

# WORLD TRADE ORGANIZATION

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**Committee on Trade in Financial Services**

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## COMMUNICATION FROM THAILAND

### Conditional Offer on Financial Services

#### Addendum

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

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Thailand hereby submits its conditional offer on financial services. This offer is conditional upon satisfactory MFN - based offers from Thailand's trading partners. Thailand reserves its right to modify or withdraw all or part of the offer and its existing MFN exemption list at any time prior to the conclusion of the negotiations. Thailand 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 Thailand's GATS schedule of specific commitments.

# THAILAND - CONDITIONAL OFFER ON FINANCIAL SERVICES

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons				
Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments	
FINANCIAL SERVICES				
With regard to the scope of operation and types of financial services that can be provided, each type of financial institution will be permitted to operate the sector of subsector of banking and other financial services only to the extent that their respective governing legislation permit them to do so.				
A. <u>Insurance including reinsurance and retrocession</u>				
(a) Life insurance services (CPC 81211)	<p>(1) None</p> <p>(2) None</p> <p>(3) (a) Foreign equity participation limited to 25 per cent of registered share capital. (b) New establishment is subject to licence approved by the Minister with the consent of the Cabinet.</p> <p>(4) Only senior managerial personnel specialists and technical assistants with the approval of the Insurance Commissioner.</p>	<p>(1) None</p> <p>(2) Life insurance premium is tax deductible up to a certain amount for holders of policies issued by local companies.</p> <p>(3) None</p> <p>(4) None</p>		

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

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
(b) Non-life insurance services (CPC 8129)	<p>(1) Unbound except for international marine, aviation and transit and all classes of reinsurance.</p> <p>(2) None</p> <p>(3) (a) Foreign equity participation limited to 25 per cent of registered share capital.</p> <p>(b) New establishment is subject to license approved by the Minister with the consent of the Cabinet.</p> <p>(4) Only senior managerial personnel, specialists and technical assistants with the approval of the Insurance Commissioner.</p>	<p>(1) Unbound</p> <p>(2) None</p> <p>(3) None</p> <p>(4) None</p>	
(d) Services auxiliary to insurance (excluding pension funding services) Insurance broking and agency services (CPC 81401) (Brokers shall not induce, advise or do any acts so as to cause any person to enter into insurance contracts with insurers abroad, except for reinsurance contracts)	<p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) Foreign equity participation not to exceed 25 per cent.</p> <p>(4) (a) Only senior managerial personnel, specialists and technical assistants with the approval of the Insurance Commissioner.</p> <p>(b) Unbound for individual broker and agent.</p>	<p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) No limitations as long as foreign equity participation does not exceed 25 per cent.</p> <p>(4) None</p>	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons				
Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments	
Insurance consultancy services excluding pension consulting services (CPC 81402)	(1) None	(1) None		
	(2) None	(2) None		
	(3) None other than that indicated in the horizontal section	(3) No limitations as long as foreign equity participation does not exceed 49 per cent.		
	(4) Only senior managerial personnel, specialists and technical assistants with the approval of the Insurance Commissioner.	(4) None		
Average and loss adjustment services (CPC 81403)	(1) None	(1) None		
	(2) None	(2) None		
	(3) None other than that indicated in the horizontal section	(3) No limitations as long as foreign equity participation does not exceed 49 per cent.		
	(4) Only senior managerial personnel, specialists and technical assistants with the approval of the Insurance Commissioner.	(4) None		

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

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
Actuarial services (CPC 81404)	<p>(1) None</p> <p>(2) None</p> <p>(3) None other than that indicated in the horizontal section</p> <p>(4) Only senior managerial personnel, specialists and technical assistants with the approval of the Insurance Commissioner.</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) No limitations as long as foreign equity participation does not exceed 49 per cent.</p> <p>(4) None</p>	
Services auxiliary to financial intermediation other than to insurance and pension funding services			
Credit card services (CPC 81133)	<p>(1) None</p> <p>(2) None</p> <p>(3) (a) As indicated in B(3)(j) below. (b) Financial institutions must obtain prior approval from the Bank of Thailand.</p> <p>(4) As indicated in the horizontal section.</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) No limitations as long as foreign equity participation does not exceed 49 per cent.</p> <p>(4) None</p>	
Mobilizing funds from the public is prohibited, unless licensed under a financial law)			

