

## CMF ENACTS REGULATION THAT GOVERNS FINANCIAL SERVICE PROVIDERS

On January 12, 2024, and in compliance with Law No. 21,521 (the "[Fintech Law](#)"), the Financial Market Commission ("**CMF**") published General Rule No. 502, with the purpose of regulating the registration, authorization, and obligations of financial service providers under the Fintech Law (the "[NCG 502](#)").

The main subjects addressed by said norm are as follows:

**1.- Registration of Financial Service Providers:** Standards are established regarding registration in this registry, necessary for providing services regulated by the Fintech Law, including:

- Requirements for registration applications to provide services regulated under the Fintech Law, generally related to the identification of the applicant, corporate background, and not being subject to disqualifications or insolvency proceedings, among others.
- Exemptions to the mentioned requirements include:
  - Not required for individuals providing investment advice to fewer than 100,000 specific individuals to incorporate a legal entity.
  - Exemption for service providers that (a) only offer investment advice, credit rating services, alternative transaction systems, and crowdfunding platforms, and (b) target qualified investors, to comply with certain requirements, mainly regarding exclusive purpose and authorization to provide the respective services.
  - Foreign entities meeting the requirements mentioned above are exempt from establishing a domicile in Chile.
- Applicable rules for canceling registration

**2.- Authorization to provide services:** Requirements for the application to operate as a provider of services regulated by the Fintech Law are regulated. This application, which can be submitted concurrently with the registration application mentioned in point 1, is subject to variations in content based on the specific type of service

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intended to be rendered.

This authorization is not required when it comes to service providers only offering investment advice, credit rating services, alternative transaction systems, and crowdfunding platforms if their recipients are qualified investors.

**3.- Information Obligations:** The obligation to implement policies, procedures, and controls to comply with various disclosure and information delivery obligations to clients and the general public are regulated.

Such information varies depending on the Fintech Law service and must adhere to the standards indicated in NCG 502.

**4.- Corporate Governance and Risk Management:** Requirements for corporate governance are included for the Board of Directors or equivalent body, including establishing risk management and internal control policies. Additionally, the characteristics and requirements for internal policies and procedures related to risk management, internal control, operational risk management, information security, cybersecurity, among other aspects, are established.

**5.- Capital and Collateral:** Requirements for minimum equity and guarantees for entities providing services in the brokerage of financial instruments and custody of financial instruments are regulated, as well as the requirement to provide collateral for entities providing order routing services.

In accordance with the principle of proportionality, the CMF has established different criteria for classifying entities, separating them into three blocks based on business volume, i.e., number of active clients, average transactions, assets under custody, and income in the last 12 months, [maintaining the criteria previously communicated by the CMF](#). The classification in one block or another and the service provided by the particular entity affect the degree of regulatory equity and guarantee requirements.

**6.- Operational Capacity:** Those providing alternative transaction system, order routing, brokerage and custody of financial instruments services must have operational capacity to support the processing of operations or transactions conducted through their systems or infrastructure.

To demonstrate this operational capacity, applicants, when

requesting authorization before the CMF must furnish a declaration affirming compliance with the specified requirements of NCG 502. Additionally, they are required to provide an estimate of the volume of operations they can undertake per unit of time for each type of service, among other aspects.

**7.- Inherent Activities:** It is specified which activities will be considered inherent to the business of the providers, and as such, these can be undertaken without the need for additional authorization from the CMF as complementary activities.

**NCG 502 will enter into force on February 3, 2024.** From that date until February 3, 2025, financial service providers must request their registration in the Registry of Financial Service Providers and authorization from the CMF to operate in Chile. Otherwise, they must refrain from continuing to provide services and can only perform acts aimed at concluding their operations. This does not apply to providers of investment advisory services, who must submit their registration and authorization applications before February 3 of the current year.

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