



For banks and financial institutions, securities, and insurance

CMF presents its new supervisory and regulatory structure

- *The Board of the Financial Market Commission approved the launch of a plan that establishes a gradual transition from a supervision scheme by industry to a model based on the two main pillars of the CMF: Prudential and Market Conduct.*
- *The new structure, based on what is internationally known as the Twin Peaks model, reflects the advice provided to the Commission by the International Monetary Fund, as well as the comparative experience of globally integrated financial regulators.*
- *With this change in structure, the CMF intends to continue enjoying the benefits of being an integrated financial supervisor that motivated the merger of the former SBIF with the Commission in the middle of 2019.*
- *On January 1, 2021, the transition will begin with the replacement of the current intendancies by four General Directorates, to proceed with the remaining changes during 2021 with support from an external consultancy.*

October 14, 2020 – The Board of the Financial Market Commission (CMF) approved Resolution No. 4,694, which establishes the transition to a new organizational structure for the Commission's supervisory and regulatory areas. Therefore, the regulator and supervisor of the financial market in Chile will comply with its legal mandate to ensure the proper functioning, development, and stability of the financial market through a new organizational model.

This is a milestone in the process of the Commission's institutional consolidation, which began on June 1, 2019 after the integration of the former Superintendence of Banks and Financial Institutions (ex-SBIF) into the CMF. This is a milestone in the process of the Commission's institutional consolidation, which began on June 1, 2019 after the integration of the former Superintendence of Banks and Financial Institutions (ex-SBIF) into the CMF. Said process continued this year with the integration of the administrative areas and the presentation of the Commission's Strategic Plan for the period between 2020 and 2022.

Background Information

The new structure strengthens the Commission's supervisory model and its capabilities to prudentially monitor the solvency of financial intermediaries, market conduct, and financial customer protection. It also aims to address financial market challenges with a systemic view, addressing new risks and generating supervisory and regulatory synergies for the fulfillment of the CMF's mandate. Furthermore, potential conflicts between prudential, behavioral, and financial market development objectives are elevated to the level of the Board of the Commission.

The decision by the Board of the CMF is in line with the recommendations of the International Monetary Fund (IMF), which provided technical advice on the integration of banking supervision into the CMF in the last quarter of 2018. It also reflects the comparative experience of the international financial crisis and is consistent with the path adopted by some of the main international financial regulators, such as the United Kingdom, Ireland, Australia, and New Zealand, among others.

New Structure

The Commission's plan involves moving from a current supervisory and regulatory scheme organized by industries (banks and financial institutions; securities; and insurance) to a "Twin Peaks" model based on two major pillars.

- **Prudential**, focused on solvency and adequate risk management of supervised financial institutions.
- **Market Conduct**, which aims to ensure the transparency and integrity of the stock market and the protection of financial customers.

For the materialization of this new structure, a transition process will begin on January 1, 2021, ending in December of that same year. Said process considers the creation in January of four new General Directorates that will replace the functions of the current intendancies. These are:

