CMF presents document analyzing balance of its three institutional mandates – Prudential, Market Conduct, and Market Development

- *The report presents the Board of the CMF's strategic vision and describes the way in which the institution implements the fulfillment of its three mandates.*

February 19, 2026 — The Financial Market Commission (CMF) published the document **"Balance of the CMF's Mandates,"** which presents the Board's vision on a reference framework to fulfill the institution's three mandates — Prudential, Market Conduct, and Market Development — so they contribute to the key goal of promoting an adequate functioning of the financial system to benefit people and businesses.

The Prudential Mandate focuses on financial institutions' solvency, liquidity, and risk management to prevent financial problems from impacting people's well-being. Meanwhile, the Market Conduct Mandate aims to protect investors and users of financial services by promoting transparency, integrity, and fair treatment by institutions; and the Market Development Mandate seeks to improve the financial system's efficiency, accessibility, depth, and resilience to promote inclusive, sustainable economic growth.

The document details the conceptual framework for international financial market regulators regarding objectives and mandate hierarchy. In Chile's particular case, the CMF does not have a statutory hierarchy for its mandates, so it must analyze the potential "constructive tension" between them on a case-by-case basis.

It also argues that maintaining a balance between safeguarding financial market stability and innovation is necessary so that "a certain level of risk in the Prudential dimension is necessary to enable innovation, competition, and inclusion." Additionally, the CMF's decisions must be based on risk analysis and empirical evidence, ensuring that "equal activity and equal risk should generate a similar regulatory response." This risk analysis must also set limits on so-called "critical risks," i.e., activities or behaviors that "jeopardize systemic solvency, market integrity, customer protection, or institutional reputation."

However, the Board of the CMF argues that a degree of internal transparency and accountability is important to show how risks are weighted, and to assess when it is necessary to share this information publicly. It also calls for periodic reviews of this risk analysis — either annually or more frequently in the event of significant market changes.

Challenges

Among the challenges the CMF faces to strike an appropriate balance between its mandates are, for example, **situations of financial or macroeconomic crises,** which may force it to take decisions such as "re-examining the Prudential Mandate from a countercyclical perspective" or requiring "enhanced controls" on Conduct, particularly regarding the vulnerability of clients and/or consumers.

In the case of Market Development, the report notes that a deep, liquid market with sound infrastructure and multiple intermediaries help "mitigate adverse effects of financial stress on the system."

Another challenge identified in the document is **misconduct and the risk of generating a regulatory overreaction.** In other words, efforts to restore confidence in the system might lead to regulations that end up negatively impacting market development and innovation.

Finally, it mentions **expansion of the regulatory perimeter and the challenge of financial innovation.** Here, rapid technological evolution in financial services may force the regulatory perimeter to expand to incorporate new activities, which requires raising Prudential and Conduct standards. The challenge, therefore, is correctly assessing risks to avoid "slowing down innovation and shifting activity towards more permissive jurisdictions."

Download **"Balance of the CMF's Mandates."**

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