



In order to promote the market development

The CMF introduces changes to the regulations on outsourcing of services by banks and financial institutions

The changes increase the flexibility of the requirement to establish a data processing site in Chile for services that are outsourced outside the country and which involve activities considered to be critical or strategic. In addition, the CMF published an update of the Compendium of Accounting Standards for Banks, with the aim of incorporating the latest changes in International Financial Reporting Standards (IFRS).

December 26, 2019

The Financial Market Commission (CMF) informs that, after concluding the public consultation process, it has issued on December 26th an amendment to the regulation providing for the conditions that must be complied with by banks, their subsidiaries, the companies which provide them support and the issuers and operators of payment cards, regarding the outsourcing of services.

The modifications were made to Chapter 20-7 of the Updated Compilation of Rules for Banks (RAN, for its Spanish acronym) and to the Circular No. 2. By complying with some specific requirements, those changes will exempt regulated entities from the current obligation to have a data processing site in Chile for services that are outsourced outside the country and that involve activities considered to be critical or strategic.

The regulations determine that the board of directors of each entity will be responsible for evaluating and weighing the benefits and difficulties involved in the outsourcing of services, including the so-called contingency sites, being able to hire the providers that best meet their needs. This authorization is subject to the compliance with operational requirements and to the issuance of a report by a company of recognized prestige and experience in the evaluation of this type of service.

The objective of the regulation is to promote the development of the market, broadening the spectrum of actors that can compete in providing services in accordance with the best international practices in operational matters (continuity, security), which directly benefits the people and the financial industry as a whole.

Additionally, the regulation allows the services to be provided from jurisdictions that do not count with a country risk rating in investment grade, provided that there are adequate personal data protection and security laws in place, being the regulated entity responsible for recording the analysis performed in this regard.

Along with the details of the regulation, the CMF makes available on its [website](#) a [Presentation](#) and a [Frequently Asked Questions document](#) summarizing the scope of the changes.

Updating the Compendium of Accounting Standards for Banks

This week, the CMF also published the Circular No. 2,243 updating the instructions of the Compendium of Accounting Standards for Banks (CNCB), with the aim of incorporating the latest changes in the International Financial Reporting Standards (IFRS).

This rule updates the formats for the presentation of financial information, and also provides for a greater disaggregation of such information.

The number of exceptions to the IFRS is also reduced, maintaining the prudential criterion that this CMF considers appropriate, in which the concept of impairment continues to be based on the criteria established by the CNCB.

The changes are aimed at achieving a greater convergence with the IFRS, as well as at improving the quality of information to contribute to the financial stability and transparency of the banking system, to the improvement of the functioning of the capital market and to international comparability.

Along with the details of the regulations, a [Presentation](#) and a [Frequently Asked Questions document](#) summarizing the scope of the amendment are available.

The regulation is expected to be in force by January 2021.

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