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‹SPAN›EFFECTS ON PENSIONS REGULATION‹/SPAN› OF LAW NO. 21,314 THAT REGULATES THE MARKET AGENTS AND PENSION ADVISORS

On April 13, 2021, Law No. 21,314 was published in the Official Gazette, which, among other matters, set new transparency requirements and reinforce the responsibilities of market agents (the "Law").

Relevant modifications to the current pensions' regulation:

Amendments to Decree No. 3,500 ("Pension Funds Act"). Article 4 of the Law amends the Pensions Funds Act, among others, in the following matters:

• Pension Funds Administrator (Administradora de Fondos de Pensiones, "AFP") business (amendment to Article 25). The Law: (a) establishes the penalty of minimum to medium-term imprisonment (presidio menor en sus grados mínimo a medio) for those who act as an AFP without being authorized. The amended article referred to article 3 of Decree No. 280 of 1974, which provided the same penalty, but had been repealed since 1983; and (b) requires that in such cases the Superintendence of Pensions (Superintendencia de Pensiones, "SP") provides the background information to the Public Prosecutor Office (Ministerio Público). The amended article provided that the background information had to be provided to the National Economic (Competition) Prosecutor Office, Fiscalía Nacional Económica, "FNE". During the legislative procedure of the Law, the FNE was in favor of this amendment);
• Maximum commission rates for commercialization of life annuities insurance ("RRVV") (amendment to Article 61 bis). The Law states that the commissions paid by life insurance companies to intermediaries, sales agents or pension advisors for the commercialization of RRVV insurance are subject to the maximum rates set by a supreme decree issued by the Ministry of Finance and the Ministry of Labor and Social Security, which will remain in force until a new decree is issued. In this regard, the amended article: (a) defined a maximum rate term of 24 months; (b) stated that the

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

Ministry of Finance and the Ministry of Labor and Social Security could issue a supreme decree with a new rate at the request of the SP and the Superintendence of Securities and Insurance -currently the Commission for the Financial Market, "CFM"-; and (c) required that the new rate and its grounds be informed to the public at least 15 days prior to its issuance); and
• Pension Advice (new Title XVII). Among others, the Law:

• Defines: (i) pension advice, as advice provided to members and beneficiaries of the pension system on their particular situation, including the brokerage of pension insurance, which shall be provided by Pension Advisors and Pension Advisory Entities; and (ii) pension financial advice, such as non-personalized advice addressed to members, beneficiaries or pensioners of the pension system and/or to specific groups, including the transfer between pension funds, which shall be provided by Pension Financial Advisors and Pension Financial Advisory Entities (article 171);
• Establishes the creation of a: (i) Pension Advisors Registry in which Pension Advisors and Pension Advisory Entities shall be registered, which shall be maintained by the SP; and (ii) Pension Financial Advisors Registry in which Pension Financial Advisors and Pension Financial Advisory Entities shall be registered, which shall be maintained by the SP and the CFM (Article 172).In this regard, people who must register in the Pension Financial Advisors Registry must do so no later than the first working day of the sixth month following the publication of the Law. The SP and the CFM shall issue a general rule to regulate the registration process, no later than the first working day of the fourth month following the publication of the Law (fourth transitory article);
• Establishes the incorporation requirements and specific business purpose for Pension Advisory Entities and Pension Financial Advisory Entities. Additionally, the Law requires Pension Advisory Entities, Pension Advisors, Pension Financial Advisory Entities and Pension Financial Advisors to provide a guarantee (i.e., bank bond or insurance policy between UF 500 and UF 60,000 (USD 20,700 approx. and USD 2,485,000 approx.) and as provided in the regulation issued by the SP and the CFM -as applicable-) (article 173);
• Establishes the requirements, inabilities and/or prohibitions applicable to partners, shareholders, administrators, legal representatives, agents, employees and/or family members of Pension Advisory Entities, Pension Advisors, Pension Financial Advisory Entities and Pension Financial Advisors (article 174);

• Regulates the: (i) registration, authorization to carry out its business and the term for commencement of activities; (ii) liability rules / standard of care (responsabilidad subjetiva) and control of these entities by the SP and the CMF, as applicable; and (iii) cancellation by revocation or removal of the registry of Pension Advisory Entities, Pension Advisors, Pension Financial Advisory Entities and Pension Financial Advisors, as applicable (Articles 175, 176 and 177);
• Regulates the contracting of pension advisory services by affiliates and beneficiaries of the pension system (articles 178 and 179); and
• Sets forth sanctions for those who pretend to be Pension Advisory Entities, Pension Advisors, Pension Financial Advisory Entities and/or Pension Financial Advisors without being such, and the prohibition to offer incentives to affiliates or beneficiaries other than pension advice (Articles 180 and 181).

Finally, the Law points out that: (a) the amendments to the Pension Funds Act by means of Article 4° of the Law, will be in force and effect as of the first business day of the third month following the publication of the Law (third transitory article); and (b) the sanction procedures initiated before the entry into force and effect of the Law by the CFM and/or the SP, will continue to be prosecuted pursuant to the rules in force and effect at the date of initiation of such procedures (seventh transitory article).

Authors: Pablo Iacobelli; Marcos Ríos; Matías Vergara