

# WORLD TRADE ORGANIZATION

RESTRICTED

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**Committee on Trade in Financial Services**

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## COMMUNICATION FROM EGYPT

### Initial Offer on Financial Services

#### Addendum

The following communication is circulated at the request of Egypt to Members of the Committee on Trade in Financial Services.

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This initial offer is conditional; Egypt reserves its right to modify or withdraw all or part of the Specific Commitments on Financial Services and to list MFN exemption, at any time until 12 December 1997.

**EGYPT**  
**DRAFT SCHEDULE OF SPECIFIC COMMITMENTS - INITIAL OFFER ON FINANCIAL SERVICES**

Modes of supply: (1) Cross-border supply		(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				
<u>Measures of specific application:</u>				
A. <u>Insurance Services</u> , the main criteria which the economic needs test apply are as follows:				
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 bases of solvency margin, there is a surplus demand in excess of the capacity which enables a new company to achieve its purposes.				
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 insurance covers.				
B. <u>Other Financial Services</u>				
Commercial presence for conducting the activities of other Financial Services (Capital Market Services excluding trading in securities) should be incorporated in Egypt to take the form of a joint-stock company or a partnership limited by shares.				

Modes of supply: (1) Cross-border supply (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 SERVICES			
<p>A. <u>Joint-Venture Banks (JVBs)</u></p> <ul style="list-style-type: none"> <li>- Acceptance of deposits and other forms of repayable funds.</li> <li>- All types of lending, including consumer credit, and financing of commercial transactions.</li> <li>- All payment and money transmission services, including credit, charge and debit cards, traveller's cheques and bankers draft.</li> </ul>	<p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) The share of non-Egyptians in the capital of JVBs and private banks may exceed 49 per cent of the issued capital of any bank. Ownership capital of more than 10 per cent of the issued capital of any bank, except through inheritance, requires the approval of the CBE Board of Directors.</p> <p>(4) The General Manager should be national.</p>	<p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) Foreign service suppliers, in the context of JVBs are required to offer on-the-job training for national employees.</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	
- Trading for own account or for account of customers in: <div><div>a. Money market instruments (cheques, bills and certificate of deposits);</div><div>b. foreign exchange;</div><div>c. securities.</div></div>				
- Participation in share issues and the provision of services related to such issues.				
- Money broking.				
- Portfolio management advice.				
- Safekeeping of securities.				

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons			
Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
- Credit reference services and			
- Safe custody services			
B. <u>Foreign Bank Branches</u>	(1) Unbound	(1) Unbound	
Same activities specified under (A) above.	(2) Unbound	(2) Unbound	
	(3) Economic needs test shall apply.	(3) Branches of foreign banks established after 5 June 1992, (the date of enforcement of Law No. 37 of 1992) may be licensed to deal in local currency in addition to foreign currency subject to the satisfaction of minimum capital requirement, adequacy of provisions and other prudential measures (Art. 13 of the executive regulations of the said Law).	
	(4) 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	
C. <u>Representative Offices of Foreign Banks (R.O.s)</u>	(1) Unbound	(1) Unbound		
	(2) Unbound	(2) Unbound		
	(3) Foreign banks which desire to set up representative offices should not have branches in Egypt.	(3) Unbound		
	- Activities of R.O.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		

