

Legal Alert: CMF publishes regulations in consultation to set TER for Pension Funds



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On June 17, the Commission for the Financial Market ("CMF") published in consultation a draft regulation to set maximum fees to be paid by the Pension Funds.

Article 45 bis of D.L. No. 3.500 requires the Superintendence of Pensions and the CMF to establish annually, through a joint resolution, the maximum fees that may be charged to the Pension Funds for their investments in funds and other types of instruments in which they invest.

The purpose of the published regulation under consultation is to establish the maximum fees that may be paid by the Pension Funds for investments made in mutual fund shares, investment funds and other financial instruments, for the period from July 1, 2021 to June 30, 2022.

The proposed regulation contemplates the following modifications:

The maximum fees set for this period are, in general, lower than those established for the previous period, with the exception of alternative assets.

It is specified in the definition of commission or TER, in the case of alternative assets and the equivalent TER, that the "value of the investment" (invested capital) should be understood as the valued investments (held in the investment portfolio) plus the distributed and non-recallable investments.

For securities representing financial indexes, the database used is modified to exclude ETFs from constituencies other than the USA. The "United States Exchange Traded Funds" database is used.

For gold representative securities, the Bloomberg database was changed to the Morningstar Direct: Global Exchange Traded Funds database.

The determination of the statistic is modified, using the 75th percentile of the TERs of each fund category for the two time series used and subsequently averaged, with the exception of alternative asset funds, real estate and infrastructure funds and gold representative securities, which continue to use the 90th percentile of the TERs for the two time series considered in the calculation.

Infrastructure funds were not considered for this period, since this type of fund was not included in the database used.

The detail of the proposed maximum fees by type of asset or investment is as follows:

Foreign and domestic mutual funds and domestic investment funds (securities).

Type of asset	Geographic Area	Style/Type Company	Maximum Fee
Stock	Developed, Emerging and Global	Index	0,36%
	Developed and Global	Other	1,00%
	Emerging	Other	1,25%
Bond	Developed	Index	0,20%
		High Yield	0,84%
		Other	0,67%
	Emerging		0,94%
	Global		0,78%
Balanced			0,86%
Liquidity			0,29%

Securities Representing Financial Indexes

Type of asset	Geographic Area	Style/Type Company	Maximum Fee
Stock	Developed and Global		0,57%
	Emerging		0,70%
Bond	Developed and Global	Other	0,33%
	Emerging		0,50%
	Developed and Global	High Yield	0,50%

Alternative Assets

Type of Investment	Maximum Fee
Private Equity (including co-investment)	2,08%
Private Debt (including co-investment)	2,06%
Fund of Private Equity Funds	3,70%
Fund of Private Debt Funds	3,68%
Domestic Real Estate and Infrastructure Investment Funds	2,03%
Gold Representative Security	0,63%

The public consultation process will take place between June 17 and 24, 2021.

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