



CMF publishes for consultation new regulatory files derived from the implementation of Basel III standards in Chile

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April 28, 2022 — The Financial Market Commission (CMF) published for consultation today a regulatory proposal introducing two new regulatory files to the Risk System section of the Information Systems Manual for Banks (MSI, for its Spanish acronym). As part of the implementation of Basel III standards in Chile, new files R13 and R14 set new information reporting requirements for the monitoring and evaluation of banking book market risks and credit concentration risks, respectively.

Said information must also be included in the Equity Self-Assessment Report (ESAR) as of April 2023 in accordance with the guidelines of Chapter 21-13 of the Updated Compilation of Rules for Banks (RAN).

The regulatory proposal aims to collect necessary information to monitor all relevant banking risks, as well as gather data granular enough to ensure compliance with adequate management of the banking book market risk and credit concentration risks. Requirements stated in these normative files shall apply to all banks incorporated in Chile, as well as branches of foreign banks operating in the local market. The requested information will be provided at local consolidated, global consolidated, and individual levels for each institution.

Management of banking book market risks and credit concentration risks are part of the relevant risks to be assessed in Pillar 2 of Basel III standards. Accordingly, it is necessary to develop methodologies allowing such risks to be rated and ranked according to their impact on banking institutions. Though both the Basel Committee and the CMF have issued general guidelines for the development of models for measuring such risks, it is up to banks themselves to devise their own metrics.

Files R13 and R14 are designed to gather the essential and common elements of each methodology and make metrics comparable between banks while considering their variability at the same time. The regulatory proposal considers the feedback received during a public consultation process held in December 2020.

Unless the Commission dictates otherwise, the regulatory files of other systems containing information of a similar nature or which currently measure the risks described in Basel III regulations must continue to be submitted simultaneously to the new files, without change.

Validity

The files under public consultation are to be submitted to the Commission starting on December 2022 so they can be used to build the ESAR due in April 2023. The final date will be determined after the public consultation ends.

Interested parties can visit the [Draft Rules and Norms section](#) on the CMF website until May 27, 2022 to check the details of the regulatory proposal and submit their feedback. Additionally, the Commission makes available a [Regulatory Report](#) evaluating the impact of the proposal.

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