

# WORLD TRADE ORGANIZATION

RESTRICTED

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**Committee on Trade in Financial Services**

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## COMMUNICATION FROM MALAYSIA

### Initial Offer on Financial Services

#### Addendum

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

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This offer is conditional upon satisfactory MFN based offers from Malaysia's trading partners.

Malaysia reserves its right to modify or withdraw all or part of the offer at any time prior to the conclusion of the negotiations.

Malaysia also reserves the right to make any technical changes to the offer, correct any errors, omissions or inaccuracies in it at any time prior to the conclusion of the negotiations.

All concessions in this offer are subject to horizontal commitments in Malaysia's GATS schedule of specific commitments.

# MALAYSIA - 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
FINANCIAL SERVICES, INCLUDING INSURANCE			
<u>Horizontal Commitments Applicable to the Financial Services Sector</u>			
ALL FINANCIAL SERVICES	(3) Limitations on investments as contained in the all-sector horizontal section.	(3) Limitations on land and other immovable property as contained in the all-sector horizontal section.  Unbound for 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).	(4) Limitations in the all-sector horizontal section will apply when indicated in each activity.
	(4) Limitations in the all-sector horizontal section will apply when indicated in each activity.	(4) Limitations in the all-sector horizontal section will apply when indicated in each activity.	
1. The offers in the financial services sector are in accordance with the Framework Agreement on Services and the Annex on Financial Services.			
2. The limitations listed under the all-sector horizontal section shall not apply to financial services, unless otherwise indicated.			
3. In respect of offshore banks, <b>offshore investment banks</b> , commercial banks, merchant banks, offshore insurance and offshore reinsurance companies, <b>offshore insurance brokers</b> , <b>offshore insurance underwriting managers</b> , <b>offshore insurance managers</b> , insurance companies, and representative offices of commercial banks and merchant banks, the following conditions and limitations on market access, <b>national treatment</b> and movement of natural persons shall apply in addition to specific limitations to the activity of each financial service as specified in each offer.			

Modes of supply: (1) Cross-border supply (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. Offshore banks, offshore investment banks, offshore direct insurance, offshore reinsurance companies, offshore insurance brokers, offshore insurance underwriting managers and offshore insurance managers.	<p>(1), (2) Unbound* except as otherwise specified in this schedule.</p> <p>(3) Entry is confined to Labuan.</p> <p>Entry is limited to establishment of a branch <b>registered</b> or a subsidiary incorporated in Malaysia.</p> <p>(4) Unbound, except for temporary presence of natural persons in respect of supply through the mode of commercial presence.</p>	<p>(1), (2) Unbound*, except as otherwise specified in this schedule.</p> <p>(3) None</p> <p>(4) Unbound, except for temporary presence of natural persons in respect of supply through the mode of commercial presence.</p>	
2. Commercial banks and merchant banks.	<p>(1), (2) Unbound* except as otherwise specified in this schedule.</p> <p>(3) The <b>13</b> wholly-foreign owned commercial banks are permitted to remain wholly-owned by their existing shareholders.</p> <p>Unbound for new licences.</p>	<p>(1), (2) Unbound* except as otherwise specified in this schedule.</p> <p>(3) None except as indicated in the finance sector horizontal section and in the respective activity listed below.</p>	

\*Due to lack of technical feasibility.

Modes of supply: (1) Cross-border supply (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 - commercial banks and merchant banks - cont'd)	<p>Entry is limited to equity participation by foreign banks in Malaysian-owned or controlled commercial banks and merchant banks and aggregate foreign shareholding in a commercial bank or a merchant bank shall not exceed 30 per cent. Shareholding by a single person individually or jointly with related persons is limited to a maximum of 20 per cent.</p> <p>Acquisition by a foreign bank of an aggregate of 5 per cent or more of shareholding in a Malaysian-owned or controlled commercial bank or merchant bank must meet the following criteria:</p> <p>(a) The foreign bank has the ability to facilitate trade and contribute to financial and economic development of Malaysia;</p> <p>(b) The country of the foreign bank has significant trade and investment interests in Malaysia; and</p> <p>(c) The country of the foreign bank does not have a significant representation in the Malaysian banking industry.</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
(All financial services - commercial banks and merchant banks - cont'd)	<p>A commercial bank is not allowed to acquire any share in another commercial bank but may acquire shares in one merchant bank.</p> <p>A merchant bank is not allowed to acquire any share in a commercial bank or another merchant bank.</p> <p>Other persons are not permitted to acquire 5 per cent or more of shareholding in a commercial bank or merchant bank if the person already holds 5 per cent or more of shareholding in another licensed financial institution.</p> <p>Introduction of new service products will be permitted subject to approval which will be based on prudential criteria.</p> <p>Entry is also permitted through the setting up of representative offices. Representative offices can only undertake research, exchange of information and liaison 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
(All financial services - commercial banks and merchant banks - 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 banks, two senior managers for each institution with an aggregate foreign shareholding exceeding 50 per cent. A senior manager is an individual possessing proprietary knowledge and authority essential to the establishment, control and operation of the services of the financial service supplier.</p> <p>(c) <b>Five specialists or experts for each institution for areas relating to:</b></p> <p>(i) <b>trade financing;</b></p> <p>(ii) <b>corporate finance;</b></p> <p>(iii) <b>treasury management; and</b></p> <p>(iv) <b>information technology.</b></p>	(4) Unbound except for the categories of natural persons referred to under market access.	

