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# New financial market regulator to be launched in Chile

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Legislation was published in Chile on 23 February 2017, creating the new Financial Market Commission (or CMF by its initials in Spanish) which will formally come into force some 18 months later. The new body will replace the existing Chilean Securities and Insurance Commission (Superintendencia de Valores y Seguros).

The CMF will be governed by a board comprised of five members presided by a Chairman to be appointed by the Chilean President. The CMF Chairman will serve a term of office equivalent to the President of Chile, namely four years. Other members of the board will be appointed by the Chilean President but subject also to the approval of the country's senate. They will remain in office for six years.

There are some important differences between the outgoing regulatory regime and the new structure to be managed by the CMF. Perhaps most significantly, there will in the future be a formal separation of different functions currently performed by the same regulator, that is to say between the role of investigator and prosecutor on the one hand, now to be performed by an independent prosecutorial arm of the commission, and the disciplinary sanctioning body on the other. In the future the CMF board itself will perform only the latter role.

The new legislation also gives new powers to the regulator, such as the jurisdiction to lift banking secrecy or to sanction the searching of premises, for the purposes of investigating facts that may constitute felonies falling within the commission's remit.

The prevailing view among Chilean financial market commentators is that the new CMF structure will provide more assurance of due process to insurance companies facing regulatory investigation, given the more rigorous standards of corporate governance under which the CMF will be required to operate.

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