

CMF publishes for consultation regulatory amendments promoting internationalization of the Chilean peso

In line with the Central Bank of Chile's authorization for cross-border operations in Chilean pesos, the regulation under consultation intends to facilitate access to operations in local currency for non-resident counterparties.

The proposal aims to contribute to better price formation and increase liquidity in the Chilean capital market pursuant to the Commission's market development agenda.

January 16, 2025 – The Financial Market Commission (CMF) [published for consultation today](#) a regulation amending Chapters 8-1 and 20-1 of the Updated Compilation of Rules for Banks (RAN, for its Spanish acronym) to facilitate access to transactions in Chilean pesos (CLP) for non-resident counterparties. Said regulation introduces improvements aimed at reducing operational frictions, contributing to internationalization of the CLP while simultaneously promoting better price formation and increasing liquidity in the Chilean capital market.

The proposal contains two main amendments. First, banks are allowed to create a mechanism equivalent to promissory notes for opening overdraft lines. Such documents must be approved by the bank's Prosecutor's Office in accordance with the institution's internal policies. Second, it proposes an exception for people not residing in Chile to replace Chilean ID Card or National Tax Identification Number requirements for another form of ID accepted internationally. Banks themselves must define such ID types and the procedure for their management pursuant to its internal policies.

In 2021 the CMF updated checking account regulations set forth in Chapter 2-2 of the RAN, allowing remote opening of such accounts through technological means. Said update stated that ID card or National Tax Identification Number requirements would only be necessary when stated by the Chilean Internal Revenue Service or the Central Bank of Chile, allowing foreign entities to have checking accounts in the country. [As stated by the Central Bank in its authorization of CLP usage for cross-border operations](#), this

is in response to the access of non-residents to new products payable in CLP that facilitate international exchange transactions, e.g. credit lines or checking accounts.

Current Regulatory Framework

Chapter 8-1 of the RAN regulates overdrafts in checking accounts. Such operations are conducted without available funds in the account itself, and are a loan granted by the bank through which beneficiaries must subscribe a promissory note in favor of the bank. Such notes protect the lender's credit risk, granting the right to an executive trial to collect the debt in case of non-payment through a traditional judicial process in Chile.

In the case of legal entities not resident nor domiciled in Chile, the proposal states that, to make collections feasible, promissory notes can be replaced by credit titles or an equivalent unilateral, internationally accepted negotiable document to recover pending amounts derived from credit lines.

These executive credit titles are to be approved by the bank's own Prosecutor Office in accordance with policies decreed by its board of directors.

Meanwhile, Chapter 20-1 of the RAN states banks must require of both natural and legal persons the presentation of a National Tax Identification Number or, when applicable, the Chilean ID Card to conduct various transactions, including loans of any nature. The regulatory amendment allows non-resident foreigners to present an ID equivalent to the National Tax Identification Number without affecting compliance regarding practices to prevent money laundering and financing of terrorist activities, as stated in Chapter 1-14 of the RAN.

Impact

The main purpose of this regulatory amendment is to reduce restrictions on the opening of agreed overdrafts linked to checking accounts for non-residents, which could potentially limit development of the financial market. Its real impact will depend on the degree of adherence banks decide to implement, which is to be displayed through their commercial practices with non-resident foreign clients.

Expected benefits of good adherence with these new conditions are less friction when opening accounts; lower transaction costs; greater clarity for regulatory requirements; and reduction of potential opacities in the use of accounts and/or cash. The public consultation also expect to receive

feedback about other frictions that may affect market development in line with the Commission's own [Financial Market Development Mandate](#).

Interested parties can check the [Regulations Under Consultation section](#) on the CMF website to review the proposed regulation and submit their feedback. The Commission also makes available the corresponding [Regulatory Report](#) which, among other things, provides an impact assessment.

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