Modes of supply: (1) Cross-border supply (2) 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 banks and merchant banks - cont'd)</p> <p>3. <b>Direct</b> insurance companies.</p>	<p>(d) Movement of a senior manager, specialist or expert can be through intra-corporate transfers or otherwise.</p> <p>(e) For a representative office, two foreign nationals. Only one foreign national for the two top posts.</p> <p>(f) Entry shall be limited to a maximum period of five years.</p> <p>(1), (2) <b>Unbound* except as otherwise specified in this schedule.</b></p> <p>(3) Branches of foreign insurance companies are required to be locally incorporated <b>by 30 June 1998 and foreign shareholding not exceeding 51% is permitted.</b></p> <p><b>Foreign shareholding not exceeding 51% is also permitted for the existing foreign shareholders of locally incorporated insurance companies which were the original owners of these companies. Provided aggregate foreign shareholding in such companies does not exceed 51%.</b></p> <p>New entry is limited to equity participation by foreign insurance companies in locally incorporated insurance companies and aggregate foreign shareholding in such company shall not exceed 30%.</p>	<p>(1), (2) <b>Unbound* except as otherwise specified in this schedule.</b></p> <p>(3) None except as indicated in the finance sector horizontal section and in the respective activity listed below.</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
(All financial services - <b>Direct</b> insurance companies - cont'd)	<p>Unbound for new licences.</p> <p>Acquisition by a foreign insurance company of an aggregate of more than 5 per cent shareholding in a locally incorporated insurance company must meet <b>at least one</b> of the following criteria:</p> <p>(a) The foreign insurance company has the ability to facilitate trade and contribute to financial and economic development of Malaysia;</p> <p>(b) The country of the foreign insurance company has significant trade and investment interests in Malaysia;</p> <p>(c) The country of the foreign insurance company does not have a significant representation in the Malaysian insurance industry; <b>or</b></p> <p>(d) <b>The foreign insurance company has the ability to provide technical expertise and know-how to contribute to the financial and economic development of Malaysia.</b></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
(All financial services - <b>Direct</b> insurance companies - cont'd)	<p>An insurance company is not allowed to acquire <b>more than 5%</b> share:</p> <p>(a) In another insurance company in Malaysia that carries on the same class of insurance business as that carried on by it; or</p> <p>(b) In an insurance broking company.</p> <p>Other persons holding more than 5 per cent shareholding in an insurance company are not permitted to acquire more than 5 per cent shareholding in:</p> <p>(a) Another insurance company carrying on the same class of insurance business as that carried on by the insurance company in which the person is a shareholder; or</p> <p>(b) An insurance broking company.</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
(All financial services - <b>Direct</b> 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) <b>One senior manager for branches of foreign insurance companies and locally incorporated insurance companies with an aggregate foreign shareholding of 50% or more.</b></p> <p>A senior manager is an individual possessing proprietary knowledge and authority essential to the establishment, control and operation of the services of the financial service supplier.</p> <p>(c) <b>Three specialists or experts for each institution for areas relating to:</b></p> <p>(i) <b>underwriting of specialized classes of general business; (ii) information technology; and (iii) actuarial functions.</b></p> <p>(d) Movement of a senior manager, specialist or expert can be through intra-corporate transfers or otherwise.</p> <p>(e) 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>	

