

COMMUNICATIONS POLICY

Central Bank of Chile





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THE COMMUNICATIONS POLICY OF THE CENTRAL BANK OF CHILE

The Central Bank of Chile, being an autonomous organization, is accountable to society for the mandates it has been given and which are set forth in its Constitutional Organic Law.

One way to do this is to perform its work with transparency. Hence the importance given to the Bank's communication policy, which has as its core characteristics equitable and timely access to information^{1/}.

The principles of this Communications Policy are listed below:

1. Correct dissemination of the Bank's monetary policy actions

The correct communication of monetary policy decisions and underlying arguments is a key element in the Bank's work, since the effects of monetary policy on the economy depend crucially on how market agents internalize the impact of the actions carried out by the monetary authority. This is of utmost relevance, given that the expectations of economic agents play a fundamental role in the evolution of macroeconomic aggregates.

Said correct communication of the Bank's actions is also important because it helps to maintain the high levels of credibility that characterize it, an element that is also key for monetary policy to be successful.

^{1/} See the Central Bank of Chile's Constitutional Organic Act, Law No. 18840, at <https://portalbiblioteca.bcentral.cl/en/web/portal-biblioteca/content/-/detalle/publicacion-constitucional-organico-act>



In this sense, timely communication, with equitable, clear and transparent access, is essential. The Bank's Communications Policy is consistent with this need.

2. Transparent reporting of its policy conduct

The autonomous nature conferred upon it, as well as the exercise of the public function entrusted it, require the Bank to give an account to society of how it conducts its activities. For this reason, central banks, especially autonomous ones, make public their objectives, the way in which they act and the way in which they make known their decisions and information that are relevant to the community.

Every year In September of each year, the Bank's Board delivers to the Government—represented by the Ministry of Finance— and to the plenary Senate of the Republic, the Monetary Policy Report containing an analysis of the evolution of macroeconomic and international indicators, inflation and growth projections for the following year.

The Bank has the self-imposed obligation to present three other monetary policy reports—in March, June and December—which are delivered to the Senate's Finance Committee and the Ministry of Finance and disseminated in seminars organized in the country's various regions.

Every six months, in May and November, the Bank publishes its Financial Stability Report (IEF), containing a detailed description and evaluation of the state of the Chilean financial system, analyzing the external and internal financial risks it faces, as well as the behavior of the various credit users and the banking system.

On or before 30 April of each year, a complete Integrated Annual Report is delivered to the Ministry of Finance and the Senate, explaining both the state of the economy and the most important background information on the Bank's operations, including the Bank's financial statements with the notes thereto and the opinion of independent auditors. It also provides details of the Central Bank's actions in relation to its sustainability strategy.

Every September, the MP Report presents information on the administration of international reserves through June of the same year, as well as a projection of the Bank's balance sheet for that year and next. In turn, the Annual Report describes the management of international reserves and currency liabilities at the end of the previous year. Financial situation reports are published monthly in a newspaper of nationwide circulation.

As part of its liability management, it reports the annual calendar of the Bank's bond bids and, on a monthly basis, the maturity timetable of debt instruments, monetary and forex operations when appropriate, as well as the calendars of the Bank's promissory notes and bonds bids, and of Treasury bonds.



Along with these reports on macroeconomic developments and their management, the Bank features on its institutional website (www.bcentral.cl) a section devoted to transparency in accordance with the provisions of Law No. 20285 on Access to Public Information, which in its section on active transparency, contains, among other things, data on topics such as policies and functioning of this Institution, internal personnel regulations, contracts, compensation structure, standards and procurement policies, existing contracts, tenders, annual budget, financial statements and monthly status statements.

It also contains the information that must be published in accordance with the provisions of Law No. 20730, which governs Lobbying and the Management of Private Interests.

3. Formal communication with the market

The Bank uses as regular communication tools of its policy decisions: statements, press releases, official publications, public lectures by Board members or division directors on reports, regulations or the Bank's general vision to the market, and interviews or public statements delivered by the members of the Board.

The institutional framework establishes that the Bank's Board oversees the Institution's senior management and administration and that its Governor conducts the Bank's liaison with public authorities and with national, foreign or international banking and financial entities. Therefore, the Governor is directly responsible for all information emanating from the Bank, with the sole exception of the opinions of the Board members, which are the exclusive responsibility of the respective individual.

The Bank has an Institutional Affairs Division, which reports administratively to the General Manager and works directly with the Board and the rest of the Bank's areas. One of its functions is to ensure that the information generated by the Bank is strictly framed within the principles of this Policy.

