

Banking and Finance News

The Superintendence of Securities regulates stock market advisory services in the General Regulations of the Securities Market.

The Superintendence of Securities (the "Superintendence") issued on August 17, 2023 Resolution CNV No. 40/23, in order to establish the conditions and requirements for the provision of stock advisory services in Paraguay. In this regard, such resolution incorporated a new title within the General Regulations of the Securities Market (the "Regulations"), number 34, especially dedicated to regulate these services.

General Provisions

The Superintendence defined securities advisory or stock market advisory as the making of personalized recommendations to a client with respect to one or more transactions related to financial instruments. It also excluded from this definition recommendations of a generic nature.

Next, it established that advisors must make an evaluation of their clients, preparing a personalized investment profile, for which purpose they must request, at least, certain data established in the resolution. These profiles must be available to the Superintendence.

The resolution also establishes that advisors must classify the investment products included in their offerings into complex and non-complex investment products, and establishes the classification parameters for each category. Complex investment products may only be offered to qualified investors or institutional investors.

Additionally, advisors must establish policies and procedures aimed at ensuring that the client understands the relationship between the risk and return of the products and that the client's financial situation allows the investments to be financed. Furthermore, they may only offer the client services and products that fit his or her profile.

Registration of advisors with the Superintendence

The Superintendence will set up a registry of persons providing stock market advisory services, called the Advisors Registry. These persons will be subject to the supervision and oversight regime of the Superintendence. In this sense, the advisors must provide the service themselves and may not delegate their functions.

The resolution establishes the documents to be submitted for registration in the Advisors Registry.

It should be noted that this Resolution was formally issued by the National Securities Commission, which was substituted in its functions by the Superintendence of Securities, created on September 1, 2023 with the enactment of Law No. 7162/2023.

Contact



Cynthia Fatecha
Partner
cfatecha@vouga.com.py
+595 21 202049



Carlos Vouga
Partner
Partnercvouga@vouga.com.py
+595 21 202049