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CMF PUBLISHES "FINTECH LAW" PROPOSAL

On February 9, the Commission for the Financial Market ("**CMF**") published a proposal for the bill known as "Fintech Law", the new regulation that intends to establish a legal framework applicable to Fintech companies in Chile, which until now have been characterized by operating without a specific regulation.

The CMF's proposal establishes a regulatory perimeter for certain types of Fintech companies and, also, in turn places them under the CMF's oversight. Among these are:

• Crowdfunding platforms;
• Alternative transaction systems;
• Order routers and financial instrument intermediaries;
• Custodians of financial instruments, and
• Credit advisors.

The aformentioned entities will have to register in a new public registry of the CMF (Registry of Financial Service Providers) and shall evidence compliance with the requirements established in the bill (which vary depending on the of risk level of each service provided).

Finally, the bill contemplates amendments to other laws, such as Law 18,045 (Securities Market Law), 18,046 (Corporations Law), and Law 20,712 (Law on the Administration of Third Party Funds and Individual Portfolios). With this initiative, the CMF seeks to ensure that the regulation of Fintech companies is consistent with the legal framework already in force.

Among the points of interest of the project, the following amendments stand out:

• The strengthening of the CMF's authorities to regulate securities intermediaries.
• Increasing from 500 to 2,000 the maximum number of shareholders that a corporation may have, without having to register in the Securities Registry.
• Elimination of the requirement to register issuers in the Securities

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Registry, maintaining only the obligation to register securities.
• Authorizes the CMF to request supervised entities to enable an API (remote and automated access interface), to simplify the exchange of client information between different financial service providers.

According to the CMF this legal framework would promote innovation, entrepreneurship and financial inclusion through new sources of financing, which would increase competition in the financial market.

The market is expectant for the implementation of this new legal framework, especially considering that Fintech companies are rapidly growing in Chile in a trend that is expected to continue in the near future.

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