Modes of supply: (1) Cross-border supply (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 & INSURANCE RELATED SERVICES			
1. <u>Life, health, personal accident</u>	<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>- No maximum limits required on the foreign shareholding in free zones.</p> <p>- Economic needs test shall apply to the inland commercial presence (other than in free zones) according to the criteria as stipulated in the horizontal section.</p> <p>Relaxation of economic needs test shall be considered in 2000 for life, health &amp; personal accident business.</p>	<p>(1) None</p> <p>(2) None</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"> <li>- Foreign insurance companies branches and agencies are not allowed.</li> <li>- Foreign capital equity shall be 51 per cent of the total capital required for the company (other than in free zones) as of 1/1/2000</li> <li>- Legal cessions of the total transactions must be ceded to Egyptian Reinsurance Co. according to the percentages to be decided by the supervisory authority and 5 per cent of the Company's treaties to African Reinsurance Co.</li> </ul>	(4) None		
	<p>(4) Qualified non-Egyptian directors are allowed for a five year term and may be renewed. Their appointment and renewal is subject to the approval of the Supervisory Authority.</p> <p>A non-Egyptian director must have at least two Egyptian understudies.</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. <u>Non-life insurance</u></p>	<p>(1) Unbound</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>- No maximum limits required on the foreign shareholding in free zones.</p> <p>- Economic needs test shall apply to the inland commercial presence, (other than in free zones) according to the criteria as stipulated in the horizontal section.</p> <p>Relaxation of economic needs test shall be considered in 2002 for non-life business.</p>	<p>(1) Unbound</p> <p>(2) None</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	
	<p>Foreign capital equity shall be 51 per cent of the total capital required for the company (other than in free zones) as of 1/1/2003.</p> <ul style="list-style-type: none"> <li>- Foreign insurance Companies branches and agencies are not allowed.</li> <li>- Legal cessions of the total transactions must be ceded to Egyptian Reinsurance Co. according to the percentages to be decided by the supervisory authority and 5 per cent of the Company's treaties to African Reinsurance Co.</li> </ul>	(4) None		
	<p>(4) Qualified non-Egyptian directors are allowed for a five year term and may be renewed.</p> <p>Their appointment and renewal is subject to the approval of the Supervisory Authority.</p> <ul style="list-style-type: none"> <li>- A non-Egyptian director must have at least two Egyptian understudies.</li> </ul>			

Modes of supply: (1) Cross-border supply (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. <u>Reinsurance and retrocession</u>	(1) None	(1) None	
	(2) None	(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.	(3) None	
	- No maximum limits required on the foreign shareholding in free zones or inland.		
	- Foreign reinsurance companies branches and agencies are not allowed.		
	- Insurance and reinsurance companies are not allowed to deal with reinsurers not listed in the supervisory authority list.		
	- Five per cent of the company's treaties must be ceded to African Reinsurance Co.		
	(4) 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		
4. <u>Auxiliary services other than intermediation:</u>								
a. Actuarial services		(1)	Unbound	(1)	Unbound			
		(2)	Unbound	(2)	Unbound			
		(3)	Foreign service supplier must be authorized to perform this profession from a competent authority in his home country and registered at the Egyptian register for that purpose.	(3)	None			
		(4)	None	(4)	None			
b. Consultancy (risk assessment and risk management only)		(1)	None	(1)	None			
		(2)	None	(2)	None			
		(3)	None	(3)	None			
		(4)	None	(4)	None			

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c. Loss assessment	(1) Unbound	(1) Unbound		
	(2) Unbound	(2) Unbound		
	(3) Foreign service supplier must be authorized to perform this profession from a competent authority in his home country and registered at the Egyptian register for that purpose.	(3) None		
	(4) None	(4) None		
d. Liaison offices	(1) None	(1) None		
	(2) None	(2) None		
	(3) Commercial presence is bound only for public relations and market research.	(3) None		
	(4) 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	
5. <u>Intermediation</u>	(1) Bound only for life insurance and reinsurance services.	(1) None		
	(2) Bound only for life insurance and reinsurance services.	(2) None		
	(3) Unbound	(3) Unbound		
	(4) Unbound	(4) Unbound		
OTHER FINANCIAL SERVICES				
A. SECURITIES				
1. <u>Underwriting</u>	(1) None	(1) None		
	(2) None	(2) None		
	(3) None	(3) None		
	(4) None	(4) None		
2. <u>Brokerage</u>	(1) None	(1) None		
	(2) None	(2) None		
	(3) None	(3) None		
	(4) 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	
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		
5. <u>Marketing and market promotion</u>	(1) None	(1) None		
	(2) None	(2) None		
	(3) None	(3) None		
	(4) 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		
6. <u>Portfolio and investment management</u>	(1)	None	(1)	None	(1)	None		
	(2)	None	(2)	None	(2)	None		
	(3)	None	(3)	None	(3)	None		
	(4)	None	(4)	None	(4)	None		
7. <u>Establishment of collective investment funds</u>	(1)	None	(1)	None	(1)	None		
	(2)	None	(2)	None	(2)	None		
	(3)	None	(3)	None	(3)	None		
	(4)	None	(4)	None	(4)	None		
8. <u>Venture capital</u>	(1)	None	(1)	None	(1)	None		
	(2)	None	(2)	None	(2)	None		
	(3)	None	(3)	None	(3)	None		
	(4)	None	(4)	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	
<b>B. <u>FINANCIAL LEASING</u></b>	(1) None	(1) None		
	(2) None	(2) None		
	(3) None	(3) None		
	(4) None	(4) None		