. We would like to bring the attention of the Ministry of Finance to the current state of close out netting recognition in Chile and encourage you to make the necessary statutory changes to foster greater harmonization with international standards.

ISDA is the global trade association representing leading participants in the privately negotiated derivatives industry, a business that includes interest rate, currency, commodity, credit and equity swaps, options and forwards, as well as related products such as caps, collars, floors and swaptions. ISDA currently has more than 825 members from 57 countries on five continents.

Close-out netting in relation to privately negotiated derivative transactions is the ability of a party under a master agreement for such derivative transactions (such as an ISDA Master Agreement) to net the mark-to-market values of all existing transactions under the master agreement upon their early termination following the default of its counterparty or other specified events, including a range of insolvency events prior to an official bankruptcy. As you will see from the attached submissions on topic, certain Central Bank Resolutions have impaired the right to net in Chile which has unfortunate consequences for certain categories of Chilean counterparties.

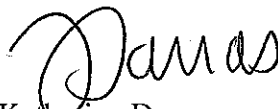
ISDA has analyzed the Central Bank Resolutions together with Chilean counsel, and has

gathered the opinion of many leading participants in the derivatives market who transact with Chilean institutional counterparties. Though we know and understand the autonomy of the Central Bank according to its by-laws and the legal mandate granted in 2007 (MKII) to regulate this matter, perhaps a joint effort from a legislative standpoint and/or an opening of discussions with the Central Bank may be necessary to counteract the negative effects these Resolutions are having on Chilean counterparties.

ISDA is eager to provide all possible assistance to and cooperate with the Chilean Central Bank, the Ministry of Finance and the appropriate authorities in Chile in order to facilitate statutory support for OTC derivatives, in particular, robust close-out netting in Chile. Please let us know your thoughts about this matter and the approach you think would be adequate.

Please contact me if you have questions or if we may be of any further assistance.

Sincerely,

A handwritten signature in cursive script, appearing to read "Darras".

Katherine Darras