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons				
Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments	
Financial consultancy services (CPC 81332)	(1) Unbound (2) None (3) None other than that indicated in the horizontal section (4) As indicated in the horizontal section.	(1) None (2) None (3) No limitations as long as foreign equity participation does not exceed 49 per cent. (4) None		
B. <u>Banking and other financial services</u> (excluding insurance)				
Acceptance of deposits and other payable funds from the public	(1) None for financial advisory and financial data processing. Unbound for all other services.	(1) None.		
Lending of all types, including consumer credit, mortgage credit, factoring and financing of commercial transactions	(2) None for financial advisory and financial data processing. Unbound for all other services.	(2) None.		

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

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
<p>Financial leasing</p> <p>Payment and money transmission services including credit, charge and debit cards, travellers cheques and bankers drafts</p> <p>Guarantees and commitments</p> <p>Trading for own account, or for account of customers in the following:</p> <p>(a) money market instruments</p> <p>(b) foreign exchange</p> <p>(c) exchange rate and interest rate instruments</p> <p>(d) transferable securities</p> <p>Participation in issues of all kinds of securities, including underwriting and placement as agents (whether publicly or privately) and provision of services related to such issues.</p>	<p>(3) (a) Representative office of banks</p> <p>None.</p> <p>(b) Foreign bank branches</p> <p>I. None for existing foreign bank branches under present shareholding structure. New establishment is subject to licence approved by the Minister of Finance with the consent of the Cabinet.</p> <p>II. ATM operations permitted under the following conditions only:</p> <p>(i) joining ATM pools operated by Thai banks; or</p> <p>(ii) operation within own premises or sharing the facilities with other commercial banks in Thailand.</p> <p>III. Existing foreign banks which already had the first branch office in Thailand prior to July 1995 will each be permitted to open no more than two additional branches.</p>	<p>(3) (a) Representative office of banks</p> <p>None.</p> <p>(b) Foreign bank branches</p> <p>None, except as indicated in the market access column.</p>	

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Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
<p>Asset management as follows:</p> <ul style="list-style-type: none"> <li>- cash or portfolio management</li> <li>- collective investment management</li> <li>- custodian and depository services</li> </ul> <p>Advisory, intermediation and other auxiliary financial services</p> <p>Provision and transfer of financial information, and financial data processing and related software</p>	<p>IV. None for participation in cheque clearing and settlement system.</p> <p>(c) Locally incorporated banks</p> <p>I. Market access limited to the acquisition of shares of existing banks.</p> <p>II. (i) Maximum foreign equity participation limited to 25 per cent of paid-up registered capital. Combined shareholding of an individual and his/her related persons not to exceed 5 per cent of bank's paid-up registered capital.</p> <p>(ii) The Minister of Finance upon recommendation of the Bank of Thailand may relax the above - mentioned limits on maximum foreign equity participation and combined shareholding of an individual and his/her related persons, subject to the terms and conditions announced by the Minister of Finance, including the followings:</p> <ul style="list-style-type: none"> <li>- the relaxation is deemed necessary to improve the condition or business of the commercial bank;</li> </ul>	<p>(c) Locally incorporated banks</p> <p>None, except as indicated in the market access column.</p>	



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

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
	<p>- such equity participation will be authorized for a period of up to 10 years, with foreign shareholders who enter in this period being grandfathered thereafter with respect to the absolute amount of their equity holding.</p> <p>III. At least three-fourths of the directors must be of Thai nationality. The Minister of Finance upon recommendation of the Bank of Thailand may allow more foreign nationals than specified above subject to the same terms and conditions as stated in II (ii) above.</p> <p>(d) International Banking Facility<sup>1</sup></p> <p>New establishment is subject to licence approved by the Minister of Finance.</p>	<p>(d) International Banking Facility</p> <p>None, except as indicated in the market access column</p>	

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<sup>1</sup>IBF units permitted to operate only the banking and investment banking business as specified in the Ministerial Order issued on 16 September 1992, and Notification of the Bank of Thailand dated 14 December 1993.

