

COMMUNICATIONS POLICY

Central Bank of Chile





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COMMUNICATIONS POLICY OF THE CENTRAL BANK OF CHILE

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

One way of doing so is to perform its functions in a transparent manner. Hence the importance given to the communication policy of this institution, whose fundamental characteristics are fairness and timeliness in access to information^{1/}.

INTRODUCTION

The Communications Policy describes the general principles for the correct transmission and effectiveness of the Bank's policies in order to contribute to the fulfillment of the objectives of ensuring the stability of the currency and the normal functioning of internal and external payments.

Expectations are a key element in the can and, at the same time, a determinant of its effectiveness, so that not only actions, but the perceptions about future actions and their communication are also relevant.

^{1/} See Constitutional Banking Law of the Central Bank of Chile at [Ley Chile - Ley 18840 - Biblioteca del Congreso Nacional](#)



The Bank assumes the need to maintain a consistent policy of reporting truthfully and fairly. This requires communicating the context of a decision, which may mean acknowledging uncertainty and explaining the rationale behind it.

This policy also applies to its statistics gathering and dissemination functions and the transparency standards associated with its internal operations, governance and procurement processes.

SCOPE

This Policy applies to every authority and employee of the Bank.

OBJECTIVES

The Bank seeks to maintain consistent communication with the principles of providing fair and timely information about the context of its decisions, as well as the rationale behind them.

PRINCIPLES

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

The correct communication of monetary policy decisions and the arguments that support them is a core element in the Bank's work, since the effects of monetary policy on the economy depend crucially on the way in which market participants internalize the impact of the actions taken by the monetary authority. This is particularly important, because the expectations of economic agents play a fundamental role in the evolution of macroeconomic aggregates.

The proper communication of the Bank's actions is also important because it helps to maintain the high levels of credibility that have characterized this Institution, an element that is also essential for monetary policy to succeed.

In this sense, timely, clear and transparent communication with equitable access is essential. Our Communications Policy is consistent with this need.



2. Transparency in reporting on its activities

The autonomous nature conferred upon it, as well as the exercise of the public function entrusted to it, require the Bank to account for its management to society. This is why central banks, especially autonomous ones, make public their objectives, the way they act and the manner in which they disclose their relevant decisions and information to the community.

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 (IPoM), which contains an analysis of the macroeconomic evolution of the country and the international economy, inflation and growth projections for the year.

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

Twice a year, in May and November, the Bank publishes the Financial Stability Report (IEF), which contains 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 users of credit and the banking system.

Before the 30th day of 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 of the Bank's operation, including its financial statements with notes thereto and the opinion of independent auditors. It also provides details of the Central Bank's actions in relation to its sustainability strategy.

The September IPoM presents information on the management of international reserves through June of the same year, as well as a projection of the Bank's balance sheet for the current year and the following one. The Annual Report contains reports on 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 calendar of debt instruments, monetary and forex operations, when appropriate, as well as the calendar of the Bank's promissory note and bond bids, and the Treasury General of the Republic's bond bids.

Along with these reports on macroeconomic developments and management, the Bank has a section on its institutional website dedicated to transparency in accordance with the provisions of Law No. 20,285 on Access to Public Information,



which, in its section on active transparency, contains information including topics such as policies and operation of the Bank, internal staff regulations, contracts, remuneration structure, standards and procurement policies, current contracts, tenders, annual budget, balance sheet and monthly financial statements.

It also has the information that must be published in accordance with the provisions of Law No. 20,730, which regulates lobbying and the management of private interests.

3. Formal communication with the market

The Bank uses as regular instruments of communication of its policy decisions, press releases, official publications, public conferences of Board members or Division managers on reports, regulations or the general vision of the Bank to the market, and interviews or public statements given by the members of the Board.

The institutional framework establishes that the Bank's Board is in charge of the senior management and administration of the Institution and that its Governor conducts the Bank's relations with the 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, who speak on their own behalf and are thus individually responsible.

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 Institution is strictly framed within the principles of this Policy.

4. Simultaneous, equitable, formal and promptly delivered information

Formality in communication with society and the market requires compliance with strict internal protocols, especially in dealing with representatives of the media 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 institutional website as the usual place for the distribution 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 of and access to the economic and statistical data prepared internally.

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



Employees are prohibited from interacting with representatives of the media on issues related to the Bank's activities.