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

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
Sector Specific Offers in the Financial Services Sector			
<p>A. 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 advertising in Malaysia for acceptance of deposits are not allowed.</p> <p>(3) Only permitted through a commercial bank, a merchant bank or an offshore bank.</p> <p>Offshore banks in Labuan are permitted to accept foreign currency deposits only. <b>Offshore investment banks in Labuan are not permitted to accept deposits.</b></p> <p>Merchant banks are only permitted to accept term deposits from non-individuals. The minimum amount of each term deposit shall be as specified by the Central Bank from time to time.</p> <p>Foreign-owned commercial banks are permitted to accept foreign currency deposits from residents subject to conditions imposed on designated banks.</p> <p>(4) Unbound except as indicated in the finance sector horizontal section.</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) For commercial banks, unbound for branching (including off-premises ATMs) and networking with ATMs in Malaysia.</p> <p>Branching is permitted for merchant banks with an aggregate foreign shareholding not exceeding 30 per cent.</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
<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 in excess of an equivalent of RM25 million must be undertaken jointly with commercial banks or merchant banks in Malaysia.</p> <p>(3) Entry as a non-bank for scheduled businesses is limited to:</p> <p>(a) Foreign financial institutions through the establishment of a locally incorporated joint-venture company and aggregate foreign shareholding in such company shall not exceed 30 per cent; or</p> <p>(b) A representative office.</p> <p>Provision of factoring services by a commercial bank requires the setting up of a separate entity and shareholding by a foreign-controlled commercial bank shall not exceed 30 per cent.</p> <p>Merchant banks are not permitted to provide consumer credit and home mortgages.</p> <p>Only commercial banks are permitted to provide overdraft facilities.</p> <p>Offshore banks <b>and offshore investment banks</b> are permitted to lend in foreign currencies only.</p> <p>Representative offices can only undertake research and liaison services.</p>	<p>(1), (2) None</p> <p>(3) Foreign-controlled banking institutions in Malaysia are allowed to extend credit facilities (including factoring and leasing) up to a maximum of 40 per cent of the total credit facilities obtained by non-resident controlled companies from banking institutions. The above limitation will be relaxed to 50 per cent in the year 2000.</p> <p>For commercial banks, unbound for branching (including off-premises ATMs) and networking with ATMs in Malaysia.</p> <p>Branching is permitted for merchant banks with an aggregate foreign shareholding not exceeding 30 per cent.</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
(Lending of all types - cont'd)	<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 which is not the CEO post, for each establishment.</p> <p>For representative offices of scheduled businesses, two foreign nationals subject to only one foreign national for the two top posts.</p> <p>Entry shall be limited to a maximum period of five years.</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>	
Financial leasing.	<p>(1), (2) Leasing services to residents in any currency must be undertaken jointly with leasing companies or merchant banks in Malaysia.</p> <p>(3) Entry as a non-bank is limited to:</p> <p>(a) Foreign financial institutions through the establishment of a locally incorporated joint-venture company and aggregate foreign shareholding in such company shall not exceed 30 per cent; or</p> <p>(b) A representative office.</p> <p>Provision of leasing services by a commercial bank requires the setting up of a separate entity and shareholding by a foreign-controlled commercial bank shall not exceed 30 per cent.</p>	<p>(1), (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
(Financial leasing - cont'd)	<p>Aggregate foreign shareholding will be permitted to be increased to 49 per cent with effect from 1 July 2000.</p> <p>Representative offices can only undertake research and liaison services.</p> <p><b>Entry is permitted through the establishment of a branch or subsidiary in Labuan by reputable foreign leasing companies. Such offshore entity can only transact in foreign currencies.</b></p> <p><b>Offshore banks and offshore investment banks are permitted to carry on financial leasing business in foreign currencies only.</b></p> <p>(4) Unbound except two foreign nationals, one for management post which is not the CEO post and one technical post, for each establishment.</p> <p>For representative offices, two foreign nationals subject to one foreign national for the two top posts.</p> <p>Entry shall be limited to a maximum period of five years.</p> <p><b>For offshore leasing companies, unbound except for temporary presence of natural persons in respect of supply through the mode of commercial presence.</b></p>	<p>(4) Unbound except for the categories of natural persons referred to under market access.</p> <p><b>For offshore leasing companies, unbound except for temporary presence of natural persons in respect of supply through the mode of commercial presence.</b></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>All payment and money transmission services, namely credit and debit cards, travellers cheques and bankers drafts.</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>Only commercial banks are permitted to issue credit cards, debit cards or provide checking account services.</p> <p>Only Malaysian-controlled banks are permitted to issue, sell or purchase ringgit travellers cheques.</p> <p>Sale or purchase of foreign currency travellers cheques other than by commercial banks requires a money changer's licence. Entry is limited to establishment of a locally incorporated joint-venture company and 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 one foreign national for a management post which is not the CEO post, for each establishment.</p> <p>Entry shall be limited to a maximum period of five years.</p>	<p>(1), (2) None</p> <p>(3) For commercial banks, unbound for branching (including off-premises ATMs) and networking with ATMs in Malaysia.</p> <p>Branching is permitted for merchant banks with an aggregate foreign shareholding not exceeding 30 per cent.</p> <p>Sale or purchase of travellers cheques by individuals require citizenship status.</p> <p>Branching (including dispensers) is permitted for travellers cheques companies with foreign shareholding not exceeding 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 for the categories of natural persons referred to under market access.</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
Charge cards.	<p>(1), (2) None</p> <p>(3) Entry is limited to establishment of a company incorporated in Malaysia. <b>Approval of the Central Bank is required. Approval will be granted based on prudential criteria.</b></p> <p>(4) Unbound except two senior managers for each establishment. Entry shall be limited to a maximum period of five years.</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>	
Guarantees and commitments. (Guarantees undertaken by non-residents are governed by rules relating to exchange control)	<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>	



