

Ministry of Finance announces a new bill to position Chile as a regional financial center

In the context of ChileDay London 2019 the Minister of Finance, Mr. Felipe Larraín, announced a new bill that seeks to position Chile as a Regional Financial Center.

The bill builds on work by a public-private working group, composed of the main regulators of the financial market and the Capital Market Consultative Council (CCMK, in Spanish). The bill will address ten areas, that including facilitating the registration of foreign securities in Chile. With this, the bill will contribute to position Chile as a platform where securities of foreign issuers could be traded.

In parallel, the Financial Analysis Unit (UAF), the Financial Market Commission (CMF), the Superintendence of Pensions and the Internal Revenue Service (SII) will make modifications to their regulations with the same objective.

"Our goal is to put our country at the level of the most prominent International Financial Centers, since this has positive impacts on economic activity and employment. Therefore, it contributes to the well-being of all Chileans," said Finance Minister Felipe Larraín. He explained that the initiative would consider changes to approximately 11 existing legal bodies, to which new legal bodies will be added.

The authority stressed that the idea of turning Chile into a Financial Center has been raised for several years, but it has not yet materialized. Now, he said, the idea will move forward with the support of a bill. "Having good macroeconomic conditions and good institutions is necessary, but it is not enough. We want to be a world-class financial center and for this we have looked at the experience of countries like Hong Kong and Singapore, among others," said the Minister.

He added that if in the next 15 years the participation of the financial sector as a percentage of GDP increases by half of what it grew in Singapore, employment in the local financial sector would treble.

The bill will address the following areas:

1. Simplify documentation procedures for non-resident investors
2. Adopt international practices in fixed income markets
3. Facilitate the registration of foreign securities in Chile
4. Eliminate tax asymmetries between locals and foreigners that affect financing in the local market.
5. Eliminate tax asymmetries for similar capital market operations.

6. Simplify the bond issuance process
7. Improvements in the legislation applicable to financial market infrastructures
8. Continue advancing in the growth and development of the fund industry
9. Improve the legal framework of certain financial contracts
10. Greater flexibility in the investment limits for institutional investors

Chile enters the ranking that recognizes global financial centers

A few days after the Ministry's announcement, the Z/Yen Group announced the inclusion of Chile in their Global Financial Center Index (GFCI), which measures the competitiveness of the financial centers. The main financial cities are included in this index, which is led by New York, London, Hong Kong, Singapore and Shanghai.

"With the inclusion of our country in this index, Chile is targeted by investors as a Regional Financial Center", remarked the Ministry of Finance, Mr. Felipe Larraín. He added that Chile's inclusion into the GFCI is the first achievement in the framework of the Government's work for Chile to become a Regional Financial Center, as announced in the ChileDay 2019 held in London.

Financial professionals from all over the world participate in the elaboration of this index, who answer a questionnaire that evaluates five pillars:

1. Business environment: impact of the macroeconomic characteristics of the country and its regulation on business.
2. Human capital: quality of jobs offered and possibility of development of its employees.
3. Infrastructure: availability of infrastructure to carry out business.
4. Development of the financial sector: characteristics of the market and availability of financing.
5. Reputation and innovation within the country.

"If in the next 15 years the participation of the financial sector as a percentage of GDP increased by half of what grew in Singapore, employment in the financial sector in Chile - which today is about 165 thousand jobs - would triple. These are quality jobs, that is, with contracts and well-paid jobs," said Minister Felipe Larraín.