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FMC OPENS PUBLIC CONSULTATION PROCESS ON REGULATION THAT ALLOWS BANKS TO OPEN CHECKLESS CHECKING ACCOUNT

Considering the increasing disuse of the check as payment method, on January 11, 2021, the Financial Market Commission ("FMC") opened a public consultation on an amendment to Chapter 2-2 of its Updated Regulations Compendium, with the purpose of allowing banks to offer checkless checking accounts to the general public.

Furthermore, and in line with the recent amendment introduced by the Central Bank of Chile to its Foreign Exchange Regulations Compendium, that allows foreigners non-domiciled or resident in Chile to open and maintain checking accounts in Chilean pesos, the FMC has decided to liberalize the current regulatory requirements related to the need of set a domicile in Chile to open a checking account.

In relation to this last point, the complete text of the proposed amendment is as follows:

"Both individuals and entities that are not Chilean residents may register a domicile abroad when they agree on the general provisions governing the relevant account, that the bank shall no provide check issuance forms, as per the provisions set forth in number 1.8 below. Otherwise, they shall be required to set a determined place within the local territory as domicile for such purposes.".

As to the first point, the proposal sets that "Banks may agree with their clients, as parts of their general provisions, that the entity shall not be required to provide checking issuance forms. Notwithstanding the above, banks shall make available a form on their branches, so their clients may withdraw from their accounts through bank cashiers.".

The FMC expects for these amendments to allow banks to offer products that are more suitable to each client's current needs, decreasing this product cost and the inherent risks to the use of

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

checks.

Likewise, it is also expected for this measure to be an incentive for banks to offer innovative products, to both local and foreign clients, with the latter facilitating the internationalization of the Chilean peso, in concordance with the measures adopted by the Central Bank of Chile.

The public consultation process will be in place until January 29, 2021.