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# CENTRAL BANK AMENDS REGULATIONS REGARDING ENTITIES THAT CAN BE PART OF THE FORMAL EXCHANGE MARKET

On August 30, 2022, and upon a public consultation opened in the context of a process of modernization of its foreign exchange regulations, the Central Bank of Chile added a new Chapter III to its Foreign Exchange Regulations Compendium (" **FERC** "). The amendments introduced aim to allow a more expedite access to the Formal Exchange Market, to financial entities supervised by the Financial Market Commission (" **FMC** ") and simplifying the provision of information by non-banking entities.

Particularly, the new Chapter III of the FERC:

• Allows that foreign banks with a representation office in Chile, supervised by the FMC, can request authorization to be part of the Formal Exchange Market;
• Simplifies the entry requirements to the Formal Exchange Market by non-banking entities. Such entities must be legal persons domiciled and resident in Chile, keep a net equity of at least 12,000 Unidades de Fomento (USD453,000 approx..), request the issuance of a banking performance bond of 8,000 Unidades de Fomento (USD302,000 approx..) to secure fulfillment of its obligations, and comply with the additional requirements set forth in this regulation, and
• Sets regulations on the use of electronic transactional platforms by the Formal Exchange Market entities, distinguishing between platforms managed by third parties established in Chile or abroad. In the first case, the Formal Exchange Market entities shall have an obligation to verify that such platforms have adequate operational risk mitigation mechanisms and objective, transparent and non-discriminatory access rules. In case of foreign transactional platforms, the Formal Exchange Market entities shall verify they are either regulated or supervised abroad as such.

The Central Bank of Chile expects that these changes will encourage a greater participation in the Formal Exchange Market by non-banking

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entities.

The new Chapter III of the FERC entered into force on September 1, 2022, except for the provisions on electronic transactional platforms referred to in number 3 above, which will enter into force as from September 1, 2023.

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