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U.S. Department of the Treasury

PRESS RELEASES

**REPORT ON STATUS OF
FINANCIAL SERVICES NEGOTIATIONS
UNDER THE
GENERAL AGREEMENT ON TRADE IN SERVICES**

April 30, 1995

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INTRODUCTION

This report on the status of the financial services negotiations under the General Agreement on Trade in Services (GATS) of the World Trade Organization (WTO) is submitted to the Senate Finance and Commerce and Banking Committees, and to the House Ways and Means, Commerce, and Banking Committees as required by the Statement of Administrative Action that accompanied the Uruguay Round Agreements implementing legislation.¹ This report reviews briefly the history of the Uruguay Round financial services negotiations, outlines developments since then, and describes the current status of negotiations.

SUMMARY

During the Uruguay Round negotiations, the United States sought commitments from other countries that would guarantee substantially full market access and national treatment to U.S. financial services providers in their markets.² As of December 1993, however, when the bulk of the Uruguay Round negotiations was completed, commitments made by other key developed and developing countries in the areas of banking and other financial services (excluding insurance) on balance fell short of this standard.

In consequence, the United States took a reservation (i.e., did not make a commitment) for new establishment and new powers for foreign firms in the areas of banking and other financial services (excluding insurance). In addition, the United States took an exemption from the GATS most-favored-nation (MFN) obligation with respect to new establishment and new powers for foreign firms in these areas. The purpose of the reservation and the MFN exemption was to allow the United States to differentiate among WTO members in terms of the ability of their banks, securities firms and other financial services providers (excluding insurance) to expand existing operations, establish new firms, and undertake new activities in the United States.

¹ Statement of Administrative Action, page 309, accompanying the Uruguay Round Agreements Act (P.L. 103-465).

² Commitments were sought in the area of insurance and insurance-related services and in banking and other financial services, including securities, financial leasing, asset management, and diversified finance. The office of the U.S. Trade Representative (USTR) handled the insurance negotiations. The Department of the Treasury was responsible for the other financial services negotiations.

As a general matter, current U.S. law and practice grant new licenses and powers to foreign firms on a national treatment basis. This recognizes the substantial benefits that an open, dynamic, and competitive financial services industry provides in terms of capital, jobs and innovative, well-priced financial services to U.S. investors and consumers. But, to have guaranteed unconditional national treatment for banking and other financial services (excluding insurance) in the United States' GATS commitments would have removed one of the few inducements foreign countries have to remove their own impediments to the establishment and competitive opportunities of U.S. financial services firms.

In insurance, the overall level of commitments was also inadequate. Although the United States did not take an exemption for this sector in December 1993, it reserved its right, as discussed below, to do so later.

Some other key countries also took MFN exemptions covering all or part of their financial services sectors.

There was a widespread sentiment among the Uruguay Round negotiating parties in December 1993 that negotiations should continue, aimed at reaching a comprehensive multilateral agreement in financial services. The Uruguay Round Final Act, which was signed in Marrakesh on April 15, 1994, provided for a period of extended negotiations ending six months after the entry into force of the agreement establishing the WTO. The United States and other countries that had taken MFN exemptions that were conditional on the level of other countries' commitments agreed to suspend their respective exemptions during the six months of extended negotiations.

The six-month period ends June 30, 1995. The Final Act allows WTO members to "improve, modify or withdraw all or part of [their] specific commitments on financial services" and also to modify their lists of exemptions from the MFN obligation at the end of this period.³

The United States has continued to negotiate with key developed and developing countries since December 1993. Our objectives remain unchanged. In accordance with the Uruguay Round implementing legislation and advice received from industry advisory groups, we continue to seek commitments from commercially important developed and developing countries to substantially full market access and national treatment as the condition for accepting a comprehensive MFN commitment in financial services.⁴

Since December 1993, the Secretary of the Treasury, the U.S. Trade Representative, and other senior Treasury Department and USTR officials have conducted numerous financial services negotiations with commercially important developed and developing countries. The

³ See Final Act, Second Annex on Financial Services and Decision on Financial Services.

⁴ See P.L. 103-465, Art. 135.

European Union (EU), Canada, Australia, Switzerland, and some others have also conducted negotiations to obtain improved commitments since the WTO's establishment in January 1995.

Some progress is being made. The United States' bilateral understandings reached with Japan in October 1994 and January 1995, covering insurance and other financial services, respectively, are an important step toward a multilateral agreement in the GATS, although it remains for Japan to reflect those understandings appropriately in its GATS commitments.

Progress is also being made with some other countries, which have indicated either to the WTO Secretariat or in bilateral negotiations that they intend to make at least some improvements in their commitments. A few of these countries have signalled a willingness to improve their financial services offers in return for concessions from the United States, the EU, and Japan in other areas such as movement of natural persons.

Nonetheless, the commitments of a large number of commercially important countries retain significant limitations on foreign firms' access to, or treatment in, their financial services markets. The United States is continuing to negotiate with key countries.

The GATS Committee on Trade in Financial Services (CTFS) recently established a timetable for completing the negotiations. May 8 has been set as a deadline for filing revised schedules of commitments and MFN exemption lists. The CTFS will meet at the WTO in Geneva shortly thereafter and again in early June, with opportunities for bilateral negotiations on both occasions. Final schedules and MFN exemption lists are due June 15.

It remains to be seen whether these schedules will contain the improved commitments necessary for the United States to accept a broad MFN obligation in financial services. The Administration will consult closely with industry advisors and key Congressional committees in making this decision.

RESULTS OF URUGUAY ROUND FINANCIAL SERVICES NEGOTIATIONS

BACKGROUND

The Uruguay Round of international trade negotiations began in Punta del Este, Uruguay, in 1986. This was the first round of multilateral negotiations aimed at opening markets to international trade in services, including financial services. The bulk of the Uruguay Round negotiations was completed in December 1993. The Final Act embodying the results of these negotiations was signed in Marrakesh, Morocco, in April 1994. In signing the Final Act, the contracting parties to the 1947 General Agreement on Tariffs and Trade (GATT) agreed to establish the World Trade Organization (WTO). Following ratification by a critical mass of signatories, the WTO came into effect on January 1, 1995. The WTO oversees not only the revised GATT but also the General Agreement on Trade in Services (GATS), the Agreement on Trade-related Aspects of Intellectual Property Rights, and a number of other

related agreements. In addition to financial services, extended negotiations are under way on movement of natural persons (which are also scheduled to conclude on June 30, 1995) and in maritime and basic telecommunications services (scheduled to conclude in 1996).

U.S. OBJECTIVES FOR THE URUGUAY ROUND FINANCIAL SERVICES NEGOTIATIONS

During the negotiations leading up to December 1993, the United States sought binding commitments from other GATT members to undertake, with limited exceptions if any, the market access and national treatment obligations of the GATS for all financial services sectors. These sectors include insurance and insurance related services and banking and other financial services, such as securities, financial leasing, diversified finance, asset management, and related advisory services.⁵

In return for commitments to substantially full market access and national treatment, the United States stated that it would also commit to market access and national treatment in its own relatively open financial services markets on terms no more restrictive than currently applied. The United States also stated that if other key countries continued to restrict foreign firms' access to their markets or to deny them national treatment, the United States would not accept a broad MFN obligation in financial services. Instead, the United States would reduce its commitments and take an exemption from the MFN obligation in financial services in order to differentiate among countries in terms of the treatment their firms receive in the United States with respect to new access and new powers.

At one point, U.S. negotiators offered a "two-tier" approach. This would have guaranteed the current access, operations, and activities of firms from all countries and allowed certain smaller countries that did not already have a presence in the United States to establish. Firms from countries making good commitments in the GATS would have benefited from additional, enhanced U.S. commitments allowing them new access and expanded powers in line with changes in U.S. financial markets legislation. This approach was not widely supported by other negotiating parties and was withdrawn in late 1993.

STATUS OF COMMITMENTS IN DECEMBER 1993

Altogether 60 members, including the United States and the European Union on behalf of its 12 member states, submitted schedules of commitments in banking, securities, and other financial services including insurance, as of end-December 1993. Eleven additional countries scheduled commitments limited to the insurance sector.⁶

⁵ See the Annex on Financial Services, paragraph 5, for a complete list of these services.

⁶ Antigua and Barbuda, Barbados, Cyprus, Dominica, Grenada, Jamaica, Malta, Peru, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago.

The Administration carefully evaluated 39 of the 59 non-U.S. schedules that included both insurance and banking and other financial services. Because these schedules are bulky, we are providing copies separately as Annex 2 to this report. The 39 include the schedules of commercially important developed and developing countries and other parties with which we have conducted active negotiations as well as the schedules of some other countries of special geographic, political, or other interest.⁷ Of the 39 that we evaluated:

- Five negotiating partners⁸, largely those whose markets were already relatively open, scheduled high quality commitments. These schedules generally included: full or close to full coverage of the financial services sectors listed in the Annex and no significant limitations on the market access, national treatment, or MFN obligations.
- Twenty-one⁹ submitted schedules containing a few major flaws. Although the schedules covered the major financial services sectors, some sectors were omitted or coverage was unclear in some areas. In addition, these countries retained one or two important barriers to market access or national treatment (e.g., non-prudential screening or economic needs test for inward investment, limitations on investor choice with respect to form of commercial establishment, limitations on number of branches) and/or took an exemption from the MFN obligation for all or an important part of their financial services sector.
- Thirteen¹⁰ submitted schedules that had limited sectoral coverage and/or failed to address significant limitations that would seriously impede U.S. firms' access to their markets or ability to compete fairly in them on a national treatment basis. In addition, some of these countries also took MFN exemptions. Examples of barriers include:

⁷ The United States reached agreement with Canada and Mexico under NAFTA, and we have not included them in our assessment of GATS commitments. Also, we have not included the commitments of: Bahrain, Benin, Brunei, Cuba, Dominican Republic, El Salvador, Gabon, Ghana, Guatemala, Guyana, Honduras, Kenya, Macau, Mozambique, Nicaragua, Nigeria, Paraguay, and Zimbabwe.

⁸ Argentina, European Union, Morocco, Sweden, and Switzerland. As Sweden is now a member of the European Union, its commitments will be subsumed under the EU schedule.

⁹ Antilles (Netherlands), Aruba, Australia, Austria, Colombia, the Czech Republic, Egypt, Finland, Hong Kong, Hungary, Iceland, Israel, Liechtenstein, New Zealand, Norway, Poland, Romania, Slovak Republic, Tunisia, Turkey, and Uruguay. Austria and Finland are also now members of the European Union and will be covered by the EU schedule.

¹⁰ Brazil, Chile, India, Indonesia, Japan, Korea, Malaysia, Pakistan, Philippines, Singapore, South Africa, Thailand, and Venezuela. With respect solely to their commitments in insurance, Japan and Singapore should be placed in the previous category.

- prohibitions on new licenses for foreign firms, either for *de novo* establishment or acquisition of existing firms
- quotas or geographic restrictions on licenses for new foreign firms
- discriminatory limitations on foreign equity shares in existing domestic firms or new joint ventures and subsidiaries
- limitations on ability to expand existing operations, including through the addition of new capital or the addition of new branches
- discriminatory limitations on the clients that foreign firms can serve or the services they can provide
- case-by-case, non-prudential authorization requirements for routine transactions
- discriminatory capital requirements and ratios of assets or liabilities to capital
- excessive waiting periods for converting representative offices into full-service branches or subsidiaries
- non-prudential screening requirements or economic needs tests for establishment of a commercial presence, which undercut the value of market access commitments across the board.

On balance, commitments from negotiating partners did not provide a sufficient basis for the United States to bind itself to provide national treatment on new access, operations, and activities and to accept a comprehensive MFN obligation in banking and other financial services (excluding insurance). A few countries' commitments met the standard of substantially full market access and national treatment for which we were prepared to make a comparable commitment. Many other commercially important developed and developing countries, however, retained significant limitations on market access and national treatment.

MFN treatment would require the United States to treat all countries as well as the country to which the United States provides its best treatment. Thus, if the United States had accepted a broad MFN obligation, it would have meant that those countries with substantial barriers to foreign participation in their markets would have been able to maintain those barriers at no cost in terms of their future access to and treatment in our market. They would be, in effect, "free riders".

Accordingly, despite the benefits to U.S. consumers of financial services and the employment opportunities created by the presence of foreign institutions in the U.S. market, the United States reduced its commitments by taking a reservation for new access and new powers in banking and other financial services (excluding insurance). It also took a corresponding

exemption from MFN in those segments of the U.S. markets. By taking this reservation and corresponding MFN exemption, the United States maintained scope to differentiate among countries in terms of the ability of their firms to have future access to U.S. markets, expand existing operations, or enjoy the benefits of any legislative reform allowing financial institutions to undertake new activities.

In insurance and related services, the overall level of commitments was also inadequate. Although the United States did not take an MFN exemption or modify its commitments in these sectors in December 1993, it reserved its right to do so in the future.

Several other countries also took MFN exemptions in financial services to permit them to differentiate among countries.

There was a widespread sentiment that the negotiations should not conclude on this basis. Therefore, the United States and other negotiating parties agreed to extend negotiations for six months following the WTO's entry into force. Moreover, they agreed that during this period they would suspend those MFN exemptions that were conditional upon the level of commitments undertaken by other participants. At the end of this period, the Final Act allows WTO members to "improve, modify or withdraw all or part of [their] specific commitments on financial services" and also to modify their lists of exemptions from the MFN obligation.¹¹

EXTENDED NEGOTIATIONS ON FINANCIAL SERVICES

U.S. OBJECTIVES FOR THE EXTENDED NEGOTIATIONS

The United States' objectives in the extended negotiations are set forth in the Uruguay Round implementing legislation and are essentially unchanged from before. The legislation directs the United States Government during the extended financial services negotiations:

to secure commitments, from a wide range of commercially important developed and developing countries, to reduce or eliminate barriers to the supply of financial services, including barriers that deny national treatment or market access, . . . as the condition for the United States . . . offering . . . national treatment and market access in each of the financial services subsectors . . . on a most favored nation basis.¹²

As a new element in the Administration's approach, recognizing that financial market liberalization requires time, we have told our negotiating partners that we are prepared to

¹¹ See Uruguay Round Final Act, Second Annex on Financial Services and Decision on Financial Services.

¹² See P.L. 103-465, Art. 135.

consider transitional measures to respond to any legitimate concerns that they might have about the effects of rapid market liberalization. Any transitional period must be limited, however, and a situation of substantially full market access and national treatment must prevail at its end. Mexico's financial services commitments under NAFTA are one example of such transitional arrangements.

A number of WTO members, particularly the EU, Canada, Switzerland, Australia and others have stated negotiating objectives parallel to our own. Like us, they are negotiating with key countries to secure improved commitments. The EU and others have also indicated that their own commitments are "conditioned" on substantially improved commitments from other key negotiating parties. They too are willing to consider clearly specified arrangements to phase in commitments over a defined period as might be necessary to address legitimate concerns about the short-term effects of market liberalization.

DEVELOPMENTS SINCE 1993

The Administration has continued to engage key countries in financial services negotiations since December 1993, when the bulk of the Uruguay Round negotiations concluded. The Administration's negotiations with Japan, which culminated successfully in agreements on insurance and on securities and other financial services in October 1994 and January 1995, respectively, are addressed separately below. Senior Treasury and USTR officials also met with their counterparts from other important countries in 1994 to discuss priorities for the negotiations and to underscore the need for countries with deficient GATS financial services commitments to be substantially more forthcoming. Among the more notable of these developments are the following:

Developments in 1994

- In February 1994, a senior Treasury Department official met with his counterpart in the European Commission to discuss possible approaches for the extended negotiations, including the United States' willingness to consider transitional arrangements.
- In April 1994, at the time of the meetings of the Interim and Development Committees of the IMF and World Bank, senior Treasury officials met in Washington, D.C., with counterparts from important developing countries, including India and Korea, to encourage their efforts to accelerate significant financial sector reforms that could be incorporated in their GATS commitments.
- In July 1994, senior Treasury Department and USTR officials met with Finance Ministry, Central Bank, and other officials in Bangkok, Jakarta, Kuala Lumpur, Manila, and Singapore. The U.S. officials briefed their counterparts on the United States' objectives for the extended negotiations, discussed recent reforms in the countries' financial sector policies, underscored the need for them to improve their

GATS commitments substantially, and outlined the concept of transitional arrangements. U.S. officials also met with local representatives of U.S. financial services firms in those locations.

- In September 1994, senior USTR and Treasury officials met with their trade and finance counterparts from the three other Quad participants (Canada, EU, and Japan). Among other issues, they discussed objectives and approaches for the extended financial services negotiations.
- In early October 1994, during the annual meetings of the IMF and World Bank, senior Treasury officials met in Madrid with high-level representatives of Brazil, Egypt, Hong Kong, Korea, Norway, and Pakistan. Later that month, a senior Treasury official also met in Washington, D.C., with a high-level Colombian banking official. As in their meetings in July, the U.S. officials briefed their counterparts on the United States' objectives for the extended negotiations, underscored the need for them to improve their GATS commitments substantially, and outlined the concept of transitional arrangements.
- Also in October, a U.S. delegation composed of Treasury, USTR, and State Department officials attended the first meeting of the multilateral Interim Group on Financial Services (IGFS) in Geneva. The IGFS was established by the GATT Secretariat to monitor the progress of the negotiations until creation of the WTO and the establishment of a formal Committee on Trade in Financial Services under the GATS Council on Trade in Services. U.S. delegates advised the IGFS participants that the United States' objectives for the extended negotiations were unchanged. While willing to consider phase-in measures to address any legitimate concerns about the effects of rapid liberalization, the U.S. delegates stated that the United States continued to require commitments to substantially full market access and national treatment as the condition for accepting a broad MFN obligation in financial services under the GATS.
- In late October 1994, a U.S. delegation composed of officials from USTR, the Department of Commerce, and the International Trade Commission visited India, Malaysia, the Philippines, and Singapore to discuss bilaterally how they could improve their commitments in insurance.
- The IGFS meeting also provided an occasion for Treasury officials to meet with counterparts from the European Commission, Canada, and Switzerland to compare assessments of the commitments that major developed and developing countries had made as of December 1993 and identify areas where their objectives might be mutually reinforcing. These meetings revealed a high degree of similarity with respect both to countries of concern and barriers to be addressed.

- In November 1994, senior Treasury and USTR staff met in Washington with counterparts from the European Commission. The Commission delegate reaffirmed the EU's intention to seek better market access commitments from other countries in the extended negotiations. Treasury and USTR officials strongly reiterated the United States' intention to maintain its MFN exemption in financial services if commercially important developed and developing countries did not provide commitments to substantially full market access and national treatment. A discussion of respective negotiating priorities confirmed the conclusions reached earlier by U.S. and Commission officials as to important similarities.
- In the last week of November, a delegation again composed of Treasury, USTR, and State Department officials, and augmented by technical advisors from the Federal Reserve Board and the International Trade Commission, conducted bilateral consultations or negotiations in Geneva with 16 WTO signatories.¹³ Some of these signatories had tabled good or relatively good schedules in December 1993. In these cases, the U.S. negotiating team reviewed how they might contribute positively to the negotiations, by conducting negotiations of their own to encourage other countries in their geographic region to improve their commitments and/or by addressing the few remaining deficiencies in their own schedules so as to make high quality offers. Most of the countries with which the U.S. team met had tabled schedules with major deficiencies. The U.S. team reviewed these deficiencies in detail, in order to clarify areas where the countries needed to make significant improvements in their commitments.
- On this same occasion, the delegation also represented the United States at the second meeting of the multilateral IGFS. Once again, the U.S. delegation underscored the need for commercially important developed and developing countries to improve their commitments substantially as the condition for the United States' accepting an MFN obligation in financial services in GATS.
- In December 1994, the Department of the Treasury submitted its *1994 National Treatment Study* to the Congress. This report, which incorporated significant input from the U.S. financial services industry, examines the degree of national treatment and market access afforded U.S. financial institutions in 30 banking and 32 securities markets. Its detailed analysis of barriers in many of the countries with which the United States has been negotiating contributed importantly to the refinement of specific U.S. objectives.

¹³ Argentina, Australia, Brazil, Chile, Colombia, European Union, Hong Kong, India, Indonesia, Korea, Malaysia, Morocco, New Zealand, Philippines, Singapore, and Thailand.

U.S.-Japan Bilateral Negotiations

Top-level Administration officials from USTR, the Treasury Department, and other U.S. agencies met frequently with Japanese counterparts throughout 1994 and early 1995 to reach understandings regarding measures that Japan would adopt to liberalize foreign access and national treatment in its insurance, securities, pension fund, and other financial markets. The understanding on insurance was signed in October 1994. The understanding on securities, pension fund management, and other financial services markets was concluded in January 1995 and signed the following month.

The Administration has already briefed the Congress on the scope of the market opening measures that Japan agreed to implement. These understandings constitute an important step toward a broad MFN-based agreement on financial services under the GATS. Resolving important issues with Japan regarding U.S. firms' ability to establish and compete effectively in Japan's insurance, securities, pension fund management, and other financial markets was a necessary (though not sufficient) condition for the United States to make a comprehensive MFN commitment in GATS. Japan has stated that it intends to extend fully the benefits of the measures to all its trading partners on an MFN basis. The understandings with Japan demonstrate that the United States is willing to guarantee MFN and national treatment in its market to countries that are prepared to make quality commitments affecting U.S. firms.

It remains for Japan to reflect the insurance and other financial services understandings appropriately in its GATS commitments. The United States has made it clear that it expects Japan to do so and has met several times with Japan to discuss necessary changes in Japan's schedule. Other WTO signatories, particularly the EU and Canada, are also urging Japan to "multilateralize" the measures by including them in its GATS schedule.

Developments in 1995

On January 1, 1995, the WTO entered into force, the United States and a critical mass of other signatories having ratified the Final Act by that time. This event signalled the beginning of the final six months of the extended negotiations, the pace of which has accelerated.

- The U.S. negotiating team returned to Geneva at the end of January for another round of bilateral negotiations or consultations with 15 WTO members.¹⁴ In the negotiating sessions, the U.S. team again reviewed specific deficiencies in the countries' commitments. It explained that the United States would not be able to justify accepting a broad MFN obligation in financial services in GATS if major deficiencies were not addressed.

¹⁴ Brazil, Egypt, European Union, Hungary, India, Indonesia, Korea, Malaysia, New Zealand, Norway, Pakistan, Philippines, Poland, South Africa, and Thailand.

- The delegation also represented the United States at the third meeting of the IGFS. At this meeting, the U.S., EU, Canadian, Swiss and other delegations expressed concern that although many key countries had indicated a willingness to improve their commitments, they had yet to provide any specifics. In view of the urgent need to provide a more concrete basis for bilateral negotiations, the IGFS agreed on March 15 as the date for members to submit to the WTO Secretariat written indications of improvements that they were prepared to make in their schedules, subject to satisfactory commitments from others. The IGFS also agreed that the next multilateral meeting, which would be the first meeting of the formal Committee on Trade in Financial Services (CTFS) under the GATS Services Council, should be a "high-level" meeting. It was further agreed that the CTFS meeting, which was later scheduled for March 28, would provide the occasion for high-level bilateral negotiations in order to give greater impetus to the process.
- In early March, a senior Treasury official met with his counterpart from the Korean Ministry of Finance and Economy in Washington, D.C. He reviewed in detail the specific deficiencies in Korea's schedule that impede the ability of U.S. financial services firms to establish in Korea, fund their operations, and compete effectively. He underscored the critical importance of substantial improvements in Korea's GATS commitments as a condition for the United States' accepting a broad MFN obligation in financial services in GATS.

During the extended negotiations, other WTO parties have requested certain concessions from the United States. The over-arching request was for the United States to make a national treatment and MFN commitment that would guarantee not only foreign firms' existing access, operations, and activities in U.S. financial markets, but also their ability to have new access, expand existing operations in line with implementation of the 1994 Riegle-Neal Interstate Banking and Branching Efficiency Act, and to conduct new activities as may be authorized by any eventual legislative reform of Glass-Steagall limitations. In addition, a number of countries, primarily in South and Southeast Asia, linked any progress in their financial services commitments to concessions from the United States, EU, and Japan on movement of natural persons. Negotiations in this sector are on-going and are scheduled to conclude in June 1995 along with the extended financial services negotiations. Also, some countries expressed a linkage to concessions from the United States and other countries in the maritime services negotiations.

CURRENT STATUS OF THE NEGOTIATIONS

Response to the March 15 Date

Eight WTO parties responded to the call to submit written indications regarding conditional improvements in their schedules to the WTO Secretariat by the middle of March. These were: the United States, Canada, the EU, Hong Kong, Japan, Korea, Mexico, and Switzerland.

- The United States' revised, conditional offer responds to requests that we received from other negotiating parties. It is attached in Annex 1. This conditional offer states that the United States is prepared to guarantee substantially full market access and national treatment in U.S. markets on an MFN basis, subject to satisfactory commitments from others. This means that the United States would guarantee foreign firms' current access, operations, and activities in the United States, as already provided for in the United States' December 1993 schedule of commitments. In addition, the revised U.S. conditional offer would guarantee foreign firms' ability to enter the U.S. market in the future, expand existing operations, and undertake new activities in line with any future U.S. financial sector reforms. The offer also reiterates the United States' willingness to consider proposals that would phase in market access, within a reasonable and specified time, under conditions of national treatment. It should be emphasized, however, that the revised U.S. offer is explicitly conditioned upon other negotiating parties' also undertaking comprehensive commitments to substantially full market access and national treatment in their financial services sectors on an MFN basis.
- The EU essentially reconfirmed its December 1993 schedule, but stated that maintenance of these commitments would depend upon improved commitments by others on an MFN basis.
- Canada, Hong Kong, Korea, Mexico, and Switzerland offered minor improvements in their schedules having to do with limitations on nationality requirements for directors, banks' back-office and other operations, foreign equity in domestic firms, or other matters, consistent with recent changes in policy, regulation, or law. In addition, Canada and Switzerland offered to remove their MFN exemptions for certain new licenses, subject to satisfactory commitments from others.
- Japan offered to allow licensing of new foreign firms, expansion of existing operations, or conduct of new activities, subject to all other major countries' accepting an MFN obligation.

Additional information about these conditional offers is also contained in Annex 1.

Late March Bilateral and Multilateral Meetings in Geneva

The most recent round of bilateral and multilateral meetings in Geneva was held the week of March 27. The United States was represented by a delegation composed of senior Treasury Department and USTR officials, other officials from those agencies and the State Department, and technical advisors from the Federal Reserve Board and International Trade Commission.

The U.S. delegation held bilateral negotiations or consultations with 19 WTO parties.¹⁵ The delegation briefed the other parties on the revised U.S. offer and stressed its conditional nature. In tabling a revised, conditional offer, the delegation said, the United States had made another positive contribution to the success of the negotiations. It was now up to other countries that desired a broad MFN agreement in financial services under the GATS to step forward with significant improvements in their schedules. In this context, the U.S. delegation again reviewed major deficiencies in other countries' schedules and made specific requests and proposals for necessary improvements.

During these bilateral negotiations, a number of countries offered provisional improvements in their commitments of varying degrees of significance. In most cases, however, they have not yet communicated these improvements to the WTO Secretariat.

At the CTFS meeting, the U.S. delegates again underscored the conditional nature of the United States' revised offer. They regretted that the response to the request for countries to submit to the WTO Secretariat their written indications of conditional improvements in their schedules had not been adequate and that bilateral negotiations had not resulted in more concrete progress. They emphasized that the burden for achieving a broad MFN-based agreement in financial services in GATS rests with other key countries, which need to step forward urgently with significant improvements in their commitments.

The EU, Canada, and Switzerland also expressed concern about the lack of progress. They stated that their offers were also conditioned on substantial improvements in other countries' market access and national treatment commitments.

In view of the disappointing response from key countries to the March 15 deadline, the CTFS agreed to the following timetable for completing the negotiations in the short amount of time remaining:

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| 10 April | Revised date for countries to submit written indications of conditional improvements in their schedules to the WTO Secretariat |
| 28 April | The CTFS reports to the Council on Trade in Services regarding the status of the negotiations. |
| 08 May | WTO members submit revised schedules of financial services commitments and MFN exemption lists to the Secretariat. |

¹⁵ High-level bilaterals were held with Brazil, European Union, Hungary, India, Indonesia, Philippines, Singapore, South Africa, and Thailand. Additional bilateral consultations or negotiations were held with Australia, Chile, Colombia, Egypt, European Union, Hungary, Korea, New Zealand, Pakistan, Poland, Turkey, and Venezuela.

15-19 May	Bilateral negotiations in Geneva and meeting of the CTFS to assess progress
07 June	High-level meeting of the CTFS, with additional bilateral negotiations likely
15 June	Countries submit final schedules of commitments in financial services and MFN exemption lists to the Secretariat.
16-28 June	WTO members review and consider final schedules and MFN exemption lists.
29 June	CTFS meeting
30 June	Conclusion of extended negotiations

Key Developments Since the March Meeting

Six additional countries have advised the WTO Secretariat regarding their commitments in financial services:

- Brazil conditionally offered to eliminate discrimination in terms of capital requirements for foreign bank branches and other financial institutions and with respect to ownership of networks of automatic teller machines.
- Colombia and Romania reaffirmed the conditionality of their existing schedules.
- New Zealand stated that it would maintain its current schedule in full, without reference to conditionality.
- Norway offered to bind market opening measures that will have entered into force between December 1993 and the end of the extended negotiations. It stated that these improvements are subject to the satisfactory outcome of negotiations in the financial services and other sectors.
- Turkey indicated its intention to broaden the sector coverage of its commitments to include additional financial services.

Secretary Rubin met with finance ministry colleagues from several Asian countries in mid-April. He encouraged them to improve their GATS financial services commitments significantly.

In late April around the time of the Interim and Development Committee meetings of the IMF and World Bank, senior Treasury officials met with senior finance and central bank

officials from Brazil, Chile, India, Indonesia, and Venezuela to present specific proposals for necessary improvements in their GATS schedules of financial services commitments.

At the end of April, the CTFS was to submit its report on the status of the negotiations to the GATS Council on Trade in Services. As of the time of writing of the Administration's report, the CTFS report had not been finalized.

OUTLOOK FOR THE NEGOTIATIONS

Although only two months remain until the end of the negotiations, it is still too early to forecast their outcome. The United States' objective remains a comprehensive, MFN-based agreement in financial services that gives us substantially full market access and national treatment. Negotiators are making progress, but there is still a long way to go toward this objective. The improvements that some countries have suggested to date are incremental and piecemeal. A number of key countries have so far refused to provide any concrete information. Submission of revised, conditional schedules of commitments on May 8 and the negotiations in Geneva the following week will be critical bench marks.

In making its revised, conditional offer, the United States has made a substantial contribution toward the fashioning of a comprehensive MFN-based agreement in the GATS. U.S. negotiators will use every available opportunity to meet with key countries during the remaining time to seek the necessary improvements in their schedules. Ultimately, the prospects for successfully concluding the negotiations will depend on our negotiating partners' recognizing the importance of, and being willing to make commitments to, liberal trade in financial services.

CONSULTATIONS WITH U.S. INDUSTRY AND THE CONGRESS

The Administration's advisory bodies for trade in financial services are the Investment and Services Policy Advisory Committee (INSPAC) and the Industry Sector Advisory Committee for services (ISAC-13). Treasury Department and USTR officials have consulted with these two bodies regularly during the extended negotiations. U.S. objectives for the extended negotiations, as reflected in the Uruguay Round Agreements implementing legislation, were developed in close consultation with the Administration's advisors. The U.S. negotiators have used information and counsel received from these advisory bodies in determining U.S. priorities and strategies for the negotiations, with respect both to individual countries and to the specific barriers to be addressed. U.S. negotiators have also kept the advisory bodies informed of the results of each round of negotiations in Geneva. In addition, U.S. negotiators have met frequently, and informally, with other representatives of the U.S. financial services industry, at their request, to receive their views on the negotiations.

In February, Treasury Department and USTR officials initiated consultations with committee staff of the House Banking, Ways and Means, and Commerce Committees and with the Senate Banking and Finance Committees. The purpose of these consultations was to brief

staff on the background and status of the negotiations as of that time and to answer questions that they might have about U.S. objectives and strategy.

The Administration will continue to consult closely both with industry and with the Congress during the two months remaining for the negotiations. In particular, the Administration will consult prior to making its decision as to whether the United States should accept an MFN obligation in financial services in the GATS.

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ANNEX 1

SUMMARY OF WRITTEN INTENTIONS AND CONDITIONAL OFFERS

In addition to the United States' revised, conditional offer (attached), 14 other WTO signatories have advised the WTO Secretariat in writing as to their intentions to maintain or improve their December 1993 schedules of financial service commitments and MFN exemption lists. These are: Brazil, Canada, Colombia, the European Union, Hong Kong, Japan, Korea, Mexico, Morocco, New Zealand, Norway, Romania, Switzerland, and Turkey. The communications of these countries are summarized below.¹⁶

Brazil: Improvements that Brazil offered are eliminating discrimination between foreign and domestic financial institutions in terms of minimum capital requirements and with respect to ownership of individual networks of automatic teller machines. These improvements are conditional on further commitments being taken by Brazil's major trading partners. Brazil's communication also describes the Constitutional ban on establishment or expansion of foreign financial services firms, including insurance companies.

Canada: Canada indicated that it would remove its MFN exemption for licensing of banks, trust, and insurance firms (now conditioned on reciprocity). Canada has also offered to allow 50% of the directors of banks, federally incorporated insurance companies and trust and loan companies to be non-Canadian citizens. These improvements are conditioned on the level of commitments from other countries as of June 30, 1995. Canada also reserves the right to make technical changes to its schedule.

Colombia: Colombia stated that its bindings were conditional on other negotiating parties' making similar commitments.

The European Union: The EU has forwarded a statement which essentially reaffirms its current schedule of commitments on the table, but notes the "difficulty" that the EU would have in maintaining its current schedule of commitments on an MFN basis if others do not improve their offers. The EU notes that its expansion to include Austria, Finland, and Sweden has increased the value of its commitments.

Hong Kong: Hong Kong has offered to bind the recent relaxation of the "one building" rule for foreign banks -- foreign banks will be allowed to establish an additional service office and a separate back office. This offer is subject to satisfactory commitments from other negotiating parties.

¹⁶ These summaries are informal and not intended in any way as an authoritative interpretation of the countries' respective intentions.

Japan: Japan has offered to drop its current limitation on the establishment of subsidiaries and branches, expansion of existing activities, and conduct of new activities in banking and other financial services (excluding insurance). Japan conditions this improvement, in part, on "all the major trading partners [being] committed to the MFN principles." Japan also holds out the possibility of some improvement in its commitments for insurance.

Korea: Korea's revised conditional offer lists already-implemented regulatory changes which they would be willing to bind. These include: raising the ceiling on foreign investment in the stock market to 15% in 1995, raising the ceiling on CD issuance by foreign banks to 400% of equity capital, and doubling the foreign equity ceiling for investment trust and investment advisory companies. Korea also states that it plans to improve its commitments further by incorporating elements of its two recent financial liberalization programs (the Third Stage Plan for Financial Liberalization and the Foreign Exchange Reform Plan).

Mexico: Mexico has stated that it would revise its schedule of commitments in the near future. (In a meeting of the CTFS, it referred to an increase to 49 percent in the binding for foreign equity participation in Mexican financial institutions.)

Morocco: Morocco has stated that it would revise its schedule of commitments for the banking sub-sector.

New Zealand: New Zealand has stated that it would maintain the bindings contained in its December 1993 offer.

Norway: Norway's communication reaffirms its commitment to a standstill. In that regard, it offers to bind market opening measures that have been implemented since December 1993 or will be by the end of the extended negotiations. These affect: the ability of financial services firms from countries outside of the European Economic Area to branch directly into Norway (subject to Parliamentary approval); purchase of life insurance abroad; and residency, rather than nationality, requirements for managing directors and boards of directors of financial service firms. These improvements are conditioned on the satisfactory outcome of the extended negotiations in financial services and other areas.

Romania: Romania has stated that it reserves the right to withdraw previously offered commitments and to introduce MFN exemptions if it finds the outcome of the negotiations to be unsatisfactory.

Switzerland: Switzerland has offered to withdraw its current MFN exemption for new licenses in banking and other financial services (excluding insurance). It has also offered to bind changes in relevant legislation since December 1993. These improvements are conditional.

Turkey: Turkey offered to expand its schedule to include derivative products, money broking, and pension fund management. Its improvements are also conditional.

**Report on Status of
Financial Services Negotiations
under the
General Agreement on Trade in Services**

April 30, 1995

Annex 2: Compilation of Commitments and MFN Exemptions in Financial Services under the GATS.

27.10.1994

Interim Group on Financial Services

COMPILATION OF SPECIFIC COMMITMENTS

FINANCIAL SERVICES SECTOR

Informal Note by the Secretariat

As requested at the 12 October 1994 meeting of the Interim Group on Financial Services, the Secretariat has compiled commitments by participants on financial services on a sectoral basis. This sectoral compilation is composed of information contained in schedules. It is designed to be read in conjunction with the informal Secretariat note entitled "*Compilation of Horizontal Commitments: All Sectors*" of 21 June 1994.

In no way does this document replace, or necessarily reproduce in its entirety, the content of the respective schedules. Commitments which have been translated from the original language in which they were submitted are considered authentic in the original language only.

FINANCIAL SERVICES

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ANTIGUA AND BARBUDA

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>A. <u>All insurance and insurance related services</u></p> <p>c) Re-insurance (CPC 81299)</p>	<p>1) None</p> <p>2) None</p> <p>3) Insurance Act</p> <p>4) As indicated under horizontal commitments</p>	<p>1) None</p> <p>2) None</p> <p>3) Insurance Act</p> <p>4) None</p>	

THE KINGDOM OF THE NETHERLANDS WITH RESPECT TO THE NETHERLANDS ANTILLES

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
The Netherlands Antilles will bind all financial service sectors in accordance with the provisions contained in the "Understanding on Commitments in Financial Services"			
<p>7. FINANCIAL SERVICES¹</p> <p>A. <u>Insurance</u></p> <p>a) Domestic insurance companies²</p>	<p>1) None</p> <p>2) None</p> <p>3) Must be limited liability companies or mutual companies if the seat is registered within the N.A. A test of economic needs is applied for the establishment of branches and subsidiaries in the domestic market. The managing director, being a natural person, must be a resident of the N.A.</p> <p>4) None</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) None</p>	

1 Capital transactions are subject to a licence granted by the Central Bank, according to the foreign exchange regulations of the N.A.
 2 Domestic insurance companies are defined as insurance companies conducting business primarily within the N.A.

THE KINGDOM OF THE NETHERLANDS WITH RESPECT TO THE NETHERLANDS ANTILLES (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
b) International insurance companies ¹	1) None 2) None 3) Must be limited liability companies or mutual companies. The managing director, being a natural person, must be a resident of the N.A. 4) None	1) None 2) None 3) None 4) None	

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¹ An international insurance company is defined as an insurance company, conducting business outside the N.A. with non-residents. International insurance companies are not allowed to operate on the domestic market.

THE KINGDOM OF THE NETHERLANDS WITH RESPECT TO THE NETHERLANDS ANTILLES (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>B. <u>Banking and securities trade</u></p> <p>Secondary financial institutions¹</p>	<p>1) None</p> <p>2) None</p> <p>3) a) Must be limited liability companies or branches of a foreign financial institution</p> <p>b) A test of economic needs is applied for the establishment of branches and subsidiaries on the domestic market (including expansion of activities of established banks through new branches)</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p>	

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¹ A secondary financial institution is defined as an enterprise or institution whose activities consist primarily of obtaining funds from third parties in the form of savings or debenture with the purpose of investing or lending these funds. A secondary financial institution is not a money-creating entity and therefore has no effect on the total money supply.

THE KINGDOM OF THE NETHERLANDS WITH RESPECT TO THE NETHERLANDS ANTILLES (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
General banks ¹	<p>c) Only branches and subsidiaries of the top 1000 banks may be admitted</p> <p>d) The managing directors must be natural persons and residents of the N.A. Their appointment is subject to approval by the Central Bank</p> <p>4) None</p> <p>1) None</p> <p>2) None</p> <p>3) a) Must be limited liability companies or branches of a foreign financial institution</p> <p>b) A test of economic needs is applied for the establishment of branches and subsidiaries on the domestic market (including expansion of activities of established banks through new branches)</p>	<p>4) None</p> <p>1) None</p> <p>2) None</p> <p>3) None</p>	

¹ A general bank is defined as an enterprise or institution whose activities consist primarily of regularly obtaining funds on account from third parties and/or lending funds to third parties in the form of loans.

THE KINGDOM OF THE NETHERLANDS WITH RESPECT TO THE NETHERLANDS ANTILLES (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
International banks¹	<p>c) Only branches and subsidiaries of the top 1000 banks may be admitted</p> <p>d) The managing directors must be natural persons and residents of the N.A. Their appointment is subject to approval by the Central Bank.</p> <p>4) None</p> <p>1) None</p> <p>2) None</p> <p>3) Must be legal entities or branches of foreign financial institutions. Only subsidiaries or branches of the top 1000 banks of the world are admitted. At least one of the managing directors, being a natural person, must be a resident of the N.A. The appointment is subject to approval by the Central Bank.</p> <p>4) None</p>	<p>4) None</p> <p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) None</p>	

¹ An international bank is defined as an enterprise whose activities consist primarily of regularly obtaining funds on account from third parties being non-residents and/or from the capital market, with the purpose of relending these funds to third parties being non-residents in the form of loans. Since international banks are not subject to the restrictions in the foreign exchange regulations, those banks are not allowed to operate on the domestic market.

ARGENTINA

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
7. FINANCIAL SERVICES ¹			
A. <u>All insurance services and insurance-related services</u>	1) Unbound	1) Unbound	
a) Life, accident and health insurance services (CPC 8121)	2) Unbound	2) Unbound	
	3) Authorization of the establishment of new entities is suspended	3) None	
	4) Unbound, except as indicated in the horizontal section	4) Unbound, except as indicated in the horizontal section	
b) Non-life insurance services (CPC 8129)	1) Unbound	1) Unbound	
	2) Unbound	2) Unbound	
	3) Authorization of the establishment of new entities is suspended	3) None	
	4) Unbound, except as indicated in the horizontal section	4) Unbound, except as indicated in the horizontal section	

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¹ Processed data must remain in the country so as to be available for consultation by the competent authority. This measure does not prevent the data from also being transferred abroad.

ARGENTINA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Maritime and air transport insurance services (CPC 81293)	1) None 2) None 3) Authorization of the establishment of new entities is suspended 4) Unbound, except as indicated in the horizontal section	1) None 2) None 3) None 4) Unbound, except as indicated in the horizontal section	
c) Reinsurance and retrocession services (CPC 81299*)	1) None 2) None 3) Authorization of the establishment of new entities is suspended 4) Unbound, except as indicated in the horizontal section	1) None 2) None 3) None 4) Unbound, except as indicated in the horizontal section	
B. <u>Banking and other financial services (excluding insurance)</u>	Financial operations by the Government and State-owned enterprises are excluded from the conditions specified in this schedule; they may carry out their operations through the entities they designate. In order to engage in stock market transactions it is necessary to be a member and share-holder of the Securities Exchange.		

ARGENTINA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
a) Acceptance of deposits and other repayable funds from the public (CPC 81115-81119)	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the horizontal section	
b) Lending of all types including consumer credit, mortgage credit, factoring and financing of commercial transactions (CPC 81113)	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the horizontal section	
c) Financial leasing services (CPC 8112)	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the horizontal section	

ARGENTINA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>d) Payment and money transmission services (CPC 81339**)</p>	<p>1) Unbound 2) None 3) None 4) Unbound, except as indicated in the horizontal section</p>	<p>1) Unbound 2) None 3) None 4) Unbound, except as indicated in the horizontal section</p>	
<p>e) Guarantees and commitments (CPC 81199**)</p>	<p>1) Unbound 2) None 3) None 4) Unbound, except as indicated in the horizontal section</p>	<p>1) Unbound 2) None 3) None 4) Unbound, except as indicated in the horizontal section</p>	
<p>f) Trading on own account or for clients, whether on an exchange or not, or in any other form, of the following:</p>			

ARGENTINA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
money market instruments (cheques, bills, certificates of deposit, etc.) (CPC 81339**)	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the horizontal section	
foreign exchange (CPC 81333)	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the horizontal section	
derivative products, including, but not limited to, futures and options (CPC 81339**)	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the horizontal section	

ARGENTINA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
exchange rate and interest rate instruments, such as swaps, forward interest-rate agreements, etc. (CPC 81339*)	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the horizontal section	
transferable securities (CPC 81321*)	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the horizontal section	
other negotiable instruments and financial assets, including bullion (CPC 81339**)	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the horizontal section	

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ARGENTINA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
g) Participation in issues of all kinds of securities, including under-writing and placement as agent (whether publicly or privately) and provision of services related to such issues (CPC 8132)	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the horizontal section	
h) Money broking (CPC 81339**)	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the horizontal section	
i) Asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial depository and trust services (CPC 8119** + 81323*)	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the horizontal section	

ARGENTINA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
j) Settlement and clearing services for financial assets, including securities, derivative products, and other negotiable instruments (CPC 81339** or 81319**)	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) None 3) None 4) Unbound, except as indicated in the horizontal section	
k) Advisory and other auxiliary financial services for any of the activities listed in Article I.B of document MTN.TNC/W/50, including credit reference and analysis, investment and portfolio research and advice, and advice on acquisitions and on corporate restructuring and strategy. (CPC 8131 or 8133)	1) None 2) None 3) None 4) Unbound, except as indicated in the horizontal section	1) None 2) None 3) None 4) Unbound, except as indicated in the horizontal section	

ARGENTINA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
1) Provision and transfer of financial information, financial data processing and related software by suppliers of other financial services (CPC 8131)	1) None 2) None 3) None 4) Unbound, except as indicated in the horizontal section	1) None 2) None 3) None 4) Unbound, except as indicated in the horizontal section	
New financial services	1) Unbound 2) Unbound 3) Unbound 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	

THE KINGDOM OF THE NETHERLANDS WITH RESPECT TO ARUBA

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Aruba will bind all financial service sectors in accordance with the provisions contained in the "Understanding on Commitments in Financial Services"			
<p>7. FINANCIAL SERVICES</p> <p>A. <u>Insurance</u></p>	<p>1) None</p> <p>2) None</p> <p>3) Off-shore companies cannot operate on the domestic market. A test of economic needs is applied for the establishment of branches and subsidiaries in the domestic market.</p> <p>4) Unbound</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) A non-Aruban needs permission to become a director of a financial institution</p>	

THE KINGDOM OF THE NETHERLANDS WITH RESPECT TO ARUBA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>B. <u>Banking and securities trade</u></p>	<p>1) None</p> <p>2) Residents of Aruba need permission from the Central Bank for the purchase of foreign securities above AFL 50.000¹</p> <p>3) Off-shore companies cannot operate on the domestic market. A test of economic needs is applied for the establishment of branches and subsidiaries on the domestic market (incl. expansion of activities of established banks through new branches).</p> <p>4) Unbound</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) A non-Aruban needs permission to become a director of a financial institution</p>	

* A commitment on this mode of delivery is not feasible.

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>Australia undertakes its specific commitments on financial services in accordance with the attached "Understanding on Commitments in Financial Services" (hereinafter referred to as the "Understanding").</p> <p>The obligations under the Understanding are addressed in this Schedule additionally to those covered by the provisions of Part III of the Agreement and the Annex on Financial Services. Market access commitments with respect to "cross-border supply" and "consumption abroad" are bound in this Schedule to the extent of the obligations in paragraphs 3 and 4 of the Understanding.</p> <p>These specific commitments on financial services are subject to the general limitations contained in the "Horizontal Commitments" section of this Schedule.</p>			
<p>A. <u>Insurance and insurance-related services</u> (8121, 8129**, 8140)</p>	<p>3) Approval of non-resident life insurers is restricted to subsidiaries</p> <p>3) Registered foreign life insurance companies are required to have a principal officer resident in Australia</p>		

AUSTRALIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>1), 3) An authorised insurance company operating in Australia as a non-incorporated entity must appoint an Australian resident as agent of the insurer</p> <p>3) Most State and Territory Governments maintain restrictions, by way of monopolies or licensing provisions and associated controls on premiums and other terms of policies, in the following areas of insurance:</p> <p style="padding-left: 40px;">Compulsory Third Party Motor Vehicle Accident: VIC, WA, TAS, NT, ACT (monopolies); NSW, QLD, SA (licensing, premiums/policy terms)</p> <p style="padding-left: 40px;">Workers Compensation: VIC, QLD, SA (monopolies); NSW, WA, TAS (licensing, premiums/policy terms)</p> <p>4) The temporary entry of specialists in the operation of an insurance service supplier established in Australia is permitted subject to the terms stipulated in the horizontal section</p>	<p>3) Sub-national guarantees are provided to some State and Territory Insurance Offices</p>	

AUSTRALIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>B. <u>Banking and other financial services (excluding insurance)</u> (8112, 8113, 8119, 8131, 8132, 8133, 81115-81119, 81199, 81319, 81321, 81323, 81333, 81339)</p>	<p>1) The investment at interest in Australia of official reserves by foreign central banks and foreign government monetary institutions is approved by the Reserve Bank provided that it obtains assurance from the investing authority that it will aim to be a stable holder of the Australian dollar and that it will consult with the Bank in the event of significant changes in its Australian dollar portfolio. Monetary institutions, responsible for both reserve assets and commercial investments, are permitted to invest in Australia up to a limit under the same conditions.</p> <p>1), 3) A foreign bank located overseas is able to offer its services to Australian enterprises, but it is not allowed to raise funds in Australia or undertake business within Australia unless it is an authorised bank (or establishes a money market corporation, subsidiary etc.)</p>		

AUSTRALIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>1), 3) Dealings in foreign exchange in Australia must be carried out through a dealer authorised by the Reserve Bank. Only banks, including branches of overseas banks, and financial institutions incorporated in Australia with the required minimum capital base are eligible to seek authorisation as a foreign exchange dealer.</p> <p>3) A person (including a corporation) and any associated interests may acquire no more than fifteen per cent of the voting shares of an authorised bank</p>		

AUSTRALIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>Foreign banks satisfying prudential requirements and competition policy considerations may conduct banking in Australia. Foreign banks may undertake banking operations in Australia through an authorised branch, however, a branch may not accept "retail" deposits. A foreign bank wishing to accept "retail" deposits must seek authorisation as a locally-incorporated subsidiary for that purpose. Foreign bank branches may accept deposits (and other funds) in any amount from incorporated entities, non-residents and their own employees. Deposits (and other funds) may only be accepted from other sources where the initial deposit (or other funds) is greater than \$250 000. Deposit-taking outside of this is considered to be "retail" banking business.</p>		

AUSTRALIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>Acquisition, by foreign interests, of control of any of Australia's four main banks (Commonwealth Bank of Australia, National Australia Bank, Westpac Banking Corporation and Australia and New Zealand Banking Group) is not permitted. State and Territory governments reserve the right to prohibit foreign control of State-owned or controlled banks. Banks (resident and non-resident) are prohibited from holding shares in the Commonwealth Bank of Australia and other entities may not hold more than five per cent of its issued share capital.</p> <p>Banks operating in Australia, whether domestically owned or foreign owned with authorised branch status, may be permitted, in certain circumstances, to hold up to 75 per cent equity in Authorised Money Market Dealers (primary dealers). The Reserve Bank imposes restrictions on relationships and dealings between authorised dealers and related banks, in particular:</p>	<p>3) The Commonwealth Bank of Australia, the Australian Industry Development Corporation, and other Commonwealth owned entities which may conduct financial operations are guaranteed by the Commonwealth Government</p>	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>authorised dealers must be independent legal entities and be separately capitalised;</p> <p>authorised dealers' transactions with related entities (defined as parties which own 12.5 per cent or more of the authorised dealer) must be carried out at arm's length and not represent a disproportionate source of funding or turnover; and</p> <p>authorised dealers must provide an impartial service to all participants in the money market.</p> <p>A number of State and Territory Governments operate central financing authorities through which the Government's wholly or partly-owned statutory authorities and business enterprises are obliged to borrow (and in some cases invest) their funds, or otherwise obtain certain financial services:</p>		

AUSTRALIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>SA - South Australian Financing Authority, SA Local Government Financing Authority TAS - Tascorp NSW - Treasury Corporation VIC - Treasury Corporation of Victoria</p> <p>3) The Australian Stock Exchange liquid capital requirements for members may have the effect of favouring membership of the Exchange by subsidiaries rather than branches of foreign companies</p> <p>An applicant must be a body corporate in order to obtain approval to conduct a stock market or a futures market as a stock exchange or a futures exchange</p> <p>4) The temporary entry of specialists in the operation of a financial service supplier established in Australia is permitted subject to the terms stipulated in the horizontal section</p>	<p>3) A majority of the directors of a member organisation of the Australian Stock Exchange must be Australian residents</p>	

AUSTRIA

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
7. FINANCIAL SERVICES*			

- * Unlike foreign subsidiaries, branches established directly in an EEA Member State by a non-EEA financial institution are not, with certain limited exceptions, subject to prudential regulations harmonized at EEA level which enable such subsidiaries to benefit from enhanced facilities to set up new establishments and to provide cross-border services throughout the EEA. Therefore, such branches receive an authorization to operate in the territory of an EEA Member State under conditions equivalent to those applied to domestic financial institutions of that EEA Member State, and may be required to satisfy a number of specific prudential requirements such as, in the case of banking and securities, separate capitalization and other solvency requirements and reporting and publication of accounts requirements or, in the case of insurance, specific guarantee and deposit requirements, a separate capitalization, and the localization in Austria of the assets representing the technical reserves and at least one third of the solvency margin. The restrictions indicated in this schedule may be applied only with regard to the direct establishment from a third country of a commercial presence or to the provision of cross-border services from a third country; therefore, Austria may not apply these restrictions, including those concerning establishment, to third country subsidiaries established in other EEA Member States, unless these restrictions can also be applied to companies or nationals of other EEA Member States in conformity with Austrian law.

This schedule does not prejudice the application of prudential measures, subject to the conditions specified in Art. 2.1 of the Financial Services Annex, such as, in the securities area, non-discriminatory regulations concerning the organization of securities markets and trading rules concerning dealing in securities.

The admission to the market of new financial services or products may be subject to the existence of, and consistency with, a regulatory framework aimed at achieving the objectives indicated in Art. 2.1 of the Financial Services Annex.

EEA treatment of third country financial service suppliers established in another EEA Member State may be refused if Austrian financial service suppliers receive less favourable treatment in that third country compared to financial service suppliers of another EEA Member State.

AUSTRIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Insurance and insurance related services as defined in the "ANNEX ON FINANCIAL SERVICES" (para. 5.1 a) - 5.1 d))</p>			
<p>Licensing of foreign insurers (subsidiaries and branches) is subject to the condition that the other country in its turn offers competitive opportunities, effective market access and national treatment equivalent to those offered by Austria (reciprocity).</p> <p>However, for the period indicated in the "Second Annex on Financial Services" and the "Decision on Financial Services" the reciprocity requirement will not apply to WTO Members.</p> <p>Commitments with respect to insurance and insurance related services are undertaken in accordance with the "Annex on Financial Services" and the "Understanding on Commitments in Financial Services" with the following limitations on Market Access and National Treatment.</p>			
	<p>1), 2) Only the transactions indicated in numbers 3 and 4 of the "Understanding" are covered</p> <p>Canvassing and intermediation on behalf of a non-established insurer (except for reinsurance and retrocession) are prohibited</p> <p>Compulsory air transport liability insurance can be placed only with established insurers</p>	<p>1), 2) Higher premium tax is due for insurance contracts (except for contracts on reinsurance and retrocession) written by non-established insurers; the higher premium tax applies to the purchase of a policy from non-established insurers by a consumer resident in Austria, either directly at the supplier's establishment outside Austria or by correspondence.</p>	

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AUSTRIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>3) Austria requires as a general rule and in a non-discriminatory manner that insurers incorporated in Austria must adopt a specific legal form (joint stock company; mutual insurance company); foreign insurers establishing a branch office must have a comparable legal form in their home country</p> <p>Representative offices and agencies of insurers are not allowed to write insurance contracts</p> <p>4) Unbound except as indicated in Part I</p>	<p>3) None</p> <p>4) Unbound except as indicated in Part I</p> <p>The directors of a branch of a foreign insurer must be resident in Austria</p>	

AUSTRIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Banking and other financial services as defined in the "ANNEX ON FINANCIAL SERVICES" (para 5.1 e) - 5.1 p))</p>			
<p>Licensing of foreign branches and subsidiaries of foreign banks is subject to the condition that the other country in its turn offers competitive opportunities, effective market access and national treatment equivalent to those offered by Austria (reciprocity). In addition licensing may be refused, if the planned activity is not in accordance with national economic interests.</p> <p>However, for the period indicated in the "Second Annex on Financial Services" and the "Decision on Financial Services" the reciprocity and economic interest test requirement will not apply to WTO Members.</p> <p>Commitments with respect to banking and other financial services are undertaken in accordance with the "Annex on Financial Services" and the "Understanding on Commitments in Financial Services" with the following limitations on Market Access and National Treatment; most entries on the following pages do not constitute limitations on Market Access or National Treatment; they mainly serve transparency purposes.</p>			
	<p>Monopoly or exclusive rights as indicated in number 1 of the "Understanding":</p> <p>The management of governmental debts, the administration of export credit insurance on behalf and for the account of the government, the settlement of payment transactions for the government and activities related to the distribution of governmental subsidies are reserved to special banking institutions or legal entities</p>		

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AUSTRIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>1) None</p> <p>Only transactions indicated in number 3 of the "Understanding" are covered</p> <p>2) None</p> <p>3) Establishment and a certain legal form (joint stock company, limited liability company) are required</p> <p>Licensing of branches or subsidiaries of foreign banks may be subject to an economic interest test</p> <p>Only members of the Austrian Stock Exchange may engage in securities trading at the Stock Exchange. An application to the Austrian Stock Exchange and authorization for certain banking activities of the Ministry of Finance are required (Stock Exchange Law para. 15.1)).</p> <p>For trading in foreign exchange and foreign currency authorization of the Austrian National Bank according to Foreign Exchange Law and of the Ministry for Economic Affairs according to the Austrian Trade Act (para. 243 e)) is required</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p>	

AUSTRIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>Mortgage bonds and municipal bonds may be issued by banks specialized and authorized only for this activity (Mortgage Bank Law; Banking Law para. 1.1) 9)</p> <p>Services of investment fund management (investment companies) may be provided by banks specialized and authorized only for this business (Banking Law para 1.1) 13; Investment Fund Law para. 2.2))</p> <p>Only banks authorized for the safe custody business (Banking Law para. 1.1) 5) can act as depositories of the assets of investment funds (Investment Fund Law para. 23.1))</p> <p>For carrying out services of pension fund management a specialized company only for this activity and incorporated as a stock company in Austria is required (Pension Fund Law paras. 1.3), 6.1)).</p> <p>4) Unbound except as indicated in Part I</p>	<p>4) Unbound except as indicated in Part I</p> <p>At least one member of the Board of Directors of a bank must reside in Austria and have a good command of the German language (Banking Law para. 5.1) 10, 11)</p>	

BAHRAIN

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
7. FINANCIAL SERVICES			
A. <u>All Insurance and Insurance-Related services</u> (Offshore only)	1) None 2) None 3) None 4) Unbound	1) None 2) None 3) None 4) Unbound	
a) Life, Accident and health insurance services			
b) Non-life insurance services			
c) Reinsurance and retrocession			
d) Services auxiliary to insurance (including broking and agency services)			
B. <u>Reinsurance and Retrocession</u>	1) None 2) None 3) None 4) Unbound	1) None 2) None 3) None 4) Unbound	

BARBADOS

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>A. <u>All Insurance and Insurance-Related Services</u></p> <p>c) Reinsurance (CPC 812*)</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) None</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) None</p>	

* The service specified constitutes only a part of the total range of activities covered by the CPC Classification.

BENIN

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>B. <u>Banking and other financial services</u></p> <p>Acceptance of deposits and other repayable funds from the public (CPC 81115-81119)</p>	<p>1) None</p> <p>2) None</p> <p>3) To engage in banking activities it is necessary to have the approval of the Ministry of Finance, Law No. 90-018 of 27 July 1990 on the regulation of banking. Banks must be established in the form of public limited companies with fixed share capital having their principal place of business in the Republic of Benin or, by special authorization of the Minister of Finance after consulting the Banking Commission, in the form of cooperative or mutual societies with variable share capital.</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p>	

BENIN (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Lending of all types (CPC 8113)</p>	<p>4) In accordance with Benin labour law. In addition, a person may not administer or manage a bank or financial establishment, or a agency thereof, if he does not possess Benin nationality, unless the agreement for the establishment of the bank provides for assimilation to Benin nationals.</p> <p>1) Residents may take out loans abroad after first obtaining authorization from the Minister of Finance in conformity with the exchange control regulations for loans of over CFAF 50 million.</p> <p>2) Residents may take out loans abroad after first obtaining authorization from the Minister of Finance in conformity with the exchange control regulations for loans of over CFAF 50 million.</p>	<p>4) None</p> <p>1) None</p> <p>2) None</p>	

BENIN (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>All payment and money transmission services (CPC 81339)</p>	3) Unbound	3) Unbound	
	<p>4) Unbound, except for measures affecting the entry and temporary stay of natural persons - who are employees of a company and transferred to a company incorporated in Benin belonging to, controlled by or a subsidiary of the former - in the following categories:</p> <ul style="list-style-type: none"> - directors - senior executives - specialists who possess knowledge that is essential to the provision of the service 	4) None	
	1) Unbound	1) Unbound	
	2) Unbound	2) Unbound	
	3) In addition to approval as a bank, approval as an intermediary is also required	3) None	

BENIN (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>4) Unbound, except for measures affecting the entry and temporary stay of natural persons - who are employees of a company and transferred to a company incorporated in Benin belonging to, controlled by or a subsidiary of the former - in the following categories:</p> <ul style="list-style-type: none"> - directors - senior executives - specialists who possess knowledge that is essential to the provision of the service 	<p>4) None</p>	

BRAZIL

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>A. <u>All insurance and insurance-related services</u></p> <p>Insurance on freight (CPC 81293)</p>	<p>1) Imports can only be insured with established companies</p> <p>2) Unbound</p> <p>3) Specific type of legal entity (Sociedade Anônima - S.A.) required. Foreign participation is limited to 50 per cent of the capital of a company and to 1/3 of its voting stock.</p> <p>4) Unbound except as indicated in the horizontal section</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) Unbound except as indicated in the horizontal section</p>	

BRAZIL (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Life insurance (CPC 81211)	1) Unbound 2) Unbound 3) Same conditions as in Insurance on Freight 4) Unbound except as indicated in the horizontal section	1) Unbound 2) Unbound 3) None 4) Unbound except as indicated in the horizontal section	
Medical care (CPC 81291)	1) Unbound 2) Unbound 3) Same conditions as in Insurance on Freight 4) Unbound except as indicated in the horizontal section	1) Unbound 2) Unbound 3) None 4) Unbound except as indicated in the horizontal section	
Property Insurance (CPC 81292, CPC 81294, CPC 81295, CPC 81296)	1) Unbound 2) Unbound 3) Same conditions as in Insurance on Freight 4) Unbound except as indicated in the horizontal section	1) Unbound 2) Unbound 3) None 4) Unbound except as indicated in the horizontal section	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Liability Insurance (CPC 81297)</p>	<p>1) Unbound 2) Unbound 3) Same conditions as in Insurance on Freight 4) Unbound except as indicated in the horizontal section</p>	<p>1) Unbound 2) Unbound 3) None 4) Unbound except as indicated in the horizontal section</p>	
<p>Auxiliary services - agencies and brokers (CPC 81401)</p>	<p>1) Unbound 2) Unbound 3) Natural persons only 4) Unbound except as indicated in the horizontal section</p>	<p>1) Unbound 2) Unbound 3) None 4) Unbound except as indicated in the horizontal section</p>	
<p>Auxiliary services - consultancy, actuarial and surveys (CPC 81402, CPC 81404)</p>	<p>1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section</p>	<p>1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section</p>	

BRAZIL (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
B. <u>Banking and other Financial Services</u>			
<p>Financial institutions subject to this commitment are classified as commercial bank, investment bank, consumer finance company, housing finance company, financial leasing company, brokers and dealers, and each may perform only those activities permitted by the Banco Central do Brasil or by the Conselho Monetário Nacional. Multiple banks may be formed with a minimum of any two of the following portfolios, each corresponding to a commercial bank, investment bank, consumer finance company or a housing finance company.</p>			
<ul style="list-style-type: none"> - Acceptance of the following funds from the public: <ul style="list-style-type: none"> i) demand deposits ii) time deposits iii) financing of commercial transactions - Lending of all types, including: <ul style="list-style-type: none"> i) consumer credit ii) mortgage credit iii) financing of commercial transactions - Financial leasing 	<ul style="list-style-type: none"> 1) Unbound 2) Unbound 3) The establishment of new branches and subsidiaries of foreign financial institutions as well as increases in the percentage of the participation of foreign persons and firms in the capital stock of Brazilian financial institutions is not permitted. The number of branches in Brazil of each foreign bank is limited to the number existing on October 5th 1988 	<ul style="list-style-type: none"> 1) Unbound 2) Unbound 3) An individual network for Automatic Teller Machines (ATMs) may only be set up by Brazilian banks for use of clients of that bank. Banks controlled by foreign capital and branches of foreign banks may share facilities with other banks on a minority basis. <p>Minimum requirements for paid-in capital and net worth applicable to branches of foreign banks as well as to commercial banks and commercial banks portfolios of multiple banks controlled by foreign capital are twice those established for Brazilian banks.</p>	

BRAZIL (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<ul style="list-style-type: none"> - Payment and money transmission services carried out by financial institutions - Guarantees and commitments - Trading for own account or for account of customers, whether on an exchange or in an over-the-counter market, including: <ul style="list-style-type: none"> i) money market instruments ii) foreign exchange iii) futures and options iv) exchange rate and interest rate instruments v) transferable securities vi) other negotiable instruments and financial assets, including bullion 	<p>4) Unbound except as indicated in the horizontal section</p>	<p>Permission for a service supplier of another Member to expand existing operations or conduct new activities may be denied by the Banco Central do Brasil or authorized on terms and conditions less favourable than those applied to Brazilian service suppliers.</p> <p>4) Unbound except as indicated in the horizontal section</p>	

BRAZIL (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<ul style="list-style-type: none"> - Participation in public issues of all kinds of securities, including underwriting and placement as agent, and provision of services related to such issues - Brokerage of foreign exchange - Portfolio management and custodial and depository services - Investment and portfolio research and advice 	<ul style="list-style-type: none"> 1) Unbound 2) Unbound 3) The establishment of new branches and subsidiaries of foreign financial institutions as well as increases in the percentage of the participation of foreign persons and firms in the capital stock of Brazilian financial institutions is not permitted. The number of branches in Brazil of each foreign bank is limited to the number existing on October 5th 4) Unbound except as indicated in the horizontal section 	<ul style="list-style-type: none"> 1) Unbound 2) Unbound 3) An individual network for Automatic Teller Machines (ATMs) may only be set up by Brazilian banks for use of clients of that bank. Banks controlled by foreign capital and branches of foreign banks may share facilities with other banks on a minority basis. Minimum requirements for paid-in capital and net worth applicable to branches of foreign banks as well as to commercial banks and commercial banks portfolios of multiple banks controlled by foreign capital are twice those established for Brazilian banks. Permission for a service supplier of another Member to expand existing operations or conduct new activities may be denied by the Banco Central do Brasil or authorized on terms and conditions less favourable than those applied to Brazilian service suppliers. 4) Unbound except as indicated in the horizontal section 	

BRUNEI DARUSSALAM

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>A. <u>All insurance and insurance - related services</u></p> <p>(a) Direct insurance (life) including annuity, disability income, accident and health insurance services. (8121)</p> <p>(b) Direct insurance (non-life) including disability income, accident and health insurance and contracts of fidelity bonds, performance body or similar contracts of guarantee. (8129)</p>	<p>1) Unbound</p> <p>2) None</p> <p>3) Commercial presence is permitted only through insurance companies that are registered in Brunei Darussalam.</p> <p>4) Unbound except as indicated under horizontal measures</p> <p>1) Unbound</p> <p>2) Compulsory insurance of Motor Third Party Liability and Workmen's Compensation can be purchased only from insurance companies established in Brunei.</p> <p>3) Commercial presence is permitted only through insurance companies that are registered in Brunei Darussalam.</p> <p>4) Unbound except as indicated under horizontal measures.</p>	<p>1) Unbound</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound except as indicated under horizontal measures</p> <p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound except as indicated under horizontal measures.</p>	

BRUNEI DARUSSALAM (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons			
Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
(c) Reinsurance and retrocession (life and non-life) (81299*)	1) Unbound 2) Unbound 3) Unbound 4) Unbound except as indicated under horizontal measures	1) None 2) None 3) None 4) Unbound except as indicated under horizontal measures	
(d) Insurance and intermediation comprising broking and agency services (8140)	1) Unbound 2) Insurance intermediation is not allowed to act for unregistered insurers. 3) (i) Broking for direct insurance of Bruncian risks requires approval from MOF. (ii) Broker, underwriting and insurance managers require approval. 4) Unbound except as indicated under horizontal measures.	1) Unbound 2) None 3) Unbound 4) Unbound except as indicated under horizontal measures.	

BRUNEI DARUSSALAM (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Services auxiliary to insurance, as follows:</p> <p>(a) Consultancy (excludes insurance agency services to insurance industry)</p> <p>(b) Actuarial risk assessment</p> <p>(c) Risk management</p> <p>(d) Maritime loss adjusting</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound except as indicated under horizontal measures</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound except as indicated under horizontal measures</p>	
<p>B. <u>Banking and Other Financial Services</u></p> <p>(I) Provision and transfer of financial information, financial data processing and related software by providers of other financial services. (8131)</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) Ministry of Finance approval is required.</p> <p>4) Unbound</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) Ministry of Finance approval is required.</p> <p>4) Unbound</p>	

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CANADA

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p><u>Measures Applicable to All Sectors in Financial Services:</u></p> <ol style="list-style-type: none"> 1. Commitments in this Chapter are undertaken in accordance with the <u>Understanding on Commitments in Financial Services ("Understanding")</u>. 2. For greater certainty, market access commitments with respect to the "cross-border" and "consumption abroad" supply of services (as described in paragraphs 2 a) and 2 b) of Article 1 of the <u>General Agreement on Trade in Services</u>) apply only to the transactions indicated in paragraphs 3 and 4 of <u>Market Access</u> of the <u>Understanding</u>. It is understood that paragraph 4 of that section of the <u>Understanding</u> does not impose any obligation to allow non-resident financial services suppliers to solicit business. 3. The commitments on "commercial presence" are bound according to the <u>Understanding</u>. 4. The commitments on "presence of natural persons" are scheduled in accordance with the <u>Understanding</u> and bound according to the general limitations applicable to all sectors in this schedule (Part I). 5. Otherwise, the commitments in this Chapter are subject to the general conditions or limitations applicable to all sectors in this schedule. 			

