

DERIVATIVES TRANSACTIONS: CENTRAL BANK'S PUBLIC CONSULTATION ON CLOSE-OUT-NETTING IS ABOUT TO EXPIRE

On September 13, 2019, the Central Bank of Chile published, for public consultation purposes, a proposed amendment to the regulations applicable to framework agreements on bilateral derivatives, set forth in Chapter III.D.2 of its Financial Regulations Compendium, which will be available for comments or observations until October 30, 2019.

The main amendments included in this proposal are the following:

- [Law 21,130](#), introducing certain adjustments to reflect the new provisions regarding management of banking solvency issues;
- **To simplify the Central Bank regulations, setting a two-banking days term (extendable by the parties), that shall pass before early termination to be valid, to apply derivatives netting**, regarding events of default related to financial instability, deficient management, or other situations prior to a forced liquidation of banks and other institutional investors.
- **To set the relevant early termination events applicable to institutional investors.**

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