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Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>Money and foreign exchange broking services.</p>	<p>(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.</p> <p>(3) Entry is limited to:</p> <p>(a) equity participation in existing institutions and aggregate foreign shareholding in such institutions shall not exceed 30 per cent; <b>or</b></p> <p>(b) <b>the establishment of a branch or subsidiary, by a money and foreign exchange broker, registered or incorporated in Labuan.</b></p> <p><b>Money and foreign exchange broking services by offshore entities are confined to foreign currencies only.</b></p> <p>(4) Unbound</p> <p><b>For offshore money and foreign exchange brokers, unbound except for presence of natural persons in respect of supply through the mode of commercial presence.</b></p>	<p>(1), (2) None</p> <p>(3) None</p> <p>(4) Unbound</p> <p><b>For offshore money and foreign exchange brokers, unbound except for temporary presence of natural persons in respect of supply through the mode of commercial presence.</b></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>Trading for own account or account of customers in the following:</p> <ul style="list-style-type: none"> <li>- money market instruments</li> <li>- foreign exchange transferable securities</li> <li>- exchange rate and interest rate instruments</li> <li>- derivative products, including futures and options</li> <li>- other negotiable instruments, including bullion</li> </ul>	<p>(1) Dealing is limited to contracts traded on specified exchanges abroad.</p> <p>(2) None</p> <p>(3) Transactions by offshore banks and <b>offshore investment banks</b> in Labuan must be conducted in foreign currencies, except for the sale or purchase of currencies with authorized banks in Malaysia.</p> <p>Transactions by offshore banks and <b>offshore investment banks</b> in Labuan for own account are limited to instruments created and issued by <b>offshore companies in Labuan and foreign companies</b> abroad.</p> <p>Trading for accounts of customers by offshore banks, <b>offshore investment banks</b> and offshore companies in Labuan is confined to non-resident customers and in instruments created and issued by <b>offshore companies in Labuan and foreign companies</b> abroad.</p> <p>Trading in shares of Malaysian companies by offshore banks, <b>offshore investment banks</b> and offshore companies in Labuan is confined to non-resident customers who are not offshore companies registered or incorporated in Labuan.</p> <p>Only commercial banks, offshore banks and <b>offshore investment banks</b> are permitted to trade in foreign currency.</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
<p>(Trading for own account or account of customers - cont'd)</p> <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 and dealing in securities and financial futures and derivative products other than by designated financial institutions require establishment of a locally incorporated joint-venture company and aggregate foreign shareholding in such company shall not exceed 30 per cent.</p> <p><b>Trades for own account and account of customers who are outside Malaysia may be routed to member companies of the stock exchange for execution by a foreign stock broking company that is incorporated in Malaysia subject to all terms and conditions which are being finalized.</b></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 <b>and offshore investment banks</b> in Labuan is limited to non-resident customers and for issues of securities outside Malaysia.</p> <p>Only merchant banks are permitted to make submissions to the Securities Commission for new issues.</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>	

Modes of supply: (1) Cross-border supply (2) 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 - cont'd)</p> <p>Underwriting.</p>	<p>Participation by non-banks requires establishment of a locally incorporated joint-venture company and 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) Commercial presence is required.</p> <p>(2) Authorization is required.</p> <p>(3) For non-banks, only licensed dealers are permitted to underwrite. Entry is limited to establishment of a locally incorporated joint-venture company and aggregate foreign shareholding in such company shall not exceed 30 per cent.</p> <p>Commercial banks are permitted to underwrite private debt securities only.</p> <p><b>Offshore banks and offshore investment banks are permitted to underwrite foreign currency denominated securities created and issued by offshore companies in Labuan and foreign companies abroad.</b></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) Unbound*</p> <p>(2) None</p> <p>(3) None</p>	

"Due to lack of technical feasibility.