Meetings or events requested from the Bank's Board members and/or Managers by individuals or legal entities, whether domestic or foreign, and whose purpose is to deal with issues related to the economic situation, shall comply with the following requisites:

- a) Applicants must register their full name, the entity to which they belong, their position and the topic to be discussed in a clear and descriptive manner so that third parties do not interpret it as a lobbying meeting or a meeting for the management of a particular interest.
- b) If the meeting involves more participants, the same information as above must be included in the record.



c) Applicants shall inform whether they have requested or plan to request meetings with other Bank officials or authorities to address the same issue or matter.

d) If such is the case, the manner in which such meeting or meetings (e.g., jointly or separately, within the same day or on consecutive days, with or without Bank officials present, among other circumstances) will eventually be held, shall be determined by the authorities included in the petitioner's request.

e) These meetings shall not be held during the blackout period established in paragraph 5 of this Policy. In addition, when the period includes a monetary policy meeting (RPM), nine calendar days shall be added to the aforesaid term.

f) The same person may only participate in up to a maximum of four meetings per calendar year with Board members and/or Managers of the Bank, whether they attend these meetings as a requesting person or as a participant. Each meeting attended by the same person must be requested at least 30 calendar days apart. It shall be the responsibility of the applicant for each meeting to register all persons attending, and must first verify compliance with the above limitations, which shall be recorded in the respective request.

In the event that any attendee fails to comply with such restrictions, the Bank reserves the right to refuse attendance at further meetings requested from the Bank's Board members and/or managers within the following six months. The provisions of this paragraph shall not apply to attendants to conferences, seminars or other open events. Lobbying and private interest management meetings shall be subject to the special regulations that govern them.

g) The Board members and/or managers shall be accompanied by a Bank professional, who shall make a record of the main topics discussed at the meeting.

h) Requests for a member of the Board or a manager to participate in a lecture or seminar must include the name of the applicant, the organizing entity, the estimated number of participants and their nature (collaborators, clients or external guests).

i) At the end of the lecture or seminar, the Board members or managers shall make available to the public the presentation made on the Bank's website and, if applicable, a summary of the main topics addressed during the Q&A round.

j) All meetings or events held, both locally and abroad, will be disclosed to the public through the Public Agenda in the case of Board members, and in the Weekly Agenda in the case of managers.



4. Simultaneous, equitable, formal and promptly delivered information

Formality in communication with society and the markets demands meeting strict internal protocols, especially regarding relations with media representatives and market players.

Notwithstanding the rules contained in its Constitutional Organic Law on the publicity of its agreements and resolutions, the Bank promotes the use of its website as the usual place for the dissemination of its official information and publications, which requires ensuring the quality and security of this digital communication channel. It also seeks to maintain the timeliness of its communications as an efficient system of distribution and access to the economic and statistical information it generates.

The publication of relevant information on the website seeks to ensure its simultaneous, equitable and egalitarian delivery.

Employees are forbidden from interacting with representatives of the media in those matters that refer to the work of the Bank.

Requests made by the press to any instance of the Bank, including the Governor and other Board members, are forwarded to the Communications Department and/or the Institutional Affairs Division, which must always strive to respond to them as quickly and timely as possible, ensuring that the information contained in the responses meets strictly technical criteria and is in accordance with the Bank's Transparency Policy. These responses may be delivered as an Institution or through a Bank official.

The Bank will seek to contribute to a better understanding of its work through training efforts for press professionals and will be ready to provide guidance on those technical aspects that require greater clarity.

The Bank acts promptly in the delivery of market-sensitive information that is not subject to legal reserve. Thus, it requires that the data prepared by it, not subject to a duty of confidentiality, and which are sensitive for economic agents, be published as soon as they have the appropriate validation to be disseminated. This requires developing the capacity to make information or a relevant agreement of general interest available to the public as soon as it is produced. This self-imposed requirement refers both to the statistical information it produces and to the Board's decisions or agreements that have an impact on economic agents.

In order to provide further background and analysis of the relevant information, the presentation of each Monetary Policy Report or Financial Stability Report to the respective Senate body is accompanied by at least two press conferences by the Governor of the Bank.



5. Inflation target, monetary policy and clear, transparent forecasts

The monetary regime established by the Bank has as its objective that expected annual CPI inflation be close to 3% annually over a medium-term horizon of around two years, most of the time within a range of 2% to 4%. Compliance with objective imposes formal communication requirements that are essential for the effectiveness of monetary policy.

The Bank follows a schedule for the delivery of information regarding the decision it periodically adopts at its monetary policy meetings (RPM). First, starting in 2017, in September of each year, the calendar with the dates of each of the RPMs that will take place during the following calendar year is disclosed, together with the publication dates of the quarterly MP Reports. At the end of each RPM and when the local markets have already closed their operations, a statement is published on the institutional website with the decision adopted and the main aspects that motivated it, both in the external and internal scenario, also including possible future courses of action and, as from 2018, the individualization of the vote of each Board members.

In accordance with the monetary policy scheme announced in September 2017, on the eleventh banking day following each meeting, Minutes will be published setting out in greater detail the background that motivated the decision adopted, as well as the vote of each of the Board members already disclosed in the statement, along with a summary of the rationale for the vote on the monetary policy options considered by the Board, including the decision adopted and any reservations or dissent, if any.

The Bank's monetary policy is detailed in its principles, formulation, communication and transmission in a document published on its institutional website.

In order to reduce volatility and market speculation around monetary policy decisions or the publication of reports containing forecasts, the Bank establishes a blackout period before and immediately after, which is informed in the Calendar of Events on the same website.

In the case of the RPMs, the prior blackout period is seven calendar days, including the first day of the meeting, and extends until noon of the day after the meeting is concluded.

