Investment Regulation in Chile

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Word Bank, Washington, April 2014
Evolution of Regulation as Funds Increase

![Chart showing Pension Fund Value from 2002 to 2013.]

- Equity
- Investment Fund Shares
- Foreign Investment
- Fixed Income Fund
- Multifund
- Investment Regime
- Investment in Derivatives

There are Efficiency Cost of Limits

Berstein and Chumacero (2006)
In Chile Foreign Investment is Globally Diversified

- EE.UU.: 35.1%
- Mexico: 3.4%
- Brazil: 6.2%
- South Africa: 0.9%
- Netherlands: 0.7%
- France: 1.1%
- United Kingdom: 1.4%
- Luxemburg: 2.7%
- Germany: 1.9%
- Hungary: 0.3%
- Turkey: 0.9%
- Belgium: 1.9%
- India: 2.3%
- Thailand: 2.9%
- Malaysia: 1.1%
- Singapur: 1.6%
- Australia: 1.0%
- Japan: 4.7%
- Korea: 2.2%
- Taiwan: 1.9%
- Hong Kong: 7.7%
- Indonesia: 1.8%
- Russia: 3.5%

Foreing Investment MMUS$ 64.268 (September 2013)
Regulation in Chile Today

- Investment Policy
- Investment Regulation
- Structural Limits by Law
- Pension Fund Manager
- Supervisory Authority and Investment Council
- Government and Congress
- AFP Investment Committee
- Risk Rating Commission
“Las Administradoras deberán efectuar todas las gestiones que sean necesarias, para cautelar la obtención de una adecuada rentabilidad y seguridad en las inversiones de los Fondos que administran...” (Artículo 147, inciso primero y segundo)
¿How much risk can the individual assume?

Financial Advisory Role

Investment Regulation: Goal should be the final pension and risk Benchmarks?
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