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# CMF PUBLISHES FOR PUBLIC CONSULTATION A PROPOSAL TO AMEND THE RULES GOVERNING FINANCIAL SERVICE PROVIDERS UNDER THE FINTECH LAW

On October 14, 2024, the Financial Market Commission (" **CMF** ") published for public consultation a regulatory proposal (the " Regulatory Proposal ") aimed to amend certain rules applicable to the registration and authorization of financial service providers under the Fintech Law (No. 21.521), as well as some of their obligations, as set forth in General Rule No. 502 (" **NCG 502** ").

Since NCG No. 502 came into effect, several participants in the Fintech industry have raised concerns regarding the nature and depth of the requirements for registering in the Registry of Financial Service Providers, as well as the procedures related to corporate governance and operational risk management. Additionally, concerns have arisen over the costs associated with obtaining the operational capacity certification, a process that has been considered burdensome by some companies, given its challenging accessibility to many Fintech firms.

In this context, and as part of its ongoing commitment to improving the regulatory framework, the CMF gathered information through meetings with key Fintech industry participants to identify the main barriers in the registration and authorization processes. Based on these findings, some of the proposed amendments aim to address the concerns raised by market participants.

The key proposed amendments to NCG 502 are summarized as follows:

• The operational capacity certification, necessary to obtain authorization, must now be submitted through a compliance report issued by a third party, aimed at reducing costs and simplifying the process.
• Investment advisory services offered through social media (also

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known as "Finfluencers") must disclose if they receive compensation from issuers, intermediaries, or distributors of financial instruments.
• It clarifies that Fintech financial service providers must maintain detailed records of their operations and clients, and some of these services will be required to submit quarterly financial statements to the CMF.
• The catalog of permitted activities is expanded, including the possibility of developing financial education initiatives.

This Regulatory Proposal represents a significant step forward by incorporating the concerns and feedback from market participants. However, certain aspects still require further clarification, such as the treatment of foreign entities registered under the NCG 502 exception regime, concerning the Open Finance System (OFS), and whether they should be excluded or not from being classified as Information Providing Institutions (IPI). This aspect, among others pending items, is important to ensure consistency between NCG 502 and NCG 514, which regulates the OFS, and to ensure that the regulatory burden is proportionate.

The Regulatory Proposal can be commented on by the general public until November 6, 2024, of the current year, through the portal enabled by the CMF on its website.