

CMF LAUNCHES SECOND PUBLIC CONSULTATION ON AMENDMENTS TO CHAPTER 21-7 OF THE RAN

On July 3, 2026, the Chilean Financial Market Commission (CMF) launched a second public consultation on proposed amendments to Chapter 21-7 of the Updated Compilation of Rules for Banks (RAN), governing the determination of market risk-weighted assets (MRWA).

The proposal incorporates adjustments following comments received during the first public consultation held between March and April 2026, with the aim of refining the regulatory treatment of market risk and achieving capital requirements more consistent with the risk profile assumed by banks.

Key aspects:

•**Introduction of the duration method.** Banks would be allowed, subject to prior CMF authorization, to use the duration method as an alternative to the current maturity method for measuring general interest rate risk. The duration method provides a more accurate measurement of the sensitivity of positions to interest rate movements and would only be available to institutions with sufficient technical capabilities and prior CMF authorization, in line with Basel standards.

•**Adjustments to the maturity method and derivatives treatment.** The proposal maintains the 10% vertical adjustment applicable to the maturity method, abandoning the reduction to 7% considered during the first consultation, as a further reduction could underestimate the risks inherent to such methodology. It also replaces the concept of "identical" or "perfectly matched" derivatives with that of "matching positions", allowing positions that are sufficiently equivalent for market risk purposes to be fully offset. Each institution will be required to establish internal criteria supporting such offsetting and demonstrate that any remaining differences do not generate material residual risks.

•**Expected impact.** According to the CMF's regulatory impact assessment, widespread use of the duration method could reduce the banking system's MRWA by approximately 36%, equivalent to a

This news alert is provided by Carey y Cía. Ltda. for educational and informational purposes only and is not intended and should not be construed as legal advice.

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

decrease of around 3.4% in total risk-weighted assets and an average increase of 58 basis points in the Capital Adequacy Ratio.

The public consultation will remain open until July 17, 2026. If approved, the amendments relating to derivative offsetting would enter into force upon publication of the final regulation, while the duration method could be used as of the month following CMF authorization.

Authors: Fernando Noriega; Javiera Leal