On those occasions in which the MP Report is published on the day after an RPM is held, in accordance with the aforementioned Calendar, the blackout period will be extended until the time of the press conference in which the Bank's Governor or Deputy will present the respective MP Report.



During the blackout period applicable to the RPMs and the MP Report, if any, the Board and the Bank's employees shall refrain from giving press interviews or talks, or from holding meetings with market players in which monetary policy issues are discussed. Exceptions are decided by the Board itself, in the internal coordination body determined by the Board. In particular, the criterion applied is to exempt from the blackout those public presentations on generic topics related to the Bank's institutional framework or matters without direct or circumstantial incidence on monetary and financial policy.

Likewise, the blackout period is considered an integral part of the Bank's Information Security Policy, and therefore includes the prohibition for staff to make or maintain unauthorized communications with third parties, by any means, on the matters subject to the duty of silence during the blackout period.

Blackout periods are informed on the section entitled Calendar of Events on the Bank's website.

6. Financial policy communication

The Bank holds a Financial Policy Meeting (RPF) twice a year, in May and November, where the Board decides on changes to the Countercyclical Capital Buffer. This instrument is a macroprudential requirement for the banking system. Its purpose is to enhance the resilience of the banking system when faced with severe stress scenarios resulting from systemic risks. At the same time, it contributes to reducing the impact of these events on financial stability, in order to avoid restricting essential services and protect the economy at large.

The Bank communicates in a timely manner on its website the amendments it introduces to the regulations governing the financial system and which are within the powers associated with its objective of ensuring the normal flow of internal and external payments.

As it deems appropriate, the Bank will previously submit these amendments for consultation for a determined period of time in order to receive comments from the parties involved, to evaluate them and then proceed to their definitive enactment and implementation, which will also be duly communicated on the Bank's website.

The Bank is always readily willing to provide technical assistance when there are relevant bills under legislative discussion and will make this assistance available to the general public also on its website..

For the RPFs, the period of prior blackout is seven calendar days, including the first day of the meeting, and extends until noon of the day following the conclusion of the meeting.



In the case of the Financial Policy Report, a blackout period is established for one week prior to the day on which it is scheduled to be published. This period shall be extended until the Bank's Governor or deputy presents the respective Report at a press conference held on the day of its publication; the provisions of the three final clauses of paragraph 5 above shall apply to the aforementioned period.

Accordingly, during this blackout period, the Board and the Bank's staff shall refrain from giving press interviews or talks, or holding meetings with market agents in which macroeconomic and financial issues included in the aforementioned Report are discussed. Exceptions are decided by the Board at the internal coordination instance it may determine.

7. Delivery of statistical information

As an institution that generates statistics on economic activity and balance of payments, as well as monetary and financial statistics, the Bank considers the quality and timeliness of this information to be fundamental.

The statistics generated by the Bank are communicated in accordance with strict principles of fairness, with pre-established timetables of dates and hours. As a general rule, all figures and publications are released first thing in the morning, unless particular characteristics of a figure call for an exception.

The Bank is committed to adapting the preparation and delivery of its statistics to the best practices known in the world and in accordance with the standards required by multilateral organizations such as the OECD and the IMF.

8. Clarity in communication

Statements regarding decisions of the Bank's Board should be sufficiently clear to enable market participants to understand the information provided, so that the mechanisms for transmitting such decisions operate in a timely and fluent manner.

In addition, the Bank seeks to deepen the content of these decisions through talks and conferences by its Board members or managers regarding regulatory or monetary policy decisions, as well as reports, with the purpose of transmitting its vision to the market and the general public.

It will also do so via press interviews or mechanisms at the public's disposal to clarify doubts or answer inquiries.



Public lectures or presentations by the Governor, Board members or Division directors that are accompanied by a document (whether PowerPoint or on paper) are uploaded to the Bank's website. Typically, this presentation will be uploaded close to the moment the respective presentation begins.

9. Dissemination of Bank staff research

The quality of the Bank's work also stems from its economic research activity, which over time has positioned our Institution in a prominent place in both the local and international academic community.

The studies published as part of this research work do not necessarily represent the views of the Bank or its Board members.

10. Contribution to economic and financial education of the Chilean community

The Bank considers it necessary to enhance the public's understanding of the workings of the economy, as well as of the information it delivers to the market. This understanding is achieved through clarity of messages and by building the capacity of audiences to comprehend the basic concepts of economics implicit in the communications.

The Bank's policies and decisions become more effective and efficient as a larger share of the population understands and assimilates them, incorporating them into their day-to-day lives.

With this in mind, it has created a community outreach program called *Central en tu Vida* (Central in your life), which brings together all the initiatives aimed at enabling the general population to understand in plain and accessible language the economic concepts and processes that are usually considered very complex. With this program, developed in different platforms, both digital and face-to-face, the Bank is an active participant in the financial education initiatives developed in the country and its objective is to help people make better informed decisions, which will contribute to improve their quality of life..

These community outreach programs also include the Bank's ongoing efforts to promote the proper use and care of cash payments to a broad sector of the population, as well as multiple dissemination actions to promote the recognition of banknotes.