

CMF publishes for consultation a regulation on reimbursement of participation shares in savings and credit cooperatives

The proposal adds a new chapter to the RAN which applies only to supervised savings and credit cooperatives. It defines requirements and exceptional conditions to reimburse participation shares in these entities and amends the Compendium of Accounting Standards for Cooperatives to perfect the submission of related financial information.

September 11, 2024 – The Financial Market Commission (CMF) published for consultation today a regulatory proposal establishing requirements for supervised savings and credit cooperatives to reimburse participation shares to their affiliates under exceptional situations, as stated on Article 19 of the General Cooperatives Act (LGC, for its Spanish acronym).

This initiative is based upon Law No. 21,641 of 2023 (Resilience Act) which modified several rules and regulations to strengthen the resilience of the financial system and its infrastructures. Said Law represents a significant achievement in the regulatory evolution of cooperatives through the introductions of amendments and adjustments to the LGC. Article 19 of the LGC sets forth that cooperatives cannot reimburse their affiliates participation shares without contributing equity equal, at a minimum, to the total amount of required reimbursements.

The Resilience Act adds Sections 2 and 3 to Article 19, which now grants the CMF the attribution to regulate, with a prior favorable agreement by the Central Bank of Chile, the requirements and conditions to exempt supervised cooperatives from said restriction. Cooperatives must submit a reimbursement request jointly with the plan to carry out said reimbursement, which will need the Commission's approval.

Such conditions and requirements shall be set forth in a General Rule added as part of a new chapter in the Updated Compilation of Rules for Banks (RAN, for its Spanish acronym) that only applies to supervised cooperatives. Requirements to exceptionally reimburse participation shares include, among others, that cooperatives must not be under forceful liquidation or early regularization; their solvency index be above 21 percent; and not

record losses during the preceding fiscal year. Accordingly, the Compendium of Accounting Standards for Cooperatives is amended to submit monthly financial information and financial statements.

Interested parties can check the [Draft Rules and Norms section](#) of the CMF website until October 11, 2024 to review the regulatory proposal and submit their feedback. The Commission also makes available the corresponding [Regulatory Report](#) with its core elements and impact assessment.

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