

Application of Basel III standards in Chile

CMF publishes for consultation regulatory amendments for determination of Market Risk-Weighted Assets

- *The proposal involves amendments to Chapter 21-7 of the Updated Compilation of Banking Regulations with the aim of achieving capital requirements more consistent with banking institutions' risk profiles.*

March 5, 2026 — The Financial Market Commission (CMF) published for consultation over a five-week timeframe a regulatory proposal amending Chapter 21-7 of the Updated Compilation of Banking Regulations. It aims to more accurately reflect risk management by institutions when calculating Market Risk-Weighted Assets (MRWA).

These amendments are part of the CMF's permanent regulatory review to further improve implementation of Basel III standards in Chile.

Key Aspects of the Regulatory Proposal

1. **Use a calibrated parameter for vertical adjustment in line with local market characteristics.** This component currently represents a significant proportion of capital requirements arising from market risk and, therefore, of MRWA. It proposes a reduction from the current 10 percent to 7 percent in line with local calibration results for basis and gap risks.
2. **Improvements to current guidelines to exclude derivatives from interest rate risk estimation.** Guidelines are provided to allow for full offsetting of matched derivative positions, even when they are not strictly identical, in line with Basel standards.

Estimated Impact

Implementation of both adjustments is estimated to reduce the amount of MRWA in the system by approximately 23 percent.

These proposed changes would become effective as of July 2026 and would mean a short-term reduction in capital requirements. Furthermore, this change would narrow the gap between the risk-weighted asset density of Chilean banks and that observed in other jurisdictions.

The amendments are part of a medium-term plan that considers evaluating the implementation of more sophisticated methodologies for calculating MRWA, which would contribute to better measuring and managing this risk.

Interested parties can access the [Regulations Under Consultation](#) section of the CMF website to review the regulatory proposal in detail. The Commission also makes available the corresponding [Regulatory Report](#) with its key elements and impact assessment.

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