Any requests made by the press to any Bank unit, including the Governor and other members of the Board, are referred to the Communications Management and/or the Institutional Affairs Division Manager, who must always try to respond to them as quickly and timely as possible, ensuring that the information contained in the responses is within strictly technical criteria and in accordance with the Bank's transparency policy. These responses may be delivered as an Institution or through a Bank officer.

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

The Bank is quick to provide 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 is 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 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 resolutions that have an impact on economic agents.

For further background and analysis of the relevant information, the presentation of each IPoM and IEF to the respective Senate body is accompanied by the corresponding press conference led by the Governor of the Bank.

Requests for a member of the Board or Manager of the Bank to participate in a seminar, conference, lecture or other type of event open to the public shall include the name of the applicant, the organizing entity, the estimated number of participants and their nature (collaborators, clients or external guests). At the end of such events, the Directors or Managers shall make the presentation available to the public on the Bank's website.

All meetings or events held, whether in the country or abroad, will be openly disclosed through the Public Agenda, in the case of a Board member, and the Weekly Agenda, in the case of a Manager.

5. Meetings with market stakeholders

Considering the objectives of safeguarding simultaneous, equitable and egalitarian access to information, those meetings requested to the members of the Board by individuals or legal entities, to be attended by investors, investment managers and/or analysts, whether national or foreign, for the purpose of discussing issues related to monetary policy and/or economic indicators, hereinafter "meetings with market stakeholders" ("RAM" in Spanish), shall adhere to the following guidelines:



Up to eight RAMs shall be organized per calendar year, each of which shall be held subsequent to the holding of the respective monetary policy meeting, upon the end of the respective blackout period.

Each RAM will be chaired by the Vice Governor or a Board member, who will rotate for these purposes, according to the order determined by the Board itself and in accordance with their agenda availability.

At the beginning of each RAM, the Vice Governor or Board member leading the RAM shall make a presentation containing the main messages of the respective meeting or of the IPoM, when applicable. Said presentation shall be published on the Bank's website simultaneously with the beginning of the RAM.

RAMs may take place in person or online, as determined by the Bank.

The Bank shall admit the participation of up to 20 external persons in each RAM, either in person or online. In the event that the number of people interested in attending exceeds the aforementioned limit, preference will be given to those who have not participated in this type of meeting during the previous twelve months.

In the event that several requests are made simultaneously, the Bank reserves the right to assign them to the same RAM, provided that the total number of attendees does not exceed the 20-person limit.

The person requesting a RAM must register the full name, ID or passport number, position and entity to which each of the persons interested in participating in the meeting belongs.

The same person may only attend a maximum of four RAMs per calendar year, irrespective of whether that person attends as an applicant or as a participant.

For the purposes of the foregoing, the Institutional Affairs Division Management will keep the respective record of the persons attending the RAM.

In the event that any person fails to comply with the above rules and restrictions, the Bank reserves the right to refuse such person's attendance at new meetings that are requested within the following six months.

RAMs will be included in the Public Agenda of the Vice Governor or Board member leading it.

The Vice Governor or Board member leading the meeting with market stakeholders will be accompanied by at least one Bank professional, who will keep a record of the main topics discussed at the meeting.

The provisions of this paragraph shall not apply in the case of attendance at conferences, seminars or other open events, for which the provisions of paragraph four above shall apply.



Lobbying and private interest management meetings shall be subject to the special regulations that govern them.

6. Inflation target and clear and transparent monetary policy and projections

The Bank's stated monetary regime targets annual CPI inflation at around 3% annually over a medium-term horizon of around two years. Compliance with this target imposes formal communication requirements that are essential for the effectiveness of monetary policy.

The Bank has a timetable for the delivery of information regarding the decision it periodically adopts at its monetary policy meetings (MPM). First, since 2017, in September of each year, the timetable is announced with the dates of each of the MPMs that will take place during the following calendar year, together with the publication dates of the quarterly Monetary Policy Reports (IPoM). At the end of each MPM and when the local markets have already closed their operations, a statement is uploaded on the Bank's 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 individual vote of each Board member.

In accordance with the monetary policy regime announced in September 2017, on the eleventh banking day following each meeting, the minutes thereof will be published, setting out in greater detail the rationale for the decision adopted, as well as the vote of each of the Board members already disclosed in the statement, together with a summary of the reasons for the vote on the monetary policy options considered by the Board, stating the decision adopted and any reservations or dissent, if appropriate.