Modes of supply: (1) Cross-border supply (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 - cont'd)  Asset management as follows: - cash or portfolio management - all forms of collective investment management - custodial and depository services	<p>(4) For commercial banks, merchant banks, <b>offshore banks and offshore investment banks</b>, 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) Commercial presence is required.</p> <p>(2) None</p> <p>(3) Custodial and depository services are limited to scrip based securities.</p> <p>Asset management by offshore banks, <b>offshore investment banks</b> and offshore companies is confined to non-resident customers and foreign currency assets.</p> <p>Asset management by offshore banks, <b>offshore investment banks</b> and offshore companies in Malaysian equities or equity-linked investments are confined to non-resident customers <b>other than</b> offshore companies incorporated in Labuan <b>in which residents have shareholding.</b></p> <p>Entry as a non-bank, <b>other than as a Foreign Fund Management Company (FFMC)</b>, is limited to establishment of a locally incorporated joint-venture company and aggregate foreign shareholding in such company shall not exceed 30 per cent.</p>	<p>(4) For commercial banks, merchant banks, <b>offshore banks and offshore investment banks</b>, 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) None</p> <p>(2) None</p> <p>(3) None</p>	

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Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
(Asset management - cont'd)	<p>Provision of asset management services by a commercial bank requires establishment of a separate entity and shareholding by a foreign-controlled commercial bank shall not exceed 30%.</p> <p>Entry as an FFMC is limited to the establishment of a company incorporated locally with more than 50% foreign shareholding in the company and requires the approval of the Securities Commission. Sourcing of local funds worth at least RM10 million is limited to FFMCs where the aggregate foreign shareholding is not more than 70% and the company is managing or has undertaken to manage funds sourced from outside Malaysia to the amount of at least USD100 million. Sourcing of local funds is limited to institutional funds and collective investment schemes other than unit trusts. Only ten FFMCs which have a maximum of 70% foreign shareholding may manage the funds of a local unit trust subject to the approval of the Securities Commission.</p> <p>(4) For commercial banks and merchant 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>	

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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) Provision of investment and portfolio advice requires commercial presence.</p> <p>Services other than investment and portfolio advice to residents must be undertaken jointly with commercial banks or merchant banks in Malaysia.</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) None</p>	
	<p>(2) Services other than investment and portfolio advice to residents must be undertaken jointly with commercial banks or merchant banks in Malaysia.</p>		
	<p>(3) Entry as a non-bank is limited to:</p> <p>(a) Establishment of a locally incorporated joint-venture company and aggregate foreign shareholding in such company shall not exceed 30 per cent; or</p> <p>(b) A representative office.</p>		
	<p>Representative offices (including those of commercial banks, merchant banks and securities companies) are permitted to undertake research, information and liaison services only.</p> <p>Representative offices of securities companies are not permitted to publish and circulate research work in Malaysia.</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
(Advisory, intermediation and other auxiliary financial services - cont'd)	<p>Offshore banks, <b>offshore investment banks</b> and offshore companies in Labuan can only provide services 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>For representative offices, two foreign nationals subject to only one foreign national for the two top posts. Entry shall be limited to a maximum period of five years.</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>	



Modes of supply: (1) Cross-border supply (2) 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 (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, pertaining to general management and administration, business planning, 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*</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 an OHQ.</p> <p>An OHQ must operate in Malaysia and fulfill the following criteria:</p> <p>(a) Carry out at least three 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*</p> <p>(3) None</p>	

\*Due to lack of technical feasibility.