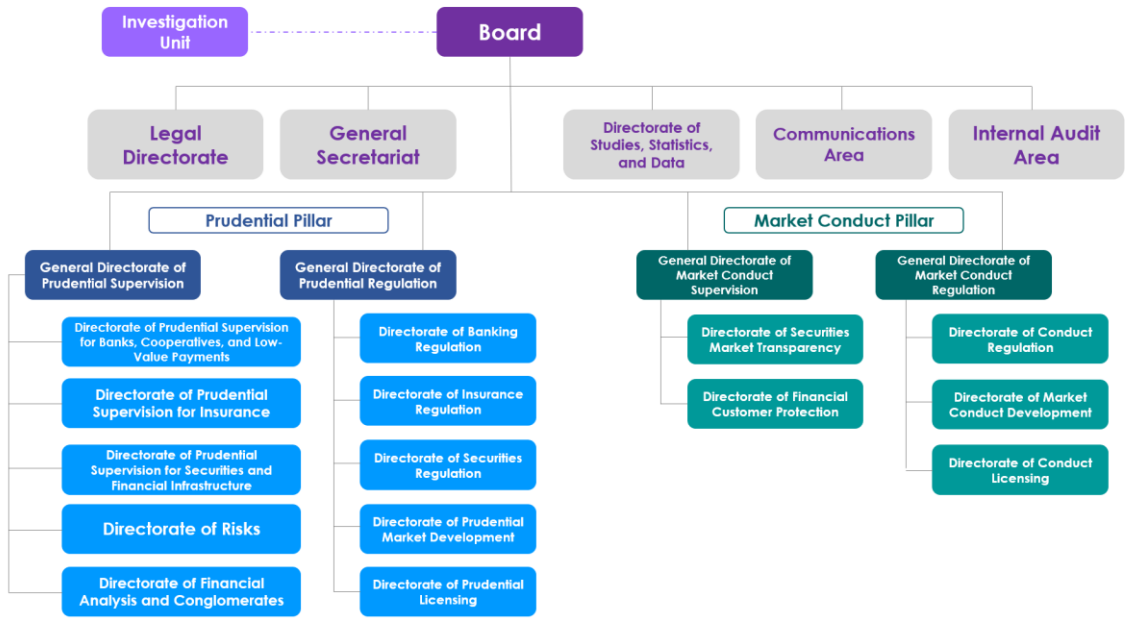
In the Prudential Pillar

- **General Directorate of Prudential Supervision**, led by Osvaldo Adasme, current Intendant of Supervision of Banks and Financial Institutions.
- **General Directorate of Prudential Regulation**, led by Luis Figueroa, current Intendant of Regulation of Banks and Financial Institutions.

In the Market Conduct Pillar

- **General Directorate of Market Conduct Supervision**, led by Daniel García, current Intendant of Insurance.
- **General Directorate of Market Conduct Regulation**, led by Patricio Valenzuela, current Intendant of Securities Regulation.

The final organizational model establishes that, by December 2021, and after ratification by the Board of the CMF, an Integrated Legal Department and a single Department of Studies, Statistics and Data will also be constituted. As a result, the current Intendancies for Supervision of Banks and Financial Institutions; Securities Market Supervision; Regulation of Banks and Financial Institutions; Securities Market Regulation; and Insurance will cease to exist.



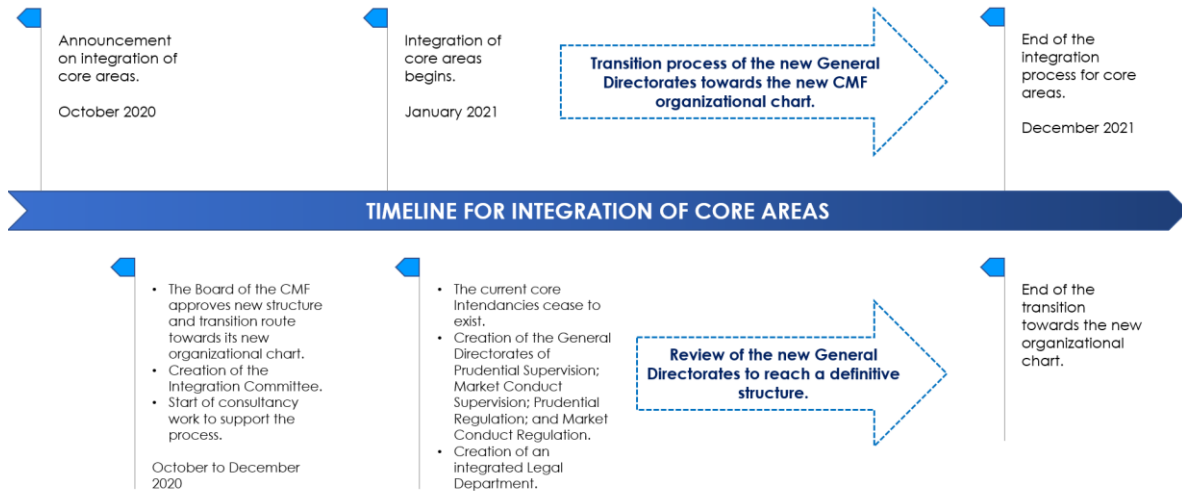
Gradual Process

The Commission's plan considers a gradual process to arrive at the new organization chart during 2021. In a first stage, alongside the Board's approval of the new organizational chart, a Directive Committee will also be created to spearhead the process of integrating all divisions, areas, and departments dependent on the current Intendancies. This team will be led by the Chairman and composed of the Deputy Chairman, the General Directors, the General Secretary, the Chief of Staff, and the Director of Personnel. They will be assisted by an external consultancy and a mechanism will be established for regular consultation with the CMF staff associations.

Later, in January 2021, the new General Directorates will be created, as well as integrating the Legal and Studies Departments.

By the end of next year, the Commission expects to achieve full implementation of the new organizational model, i.e. all divisions, areas, and departments integrated.

INTEGRATION STAGES OF CORE AREAS



Area of Communications, Education, and Image – Financial Market Commission (CMF)

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