

INDONESIA

Schedule of Specific Commitments

Supplement 1

(This is authentic in English only)

INDONESIA - SCHEDULE OF SPECIFIC COMMITMENTS

Modes of supply: (1) Cross-border supply (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 Conditions on Non-Bank Financial Services Sector/Subsector:			
1.	Limitation on National Treatment in terms of taxation which is specified in the horizontal measures is not applied on the non-bank financial services sector/subsector.		
2.	All market access and national treatment limitations specified in the non-bank financial services sector/subsector will be eliminated by the year 2020 subject to similar commitment by other Members.		
3.	The share ownership of foreign services supplier is bound at the prevailing laws and regulations.		
4.	In addition to the horizontal measures, temporary entry will be granted to technical expert(s)/adviser(s) for no longer than 3 (three) months per person for any given year.		

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

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Non-Life Insurance Services (CPC 8129)	(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. (3) As specified in the horizontal measures. (4) Unbound except for director and technical adviser/expert.	(1) Unbound (2) Unbound (3) Higher paid-up capital is required of foreign service suppliers than of domestic service suppliers. (4) As specified in the horizontal measures.	

Modes of supply: (1) Cross-border supply (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) None (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 adviser/expert.	(1) None (2) Unbound (3) Higher paid-up capital is required of foreign services suppliers than of domestic service suppliers. (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 wants to carry out an insurance coverage of the object in question.	(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
Insurance Brokerage Services (CPC 8140)	(c) The owners of insurance objects in question are not Indonesian citizens or Indonesian legal entities. (3) As specified in the horizontal measures. (4) Unbound except for director and technical adviser/expert. (1) Unbound (2) None (3) At least one of the directors in the joint venture should be an Indonesian national. (4) Unbound except for director and technical adviser/expert.	(3) Higher paid-up capital is required of foreign service suppliers than of domestic service suppliers. (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. (4) As specified in the horizontal measures.	

Modes of supply: (1) Cross-border supply (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 Brokerage Services (CPC 8140)	(1) Unbound (2) None (3) As specified in the horizontal measures. (4) Unbound except for director and technical adviser/expert.	(1) None (2) Unbound (3) Higher paid-up capital is required of foreign service suppliers than of domestic service suppliers. (4) As specified in the horizontal measures.	
Financial Lease Services (CPC 81120)	(1) None (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. (4) As specified in the horizontal measures.	

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

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
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. (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. (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. (4) As specified in the horizontal measures.	

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

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Consumers Finance Services (CPC 8113)	(1) None (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. (4) As specified in the horizontal measures.	
Securities Business			
- Trading for own account or for account of customers, on an exchange or over-the-counter market	(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.	(1) Unbound (2) None (3) Higher paid-up capital is required of foreign service suppliers than of domestic service suppliers. (4) As specified in the horizontal measures.	
- Listed shares - Bonds			

Modes of supply: (1) Cross-border supply (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 securities, including underwriting and placement as agent (whether publicly or privately), and provision of services related to such issues	(1) Unbound (2) None (3) Through establishment of a securities underwriter company, requirements as specified in the horizontal measures. (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. (4) As specified in the horizontal measures.	
Portfolio management, all forms of collective investment management	(1) Unbound (2) None (3) Through establishment of an investment management company, requirements as specified in the horizontal measures. (4) Unbound except for directors.	(1) Unbound (2) None (3) Higher paid-up capital is required of foreign service suppliers than of domestic service suppliers. (4) As specified in the horizontal measures.	

Modes of supply: (1) Cross-border supply (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 limited only to investment fund management	(1) Unbound (2) None (3) Through establishment of an investment management company, requirements as specified in the horizontal measures. (4) Unbound except for directors.	(1) Unbound (2) None (3) Higher paid-up capital is required of foreign service suppliers than of domestic service suppliers. (4) As specified in the horizontal measures.	
Investment advisory services limited only to investment advisory in capital market	(1) Unbound (2) None (3) Through establishment of an investment management company, requirements as specified in the horizontal measures. (4) Unbound except for directors.	(1) Unbound (2) None (3) Higher paid-up capital is required of foreign service suppliers than of domestic service suppliers. (4) As specified in the horizontal measures.	