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

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
(Operational headquarters - cont'd)	<p>(c) Have a well established foreign-owned company which is sizeable in terms of assets and employees;</p> <p>(d) Have a network of companies with a substantial number of qualified executives, professionals, technical and other supporting personnel;</p> <p>(e) Be able to make decisions independently without consultation with its head office or parent company located outside Malaysia;</p> <p>(f) Be able to contribute to the Malaysian economy by:</p> <ul style="list-style-type: none"> <li>(i) Using services such as legal, accounting etc. provided by Malaysians;</li> <li>(ii) Creating job opportunities for Malaysians;</li> <li>(iii) Enabling greater inflow of foreign funds.</li> </ul> <p>(4) Unbound except as indicated in the all-sector horizontal section.</p>	(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>Securities broking services comprising:</p> <ul style="list-style-type: none"> <li>- broking services;</li> <li>- credit reference and analysis;</li> <li>- investment portfolio management and advice; and</li> <li>- market research.</li> </ul>	<p>(1) Trades on Malaysian stock exchanges must be transacted through companies incorporated in Malaysia which are member companies 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 member companies of the exchange.</p> <p>(3) Entry is limited to recognized foreign stock broking companies through:</p> <p>(a) Equity participation in an existing stockbroking company; or</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
(Securities broking services - cont'd)	<p>(b) Establishment of a locally incorporated joint-venture company with a Malaysian stockbroking company.</p> <p>And aggregate foreign shareholding in such company shall not exceed 30 per cent. The aggregate foreign shareholding will be permitted to be increased to 49 per cent with effect from 1 July 2000, subject to conditions.</p> <p>A foreign stockbroking company is permitted to have shareholding in one stockbroking company only.</p> <p>Entry by recognized foreign stockbroking companies is also permitted through a representative office.</p> <p>Representative offices are permitted to undertake research, information and liaison services only. Representative offices are not permitted to publish and circulate research work in Malaysia.</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
(Securities broking services - cont'd)	<p>New licences subject to conditions, including geographical location, numerical quota and other conditions to be determined.</p> <p>(4) Unbound for a stockbroking company, except as indicated in the all-sector horizontal section.</p> <p>For representative offices, two foreign nationals subject to only one foreign national for the two top posts. Entry shall be limited to a maximum period of five years.</p>		
Commodity futures broking services.	<p>(1), (2) Trades on any Malaysian commodity futures exchange must be conducted through companies incorporated in Malaysia which are member companies of the exchange.</p> <p>(3) Entry is limited to:</p> <p>(a) Establishment of a locally incorporated joint-venture company and aggregate foreign shareholding in such company is limited to 30 per cent or any higher percentage as determined by the relevant authorities; or</p> <p>(b) A representative office.</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>	