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Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>A. <u>Insurance and insurance-related services</u> (CPC 812* + 814)</p> <p>a) Life, accident and health insurance services (CPC 8121)</p>	<p>1) None</p> <p>2) None</p> <p>3) None, other than:</p> <p>Federally-regulated financial institutions having capital in excess of \$750 million are required, within five years of having reached the threshold, to have 35 per cent of their voting shares widely-held and listed and posted for trading on a Canadian stock exchange</p> <p>4) See paragraph 3 of headnote on Financial Services</p> <p>1) None, other than:</p> <p><u>Direct insurance</u> (federal): Services must be supplied through a commercial presence with the exception of marine insurance</p> <p>(All provinces): Services must be supplied through a commercial presence</p>	<p>1) None</p> <p>2) None</p> <p>3) None, other than:</p> <p>The Government of Ontario Management Board Directive and Industrial Development Review Process provides for a price preference of up to 10 per cent for Canadian content based on value-added in Canada for certain government purchases. The Management Board Directive applies on the basis of the nationality of the individual service provider.</p> <p>4) See paragraph 3 of headnote on Financial Services</p> <p>1) None</p>	

CANADA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>b) Non-life insurance services (except deposit insurance and similar compensation schemes) (CPC 8129)</p> <p>c) Reinsurance and retrocession (CPC 81299*)</p>	<p><u>Reinsurance and retrocession (federal):</u> Services must be supplied through a commercial presence</p> <p>(All provinces, excluding Alberta): Services must be supplied through a commercial presence.</p> <p>2) None, other than:</p> <p><u>Reinsurance and retrocession (federal):</u> The purchase of reinsurance services by a Canadian insurer, other than a life insurer or a reinsurer, from a non-resident reinsurer is limited to no more than 25 per cent of the risks undertaken by the insurer purchasing the reinsurance</p>	<p>2) None, other than:</p> <p><u>Direct insurance other than life, personal accident, sickness or marine insurance (federal):</u> An excise tax of 10 per cent is applicable on net premiums paid to non-resident insurers or exchanges in regard to a contract against a risk ordinarily within Canada, unless such insurance is deemed not to be available in Canada</p> <p><u>Direct insurance (Alberta)</u> A fee payable to the province of 50 per cent of the premium paid and regulatory notification are required on insurance of risks in the province by unlicensed insurers</p>	

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CANADA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>3) None, other than:</p> <p><u>Direct insurance and reinsurance and retrocession</u> (federal): The solicitation of insurance services in Canada can only be effected through:</p> <ul style="list-style-type: none"> i) a corporation incorporated under the laws of Canada; ii) corporation incorporated by or under the laws of another jurisdiction (i.e., a branch of a foreign corporation); iii) an association formed on the plan known as Lloyd's. <p>A controlling number of shares of a Canadian insurance subsidiary must be held directly by the foreign insurance company incorporated in the jurisdiction where the foreign insurance company, either directly or through a subsidiary, principally carries on business</p>	<p>3) None, other than:</p> <p><u>Direct insurance and reinsurance and retrocession</u> (federal): A minimum of one-half of directors must be resident Canadians</p> <p>(British Columbia): A majority of the directors must be resident in Canada and at least one director must be resident in British Columbia</p> <p>(Ontario): Capital requirements for mutual insurance companies do not apply to certain mutual insurance companies incorporated in Ontario</p> <p>(Québec): Three-quarters of directors must be Canadian citizens and a majority must reside in Québec</p>	

CANADA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>A branch of a foreign insurance company must be established directly under the foreign insurance company incorporated in the jurisdiction where the foreign insurance company, either directly or through a subsidiary, principally carries on business</p> <p>(All provinces): Insurance activities can only be provided through:</p> <ul style="list-style-type: none"> i) a corporation incorporated under provincial statutes; ii) an extra-provincial insurance corporation, i.e., an insurer incorporated by, or under the laws of another jurisdiction (including a federally-authorized branch of a foreign corporation); iii) an association formed on the plan known as Lloyds; and iv) (Ontario): Reciprocal insurance exchanges. <p>(Alberta): Subsidiaries of foreign insurance corporations must be federally-authorized</p>		

CANADA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>(Québec): Non-residents can acquire, either directly or indirectly, no more than 30 per cent of the voting shares of any Canadian-controlled and Québec-chartered company without ministerial approval</p> <p>(Federal): The purchase of reinsurance services by a Canadian insurer, other than a life insurer or reinsurer, from a resident reinsurer is limited to no more than 75 per cent of the risks undertaken by the insurer purchasing the reinsurance</p> <p>(British Columbia): Incorporation, share acquisition or application for business authorization, where any person controls or will control 10 per cent or more of the votes of the company, is subject to ministerial approval</p> <p><u>Non-life insurance (Ontario):</u> Reciprocal insurance exchanges must maintain guarantee fund of \$50,000 unless an auto or fire insurer has principal office in Ontario, then \$25,000 is required</p> <p><u>Motor vehicle insurance:</u> (Québec, Manitoba, Saskatchewan and British Columbia): Motor vehicle insurance is provided by public monopoly</p> <p>4) See paragraph 3 of headnote on Financial Services</p>	<p>4) See paragraph 3 of headnote on Financial Services</p>	

CANADA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>d) Services auxiliary to insurance (including broking and agency services) (CPC 8140)</p>	<p>1) None, other than:</p> <p><u>Intermediation of insurance relating to maritime shipping, commercial aviation, space launching, freight (inc. satellites) and goods in international transit</u> (all provinces): Services must be supplied through a commercial presence in the province in which the service is provided</p> <p><u>Adjustment services</u> (Newfoundland): Non-resident adjusters must, as a condition for obtaining a license, agree to act through the facilities of an adjuster, adjusting company, representative, agent or broker licensed under provincial law</p> <p>(Ontario and Prince Edward Island): Non-resident individual adjusters are prohibited from being adjusters in the province</p> <p>2) None</p>	<p>1) None</p> <p>2) None, other than:</p>	

CANADA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>3) None, other than:</p> <p>(Ontario): No license is provided to a corporation to act as an insurance broker, agency or adjuster if the majority of the voting rights are in shares owned by non-residents. A corporate agency or adjuster or insurance broker which is majority non-resident-owned and licensed as a result of grandfathering cannot expand through purchase of assets or business or merger or amalgamation with any other</p>	<p><u>Intermediation of insurance relating to commercial aviation, space launching, freight (inc. satellites) and goods in international transit (federal):</u> An excise tax of 10 per cent is applicable on net premiums paid to non-resident insurers or exchanges in regard to a contract against a risk ordinarily within Canada, unless such insurance is deemed not to be available in Canada. The excise tax is also applicable on net premiums payable with regard to a contract entered into, through a non-resident broker or agent, with any insurer authorized under the laws of Canada or of any province to carry out the business of insurance.</p> <p>3) None</p>	

CANADA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>B. <u>Banking and other financial services</u> (excl. insurance) (CPC 81115 to 81119 + 813)</p> <p>a) Acceptance of deposits and other repayable funds from the public (CPC 81115 - 81119)</p>	<p>broker, agent or adjuster. No license is provided to a corporation or partnership which is an insurance agency or adjuster if the head office is outside Canada or if any partner is resident outside Canada.</p> <p>(Newfoundland): Extra-provincial adjustment companies must be sponsored by a resident Newfoundland company or agency</p> <p>4) See paragraph 3 of headnote on Financial Services, and:</p> <p>(Newfoundland): Extra-provincial individual adjusters and representatives must be sponsored by a resident Newfoundland insurance company or agency</p> <p>1) None</p> <p>2) None</p> <p>3) None, other than:</p>	<p>4) See paragraph 3 of headnote on Financial Services</p> <p>1) None</p> <p>2) None</p> <p>3) None, other than:</p>	

CANADA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>b) Lending of all types, incl., inter alia, consumer credit, mortgage credit, factoring and financing of commercial transactions (CPC 8113)</p>	<p><u>Banks</u>: Foreign banks must incorporate subsidiaries in Canada to undertake the business of banking</p> <p>No one person (Canadian or foreign) may own more than 10 per cent of any class of shares of a Schedule I bank</p> <p><u>Trust and loan companies</u> (federal and all provinces): Federal or provincial incorporation is required</p>	<p><u>Banks</u>: Ministerial approval is required for foreign bank subsidiaries to open more than one branch</p> <p>A minimum of one-half of the directors must be resident Canadians</p> <p><u>Trust and loan companies</u> (federal): A minimum of one-half of the directors must be resident Canadians</p>	
<p>c) Financial leasing (CPC 8112)</p>			
<p>d) All payment and money transmission services (CPC 81339*)</p>	<p>(Ontario, Québec and Manitoba): The direct or indirect acquisition of Canadian-controlled companies by foreign persons is restricted to 10 per cent individually and 25 per cent collectively</p>	<p>(Alberta): At least three-quarters of the directors must be ordinarily resident in Canada</p>	
<p>e) Guarantees and commitments (CPC 81199*)</p>	<p>(Saskatchewan): Individual and collective foreign ownership of Canadian-controlled and provincially incorporated companies can be no more than 10 per cent of shares</p> <p>(British Columbia): Incorporation, share acquisition or application for business authorization, where any person controls or will control 10 per cent or more of the votes of the company, are subject to ministerial approval</p>	<p>(British Columbia): A majority of the directors must be resident in Canada and at least one director must be resident in British Columbia</p> <p>(Nova Scotia): A majority of directors must be resident in Canada and Canadian citizens</p>	

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CANADA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>(Ontario): Incorporation or registration will be refused unless authorities are satisfied that there exists a public benefit and advantage for an additional corporation. Consent to change in control or transfers of 10 per cent or more of voting shares may be refused if it would be in the public interest to do so.</p> <p><u>Banks and trust companies (federal)</u>: A controlling number of shares of a Canadian bank or trust company subsidiary must be held directly by the foreign bank or trust company incorporated in the jurisdiction where the foreign bank or trust company, either directly or through a subsidiary, principally carried on business</p> <p><u>Credit unions, caisses populaires and associations or groups thereof (all provinces)</u>: Must incorporate in the jurisdictions in which they operate</p> <p><u>Mortgage brokers (Ontario)</u>: Must incorporate under the laws of Canada, Ontario or of another province. Ownership of a corporation by foreign persons must not exceed 10 per cent individually and 25 per cent collectively of the total number of equity shares.</p>	<p>(Manitoba and Ontario): Foreign persons may not exercise the voting rights attached to shares if they are not registered as shareholders in respect of the shares</p> <p>(Ontario): A majority of directors must be Canadian citizens</p> <p>(Québec): Three-quarters of the directors must be Canadian citizens and a majority must reside in Québec</p> <p><u>Credit unions and caisses populaires (Ontario and Manitoba)</u>: Directors of credit unions must be Canadian citizens</p> <p>(British Columbia): Directors and sub-directors of credit unions must be residents of the province</p> <p>(Manitoba): Credit unions and caisses populaires are exempt from the corporate capital tax</p> <p>(Alberta): Directors of credit unions must be permanent residents of Canada and three-quarters must at all times be ordinarily resident in the province</p>	

CANADA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>(Nova Scotia): Must incorporate under the laws of Canada or Nova Scotia</p> <p>(Alberta): Must maintain a business office in the province</p> <p><u>Loan and investment companies (Québec):</u> Federal or provincial incorporation</p> <p><u>Co-operative corporations (Ontario):</u> Must incorporate in Ontario</p> <p><u>Lending of all types (Nova Scotia):</u> Must incorporate under the laws of Canada or Nova Scotia</p> <p><u>Acceptance of deposits (Québec):</u> The acceptance of deposits of public and para-public institutions is provided by a public monopoly</p> <p>4) See paragraph 3 of headnote on Financial Services, and:</p> <p><u>Mortgage brokers (Ontario):</u> Must be permanent residents of Canada</p>	<p>(Québec): Directors of caisses populaires must have a residence, place of business or employment in the territory served by the caisse</p> <p><u>Community bonds corporations (Saskatchewan, Manitoba):</u> Directors of Community Bonds Corporations must be resident of the province</p> <p><u>Venture capital corporations (federal and all provinces):</u> Tax measures that result in a difference in treatment with respect to an investment in a venture capital corporation as prescribed pursuant to the Income Tax Act of Canada</p> <p>4) See paragraph 3 of headnote on Financial Services</p>	

CANADA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>f) Trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise, the following:</p> <p>money market instruments (cheques, bills, certificate of deposits, etc.) (CPC 81339*)</p> <p>foreign exchange (CPC 81333)</p>	<p>(Nova Scotia): Must be resident in the province</p> <p>(Alberta): Must be resident in the province for a minimum of three months to be registered</p> <p>1) None, other than:</p> <p><u>Advisory and auxiliary financial services</u> (Alberta, British Columbia, Nova Scotia, Ontario, Québec): Services must be supplied through a commercial presence in the jurisdiction in which the adviser is providing advice</p> <p><u>Asset management</u> (Alberta, British Columbia, Nova Scotia, Ontario, Québec and Saskatchewan): Services must be supplied through a commercial presence in the jurisdiction in which the service is provided</p> <p>(Québec): The management of pension funds of public and para-public institutions in Québec is provided by public monopoly</p>	<p>1) None</p>	

CANADA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
derivative products incl. but not limited to, futures and options (CPC 81339*)	<p><u>Custodial services:</u> Mutual funds which offer securities in Canada must use a resident custodian. A non-resident sub-custodian may be used if it has shareholders equity of at least \$100 million</p>		
exchange rate and interest rate instruments, incl. products such as swaps, forward rate agreements, etc. (CPC 81339*)	2) None, other than: <u>Trading in securities and commodity futures - persons</u> (all provinces): There is a requirement to register in order to trade through dealers and brokers that are neither resident nor registered in the province in which the trade is effected	2) None	
transferable securities (CPC 81321*)	3) None, other than:	3) None, other than:	
other negotiable instruments and financial assets, incl. bullion (CPC 81339*)	<p><u>Securities dealers and brokers</u> (British Columbia, Newfoundland, Ontario, Saskatchewan, Yukon): Must be incorporated, formed or continued under federal, provincial or territorial laws</p> <p>(Québec): Only brokerage firms incorporated under federal, provincial or territorial laws may be members of the Montreal Exchange</p>	<p><u>Trading in securities and commodity futures and advisory and auxiliary financial services - dealers, brokers, and advisers:</u> (Alberta, Ontario, Newfoundland, Nova Scotia): A director or officer of an applicant firm must have been a resident of Canada for a period of at least one year prior to the application</p>	

CANADA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>g) Participation in issues of all kinds of securities, including underwriting and placement as agent (whether publicly or privately) and provision of service related to such issues (CPC 8132)</p>	<p><u>Advisory and auxiliary financial services (British Columbia):</u> Must be incorporated, formed or continued under federal, provincial or territorial laws</p> <p><u>Asset management (Québec):</u> The management of pension funds of public and para-public institutions in Québec is provided by a public monopoly</p>		
<p>h) Money broking (CPC 81339*)</p>	<p>4) See paragraph 3 of headnote on Financial Services</p>	<p>4) See paragraph 3 of headnote on Financial Services, and:</p>	
<p>i) Asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial depository and trust services (CPC 8119*, 81323*)</p>		<p><u>Trading in securities and commodity futures and advisory and auxiliary financial services - dealers, brokers, and advisers:</u> (all provinces except British Columbia): An individual applicant for registration is required to have been a resident of Canada for a period of at least one year prior to the application and a resident of the province in which he/she wishes to operate at the date of application</p>	

CANADA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>j) Settlement and clearing services for financial assets, incl. securities, derivative products, and other negotiable instruments (CPC 81339*, 81319*)</p> <p>k) Advisory and other auxiliary financial services on all the activities listed in Article 5.1(p) of the Annex on Financial Services, incl. credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy (CPC 8131*, 8133*)</p>		<p>(Québec): An individual acting as a representative of a dealer or adviser, subject to certain exemptions, must be a resident of the province</p>	

CANADA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
1) Provision and transfer of financial information, and financial data processing and related software by providers of other financial services (CPC 8131*, 842*, 843*, 844*)			

CHILE

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
FINANCIAL SERVICES	<p>3) In addition to the horizontal measures which affect all sectors, a supplier of financial services operating through a commercial presence may be subject to evidence of economic need. That is, he must obtain prior authorization to start up, suspend or terminate operations from the Banking and Financial Institutions Supervision Department, in the case of banking services, or from the Securities and Insurance Supervision Department, in the case of securities and insurance services.</p>		

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>a) Banking services</p>	<p>Authorization to supply financial services through a commercial presence will be given in so far as the applicant undertakes to ensure the proper functioning, integrity and stability of the market, fulfils the requirements of the law and serves the national interest.</p> <p>The Chilean financial services sector is partially compartmentalized, that is to say the institutions, domestic and foreign, authorized to operate as banks may not encroach on the insurance and securities business and vice versa. However, subject to authorization from the Banking and Financial Institutions Supervision Department, domestic and foreign banks operating in Chile may set up subsidiaries, with their own capital, to supply other financial services in accordance with the relevant legislation.</p> <p>Foreign banking institutions must be companies legally constituted in their country of origin, must acquire legal personality in Chile and must put up the capital required by Chilean law. Banking institutions may only operate as:</p> <p>(i) Open corporations; or</p>		

CHILE (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Acceptance of deposits (81115-81119) ¹	<p>(ii) Subsidiaries.</p> <p>No national or foreign natural or legal person may acquire directly or through third parties shares in a bank which, alone or added to the shares such person already possesses, represent more than 10% of the bank's capital without having first obtained the authorization of the Banking and Financial Institutions Supervision Department. In addition, the partners or shareholders of a financial institution may not transfer a percentage of rights or shares in the company in excess of 10% without having obtained authorization from the Supervision Department.</p> <p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) Unbound, except as indicated in the horizontal section</p>	<p>Banks not established as Chilean companies (subsidiaries) pay a minimum income tax equivalent to 2.6 per thousand of their total deposits. The average deposits are determined by the Banking and Financial Institutions Supervision Department on the basis of the information in the statement which the banks that are subsidiaries are required to submit.</p> <p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) Unbound, except as indicated in the horizontal section</p>	

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¹ Includes only current bank accounts, sight acceptances, term acceptances in saving accounts, financial instruments with repurchase undertaking, and deposits for issue of bank guarantee vouchers.

CHILE (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Purchase of publicly-offered securities (8132) ¹	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	
Credit granting (8113) ²	1) None ³ 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	1) None 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	

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1 Includes only purchase of bonds and purchase of letters of credit.

2 Includes only current loans, discounting or acquisition of bills of exchange and promissory notes, loans and letters of credit, endorsable mortgage loans, purchase of financial instruments with resale undertaking, credit for issue of bank guarantee vouchers or other types of financing, endorsement and guarantee of third party liabilities; issue and negotiations of letters of credit for imports and exports, issue and confirmation of stand-by letters of credit.

3 Limited to only freely-available credit, import and export financing, confirmation of letters of credit, and advances and overdrafts on current accounts. These services may only be provided to local banks with authorization from the Central Bank of Chile. Other services for grant of credit unbound.

CHILE (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Issue of credit cards	1) None ¹ 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	1) None 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	
Operation of credit cards	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	
Provision and transfer of financial information and processing of financial data (8131)	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	

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1 Limited to credit cards issued abroad that circulate in Chile under an agreement with a bank or operator established in Chile.

CHILE (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Advisory and other auxiliary financial services (8131) (Includes only administrative services connected with the management of the banking services included in this Schedule)</p>	<p>1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section</p> <p>In Chile advisory and other auxiliary financial services (8131) are considered to be complementary to the services which the established banks can provide. Consequently, domestic and foreign banks must set up subsidiaries with their own capital in order to be able to provide these services and must have the appropriate authorization from the Banking and Financial Institutions Supervision Department</p>	<p>1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section</p>	
<p>Financial leasing (81112)</p>	<p>1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section</p>	<p>1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section</p>	

CHILE (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>b) Insurance and reinsurance services</p>	<p>Only domestic and foreign banking enterprises established in Chile can provide financial leasing services. In order to supply financial leasing services they must establish subsidiaries with their own separate legal personality, their own capital and exclusive line of business subject to prior authorization from the Banking and Financial Institutions Supervision Department. These companies may offer leasing contracts for goods acquired at the client's request, i.e. they cannot acquire goods in order to stock them and offer them for leasing. These subsidiaries can only operate the services expressly authorized by the Banking and Financial Institutions Supervision Department. Financial leasing services are regarded as complementary banking services and, consequently, the Banking and Financial Institutions Supervision Department is empowered to extend or restrict the operation of the financial leasing services which the institutions may offer.</p> <p>Insurance and reinsurance services can be provided only by limited insurance and reinsurance companies established in Chile for the exclusive purpose of developing this line of business. Insurance and reinsurance corporations can be legally constituted only in accordance with the provisions of the law of corporations.</p>		

CHILE (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>Contracts concluded in Chile may be reinsured by insurers and reinsurers with insurance and reinsurance companies authorized to operate in Chile:</p> <p>Only the following are empowered to reinsure:</p> <ol style="list-style-type: none"> 1. Insurers established in the country and those corporations whose sole purpose is to operate reinsurance in one of the two groups indicated below, subject to inspection by the Securities and Insurance Supervision Department; and 2. Those foreign reinsurers who are enrolled in the Register of Foreign Reinsurers maintained by the Securities and Insurance Supervision Department. <p>In addition, insurers and reinsurers may also reinsure through intermediaries or brokers enrolled in the Register of Reinsurance Brokers maintained by the Supervision Department.</p>		

CHILE (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>In Chile, the insurance business is divided into two groups: the first group comprises companies that insure goods and property against the risk of loss or damage, while the second comprises those that provide personal insurance or guarantee, within or at the end of a certain term, a capital sum, a paid-up policy or an income for the insured or his beneficiaries. Insurance companies may not be organized to cover both categories of risks.</p> <p>Credit insurance companies, even though classified in the first group, must be established as corporations with the sole purpose of covering this type of risk, i.e. loss of or damage to the property of the insured as a result of the non-payment of a money debt or loan, being also permitted to cover guaranty and fidelity risks.</p> <p>The Chilean insurance Schedule does not include insurance related to the social security system.</p> <p>Insurance may be taken out directly or through insurance brokers who, to engage in that activity, must be enrolled in the Register maintained by the Supervision Department and must satisfy the prudential requirements of the law.</p>		

CHILE (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Sale of direct life insurance (does not include insurance related to the social security system) (81211)	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	
Sale of direct general insurance (8129)	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	
Sale of direct general insurance Credit insurance (81296)	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	

CHILE (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Policy reinsurance (81299)	1) Foreign reinsurance companies must be enrolled in the Register of Foreign Reinsurers of the Securities and Insurance Supervision Department and fulfil the requirements laid down by the Department. 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	1) Premiums ceded under this heading are subject to a tax of 6 per cent 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	
Reinsurance brokers (Reinsurance intermediation) (8140)	1) None 2) Unbound 3) Reinsurance brokers must be enrolled in the Register of Reinsurance Brokers of the Securities and Insurance Supervision Department and fulfil the requirements laid down by the Department. 4) Unbound, except as indicated in the horizontal section	1) None 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Insurance brokers (8140)	1) Unbound 2) Unbound 3) Must be enrolled in the Register maintained by the Securities and Insurance Supervision Department and fulfil the requirements laid down by the Department. Only legal persons legally constituted in Chile for this specific purpose. 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	
c) Securities services	Publicly offered securities may be traded by natural or legal persons engaged in brokering securities, either as members of a stock exchange (stockbrokers) or outside the exchange (securities agents). However, only stockbrokers may trade shares or derivatives (options) on the stock exchange. Other securities may be traded by stockbrokers or securities agents registered with the Securities and Insurance Supervision Department, or by banks and finance companies, in accordance with their legal powers. The purpose of financial portfolio management is to diversify investments, on behalf of third parties, over a range of instruments.		

CHILE (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>The Chilean Schedule in the securities sector does not include asset fund management (mutual funds, investment funds, foreign capital investment funds, and pension funds).</p> <p>Publicly offered securities risk rating services are provided by rating agencies enrolled in the Register of Risk Rating Agencies maintained by the Securities and Insurance Supervision Department. These must be constituted as a company of persons in accordance with the legislation and are inspected and controlled by the above-mentioned Supervision Department. On the other hand, the inspection of rating agencies with respect to the rating of securities issued by banks and finance companies is the responsibility of the Banks and Financial Institutions Supervision Department.</p> <p>Securities custody consists of the physical safe-keeping of customers' stocks and shares and may be undertaken by securities intermediaries (complementary activity) or by individuals. The Chilean Schedule in the securities sector does not include the services offered by firms which simultaneously undertake the custody, clearance and settlement of securities (centralized securities depositories).</p>		

CHILE (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Intermediation of publicly offered securities, except shares (81321) ¹	<p>Financial advisory services involve giving financial advice on financing alternatives, investment appraisal, investment possibilities, debt rescheduling strategies, etc.</p> <p>1) Unbound</p> <p>2) Unbound</p> <p>3) None²</p> <p>4) Unbound, except as indicated in the horizontal section</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) Unbound, except as indicated in the horizontal section</p>	
Intermediation of limited company shares (81321)	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None³</p> <p>4) Unbound, except as indicated in the horizontal section</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) Unbound, except as indicated in the horizontal section</p>	

- 1 Does not include intermediation of shares.
- 2 These intermediaries must have as their sole purpose the buying and selling of securities, although they may also carry out complementary activities as authorized by the Supervision Department.
- 3 These intermediaries must have as their sole purpose the buying and selling of securities, although they may also carry out complementary activities as authorized by the Supervision Department. In addition, to be able to operate they must acquire a share in the stock exchange in which they perform their broking functions, and, moreover, must be accepted as members of that exchange.

CHILE (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Financial portfolio management (81323)</p> <p>The purpose of financial portfolio management is to diversify investments, on behalf of third parties over a range of instruments. (It does not include management of mutual funds, foreign capital investment funds, investment funds or pension funds).</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None¹</p> <p>4) Unbound, except as indicated in the horizontal section</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) Unbound, except as indicated in the horizontal section</p>	

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Those who offer financial portfolio management services in their capacity as securities intermediaries must fulfil the requirements appropriate to their principal function (whether it be that of stockbroker or that of securities agent). Otherwise, in the case of other legal persons, they may engage in such activity if they hold a broad mandate to operate for the account of third parties.

CHILE (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Securities risk rating (81339) ¹	1) Unbound 2) Unbound 3) Risk rating agencies must have as their sole purpose the rating of publicly offered securities, although they may also carry out complementary activities as authorized by the Supervision Department. Moreover, they must be established as a company of persons and be enrolled in the Register of Risk Rating Agencies of the Securities and Insurance Supervision Department. The specific requirements to be fulfilled include the following: <ul style="list-style-type: none"> - Not less than 60 per cent of the company's capital must be held by the principal partners; - The rating board must consist of professionals with a university degree or equivalent higher education and an unblemished business record, the majority of whom must have had at least three years' work experience in the economic and financial field. 	1) Unbound 2) Unbound 3) None	

¹ Relates solely to rating or giving an opinion on publicly offered securities.

CHILE (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Securities custody (81319)</p> <p>Does not include the services offered by suppliers who combine custody with securities clearance and settlement (custodial accounts).</p> <p>Financial advisory services (81332)</p> <p>The financial advice refers only to the securities services included in this Schedule</p>	<p>4) Unbound, except as indicated in the horizontal section</p> <p>1) Unbound</p> <p>2) Unbound</p> <p>3) None¹</p> <p>4) Unbound, except as indicated in the horizontal section</p> <p>1) Unbound</p> <p>2) Unbound</p> <p>3) Only securities intermediaries, bank subsidiaries and other natural and legal persons¹</p> <p>4) Unbound, except as indicated in the horizontal section</p>	<p>4) Unbound, except as indicated in the horizontal section</p> <p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) Unbound, except as indicated in the horizontal section</p> <p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) Unbound, except as indicated in the horizontal section</p>	

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1 Those who offer securities custody services in their capacity as securities intermediaries must fulfil the requirements appropriate to their principal function (whether it be that of stockbroker or that of securities agent).

CHILE (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Warrants Corresponds to merchandise warehousing services accompanied by the issue of a deposit and a chattel mortgage receipt	1) Unbound* 2) Unbound 3) Only natural or legal persons legally established in Chile who have the provision of warrant services as their sole business 4) Unbound, except as indicated in the horizontal section	1) Unbound* 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	

CHINA

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>A. <u>All Insurance and Insurance-Related Services</u> (CPC 812)</p> <p>a) Life insurance³</p> <p>b) Non-life insurance⁴</p> <p>c) Reinsurance⁵</p> <p>d) Services auxiliary to insurance⁶</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) A. Two types of foreign insurance institutions are permitted in the city of Shanghai, China: the branch of a foreign insurance company and the Chinese-foreign joint insurance company</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) A. Requirements of registered capital and guarantee funds:</p> <p>a branch of a foreign insurance company underwriting either life insurance or non-life insurance shall pay in as its guarantee funds US\$ 4 million or equivalent in other convertible currencies to the branch of the People's Bank of China in Shanghai;</p>	

3 The life insurance service refers to the service provided to foreign and Chinese citizens who bear payment of premiums by themselves.

4 The non-life insurance service refers to any type of non-life insurance of foreign enterprises abroad, and property insurance, liability insurance of foreign-capital enterprises in China.

5 The reinsurance service refers to that service related to life insurance and non-life insurance.

6 The insurance brokerage and agency are not included.

CHINA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
		<ul style="list-style-type: none"> - a branch of a foreign insurance company underwriting both life insurance and non-life insurance shall pay in as its guarantee funds US\$ 8 million or equivalent in other convertible currencies to the Branch of the People's Bank of China in Shanghai; - the registered capital of a Chinese-foreign joint insurance company underwriting either life or non-life insurance shall be US\$20 million or equivalent in other convertible currencies; - the registered capital of a Chinese-foreign joint insurance company underwriting both life insurance and non-life insurance shall be US\$40 million or equivalent in other convertible currencies; - paid-in capital of a Chinese-foreign joint insurance company shall be no less than 50 per cent of its registered capital; 	

CHINA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>B. Qualifications for establishing a foreign insurance institution are as follows:</p> <ul style="list-style-type: none"> - the investor shall be a foreign insurance company with more than 30 years of establishment; - it shall have a representative office of over three consecutive years in China; - it shall have total assets of more than US\$ 5 billion at the end of the year prior to application 	<ul style="list-style-type: none"> - a Chinese-foreign joint insurance company must draw 25 per cent of the net profit after tax each year as reserve funds until the total amount of its paid-in capital plus reserve funds is twice as its registered capital; - a Chinese-foreign joint insurance company shall pay in 20 per cent of its paid-in capital as its guarantee funds to the branch of the People's Bank of China in Shanghai. <p>B. Other regulations on insurance business:</p> <ul style="list-style-type: none"> - requirement of reinsurance: a foreign insurance institution shall transact 30 per cent of its total insurance business as reinsurance to the People's Insurance Company of China. The responsibility for each perilous unit in non-life insurance underwritten by a foreign insurance institution shall not exceed 10 per cent of its total net assets, the exceeded portion shall be transacted as reinsurance to other insurance institutions; 	

CHINA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
		<ul style="list-style-type: none"> - the branch of a foreign insurance company and the Chinese-foreign joint insurance company to engage in part or all of the following investment operations in China: <ul style="list-style-type: none"> - deposit in Chinese financial institutions; - purchasing bonds issued by the government; - purchasing bonds issued by enterprises (not exceeding 10 per cent of its total investment); - purchasing financial bonds; - trust lending in foreign currencies (it shall have collateral or guarantee by the financial institutions, each unit of its lending shall not exceed 5 per cent of its total investment, the whole sum of its lending shall not exceed 30 per cent of its total investments); - equity investment (not exceeding 15 per cent of its total investment); 	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>4) Unbound except as indicated in Horizontal Commitments</p>	<p>4) Unbound except as indicated in Horizontal Commitments</p> <ul style="list-style-type: none"> - other business operations ratified by the People's Bank of China; - senior managerial personnel in a foreign insurance institutions shall not concurrently hold important positions in other economic organizations; - a foreign insurance institution shall appoint a regular accountant and actuary, such appointment is subject to the approval by the branch of the People's Bank of China in Shanghai; - the foreign insurance institution shall not conduct the statutory insurance business 	

CHINA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>B. Banking and Other Financial Services (excluding insurance)</p> <p>Banking services</p> <p>- Acceptance of non-resident deposit in foreign currencies⁷ (CPC 81115-81119)</p> <p>- Payment and money transmission service including credit, charge and debit cards, travellers' cheques and banking drafts (CPC 81339)</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) A. Resident representative office:</p> <p>The establishment of Resident Representative Offices in China by foreign financial institutions, including banks, security companies, investment companies, insurance companies, finance companies, credit card companies, and financial leasing companies, shall be approved by the People's Bank of China</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) A. Requirements of registered capital and operating funds:</p> <p>The minimum registered capital of a foreign bank and a Chinese-foreign joint bank shall be US\$ 30 million or equivalent in other freely convertible currencies. The minimum registered capital of a Chinese-foreign jointly owned finance company and totally foreign-owned finance company shall be US\$ 20 million or equivalent in other convertible currencies. Their paid-in capital shall be no less than 50 per cent of their registered capital</p>	

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- 7 a) At the present stage, the five types of foreign financial institutions are not allowed to take deposit from citizens residing in China; but they only take deposits from "foreign-capital enterprises, equity joint ventures and contractual joint ventures" and they can also take deposits of loans proceeds from Chinese enterprises from which they have granted the loans.
- b) Each deposit which a Chinese-foreign joint finance company can take shall be no less than US\$ 100,000 or its equivalent in other convertible currencies for a period of at least three months.

CHINA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<ul style="list-style-type: none"> - Lending in foreign currencies⁸ (CPC 8113) - Guarantees (CPC 81199) - Trading for account of customers⁹ (CPC 81339, 81333) - Custodial depository and trust service¹⁰ (CPC 8119 or 81319) 	<p>The scope of work of a representative office shall include consultancy, liaison, market survey and other non-profit making activities. A representative office shall be prohibited from undertaking, in the course of its work, any profit-making activities.</p>	<p>A foreign bank branch shall be allocated by its head office a sum of no less than US\$ 10 million or equivalent in other convertible currencies as its operating funds</p> <p>Within 30 days from receipt of the approval certificate issued by the People's Bank of China, a financial institution of the five types must raise in full its paid-in capital or operating funds to be verified by a Chinese registered accountant who shall issue a certificate of capital verification</p>	

- 8 a) Loans to Chinese citizens are excluded.
b) The five types of foreign financial institutions are free to grant loans to foreign-capital enterprises, equity joint ventures and contractual joint ventures, and their lending to Chinese enterprises are subject to the rules and regulations issued by the State Administration of Exchange Control.
- 9 Excluding transferable securities and other negotiable instrument and financial assets inclusive of bullion.
- 10 Custodial depository services are applicable to foreign banks/branches of foreign banks/Chinese-foreign joint banks; trust services are applicable to Chinese-foreign joint finance companies.

CHINA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Advisory and other auxiliary financial services, (including credit reference and analysis (CPC 8133, excluding 8131))</p>	<p>B. Five types of foreign financial institutions are permitted to provide services in China. They are: subsidiary of a foreign bank, branch of a foreign bank, Chinese-foreign joint bank, Chinese-foreign joint finance company and totally foreign-owned finance company. Establishment of the five types of foreign financial institutions are limited to the following regions: Shanghai, Shenzhen, Zhuhai, Hainan, Xiamen, Shantou, Guangzhou, Fuzhou, Tianjin, Nanjing, Qingdao, Dalian and Ningpo</p>	<p>A foreign bank, a Chinese-foreign joint bank, a Chinese-foreign joint finance company or a totally foreign-owned finance company must draw 25 per cent of the net profit after tax each year as reserve until the total amount of its paid-in capital plus reserve funds is twice as its registered capital</p> <p>A foreign branch bank must keep 25 per cent of its after-tax profit in China to supplement its operating funds until the kept profit is equal to its operating funds</p> <p>B. Other regulation on banking business:</p> <p>The total amount of loans and other facilities granted by a financial institution of the five types to any enterprise and its related enterprise shall not be more than 30 per cent of its paid-in capital plus total reserves, unless otherwise specially approved by the People's Bank of China.</p>	

CHINA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Provision and transfer of financial information data processing and related software by provider of financial services (CPC 8131)</p>		<p>The total amount of investment by a financial institution of the five types shall not be more than 30 per cent of its paid-in capital plus its total reserves. The preceding sentence does not apply to the investments in financial enterprises approved by the People's Bank of China.</p> <p>The total assets of a financial institution of the five types shall not be more than 20 times of its paid-in capital plus total reserves.</p> <p>A financial institution of the five types shall engage at least one Chinese citizen as its senior managerial personnel. Senior managerial personnel in a financial institution of the five types shall not concurrently hold important positions in other economic organizations.</p> <p>A financial institution of the five types shall appoint a regular registered accountant and such appointment is subject to the approval by the People's Bank of China or its branches.</p> <p>The chief representative of a representative office from foreign financial institutions shall be required to reside in China.</p>	

CHINA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>C. Qualifications for establishing a foreign bank are as follows:</p> <ul style="list-style-type: none"> - the investor shall be a financial institution; - it shall have a representative office of over three years' standing in China; - it shall have total assets of more than US\$ 20 billion at the end of the year prior to the application <p>D. Qualifications for establishing a branch of a foreign bank are as follows:</p> <ul style="list-style-type: none"> - it shall have had a representative office of over three years' standing in China; - it shall have total assets of more than US\$ 20 billion at the end of the year prior to the application; - its home country or region shall have a sound financial supervisory system 		

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>E. Qualifications for establishing a Chinese-foreign joint bank, a Chinese-foreign joint finance company or a totally foreign-owned finance company are as follows;</p> <ul style="list-style-type: none"> - each investing party shall be a financial institution; - the foreign investor shall have a representative office in China <p>4) Unbound except as indicated in Horizontal Commitments</p>	<p>4) Unbound except as indicated in Horizontal Commitments</p>	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p>	<p>Measures which affect all subsectors of the Financial sector included in this schedule</p> <p>The content of Colombia's Schedule on financial services is understood to be covered by the following indications:</p> <p>1) Unbound, except for measures affecting the entry and temporary stay of natural persons in the following categories: -</p> <p>Managers, legal representatives and technical specialists provided these persons are providing their services in enterprises having a commercial presence in the country. The following definitions are established for these purposes:</p> <p><u>Managers:</u> Directors of the enterprise and other executives who have the authority to manage the company's assets and economic activities. Usually this category includes members of the board of directors, advisers, presidents, vice-presidents and assistant directors.</p>	<p>1) Unbound, except for the categories of natural persons indicated in the market access column</p>	

COLOMBIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p><u>Legal representatives:</u> These are the enterprise's authorized representatives with respect to third parties; they sign and perform all the actions and contracts for the fulfilment of its objects. In this capacity they represent the enterprise before any State authority.</p> <p><u>Technical specialists:</u> These are executives with outstanding expertise in specific technical matters of direct importance to the enterprise's operations and objects.</p> <p>2) Only the establishment of a company in accordance with Colombian law in the form of an affiliated company or subsidiary is permitted. Consequently, other forms, in particular branches, are excluded. This does not prevent the operation of representative offices, which may not provide financial services in Colombia.</p>		

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>The commercial presence shall be carried out in accordance with the purpose specifically authorized for the affiliated company or subsidiary concerned. Constitutional provisions require prior government authorization for the exercise of financial, stock-market and insurance activities. Such authorization is obtained through an administrative procedure in accordance with criteria contained in the foreign investment law and the basic law on the financial system.</p> <p>Colombia's final Schedule is to be understood as being without prejudice to the prudential regulations applicable to financial operations in Colombia, such as minimum capital levels, limits on the risk assets of entities, limits on their debt, and so forth</p>		

COLOMBIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
A. <u>Insurance and insurance-related services</u>			
a) Direct insurance (including co-insurance)¹	1) Unbound	1) Unbound	
i) Life insurance	2) Unbound	2) Unbound	
ii) Non-life insurance services	3) None	3) None	
	4) Unbound, except as indicated in the introductory note to this sector	4) Unbound, except as indicated in the introductory note to this sector	
b) Reinsurance and retrocession	1) None	1) None	
	2) None	2) None	
	3) None	3) None	
	4) Unbound, except as indicated in the introductory note to this sector	4) Unbound, except as indicated in the introductory note to this sector	

1 In the case of foreign trade operations, insurance may be contracted with foreign insurers for external journeys i.e., those which begin or end in a Colombian port. Travel insurance for Colombian residents may be contracted with foreign insurers for the journey.

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
c) Insurance intermediation, such as brokerage and agency	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the introductory note to this sector	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the introductory note to this sector	
d) Services auxiliary to insurance, such as consultancy, actuarial, risk assessment and claim settlement services.	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the introductory note to this sector	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the introductory note to this sector	
B. <u>Banking and other financial services, excluding insurance</u>	1) Unbound 2) Unbound 3) None	1) Unbound 2) Unbound 3) None	
<u>Note:</u> The offer is made in accordance with the definitions provided in point 5,e) to p) of the annex on financial services.	4) Unbound, except as indicated in the introductory note to this sector	4) Unbound, except as indicated in the introductory note to this sector	

REPUBLIC OF CUBA

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
7. FINANCIAL SERVICES			
A. <u>All insurance and insurance-related services</u>			
a) Life, accident and health insurance services (CPC 8121)	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	
b) Non-life insurance services (CPC 8129)	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
c) Reinsurance and retrocession (CPC 81299)	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	
d) Services auxiliary to insurance (including broking and agency services) (CPC 81401)	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	
Average and loss adjustment services (CPC 81403)	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	

REPUBLIC OF CUBA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector-or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Actuarial services (CPC 81404)	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	
B. <u>Banking and other financial services</u>			
Commercial banking	1) Unbound 2) Unbound 3) A banking institution set up under the system of Cuban-foreign economic associations may function under the private banking regime with joint capital and may form part of the Cuban banking system, subject to national legislation and regulations and supervision by the Banco Nacional De Cuba. To operate within the banking system it is necessary to apply for and obtain a licence from the Banco Nacional De Cuba and be entered in the General Register of Banks	1) Unbound 2) Unbound 3) Licensing requirements for operating as a bank are applicable to all non-State participants in the national banking system Licences for associations set up in the banking sector on the basis of foreign and national capital permit commercial banking activities related to operations in freely convertible currencies	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>The establishment of representative offices of foreign banking interests must follow the same procedure and they may not lend or accept deposits</p> <p>Licences for the creation of private banks with joint capital are only granted for carrying out operations in freely convertible currencies, consistent with the functions of commercial and investment banks, with entities in Cuba and on international markets</p> <p>Investment funds must come from abroad and the licences restrict the possibilities of attracting investment in Cuba</p> <p>The establishment of subsidiaries of foreign banks in Cuba is not permitted</p> <p>4) Unbound, except as indicated in the horizontal section</p>	<p>4) Unbound, except as indicated in the horizontal section</p>	

CYPRUS

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>A. <u>Insurance and Insurance Related-Services</u></p> <p>a) Life Insurance Services</p>	<p>1) No person or company can operate as an insurer within the Republic of Cyprus unless so authorized by the Superintendent of Insurance</p> <p>Foreign Insurance companies may offer insurance services through the establishment of a branch or agency only. In both cases an authorization is required in accordance with terms and conditions stipulated by the Insurance Act. The foreign insurer must have been authorized to operate in its country of origin before authorized to establish a branch or agency.</p> <p>2) None</p>	<p>1) None</p> <p>2) None</p>	

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CYPRUS (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>3) Restricted to insurance companies registered in Cyprus and so authorized by the Superintendent of Insurance, in accordance with national regulations</p> <p>Investment by non-residents in insurance companies requires the prior approval of the Central Bank</p> <p>The share of foreign participation in the capital of local insurance companies is determined on a case by case basis, in accordance with economic needs</p> <p>4) Unbound</p>	<p>3) None</p> <p>4) None</p>	

CYPRUS (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>b) Non-Life Insurance Services (CPC 8129 other than 81299)</p>	<p>1) No person or company can operate as an insurer within the Republic of Cyprus unless so authorized by the Superintendent of Insurance</p> <p>International marine, aviation and transit services can be offered without any limitation by any insurer, irrespective of whether authorized or not in Cyprus</p> <p>Foreign Insurance companies may offer insurance services through the establishment of a branch or agency. In both cases an authorization is required in accordance with terms and conditions stipulated by the Insurance Act. The foreign insurer must have been authorized to operate in its country of origin before authorized to establish a branch or agency.</p>	<p>1) None</p>	

CYPRUS (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	2) None 3) Restricted to insurance companies registered in Cyprus and so authorized by the Superintendent of Insurance, in accordance with national regulations Investment by non-residents in insurance companies requires the previous approval of the Central Bank 4) Unbound	2) None 3) None 4) None	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>Measures applicable to all sectors in financial services:</p> <p>1. Commitments in this Chapter are based on the Agreement on Trade in Services, the Annex on Financial Services and the Understanding on Commitments in Financial Services.</p> <p>2. Market access commitments with respect to the "cross border supply" and "consumption abroad" are bound to the extent of the obligations in para 3 and 4 of Market Access of the Understanding subject to limitations listed below in individuals sectors.</p> <p>3. The purchase and acquisition of financial services by public entities of the Czech Republic is governed by this schedule by Article XIII of the Agreement.</p> <p>4. The admission to the market of new financial services and instruments may be subject to the existence of, and consistency with the domestic regulatory framework.</p> <p>5. The commitments on presence of natural persons are bound according to the general limitations applicable to all sectors in this schedule (Part I).</p> <p>6. Otherwise, the commitments in this Chapter are subject to the general conditions or limitations applicable to all sectors in this schedule.</p> <p>A. <u>Insurance and Insurance-Related Services</u> (CPC 812)</p> <p>The following insurance services are provided by exclusive suppliers:</p> <p>Compulsory motor third party liability insurance, compulsory air transport insurance, the liability insurance of employer against injury or occupational disease have to be effected through the Czech Insurance Company. The basic health insurance and pension fund schemes are confined to the General Health Company. These exclusive service suppliers act in a manner consistent with obligations under Article II and specific commitments.</p>			

CZECH REPUBLIC (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>a) Life insurance (CPC 8121)</p> <p>b) Non-life insurance (CPC 8129)</p> <p>c) Reinsurance and retrocession (CPC 81299)</p> <p>d) Insurance intermediation (CPC 8140)</p>	<p>1) None other than:</p> <p>Commercial presence is required for supply of:</p> <ul style="list-style-type: none"> - the life of persons with permanent residence in the Czech Republic, - the insurance of property on the territory of the Czech Republic, - the insurance of liability for loss or damage caused by the activity of natural and juridical persons on the territory of the Czech Republic, - air and maritime transport insurance covering goods, aircraft, hull and liability <p>2) None other than:</p> <p>Insurance services covered by mode (1) except insurance of air and maritime transport, covering goods, aircraft, hull and liability above may not be purchased abroad</p>	<p>1) None</p> <p>2) None</p>	

CZECH REPUBLIC (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>3) None other than:</p> <p>Licence is required for provision of insurance services. Foreign national may establish an insurance company with the seat in the Czech Republic in the form of a joint stock company or may conduct insurance business through their subsidiaries or branches with registered office in the Czech Republic under the general conditions established in the Law on Insurance. Insurance business means insurance activity including brokerage and reinsurance activity.</p> <p>Intermediation activity aimed at the conclusion of insurance contract between third party and insurance company may be provided by natural or juridical person only domiciled in the Czech Republic on behalf of insurance company having the licence of the Insurance Supervisory Authority.</p> <p>Intermediation contract aimed at conclusion of insurance contract by third party with insurance company may be concluded by domestic or foreign insurance company only on the basis of licence granted by the Insurance Supervisory Authority.</p>	<p>3) None other than:</p> <p>The majority of the management board of an insurance company has to be domiciled in the Czech Republic</p>	

CZECH REPUBLIC (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>B. <u>Banking and Other Financial Services</u></p> <p>a) Acceptance of deposits and other repayable funds from the public (CPC 81115 - 81119)</p>	<p>The financial resources of specific insurance funds of licensed insurance operators derived from insuring or reinsuring policy holders with residence or registered office in the Czech Republic must be deposited in a resident bank or saving institution in the Czech Republic and may not be transferred abroad</p> <p>4) Unbound except as indicated in horizontal section</p> <p>1), 2) None other than: Deposit services are confined to the banks only.</p>	<p>4) Unbound except as indicated in horizontal section</p> <p>1), 2) None</p>	

CZECH REPUBLIC (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>b) Lending of all types (CPC 8113)</p> <p>d) All payments and money transmission services (CPC 81339)</p> <p>e) Guarantees and commitments (CPC 81199)</p> <p>f) Trading for own account of customers, whether on an exchange, in an over-the-counter market or otherwise as follows:</p> <ul style="list-style-type: none"> - money market instruments (cheques, bills, certificate of deposits, etc (CPC 81339) - foreign exchange (CPC 81333) 	<p>Only authorized domestic banks, branches or foreign banks and persons possessing a foreign exchange licence may trade in foreign exchange assets.</p> <p>Non-cash cross-border payments may be effected only by authorized banks and branches of foreign banks</p> <p>Foreign exchange licence issued by the Czech National Bank or Ministry of Finance is required in case of Czech residents for:</p> <ul style="list-style-type: none"> a) opening an account abroad by a Czech non-bank resident, b) capital payments abroad, c) obtaining financial credit from a foreign exchange non-resident, d) export and import of the Czech currency and securities denominated in this currency (applies also to non-residents). <p>Foreign exchange assets of Czech residents are required to be deposited with an authorized domestic branch or branch of a foreign bank</p>		

CZECH REPUBLIC (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
exchange rate and interest rate instruments, etc. including products such as swaps, forward rate agreements, etc. (CPC 81339)	<p>3) None other than:</p> <p>Banking services may be provided only by established banks and branches of foreign banks duly authorized by the Czech National Bank in agreement with the Ministry of Finance</p> <p>Private banks may be established as joint stock companies only. With the authorization of the Czech National Bank, and other foreign subjects may participate through their capital share in already established banks</p>	<p>3) None</p>	
transferable securities (CPC 81321)	<p>4) Unbound except as indicated in horizontal section</p>	<p>4) Unbound except as indicated in horizontal section</p>	
g) Participation in issues of all kinds of securities (CPC 8132)	<p>1) Unbound</p> <p>2) None</p> <p>3) None other than:</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p>	

CZECH REPUBLIC (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons			
Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
j) Settlement and clearing services for financial assets (CPC 81319, 81339)	Securities may be traded publicly only if relevant authorization has been granted and prospectus covering the security has been approved by the Ministry of Finance. The business of security dealer, stockbroker or organizer of an over-the-counter market is subject to approval of the Ministry of Finance. Settlement and clearing services for all kinds of payments are regulated by the Czech National Bank. 4) Unbound except as indicated in horizontal section	4) Unbound except as indicated in horizontal section	

DOMINICA

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
7. FINANCIAL SERVICES C. <u>Reinsurance</u>	1) None 2) None 3) Subject to Insurance Act 4) Subject to work permits and immigration regulations.	1) None 2) None 3) Subject to withholding tax. 4) None	

DOMINICAN REPUBLIC

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>B. <u>Banking and other financial services</u></p> <p>c) Financial leasing services (CPC 8112)</p> <p>Other credit granting services (CPC 8113)</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) Unbound, except as indicated in the horizontal section</p> <p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) Unbound, except as indicated in the horizontal section</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) Unbound</p> <p>4) Unbound</p> <p>1) Unbound</p> <p>2) Unbound</p> <p>3) Unbound</p> <p>4) Unbound</p>	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Other financial intermediation services other than insurance and pension fund services (CPC 8119)	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) Unbound 3) Unbound 4) Unbound	
Wholesale deposit services (CPC 81115)	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) Unbound 3) Unbound 4) Unbound	
Other bank deposit services (CPC 81116)	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) Unbound 3) Unbound 4) Unbound	

DOMINICAN REPUBLIC (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Other deposit services (CPC 81119)	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) Unbound 3) Unbound 4) Unbound	
Services related to the administration of financial markets (CPC 8131)	1) Unbound 2) Unbound 3) None 4) Unbound	1) Unbound 2) Unbound 3) Unbound 4) Unbound	
Services related to securities markets (CPC 8132)	1) Unbound 2) Unbound 3) None 4) Unbound	1) Unbound 2) Unbound 3) Unbound 4) Unbound	

DOMINICAN REPUBLIC (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Other services auxiliary to financial intermediation (CPC 8133)	1) Unbound 2) Unbound 3) None 4) Unbound	1) Unbound 2) Unbound 3) Unbound 4) Unbound	
Insurance (including reinsurance) and pension fund services, except compulsory social security services (CPC 812)	1) Unbound 2) Unbound 3) Foreign ownership of up to 49 per cent of equity allowed 4) Unbound	1) Unbound 2) Unbound 3) Unbound 4) Unbound	
Services auxiliary to insurance and pension funding (CPC 8140)	1) Unbound 2) Unbound 3) None 4) Unbound	1) Unbound 2) Unbound 3) Unbound 4) Unbound	

EGYPT

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
FINANCIAL SERVICES			
<p><u>Measures of specific application:</u></p> <p>Commercial Presence for conducting the activities of other Financial Services (Capital Market Services excluding trading in securities) should take the form of a joint-stock Company or a Partnership limited by shares or limited liability Company).</p> <p>The main criteria on which the economic needs test concerning the Insurance and Reinsurance Services (both branches of foreign Companies and joint-venture Companies), are as follows:</p> <ol style="list-style-type: none"> 1. Surplus demand to traditional classes of insurance gives new companies an opportunity of working without harmful competition to the market or financial positions of existing companies and consequently policy holders. 2. Exhausting of 50 per cent of the capacity of the existing companies, which is calculated on the basis of solvency margin, there is a surplus demand in excess of the capacity which enables a new company to achieve its purpose. 3. Setting up of a new company leads to an increase of total retention in the market; taking into account the technical considerations. 4. The new companies shall introduce new covers. 			

EGYPT (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>INSURANCE AND INSURANCE RELATED SERVICES</p> <p>1. <u>Life, health, personal accident</u></p>	<p>1) None</p> <p>2) None</p> <p>3) Foreign and joint venture Companies are allowed only to carry on business in free zones, provided that their activities shall be confined to the transactions carried out in convertible currencies.</p> <p>- Inland commercial presence, other than in free zones, will be allowed within five years from the entry into force of the GATS. Economic needs test shall apply then;</p> <p>- Foreign capital equity shall not exceed 49 per cent of the total capital required for the company;</p> <p>- 50 per cent in excess of the retention on the basis of risk premium of any Company must be ceded to the Egyptian Reinsurance Co., and 5 per cent of the Company's treaties to the African Reinsurance Co.</p> <p>4) The managing directors should be nationals</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) None</p>	

EGYPT (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
2. <u>Non-Life Insurance</u>	1) Unbound 2) None 3) Foreign and joint venture Companies are allowed only to carry on business in free zones, provided that their activities shall be confined to the transactions carried out in convertible currencies - Inland commercial presence, other than in free zones, will be allowed within five years from the entry into force of the GATS. Economic needs test shall apply then; - Foreign capital equity shall not exceed 49 per cent of the total capital required for the Company; - 30 per cent on proportional basis of the total transactions must be ceded to the Egyptian Reinsurance Co., and 5 per cent of the Company's treaties to the African Reinsurance Co. 4) The managing directors should be nationals	1) Unbound 2) None 3) None 4) None	
3. <u>Reinsurance and Retrocession</u>	1) None 2) None	1) None 2) None	

EGYPT (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>3) Foreign and joint venture Companies are allowed only to carry on business in free zones, provided that their activities shall be confined to the transactions carried out in convertible currencies</p> <ul style="list-style-type: none"> - Economic needs test shall apply to the inland Commercial Presence (other than in free zones); - Foreign capital equity shall not exceed 49 per cent of the total capital required for the company; - Insurance and reinsurance Companies are not allowed to deal with reinsurers not listed in the supervisory authority list; - 5 per cent of the Company's treaties must be ceded to the African Reinsurance Co. - The Egyptian Reinsurance Co. pledges to accept the following shares: <ul style="list-style-type: none"> - Life business: 50 per cent in excess of the retention on the base of risk premium of any Company; - Non-life business: 30 per cent on proportional basis of the total transactions. <p>4) None</p>	<p>3) None</p> <p>4) None</p>	

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EGYPT (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>4. <u>Auxiliary services other than intermediation:</u></p> <p>a) Acturial services</p> <p>b) Consultancy (risk assessment and risk management only)</p> <p>c) Loss assessment</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) Foreign service supplier must be resident</p> <p>4) None</p> <p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) None</p> <p>1) Unbound</p> <p>2) Unbound</p> <p>3) Foreign service supplier must be resident authorized to perform this profession from a competent authority in his home country and registered at the Egyptian register for that purpose</p> <p>4) None</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) None</p> <p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) None</p> <p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) None</p>	

EGYPT (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
d) Liaison offices	1) None 2) None 3) Commercial presence is bound only for public relations and researches 4) None	1) None 2) None 3) None 4) None	
5. <u>Intermediation</u>	1) Bound only for life insurance service and reinsurance services 2) Bound only for life insurance service and reinsurance services 3) Unbound 4) Unbound	1) None 2) None 3) Unbound 4) Unbound	

EGYPT (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>A. <u>Joint Venture Banks (JVB's)</u></p> <ul style="list-style-type: none"> - Acceptance of deposits and other forms of repayable funds - All types of lending, including consumer credit, and financing of commercial transactions - All payment and money transmission services, including credit, charge and debit cards, traveller's cheques and bankers draft - Guarantees and commitments - Trading for own account or for account of customers in: 	<ul style="list-style-type: none"> 1) Unbound 2) Unbound 3) Foreign capital equity should not exceed 51 per cent 4) The General Manager should be national 	<ul style="list-style-type: none"> 1) Unbound 2) Unbound 3) Foreign service suppliers, in the context of JVB's, are required to offer on-the-job training for national employees 4) None 	

EGYPT (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>a) Money market instruments (cheques, bills and certificate of deposits)</p> <p>b) Foreign exchange</p> <p>c) Securities</p> <ul style="list-style-type: none"> - Participation in share issues and the provision of services related to such issues - Money broking - Portfolio management and advice - Safekeeping of securities - Credit reference services and - Safe custody services 			

EGYPT (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
B. <u>Foreign Bank Branches</u> Same activities specified under (A) above	1) Unbound 2) Unbound 3) Economic needs test shall apply. Terms and conditions specified by the Minister of Economy and Foreign Trade. 4) None	1) Unbound 2) Unbound 3) Branches of foreign banks established after June 5th 1992, (the date of enforcement of Law No. 37 of 1992) may be licensed to deal in local currency in addition to foreign currency dealings, subject to the terms and conditions specified by the Minister of Economy and Foreign Trade. 4) None	

EGYPT (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
C. <u>Representative Offices of Foreign Banks (RO's)</u>	1) Unbound 2) Unbound 3) Foreign banks which desire to set up representative offices should not have branches in Egypt. Activities of RO's should be confined to conducting studies and potential investments, acting as liaison with their head offices and contributing to solving problems and difficulties that may encounter their head offices' correspondents in Egypt. 4) None	1) Unbound 2) Unbound 3) Unbound* 4) None	
OTHER FINANCIAL SERVICES: (Capital Market Services)			
1. <u>Underwriting</u>	1) None 2) None 3) None 4) None	1) None 2) None 3) None 4) None	

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EGYPT (continued)

Modes of supply:		1) Cross-border supply	2) Consumption abroad	3) Commercial presence	4) Presence of natural persons	
Sector or subsector		Limitations on market access		Limitations on national treatment		Additional commitments
2. <u>Brokerage</u>		1) None		1) None		
		2) None		2) None		
		3) None		3) None		
		4) None		4) None		
3. <u>Trading in Securities</u> (Buy and sell by individual or institution on the stock-exchange)		1) None		1) None		
		2) None		2) None		
		3) None		3) None		
		4) None		4) None		
4. <u>Clearing and Settlement</u>		1) None		1) None		
		2) None		2) None		
		3) None		3) None		
		4) None		4) None		

EGYPT (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
5. <u>Marketing and Market Promotion</u>	1) None	1) None	
	2) None	2) None	
	3) None	3) None	
	4) None	4) None	
6. <u>Portfolio and Investment Management</u>	1) None	1) None	
	2) None	2) None	
	3) None	3) None	
	4) None	4) None	
7. <u>Establishment of collective investment funds</u>	1) None	1) None	
	2) None	2) None	
	3) None	3) None	
	4) None	4) None	
8. <u>Venture Capital</u>	1) None	1) None	
	2) None	2) None	
	3) None	3) None	
	4) None	4) None	

EL SALVADOR

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>B. <u>Banking and other financial services</u></p> <p>a) Acceptance of deposits and other repayable funds from the public</p> <p>Solely: sight deposits in banks and branches of foreign banks (81116); time deposits and saving accounts (81116, 81119)</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) Branches, or through participation in the ownership of domestic banks or finance. For companies that have been or are in the process of being privatized, the ceiling on shareholding by a natural or legal person is five per cent of the capital of the institution. Foreign entities wishing to establish branches in the country must obtain authorization from the Financial System Supervisory Department.</p> <p>4) Unbound, except as indicated in the horizontal section</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) At least 50 per cent of ownership of shares in banks or finance companies set up in El Salvador must be maintained for Salvadorian natural persons. Creditors domiciled in El Salvador enjoy preferential rights over assets which a foreign financial institution owns in the country.</p> <p>4) Unbound, except as indicated in the horizontal section</p>	

EL SALVADOR (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>b) Granting of loans</p> <p>Solely: granting of mortgage loans (81131); personal instalment loans (81132); credit cards services (81133); issue and acceptance of letters of credit and documentary credits in banks and branches of foreign banks (81139)</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) Branches, or through participation in the ownership of domestic banks or finance companies. For banks and finance companies that have been or are in the process of being privatized, the ceiling on shareholding by a natural or legal person is five per cent of the capital of the institution. Foreign entities wishing to establish branches in the country must obtain authorization from the Financial System Supervisory Department. This authorization is also required by foreign financial institutions intending to open agencies or offices to serve as information centres for their clients or for the placement of funds in the country in the form of credits or investments, without engaging in deposit operations in the national territory.</p> <p>4) Unbound, except as indicated in the horizontal section</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) At least 50 per cent of ownership of shares in banks or finance companies set up in El Salvador must be maintained for Salvadorian natural persons. Creditors domiciled in El Salvador enjoy preferential rights over assets which a foreign financial institution owns in the country.</p> <p>4) Unbound, except as indicated in the horizontal section</p>	

EL SALVADOR (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>c) Other financial services</p> <p>Solely: wholesale deposit services (81115); security custody services and financial reporting services for clients (81319); issue and placing of securities, bonds and mortgage bonds in local or foreign currency (81321, 81322); operations with securities of other companies, the Central Reserve Bank or the State Bank or guaranteed by the latter; and operations on the secondary mortgage market (81321); financial intermediation for the placement of resources of national or foreign institutions and enterprises (81331); foreign exchange buying and selling operations (81333); transport of cash and securities (81334)</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) Branches, or through participation in the ownership of domestic banks or finance companies. In the case of banks and finance companies that have been or are in the process of being privatized, the ceiling on shareholding by a natural or legal person is five per cent of the capital of the institution. Foreign entities wishing to establish branches in the country must obtain authorization from the Financial System Supervisory Department. This authorization is also required by foreign financial institutions intending to open agencies or offices to serve as information centres for their clients or for the placement of funds in the country in the form of credits or investments, without engaging in deposit operations in the national territory.</p> <p>4) Unbound, except as indicated in the horizontal section</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) At least 50 per cent of ownership of shares in banks or finance companies set up in El Salvador must be maintained for Salvadorian natural persons. Creditors domiciled in El Salvador enjoy preferential rights over assets which a foreign financial institution owns in the country.</p> <p>4) Unbound, except as indicated in the horizontal section</p>	

EUROPEAN COMMUNITIES AND THEIR MEMBER STATES

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES SECTOR*</p>			
<p>1. The Communities and their Member States undertake commitments on Financial Services in accordance with the provisions of the "Understanding on Commitments in Financial Services" (the Understanding).</p> <p>2. These commitments are subject to the limitations on market access and national treatment in the "all sectors" section of this schedule and to those relating to the subsectors listed below.</p> <p>3. The market access commitments in respect of modes 1) and 2) apply only to the transactions indicated in paragraphs 3 and 4 of the market access section of the Understanding respectively.</p> <p>4. Notwithstanding note 1. above, the market access and national treatment commitments in respect of mode 4) on financial services are those in the "all sectors" section of this schedule.</p> <p>5. The admission to the market of new financial services or products may be subject to the existence of, and consistency with, a regulatory framework aimed at achieving the objectives indicated in Article 2.1 of the Financial Services Annex.</p> <p>6. As a general rule and in a non-discriminatory manner, financial institutions incorporated in a Member State of the Community must adopt a specific legal form.</p>			

* Unlike foreign subsidiaries, branches established directly in a Member State by a non-Community financial institution are not, with certain limited exceptions, subject to prudential regulations harmonized at Community level which enable such subsidiaries to benefit from enhanced facilities to set up new establishments and to provide cross-border services throughout the Communities. Therefore, such branches receive an authorization to operate in the territory of a Member State under conditions equivalent to those applied to domestic financial institutions of that Member State, and may be required to satisfy a number of specific prudential requirements such as, in the case of banking and securities, separate capitalization and other solvency requirements and reporting and publication of accounts requirements or, in the case of insurance, specific guarantee and deposit requirements, a separate capitalization, and the localization in the Member State concerned of the assets representing the technical reserves and at least one-third of the solvency margin. Member States may apply the restrictions indicated in this schedule only with regard to the direct establishment from a third country of a commercial presence or to the provision of cross-border services from a third country; consequently, a Member State may not apply these restrictions, including those concerning establishment, to third country subsidiaries established in other Member States of the Communities, unless these restrictions can also be applied to companies or nationals of other Member States in conformity with Community law.

EUROPEAN COMMUNITIES AND THEIR MEMBER STATES (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>A. <u>Insurance and Insurance Related Services</u></p>	<p>1) DK: Compulsory air transport insurance can be underwritten only by firms established in the Community. DK: No persons or companies (including insurance companies) may for business purposes in Denmark assist in effecting direct insurance for persons resident in Denmark, for Danish ships or for property in Denmark, other than Danish companies, foreign companies registered in Denmark, or foreign insurance companies subject to the Danish Act on the provision of insurance services within direct non-life insurance (implementing the EC second non-life Insurance Directive). The Minister of Industry may lay down rules providing otherwise.</p> <p>D: Compulsory air insurance policies can be underwritten only by a subsidiary established in the Community or by a branch established in Germany. D: If a foreign insurance company has established a branch in Germany, it may conclude insurance contracts in Germany relating to international transport only through the branch established in Germany.</p> <p>E, I: Unbound for the actuarial profession.</p>	<p>1) None</p>	

EUROPEAN COMMUNITIES AND THEIR MEMBER STATES (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>F: Insurance of risks relating to ground transport may be carried out only by insurance firms established in the Communities.</p> <p>I: Insurance of risks relating to CIF exports by residents in Italy may be underwritten only by insurance firms established in the Communities.</p> <p>I: Transport insurance of goods, insurance of vehicles as such and liability insurance regarding risks located in Italy may be underwritten only by insurance companies established in Italy or companies having their head office in the EC. This reservation does not apply for international transport involving imports into Italy.</p> <p>P: Air and maritime transport insurance, covering goods, aircraft, hull and liability can be underwritten only by firms established in the EC; only persons or companies established in the EC may act as intermediaries for such insurance business in Portugal.</p> <p>2) DK: Compulsory air transport insurance can be underwritten only by firms established in the Community.</p>	<p>2) None</p>	

EUROPEAN COMMUNITIES AND THEIR MEMBER STATES (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>DK: No persons or companies (including insurance companies) may for business purposes in Denmark assist in effecting direct insurance for persons resident in Denmark, for Danish ships or for property in Denmark, other than Danish companies, foreign companies registered in Denmark, or foreign insurance companies subject to the Danish Act on the provision of insurance services within direct non-life insurance (implementing the EC second non-life Insurance Directive). The Minister of Industry may lay down rules providing otherwise.</p> <p>D: Compulsory air insurance policies can be underwritten only by a subsidiary established in the Community or by a branch established in Germany.</p> <p>D: If a foreign insurance company has established a branch in Germany, it may conclude insurance contracts in Germany relating to international transport only through the branch established in Germany.</p> <p>F: Insurance of risks relating to ground transport may be carried out only by insurance firms established in the Community.</p>		

EUROPEAN COMMUNITIES AND THEIR MEMBER STATES (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>I: Insurance of risks relating to CIF exports by residents in Italy may be underwritten only by insurance firms established in the Communities.</p> <p>I: Transport insurance of goods, insurance of vehicles as such and liability insurance regarding risks located in Italy may be underwritten only by insurance companies established in Italy or companies having their head office in the EC. This reservation does not apply for international transport involving imports into Italy.</p> <p>P: Air and maritime transport insurance, covering goods, aircraft, hull and liability can be underwritten only by firms established in the EC; only persons or companies established in the EC may act as intermediaries for such insurance business in Portugal.</p> <p>3) GR, E, IRL: The right of establishment does not cover the creation of representative offices or other permanent presence of insurance companies, except where such offices are established as agencies, branches or head offices.</p>	<p>3) E: The establishment of branches of insurance companies not having their head office in a Member State of the Communities is subject to the representative of the branch having received the special authorization as referred under mode 4) (see page 67).</p>	

EUROPEAN COMMUNITIES AND THEIR MEMBER STATES (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>E: Before establishing a branch or agency in Spain to provide certain classes of insurance, a foreign insurer must have been authorized to operate in the same classes of insurance in its country of origin for at least five years.</p> <p>F: The establishment of branches of insurance companies not having their head office in a Member State of the Community is subject to a special authorization for the representative of the firm in France.</p> <p>I: Access to actuarial profession through natural persons only. Professional associations (no incorporation) among natural persons permitted.</p> <p>I: The authorization of the establishment of branches of insurance companies not having their head office in a Member State of the Community is ultimately subject to the evaluation of supervisory authorities.</p> <p>P: Foreign companies may carry out insurance intermediation in Portugal only through a company formed in accordance with the law of a Community Member State.</p>		

EUROPEAN COMMUNITIES AND THEIR MEMBER STATES (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>P: In order to establish a branch in Portugal, foreign insurance companies need to demonstrate prior operational experience of at least five years.</p> <p>4) Unbound except as indicated in the horizontal section and subject to the specific conditions:</p> <p>DK: The general agent of an insurance branch shall be a national of one of the Member States of the Community. The Ministry of Industry may grant exemption from this requirement. Managers and the members of the board of directors of a company shall be a national of one of the Member States of the Community.</p> <p>However, the Minister of Industry may grant exemption from this requirement. Exemption is granted on a non-discriminatory basis.</p> <p>GR: A majority of the Members of the Board of Directors of a Greek insurance company shall be nationals of Greece or of one of the Member States of the Community.</p>	<p>4) Unbound except as indicated in the horizontal section and subject to the following specific limitations:</p> <p>DK: The general agent of an insurance branch will need to have resided in Denmark for the last two years. The Ministry of Labour may grant exemption.</p> <p>E, I: Residence requirement for actuarial profession.</p> <p>E: The representative of a branch of an insurance company which does not have its head office in a Member State of the Communities is subject to a special authorization. The conditions to be met are related to the technical qualification and good standing of the person.</p>	

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EUROPEAN COMMUNITIES AND THEIR MEMBER STATES (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>B. <u>Banking and other Financial Services</u> (excluding insurance)</p>	<p>1) B: Establishment in Belgium is required for the provision of investment advisory services.</p> <p>I: The offer and marketing of services concerning the distribution to the public, through telecommunication or other information means, of information concerning prices, the volume of transactions, the offer and demand conditions relating to the negotiation of securities dealt in the Italian regulated market, or in other recognized markets, requires prior authorization by the Stock Exchanges Commission (Consob). This authorization may not be granted if the authorities determine that there is a risk that the data provided may induce the public to error.</p>	<p>1) None</p>	

EUROPEAN COMMUNITIES AND THEIR MEMBER STATES (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>I: An establishment (a securities investment company incorporated in Italy or a bank subsidiary or branch) is needed in order to provide investment research and advice relating to securities (dealing, issue, underwriting) and asset management, securities custody, and services regarding mergers, acquisitions, corporate restructuring, management buy-outs and venture capital. Collective asset management (excluding UCITS) is extended to banks, insurance companies, securities investment companies with their legal head office in the EC.</p> <p>I: Unbound for "promotori di servizi finanziari" (financial salesmen).</p>		

EUROPEAN COMMUNITIES AND THEIR MEMBER STATES (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>2) D: Issues of securities denominated in Deutschmarks can be lead managed only by a credit institution, subsidiary or branch, established in Germany.</p> <p>GR: Establishment is required for the provision of custodial and depository services involving the administration of interest and principal payments due on securities issued in Greece.</p> <p>I: An establishment (a securities investment company incorporated in Italy or a bank subsidiary or branch) is needed in order to provide investment research and advice relating to securities (dealing, issue, underwriting) and asset management, securities custody, and services regarding mergers, acquisitions, corporate restructuring, management buy-outs and venture capital. Collective asset management (excluding UCITS) is extended to banks, insurance companies, securities investment companies with their legal head office in the EC.</p> <p>I: Residents in Italy need authorization to purchase or sell abroad unrefined gold.</p>	<p>2) None</p>	

EUROPEAN COMMUNITIES AND THEIR MEMBER STATES (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>P: Open-ended investment funds are required to invest 25 per cent of their funds in Portuguese Government funds. The ability of residents in Portugal to carry out the following operation abroad is restricted: issue on a foreign market of domestic securities and negotiable instruments.</p> <p>UK: Sterling issues, including privately led issues, can be lead managed only by a firm established in the United Kingdom.</p> <p>3) <u>All Member States:</u> - The establishment of a specialized management company is required to perform the activities of management of unit trusts and investment companies (Articles 6 and 13 of UCITS Directive, 85/611/EEC). Only firms having their registered office in the Communities can act as depositories of the assets of investment funds (Articles 8.1 and 15.1 of the UCITS Directive, 85/611/EEC).</p> <p>B: With certain exceptions (block trading), financial institutions may engage in securities trading only through stock exchange firms incorporated in Belgium.</p>	<p>F: In addition to French credit institutions, issues denominated in French francs may be lead managed only by French subsidiaries (under French law) of non-French banks which are authorized, based on sufficient means and commitments in Paris of the candidate French subsidiary of a non-French bank. These conditions apply to lead banks running the books. A non-French bank may be, without restrictions or requirement to establish, jointly-lead or co-lead manager of Eurofranc bond issue.</p> <p>I: Representative offices of foreign intermediaries cannot carry out promotional activities in the area of investment in securities.</p>	

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EUROPEAN COMMUNITIES AND THEIR MEMBER STATES (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>DK: Non-resident financial institutions may engage in securities trading on the Copenhagen Stock Exchange only through subsidiaries incorporated in Denmark.</p> <p>E: Financial institutions may engage in securities trading in securities listed in an official stock exchange or in the government securities market only through securities firms incorporated in Spain.</p> <p>P: The establishment of non-EC banks may be subject to an economic needs test.</p> <p>GR: Participation by non-EC investors in the share capital of a bank established in Greece is limited in principle to 40 per cent. For the establishment of a branch, a minimum amount of foreign exchange must be imported, converted into drachmas and kept in Greece as long as a foreign bank continues to operate in Greece; this minimum amount is equal to the minimum amount of share capital required for the establishment of a Greek bank.</p> <p>GR: Financial institutions may engage in securities trading only through stock exchange firms incorporated in Greece.</p>	<p>NL: Branches and subsidiaries of non-EC banks need permission to lead manage guilders-denominated paper.</p>	

EUROPEAN COMMUNITIES AND THEIR MEMBER STATES (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>IRL: The right of establishment does not cover the establishment of representative offices of foreign banks.</p> <p>IRL: In the case of unit trusts and collective investment schemes constituted as variable capital companies (other than undertakings for collective investment in transferable securities, UCITS), the trustees or depository, management company or investment company is required to be incorporated in Ireland or in another Member State of the Community.</p>		

EUROPEAN COMMUNITIES AND THEIR MEMBER STATES (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>I: A separate incorporation in Italy in the form of a securities company is required for firms other than banks (including foreign banks branches) in order to provide services related to securities dealing (including dealing for the own account or for the account of customers,* issue and distribution of securities, acceptance of sale and purchase orders, investment advice, asset and portfolio management, and raising funds from the public by means of activities which may also be promotional** and carried on in a place different from the legal head office or principal administrative establishment of the issuer, offerer or person marketing the investment).</p> <p>I: Clearing and settlement of securities may be conducted only by the official clearing system.</p>		

* From 1 January 1993 foreign as well as domestic banks may not provide securities dealing for its own account or for the account of customers; however, banks, including branches of foreign banks, are allowed to deal in Treasury bonds and State-backed securities.