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

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Banking Subsector: General conditions on banking subsector.			
<ol style="list-style-type: none"> All market access and national treatment limitation specified in the banking sector/subsector will be eliminated by the year 2020 subject to similar commitment by other Members. The share ownership of foreign services supplier is bound at prevailing laws and regulation. The terms of the offer in the banking sector are in accordance with the Annex on Financial Services unless otherwise specified. The general conditions and qualifications are an integral part of the offer in the banking sector/subsector. Bound for existing branches of foreign banks at 100 per cent foreign ownership. Foreign bank and joint-venture bank may open 1 (one) sub-branch and 1 (one) auxiliary offices in the cities of Jakarta, Surabaya, Semarang, Bandung, Medan, Ujung Pandang, Denpasar and Batam Island. In addition to the horizontal measures, temporary entry will be granted to technical expert(s)/adviser(s) of foreign bank and joint-venture bank for no longer than 3 (three) months per person for any given year. Acquisition of local existing banks is allowed through the purchase of up to 49 per cent of the listed shares of locally incorporated banks listed in the stock exchange subject to rules and procedures of Capital Market Regulatory Body (BAPEPAM). 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 a joint-venture bank locally incorporated in Indonesia with the following requirements: <ol style="list-style-type: none"> As specified in the horizontal measures; Unbound for new licence; Only bank is permitted to establish joint-venture bank. The Government of Indonesia reserves the rights to establish regulations concerning the paid-up capital requirements for joint-venture banks. The offer is limited to transactions specified in the specific commitments. 			

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

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Commercial Banking Business			
- Acceptance of deposits and other repayable funds from the public.	<ol style="list-style-type: none"> Deposits received by banks operated in Indonesia (including overseas branch offices of the Indonesian banks) is subject to government regulation on foreign commercial borrowing. None As specified in the horizontal measures and general conditions on banking subsector. <ol style="list-style-type: none"> For foreign bank branch, only executive positions can be assumed by expatriates with limitation that at least one of them shall be Indonesian national. For the joint-venture bank only for the directors can be assumed by the expatriates in proportion to the ownership sharing. 	<ol style="list-style-type: none"> None None Bound only in accordance with the horizontal measures and general conditions on banking subsector. Bound only in accordance with the horizontal measures and general conditions on banking subsector. 	

Modes of supply: (1) Cross-border supply (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) 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.	

Modes of supply: (1) Cross-border supply (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 payment and money transmission services, including credit, charge and debit cards, travellers cheques and bankers drafts	(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.	

Modes of supply: (1) Cross-border supply (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.	

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

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
- Trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise, the following:	(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.	
- Money market instruments (including cheques, bills, certificates of deposits).			
- Foreign Exchange	(1) None (2) None (3) As specified in the horizontal measures and general conditions on banking subsector.	(1) None (2) None (3) Bound only in accordance with the horizontal measures and general conditions on banking subsector.	

Modes of supply: (1) Cross-border supply (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	(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.	(4) Bound only in accordance with the horizontal measures and general conditions on banking subsector.	
	(b) For the joint-venture bank only for the directors can be assumed by the expatriates in proportion to the ownership sharing.		
	(1) None	(1) None	
	(2) None	(2) None	
	(3) As specified in the horizontal measures and general conditions on banking subsector.	(3) Bound only in accordance with 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.	(4) Bound only in accordance with the horizontal measures and general conditions on banking subsector.	
	(b) For the joint-venture bank only for the directors can be assumed by the expatriates in proportion to the ownership sharing.		

Modes of supply: (1) Cross-border supply (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 issued in the money market	(1) None	(1) None	
	(2) None	(2) None	
	(3) As specified in the horizontal measures and general conditions on banking subsector.	(3) Bound only in accordance with 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.	(4) Bound only in accordance with the horizontal measures and general conditions on banking subsector.	
	(b) For the joint-venture bank only for the directors can be assumed by the expatriates in proportion to the ownership sharing.		
- Cash management, custodial and depository services	(1) None	(1) None	
	(2) None	(2) None	
	(3) As specified in the horizontal measures and general conditions on banking subsector.	(3) Bound only in accordance with the horizontal measures and general conditions on banking subsector.	

Modes of supply: (1) Cross-border supply (2) 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) (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>	(4) Bound only in accordance with the horizontal measures and general conditions on banking subsector.	