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Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments	
	<p>(e) Finance companies and credit foncier companies</p> <p>I. None for representative offices.</p> <p>II. Market access limited to the acquisition of shares of existing companies.</p> <p>III. (i) Maximum foreign equity participation limited to 25 per cent of paid-up registered capital. Combined shareholding of an individual and his/her related persons not to exceed 10 per cent.</p> <p>(ii) The Minister of Finance upon recommendation of the Bank of Thailand may relax the above - mentioned limits on maximum foreign equity participation and combined shareholding of an individual and his/her related persons, subject to the terms and conditions announced by the Minister of Finance, including the followings:</p> <ul style="list-style-type: none"> <li>- the relaxation is deemed necessary to improve the condition or business of the finance company and credit foncier company.</li> </ul>	<p>(e) Finance companies and credit foncier companies</p> <p>None, except as indicated in the market access column.</p>		

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

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
	<p>- such equity participation will be authorized for a period of up to 10 years, with foreign shareholders who enter in this period being grandfathered thereafter with respect to the absolute amount of their equity holding.</p> <p>IV. At least three-fourths of the directors must be of Thai nationality. The Minister of Finance upon recommendation of the Bank of Thailand may allow more foreign nationals than specified above subject to the same terms and conditions as stated in III (ii) above.</p> <p>(f) Securities companies</p> <p>Securities brokerage, securities dealing, investment advisory service and securities underwriting:</p> <p>I. None for representative offices.</p> <p>II. Market access limited to share acquisition of existing companies only. Unbound for new licences.</p> <p>III. Maximum foreign equity participation limited to 49 per cent of paid-up registered capital.</p>	<p>(f) Securities companies</p> <p>None, except as indicated in the market access column.</p>	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons				
Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments	
	<p>IV. At least one-half of the directors of a locally incorporated securities firm must be Thai national.</p> <p>(g) Asset management companies :</p> <p>I. None for representative offices</p> <p>II. Market access limited to share acquisition of existing companies.</p> <p>III. During the first five years after the licence has been granted, maximum foreign equity participation is limited to 25 per cent of paid-up registered capital and at least three-fourths of the directors must be Thai national.</p> <p>IV. After five years, maximum foreign equity participation is limited to 49 per cent of paid-up registered capital and at least one-half of the directors must be Thai national.</p>	<p>(g) Asset management companies :</p> <p>None, except as indicated in the market access column.</p>		

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

Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
	<p>(h) Financial leasing services</p> <p>Can only be provided by leasing companies which are subject to maximum foreign equity participation of 49 per cent of paid-up registered capital, or by finance companies which are subject to maximum foreign equity participation of 25 per cent of paid-up registered capital, except in (e) III.</p> <p>(i) Factoring services</p> <p>Can only be provided by factoring companies which are subject to maximum foreign equity participation of 49 per cent of paid-up registered capital, or by finance companies which are subject to maximum foreign equity participation of 25 per cent of paid-up registered capital, except in (e) III.</p>	<p>(h) Financial leasing services</p> <p>None.</p> <p>(i) Factoring services</p> <p>None.</p>	

Modes of supply: 1) Cross-border supply 2) Consumption abroad 3) Commercial presence 4) Presence of natural persons				
Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments	
	<p>(j) Credit, charge and debit cards</p> <p>Credit, charge and debit cards can only be provided by companies which are subject to maximum foreign equity participation of 49 percent of paid-up registered capital or locally incorporated banks and foreign bank branches.</p> <p>The conduct of businesses under h), i) and j) will be subject to licensing and regulations to be announced.</p> <p>(4) Limitations on the number of foreign personnel per foreign bank office:</p> <p>(a) two persons for banks operating as representative office;</p> <p>(b) six persons for each full-licensed branch;</p> <p>(c) four persons for each BIBF branch;</p> <p>(d) two persons for each PIBF branch;</p> <p>(e) eight persons for banks operating as full-licensed and BIBF branch;</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 Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments	
	<p>For finance companies:</p> <p>(a) two persons for a representative office;</p> <p>(b) Maximum of four directors permitted for finance companies;</p> <p>For securities companies and asset and management companies:</p> <p>two persons for a representative office.</p>			