** Door-to-door selling.

EUROPEAN COMMUNITIES AND THEIR MEMBER STATES (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>I: The public offer of securities (as provided for under Art. 18 bis of Law 216/74) other than shares, debt securities (including convertible debt securities) can only be made by Italian limited companies, foreign companies duly authorized, public bodies or companies belonging to local authorities whose assigned capital is not below 2 billion Liras.</p> <p>I: Centralized deposit, custody and administration services for Government securities can be provided only by the Bank of Italy, or by Monte Titoli SpA for shares, securities of a participating nature and other bonds traded in a ruled market.</p> <p>NL: Only companies incorporated according to the law and regulations of an EC Member State may become members of the Amsterdam Stock Exchange.</p> <p>P: The services of provision of venture capital, factoring, enterprise development, pension and investment fund management and broker/dealer services may be provided only by companies incorporated in Portugal.</p>		

EUROPEAN COMMUNITIES AND THEIR MEMBER STATES (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>UK: The following categories of financial institutions dealing in Government debt are required to be incorporated in the United Kingdom and be separately capitalized:</p> <ul style="list-style-type: none"> - gilt edged market makers (or GEMMs), which are primary dealers in gilt-edged Government debt and through which the Government operates in executing Government debt management policy; - discount houses which are primary dealers for Treasury Bills and other money market instruments, and through which the Government operates in executing monetary policy; - stock exchange money brokers (SEMBs), which act as intermediaries between GEMMs and lenders of gilt-edged stock; and - inter-dealer brokers (IDBs), which act as intermediaries between GEMMs. 		

EUROPEAN COMMUNITIES AND THEIR MEMBER STATES (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>4) Unbound except as indicated in the horizontal section and subject to the specific conditions:</p> <p>F: Sociétés d'investissement à capital fixe: condition of nationality for the president of the Board of Directors, the Directors-General and no less than two thirds of the administrators, and also, when the securities firm has a Supervisory Board or Council, for the members of such board or its Director General, and no less than two-thirds of the members of the supervisory council.</p> <p>GR: The majority of the members of the Board of Directors of a bank established in Greece must be nationals of a Member State of the EC and residing in Greece.</p>	<p>4) Unbound except as indicated in the horizontal section and subject to the following specific limitations:</p> <p>I: Condition of residence for "promotori di servizi finanziari" (financial salesmen).</p>	

FINLAND

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>Commitments in FINANCIAL SERVICES are made in accordance with the <u>Understanding on Commitments in Financial Services (Understanding)</u></p>			
<p><u>Insurance Services</u> (including services auxiliary to insurance)</p> <p>Direct insurance and reinsurance</p>	<p>1) Foreign insurers may on cross-border trade without licence offer only reinsurances and retrocessions in Finland</p> <p>2) Obligatory insurances (the statutory employment pension insurance, the statutory accident insurance, the motor third party liability insurance, the insurance against treatment injury) have to be effected in Finland</p> <p>3) Requirements concerning citizenship and place of residence, from which an exemption may be granted in some cases, apply to the founder, Managing Director, Auditors and Members of the Board of Directors and the Supervisory Board of an insurance company</p>	<p>1) None</p> <p>2) None</p> <p>3) The general agent of the foreign insurance company shall reside in Finland. The general agent will be approved by the Ministry of Social Affairs and Health</p>	

FINLAND (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Insurance intermediation and services auxiliary to insurance</p>	<p>Branches of foreign insurance companies cannot get a licence in Finland to carry on statutory insurances business (the statutory employment pension insurance, the statutory accident insurance, the motor third party liability insurance, the insurance against treatment injury)</p> <p>4) Unbound except as indicated in the horizontal section</p> <p>1) The supply of insurance broker services is subject to a permanent place of business in Finland</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound except as indicated in the horizontal section</p>	<p>4) None</p> <p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) None</p>	

FINLAND (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p><u>Banking and other financial services</u> (excluding insurance)</p> <p>Credit institutions including Banks</p> <p>Collective investment funds</p>	<p>1) None</p> <p>2) Payments from governmental entities (expenses) shall be transacted through the Finnish Postal Giro System or through a certain credit institution (Postipankki Ltd.)</p> <p>3) Acquisition of shares by foreign owners giving more than one third of the voting rights of a major Finnish commercial bank or credit institution (with more than 1000 employees or with a turnover exceeding 1000 million Finnish markka or with a balance sheet total exceeding 1000 million Finnish markka) is subject to confirmation by the Finnish authorities; the confirmation may be denied only if an important national interest would be jeopardized</p> <p>Requirements concerning nationality and place of residence from which exemptions may be granted apply to the founder, the Supervisory Board and the Board of Management as well as the Chief General Manager and auditors</p> <p>Collective investment funds may not be managed by branches of foreign management companies</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p>	

FINLAND (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Intermediation of securities and derivatives</p> <p>Stock Exchange Brokerage Firms and Brokers</p> <p>Market makers and brokers on derivatives exchange</p>	<p>Professional intermediation of securities and derivatives (options and futures) requires a permanent place of business in the form of a limited liability company, a deposit bank, other credit institution or a branch of a foreign credit institution</p> <p>Requirements concerning citizenship and place of residence apply to the Board of Directors and Managing Director of a Stock Exchange Brokerage Firm as well as to a Stock Exchange Broker</p> <p>Citizenship and residency requirements from which exemptions may be granted</p> <p>Payments from governmental entities (expenses) shall be transacted through the Finnish Postal Giro System or through a certain credit institution (Postipankki Ltd.)</p> <p>4) Unbound except as indicated in the horizontal section</p>	<p>4) None</p>	

GABON

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>A. <u>All insurance and insurance-related services</u> (CPC 8121-8129-81299-8140)</p>	<p>1) None</p> <p>2) None</p> <p>3) Prior approval of the ministries concerned. The procedure is discretionary.</p> <p>4) Unbound, except for measures affecting the entry and temporary stay of natural persons - who are employees of a company and transferred to a company incorporated in Gabon belonging to, controlled by or a subsidiary of the former - in the following categories:</p> <ul style="list-style-type: none"> - managers - senior executives - specialists who possess knowledge that is essential to the provision of the service 	<p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound, except for measures affecting the categories of natural persons indicated in the market access column</p>	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>B. <u>Banking and other financial services</u></p> <p>Applies to the following headings:</p> <ul style="list-style-type: none"> - lending of all types (CPC 8113); - transferable securities (CPC 81321); - other negotiable instruments and financial assets, including bullion (CPC 81339); - asset management (CPC 8119); - advisory and other auxiliary services (CPC 8133); - provision and transfer of financial information and financial data processing (CPC 8131). 	<ul style="list-style-type: none"> 1) None 2) None 3) Prior approval of the ministries concerned and of the BCEAC and COBAC. The procedure is discretionary. 4) Unbound, except for measures affecting the entry and temporary stay of natural persons - who are employees of a company and transferred to a company incorporated in Gabon belonging to, controlled by or a subsidiary of the former - in the following categories: <ul style="list-style-type: none"> - managers - senior executives - specialists who possess knowledge that is essential to the provision of the service 	<ul style="list-style-type: none"> 1) None 2) None 3) None 4) Unbound, except for measures affecting the categories of natural persons indicated in the market access column 	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
7. FINANCIAL SERVICES			
A. <u>All insurance and insurance-related services</u>			
a) Life, accident and health insurance services (CPC 8121)	1) None 2) Except in case of personal effects every insurance effected in respect of any goods imported into Ghana shall be placed with an insurer registered in Ghana	1) None 2) None	
b) Non-life insurance services including fire, marine, transport and aviation, motor vehicle (CPC 8129)	3) At least 20 per cent of the capital or other proprietary interest in that business shall be owned by the Government of Ghana, and at least 40 per cent of capital or proprietary interest shall be owned by a Ghanaian.	3) None	
c) Reinsurance and retrocession (part of CPC 81299)	4) Unbound except as indicated under horizontal measures	4) Unbound except as indicated under horizontal measures	
B. <u>Banking and other financial services</u> (excluding insurance) (corresponds to section 7.B. of MTN.GNS/W/120)	1) None 2) None 3) None 4) Unbound except as indicated under horizontal measures	1) None 2) None 3) None 4) Unbound except as indicated under horizontal measures	

GRENADA

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>C. <u>Reinsurance</u></p>	<p>1) None</p> <p>2) None</p> <p>3) Subject to exchange control regulations and alien landholding regulations.</p> <p>4) Subject to work permit and immigration regulations.</p>	<p>1) None</p> <p>2) None</p> <p>3) Subject to withholding tax</p> <p>4) None</p>	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>A. <u>Insurance services</u></p> <p>(i) Reinsurance of policies (CPC 81229)</p> <p>B. <u>Banking Services</u></p> <p>Supply, transfer and processing of financial information (CPC 8113)</p>	<p>1) None</p> <p>2) None</p> <p>3) Unbound</p> <p>4) Unbound</p> <p>1) None</p> <p>2) None</p> <p>3) Only foreign financial institutions legally established in Guatemala</p> <p>4) Unbound, except as indicated in the horizontal section</p>	<p>1) None</p> <p>2) Unbound</p> <p>3) Unbound</p> <p>4) Unbound</p> <p>1) Unbound</p> <p>2) Unbound</p> <p>3) Unbound</p> <p>4) Unbound</p>	

GUATEMALA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Financial advisory services	1) None 2) None 3) Only foreign financial institutions legally established in Guatemala 4) Unbound	1) Unbound 2) Unbound 3) Unbound 4) Unbound	

GUYANA

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>B. <u>Banking and Other Financial Services</u> (excluding insurance)</p> <p>a) Acceptance of deposits and other repayable funds from the public (81115-81119)</p> <p>b) Lending of all types, incl., <u>inter alia</u>, consumer credit, mortgage credit, factoring and financing of commercial transaction (8113)</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound, except as indicated in horizontal section</p> <p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound, except as indicated in horizontal section</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound, except as indicated in horizontal section</p> <p>1) None</p> <p>2) None</p> <p>3) Loans to non-residents need to be approved by the Central Bank of Guyana</p> <p>4) Unbound, except as indicated in horizontal section</p>	

GUYANA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
A. <u>Insurance Services</u>			
a) Life, accident and health insurance services (8121)	1) None 2) None 3) None 4) Unbound, except as indicated in horizontal section	1) None 2) None 3) None 4) Unbound, except as indicated in horizontal section	
b) Non-life insurance services (8129)	1) None 2) None 3) None 4) Unbound, except as indicated in horizontal section	1) None 2) None 3) None 4) Unbound, except as indicated in horizontal section	
d) Services auxiliary to insurance (including broking and agency services) (8140)	1) None 2) None 3) None 4) Unbound, except as indicated in horizontal section	1) None 2) None 3) None 4) Unbound, except as indicated in horizontal section	

HONDURAS

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>A. <u>All insurance and insurance-related services</u></p> <p>Life insurance (CPC 81211)</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) Entry of foreign companies requires that at least 60 per cent of registered capital belong to Honduran nationals</p> <p>Insurance institutions may not buy foreign securities or grant loans to natural or legal persons domiciled outside Honduras</p> <p>The operation of insurance institutions is subject to approval by the Central Bank, in accordance with general and local economic conditions and requirements</p> <p>Only companies with shares and mutual companies may engage in such activities</p> <p>4) Unbound</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) Unbound</p>	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>General insurance (CPC 81291-81299) (includes: accident, disaster, vehicle and freight, civil liability and professional risks, credit and transport)</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) Entry of foreign companies requires that at least 60 per cent of registered capital belong to Honduran nationals</p> <p>Insurance institutions may not buy foreign securities or grant loans to natural or legal persons domiciled outside Honduras</p> <p>The operation of insurance institutions is subject to approval by the Central Bank, in accordance with general and local economic conditions and requirements</p> <p>Only companies with shares and mutual companies may engage in such activities</p> <p>4) Unbound</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) Unbound</p>	

HONDURAS (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Reinsurance	1) Unbound 2) Unbound 3) Entry of foreign companies requires that at least 60 per cent of registered capital belong to Honduran nationals Insurance institutions may not buy foreign securities or grant loans to natural or legal persons domiciled outside Honduras The operation of insurance institutions is subject to approval by the Central Bank, in accordance with general and local economic conditions and requirements Only companies with shares and mutual companies may engage in such activities 4) Unbound	1) Unbound 2) Unbound 3) None 4) Unbound	
Services auxiliary to insurance (CPC 81402-81409) (including actuarial services and other auxiliary services)	1) Unbound 2) Unbound 3) None 4) Unbound	1) Unbound 2) Unbound 3) None 4) Unbound	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>B. <u>Banking services</u></p> <p>Deposit-taking (CPC 81116 and 81119) (Only sight deposits, savings deposits and time deposits in local currency)</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) The establishment of foreign banks and their branches is subject to approval by the Central Bank of Honduras in accordance with the economic conditions and needs of Honduras</p> <p>Every banking institution must be established as a company limited by shares and its sole purpose must be banking activity</p> <p>Managers of branches of foreign banks must be domiciled in Honduras, with sufficient powers to execute the actions appropriate to the nature of the branch or agency</p> <p>Authorization required to purchase securities or grant loans to foreigners</p> <p>4) Unbound, except as indicated in the horizontal section</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) Unbound, except as indicated in the horizontal section</p>	

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HONDURAS (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Granting of loans (CPC 81132) (Only loans in local currency) (excluding mortgages)</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) The establishment of foreign banks and their branches is subject to approval by the Central Bank of Honduras in accordance with the economic conditions and needs of Honduras</p> <p>Every banking institution must be established as a company limited by shares and its sole purpose must be banking activity</p> <p>Managers of branches of foreign banks must be domiciled in Honduras, with sufficient powers to execute the actions appropriate to the nature of the branch or agency</p> <p>Authorization required to purchase securities or grant loans to foreigners</p> <p>4) Unbound, except as indicated in the horizontal section</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) Unbound, except as indicated in the horizontal section</p>	

HONG KONG

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>FINANCIAL SERVICES</p> <p><u>All Insurance and Insurance-Related Services</u></p> <p>Life, accident and health insurance services</p> <p>Non-life insurance services</p> <p>Reinsurance and retrocession</p>	<p>1) Unbound</p> <p>2) None other than that statutory insurances which include third party liability in respect of vehicles and vessels and employer's liability insurance in respect of employees must be purchased from an insurer authorized in Hong Kong</p> <p>3) None other than that under the Insurance Companies Ordinance, only a company or an association of underwriters is permitted to carry on insurance business. In the case of the former, commercial presence must take the form of a subsidiary, branch or representative office, although insurance business may not be carried out through a representative office.</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None other than that an insurer authorized in Hong Kong must appoint a locally-based chief executive</p>	

HONG KONG (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Services auxiliary to insurance (including broking and agency services)	<p>4) Unbound except for intra-corporate transfer of general managers, senior managers and specialists as set out in the Attachment³</p> <p>1) Unbound</p> <p>2) None</p> <p>3) None unless the supply of any such services can be regarded as carrying on or holding oneself out as carrying on any class of insurance business in or from Hong Kong in which case the limitations as set out under "Life, accident and health insurance services, non-life insurance services, and reinsurance and retrocession" (above) shall apply</p> <p>4) Unbound except for intra-corporate transfer of general managers, senior managers and specialists as set out in the Attachment³</p>	<p>4) Unbound</p> <p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) Unbound</p>	

3 Commitments on presence of natural persons are confined to businesses regulated under Hong Kong banking, securities, insurance and related legislation.

HONG KONG (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p><u>Banking and Other Financial Services</u> (excluding insurance)</p> <p>Acceptance of deposits and other repayable funds from the public</p>	<p>1) Unbound</p> <p>2) None</p> <p>3) None other than that commercial presence must take the form of a subsidiary, branch or representative office, subject to the following:</p> <p>Under the existing authorization criteria, applications for a new full banking licence from banks incorporated outside Hong Kong may be granted for branches only. Such banks may maintain offices to which customers have access for the purpose of any business in only one building ("Office" includes automatic teller machines or similar terminal devices).</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None other than that institutions authorized under the Banking Ordinance must appoint a chief executive and not less than one alternative chief executive, each of whom is subject to a residence requirement in Hong Kong</p>	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>Limited companies incorporated in Hong Kong which have been institutions authorized under the Banking Ordinance for at least ten years and are predominantly beneficially owned by Hong Kong interests or are otherwise closely associated and identified with Hong Kong may also apply for a new full banking licence</p> <p>Banks incorporated overseas may apply for a licence to operate a restricted licence bank or a deposit-taking company. Such restricted licence banks may maintain offices to which customers have access for the purpose of any business in only one building ("Office" includes automatic teller machines or similar terminal devices).</p> <p>Banks incorporated overseas may also set up representative offices in Hong Kong, but such offices are prohibited from taking deposits or from undertaking banking business generally</p> <p>4) Unbound except for intra-corporate transfer of general managers, senior managers and specialists as set out in the Attachment³</p>	<p>4) Unbound</p>	

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3 Commitments on presence of natural persons are confined to businesses regulated under Hong Kong banking, securities, insurance and related legislation.

HONG KONG (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Lending of all types, including consumer credit, mortgage credit, factoring and financing of commercial transaction	1) Unbound 2) None 3) None 4) Unbound except for intra-corporate transfer of general managers, senior managers and specialists as set out in the Attachment ³	1) Unbound 2) Unbound 3) None 4) Unbound	
All payment and money transmission services	1) Unbound 2) None 3) None 4) Unbound except for intra-corporate transfer of general managers, senior managers and specialists as set out in the Attachment ³	1) Unbound 2) Unbound 3) None 4) Unbound	

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³ Commitments on presence of natural persons are confined to businesses regulated under Hong Kong banking, securities, insurance and related legislation.

HONG KONG (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise the following:</p> <ul style="list-style-type: none"> - money market instruments (cheques, bills, certificate of deposits, etc) - foreign exchange - derivative products including futures and options 	<p>1) Unbound</p> <p>2) None</p> <p>3) None other than the following:</p> <p>Only corporations incorporated in Hong Kong, or natural persons born in Hong Kong or resident in Hong Kong for five of the preceding seven years, or partnerships composed of such persons, may become members of the Stock Exchange of Hong Kong Limited⁴</p> <p>Only corporations incorporated in Hong Kong may become members of the Hong Kong Futures Exchange</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None other than that for dealing in securities or commodities futures, there is a residence requirement in Hong Kong in respect of a sole proprietor, or, in the case of a partnership or company, in respect of at least one partner or director, who is registered as a dealer</p>	

4 The residence requirement for memberships can be waived for persons of good reputation with substantial experience of dealing in securities.

HONG KONG (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>exchange rate and interest rate instruments, including products such as swaps, forward rate agreements, etc.</p> <p>transferable securities</p> <p>Participation in issues of all kinds of securities, including underwriting and placement as agent (whether publicly or privately) and provision of services related to such issues</p>	<p>4) Unbound except for intra-corporate transfer of general managers, senior managers and specialists as set out in the Attachment³</p> <p>1) Unbound</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound except for intra-corporate transfer of general managers, senior managers and specialists as set out in the Attachment³</p>	<p>4) Unbound</p> <p>1) Unbound</p> <p>2) Unbound</p> <p>3) None other than that if registration as a dealer is required, as it is in the case of public placements, the limitations as for dealers (above) shall apply</p> <p>4) Unbound</p>	

3 Commitments on presence of natural persons are confined to businesses regulated under Hong Kong banking, securities, insurance and related legislation.

HONG KONG (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial depository and trust services	1) Unbound 2) None 3) None 4) Unbound except for intra-corporate transfer of general managers, senior managers and specialists as set out in the Attachment ³	1) Unbound 2) Unbound 3) None 4) Unbound	
Advisory and other auxiliary financial services on all the activities listed in sub-paragraph 5(a)(v) to (xv) of the Annex on Financial Services, including credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy	1) Unbound 2) None 3) None 4) Unbound except for intra-corporate transfer of general managers, senior managers and specialists as set out in the Attachment ³	1) Unbound 2) Unbound 3) None 4) Unbound	

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³ Commitments on presence of natural persons are confined to businesses regulated under Hong Kong banking, securities, insurance and related legislation.

HONG KONG (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Provision and transfer of financial information, and financial data processing and related software by providers of other financial services	1) None ¹ 2) None 3) None 4) Unbound except for intra-corporate transfer of general managers, senior managers and specialists as set out in the Attachment ³	1) Unbound 2) Unbound 3) None 4) Unbound	

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1 Commitment excludes cross-border supply of international value-added or basic telecommunications services.

3 Commitments on presence of natural persons are confined to businesses regulated under Hong Kong banking, securities, insurance and related legislation.

HUNGARY

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES All services listed under A and B below:</p> <p>A. <u>Insurance, Reinsurance, Insurance brokers</u></p>	<p>3) Insurance, banking and securities activities should be performed by legally separate suppliers of financial services</p> <p>1) Unbound for insurance and insurance brokers</p> <p>2) Unbound</p> <p>3) Establishment of wholly or partly foreign owned insurance companies is subject to Government approval.</p> <p>With the exception of representative offices, commercial presence must take the form of a joint-stock company, insurance co-operative or insurance association.</p> <p>4) Unbound except as indicated in Part I</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound except as indicated in Part I</p>	

HUNGARY (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>B. <u>Banking and Other Financial Services</u></p> <p>All services listed below</p>	<p>3),a) i) The establishment of a wholly or partially foreign owned financial institution within the meaning of Act No. LXIX of 1991, or,</p> <p>ii) the acquisition by foreigners of shares in a financial institution, is subject to the preliminary approval by the Government, except when the total foreign participation does not exceed 10 per cent in the registered capital.</p> <p>b) With the exception of representative offices, financial institutions should be established in the form of joint-stock company, or, in the case of savings banks, joint-stock company, savings co-operative or credit co-operative.</p>		

HUNGARY (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
a) Acceptance of deposits and other repayable funds	1) Unbound 2) Unbound 3) Services may only be provided by financial institutions subject to the conditions indicated in the horizontal entry applicable for banking and other financial services 4) Unbound except as indicated in Part I	1) None 2) None 3) None 4) Unbound except as indicated in Part I	
b) Lending of all types	1) Unbound 2) Unbound 3) Services may only be provided by financial institutions subject to the conditions indicated in the horizontal entry applicable for banking and other financial services 4) Unbound except as indicated in Part I	1) None 2) None 3) None 4) Unbound except as indicated in Part I	
c) Financial leasing	1) Leasing operations are subject to authorization from the National Bank 2) None 3) None 4) Unbound except as indicated in Part I	1) None 2) None 3) None 4) Unbound except as indicated in Part I	

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HUNGARY (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
d) All payment and money transmission services	1) Unbound 2) Unbound 3) Services may only be provided by financial institutions subject to the conditions indicated in the horizontal entry applicable for banking and other financial services 4) Unbound except as indicated in Part I	1) None 2) None 3) None 4) Unbound except as indicated in Part I	
e) Guarantees and commitments	1) Purchasing of such services is subject to licensing 2) Purchasing of such services is subject to licensing 3) Services may only be provided by financial institutions subject to the conditions indicated in the horizontal entry applicable for banking and other financial services 4) Unbound except as indicated in Part I	1) None 2) None 3) None 4) Unbound except as indicated in Part I	

HUNGARY (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>f) Trading for own account or for account of customers with the following instruments:</p> <p>i) money market instruments</p> <p>ii) foreign exchange (excluding money exchange transactions)</p> <p>iii) futures and options</p> <p>iv) Transferable securities (excluding securities listed in para. (1) of § 2 of Act VI., 1990 on Securities and Stock Exchange)</p> <p>v) exchange rate and interest rate instruments</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) If traded for own account: Services may only be provided by financial institutions subject to the conditions indicated in the horizontal entry applicable for banking and other financial services. If traded for account of customers: None</p> <p>4) Unbound except as indicated in Part I</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound except as indicated in Part I</p>	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
g) Securities	1) Unbound 2) Unbound 3) None 4) Unbound except as indicated in Part I	1) None 2) None 3) None 4) Unbound except as indicated in Part I	
j) Settlement and clearing services for financial assets	1) Unbound 2) Unbound 3) Operation of electronic transfer systems performing clearing: None Otherwise: Services may only be provided by financial institutions subject to the conditions indicated in the horizontal entry applicable for banking and other financial services 4) Unbound except as indicated in Part I	1) None 2) None 3) None 4) Unbound except as indicated in Part I	
k) Advisory and other auxiliary financial services	1) None 2) None 3) None 4) Unbound except as indicated in Part I	1) None 2) None 3) None 4) Unbound except as indicated in Part I	

HUNGARY (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
1) Provision and transfer of financial data processing and related software by providers of other financial services	1) None 2) None 3) None 4) Unbound except as indicated in Part I	1) None 2) None 3) None 4) Unbound except as indicated in Part I	

ICELAND

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>Iceland is undertaking commitments in financial services in accordance with the <u>Understanding on Commitments in Financial Services</u>.</p>			
<p>A. <u>All insurance and insurance related services</u> (CPC 812)</p>	<p>1) The supply of direct insurance is allowed only through an insurance service supplier authorized in Iceland</p> <p>2) None</p> <p>3) Insurance undertakings not incorporated in Iceland may only establish a commercial presence through a branch and must have a resident agent</p> <p>4) Unbound except as indicated in the horizontal section</p>	<p>Remark: Law on Insurance activity is under revision and therefore the following limit on nat. treatment may be abolished or revised</p> <p>1) Residence requirements of agencies and branches of foreign insurance companies is a condition for broking and agency services Cross-Border</p> <p>2) None</p> <p>3) Icelandic registered companies are subject to requirements of Icelandic citizenship of the Founders. Foreign insurance companies are entitled to offer insurance services through branch if it has held an authorization for practising insurance activities in its home country for a period of 5 years previous to authorization. Insurance undertakings not incorporated in Iceland are required to deposit assets for agencies established in Iceland.</p> <p>4) None</p>	

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ICELAND (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>B. <u>Banking and other financial services</u> (excluding insurance)</p>	<p>1),2) Transborder payments must be channelled through an authorized established financial institution and also transactions in securities</p> <p>3) With the authorization of the Ministry of Commerce, foreign banks or other foreign credit institutions may establish a branch or a representative office</p> <p>Commercial banks, securities companies and leasing companies can only be established as companies with a limited liability (joint-stock companies)</p> <p>Foreign ownership of equity shares of a commercial bank must not exceed 25%</p> <p>Auditing must be made by a resident certified accountant or a resident CPA company</p> <p>Authorization and establishment requirement to operate as an intermediary for transactions in transferable securities and shares</p> <p>Commercial banks and savings banks have exclusive license to accept deposits and other repayable funds from the public</p>	<p>1),2) Registration of accounts overseas with the Central Bank of Iceland is required</p> <p>3) A founder of a commercial bank or a savings bank shall be a natural or legal person resident in Iceland. The Ministry of Commerce can grant exemptions.</p> <p>Members of the board of commercial banks and savings banks shall be resident in Iceland unless an exemption has been granted by the Ministry of Commerce. Managing directors shall be resident in Iceland.</p> <p>Residency is a condition for a license as a securities broker. Members of the board of a securities company, a management company and UCITS shall be resident in Iceland unless waived by the Ministry of Commerce. The executive director of these companies shall be resident.</p> <p>A majority of the board of a leasing company shall be resident in Iceland</p> <p>Concession is needed if personal data is to be processed outside Icelandic jurisdiction</p>	

ICELAND (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>Public offer of transferable securities must be handled by a certified securities company</p> <p>The manager of a leasing company shall be a resident and citizen of Iceland</p> <p>4) Unbound except as indicated in the horizontal section. Residency requirement for licensing as a broker.</p>	<p>4) None</p>	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>A. <u>Insurance and Insurance-Related Services</u></p> <p>Non-Life (Insurance of freight) Ex. 5 a) i) B)</p>	<p>1) Unbound except in the case of insurance of freight, where there is no requirement that goods in transit to and from India should be insured with Indian insurance companies only. Insurance is taken by the buyer or seller in accordance with the terms of the contract. This position will be maintained. Once under a contract the Indian importer or exporter agrees to assume the responsibility for insurance such as in the case of f.o.b. contracts for imports into India or c.i.f. contracts for exports from India, insurance has to be taken only with an Indian insurance company.</p> <p>2) Unbound</p> <p>3) Unbound</p> <p>4) Unbound except as indicated in the horizontal section</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) Unbound</p> <p>4) Unbound except as indicated in the horizontal section</p>	

INDIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Reinsurance and Retrocession 5 a) ii)	1) Reinsurance can be taken with foreign reinsurers to the extent of the residual uncovered risk after obligatory or statutory placements domestically with Indian insurance companies. At present this amounts to 10 per cent of the premium of the market overall being reinsured abroad. This will be maintained. 2) Reinsurance can be taken with foreign reinsurers to the extent mentioned above 3) Unbound 4) Unbound except as indicated in the horizontal section	1) Unbound 2) Unbound 3) Unbound 4) Unbound except as indicated in the horizontal section	
Insurance intermediation, limited to reinsurance 5 a) iii)	1) Reinsurance of domestic risks can be placed with foreign reinsurers through overseas brokers, to the extent mentioned under reinsurance and retrocession 2) Same as above 3) i) Overseas brokers are allowed to have resident representatives and representative offices who can procure reinsurance business from Indian insurance companies to the extent mentioned above. They can also place reinsurance business from abroad with Indian insurance companies.	1) Unbound 2) Unbound 3) Unbound	

INDIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>B. <u>Banking</u></p> <p>1.i) Acceptance of deposits and other repayable funds from the public 5 a) v)</p> <p>ii) Lending of all types, including consumer credit, mortgage, credit and financing of commercial transactions but excluding factoring 5 a) vi)</p>	<p>ii) Except for the business indicated above, the resident representatives and representative offices cannot undertake any other activity in India.</p> <p>iii) All the expenses of the resident representatives and representative offices have to be met by remittances from abroad and no income can be received in India from Indian residents.</p> <p>4) Unbound except as indicated in the horizontal section</p> <p>1) Unbound</p> <p>2) Unbound</p> <p>3) i) Only through branch operations of a foreign bank licensed and supervised as a bank in its home country. ii) Not more than five licences a year both for new entrants and existing banks.</p>	<p>4) Unbound except as indicated in the horizontal section</p> <p>1) Unbound</p> <p>2) Unbound</p> <p>3) i) Foreign banks are required to constitute Local Advisory Boards consisting inter-alia of professionals and persons having expertise in areas such as small scale industry and exports. The appointment of Chairman and members of the Board requires Reserve Bank of India approval;</p>	

INDIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>iii) All payment and money transmission services including credit, charges and debit cards, travellers cheques and bankers drafts 5 a) viii)</p> <p>iv) Guarantees and commitments 5 a) ix)</p> <p>v) Trading for own account of:</p> <p>a) money market instruments</p> <p>b) foreign exchange</p> <p>c) transferable securities 5 a) x)</p> <p>vi) Portfolio management, custodial, depository and trust services 5 a) xiii)</p> <p>vii) Clearing services for other banks for cheques, drafts and other instruments 5 a) xiv)</p>	<p>iii) Investments in other financial services companies by branches of foreign banks licensed to do banking business in India individually not to exceed 10 per cent of owned funds or 30 per cent of the invested company's capital.</p> <p>iv) Licences for new foreign banks may be denied when the maximum share of assets both on and off balance sheet of foreign banks to total assets both on and off balance sheet of the banking system exceeds 15 per cent.</p> <p>4) Unbound except as indicated in the horizontal section</p>	<p>ii) Foreign banks are required to publish consolidated financial statements of the Indian branches as at 31st March every year.</p> <p>4) Unbound except as indicated in the horizontal section</p>	

INDIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>2.i) Participation in issues of all kinds of securities, including underwriting and placement as agent (whether publicly or privately) and provision of services related to such issues 5 a) xi)</p> <p>ii) Financial consultancy services i.e. financial advisory services provided by financial advisors, etc. to customers on financial matters, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy 5 a) vii)</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) i) Foreign bank branches licensed to do banking business in India.</p> <p>ii) Through incorporation with foreign equity not exceeding 51 per cent by financial services companies (including banks).</p> <p>4) Unbound except as indicated in the horizontal section</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) Unbound except as indicated in the horizontal section</p>	

INDIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
3. Factoring Ex. 5 a) vi)	1) Unbound 2) Unbound 3) Through incorporation with foreign equity not exceeding 51 per cent by financial services companies (including banks) 4) Unbound except as indicated in the horizontal section	1) Unbound 2) Unbound 3) None 4) Unbound except as indicated in the horizontal section	
4. Financial Leasing 5 a) vii)	1) Unbound 2) Unbound 3) i) Through incorporation with foreign equity not exceeding 51 per cent by financial services companies including banks. ii) Funding has to be entirely out of equity. 4) Unbound except as indicated in the horizontal section	1) Unbound 2) Unbound 3) None 4) Unbound except as indicated in the horizontal section	

INDIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
5. Venture Capital Ex. 5 a) vi)	1) Unbound 2) Unbound 3) i) Through incorporation with foreign equity not exceeding 51 per cent, by financial services companies including banks. ii) Funding has to be entirely out of equity. 4) Unbound except as indicated in the horizontal section	1) Unbound 2) Unbound 3) None 4) Unbound except as indicated in the horizontal section	

INDONESIA

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	- Limitations on market access	Limitations on national treatment	Additional commitments
<p>FINANCIAL SERVICES</p> <p>Non-Life Insurance Services (CPC 8129)</p>	<p>1) Unbound</p> <p>2) Unbound except if:</p> <p>a) There is no insurance company in Indonesia, either individually or group, which could handle the insurance risks of the object in question.</p> <p>b) There is no insurance company in Indonesia which want to carry out an insurance coverage of the object in question.</p> <p>c) The owners of insurance objects in question are not Indonesian citizens or Indonesian legal entities.</p> <p>3) As specified in the Horizontal Measures</p> <p>4) Unbound except for director and technical advisor/expert</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) Higher paid-up capital is required of foreign service suppliers than of domestic service suppliers. This measure will be eliminated in the year 2020.</p> <p>4) As specified in the Horizontal Measures</p>	

INDONESIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Reinsurance Services	1) Unbound 2) Unbound except for service supplier which met the capital requirement and has a good reputation 3) As specified in the Horizontal Measures 4) Unbound except for director and technical advisor/expert	1) Unbound 2) Unbound 3) Higher paid-up capital is required of foreign service suppliers than of domestic service suppliers. This measure will be eliminated in the year 2020. 4) As specified in the Horizontal Measures	
Life Insurance Services (CPC 8121)	1) Unbound 2) Unbound except if: a) There is no insurance company in Indonesia, either individually or group, which could handle the insurance risks of the object in question. b) There is no insurance company in Indonesia which want to carry out an insurance coverage of the object in question. c) The owners of insurance objects in question are not Indonesian citizens or Indonesian legal entities.	1) Unbound 2) Unbound	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Insurance Brokerage Services (CPC 8140)</p>	<p>3) As specified in the Horizontal Measures</p> <p>4) Unbound except for director and technical advisor/expert</p> <p>1) Unbound</p> <p>2) None</p> <p>3) At least one of the directors in the joint venture should be an Indonesian</p>	<p>3) Higher paid-up capital is required of foreign service suppliers than of domestic service suppliers. This measure will be eliminated in the year 2020.</p> <p>4) As specified in the Horizontal Measures</p> <p>1) Unbound</p> <p>2) Unbound</p> <p>3) Higher paid-up capital is required of foreign service suppliers than of domestic service suppliers. This measure will be eliminated in the year 2020.</p>	
<p>Reinsurance Brokerage Services (CPC 8140)</p>	<p>4) Unbound except for director and technical advisor/expert</p> <p>1) Unbound</p> <p>2) None</p> <p>3) As specified in the Horizontal Measures</p> <p>4) Unbound except for director and technical advisor/expert</p>	<p>4) As specified in the Horizontal Measures</p> <p>1) None</p> <p>2) Unbound</p> <p>3) Higher paid-up capital is required of foreign service suppliers than of domestic service suppliers. This measure will be eliminated in the year 2020.</p> <p>4) As specified in the Horizontal Measures</p>	

INDONESIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Financial Lease Services (CPC 81120)	1) Unbound 2) None 3) As specified in the Horizontal Measures 4) As specified in the Horizontal Measures	1) None 2) Unbound 3) Higher paid-up capital is required of foreign service suppliers than of domestic service suppliers. This measure will be eliminated in the year 2020. 4) As specified in the Horizontal Measures	
Factoring Services (CPC 8113)	1) Unbound except for international factoring transaction 2) None 3) As specified in the Horizontal Measures 4) As specified in the Horizontal Measures	1) Unbound 2) Unbound 3) Higher paid-up capital is required of foreign service suppliers than of domestic service suppliers. This measure will be eliminated in the year 2020. 4) As specified in the Horizontal Measures	
Credit Card Business (Issuer and Agent of Credit Card) (CPC 8113)	1) None 2) None 3) As specified in the Horizontal Measures	1) None 2) Unbound 3) Higher paid-up capital is required of foreign service suppliers than of domestic service suppliers. This measure will be eliminated in the year 2020	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Consumers Finance Services (CPC 8113)</p>	<p>4) As specified in the Horizontal Measures 1) None 2) None 3) As specified in the Horizontal Measures</p>	<p>4) As specified in the Horizontal Measures 1) None 2) Unbound 3) Higher paid-up capital is required of foreign service suppliers than of domestic service suppliers. This measure will be eliminated in the year 2020.</p>	
<p>Securities Business Trading for own account or for account of customers, on an exchange or over the counter market Listed shares Bonds</p>	<p>4) As specified in the Horizontal Measures 1) Unbound 2) None 3) Through establishment of a securities broker/dealer, requirements as specified in the Horizontal Measures 4) As specified in the Horizontal Measures</p>	<p>4) As specified in the Horizontal Measures 1) Unbound 2) None 3) Higher paid-up capital is required of foreign service suppliers than of domestic service suppliers. This measure will be eliminated in the year 2020. 4) As specified in the Horizontal Measures</p>	

INDONESIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Participation in issues of securities, including underwriting and placement as agent (whether publicly or privately), and provision of services related to such issues</p>	<p>1) Unbound 2) None 3) Through establishment of a securities broker/dealer, requirements as specified in the Horizontal Measures 4) As specified in the Horizontal Measures</p>	<p>1) Unbound 2) None 3) Higher paid-up capital is required of foreign service suppliers than of domestic service suppliers. This measure will be eliminated in the year 2020. 4) As specified in the Horizontal Measures</p>	
<p>Portfolio management, all forms of collective investment management</p>	<p>1) Unbound 2) None 3) Through establishment of an investment management company requirements as specified in the Horizontal Measures 4) Unbound except for directors</p>	<p>1) Unbound 2) None 3) Higher paid-up capital is required of foreign service suppliers than of domestic service suppliers. This measure will be eliminated in the year 2020. 4) As specified in the Horizontal Measures</p>	

INDONESIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Banking Subsector: General Conditions on Banking Subsector</p> <ol style="list-style-type: none"> 1. The terms of the schedule in the Banking Subsector are in accordance with the Annex on Financial Services unless otherwise specified. 2. The general conditions and qualifications are an integral part of the offer in the Banking Subsector. 3. Bound for existing branches of foreign banks at 100% foreign ownership. Foreign bank may only open new sub-branch offices in the cities of Jakarta, Surabaya, Semarang, Bandung, Medan, Ujung Pandang, Denpasar and Batam Island with 1 (one) office for each location. 4. Acquisition of local existing banks is allowed through the purchase of up to 49% of the shares of locally incorporated bank listed in the stock exchange. 5. In conducting transactions specified in this offer, with the exception of the existing branches of foreign banks, foreign services provider must be in the form of joint venture bank locally incorporated in Indonesia with the following requirements <ol style="list-style-type: none"> a) As specified in the Horizontal Measures b) Unbound for new license 6. The government of Indonesia reserves the rights to establish regulations concerning the paid-up capital requirements for joint venture banks. 7. The schedule is limited to transactions specified in the specific commitments. 			

INDONESIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Commercial Banking Business</p> <p>Acceptance of deposits and other repayable funds from the public</p> <p>Lending of all types, including consumer credit, mortgage, credit, factoring, and financing of commercial transaction</p>	<p>1) Deposits received by banks operated in Indonesia (including overseas branch offices of the Indonesian banks) is subject to government regulation on Foreign Commercial Borrowing</p> <p>2) None</p> <p>3) As specified in the Horizontal Measures and General Conditions on Banking Subsector</p> <p>4) a) For foreign bank branch, only executive positions can be assumed by expatriates with limitation that at least one of them shall be Indonesian national</p> <p>b) For the joint venture bank only for the directors can be assumed by the expatriates in proportion to the ownership sharing</p> <p>1) None</p> <p>2) None</p> <p>3) As specified in the Horizontal Measures and General Conditions on Banking Subsector</p>	<p>1) None</p> <p>2) None</p> <p>3) Bound only in accordance with the Horizontal Measures and General Conditions on Banking Subsector</p> <p>4) Bound only in accordance with the Horizontal Measures and General Conditions on Banking Subsector</p> <p>1) None</p> <p>2) None</p> <p>3) Bound only in accordance with the Horizontal Measures and General Conditions on Banking Subsector</p>	

INDONESIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>All payment and money transmission services, including credit, charge and debit cards, travellers cheques and bankers drafts</p>	<p>4) a) For foreign bank branch, only executive positions can be assumed by expatriates with limitation that at least one of them shall be Indonesian national</p> <p>b) For the joint venture bank only for the directors can be assumed by the expatriates in proportion to the ownership sharing</p> <p>1) None</p> <p>2) None</p> <p>3) As specified in the Horizontal Measures and General Conditions on Banking Subsector</p> <p>4) a) For foreign bank branch, only executive positions can be assumed by expatriates with limitation that at least one of them shall be Indonesian national</p> <p>b) For the joint venture bank only for the directors can be assumed by the expatriates in proportion to the ownership sharing</p>	<p>4) Bound only in accordance with the Horizontal Measures and General Conditions on Banking Subsector</p> <p>1) None</p> <p>2) None</p> <p>3) Bound only in accordance with the Horizontal Measures and General Conditions on Banking Subsector</p> <p>4) Bound only in accordance with the Horizontal Measures and General Conditions on Banking Subsector</p>	

INDONESIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Guarantees and Commitments	1) None 2) None 3) As specified in the Horizontal Measures and General Conditions on Banking Subsector 4) a) For foreign bank branch, only executive positions can be assumed by expatriates with limitation that at least one of them shall be Indonesian national b) For the joint venture bank only for the directors can be assumed by the expatriates in proportion to the ownership sharing	1) None 2) None 3) Bound only in accordance with the Horizontal Measures and General Conditions on Banking Subsector 4) Bound only in accordance with the Horizontal Measures and General Conditions on Banking Subsector	

INDONESIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise, the following:</p> <p>Money market instruments (including cheques, bills, certificates of deposits)</p>	<p>1) None</p> <p>2) None</p> <p>3) As specified in the Horizontal Measures and General Conditions on Banking Subsector</p> <p>4) a) For foreign bank branch, only executive positions can be assumed by expatriates with limitation that at least one of them shall be Indonesian national</p> <p>b) For the joint venture bank only for the directors can be assumed by the expatriates in proportion to the ownership sharing</p>	<p>1) None</p> <p>2) None</p> <p>3) Bound only in accordance with the Horizontal Measures and General Conditions on Banking Subsector</p> <p>4) Bound only in accordance with the Horizontal Measures and General Conditions on Banking Subsector</p>	

INDONESIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Foreign Exchange	1) None 2) None 3) As specified in the Horizontal Measures and General Conditions on Banking Subsector 4) a) For foreign bank branch, only executive positions can be assumed by expatriates with limitation that at least one of them shall be Indonesian national b) For the joint venture bank only for the directors can be assumed by the expatriates in proportion to the ownership sharing	1) None 2) None 3) Bound only in accordance with the Horizontal Measures and General Conditions on Banking Subsector 4) Bound only in accordance with the Horizontal Measures and General Conditions on Banking Subsector	

INDONESIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Exchange rate and interest rate instruments, including products such as swaps, forward rate agreements	1) None 2) None 3) As specified in the Horizontal Measures and General Conditions on Banking Subsector 4) a) For foreign bank branch, only executive position can be assumed by expatriates with limitation that at least one of them shall be Indonesian national b) For the joint bank only for the director can be assumed by the expatriates in proportion to the ownership sharing	1) None 2) None 3) Bound only in accordance with the Horizontal Measures and General Conditions on Banking Subsector 4) Bound only in accordance with the Horizontal Measures and General Conditions on Banking Subsector	

INDONESIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Transferable securities	1) None 2) None 3) As specified in the Horizontal Measures and General Conditions on Banking Subsector 4) a) For foreign bank branch, only executive positions can be assumed by expatriates with limitation that at least one of them shall be Indonesian national b) For the joint venture bank only for the directors can be assumed by the expatriates in proportion to the ownership sharing	1) None 2) None 3) Bound only in accordance with the Horizontal Measures and General Conditions on Banking Subsector 4) Bound only in accordance with the Horizontal Measures and General Conditions on Banking Subsector	

INDONESIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Asset management, such as cash or portofolio management, all forms of collective investment management, pension fund management, custodial and depository services	1) None 2) None 3) As specified in the Horizontal Measures and General Conditions on Banking Subsector 4) a) For foreign bank branch, only executive positions can be assumed by expatriates with limitation that at least one of them shall be Indonesian national b) For the joint venture bank only for the directors can be assumed by the expatriates in proportion to the ownership sharing	1) None 2) None 3) Bound only in accordance with the Horizontal Measures and General Conditions on Banking Subsector 4) Bound only in accordance with the Horizontal Measures and General Conditions on Banking Subsector	

ISRAEL

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
7. FINANCIAL SERVICES			
<p>General Note: Israel applies certain restrictions on the convertibility of its currency. Therefore, certain rules concerning the purchase of foreign currency from Sheqalim by either Israeli residents or foreign residents may appear in the following tables and notes as restricting foreign suppliers of financial services. The main intention of these restrictions is to protect the Israeli money and capital markets and not as it might seem, to discriminate against foreign suppliers of services as such.</p>			
<p>A. <u>All Insurance and Insurance-Related Services</u></p> <p>Non-life insurance services</p>	<p>1) None (a) 2) Unbound* 3) None (b) 4) Unbound except as indicated in the horizontal section.</p>	<p>1) None (a) 2) Unbound* 3) None (c) 4) Unbound except as indicated in the horizontal section. (c)</p>	
<p>Notes:</p> <p>(a) Including Reinsurance. (b) The Ministry of Finance is responsible for the issuance of insurance licences. A foreign insurer must satisfy the Ministry that it is financially sound and must commit itself to keep certain prescribed sums of money in the country before it is accorded a licence. (c) Similar to notes (d) and (e) under banking sector below.</p>			

ISRAEL (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Life insurance	1) Unbound (a) 2) Unbound (b) 3) None 4) Unbound except as indicated in the horizontal section. (c)	1) Unbound (a) 2) Unbound (b) 3) None 4) Unbound except as indicated in the horizontal section. (c)	
<p><u>Notes:</u></p> <p>(a) Certain exchange controls are still operative in Israel. Therefore selling foreign life insurance policies in Israel cannot be permitted. However, buying the risk part of an insurance scheme is permitted.</p> <p>(b) Certain exchange controls are still operative in Israel. Therefore Israeli residents are not permitted to purchase life insurance schemes - as distinct from the risk part - while physically being abroad.</p> <p>(c) Similar to notes (d) and (e) under banking sector below.</p>			

ISRAEL (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>B. <u>Banking and Other Financial Services</u> (excl. insurance)</p> <p>Banking</p>	<p>1) Unbound (a) 2) Unbound (b) 3) None (c) 4) Unbound except as indicated in the horizontal section. (d)</p>	<p>1) Unbound (a) 2) Unbound (b) 3) None 4) Unbound except as indicated in the horizontal section. (e)</p>	

Notes:

- (a) Certain Exchange controls are still operative in Israel. Therefore, various direct banking services from abroad may not be available to Israeli residents.
- (b) Certain exchange controls are still operative in Israel. Therefore Israeli residents are not permitted to purchase certain banking services while physically present abroad.
- (c) Israel regards foreign banking presence within its borders favourably. Therefore, there are no restrictions on the establishment of locally incorporated banking firms, or the acquisition thereof, by foreign residents. However, the prudential requirements laid down by the Supervisor of Banks regarding the ownership and management of Israeli banks must be adhered to. Distributed profits may be repatriated without restrictions. There are no restrictions on the opening of Israeli branches of foreign banks as long as they satisfy the prudential requirements laid down by the Supervisor of Banks. Exchange control regulations set certain rules for the repatriation of profits from the investment in an Israeli branch of a foreign firm and of the principal thereof. These apply to branches of banking firms too.
- (d) The general rules regarding employment of foreign residents in any industrial branch in Israel apply to employment of foreign residents in banking, too - see part one. Foreign residents can serve on companies' boards of directors.
- (e) There are no set restrictions regarding the nationality of foreign banks employees.

ISRAEL (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Traded Securities (Capital Market Services)	1) None (a) 2) Unbound (b) 3) None (c) 4) Unbound except as indicated in the horizontal section. (d)	1) None (a) 2) Unbound (b) 3) None (c) 4) Unbound except as indicated in the horizontal section. (d)	

Notes:

- (a) Israeli mutual funds are permitted to purchase foreign securities trade in the main capital markets. Individual Israeli residents are permitted to do the same according to a recent legislation (the details for the implementation are currently being worked out). Securities purchased must be kept in a safe keeping deposit with an Israeli bank. There are however no restrictions as to who is the foreign broker or fund manager from whom the securities are purchased. Israeli firms are allowed to raise funds (loans, bonds and stocks) on foreign capital markets without restrictions (however, the proceeds must be transferred to Israel).
- (b) Certain exchange controls are still operative in Israel. Physical presence abroad does not in itself affect the rights to buy or sell foreign securities that an Israeli individual resident may have.
- (c) Currently there are no rules to prescribe the requirements for a commercial presence of a foreign security broker in Israel. Nonetheless, a security broker office in Israel operating in foreign securities on behalf of Israeli residents requires an authorization from the Controller of Foreign Exchange.
- (d) Similar to notes (d) and (e) under banking sector above.

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JAMAICA

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>A. <u>All Insurance and Insurance-Related Services</u></p> <p>a) Life, accident and health insurances services (CPC 8121)</p>	<p>1) None</p> <p>2) None</p> <p>3) Under the current government policy there is a stipulation that entities should be at least 51.0 per cent Jamaican. This policy is now being reviewed with the objective of removing that stipulation and allowing fully owned foreign establishments. However, permission is granted for such investments subject to a review of the investors' applications by the Ministry of Finance on a case-by-case basis. The Superintendent of Insurance must also be satisfied that the covers being offered by these companies will be supplemental to the industry in situations where there is limited capacity in the market. In addition he must also be satisfied that adequate funds will be deposited to cover the domestic liabilities of these companies.</p> <p>4) Unbound except as indicated in the horizontal section.</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound except as indicated in the horizontal section.</p>	

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JAMAICA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
b) Non-life insurances services (CPC 8129)	1) None 2) None 3) As indicated under mode (3) for Life, accident and health insurance above. 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	
c) Reinsurance and retrocession (CPC 81299)	1) None 2) None 3) As indicated under mode (3) for Life, accident and health insurance above. 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	
d) Services auxiliary to insurance (including broking and agency services) (CPC 8140)	1) Unbound 2) Unbound 3) As indicated under mode (3) for Life, accident and health insurance above. 4) Unbound except as indicated in the horizontal section.	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>In addition to Part III of this Agreement and the Annex on Financial Services, Japan undertakes its specific commitments with respect to Financial Services under this Agreement in accordance with the Understanding on Commitments in Financial Services (hereinafter referred to as the "Understanding", attached to this schedule, which forms an integral part of this schedule). Thus, the obligations under the Understanding are incurred in the sectors of Financial Services additionally to those covered by the provisions of Part III of this Agreement and the Annex on Financial Services.</p> <p>For prudential reasons within the context of paragraph 2.a) of the Annex on Financial Services, Japan shall not be prevented from taking measures such as non-discriminatory limitations on juridical forms of a commercial presence. For the same reasons, Japan shall not be prevented from applying non-discriminatory limitations concerning admission to the market of new financial services which shall be consistent with regulatory framework aimed at achieving such prudential objectives. In this context, securities firms are allowed to deal in securities defined in the relevant Japanese law, and banks are not allowed to deal in those securities unless allowed in accordance with the said law.</p> <p>With respect to specific commitments in the sectors of Financial Services, services supplied in the territory of a Member other than Japan to the service consumer in Japan without any active marketing from the service supplier are considered as services supplied under paragraph 2.b) of Article I of this Agreement.</p>			
<p>A. <u>Insurance and Insurance-Related Services</u></p>	<p>Specific commitments in the market access column with respect to the supply of a service as prescribed in paragraph 2.a) and b) of Article I of this Agreement are unbound except for obligations under paragraph 3 and 4 of the Understanding respectively which are incurred in this sector additionally to those covered by the provisions of Part III of this Agreement and the Annex on Financial Services, subject to conditions and qualifications set out below.</p>		

JAPAN (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>1) Commercial presence is in principle required for insurance contracts on the following items and any liability arising therefrom:</p> <ul style="list-style-type: none"> a) goods being transported within Japan b) ships and aircrafts of Japanese registration <p>Japan intends to take measures necessary for making substantial liberalization of the cross-border insurance transactions for ships of Japanese registration which are used for international maritime transport and aircrafts of Japanese registration, as an integral part of the Insurance System Reform in 1995.</p> <p>60% of amounts of reinsurance on the compulsory automobile third party liability insurance is subject to the compulsory coverage by the Government.</p> <p>Insurance services are not allowed to be supplied through an intermediary in Japan.</p>	<p>1) None</p>	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>2) Commercial presence is in principle required for insurance contracts on the following items and any liability arising therefrom:</p> <ul style="list-style-type: none"> a) goods being transported within Japan b) ships and aircrafts of Japanese registration <p>Japan intends to take measures necessary for making substantial liberalization of the cross-border insurance transactions for ships of Japanese registration which are used for international maritime transport and aircrafts of Japanese registration, as an integral part of the Insurance System Reform in 1995.</p> <p>60% of amounts of reinsurance on the compulsory automobile third party liability insurance is subject to the compulsory coverage by the Government.</p>	<p>2) None</p>	

JAPAN (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>Insurance services are not allowed to be supplied through an intermediary in Japan.</p> <p>3) Establishment of commercial presence as insurance brokers is not allowed.</p> <p>Japan intends to take measures necessary for introducing the insurance brokerage system, as an integral part of the Insurance System Reform in 1995.</p> <p>60% of amounts of reinsurance on the compulsory automobile third party liability insurance is subject to the compulsory coverage by the Government.</p> <p>Insurance intermediation services are not allowed to be supplied for insurance contracts made by an insurance service supplier who is not licensed in Japan.</p> <p>4) Unbound except as indicated in HORIZONTAL COMMITMENTS</p>	<p>3) Foreign life insurance companies are required to retain in yen currency an amount corresponding to their technical and claim reserves for yen-denominated insurance policies in Japan.</p> <p>As indicated in HORIZONTAL COMMITMENTS</p> <p>4) Unbound except as indicated in HORIZONTAL COMMITMENTS</p>	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>B. <u>Banking and Other Financial Services</u> (excluding Insurance and Insurance-Related Services)</p>	<p>Specific commitments in the market access column with respect to the supply of a service as prescribed in paragraph 2.a) and b) of Article I of this Agreement are unbound except for obligations under paragraph 3 and 4 of the Understanding respectively which are incurred in this sector additionally to those covered by the provisions of Part III of this Agreement and the Annex on Financial Services, subject to conditions and qualifications set out below.</p> <p>1) Commercial presence is required for discretionary investment management services.</p> <p>2) Overseas deposits and trust contracts denominated in foreign currencies, the sum of which are over 100 million yen value, and those denominated in yen are subject to approval.</p> <p>The following capital transaction services may be supplied through authorized foreign exchange banks in Japan, or otherwise are in principle subject to approval:</p> <p>a) Trade in:</p>	<p>1) None</p> <p>2) None</p>	

JAPAN (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<ul style="list-style-type: none"> i) payment instruments such as cheques and bills; ii) foreign exchange; and iii) derivative products which involve outright foreign exchange transactions such as currency spot options. <p>b) Special methods of settlement such as offsetting and any method whereby a resident either makes payment for the non-resident concerned to another resident or receives payment made by another resident for the non-resident concerned</p> <p>c) Swaps</p> <p>d) Factoring</p> <p>Commercial presence is required for financial/securities futures and options transaction services, except for the services supplied to the financial institutions in accordance with the designation by Minister of Finance under the relevant Japanese laws.</p>		

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>3) Commercial presence for investment trust management services must be a juridical person established in Japan.</p> <p>Unbound for standstill obligation under the Understanding with respect to the limitations below:</p> <p>a) Licences required for establishing subsidiaries and branch offices are not granted to foreign service suppliers.</p> <p>b) Authorization or qualification for licensed service suppliers to expand existing operations or conduct new activities is not granted to foreign service suppliers.</p> <p>4) Unbound except as indicated in HORIZONTAL COMMITMENTS</p>	<p>3) The deposit insurance system does not cover deposits taken by branches of foreign banks.</p> <p>Unbound for standstill obligation under the Understanding with respect to the limitations a) and b) referred to in the market access column</p> <p>As indicated in HORIZONTAL COMMITMENTS</p> <p>4) Unbound except as indicated in HORIZONTAL COMMITMENTS</p>	<p>3) Japan intends to expand the scope of Employees' Pension Fund (hereinafter referred to as "fund") assets which can be managed by discretionary investment management firms, in respect of the funds qualified by Minister of Health and Welfare, by removing classification between New Money¹¹ and assets other than New Money.</p>

11 New Money is asset mainly consisting of accumulation of premiums collected by a fund after the day when the fund is qualified by Minister of Health and Welfare as appropriate for expanding its means of asset management to include discretionary investment management services.

UNDERSTANDING ON COMMITMENTS IN FINANCIAL SERVICES

Participants in the Uruguay Round have been enabled to take on specific commitments with respect to financial services under the General Agreement on Trade in Services (hereinafter referred to as the "Agreement") on the basis of an alternative approach to that covered by the provisions of Part III of the Agreement. It was agreed that this approach could be applied subject to the following understanding:

- (i) it does not conflict with the provisions of the Agreement;
- (ii) it does not prejudice the right of any Member to schedule its specific commitments in accordance with the approach under Part III of the Agreement;
- (iii) resulting specific commitments shall apply on a most-favoured-nation basis;
- (iv) no presumption has been created as to the degree of liberalization to which a Member is committing itself under the Agreement.

Interested Members, on the basis of negotiations, and subject to conditions and qualifications where specified, have inscribed in their schedule specific commitments conforming to the approach set out below.

A. *Standstill*

Any conditions, limitations and qualifications to the commitments noted below shall be limited to existing non-conforming measures.

B. *Market Access*

Monopoly Rights

1. In addition to Article VIII of the Agreement, the following shall apply:

Each Member shall list in its schedule pertaining to financial services existing monopoly rights and shall endeavour to eliminate them or reduce their scope. Notwithstanding subparagraph 1(b) of the Annex on Financial Services, this paragraph applies to the activities referred to in subparagraph 1(b)(iii) of the Annex.

Financial Services purchased by Public Entities

2. Notwithstanding Article XIII of the Agreement, each Member shall ensure that financial service suppliers of any other Member established in its territory are accorded most-favoured-nation treatment and national treatment as regards the purchase or acquisition of financial services by public entities of the Member in its territory.

Cross-border Trade

3. Each Member shall permit non-resident suppliers of financial services to supply, as a principal, through an intermediary or as an intermediary, and under terms and conditions that accord national treatment, the following services:

- (a) insurance of risks relating to:
 - (i) maritime shipping and commercial aviation and space launching and freight (including satellites), with such insurance to cover any or all of the following: the goods being transported, the vehicle transporting the goods and any liability arising therefrom; and
 - (ii) goods in international transit;
- (b) reinsurance and retrocession and the services auxiliary to insurance as referred to in subparagraph 5(a)(iv) of the Annex;
- (c) provision and transfer of financial information and financial data processing as referred to in subparagraph 5(a)(xv) of the Annex and advisory and other auxiliary services, excluding intermediation, relating to banking and other financial services as referred to in subparagraph 5(a)(xvi) of the Annex.

4. Each Member shall permit its residents to purchase in the territory of any other Member the financial services indicated in:

- (a) subparagraph 3(a);
- (b) subparagraph 3(b); and
- (c) subparagraphs 5(a)(v) to (xvi) of the Annex.

Commercial Presence

5. Each Member shall grant financial service suppliers of any other Member the right to establish or expand within its territory, including through the acquisition of existing enterprises, a commercial presence.

6. A Member may impose terms, conditions and procedures for authorization of the establishment and expansion of a commercial presence in so far as they do not circumvent the Member's obligation under paragraph 5 and they are consistent with the other obligations of this Agreement.

New Financial Services

7. A Member shall permit financial service suppliers of any other Member established in its territory to offer in its territory any new financial service.

Transfers of Information and Processing of Information

8. No Member shall take measures that prevent transfers of information or the processing of financial information, including transfers of data by electronic means, or that, subject to importation rules consistent with international agreements, prevent transfers of equipment, where such transfers of information, processing of financial information or transfers of equipment are necessary for the conduct of the ordinary business of a financial service supplier. Nothing in this paragraph restricts the right of a Member to protect personal data, personal privacy and the confidentiality of individual records and accounts so long as such right is not used to circumvent the provisions of the Agreement.

Temporary Entry of Personnel

9. (a) Each Member shall permit temporary entry into its territory of the following personnel of a financial service supplier of any other Member that is establishing or has established a commercial presence in the territory of the Member:
- (i) senior managerial personnel possessing proprietary information essential to the establishment, control and operation of the services of the financial service supplier; and
 - (ii) specialists in the operation of the financial service supplier.
- (b) Each Member shall permit, subject to the availability of qualified personnel in its territory, temporary entry into its territory of the following personnel associated with a commercial presence of a financial service supplier of any other Member:
- (i) specialists in computer services, telecommunication services and accounts of the financial service supplier; and
 - (ii) actuarial and legal specialists.

Non-discriminatory Measures

10. Each Member shall endeavour to remove or to limit any significant adverse effects on financial service suppliers of any other Member of:
- (a) non-discriminatory measures that prevent financial service suppliers from offering in the Member's territory, in the form determined by the Member, all the financial services permitted by the Member;
 - (b) non-discriminatory measures that limit the expansion of the activities of financial service suppliers into the entire territory of the Member;
 - (c) measures of a Member, when such a Member applies the same measures to the supply of both banking and securities services, and a financial service supplier of any other Member concentrates its activities in the provision of securities services; and

- (d) other measures that, although respecting the provisions of the Agreement, affect adversely the ability of financial service suppliers of any other Member to operate, compete or enter the Member's market;

provided that any action taken under this paragraph would not unfairly discriminate against financial service suppliers of the Member taking such action.

11. With respect to the non-discriminatory measures referred to in subparagraphs 10(a) and (b), a Member shall endeavour not to limit or restrict the present degree of market opportunities nor the benefits already enjoyed by financial service suppliers of all other Members as a class in the territory of the Member, provided that this commitment does not result in unfair discrimination against financial service suppliers of the Member applying such measures.

C. *National Treatment*

1. Under terms and conditions that accord national treatment, each Member shall grant to financial service suppliers of any other Member established in its territory access to payment and clearing systems operated by public entities, and to official funding and refinancing facilities available in the normal course of ordinary business. This paragraph is not intended to confer access to the Member's lender of last resort facilities.

2. When membership or participation in, or access to, any self-regulatory body, securities or futures exchange or market, clearing agency, or any other organization or association, is required by a Member in order for financial service suppliers of any other Member to supply financial services on an equal basis with financial service suppliers of the Member, or when the Member provides directly or indirectly such entities, privileges or advantages in supplying financial services, the Member shall ensure that such entities accord national treatment to financial service suppliers of any other Member resident in the territory of the Member.

D. *Definitions*

For the purposes of this approach:

1. A non-resident supplier of financial services is a financial service supplier of a Member which supplies a financial service into the territory of another Member from an establishment located in the territory of another Member, regardless of whether such a financial service supplier has or has not a commercial presence in the territory of the Member in which the financial service is supplied.
2. "Commercial presence" means an enterprise within a Member's territory for the supply of financial services and includes wholly- or partly-owned subsidiaries, joint ventures, partnerships, sole proprietorships, franchising operations, branches, agencies, representative offices or other organizations.
3. A new financial service is a service of a financial nature, including services related to existing and new products or the manner in which a product is delivered, that is not supplied by any financial service supplier in the territory of a particular Member but which is supplied in the territory of another Member.