INDONESIA

List of Article II (MFN) Exemptions

Supplement 1

(This is authentic in English only)

INDONESIA - LIST OF ARTICLE II (MFN) EXEMPTIONS

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	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) of the Ministry of Finance Decrees No. 220/KMK.017/1993 dated 26 February 1993). With respect to joint-venture banks, licences can only be granted to foreign banks of countries which adopt reciprocal policies regarding Indonesian banks.	All countries which adopt reciprocal policies regarding Indonesia banks.	Suspended until the end of the period of 60 days beginning on 1 November 1997 as stipulated in the Second Decision on Financial Services adopted by the Council for Trade in Services on 21 July 1995.	To guarantee equal treatment to Indonesian nationals wishing to establish and operate banks abroad.

REPUBLIC OF KOREA

Schedule of Specific Commitments

Supplement 1

Revision

(This is authentic in English only)

REPUBLIC OF KOREA - SCHEDULE OF SPECIFIC COMMITMENTS

Modes of supply: (1) Cross-border supply (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 SECTORS INCLUDED IN THIS SCHEDULE (ALL SECTORS)	<p>(3) The acquisition of outstanding stocks of existing domestic companies by natural persons or juridical persons of another member is restricted. However, foreign portfolio investment in Korean stocks is permitted only for the stocks listed on the Korean Stock Exchanges, and individual foreign investors can own up to 3 per cent of each company's total stock, while aggregate foreign investments cannot exceed 15 per cent (10 per cent in the case of two public enterprises: Pohang Iron and Steel Company, Korea Electric Power Corporation) per each company.</p> <p>○ The aggregate and individual ceilings will be raised in 1996-1997.</p>	<p>(3) The amount of foreign direct investment must be at least 50 million Won.</p> <p>The acquisition of land is unbound except:</p> <p>(i) That the acquisition of land by companies which are not deemed as foreign under the Alien Land Law is permitted, and</p> <p>(ii) That the acquisition of land by companies which are deemed as foreign under the Alien Land Law and branches of foreign company is permitted, subject to approval or notification in accordance with the Alien Land Law, for the following legitimate business purposes:</p>	<p>(3) Residents who have been treated as foreigners in the Securities Exchange Act are accorded national treatment in portfolio investment in Korean stocks.</p>

*An asterisk on the CPC (UN Provisional Central Product Classification: statistical Papers series M No. 77, Department of International Economic and Social Affairs, Statistical Office of the United Nations, New York, 1991) code number indicates that the corresponding service subsector in this schedule only covers a part or parts of the service subsector classified under the given CPC code number.

Modes of supply: (1) Cross-border supply (2) 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 acquisition of outstanding bonds of existing domestic companies by natural persons or juridical persons of another Member is restricted except in the following cases:</p> <p>(i) Direct foreign investment is allowed in non-guaranteed Convertible Bonds issued by listed small- and medium sized companies.</p> <p>(ii) The purchase of government and public bonds, with interest rates comparable to international interest rates, is allowed in the primary market.</p> <p>(iii) Foreign investors are allowed to make indirect bond investment through the purchase of beneficiary certificates offered exclusively to foreigners.</p>	<p>○ land used for supplying services during the course of normal business activities;</p> <p>○ land used for housing senior company personnel under pertinent laws; and</p> <p>○ land used for fulfilling land-holding requirements stipulated by pertinent laws.</p> <p>Eligibility for subsidies, including tax benefits, may be limited to companies which are established in Korea according to the pertinent laws.</p> <p>Unbound for research and development subsidies.</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>○ Foreign investors will be allowed to make indirect bond investment through the establishment of a country fund.</p> <p>○ Foreign direct investment in long-term non-guaranteed bonds issued by small- and medium-sized companies will be allowed in 1997.</p> <p>The establishment of branches must be approved in accordance with the Foreign Exchange Management Act. In financial services, the establishment of representative offices must also be approved in accordance with the Foreign Exchange Management Act.</p> <p>(4) Unbound except for measures affecting the entry and temporary stay of natural persons as defined below:</p>	<p>(4) Unbound except for measures concerning the categories of natural persons referred to 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>A. Natural persons who are employees of firms that supply services through 100 per cent foreign ownership, joint venture companies or branches established in Korea and who have been in the employ of their firm for a period of not less than one year immediately preceding the date of their application for admission and who are one of the following:</p> <p>(i) Executives - persons within an organization who primarily direct the management of the organization, exercise wide latitude in decision-making, and receive only general supervision or direction from higher-level executives, the board of directors, or shareholders of the business. Executives would not directly perform tasks related to the actual supply of a service or services of the organization.</p>	<p>The acquisition of land is unbound except that the leasehold right of land is permitted, subject to approval.</p> <p>Eligibility for subsidies, including tax benefits, may be limited to residents according to the pertinent 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>(ii) Senior Managers - persons within an organization who primarily direct the organization or a department of the organization; supervise and control the work of other supervisory, professional or managerial employees; have the authority to hire and fire or recommend hiring, firing or other personnel actions; and exercise discretionary authority over day-to-day operations. Senior managers do not include first-line supervisors, unless the employees supervised are professionals, nor do they include employees who primarily perform tasks necessary for the supply of the service.</p>		

