

ANNEX B TRANSFERS

1. For greater certainty, regarding transfers covered by this Agreement, the Republic of Chile states that in order to ensure currency stability and the normal operation of domestic and foreign payments, the Central Bank of Chile is empowered to maintain or adopt measures in conformity with the Constitutional Organic Law of the Central Bank of Chile (*Ley Orgánica Constitucional del Banco Central de Chile, Law 18.840*) or other legislation. For this purpose, the Central Bank of Chile is empowered to regulate the supply of money and credit in circulation and international credit and foreign exchange operations. The Central Bank of Chile is empowered as well to issue regulations governing monetary, credit, financial, and foreign exchange matters. Such measures include, *inter alia*, the establishment of restrictions or limitations on current payments and transfers (capital movements) to or from Chile, as well as transactions related to them, such as requiring that deposits, investments or credits from or to a foreign country, be subject to a reserve requirement (“*encaje*”).

2. Notwithstanding paragraph 1, the reserve requirement that the Central Bank of Chile can apply pursuant to Article 49 N° 2 of *Law 18.840*, shall not exceed 30 percent of the amount transferred and shall not be imposed for a period which exceeds 2 years.

3. When applying measures under this Annex, Chile, as established in its legislation, shall not discriminate between China and any third country with respect to transaction of the same nature.

4. In the case of China, the obligation in Article 9.1 shall apply provided that the transfer shall comply with the relevant formalities stipulated by the present laws and regulations of China relating to exchange control provided that:

- (a) these formalities shall not be used as a means of avoiding China’s commitments or obligations under this Agreement;
- (b) in this respect, China shall accord to investors of Chile treatment no less favourable than it accords to investors of any third country;
- (c) the formalities shall be effected within such period as is normally required for the completion of transfer formalities. The said period shall commence on the day on which the relevant request has been submitted to the relevant foreign exchange administration with full and authentic documentation and information and may on no account exceed 60 days; and
- (d) transfer formalities relating to an investment shall in no case be made more restrictive than formalities required at the time when the original investment was made.