



Basel III Standards

CMF publishes for consultation a regulation promoting market discipline and transparency through disclosure of significant, timely information.

- *The proposal sets provisions regarding the promotion of market discipline and financial transparency, following the recommendations of Pillar 3 of the Basel capital framework.*

October 5, 2020 – The Financial Market Commission (CMF) has published for consultation a regulation promoting market discipline and transparency through disclosure of significant, timely information. This is known as Pillar 3 of the Basel capital framework. Therefore, the Commission continues to comply with the schedule defined for the implementation of Basel III standards in Chile, even though Law No. 21,130 did not establish specific deadlines for this regulation.

The aim of the local Pillar 3 regulatory proposal is to allow the market and information users to know risk profiles of local banking institutions, including their position and capital structure (at a local consolidated and global consolidated level) in a unified format. This allows a better analysis while reducing information asymmetries among market agents.

Banking entities must publish their Pillar 3 document independently or alongside their financial statements, reporting each of the tables and forms established in the regulation under consultation. The documentation, which must be easily identifiable and accessible, will be published on each bank's website. The requirements established in said regulation will apply to all banks incorporated in Chile and branches of foreign banks operating in the local market. They must provide information at both the local and global consolidated levels.

The requirements considered in this regulation are consistent with what was established by the Basel Committee on Banking Supervision in its last accord (Basel III), which developed a guide for proper publication of information using

standardized tables and forms which have been updated as changes are made to the other standards, Pillar 1 and Pillar 2.

In accordance with these standards and the provisions of the General Banking Act, the new Chapter 21-20 of the Updated Compilation of Rules for Banks (RAN, for its Spanish acronym) sets out the principles and type of information to be disclosed, as well as the periodicity of publication of the Pillar 3 document.

Impact Estimation

Pillar 3 will complement the information available so far and improve access to it, increasing its order and transparency for users and facilitating risk assessment. The main costs will fall on the development of new information systems, whose implementation has been postponed until 2023, once the new Pillar 1 and Pillar 2 standards are already in place.

Public Consultation

The regulation will be in public consultation for comments from the market and general public until November 5, 2020. To access the details of the proposal, interested parties can visit the [Draft Rules and Norms](#) section on the CMF website. Additionally, the Commission makes available a [Regulatory Report](#) evaluating the impact of the proposal, a [Frequently Asked Questions document](#), and a [Presentation](#). These materials summarize the core elements of the public consultation.

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