REPUBLIC OF KOREA (continued)

Page 6

Modes of supply: (1) Cross-border supply (2) 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) Specialists - persons within an organization who possess knowledge at an advanced level of continued expertise and proprietary knowledge on the services, research equipment, techniques, or management of the organization.</p> <p>B. Natural persons meeting the criteria of category A(i) or A(ii) and who are responsible for the setting up, in Korea, of a commercial presence of a service supplier of a Member when the service supplier has no representative office, branch or subsidiary in Korea and the persons are not engaged in making direct sales or supplying services.</p>		

REPUBLIC OF KOREA (continued)

Modes of supply: (1) Cross-border supply (2) 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. Natural persons not based in the territory of Korea and receiving no remuneration from a source located within Korea, who are engaged in activities or representing a service supplier for the purpose of negotiating for the sale of the services of that supplier when such sales are not directly made to the general public and the persons are not engaged in supplying the services.</p> <p>Entry and stay of natural persons as defined in A is limited to a period not exceeding three years that may be extended if extension is deemed to be necessary.</p> <p>Entry and stay of natural persons as defined in B and C is limited to a period of 90 days.</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 SERVICES¹</p> <p>All financial services covered by this schedule including Insurance</p>	<p>Natural persons whose entries and temporary stays are permitted shall observe the Immigration Law and the labour laws. Korea's commitments regarding temporary movement of natural persons do not apply in the case of labour-management disputes.</p> <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 30 June 1995.</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 30 June 1995.</p>	

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

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

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<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>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>		

REPUBLIC OF KOREA (continued)

Page 10

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

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>Interest rates of government-financed loans, loans rediscounted by the Bank of Korea, and short-term deposits of less than one year (in case of instalment savings deposits, less than two years) are regulated.</p> <p>○ All deposit rates except for those on demand deposits and its equivalents will be liberalized in 1996-1997.</p> <p>Some new financial products, including derivatives, are subject to approval.</p> <p>○ With interest rate and foreign exchange liberalization, such products will be more widely allowed, subject to relevant laws and regulations.</p>		

REPUBLIC OF KOREA (continued)

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

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
BANKING AND OTHER FINANCIAL SERVICES			
(1) BANKING BUSINESSES			
Following banking services:	<p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) (Horizontal limitations on banking services).</p>	<p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) None</p>	
(i) Deposit and related services ² [81115*, 81116*]	Only branches of foreign banks which rank among the world's top 500 banks in terms of assets size or representative offices are permitted.		
(ii) Loan and related services ³ [81131*, 81132*]	○ Foreign financial institutions will be allowed equity participation in existing domestic banks in 1996-1997		
(iii) Payment and money transmission services including credit card services [81339*]			

²Activities in which banks obtain funds from the public by receiving deposits or issuing transferable instruments or other securities.³Activities, such as loans and bill discounts, in which banks provide funds to the public in order to receive interest.

