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CAPITAL MARKETS ALERT JULY 2020

**SMV approves regulations allowing
corporate integration of stock
exchange and securities clearing
and settlement institutions**

Through Superintendent Resolution No. 066-2020-SMV/02, published on July 17, 2020, the Superintendence of the Securities Market ("SMV") adopted the Regulations for the Corporate Integration of Stock Exchanges and Securities Clearing and Settlement Institutions of ("Regulations"), which establish the requirements for requesting authorization from the SMV in order to carry out a corporate integration procedure between stock exchanges or between stock exchanges and securities clearing and settlement institutions; as well as the obligations arising from obtaining said authorization for the participating entities.

Procedure

The application must be submitted by at least two stock exchanges incorporated in Peru ("Stock Exchanges"), two securities clearing and settlement institutions established in Peru ("ICLV") and, together with the Stock Exchanges, the "Authorized Entities") or a Stock Exchange and an ICLV.

In case the integration procedure includes the organization of a new Authorized Entity, or the transfer of an operating authorization or any other current authorization is required to a legal entity previously constituted or to be constituted and which shall be part of the economic group of the legal entity that shall exercise direct control over the Authorized Entities ("Controller"), special requirements are established.

The SMV has thirty (30) calendar days to decide on the request. The authorization procedure is subject to negative administrative silence.

Obligations arising for the Controller and Authorized Entities of its economic group.

The Controller must permanently comply with certain requirements, among which are:

- (i) keep their shares registered in the Public Registry of the Stock Market;

(ii) ensure that Authorized Entities comply with the minimum capital, equity and infrastructure requirements;

(iii) ensure that no person, by itself or with its associates, owns directly or indirectly shares issued by the Controller, in more than 10% of the voting share capital, nor exercises voting rights for more than said percentage; and,

(iv) immediately inform the SMV and the Authorized Entities when the limits established in numeral (iii) above are breached.

For their part, the Authorized Entities shall comply with the following:

(i) notify the SMV immediately of the breach of the limits established in number (iii) of the preceding paragraph;

(ii) observe the limits to the outsourcing of activities inherent to its corporate purpose provided for in the Regulations, as well as include in the respective outsourcing contracts clauses allowing

the review, by them and the SMV, the conditions for the provision of the service, as well as the information related to said service; and,

(iii) comply on a permanent basis with the following obligations:

(a) have policies for transactions between related parties;

(b) comply with the Principles for Financial Market Infrastructures of the International Organization of Securities Commissions (IOSCO); and,

(c) have the number of independent directors required by the applicable regulations, and in no case less than one (1) independent director.

The corporate integration authorization issued by the SMV shall have an indefinite duration and shall not be subject to renewal.

Notwithstanding this, in the event the Controller or the Authorized Entities do not comply with the obligations set forth in the Regulations, they must prove that they have remedied said breach within 30 days,

otherwise the SMV is empowered to suspend and, if the breach persists, revoke the operating authorization.

The Regulations include in their Final Complementary Provisions, special regulations for the following cases:

(i) that Bolsa de Valores de Lima S.A.A. (“BVL”), as part of a corporate integration process, become a Controller and transfer its operating authorization to another legal person; and, (ii) that, as a result of the corporate integration procedure, the Controller or an Authorized Entity replaces the BVL as a Member of a price provider company, as this term is defined in the Regulation of Price Suppliers Companies.

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