Modes of supply: (1) Cross-border supply (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 - cont'd)	<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 one foreign national for a management post per establishment, subject to market test.</p>	<p>(4) Unbound except for the categories of natural persons referred to under market access.</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>B. INSURANCE SERVICES</b></p> <p>Direct insurance (non-life).</p>	<p>(1) Soliciting and advertising in Malaysia are not allowed.</p> <p><b>Direct placement abroad of insurance of:</b></p> <p>(a) movable or immovable property located in Malaysia, including any ship or aircraft registered in Malaysia; and</p> <p>(b) liability of residents to third party requires approval. Approval will be granted if such insurance is not available from direct insurance companies in Malaysia.</p> <p>(2) <b>Direct placement abroad of insurance of:</b></p> <p>(a) movable or immovable property located in Malaysia, including any ship or aircraft registered in Malaysia; and</p> <p>(b) liability of residents to third party requires approval. Approval will be granted if such insurance is not available from direct insurance companies in Malaysia.</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>(Direct insurance (non-life) - cont'd).</p> <p>Direct insurance (life).</p>	<p>(3) Only permitted through <b>direct</b> insurance companies.</p> <p>Offshore <b>direct</b> insurance companies in Labuan are not permitted to accept direct insurance of Malaysian risks.</p> <p>(4) Unbound except as indicated in the finance sector horizontal section.</p> <p>(1), (2) Unbound</p> <p>(3) Only permitted through <b>direct</b> insurance companies.</p> <p>Investment-linked insurance business and new life insurance products provided by <b>direct</b> insurance companies require approval, which will be based on prudential criteria.</p> <p>Offshore <b>direct</b> insurance companies in Labuan are not permitted to underwrite life insurance of residents. <b>This limitation does not apply to ordinary life insurance of high net worth residents.</b></p> <p>(4) Unbound except as indicated in the finance sector horizontal section.</p>	<p>(3) Branching is permitted for <b>direct</b> insurance companies with aggregate foreign shareholding of <b>less than 50 per cent. Direct insurance companies are permitted to maintain their existing network of branches.</b></p> <p>Unbound for special assistance to Malaysian-owned <b>direct</b> insurance companies to promote their development.</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 <b>direct</b> insurance companies with aggregate foreign shareholding of <b>less than 50 per cent. Direct insurance companies are permitted to maintain their existing network of branches.</b></p> <p>Unbound for special assistance to Malaysian-owned <b>direct</b> insurance companies to promote their development.</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
Reinsurance and retrocession (non-life).	<p>(1), (2) Outward reinsurance is permitted only if local capacity is not available.</p> <p>(3) Seven new licences for non-life reinsurance business within 10 years ending 30 June 2005.</p> <p>Entry is through the establishment of a <b>balanced distribution</b> of branches and locally incorporated joint-venture companies, subject to <b>the following conditions:</b></p> <p>(a) Priority <b>will be</b> given to foreign reinsurers from the top 100 world reinsurers which:</p> <p>(i) Have long presence in Asia and ability to procure sufficient business for their branch/joint-venture company; or</p> <p>(ii) Are from countries or regions having no representation in Malaysia, provided they bring in special expertise.</p>	<p>(1), (2) Voluntary cession up to 30 per cent of each class of non-life reinsurance business to the Malaysian National Reinsurance Berhad.</p> <p>Unbound for fiscal incentives to promote reinsurance in Malaysia.</p> <p>(3) Obligation on all insurers other than offshore <b>direct</b> insurance and offshore reinsurance companies to optimise national retention capacity before any outward reinsurance.</p> <p>Unbound for measures granting special position to Malaysian National Reinsurance Berhad.</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
(Reinsurance and retrocession (non-life) - cont'd)	<p>(b) <b>For entry through branches, priority will be given to foreign reinsurers</b> which intend to base their regional headquarters in <b>Malaysia.</b></p> <p>(c) <b>For entry through joint-ventures, priority will be given to those joint-ventures</b> which have business plans to operate regionally.</p> <p>(d) The branch <b>or</b> joint-venture company <b>must undertake</b> to comply with the national objectives of achieving optimum retention of local risks, local participation in the management of the <b>branch or joint-venture company</b> and transfer of technical expertise to the local market.</p> <p>(e) Aggregate foreign shareholding in the joint-venture company shall not exceed 49 per cent.</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
(Reinsurance and retrocession (non-life) - cont'd)	<p>(f) Priority <b>will be</b> given to joint-venture with a local partner which:</p> <p>(i) <b>has a</b> minimum shareholders' funds of at least RM3 billion;</p> <p>(ii) <b>is a</b> leading institution with diversified business activities within its group; or</p> <p>(iii) <b>has a</b> good track record of managing a substantial insurance portfolio.</p> <p><b>Aggregate foreign shareholding in the Malaysian National Reinsurance Berhad shall not exceed 30 per cent.</b></p> <p>Entry as an offshore reinsurance company is confined to Labuan.</p> <p>(4) Unbound except for:</p> <p>(a) Two senior managers for each institution <b>are permitted.</b></p> <p>A senior manager is an individual possessing proprietary knowledge and authority essential to the establishment, control and operation of the services of the financial service supplier.</p>	<p>(4) Unbound except as indicated in the finance sector horizontal section.</p> <p>For offshore reinsurance companies, 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
