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Committee on Trade in Financial Services

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COMMUNICATION FROM BAHRAIN

Revised Offer on Financial Services

Revision

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

Bahrain hereby submits its revised conditional offer of Specific Commitments in financial services for the resumed financial services negotiations. This revised offer shall be considered as an addition to the other previous valid offer in the Insurance and Re-Insurance.

Bahrain retains its right to modify or withdraw all or parts of its specific commitments on financial services, in accordance with the Second Decision on Financial Services of 21 July 1995 as amended by the Decision of 29 May 1997.

BAHRAIN
SPECIFIC COMMITMENTS - REVISED OFFER

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. Banking and Other Financial Services (excluding insurance)	<p>The commitments on financial services are made in accordance with the GATS and the Annex on Financial Services. All the commitments in this Schedule are subject to domestic laws of Bahrain, as well as any guidelines, rules, regulations, terms and conditions of the Bahrain Monetary Agency (BMA) and/or any other relevant authority or body in Bahrain, which are consistent with Article VI of the GATS and paragraph 2 of the Annex on Financial Services. In particular, these commitments are subject to the Bahrain Monetary Agency Law (Amiri Decree - Law No. (23) of 1973), the Commercial Companies Law (Amiri Decree - Law No. (28) of 1975), the Labour Law for the Private Sector (Amiri Decree - Law No. (23) of 1976), the Bahrain Stock Exchange Law (Amiri Decree - Law No. (4) of 1978), and the Land Registration Law (Amiri Decree - Law No. (15) of 1979) as amended from time to time, and to all regulations and directives issued pursuant to such laws from time to time. Furthermore, these commitments are subject to the Standard Conditions and Licensing Criteria for each category of licence currently offered by the BMA and to any restrictions imposed on any such licence including, in particular and unless otherwise permitted by the BMA, restrictions imposed on Offshore Banking Units (OBUs) and Investment Banks (IBs) dealing with residents of Bahrain.</p>			
(a) Acceptance of deposits and other repayable funds from the public.	<p>(1) None if done outside Bahrain. Undertaking this activity (including soliciting and advertising) in/from Bahrain requires a licence from the BMA.</p> <p>(2) None.</p> <p>(3) Unbound save as provided for in the horizontal section above and in respect of the measures detailed below. Licence required from BMA.</p>	<p>(1) None.</p> <p>(2) None.</p> <p>(3) For foreign branches of FCBs, unbound for sub-branching.</p>		

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(b) Lending of all types, including consumer credit, mortgage credit, factoring and financing of commercial transaction.	<p>Foreign banks may establish as local subsidiaries or branches. Foreign ownership of locally incorporated banks restricted to 49% if business is to be undertaken "onshore" Bahrain (i.e. with residents of Bahrain). 100% foreign ownership permitted if business is to be undertaken "offshore" Bahrain (i.e. with non-residents of Bahrain).</p> <p>No banking activities to be undertaken by a limited liability company (WLL).</p> <p>(4) Unbound save as provided for in the horizontal section above.</p> <p>(1) As for (a) (1) above for this activity.</p> <p>(2) None.</p> <p>(3) As for (a) (3) above for this activity. Unbound for ownership of property in Bahrain.</p> <p>(4) Unbound save as provided for in the horizontal section above.</p>	<p>(4) Unbound save as provided for in the horizontal section above.</p> <p>(1) None.</p> <p>(2) None.</p> <p>(3) As for (a) (3) above for this activity. Unbound for ownership of property in Bahrain.</p> <p>(4) Unbound save as provided for in the horizontal section above.</p>	

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(c) Financial leasing.	(1) As for (a) (1) above for this activity. (2) None. (3) As for (a) (3) above for this activity. (4) Unbound save as provided for in the horizontal section above.	(1) None. (2) None. (3) Unbound. (4) Unbound save as provided for in the horizontal section above.	
(d) All payment and money transmission services, including credit, charge and debit cards, travellers cheques and bankers drafts.	(1) As for (a) (1) above for this activity. (2) None. (3) As for (a) (3) above for this activity. (4) Unbound save as provided for in the horizontal section above.	(1) None. (2) None. (3) As for (a) (3) above for this activity. (4) Unbound save as provided for in the horizontal section above.	
(e) Guarantees and commitments	(1) As for (a) (1) above for this activity. (2) None. (3) As for (a) (3) above for this activity. (4) Unbound save as provided for in the horizontal section above.	(1) None. (2) None. (3) As for (a) (3) above for this activity. (4) Unbound save as provided for in the horizontal section above.	

