

ANNEX IVA

FINANCIAL SERVICES

I. Scope and Definitions

1. This Annex applies to measures affecting the supply of financial services. Reference to the supply of a financial service in this Annex shall mean the supply of a service as defined in sub-paragraph (o) of paragraph 6 of Article 58.

2. (a) For the purposes of this Annex:

(i) the term “financial service” means any service of a financial nature offered by a financial service supplier of a Party. Financial services include all insurance and insurance-related services, and all banking and other financial services (excluding insurance). Financial services include the following activities:

(A) Insurance and Insurance-Related Services

(AA) direct insurance (including co-insurance):

(aa) life

(bb) non-life

(BB) reinsurance and retrocession;

(CC) insurance intermediation, such as brokerage and agency;

(DD) services auxiliary to insurance, such as consultancy, actuarial, risk assessment and claim settlement services;

(B) Banking and Other Financial Services (Excluding Insurance)

(AA) acceptance of deposits and other repayable funds from the public;

(BB) lending of all types, including consumer credit, mortgage credit, factoring and financing of commercial transaction;

(CC) financial leasing;

(DD) all payment and money transmission services, including credit, charge and debit cards, travellers cheques and bankers drafts;

- (EE) guarantees and commitments;
- (FF) trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise, the following:
 - (aa) money market instruments (including cheques, bills, certificates of deposits);
 - (bb) foreign exchange;
 - (cc) derivative products including, but not limited to, futures and options;
 - (dd) exchange rate and interest rate instruments, including products such as swaps, forward rate agreements;
 - (ee) transferable securities;
 - (ff) other negotiable instruments and financial assets, including bullion;
- (GG) 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;
- (HH) money broking;
- (II) asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial, depository and trust services;
- (JJ) settlement and clearing services for financial assets, including securities, derivative products, and other negotiable instruments;
- (KK) provision and transfer of financial information, and financial data processing and related software by suppliers of other financial services; and
- (LL) advisory, intermediation and other auxiliary financial services on all the activities listed in subparagraphs (AA) through (KK) above, including credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy;

- (ii) the term “financial service supplier” means any natural or juridical person of a Party wishing to supply or supplying financial services, but the term “financial service supplier” does not include a public entity;
- (iii) the term “public entity” means:
 - (A) a government, a central bank or a monetary authority of a Party, or an entity owned or controlled by a Party, that is principally engaged in carrying out governmental functions or activities for governmental purposes, not including an entity principally engaged in supplying financial services on commercial terms; or
 - (B) a private entity, performing functions normally performed by a central bank or monetary authority, when exercising those functions;
- (iv) for the purposes of sub-paragraph (q) of paragraph 6 of Article 58, the term “services supplied in the exercise of governmental authority” means the following:
 - (A) activities conducted by a central bank or monetary authority or by any other public entity in pursuit of monetary or exchange rate policies;
 - (B) activities forming part of a statutory system of social security or public retirement plans; and
 - (C) other activities conducted by a public entity for the account or with the guarantee or using the financial resources of the Government.
- (b) For the purposes of sub-paragraph (q) of paragraph 6 of Article 58, if a Party allows any of the activities referred to in (iv)(B) of sub-paragraph (a) or (iv)(C) of sub-paragraph (a) above to be conducted by its financial service suppliers in competition with a public entity or a financial service supplier, the term “services” shall include such activities.
- (c) Sub-paragraph (r) of paragraph 6 of Article 58 shall not apply to services covered by this Annex.

II. Domestic Regulation

1. Notwithstanding any provisions of Chapter 7, a Party shall not be prevented from taking measures for prudential reasons, including measures for the protection of investors, depositors, policy holders or persons to whom a fiduciary duty is owed by a financial service supplier, or to ensure the integrity and stability of the financial system. Where such measures do not conform with

the provisions of Chapter 7, they shall not be used as a means of avoiding the Party's commitments or obligations under Chapter 7.

2. Nothing in Chapter 7 shall be construed to require a Party to disclose information relating to the affairs and accounts of individual customers or any confidential or proprietary information in the possession of public entities.

III. Recognition

1. A Party may recognise the prudential measures of any international regulatory body or non-Party in determining how the Party's measures relating to financial services shall be applied. Such recognition, which may be achieved through harmonisation or otherwise, may be based upon an agreement or arrangement with the international regulatory body or non-Party concerned or may be accorded autonomously.

2. A Party that is a party to such an agreement or arrangement referred to in paragraph 1 above, whether future or existing, shall afford adequate opportunity for the other Party to negotiate its accession to such agreements or arrangements, or to negotiate comparable ones with it, under circumstances in which there would be equivalent regulation, oversight, implementation of such regulation, and if appropriate, procedures concerning the sharing of information between the parties to the agreement or arrangement. Where a Party accords recognition autonomously, it shall afford adequate opportunity for the other Party to demonstrate that such circumstances exist.

IV. Dispute Settlement

Arbitral tribunals established under Article 143 for disputes on prudential issues and other financial matters shall have the necessary expertise relevant to the specific financial service under dispute.

V. New Financial Services

1. Each Party shall give due consideration to applications by financial service suppliers of the other Party to offer in the territory of the former Party any new financial service that is regulated by the other Party within the territory of the other Party. Where an application is approved, the provision of the new financial service is subject, on a non-discriminatory basis, to relevant licensing, institutional and juridical form requirements of the former Party.

2. For the purposes of paragraph 1 above, the term "new financial service" shall include services related to existing and new products or services, or the manner in which such products or services are delivered, that are not supplied in the territory of a Party but are supplied in the territory of the other Party.

VI. Modification of Schedules

The Parties shall, on the request in writing by either Party, hold consultations to consider any modification or withdrawal of a commitment in the Schedule of specific commitments on trade in financial services. Such consultations shall be held within three months after the requesting Party makes such a request. In such consultations, the Parties shall aim to ensure that a general level of mutually advantageous commitments not less favourable to trade than that provided for in the Schedule of specific commitments in Annex IVc prior to such consultations is maintained.