

corporations that participate exclusively in the insurance business. Thus, foreign institutions wishing to participate in this market must constitute a corporation directly.

Foreign competition is assured by allowing the free contracting of insurance with foreign firms abroad. These operations are subject to the same taxes affecting insurance with domestic companies.

The law allows the contracting of insurance with foreign firms, provided the foreign institutions comply with the following requisites:

- (a) Capital of at least UF 300.000<sup>14</sup> (US\$7.5 million approx.)
- (b) The foreign entity must certify that it is legally constituted in the foreign country.

(c) The foreign entity must certify that, in conformity with the respective foreign legislation, it has no hindrance for the provision of insurance abroad.

#### 16.4 Securities trading

The trading of securities in Chile is regulated by the Securities Law (Ley del Mercado de Valores), which dates back to 1981. This activity is performed by two types of intermediaries: stock brokers and securities dealers (agencias de valores).

Measured by total assets, the size of the stock brokers market

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<sup>14</sup> The UF (Unidad de Fomento) is a unit of constant purchasing power that fluctuates daily according to the evolution of the Chile's CPI during the previous month. As of December 20, one UF was worth Ch\$10,619, or about US\$25.