



## Chile News

September 14, 2001

# CONGRESS APPROVED THE BULK OF THE CAPITAL MARKET REFORM

- *The Bill was voted and approved by the Congress in its last legislative proceeding: important and positive impact on the market.*
- *The Bill improves the efficiency of the capital market, contributing to the financing of new investment projects, increasing domestic savings economic growth and employment.*
- *Changes also create a more efficient financing for emergent companies and eliminate markets distortions.*

On September 11<sup>th</sup> and after being voted and approved by the Congress, the capital market reform project was left ready for its promulgation. The project that entered to the Congress the past 6 of June has to be approved by the Constitutional Court, and it should be promulgated the first days of October.

The approved project directly talks about the deregulation of the capital market, of greater flexibility in the investments of the mutual funds and insurance companies; creates the figure of the General Administrator of Funds; facilitates the international bank's operations and perfects the Corporations Law and Investment Funds.

It also contemplates, among other issues, the elimination of the capital gains tax for highly traded equity, the relaxation of the voluntary saving procedures, a new processing of the stamp tax for short term bonds, and the creation of an emergent companies stock-market.

This project, by facilitating financing to companies of medium size and projects without history, will encourage the growth capacity of the country with benefits for the society as a whole, while creating more investment and employment.

At the same time, distortions that affected companies of minor size in their capacity to accede to external capitals are eliminated; consequently, the project aims to make level the playground for SMEs, that until today had difficulties to accede to financing.

Thanks to the important advance that means the bill to the Capital Market, the Chilean economy will give a qualitative jump, harnessing significantly its possibilities of present and future growth.



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The next step in this reform process will be the approval of the bill that created the pension multifunds and the stock market for agricultural products.

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