



CMF publishes for consultation amendments to regulation on derivatives and matching of insurance companies

- *The proposal aims to strengthen the supervision of risks related to investment portfolios of insurance companies.*

February 8, 2024 — The Financial Market Commission (CMF) published for consultation today a regulation amending Circular Letter No. 200, which governs financial risk hedging, investment on financial derivatives, and share borrowing operations; and Circular Letter No. 1,512 regarding instructions on constituting technical reserves and valorizing assets and liabilities related to their matching.

The proposal aims to:

- Adjust the methodology for calculating exposure to counterparty credit risk in financial derivatives, migrating from a contract-sized (notional) approach to a risk-based approach that measures exposure through the credit equivalent.
- Modify the limit per counterparty for hedging derivatives, differentiating it by type of counterparty and creating incentives for companies to use more robust market infrastructures, thus allowing for adequate mitigation of counterparty risk.
- Allow the use of CLP/UF hedging derivatives for matching estimations under Circular Letter No. 1,512, as well as the incorporation of domestic fixed income instruments issued in CLP with CLP/UF hedging for matching estimations.
- Incorporate a test of the effectiveness of hedging financial risks with derivative instruments in the plan for the use of derivatives for insurance companies.

These amendments follow the best national and international practices in this area and will contribute to strengthen the work of prudential supervision regarding financial risks of investments that could affect the proper functioning of the insurance market.

Interested parties can access the [Draft Rules and Norms section](#) of the CMF website until April 8, 2024 to check the details of the regulatory proposal and submit their feedback.

Links to Relevant Documents

- [Regulatory Report](#)
- [Draft Version of Circular Letter No. 1,512 \(Abridged\)](#)
- [Draft Version of Circular Letter No. 200 \(Abridged\)](#)

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