



CMF publishes regulation establishing complementary instructions on early regularization and compulsory liquidation

- *To apply Titles XIV and XV of the General Banking Act, the regulation issues complementary instructions, and establishes the suitability and technical capacity requirements for delegated inspectors, provisional administrators, and liquidators.*

November 28, 2023 — The Financial Market Commission (CMF) published today [Circular Letter No. 2,341](#), which introduces a new Chapter to the Commission's Updated Compilation of Rules for Banks (RAN) to issue complementary instructions for banks should they find themselves in a situation of regularization.

The CMF published a white paper titled "[Guidelines for a new bank resolution and deposit insurance framework in Chile](#)" in January of this year. It described the main legal and regulatory gaps in the bank resolution and liquidation framework, as well as developing the basis for a legal amendment to address pending challenges.

To prepare the white paper, the Commission considered experiences from foreign jurisdictions and the principles and recommendations issued by external organizations, including valuable technical advisory from the US Treasury Office and the International Monetary Fund.

Even though a legal amendment is necessary to address the main gaps, there was still a possibility of improving the current legal framework by addressing the need to establish complementary instructions on early regularization and compulsory liquidation under Titles XIV and XV of the General Banking Act (LGB). New Chapter 1-19 of the RAN, which also applies to savings and credit cooperatives supervised by the CMF, achieves two objectives:

- Define the means of communication that institutions shall use to inform the Commission of the occurrence of any event mentioned in Article 112 of the LGB, as well as the timeframe to do so.
- Establish the suitability and technical capacity requirements to be met by persons appointed as delegated inspectors, provisional administrators, and liquidators.

Since no feedback was received during the public consultation process carried out between August 29 and October 3, 2023, the proposal moved forward in its original version. The CMF states it is an improvement to continue closing gaps and will also support the Ministry of Finance in making the necessary legal changes for a deposit insurance and bank resolution framework in line with international standards.

Interested parties can check the [Global Rules and Norms section](#) of the CMF website to review the new regulation in detail. The Commission also makes available the corresponding [Regulatory Report](#) addressing its impacts and justifying its implementation.

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