

CENTRAL BANK OF CHILE OPENS PUBLIC CONSULTATION ON NEW ACCESS REQUIREMENTS AND OPERATING RULES FOR THE FORMAL EXCHANGE MARKET

On April 21, 2022, a public consultation process on new access requirements and operating rules for the Formal Exchange Market was opened, in the context of the third stage of the modernization of the Central Bank's exchange regulations.

The main goals of the intended changes at this stage are the following: First, to facilitate the access of stockbrokers, securities agents and foreign banks with representative offices in Chile to the Formal Exchange Market (hereinafter "FEM"), lowering and easing up the requirements in this regard. Second, to have the entities participating in the FEM verify that the digital platforms they use for their transactions comply with certain minimum requirements and last, to repeal Chapter VIII of the Central Bank's Compendium of International Exchange Regulations as of July 1st of this year.

The specific modifications that are to be implemented regarding the first two points mentioned in the previous paragraph are briefly described below:

To facilitate access to the FEM

First, for the previously mentioned entities, meaning stockbrokers, securities dealers and foreign banks with representative offices in Chile, all supervised by the Financial Market Commission (hereinafter "CMF"), automatic access to the FEM will be granted, without the need to previously verify their compliance with integrity requirements or the creation of a guarantee.

Additionally, for smaller entities participating in the FEM (threshold yet to be defined), the periodicity of the information to be submitted to the CMF will be extended from its current daily basis to laxer and more spread-out periods, also yet to be defined.

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Finally, the powers to approve the access of an entity to the FEM, to suspend it and even to revoke these authorizations, which currently require Resolutions issued by the Central Bank's Board, will be delegated upon the Financial Policy Division Manager.

Requirements for digital platforms used by FEM entities

This new regulation will require all FEM entities using digital platforms to verify that such platforms have adequate operational risk mitigation mechanisms, as well as objective and transparent access rules for their participants, to avoid any type of discrimination in them, so that participation on these platforms is not limited to entities participating in the MFC.

The reason for repealing Chapter VIII of the Compendium of International Exchange Regulations is due to the existence of alternative sources of information, through which the Central Bank can easily and reliably access this data, making the entities' duty to inform the transactions required in this chapter, superfluous. The repeal will become effective on July 1, 2022.

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