KENYA

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>A. <u>Insurance and Insurance Related Services</u></p> <p>a) & Insurance (life and non-life)</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) Restricted to suppliers with commercial presence in Kenya. At least one-third of the controlling interest whether in terms of shares, paid-up share capital or voting rights must be held by citizens of Kenya. In the case of a body corporate which does not have shares, at least one-third of the board must be citizens of Kenya.</p> <p>4) Unbound except as indicated in the horizontal section</p>	<p>1) Unbound</p> <p>2) None</p> <p>3) Unbound</p> <p>4) Unbound</p>	

KENYA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
c) <u>Reinsurance and Retrocession</u> (all classes)	1) Unbound 2) Unbound 3) Restricted to suppliers with commercial presence in Kenya. At least one-third of the controlling interest whether in terms of shares, paid-up share capital or voting rights must be held by citizens of Kenya. In the case of a body corporate which does not have shares, at least one-third of the board of directors or managing board must be citizens of Kenya. 4) Unbound except as indicated in the horizontal section	1) Unbound 2) None 3) None 4) Unbound	

KENYA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
d) Services auxiliary to insurance			
- Broking services	1) Unbound 2) Prior approval of the commissioner of Insurance is required to place Kenya business with an insurer not registered under the Insurance Act and for remittance of premiums, claims and other sums of money arising out of insurance. 3) Restricted to suppliers with commercial presence in Kenya. At least sixty (60) per cent of their paid-up capital must be owned by citizens of Kenya. 4) Unbound except as indicated in the horizontal section	1) Unbound 2) None 3) None 4) Unbound	
- Agency services	1) Unbound 2) Unbound 3) Unbound 4) Unbound except as indicated in the horizontal section	1) Unbound 2) None 3) Unbound 4) Unbound	

KENYA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
B. <u>Banking and other Financial Services</u>			
a) Acceptance of deposits and other repayable funds from the public	1) Unbound 2) Unbound 3) None 4) Unbound except as indicated in the horizontal section	1) Unbound 2) None 3) None 4) Unbound	
b) Lending of all types, including consumer credit, mortgage credit, factoring and financing of commercial transactions	1) Unbound 2) Unbound 3) None 4) Unbound except as indicated in the horizontal section	1) Unbound 2) None 3) None 4) Unbound	

REPUBLIC OF KOREA

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
<u>7. FINANCIAL SERVICES¹</u>			
ALL FINANCIAL SERVICES			
All Financial Services Covered by This Schedule Including Insurance	<p>1)2)3) Korea undertakes a standstill commitment for limitations on market access, where specific commitments are undertaken, in financial services listed in this schedule as of December 31, 1993.</p> <p>Cross-border supply of financial services and supply through consumer movement may not be settled in Korean currency. After the establishment of a commercial presence, financial institutions may handle only transactions, denominated and settled in Korean currency, with residents. Approval is required for transactions denominated or settled in foreign currency or transactions with non-residents.</p>	<p>1)2)3) Korea undertakes a standstill commitment for limitations on national treatment, where specific commitments are undertaken, in financial services listed in this schedule as of December 31, 1993.</p>	

¹ Sub-sectors in financial services are classified based on the unit of business establishment. A financial institution must be established for only one business defined in sub-sectors (1) through (12), and thus cannot engage in business activities in other sub-sectors.

REPUBLIC OF KOREA (continued)

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
	<p>The management and operation of assets of a financial institution are restricted. A financial institution may not own non-business real estate.</p> <p>Assets owned by branches must be kept within the territory of Korea. The capital of the head office is not recognized as the basis for determining the extent of funding and lending activities of branches.</p> <p>Interest rates of government-financed loans, loans rediscounted by the Bank of Korea, and short-term deposits of less than 2 years (in case of installment savings deposits, less than 3 years) are regulated.</p> <p>New financial products are subject to approval.</p> <ul style="list-style-type: none">▪ With interest rate and foreign exchange liberalization, such products will be more widely allowed, subject to relevant laws and regulations.		

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
BANKING AND OTHER FINANCIAL SERVICES			
(1) BANKING BUSINESSES			
Following Banking Services:	1) Unbound	1) Unbound	
	2) Unbound	2) Unbound	
i) Deposit and related services ¹ [81115*, 81116*]	3) <Horizontal Limitations on Banking Services>	3) None	
ii) Loan and related services ² [81131*, 81132*]	Only representative offices or branches of foreign banks are permitted. Branches may only be established after one year has passed following the establishment of a representative office.		
iii) Payment and money transmission services excluding credit card services [81339*]	Issuance of debentures is prohibited.		
	Foreign exchange position is regulated.		
	<ul style="list-style-type: none"> ▪ The oversold position limit of spot foreign exchange will be adjusted in 1994-1995 to: 3% of the previous month's average balance of foreign exchange bills bought, US\$3 million, or 2% of capital (whichever is greatest). 		

¹ Activities in which banks obtain funds from the public by receiving deposits or issuing transferable instruments or other securities.

² Activities, such as loans and bill discounts, in which banks provide funds to the public in order to receive interest.

REPUBLIC OF KOREA (continued)

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
iv) Settlement and clearing services ¹ [81339*]	A maximum limit of 8% is applied to the equity ownership of a bank by a natural person or a juridical person.		
v) Foreign exchange services ² [81333*]	<Limitations on Deposit and Related Services>		
vi) Services auxiliary to banking	Issuance limit of CDs is limited to the larger of 250% of capital or 20 billion Won. The maturity of CDs is restricted to 91-270 days, and its minimum denomination is restricted to 30 million Won.		
▪ sale of commercial bills ³ [81339*]	▪ The issuance limit and maturity will be expanded in 1994-1995.		
▪ sale of trade bills ⁴ [81339*]	Deposits for specific purposes, such as housing subscription deposits, may be handled only by designated institutions.		
▪ mutual installment deposit [81132*]	<Limitations on Loan and Related Services>		
▪ payment guarantees and commitments [8113*]	Foreign currency loans are restricted with respect to ceiling and uses. Mandatory lending to small- and medium-sized companies are required.		

¹ Settlement and clearing services on notes, bills and checks by banks according to the Articles of KFTCI.

² Purchase, sale, issuance, remittance and collection of foreign exchange.

³ A commercial bill is defined as a bill accompanying commercial transactions.

⁴ A trade bill is defined as a bill issued by exporters based on L/C before shipping export cargo.

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
vii) Trust services ¹ [81192*, 81193]	<p><Limitations on Foreign Exchange Services></p> <p>Underlying documentation requirements apply to foreign exchange transactions.</p> <p><Limitations on Trust Services></p> <p>Certain trust business activities, including real estate trust, are prohibited.</p> <p>Approvals both from the Monetary Board for engaging in businesses other than the main banking businesses and from the Ministry of Finance for handling a trust business are required, provided that the head office is licensed in the home country to handle a trust business.</p> <p>Mandatory purchase of Monetary Stabilization Bond is required in managing assets of a trust business.</p> <ul style="list-style-type: none"> ▪ The purchase ratio will be lowered in 1994-1995. 	4) Unbound except as indicated in ALL SECTORS	4) Unbound except as indicated in ALL SECTORS

Activities where the trustee, having been delegated the authority, manages assets of the truster for the beneficiary.

REPUBLIC OF KOREA (continued)

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
(2) CREDIT CARD BUSINESSES			
Credit Card Services	1) Unbound 2) Unbound 3) Only representative offices or branches of foreign suppliers which deal exclusively with credit card services are permitted.	1) Unbound 2) Unbound 3) None	
[81133]	Lending for credit card members through such means as card loans is subject to limitations. Maximum limits are applied to various rates such as fees and interest rates.		
	4) Unbound except as indicated in ALL SECTORS	4) Unbound except as indicated in ALL SECTORS	

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
(3) FINANCIAL LEASING BUSINESSES			
Financial Leasing Services [81120]	1) Unbound 2) Unbound 3) Unbound 4) Unbound except as indicated in ALL SECTORS	1) Unbound 2) Unbound 3) None 4) Unbound except as indicated in ALL SECTORS	Top executive personnel of each establishment must reside in Korea.
(4) SECURITIES BUSINESSES			
Following Services Related to Securities:			
i) Dealing [81199*]	1) Unbound 2) Unbound	1) Unbound 2) Unbound	
ii) Broking [81321*]	3) Only representative offices, branches, or joint ventures of foreign securities companies are permitted. Branches may only be established after two years have passed following the establishment of a representative office.	3) Among the three main businesses, namely i), ii), and iii), an operating fund of at least 10, 15 or 20 billion Won is required to engage in any one, two, or all three of the above businesses, respectively.	
iii) Underwriting [81322*]			
iv) Securities Savings [81119*]	In joint ventures, which must be established as a Chusik Hoesa(a joint stock corporation), foreign equity participation must be at least 40% but less than 50%. Local shareholders must meet certain eligibility criteria. If	Foreign securities firms are not permitted to establish multiple branches.	
v) Credit Granting [81139*]			

REPUBLIC OF KOREA (continued)

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
	<p>there are multiple foreign shareholders in the joint venture companies, at least one shareholder must hold more than 20% of the equity.</p> <p>Equity participation in an existing domestic securities company by foreign securities companies is limited to less than 10% per company and less than 50% in the aggregate.</p> <p>Establishment of a commercial presence is subject to the economic needs test.</p> <p>Broking for foreigners is limited to listed stocks.</p> <p>Ceilings and operating conditions are applied to the services listed under iv) and v).</p>	<p>4) Unbound except as indicated in ALL SECTORS</p> <p>4) Unbound except as indicated in ALL SECTORS</p> <p>Top executive personnel of each establishment must reside in Korea.</p>	

REPUBLIC OF KOREA (continued)

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
(5) SECURITIES INVESTMENT TRUST BUSINESSES			
Securities Investment Trust Services	1) Unbound 2) Unbound 3) Only representative offices of foreign securities investment trust companies are permitted.	1) Unbound 2) Unbound 3) None	
[81193*]	Equity participation in an existing domestic securities investment trust company by foreign securities investment trust companies is limited to less than 5% per foreign company and less than 10% in the aggregate. ▪ The maximum limit of equity participation will be expanded in 1994~1995. Establishment of a commercial presence, except for a representative office, is subject to the economic needs test.	4) Unbound except as indicated in ALL SECTORS Top executive personnel of each establishment must reside in Korea.	
	4) Unbound except as indicated in ALL SECTORS		

REPUBLIC OF KOREA (continued)

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
(6) INVESTMENT ADVISORY BUSINESSES			
Investment Advisory Services	1) Unbound 2) Unbound 3) Only representative offices of foreign investment advisory companies are permitted.	1) Unbound 2) Unbound 3) None	
[81332]	Equity participation in an existing domestic investment advisory services company by foreign investment advisory companies is limited to less than 5% per foreign company and less than 10% in the aggregate.		
	<ul style="list-style-type: none"> ▪ The maximum limit of equity participation will be expanded in 1994-1995. 		
	Establishment of a commercial presence, except for a representative office, is subject to the economic needs test.		
	4) Unbound except as indicated in ALL SECTORS	4) Unbound except as indicated in ALL SECTORS	
		Top executive personnel of each establishment must reside in Korea.	

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
INSURANCE AND INSURANCE RELATED SERVICES			
(7) LIFE INSURANCE BUSINESSES			
Life Insurance Services	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) In joint ventures, multiple foreign shareholders are not allowed, and the foreign share must exceed 50%. Local shareholders must meet certain eligibility criteria.</p> <p>Establishment of a commercial presence is subject to the economic needs test.</p> <p>The number of sales offices which can be established is limited annually.</p> <p>The recruitment and employment of insurance professionals, including sales personnel, are restricted.</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p>	
[81211]		<p>4) Unbound except as indicated in ALL SECTORS</p> <p>Top executive personnel of each establishment must reside in Korea.</p>	

REPUBLIC OF KOREA (continued)

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
(8) NON-LIFE INSURANCE BUSINESSES			
Non-life Insurance Services	1) Unbound except for marine export cargo insurance.	1) Unbound	
[8129]	2) Unbound 3) Quoting insurance rates from abroad is subject to restrictions. These restrictions do not apply to aviation insurance.	2) Unbound 3) None	
	Only representative offices and branches of foreign non-life insurance companies are permitted.		
	Foreign equity participation is limited to only existing domestic non-life insurance companies.		
	Establishment of a commercial presence is subject to the economic needs test.		
	Duopoly by specialized firms is maintained in fidelity and surety insurance.		
	The number of sales offices which can be established is limited annually.		

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
	4)- Unbound except as indicated in ALL SECTORS	4) Unbound except as indicated in ALL SECTORS	Top executive personnel of each establishment must reside in Korea.
(9) REINSURANCE AND RETROCESSION BUSINESSES	1) None	1) Ceding insurers are required to reinsure with priority given to reinsurance companies established in Korea. The above requirement does not apply to aviation insurance.	
Reinsurance and Retrocession Services	2) None	2) None	
[81299*]	3) Direct insurance companies may participate in the supply of services subject to the restriction in section (8) regarding non-life insurance services.	3) None	
	4) Unbound except as indicated in ALL SECTORS	4) Unbound except as indicated in ALL SECTORS	Top executive personnel of each establishment must reside in Korea.

REPUBLIC OF KOREA (continued)

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
(10) INSURANCE BROKING AND AGENCY BUSINESSES			
Insurance broking and Agency Services	1) Unbound	1) Unbound	
	2) Unbound	2) Unbound	
[81401*]	3) Only exclusive agencies are allowed. In the case of non- life insurance services, dual agency is permitted.	3) None	
	• Life insurance dual agency will be permitted in 1994.		
	Establishment of a commercial presence is subject to the economic needs test.		
	4) Unbound except as indicated in ALL SECTORS	4) Unbound except as indicated in ALL SECTORS	
		Top executive personnel of each establishment must reside in Korea.	
(11) CLAIM SETTLEMENT BUSINESSES			
Claim Settlement Services	1) Unbound	1) None	
	2) Unbound	2) None	
[81403*]	3) Unbound	3) None	
	4) Unbound except as indicated in ALL SECTORS	4) Unbound except as indicated in ALL SECTORS	
		Top executive personnel of each establishment must reside in Korea.	

REPUBLIC OF KOREA (continued)

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
(12) ACTUARIAL BUSINESSES			
Actuarial Services	1) Unbound	1) None	
[81404]	2) Unbound	2) None	
	3) Unbound	3) None	
	4) Unbound except as indicated in ALL SECTORS	4) Unbound except as indicated in ALL SECTORS	Top executive personnel establishment must reside in Korea.

LIECHTENSTEIN

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>Commitments on banking, securities and insurance services in accordance with the 'Understanding on Commitments in Financial Services' (hereafter 'Understanding') and subject to limitations and conditions as contained in Part I (horizontal commitments) and as listed below. It is understood that paragraph B.4 of the 'Understanding' does not impose any obligation to allow non-resident financial services suppliers to solicit business.</p>			
<p><u>Insurance and insurance related services</u></p>	<p>1) Establishment of a commercial presence is required for the provision of insurance services in Liechtenstein. Residents may not purchase insurance services in the territory of another Party.</p> <p>2) Establishment of a commercial presence is required for the provision of insurance services in Liechtenstein. Residents may not purchase insurance services in the territory of another Party.</p>	<p>1) Establishment of a commercial presence is required for the provision of insurance services in Liechtenstein. Residents may not purchase insurance services in the territory of another Party.</p> <p>2) Establishment of a commercial presence is required for the provision of insurance services in Liechtenstein. Residents may not purchase insurance services in the territory of another Party.</p>	

LIECHTENSTEIN (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>3) Permit for establishment of insurance companies from countries other than Liechtenstein is granted only to companies which are supervised by the Swiss insurance supervision authority; To be recognized for participation in the basic health insurance scheme, health insurance suppliers must be organized in the form of mutual associations (Genossenschaft, Verein: Versicherungsverein auf Gegenseitigkeit or Hilfskasse) or foundations (Stiftung); Duty of security for insurance services; Economic need test for accident insurance services; Commercial presence does not cover the setting up of representative offices</p> <p>4) Unbound except as indicated in Part I</p>	<p>3) Domestic legal entities and the branch or agency establishment of foreign legal entities whose managing or representing bodies, such as the board of directors and the administration, are comprised in the main of foreigners or foreign firms, shall appoint in Liechtenstein a Liechtenstein citizen who is permanently resident here either to represent the legal entity towards the authorities as a legal representative or, empowered as an authorized signatory (procurist), to exercise the representation, without the cooperation of others. Before setting up a commercial presence to provide specific classes of insurance services, a foreign insurer must have been authorised to operate in the same classes of insurance in its country of origin for at least three years</p> <p>4) Unbound except as indicated in Part I</p>	

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LIECHTENSTEIN (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p><u>Banking and other financial services</u> (excluding insurance)</p>	<p>1¹⁾ Participation in settlement and clearing networks is subject to a commercial presence in Liechtenstein</p> <p>According to the practice in Liechtenstein, mutual funds (collective investments) have to be marketed through banks having a commercial presence in Liechtenstein</p> <p>Swiss franc denominated issues can be lead managed only by a bank having a commercial presence (registered office or branch office) in Liechtenstein</p> <p>2) Swiss franc denominated issues can be lead managed only by a bank having a commercial presence (registered office or branch office) in Liechtenstein</p> <p>3) Licence granted to banks and financial companies according to Liechtenstein Banking and Financial Companies Act has to be approved by the Liechtenstein parliament</p> <p>Banks and financial companies must be organized in the form of a limited company</p>	<p>1) Subvention for house building is only granted to Liechtenstein citizen, which have to take out the loan for the house building at a domestic bank</p> <p>2) Subvention for house building is only granted to Liechtenstein citizen, which have to take out the loan for the house building at a domestic bank</p> <p>3) One member of the board of directors and the administrators must have domicile in Liechtenstein. They must be duly authorized to fully represent their company.</p>	

1 Are covered not only transactions indicated in paragraph B.3 of the 'Understanding' but the whole range of banking and other financial services transactions (excluding insurance).

LIECHTENSTEIN (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>Financial institutions other than banks and financial companies according to the Liechtenstein Banking and Companies Act are subject to the following licensing requirements: foreign equity ceiling of 49 per cent; foreign voting rights may not exceed 49 per cent; at least one member of the administrative body authorized to manage and represent must be a Liechtenstein citizen domiciled in Liechtenstein, be in possession of the professional licence to act as an auditor or trustee and must work full-time for the juridical person</p> <p>Commercial presence of foreign financial institutions is subject to licensing requirements relating to the name of firm, duties toward the Swiss national bank and regulations on financial institutions in the country of origin</p> <p>4) Unbound except as indicated in Part I</p>	<p>4) Unbound except as indicated in Part I</p>	

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MACAU

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>A. <u>All insurance and insurance related services</u></p> <p>a) Life, accident and health insurance services (CPC 8121)</p> <p>b) Non-life insurance services (CPC 8129)</p> <p>c) Reinsurance and retrocession (CPC 81299*)</p> <p>d) Services auxiliary to insurance (including brooking and agency services) (CPC 8140)</p>	<p>1) Unbound</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) Unbound</p>	

MACAU (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>B. <u>Banking and other financial services</u> (excluding insurance)</p> <p>a) Acceptance of deposits and other repayable funds from the public (CPC 81115 - 81119)</p> <p>b) Lending of all types, including inter alia, consumer credit mortgage credit, factoring and financing of commercial transaction (CPC 8113)</p> <p>c) Financial leasing (CPC 8112)</p> <p>d) All payment and money transmission services (CPC 81339**)</p>	<p>1) Unbound</p>	<p>1) Unbound</p>	

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MACAU (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>e) Guarantees and commitments (CPC 81399**)</p> <p>f) Trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise, the following:</p> <ul style="list-style-type: none"> - money market instruments (cheques, bills, certificates of deposits, etc.) (CPC 81339**) - foreign exchange (CPC 81333) - derivative products including but not limit to, futures and options (CPC 81339**) 	<p>2) None</p>	<p>2) Unbound</p>	

MACAU (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>exchange rate and interest rate instruments, including products such as swaps, forward rate agreement, etc. (CPC 81339**)</p> <p>transferable securities (CPC 81321*)</p> <p>other negotiable instruments and financial assets, including bullion (CPC 81339**)</p> <p>g) Participation in issues of all kinds of securities, including under-writing and placement as agent (whether of service related to such issues publicly or privately) and provision (CPC 8132)</p> <p>h) Money broking (CPC 81339**)</p>	<p>3) None</p>	<p>3) None</p>	

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MACAU (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
i) Asset management, such as cash of portfolio management, all forms of collective investment management, pension fund management, custodial depository and trust services (CPC 8119** + 81323*) j) Settlement and clearing services for financial assets, including securities, derivative products, and other negotiable instruments (CPC 81339** or 81319**)	4) Unbound	4) Unbound	

MACAU (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>k) Advisory and other auxiliary financial, services on all the activities listed in article 1B of MTN.TNC/W/50, including credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy (CPC 8131 or 8133)</p> <p>1) Provision and transfer of financial information, and financial data processing and related software by providers of other financial services (CPC 8131)</p>			

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MALAYSIA

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>FINANCIAL SERVICES, INCLUDING INSURANCE</p> <p><u>Horizontal Commitments Applicable to the Financial Services Sector</u></p> <p>1) The offers in the financial services sector are in accordance with the Framework Agreement on Services and the Annex on Financial Services.</p> <p>2) The limitations listed under the all-sector horizontal section shall not apply to financial services, unless otherwise indicated.</p> <p>3) In respect of offshore banks, commercial banks, merchant banks, offshore insurance and offshore reinsurance companies, insurance companies and representative offices of commercial banks and merchant banks, the following conditions and limitations on market access and movement of natural persons shall apply in addition to specific limitations to the activity of each financial service as specified in each offer.</p>			
<p>ALL FINANCIAL SERVICES</p>	<p>1), 2) As indicated under each subsector</p> <p>3) Limitations on investments as contained in the all-sector horizontal section</p> <p>4) Limitations in the all-sector horizontal section will apply when indicated in each activity</p>	<p>1), 2) As indicated in each subsector</p> <p>3) Limitations on land and other immovable property as contained in the all-sector horizontal section</p> <p>Unbound for current and future measures affecting financial services accorded, to any Bumiputera or to assist development of any Bumiputera financial institution to achieve objectives of the National Development Policy (NDP)</p> <p>4) Limitations in the all-sector horizontal section will apply when indicated in each activity</p>	

MALAYSIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>(All Financial Services cont'd)</p> <p>1) Offshore banks, offshore insurance and offshore reinsurance companies</p> <p>2) Commercial banks and Merchant banks</p>	<p>1), 2) Unbound due to lack of technical feasibility</p> <p>3) Entry is confined to the Federal Territory of Labuan</p> <p>Entry is limited to establishment of a branch or a subsidiary incorporated in Malaysia</p> <p>4) None</p> <p>1), 2) Unbound due to lack of technical feasibility</p> <p>3) Existing foreign bank branches of commercial banks, after local incorporation, are permitted to be wholly-owned by the existing banks</p> <p>Unbound for new licences</p> <p>New entry is limited to equity participation in existing locally incorporated institutions and the setting up of representative offices. Aggregate foreign shareholding in a commercial bank or a merchant bank shall not exceed 30 per cent.</p>	<p>1), 2) Unbound due to lack of technical feasibility</p> <p>3) None</p> <p>4) None</p> <p>1), 2) Unbound due to lack of technical feasibility</p> <p>3) None except as indicated in the all financial services offer and in the respective activity listed below</p>	

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MALAYSIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>(All Financial Services, Commercial and Merchant banks cont'd)</p>	<p>Acquisition of an aggregate of 5 per cent or more of shareholding in a locally incorporated commercial bank or merchant bank requires approval. Acquisition of such shares is limited to foreign banks and subject to economic needs test, including ability to facilitate trade and contribute to financial and economic development in Malaysia, the country of the foreign bank has significant trade and investment interests in Malaysia and does not already have a significant representation in the Malaysian banking industry.</p> <p>An institution owned or controlled by a foreign Government or an agency of such a Government is not allowed to control a commercial bank or a merchant bank in Malaysia</p> <p>A licensed financial institution in Malaysia is not allowed to acquire a commercial bank or a merchant bank, but a commercial bank may acquire a merchant bank. A person holding 5 per cent of more of the shares of a licensed financial institution in Malaysia is not allowed to acquire 5 per cent or more of the shares of another commercial bank and merchant bank.</p>		

MALAYSIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>(All Financial Services, Commercial and Merchant banks cont'd)</p>	<p>Representative offices can only undertake research, exchange of information and liaison services. They are not permitted to carry on commercial banking or merchant banking business.</p> <p>Unbound for new service products of commercial and merchant banks</p> <p>4) Unbound except the following:</p> <p>a) Unless otherwise specified, temporary presence of natural persons is offered only in respect of supply through the mode of commercial presence</p> <p>b) For banks, one senior manager for each institution. Specialists or experts are subject to an acceptable training programme for Malaysians to be conducted by these persons, market test and eligibility criteria. A senior manager is an individual possessing proprietary knowledge and authority essential to the establishment, control and operation of the services of the financial services supplier. Specialists are individuals who possess knowledge and expertise relating to new products and services, technique or management of the financial service suppliers.</p>	<p>4) Unbound except for the categories of natural persons referred to under market access</p>	

MALAYSIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>(All Financial Services, Commercial and Merchant banks cont'd)</p> <p>3) Insurance companies</p>	<p>c) For a representative office, one foreign national for a management post</p> <p>d) Movement of a manager or specialist can be through intra-corporate transfers or otherwise</p> <p>e) Entry shall be limited to a maximum period of five years</p> <p>3) Local incorporation of existing foreign branches is required. Aggregate foreign shareholding of the parent company shall not exceed 30 per cent.</p> <p>Unbound for new licences</p> <p>New entry is limited to equity participation in existing locally incorporated insurance companies. Aggregate foreign shareholding in an existing locally incorporated insurance company shall not exceed 30 per cent.</p>	<p>3) None, except as indicated in the all financial services offer and the respective activity below</p>	

MALAYSIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>(All Financial Services, insurance companies cont'd)</p>	<p>Acquisition of 5 per cent or more of shareholding in a locally incorporated company requires approval. Acquisition of such shares is limited to foreign insurance companies subject to economic needs test, including ability to contribute to financial and economic development in Malaysia, the country of the insurance company has significant trade and investment interests in Malaysia and does not already have a significant presence in the Malaysian insurance industry.</p> <p>An insurance company is not allowed to acquire a licensed insurance broking company or another insurance company that carries on the same class of insurance business as that carried on by it. A person holding 5 per cent or more of the shares of an insurance company is not allowed to acquire 5 per cent or more of the shares of another insurance company carrying on the same class of insurance business as that carried on by the insurance company or a licensed insurance broking company of which he is a shareholder.</p>		

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MALAYSIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
(All Financial Services, insurance companies cont'd)	<p>4) Unbound except the following:</p> <p>a) Unless otherwise specified, temporary presence of natural persons is offered only in respect of supply through the mode of commercial presence</p> <p>b) For insurance companies, one senior manager for each institution. Specialists or experts are subject to an acceptable training programme for Malaysians to be conducted by these persons, market test and eligibility criteria. A senior manager is an individual possessing proprietary knowledge and authority essential to the establishment, control and operation of the services of the financial services supplier. Specialists are individuals who possess knowledge and expertise relating to new products and services, technique or management of the financial service providers.</p> <p>c) Movement of a manager or specialists can be through intra-corporate transfers or otherwise</p> <p>d) Entry shall be limited to a maximum period of five years</p>	<p>4) Unbound except for the categories of natural persons referred to under market access</p>	

MALAYSIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>BANKING AND OTHER FINANCIAL SERVICES, EXCLUDING INSURANCE</p> <p>Acceptance of deposits, and other repayable funds from the public, wholesale and retail</p>	<p>1) Soliciting, advertising and acceptance of deposits in Malaysia are not allowed</p> <p>2) Soliciting and advertng in Malaysia for acceptance of deposits are not allowed</p> <p>3) Only permitted through existing institutions licensed as a commercial bank, a merchant bank or an offshore bank.</p> <p>Offshore banks in Labuan are permitted to accept foreign currency deposits only</p> <p>Merchant banks are only permitted to accept term deposits from non-individuals. The minimum amount of each term deposit shall be specified by the Central Bank from time to time.</p> <p>4) Unbound except as indicated in the finance sector horizontal section</p>	<p>1) None</p> <p>3) For commercial banks, unbound for branching (including off-premises ATMs) and networking with ATMs in Malaysia. For merchant banks, branching is permitted when foreign equity does not exceed 30 per cent.</p> <p>4) Unbound except as indicated in the finance sector horizontal section</p>	

MALAYSIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Lending of all types, including consumer credit, mortgage credit, factoring and financing of commercial transactions</p>	<p>1), 2) Financial services associated with lending to residents in any currency must be undertaken jointly with banks incorporated in Malaysia</p> <p>3) Entry as a non-bank for scheduled businesses is limited to establishment of a locally incorporated joint-venture company or a representative office. Aggregate foreign shareholding in such a company shall not exceed 30 per cent and shall be confined to foreign financial institutions.</p> <p>Representative offices can only undertake research and liaison services and cannot carry on any scheduled business</p> <p>Provision of factoring services by a commercial bank requires the setting up of a separate entity. Shareholding by a foreign-controlled commercial bank shall not exceed 30 per cent.</p> <p>For merchant banks, consumer credit and home mortgages are not permitted</p> <p>Overdraft facilities are not permitted, except when supplied by a commercial bank</p> <p>Offshore banks are permitted to lend in foreign currencies only</p>	<p>1), 2) None</p> <p>3) Non-resident controlled companies are permitted to obtain up to a maximum of 40 per cent of their total credit facilities (including factoring and leasing) from foreign-controlled banks in Malaysia. (60 per cent must be sourced from Malaysian controlled institutions).</p> <p>For commercial banks, unbound for branching (including off-premises ATMs) and networking with ATMs in Malaysia. For merchant banks, branching is permitted when foreign equity does not exceed 30 per cent.</p>	

MALAYSIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Financial leasing	<p>4) For banks, unbound except as indicated in the finance sector horizontal section</p> <p>For non-banks, unbound except one foreign national for a management post other than the CEO, for each establishment. For representative offices of scheduled businesses, one foreign national for a management post.</p> <p>1), 2) Leasing services to residents in any currency must be undertaken jointly with banks incorporated in Malaysia</p> <p>3) Entry as a non-bank is limited to establishment of a locally incorporated joint-venture company or a representative office. Aggregate foreign shareholding in such a company shall not exceed 30 per cent and shall be confined to foreign financial institutions.</p> <p>Leasing operations by a commercial bank require setting up a separate entity. Shareholding by a foreign-controlled bank shall not exceed 30 per cent.</p> <p>Representative offices can only undertake research and liaison services and cannot carry on any form of leasing business</p>	<p>4) For banks, unbound except as indicated in the finance sector horizontal section</p> <p>For non-banks, unbound except for the categories of natural persons referred to under market access</p> <p>Residency requirements are required for lending of money</p> <p>1), 2) None</p> <p>3) None</p>	

MALAYSIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>All payment and money transmission services, namely credit and debit cards, travellers cheques and bankers drafts</p>	<p>4) Unbound except one foreign national for a management post other than the CEO, for each establishment. For representative offices, one foreign national for a management post.</p> <p>1), 2) Electronic fund transfer system requires approval</p> <p>3) Offshore banks are permitted to extend payment and money transmission services to non-residents only</p> <p>Issue of credit cards and debit cards are not allowed, other than by commercial banks</p> <p>Issue, sale and purchase of ringgit travellers cheques is confined to Malaysian controlled banks</p> <p>Sale and purchase of foreign currency travellers cheques other than by commercial banks require a money changer's licence. Entry is limited to establishment of a locally incorporated joint-venture company. Aggregate foreign shareholding in such a company shall not exceed 30 per cent.</p> <p>Checking account services are not permitted, except when provided by a commercial bank in Malaysia</p>	<p>4) Unbound except for the categories of natural persons referred to under market access</p> <p>1), 2) None</p> <p>3) For commercial banks, unbound for branches (including off-premises ATMs) and networking with ATMs in Malaysia. For merchant banks, branching is permitted when foreign equity does not exceed 30 per cent.</p> <p>Sale and purchase of travellers cheques by individuals require citizenship status</p> <p>Branches (including dispensers) of travellers cheques companies are permitted when foreign equity does not exceed 30 per cent</p>	

MALAYSIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Charge cards	<p>4) For banks, unbound except as indicated in the finance sector horizontal section</p> <p>For non-banks, one foreign national for a management post other than the CEO post, for each establishment</p> <p>1), 2) None</p> <p>3) Entry is limited to establishment of a company incorporated in Malaysia. (There is no limit on foreign equity).</p> <p>4) Unbound except one manager for each establishment</p>	<p>4) For banks, unbound except as indicated in the finance sector horizontal section</p> <p>For non-banks, unbound except for the categories of natural persons referred under market access</p> <p>1), 2) None</p> <p>3) None</p> <p>4) Unbound except for the categories of natural persons referred to under market access</p>	
<p>Guarantees and commitments</p> <p>(Guarantees and commitments undertaken by non-residents are governed by rules relating to foreign exchange)</p>	<p>1), 2) None except banks established in Malaysia may be given the right of first refusal</p> <p>3) None</p> <p>4) Unbound except as indicated in the finance sector and all-sector horizontal section</p>	<p>1), 2) None</p> <p>3) None</p> <p>4) Unbound except as indicated in the finance sector and all-sector horizontal section</p>	
Money and foreign exchange broking services	1), 2) Broking services, involving Ringgit Malaysia and financial instruments issued in Malaysia must be effected through authorized dealers and money and foreign exchange brokers incorporated in Malaysia	1), 2) None	

MALAYSIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Trading for own account or account of customers in the following:</p> <ul style="list-style-type: none"> - money market instruments - foreign exchange transferable securities - exchange rate and interest rate instruments - derivative products, including future and options - other negotiable instruments, including bullion 	<p>3) Entry other than through equity participation in existing institutions is not permitted. Aggregate foreign shareholding in each company shall not exceed 30 per cent.</p> <p>4) Unbound</p> <p>1) Dealing is limited to contracts traded on specified exchanges abroad</p> <p>2) None</p> <p>3) Transactions by offshore banks in Labuan must be conducted in foreign currencies, except for the sale and purchase of currencies with authorized banks in Malaysia. Transactions for own account are limited to instruments created and issued abroad.</p> <p>Trading for accounts of customers by offshore banks and offshore companies in Labuan is confined to non-resident customers and in instruments created and issued abroad. Trading in shares of Malaysian companies is confined to non-resident customers who are not offshore companies registered or incorporated in Labuan.</p>	<p>3) None</p> <p>4) Unbound</p> <p>1) None</p> <p>2) None</p> <p>3) None</p>	

MALAYSIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Services related to the issues of all kinds of securities and placement as agents (whether publicly or privately) (excluding issuing and rating houses)</p>	<p>Trading in foreign currency is not permitted, except by commercial banks and offshore banks</p> <p>Trading and dealing in securities and financial futures and derivative products other than by designated financial institutions requires establishment of a locally incorporated joint-venture company. Aggregate foreign shareholding in such company shall not exceed 30 per cent.</p> <p>4) For banks, unbound except as indicated in the finance sector horizontal section</p> <p>For non-banks, unbound except as indicated in the all-sector horizontal section</p> <p>1), 2) Participation in issues and services related to such issues requires authorization</p> <p>3) Participation by offshore banks in Labuan is limited to non-resident customers and for issues of securities outside Malaysia</p> <p>Submissions for new issues requiring approval of the Securities Commission must be made through licensed merchant banks</p>	<p>4) For banks, unbound except as indicated in the finance sector horizontal section</p> <p>For non-banks, unbound except as indicated in the all-sector horizontal section</p> <p>1), 2) None</p> <p>3) None</p>	

MALAYSIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Underwriting	<p>Participation by non-banks requires establishment of a locally incorporated joint-venture company. Aggregate foreign shareholding in such company shall not exceed 30 per cent.</p> <p>Unbound for appointment as principal dealers</p> <p>4) For banks, unbound except as indicated in the finance sector horizontal section</p> <p>For non-banks, unbound except as indicated in the all-sector horizontal section</p> <p>1), 2) Commercial presence is required</p> <p>3) Underwriting other than by a bank, requires a dealer's licence. Entry is limited to establishment of a locally incorporated joint-venture company. Aggregate foreign shareholding shall not exceed 30 per cent.</p> <p>4) For banks, unbound except as indicated in the finance sector horizontal section</p> <p>For non-banks, unbound except as indicated in the all-sector horizontal section</p>	<p>4) For banks, unbound except as indicated in the finance sector horizontal section</p> <p>For non-banks, unbound except as indicated in the all-sector horizontal section</p> <p>1), 2) Unbound due to lack of technical feasibility</p> <p>3) None</p> <p>4) For banks, unbound except as indicated in the finance sector horizontal section</p> <p>For non-banks, unbound except as indicated in the all-sector horizontal section</p>	
Asset management as follows:	<p>1) Commercial presence is required</p> <p>2) None</p>	<p>1) None</p> <p>2) None</p>	

MALAYSIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<ul style="list-style-type: none"> - cash or portfolio management - all forms of collective investment management custodial and depository services 	<p>3) Asset management by offshore banks and offshore companies is confined to non-resident customers and foreign currency assets. Asset management by offshore banks and offshore companies in Malaysian equities or equity linked investments are confined to non-residents which are not offshore companies registered in Labuan.</p> <p>Entry as a non-bank is limited to establishment of a locally incorporated joint-venture company. Aggregate foreign shareholding in such a company shall not exceed 30 per cent.</p> <p>Asset management by a commercial bank requires establishment as a separate entity. Shareholding by a foreign-controlled commercial bank shall not exceed 30 per cent.</p> <p>4) For banks, unbound except as indicated in the finance sector horizontal section</p> <p>For non-banks, unbound except as indicated in the all-sector horizontal section</p>	<p>3) None</p> <p>4) For banks, unbound except as indicated in the finance sector horizontal section</p> <p>For non-banks, unbound except as indicated in the all-sector horizontal section</p>	

MALAYSIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Advisory, intermediation and other auxiliary financial services including credit reference and analysis, investment advice on acquisitions, corporate restructuring and strategy</p>	<p>1), 2) Services to residents must be undertaken jointly with banks incorporated in Malaysia</p> <p>3) Entry as a non-bank is limited to establishment of a locally incorporated joint-venture company or a representative office. Aggregate foreign shareholding in each company shall not exceed 30 per cent</p> <p>Representative offices (including those of commercial banks, merchant banks and securities companies) are permitted to undertake research, information and liaison services only. Representative offices of securities companies are permitted to publish and circulate research work outside Malaysia only.</p> <p>Services by offshore banks and offshore companies in Labuan, are limited to non-resident customers</p> <p>4) For banks, unbound except as indicated in the finance sector horizontal section</p> <p>For non-banks, unbound except as indicated in the all-sector horizontal section</p>	<p>1), 2) None</p> <p>3) None</p> <p>4) For banks, unbound except as indicated in the finance sector horizontal section</p> <p>For non-banks, unbound except as indicated in the all-sector horizontal section</p>	

MALAYSIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Operational Headquarters (OHQ) for financial sector</p> <p>(provides services to commercial and investment banking institutions in activities relating to work carried out in Malaysia for its offices and related companies outside Malaysia, covering general management and administration, business planning, procurement of raw materials, technical support, marketing control and sales promotion planning, training and personnel management, provision of treasury and fund management services and research and development)</p>	<p>1), 2) Unbound due to lack of technical feasibility</p> <p>3) Only through a locally incorporated wholly foreign-owned company</p> <p>A foreign-owned company, a regional office of a foreign-owned company which transfers its OHQ services to Malaysia, a regional office of a foreign-owned company established in Malaysia, and a foreign-owned company which is already incorporated in Malaysia may seek to qualify as a OHQ</p> <p>OHQ must operate in Malaysia and fulfil the following criteria:</p> <p>a) carry out at least 3 of the OHQ service activities;</p> <p>b) have a sizeable network of companies outside Malaysia which includes the parent company or its head office and related companies;</p>	<p>1), 2) Unbound due to lack of technical feasibility</p> <p>3) None</p>	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<ul style="list-style-type: none"> c) have a well established foreign-owned company which is sizeable in terms of assets and employees; d) have a network of companies with substantial number of qualified executives, professionals, technical and other supporting personnel; e) be able to make decisions independently without consultations with its head office or parent company located outside Malaysia; f) to be able to contribute to the Malaysian economy by: <ul style="list-style-type: none"> i) using services such as legal, accounting etc. provided by Malaysians; ii) creating job opportunities for Malaysians; iii) enabling greater inflow of foreign funds <p>4) Unbound except as indicated in the all-sector horizontal section</p>	<p>4) Unbound except as indicated in the all-sector horizontal section</p>	

MALAYSIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Securities broking services comprising:</p> <p>a) broking services;</p> <p>b) credit reference and analysis;</p> <p>c) investment portfolio management and advice; and</p> <p>d) market research</p>	<p>1) Trades on Malaysian stock exchanges must be transacted through companies incorporated in Malaysia which are members of the exchange</p> <p>Promotion in Malaysia of Malaysian stocks requires approval</p> <p>Provision of investment advisory services and credit reference services to residents requires commercial presence</p> <p>2) Trades on Malaysian stock exchanges must be transacted through companies incorporated in Malaysia which are members of the exchange</p> <p>3) Entry is limited to equity participation in existing stockbroking companies or establishment of joint-venture companies with Malaysian stockbroking companies and incorporated in Malaysia or setting up of representative offices. Aggregate foreign shareholding in each company shall not exceed 30 per cent. Foreign entry is limited to recognized foreign stockbroking companies. A foreign stockbroking company is permitted to hold shares in one stockbroking company.</p> <p>New licences subject to economic needs test and/or geographical location</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p>	

MALAYSIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Commodity futures broking services	<p>Representative offices are permitted to undertake research, information and liaison services only. They are permitted to publish and circulate research work outside Malaysia only.</p> <p>4) Unbound for a stockbroking company, except as indicated in the all-sector horizontal section</p> <p>One foreign national for a senior management post per representative office</p> <p>1), 2) Trades on any Malaysian commodity futures exchange must be conducted through companies incorporated in Malaysia which are members of the exchange</p> <p>3) Entry is limited to establishment of a representative office or a locally incorporated joint-venture company. Aggregate foreign shareholding in such a company is limited to 30 per cent or any higher percentage as determined by the relevant authorities.</p> <p>Representative offices are permitted to undertake research, information and liaison services only</p> <p>Total membership of the exchange will be based on economic needs</p>	<p>4) Unbound except for the categories of natural persons referred to under market access</p> <p>1), 2) None</p> <p>3) None</p>	

MALAYSIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p><u>INSURANCE SERVICES</u></p> <p>Direct insurance (non-life)</p>	<p>4) Unbound except one foreign national for a management post per establishment, subject to market test</p> <p>1) Soliciting and advertising in Malaysia is not allowed</p> <p>Other than marine and aviation insurance associated with goods in international transit, direct insurance abroad requires approval. Approval may be denied if underwriting capacity and skill are available in Malaysia.</p> <p>2) Other than marine and aviation insurance associated with goods in international transit, direct insurance abroad requires approval. Approval may be denied if underwriting capacity and skill are available in Malaysia.</p> <p>3) Offshore insurance companies in Labuan are not permitted to accept direct insurance of Malaysian risks</p> <p>Direct insurance in Malaysia is permitted only through existing licensed insurance companies</p> <p>4) Unbound except as indicated in the finance sector horizontal section</p>	<p>4) Unbound except for the categories of natural persons referred to under market access</p> <p>1) None</p> <p>2) None</p> <p>3) Branching is only permitted for insurance companies with foreign equity not exceeding 30 per cent</p> <p>Unbound for special assistance to Malaysian-owned insurance companies to promote their development</p> <p>4) Unbound except as indicated in the finance sector horizontal section</p>	

MALAYSIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Direct insurance (life)	<p>1), 2) Unbound</p> <p>3) Investment-linked insurance business and new life insurance products provided by offshore insurance companies require approval</p> <p>Underwriting of life insurance of Malaysian residents by offshore insurance companies in Labuan is not allowed</p> <p>Life insurance in Malaysia is only permitted through existing licensed insurance companies</p> <p>4) Unbound except as indicated in the finance sector horizontal section</p>	<p>1), 2) Unbound</p> <p>3) Branching is only permitted for insurance companies that have foreign equity not exceeding 30 per cent</p> <p>Unbound for special assistance to Malaysian-owned insurance companies to promote their development</p> <p>4) Unbound except as indicated in the finance sector horizontal section</p>	
Reinsurance and retrocession (life and non-life)	<p>1), 2) Outward reinsurance is permitted only if local capacity is not available</p>	<p>1), 2) Voluntary cession up to 30 per cent of each class of non-life reinsurance business to the Malaysian National Reinsurance Bhd.</p> <p>Unbound for fiscal incentives to promote reinsurance in Malaysia</p>	

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MALAYSIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Insurance intermediation as follows:</p> <ul style="list-style-type: none"> - offshore broking - offshore underwriting; and - offshore insurance management services 	<p>3) Unbound for new licences</p> <p>Entry is limited to acquisition of existing companies. Aggregate foreign equity in each company shall not exceed 30 per cent.</p> <p>Entry as an offshore reinsurance company is confined to Labuan only</p> <p>4) Unbound except as indicated in the finance sector horizontal section</p> <p>1), 2) Insurance intermediation is not allowed except for reinsurance broking. Insurance broking services are further limited to offshore companies in Labuan</p> <p>3) Establishment is confined to the Federal Territory of Labuan</p> <p>Broking for direct insurance of Malaysian risk is not permitted</p> <p>Insurance broker shall only broke direct insurance product of licensed offshore insurance companies in Malaysia</p> <p>Underwriting manager shall only provide services to licensed offshore insurance companies in Malaysia</p>	<p>3) Obligation on all registered insurers to maximise national capacity before any outward reinsurance</p> <p>Measures granting special position to Malaysian National Reinsurance Berhad shall not apply</p> <p>4) Unbound except as indicated in the finance sector horizontal section</p> <p>1), 2) None</p> <p>3) None</p>	

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Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons			
Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Services auxiliary to insurance, as follows:</p> <p>a) Consultancy (excludes insurance agency services to insurance industry);</p> <p>b) Actuarial risk assessment;</p> <p>c) Risk management; and</p> <p>d) Maritime loss adjusting</p>	<p>4) Unbound except as indicated in the finance sector horizontal section</p> <p>1) Provision of actuarial services is only permitted for offshore insurance and reinsurance companies in Labuan</p> <p>2) None</p> <p>3) Offshore companies in Labuan are not allowed to provide services to Malaysian residents</p> <p>4) Unbound except as indicated in the finance sector horizontal section</p>	<p>4) Unbound except as indicated in the finance sector horizontal section</p> <p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound except as indicated in the finance sector horizontal section</p>	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
7. FINANCIAL SERVICES A. <u>Insurance Services</u> (CPC-812)	1) No limitations in marine and aviation insurance; Professional Liability Marine - ship repairers and shipbuilding risks; Engineering (including Loss of Profits but not Engineering Advanced Loss of Profits); Motor Liability. Limitations on the remaining classes of insurance shall be liberalized as follows: Abrogation Date: 30 June 1995 Class/Risk: Accident Abrogation Date: 31 December 1995 Class/Risk: All remaining areas of insurance 2) None 3) Unbound 4) Unbound	1) None 2) None 3) Unbound 4) Unbound	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>Financial intermediation services, except insurance and pension fund services, including:</p> <p>Banks and holding companies</p> <p>Financial intermediation services, <u>except</u> insurance and pension fund services and the following subdivisions: Central bank deposit services (CPC 81111)</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) Foreign investors in aggregate, excluding governments and government agencies, may hold up to 20 per cent of the ordinary capital. Effective control of the enterprise by the Mexican shareholders.</p> <p>4) Unbound</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) The individual shareholding may not exceed 2.5 per cent. Effective control of the enterprise by the Mexican shareholders.</p> <p>4) Unbound</p>	

MEXICO (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Central bank supervisory services (CPC 81112)</p> <p>Central bank reserve management services (CPC 81113)</p> <p>Central bank currency issue services (CPC 81114)</p> <p>Non-central bank currency issue services (CPC 81117)</p> <p>Property unit trust services (CPC 81192)</p> <p>Other unit trust services: services by which money subscribed in "units" is invested in financial assets by a management company. The unit-holder is not a shareholder of the management company (CPC 81193)</p>			

MEXICO (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Financial leasing companies, limited-purpose financial institutions and investment trusts</p> <p>Financial leasing services (CPC 8112)</p> <p>Services consisting in the granting of loans by institutions not involved in monetary intermediation (CPC 8113)</p> <p>Investment trust services by companies whose capital is subscribed by shareholders and which invest mainly in shares and government securities (CPC 81191)</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) Foreign investors in aggregate, excluding governments and government agencies, may hold up to 30 per cent of the ordinary capital. Effective control of the enterprise by the Mexican shareholders.</p> <p>4) Unbound</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) The individual shareholding may not exceed 5 per cent in the case of financial leasing companies and 7.5 per cent in the case of investment trusts and limited-purpose financial institutions. Effective control of the enterprise by the Mexican shareholders. Foreign financial entities may establish representative offices in Mexico with the prior authorization of the Ministry of Finance and Public Credit (SHCP). These offices may not carry out financial intermediation operations.</p> <p>4) Unbound</p>	

MEXICO (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Own-account dealing services by securities dealers	1) Unbound 2) Unbound	1) Unbound 2) Unbound	
Only own-account dealing services by securities dealers (CPC 81199)	3) Foreign investors in aggregate, excluding governments and government agencies, may hold up to 20 per cent of the ordinary capital. Effective control of the enterprise by the Mexican shareholders. 4) Unbound	3) The individual shareholding may not exceed 5 per cent. Effective control of the enterprise by the Mexican shareholders. 4) Unbound	
Insurance (including reinsurance) services, except compulsory social security services	1) Bound for reinsurance only. With regard to reinsurance transactions, foreign reinsurance companies may accept or assign liabilities, whenever they are entered in the register maintained by the SHCP, which may approve or refuse registration.	1) None	
Insurance (including reinsurance) and pension fund services, except compulsory social security services and the subdivision: (CPC 812)	2) Unbound 3) Foreign investors in aggregate, excluding governments and government agencies, may hold up to 30 per cent of the ordinary capital. Effective control of the enterprise by the Mexican shareholders. 4) Unbound	2) Unbound 3) The individual shareholding may not exceed 7.5 per cent. Effective control of the enterprise by the Mexican shareholders. 4) Unbound	

MEXICO (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Pension and annuity services (CPC 81212)</p> <p>Services auxiliary to financial intermediation other than to insurance and pension funding, including securities houses</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) Foreign investors in aggregate, excluding governments and government agencies, may hold up to 20 per cent of the ordinary capital. Effective control of the enterprise by the Mexican shareholders.</p> <p>4) Unbound</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) The individual shareholding may not exceed 5 per cent. Effective control of the enterprise by the Mexican shareholders.</p> <p>4) Unbound</p>	

MEXICO (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Services auxiliary to financial intermediation other than to insurance and pension funding, except the following subdivisions: (CPC 813)</p> <p>Services related to the administration, operation and supervision of financial markets (security exchanges, stock exchanges and commodity exchanges) other than by public authorities (CPC 8131)</p> <p>Foreign currency exchange services provided by Bureaux de Change (CPC 81333)</p> <p>Advisory services relating to investments and securities, including credit reporting services</p>	<p>1) Unbound</p> <p>2) Unbound</p>	<p>1) Unbound</p> <p>2) Unbound</p>	

MEXICO (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Other services auxiliary to financial intermediation (CPC 8133) <u>except</u> the sub-division	3) Foreign investors in aggregate, excluding government agencies, may hold upto 30 per cent of the ordinary capital. Effective control of the enterprise by the Mexican shareholders	3) The individual shareholding may not exceed 7.5 per cent. Effective control of the enterprise by the Mexican shareholders.	
Foreign currency exchange services provided by (Bureaux de Change) (CPC 81333)	4) Unbound	4) Unbound	
Services auxiliary to insurance or closely related to the management of insurance, including: consultancy, broking, agency, actuarial and loss adjustment services	1) Unbound	1) Unbound	
	2) Unbound	2) Unbound	
	3) Foreign investors in aggregate, excluding governments and government agencies, may hold up to 30 per cent of the ordinary capital. Effective control of the enterprise by the Mexican shareholders.	3) The individual shareholding may not exceed 7.5 per cent. Effective control of the enterprise by the Mexican shareholders.	
	4) Unbound	4) Unbound	

MEXICO (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Services auxiliary to insurance and pension funding or closely related to their management, except the subdivision: (CPC 814)	1) Unbound 2) Unbound 3) Foreign investors in aggregate, excluding governments and government agencies, may hold up to 30 per cent of the ordinary capital. Effective control of the enterprise by the Mexican stockholders.	1) Unbound 2) Unbound 3) The individual shareholding may not exceed 7.5 per cent. Effective control of the enterprise by the Mexican shareholders.	
Other services auxiliary to insurance and pension funding (CPC 81409)	4) Unbound	4) Unbound	
Financial factoring services (CPC not included)	1) Unbound 2) Unbound	1) Unbound 2) Unbound	
Includes only the services mentioned in the General Ancillary Credit Organizations and Activities Act	3) Foreign investors in aggregate, excluding governments and government agencies, may hold up to 30 per cent of the ordinary capital. Effective control of the enterprise by the Mexican shareholders. 4) Unbound	3) The individual shareholding may not exceed 7.5 per cent. Effective control of the enterprise by the Mexican shareholders. 4) Unbound	

MEXICO (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Guarantee and re-guarantee institutions (CPC not included) (CMAP 813001)</p>	<p>1) Bound only for re-guaranteeing services. With regard to re-guaranteeing transactions, foreign enterprises may accept or assign liabilities, whenever they are entered in the register maintained by the SHCP, which may approve or refuse registration.</p> <p>2) Unbound</p> <p>3) Foreign investors in aggregate, excluding governments and government agencies, may hold up to 30 per cent of the ordinary capital. Effective control of the enterprise by the Mexican shareholders.</p> <p>4) Unbound</p>	<p>1) None</p> <p>2) Unbound</p> <p>3) The individual shareholding may not exceed 7.5 per cent. Effective control of the enterprise by the Mexican shareholders.</p> <p>4) Unbound</p>	

MOROCCO

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>A change in the control of a credit establishment providing services a), b), d) and e) may be subject to new approval. With regard to delivery mode 4, financial services in subsectors A: a), b), c) and B may not be provided by natural persons.</p>			
<p><u>Banking and other financial services excluding insurance</u></p> <p>Acceptance of deposits and other repayable funds from the public (CPC 81115-81119)</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) Unbound, except as indicated in the horizontal section</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) None</p>	

MOROCCO (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Lending to finance investment in Morocco (CPC 8113*)	1) None 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	1) None 2) None 3) None 4) None	
Lending to finance commercial transactions with Morocco (CPC 8113*)	1) None 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	1) None 2) None 3) None 4) None	

* The asterisk means that the subsector is an "extract from".

MOROCCO (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Other lending, including consumer credit and credit cards (CPC 8113*)	1) None 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	1) None 2) None 3) None 4) None	
Financial leasing (CPC 8112)	1) None 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	1) None 2) None 3) None 4) None	
All payment and money transmission services, including credit, payment and similar cards, travellers' cheques and cheques (CPC 81339)	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	1) None 2) None 3) None 4) None	

* The asterisk means that the subsector is an "extract from".

MOROCCO (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Guarantees and commitments (CPC 81199)	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	1) None 2) None 3) None 4) None	
Trading for account for customers, whether on an exchange, in an over-the-counter market or otherwise: - Negotiable securities (CPC 81321) - Gold (CPC 81339)	1), 2) Residents may acquire foreign securities subject to prior authorization in accordance with exchange regulations 3) None 4) Unbound, except as indicated in the horizontal section	1), 2) None 3) None 4) None	

MOROCCO (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Participation in issues of all kinds of securities, including underwriting and placement as agent (whether publicly or privately) and provision of services related to such issues (CPC 8119)	1) Unbound 2) Unbound 3) None 4) Unbound, except as indicated in the horizontal section	1) None 2) None 3) None 4) None	
Provision and transfer of financial information, and financial data processing and related software by providers of other financial services (CPC 843)	1) None 2) None 3) None 4) Unbound, except as indicated in the horizontal section	1) None 2) None 3) None 4) None	

MOROCCO (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p><u>Insurance and reinsurance</u></p> <p>Insurance (all branches) (CPC 812)</p> <p>Reinsurance (all branches) (CPC 81299)</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) Obligation to have a registered place of business in Morocco</p> <p>4) Unbound, except as indicated in the horizontal section</p> <p>1), 2) Establishment of a reinsurance plan in the framework of the existing regulations on insurance and exchange, and subject to cession of operations to the Société centrale de réassurance</p> <p>3) None</p> <p>4) Unbound, except as indicated in the horizontal section</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) None</p> <p>1), 2) None</p> <p>3) None</p> <p>4) None</p>	

MOZAMBIQUE

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
7. FINANCIAL SERVICES B. <u>Banking and other Financial Services</u> (excl. insurance)	1) None 2) None 3) Any foreign bank or financial institution can operate in Mozambique as long as they abide by the domestic rules and regulations governing investment and operations of such institutions 4) Work permit required	1) None 2) None 3) None 4) None	

NEW ZEALAND

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>A. <u>Insurance and Insurance-related Services</u></p> <p>b) Non-life insurance services (8129)</p>	<p>1) Unbound except for insurance of risks relating to maritime shipping and commercial aviation and space launching and freight, and goods in international transit.</p> <p>1), 3) The Accident Rehabilitation and Compensation Insurance Act 1992 provides for compulsory worker's compensation insurance via levies on vehicle owners, employers and the self-employed. The Act is administered by the Accident Rehabilitation and Compensation Insurance Commission.</p> <p>1), 3) The Earthquake Commission is the sole insurer of residential property disaster insurance for replacement cover up to \$NZ 100,000 per dwelling and \$NZ 20,000 on personal property. These amounts may be increased by regulation.</p>	<p>1) None 2) None 3) None</p>	

NEW ZEALAND (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
c) Reinsurance and retrocession (81299)	<p>1), Under the Apple and Pear 3) Marketing Act 1971 the Apple and Pear Marketing Board has the power to organise compulsory hail insurance on behalf of growers and to require growers to pay a levy to recover the premium amount of this insurance.</p> <p>1)2) Unbound for marketing and & 3) sales related to products covered under CPC 01, 02, 211, 213-216, 22, 2399 and 261.</p> <p>4) Unbound except as indicated in the horizontal section.</p> <p>1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.</p>	<p>4) Unbound except as indicated in the horizontal section.</p> <p>1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section.</p>	

NEW ZEALAND (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>B. <u>Banking and other Financial Services (excluding insurance)</u>³</p> <p>a) Acceptance of deposits and other repayable funds from the public; (81115-81119)</p> <p>b) Lending of all types, including consumer credit, mortgage, credit, factoring and financing of commercial transaction; (8113)</p> <p>c) Financial leasing; (8112)</p>	<p>1) Unbound except for services described in subsectors (k) and (l) excluding intermediation.</p> <p>2) None</p>	<p>1) None</p> <p>2) None</p>	

3 As defined in paragraph 5(a)(v)-(xvi) of the Annex on Financial Services.

NEW ZEALAND (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>d) All payment and money transmission services, including credit, charge and debit cards, travellers cheques and bankers drafts; (81339**)</p> <p>e) Guarantees and commitments; (81199**)</p>	<p>3) None</p>	<p>3) The Financial Reporting Act 1993 requires overseas companies to prepare financial statements on an annual basis comprising a balance sheet, a profit and loss statement and (if required by an applicable financial reporting standard approved by the Accounting Standards Review Board) a statement of cash flows.</p> <p>The Act also requires such financial statements in relation to an overseas company's New Zealand business.</p>	

NEW ZEALAND (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>f) Trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise, the following:</p> <p>i) money market instruments (cheques, bills, certificates of deposits etc.); (81339**)</p> <p>ii) foreign exchange; (81333)</p> <p>iii) derivative products including, but not limited to, futures and options; (81339**)</p>		<p>The Act requires the following companies to deliver annual audited financial statements to the Registrar of Companies for registration:</p> <p>a) issuers (i.e. those which have raised investment from the public);</p> <p>b) overseas companies;</p> <p>c) subsidiaries of companies or bodies corporate incorporated outside New Zealand;</p> <p>d) companies in which 25 per cent or more of the shares are held or controlled by:</p> <p>i) a subsidiary of a company or body corporate incorporated outside New Zealand or a subsidiary of that subsidiary; or</p>	

NEW ZEALAND (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>iv) exchange rates and interest rate instruments, including products such as swaps, forward rate agreements etc.; (81339**)</p> <p>v) transferable securities; (81321)</p> <p>vi) other negotiable instruments and financial assets, including bullion. (81339**)</p> <p>g) Participation in issues of all kinds of securities, including underwriting and placement as agent (whether publicly or privately) and provision of services related to such issues; (8132)</p> <p>h) Money broking; (81339**)</p>	<p>4) Unbound except as indicated in the horizontal section.</p>	<p>ii) a company or body corporate incorporated outside New Zealand; or</p> <p>iii) a person not ordinarily resident in New Zealand.</p> <p>4) Unbound except as indicated in the horizontal section.</p>	

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NEW ZEALAND (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>i) Asset management, such as cash or portfolio management; all forms of collective investment management, pension fund management, custodial, depository and trust services; (8119**, 81323**)</p> <p>j) Settlement and clearing services for financial assets, including securities, derivative products, and other negotiable instruments; (81339**, 81319**)</p> <p>k) Provision and transfer of financial information, and financial data processing and related software by providers of other financial services; (8131)</p>			

NEW ZEALAND (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
1) Advisory, intermediation, and other auxiliary financial services on all the activities listed in (a) to (k) above, including credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy. (8131, 8133)			

NICARAGUA

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>B. <u>Banking and other financial services</u> (excluding insurance)</p> <p>Acceptance of deposits and other repayable funds from the public (CPC 81115 + 81119)</p> <p>Lending of all types, including, inter alia, consumer credit, mortgage credit and financing of commercial transactions (CPC 8113)</p> <p>All payment and money transmission services (CPC 81339**)</p> <p>Guarantees and commitments (CPC 81199**)</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) Unbound, except as indicated in the horizontal section.</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) Unbound, except as indicated in the horizontal section</p>	

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Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Money market instruments (cheques, bills, certificates of deposits, etc.) (CPC 81339**)</p> <p>Foreign exchange (CPC 81333**)</p> <p>Transferable securities (CPC 81321*)</p> <p>Participation in issues of all kinds of securities, including underwriting and placement as agents (whether publicly or privately) and provision of services related to such issues (CPC 8132)</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) Unbound, except as indicated in the horizontal section</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) Unbound, except as indicated in the horizontal section</p>	

NIGERIA

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Coding	Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	7. FINANCIAL SERVICES			
	B. <u>Banking and other Financial Services excluding Securities and Insurance</u>			
81115-9	a) Acceptance of deposits and other repayable funds from the public	1) Subject to a maximum of 40 per cent equity participation	1) Composition of the Board should reflect the ownership structure	
8113	b) Lending of all types including mortgage credit, factoring and financing of commercial transactions	2) Unbound with the exception of 'C' "guarantees and commitments" ¹	2) Unbound with the exception of 'C' "guarantees and commitments" ¹	
81199	c) Guarantees and commitments	3) Companies must be incorporated in Nigeria	3) None	
8112	d) Financial leasing	4) Unbound	4) Unbound	
81339	e) All payments and money transmission, services, including credit, payment and similar cards. Travellers cheques and cheques.			