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 market volatility and speculation around monetary policy decisions or the publication of reports with projections, the Bank establishes a blackout period before and immediately after the decision, which is reported in the Calendar of Events on the same institutional website.

In the case of the MPM, the prior blackout period is seven calendar days, including the first day of the meeting, and extends until noon of the day following the end of the meeting.

In those occasions where the IPoM is published on the day after an MPM has been held, in accordance with the aforementioned timetable, the blackout period will be extended until the time of the press conference in which the Bank's Governor or deputy Governor will present the corresponding IPoM.



During the blackout period applicable to the monetary policy meetings and reports, the Bank's Board and officers shall refrain from giving press interviews or talks, as well as holding meetings with market players in which monetary policy issues are discussed. Exceptions are decided exclusively by the Board, in the internal coordination body determined by the Board. In particular, the criterion applied is to exclude from the blackout period any public presentations on generic topics related to the Bank's institutional framework or matters without direct and 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 personnel to make or maintain unauthorized communications with third parties, by any means, on matters subject to the duty of silence during the established blackout period.

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

7. Communication of financial policy

The Bank holds two Financial Policy Meetings (FPM) in April and November of each year, where the Board decides on changes to the Countercyclical Capital Buffer (CCyB). This instrument is a macroprudential requirement for the banking system. Its purpose is to enhance the resilience of the banking system in the face of severe stress scenarios resulting from systemic risks. At the same time, it contributes to mitigating the impact of these events on financial stability, avoiding the curtailment of essential services and protecting the overall economy.

At the end of each FPM 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. In addition, on the eleventh banking day following the end of each FPM, the minutes thereof are published setting out in greater detail the background to the decision adopted, as well as the vote of each of the Board members already disclosed in the statement, together with a summary of the reasons for the vote on the financial policy options considered by the Board, stating the decision adopted.

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

To the extent it deems appropriate, the Bank will place these amendments in consultation for a determined time span in order to receive comments from the agents involved, to evaluate them and then proceed to their definitive enactment and implementation, which will also be duly communicated on its website.



The Bank is at all times fully prepared to provide technical input when relevant draft legislation is under legislative discussion and will make this input available to the general public also through its website.

For the FPMs, the blackout period is seven calendar days, including the first day of the meeting, and extends until noon of the day after the end of the meeting.

In those cases in which the FPM is accompanied by the publication of the Financial Stability Report (IEF), said blackout period shall be extended until the aforementioned time or until the Bank's Governor or deputy Governor, presents the respective IEF at a press conference held on the day of its publication; the provisions of the three final paragraphs of numeral 5 above shall apply to the aforementioned period.

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

8. 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 schedules. As a general rule, all figures and publications are released first thing in the morning, barring particular characteristics of a figure that 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 Organization for Economic Cooperation and Development and the International Monetary Fund.

9. Clarity in the means of communication

The communications informing about decisions of the Bank's Board must be sufficiently clear to allow market agents to understand the information provided, so that the mechanisms for the transmission of 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 the Bank's vision to the market and the general public.



It will also do so through press interviews or mechanisms available to the public to clarify doubts or queries.

The talks or public presentations by the Governor, Board members and Division managers, which are accompanied by a document (PowerPoint or written), are uploaded to the institutional website. In most cases, this presentation will be uploaded almost as soon as the respective presentation begins.

10. Dissemination of research conducted by members of the Bank

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

The papers published as part of this research work do not necessarily represent the opinion of the Bank or the Board.

11. Contribution to the citizens' economic and financial education

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

The effectiveness and efficiency of the Bank's policies and decisions increase as a larger part of the population understands and assimilates them, incorporating them into their day-to-day lives.

For this reason, it has a community outreach program under the name *Central en tu Vida* (Central in your Life), which brings together all the initiatives aimed at enabling the general population to understand in simple and accessible language the economic concepts and processes that are usually considered very complex. With this program, developed on various platforms, both digital and face-to-face, the Bank is an active participant in the financial education initiatives being developed in the country and its objective is for people to make better informed decisions, which will thus contribute to improving 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 paper banknotes.



DISSEMINATION AND KNOWLEDGE

The Communications Policy must be available to all the Bank's officers. It shall be disseminated through the means of communication established by the Bank for this purpose.

The Communications Department is responsible for the dissemination of the current Policy.

APPROVAL

This Policy is subject to approval by the Board of the Central Bank of Chile.