

At CLAPES UC Seminar

CMF chairwoman Catherine Tornel: “We are making a significant effort across the entire Board to embed the Market Development Mandate into the CMF’s institutional culture”

- *The Chairwoman of the CMF announced that the Commission will promote the development of internal models within the banking system, as required by Basel III, to transition from a standardized credit risk model to a framework in which each bank uses its own risk model subject to prior validation by the CMF.*

April 14, 2026 — Catherine Tornel, Chairwoman of the Financial Market Commission (CMF), made a presentation today at the “Capital Market: Big Challenges 2026-2030” seminar organized by CLAPES UC. The event featured a welcome speech by CLAPES UC Director and former Minister of Finance Felipe Larraín.

A panel discussion was also held, featuring Alberto Etchegaray and Alejandro Ferreiro — both former Superintendents of Securities and Insurance — and Guillermo Tagle, President of the Central Securities Depository. Rosario Celedón, Vice President of the Autonomous Social Protection Fund and former CMF Commissioner, moderated the discussion.

In her presentation, Chairwoman Tornel highlighted the importance of the CMF’s institutional mandates — Prudential, Conduct, and Market Development — which serve as a guide for the Board to make balanced decisions regarding regulation, supervision, and sanctions. She emphasized that the CMF is an independent, technical, and collegial body.

Regarding the CMF’s objectives, Tornel highlighted the importance of safeguarding the stability of the financial system, “which is the prerequisite for fulfilling the mandates related to Conduct and Market Development.”

Furthermore, she stressed the challenge of moving toward better risk measurements in the financial market and added, “We must properly assess each regulation’s costs and benefits using both ex-ante and ex-post

measurements. As the CMF, we are convinced that this is a path we must continue to follow.”

Regarding the Conduct Mandate, Catherine Tornel noted that a market intelligence system is needed to enable early detection of risks and behaviors that undermine public trust and confidence in the market. She noted that this requires a thorough understanding of business models; risk-based supervision; maintaining open, ongoing communication with supervised entities; and promoting the role of industry associations in fostering best practices and self-regulation.

“The Conduct Mandate helps safeguard confidence in the market, for it is impossible to have a developed financial market without confidence,” Chairwoman Tornel stated.

Finally, she added, “We are making a particularly significant effort across the entire Board to embed the Market Development Mandate into the CMF’s institutional culture. All decisions must take the Market Development Mandate into account.” Tornel pointed out that the CMF will publish a document during the first half of 2026 detailing the work carried out regarding the Market Development Mandate.

Likewise, CLAPES UC Director Felipe Larraín said, “Chile has a great opportunity to become a financial hub for Latin America and establish itself as a new development center in the export of financial services.” He added, “To improve our position, we need to establish a clear, prioritized roadmap along with specific public policy measures aimed at strengthening development of the Chilean capital market and positioning the country as an exporter of financial services — initially for the region, though perhaps in the future we can be more ambitious and become a hub for the emerging world.”

Internal Models

During her presentation, the Chairwoman of the CMF announced that the Commission will promote the development of internal models to measure credit risk within the banking system, as required by Basel III, so that banks that choose to do so transition from a standardized credit risk model to a framework based on their own risk models subject to prior validation by the CMF.

“This is a task for banks, which must develop proposals for internal models, but also a challenge for the CMF because we need a team that thoroughly understands how these internal models work and can validate them,”

Catherine Tornel said. To this end, she announced that the CMF will have additional resources in 2026 to put together a specialized team responsible for validating these internal models.

According to CMF estimates, the risk-weighted asset (RWA) ratio under the standardized model, i.e., the proportion of assets subject to regulatory capital, currently stands at an average of 67 percent in Chile. "In other words, this places us well above other jurisdictions that have implemented Basel III," Chairwoman Tornel explained.

She explained that implementation of Internal Models could reduce the average RWA ratio to 53 percent. "We are talking about USD 10 billion in terms of capital savings. That's a very significant figure, and it would improve the capital adequacy ratio by 375 basis points," said the Chairwoman of the CMF.

[Presentation](#)

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