1 Guarantees and Commitments are subject to regulations.

NIGERIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Coding	Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
81339	f) Trading for account of Customers:			
	- money market instruments			
81333	- foreign exchange			
81321	- transferable security			
81339	- other negotiable instruments			
81323	g) Asset management			
81339	h) Settlement and clearing services for financial assets (excluding securities)			
8131	i) Provision and transfer of financial information and financial data			
641-643 7471 7472	9. TOURISM AND TRAVEL RELATED SERVICES A.-D.	1), 2), 3), 4) None	1), 2), 3), 4) None	

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NORWAY

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
7. FINANCIAL SERVICES			
Norway is undertaking commitments in financial services in accordance with the "Understanding on Commitments in Financial Services" and subject to Annex 2 and the Ministerial Decision on Financial Services. The following restrictions and limitations apply:			
A. <u>Insurance and insurance-related services</u>	<p>1) Intermediation through an authorized broker of non-life insurance to an insurer not authorized to operate in Norway as a company or a branch, is limited to marine and transport insurance, insurance related to offshore exploration activities or insurance contracts regarding domestic companies with an activity of at least 10 man years or annual sales of at least NOK 50 million</p> <p>1), 2) Residents may only purchase non-life insurance from abroad, with the exception of insurance against civil liability in respect of the use of motor vehicles and compulsory insurance against accidents at work</p>	<p>1) None</p> <p>2) None</p>	

NORWAY (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>3) Insurance broker activity must be organized as a joint stock company</p> <p>Foreigners other than foreign insurance companies may not supply insurance services in Norway through a subsidiary or a branch</p> <p>No single or co-ordinated group of investors may acquire more than 10 per cent of the share capital in an existing Norwegian insurance company. The Ministry of Finance may in special circumstances make exemptions from this limitation on single investor ownership in an insurance company.</p> <p>4) Unbound except as indicated in the horizontal section covering all services</p>	<p>3) Foreign insurance companies may be permitted to establish or acquire a fully owned subsidiary or a branch in Norway in order to supply insurance services. A partly owned subsidiary may only be established if the other owners are foreign insurance companies or Norwegian financial institutions. A separation requirement between life insurance, non-life insurance and credit risk insurance applies.</p> <p>In Norwegian insurance companies the manager, at least half the members of the board of directors, half the members of the corporate assembly and half the members of the committee of representatives must be permanent residents of Norway and have resided there for the last two years. The Ministry of Industry and Energy may grant exemptions from these rules.</p> <p>A minimum capital deposit is required for branches of foreign insurance companies</p> <p>4) Unbound except as indicated in the horizontal section</p>	

NORWAY (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>B. <u>Banking and other Financial Services</u> (excluding insurance)</p>	<p>1) Active supply of services related to banking, financing, securities brokers (buying and selling of securities on behalf of customers, marketing or underwriting of securities) and collective investment funds requires a commercial presence in Norway. The same restrictions apply to trading in products derivative to securities, including options and futures, and settlement and clearing services for financial assets.</p> <p>Financial service suppliers established abroad may not lead manage public offerings on the Norwegian capital market</p> <p>2) Registration of securities, as stated in the Act relating to the Registry of Securities regulating the book-entry registration system for paperless securities, is subject to a monopoly</p> <p>3) Commercial banks, securities firms and management companies for collective investment funds must be organized as joint stock companies. The same restrictions apply to trading in products derivative to securities, including options and futures, and settlement and clearing services for financial assets.</p>	<p>1) None</p> <p>2) None</p> <p>3) In <u>domestically owned Norwegian banks</u>, i.e. banks where Norwegian investors own 2/3 or more of the share capital, members of the board of directors and committee of representatives must be Norwegian citizens permanently residing in Norway. Except for the chairman the King may grant exemptions from this requirement.</p>	

NORWAY (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>One or more foreign banks may be permitted to establish a new Norwegian commercial bank if one single foreign bank owns more than 50 per cent of the share capital in the new bank</p> <p>No single or co-ordinated group of investors may acquire more than 10 per cent of the share capital in an existing Norwegian commercial bank or financing undertaking, or more than 10 per cent of the equity certificates of savings banks. The Ministry of Finance may in special circumstances make exemptions from this limitation on single investor ownership in such institutions.</p> <p>Establishment in Norway of branches of banks and financing undertakings established abroad is not permitted</p> <p>At least 20 Norwegian citizens residing in Norway must participate in the establishment of a new Norwegian savings bank</p>	<p>At least 10 Norwegian citizens residing in Norway must participate in the establishment of a new Norwegian commercial bank. This requirement does not apply in cases where the King permits existing Norwegian or foreign banks to establish a new Norwegian bank.</p> <p>In <u>foreign-owned Norwegian banks</u> up to 1/3 of the members of the board of directors and the committee of representatives may be foreign citizens permanently residing outside Norway. In both bodies the chairman must be a Norwegian citizen permanently residing in Norway.</p>	

NORWAY (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>Only Norwegian citizens residing in Norway may establish a <u>financing undertaking</u> in Norway. A foreign financial institution may however, with permission from the King, establish a subsidiary financing undertaking in Norway in order to conduct financing business.</p> <p>In financing undertakings the members of decision-making bodies must be Norwegian citizens permanently residing in Norway. The King may grant exemptions from this requirement.</p> <p>4) Unbound expect as indicated in the horizontal section covering all services</p>	<p>4) Unbound expect as indicated in the horizontal section</p>	

PAKISTAN

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
FINANCIAL SERVICES			
A. <u>Insurance and insurance-related services</u>			
Insurance: Life insurance (CPC No. 81211)	1) Unbound 2) Unbound 3) Maximum of 25 per cent of foreign shareholding in existing life insurance companies 4) Unbound except as indicated under horizontal measures	1) Unbound 2) Unbound 3) Unbound 4) Unbound except as indicated under horizontal measures	
Re-insurance services and retrocession (CPC No. 81299)	1) Unbound 2) None 3) Unbound 4) Unbound	1) Unbound 2) None 3) Unbound 4) Unbound	

PAKISTAN (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Services auxiliary to insurance (including broking and agency services) (CPC No. 8140)	1) Unbound 2) None 3) Representative office only 4) Unbound except as indicated under horizontal measures	1) Unbound 2) None 3) Unbound 4) Unbound	
B <u>Banking and other financial services</u> (excluding insurance) The following: 1) Acceptance of deposits of money and other repayable funds from the public	1) Unbound 2) Unbound	1) Unbound 2) Unbound	

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Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>2) Negotiating of loans and advances for the purpose of financing trade, commerce and fixed investments</p> <p>3) Factoring</p> <p>4) Payments, money collection and transmission services</p> <p>5) Guarantees and commitments</p> <p>6) Trading for own account or for account of customers, on an exchange or an over-the-counter market, the following:</p> <p>i) cheques and other bills of exchange;</p>	<p>3) Subject to economic needs test, the Central Bank may grant licences to foreign banks to undertake permissible banking activities through establishment of locally incorporated subsidiaries with a maximum shareholding of the bank not exceeding 30 per cent of the total paid-up capital of the subsidiary. Prior permission of the Central Bank is required by any person for having beneficial ownership of shares of a banking company in excess of 4 per cent of paid-up capital of the banking company.</p> <p>4) Unbound except as indicated under horizontal measures</p>	<p>3) Unbound</p> <p>4) Unbound except as indicated under horizontal measures</p>	

PAKISTAN (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
ii) foreign exchange; iii) forward exchange rate agreements; iv) approved securities; v) other negotiable instruments. 7) Participation in issues and underwriting of all kinds of securities and provision of services related to such issues 8) Money broking 9) Customers' fund management 10) Financial and investment advisory services			

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PAKISTAN (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Participation in issuance of securities including underwriting and provision of services relating to such issues only (CPC No. 8132)	1) Unbound 2) Unbound 3) a) As in measures applicable to all sectors b) subject to membership of local stock exchange 4) Unbound except as indicated under horizontal measures	1) Unbound 2) Unbound 3) None 4) Unbound except as indicated under horizontal measures	

PARAGUAY

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
7. FINANCIAL SERVICES			
A. <u>Insurance</u>			
Insurance (excluding reinsurance and retrocession) (CPC 812)	1) Unbound 2) Unbound 3) None 4) Unbound, except for senior personnel and specialists	1) Unbound 2) Unbound 3) None 4) Unbound, except for senior personnel and specialists	
Reinsurance and retrocession (CPC 81299)	1) None 2) None 3) None 4) Unbound, except for senior personnel and specialists	1) None 2) None 3) None 4) Unbound, except for senior personnel and specialists	

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PARAGUAY (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>B. <u>Banking-services</u></p> <p>Acceptance of deposits and other repayable funds from the public (CPC 81115-81119)</p> <p>Lending of all types, including consumer credit, mortgage credit, etc. (CPC 8113)</p> <p>Other services auxiliary to financial intermediation (CPC 81331-81334)</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) Unbound, except for senior personnel and specialists</p> <p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) Unbound, except for senior personnel and specialists</p> <p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound, except for senior personnel and specialists</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) Unbound, except for senior personnel and specialists</p> <p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) Unbound, except for senior personnel and specialists</p> <p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound, except for senior personnel and specialists</p>	

PERU

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>A. <u>All insurance and insurance-related services</u></p> <p>a) Life, accident and health insurance services Solely:</p> <ul style="list-style-type: none"> - Life insurance services (CPC 81211) 	<ul style="list-style-type: none"> 1) Unbound 2) Unbound 3) The following limits apply as appropriate to all the insurance activities included in the present offer: The General Law on Banking, Financial and Insurance Institutions, approved by Legislative Decree No. 769 states that the opening of branches and agencies by enterprises or entities in the financial system requires an authorization by the Banking and Insurance Supervision Department in conformity with the general procedures it establishes. The transfer and 	<ul style="list-style-type: none"> 1) Unbound 2) Unbound 3) None 	

PERU (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>closing of offices of enterprises and entities in the financial system which provide services to the public also requires an authorization by the Banking and Insurance Supervision Department, in accordance with the general procedures it establishes. Representatives of financial or reinsurance enterprises not established in Peru must be authorized by the Banking and Insurance Supervision Department.</p> <p>Insurance enterprises not working in the reinsurance field are not authorized to appoint representatives in Peru. Such representatives must confine their activities to reinsurance.</p> <p>The Banking and Insurance Supervision Department keeps a register of foreign reinsurance enterprises and entry in the Register is free of charge. An enterprise wishing to be included in the Register must submit an application indicating the date on which it was authorized to operate accompanied by:</p>		

PERU (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>a) an authenticated copy of its current statutes;</p> <p>b) a copy of its latest annual report showing its financial statement duly audited by external auditors; and</p> <p>c) a copy of the Power of Attorney appointing a Peruvian resident to represent it with full powers.</p> <p>The enterprise must prove that:</p> <p>a) it has been legally established in its country of origin and has capacity to reinsure risks ceded from abroad;</p> <p>b) it has a minimum capital, established in accordance with the conditions laid down by the competent national authority; and</p> <p>c) that it is in a position to meet its financial obligations in freely convertible currency under reinsurance contracts concluded abroad, in conformity with the legislation of its country of origin.</p> <p>In addition, foreign financial services enterprises may not make claims through diplomatic channels in respect of business or operations carried out in Peru, on the basis of rights derived from their nationality.</p>		

PERU (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>b) Non-life insurance services, excluding reinsurance</p> <ul style="list-style-type: none"> - Accident and health insurance services (CPC 81291) - Motor vehicle insurance services (CPC 81292) - Marine, aviation and other transport insurance services (CPC 81293) - freight insurance services (CPC 81294) 	<p>Peruvian creditors and foreigners domiciled in Peru have priority rights over the assets of a foreign financial services enterprise.</p> <p>4) Unbound</p>	<p>4) Unbound</p>	

PERU (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
- Fire and other property damage insurance services (CPC 81295)			
- Pecuniary loss insurance services (CPC 81296)			
- General liability insurance services (CPC 81297)	1) Unbound 2) Unbound 3) The same limitations as indicated in 3) above 4) Unbound	1) Unbound 2) Unbound 3) None 4) Unbound	
c) Reinsurance and retrocession, Solely: - Reinsurance services (CPC 81299*)	1) The same limitations as indicated in 3) above 2) The same limitations as indicated in 3) above 3) The same limitations as indicated in 3) above 4) Unbound, except as indicated in the horizontal section. Natural persons are not authorized to provide reinsurance services.	1) None 2) None 3) None 4) Unbound, except as indicated in the horizontal section. Natural persons are not authorized to provide reinsurance services	

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PHILIPPINES

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>FINANCIAL SERVICES</p> <p><u>Banking and Other Financial Services (excluding Insurance)</u></p> <p>Coverage of commitment: commercial banks and non-bank financial intermediaries except investment houses</p> <p>All subsectors</p>	<p>3) Authorization for entities to establish commercial presence or expand existing operations in banking and other financial services (excluding insurance) in the Philippines shall be subject to a determination by the concerned regulatory authorities whether public interest and economic conditions justify the issuance of such authorization</p> <p>3), 4) Limitations listed in the horizontal section shall also apply</p>		

PHILIPPINES (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Commercial Banking:</p> <ul style="list-style-type: none"> - Acceptance of deposits and other repayable funds from the public - Lending of all types, including consumer credit, mortgage credit, and financing of commercial transaction - All payment and money transmission services, including credit, charge and debit cards, travellers cheques and bankers drafts - Guarantees and commitments 	<ul style="list-style-type: none"> 1) Commercial presence is required 2) None 3) Foreign equity in existing or new domestic commercial banks subject to a maximum 30 per cent of voting stock or 40 per cent upon approval by the President of the Philippines <p>Deposit taking authority extends only to domestic commercial banks and to the four grandfathered foreign bank branches</p> <p>Participation of aliens in the Board of Directors of domestic banks is limited to one-third of the Board's total membership</p> <p>Equity ownership ceiling for domestic banks: individual - 20 per cent; corporation - 30 per cent</p>	<ul style="list-style-type: none"> 1) None 2) None 3) None 	

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PHILIPPINES (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<ul style="list-style-type: none"> - Trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise, the following: <ul style="list-style-type: none"> - money market instruments (including cheques, bills, certificates of deposits); - foreign exchange - derivative products including, but not limited to, futures and options - exchange rate and interest rate instruments, including products such as swaps, forward rate agreements; and 	<p>Prior authority is required for the following:</p> <ul style="list-style-type: none"> - Acceptance of deposit substitutes and other repayable funds from the public; - Guarantees and commitments; and - Performance of trust, investment management and other fiduciary business. <p>Underwriting (firm and best efforts basis) may be performed only by commercial banks with expanded commercial banking authority</p> <p>4) None</p>	<p>4) Foreign service suppliers shall perform technical functions only, with Filipino understudy</p>	

PHILIPPINES (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<ul style="list-style-type: none"> - other allowable negotiable instruments and financial assets - Participation in issues of all kinds of securities, including underwriting and placement as agent (whether publicly or privately) and provision of services related to such issues. - Asset management, such as cash or portfolio management, all forms of collective investment management, custodial, depository and trust services. <p>Financial Advisory Services, as follows:</p> <ul style="list-style-type: none"> - underwriting 	<p>1) None</p> <p>2) None</p>	<p>1) None</p> <p>2) None</p>	

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PHILIPPINES (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>guarantees and commitments</p> <p>credit reference and analysis</p> <p>investment and portfolio research and advice</p>	<p>3) Required to be organized as a commercial bank or a non-bank financial intermediary</p> <p>For commercial banks, all other limitations mentioned under mode 3 above for commercial banks shall apply</p> <p>Foreign equity bound at 40 per cent for non-bank financial intermediary</p> <p>4) None</p>	<p>3) None</p> <p>4) For commercial banks and financing companies, foreign service suppliers shall perform technical functions only, with Filipino understudy</p>	
<p>Factoring</p>	<p>1) Commercial presence is required</p> <p>2) None</p> <p>3) Must be performed by a financing company only, organized either as a corporation or general partnership</p> <p>Subject to foreign equity limitation of 40 per cent</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p>	

PHILIPPINES (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Financial leasing	<p>Membership of aliens in the Board of Directors is limited to one-third of the Board's total membership in the case of a corporation; no foreign managing partners in the case of a general partnership</p> <p>4) None</p> <p>1) Commercial presence is required</p> <p>2) None</p> <p>3) Must be performed by a financing company only, organized either as a corporation or general partnership</p> <p>Subject to foreign equity limitation of 40 per cent</p> <p>Membership of aliens in the Board of Directors is limited to one-third of the Board's total membership in the case of a corporation; no foreign managing partners in the case of a general partnership</p> <p>4) None</p>	<p>4) Foreign service suppliers shall perform technical functions only, with Filipino understudy</p> <p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Foreign service suppliers shall perform technical functions only, with Filipino understudy</p>	

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PHILIPPINES (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Money broking and Foreign Exchange broking	1) Commercial presence is required 2) None 3) Required to be organized as a commercial bank or a non-bank financial intermediary For commercial banks, all other limitations mentioned under mode 3 above for commercial banks shall apply Foreign equity bound at 40 per cent for non-bank financial intermediary 4) None	1) None 2) None 3) None 4) For commercial banks and financing companies, foreign service suppliers shall perform technical functions only, with Filipino understudy.	
Credit card services	1) Commercial presence is required 2) None 3) Required to be organized as a commercial bank or a non-bank financial intermediary For commercial banks, all other limitations mentioned under mode 3 above for commercial banks shall apply Foreign equity bound at 40 per cent for non-bank financial intermediary	1) None 2) None 3) None	

PHILIPPINES (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Promotion and provision of information about the services/products offered by a foreign bank	4) None 1) Commercial presence is required 2) None 3) None 4) None	4) None 1) None 2) None 3) None 4) None	
Securities Dealership/Brokerage	1) Commercial presence is required 2) None 3) Must be organized as a securities broker/dealer corporation or partnership. Must be a member of the stock exchange. Membership is limited to 200. Underwriting is allowed only on best-efforts basis. 4) None	1) None 2) None 3) None 4) None	
- Trading for own account or for account of customers, whether in an exchange, in an over-the-counter market or otherwise, the following: - Equities and its derivative products such as warrants and options - Transferable securities			

PHILIPPINES (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Participation in issues of all kinds of securities, including underwriting and placement as agent (whether publicly or privately) and provision of services related to such issues	1) Commercial presence is required 2) None 3) Must be organized as a securities broker/dealer corporation or partnership. Must be a member of the stock exchange. Membership is limited to 200. Underwriting is allowed only on best-efforts basis. 4) None	1) None 2) None 3) None 4) None	
Performance of the functions of stock transfer agent such as but not limited to monitoring the issuance and transfer of stock certificates	1) Commercial presence is required 2) None 3) Must be organized either as a corporation or partnership with at least one certified public accountant duly licensed in the Philippines 4) None	1) None 2) None 3) None 4) None	
Transactions of an issuer primarily engaged in the business of investing, reinvesting or trading in securities	1) Commercial presence is required 2) None	1) None 2) None	

PHILIPPINES (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Sale of contracts for the payment of benefits or performance of future services such as life, education, pension and internment plans</p>	<p>3) Foreign equity bound at 40 per cent All members of the Board of Directors must be citizens of the Philippines</p> <p>4) None</p> <p>1) Commercial presence is required</p> <p>2) None</p> <p>3) Foreign equity bound at 40 per cent</p> <p>4) None</p>	<p>3) None</p> <p>4) None</p> <p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) None</p>	
<p><u>Insurance</u></p>	<p>All subsectors</p> <p>3) The establishment of new insurance companies is subject to the approval of the Insurance Commission which determines whether public interest and economic conditions justify such establishment.</p> <p>4) Only aliens qualified to hold technical positions may be employed within the first five (5) years of operation of the enterprise, their stay not to exceed five (5) years upon entry.</p> <p>Each employed alien should have at least two (2) Filipino understudies.</p> <p>3), 4) Limitations listed in horizontal section shall also apply.</p>		

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PHILIPPINES (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Life insurance as follows: - Ordinary - Group - Industrial - Health and accident - Annuities	1) Risks located in the Philippines should be insured with the companies authorized* to transact business in the Philippines 2) Same as (1) above 3) Subject to foreign equity limitation of 40 per cent Membership of aliens in the Board of Directors is limited to the extent of foreign equity participation 4) None	1) Unbound 2) Unbound 3) None 4) None	
General Non-life, as follows: - Fire and allied risks/earthquakes/shock/typhoon/floods/tidal wave	1) Risks located in the Philippines should be insured with the companies authorized to transact business in the Philippines 2) Same as (1) above 3) Subject to foreign equity limitation of 40 per cent	1) Unbound 2) Unbound 3) None	

* Authorized means the company has been issued a license by the Insurance Commission to transact business in the Philippines.

PHILIPPINES (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<ul style="list-style-type: none"> - Marine Ocean marine/ inland marine/ marine hull/ aviation 	<p>Membership of aliens in the Board of Directors is limited to the extent of foreign equity participation</p> <p>4) None</p>	<p>4) None</p>	
<ul style="list-style-type: none"> - Casualty motor car/ health and accident/ burglary/ engineering miscellaneous 			
<ul style="list-style-type: none"> - Suretyship Fidelity/surety bonds 			
<p>Insurance auxiliary services, as follows:</p>	<p>1) Commercial presence is required</p>	<p>1) Unbound</p>	
<ul style="list-style-type: none"> - actuarial consultancies 	<p>2) None</p>	<p>2) None</p>	
<ul style="list-style-type: none"> - average adjustors 	<p>3) Subject to foreign equity limitation of 40 per cent</p>	<p>3) None</p>	
	<p>Membership of aliens in the Board of Directors is limited to the extent of foreign equity participation</p> <p>4) None</p>	<p>4) None</p>	

PHILIPPINES (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Reinsurance/ Retrocession	<p>1) Priority cessions to authorized insurance/reinsurance companies</p> <p>Foreign unauthorized reinsurers should be represented by resident agents duly registered with the Insurance Commission</p> <p>10 per cent of total insurance cessions to foreign unauthorized reinsurers should be ceded to the National Reinsurance Corporation of the Philippines</p> <p>2) Same as (1) above</p> <p>3) Subject to foreign equity limitation of 40 per cent</p> <p>Membership of aliens in the Board of Directors is limited to the extent of foreign equity participation</p> <p>4) None</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) None</p>	

POLAND

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES*</p> <p>A. <u>All insurance and insurance related services</u></p> <p>Insurance and related services (CPC 812** except 81212, 81293):</p>	<p>1) Unbound</p> <p>2) Unbound</p>	<p>1) Unbound</p> <p>2) Unbound</p>	

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* Prudential regulations in the financial sector are being elaborated in Poland. They may require alteration of the presently existing rules as well as preparation of the new laws. Their application will be done in accordance with the provisions of the Annex on Financial Services, paragraph 2 - Domestic Regulation sub-paragraph 1.

POLAND (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons			
Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
- direct insurance (including coinsurance): - life, - non-life; - reinsurance and retrocession; - brokerage (CPC 81401, 81402**)	3) Establishment only in a form of joint stock company or mutual insurance society except for brokerage where horizontal measures apply. Foreign participation in the insurance company cannot be lower than 50 per cent of the minimal guarantee fund. Insurance funds and company own assets have to be invested in Poland and cannot be transferred abroad. Head of a brokerage company should meet qualifications of insurance broker. Nationality requirement for insurance brokers.	3) None	
	4) Unbound except for horizontal measures. Nationality requirement for insurance brokers.	4) None	

POLAND (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>B. <u>Banking and Other Financial Services</u></p> <p>Banking services:</p> <p>a) Acceptance of deposits and other repayable funds (CPC 81115-81119)</p> <p>b) Lending of all types (CPC 8113)</p> <p>d) All payment and money transmission services (CPC 81339**)</p> <p>e) Guarantees and commitments (excluding guarantees and commitments of the State Treasury) (CPC 81199**)</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) Establishment of a bank only in a form of joint stock company. System of permits in relation to establishment of all banks based on prudential grounds. Nationality requirement for some - at least one - of the bank executives.</p> <p>4) Unbound except for horizontal measures. Nationality requirement for some - at least one - of the bank executives.</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) None</p>	

POLAND (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Other financial services:</p> <p>g) Participation in issues of all kinds of securities (excluding treasury bonds), including underwriting and placement as agent (whether publicly or privately) and provision of services related to such issues (CPC 8132)</p> <p>i) Mutual funds services (CPC 81323**)</p> <p>k) Advisory and other auxiliary services to banking activities included into this schedule (CPC 8133)</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) Establishment only in a form of joint stock company. Nationality requirement for brokers and securities advisors.</p> <p>4) Unbound except for horizontal measures. Nationality requirement for brokers and securities advisors.</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) None</p>	

POLAND (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
1) Provision and transfer of financial information, and financial data processing and related software by suppliers of other financial services (CPC 8131)	1) Requirement to use the public telecommunication network, or the network of other authorized operator, in the case of cross-border provision of these services 2) Requirement to use the public telecommunication network, or the network of other authorized operator, in the case of cross-border consumption of these services 3) Requirement to use the public telecommunication network or the network of other authorized operator in the case of cross-border provision and/or consumption of these services 4) Unbound except for horizontal measures	1) None 2) None 3) None 4) None	

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ROMANIA

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>A. <u>Insurance and insurance-related services</u></p> <p>a) Life insurance services (8121)</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) The establishment of companies with foreign participation is allowed only in partnership with Romanian legal or natural persons</p> <p>The representatives of foreign companies and of the associations of foreign insurers have the right to conclude insurance contracts only with foreign legal and natural persons</p> <p>4) Unbound, except as indicated in the horizontal measures section</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) None, only as indicated in the horizontal measures section</p>	

ROMANIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>b) Non-life insurance services (8129)</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) The establishment of companies with foreign participation is allowed only in partnership with Romanian legal or natural persons</p> <p>The representatives of foreign companies and of the associations of foreign insurers have the right to conclude insurance contracts only with foreign legal and natural persons and for their goods</p> <p>4) Unbound, except as indicated in the horizontal measures section</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) None, only as indicated in the horizontal measures section</p>	
<p>c) Reinsurance and retrocession services (81299)</p>	<p>1) None</p> <p>2) None</p> <p>3) The establishment of companies with foreign participation is allowed only in partnership with Romanian legal or natural persons</p> <p>4) Unbound, except as indicated in the horizontal measures section</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) None, only as indicated in the horizontal measures section</p>	

ROMANIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>d) Services auxiliary to insurance (including broking and agency services) (8140)</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) The establishment of companies and intermediation agencies with foreign participation is allowed only in partnership with Romanian legal or natural persons</p> <p>Intermediation agencies are not allowed to conclude insurance contracts for foreign insurance companies with Romanian legal or natural persons or for their goods</p> <p>The representatives of foreign insurance companies and of the associations of foreign insurers have the right to conclude only the following types of insurance contracts:</p> <p>a) insurance and reinsurance contracts with legal and natural foreign persons or for their goods;</p> <p>b) reinsurance contracts with Romanian insurance companies, insurance-reinsurance companies and reinsurance companies</p> <p>4) Unbound, except as indicated in the horizontal measures section</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p> <p>4) None, only as indicated in the horizontal measures section</p>	

ROMANIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>B. <u>Banking and other financial services</u> (excluding insurance)</p> <p>a) Acceptance of deposits and other reimbursable funds from the public (81115-81119)</p> <p>b) Lending of all types (8113)</p>	<p>1) None</p> <p>2) The opening of accounts and utilization of foreign currency resources abroad by natural and legal Romanian persons is allowed only with prior permission from the National Bank of Romania</p> <p>3) None</p> <p>4) Unbound, except as indicated in the horizontal measures section</p> <p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound, except as indicated in the horizontal measures section</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) None, only as indicated in the horizontal measures section</p> <p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) None, only as indicated in the horizontal measures section</p>	

ROMANIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
d) All payments and money transmission services (81339)	1) Allowed only through a resident bank 2) The opening of accounts and utilization of foreign currency resources abroad by natural and legal Romanian persons is allowed only with prior permission from the National Bank of Romania 3) None 4) Unbound, except as indicated in the horizontal measures section	1) None 2) None 3) None 4) None, only as indicated in the horizontal measures section	
e) Guarantees and commitments (8199)	1) None 2) None 3) None 4) Unbound, except as indicated in the horizontal measures section	1) None 2) None 3) None 4) None, only as indicated in the horizontal measures section	

ROMANIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
h) Money broking (81339)	1) None 2) None 3) None 4) Unbound, except as indicated in the horizontal measures section	1) None 2) None 3) None 4) None, only as indicated in the horizontal measures section	
k) Consultancy and other auxiliary services (8131)	1) None 2) None 3) None 4) Unbound, except as indicated in the horizontal measures section	1) None 2) None 3) None 4) None, only as indicated in the horizontal measures section	

Additional information for transparency and clarification purposes:

Normal prudential measures are applied to financial institutions, with a view to protecting the investors, depositors and to ensure the stability of the financial system. The establishment and the activity of banking companies are subject to an authorization from the National Bank of Romania. There are no restrictions for the establishment of a foreign bank in Romania, other than the observance of prudential measures set up by the National Bank of Romania. After the establishment of a commercial presence, the financial institutions have to carry out their transactions with residents only in the national currency of Romania.

SAINT LUCIA

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>A. <u>All Insurance and Insurance-tabled Services</u></p> <p>c) Reinsurance (CPC 81299)</p>	<p>1) None</p> <p>2) None</p> <p>3) Only corporate entities are allowed to conduct insurance business in St. Lucia. All such entities must first be registered by the Registrar of Insurance</p> <p>4) Subject to horizontal limitations concerning Work Permit Regulations</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) None</p>	

ST. VINCENT AND THE GRENADINES

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>Reinsurance</p>	<p>1) None</p> <p>2) None</p> <p>3) Subject to Insurance and Insurance Premium Acts, Commercial Code, Exchange Control Act</p> <p>4) Subject to Work Permits and Immigration Regulations as indicated in horizontal commitments.</p>	<p>1) None</p> <p>2) None</p> <p>3) Withholding Tax</p> <p>4) None</p>	

SINGAPORE

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Financial Services, including insurance: A. Insurance and Insurance-Related Services			
<p>The commitments on financial services are made in accordance with the General Agreement on Trade in Services (GATS) and the Annex on Financial Services. All the specific commitments in this sector are subject to entry requirements, domestic laws, guidelines, rules and regulations, terms and conditions of the Monetary Authority of Singapore (MAS) or any other relevant authority or body in Singapore, as the case may be, which are not inconsistent with the commitments herein.</p>			
a) Life insurance services including annuity, disability income, accident and health insurance services	1) Unbound 2) None 3) Unbound for foreign acquisition of equity stakes in locally-owned insurance companies. Unbound for issuance of new insurance licences and establishment of new representative offices. 4) Unbound except as indicated in the horizontal section	1) Unbound 2) None 3) None 4) Unbound	

SINGAPORE (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
b) Non-life insurance services including disability income, accident and health insurance and contracts of fidelity bonds, performance bonds or similar contracts of guarantee	1) Unbound 2) None except for compulsory insurance of Motor Third Party Liability and Workmen's Compensation which can be purchased only from licensed insurance companies in Singapore 3) Unbound for foreign acquisition of equity stakes in locally-owned insurance companies. Unbound for issuance of new insurance licences and establishment of new representative offices. 4) Unbound except as indicated in the horizontal section	1) Unbound 2) None 3) None 4) Unbound	
c) Reinsurance and retrocession	1) None 2) None 3) Reinsurance companies can establish as branches or subsidiaries. Existing representative offices must upgrade to branches or subsidiaries, subject to MAS' criteria for upgrading, by 1 January 1997. 4) Unbound except as indicated in the horizontal section	1) None 2) None 3) None 4) Unbound	

SINGAPORE (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
d) Insurance intermediation comprising broking and agency services	1) Unbound 2) Agents are not allowed to act for unregistered insurers. With the exception of reinsurance risks and risks insured by protection and indemnity clubs, brokers can only place domestic risks outside Singapore with the approval of MAS. 3) Unbound 4) Unbound except as indicated in the horizontal section	1) Unbound 2) None 3) Unbound 4) Unbound	
e) Services auxiliary to insurance comprising actuarial, loss adjustors, average adjustors and consultancy services	1) None 2) None 3) None 4) Unbound except as indicated in the horizontal section	1) None 2) None 3) None 4) Unbound	

SINGAPORE (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
B. Banking and Other Financial Services			
<p>The commitments on financial services are made in accordance with the GATS and the Annex on Financial Services. All the specific commitments in this sector are subject to entry requirements, domestic laws, guidelines, rules and regulations, terms and conditions of MAS or any other relevant authority or body in Singapore, as the case may be, which are not inconsistent with the commitments herein.</p>			
<p>a) Acceptance of deposits and other repayable funds from the public</p>	<p>1) Unbound</p> <p>2) None</p> <p>3) Only institutions approved as banks, merchant banks and finance companies can accept deposits</p> <p>Where a foreign financial institution is subject to legislation in its home country which requires that institution to confer lower priority to depositors of its foreign offices vis-à-vis the home country depositors in receivership or winding up proceedings, the MAS may exercise appropriate differentiated measures against that foreign financial institution in Singapore to safeguard the interest of the Singapore office's depositors</p> <p>Establishment and operation of foreign banks, merchant banks and finance companies are also subject to the limitations listed under activities B(a) to B(l) and the following limitations:</p>	<p>1) Unbound</p> <p>2) None</p> <p>3) <u>Commercial banks</u></p> <p>Foreign banks can operate from only one office (excluding back-office operations). They cannot establish off-premise ATMs and ATM networking and new sub-branches. Provision of all other electronic banking services require MAS' prior approval.</p> <p>Location of banks and relocation of banks and sub-branches require prior approval from MAS</p>	

SINGAPORE (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p><u>Commercial banks</u></p> <p>No new full and restricted banks. Unbound for new offshore banks. Representative offices cannot conduct business or act as agents.</p> <p>A single/related group of foreign shareholders can only hold up to 5 per cent of a local bank's shares. Aggregate foreign ownership of each domestic bank's shares has been increased from 20 per cent to 40 per cent.</p> <p><u>Merchant banks</u></p> <p>Unbound for establishment of new merchant banks</p>	<p>Banks, with MAS' approval, can operate foreign currency savings accounts only for non-residents</p> <p>Restricted banks can only accept foreign currency fixed deposits from and operate current accounts for residents and non-residents. For Singapore dollar deposits, they can only accept fixed deposits of S\$250,000 or more per deposit.</p> <p>Offshore banks can accept foreign currency fixed deposits from residents and non-residents. For Singapore dollar deposits, they can only accept fixed deposits of S\$250,000 or more per deposit from non-residents.</p> <p><u>Merchant banks</u></p> <p>Merchant banks can operate from only one office (excluding back-office operations). Location and relocation of merchant banks require MAS' prior approval.</p>	

SINGAPORE (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>b) Lending of all types including consumer credit, mortgage credit, factoring and financing of commercial transaction</p>	<p><u>Finance Companies</u></p> <p>No new finance companies. Unbound for foreign acquisition of shares in finance companies and transfer or sale of foreign shareholdings in existing finance companies to foreign parties. All finance companies, local and foreign-owned, can only conduct Singapore dollar business.</p> <p>4) Unbound except as indicated in the horizontal section</p> <p>1) Unbound</p> <p>2) None</p> <p>3) i) Provision of credit and charge card services require MAS' prior approval</p>	<p>Merchant banks can, with MAS' authorization, raise foreign currency funds from residents and non-residents, operate foreign currency savings accounts for non-residents and raise Singapore dollar funds from their shareholders and companies controlled by their shareholders, banks, other merchant banks and finance companies</p> <p><u>Finance Companies</u></p> <p>Location of finance companies and relocation of sub-branches require MAS' prior approval. Foreign-owned finance companies cannot establish off-premise ATMs, ATM networking and new sub-branches.</p> <p>4) Unbound</p> <p>1) None</p> <p>2) None</p> <p>3) Each offshore bank's lending in Singapore dollars to residents shall not exceed S\$100m in aggregate</p>	

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SINGAPORE (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
c) Financial leasing	<p>ii) Singapore dollar loans, by local and foreign-owned financial institutions, to non-residents, non-resident controlled companies and to residents for use outside Singapore require MAS' prior approval</p> <p>4) Unbound except as indicated in the horizontal section</p> <p>1) None</p> <p>2) None</p> <p>3) None except as indicated for activity B(b) above</p> <p>4) Unbound except as indicated in the horizontal section</p>	<p>Offshore banks should not use their related merchant banks to circumvent the S\$100m lending limit</p> <p>Unbound for establishment of off-premise cash dispensing machines for credit and charge cards</p> <p>4) Unbound</p> <p>1) None</p> <p>2) None</p> <p>3) None except as indicated for activity B(b) above</p> <p>4) Unbound</p>	
d) Payment and money transmission services, including credit, charge and debit cards, travellers cheques and bankers drafts	<p>1) Unbound</p> <p>2) None</p> <p>3) Remittance shops, except where the remittance business is conducted by banks and merchant banks, are required to be majority owned by Singapore citizens and are required to be licensed by MAS</p>	<p>1) Unbound</p> <p>2) None</p> <p>3) None</p>	

SINGAPORE (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
e) Guarantees and commitments	<p>Bankers' drafts can only be issued by banks</p> <p>Only the following can issue stored value cards:-</p> <p>a bank in Singapore licensed by MAS; and</p> <p>a juridical person for the payment only of goods or services or both goods and services provided by that person</p> <p>The limitations indicated in B(b)(3) above also apply to the activities listed in B(d)</p> <p>4) Unbound except as indicated in the horizontal section</p> <p>1) None</p> <p>2) None</p> <p>3) None except for the limitations indicated in activity A(b) for insurance companies providing contracts of fidelity bonds, performance bonds or similar contracts of guarantee, and B(b)(3ii) above</p> <p>4) Unbound except as indicated in the horizontal section</p>	<p>4) Unbound</p> <p>1) None</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound</p>	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>f) Trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise, the following:-</p> <ul style="list-style-type: none"> - money market instruments (including cheques, bills, certificates of deposits) - foreign exchange - derivative products, including financial futures and options - exchange rate and interest rate instruments, including swaps and forward rate agreements - transferable securities - other negotiable instruments and financial assets, including bullion 	<p>1) Unbound except for trading in products listed in B(f) for own account. Trading in money market instruments, foreign exchange, as well as exchange rate and interest rate instruments can be conducted with financial institutions only.</p> <p>2) None</p> <p>3) Banks and merchant banks are required to set up separate subsidiaries to trade financial futures for customers</p> <p>Financial futures brokers can establish as branches or subsidiaries. They can trade in existing financial futures products. Unbound for trading of new financial futures products.</p> <p>The offer of derivative products by both local and foreign owned financial institutions under MAS' supervision are subject to MAS' prior approval and conditions which include the following:-</p> <ul style="list-style-type: none"> - the product has been offered by the financial institution in other internationally reputable financial 	<p>1) None</p> <p>2) None</p> <p>3) None except as indicated for activity B(b) above</p>	

SINGAPORE (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>g) Participation in issues of all kinds of securities, including underwriting and placement as agent and provision of service related to such issues</p>	<p>centres and the supervisory authorities of those centres agree to the offer of such products in their markets;</p> <p>the financial institution's parent supervisor and its head office must be aware and have no objection to the offer of such products in the Singapore branch/subsidiary, and</p> <p>MAS is satisfied that the financial institution has and continues to have the financial strength and adequate internal controls to trade in these products</p> <p>Money changers, except where the moneychanging business is conducted by banks and merchant banks, are required to be majority owned by Singapore citizens and are required to be licensed by MAS</p> <p>4) Unbound except as indicated in the horizontal section</p> <p>1) Unbound except for participation in issues of securities for own account, and underwriting and placement of securities through stock broking companies, banks or merchant banks in Singapore</p> <p>2) None</p>	<p>4) Unbound</p> <p>1) None</p> <p>2) None</p>	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>3) Foreign stockbroking companies can establish only as non-members of the Stock Exchange of Singapore (SES). Representative offices cannot conduct business or act as agents. Unbound for new membership on SES and for foreign acquisition of new and existing equity interests in SES member companies.</p> <p>Unbound for new international memberships. International members can deal in foreign securities and SES-quoted securities with non-residents and resident companies which are substantially or beneficially owned by non-residents. They can also deal with residents in foreign currency denominated securities quoted on SES. For Singapore dollar denominated securities quoted on SES, they can deal with residents only for transactions above S\$5m each.</p> <p>Banks' and merchant banks' membership on SES must be held through subsidiaries</p> <p>Unbound for new primary and registered dealers of Singapore Government Securities</p> <p>4) Unbound except as indicated in the horizontal section</p>	<p>3) None except as indicated for activity B(b) above</p> <p>4) Unbound</p>	

SINGAPORE (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
h) Money broking	1) Unbound 2) None 3) Unbound for new money brokers 4) Unbound except as indicated in the horizontal section	1) Unbound 2) None 3) None 4) Unbound	
i) Asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial depository and trust services	1) Unbound 2) None 3) Both asset management companies and custodial depositories, with MAS' approval; and trust services companies can establish as branches or subsidiaries. Unbound for custodial depository services for scripless securities. The Central Depository Pte Ltd is authorized to provide securities custodial depository services under the scripless trading system. 4) Unbound except as indicated in the horizontal section	1) Unbound 2) None 3) None 4) Unbound	

SINGAPORE (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
j) Settlement and clearing services for financial assets, including securities, derivative products and other negotiable instruments	1) Unbound 2) None 3) Unbound. The settlement and clearing services for securities, financial futures and Singapore dollar cheques and interbank funds transfer are provided by the Stock Exchange of Singapore, the Singapore International Monetary Exchange and Banking Computer Services Pte Ltd, respectively. 4) Unbound except as indicated in the horizontal section	1) Unbound 2) None 3) Unbound 4) Unbound	
k) Advisory and other auxiliary financial services, including credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy	1) Commercial presence is required for provision of investment and portfolio research and advice to the public 2) None 3) Investment advisers can establish as branches, subsidiaries or representative offices. Representative offices cannot conduct business or act as agents. 4) Unbound except as indicated in the horizontal section	1) None 2) None 3) None 4) Unbound	

SINGAPORE (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
1) Provision and transfer of financial information, and financial data processing and related software by providers of other financial services	1) Unbound 2) Unbound 3) MAS' approval is required and subject to domestic laws on protection of confidentiality of information of customers of banks and merchant banks 4) Unbound except as indicated in the horizontal section	1) Unbound 2) Unbound 3) None 4) Unbound	

SLOVAK REPUBLIC

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
7. FINANCIAL SERVICES			
Measures applicable to all sectors in financial services:			
<p>1) Commitments in this Chapter are based on the Agreement on Trade in Services, the Annex on Financial Services and the Understanding on Commitments in Financial Services.</p> <p>2) Market access commitments with respect to the "cross border supply" and "consumption abroad" are bound to the extent of the obligations in paragraphs 3 and 4 of Market Access of the Understanding subject to limitations listed below in individual sectors.</p> <p>3) The purchase or acquisition of financial services by public entities of the Slovak Republic is governed in this Schedule by Article XIII of the Agreement.</p> <p>4) The admission to the market of new financial services and instruments may be subject to the existence of, and consistency with the domestic regulatory framework.</p> <p>5) The commitments on presence of natural persons are bound according to the general limitations applicable to all sectors in this schedule (Part I).</p> <p>6) Otherwise, the commitments in this Chapter are subject to the general conditions or limitations applicable to all sectors in this schedule.</p>			
A. <u>All insurance and insurance-related services</u> (CPC 812)			
The following insurance services are provided by exclusive suppliers:			
Compulsory motor third party liability insurance, compulsory air transport insurance, the liability insurance of employer against injury or occupational disease have to be effected through the Slovak Insurance Company. The basic health insurance and pension fund schemes are confined to the General Health Company. These exclusive service suppliers act in a manner consistent with obligations under Article II of the GATT and specific commitments.			

SLOVAK REPUBLIC (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>3) License is required for provision of insurance services. Foreign national may establish an insurance company with the seat in the Slovak Republic in the form of a joint stock company or may conduct insurance business through their subsidiaries with registered office in the Slovak Republic under the general conditions established in the Law on Insurance. Insurance business means insurance activity including brokerage and reinsurance activity.</p> <p>Intermediation activity aimed at the conclusion of insurance contract between third party and insurance company may be provided by natural or juridical person only domiciled in the Slovak Republic for the benefit of the insurance company having the license of the Insurance Supervisory Authority.</p>	<p>3) The majority of the management board of an insurance company has to be domiciled in the Slovak Republic</p>	

SLOVAK REPUBLIC (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>Intermediation contract aimed at conclusion of insurance contract by third party with insurance company may be concluded by domestic or foreign insurance company only on the basis of license granted by the Insurance Supervisory Authority. The financial resources of specific insurance funds of licensed insurance operators derived from insuring or reinsuring policy holders with residence or registered office in the Slovak Republic must be deposited in a resident bank in the Slovak Republic and may not be transferred abroad.</p> <p>4) Unbound except as indicated in horizontal section</p>	<p>4) Unbound except as indicated in horizontal section</p>	

SLOVAK REPUBLIC (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>B. <u>Banking and Other Financial Services</u></p> <p>a) Acceptance of deposits and other repayable funds from the public (CPC 81115 - CPC 81119)</p> <p>b) Lending of all types (CPC 8113)</p> <p>d) All payments and money transmission services (CPC 81339)</p> <p>e) Guarantees and commitments (CPC 81199)</p> <p>f) Trading for own account or for account of customers, whether on an exchange, in an over-the counter market or otherwise as follows:</p>	<p>1), 2)</p> <p>i) Deposit services are confined to the banks only</p> <p>ii) Only authorized domestic banks, branches of foreign banks and persons possessing, a foreign exchange license may trade in foreign exchange assets</p> <p>iii) Non-cash cross-border payments may be effected only by authorized banks and branches of foreign banks</p> <p>iv) Foreign exchange licenses issued by the National Bank of Slovakia is required for:</p> <p>a) opening an account abroad by a Slovak non-bank resident</p> <p>b) capital payments abroad</p> <p>c) obtaining financial credit from a foreign exchange non-resident</p> <p>d) export and import of Slovak currency and securities denominated in this currency.</p>	<p>1), 2) None</p>	

SLOVAK REPUBLIC (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>(i) money market instruments (cheque, bills, certificates, deposits, etc.) (CPC 81339)</p> <p>(ii) foreign exchange (CPC 81333)</p> <p>(iii) exchange rate and interest rate instruments, etc. including products such as swaps, forward rate agreements, etc. (CPC 81339)</p>	<p>v) Foreign exchange assets are required to be deposited with an authorized domestic bank or branch of a foreign bank.</p> <p>3) Banking services may be provided only by established banks duly authorized by The National Bank of Slovakia in agreement with the Ministry of Finance. Private banks may be established as joint stock companies only. With the authorization of The National Bank of Slovakia, acting in agreement with –Ministry of Finance, foreign banks may establish their branches in the Slovak Republic or participate through their capital share in already established banks.</p> <p>4) Unbound except as indicated in horizontal section</p>	<p>3) A minimum of one-third of the Board of Directors must be citizens of the Slovak Republic</p> <p>4) Unbound except as indicated in horizontal section</p>	

SOUTH AFRICA

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>A. <u>All Insurance and Insurance Related Services</u></p> <p>a) Direct life insurance (CPC 8121 +)</p> <p>b) Direct non-life insurance (CPC 8129 +)</p> <p>c) Reinsurance (CPC 81299 +)</p>	<p>1) Unbound</p> <p>2) None</p> <p>3) To transact business in South Africa, insurers (foreign and domestically controlled) must be incorporated as a public company in terms of the Companies Act</p> <p>To ensure that competition is not impaired, the acquisition of shares or any other interest (by a resident or non-resident) in a registered insurer resulting in the holding of 25 per cent or more of the value of all the shares or other interest in that business, requires the written approval of the Registrar of Insurance</p> <p>4) Unbound except as indicated in the horizontal section, and that the chairman, public officer and majority of directors must be resident in South Africa</p>	<p>1) Unbound</p> <p>2) None</p> <p>3) None</p> <p>4) Unbound except as indicated in the horizontal section</p>	

SOUTH AFRICA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>B. <u>Banking and Other Financial Services</u> (Excluding Insurance)</p> <p>a) Acceptance of deposits and other repayable funds from the public (CPC 81115 to 81119)</p> <p>b) Lending of all types, including, <u>inter alia</u>, consumer credit, mortgage credit, factoring and financing of commercial transactions (CPC 8113)</p> <p>c) Financial leasing (CPC 8112)</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) Corporate membership of financial exchanges is unrestricted, except in the case of the Johannesburg Stock Exchange</p> <p>No bank or controlling company (domestically or foreign controlled) may allot or issue any of its shares to a person to the extent that the total nominal value of such shares exceeds in total 49 per cent of the total nominal value of all the issued vote-bearing shares in the bank or the controlling company</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None</p>	

SOUTH AFRICA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>d) All payments and money transmission services, including credit, charge and debit cards, travellers cheques and bank drafts (CPC 81339 +)</p> <p>e) Guarantees and commitments (CPC 81199 +)</p> <p>f) Trading for own account or for account of customers the following:</p> <ul style="list-style-type: none"> (i) money market instruments (ii) foreign exchange (iii) derivative products (iv) exchange rate and interest rate instruments 	<p>The Minister of Finance may, however, grant permission to a bank or controlling company to issue more than 49 per cent of its shares to such a person, provided that competition is not impaired. This restriction does not apply to the allotment or issuing of shares in a bank or a controlling company registered in respect of that bank, or another bank or an institution which has been approved by the Registrar and which conducts business of a bank in a country other than South Africa.</p> <p>Foreign banks wishing to obtain a controlling interest in a local bank are required to establish a domestic public company.</p> <p>No person (domestic or foreign) shall conduct the business of a bank unless such person is a public company, and is registered in terms of the Banks Act.</p>		

SOUTH AFRICA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
(v) other negotiable instruments, but <u>excluding</u> transferable securities (CPC 81339 +)	4) Unbound except as indicated in the horizontal section, and that membership of the financial exchanges is, in the case of natural persons, restricted to South African citizens	4) Unbound except as indicated in the horizontal section	
h) Money broking (CPC 81339 +)	1) Unbound 2) Unbound 3) None 4) Unbound except as indicated in the horizontal section	1) Unbound 2) Unbound 3) None 4) Unbound except as indicated in the horizontal section	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>Sweden is undertaking commitments in financial services in accordance with the Understanding on Commitments in Financial Services (Understanding) and subject to the Ministerial Decision on Financial Services as well as the Second Annex on Financial Services.</p> <p>Subject to conditions and qualifications listed below, market access commitments are bound to the extent of the obligations in the Understanding.</p> <p>For the purpose of scheduling commitments in accordance with the Understanding the following applies:</p> <p>It is understood that a commitment to the obligations set out in paragraph 3 of the Understanding implies a right for a non-resident supplier to, in the territory of Sweden, actively promote a service, approach a resident purchaser, and to deliver the service. However, a commitment to an obligation under that paragraph does not imply that the supplier has any right to have a permanent physical representation in Sweden. In addition, it is understood that a commitment to the obligations set out in paragraph 4 implies that a purchaser in the territory of Sweden has the right to approach a non-resident service supplier, to conclude an agreement and to have the service, including any remedies connected to the service, delivered in the territory of Sweden, without any physical movement of the purchaser. It is also understood that limitations on the commitments to the obligations under paragraph 3, do not affect the right of a service supplier to deliver a service, and the rights of a purchaser to have a service delivered, wherever a commitment to an obligation under paragraph 4 is applicable.</p> <p>Moreover, it is understood that non-discriminatory limitations on juridical form for incorporation in Sweden of financial service suppliers do not constitute a restriction on commercial presence, nor do non-discriminatory residency requirements.</p> <p>Furthermore, it is understood that non-discriminatory authorization requirements do not constitute limitations on the supply of financial services by non-resident suppliers.</p>			

SWEDEN (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>A. <u>Insurance</u></p>	<p>1) The supply of direct insurance is allowed only through an insurance service supplier authorized in Sweden, provided that the two insurance service suppliers belong to the same group of companies or have an agreement of co-operation between them</p> <p>2) None</p> <p>3) Insurance undertakings not incorporated in Sweden may establish a commercial presence only through a resident agent</p> <p>Insurance broking undertakings not incorporated in Sweden may establish a commercial presence only through a branch</p> <p>4) None</p>	<p>1) None</p> <p>2) None</p> <p>3) Insurance undertakings not incorporated in Sweden are required to deposit assets for agencies established in Sweden</p> <p>Non-life insurance undertakings not incorporated in Sweden conducting business in Sweden are - instead of being taxed according to the net result - subject to taxation based on the premium income from direct insurance operations</p> <p>A founder of an insurance company shall be a natural person resident in Sweden or a legal entity incorporated in Sweden</p> <p>4) None</p>	
<p>Modes of delivery (definitions): 1) Supply of financial services by non-resident suppliers 2) Purchase by residents in the territory of another Member 3) Commercial presence 4) Temporary entry of personnel</p>			

SWEDEN (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
B. <u>Banking and other financial services</u> (excluding insurance)	1) None 2) Custody, depository and settlement services re. securities registered in the (Swedish) Securities Register Centre (Värdepapperscentralen VPC SB) can only be supplied by suppliers who are account operating institutions. A prerequisite is that the supplier is supervised by the (Swedish) Financial Supervisory Authority. 3) Undertakings not incorporated in Sweden may establish a commercial presence only through a branch or, in case of banks, a representative office 4) None	1) None 2) Account operating institutions in the VPC register who have not got a clearing account with the central bank (Riksbanken) have to make a certain deposit 3) A founder of a banking company shall be a natural person resident in Sweden or a foreign bank. A founder of a savings bank shall be a natural person resident in Sweden. A branch of a fund management company not incorporated in Sweden may not operate certain collective investment funds, where the investor enjoys certain tax benefits (Allemansfonder). 4) None	
<u>Monopoly rights:</u> Certain payments to and from certain governmental entities shall be transmitted through the Swedish Postal Giro system (Postgirot).			
Modes of delivery (definitions): 1) Supply of financial services by non-resident suppliers 2) Purchase by residents in the territory of another Member 3) Commercial presence 4) Temporary entry of personnel			

SWITZERLAND

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>Commitments on banking, securities and insurance services in accordance with the "Understanding on Commitments in Financial Services" (hereafter "Understanding") and subject to limitations and conditions as contained in Part I (horizontal commitments) and as listed below. It is understood that paragraph B.4 of the "Understanding" does not impose any obligation to allow non-resident financial services suppliers to solicit business.</p>			
<p><u>Insurance and Insurance Related Services</u></p>	<p>Monopoly rights as indicated in paragraph B.1 of the "Understanding": a public monopoly on fire and natural damage insurance on buildings exists in 19 cantons (Zurich, Berne, Lucerne, Nidwalden, Glaris, Zoug, Fribourg, Soleure, Bâle-Ville, Bâle-Campagne, Shaffhouse, Argovie, St-Gall, Grisons, Appenzell Rhodes Extérieures, Thurgovie, Vaud, Neuchâtel, Jura)</p>		

SWITZERLAND (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>1) Transactions as indicated in paragraph B.3 of the "Understanding": The underwriting of aircraft liability insurance requires commercial presence in Switzerland</p> <p>2) Transactions as indicated in paragraph B.4 of the "Understanding": The underwriting of aircraft liability insurance requires commercial presence in Switzerland</p>	<p>1) Acquisition of real estate by foreigners is limited as indicated in Part I; in addition the following specific restrictions apply: Foreign or foreign controlled insurance companies are authorized to acquire property that serves as a security for mortgage loans in case of bankruptcy or liquidation on condition that the acquirer sells the property within two years from date of acquisition; foreign or foreign controlled insurance companies are authorized to invest in real estate, provided the total value of the buyer's property does not exceed the technical reserves necessary for the company's Swiss activities, according to Swiss law.</p> <p>2) None</p>	

SWITZERLAND (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>3) Commercial presence does not cover the setting up of representative offices; the legal form of a joint-stock company or mutual association is required for the provision of insurance services; to be recognized for participation in the basic health insurance scheme, health insurance suppliers must be organized in the form of mutual association (société coopérative, association/Genossenschaft, Verein) or foundation (fondation/Stiftung); no new health insurance supplier shall be recognized for participation in the basic health scheme until December 31st 1994; to be recognized for participation in the statutory pension funds scheme (prévoyance professionnelle/ Berufsvorsorge), pension funds must be organized in the form of mutual associations (société coopérative/ Genossenschaft) or foundations (fondation/Stiftung)</p> <p>4) Unbound except as indicated in Part I</p>	<p>3) Before setting up a commercial presence to provide specific classes of insurance services, a foreign insurer must have been authorized to operate in the same classes of insurance in its country of origin for at least three years; acquisition of real estate by foreigners is limited as indicated in Part I. In addition the following specific restrictions apply: Foreign or foreign-controlled insurance companies are authorized to acquire property that serves as a security for mortgage loans in case of bankruptcy or liquidation on condition that the acquirer sells the property within two years from date of acquisition; foreign or foreign-controlled insurance companies are authorized to invest in real estate, provided the total value of the buyer's property does not exceed the technical reserves necessary for the company's Swiss activities, according to Swiss law</p> <p>4) Unbound except as indicated in Part I</p>	

SWITZERLAND (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p><u>Banking and Other Financial Services</u> (excluding insurance)</p>	<p>Monopoly rights as indicated in paragraph B.1 of the "Understanding": Two mortgage bonds issuance institutes have been granted a monopoly for the issuance of specific mortgage bonds ("Schweizer Pfandbrief"); only Swiss cantonal banks and Swiss-controlled banks whose mortgage loans amount to at least 60 per cent of the balance sheet can be members of the institutes; the issue of other mortgage-backed bonds is not affected by this regulation</p> <p>1¹⁾ Membership in stock and options and futures exchanges requires a commercial presence in Switzerland; participation in settlement and clearing networks is subject to a commercial presence in Switzerland; mutual funds (collective investments) have to be lead-marketed through banks having a commercial presence in Switzerland; Swiss franc denominated issues can be lead managed only by a bank having a commercial presence (registered office or branch office) in Switzerland</p>	<p>1) Acquisition of real estate by foreigners is limited as indicated in Part I; in addition the following specific restrictions apply: Foreign or foreign controlled banks are authorized to acquire property that serves as a security for mortgage loans in case of bankruptcy or liquidation on condition that the acquirer sells the property within two years from date of acquisition</p>	

Are covered not only transactions indicated in paragraph B.3 of the "Understanding" but the whole range of banking and other financial services transactions (excluding insurance).

SWITZERLAND (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>2) Swiss franc denominated issues can be lead managed only by a bank having a commercial presence (registered office or branch office) in Switzerland</p> <p>3) Commercial presence of foreign financial institutions is subject to specific licensing requirements relating to the name of firm, duties towards the Swiss national bank and regulations on financial institutions in the country of origin; commercial presence may be denied to financial institutions whose ultimate shareholders and/or beneficial owners are persons of a non-Member; representative offices can neither conclude or deal business nor act as an agent</p> <p>4) Unbound except as indicated in Part I</p>	<p>2) None</p> <p>3) Acquisition of real estate by foreigners is limited as indicated in Part I; in addition the following specific restrictions apply: Foreign or foreign controlled banks are authorized to acquire property that serves as a security for mortgage loans in case of bankruptcy or liquidation on condition that the acquired sells the property within two years from date of acquisition</p> <p>4) Unbound except as indicated in Part I; the majority of the management board of a bank must be domiciled in Switzerland; those members of the management board not domiciled in Switzerland can only sign collectively with another member of the management board domiciled in Switzerland</p>	

THAILAND

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>A. Insurance including reinsurance and retrocession</p> <p>a) Life insurance services (CPC 81211)</p> <p>b) Non-life insurance services (CPC 8129)</p>	<p>1) None</p> <p>2) None</p> <p>3) a) Market access limited to share acquisition of existing establishments only. Maximum foreign equity participation limited to 25 per cent of registered share capital.</p> <p>b) Unbound for new licenses</p> <p>4) Only senior managerial personnel, specialists and technical assistants with the approval of the Insurance Commissioner</p> <p>1) Unbound except for international marine, aviation and transit and all classes of reinsurance</p> <p>2) None</p>	<p>1) None</p> <p>2) Life insurance premium is tax deductible up to a certain amount for holders of policies issued by local companies</p> <p>3) None</p> <p>4) None</p> <p>1) Unbound</p> <p>2) None</p>	

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THAILAND (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>d) Services auxiliary to insurance (excluding pension funding services)</p> <p>Insurance broking and agency services (CPC 81401) (Brokers shall not induce, advise or do any acts so as to cause any person to enter into insurance contracts with insurers abroad, except for reinsurance contracts)</p>	<p>3) a) Market access limited to share acquisition of existing establishment only. Maximum foreign equity participation limited to 25 per cent of registered share capital</p> <p>b) Unbound for new licenses</p> <p>4) Only senior managerial personnel, specialists and technical assistants with the approval of the Insurance Commissioner</p> <p>1) Unbound</p> <p>2) Unbound</p> <p>3) Foreign equity participation not to exceed 25 per cent</p> <p>4) a) Only senior managerial personnel, specialists and technical assistants with the approval of the Insurance Commissioner</p> <p>b) Unbound for individual broker and agent</p>	<p>3) None</p> <p>4) None</p> <p>1) Unbound</p> <p>2) Unbound</p> <p>3) No limitations as long as foreign equity participation does not exceed 25 per cent</p> <p>4) None</p>	

THAILAND (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Insurance consultancy services excluding pension consulting services (CPC 81402)	1) None 2) None 3) None other than that indicated in the horizontal section 4) Only senior managerial personnel, specialists and technical assistants with the approval of the Insurance Commissioner	1) None 2) None 3) No limitations as long as foreign equity participation does not exceed 49 per cent 4) None	
Average and loss adjustment services (CPC 81403)	1) None 2) None 3) None other than that indicated in the horizontal section 4) Only senior managerial personnel, specialists and technical assistants with the approval of the Insurance Commissioner	1) None 2) None 3) No limitations as long as foreign equity participation does not exceed 49 per cent 4) None	
Actuarial services (CPC 81404)	1) None 2) None 3) None other than that indicated in the horizontal section	1) None 2) None 3) No limitations as long as foreign equity participation does not exceed 49 per cent	

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THAILAND (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p><u>Services auxiliary to financial intermediation other than to insurance and pension funding services</u></p>	<p>4) Only senior managerial personnel, specialists and technical assistants with the approval of the Insurance Commissioner</p>	<p>4) None</p>	
<p>Credit card services (CPC 81133) (Mobilizing funds from the public is prohibited, unless licensed under a financial law)</p>	<p>1) None 2) None 3) a) As indicated in the horizontal section b) Financial institutions must obtain prior approval from the Bank of Thailand 4) As indicated in the horizontal section</p>	<p>1) None 2) None 3) No limitations as long as foreign equity participation does not exceed 49 per cent 4) None</p>	
<p>Financial consultancy services (CPC 81332)</p>	<p>1) Unbound 2) None 3) None other than that indicated in the horizontal section 4) As indicated in the horizontal section</p>	<p>1) None 2) None 3) No limitations as long as foreign equity participation does not exceed 49 per cent 4) None</p>	

THAILAND (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p><u>Banking and other financial services (excluding insurance)</u></p> <p>Acceptance of deposits and other payable funds from the public</p> <p>Lending of all types, including consumer credit, mortgage credit, factoring and financing of commercial transactions</p> <p>Financial leasing</p> <p>Payment and money transmission services including credit, charge and debit cards, travellers' cheques and bankers drafts</p> <p>Guarantees and commitments</p>	<p>1) None for financial advisory and financial data processing. Unbound for all other services.</p> <p>2) None for financial advisory and financial data processing. Unbound for all other services.</p> <p>3) a) <u>Representative office of banks</u> None</p> <p>b) <u>Foreign bank branches</u></p> <p>I. Bound for existing foreign bank branches under present shareholding structure. Unbound for new licences.</p> <p>II. ATM operations permitted under the following conditions only:</p>	<p>1) None</p> <p>2) None</p> <p>3) a) <u>Representative office of banks</u> None</p> <p>b) <u>Foreign bank branches</u> None for existing foreign bank branches. Unbound for new licenses.</p>	

THAILAND (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Trading for own account, or for account of customers in the following:</p> <ul style="list-style-type: none"> a) money market instruments b) foreign exchange c) exchange rate and interest rate instruments d) transferable securities <p>Participation in issues of all kinds of securities, including underwriting and placement as agents (whether publicly or privately) and provision of services related to such issues</p>	<ul style="list-style-type: none"> i) joining ATM pools operated by Thai banks; or ii) operation within own premises or sharing the facilities with other commercial banks in Thailand <p>III. One service-point permitted per one foreign bank branch. No additional branch, sub-branch, office, or service-point allowed.</p> <p>c) <u>Locally incorporated banks</u></p> <ul style="list-style-type: none"> I. Market access limited to share acquisition of existing banks only. Unbound for new licenses. II. Maximum foreign equity participation limited to 25 per cent of paid-up registered capital. Combined shareholding of an individual and his/her related persons not to exceed 5 per cent of bank's paid-up registered capital. 	<p>c) <u>Locally incorporated banks</u></p> <p>No limitations for foreign participation of up to 25 per cent of paid-up registered capital</p>	

THAILAND (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Asset management as follows:</p> <ul style="list-style-type: none"> - cash or portfolio management - collective investment management - custodial and depository services <p>Advisory, intermediation and other auxiliary financial services</p> <p>Provision and transfer of financial information, and financial data processing and related software</p>	<p>III. At least three-fourths of the directors must be Thai nationality</p> <p>d) <u>International Banking Facility</u>¹</p> <p>I. Licenses required from the Ministry of Finance.</p> <p>II. Bound for the 20 International Banking Facilities licenses granted to foreign banks without commercial presence in Thailand as of March 1993</p> <p>III. BIBF will be permitted to set up additional branches outside Bangkok Metropolis in 1994, subject to the terms and conditions to be announced</p> <p>IV. Not more than five BIBF's in (II) will be permitted to undertake full-branch business by 1997 subject to the terms and conditions to be announced</p>	<p>d) <u>International Banking Facility</u></p> <p>None for existing IBF units. Unbound for new licenses.</p>	

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1 IBF units permitted to operate only the banking and investment banking business as specified in the Ministerial Order and Bank of Thailand Announcements issued on 16 September 1992, and Notification of the Bank of Thailand dated 14 December 1993.

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>e) <u>Finance companies and credit foncier companies</u></p> <p>I. None for representative offices</p> <p>II. Market access limited to share acquisition of existing companies only. Unbound for new licenses.</p> <p>III. Maximum foreign equity participation limited to 25 per cent of paid-up registered capital. Combined shareholding of an individual and his/her related persons not to exceed 10 per cent.</p> <p>IV. At least three-fourths of the directors must be Thai nationality</p> <p>f) <u>Securities companies</u></p> <p>I. None for representative offices</p> <p>II. Market access for securities companies limited to share acquisition of existing establishment only. Unbound for new licenses.</p>	<p>e) <u>Finance companies and credit foncier companies</u></p> <p>No limitations for foreign equity participation of up to 25 per cent of paid-up registered capital</p> <p>f) <u>Securities companies</u></p> <p>No limitations for foreign equity participation of up to 49 per cent of paid-up registered capital</p>	

THAILAND (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>III. Maximum foreign equity participation limited to 49 per cent of paid-up registered capital</p> <p>IV. Separate licenses required for each activity: securities brokerage, securities dealing, investment advisory, securities underwriting, mutual fund management and private fund management.</p> <p>g) <u>Financial leasing services</u> Can only be provided by leasing companies which are subject to maximum foreign equity participation of 49 per cent of paid-up registered capital, or by finance companies which are subject to maximum foreign equity participation of 25 per cent of paid-up registered capital</p> <p>h) <u>Factoring services</u> Can only be provided by factoring companies which are subject to maximum foreign equity participation of 49 per cent of paid-up registered capital, or by finance companies which are subject to maximum foreign equity participation of 25 per cent of paid-up registered capital</p>	<p>g) <u>Financial leasing services</u> None</p> <p>h) <u>Factoring services</u> None</p>	

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THAILAND (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>4) Limitations on the number of non-resident foreign personnel per foreign bank branch:</p> <ul style="list-style-type: none"> a) 2 persons for banks operating as representative office b) 6 persons for banks operating as full-licensed branch c) 4 persons for banks operating as IBF branch only d) 8 persons for banks operating as full-licensed and IBF branch <p>For finance companies:</p> <ul style="list-style-type: none"> a) 2 persons for a representative office b) Maximum of 4 directors or specialists permitted for finance companies 	<p>4) None</p>	

TRINIDAD AND TOBAGO

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
7. FINANCIAL SERVICES A. <u>Insurance</u> c) Reinsurance (81299)	1) None 2) None 3) None (Registration and Certification requirements) 4) None	1) None 2) None 3) None 4) None	

TUNISIA

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>A) <u>All insurance and insurance related services</u></p> <p>Direct insurance (CPC 8121-8129)</p>	<p>1) Risks situated in Tunisia and persons domiciled there may be insured only under contracts concluded with resident insurance enterprises (Insurance Code, Article 44)</p>	<p>1) Unbound</p>	

TUNISIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>The air, sea and land transport of goods for import must be insured in Tunisia</p> <p>2) None, for natural and legal persons resident abroad</p> <p>3) a) Commercial presence of foreign supplier in the form of a subsidiary company:</p> <ul style="list-style-type: none"> - set up in accordance with Tunisian law; - as a public limited company or mutual society; - minimum capital requirements <p>b) Commercial presence of the foreign supplier in the form of a branch office:</p> <ul style="list-style-type: none"> - work with non-residents <p>4) Unbound, except as indicated in the horizontal section</p>	<p>2) Unbound</p> <p>3) Unbound</p> <p>Unbound</p> <p>4) Unbound</p>	

TUNISIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>C. <u>Reinsurance and retrocession services</u> (CPC 81299)</p>	<p>1) Prior approval of reinsurers wishing to accept reinsurance operations from the Tunisian market (Insurance Code, Article 68)</p> <p>Appointment of a representative accepted by the Minister of Finance (Insurance Code, Article 68)</p> <p>2) None</p> <p>3) Approval prior to acceptance of reinsurance operations</p> <p>Appointment of a responsible officer accepted by the Minister of Finance</p> <p>4) Unbound, except as indicated in the horizontal section</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) Unbound</p> <p>4) Unbound</p>	

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TUNISIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Insurance intermediation			
a) Insurance agents for life insurance (CPC 81401)	1) Tunisian nationality required (Insurance Code, Article 73) 2) None 3) Tunisian nationality required (Insurance Code, Article 73). Approval of the Minister of Finance 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) Unbound 3) Unbound 4) Unbound	
b) Insurance broking	1) None, except for horizontal limitations 2) None 3) Tunisian nationality required. Approval of the Minister of Finance 4) Unbound, except as indicated in the horizontal section	1) Unbound 2) Unbound 3) Unbound 4) Unbound	
Other auxiliary services Claim assessment (CPC 81403)	1) Tunisian nationality required (Decree No.92-2260 of 31 December 1992) 2) None	1) Unbound 2) Unbound	

TUNISIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Financial services other than insurance (CPC 811)</p>	<p>3) Tunisian nationality required (Decree No.92-2260 of 31 December 1992)</p> <p>4) Unbound, except as indicated in the horizontal section</p> <p>1),2) None</p> <p>3) <u>"Resident" bank</u> (Law No.67-51 of 7 December 1967):</p> <ul style="list-style-type: none"> - Approval of the Ministry of Finance - Limited company under Tunisian law or any other legal status accepted in the authorization - Minimum capital requirements. 	<p>3) Unbound</p> <p>4) Unbound</p> <p>1),2) Unbound</p> <p>3) None</p>	

TUNISIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>4) Unbound, except for the foreign supervisory staff of non-resident financial institutions: none</p>	<p>4) For resident financial institutions, the chairman and managing director of a bank established under Tunisian law must be of Tunisian nationality; if the function of chairman of the board of directors and that of managing director are separated, one of these positions must be filled by a Tunisian national</p> <p>The chairman and managing director or the managing director of a bank established under Tunisian law must have resident's status within the meaning of the exchange regulations. The manager of the Tunisian establishments of a foreign bank must have resident's status in Tunisia within the meaning of the exchange regulations. However, special exemptions may be granted by the Central Bank. No one may simultaneously manage, run or have authority to commit two banks, a bank and a financial institution, or a bank and an insurance company.</p>	

TUNISIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Inter-bank (wholesale deposit services) (CPC 81115)</p>	<p>1) Unbound</p> <p>2) None, for subsidiaries and branches of Tunisian banks established abroad and for Tunisian natural persons residing abroad</p> <p>However, residents are subject to authorization</p> <p>3) None, but non-resident institutions established in Tunisia are authorized to receive funds from residents. Such funds must not exceed:</p> <ul style="list-style-type: none"> - for each non-resident institution established in Tunisia, the subscribed amount of its participation, out of its own foreign-currency shareholders' equity, in the capital of resident enterprises - for all non-resident institutions established in Tunisia as a whole, the ceiling of 1.5 per cent of the deposits of deposit banks <p>4) Unbound</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None for resident institutions</p> <p>4) Unbound</p>	

TUNISIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Other bank deposit services (CPC 81116)</p>	<p>1) Unbound</p> <p>2) None, however residents are subject to authorization</p> <p>3) None, but non-resident institutions established in Tunisia are authorized to receive funds from residents. Such funds must not exceed:</p> <ul style="list-style-type: none"> - for each non-resident institution established in Tunisia, the subscribed amount of its participation, from its own foreign-currency shareholders' equity, in the capital of resident enterprises - for all non-resident institutions established in Tunisia as a whole, the ceiling of 1.5 per cent of the deposits of deposit banks <p>4) Unbound</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None for resident institutions</p> <p>4) Unbound</p>	

TUNISIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Mortgage loan services (CPC 81131)	1) Unbound 2) Unbound 3) None, but non-resident institutions established in Tunisia are subject to authorization 4) Unbound	1) None 2) Unbound 3) None 4) Unbound	
Personnel instalment loan services (CPC 81132) and credit card services (CPC 81133)	1) None, solely for non-resident financial institutions established in Tunisia with a ceiling of 10MDT/year for other enterprises and subject to authorization for private individuals 2) Unbound 3) None for resident institutions 4) Unbound	1) None 2) Unbound 3) None 4) Unbound	
Unit trust services (CPC 81191)	1) Unbound 2) Unbound 3) None 4) Unbound	1) None 2) None 3) None 4) Unbound	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Property unit trust services (CPC 81192)	1) Unbound 2) Unbound 3) Unbound 4) Unbound	1) None 2) None 3) None 4) Unbound	
Intermediation services (CPC 81199)	1) Unbound 2) Unbound 3) None, but stock market intermediaries must be natural or legal persons of Tunisian nationality or Tunisian banks 4) Unbound	1) None 2) None 3) None 4) Unbound	
Securing broking services (CPC 81321)	1) Unbound 2) Unbound 3) None, but stock market intermediaries must be natural or legal persons of Tunisian nationality or Tunisian banks 4) Unbound	1) None 2) None 3) None 4) Unbound	

TUNISIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Portfolio management services (CPC 81323)</p>	<p>1) Unbound 2) Unbound 3) None, but stock market intermediaries must be natural or legal persons of Tunisian nationality or Tunisian banks 4) Unbound</p>	<p>1) None 2) None 3) Unbound 4) Unbound</p>	
<p>Loan broking services (CPC 81331)</p>	<p>1) None 2) None 3) None 4) Unbound</p>	<p>1) None 2) None 3) None 4) Unbound</p>	

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TUNISIA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Financial consultancy services (excluding exchange offices) (CPC 81332)	1) None 2) None 3) None 4) None	1) None 2) None 3) None 4) None	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
7. FINANCIAL SERVICES			
Measures applicable to all sectors in financial services			
<u>Banking</u>	<p>Establishment of a bank which has to be in the form of a joint-stock company and opening of the first branch of a foreign bank require authorization from the Council of Ministers.</p> <p>Foreign banks wishing to establish branches or representative offices must not be prohibited from performing banking operations in their country of origin or in the countries where they operate.</p> <p>According to the Banks Act, lending limits for the branches of foreign banks are based on branch capital rather than world-wide capital.</p>		

TURKEY (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p><u>Insurance</u></p>	<p>The establishment of domestic or foreign banks as well as the first branch of a non-resident bank are subject to the same amount of minimum capital requirement. Acquisition or transfer of the shares representing a ratio equal or higher than 10,33 and 50 per cent of the capital is subject to the authorization of the Undersecretariat of Treasury and Foreign Trade.</p> <p>Insurance and reinsurance companies to be established in Turkey have to be in the forms of a joint-stock or a mutual company. Establishment of an insurance and reinsurance company and opening of the branch of a foreign insurance and reinsurance company require prior permission of the Ministry of State, to which the Undersecretariat of Treasury and Foreign Trade is attached. In addition to this permission, obtaining a licence for the operation of these enterprises is needed from the Undersecretariat of Treasury and Foreign Trade.</p> <p>Foreign insurance companies wishing to establish branches must not be prohibited from performing insurance operations in their country of origin or in the countries where they operate.</p>	<p>Foreign insurance and reinsurance companies operating in Turkey by opening branches must have the branch managers residing in Turkey. Insurance intermediaries must reside in Turkey.</p> <p>Foreign commercial presence regarding services auxiliary to insurance is permitted only for consultancy and risk assessment services.</p>	

TURKEY (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p><u>Securities market</u></p>	<p>The establishment of domestic or foreign insurance companies by a real or legal person is subject to the same amount of minimum capital requirement. Acquisition or transfer of the shares representing a ratio equal to or higher than 10,33 and 50 per cent of the capital is subject to the authorization of the Undersecretariat of Treasury and Foreign Trade.</p> <p>For the establishment of capital market institutions the permission of the Capital Market Board is required. If banks or insurance companies apply to the Board to form a mutual fund, the opinion of the Undersecretariat of Treasury and Foreign Trade has to be obtained to finalize the applications. Creation of branches and agencies by non-bank intermediary institutions established in Turkey also requires the Board's permission.</p> <p>In order to participate in intermediary operations regarding the securities to be registered by the Capital Market Board, banks and non-bank intermediary institutions must be established in Turkey and have to get Authorization Certificate from Capital Market Board in accordance with the Capital Market Law.</p> <p>Intermediary institutions and investment corporations can only be established in the form of a joint-stock company.</p>	<p>Establishment of branches and representative offices of foreign non-bank intermediary institutions is not permitted.</p>	

TURKEY (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p><u>Authorized institutions</u> (Foreign exchange dealers)</p>	<p>Additionally, operations of all capital market institutions are subject to the permission of the Board. While giving such permission, the Board issues "Authorization Certificates" for the activities to be carried out by each institution.</p> <p>In order to engage in activities as an authorized institution, the permission of the Undersecretariat of Treasury and Foreign Trade must be obtained.</p> <p>If non-resident legal entities engage in activities as an authorized institution by establishing a company or participating in the existing companies as well as by opening a branch, the document certified by the authorities of the country in which the company was incorporated is required, showing that the company was in the business of foreign exchange trading and was not subject to any restriction on this matter.</p> <p>Authorized institutions must be incorporated in the form of a joint-stock company. Establishment of an authorized institution and opening a branch of foreign legal entities performing similar activities necessitates a minimum capital requirement which is an equal amount for both residents and non-residents.</p>		

TURKEY (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>A. <u>Insurance and insurance related services</u></p> <p>a) Direct insurance</p> <p>i) Non-life</p>	<p>1),2) Unbound except:</p> <p>a) The hull insurance of the aeroplanes, helicopters and ships which were purchased through a foreign loan or leased through a financial leasing contract, can be done abroad provided that the insurance period must be limited to the term of either a credit or a leasing contract;</p> <p>b) Marine liability insurance;</p> <p>c) Transportation insurance concerning imports and exports;</p> <p>d) Individual accident and motor vehicle insurance for people who are going to travel abroad.</p>	<p>1),2) None</p>	

TURKEY (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
ii) Life	3) None	3) Compulsory traffic insurance for the public sector vehicles can only be done by the insurance companies the majority of whose capital as well as the members of the board of directors and the auditors must be Turkish. Insurance premiums paid for the workers and other employees cannot be deducted from corporations tax, should those personnel be insured by the branches of foreign insurance companies.	
	4) None	4) None	
	3) None	3) In order to deduct the insurance premiums from gross wages for determining the real taxable-income, those employees must not be insured by the branches of foreign insurance companies.	
	4) None	4) None	

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TURKEY (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
b) Reinsurance and retrocession	1),2) After holding the necessary retention, certain percentage of the value of remaining non-life insurance premiums collected in Turkey can be reinsured and retroceded in Turkey or abroad. However, if the retention amount reaches 75 per cent of total non-life insurance premiums, all the remaining value, without being subject to the restriction in the first sentence, can be reinsured and retroceded in Turkey or abroad. 3) None 4) None	1),2) None 3) None 4) None	
c) Insurance intermediation	1),2) Insurance intermediation can only be done on behalf of insurance companies established in Turkey. Foreign companies not operating in Turkey cannot sell policies by any means. 3) Insurance intermediaries may only operate in insurance related fields. 4) Unbound except administrative and technical personnel.	1),2) None 3) None 4) None	
d) Services auxiliary to insurance	1),2) None except adjusters. 3) None 4) None except adjusters.	1),2) Adjusters should be Turkish citizens. 3) None 4) Adjusters should be Turkish citizens.	

