



## CMF publishes document titled "Guidelines for a new bank resolution and deposit insurance framework in Chile"

- *The document aims to contribute to the public policy debate; describes the main legal and regulatory gaps in the framework for managing troubled banks; and develops a proposal for closing gaps to be addressed in future legal amendments.*

**January 25, 2023** — The Financial Market Commission (CMF) published today "Guidelines for a new bank resolution and deposit insurance framework in Chile," a summary of internal discussion and analysis conducted between 2020 and 2022 as part of its strategic initiatives. It responds to the recommendations of the Financial System Assessment Program (FSAP) conducted by the IMF and World Bank during 2020 and 2021.

The white paper describes the main legal and regulatory gaps in the resolution framework and bank liquidation, as well as developing a proposal for closing gaps to be addressed in future legal amendments. It also includes basic elements of the financial safety net, such as a deposit insurance mechanism and tools and powers of resolution authorities.

The experiences of foreign jurisdictions and the principles and recommendations issued by international organizations were considered to prepare the report, as well as valuable technical advice of the US Treasury Office and the IMF teams within the FSAP conducted in 2021 and its subsequent technical assistance. The CMF also held meetings with the Ministry of Finance and the Central Bank teams to address the topics of the document. Finally, the Financial Stability Board agreed upon the importance of moving towards a legal proposal in this matter, with the white paper representing a step in said direction.

The Commission expects this document to serve as a basis for moving towards a regulatory design that strengthens the protection of depositors and creditors, and continuity of critical financial services in the event of the failure of one or more banking institutions. In the future, the proposed framework could be broadened to other institutions under the CMF's supervisory perimeter, depending on their legal nature.

Interested parties can download the white paper [here](#) and send their feedback to [resolucion@cmfchile.cl](mailto:resolucion@cmfchile.cl)

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