(Reinsurance and retrocession (non-life) - cont'd)	<p>(b) <b>Three specialists or experts for each institution</b> are permitted.</p> <p>Specialists or experts are individuals who possess knowledge and expertise relating to new products and services, technique or management of the financial service supplier.</p> <p>(c) Movement of a senior manager, specialist or expert can be through intra-corporate transfers or otherwise.</p> <p>(d) Entry shall be limited to a maximum period of five years.</p> <p>For offshore reinsurance companies, unbound except as indicated in the finance sector horizontal section.</p>		
Reinsurance and retrocession (life).	<p>(1),(2) Outward reinsurance is permitted only if local capacity is not available.</p> <p>(3) <b>Six new licences for life reinsurance business will be issued up to 30 June 2005.</b></p> <p>Entry is through the establishment of a balanced distribution of branches and locally incorporated joint-venture companies, subject to the following conditions:</p>	<p>(1),(2) Unbound for fiscal incentives to promote reinsurance in Malaysia.</p> <p>(3) <b>National retention capacity is required to be optimised before any outward reinsurance by:</b></p> <p>(a) direct life insurance and life reinsurance companies in Malaysia; and</p> <p>(b) offshore direct life insurance and offshore life reinsurance companies which are permitted to insure or reinsure life insurance of high net worth residents.</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
(Reinsurance and retrocession (life) - cont'd)	<p>(a) Priority will be given to foreign reinsurers from the top 100 world reinsurers which:</p> <ul style="list-style-type: none"> <li>(i) have branch offices in Malaysia;</li> <li>(ii) have long presence in Asia and ability to procure sufficient business for their branch or joint-venture company; or</li> <li>(iii) are from countries or regions having no representation in Malaysia, provided they bring in special expertise.</li> </ul> <p>(b) For entry through branches, priority will be given to foreign reinsurers which intend to base their regional headquarters in Malaysia.</p> <p>(c) For entry through joint-ventures, priority will be given to those joint-ventures which have business plans to operate regionally.</p> <p>(d) The branch or joint-venture company must undertake to comply with the national objectives of achieving optimum retention of local risks, local participation in the management of the branch or joint-venture company and transfer of technical expertise to the local market.</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
(Reinsurance and retrocession (life) - cont'd)	<p>(e) Aggregate foreign shareholding in the joint-venture company shall not exceed 49 per cent.</p> <p>(f) Priority will be given to joint-venture with a local partner which:</p> <p>(i) has a minimum shareholders' funds of at least RM3 billion; or</p> <p>(ii) is a leading institution with diversified business activities within its group.</p> <p>Aggregate foreign shareholding in the Malaysian Life Reinsurance Group Berhad shall not exceed 30 per cent.</p> <p>Entry as an offshore reinsurance company is confined to Labuan.</p> <p>(4) Unbound except for:</p> <p>(a) Two senior managers for each institution <b>are</b> permitted.</p> <p>A senior manager is an individual possessing proprietary knowledge and authority essential to the establishment, control and operation of the services of the financial service supplier.</p>	<p>(4) Unbound except as indicated in the finance sector horizontal section.</p> <p>For offshore reinsurance companies, 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
(Reinsurance and retrocession (life) - cont'd)	<p>(b) <b>Three specialists or experts for each institution are permitted.</b></p> <p>Specialists or experts are individuals who possess knowledge and expertise relating to new products and services, technique or management of the financial service supplier.</p> <p>(c) Movement of a senior manager, specialist or expert can be through intra-corporate transfers or otherwise.</p> <p>(d) Entry shall be limited to a maximum period of five years.</p> <p>For offshore reinsurance companies, unbound except as indicated in the finance sector horizontal section.</p>		
Insurance intermediation - insurance broking (excluding agency).	<p>(1), (2) Direct insurance broking services can only be provided to offshore companies in Labuan.</p> <p>Reinsurance broking is permitted.</p>	(1), (2) None	
	<p>(3) <b>Unbound for onshore insurance broking.</b></p>	(3) None	
	<p>(4) Unbound except as indicated in the finance sector</p> <p><b>Broking of direct insurance of Malaysian risks by offshore insurance brokers is not permitted. This limitation does not apply to broking of reinsurance of Malaysian risks.</b></p>	(4) Unbound except as indicated in the finance sector 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 intermediation - insurance underwriting and insurance management.	(1), (2) Insurance underwriting and insurance management <b>are</b> not permitted.  (3) <b>Unbound for onshore insurance underwriting and insurance management.</b> An offshore insurance underwriting manager <b>is not permitted to provide services to any person other than</b> offshore insurance companies in Labuan.  <b>An offshore insurance manager is permitted to provide insurance management services to persons other than residents.</b>	(1), (2) None  (3) None	
Services auxiliary to insurance, as follows:	(4) Unbound except as indicated in the finance sector horizontal section.	(4) Unbound except as indicated in the finance sector horizontal section.	
(a) Consultancy (excludes insurance agency services to insurance industry)	(1) Actuarial services can only be provided to offshore insurance companies and offshore reinsurance companies in Labuan.  (2) None	(1) None  (2) None	
(b) Actuarial risk assessment	(3) Limited to the establishment of: (a) Locally incorporated companies;	(3) None	
(c) Risk management	(b) Branches; or		
(d) Maritime loss adjusting.	(c) Partnerships.		



Modes of supply: (1) Cross-border supply (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 - cont'd)	<p>Offshore companies are not permitted to provide services to Malaysian residents.</p> <p>(4) Unbound except for temporary presence of natural persons in respect of supply through the mode of commercial presence.</p>	<p>(4) Unbound except for temporary presence of natural persons in respect of supply through the mode of commercial presence.</p>	