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TURKEY (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons			
Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
B. <u>Banking and Other Financial services</u>			
e) Acceptance of deposit	1),2) None 3) No real person or legal entity other than those authorized under the Banks Act or under specific laws may accept deposits. 4) None	1),2) None 3) None 4) None	
f) Lending of all types	1),2) None 3) None 4) None	1),2) None 3) None 4) None	
g) Financial leasing	1),2) Lease must be permitted by the Undersecretariat of Treasury and Foreign Trade. 3) Foreign financial leasing companies may open a branch in Turkey provided that they are involved in financial leasing in their home country or in the countries where they operate. Permission of the Ministry to which the Undersecretariat of Treasury and Foreign Trade is attached is required. 4) None	1),2) None 3) The minimum paid-in capital for opening a branch by a foreign leasing company is more than that of establishing a leasing company. 4) None	

TURKEY (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
h) All payment and money transmission services	1),2) None 3) Transfers of foreign exchange abroad must be carried out through the banking system. 4) None	1),2) None 3) None 4) None	
i) Guarantees and commitments	1),2) None except that performance bonds with the transactions specified in the State Tender Law must be obtained from a bank operating in Turkey. 3) None 4) None	1),2) None 3) None 4) None	
j) Trading for own account or for account of customer			
i) Money market instruments	1),2) None 3) Capital Market Institutions ⁷ engage in trading of money market instruments 4) None	1),2) None 3) None 4) None	

7 According to the Capital Market Law, capital market institutions are specified as follows:

- a) Banks and non-bank intermediary institutions;
- b) Investment Corporations;
- c) Mutual Funds;
- d) Other capital market institutions permitted to operate in the capital market such as clearing and custodial houses, rating, auditing and advisory institutions, etc.

TURKEY (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
ii) Foreign exchange	1),2) None 3) Banks and authorized institutions engage in foreign exchange trading. 4) None	1),2) None 3) None 4) None	
iv) Exchange rate and interest rate instruments	1),2) None 3) Banks can engage in trading of these instruments. Capital Market institutions other than banks, authorized to act as intermediaries for the contracts regarding financial indicators, capital market instruments, commodities and precious metals, can also engage in trading of these instruments. 4) None	1),2) None 3) None 4) None	
v) Transferable securities	1),2) None 3) The Capital Market Institutions can engage in trading of transferable securities. 4) None	1),2) None 3) None 4) None	

TURKEY (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
vi) Other negotiable instruments including bullion	1),2) None 3) The capital market institutions can engage in trading of these instruments and assets. However, banks, authorized institutions and intermediary institutions operating in Gold Exchange can engage in trading of bullion. 4) None	1),2) None 3) None 4) None	
k) Underwriting and placement	1),2) None 3) Banks and non-bank intermediary institutions can provide underwriting and placement services for the securities to be issued after being registered by the Capital Market Board. 4) None	1),2) None 3) None 4) None	
m) - Asset management portfolio management	1),2) None 3) Banks, intermediary institutions and portfolio management institutions can provide these services. 4) None	1),2) None 3) None 4) None	

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Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Collective investment management	1),2) None 3) Mutual funds and investment corporations can engage in collective investment management. 4) The majority of the members of the board of directors of an investment corporation must have Turkish nationality.	1),2) None 3) None 4) None	
Custodial, depository and trust services	1),2) None 3) The Capital Market Institutions can provide these services. 4) None	1),2) None 3) None 4) None	
n) Settlement and clearing services	1),2) None 3) Only the clearing house established within the Stock Exchange of Istanbul provides these services. 4) None	1),2) None 3) None 4) None	
o) Provision and transfer of financial information	1),2) None 3) None 4) None	1),2) None 3) None 4) None	

TURKEY (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
p) Advisory, intermediation and other auxiliary services	1),2) None 3) Intermediation services can be provided by banks and intermediary institutions. 4) None	1),2) None 3) None 4) None	

THE UNITED STATES OF AMERICA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>3) Government-owned or government-controlled insurance companies, whether US or foreign, are not authorized to conduct business in: Alabama, Alaska, Arkansas, Colorado, Connecticut, Delaware, Georgia, Hawaii, Idaho, Kansas, Kentucky, Maryland, Nevada, New York (non-life companies are authorized; life and health companies are not), North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, Washington, West Virginia, Wyoming.</p> <p>Insurance companies owned or controlled by governments outside the United States are not authorized to conduct business in: North Carolina, North Dakota and Tennessee.</p> <p>Branches are not permitted to provide surety bonds for US federal government contracts.</p> <p>The following states have no mechanism for licensing initial entry of a non-US insurance company as a subsidiary, unless that company is already licenced in some other US state: Minnesota, Mississippi, and Tennessee.</p>	<p>3) None</p>	

THE UNITED STATES OF AMERICA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>The following states have no mechanism for licensing initial entry of a non-US insurance company as a branch, unless that company is already licenced in some other US state: Arkansas, Arizona, Georgia, Hawaii, Kansas, Minnesota, Nebraska, New Jersey, North Carolina, Oregon, Pennsylvania, Tennessee, Utah, Vermont, Wisconsin, Wyoming, West Virginia.</p> <p>US citizenship is required for members of the board of directors of locally established and licenced companies in the following states and in the following shares or numbers: 100 per cent required in Louisiana; three-quarters in Washington (for mutual life companies); two-thirds required in Oklahoma (for stock and mutual companies) and Pennsylvania; a majority required in California (for insurers operating as authorized insurers only in the state of California), Florida (for stock and mutual insurers), Georgia (for stock and mutual insurers), Idaho (for stock and mutual insurers), Indiana, Kansas (for stock insurers), Kentucky, Mississippi, Ohio (for legal reserve life insurers), South Dakota (except if more than 1000 persons are entitled to vote for the board of directors and a majority of the voters reside.</p>		

THE UNITED STATES OF AMERICA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>outside the state, or less than one per cent of the shares are owned by state residents), Wyoming (for an insurer operating as an authorized insurer only in Wyoming); seven in Tennessee (for mutual life insurance companies; three in Illinois (for stock, mutual, or legal reserve insurers) and Missouri (life and accident).</p> <p>US citizenship for incorporators of insurance companies is required in the following states and in the following per centages or numbers: 100 per cent in Hawaii, Idaho (for stock or mutual insurer), South Dakota and Washington; two-thirds in Arizona (for stock and mutual insurers), Georgia (for stock and mutual insurers); a majority in Alaska, Florida (for stock and mutual insurers), Kansas (all life insurance companies and mutual insurers other than life), Kentucky (for mutual or stock insurers); Montana (stock or mutual insurers), Wyoming (for reserve stock and mutual insurers).</p> <p>4) Unbound, except as indicated in the horizontal section</p>	<p>4) None</p>	

THE UNITED STATES OF AMERICA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
c) Reinsurance & Retrocession	<p>1) Insurance companies incorporated in Nevada may purchase reinsurance only from an insurer admitted to Nevada. Unbound for Maine for the provision of reinsurance for workers' compensation.</p> <p>2) Insurance companies incorporated in Nevada may purchase reinsurance only from an insurer admitted to Nevada. Unbound for Maine for the provision of reinsurance for workers' compensation.</p> <p>3) Government-owned or government-controlled insurance companies, whether US or foreign, are not authorized to conduct business in: Alabama, Alaska, Arkansas, Colorado, Connecticut, Delaware, Georgia, Hawaii, Idaho, Kansas, Kentucky, Maryland, Nevada, New York (non-life companies are authorized; life and health companies are not), North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, Washington, West Virginia, Wyoming.</p>	<p>1) A one per cent federal excise tax is imposed on all premiums covering US risks that are paid to companies not incorporated under US law, except for premiums that are earned by such companies through an office or dependent agent in the United States.</p> <p>Some states and some municipalities impose premium taxes on insurance policies covering risks located within the jurisdiction.</p> <p>2) Unbound</p> <p>3) None</p>	

THE UNITED STATES OF AMERICA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>The following states have no mechanism for licensing initial entry of a non-US insurance company as a subsidiary, unless that company is already licenced in some other US state: Minnesota, Mississippi, and Tennessee. After a licence is obtained in some other US state, licensing and entry into the states listed above is permitted.</p> <p>The following states have no mechanism for licensing initial entry of a non-US insurance company as a branch, unless that company is already licenced in some other US state: Arkansas, Arizona, Georgia, Kansas, Minnesota, Nebraska, New Jersey, North Carolina, Oregon, Pennsylvania, Tennessee, Utah, Vermont, Wisconsin, Wyoming, West Virginia. After a licence is obtained in some other US state, licensing and entry into the states listed above is permitted.</p>	<p>4) None</p>	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>d) Services Auxiliary to Insurance:</p> <p>i) Brokerage Services</p>	<p>1) None</p> <p>2) None</p> <p>3) Generally, brokerage firms can offer services in most states by obtaining licences as "brokers" and in other states by obtaining licences to operate as "agents". Brokerage licences are not issued in: Florida, Iowa, Kentucky, Michigan, Minnesota, Mississippi, Oregon, Tennessee, Texas, Virginia, West Virginia, Wisconsin.</p> <p>4) Unbound, except as indicated in the horizontal section. In addition, generally, brokerage firms can offer services in most states by obtaining licences as "brokers" and in other states by obtaining licences to operate as "agents". Brokerage licences are not issued in: Florida, Iowa, Kentucky, Michigan, Minnesota, Mississippi, Oregon, Tennessee, Texas, Virginia, West Virginia, Wisconsin.</p>	<p>1) None</p> <p>2) Unbound</p> <p>3) None</p> <p>4) Brokerage licences are not issued to non-residents in: South Dakota, Wyoming.</p> <p>Brokerage licences are issued to non-residents for only certain lines of insurance in: Alabama (all except life, accident & health), Arkansas (property, casualty, surety & marine), Louisiana (property & casualty), New Mexico (property & casualty).</p> <p>Higher licence fees for non-residents may be charged in: Alaska, Arizona, Arkansas, California, Georgia, Hawaii, Indiana, Kansas, Louisiana, Maine, Maryland, Massachusetts, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico,</p>	

THE UNITED STATES OF AMERICA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
ii) Agency Services	<p>1) None</p> <p>2) None</p> <p>3) None</p>	<p>North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Utah, Vermont.</p> <p>1) None</p> <p>2) Unbound</p> <p>3) Agency licences are issued to non-residents for only certain lines of insurance in: Florida (general lines, life & health), Hawaii (property & operations), Kentucky (general lines, life & health), Louisiana (life & health), New Mexico (life & health), Ohio (all except life & casualty), Rhode Island (all except general lines).</p> <p>Higher licence fees for non-residents may be charged in: Alaska, Arizona, Arkansas, California, Florida, Georgia, Hawaii, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Mississippi, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Dakota, Oklahoma, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Utah, Vermont, Wisconsin, Wyoming.</p> <p>4) None</p>	

THE UNITED STATES OF AMERICA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
iii) Consultancy, Actuarial, Risk Assessment, and Claim Settlement Services	4) Unbound, except as indicated in the horizontal section 1) None 2) None 3) None 4) Unbound, except as indicated in the horizontal section	1) None 2) Unbound 3) None 4) In-state residency is required for licensure in: California (for adjusters; and for life and disability insurance analysts), Georgia (for inspection when not accompanied by a licenced resident adjuster), Illinois (for non-resident public adjusters who are licenced in a state which does not permit equal treatment to Illinois residents), Mississippi (for independent adjusters), and Nevada (for appraisers and adjusters).	

THE UNITED STATES OF AMERICA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>B. FINANCIAL SERVICES (LIMITED TO BANKING AND OTHER FINANCIAL SERVICES AND EXCLUDING INSURANCE): Commitments in these subsectors are undertaken in accordance with the Understanding on Commitments in Financial Services (the Understanding), which is incorporated by reference into this schedule, and under Article XVII of the General Agreement on Trade in Services (GATS). These subsectors are unbound with respect to Article XVI of the GATS.</p> <p>In addition, 1) this subsector shall be unbound with respect to market access through modes 1 and 3 for the expansion of existing operations, the establishment of a new commercial presence (in mode 3 only) or the conduct of new activities, and 2) service suppliers choosing to supply a service through a juridical person constituted under the laws of the United States are subject to non-discriminatory limitations on juridical form.</p> <p>National treatment commitments are subject to the following limitation: National treatment will be provided according to the foreign bank's "home State" in the United States, as that term is defined under the International Banking Act.²¹</p>			
All Subsectors	1) None 2) None	1) None 2) Unbound	

21 Foreign banking organizations are generally subject to geographic limitations in the United States on a national treatment basis. Where geographic limits do not conform to national treatment, they have been reserved as market access restrictions. For purposes of illustration, under this approach the following situations do not accord national treatment and are therefore scheduled as limitations: 1) where a foreign bank from a particular home State is accorded less favourable treatment than that accorded to a domestic bank from that State with respect to expansion by branching, and 2) where a foreign bank is treated less favourably than a domestic bank holding company from the foreign bank's home State with respect to expansion through acquisition or establishment of a bank subsidiary.

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>3) All directors of a national bank must be citizens unless a national bank is an affiliate or subsidiary of a foreign bank, in which case only a majority of the board need be citizens.</p> <p>Foreign ownership of Edge corporations is limited to foreign banks and US subsidiaries of foreign banks, while domestic non-bank firms may own such corporations.</p> <p>Federal and state law do not permit a credit union, savings bank, home loan or thrift business in the United States to be provided through branches of corporations organized under a foreign country's law.</p> <p>In order to accept or maintain domestic retail deposits of less than \$100,000, a foreign bank must establish an insured banking subsidiary. This prohibition does not apply to a foreign bank branch that was engaged in insured deposit-taking activities on December 19, 1991.</p>	<p>3) Foreign banks are required to register under the Investment Advisers Act of 1940 to engage in securities advisory and investment management services in the United States, while domestic banks are exempt from registration. The registration requirement involves record maintenance, inspections, submission of reports and payment of a fee.</p> <p>Foreign banks cannot be members of the Federal Reserve System, and thus may not vote for directors of a Federal Reserve Bank. Foreign-owned bank subsidiaries are not subject to this measure.</p> <p>Branch, agency and representative offices of foreign banks are required to be charged for the cost of Federal Reserve examinations.</p>	

THE UNITED STATES OF AMERICA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>Initial entry or expansion by a foreign person (but not a domestic person) through acquisition or establishment of a commercial bank subsidiary is prohibited or otherwise limited in the following states: Alabama; Arkansas; California (limit on foreign non-bank ownership of international banking corporation); Colorado; Indiana; Kansas; Louisiana; Minnesota; Mississippi; Montana; Nebraska; New Jersey; North Carolina; North Dakota; Oregon; Tennessee; Vermont; Virginia; Washington; West Virginia; Wisconsin. The limitations in this paragraph do not apply to establishment or acquisition of a national bank subsidiary by a foreign person that does not already have a banking presence in the United States.</p> <p>The boards of directors of depository institutions organized under the following states' laws are subject to citizenship requirements of up to the specified proportions: Alabama (all); Colorado (majority); District of Columbia (all); Florida (majority); Georgia (all); Indiana (3/4); Iowa (all); Kentucky (all); Louisiana (3/5);</p>		

THE UNITED STATES OF AMERICA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>Massachusetts (all); Mississippi (all); Missouri (all); New Hampshire (majority); New Mexico (3/4); New York (all); North Carolina (3/4); North Dakota (majority); Ohio (majority); Oklahoma (3/4); Oregon (majority); Pennsylvania (all); South Dakota (3/4); Tennessee (3/4); Virginia (majority). Citizenship is also required for the incorporators or organizers of depository institutions organized under state law.</p> <p>Establishment of a direct branch or agency by a foreign bank is limited as specified in the following states:</p> <ul style="list-style-type: none"> ● State branch licence subject to specified limitations -- California (no trust/fiduciary powers); Illinois (limited trust/fiduciary powers and restricted to Chicago business district); Massachusetts; Oregon; Pennsylvania, Washington (limited trust/fiduciary powers and to one office per bank). These limitations do not apply to Federal branches. ● State branch licence not available, but state agency licence is in Idaho. 		

THE UNITED STATES OF AMERICA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<ul style="list-style-type: none"> ● No state branch or agency licence available -- Arizona; Arkansas; Colorado; Indiana; Iowa; Maine; Maryland; Minnesota; Montana; Nebraska; Nevada; New Hampshire; New Mexico; North Dakota; Ohio; Oklahoma; Rhode Island; South Carolina; South Dakota; Tennessee; Utah; Vermont. These limitations do not apply to Federal offices. ● Branch licence not available but agency licence is, subject to any specified limitations -- Delaware (state licence limited to one office per bank and cannot operate in a manner likely to result in a substantial detriment to existing bank); Florida (available only to a foreign bank with at least \$25 million in capital or that is one of five largest banks in its home country); Mississippi; Missouri; Georgia (available only to foreign bank with at least \$50 million in capital); Hawaii (foreign bank must have \$10 billion in assets and be at least 10 years old); Louisiana (limited to parishes with more than 350,000 residents); Michigan (Federal branch licences available); Texas (limited to counties with at least 1.5 million residents). ● No branch or state agency licence available -- Wyoming. ● No branch or agency licence available -- Alabama; Connecticut; Kansas; New Jersey; North Dakota; Virginia. 	<p>The following states require direct branches or agencies of foreign banks to register under securities broker-dealer or investment adviser measures, while bank subsidiaries are exempt from such registration: Alabama; California; District of Columbia; Idaho; Illinois; Louisiana; Missouri; Nebraska; New Hampshire; Texas; Vermont. These limitations do not apply to Federally licenced branches or agencies.</p> <p>Texas allows pre-judgement seizure remedies and civil discovery requests to be applied against foreign bank agencies, while subsidiaries are exempt. Texas also prohibits agencies from acting as fiduciaries in Texas.</p>	

THE UNITED STATES OF AMERICA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Trading of Securities and Derivative Products and Services Related Thereto; Participation in Securities Issues</p>	<p>Representative offices of foreign banks are not permitted in the following states: Arizona; Arkansas; Colorado; Connecticut; Kansas; Kentucky; Mississippi; Montana; Nevada; New Hampshire; New Jersey; North Dakota; Oklahoma; Oregon; Rhode Island; South Carolina; South Dakota; Tennessee; Vermont; Virginia; West Virginia; Wisconsin; Wyoming. Other states require incorporation of representative offices.</p> <p>4) Unbound, except as indicated in the horizontal section.</p> <p>1), 2), 3) Federal law prohibits the offer or sale of futures contracts on onions, options contracts on onions, and options on futures contracts on onions in the United States, and services related thereto</p> <p>Unbound for the authority to act as a sole trustee of an indenture for a bond offering in the United States</p> <p>Unbound with respect to the use of simplified registration and periodic reporting forms for securities issued by small business corporations</p> <p>4) Unbound, except as indicated in the horizontal section</p>	<p>4) None</p> <p>1), 3) None (except as noted in the headnote above) Unbound with respect to mode 2</p> <p>4) None</p>	

THE UNITED STATES OF AMERICA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Participation in Issues of Government Debt Securities	1), 2) None 3) Unbound for the granting or continuation of Federal Reserve designation as a primary dealer in US government debt 4) Unbound, except as indicated in the horizontal section	1), 2) None 3) None (except as noted in the headnote above) 4) None	

URUGUAY

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>B. <u>Banking and other financial services (excluding insurance)</u></p> <p>a) Acceptance of deposits and other repayable funds from the public (CPC 81115 + 81119)</p>	<p>1), 2) None</p> <p>3) For banks, commercial presence is subject to the following quantitative limit: "in any one year the number of authorizations for new banks to operate may not exceed 10 per cent (ten per cent) of the banks existing in the year immediately preceding. This provision applies exclusively to those institutions which are defined by the law as banks and does not affect other financial intermediation enterprises.</p> <p>Financial intermediation enterprises comprise: banks, financial intermediation co-operatives, finance houses, off-shore financial institutions, consortium managers, and investment banks.</p> <p>The banks carry out all types of financial operations and, jointly with the financial intermediation co-operatives, are the only ones authorized:</p>	<p>1), 2) None</p> <p>3) None</p>	

URUGUAY (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>a) to accept current account deposits and allow them to be drawn on against cheques;</p> <p>b) to accept demand deposits;</p> <p>c) to accept term deposits from residents.</p> <p>The finance houses may carry out all financial intermediation activities, except those restricted to the banks and co-operatives, drawing their resources exclusively from non-residents.</p> <p>The off-shore financial institutions operate exclusively with non-residents.</p> <p>The consortium management firms are those which organize or manage groups, associations or consortia whose members contribute funds to be applied, mutually or jointly, for the purchase of particular goods or services.</p>		

URUGUAY (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>The investment banks may only accept deposits from and extend loans to non-residents for terms of more than one year; issue negotiable bonds or debentures; finance the issue of or place securities, bonds, debentures, stocks and shares on behalf of non-financial enterprises; acquire shares or capital interests in enterprises for the purpose of launching investment projects or reorganization, development or conversion schemes; accept and place bills linked with those enterprises and carry out bank giro operations with them (except for accepting current account deposits); medium and long-term credits and loans; arrange bonds, references, guarantees and security; do trust and commission business and advise on investments and business administration.</p> <p>4) Unbound, except as indicated in the horizontal section</p>	<p>4) Unbound, except as indicated in the horizontal section</p>	

URUGUAY (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
c) Financial leasing with purchase option (CPC 8112)	1), 2) None 3) Limitation as a) acceptance of deposits 4) Unbound, except as indicated in the horizontal section	1), 2) None 3) None 3) Unbound, except as indicated in the horizontal section	
k) Advisory and other auxiliary financial services on all the activities listed in Article 1B of MTN.TNC/W/50, including credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy (CPC 8131 and 8133)	1), 2) None 3) Limitation as a) acceptance of deposits 4) Unbound, except as indicated in the horizontal section	1), 2) None 3) None 4) Unbound, except as indicated in the horizontal section	

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VENEZUELA

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p><u>Insurance</u></p> <p>(CPC 812, excluding Pension Funds)</p> <p>a) Life insurance services (81211)</p> <p>b) Non-life insurance services (8129)</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) Insurance companies in the capital of which foreigners hold a share of more than 20 per cent cannot be authorized. Must take the form of public limited companies</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None, without prejudice to the contents of the market access column</p>	

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Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p><u>Reinsurance</u></p>	<p>4) Unbound, except for managers, executives and specialists in accordance with the offer for the presence of natural persons. The President and at least three-quarters of the Vice-Presidents, Directors, Managers, Assistant Managers and technical or legal consultants of insurance companies must be Venezuelans domiciled in the country</p> <p>1) Unbound</p> <p>2) The law requires national insurance companies to cede on the domestic market at least 40 per cent of reinsurance premiums from their automatic contracts, and also to cede to national companies any reinsurance surplus that remains after they have exhausted their capacity for automatic reinsurance</p> <p>3) Foreign participation in the capital of reinsurance companies incorporated in Venezuela cannot exceed 20 per cent. Must take the form of public limited company</p>	<p>4) None, without prejudice to the contents of the market access column</p> <p>1) Unbound</p> <p>2) None, without prejudice to the content of the market access column</p> <p>3) None, without prejudice to the content of the market access column</p>	

VENEZUELA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p><u>Insurance. Auxiliary services, excluding Pension Funds</u> (CPC 814)</p>	<p>The law requires national insurance companies to cede on the domestic market at least 40 per cent of reinsurance premiums from their automatic contracts, and also to cede to national companies any reinsurance surplus that remains after they have exhausted their capacity for automatic reinsurance</p> <p>4) Unbound, except for managers, executives and specialists, in accordance with the offer for the presence of natural persons. The President and at least three-quarters of the Vice-Presidents, Directors, Managers, Assistant Managers and technical or legal consultants of reinsurance companies must be Venezuelans domiciled and residing in the country</p> <p>1) Unbound</p>	<p>4) None, without prejudice to the content of the market access column</p> <p>1) Unbound</p>	

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VENEZUELA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Insurance and reinsurance brokerage (CPC 81401)	2) Insurance contracts concluded abroad are void in Venezuela even if concluded by national enterprises, unless the premium has actually been paid to an enterprise in Venezuela, in accordance with national rates, in the following cases: a) Insurance of persons, if at the time when the contract was signed the insured person was domiciled in Venezuela b) Insurance on goods located in the national territory c) Insurance on ships, aircraft and other vehicles registered in Venezuela The National Executive may determine other types of insurance which must be contracted in the country in order to be operative in Venezuela	2) None, without prejudice to the content of the market access column	

VENEZUELA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p><u>Banks and credit institutions</u> (CPC 81115-81116-8112-8113-81333-81339)</p>	<p>3) Companies of which foreigners hold more than 20 per cent of the capital cannot be authorized. Nor can the establishment in the country of agencies or subsidiaries of foreign insurance brokerage firms or representatives of agents or brokers of foreign insurance companies not domiciled or residing in the country. They must take the form of public limited companies or private limited-liability companies</p> <p>4) Unbound, except for managers, executives and specialists, in accordance with the offer for natural persons. The President and at least three-quarters of the Vice-Presidents, Directors, Managers, Assistant Managers, and technical and legal consultants of insurance and reinsurance brokerage companies authorized in the country must be Venezuelans domiciled and residing in the country</p> <p>1) Unbound</p>	<p>3) None, without prejudice to the content of the market access column</p> <p>4) None, without prejudice to the content of the market access column</p> <p>1) Unbound</p>	

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VENEZUELA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
a) Acceptance of deposits and other repayable funds from the public (CPC 81115-81116)	2) Unbound	2) Unbound	
b) Lending of all types, including <i>inter alia</i> consumer credit, mortgage credit, factoring and financing of commercial transactions (CPC 8113 excluding 81139)	3) New banking institutions cannot be authorized unless they are 100 per cent Venezuelan-owned.* Representative offices of foreign banks may be authorized but they may not tap funds in Venezuela. They may only act as intermediaries for lending	3) None, without prejudice to the content of the market access column	
c) Financial leasing with option to purchase (CPC 8112)	Branches of foreign banks other than those of Latin American countries are subject to operating restrictions and cannot: accept saving deposits of residents, accept deposits of public entities, issue negotiable certificates of deposit, increase their capital		

* The foreign participation still retained by national financial institutions (not more than 20 per cent of the capital) may be ceded to other foreign investors, but if it is reduced it cannot subsequently be raised again.

VENEZUELA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
d) Payment and money transmission services (CPC 81339)	or offices, issue bonds of any kind, issue capitalization securities and sell foreign exchange acquired from the Central Bank of Venezuela. They cannot have callable liabilities in excess of fourteen times their net worth		
e) Guarantees (CPC 81339)	4) Unbound, except for managers, executives and specialists, in accordance with the offer for the presence of natural persons. The President and three-quarters of the Vice-Presidents, Directors, Managers, Secretaries and other executives of banks and credit institutions must be Venezuelans residing in the country**	4) None, without prejudice to the content of the market access column	
f) Foreign exchange operations (CPC 81333)			
g) New operations and services*			
<u>Foreign exchange houses</u> (CPC 81333)	1) Unbound	1) Unbound	

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* In the case of new services or operations, these must be compatible with the nature of the bank in question, with the limitations established by the National Executive, after receiving the opinion of the Central Bank of Venezuela.

** This provision does not apply to branch offices of banks currently operating in Venezuela.

VENEZUELA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Buying and selling of foreign bank notes and travellers cheques from or to the public</p>	<p>2) Unbound</p> <p>3) Only Venezuelan-owned enterprises may be authorized</p> <p>4) Unbound, except for managers, executives and specialists, in accordance with the offer on the presence of natural persons</p>	<p>2) Unbound</p> <p>3) None, without prejudice to the content of the market access column</p> <p>4) None, without prejudice to the content of the market access column</p>	
<p><u>Capital markets</u></p> <p>Mutual funds (CPC 81191)</p>	<p>1) Unbound</p> <p>2) None</p> <p>3) Must take the form of public limited companies. Must invest their funds exclusively in lawful securities</p> <p>4) Unbound, except for managers, executives and specialists, in accordance with the offer on the presence of natural persons</p>	<p>1) Unbound</p> <p>2) None</p> <p>3) None, without prejudice to the content of the market access column</p> <p>4) None, without prejudice to the content of the market access column</p>	

VENEZUELA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Mutual fund management companies (CPC 81319)	1) Unbound 2) Unbound 3) Must take the form of public limited companies. Mutual fund management companies may not simultaneously provide services to more than one mutual fund when the investment goals and sales plans are of the same type, in the opinion of the National Securities Commission. If they are administered by other companies, mutual funds established in Venezuela must be managed by a management company likewise constituted in Venezuela for that purpose 4) Unbound, except for managers, executives and specialists, in accordance with the offer on the presence of natural persons	1) Unbound 2) Unbound 3) None, without prejudice to the content of the market access column 4) None, without prejudice to the content of the market access column	
Investment advisory services (CPC 81332)	1) Unbound 2) None	1) Unbound 2) None	

VENEZUELA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Securities brokerage (CPC 81321, 81323)</p>	<p>3) In the case of advisory services relating to investment in foreign securities or for acting as a contact with foreign brokers or representing them, such authorization depends on the country's economic and financial situation in the opinion of the Commission</p> <p>The National Securities Commission may revoke or cancel authorizations relating to advisory services for investment in foreign securities or for acting as a contact with brokers abroad or representing them when in its opinion the country's economic and financial conditions are unsuitable for such activities</p> <p>4) Unbound, except for managers, executives and specialists, in accordance with the offer on the presence of natural persons</p> <p>1) Unbound</p> <p>2) None</p>	<p>3) None, without prejudice to the content of the market access column</p> <p>4) None, without prejudice to the content of the market access column</p> <p>1) Unbound</p> <p>2) None</p>	

VENEZUELA (continued)

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p><u>Banks and credit institutions, insurance and capital market</u></p> <p>Provision and transfer of financial information, and financial data processing and related software by providers of other financial services (sub-paragraph (o) of the Annex on Financial Services)</p>	<p>3) Authorization of the public offering of foreign securities in Venezuela depends on whether this is in the national interest, with the prior assent of the National Executive</p> <p>4) Unbound, except for managers, executives and specialists, in accordance with the offer on the presence of natural persons. Administrators of a brokerage house must be resident in the country</p> <p>1) None*</p> <p>2) None*</p> <p>3) None*</p> <p>4) Unbound, except for managers, executives and specialists, in accordance with the offer on the presence of natural persons</p>	<p>3) None, without prejudice to the content of the market access column</p> <p>4) None, without prejudice to the content of the market access column</p> <p>1) None*</p> <p>2) None*</p> <p>3) None*</p> <p>4) None, without prejudice to the content of the market access column</p>	

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* Without prejudice to the right of Venezuela to protect personal information, privacy and the confidential nature of personal records and accounts.

ZIMBABWE

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7. FINANCIAL SERVICES</p> <p>B. <u>Banking Services</u></p> <p>a) Acceptance of deposits and other repayable funds from the public</p> <p>b) Lending of all types, including consumer credit, mortgage, credit, factoring and financing of commercial transaction</p> <p>c) Financial leasing</p>	<p>1) None</p> <p>2) None</p> <p>3) - Foreign equity participation in financial institutions is bound at 60 per cent. - Commercial banks may not lend for building. - Building societies may not lend for working capital requirements of firms, and may not issue cheque books. - Only commercial banks and merchant banks are authorized to accept deposits of money withdrawable by cheque, draft or order payable on demand.</p>	<p>1) None</p> <p>2) None</p> <p>3) None</p>	

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Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>d) All payment and money transmission services, including credit, charge and debit cards, travellers cheques and bankers drafts</p> <p>e) Guarantees and commitments</p> <p>Merchants banks are also authorized to:</p> <ul style="list-style-type: none"> - underwrite new issues - manage portfolios - raise development capital - arranging financing for mergers and takeovers 	<p>Commercial banks and merchant banks may not engage on their own account in wholesale or retail trade, including export/import trade except as necessary in the course of recovering debts and may not acquire or hold immovable property except as related to providing housing amenities for staff.</p> <p>- Commercial banks may not take equity in non-banking institutions.</p> <p>4) Unbound except as indicated in the horizontal section</p>	<p>4) Unbound except as indicated in the horizontal section</p>	

27.10.1994

Interim Group on Financial Services

COMPILATION OF ARTICLE II (MFN) EXEMPTIONS

FINANCIAL SERVICES SECTOR

Informal Note by the Secretariat

In conjunction with compiling commitments on financial services as requested at the 12 October 1994 meeting of the Interim Group on Financial Services, the Secretariat has compiled exemptions from MFN treatment in financial services as reflected in final lists of Article II (MFN) exemptions. This sectoral compilation should be read in conjunction with the informal Secretariat note entitled "*Compilation of Article II (MFN) Exemptions: All Sectors*" of 21 June 1994.

This document does not in any way replace the content of final exemption lists. Exemptions which have been translated from the original language in which they were submitted are considered authentic in the original language only.

FINANCIAL SERVICES

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Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
<u>Financial Services</u> (securities)	Members of foreign stock exchanges who wish to become members of the Australian Stock Exchange are only able to do so if the foreign stock exchange provides access to Australian Stock Exchange members on terms and conditions which are reasonable and not more onerous than those applying to applicants for membership of the Australian Stock Exchange	All countries	Indefinite	To promote non-discriminatory liberalization of access to stock exchange membership. A number of GATS Members regard their stock exchanges as fully independent of government and, therefore, outside the scope of Article I:3.

BRUNEI DARUSSALAM

Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
Financial Services	Treatment with respect to the granting of approval to establish offshore banks and merchant banks, to expand existing operations and conduct new activities in the financial services sector may be accorded to service suppliers of another member in a differentiated manner or on the basis of reciprocity and at the discretion of the relevant authority.	All countries	Indefinite	To accord differentiated treatment to another member which accords favourable treatment to Brunei Darussalam financial institutions.
Reinsurance and retrocession	Exception granted to ASEAN Reinsurance Corporation (ASEAN Re), a private-sector venture with equal shareholdings from six ASEAN countries, to be established with paid-up capital of B\$6 million instead of the minimum B\$10 million stipulated in the Insurance Act. Other than this, ASEAN Re is subject to the same rules and regulations applied to all reinsurers in Brunei Darussalam.	ASEAN	Indefinite	To promote greater cooperation among ASEAN in the reinsurance sector.

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BRUNEI DARUSSALAM (continued)

Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
Banking and other financial services	<p>Under a currency interchangeability agreement between Brunei Darussalam and Singapore, the currency issuing authorities of Brunei Darussalam and Singapore would:</p> <ul style="list-style-type: none"> - accept from banks, notes and coins by the other issuing authority, at par and without charge and to exchange such notes and coins into the currency of the country concerned; and - arrange for repatriation at the expense of the respective currency issuing authority, the notes and coins issued by the other currency issuing authority and to receive at par the equivalent in any agreed currency. 	Singapore	Indefinite, until either country terminates the agreement.	The currency interchangeability agreement was entered into in 1967 arising from special historical and economic ties between Brunei Darussalam and Singapore.

Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
Banking, Trust and Insurance Services	Licences for establishment will be granted to service suppliers of other countries on the basis of reciprocity	All countries	Conditional upon the level of commitments and exemptions undertaken by other members. The measures referred to in column 5) will be suspended from the entry into force of the agreement establishing the WTO until the end of a period six months after the entry into force.	Maintenance of existing reciprocity measures designed to enhance access of Canadian financial service suppliers to foreign financial markets
Insurance Intermediation: Agency Services	Preferential access to the Ontario insurance services market is provided to non-resident individual US insurance agents	All states in the United States	Indeterminate	Reciprocity
Financial Services, including lending of all types and trading for own account of certain securities by loan and investment companies	Preferential treatment in Québec for allocation of licences is provided by the Province of Québec to loan and investment companies incorporated under the laws of the Parliament of the United Kingdom and Ireland for purposes of obtaining a licence to carry on business	Great Britain and Northern Ireland, Republic of Ireland	Indeterminate	Maintenance of existing historical preference

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CZECH REPUBLIC

Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
Financial Services	Authorization for a service supplier of another Member to establish a commercial presence or conduct new activities may be denied in cases when Czech suppliers are denied such access and treatment in the country of origin of service supplier concerned	All countries concerned	Indefinite	To obtain equal market access possibilities for Czech services providers

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Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
Financial services	<p>Convention on facilitating the financial integration of countries of the Central American Isthmus</p> <p>After 1 January 1995, if the signatory countries have reached a satisfactory degree of harmonization and homogenization of their macroeconomic policies, resources received by subsidiaries in one signatory State may be invested in other signatory States</p>	El Salvador, Honduras and Nicaragua	Indefinite	To facilitate the integration of countries of the Central American Isthmus

EUROPEAN COMMUNITIES AND THEIR MEMBER STATES

Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
Direct non-life insurance	Measures based on a bilateral agreement between the European Communities and Switzerland on direct insurance other than life insurance. This agreement provides on a reciprocal basis for freedom of establishment and the right to take up or pursue non-life insurance business for agencies and branches of undertakings whose head office is situated in the territory of the other contracting party.	Switzerland	Indefinite	Need to remove obstacles to the taking up and pursuit of non-life insurance business in the framework of an agreement between the European Communities and Switzerland on non-life insurance consistent with the provisions of paragraph 3 of the Annex of Financial Services
Financial services	Measure granting favourable tax treatment (off-shore regime) in Italy to service suppliers trading with the countries to which the measure applies.	States in Central, Eastern and South-Eastern Europe, and all Members of the Commonwealth of Independent States	10 years	The need to aid the countries concerned in their transition to a market economy.

Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
Financial services	Monetary and financial integration, free transfer of capital, facilitation of the establishment and operation of banks and insurance companies, branches, subsidiaries and other financial entities	Guatemala, El Salvador, Nicaragua, Costa Rica and Panama	Indefinite	Central American integration of the financial sector

HONG KONG

Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
Banking and other financial services (excluding insurance)	Full banking licences are only granted to banks incorporated outside Hong Kong on the basis of reciprocity.	All countries	The reciprocity requirement will remain in place until similar measures maintained by other countries in this sector are removed.	The reciprocity requirement is put in place to ensure that banks incorporated in Hong Kong will be accorded equivalent market access in places outside Hong Kong.

HUNGARY

Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
Financial services	A Government licence may be granted to the establishment of such foreign service supplier, the country of origin of which grants Hungarian service suppliers access to its market in the form of commercial presence similar to that provided for by Act No. LXIX of 1991 on Financial Institutions and Financial Institutional Activities	All countries	Indefinite	To obtain equal market access possibilities for Hungarian service providers

INDIA

Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
BANKING SERVICES	Favourable treatment in respect of licences for entry and expansion in the form of branches will be granted to banks incorporated outside India on the basis of reciprocity.	All countries	The reciprocity requirement will remain in place until similar measures maintained by other countries in this sector are removed.	To enable favourable treatment to be accorded to another Member which is based on the treatment or access accorded by that member to India.
OTHER FINANCIAL SERVICES INCLUDING INSURANCE	Favourable treatment relating to approval for the establishment of commercial presence including foreign equity participation by foreign service suppliers in Indian companies will be granted on the basis of reciprocity.	All countries	The reciprocity requirement will remain in place till similar measures maintained by other countries in this sector are removed.	To enable favourable treatment to be accorded to another Member which is based on the treatment or access accorded by that member to India.

INDONESIA

Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
Banking Services	<p>Measures relating to a joint-venture bank of national and foreign origin under which entry of a foreign bank in Indonesia is allowed on a reciprocity basis (Pursuant to Articles 14(3) the Ministry of Finance Decrees No. 220/KMK.017/1993 dated 26th February 1993)</p> <p>With respect to joint-venture banks, licenses can only be granted to foreign banks of countries which adopt reciprocal policies regarding Indonesian banks</p>	All countries which adopt reciprocal policies regarding Indonesian banks	Indefinite	To guarantee equal treatment of Indonesian banks wishing to establish offices abroad

Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
Financial Services - Banking	A licence may be granted to the establishment of foreign service supplier, to the country of origin of which grants Israeli suppliers access to its market in the form of similar commercial presence.	All countries	Indefinite	To obtain equal market access possibilities for Israeli banks.

Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
Banking and other financial services (including insurance)	Future liberalization measures affecting the entry and provision of financial services in or relating to the Republic of Korea will be granted only to those countries that accord MFN treatment to financial services or financial service suppliers of the Republic of Korea.	All countries	Indefinite	To reserve the right to take appropriate action, whenever necessary, in response to discriminatory treatment accorded to financial services or financial service suppliers of the Republic of Korea by any other country.

LIECHTENSTEIN

Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
Insurance services	To grant permit for establishment to insurance companies from countries other than Liechtenstein only to companies which are supervised by the Swiss insurance supervision authority	All countries	Indefinite	Measure to ensure supervision of foreign insurance companies
Banking and other financial services (excluding insurance)	To allow persons established in Switzerland, without requiring a commercial presence in Liechtenstein, to participate in settlement and clearing networks and to lead-manage Swiss franc denominated issues	Switzerland	Indefinite	Measures ensuing from the monetary union between Liechtenstein and Switzerland

Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
All Financial Services, including Insurance	Preferential treatment for the supply of financial services to Malaysians may be accorded to financial services and service suppliers of another Member in a differentiated manner and at the discretion of the relevant authorities	All countries	Indefinite	To enable differentiated treatment to be accorded to another Member which commensurates with the commitments of that Member to assist Malaysia to achieve specific economic and financial targets, enhance trade and investment and promote technological innovation and expansion of its financial sector which would result in net benefit to Malaysia

PAKISTAN

Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
Banking and other financial services	Foreign service promoters are granted licenses on the basis of reciprocity	All countries	The reciprocity requirement will remain in place until similar measures maintained by other countries in this sector are removed	The reciprocity requirement is put in place to ensure that Pakistani banks are accorded equivalent market access in places outside Pakistan
	Financial institutions set up to undertake Islamic financing transactions	All countries	Indefinite	The financing transactions are determined and governed by Religious Boards set up for the purpose by each Islamic financial institution
	Separate banking regulations may be laid down for banks which are owned and controlled by the Federal Government or a Provincial Government engaged in financing the commodity operation programmes and other price support schemes of the Government	All countries	Indefinite	Commodity operation programme is an essential government function undertaken through government banks. These are non-profitable transactions of the banks. The exemption will eventually come to be restricted to the National Bank of Pakistan.
	Financial institutions set up as joint ventures under the framework of ECO or other protocols signed amongst the ECO member countries	ECO member countries	Indefinite	The Treaty of Izmir and the Istanbul Summit held in July 1993 amongst others decided for the establishment of financial institutions by the governments of ECO Member States with the obligation of meeting the goals of regional economic integration

PERU

Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
<u>Financial intermediation services</u> (Banking and securities services)	Peru reserves the right not to apply the most-favoured-nation clause to those countries that do not apply it automatically and unconditionally to Peru as provided for in Article II of the GATS	All countries	Indefinite	Reciprocity

PHILIPPINES,

Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
<u>Banking and Other Financial Services</u> (including insurance)	With respect to the granting of authorization for the establishment of commercial presence or expansion of existing operations in Financial Services in the Philippines, favourable treatment would be accorded, on a discretionary basis, to financial service suppliers of another Member that accords favourable treatment to financial service suppliers of the Philippines	All countries	Indefinite	To promote greater liberalization in financial services between the Philippines and other Members in a manner that would contribute to the attainment of Philippine development objectives in the financial sector

Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
FINANCIAL SERVICES¹				
Reinsurance and retrocession	Exception granted to ASEAN Reinsurance Corporation (ASEAN Re), a private-sector venture with equal shareholdings from the 6 ASEAN countries, to be established with a paid-up capital of S\$ 6 million instead of the minimum S\$ 10 million stipulated in the Insurance Act. Other than this, ASEAN Re is subject to the same rules and regulations applied to all reinsurers in Singapore.	ASEAN	ASEAN Re has committed itself to increase its paid-up capital when its premium income increases. Presently, ASEAN Re writes a relatively small amount of business.	To promote greater cooperation among ASEAN in the reinsurance sector
Banking and other financial services	Under a currency inter-changeability agreement between Singapore and Brunei, the currency-issuing authorities of Singapore and Brunei would:	Brunei	Indefinite, until either country terminates the agreement	The currency inter-changeability agreement was entered into in 1967 arising from special historical and economic ties between Singapore and Brunei

¹ Supplementary information provided for transparency

The Stock Exchange of Singapore (SES) and the Singapore International Monetary Exchange (SIMEX) have established trading linkages with the exchanges of some countries to facilitate the trading of securities and futures. The establishment of trading linkages is a commercial decision of the SES and SIMEX.

Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
	<p>accept from banks, notes and coins issued by the other issuing authority, at par and without charge and to exchange such notes and coins into the currency of the country concerned; and</p> <p>arrange for repatriation at the expense of the respective currency issuing authority, the notes and coins issued by the other currency issuing authority and to receive at par the equivalent in any agreed currency.</p>			

ANNEX 1 (continued)

Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
Financial services	Treatment with respect to the granting of approval to establish offshore banks and merchant banks, to expand existing operations and conduct new activities in the financial services sector may be accorded to service suppliers of another Member in a differentiated manner or on the basis of reciprocity and at the discretion of the Monetary Authority of Singapore or the relevant authority	All countries	Indefinite	To accord differentiated treatment to another Member which accords favourable treatment to Singapore financial institutions

Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
Financial Services	Authorization for a service supplier of another Member to establish a commercial presence or conduct new activities may be denied in cases when Slovak suppliers are denied such access and treatment in the country of origin of service supplier concerned	All countries concerned	Indefinite	To obtain equal market access possibilities for Slovak services providers

SOUTH AFRICA

Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
Financial Services	Members of the Common Monetary Area enjoy preferential access to the South African capital and money markets and the transfer of funds, to or from the area of any other member of the Common Monetary Area, is exempt from exchange controls	Lesotho Namibia Swaziland	Indefinite	The Common Monetary Area Agreement is aimed at the sustained economic development of the area as a whole. In particular, it encourages the advancement of the less developed members of the area through preferential access to South Africa's capital and money markets.

Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
Financial Services	Members of the Common Monetary Area enjoy preferential access to the Swaziland capital and money markets and the transfer of funds, to or from the area of any other member of the Common Monetary Area, is exempt from exchange controls	South Africa, Namibia, Lesotho	Indefinite	The Common Monetary Area Agreement is aimed at the sustained economic development of the area as a whole

SWITZERLAND

Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
Banking and other financial services (excluding insurance)	<p>To allow persons established in the Principality of Liechtenstein, without requiring a commercial presence in Switzerland, to participate in settlement and clearing networks and to lead-manage Swiss franc denominated issues</p> <p>New licences are granted to foreign financial services providers whose home country authorities provide adequate market access opportunities for Swiss financial services providers</p>	<p>Principality of Liechtenstein</p> <p>All countries</p>	<p>Indefinite</p> <p>Conditional upon the level of commitments undertaken by other Members.</p> <p>The application of the legislation referred to under column (5) is withheld until the conclusion of a period ending no later than six months after the entry into force of the Agreement Establishing the WTO</p>	<p>Measures ensuing from the monetary union between Switzerland and the Principality of Liechtenstein</p> <p>Measures resulting from Swiss legislation which aims at enhancing access to foreign financial markets on a non-discriminatory basis</p>

Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
Banking and other financial services	The application of future measures affecting the supply of banking and other financial services would be accorded on a favourable basis to the services providers of countries which accord favourable treatment to Thai financial service providers	All countries	Indefinite	To address the problem of systemic instability and/or the issue of balanced exchange of offers

Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
Financial Services Banking ³	Should national banks wishing to open branches in the countries whose banks have already opened or will open branches in Turkey, are forced to meet stricter conditions which they will be subject to under the legislation of those countries, or which are to be made stricter afterwards, than those imposed in the Turkish Banks Act, foreign banks compliance with the same conditions and the annulment of the permissions of those failing to comply with such condition should be required.	All countries	Indefinite	Desire to ensure equal treatment to Turkish banks in the other countries.

3 If the other countries remove this measure, Turkey will also remove it.

Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
Banking and Other Financial Services (excluding Insurance)	<p>Differential treatment of countries due to application of reciprocity measures or through international agreements guaranteeing market access or national treatment</p> <p>A broker-dealer registered under US law that has its principal place of business in Canada may maintain its required reserves in a bank in Canada subject to the supervision of Canada</p>	<p>To be determined before the expiry of six months from the entry into force of the WTO Agreement</p> <p>Canada</p>	<p>Pursuant to the Ministerial Decision on Financial Services, the measures described in this exemption will be suspended from the entry into force of the WTO Agreement until the end of a period six months after entry into force. No other measures are subject to this suspension</p> <p>Indefinite</p>	<p>Need to protect existing activities of US service suppliers abroad and to ensure substantially full market access and national treatment in international financial markets</p> <p>Maintenance of established preference</p>
Banking and Other Financial Services (excluding Insurance)	<p>Permission to establish state-licensed branches or agencies, or to own commercial bank subsidiaries, is based on a reciprocity test in the following states: California, Connecticut, Florida, Georgia, Hawaii, Illinois, Kentucky, Louisiana, Massachusetts, Michigan, Oregon, Pennsylvania, Texas, Washington.</p>	<p>All</p>	<p>Indefinite</p>	<p>Need to protect existing activities of US service suppliers abroad and to ensure substantially market access and national treatment in international financial markets</p>

UNITED STATES OF AMERICA (continued)

Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
	<p>Authority to act as a sole trustee of an indenture for a bond offering in the United States is subject to a reciprocity test</p> <p>Designation as a primary dealer in US government debt securities is conditioned on reciprocity</p>	<p>All</p> <p>All</p>	<p>Indefinite</p> <p>Indefinite</p>	<p>Need to ensure US financial service suppliers are permitted to provide trustee services in foreign markets</p> <p>Need to ensure US financial service suppliers are afforded national treatment in foreign government debt markets</p>

Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
Financial services - Banking (CPC 81115-81116-81112-8113-81333-81339) - Insurance (CPC 812-814)	Authorizations for the entry of foreign capital into the national market through participation in existing institutions, the opening of subsidiaries or the creation of new suppliers of financial services may be subject to reciprocity when the National Executive considers it appropriate	All countries	Ten years	A reasonable interval is necessary for implementation of the new law on banks and other financial institutions, which entered into force on 1 January 1994. The same applies to the new law on insurance and reinsurance enterprises, which it is hoped will be approved during 1994.

TREASURY



NEWS

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FOR IMMEDIATE RELEASE
TEXT AS DELIVERED
May 3, 1995

REMARKS OF TREASURY SECRETARY ROBERT E. RUBIN
CENTER FOR NATIONAL POLICY
WASHINGTON, D.C.

I'm going to speak this morning about financial modernization and a few other items relating to the financial markets. Before doing that, let me try to put in context just at word or two about the things we've been working on in general on the President's approach to economic issues.

At its core, the President's economic program has one central goal, and that is recognizing the enormous changes that have taken place in the global economy, and the critical importance of being competitive and effective in the global economy. So the President has been directed toward doing that which is necessary to prepare ourselves for the global economy, and number two, internationally, engaging so we can be effective participants in the global economy. The global economy we're in today is one that will be even more part of our lives in the years and decades ahead.

And part of this is preparing the work force, focusing on education, on training, and the problems of the inner cities, and all of the domestic initiatives, which while some may view as social programs, he views, and I think he's absolutely dead right on this, he views as economic initiatives that are critical to future productivity and competitiveness in that global environment.

Preparing the economy also requires that we reduce the cost of capital, and that we promote the availability of capital to all who are creditworthy, and the efficiency of our financial services industries and our financial markets. And that takes us from the broad thrust of the President's economic strategy to the issues of this morning's remarks.

The goal then, looking at financial markets, the financial services industry, is to improve capital costs, improve capital access for business and consumers in every community -- downtown, uptown, suburban, rural, wealthy or poor.

RR-270



The question of access to capital and the cost of capital has been at the top of the domestic agenda from the very beginning of this administration. We began with the 1993 deficit reduction program. It was a massive and powerful program to reverse the increase in deficits that has taken place during the past 12 years. As a consequence, we now have a lower cost of capital than this country's had in a long time. In fact, it is at the lowest point relative to the business cycle than the cost of capital has been in well over 20 years. In our judgment, the deficit premium has largely been wrung out of long term interest rates, so the system will work the way it ought to work. That is to say that interest rates go up with growth and go down with slower periods and we've taken out the artificial impediment to growth, the deficit premium.

However, it is not enough to restore fiscal discipline, although that is absolutely critical. And it has been, as I said, a powerful commitment and accomplishment of this President, not only in the 1993 program, but carrying forward deficit reduction in this year's budget, which adds \$81 billion in additional deficit reduction over the next five years. And, as the president has said so often, his commitment to deal with the problem of federal health care entitlements, in the context of health care reform.

However, in addition to deficit reduction, it is necessary also to increase competitiveness and the efficiency of our markets, which dictates modernizing our legal and regulatory structure so that it is as modern as the marketplace.

Within months of taking office, the President called a group of people from Treasury and the White House down to the Cabinet Room and he put in place, particularly with the leadership of Treasury, a targeted administrative effort to remove unnecessary regulatory impediments and thereby deal with what was then a very important issue, the question of the credit crunch. There is no question in my mind that the regulatory changes he made at that time made a real contribution, they weren't the total answer, but a real contribution to reducing significantly the credit crunch.

The next major step was interstate banking legislation. The President signed interstate banking legislation seven months ago, and in doing so took a major step, one that the banking industry had rightly tried to accomplish for a long time, one that will be of great importance as we go forward toward removing the impediments government has placed in the way of the efficient operation of our banking system.

If you look at the history of the financial industry in the United States -- for that matter, if you look at market history more generally -- you'll find and that where markets are artificially restrained, market participants find a way to work around that restraint over time. That's precisely what happened in interstate banking. We had a prohibition against interstate banking, and yet we had what in effect was a rather crude system of interstate banking until this legislation was enacted. The old system was inefficient -- it added time, confusion and cost to the process, not just to the financial institutions but also for the customers.

Congress agreed and, as this legislation is fully implemented, it will make a big difference, allowing banks to be more efficient and easier for customers to use. Again, it was a case of getting government out of the way where it was impeding the system without improving its safety or soundness.

There are, however, areas of our country where whatever may be done to improve efficiency, mainstream financial institutions have been reluctant to do business. That is why the President proposed, and a huge bipartisan majority in Congress passed, the Community Development Financial Institution legislation last year. It is a lifeline to community development financial institutions and to entrepreneurs who create jobs and build opportunity and create economic activity in our rural areas, in our distressed inner cities, and on our Indian reservations. It makes capital available, and this is a very important point, to capital-worthy borrowers, ones who want to take advantage of a business opportunity in areas where capital and credit has been hard to come by.

Let me say just a word, if I may, about the actions on the Hill concerning recisions in this years' CDFI appropriation.

We all recognize the need for budgetary restraint. As I said a moment ago, this President has dramatically reversed 12 years of fiscal profligacy, roughly speaking quadrupled the outstanding federal debt, and we have a powerful program in this budget and the commitment to reduce federal health expenditures within the context of health care reform going forward. Under the President's existing budget the deficit is brought down from roughly 5 percent of GDP when he took office to 2.7 percent of GDP today, a projection of 2 percent by the year 2000, and 1.6 percent in the year 2005. And, as I said a moment ago, in addition to that, the President is a strong advocate of controlling federal health care expenditures in the context of federal health care reform.

However, fiscal restraint, reducing the deficit, should not be done with arbitrary dates and arbitrary cuts but should be done in a thoughtful fashion so we can make the right long term judgments for the economy. In that context, I believe it is shortsighted to reduce the appropriation for CDFI institutions.

Leveraging the modest initial appropriation of \$125 million with private resources could mean \$5 billion or more in new credit for Americans who want it and need it and are creditworthy. And this is an important part of the economic and social imperative of dealing with the problems of the inner cities.

There is one other initiative along the same lines I want to discuss before looking at the major item on our agenda this year.

I'm referring to the Community Reinvestment Act regulatory reform announced recently by President Clinton. It is a reform we are very proud of. The CRA, as you know, is intended to incentivize financial institutions to meet the credit needs of their entire communities, making sure that creditworthy borrowers, again, creditworthy borrowers, particularly in low- and middle-income communities, have access to capital and credit.

CRA reform emphasizes performance over paperwork. We've replaced 12 old CRA tests with just three simple tests -- a lending test, a service test, and an investment test.

Whether a bank is complying with the CRA is going to be based on its actual performance -- what loans were made, what services were provided, what investments were made in the community, not on paperwork.

Making the CRA work better gets more capital into our communities. It makes it easier for working families to own their homes, easier for our small businesses to grow, and easier for family farms to find backing they need. It also makes certain that banks don't simply raise deposits in a community while ignoring the credit needs of that community.

There was an interesting item in a magazine put out by the Cato Institute the other day written by Federal Reserve Board Governor Lawrence Lindsey, defending CRA against its critics.

Let me quote from what he wrote: "Economic opportunity is a cornerstone of American Capitalism. Spreading opportunity widely benefits not only the individuals directly affected, but all of us with a stake in our democratic capitalist system." ... This was a very good comment. I commend this to you, these particular few sentences from the Cato Institute. And we agree. Governor Lindsey has estimated that CRA is responsible for channelling \$4 billion to \$6 billion a year into low- and middle-income neighborhoods.

Let me make a point about where we are in the CRA process.

These changes have just been announced. In fact it was about two weeks ago, and there already are proposals that would substantially weaken the CRA, and that's after reform that was the result of a two-year effort with the participation of thousands of financial institutions and community groups.

I received a letter the other day that was signed by a number of the very active community groups and by some of the largest banks in the country, endorsing CRA reform. The new rules we are now implementing need to be given an opportunity to work. They are going to be put in place over a period of two years. It is far too early to think of trying something different -- and it would be a terrible disservice to the institutions, the many many organizations that participated in this process.

Accordingly, the administration will strongly oppose any effort to weaken the CRA legislatively. We strongly support sensible regulatory reform. The Vice President has led an aggressive effort to deal with the question of regulation, rationalizing regulation. But we will vigorously fight any campaign to roll back the work so many have just finished.

That brings me to the last point I'd like to make on the next item on our agenda with respect to financial markets.

Earlier this year the administration outlined its proposal for reforming Glass-Steagall.

We have at the moment industries that are pushing far ahead of our legal structure. It's precisely the situation that required changing the old interstate banking restrictions. The problem is two-fold. One, we have an antiquated legal structure that must be modernized. Second, we have a system that is Balkanized, a patchwork and piecemeal system. We must change it to allow our financial services industry to operate with greater efficiency.

Thus, the final element in our program of financial modernization is to break down the walls between investment banking, commercial banking, insurance and other forms of financial services, while preserving protection for taxpayers and depositors.

For six decades our laws have, in effect, divided up the markets among the providers of various financial services. However good the reasons may have been at one time for so doing, in our judgment those laws are now outmoded. Dividing up markets amongst the providers of the various financial services, deprives Americans not only of the convenience of buying a variety of services from a single source, but also of the benefits of heightened competition among suppliers.

We want to bring down the barriers to permit more competitive and efficient operations in our financial service industries and our financial markets. There is broad conceptual agreement -- that's a very important point -- broad conceptual agreement and support for financial modernization on both sides of the aisle and in both houses of Congress. Chairman Leach and Congressman Gonzales and many other members of the House Banking Committee have contributed greatly to moving this process forward.

We look forward to working with Chairman D'Amato and Senator Sarbanes and the other members of the Senate Banking Committee when the process reaches the Senate. There is real potential, for the first time in a long time, to get a good bill in this Congress. But there are a few points to be made.

There are differences in the various proposals. I believe that, at the end of the day, the best approach is to not only take down the barriers between banking and securities, but also to take down the barriers between banking and insurance. There maybe tactical reasons to avoid the insurance question at the moment, but I believe that a Congress dedicated to a thorough review of government regulations should include insurance in financial modernization before that Congress completes its work.

In addition, we believe it would be useful for the legislation to establish a National Council on Financial Services -- drawn from the regulatory community and coordinated by Treasury -- to provide a forum for policy coordination on modernization issues, to define what activities should be considered financial activities, and to deal with other financial modernization questions as they arise in a rapidly changing world. This is similar to the approach that has already been proposed in two of the bills before Congress.

I also believe we should permit the marketplace to decide what organizational structure is best for each operation. It would be a mistake to impose a rigid holding company structure on all diversified institutions, to remove to new affiliates the large numbers of activities now being performed safely and lawfully in our banks, or to preclude banks from conducting lawful activities through their subsidiaries.

Let me give just one example of how flexibility may be advantageous: If a bank is able to conduct a new activity through its own subsidiary, the bank itself will realize the profits of that activity. At the same time, any exposure to its depositors or the FDIC would be limited to the amount of its investment in the subsidiary, which would be restricted by regulation under our proposal and which would not count toward the bank's regulatory capital. If the bank were forced to move that activity to a sister company, it no longer realizes the benefit of that profit.

Safety and soundness is not the issue here. I do not believe there is difference that affects safety and soundness between a subsidiary structure and a sister corporation structure. The issue is the same in either case -- observing requirements so you don't have a piercing the corporate veil problem.

The decisions about what product lines to place in what portion of the organizational chart should be made by the companies themselves, not by the government in Washington.

Let me add more generally that we do not believe that anything that takes place in the context of financial modernization should in any way decrease the safety and soundness of our financial system.

Four years ago, Congress adopted an entirely new approach to bank capital requirements and gave the banking regulators a strong mandate to intervene promptly when capital begins to erode. This is our main line of defense against threats to the interests of depositors and taxpayers, and we believe we have a sound system. With strong firewalls and sound internal controls -- all of which are required in the new legislation -- I think we can enhance the safety and soundness through appropriate diversification of financial services.

Everything I have said this morning is an integral element in the central economic goal of this administration -- to prepare our economy to compete, to operate as efficiently as possible, and to provide the capital and credit every segment of our society needs to grow, create jobs and prosper.

I believe Congress shares our desire to remove needless restrictions on our financial sector -- consistent with safety and soundness and fairness access to capital to all creditworthy borrowers. When we began to pursue meaningful financial modernization almost two and a half years ago, the goal was to make credit and capital available in to all creditworthy borrowers and to increase the efficiency of our financial services industry and our financial markets by removing unnecessary and outmoded impediments. Much has been accomplished toward those ends. Now we must make sure that none of that is reversed. And we must go on to accomplish the remaining item on our agenda, Glass-Steagall reform, and the other components of financial modernization.

Thank you.

TREASURY



NEWS

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FOR IMMEDIATE RELEASE
MAY 5, 1995

STATEMENT BY UNITED STATES TREASURER MARY ELLEN WITHROW

Thank you, Paul.

I am honored to be here today. Most people see and use paper money every day of their lives without realizing the great skill, dedication and individual artistry that goes into the creation of each and every note.

Mr. Blackmer spoke of his pride in the Bureau's work force and their dedication to doing the job well. I would also like to praise the Bureau's employees. I want to emphasize their dedication to making their community a better place. In April of 1990, the employees of the Bureau of Engraving and Printing established a voluntary program to provide assistance to the needy in the metropolitan area. This Community Outreach Program quickly designed a strategy flexible enough to assist those in crisis situations and to address much-needed, long-range projects.

The Outreach Program has done many exciting things over the past five years: adopting a teenaged mother and her two children and providing them with material, educational, and moral support; and adopting Grandma's House, special homes in Washington, D. C., for children who have been exposed to the HIV virus. BEP employees completely furnished a room in one of these houses. The Outreach Program also provides recreational games to senior citizen residents at the Mount Vernon House so that they might enjoy their leisure time.

Other exciting outreach activities are with the D.C. Public Schools. Bureau employees decided to focus their attention on youth for two reasons: to serve as role models and to help develop the future workforce of the Bureau. The Bureau Police Force has been assisting the Harrison Elementary School for about nine years. They support the school financially as well as personally. At least once a week an officer is at the school talking to the students. Recently, they purchased software for the science department computer and donated winter jackets to those who needed them.

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We are happy to have 25 fifth graders from Harrison Elementary School here today for this ceremony. Please stand. Let's give them a hand. The Bureau also maintains a partnership with McKinley/Penn Senior High School. The Adopt-A-School Program was designed to help prepare high school students for the workplace and motivate them for jobs involving new technology by exposing them to and involving them in BEP's professional work environment.

Last October, a ceremony was held here at the Bureau to honor the eight McKinley/Penn students who successfully completed an eight-week School-to Work program the previous summer. Prior to their eight weeks at the Bureau, the students participated in tours and workshops at the Bureau to gain first-hand knowledge about operations and overall professional behavior in the workplace.

BEP has made a firm long-term commitment to this partnership with McKinley/Penn High School, incorporating it into the Human Resource Development part of BEP 2000. The success of this program complements BEP's dedication to expanding the quality of life options for a few Washington's youth and to making long-term investment in the development of BEP's future labor force.

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FOR IMMEDIATE RELEASE
May 3, 1995

Contact: Hamilton Dix
(202) 622-2960

MEDIA ADVISORY

The ceremony introducing the currency bearing Treasury Secretary Robert E. Rubin's signature at 10 a.m. this Friday, May 5, 1995, will be open press.

The ceremony and tour of the facility to view production of the new currency will be at the Bureau of Engraving and Printing, Washington, D.C.

Secretary Rubin will be joined by U.S. Treasurer Mary Ellen Withrow, whose signature also appears on the currency, and 25 fifth graders from Harrison Elementary School in the District of Columbia.

Three out of four stops on the currency production tour will be pooled press. Those not in the pool will be escorted to the open press location. Pool tape will be fed on the pool switch and pool 9. For further pool information call Emily Schultze at (202) 457-4444.

Media should use the Visitors Center entrance on 15th Street, N.W. beginning at 9 a.m. Cameras should be in place by 9:45 a.m.

To have access to security areas, all journalists, regardless of credentials, must provide name and organization by 5 p.m., Thursday, May 4, to Dawn Haley, Bureau of Engraving and Printing Public Affairs at (202) 874-3913.

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For press releases, speeches, public schedules and official biographies, call our 24-hour fax line at (202) 622-2040



DEPARTMENT OF THE TREASURY

TREASURY



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FOR RELEASE WHEN AUTHORIZED AT PRESS CONFERENCE
May 3, 1995

CONTACT: Office of Financing
202-219-3350

TREASURY MAY QUARTERLY FINANCING

The Treasury will auction \$17,500 million of 3-year notes and \$12,500 million of 10-year notes to refund \$32,135 million of publicly-held securities maturing May 15, 1995, and to pay down about \$2,125 million. The Treasury will also auction a 38-day cash management bill on May 11, 1995. Details about the cash management bill are given in a separate announcement.

In addition to the public holdings, Government accounts and Federal Reserve Banks, for their own accounts, hold \$5,444 million of the maturing securities that may be refunded by issuing additional amounts of the new securities.

The maturing securities held by the public include \$1,340 million held by Federal Reserve Banks as agents for foreign and international monetary authorities. Amounts bid for these accounts by Federal Reserve Banks will be added to the offering.

For both auctions, competitive yields must be expressed with three decimals, for example, 7.123 percent.

The 10-year note being offered today is eligible for the STRIPS program.

Tenders will be received at Federal Reserve Banks and Branches and at the Bureau of the Public Debt, Washington, D. C. This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular (31 CFR Part 356) for the sale and issue by the Treasury to the public of marketable Treasury bills, notes, and bonds.

Details about the notes are given in the attached offering highlights.

oOo

Attachment

HIGHLIGHTS OF TREASURY OFFERINGS TO THE PUBLIC

MAY 1995 QUARTERLY FINANCING

May 3, 1995

<u>Offering Amount</u>	\$17,500 million	\$12,500 million
<u>Description of Offering:</u>		
Term and type of security	3-year notes	10-year notes
Series	X-1998	B-2005
CUSIP number	912827 17 7	912827 18 5
Auction date	May 9, 1995	May 10, 1995
Issue date	May 15, 1995	May 15, 1995
Dated date	May 15, 1995	May 15, 1995
Maturity date	May 15, 1998	May 15, 2005
Interest rate	Determined based on the average of accepted competitive bids	Determined based on the average of accepted competitive bids
Yield	Determined at auction	Determined at auction
Interest payment dates	November 15 and May 15	November 15 and May 15
Minimum bid amount	\$5,000	\$1,000
Multiples	\$1,000	\$1,000
Accrued interest payable by investor	None	None
Premium or discount	Determined at auction	Determined at auction
<u>STRIPS Information:</u>		
Minimum amount required	Not applicable	Determined at auction
Corpus CUSIP number	Not applicable	912820 BN 6
Due dates and CUSIP numbers for additional TINTs	Not applicable	Not applicable

The following rules apply to all securities mentioned above:

Submission of Bids:

- Noncompetitive bids Accepted in full up to \$5,000,000 at the average yield of accepted competitive bids.
- Competitive bids (1) Must be expressed as a yield with three decimals, e.g., 7.123%.
 (2) Net long position for each bidder must be reported when the sum of the total bid amount, at all yields, and the net long position is \$2 billion or greater.
 (3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders.

Maximum Recognized Bid

at a Single Yield 35% of public offering

Maximum Award 35% of public offering

Receipt of Tenders:

Noncompetitive tenders Prior to 12:00 noon Eastern Daylight Saving time on auction day

Competitive tenders Prior to 1:00 p.m. Eastern Daylight Saving time on auction day

Payment Terms Full payment with tender or by charge to a funds account at a Federal Reserve Bank on issue date

DEPARTMENT OF THE TREASURY

TREASURY



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LCY

FOR RELEASE WHEN AUTHORIZED AT PRESS CONFERENCE
May 3, 1995

CONTACT: Office of Financing
202-219-3350

TREASURY TO AUCTION CASH MANAGEMENT BILL

The Treasury will auction approximately \$17,000 million of 38-day Treasury cash management bills to be issued May 15, 1995.

Competitive and noncompetitive tenders will be received at all Federal Reserve Banks and Branches. Tenders will not be accepted for bills to be maintained on the book-entry records of the Department of the Treasury (TREASURY-DIRECT). Tenders will not be received at the Bureau of the Public Debt, Washington, D.C.

Additional amounts of the bills may be issued to Federal Reserve Banks as agents for foreign and international monetary authorities at the average price of accepted competitive tenders.

This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular (31 CFR Part 356) for the sale and issue by the Treasury to the public of marketable Treasury bills, notes, and bonds.

