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## LEGAL ALERT

# Financial Market Commission announces a package of measures to facilitate credit flow to both companies and individuals

On March 23, 2020, the Financial Market Commission's Council ("CMF") approved new measures destined to grant more flexibility to the financial system, in the context of the coronavirus Covid-19 global outbreak.

## Such measures can be summarized as follows:

- Financial coverage due to postponed installments: The postponed banking mortgage loans installments (up to a maximum of 3 installments) will not be considered renegotiations for purposes of establishing financial coverage (provisiones).
- Financial coverage due to consumer loans extensions: The Banks can extend the maturity date of the consumer loans granted to small and medium enterprises (SME's) and individuals for up to 6 months, without such extension being considered as a renegotiation for purposes of establishing financial coverage.
- Mortgage guarantee surpluses: The CMF will issue new regulations, which will allow these surpluses to be used to secure loans granted to SME's.
- Assets received in payment: An 18-month extension is authorized in the term that banks have to transfer assets received in payment (generally 12 months).
- Derivatives variation margin: The CMF provided an amendment to the regulation on the cash amount that banks must collateralize for the derivatives variation margin that are netted on a bilateral basis, permitting to compensate the derivative amount with the collateralized amount in favor of the relevant counterparty.

The CMF is also reviewing the Basel III standards<sup>1</sup> implementation schedule, with the purpose of avoiding increasing the negative effects derived from the current economic cycle.

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