

**Press  
RELEASE**



## **The CMF opens for consultation regulation about compliance of international standards by the financial market infrastructure**

**July 20<sup>th</sup>, 2018.-** To contribute with the development and proper running of the financial system and preserve financial stability, the CMF opened for consultation a new regulatory proposal today.

The new regulation is part of a joint venture which has been carried out in recent years between the Ministry of Finance, the Central Bank of Chile, the Superintendence of Banks and Financial Institutions, the Superintendence of Pensions, the CMF and the infrastructure entities to improve the resilience of the national financial market.

The regulation under consultation establishes that the managing companies of compensation and settlement systems for financial instruments and the custody and securities depository companies subject to the oversight of the CMF must observe the international standards in the definition of their policies and procedures, as well as in the integral management of the risks related to their businesses.

The international standards are those established for financial market infrastructures by the International Organization of Securities Commissions (IOSCO) and the Committee of Payment and Settlement System associated with the Bank of International Settlements (CPSS).

With the proposed regulation, it is also expected that the investing public will have more information regarding the measures that the infrastructure entities are adopting to be in line with international recommendations and that this information will give even greater guarantees to these investors with respect to the strength and resilience of financial market infrastructures and of our market as a whole.

The consultation for this proposal, is part of a work agenda of the CMF which aims that the infrastructures of the financial market under supervision are aligned with the required standards for the operation of these kind of entities in

the developed jurisdictions and, in this way, maintain the competitiveness, attractiveness and international visibility of our market.

Some of the most important elements of the proposal of regulation open for consultation are mentioned below:

### **Main Objectives**

- To contribute to the development and proper running of the financial system and to preserve financial stability by promoting the implementation of international standards applicable to the financial market infrastructure supervised by the CMF.
- To promote proper risk management in this infrastructure which plays a fundamental role in the compensation, settlement and recording of financial operations, thus contributing to strengthening the running of the markets to which they provide services for.

### **Regulatory context**

- Within the lessons of the international financial crisis of 2008 the importance of promoting the safety and efficiency of financial market infrastructures (payment system, securities settlement systems and central counterparties, central securities depositories and trade repositories) was identified.
- For that purpose, the Payments and the Committee of Payment and Settlement System (CPSS) and the International Organization of Securities Commissions (IOSCO) defined new international standards applicable to these entities called "Principle for Financial Market Infrastructures (**PFMI**)" with the objective of preserving financial stability and the conditions of safety, efficiency and transparency of the capital market.
- In January 2017, the Ministry of Finance, the Central Bank of Chile, the Superintendence of Banks and Financial Institutions, the Superintendence of Pensions and the CMF committed to applying the PFMI to their policies, regulations and supervision procedures.

### **Application field of the regulation proposal**

- Managing Companies of Compensation and Settlement Systems of Financial Instruments governed by Law N°20,345
- Securities depository companies governed by Law N° 18,876

### **News of the regulation proposal:**

- The duty of the governing and oversight bodies of the central counterparty entities and securities deposits subject to CMF supervision to observe the standards of the international financial market infrastructure (**PFMI**) in the definition of policies, procedure, systems, controls and mitigants to achieve adequate management of the risks related to their activity is clearly set out.

- In this context, self-assessments carried out by these entities on their degree of compliance with the **PFMI** shall be sent to the CMF to be made public.
- It is clearly set out that for the regulatory and oversight activities carried out by the CMF on the infrastructure entities, those principles will be taken into consideration in what is applicable to the entity according to its nature and the applicable legal framework.

The **CMF will receive comments for this regulatory proposal until August 17<sup>th</sup>, 2018**, through the Regulation in process link on its web site.

**Direct Link to the Regulation Report**

[http://www.cmfchile.cl/institucional/legislacion\\_normativa/normativa\\_tramite\\_ver\\_archivo.php?id=2018071926&seq=1](http://www.cmfchile.cl/institucional/legislacion_normativa/normativa_tramite_ver_archivo.php?id=2018071926&seq=1)

**Regulation in process link**

[http://www.cmfchile.cl/institucional/legislacion\\_normativa/normativa\\_tramite.php](http://www.cmfchile.cl/institucional/legislacion_normativa/normativa_tramite.php)

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