Details about the new security are given in the attached offering highlights.

oOo

Attachment

RR-274

HIGHLIGHTS OF TREASURY OFFERING
OF 38-DAY CASH MANAGEMENT BILL

May 3, 1995

Offering Amount \$17,000 million

Description of Offering:

Term and type of security . 38-day Cash Management Bill
CUSIP number 912794 S7 0
Auction date May 11, 1995
Issue date May 15, 1995
Maturity date June 22, 1995
Original issue date December 22, 1994
Currently outstanding . . . \$25,720 million
Minimum bid amount \$10,000
Multiples \$1,000
Minimum to hold amount . . \$10,000
Multiples to hold \$1,000

Submission of Bids:

Noncompetitive bids Accepted in full up to \$1,000,000 at
the average discount rate of accepted
competitive bids.
Competitive bids . . . (1) Must be expressed as a discount rate
with two decimals, e.g., 7.10%.
(2) Net long position for each bidder must
be reported when the sum of the total
bid amount, at all discount rates, and
the net long position is \$2 billion or
greater.
(3) Net long position must be determined
as of one half-hour prior to the
closing time for receipt of competi-
tive tenders.

Maximum Recognized Bid

at a Single Yield 35% of public offering

Maximum Award 35% of public offering

Receipt of Tenders:

Noncompetitive tenders . . . Prior to 12:00 noon Eastern Daylight
Saving time on auction day
Competitive tenders Prior to 1:00 p.m. Eastern Daylight
Saving time on auction day

Payment Terms

Full payment with tender or by charge
to a funds account at a Federal
Reserve Bank on issue date

For Release Upon Delivery
Expected at 9:30 A.M.
May 3, 1995

ORAL STATEMENT OF
LESLIE B. SAMUELS
ASSISTANT SECRETARY (TAX POLICY)
DEPARTMENT OF THE TREASURY
BEFORE THE SENATE FINANCE COMMITTEE

CHAIRMAN PACKWOOD AND MEMBERS OF THE COMMITTEE:

I WELCOME THE OPPORTUNITY THIS MORNING TO DISCUSS THE ADMINISTRATION'S VIEWS ON THE ALTERNATIVE MINIMUM TAX.

SINCE THEIR INCEPTION, BOTH THE INDIVIDUAL AND CORPORATE AMT HAVE SERVED ONE OVERARCHING PURPOSE: TO ENSURE THAT TAXPAYERS WITH ECONOMIC INCOME PAY AT LEAST SOME TAX. IN 1985, PRESIDENT REAGAN PROPOSED MAJOR CHANGES IN THE CORPORATE AMT. HIS PROPOSALS RECOGNIZED THAT "THE PROSPECT OF HIGH-INCOME CORPORATIONS PAYING LITTLE OR NO TAX THREATENS PUBLIC CONFIDENCE IN THE TAX SYSTEM."

CONGRESS AGREED, AND IN THE TAX REFORM ACT OF 1986 ENACTED MAJOR REFORMS TO BOTH THE CORPORATE AND INDIVIDUAL AMT. THE REPORT OF THIS COMMITTEE EXPLAINED THAT ALTHOUGH TAX INCENTIVES MAY SERVE WORTHY GOALS, THEY BECOME COUNTERPRODUCTIVE WHEN TAXPAYERS ARE ALLOWED TO USE THEM TO AVOID ALL OR MOST TAX LIABILITY. THE COMMITTEE NOTED THAT THIS UNDERMINES RESPECT FOR THE TAX SYSTEM. THE COMMITTEE STATED: "IT IS INHERENTLY UNFAIR FOR HIGH-INCOME INDIVIDUALS AND PROFITABLE CORPORATIONS TO PAY LITTLE OR NO TAX"

THE ADMINISTRATION BELIEVES THAT THESE PRINCIPLES REMAIN VALID. WE RECOGNIZE THAT THE AMT IS NOT A PERFECT SYSTEM. THE PERCEIVED FLAWS FADE, HOWEVER, WHEN MEASURED AGAINST THE POTENTIAL DAMAGE TO OUR TAX SYSTEM IF WEALTHY INDIVIDUALS AND PROFITABLE CORPORATIONS ARE ABLE TO PAY LITTLE OR NO TAX.

FOR INSTANCE, THE HOUSE-PASSED TAX LEGISLATION (H.R. 1215) EVENTUALLY WOULD REPEAL THE CORPORATE AMT, WHILE WEAKENING THE INDIVIDUAL AMT. IT WOULD ALSO PROVIDE SIGNIFICANT ADDITIONAL BENEFITS TO INDIVIDUAL AND CORPORATE TAXPAYERS -- NOTABLY THE SO-CALLED NEUTRAL COST RECOVERY SYSTEM. IF THIS LEGISLATION WERE TO BE ENACTED, WE ESTIMATE THAT APPROXIMATELY 76,000 CORPORATIONS THAT OTHERWISE WOULD HAVE PAID TAX IN 2005 WOULD AVOID PAYING ANY TAX.

THE CHART THAT I HAVE HERE ILLUSTRATES THE SHARE OF THE ASSETS OF CURRENTLY TAXPAYING CORPORATIONS REPRESENTED BY THESE 76,000 COMPANIES. ON THE CHART, THE RED SLICE REPRESENTS \$2.1

TRILLION, OR 13.7 PERCENT OF THE ASSETS, AND REFLECTS THE IMPACT OF AMT REPEAL ALONE. THE ORANGE SLICE REPRESENTS \$600 BILLION, OR FOUR PERCENT OF THE ASSETS, AND REFLECTS THE IMPACT OF THE NEUTRAL COST RECOVERY SYSTEM. ALTOGETHER, UNDER THE HOUSE-PASSED LEGISLATION, CORPORATIONS WITH \$2.7 TRILLION, OR 18 PERCENT OF ALL THE ASSETS OF CURRENTLY TAXPAYING CORPORATIONS, WOULD AVOID PAYING ANY TAX. THUS, INCOME ON \$2.7 TRILLION OF CORPORATE ASSETS WOULD NOT BE SUBJECT TO TAX.

WE BELIEVE THAT RECENT EFFORTS TO IMPROVE THE AMT HAVE ALREADY ADDRESSED SOME OF THE MOST SIGNIFICANT PROBLEMS OF THE AMT SYSTEM.

IN ITS 1993 BUDGET, FOR INSTANCE, THE ADMINISTRATION PROPOSED SIGNIFICANT AMT RELIEF FOR CAPITAL INVESTMENT BY CORPORATIONS. AS ENACTED IN OBRA 1993, THIS RELIEF REMOVED DEPRECIATION FROM THE SO-CALLED ACE ADJUSTMENT. BECAUSE DEPRECIATION IS BY FAR THE LARGEST SOURCE OF AMT REVENUE, THESE CHANGES ARE EXPECTED TO MAKE FEWER CORPORATIONS SUBJECT TO THE AMT, EASE COMPLIANCE COSTS, AND CONTRIBUTE TO THE DOWNWARD TREND IN CORPORATE AMT LIABILITIES.

I HAVE HERE A CHART WHICH SHOWS THE HISTORICAL REVENUE PATTERN FROM THE CORPORATE AMT. AS YOU CAN SEE, CORPORATE AMT LIABILITIES INCREASED AFTER 1986, PEAKED IN 1990 AS A RESULT OF THE SWITCH IN AMT CALCULATIONS, AND ARE NOW DECLINING. IN ADDITION TO THE RELIEF ENACTED IN OBRA 1993, SEVERAL FACTORS HAVE CONTRIBUTED TO THIS DOWNWARD TREND.

ONE MAJOR FACTOR IS THAT DEPRECIATION ADJUSTMENTS -- BY FAR THE LARGEST SOURCE OF AMT REVENUES -- AFFECT ONLY THE TIMING, RATHER THAN THE TOTAL AMOUNT OF DEPRECIATION DEDUCTIONS. IN TIME, THESE DEPRECIATION ADJUSTMENTS REVERSE. WE HAVE NOW REACHED THE PERIOD WHERE THIS REVERSAL IS OCCURRING FOR POST-1986 INVESTMENT.

ANOTHER FACTOR IN THE DECLINE IN NET CORPORATE AMT REVENUES RELATES TO THE USE OF AMT CREDITS. AMT LIABILITY IN ONE YEAR MAY BE CREDITED AGAINST REGULAR-TAX LIABILITY IN FUTURE YEARS. THE CHART SHOWS HOW AMT CREDITS HAVE STEADILY INCREASED SINCE 1986. AS AMT LIABILITIES DECLINE, CORPORATIONS USE AN INCREASING AMOUNT OF AMT CREDITS TO REDUCE THEIR REGULAR-TAX LIABILITY. THE ECONOMIC RECOVERY WILL LIKELY CONTRIBUTE TO THIS TREND, ALTHOUGH THE OVERALL STOCK OF AMT CREDITS IS NOT EXPECTED TO DECREASE IN COMING YEARS.

IT SHOULD BE NOTED THAT LARGE FIRMS PAY MOST OF THE CORPORATE AMT. TABLE THREE IN MY WRITTEN TESTIMONY SHOWS THAT CORPORATIONS WITH ASSETS OVER \$500 MILLION GENERALLY PAY 75 PERCENT OF THE CORPORATE AMT. SMALLER CORPORATIONS ARE LARGELY ELIMINATED FROM THE CORPORATE AMT BY THE \$40,000 EXCLUSION.

TABLE FOUR IN MY WRITTEN TESTIMONY SHOWS THAT MOST CORPORATIONS THAT PAY AMT DO NOT PAY IT FOR MORE THAN ONE OR TWO YEARS.

THE TAX LIABILITY GENERATED BY THE INDIVIDUAL MINIMUM TAX HAS FLUCTUATED SUBSTANTIALLY. I HAVE HERE A CHART SHOWING INDIVIDUAL AMT AND CREDITS CLAIMED SINCE 1987. AS YOU CAN SEE, IN THIS PERIOD, INDIVIDUAL AMT COLLECTIONS DECLINED UNTIL 1990 AND HAVE NOW INCREASED APPROXIMATELY TO THEIR 1987 LEVEL.

LIKE CORPORATIONS, INDIVIDUALS SEEM TO PAY AMT ONLY INFREQUENTLY. IN RECENT YEARS, ONLY A TINY PERCENTAGE OF INDIVIDUALS HAVE BEEN SUBJECT TO THE AMT IN SUCCESSIVE YEARS.

WE BELIEVE THAT THE AMT HAS ACCOMPLISHED ITS GOALS OF ENSURING THAT TAXPAYERS WITH SIGNIFICANT ECONOMIC INCOME PAY SOME INCOME TAX. MY WRITTEN TESTIMONY DETAILS THE EVIDENCE THAT, AS A RESULT OF THE INDIVIDUAL AMT, VERY FEW HIGH-INCOME INDIVIDUALS HAVE BEEN ABLE TO ESCAPE ALL TAX LIABILITY. THE EVIDENCE ALSO INDICATES THAT MOST OF THE NON-TAXPAYING CORPORATIONS ARE RELATIVELY SMALL, AND MANY PROBABLY QUALIFIED FOR THE AMT EXEMPTION.

THE CORPORATE AMT HAS BEEN CRITICIZED FOR ADVERSELY AFFECTING ECONOMIC GROWTH. IT HAS BEEN ARGUED THAT THE CORPORATE AMT REDUCES INCENTIVES TO INVEST, CREATES DIFFERING INCENTIVES FOR DIFFERENT CORPORATIONS, AND MAY ENCOURAGE MERGERS AND ACQUISITIONS TO AVOID THE AMT OR BETTER UTILIZE AMT CREDITS.

WHILE THERE IS SOME VALIDITY TO THESE CONCERNS, THEY MAY EASILY BE OVERSTATED. IN FACT, THE LOWER AMT RATE CAN INCREASE THE INCENTIVE TO INVEST IF THE CORPORATION WERE TO REMAIN SUBJECT TO THE LOWER AMT RATE OVER THE LIFE OF THE ASSET. LIKEWISE, IT MAY INCREASE THE INCENTIVE TO INVEST FOR A FIRM NOT CURRENTLY SUBJECT TO THE AMT IF IT ANTICIPATES THAT IT WILL BE SUBJECT TO THE AMT AFTER A FEW YEARS. SUCH A FIRM WILL BE ABLE TO CLAIM REGULAR-TAX DEPRECIATION NOW, WHILE A PORTION OF THE RETURNS WILL BE TAXED AT THE LOWER 20 PERCENT AMT RATE IN LATER YEARS.

MOREOVER, BY DESIGN, THE AMT REDUCES THE INCENTIVE TO INVEST IN TAX-FAVORED ASSETS. THUS, THE OVERALL EFFICIENCY OF INVESTMENT MAY BE ENHANCED BY THE AMT'S PROPENSITY TO CREATE A MORE NEUTRAL TAX SYSTEM.

ANY POTENTIAL ADVERSE EFFECT OF THE AMT ON INVESTMENT IS MITIGATED BY THE FACT THAT FEW CORPORATIONS ARE SUBJECT TO THE CORPORATE AMT. IN 1992, FOR INSTANCE, ONLY ABOUT ONE PERCENT OF NON-SUBCHAPTER S CORPORATIONS WERE SUBJECT TO THE AMT.

MOREOVER, MOST CORPORATIONS THAT PAY AMT DO SO ONLY TEMPORARILY. IN ADDITION, FIRMS SUBJECT TO THE AMT DO NOT PERMANENTLY LOSE THEIR TAX BENEFITS, BECAUSE AMT LIABILITY GENERATES CREDITS THAT CAN BE USED IN FUTURE YEARS.

CONCERN HAS ALSO BEEN VOICED ABOUT COMPLIANCE COSTS OF THE AMT. WE SHARE THIS CONCERN ABOUT COMPLEXITY. THIS CONCERN WAS ADDRESSED IN PART IN OBRA 1993 BY THE REPEAL OF THE ACE DEPRECIATION ADJUSTMENT. THIS PROVISION WILL SIGNIFICANTLY REDUCE THE APPLICATION OF AMT TO TAXPAYERS, AS WELL AS EASE THE COMPLIANCE COSTS FOR THOSE LIKELY TO BE SUBJECT TO THE AMT. IT WILL ALSO INCREASE THE PACE AT WHICH AMT CREDITS MAY BE USED.

THE ADMINISTRATION WELCOMES THE OPPORTUNITY TO WORK WITH THE CONGRESS TO DEVELOP MEASURES THAT WOULD SIMPLIFY THE AMT ON A REVENUE-NEUTRAL BASIS, EITHER WITHIN THE AMT OR BY IDENTIFYING OTHER ACCEPTABLE REVENUE OFFSETS. IN ADDITION, THE ADMINISTRATION IS ALSO COMMITTED TO SIMPLIFYING THE AMT THROUGH ADMINISTRATIVE MEASURES, WHERE POSSIBLE. FOR INSTANCE, LAST NOVEMBER THE TREASURY DEPARTMENT ISSUED REGULATIONS THAT GREATLY SIMPLIFY ADJUSTED GROSS INCOME CALCULATIONS FOR AMT PURPOSES.

FINALLY, THE ADMINISTRATION IS VERY CONCERNED ABOUT THE POTENTIAL EFFECTS OF THE HOUSE-PASSED TAX LEGISLATION. AS I HAVE NOTED, WE BELIEVE THAT BY REPEALING THE CORPORATE AMT AND WEAKENING THE INDIVIDUAL AMT, THIS LEGISLATION WOULD SERIOUSLY UNDERMINE THE OBJECTIVE OF ENSURING THAT TAXPAYERS WITH ECONOMIC INCOME PAY AT LEAST SOME TAX.

THE ADMINISTRATION IS ALSO VERY CONCERNED ABOUT THE POTENTIAL EFFECTS OF THE HOUSE-PASSED TAX LEGISLATION ON THE FEDERAL DEFICIT. THE TAX PROVISIONS ARE ESTIMATED TO LOSE ABOUT \$178 BILLION OVER THE FIVE-YEAR BUDGET WINDOW. BY THE YEAR 2005, THE ANNUAL COST OF THESE PROVISIONS IS ESTIMATED TO BE ALMOST \$100 BILLION. THE REVENUE LOSSES ANTICIPATED FOR THE PROPOSED CHANGES TO THE AMT ALONE ARE ABOUT \$19 BILLION OVER THE FIVE-YEAR WINDOW AND \$36 BILLION OVER THE TEN-YEAR WINDOW.

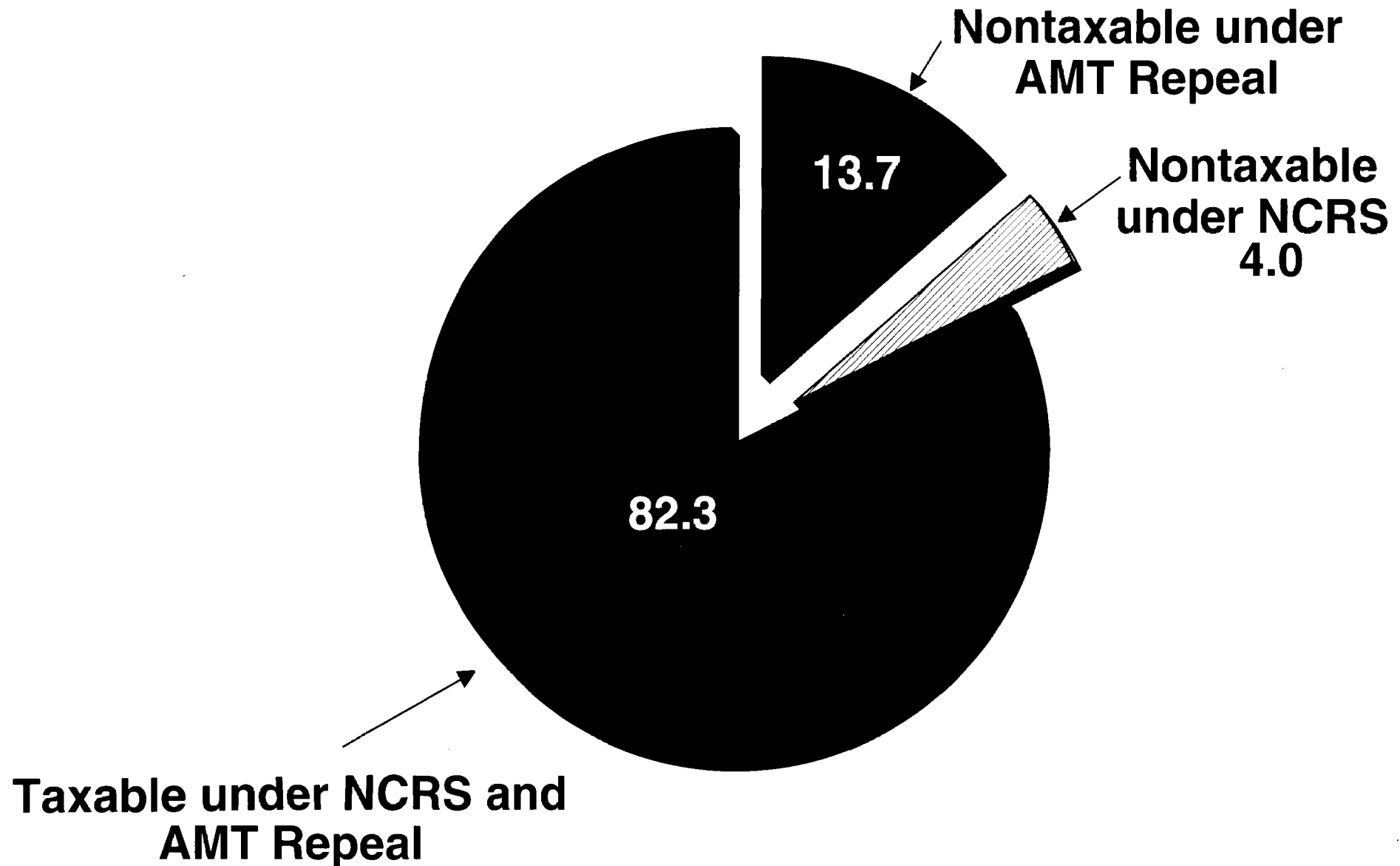
THESE ESTIMATED TAX LOSSES, WHICH MAKE THE COMMITMENT TO FISCAL RESPONSIBILITY MORE DIFFICULT, REFLECT ONLY ONE DIMENSION OF THE IMPACT OF THE HOUSE-PASSED LEGISLATION ON THE AMT. THESE PROVISIONS WOULD FACILITATE TAX AVOIDANCE AND REDUCE THE PERCEIVED AND ACTUAL FAIRNESS OF THE INCOME TAX.

IN CONCLUSION, ALTHOUGH NET AMT REVENUES HAVE DECLINED, THE ADMINISTRATION BELIEVES THAT THE AMT SYSTEM HAS NOT DIMINISHED IN IMPORTANCE. WHILE THE ADMINISTRATION OPPOSES PROPOSALS THAT SERIOUSLY WEAKEN THE OBJECTIVES OF THE AMT, WE WELCOME THE OPPORTUNITY TO WORK WITH THE CONGRESS TO SIMPLIFY THE AMT ON A REVENUE-NEUTRAL BASIS, EITHER WITHIN THE AMT OR BY IDENTIFYING OTHER ACCEPTABLE REVENUE OFFSETS.

I WOULD BE HAPPY TO ANSWER ANY QUESTIONS THAT YOU MAY HAVE AT THIS TIME.

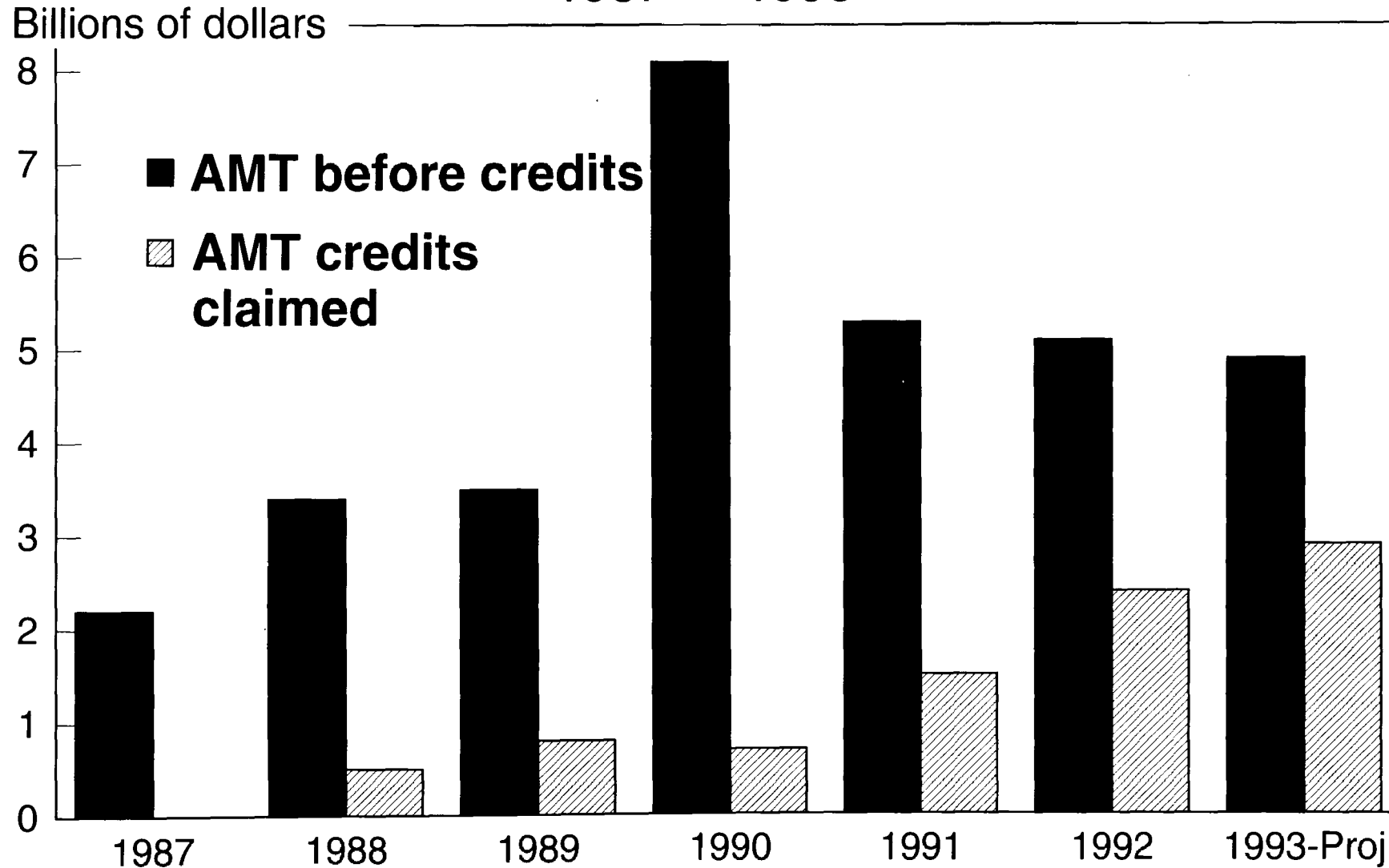
Impact of Neutral Cost Recovery System and Repeal of Corporate Alternative Minimum Tax

Share of Assets of Currently Taxable Corporations



Corporate Alternative Minimum Tax and Credits

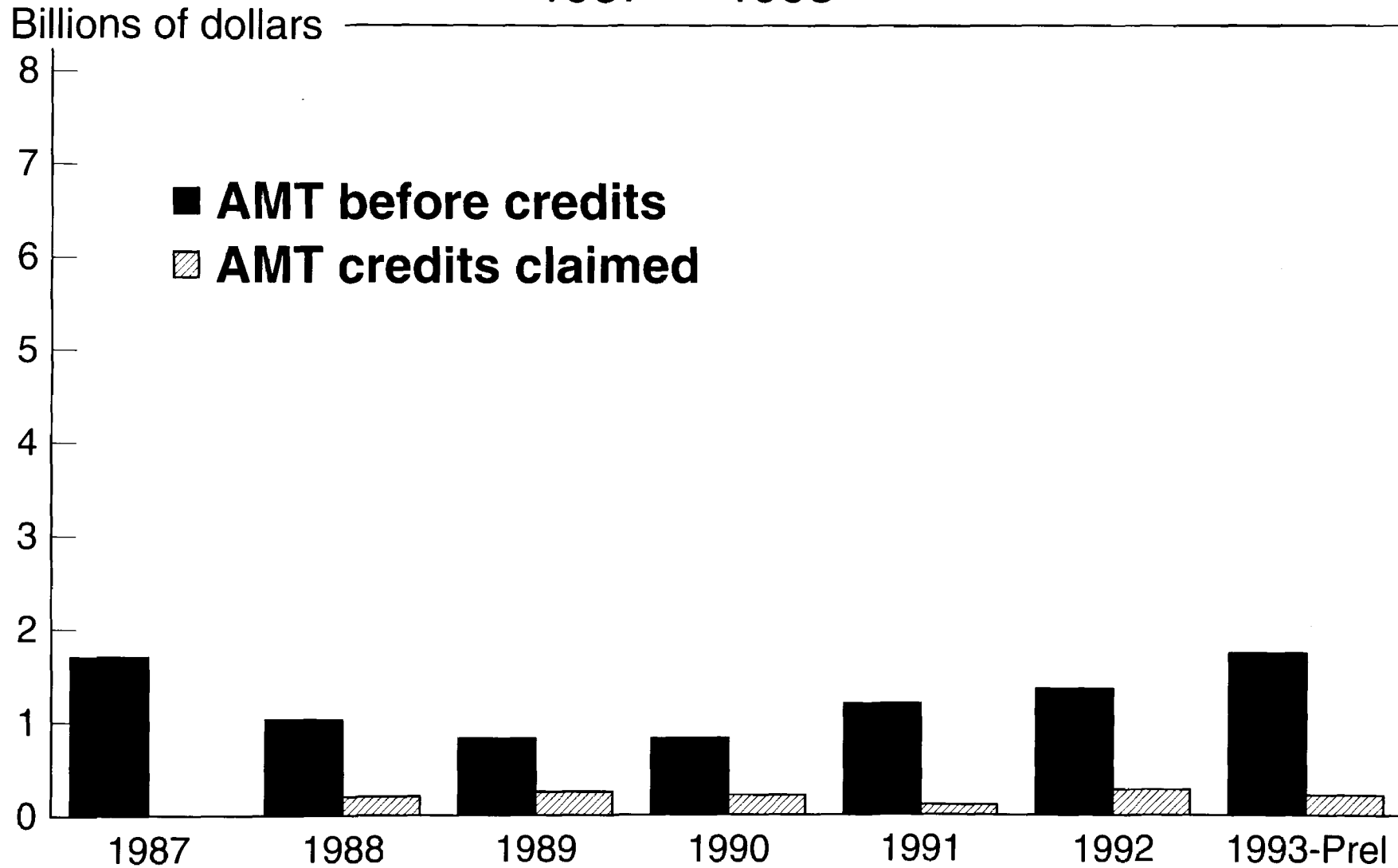
1987 — 1993



1993 data are projections.

Individual Alternative Minimum Tax and Credits

1987 — 1993



1993 data are preliminary

PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR RELEASE AT 3:00 PM

May 4, 1995

Contact: Peter Hollenbach

(202) 219-3302

PUBLIC DEBT ANNOUNCES ACTIVITY FOR SECURITIES IN THE STRIPS PROGRAM FOR APRIL 1995

Treasury's Bureau of the Public Debt announced activity figures for the month of April 1995, of securities within the Separate Trading of Registered Interest and Principal of Securities program (STRIPS).

Dollar Amounts in Thousands

Principal Outstanding (Eligible Securities)	\$829,760,374
Held in Unstripped Form	\$602,707,457
Held in Stripped Form	\$227,052,917
Reconstituted in April	\$9,151,570

The accompanying table gives a breakdown of STRIPS activity by individual loan description. The balances in this table are subject to audit and subsequent revision. These monthly figures are included in Table VI of the Monthly Statement of the Public Debt, entitled "Holdings of Treasury Securities in Stripped Form."

Information about "Holdings of Treasury Securities in Stripped Form" is now available on the Department of Commerce's Economic Bulletin Board (EBB). The EBB, which can be accessed using personal computers, is an inexpensive service provided by the Department of Commerce. For more information concerning this service call 202-482-1986.

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(RR-275)

TABLE VI – HOLDINGS OF TREASURY SECURITIES IN STRIPPED FORM, APRIL 30, 1995
(In thousands)

Loan Description	Maturity Date	Principal Amount Outstanding			Reconstituted This Month #1
		Total	Portion Held in Unstripped Form	Portion Held in Stripped Form	
11-1/4% Note B-1995	05/15/95	7,127,086	4,542,126	2,584,960	
10-1/2% Note C-1995	08/15/95	7,955,901	4,911,901	3,044,000	
9-1/2% Note D-1995	11/15/95	7,318,550	3,458,950	3,859,600	80.80
8-7/8% Note A-1996	02/15/96	8,449,835	6,744,235	1,705,600	9.60
7-3/8% Note C-1996	05/15/96	20,085,643	17,972,043	2,113,600	83.20
7-1/4% Note D-1996	11/15/96	20,258,810	17,510,810	2,748,000	10.40
8-1/2% Note A-1997	05/15/97	9,921,237	8,811,237	1,110,000	131.20
8-5/8% Note B-1997	08/15/97	9,362,836	7,716,436	1,646,400	
8-7/8% Note C-1997	11/15/97	9,808,329	7,307,529	2,500,800	
8-1/8% Note A-1998	02/15/98	9,159,068	7,939,228	1,219,840	91.84
9% Note B-1998	05/15/98	9,165,387	6,730,387	2,435,000	69.60
9-1/4% Note C-1998	08/15/98	11,342,646	8,863,446	2,479,200	116.00
8-7/8% Note D-1998	11/15/98	9,902,875	7,174,875	2,728,000	97.60
8-7/8% Note A-1999	02/15/99	9,719,623	8,162,823	1,556,800	160.00
9-1/8% Note B-1999	05/15/99	10,047,103	6,789,503	3,257,600	54.40
8% Note C-1999	08/15/99	10,163,644	7,857,294	2,306,350	96.70
7-7/8% Note D-1999	11/15/99	10,773,960	7,700,360	3,073,600	4.80
8-1/2% Note A-2000	02/15/00	10,673,033	8,802,233	1,870,800	38.40
8-7/8% Note B-2000	05/15/00	10,496,230	6,003,430	4,492,800	19.20
8-3/4% Note C-2000	08/15/00	11,080,646	7,601,126	3,479,520	21.60
8-1/2% Note D-2000	11/15/00	11,519,682	8,383,282	3,136,400	80.00
7-3/4% Note A-2001	02/15/01	11,312,802	9,216,002	2,096,800	59.20
8% Note B-2001	05/15/01	12,398,083	9,851,908	2,546,175	111.00
7-7/8% Note C-2001	08/15/01	12,339,185	10,044,785	2,294,400	129.60
7-1/2% Note D-2001	11/15/01	24,226,102	22,158,662	2,067,440	84.16
7-1/2% Note A-2002	05/15/02	11,714,397	10,888,477	825,920	10.80
6-3/8% Note B-2002	08/15/02	23,859,015	22,804,615	1,054,400	48.00
6-1/4% Note A-2003	02/15/03	23,562,691	23,101,251	461,440	11.00
5-3/4% Note B-2003	08/15/03	28,011,028	27,461,428	549,600	
5-7/8% Note A-2004	02/15/04	12,955,077	12,955,077	0	
7-1/4% Note B-2004	05/15/04	14,440,372	14,440,372	0	
7-1/4% Note C-2004	08/15/04	13,346,467	13,315,267	31,200	
7-7/8% Note D-2004	11/15/04	14,373,760	14,373,760	0	
7-1/2% Note A-2005	02/15/05	13,834,754	13,834,754	0	
11-5/8% Bond 2004	11/15/04	8,301,806	5,836,206	2,465,600	105.60
12% Bond 2005	05/15/05	4,260,758	2,770,858	1,489,900	90.00
10-3/4% Bond 2005	08/15/05	9,269,713	8,410,513	859,200	22.40
9-3/8% Bond 2006	02/15/06	4,755,916	4,753,164	2,752	
11-3/4% Bond 2009-14	11/15/14	6,005,584	2,280,784	3,724,800	570.40
11-1/4% Bond 2015	02/15/15	12,667,799	6,542,999	6,124,800	696.16
10-5/8% Bond 2015	08/15/15	7,149,916	1,882,076	5,267,840	298.24
9-7/8% Bond 2015	11/15/15	6,899,859	2,563,859	4,336,000	115.20
9-1/4% Bond 2016	02/15/16	7,266,854	6,310,054	956,800	128.80
7-1/4% Bond 2016	05/15/16	18,823,551	18,335,551	488,000	
7-1/2% Bond 2016	11/15/16	18,864,448	18,082,528	781,920	4.64
8-3/4% Bond 2017	05/15/17	18,194,169	7,185,369	11,008,800	365.60
8-7/8% Bond 2017	08/15/17	14,016,858	7,989,658	6,027,200	513.56
9-1/8% Bond 2018	05/15/18	8,708,639	1,811,039	6,897,600	92.80
9% Bond 2018	11/15/18	9,032,870	2,197,070	6,835,800	416.40
8-7/8% Bond 2019	02/15/19	19,250,798	5,729,198	13,521,600	280.00
8-1/8% Bond 2019	08/15/19	20,213,832	16,592,072	3,621,760	778.96
8-1/2% Bond 2020	02/15/20	10,228,868	5,060,868	5,168,000	31.60
8-3/4% Bond 2020	05/15/20	10,158,883	3,064,483	7,094,400	218.76
8-3/4% Bond 2020	08/15/20	21,418,606	4,531,086	16,887,520	698.24
7-7/8% Bond 2021	02/15/21	11,113,373	10,126,173	987,200	240.00
8-1/8% Bond 2021	05/15/21	11,958,888	4,388,328	7,570,560	158.72
8-1/8% Bond 2021	08/15/21	12,163,482	4,965,082	7,198,400	110.40
8% Bond 2021	11/15/21	32,798,394	8,271,294	24,527,100	282.72
7-1/4% Bond 2022	08/15/22	10,352,790	7,566,390	2,786,400	200.00
7-5/8% Bond 2022	11/15/22	10,699,626	2,758,826	7,940,800	115.60
7-1/8% Bond 2023	02/15/23	18,374,361	14,747,161	3,627,200	376.00
6-1/4% Bond 2023	08/15/23	22,909,044	22,627,444	281,600	23.60
7-1/2% Bond 2024	11/15/24	11,469,662	8,863,742	2,605,920	189.44
7-5/8% Bond 2025	02/15/25	11,725,170	11,033,970	691,200	411.20
Total		829,760,374	602,707,457	227,052,917	9,151.52

#1 Effective May 1, 1987, securities held in stripped form were eligible for reconstitution to their unstripped form.

Note: On the 4th workday of each month Table VI will be available after 3:00 p.m. eastern time on the Commerce Department's Economic Bulletin Board (EBB). The telephone number for more information about EBB is (202) 482-1986. The balances in this table are subject to audit and subsequent adjustments.

TREASURY



NEWS

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FOR IMMEDIATE RELEASE
May 4, 1995

Contact: Jon Murchinson
(202) 622-2960

FEDERAL FINANCING BANK ANNOUNCES CALL OPTION PRICING PROGRAM

The Treasury Department announced today that borrowers from the Federal Financing Bank, such as rural electric cooperatives, will be able to refinance their debt through the purchase of call options for future financing.

The Federal Financing Bank introduced a regular call option pricing program that will allow borrowers to take advantage of interest rate declines and pass on savings to customers as a result. The FFB intends to incorporate call option pricing into loans for borrowers from Rural Utilities Services (formerly the Rural Electrification Administration) beginning July 1, 1995. Call options for other borrowers will follow.

"During the last year the Federal Financing Bank has been engaged in a reinvention effort designed to make the bank more efficient and responsive to borrowers' needs," said Treasury Secretary Robert E. Rubin. "Call options are an important step in that process. By allowing borrowers to better plan for fluctuations in interest rates, the Federal Financing Bank is helping to meet the needs of rural America."

The Federal Financing Bank is a government corporation under the general supervision of the Secretary of the Treasury. It was created by Congress in 1973 to centralize and reduce the cost of Federal and federally assisted borrowing. The FFB was also designed to correct debt management problems resulting from off-budget financing which had flooded the government securities market with a variety of government-backed securities that competed with Treasury securities. It has statutory authority to purchase any obligation which is issued, sold or guaranteed by a Federal agency in order to ensure that fully guaranteed obligations are financed in the most efficient manner. As of March 31, 1995, the FFB had \$98.3 billion in loans outstanding to borrowers in 49 states.





ADV 10 A.M. EDT
Text as prepared for delivery
May 5, 1995

REMARKS OF TREASURY SECRETARY ROBERT E. RUBIN
INTRODUCTION OF CURRENCY BEARING RUBIN SIGNATURE

I don't want to make a long speech. What I'd like to do is take the tour with you, the young students who are with us today from Harrison Elementary School. I run Treasury and I've never had the chance to see how we print the money here or down in Fort Worth. I understand that Ms. Alexander, the counselor at Harrison, and your teachers have been going over some of the details about producing our currency.

Before going on, let me say that I think what the Bureau police are doing in the way of volunteering with Harrison, and raising money to purchase educational materials such as computer software, is an excellent way to help make a difference in our communities. It's enormously important that we involve ourselves in projects such as the adopt-a-school program because over the long term, programs of this sort can be critical to providing the quality public education that is essential to preparing our young men and women so that America can maintain its leadership in the world economy. So let me say thank you for the contribution you are making by helping in our communities.

Having your name on the currency is quite an honor. It symbolized a continuity of responsibility with respect to American economic matters that goes back to the beginning of the nation. I am the 70th Secretary of the Treasury. It is my responsibility, and that of all of the members of the economic team in our administration, to do everything we can to make certain that our country retains its economic leadership and pre-eminence in the years to come.

One key way we can do that is by making sure that young men and women such as our guests today have the best education available.

If you look at economies around the world that have come a great distance in the past 10 or 20 years, it's clear that you find the most progress where you find the most attention being paid to education.

RR-277



I just came back from a meeting of finance ministers in Asia and I was looking around the table and I saw so many countries represented that once received aid from the United States but have had strong education programs and now are not just important trading partners, they're our competition. And education was key in the transformation.

The point here is first, that education will bring you a better job, greater satisfaction and a higher standard of living and, second, that we all must keep learning and expanding our knowledge and skills if this country is going to have the productivity and competitiveness required for success in the global economy .

So, the Clinton Administration is committed to supporting the kinds of programs that improve education and training levels in the United States so that we can stay not just competitive but also a leader in the world economy.

With that, let me conclude with thanks to the very talented staff here at the Bureau of Engraving and Printing, and with a word for our guests: Mrs. Withrow, the Treasurer, and I have signed some bills so our guests from the Harrison school can have a souvenir of today's visit. I'm always trying to encourage Americans to save, and I hope our guests are saving, but I would suggest that you not deposit these dollars in your savings accounts because they're special souvenirs.

I want to ask the officers who have been working with the students from Harrison and the students to join me at the table while I sign a few more bills to make this official.

DEPARTMENT OF THE TREASURY

TREASURY



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FOR IMMEDIATE RELEASE
May 5, 1995

STATEMENT OF TREASURY SECRETARY ROBERT RUBIN

In consultation with the Justice Department, we have carefully adhered to the law, and we will continue to do so. The Speaker's letter has no practical effect on our financial support for Mexico.

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TREASURY



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FOR IMMEDIATE RELEASE
May 5, 1995

Contact: Michelle Smith
(202) 622-2960

Treasury Statement on IMF Approval of
Turkey's Extended and Augmented Stand-By Credit

The Treasury Department welcomes the April 21, 1995 decision of International Monetary Fund to approve a request by the Government of Turkey to extend for six months the current stand-by credit and to increase the amount available under it by SDR 101.2 million (about \$160 million) to a total of SDR 610.5 million (about \$966 million). This IMF stand-by credit supports Turkey's economic and reform policies for 1995.

Starting in 1994, and with the support of the IMF, Turkey began implementing an ambitious stabilization program. The results of this program are evident in Turkey's strengthened fiscal balance and current account position as well as the increase in its international reserves position. Progress in the structural area includes the establishment of the legal framework for privatization. Important progress has been made, but more remains to be done.

For 1995 Turkey has developed a program that builds on these accomplishments and advances the reform agenda with even stronger macroeconomic policies and additional structural reforms. The credibility of this program, however, hinges on its meticulous and vigorous implementation.

The United States strongly supports Turkey in its policy reform efforts. We believe that this approach will enable Turkey to improve its economic performance and achieve sustained growth and stability.

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RR-279



TREASURY



NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR IMMEDIATE RELEASE
MAY 5, 1995

STATEMENT OF TREASURY SECRETARY ROBERT E. RUBIN

The financial community and the developing world have lost a highly valued and respected friend. We are all saddened by the death of Lewis Preston.

Before turning to public service, Lewis Preston was a well-respected and influential figure in the global banking world through his leadership of Morgan Guaranty Trust and J.P. Morgan & Co., and he played a key role in resolving problems such as the Latin American debt crisis.

With a steady hand, a keen intellect and a quick wit, he set in motion changes that have improved the internal operations of the World Bank, broadened its membership, deepened its influence in response to global change, and increased the effectiveness of Bank assistance being delivered throughout the world. It is that final point that will be his legacy, because Lewis Preston changed lives around the world for the better.

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TREASURY



NEWS

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**STATEMENT OF RONALD K. NOBLE
UNDER SECRETARY OF THE TREASURY FOR ENFORCEMENT
FEDERAL LAW ENFORCEMENT OFFICER'S ASSOCIATION (FLEOA)
NEWARK, NEW JERSEY
MAY 5, 1995**

WE MEET TODAY IN THE WAKE OF ONE OF THE MOST DEVASTATING INCIDENTS IN AMERICAN LAW ENFORCEMENT HISTORY. SIXTEEN DAYS AGO, OUR FELLOW LAW ENFORCEMENT OFFICERS WERE KILLED IN A SENSELESS ACT OF TERRORISM IN OKLAHOMA CITY. LET ME FIRST HONOR THOSE FEDERAL LAW ENFORCEMENT EMPLOYEES WHO DIED IN THE BOMBING:

SECRET SERVICE:

**SPECIAL AGENT DONALD LEONARD
ASSISTANT SPECIAL-AGENT-IN-CHARGE ALAN WHICHER
SPECIAL AGENT CINDY CAMPBELL BROWN
SPECIAL AGENT MICKEY MARONEY
OFFICE MANAGER LINDA MCKINNEY
INVESTIGATIVE ASSISTANT KATHY SEIDL**

U.S. CUSTOMS SERVICE:

**SENIOR SPECIAL AGENT PAUL ICE
SENIOR SPECIAL AGENT CLAUDE MEDEARIS**

DEA:

**SPECIAL AGENT KENNETH MCCULLOUGH
OFFICE ASSISTANT CARROL FIELDS**

I ATTENDED THE FUNERALS OF THE TREASURY ENFORCEMENT EMPLOYEES WHO WERE KILLED IN THE BOMBING. I ALSO MET WITH RESCUE WORKERS, AND PEOPLE WHO WERE PRESENT IN THE BUILDING WHEN THE BOMB EXPLODED. I HAVE SEEN GREATER DEVASTATION THAN I HAD EVER SEEN IN MY LIFE. AND YET, I ALSO SAW AND HEARD OF ENORMOUS COURAGE, HEROISM, SELFLESSNESS, AND HUMAN DECENCY. I KNOW THAT IN YOUR DAILY WORK YOU SEE, AND PERFORM, SIMILAR COURAGEOUS ACTS.

RR-281



AN EXAMPLE FROM OKLAHOMA CITY EXEMPLIFIES THE BEST IN COOPERATIVE LAW ENFORCEMENT: TIMOTHY MCVEIGH WAS ARRESTED BY AN OKLAHOMA STATE TROOPER ON TRAFFIC AND FIREARMS CHARGES SHORTLY AFTER THE BOMBING. WHEN MCVEIGH'S NAME BECAME KNOWN TO LAW ENFORCEMENT AS THE PERSON IDENTIFIED AS "JOHN DOE #1", AN ATF AGENT QUERIED THE NCIC DATABASE FOR THE NAME "TIMOTHY MCVEIGH." HE FOUND THAT A NOBLE COUNTY SHERIFF HAD QUERIED THE DATABASE FOR THE SAME NAME SHORTLY AFTER THE BOMBING. A FOLLOW-UP PHONE CALL REVEALED THAT MCVEIGH WAS IN THE NOBLE COUNTY JAIL. THUS, AN ATF AGENT WORKING AS PART OF AN FBI-LED INVESTIGATIVE TEAM, USED AN FBI DATABASE TO LOCATE A PERSON HELD BY LOCAL POLICE BASED ON AN ARREST BY STATE AUTHORITIES.

DESPITE OUR SUCCESSES, WE ARE UNDER ATTACK FROM ALL SIDES. THE NATIONAL RIFLE ASSOCIATION HAS LAUNCHED AN UNCONSCIONABLE PUBLICITY CAMPAIGN AGAINST ATF AND OTHER FEDERAL LAW ENFORCEMENT AGENCIES. ITS RECENT FUND-RAISING LETTER SAID THAT THE SEMI-AUTOMATIC WEAPONS BAN, "GIVES JACK-BOOTED GOVERNMENT THUGS MORE POWER TO TAKE AWAY OUR CONSTITUTIONAL RIGHTS, BREAK IN OUR DOORS, SEIZE OUR GUNS, DESTROY OUR PROPERTY, AND EVEN INJURE OR KILL US . . . NOT TOO LONG AGO, IT WAS UNTHINKABLE FOR FEDERAL AGENTS WEARING NAZI BUCKET HELMETS AND BLACK STORM TROOPER UNIFORMS TO ATTACK LAW-ABIDING CITIZENS. NOT TODAY."

WHAT WAS TRULY UNTHINKABLE UNTIL NOT TOO LONG AGO, WAS THAT FEDERAL LAW ENFORCEMENT AGENTS WOULD BE SUBJECTED TO SLANDEROUS ATTACKS LIKE THESE.

I RECOGNIZE THAT THE STATEMENTS IN THE LETTER DO NOT REFLECT THE VIEWS OF ALL THE MEMBERS OF THE NRA. I AM SURE THAT THE LAW ENFORCEMENT OFFICERS WHO ARE MEMBERS OF THE NRA ARE AS DISGUSTED AS I WAS BY THIS LETTER. IT IS A POIGNANT EXAMPLE, HOWEVER, OF HOW FEDERAL LAW ENFORCEMENT AGENTS HAVE BECOME TARGETS FOR CRITICISM BECAUSE THEY ENFORCE CONTROVERSIAL LAWS.

OTHER EXAMPLES ABOUND. WASHINGTON D.C. TALK SHOW HOST G. GORDON LIDDY HAS ADVISED HIS LISTENERS TO SHOOT ATF AGENTS IF THEY APPROACH A HOUSE. HE ALSO TELLS HIS LISTENERS TO SHOOT FOR THE HEAD, BECAUSE THE AGENTS WEAR BULLET-PROOF VESTS.

PAMPHLETS AND MATERIALS ISSUED BY OTHER GROUPS, INCLUDING MILITIAS, ADVOCATE A WAR AGAINST THE FEDERAL GOVERNMENT, CALL FOR THE KILLING OF FEDERAL AGENTS, AND MAKE VILE COMMENTS ABOUT THE PRESIDENT AND THE ATTORNEY GENERAL.

MEMBERS OF CONGRESS HAVE ALSO USED FEDERAL LAW ENFORCEMENT AS A TARGET. DURING THE HOUSE DEBATE ON THE CRIME BILL THIS WINTER, ATF AND IRS WERE EXEMPTED FROM THE EXCLUSIONARY RULE REFORM PROPOSAL BECAUSE OF THEIR ALLEGED "LAWLESS" BEHAVIOR. ON THE FLOOR OF THE HOUSE OF REPRESENTATIVES, ATF AGENTS WERE CALLED "JACK-BOOTED FASCISTS."

SOME PORTION OF SOCIETY WILL ALWAYS OPPOSE THE POLITICAL POLICIES OF THE ADMINISTRATION IN POWER. CERTAINLY, SOME OF THIS ADMINISTRATION'S LAW ENFORCEMENT POLICIES, ESPECIALLY ITS POLICIES ON GUN CONTROL, HAVE BEEN CONTROVERSIAL. IT IS REPREHENSIBLE, HOWEVER, WHEN DEDICATED LAW ENFORCEMENT OFFICERS LIKE YOU ARE SLANDERED AND DEMEANED AS A TOOL OF POLITICAL OPPOSITION.

IT IS LEGITIMATE TO CRITICIZE THE LAW IF YOU DON'T LIKE IT. IT IS ILLEGITIMATE TO CRITICIZE THE PERSON WHO ENFORCES THE LAW, HOWEVER, JUST FOR DOING HIS OR HER JOB.

I DO NOT MEAN TO SAY THAT WE SHOULD BE ABOVE CRITICISM. WHEN WE ARE WRONG -- ON THE RARE OCCASIONS WHEN WE OVERSTEP OUR LEGITIMATE AUTHORITY -- WE MUST BE ABLE TO CONCEDE OUR MISTAKES, LEARN FROM THEM, AND MOVE FORWARD. WHEN, HOWEVER, WE ARE CARRYING OUT OUR SWORN DUTY TO ENFORCE THE LAW, AND WE ARE DOING IT LEGALLY AND CONSTITUTIONALLY, WE SHOULD NOT BE UNFAIRLY CRITICIZED SIMPLY BECAUSE SOMEONE DOES NOT LIKE THE UNDERLYING LAW.

UNFORTUNATELY, IT IS NOT JUST THE MEDIA AND POLITICIANS WHO USE FEDERAL LAW ENFORCEMENT AS A TARGET. MOST DANGEROUSLY, WE ARE INCREASINGLY UNDER ACTUAL PHYSICAL ATTACK.

WE ARE ALSO UNDER ATTACK IN THE COURTROOM. MORE THAN EVER, DEFENSE LAWYERS ARE ATTACKING THE INTEGRITY OF INVESTIGATIVE AGENTS AS A MEANS TO GAIN THEIR CLIENT'S ACQUITTAL. AGENTS HAVE BEEN WRONGFULLY, AND VICIOUSLY, ACCUSED OF BRUTALITY, RACIAL OR ETHNIC TARGETING, AND FALSIFYING EVIDENCE.

SO WHAT ARE WE GOING TO DO ABOUT ALL THESE ATTACKS ON FEDERAL LAW ENFORCEMENT? FIRST, WE ARE GOING TO CONTINUE WHAT WE HAVE ALWAYS DONE: WE ARE GOING TO CONTINUE APPLYING THE RULE OF LAW WITHOUT FEAR, FAVOR, OR PREJUDICE; WE ARE GOING TO CONTINUE USING ALL OF OUR LAWFUL POWERS TO FIGHT CRIME; AND MOST IMPORTANTLY, WE ARE GOING TO CONTINUE RESPECTING AND PROTECTING THE CIVIL AND CONSTITUTIONAL RIGHTS OF ALL CITIZENS.

SECOND, THIS ADMINISTRATION IS GOING TO GET YOU WHAT YOU NEED TO DO YOUR JOBS WELL, AND TO DO THEM AS SAFELY AS HUMANLY POSSIBLE. PRESIDENT CLINTON, SECRETARY RUBIN, ATTORNEY GENERAL RENO, AND THE ENTIRE ADMINISTRATION SUPPORT STRONG LAW ENFORCEMENT. HERE, TOO, FLEOA'S LEADERSHIP HAS BEEN FORCEFUL IN MAKING CONGRESS AWARE OF THE NEEDS OF FEDERAL LAW ENFORCEMENT AGENTS. THE ADMINISTRATION IS DOING ALL THAT IT CAN TO GET YOU NEW RESOURCES AND NEW STATUTORY AUTHORITIES TO ASSIST YOU IN DOING YOUR DIFFICULT WORK. FOR EXAMPLE, THE PRESIDENT'S ANTI-TERRORISM PACKAGE ASKS CONGRESS FOR ADDITIONAL FUNDING FOR LAW ENFORCEMENT AND FOR MORE LAW ENFORCEMENT OFFICERS. LAST YEAR'S CRIME BILL ALSO PROVIDED NEEDED FUNDS FOR FEDERAL LAW ENFORCEMENT.

WE KNOW THAT YOU ARE LITERALLY ON THE FIRING LINE EVERY DAY. WE KNOW THAT ASSAULT WEAPONS ARE A THREAT TO EVERY LAW ENFORCEMENT OFFICER, SO WE ARE GOING TO VIGOROUSLY DEFEND THE ASSAULT WEAPONS BAN. TREASURY AND JUSTICE ARE WORKING TOGETHER TO DEVELOP STRONGER LAWS AGAINST COP-KILLER BULLETS.

WE ALSO RECOGNIZE THE GROWING THREAT TO THE SAFETY OF FEDERAL OFFICERS AND THEIR FAMILIES FROM GROUPS THAT CHALLENGE THE LEGITIMACY OF THE FEDERAL GOVERNMENT. WE HAVE ALL SEEN A RISE IN MILITIAS AROUND THE COUNTRY -- THERE HAVE BEEN ESTIMATES THAT MILITIAS EXIST IN AS MANY AS 48 STATES. EVEN BEFORE THE OKLAHOMA CITY BOMBING, THE TREASURY AND JUSTICE DEPARTMENTS WERE WORKING TOGETHER TO (1) SHARE ALL AVAILABLE INFORMATION ABOUT MILITIAS AND (2) TO DEVELOP INVESTIGATIVE APPROACHES THAT ARE CONSISTENT WITH CONSTITUTIONAL RIGHTS BUT THAT ALLOW US TO IDENTIFY CRIMINAL CONDUCT AT THE EARLIEST POSSIBLE TIME. THESE EFFORTS CONTINUE.

WE ARE ALSO LOOKING MORE CLOSELY AT THE SAFETY PROBLEM THAT MILITIAS AND OTHER ANTI-GOVERNMENT GROUPS POSE TO FEDERAL LAW ENFORCEMENT AGENTS AND THEIR FAMILIES. WE ARE SEEING MORE AND MORE CONFRONTATIONS BETWEEN FEDERAL EMPLOYEES DOING THEIR LEGITIMATE GOVERNMENT WORK AND MEMBERS OF THESE GROUPS, WHO ARE OFTEN ARMED. THE PRESIDENT'S ANTI-TERRORISM LEGISLATION CONTAINS EXPANDED PENALTIES FOR ASSAULTS ON CURRENT OR FORMER FEDERAL OFFICERS AND THEIR FAMILIES.

THIRD, WE MUST GET OUT THERE AND TELL THE PUBLIC THE TRUTH ABOUT WHAT YOU DO. WE ALL KNOW THAT THE FIRE IN WACO WAS SET BY THOSE INSIDE THE COMPOUND. THE WIRETAP EVIDENCE AT THE BRANCH DAVIDIAN'S TRIAL PROVED THIS. NEVERTHELESS, TOO MANY PEOPLE WRONGLY SAY, AND BELIEVE, THAT THE FBI SET THE FIRE. WE KNOW THAT THE FOUR BRAVE ATF AGENTS WHO YOU HONOR THIS EVENING WERE SLAUGHTERED AT WACO WHILE TRYING TO SERVE LAWFUL WARRANTS ISSUED BY A FEDERAL MAGISTRATE. NEVERTHELESS, TOO MANY PEOPLE WRONGLY SAY, AND BELIEVE, THAT ATF ILLEGALLY "AMBUSHED" THE COMPOUND. I AM SURE THAT THERE ARE COUNTLESS SIMILAR MISCONCEPTIONS IN EVERY STATE IN THIS COUNTRY. EVERY ONE OF US HAS AN OBLIGATION TO CORRECT THESE MISPERCEPTIONS.

FINALLY, WE MUST RECOGNIZE THAT WE HAVE DEFENDERS. AND, AS THE TRUTH BECOMES KNOWN ABOUT THOSE WHO FOMENT THE ATTACKS ON FEDERAL LAW ENFORCEMENT, WE WILL HAVE EVEN MORE DEFENDERS. WE ARE ALREADY BEGINNING TO SEE MORE PUBLIC SUPPORT FOR FEDERAL LAW ENFORCEMENT. LAST FRIDAY, SENATOR DAVID PRYOR OF ARKANSAS CALLED THE NRA'S RECENT FUND-RAISING LETTER "A REVOLTING EXAMPLE OF HATEFUL, INCENDIARY, IRRESPONSIBLE SPEECH."

SIMILARLY, A SHAMEFUL ANTI-LAW ENFORCEMENT ADVERTISEMENT BY THE NRA ON THE ANNIVERSARY OF THE SIGNING OF THE BRADY BILL WAS CRITICIZED BY REP. CHUCK SCHUMER OF NEW YORK, SEN. BOB KERREY OF NEBRASKA, REP. JIM LIGHTFOOT OF IOWA (WHO IS HIMSELF A MEMBER OF THE NRA), THE INTERNATIONAL ASSOCIATION OF CHIEFS OF POLICE, THE FRATERNAL ORDER OF POLICE, AND BY VIC OBOYSKI ON BEHALF OF FLEOA.

AN EDITORIAL IN YESTERDAY'S NEW YORK TIMES SAID, "RESPONSIBLE LEADERS IN CONGRESS, ESPECIALLY IN LIGHT OF

INFLAMMATORY COMMENTS BY THEIR IRRESPONSIBLE COLLEAGUES, MUST WORK TO DISPEL THE GROWING MYTHOLOGY THAT PICTURES THE BATF AS THE AGENTS OF SOME NEFARIOUS GOVERNMENT PLOT TO SUBVERT THE CONSTITUTION AND ROB AMERICANS OF THEIR TRADITIONAL CIVIL LIBERTIES."

THIS PAST MONDAY, THE PHILADELPHIA INQUIRER PUBLISHED AN OP-ED ARTICLE ENTITLED "NO REASON TO AVENGE WACO." THE WRITER WAS ONE OF THE THREE INDEPENDENT REVIEWERS OF THE TREASURY DEPARTMENT INTERNAL REVIEW OF THE WACO INCIDENT. HE POINTED OUT THAT THE BRANCH DAVIDIANS HAD ACCUMULATED MORE THAN 100 ASSAULT RIFLES, ALONG WITH GRENADES, THOUSANDS OF ROUNDS OF AMMUNITION, AND CHEMICALS FOR MANUFACTURING EXPLOSIVES. THEY WERE HARDLY "LAW ABIDING CITIZENS." ATF AGENTS RAIDED THE COMPOUND ONLY AFTER A U.S. MAGISTRATE ISSUED LAWFUL SEARCH AND ARREST WARRANTS BASED ON PROBABLE CAUSE TO BELIEVE THAT A FEDERAL CRIME WAS OCCURRING. THEY WERE NOT "NAZI STORM TROOPERS" OR "JACK BOOTED FASCISTS."

MEMBERS OF CONGRESS HAVE CALLED FOR NEW HEARINGS INTO WACO AND RUBY RIDGE. IF THESE HEARINGS OCCUR, WE WILL PROUDLY TELL CONGRESS AND THE AMERICAN PEOPLE WHAT WE DID AND WHY WE DID IT. WE WILL SHOW THEM THAT THESE WERE NOT OUT-OF-CONTROL FEDERAL AGENTS PICKING ON INNOCENT MEMBERS OF SOCIETY. WE WILL ALSO SHOW THEM THAT, EVEN IF MISTAKES WERE MADE IN THESE OPERATIONS, THESE MISTAKES WERE ABERRATIONS; THEY SHOULD NOT TAR THE OUTSTANDING AND COURAGEOUS WORK DONE EVERY DAY BY OUR FEDERAL LAW ENFORCEMENT OFFICERS.

SOME HAVE SUGGESTED THAT THE BOMBING IN OKLAHOMA CITY WAS SOMEHOW CAUSED OR JUSTIFIED BY THE FEDERAL GOVERNMENT'S ACTIONS AT WACO AND RUBY RIDGE. THIS IS SHAMEFUL. THIS ADMINISTRATION IS COMMITTED TO PROVING TO THE AMERICAN PEOPLE THE FALSENESS OF THIS CLAIM. WE ARE COMMITTED TO SEPARATING THE REALITY ABOUT FEDERAL LAW ENFORCEMENT FROM THE MYTH THAT OUR ATTACKERS ARE SPREADING.

AMERICANS MUST RECOGNIZE THAT FEDERAL LAW ENFORCEMENT OFFICERS ARE NOT NAMELESS, FACELESS ROBOTS. YOU ARE FATHERS, MOTHERS, SONS, AND DAUGHTERS. YOU ARE MEMBERS OF YOUR LOCAL COMMUNITIES -- THE SAME COMMUNITIES THAT YOU DEDICATE YOUR PROFESSIONAL LIVES TO PROTECTING. YOU, LIKE YOUR NEIGHBORS,

**WANT LESS CRIME, SAFER STREETS, AND CAREFULLY PROTECTED RIGHTS.
YOU MUST MAKE SURE THAT YOUR NEIGHBORS KNOW THAT.**



PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR IMMEDIATE RELEASE
May 8, 1995

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 13-WEEK BILLS

Tenders for \$12,911 million of 13-week bills to be issued May 11, 1995 and to mature August 10, 1995 were accepted today (CUSIP: 912794U44).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	<u>Discount</u> <u>Rate</u>	<u>Investment</u> <u>Rate</u>	<u>Price</u>
Low	5.62%	5.80%	98.579
High	5.63%	5.81%	98.577
Average	5.63%	5.81%	98.577

\$10,000,000 was accepted at lower yields.
Tenders at the high discount rate were allotted 46%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	<u>Received</u>	<u>Accepted</u>
TOTALS	\$47,322,517	\$12,911,219
Type		
Competitive	\$41,596,681	\$7,185,383
Noncompetitive	<u>1,480,126</u>	<u>1,480,126</u>
Subtotal, Public	\$43,076,807	\$8,665,509
Federal Reserve	3,688,010	3,688,010
Foreign Official		
Institutions	<u>557,700</u>	<u>557,700</u>
TOTALS	\$47,322,517	\$12,911,219

5.57 -- 98.592



PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

FOR IMMEDIATE RELEASE
May 8, 1995

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 26-WEEK BILLS

Tenders for \$12,950 million of 26-week bills to be issued May 11, 1995 and to mature November 9, 1995 were accepted today (CUSIP: 912794V68).

RANGE OF ACCEPTED COMPETITIVE BIDS:

	<u>Discount</u> <u>Rate</u>	<u>Investment</u> <u>Rate</u>	<u>Price</u>
Low	5.63%	5.89%	97.154
High	5.65%	5.91%	97.144
Average	5.65%	5.91%	97.144

Tenders at the high discount rate were allotted 30%.
The investment rate is the equivalent coupon-issue yield.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	<u>Received</u>	<u>Accepted</u>
TOTALS	\$48,212,851	\$12,949,778
Type		
Competitive	\$41,545,812	\$6,282,739
Noncompetitive	<u>1,367,339</u>	<u>1,367,339</u>
Subtotal, Public	\$42,913,151	\$7,650,078
Federal Reserve	3,400,000	3,400,000
Foreign Official		
Institutions	<u>1,899,700</u>	<u>1,899,700</u>
TOTALS	\$48,212,851	\$12,949,778

5.64 - -97.149



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

ROBERT E. RUBIN
SECRETARY OF THE TREASURY

Robert E. Rubin was sworn in as the 70th Secretary of the Treasury on January 10, 1995.

From January 20, 1993 to January 10, 1995, Mr. Rubin served in the White House as Assistant to the President for Economic Policy. In that capacity he directed the activities of the National Economic Council. The NEC's principal functions include: overseeing the Administration's domestic and international economic policymaking process, coordinating economic policy recommendations to the President, ensuring that economic policy decisions and programs are consistent with the President's stated goals, ensuring that those goals are effectively pursued, and monitoring the implementation of the President's economic policy goals.

Prior to joining the Administration, Mr. Rubin spent 26 years at Goldman, Sachs & Co. in New York City. He joined Goldman in 1966 as an associate, became a general partner in 1971 and joined the management committee in 1980. Mr. Rubin was Vice Chairman and Co-Chief Operating Officer from 1987 to 1990 and served as Co-Senior Partner and Co-Chairman from 1990 to 1992. Before joining Goldman, he was an attorney at the firm of Cleary, Gottlieb, Steen & Hamilton in New York City from 1964 to 1966.

Mr. Rubin's previous activities included membership on the Board of Directors of the New York Stock Exchange, Harvard Management Company, New York Futures Exchange, New York City Partnership and the Center for National Policy. He has also served on the Board of Trustees of the Carnegie Corporation of New York, Mt. Sinai Hospital and Medical School, the President's Advisory Committee for Trade Negotiations, the Securities and Exchange Commission Market Oversight and Financial Services Advisory Committee, the Mayor of New York's Council of Economic Advisors and the Governor's Council on Fiscal and Economic Priorities for the State of New York.

Mr. Rubin graduated *summa cum laude* from Harvard College in 1960 with an A.B. in economics. He received a L.L.B. from Yale Law School in 1964 and attended the London School of Economics.

Mr. Rubin was born in New York City on August 29, 1938. He is married to Judith Oxenberg Rubin, who served as the New York City Commissioner of Protocol for four years under Mayor David M. Dinkins. The Rubins have two adult sons, James and Philip.



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

**MARY ELLEN WITHROW
TREASURER OF THE UNITED STATES**

Mary Ellen Withrow was confirmed unanimously by the Senate to be the 40th Treasurer of the United States on February 10, and sworn into office March 1, 1994.

She is the first person to have held the post of treasurer at all three levels of government -- local, state and national. She was elected Treasurer of her native Marion County, Ohio, in 1976 and 1980. She was elected as Ohio State Treasurer in 1982 and re-elected in 1986 and 1990.

As Treasurer of the United States, Withrow is responsible for the operations of both the U.S. Mint and the Bureau of Engraving and Printing. She is also the National Honorary Director of the U.S. Savings Bond program, and in that capacity represents the Treasury Secretary nationwide to promote the sale of savings bonds.

During her tenure as Ohio's Treasurer, Withrow's innovative programs, management efficiencies and record earnings for Ohio earned her nationwide recognition. In March 1992 she received the Donald L. Scantlebury Memorial Award from the Treasury's Joint Financial Management Improvement Program for financial excellence and improvement in government. She was named the nation's Most Valuable State Public Official by City & State Newspaper in 1990.

She is past president of the National Association of State Treasurers, and past president of the National Association of State Auditors, Comptrollers and Treasurers. She also is a member of the Anthony Commission on Public Finance, a panel addressing state and local government financing.

Withrow, who began her career in public service in 1969 as the first woman elected to the Elgin Local School Board in Marion County, is an inductee into the Ohio Women's Hall of Fame and a recipient of a Women Executives in State Government fellowship to Harvard University.

Withrow was born in Marion County, Ohio. She and her husband, Norman, have four daughters and four grandchildren.

PETER HUGHES DALY

Director

U. S. Bureau of Engraving and Printing
Department of the Treasury

- Appointed in 1988 by the Secretary of the Treasury as Chief Executive Officer of this 3000 employee, financially independent, advanced technology organization engaged in the secure design and high volume manufacture of U. S. Securities - most notably U. S. Currency - at multi-union facilities in both Washington, D. C. and Fort Worth, Texas. In 1995 the BEP will produce 9.5 billion currency notes, 30 billion U. S. postage stamps and a variety of other securities. Its budget approaches \$500 billion.
- Responsible for the BEP's organizational integrity, operating effectiveness, and financial solvency. Unique among government agencies , BEP operates as a business with its operating and capital investments budgets derived solely from the sales of its products to customer agencies and public corporations. Its performance, therefore, is measured by a bottom line of price quality, and productivity.
- Has lead U. S. delegations and presented technical and policy papers at conferences in China, the Philippines, Australia, Mexico, South America, and throughout Europe and Scandinavia. Was invited to the U. S. S. R. in 1990 as part of a group advising the state bank on the modernization of its cash systems. In 1990-91 chaired the long range planning committee of a twenty nation consortium for technical research and development, charting its financial and technical future through 1995. Is a guest lecturer at the John F. Kennedy School of Government at Harvard on the subject of managing organizational change, and most recently consulted in Eastern Europe.
- Currently serves as a principal on an interagency committee which provides the Secretary of the Treasury and the Chairman of the Federal Reserve Board with plans for the currency redesign and domestic and international counterfeit deterrence.

Personal

- Holds a degree in Economics from Villanova University, with graduate study (Honors) also in Economics.
- Married, two daughters.

