

**Press
RELEASE**



The Financial Market Commission issues rule about international standards that must be observed by the financial market infrastructure entities, and highlights improvement in international assessment

September 6th, 2018.- The Council of the CMF, in its continuous effort to contribute to the financial system development, operation, and stability, today passed [Circular N°2237](#), which establishes that, for the purpose of properly managing inherent risks to its business, the managing corporations of clearing and settlement systems of financial instruments; securities custody and depository companies, **must observe international standards of the Principles for Financial Market Infrastructure (PFMI)**

The international standards for Financial Market infrastructures are those established by the International Organization of Securities Commissions (IOSCO), and the Committee on Payments and Market Infrastructures (CPMI) related to the Bank of International Settlements (BIS). The PFMI aim to improve the efficiency and security of payment methods, clearing, liquidation, and registration, and thoroughly to limit the systemic risk, and to encourage financial transparency and stability.

The new regulation was up for comments from the market and general public between July 20th and August 17th. **Taking into consideration the received comments in the consultation process, and with the purpose of giving a proper period to the infrastructure entities for the compliance with the PFMI, the Council of the CMF considered pertinent that the instructions should take effect on April 1st, 2019.**

The regulation is framed within the joint effort made last year by the Central Bank, the Ministry of Finance, the Superintendence of Banks, the Superintendence of Pensions, the CMF through the Financial Stability Board (FSB), and the Financial Supervisory Committee, **in order to improve the domestic financial market resilience.**

This regulation aims for the investors to have more information regarding the measures taken by infrastructure entities to comply with international

recommendations. That information is intended to give even greater guaranties regarding the robustness and resilience of Financial Market infrastructures.

It should also be mentioned that the rule is part of a CMF work schedule, which aims for the infrastructures of the Chilean Financial Market subject to its oversight is to be aligned with the required standards for the operation of these kind of entities in developed jurisdictions, and therefore keeping the international competitiveness, attractiveness, and visibility of our market.

Some of the most important elements of the regulation are mentioned in the following paragraphs:

1. Main objectives of the Rule

- To contribute to the development and proper operation of the financial system, and to preserve the financial stability when encouraging the adoption of international standards applicable to the Financial Market infrastructures overseen by the CMF.
- To promote a proper risk management from those infrastructures which fulfill an essential role in the clearing, settlement, and registration of financial operations, contributing to the strengthening of the market performance they provide services to.

2. Regulation Novelties

- The duty of the governing bodies of central counterparty entities, and securities deposits subject to the CMF supervision to comply with the PFMI standards in the definition of policies, procedures, systems, controls and, mitigators to achieve proper management of the risks inherent in its business, are clearly set out.
- In this context, self-assessment made by such entities about their level of compliance with the PFMI must be sent to the CMF for disclosure.

3. Regulatory Context

- Within the aftermath of the 2008 international financial crisis, the importance of promoting the security and efficiency of Financial Market infrastructures (payment methods, securities and central counterparties clearing systems, central securities depositories and trade repositories), was identified.
- For that purpose, the BIS and IOSCO defined new international standards applicable to these entities as PFMI with the aim to preserve the financial stability, and security, efficiency, and transparency conditions of the Capital Market.

- In January 2017, the Ministry of Finance, the Central Bank, the Superintendence of Banks, the Superintendence of Pensions, and the CMF undertook the commitment to implement the PFMI to their policies, regulations, and oversight procedures.

4. Scope of application of rule proposal

- Managing companies of Clearing and Settlement Systems of Financial Instruments ruled by Law N°20,345
- Securities Depositories Companies ruled by Law N°18,876.
- The regulatory and oversight activities carried out by the CMF upon the infrastructure entities are clearly set out and will be taken into consideration regarding what is applicable to the entity according to its nature and the applicable legal framework.

Improvement in International Compliance Assessment of PFMI

On the other hand, and in addition to the informed in the FSB meeting of last August, the CMF informs that, on July 23rd, the BIS and the IOSCO revealed the fifth update of [Level 1 Assessment of Monitoring and Implementation of PFMI](#).

In the aforementioned assessment, the progress made by the evaluated countries when adopting measures which allows PFMI implementation is recognized and appraised. Regarding the aforementioned update, Chile, on this occasion, reached a maximum qualification for Principles and Responsibilities related to Central Counterparties, Payment Systems, and Securities Central Depositories.

[Circular N°2237](#) and its [Report](#) are published on the [official CMF website](#).