

SMI Markets: Costa Rica

Date: 18 Dec 2013

CMIRR Markets: Costa Rica

CSDs: CEVAL (Costa Rica)

New Draft Law to Regulate the Securities Market

Further to our previous market newsflashes, on 12 December 2013 the National Council for the Development of the Securities Market of Costa Rica (CDMV for its acronym in Spanish) published for comments a new Draft Law to regulate the Securities Market in the country. The document has been developed based on the Strategic Road Map elaborated by the CDMV with the assistance of international experts during 2012.

A report with all the comments and the conclusions is expected to be issued by February 2014, prior to the elaboration of the Draft Law's final version that will be passed for approval to the National Assembly.

The general aspects of the Draft include:

- A Law more consistent with the markets' current dynamics and a progressive vision for their development.
- An improved investor's protection by compulsory advising to the non-professional investor through a clearer disclosure of risks and description of the responsibilities.
- Increased investors' access levels to the local and international market.
- Increased competition by creating markets for direct trading of fixed income instruments and investment funds (ETFs).
- Access to all sized-type companies to more sources of capital.
- More effective and efficient systems for securities safekeeping, registration and finality of transactions by creating a single securities depository and improving the regulation on custodians.
- Regulation's segregation by type of activity.
- Increased powers for SUGEVAL (the market's regulator), to supervise, regulate and penalise the market.
- Clearer distribution of risks and responsibilities among market participants.
- Exchanges demutualisation in order to improve their Corporate Governance and guarantee access to their share capital.
- Temporary increase of withholding tax from 5% to 8% on investment funds until a new tax reform is approved in order to guarantee same tax treatment to same income sources.

The official announcement and the text of the Draft are available here (in Spanish only): [Communication CDMV 004/2013](#).

Market Information Impact

Costa Rica

This information affects the data contained in the Local Market Administrative Organisations and Settlement sections of the Securities Market Information Service.

Infrastructure Risk Ratings Impact

Costa Rica

Market Rating: A-

Market Flash Impact: On Watch

The proposal provides an analysis of the Costa Rican market and includes recommendations on CEVAL's role in the market and the way it should interact with the central bank and other market entities. Some risks are likely to be affected depending on the changes introduced in respect of clearing and settlement activities.

CSD Risk Impact

CEVAL (Costa Rica)

CSD Rating: A

CSD Flash Impact: On Watch

The proposal provides an analysis of the Costa Rican market and includes recommendations on CEVAL's role in the market and the way it should interact with the central bank and other market entities. Some risks are likely to be affected depending on the changes introduced in respect of clearing and settlement activities.

Related Flash: [Recommendations to Develop the Securities Market in Costa Rica - Update, 06/12/2012 \(click to view\)](#)

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