DEPARTMENT OF THE TREASURY

TREASURY



NEWS

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SECRETARIES OF THE TREASURY

NAME	STATE	TERM OF SERVICE		ADMINISTRATION
		FROM	TO	
1. Alexander Hamilton	New York	September 19, 1789	January 31, 1795	Washington
2. Oliver Wolcott	Connecticut	February 3, 1795	December 31, 1800	Washington J. Adams
3. Samuel Dexter	Massachusetts	January 1, 1801	March 13, 1801	J. Adams Jefferson
4. Albert Gallatin	Pennsylvania	March 14, 1801	February 8, 1814	Jefferson Madison
5. George W. Campbell	Tennessee	February 9, 1814	October 5, 1814	Madison
6. Alexander J. Dallas	Pennsylvania	October 6, 1814	October 21, 1816	Madison
7. William H. Crawford	Georgia	October 22, 1816	March 6, 1825	Madison Monroe
8. Richard Rush	Pennsylvania	March 7, 1825	March 5, 1829	J.Q. Adams
9. Samuel D. Ingham	Pennsylvania	March 6, 1829	June 20, 1831	Jackson
10. Louis McLane	Delaware	August 8, 1831	May 28, 1833	Jackson
11. William J. Duane	Pennsylvania	March 29, 1833	September 22, 1833	Jackson
12. Roger B. Taney	Maryland	September 23, 1833	June 25, 1834	Jackson
13. Levi Woodbury	New Hampshire	July 1, 1834	March 3, 1841	Jackson Van Buren
14. Thomas Ewing	Ohio	March 04, 1841	September 11, 1841	Harrison Tyler
15. Walter Forward	Pennsylvania	September 13, 1841	March 1, 1843	Tyler
16. John C. Spencer	New York	March 8, 1843	May 2, 1844	Tyler
17. George M. Bibb	Kentucky	July 4, 1844	March 7, 1845	Tyler Polk
18. Robert J. Walker	Mississippi	March 8, 1845	March 5, 1849	Polk
19. William M. Meredith	Pennsylvania	March 8, 1849	July 22, 1850	Taylor Fillmore
20. Thomas Corwin	Ohio	July 23, 1850	March 6, 1853	Fillmore
21. James Guthrie	Kentucky	March 7, 1853	March 6, 1857	Pierce
22. Howell Cobb	Georgia	March 7, 1857	December 8, 1860	Buchanan
23. Philip F. Thomas	Maryland	December 12, 1860	January 14, 1861	Buchanan
24. John A. Dix	New York	January 15, 1861	March 6, 1861	Buchanan
25. Salmon P. Chase	Ohio	March 7, 1861	June 30, 1864	Lincoln
26. William P. Fessenden	Maine	July 5, 1864	March 3, 1865	Lincoln
27. Hugh McCulloch	Indiana	March 9, 1865	March 3, 1869	Lincoln A. Johnson
28. George S. Boutwell	Massachusetts	March 12, 1869	March 16, 1873	Grant
29. William A. Richardson	Massachusetts	March 17, 1873	June 3, 1874	Grant
30. Benjamin H. Bristow	Kentucky	June 4, 1874	June 20, 1876	Grant
31. Lot M. Morrill	Maine	July 7, 1876	March 9, 1877	Grant Hayes
32. John Sherman	Ohio	March 10, 1877	March 3, 1881	Hayes
33. William Windom	Minneapolis	March 8, 1881	November 13, 1881	Garfield Arthur
34. Charles J. Folger	New York	November 14, 1881	September 4, 1884	Arthur
35. Walter Q. Gresham	Indiana	September 9, 1884	October 30, 1884	Arthur
36. Hugh McCulloch	Indiana	October 31, 1884	March 7, 1885	Arthur Cleveland

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NAME	STATE	TERM OF SERVICE		ADMINISTRATIO
		FROM	TO	
37. Daniel Manning	New York	March 8, 1885	March 31, 1887	Cleveland
38. Charles S. Fairchild	New York	April 1, 1887	March 6, 1889	Cleveland
39. William Windom	Minneapolis	March 7, 1889	January 29, 1891	Harrison
40. Charles Foster	Ohio	February 25, 1891	March 6, 1893	Harrison
41. John G. Carlisle	Kentucky	March 7, 1893	March 5, 1897	Cleveland
42. Lyman J. Gage	Illinois	March 6, 1897	January 31, 1902	McKinley
43. L.M. Shaw	Iowa	February 1, 1902	March 3, 1907	Roosevelt
44. George B. Cortelyou	New York	March 4, 1907	March 7, 1909	Roosevelt
45. Franklin MacVeagh	Illinois	March 8, 1909	March 5, 1913	Taft
46. W.G. McAdoo	New York	March 6, 1913	December 15, 1918	Wilson
47. Carter Glass	Virginia	December 16, 1918	February 1, 1920	Wilson
48. David F. Houston	Missouri	February 2, 1920	March 3, 1921	Wilson
49. Andrew W. Mellon	Pennsylvania	March 4, 1921	February 12, 1932	Harding
50. Ogden L. Mills	New York	February 13, 1932	March 4, 1933	Coolidge
51. William H. Woodin	New York	March 15, 1933	December 31, 1933	Hoover
52. Henry Morgenthau, Jr.	New York	January 1, 1934	July 22, 1945	Roosevelt
53. Fred M. Vinson	Kentucky	July 23, 1945	June 23, 1946	Roosevelt
54. John W. Snyder	Missouri	June 25, 1946	January 20, 1953	Truman
55. George M. Humphrey	Ohio	January 21, 1953	July 29, 1957	Truman
56. Robert B. Anderson	Connecticut	July 29, 1957	January 20, 1961	Eisenhower
57. C. Douglas Dillon	New Jersey	January 21, 1961	April 1, 1965	Eisenhower
58. Henry H. Fowler	Virginia	April 1, 1965	December 20, 1968	Kennedy
59. Joseph W. Barr	Indiana	December 21, 1968	January 20, 1969	Johnson
60. David M. Kennedy	Utah	January 22, 1969	February 10, 1971	Johnson
61. John B. Connally	Texas	February 11, 1971	June 6, 12, 1972	Nixon
62. George P. Shultz	Illinois	June 12, 1972	May 8, 1974	Nixon
63. William E. Simon	New Jersey	May 8, 1974	January 20, 1977	Nixon
64. W. Michael Blumenthal	Michigan	January 23, 1977	August 4, 1979	Ford
65. G. William Miller	Rhode Island	August 7, 1979	January 20, 1981	Carter
66. Donald T. Regan	New Jersey	January 22, 1981	February 1, 1985	Carter
67. James A. Baker, III	Texas	February 4, 1985	July 17, 1988	Reagan
68. Nicholas F. Brady	New Jersey	September 15, 1988	January 20, 1993	Reagan
69. Lloyd Bentsen	Texas	January 21, 1993	December 23, 1993	Bush
70. Robert E. Rubin	New York	January 1, 1995	present	Clinton

DEPARTMENT OF THE TREASURY

TREASURY



NEWS

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TREASURERS OF THE UNITED STATES

NAME	STATE	TERM OF SERVICE	
		FROM	TO
1. Michael Hillegas	Pennsylvania	July 29, 1775	September 11, 1789
2. Samuel Meredith	Pennsylvania	September 11, 1789	October 31, 1801
3. Thomas T. Tucker	South Carolina	December 10, 1801	March 2, 1828
4. William Clark	Pennsylvania	June 4, 1828	May 31, 1829
5. John Campbell	Virginia	May 26, 1829	July 20, 1839
6. William Selden	Virginia	July 22, 1839	November 23, 1850
7. John Sloan	Ohio	November 27, 1850	April 6, 1850
8. Samuel Casey	Kentucky	April 4, 1853	December 22, 1859
9. William C. Price	Missouri	February 28, 1860	March 21, 1861
10. F.E. Spinner	New York	March 16, 1861	June 30, 1875
11. John C. New	Indiana	June 30, 1875	July 1, 1876
12. A.U. Wyman	Wisconsin	July 1, 1876	June 30, 1877
13. James Gilfillan	Connecticut	July 1, 1877	March 31, 1883
14. A.U. Wyman	Wisconsin	April 1, 1883	April 30, 1885
15. Conrad N. Jordon	New York	May 1, 1885	May 23, 1887
16. James W. Hyatt	Connecticut	May 24, 1887	May 10, 1889
17. J.N. Huston	Indiana	May 11, 1889	April 24, 1891
18. Enos H. Nebecker	Indiana	April 25, 1891	May 31, 1893
19. D.N. Morgan	Connecticut	June 1, 1893	June 30, 1897
20. Ellis H. Roberts	New York	July 1, 1897	June 30, 1905
21. Charles H. Treat	New York	July 1, 1905	October 30, 1909
22. Lee McClung	Tennessee	November 1, 1909	November 21, 1912
23. Carmi A. Thompson	Ohio	November 22, 1912	March 31, 1913
24. John Burke	North Dakota	April 1, 1913	January 5, 1921
25. Frank White	North Dakota	May 2, 1921	May 1, 1928
26. H.T. Tate	Tennessee	May 31, 1928	January 17, 1929
27. W.O. Woods	Kansas	January 18, 1929	May 31, 1933
28. W.A. Julian	Ohio	June 1, 1933	May 29, 1949
29. Georgia Neese Clark	Kansas	June 21, 1949	January 27, 1953
30. Ivy Baker Priest	Utah	January 28, 1953	January 29, 1961
31. Elizabeth Rudel Smith	California	January 30, 1961	April 13, 1962
32. Kathryn O'Hay Granahan	Pennsylvania	January 3, 1963	November 20, 1966
33. Dorothy Andrews Elston Kabis	Delaware	May 8, 1969	July 3, 1971
34. Romana Acosta Banuelos	California	December 17, 1971	February 14, 1974
35. Francine Irving Neff	New Mexico	June 21, 1974	January 1977
36. Azie Taylor Morton	Texas	September 12, 1977	January 20, 1981
37. Angela Buchanan	Washington, D.C.	March 17, 1981	July 1, 1983
38. Katherine Davalos Ortega	New Mexico	September 22, 1983	June 30, 1989
39. Catalina Vasquez Villalpando	Texas	November 18, 1989	January 20, 1993
40. Mary Ellen Withrow	Ohio	March 1, 1994	present

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FOR IMMEDIATE RELEASE
MAY 5, 1995

STATEMENT BY UNITED STATES TREASURER MARY ELLEN WITHROW

Thank you, Paul.

I am honored to be here today. Most people see and use paper money every day of their lives without realizing the great skill, dedication and individual artistry that goes into the creation of each and every note.

Mr. Blackmer spoke of his pride in the Bureau's work force and their dedication to doing the job well. I would also like to praise the Bureau's employees. I want to emphasize their dedication to making their community a better place. In April of 1990, the employees of the Bureau of Engraving and Printing established a voluntary program to provide assistance to the needy in the metropolitan area. This Community Outreach Program quickly designed a strategy flexible enough to assist those in crisis situations and to address much-needed, long-range projects.

The Outreach Program has done many exciting things over the past five years: adopting a teenaged mother and her two children and providing them with material, educational, and moral support; and adopting Grandma's House, special homes in Washington, D. C., for children who have been exposed to the HIV virus. BEP employees completely furnished a room in one of these houses. The Outreach Program also provides recreational games to senior citizen residents at the Mount Vernon House so that they might enjoy their leisure time.

Other exciting outreach activities are with the D.C. Public Schools. Bureau employees decided to focus their attention on youth for two reasons: to serve as role models and to help develop the future workforce of the Bureau. The Bureau Police Force has been assisting the Harrison Elementary School for about nine years. They support the school financially as well as personally. At least once a week an officer is at the school talking to the students. Recently, they purchased software for the science department computer and donated winter jackets to those who needed them.

RR-271



We are happy to have 25 fifth graders from Harrison Elementary School here today for this ceremony. Please stand. Let's give them a hand. The Bureau also maintains a partnership with McKinley/Penn Senior High School. The Adopt-A-School Program was designed to help prepare high school students for the workplace and motivate them for jobs involving new technology by exposing them to and involving them in BEP's professional work environment.

Last October, a ceremony was held here at the Bureau to honor the eight McKinley/Penn students who successfully completed an eight-week School-to Work program the previous summer. Prior to their eight weeks at the Bureau, the students participated in tours and workshops at the Bureau to gain first-hand knowledge about operations and overall professional behavior in the workplace.

BEP has made a firm long-term commitment to this partnership with McKinley/Penn High School, incorporating it into the Human Resource Development part of BEP 2000. The success of this program complements BEP's dedication to expanding the quality of life options for a few Washington's youth and to making long-term investment in the development of BEP's future labor force.





BUREAU OF ENGRAVING AND PRINTING · DEPARTMENT OF THE TREASURY

The Bureau of Engraving and Printing Reaches Out in the Community

The Bureau of Engraving and Printing takes pride in a past rich in tradition and success, here at the Bureau we place great value on people and strive to create a work environment built on trust, partnership, integrity and mutual respect.

The Bureau also has a tradition of excellence in community outreach activities. In April of 1990, the Bureau established a voluntary program, operated by a group of BEP employees, to provide assistance to the needy in the Washington, D.C. metropolitan area. The "Community Outreach Committee" members developed a strategy which was designed to be flexible enough to assist those in crisis situations as well as much needed long range community projects.

The Bureau's outreach efforts have varied from, adopting a family and a school, to completely furnishing a room for "Grandma's House", to assisting senior citizen residents at the Mount Vernon Home, and providing food to numerous families during the holiday season.

The Bureau's own police force has been assisting with the Harrison Elementary School, Washington, D.C. For nine years the officers have served as mentors to the students at Harrison. In the past they have provided the school with computer software for the Science Department, winter coats, field trips to various locations around the D.C. area and at least once a week an officer goes over to the school to offer counseling to students. Of the 237, 4th and 5th graders enrolled, 104 students had a perfect attendance record and 66 students are on the honor roll.



The Process of Currency Production

Section 4 - Intaglio Printing Presses

These are intaglio printing presses capable of printing 8,000 sheets per hour. In the printing process, blank currency sheets are fed into the presses and are forced into the engraved plates under 20 to 30 tons of pressure.

The back of the currency notes are printed first in green ink. The ink on the printed backs are put into a semi-vault holding area to dry for 72 hours. The semi-vaults may be holding at any given time \$30 to \$40 million dollars worth of blank engraved currency sheets.

Then the faces of the sheets are printed with black ink. The sheets are set to dry for another 48-72 hours before they are taken to the second phase of currency production.

At any one moment, there might be as much as \$200 million in production in this building. The Federal Reserve decides how much currency we are going to print and in which denominations.

Mechanical Examining

The Mechanical Examining Section shows one of the several inspections the currency undergoes. The sheets, which contain 32 notes, are trimmed and split into sheets of 16 notes. Then, the sheets go through a conveyor machine one at a time and examiners are responsible for pulling out defective sheets. The examiners are looking for ink spots, smears, discolorations or irregular cuts. We call these defects "MUTS", an abbreviation for Mutilations. Some of the MUTS are shredded and sold to you in our Visitor's Center.

COPE/PAK

This is the third and final stage of currency production before the money is sent to one of the twelve Federal Reserve Districts. COPE/PAK stands for Currency Overprinting, Processing Equipment and Packaging. These 16 note sheets are now fed into COPE/PAK, where they will receive the green Treasury seals, the block Federal Reserve seals, bank number and serial numbers. The numbers are printed in a sequential order, on each bill while it is still in one sheet containing 16 notes. One hundred of these sheets at a time are stacked into an elevator that passes the sheets to a conveyor that passes through two very sharp guillotine cutters.

The first cut which is made is horizontal and leaves the notes in pairs. The second cut is vertical and for the first time you are seeing individuals notes, 100 to a strap. Once cut, the notes are bound with denomination bands and then they go through their final quality check. If the examiner finds any discrepancies, the strap is pulled. Once the strap makes it through the final check it gets packaged together with nine other straps and shrink wrapped. That makes a bundle, which contains 1000 notes. Four of these bundles are then wrapped together to make a brick, which contains 4000 notes. These "bricks" of money go into a vault to await delivery to the Federal Reserve Banks.

Department of the Treasury
Bureau of Engraving and Printing

BUREAUFACTS

FACT SHEET

A Brief History of Currency

In the early days of this nation, before and just after the American Revolution, Americans used English, Spanish, and French currencies.

1732 The first private bank notes were issued in New London, Connecticut and were backed by the assets of the New London bank.

1775 The Continental Congress authorized the issuance of currency to finance the Revolutionary War. These notes were redeemable in Spanish Milled Dollars. Paul Revere, a silversmith by trade, made some of the first plates for this Continental Currency. However, the notes' rapid devaluation gave rise to the expression "not worth a Continental ..."

1781 The Bank of North America, an incorporated financial institution, was given a federal charter by the Continental Congress. Later, the Bank of New York was chartered under the administration of the first Secretary of the Treasury, Alexander Hamilton.

1785 The Continental Congress adopted the dollar as the unit for national currency.

1792 The federal monetary system was established through the creation of the U.S. Mint. A year later, the first coins for this system were minted.

1836 The federally chartered banks were closed. A proliferation of local state chartered banks issued over 7,000 varieties of paper currency in a wide assortment of colors and designs. These notes were easily counterfeited. That, along with alarmingly high bank failures, caused the State Bank Notes to become worthless.

1861 The United States government, on the brink of bankruptcy, first issued paper currency during the early years of the Civil War. Congress authorized non-interest bearing Treasury notes called Demand Notes.

1862 Congress authorized a new issue of currency, Legal Tender Notes or United States Notes, commonly called "greenbacks." The Secretary of the Treasury was empowered to have notes engraved and printed.

1863 The Bureau of Engraving and Printing, which produces all U.S. paper currency, printed its first notes.

1865 Extensive counterfeiting of the national currency led to the establishment of the Department of the Treasury's U.S. Secret Service in order to maintain the integrity of this currency.

1887 The Bureau of Engraving and Printing assumed all functions relating to the production of paper money from engraving to printing.

1913 The Federal Reserve Act of 1913 created the Federal Reserve System as the nation's central bank to regulate the flow of money and credit to promote economic stability and growth. The twelve Federal Reserve Districts are the channels through which practically all cash is circulated.

1929 The basic design of U.S. currency was standardized to include uniform portraits and randomly dispersed security fibers. The size of the notes was reduced by about an inch in height and over an inch in length.

1942 Hawaiian currency was issued for the exclusive use of the territory to protect the currency should an invasion take place. The notes had brown serial numbers, Treasury seals, and the word "Hawaii" printed on the face. Regular currency was withdrawn from the islands until 1944 when the special currency was terminated.

1943 Military and occupational currency was printed as a medium of exchange for goods and services in occupied countries. Security enhancements included overlapping designs, special inks, and pigments.

1957 The first currency issued with "In God We Trust" was required by Congress in 1955. Thereafter, the inscription would appear on all United States paper currency and coin. The \$1 Silver Certificates were made from newly configured plates using the electrolytic process and with the inscription, "In God We Trust."

1976 April 13 marked the first day of issue and reintroduction of the \$2 bill after almost a decade of retirement.

1991 A security thread and microprinting were introduced into paper currency to deter counterfeiting by advance copiers and printers. Denominations featuring the thread and microprinting are the \$100, \$50, \$20, and \$10 (all Series 1990). It is planned that the enhancements will be incorporated into the \$5 bill with the next change in the series of currency.

**Department of the Treasury
Bureau of Engraving and Printing**

BUREAUFACTS

FACTS ABOUT THE DOLLAR BILL

The basic face and back designs of all denominations of United States paper currency, except the backs of the \$1 and \$2 denominations in general circulation today, were adopted in 1928.

The front of the bills feature portraits of famous, deceased American statesmen: Washington on the \$1, Jefferson on the \$2, Lincoln on the \$5, Hamilton on the \$10, Jackson on the \$20, Grant on the \$50, and Franklin on the \$100. Notes of higher denominations, while no longer produced, featured McKinley on the \$500, Cleveland on the \$1000, Madison on the \$5000, and Chase on the \$10,000.

The backs of the bills feature images reflective of the history of our nation: the Great Seal of the United States on the \$1, the signing of the Declaration of Independence on the \$2, the Lincoln Memorial on the \$5, the Treasury Building on the \$10, the White House on the \$20, the Capitol on the \$50, and Independence Hall on the \$100. Denominations higher than the \$100 feature ornate impressions of the numerical value of the note, such as an ornate "500."

A popular and often asked about design is the one that appears on the back of the \$1, the Great Seal of the United States. The front of the seal shows an American bald eagle behind our national shield. The eagle holds an olive branch, which symbolizes peace, with 13 berries and 13 leaves. In the left talon, the eagle holds 13 arrows, which represents war. The 13 units represent the original colonies. The eagle's head is turned toward the olive branch, showing a desire for peace.

The top of the shield represents the Congress, the head of the eagle the Executive branch, and the nine tail feathers the Judiciary branch of our government. The 13-letter motto, "E Pluribus Unum," on the ribbon held in the eagle's beak means "Out of Many, One."

On the reverse of the seal is a pyramid with 1776 in Roman numerals at the base. The pyramid stands for permanence and strength. The pyramid is unfinished, signifying the United States' future growth and goal of perfection. A sunburst and an eye are above the pyramid, representing the overseeing eye of a deity. The 13-letter motto, "Annuit Coeptis" means "He has favored our undertakings." Below the pyramid the motto, "Novus Ordo Seclorum" means "A new order of the ages," standing for the new American era.

The most recent major change in the design of our currency was the addition of the inscription, "In God We Trust." The motto first appeared on U.S. coins in 1864. However, it was not until 1955 that a law was passed which stated that thereafter all new designs for coins and currency would bear the inscription.



Department of the Treasury
Bureau of Engraving and Printing

BUREAUFACTS

FUN FACTS ABOUT MONEY

DID YOU KNOW?

The Bureau of Engraving and Printing produces 35 million notes a day with a face value of approximately \$465 million.

Ninety-five percent of the notes printed each year are used to replace notes already in circulation. Forty-eight percent of the notes printed are \$1 notes.

The United States Department of the Treasury first issued paper currency of the United States in 1862 as a result of a shortage of coin and the need to finance the Civil War.

During the Civil War period, the Bureau of Engraving and Printing was called upon to print paper notes in denominations of 5¢, 10¢, 25¢, and 50¢. The reason for this is that people hoarded coins because of their intrinsic value which created a drastic shortage of circulating coins.

In 1929, the size of currency was reduced to about 2/3's of its former size when production was converted to 12-subject plates. The familiar portraits and back designs of our currency were also established at that time.

A stack of currency one mile high would contain over 14-1/2 million notes.

The approximate weight of a currency note is .032 troy ounce (12 ounces to a pound). There are 490 notes in a pound.

If you had 10 billion \$1 notes and spent one every second of every day, it would require 317 years for you to go broke. Or, if you had 77 billion dollars you could spend a dollar every second for 2,442 years.

Currency paper is composed of 25% linen and 75% cotton. Red and blue synthetic fibers of various lengths are distributed evenly throughout the paper. Prior to World War I the fibers were made of silk.

Have you ever wondered how many times you could fold a piece of currency before it would tear? About 4,000 double folds (first forward and then backwards) are required before a note will tear.

The following information regarding the average life of a Federal Reserve note was provided by the Federal Reserve System — please note that the life of a note depends on its denomination:

\$ 1	18 Months
\$ 5	2 Years
\$ 10	3 Years
\$ 20	4 Years
\$ 50	9 Years
\$100	9 Years

Our present sized currency measures 2.61 inches wide by 6.14 inches long, and the thickness is .0043 inch. If each currency note scheduled to be printed in 1991 were laid end to end, they would stretch around the earth's equator approximately 24 times. Larger sized notes in circulation before 1919 measured 3.125 inches by 7.4218 inches.

The 100 dollar bill has been the largest denomination of currency printed since 1969.

The obverse and reverse of the Great Seal of the United States appeared in a currency design for the first time when the \$1 Silver Certificate, Series 1935, was issued. The Seal dates back to 1782 — before the Constitution.

The legend, "In God We Trust," became a part of the design of United States currency in 1957 and has appeared on all currency since 1963.

The largest note ever printed by the Bureau of Engraving and Printing was the \$100,000 Gold Certificate, Series 1934. These notes were printed from December 18, 1934 through January 9, 1935 and were issued by the Treasurer of the United States to Federal Reserve Banks only against an equal amount of gold bullion held by the Treasury. They were not circulated among the general public by the Federal Reserve Banks.

The origin of the "\$" sign has been variously accounted for, however, the most widely accepted explanation is that the symbol is the result of evolution, independently in different places, of the Mexican or Spanish "P's" for pesos, or piastres, or pieces of eight. The theory, derived from a study of old manuscripts, is that the "S" gradually came to be written over the "P," developing a close equivalent of the "\$" mark. It was widely used before the adoption of the United States dollar in 1785.

Contrary to popular belief, the automobile pictured on the back of the \$10 note is not a Model "T" Ford. It is merely a creation of the designer of the bill.

The hands of the clock in the steeple of Independence Hall on the reverse of the \$100 Federal Reserve Note are set at approximately 4:10.

The beginning of an establishment for the engraving and printing of United States currency can be traced as far back as August 29, 1862, to a single room in the basement of the Main Treasury Building where two men and four women separated and sealed by hand \$1 and \$2 United States notes which had been printed by private bank note companies. Today there are approximately 2,800 employees who work out of two buildings in Washington, D.C. and a new facility in Fort Worth, Texas.

The Process of Currency Production

Tour stop 1 and 2

Pooled press

Section 4 - Intaglio Printing Presses

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Tour stop 3

Open press

Mechanical Examining

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Tour stop 4
Pooled press
COPE/PAK

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For Release Upon Delivery
Expected at 9:30 A.M.
May 9, 1995

STATEMENT OF
CYNTHIA G. BEERBOWER
DEPUTY ASSISTANT SECRETARY (TAX POLICY)
DEPARTMENT OF THE TREASURY
BEFORE THE
SUBCOMMITTEE ON OVERSIGHT
COMMITTEE ON WAYS AND MEANS
UNITED STATES HOUSE OF REPRESENTATIVES

Madam Chair and distinguished Members of the Subcommittee:

I am pleased to present the views of the Treasury Department today on the extension of various expired or expiring tax provisions set forth in the Subcommittee's Notice of Hearing dated April 19, 1995.

As discussed in more detail below, the Administration has previously supported and continues to support the revenue-neutral extension of many of these expired or expiring tax provisions, and looks forward to working with this Subcommittee to achieve that goal. These provisions include the exclusion for employer-provided educational assistance, the research tax credit, the tax credit for orphan drug clinical testing expenses, the tax deduction for contributions of qualified appreciated stock to private foundations, and the rules regarding allocation of research expenditures. The Administration would also support the extension of the targeted jobs tax credit if the problems underlying the credit's effectiveness were addressed.

As a matter of tax policy, the Administration believes that any extensions of tax incentives generally should be made on a permanent basis. Temporary extensions undercut the desired incentive by creating uncertainty and making it difficult for taxpayers to make long-term business plans. Temporary extensions also contribute to complexity for taxpayers and may create administrative problems when the provisions are allowed to expire and are then reinstated retroactively. Nevertheless, the Administration is mindful of budgetary constraints in considering permanent extensions of these incentives. The Administration is happy to work with the Congress on a bipartisan basis in developing acceptable options for financing these extensions. (Attachment A shows the receipts effect of permanent extension of the expiring provisions.)

The Administration opposes extending the delayed effective date of the 4.3 cents per gallon tax on commercial aviation fuel enacted as part of the Omnibus Budget Reconciliation Act of 1993

(OBRA 1993). The Administration also opposes extension of the production credit for nonconventional fuels.

In addition to the various expiring provisions that are the subject of this hearing today, several other provisions of the tax code either have already expired or are scheduled to expire soon. As indicated in the Administration's Fiscal Year 1996 budget, the Administration supports extension of these provisions, which are described below:

-- Oil spill liability tax. Under prior law, a 5 cents per-barrel tax was levied on each barrel of domestic and imported crude oil entering a U.S. port. This tax, which was deposited in the Oil Spill Liability Trust Fund, was to expire on the earlier of December 31, 1994, or the date on which the unobligated balance in the fund reached \$1 billion. This tax expired on December 31, 1994.

-- Generalized system of preferences (GSP). Under GSP, duty-free access is provided to over 4,000 items from about 142 eligible developing countries that meet certain worker rights and other criteria. This program, which was extended for 10 months under the Uruguay Round Agreements Act of 1994, is scheduled to expire after July 31, 1995.

-- Environmental tax on corporate taxable income. A tax equal to 0.12 percent of alternative taxable income in excess of \$2 million is levied on all corporations and deposited in the Hazardous Substance Superfund Trust Fund. This tax expires on December 31, 1995. In addition, the Administration also supports extension of the excise taxes deposited in the Superfund, which are scheduled to expire December 31, 1995. These environmental excise taxes are the crude oil tax (9.7 cents per barrel for domestic crude oil and imported petroleum products), the tax on feedstock chemicals, and the tax on certain imported substances.

The Administration's detailed views regarding the expiring provisions that are the subject of today's hearings follow.

1. Exclusion for Employer-Provided Educational Assistance

Background

The exclusion for employer-provided educational assistance was first enacted on a temporary basis as part of the Revenue Act of 1978. It has been extended seven times. In its Fiscal Year 1994 budget, the Administration proposed permanently extending the exclusion for employer-provided educational assistance. OBRA 1993, however, provided only a temporary extension. The exclusion expired for taxable years beginning after December 31, 1994.

Current Law

Prior to expiration, section 127 provided that amounts paid by an employer with respect to an employee under an educational assistance program were excluded from the employee's gross income and wages for employment tax purposes to the extent that the value of the assistance did not exceed \$5,250 per year, regardless of whether the expense would otherwise be deductible. Such programs were subject to nondiscrimination rules to ensure that the assistance was not provided primarily to higher-paid employees.

Education expenses incurred directly are deductible only if the education is related to the person's employment, and then only as a miscellaneous itemized deduction subject to the two percent of adjusted gross income floor. A deduction for education expenses is allowed only if the education maintains or improves a skill required in the individual's employment or other trade or business, or is required by the individual's employer, or by law or regulation for the individual to retain his or her current job.

Employer reimbursement of such expenses, however, may be excluded from income as a working-condition fringe benefit under section 132(d), and, unlike education expenses paid for by the employee, is not subject to the two-percent floor, nor is the deduction subject to a ceiling. The educational expense, however, must be job-related.

In the absence of section 127, the value of employer-provided educational assistance is included in an employee's income and employment-tax wages unless the cost of the assistance would qualify as a deductible, job-related expense of the employee if the employee had incurred the expense directly.

Administration's Recommendation

As stated in the Administration's Fiscal Year 1996 budget, the Administration supports extension of the exclusion for employer-provided educational assistance on a revenue-neutral basis.

The exclusion encourages employers to provide educational assistance and thereby increase the nation's productivity. In addition, the absence of the exclusion would impose significant administrative burdens on employers, workers, and the IRS in distinguishing between job-related expenses (which are excludable from gross income under current law when paid by the employer) and other employer-provided educational expenses.

As noted above, absent the exclusion, the value of employer-provided educational assistance is excludable from gross income

only for employment-related educational expenses. Because of the breadth of prior training and current job responsibilities, employer-provided education benefits provided for higher-income, higher-skilled employees are more likely to qualify as employment-related and thus be deductible regardless of the extension of section 127. In contrast, the educational objectives of lower-income, lower-skilled employees are more likely to include associate or undergraduate degrees and training for new employment, which do not qualify for exclusion in the absence of section 127.

2. Research Tax Credit

Background

The research tax credit initially was enacted as part of the Economic Recovery Tax Act of 1981 and was scheduled to expire on December 31, 1985. The Tax Reform Act of 1986 modified the credit and extended it through December 31, 1988. The credit was further modified and extended by the Technical and Miscellaneous Revenue Act of 1988 (extension through December 31, 1989), and the Omnibus Budget Reconciliation Act of 1989 (extension through December 31, 1990), which also modified the method for calculating a taxpayer's base amount. The credit was subsequently extended by the Omnibus Budget Reconciliation Act of 1990 (extension through December 31, 1991), the Tax Extension Act of 1991 (extension through June 30, 1992), and the Omnibus Budget Reconciliation Act of 1993 (OBRA 1993) (retroactive extension from July 1, 1992 through June 30, 1995). The credit is currently scheduled to expire on June 30, 1995.

Current Law

The research tax credit applies on an incremental basis to a taxpayer's "qualified research expenditures" for a taxable year. The credit is equal to 20 percent of the amount by which the taxpayer's qualified research expenditures for the taxable year exceed a base amount. The base amount is the product of the taxpayer's "fixed base percentage" and the average of the taxpayer's gross receipts for the four preceding years (subject to a maximum rate of .16). The base amount cannot be less than 50 percent of the taxpayer's qualified research expenditures for the taxable year.

For most taxpayers, the fixed based percentage is the ratio of the taxpayer's qualified research expenditures to its gross receipts during the period from 1984 until 1988. For certain

"start-up companies," the fixed base percentage is determined under special rules added by OBRA 1993.¹

Qualified research expenditures consist of (1) "in house" expenses of the taxpayer for research wages and supplies used in research, (2) certain time-sharing costs for computer use in research, and (3) 65 percent of amounts paid by the taxpayer for contract research conducted on the taxpayer's behalf. To be eligible for the credit, research must be undertaken for the purpose of discovering information which is technological in nature, the application of which is intended to be useful in the development of a new or improved business component of the taxpayer, and must relate to functional aspects, performance, reliability or quality of a business component. Research does not qualify for the credit if it is conducted after the beginning of commercial production of the business component, if it is related to the adaptation of an existing business component to a particular customer's requirements or need, or if it is related to the duplication of an existing business component from a physical examination of the component itself (or from similar information such as blueprints). Similarly, qualified research does not include efficiency surveys, market research or development, routine quality control, or research in the social sciences, arts, or humanities.

The credit does not apply to research conducted outside the United States, or to research funded by another person or governmental entity.

Administration's Recommendation

The Administration has consistently supported the research tax credit and included a proposal for its permanent extension in the 1994 budget. As indicated in the Administration's budget for Fiscal Year 1996, we continue to support the revenue-neutral extension of the research tax credit.

¹Under these rules, a taxpayer's fixed base percentage is set at .03 for the first five taxable years after 1993 in which the taxpayer incurs qualified research expenditures. For the next five years (assuming extension of the credit), the fixed base percentage is phased-in based on the taxpayer's actual ratio of qualified research expenditures to gross receipts. Thereafter, the percentage is based entirely upon the taxpayer's actual ratio for any five years selected by the taxpayer from its fifth through tenth taxable years after 1993.

Prior to amendment by OBRA 1993, a start-up company's fixed base percentage was set at .03 for all years.

The Administration recognizes the importance of technology to our national ability to compete in the global marketplace. Fostering the development of new technology is a cornerstone of our economic and national security strategy. We are committed to working with the private sector to enhance the role that technology plays in promoting competitiveness, creating high-wage jobs, maintaining America's defense capabilities, improving our quality of life, and fostering sustainable development.

The research tax credit is one tool that could be useful in supporting and fostering American technology. The credit provides incentives for private-sector investment in research and innovation that can help increase America's economic competitiveness and enhance U.S. productivity. These incentives are particularly important, as the U.S. economy becomes increasingly reliant on technological know-how, because private-sector investment in research often creates benefits for the economy that are not captured by an individual company.

The Administration continues to believe that for the research tax credit to be most effective, it should be made permanent, to provide taxpayers with greater certainty in making long-range business plans. It is also important that the cost of any extension of the research tax credit be fully offset. Increasing the Federal deficit could have an adverse impact on research expenditures (by drawing capital away from private-sector investments) and could thus offset the benefits resulting from the extension of the research tax credit.

3. Orphan Drug Tax Credit

Background

An orphan drug tax credit was first enacted as a part of the Orphan Drug Act of 1983. The Act's purpose was to provide incentives and direct Federal grant support for developing drugs for rare diseases and conditions. In addition to the incentive of a 50 percent credit for the expenses of clinically testing drugs for rare diseases, the Act also provided a seven-year exclusive marketing period for rare disease drugs approved for use by the Food and Drug Administration (FDA).

Under the 1983 Act, a "rare disease or condition" was defined as any disease or condition which occurs so infrequently in the United States that there is no reasonable expectation that the cost of developing and making available in the United States a drug for such disease or condition will be recovered from sales in the United States. This facts-and-circumstances test proved difficult to administer and, as a part of the Tax Reform Act of 1986, the definition was expanded to include any disease or condition which affects less than 200,000 persons in the United States.

This credit was originally scheduled to expire at the end of 1987, but was subsequently extended to the end of 1990 by the 1986 Act; to the end of 1991 by the Omnibus Budget Reconciliation Act of 1990; to June 30, 1992 by the Tax Extension Act of 1991; and to December 31, 1994 by the Omnibus Budget Reconciliation Act of 1993.

Since the inception of the orphan drug program, FDA has made (through March 31, 1995) 598 designations of orphan drugs related to particular diseases or conditions (some drugs have been designated with respect to more than one disease or condition). Of these orphan drugs, 104 have been approved for marketing. Included among the diseases and conditions for which marketing approval has been given are metastatic renal cell carcinoma; advanced adenocarcinoma of the ovary; tuberculosis infections; intractable spasticity caused by spinal cord injury or diseases; and hairy cell leukemia. About 20 percent of the approved drugs are to treat children.

Current Law

Prior to its expiration at the end of 1994, the orphan drug tax credit equaled 50 percent of qualified clinical testing expenses for drugs being tested under an exemption for a rare disease or condition under section 505(i) of the Federal Food, Drug, and Cosmetic Act. The testing must occur after the drug is designated under section 526 of the Act and before the drug is approved for use. Expenses funded by a government grant or by any person other than the taxpayer do not qualify. Qualified clinical testing expenses are taken into account in determining base period research expenses, but not qualified research expenses for purposes of the credit for increasing research activities (the R&E credit). The orphan drug tax credit can offset regular income tax liabilities entirely, but cannot be used to reduce alternative minimum tax liabilities. Amounts normally deductible as a business expense are reduced by the amount of any credit claimed. The credit cannot be claimed by any corporation that has elected the section 936 possessions tax credit.

Administration's Recommendation

As indicated in the Administration's Fiscal Year 1996 budget, the Administration supports making the orphan drug tax credit permanent, subject to identifying acceptable revenue offsets for any package of extensions, and will work with the Congress to achieve that goal. As a complement to other provisions of the Orphan Drug Credit Act, this credit, as noted above, has been helpful in making new drugs for rare diseases and conditions available to the least fortunate among us, those suffering from rare diseases but whose numbers are insufficient to provide adequate market incentives for developing remedial

drugs. If this provision is extended, one option to consider is making the credit permanent, so that developers of potential new drugs, when they make initial commitments of venture capital, can plan on the credit being in place if their research is successful to the point of securing FDA approval for clinical trials. The Administration would be willing to consider allowing excess orphan drug credits to be carried forward or backward, as a means to allow smaller drug firms to take advantage of this provision.

4. Full Fair-Market Value Deduction for Gifts of Qualified Appreciated Stock

Background

In the Deficit Reduction Act of 1984, Congress enacted section 170(e)(5), which provided a full fair-market value deduction for gifts of qualified appreciated stock to private foundations. At the time section 170(e)(5) was enacted, taxpayers who donated appreciated property to private foundations were permitted a deduction for their adjusted basis in the property plus sixty percent of the appreciation. This benefit for property other than qualified appreciated stock was eliminated as part of the Tax Reform Act of 1986. The House report accompanying the qualified appreciated stock legislation explained that improved treatment for gifts of all kinds to private foundations was warranted to acknowledge "the substantial role of nonoperating foundations in private philanthropy." It added that the publicly traded stock proposal was appropriate because it offered little potential for abuse.

The full fair-market value deduction for gifts of publicly traded stock expired on December 31, 1994.

Current Law

Prior to its expiration, section 170(e)(5) allowed a taxpayer who contributed qualified appreciated stock to a private foundation to deduct the full fair market value of the contributed stock, rather than the adjusted basis of the contributed stock. Qualified appreciated stock is defined as stock for which a market quotation is readily available and which has been held for more than one year (i.e., long-term capital gain property). This special treatment applies only to the extent that the qualified appreciated stock does not exceed 10 percent of the total outstanding stock of the corporation.

Section 170(e)(5) is an exception to the general rules on gifts of appreciated property to private foundations, which currently allow a deduction only for the donor's adjusted basis in the contributed property. By contrast, the rules on gifts of appreciated property to public charities generally allow a deduction for the full fair-market value of contributed long-term

capital gain property. (If a donor gives appreciated tangible personal property to a public charity which does not use it to further its exempt purposes, a deduction is allowed only for the donor's adjusted basis in the property.)

Administration's Recommendation

As set forth in the Administration's budget for Fiscal Year 1996, the Administration recommends reinstating the full fair market value deduction for gifts of qualified appreciated stock to private foundations, provided that it can be done on an acceptable revenue-neutral basis.

Private foundations perform an important role in the charitable sector. They provide grants and funding for charitable projects that they believe are promising. Thus, encouraging the formation and funding of private foundations through the full fair-market value deduction for gifts of qualified appreciated stock works to the benefit of the charitable sector as a whole.

Allowing a full fair-market value deduction for gifts of publicly traded stock to private foundations encourages taxpayers to devote the stock exclusively to charitable purposes. As government is restructured and reduced in size, the charitable sector will be expected to take on an increasing number of publicly beneficial projects. This incentive for charitable giving will help prepare for that future.

5. Targeted Jobs Tax Credit

Background

The TJTC was enacted by the Revenue Act of 1978 as a substitute for what had been a broad-based new jobs tax credit. Congress concluded that the unemployment rate had declined sufficiently so that it was appropriate to focus employment incentives on individuals with high unemployment rates and other groups with special employment needs.

The credit initially was scheduled to expire on December 31, 1981 and applied to wages earned in the first and second years of employment. The first-year credit was equal to 50 percent of the first \$6,000 earned by a TJTC-hire and the second-year credit was 25 percent of the first \$6,000 earned.

The TJTC has been extended on a short-term basis numerous times over the years. Revisions also have been made by a number of tax laws to adjust the amount of the credit, close loopholes, and alter the targeted groups of individuals covered by the credit.

The TJTC was amended and extended for one year through December 31, 1982, by the Economic Recovery Tax Act of 1981. This Act eliminated retroactive certification of employees already on the payroll and also required that one targeted group -- cooperative education students -- be economically disadvantaged in order to be covered by the credit. Without this constraint, employers were able to receive subsidies for hiring individuals they likely would have hired in the absence of the credit. Other changes made by the 1981 Act included increasing the number of targeted groups and modifying certain restrictions on eligibility within existing categories.

The TJTC was extended for two more years through December 31, 1984, by the Tax Equity and Fiscal Responsibility Act of 1982. This Act extended the credit to employers hiring economically disadvantaged 16- and 17-year-olds for summer employment. The 1982 Act also deleted one of the targeted groups -- former public service employment participants under the Comprehensive Employment and Training Act.

The Deficit Reduction Act of 1984 extended the TJTC for another year through December 31, 1985, after which it expired. It was extended retroactively for three more years through December 31, 1988, by the Tax Reform Act of 1986. The 1986 Act reduced the amount of the credit to 40 percent of the first \$6,000 earned and eliminated the second-year credit. Employees also were required to work for a minimum of 90 days or 120 hours to be covered by the credit (14 days or 20 hours for summer youths). A minimum employment period was imposed to limit the "churning" of employees by some employers. "Churning" involves maximizing the amount of credit by rapidly turning over workforce to hire additional targeted members.

The Omnibus Budget Reconciliation Act of 1987 eliminated the credit for wages paid to individuals who perform duties similar to those of workers who are participating in or are affected by a strike or lockout. The Technical Corrections and Miscellaneous Revenue Act of 1988 extended the credit for an additional year through December 31, 1989; reduced the summer youth credit from 85 percent to 40 percent of the first \$3,000 earned; and eliminated 23- and 24-year-olds from the targeted group of economically disadvantaged youths.

The TJTC was extended for nine more months through September 30, 1990, by the Omnibus Budget Reconciliation Act of 1989. This Act also reduced the burden placed on local Employment Service offices of verifying worker eligibility. The 1989 Act required employers requesting certification of a job applicant for which there had not been a written preliminary determination of eligibility (a voucher) to specify at least one, but not more than two, targeted groups to which the individual might belong. The employer also had to certify that it had made a good faith

effort to determine the individual's eligibility. The prior practice of asking local Employment Service offices to verify TJTC-eligibility of all new hires burdened these offices without creating new jobs. The employer firms already had decided to hire the individuals, although the individuals had not yet been put on the payroll.

The Omnibus Budget Reconciliation Act of 1990 retroactively extended the TJTC for 15 months through December 31, 1991. The conference agreement also clarified the definition of one of the targeted groups. This group -- "ex-convicts" -- was defined to include persons who are placed on probation by State courts without a finding of guilty. The TJTC was further extended for six months through June 30, 1992, by the Tax Extension Act of 1991.

Most recently, the credit was extended retroactively for 30 months by the Omnibus Budget Reconciliation Act of 1993. The 1993 Act extended the TJTC to cover individuals who begin work for an employer after June 30, 1992 and before January 1, 1995.

Current Law

Before its expiration, a TJTC was available to employers for up to 40 percent of the first \$6,000 of wages paid to a certified worker in the first year of employment. This translates into a potential credit of \$2,400 per targeted worker. The worker must be employed for at least 90 days or work at least 120 hours. (The credit for summer youth is 40 percent of the first \$3,000 of wages, or \$1,200, and these individuals must work for 14 days or 20 hours.) The employer's deduction for wages is reduced by the amount of the TJTC.

Certified workers must be economically disadvantaged or disabled individuals in one of nine targeted groups. These groups are (1) youth 18-22 years old; (2) summer youth age 16-17; (3) cooperative-education students age 16-19; (4) ex-offenders; (5) Vietnam-era veterans; (6) vocational rehabilitation referrals; and individuals receiving (7) general assistance, (8) Supplemental Security Income, or (9) Aid to Families with Dependent Children.

For purposes of the TJTC, a worker is economically disadvantaged if the worker's family income is 70 percent or less of the "lower living standard income level." This level is revised periodically to account for changes in the Consumer Price Index and varies by geographic and urban area.

To claim the credit for an employee, an employer must receive a written certification that the employee is a targeted group member. Certifications for employees are generally provided by State Employment Security Agencies. The employer

must have received or filed a written request for a certification on or before the date a targeted member begins work. If the employer has received a written preliminary determination that the employee is a member of a targeted group, the employer may file a written certification request within five calendar days after the targeted group member begins work.

The TJTC is jointly administered by the Treasury Department through the Internal Revenue Service (IRS) and the Department of Labor through its Employment Service. The IRS is responsible for tax-related aspects of the program and the Employment Service, through the network of State Employment Security Agencies, is responsible for defining and documenting worker eligibility.

Administration's Recommendation

The employment of economically disadvantaged and disabled workers is one of the Administration's most pressing concerns. Because we are very concerned about the efficient use of government revenues and the need to find revenue offsets, however, we believe that the problems undermining the credit's effectiveness must be addressed before pursuing an extension of the credit.

The most recent example of criticism of the program is an August 1994 report by the Labor Department's Office of Inspector General. The Inspector General's report raises significant concerns regarding the effectiveness of the credit. Although the report notes that the TJTC provides some benefits, the report concludes that the TJTC is not cost-effective and recommends that the Secretary of Labor discourage further extensions of the credit.

I would like to highlight three of the credit's main problems and offer very general options and principles for addressing those concerns. These problems are that the credit (1) provides a windfall to employers, (2) subsidizes short-term employment, and (3) promotes only limited training of employees for advanced career positions.

A. Employer windfall

Perhaps the most significant problem with the TJTC is that it often provides a "windfall" to employers. The credit provides a windfall to the extent it confers a benefit on employers for doing what they would have done without that benefit.

The most direct way to reduce any windfall is to require certification of eligibility before the hiring decision is made. In this way, the TJTC can serve as an incentive in the hiring decision. We are mindful that pre-hiring certification may be perceived as conferring a stigma on job applicants. However, the

TJTC was designed to overcome any negative employer perception about the likely productivity of targeted workers by rewarding employers for hiring them. In order for the program to work effectively, employers need to be aware that they are hiring targeted workers at the time the hiring decision is made. A pre-certification system would ensure that the credit was limited to employers that knowingly hired targeted workers.

One drawback of a pre-certification system is that it would place a larger burden on the Employment Service Agencies that perform the certifications. Treasury would be very wary, however, of endorsing any "self-certification" system under which individuals or their employers would certify targeted status with reduced oversight by government agencies. We would be concerned that such an "honor system" is too susceptible to abuse to be workable. Under the current regime, the principal checks against abuse are that Employment Agencies make the certifications and their actions are subject to audit by the Department of Labor. We believe these checks are important to curbing potential abuse and should not be replaced by more lax measures.

B. Employee turnover

Another serious criticism of the TJTC is that it subsidizes short-term positions that are less likely to promote job skills that are beneficial to more advanced job positions.

The Treasury and Labor Departments have explored two broad approaches to the churning problem. Under one approach, churning would be curbed by increasing the number of hours an employee must work with an employer before his or her wages could be taken into account in computing the credit. The current minimum employment period, which is the lesser of 90 days or 120 hours, translates into as little as three weeks of full-time work.

The other approach would "backload" the credit. Under current law, the credit is 40 percent of the first \$6,000 in wages paid to a targeted individual. Under the backloading approach, the credit rate applying to wages above some threshold would be higher than the credit rate applying to the initial wages. This shifts the incentive of employers in the direction of paying higher wages and keeping their employees on the job longer.

There are possible downsides to these reform proposals, such as a reduction in the initial hiring incentive and increased administrative burdens that would need to be considered.

C. Training of employees

To the extent the TJTC influences hiring and retention decisions, it helps hard-to-employ individuals develop basic job

skills. These include such fundamental skills as showing up for work on time, taking directions from managers, asking questions when instructions are not clear, and successfully completing assigned tasks. Nevertheless, the low-wage jobs traditionally subsidized by the credit typically do not offer more extensive training that could directly serve as a springboard to more advanced job positions.

To bolster the TJTC's impact on training, the Department of Labor has suggested that the credit might be expanded to apply to individuals participating in approved "school-to-work" programs. Although it is appropriate that a broad range of options be considered, attempts to redesign the TJTC to encourage training present special challenges. Any broad training initiative in the TJTC should attempt to ensure that the credit's special emphasis on hiring economically disadvantaged individuals is retained. A broad-based training option also could lose significant revenue because of the size of the potentially eligible population.

Before extending the TJTC to school-to-work participants, it also would be necessary to understand the relationships of this possible category to existing categories and the precise criteria used in establishing eligibility. We would also need to evaluate whether redesigning the TJTC to include a new training component is allocating government resources to programs that work the best.

6. Tax Credit for Producing Fuel From Nonconventional Sources

Background

As originally enacted in 1980, the nonconventional fuels production credit was available for qualified fuels produced domestically from a well drilled or a facility placed in service before January 1, 1990, and sold to an unrelated person before January 1, 2001. In 1988, the placed-in-service date for both wells and facilities was extended to January 1, 1991. In 1990, the placed-in-service date for both wells and facilities was extended to January 1, 1993, and the production-credit sunset date was extended, so that sales of qualifying fuels occurring before January 1, 2003, would be eligible for the credit.

The Energy Policy Act of 1992 included a provision which treated biomass facilities and facilities that produce synthetic fuels from coal as being placed in service before January 1, 1993, if such facility was placed in service before January 1, 1997, pursuant to a binding written contract in effect before January 1, 1996. The 1992 act also extended the production-credit sunset date to 2008.

Current Law

Under section 29 of the tax code, certain fuels produced from nonconventional sources are eligible for a production credit equal to \$3 (generally adjusted for inflation) per barrel or Btu oil barrel equivalent². (For calendar year 1993, the credit is \$5.76 per barrel-of-oil equivalent of qualified fuels.) Qualified fuels must be produced domestically from a well drilled before January 1, 1993; or from a facility that produces gas from biomass or that produces liquid, gaseous or solid synthetic fuels from coal (including lignite) and that is placed in service before January 1, 1997, pursuant to a written binding contract in effect before January 1, 1996.³ The production credit is available for qualified fuels from a well sold to unrelated persons before January 1, 2003 and from a facility sold to unrelated persons before January 1, 2008.

Qualified fuels include (1) oil produced from shale and tar sands, (2) gas produced from geopressured brine, Devonian shale, coal seams, a tight formation, or biomass (i.e., any organic material other than oil, natural gas or coal (or any product thereof)), and (3) liquid, gaseous or solid synthetic fuels produced from coal (including lignite), including such fuels when used as feedstocks.

Administration's Recommendation

The Administration opposes any general extension of the placed-in-service date or the production-credit sunset date for facilities that produce gas from biomass or that produce liquid, gaseous or solid synthetic fuels from coal.

When Congress enacted the nonconventional fuels production credit in 1980, an objective was to support the development of new alternative technologies to recover oil and gas.⁴ By increasing the profitability of these projects, the credit encourages investment in projects that might not have been undertaken without the tax incentive. Another objective of the credit was to encourage industries to develop alternative energy

²A barrel-of-oil equivalent generally means that amount of the qualifying fuel which has a 5.8 million Btu content.

³In the case of a facility that produces coke or coke gas, however, this provision applies only if the original use of the facility commences with the taxpayer.

⁴Senate Report No. 96-394, 96th Congress, 1st Session, p. 87.

sources that would be competitive with conventional fuels.⁵ The credit was intended to apply only for a limited period of time, however, after which Congress expected "no special incentive will be needed" because the affected industries would have matured and become competitive without government assistance over the life of the credit.⁶ The 1992 extension for biomass and coal facilities was intended to be a transition rule for taxpayers with facilities that were soon to be placed in service. This transition period is now almost over and no extension is warranted.

7. Transportation Fuels Excise Tax Exemption for Fuels Used in Commercial Aviation

Background

The Omnibus Budget Reconciliation Act of 1993 (OBRA 1993) generally provided for a 4.3 cents per gallon fuels excise tax on all transportation fuels, with the exception of fuel for commercial aviation, effective October 1, 1993. Gasoline and jet fuel used in commercial aviation is subject to the tax beginning on October 1, 1995.

Current Law

OBRA 1993 imposed a permanent excise tax of 4.3 cents per gallon on: (1) all transportation fuels currently subject to the Leaking Underground Storage Tank Trust Fund ("LUST") excise tax, except for jet fuels used in commercial aviation, (2) liquefied petroleum gases currently taxable as special fuels, (3) diesel fuel used in noncommercial motorboats, and (4) compressed natural gas (CNG) used in highway motor vehicles or motorboats (at 48.54 cents per mcf). Taxable fuels include motor fuels (gasoline, diesel fuel and special motor fuels) used for highway transportation or in motorboats; gasoline used in aviation; gasoline used in off-highway non-business uses (e.g., small engines and recreational trail uses); diesel fuel used in trains; and fuels used in inland waterways transportation. Most fuel uses that are exempt from the LUST tax are exempt from this tax. OBRA 1993 provided a temporary exemption from the 4.3 cents per gallon fuels tax for gasoline and jet fuels used in commercial aviation prior to October 1, 1995.

The provision was effective on October 1, 1993 (with appropriate floor stocks taxes being imposed on that date). In addition, gasoline and jet fuel used in commercial aviation was

⁵Ibid.

⁶Ibid.

subject to the tax beginning on October 1, 1995 (with appropriate floor stocks taxes being imposed on that date).

Revenues from this transportation fuels tax are deposited in the General Fund of the Treasury. This tax is separate from, and in addition to, any user-based excise taxes imposed on the same fuels to fund the Highway Trust Fund, the Airport and Airway Trust Fund, the Leaking Underground Storage Tank Trust Fund, the Inland Waterways Trust Fund, the Aquatic Resources Trust Fund, or the National Recreational Trails Trust Fund.

Administration's Recommendation

The Administration opposes any delay of the effective date of the 4.3 cents per gallon excise tax on fuel used in commercial aviation. No legislative action is required for this tax to go into effect.

When Congress enacted the 4.3 cents per gallon excise tax on fuels used in transportation, the effective date of the tax with respect to commercial aviation fuel was delayed from October 1, 1993, to October 1, 1995, because of concerns that the commercial airline industry generally was experiencing losses. The date certain for making the provision applicable to commercial aviation indicates that there was no intention that commercial aviation should be permanently exempted from the generally applicable excise tax on transportation fuels dedicated to the General Fund and used for deficit reduction.

An excise tax of 4.3 cents a gallon on commercial aviation fuel will not significantly affect the economic condition of the airline industry. This tax rate is well within the range over which jet fuel prices have fluctuated in recent years. During 1993 and 1994 average monthly jet fuel prices ranged from 50.7 to 61.3 cents per gallon. Moreover, we expect that airlines will pass a portion of these taxes on to passengers and shippers in the form of higher fares and rates.

The revenues and profits of the airline industry have recovered in 1993 and 1994 from recession lows. The Federal Aviation Administration reports that in fiscal year 1994, U.S. commercial airlines had operating profits of \$2.6 billion and net profits of \$1.2 billion. Passenger enplanements were up 8.2 percent over the prior year and revenue passenger miles up 5.5 percent. The FAA forecasts domestic enplanements to grow at an average rate of 5.8 percent per year over the 1995-97 period and at a rate of 4 percent per year over the next 12 years. International enplanements for U.S. carriers are expected to grow at a 5.8 percent annual rate over the next 12 years.

A tax on jet fuel will not affect the competitiveness of the U.S. carriers, because the tax will apply to foreign carriers

operating in the U.S. and will not apply to U.S. carriers (or foreign carriers) in their international operations.

8. Allocation of Research Expenditures

Background

U.S. persons are taxed on their worldwide income, i.e., their taxable income from both U.S. and foreign sources. To prevent double taxation of foreign-source income that may also be subject to foreign income taxes, U.S. persons may credit foreign income taxes paid against their U.S. tax liability.

The foreign tax credit is limited to the taxpayer's U.S. tax liability on its foreign-source income. Without this limitation, the U.S. effectively would subsidize higher tax rates of foreign jurisdictions by reducing a taxpayer's tax liability with respect to U.S.-source income to compensate for higher taxes imposed by foreign jurisdictions on foreign-source income. A taxpayer's foreign tax credit limitation (i.e., the ability to use its foreign tax credits) increases with the level of its foreign source income.

Consequently, a taxpayer with excess foreign tax credits (creditable foreign taxes in excess of its foreign tax credit limitation) has an obvious incentive to characterize as much income as possible as foreign source and to characterize as many deductions as possible as domestic source. In order to preserve the integrity of the foreign tax credit limitation so that foreign-source income is not taxed twice and foreign taxes do not offset the U.S. tax on U.S.-source income, it is important to accurately measure taxpayers' foreign-source income. This requires both an accurate measurement of a taxpayer's foreign source gross income, and of the deductions that are properly associated with that income.

Sections 861 and 862 provide rules for determining whether income and deductions are from U.S. or foreign sources. Prior to 1977, there were either no final regulations interpreting the expense allocation rules of sections 861 and 862, or regulations that simply restated the statutory rule with little elaboration. In 1977, Treasury issued final regulations governing the sourcing of expenses and other deductions as Treas. Reg. §1.861-8.

The 1977 regulations require research and development (R&D) expenses to be allocated among two-digit Standard Industrial Classification (SIC) code categories. R&D expenses associated with each such category are separately apportioned. R&D expenses that are incurred solely to meet the legal requirements of a particular jurisdiction and that cannot reasonably be expected to generate income (beyond *de minimis* amounts) outside that jurisdiction are allocated directly to gross income from the

geographic source that includes that jurisdiction. The remaining R&D expense is apportioned under either the sales method or the gross income method.

Under the sales method, thirty percent of the R&D deduction is exclusively apportioned to income arising from the geographic location where more than 50 percent of the taxpayer's R&D activities are performed. The remaining 70 percent is apportioned between U.S. and foreign source income on the basis of relative amounts of domestic and foreign-source gross sales receipts. A "look through rule" treats sales of certain controlled parties, such as foreign subsidiaries, and uncontrolled licensees as sales of the taxpayer for purposes of determining domestic and foreign gross sales receipts.

As an alternative to the sales method, a taxpayer may apportion R&D expenses based on the relative amounts of gross income from U.S. and foreign sources. Under this method, however, an exclusive allocation based on the place of performance is not permitted. As a further limitation, the portion of the R&D expenses apportioned to U.S.- and foreign-source income cannot be less than 50 percent of the amount that would be apportioned to U.S.- and foreign-source income under the sales method.

The 1977 regulations have been the subject of ten temporary modifications since 1981. A chronology of these modifications follows:

The Economic Recovery Tax Act of 1981 (ERTA) directed the Treasury to study the impact of the 1977 regulations on U.S.-based R&D and on the availability of the foreign tax credit. ERTA also suspended application of the 1977 regulations to U.S.-based R&D expenses for taxpayers' first two years beginning after August 13, 1981. During this period, 100 percent of U.S.-based R&D expenses were apportioned to U.S. source income. Expenses for foreign-based R&D were apportioned between U.S. and foreign source income under the rules of the 1977 regulations.

In 1983, Treasury published a report entitled "The Impact of the Section 1.861-8 Regulation on U.S. Research and Development." This Report described the 1977 regulations as an objective attempt to satisfy the statutory requirement that R&D be properly allocated and apportioned to domestic and foreign source income and described the ERTA regime as an incentive. The Report concluded that, compared to the 1977 regulations, the ERTA regime reduced U.S. tax liabilities of affected taxpayers by \$100 to \$240 million in 1982. The Report also noted that the ERTA regime had different effects on different corporations, but that the additional tax liability avoided in 1982 would (if paid) have reduced domestic R&D spending in that year by between \$40 million

and \$260 million. On the basis of these findings, the Report recommended a two-year extension of the ERTA regime.

The Deficit Reduction Act of 1984 extended the ERTA regime for an additional two-year period (the first two taxable years beginning after August 13, 1983).

The Consolidated Omnibus Budget Reconciliation Act of 1985 extended the ERTA regime for an additional one-year period (the first taxable year beginning after August 13, 1985).

The Tax Reform Act of 1986 suspended the 1977 regulations for one year (the first taxable year beginning after August 1, 1986) as it applied to U.S.-based R&D. During this one-year suspension, 50 percent of U.S.-based R&D expenses were exclusively apportioned to U.S. source income (a reduction from the 100 percent rule of ERTA). This 50 percent exclusive apportionment was available to taxpayers electing the gross income method, as well as the sales method of apportionment. The taxpayer's remaining R&D expense was apportioned under the 1977 regulations, except that no limitation was imposed on the use of the gross income method of apportionment with respect to the remaining U.S.-based R&D expenses.

The Technical and Miscellaneous Revenue Act of 1988 suspended the R&D regulations (which had been in effect during 1987) for a four-month period (the first four months of the first taxable year beginning after August 1, 1987), during which time 64 percent of U.S.-based R&D expenses were apportioned directly to U.S. source income and 64 percent of foreign-based R&D expenses were apportioned directly to foreign source income. This rule was codified in section 864(f). The taxpayer's remaining R&D expense was apportioned under the rules of the 1977 regulations except that, for taxpayers who elected the gross income method of apportionment, the amount apportioned to foreign source income was required to be at least 30 percent of the amount that would have been apportioned to foreign source income under the sales method. For the remaining eight months of that taxable year and the following year, the 1977 regulations were in effect.

The Omnibus Budget Reconciliation Act of 1989 reinstated Code section 864(f) for the first nine months of taxpayers' first taxable year beginning after August 1, 1989.

The Omnibus Budget Reconciliation Act of 1990 reinstated Code section 864(f) for a fifteen-month period (the last three months of the first taxable year beginning after August 1, 1989 and the first taxable year beginning after August 1, 1990).

The Tax Extension Act of 1991 extended Code section 864(f) for the first six months of the first taxable year beginning after August 1, 1991.

In 1992, Treasury issued Revenue Procedure 92-56, 92-2 C.B. 409, which administratively reinstated the provisions of Code section 864(f) for the last six months of a taxpayer's first taxable year beginning after August 1, 1991, and during the immediately succeeding taxable year.

The Omnibus Budget Reconciliation Act of 1993 (OBRA 1993) extended the provisions of Code section 864(f) for taxpayers' first taxable year (beginning on or before August 1, 1994) following the taxpayer's last taxable year to which Rev. Proc. 92-56 applies or would have applied had the taxpayer elected the benefits of that Revenue Procedure. The 1993 Act also reduced the exclusive allocation percentage from 64 percent to 50 percent. Therefore, for calendar-year taxpayers, the OBRA 1993 extension expired on December 31, 1994.

Current Law

Prior to its expiration, section 864(f) provided that fifty percent of research and development expenses (other than amounts incurred to meet certain legal requirements, and thus allocable to one geographical source) were exclusively apportioned to income sourced in the place of performance of the research. The remaining research and development expenses were apportioned on the basis of either sales or gross income, but subject to the condition that if the gross income based apportionment was used, the amount apportioned to foreign source income could be no less than 30 percent of the amount that would have been apportioned to foreign source income had the sales method been used.

Administration's Recommendation

As stated in the President's fiscal year 1996 budget, the Administration supports the revenue-neutral extension of section 864(f).

In Revenue Procedure 92-56, Treasury stated that it was undertaking a review of Treas. Reg. §1.861-8(e)(3) and further stated that, if necessary, it would propose appropriate amendments to that regulation. This Revenue Procedure also stated that the Treasury and the IRS were undertaking a review of the 1977 R&D allocation regulations. Treasury contemplates proposing new regulations in the near future that are likely to be more favorable to taxpayers than the 1977 regulations.

This concludes my prepared remarks. I would be pleased to respond to any questions that you may have at this time.

Receipts Effect of Permanent Extension of Expiring Provisions 1/

	Expiration Date	Fiscal Years					1995-2000
		1996	1997	1998	1999	2000	
(\$'s in billions)							
Permanent Extension							
Exclusion for employer provided educational assistance 2/	12/31/94	-0.835	-0.561	-0.597	-0.627	-0.657	-3.277
Research tax credit	6/30/95	-1.108	-1.352	-1.647	-1.867	-2.048	-8.022
Research and experimentation (R&E) allocation rules 3/	8/1/94	-0.991	-0.700	-0.735	-0.771	-0.810	-4.007
Orphan drug tax credit 2/	12/31/94	-0.042	-0.034	-0.038	-0.043	-0.048	-0.205
Full fair market value deduction for gifts of qualified appreciated stock 2/	12/31/94	-0.076	-0.060	-0.065	-0.070	-0.076	-0.347
Targeted jobs tax credit 2/ 4/	12/31/94	-0.262	-0.285	-0.361	-0.449	-0.528	-1.885
Other extensions supported by Administration:							
Oil spill liability tax 2/ 5/	12/31/94	0.373	0.220	0.222	0.223	0.224	1.262
Generalized system of preferences (GSP) 2/	7/31/95	-0.602	-0.489	-0.461	-0.428	-0.431	-2.411
Environmental tax on corporate taxable income 5/	12/31/95	0.307	0.520	0.530	0.536	0.540	2.433
Other expiring provisions to be considered at the hearing:							
Nonconventional fuels production credit 6/	12/31/96	0.000	-0.020	-0.110	-0.250	-0.725	-1.105
Airline fuels excise tax exemption	10/1/95	-0.379	-0.406	-0.422	-0.431	-0.437	-2.075

Department of the Treasury
Office of Tax Analysis

1/ Actual timing of receipts effect will be determined by date of enactment. Five-year totals will generally not be affected.

2/ Assumes retroactive extension with enactment date of 10/1/95.

3/ Assumes extension for taxable years beginning after 8/1/94.

4/ Does not take into account possible program modifications.

5/ Assumes statutory caps are adjusted so as not to be binding.

6/ Credit is available for facilities placed in service before 1/1/97, pursuant to a binding contract in effect before 1/1/96.



PUBLIC DEBT NEWS



Department of the Treasury • Bureau of the Public Debt • Washington, DC 20239

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FOR IMMEDIATE RELEASE
May 9, 1995

CONTACT: Office of Financing
202-219-3350

RESULTS OF TREASURY'S AUCTION OF 3-YEAR NOTES

Tenders for \$17,508 million of 3-year notes, Series X-1998, to be issued May 15, 1995 and to mature May 15, 1998 were accepted today (CUSIP: 912827T77).

The interest rate on the notes will be 6 1/8%. The range of accepted bids and corresponding prices are as follows:

	<u>Yield</u>	<u>Price</u>
Low	6.140%	99.959
High	6.200%	99.798
Average	6.165%	99.892

Tenders at the high yield were allotted 40%.

TENDERS RECEIVED AND ACCEPTED (in thousands)

	<u>Received</u>	<u>Accepted</u>
TOTALS	\$34,598,407	\$17,508,347

The \$17,508 million of accepted tenders includes \$805 million of noncompetitive tenders and \$16,703 million of competitive tenders from the public.

In addition, \$210 million of tenders was awarded at the average price to Federal Reserve Banks as agents for foreign and international monetary authorities. An additional \$3,444 million of tenders was also accepted at the average price from Federal Reserve Banks for their own account in exchange for maturing securities.

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DEPARTMENT OF THE TREASURY

TREASURY



NEWS

OFFICE OF PUBLIC AFFAIRS • 1500 PENNSYLVANIA AVENUE, N.W. • WASHINGTON, D.C. • 20220 • (202) 622-2960

FOR RELEASE AT 2:30 P.M.
May 9, 1995

CONTACT: Office of Financing
202/219-3350

TREASURY'S WEEKLY BILL OFFERING

The Treasury will auction two series of Treasury bills totaling approximately \$26,400 million, to be issued May 18, 1995. This offering will result in a paydown for the Treasury of about \$1,900 million, as the maturing weekly bills are outstanding in the amount of \$28,296 million.

Federal Reserve Banks hold \$6,729 million of the maturing bills for their own accounts, which may be refunded within the offering amount at the weighted average discount rate of accepted competitive tenders.

Federal Reserve Banks hold \$2,553 million as agents for foreign and international monetary authorities, which may be refunded within the offering amount at the weighted average discount rate of accepted competitive tenders. Additional amounts may be issued for such accounts if the aggregate amount of new bids exceeds the aggregate amount of maturing bills.

Tenders for the bills will be received at Federal Reserve Banks and Branches and at the Bureau of the Public Debt, Washington, D. C. This offering of Treasury securities is governed by the terms and conditions set forth in the Uniform Offering Circular (31 CFR Part 356) for the sale and issue by the Treasury to the public of marketable Treasury bills, notes, and bonds.

Details about each of the new securities are given in the attached offering highlights.

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Attachment

RR-286

For press releases, speeches, public schedules and official biographies, call our 24-hour fax line at (202) 622-2040



**HIGHLIGHTS OF TREASURY OFFERINGS OF WEEKLY BILLS
TO BE ISSUED MAY 18, 1995**

		May 9, 1995
<u>Offering Amount</u>	\$13,200 million	\$13,200 million
<u>Description of Offering:</u>		
Term and type of security	91-day bill	182-day bill
CUSIP number	912794 U5 1	912794 T5 3
Auction date	May 15, 1995	May 15, 1995
Issue date	May 18, 1995	May 18, 1995
Maturity date	August 17, 1995	November 16, 1995
Original issue date	February 16, 1995	November 17, 1994
Currently outstanding	\$14,408 million	\$17,480 million
Minimum bid amount	\$10,000	\$10,000
Multiples	\$ 1,000	\$ 1,000

The following rules apply to all securities mentioned above:

Submission of Bids:

- | | |
|-------------------------------|--|
| Noncompetitive bids | Accepted in full up to \$1,000,000 at the average discount rate of accepted competitive bids |
| Competitive bids | (1) Must be expressed as a discount rate with two decimals, e.g., 7.10%. |
| | (2) Net long position for each bidder must be reported when the sum of the total bid amount, at all discount rates, and the net long position is \$2 billion or greater. |
| | (3) Net long position must be determined as of one half-hour prior to the closing time for receipt of competitive tenders. |

**Maximum Recognized Bid
at a Single Yield**

35% of public offering

Maximum Award

35% of public offering

Receipt of Tenders:

- | | |
|----------------------------------|---|
| Noncompetitive tenders | Prior to 12:00 noon Eastern Daylight Saving time on auction day |
| Competitive tenders | Prior to 1:00 p.m. Eastern Daylight Saving time on auction day |

Payment Terms

Full payment with tender or by charge to a funds account at a Federal Reserve Bank on issue date