



Legal Alert

Single Financial Supervisor Assumes Regulatory Authority

June 3th, 2019 | By Manola Quiroz y Jorge Timmermann

On January 12th, 2019, **Law No. 21,130 that modernizes the banking legislation** (the “Law”) was published in the Official Gazette of Chile, and introduced several amendments to the General Banking Law and the Organic Constitutional Law of the Financial Market Commission, increasing the capital requirements for the banking industry, strengthening regulatory and preventive mechanisms, and **legally and functionally integrating the Superintendent of Banks and Financial Institutions (“SBIF”) into the Commission of the Financial Market (“CMF”)**.

The integration of the financial oversight has been gradual, but took place on June 1, 2019. The CMF is now the **only regulatory authority of the Chilean financial system**.

Integration Objectives

The integration empowers a single regulator and oversight entity with systemic oversight of the whole financial market, excluding pension funds.

The integration objectives include:

- ✓ Satisfy the international standards passed following the Subprime mortgage and European Banking Crises.
- ✓ Provide greater stability to the financial system by setting forth stronger safeguards against future crisis and incentivizing investment.
- ✓ Provide coherent and consistent regulation and control to enable coordination and exchange of information.
- ✓ Consolidate the independent oversight role into a single body.
- ✓ Allow for a broad, systemic view of the financial market.

From June 1, 2019

- The SBIF and the Superintendent of Banks ceased to operate and their tasks were absorbed by the CMF and CMF Council.
- Entities audited by the SBIF (domestic banks, foreign bank branches, credit unions, credit card issuers and operators, etc.) are regulated, audited and sanctioned by the CMF.
- The organization will remain in their current offices.
- Public access will be better integrated, including the launch of a single website.

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