

## CMF reports on start of sanctioning procedure, filing of charges linked to Structured Capital I investment fund managed by Larraín Vial Activos AGF

*The procedure started by the Investigation Unit filed charges against Larraín Vial Activos S.A. Administradora General de Fondos; directors Andrea Larraín Soza, Sebastián Cereceda Silva, José Correa Achurra, Jaime Olivera Sánchez-Moliní, Andrés Bulnes Muzard; and general manager Claudio Yáñez Fregonara. Charges were also filed against STF Capital Corredores de Bolsa SpA and its former general manager Luis Flores Cuevas, as well as Álvaro Jalaff Sanz, Antonio Jalaff Sanz, and Cristián Menichetti Pilasi.*

**October 21, 2024** – The Investigation Unit of the Financial Market Commission (CMF) began today an administrative sanctioning procedure and filed charges against the following natural and legal persons:

- Larraín Vial Activos S.A. Administradora General de Fondos; directors Andrea Larraín Soza, Sebastián Cereceda Silva, José Correa Achurra, Jaime Olivera Sánchez-Moliní, Andrés Bulnes Muzard; and general manager Claudio Yáñez Fregonara.
- STF Capital Corredores de Bolsa and former general manager Luis Flores Cuevas.
- Álvaro Jalaff Sanz, Antonio Jalaff Sanz, and Cristián Menichetti Pilasi.

Pursuant to Article 28 of Decree with Force of Law No. 3,538 which creates the CMF, administrative sanctioning procedures are reserved. However, the Board of the CMF used its legal powers to safeguard public trust and the interests of investors by making the procedure and its charges public. Information gathered by the Investigation Unit and the official statement of charges will remain confidential.

These charges refer specifically to the participation of individuals and legal entities in the process of designing, structuring, marketing and valuing the Structure Capital I (SCI) investment fund, managed by Larraín Vial Activos Administradora General de Fondos (LVAGF). Charges brought by the Investigation Unit in this sanctioning procedure are as follows:

- Regarding LVAGF and Claudio Yáñez Fregonara; Álvaro and Antonio Jalaff Sanz; Cristián Menichetti Pilasi; Luis Flores Cuevas; and STF Capital

Corredores de Bolsa (STFC), charges were filed for grave breaches of the ban set forth in Article 53, Section 2 of Law No. 18045. They might have partaken in the actions, mechanisms, or deceptive/fraudulent practices that induced investors to acquire Series B shares of the SCI investment fund managed by LVAGF.

- Regarding LVAGF directors Andrea Larraín Soza, Sebastián Cereceda Silva, José Correa Achurra, Jaime Olivera Sánchez-Moliní, and Andrés Bulnes Muzard, charges were filed for alleged violations of:
  - Obligations stated in letters A and C of Article 20 of the Single Fund Act (SFA), through which directors of a general fund manager are mandated to ensure that: a) the fund manager complies with the provisions of the internal regulations of each fund; and c) the investments, valuations or operations of the funds are carried out in accordance with the SFA, its regulations and those issued by the Commission, and the provisions of internal regulations.
  - The obligation stated in Article 20, Letter E of the SFA, through which directors of a general fund manager are mandated to ensure that operations and transactions are carried out only in the best interest of the fund in question and for the exclusive benefit of the fund's shareholders.
  - The obligation stated in Article 65 of Law No. 18,045, which states that advertising, publicity and dissemination by any means made by any person participating in issues or placements of securities shall not contain statements, allusions or representations that may mislead, deceive or confuse the public about the characteristics of such securities. This, in connection with Article 20, Letter B of the SFA, mandates directors of a general fund manager to safeguard the information for fund contributors is accurate, sufficient, and timely.
- Regarding LVAGF and general manager Claudio Yáñez Fregonara, charges were filed for the following alleged infringements:
  - Against Article 15 in connection with the final part of Article 17 of the SFA. The first of these articles states that responsibilities for managing functions in a general fund manager cannot be delegated. The second article provides that the administration of each fund must be carried out exclusively for its best interest.
  - Against the obligation stated in Article 65 of Law No. 18,045, which states that advertising, publicity and dissemination by any means made by any person participating in issues or placements of securities shall not contain statements, allusions or

representations that may mislead, deceive or confuse the public about the characteristics of such securities. This, in connection with Article 18, Letter B of the SFA, mandates general fund managers to provide accurate, sufficient, and timely information to shareholders and the public about the funds it manages, including their share series; and on any essential fact or information related to the manager or the funds it manages per Articles 9 and 10 of Law No. 18,015.

- Against the obligation stated in Numeral 9.1.1 (Investment Decisions) of the Internal Control and Risk Management Manual established pursuant to Circular Letter No. 1,869, Section 3, Number 1 on instructions on the implementation of measures related to risk management and internal control in fund managers. This is in line with Article 37 of the CMF Act.
- Against the obligation stipulated in Article 47 of the SFA, which states that no benefit may be offered to the contributor or participant in the marketing of fund shares unless linked to the profitability obtained from the fund's investments, or to its investment policy. This is pursuant to Article 15 of the SFA: responsibilities for managing functions in a general fund manager cannot be delegated.
- Furthermore, charges were filed against LVAGF for an infringement of Section 2, Letter B of Circular Letter No. 1,998, which sets forth instructions on financial reporting under IFRS for investment funds, in relation to Title I, Section 2, Subsection A, Paragraph A3 of General Rule No. 30 (regulates the enrollment, dissemination and placement of public security offers).

According to the Commission' sanctioning procedure, it is now up to the Investigation Unit to begin the process under which parties with files charged against them have up to 20 business days to present information to exonerate them of or mitigate their responsibility regarding these infringements.

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