



CMF welcomes ratification by the Supreme Court of sanctions applied in the Intervalores Case

- *The country's highest court upheld the decision of the Santiago Court of Appeals, which dismissed the claim filed by the defense of Intervalores Corredores de Bolsa and Gabriel Urenda against the sanctions applied by the CMF for fines of UF 8,000 and UF 6,000, respectively.*
- *Furthermore, the Supreme Court ratified the four-year ban imposed on Gabriel Urenda to serve as director or chief executive officer in entities supervised by the CMF.*

August 17, 2021 – The Financial Market Commission (CMF) welcomes the ruling by the Supreme Court of Chile to dismiss the claim filed by the defense of Intervalores Corredores de Bolsa (ICB) and Gabriel Urenda against the sanctions imposed by the CMF. The country's highest court ratified the fines of UF 8,000 and UF 6,000 imposed by the Commission against ICB and Mr. Urenda, respectively, as well as the latter's four-year ban to serve as director or chief executive officer in entities supervised by the CMF. The Commission's defense was assumed on both occasions by the State Defense Council.

In its ruling, the Supreme Court confirmed Mr. Urenda's responsibility in providing false information to the market, considering that he was — or should have been — aware of it due to holding a position within the organization (general manager) that bound him to prevent such irregularities from happening. In addition, the country's highest court clarified that the requirements of the Securities Market Law to establish an administrative sanctioning infraction are nuanced and contextualized regarding the criminal requirements.

It should be noted that the principle of typicality is not equivalent in criminal and administrative sanctioning matters, since the latter is oriented to the verification of compliance with a catalog of duties, prohibitions, and obligations required of audited parties, rather than a list of unlawful conducts as in criminal matters.

As for the irregularity of providing false information to the market by a securities intermediary, the Supreme Court considered that it is related to the prevention of insolvency control of such intermediaries. Accordingly, the infringement is established through mere falsehood in such information and without requiring any

change in the price of securities in the market. This irregularity both increases investment risk and affects the confidence of investors in regulated agents.

The ruling is consistent with the decision made by the Supreme Court two weeks earlier regarding former ICB business manager Sebastián González in the same case.

The CMF originally sanctioned Intervalores Corredores de Bolsa Limitada, Mr. Urenda, and Mr. González for maliciously providing false information to the Commission and the general public. It decreed that the firm failed to comply with minimum equity, debt ratio, and liquidity indexes between October 31, 2017 and May 31, 2018, therefore violating the minimum conditions required to act as a securities intermediary.

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

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