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CMF IMPROVES ITS REGULATION ON FINANCIAL SERVICES PROVIDERS OF THE FINTECH LAW

On December 3, 2024, following a public consultation process, the Financial Market Commission (Comisión para el Mercado Financiero, " **CMF** ") amended its General Rule No. 502 (" **NCG 502** "), which regulates the registration, authorization, and obligations of financial services providers under Law No. 21,521 (the " **Fintech Law** "). The purpose of this amendment is to address certain implementation issues related to some of the requirements established in NCG 502 and to incorporate a methodology for assessing the quality of corporate governance and risk management standards included in the rule.

The main amendments introduced to NCG 502 are as follows:

• With respect to the operational capacity certification applicable to entities classified under Block 2 and Block 3 of NCG 502, it is clarified that: (i) this certification consists of a report containing a third-party opinion regarding such capacity; and (ii) this third party must be a company that includes the evaluation of operational system capacity as one of its lines of business. This modification aims to reduce the cost of contracting the service and facilitate compliance, as the requirements for issuing a report are less stringent than those for a formal certification.
• Transactions involving invoices executed through brokers in agricultural product exchanges (corredores en bolsas de productos) (under Law No. 19,220) shall not be considered when determining the business volume of intermediaries and custodians under the Fintech Law.
• Certain exceptions related to the exclusive business purpose requirement, local domicile, and prior authorization are extended to include more regulated services. Likewise, the range of inherent activities that Fintech service providers can perform is broadened.
• A methodology is introduced to assess the quality of corporate governance standards and risk management, as well as to define the impact of this assessment on the minimum capital requirements for intermediaries and custodians of financial instruments.

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Carey y Cía. Ltda.
Isidora Goyenechea 2800, 43rd Floor.
Las Condes, Santiago, Chile.
www.carey.cl

• Entities currently providing Fintech services that must file their registration and authorization requests by February 3, 2025, are now permitted to submit audited financial statements older than 12 months.
• It is clarified that natural persons acting on behalf of and representing: (i) a legal entity registered in the Registry of Financial Services Providers and authorized to provide investment advisory services; (ii) a bank; (iii) an insurance company; (iv) a securities intermediary; (v) a brokerage firm under Law No. 19,220; or (vi) a general fund manager or portfolio manager under Law No. 20,712, are not required to comply with the registration and authorization obligations under NCG 502.
• The rules applicable to the investment advisory provided through social media (also known as "Finfluencers") are specified, making a distinction between accounts with more or less than 100,000 followers.

These amendments represent progress in resolving some of the regulatory complexities identified by market participants and the CMF during the registration and authorization process for Fintech services under NCG 502 since its entry into force. However, as noted by the CMF, their scope is limited and aimed at addressing certain application issues arising from ambiguities in the rule. Other matters remain pending, such as the need to define the treatment of foreign entities registered under NCG 502's exception regime in relation to the Open Finance System (Sistema de Finanzas Abiertas, SFA), and whether they should be excluded from classification as Information Providing Institutions (Instituciones Prestadoras de Información, IPI). Among other pending points, clarifying this aspect is essential to ensure coherence between NCG 502 and NCG 514 (which regulates the SFA) and to guarantee that the regulatory burden is appropriate.

Authors: Fernando Noriega