



## CMF announces results of International Monetary Fund technical assistance on regulation of short-term mutual funds

- *The analysis highlights the resilience and stability of short-term (monetary) mutual funds in Chile, especially considering recent periods of economic and financial stress. To preserve these conditions in the future, it proposes some improvements to existing regulations and practices.*
- *This review was requested by the Commission in September 2020 and complements the global analysis of the mutual fund industry conducted by the IMF as part of the 2021 Financial Stability Assessment Program.*

**June 15, 2022** — The Financial Market Commission (CMF) announces the results of a technical assistance performed by the International Monetary Fund (IMF) to the regulatory framework applicable to short-term mutual funds in Chile. It was requested by the Commission and carried out between September 2020 and June 2021.

The purpose of said technical assistance was to assess the appropriateness and proportionality of current regulations on short-term mutual funds in the country. It considered the best international practices and recommendations regarding the regulation of these funds issued by organizations such as the International Organization of Securities Commissions (IOSCO) and the Financial Stability Board (FSB). To conduct its review, IMF representatives met with technical teams from the CMF, the Central Bank of Chile, and the Chilean Mutual Funds Association, among other industry participants.

### Main Conclusions

The technical assistance concludes the short-term mutual funds sector in Chile has characteristics that contribute to stability both in the level of investments in these funds and their impact on the financing of the banking sector. There are still present risks, however, and the report focuses on assessing the ability to mitigate them through an adequate regulatory and supervisory framework.

The report states that investors are protected by a robust regulatory framework and effective supervision, a consistent conclusion Financial Stability Assessment Program's overall view of the industry last year. In particular, the IMF's analysis highlights the resilience and stability of the Chilean short-term fund industry, especially considering recent periods of economic and financial stress. To preserve these conditions in the future, it proposes some improvements in the current regulation, related to liquidity management and valuation of shares.

Regarding implementation of these measures, the review recommends they should be introduced gradually and considering prior consultation with the industry. Therefore, the IMF states such changes, although necessary, are not urgent, which acknowledges the resilience of the Chilean mutual fund industry.

The full IMF report is available on the [CMF website](#).

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