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

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
(iv) Settlement and clearing services ⁴ [81339*]	Issuance of debentures is prohibited.		
(v) Foreign exchange services ⁵ [81333*]	Foreign exchange position is regulated.		
(vi) Services auxiliary to banking:	<ul style="list-style-type: none"> ○ The oversold position of spot foreign exchange is 3 per cent of the previous month's average balance of foreign exchange bills bought, US\$3 million, or 2 per cent of capital (whichever is greatest). 		
- Sale of commercial bills ⁶ [81339*]			
- Sale of trade bills ⁷ [81339*]	< Limitations on Deposit and Related Services >		
- Mutual instalment deposit [81132*]			

⁴Settlement and clearing services on notes, bills and cheques by banks according to the Articles of KFTCI.⁵Purchase, sale, issuance, remittance and collection of foreign exchange.⁶A commercial bill is defined as a bill accompanying commercial transactions.⁷A trade bill is defined as a bill issued by exporters based on L/C before shipping export cargo.

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

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
- Payment guarantees and commitments [81339*]	Issuance limit of CDs is limited to the larger of 400 per cent of capital or 35 billion Won. The maturity of CDs is restricted to 60-270 days, and its minimum denomination is restricted to 30 million Won.		
(vii) Trust services ¹ [81192*, 81193]	<ul style="list-style-type: none"> ○ The minimum denomination will be lowered and the maturity expanded in 1996-1997. <p>Deposits for specific purposes, such as housing subscription deposits, may be handled only by designated institutions.</p> <p>< Limitations on loan and related services ></p> <p>Foreign currency loans are restricted with respect to ceiling and uses.</p> <p>Mandatory lending to small-and medium-sized companies are required.</p>		

¹Activities where the trustee, having been delegated the authority, manages assets of the trustor for the beneficiary.

REPUBLIC OF KOREA (continued)

Page 14

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

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>< Limitations on foreign exchange services ></p> <p>Underlying documentation requirements apply to foreign exchange transactions.</p> <p>Underlying documentation requirements are ex-post notification in the case of forward transactions.</p> <p>In the following cases, underlying documentation requirements are exempt:</p> <p>(i) Forward transactions between two foreign currencies.</p> <p>(ii) Forward transactions involving the Won and a foreign currency, valued at under US\$10 million.</p>		

REPUBLIC OF KOREA (continued)

Modes of supply: (1) Cross-border supply (2) 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) Financial futures transactions in exchanges.</p> <p>(iv) Financial futures transactions in the OTC market, valued at under US\$20 million.</p> <p>< Limitations on trust services ></p> <p>Real estate trust business is 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 and Economy for handling a trust business are required, provided that the head office is licensed in the home country to handle a trust business.</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
(2) CREDIT CARD BUSINESSES Credit card services [81133]	<p>Except for Specific Money Trusts, mandatory purchase of Monetary Stabilization Bond is required in managing assets of a trust business.</p> <p>○ The purchase ratio will be lowered in 1996-1997.</p> <p>(4) Unbound except as indicated in ALL SECTORS.</p> <p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) Only representative offices or branches of foreign suppliers which deal exclusively with credit card services are permitted.</p> <p>Lending for credit card members through such means as card loans is subject to limitations.</p> <p>Maximum limits are applied to various rates such as fees and interest rates.</p>	<p>(4) Unbound except as indicated in ALL SECTORS.</p> <p>(1) Unbound</p> <p>(2) Unbound</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
(3) FINANCIAL LEASING BUSINESSES Financial leasing services [81120]	<p>(4) Unbound except as indicated in ALL SECTORS.</p> <p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) Unbound</p> <p>(4) Unbound, except as indicated in ALL SECTORS.</p>	<p>(4) Unbound except as indicated in ALL SECTORS.</p> <p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) None</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)

Page 18

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

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
(4) SECURITIES BUSINESSES Following services related to securities:			
(i) Dealing [81199*]	(1) Unbound	(1) Unbound	
(ii) Broking [81321*]	(2) Unbound	(2) Unbound	
(iii) Underwriting [81322*]	(3) Only representative offices, branches, or joint ventures of foreign securities companies whose paid-in capital or shareholder's equity is valued at over 50 billion Won or 100 billion Won, respectively and which have been in the securities business for over 5 years are permitted.	(3) Among the three main businesses, namely (i), (ii), and (iii) an operating fund of at least 5, 10 or 15 billion Won is required to engage in any one, two, or all three of the above businesses, respectively.	
(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 per cent but less than 50 per cent.		
(v) Credit granting [81139*]			

REPUBLIC OF KOREA (continued)

