



## Compliance with the Basel Core Principles for Effective Banking Supervision

This table summarizes the assessment conducted by the International Monetary Fund/The World Bank following the mission that visited Chile in 2004, as part of the Financial Sector Assessment Program.

Core Principle	Grading					Comments
	C <sup>1</sup>	LC <sup>2</sup>	MNC <sub>3</sub>	NC <sup>4</sup>	NA <sup>5</sup>	
1. Objectives, Autonomy, Powers, and Resources						
1.1 Objectives		X				Ambiguity in the distribution of regulatory powers
1.2 Independence			X			Appointment of Superintendent. Budget Approval
1.3 Legal framework	X					
1.4 Enforcement powers	X					
1.5 Legal protection				X		Lack of legal protection
1.6 Information sharing		X				Lack of explicit terms of reference
2. Permissible activities	X					
3. Licensing criteria		X				Expertise of managers and directors not undisputable
4. Ownership	X					
5. Investment criteria	X					
6. Capital adequacy			X			Market risk not included
7. Credit policies	X					
8. Loan evaluation	X					
9. Large exposure limits	X					
10. Connected lending	X					
11. Country risk	X					
12. Market risk		X				No capital charges for market risks
13. Other risks	X					
14. Internal control and audit	X					
15. Money laundering			X			New law yet to be implemented
16. On-site and off-site supervision	X					
17. Bank management	X					
18. Off-site supervision	X					
19. Validation of information	X					
20. Consolidated supervision			X			Limits to information in the case of complex groups
21. Accounting standards		X				Differences with IASs
22. Remedial measures	X					
23. Global consolidated supervision	X					
24. Host country supervision	X					
25. Sup/foreign establishments	X					

<sup>1</sup> C: Compliant

<sup>2</sup> LC: Largely Compliant

<sup>3</sup> MNC: Materially Non-Compliant

<sup>4</sup> NC: Non-Compliant

<sup>5</sup> NA: Not Applicable