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LEGAL ALERT

Chilean bank regulator authorizes Representative Offices to advertise credits

On October 1, 2010, Law 20,448 (“MKIII”), which introduces several changes to Chilean capital markets regulations, came into force.

Among others changes, MKIII amended article 33 of the Banking Law (DFL Nr. 3) to authorize Representative Offices of foreign banks to advertise in Chile the products or credit services offered by the parent bank, as authorized by the Superintendence of Banks and Financial Institutions. In this connection, on October 7, 2010, the Superintendence of Banks and Financial Institutions issued Resolution Nr. 3,509 relating to advertisement of credits offered by the Representative Offices of foreign banks, which provides that Representative Offices engaged in such advertising, shall clearly state in their advertisement the applicable cost conditions with regard to interests, expenses and fees, as well as the fact that the Representative Office will act as coordinator between the borrower and the foreign bank.

Additionally, MKIII amended article 70 letter a) of the Banking Law banning the banks from conditioning the granting of loans to the purchase of insurance offered by them. Therefore, all banking customers may purchase the insurance policy from any insurance company, provided that such insurance policy has the coverage required by the bank and that the beneficiary is the bank.

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