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

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	<p>If there are multiple foreign shareholders in the joint venture companies, at least one shareholder must hold more than 20 per cent of the equity. Shareholders must meet certain eligibility criteria. Paid-in capital of joint ventures must be at least 50 billion Won. International financial organizations may hold less than 5 per cent of the equity.</p> <p>Equity participation in an existing domestic securities company by foreign securities companies is limited to less than 10 per cent per company and less than 50 per cent in the aggregate.</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>		

Page 19

Modes of supply: (1) Cross-border supply (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) SECURITIES INVESTMENT TRUST BUSINESSES Securities investment trust services [81193*]	(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.	
	(1) Unbound	(1) Unbound	
	(2) Unbound	(2) Unbound	
	(3) Only representative offices of foreign securities investment trust companies are permitted. Equity participation in an existing domestic securities investment trust company by foreign securities investment trust companies is limited to less than 5 per cent per foreign company and less than 10 per cent in the aggregate. ○ The maximum limit of equity participation will be expanded in 1994-1995.	(3) 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
(6) INVESTMENT ADVISORY BUSINESSES Investment advisory services [81332]	(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.	
	(1) Unbound	(1) Unbound	
	(2) Unbound	(2) Unbound	
	(3) Only representative offices of foreign investment advisory companies are permitted. Equity participation in an existing domestic investment advisory services company by foreign investment advisory companies is limited to less than 5 per cent per foreign company and less than 10 per cent in the aggregate. ○ The maximum limit of equity participation will be expanded in 1994-1995.	(3) 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
INSURANCE AND INSURANCE-RELATED SERVICES	(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.	
(7) LIFE INSURANCE BUSINESSES	(1) Unbound	(1) Unbound	
Life insurance services [81211]	(2) Unbound	(2) Unbound	
	(3) In joint ventures, multiple foreign shareholders are not allowed, and the foreign share must exceed 49 per cent. Shareholders must meet certain eligibility criteria. Establishment of a commercial presence is subject to the economic needs test. The recruitment and employment of insurance professionals, including sales personnel, are restricted.	(3) 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
(8) NON-LIFE INSURANCE BUSINESSES	(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.	
Non-life insurance services [8129]	(1) Unbound except for marine export/import cargo and aviation insurance	(1) Unbound	
	(2) Unbound	(2) Unbound	
	(3) Quoting insurance rates from abroad is subject to restrictions. These restrictions do not apply to aviation insurance. 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.	(3) 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
(9) REINSURANCE AND RETROCESSION BUSINESSES Reinsurance and retrocession services [81299*]	<p>Establishment of a commercial presence is subject to the economic needs test.</p> <p>Duopoly by specialized firms is maintained in fidelity and surety insurance.</p> <p>The recruitment and employment of insurance professionals, including sales personnel, are restricted.</p> <p>(4) Unbound except as indicated in ALL SECTORS.</p> <p>(1) None</p>	<p>(4) Unbound except as indicated in ALL SECTORS.</p> <p>Top executive personnel of each establishment must reside in Korea.</p> <p>(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.</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
(10) INSURANCE BROKING AND AGENCY BUSINESSES Insurance broking and agency services [81401*]	<p>(2) None</p> <p>(3) Direct insurance companies may participate in the supply of services subject to the restriction in section (8) regarding non-life insurance services.</p> <p>(4) Unbound except as indicated in ALL SECTORS.</p> <p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) Only exclusive agencies are allowed. In the case of life and non-life insurance services, dual agency is permitted.</p> <p>Establishment of a commercial presence is subject to the economic needs test.</p>	<p>(2) None</p> <p>(3) None</p> <p>(4) Unbound except as indicated in ALL SECTORS.</p> <p>Top executive personnel of each establishment must reside in Korea.</p> <p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) None</p>	

REPUBLIC OF KOREA (continued)

Page 26

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons			
Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
(11) CLAIM SETTLEMENT BUSINESSES Claim settlement services [81403*]	(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.	
	(1) Unbound	(1) None	
	(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 of each establishment must reside in Korea.	

REPUBLIC OF KOREA (continued)

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons			
Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
(12) ACTUARIAL BUSINESSES Actuarial services [81404]	(1) Unbound	(1) None	
	(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 of each establishment must reside in Korea.	

REPUBLIC OF KOREA

List of Article II (MFN) Exemptions

Supplement 1

(This is authentic in English only)

The text of the Financial Services section is deleted.

サービス貿易一般協定第二議定書