

CMF ISSUES NEW REGULATION ON INDEPENDENT DIRECTORS AND ELECTION OF SUBSIDIARY DIRECTORS

On March 11, 2025, the Financial Market Commission (CMF) published **General Rule No. 533 ("NCG 533")** following a public consultation process. **The regulation aims to improve the criteria for independent directors in publicly traded corporations and establish requirements for the election of directors in CMF-supervised subsidiaries.**

Key Aspects of NCG 533:

- **Independent Director Definition:** Expands the criteria that disqualify a person from being considered independent, including relevant economic, professional, credit, or commercial ties in the past 18 months.
- **Election Policy for Subsidiary Directors:** Establishes minimum requirements that parent companies must define and disclose.
- **Transparency and Corporate Governance:** Aims to strengthen board independence, prevent conflicts of interest, and enhance investor information.

Independence Conditions for Directors:

NCG 533 states that a person cannot be considered an independent director if, in the last 18 months, they have:

- Contracts or credits with the company or its group exceeding 25% of their average annual gross income.
- More than 10% ownership in entities where the company or its group also have significant holdings.
- Links with foundations or corporations receiving substantial contributions from the business group.
- Previously served as a director, manager, or key executive in a company that was absorbed by the current entity.

Requirements for Subsidiary Director Election Policy:

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Parent companies of CMF-supervised subsidiaries must implement and disclose a general policy on director elections, including:

1. Approval date and last update.
2. Professional suitability criteria for candidates.
3. Permitted or restricted relationships between the candidate, the subsidiary, and the corporate group.
4. Director selection process.
5. Disclosure mechanisms for the policy.

Any modifications to this policy must be disclosed as a material fact.

Regulation Effective Dates:

- Independent director provisions will take effect on November 11, 2026.
- The subsidiary director election policy must be published by December 11, 2025.

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