

CMF Issues New Regulation on Independent Directors and Election of Subsidiary Directors

On March 11, 2025, the Financial Market Commission (CMF) **published General Rule No. 533 ("NCG 533")** following a public consultation process. **The regulation aims to improve the criteria for independent directors in publicly traded corporations and establish requirements for the election of directors in CMF-supervised subsidiaries.**

Key Aspects of NCG 533:

- 1 Independent Director Definition:** Expands the criteria that disqualify a person from being considered independent, including relevant economic, professional, credit, or commercial ties in the past 18 months.
- 2 Election Policy for Subsidiary Directors:** Establishes minimum requirements that parent companies must define and disclose.
- 3 Transparency and Corporate Governance:** Aims to strengthen board independence, prevent conflicts of interest, and enhance investor information.

Independence Conditions for Directors:

NCG 533 states that a person cannot be considered an independent director if, in the last 18 months, they have:

- 1** Contracts or credits with the company or its group exceeding 25% of their average annual gross income.
- 2** More than 10% ownership in entities where the company or its group also have significant holdings.
- 3** Links with foundations or corporations receiving substantial contributions from the business group.
- 4** Previously served as a director, manager, or key executive in a company that was absorbed by the current entity.

Requirements for Subsidiary Director Election Policy:

Parent companies of CMF-supervised subsidiaries must implement and disclose a general policy on director elections, including:

- 1** Approval date and last update.
- 2** Professional suitability criteria for candidates.
- 3** Permitted or restricted relationships between the candidate, the subsidiary, and the corporate group.
- 4** Director selection process.
- 5** Disclosure mechanisms for the policy.

Any modifications to this policy must be disclosed as a material fact.

Regulation Effective Dates:

- 1** Independent director provisions will take effect on November 11, 2026.

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- 2 The subsidiary director election policy must be published by December 11, 2025.

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