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<p>(f) Trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise, the following:</p> <ul style="list-style-type: none"> - money market instruments (including cheques, bills, certificates of deposits) - foreign exchange - derivative products including, but not limited to, futures and options - exchange rate and interest rate instruments, including products such as swaps, forward rate agreements - transferable securities - other negotiable instruments and financial assets, including bullion. 	<p>(1) Unbound for equity and other securities listed on the BSE. Licence required from BMA if activity is undertaken in/from Bahrain for customers' account.</p> <p>(2) Unbound for equity and other securities listed on the BSE.</p> <p>(3) As for (a) (3) above for this activity. As for (f) (3) on national treatment.</p> <p>(4) Unbound save as provided for in the horizontal section above.</p>	<p>(1) Unbound.</p> <p>(2) Unbound.</p> <p>(3) Unbound for equity and other securities listed on the BSE.</p> <p>Transactions on the Bahrain Stock Exchange (BSE) must be through a licensed Stock Broker. Transactions for listed Bonds and Warrants can be done OTC. Stock Brokers and Market Makers for securities on the Bahrain Stock Exchange must be either Bahraini nationals (individuals or locally incorporated companies with a minimum of 51% Bahraini ownership) and be resident in Bahrain, or be branches of foreign companies undertaking such business in international securities.</p> <p>A Money Broker must be locally incorporated with 51% Bahraini ownership and requires a licence from the BMA.</p> <p>(4) Unbound save as provided for in the horizontal section above.</p>	

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(g) 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.	<p>(1) Unbound for equity and other securities listed on the BSE. Licence required from BMA if activity is undertaken in/from Bahrain for customers' account.</p> <p>(2) Unbound for equity and other securities listed on the BSE.</p> <p>(3) Licence required from BMA if activity is undertaken in/from Bahrain. Stockbrokers and Market Makers for securities on the Bahrain Stock Exchange must be either Bahraini nationals (individuals or locally incorporated companies with a minimum of 51% Bahraini ownership) and be resident in Bahrain, or be branches of foreign companies undertaking such business in international securities.</p>	<p>(1) Unbound.</p> <p>(2) Unbound.</p> <p>(3) As for (g) (3) on market access.</p>	
(h) Money broking.	<p>(4) Unbound save as provided for in the horizontal section above.</p> <p>(1) None.</p> <p>(2) None.</p> <p>(3) Licence required from BMA. A Money Broker must be locally incorporated with 51% Bahraini ownership.</p> <p>(4) Unbound save as provided for in the horizontal section above.</p>	<p>(4) Unbound save as provided for in the horizontal section above.</p> <p>(1) None.</p> <p>(2) None.</p> <p>(3) As for (h) (3) for market access.</p> <p>(4) Unbound save as provided for in the horizontal section above.</p>	

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(i) Asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial, depository and trust services.	<p>(1) As for (a) (1) above for this activity. Unbound for BSE listed equity and other securities.</p> <p>(2) Unbound for BSE listed equity and other securities.</p> <p>(3) Licence required from the BMA.</p>	<p>(1) Unbound.</p> <p>(2) Unbound.</p> <p>(3) No limited liability companies (WLLs) can undertake making investments on behalf of third persons.</p>	
(j) Settlement and clearing services for financial assets, including securities, derivative products, and other negotiable instruments.	<p>(4) Unbound save as provided for in the horizontal section above.</p> <p>(1) Unbound for BD cheques, must be through BMA. For BSE listed equity and other securities, must be through BSE.</p> <p>(2) Unbound for BD cheques, must be done through BMA. For BSE listed equity and other securities, must be through BSE.</p> <p>(3) Unbound for BD clearing.</p> <p>(4) Unbound save as provided for in the horizontal section above.</p>	<p>(4) Unbound save as provided for in the horizontal section above.</p> <p>(1) As for (j) (1) in market access.</p> <p>(2) As for (j) (2) in market access.</p> <p>(3) As for (j) (3) in market access.</p> <p>(4) Unbound save as provided for in the horizontal section above.</p>	

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k) Provision and transfer of financial information, and financial data processing and related software by suppliers of other financial services.	<p>(1) Unbound for BSE listed equity and other securities.</p> <p>(2) Unbound for BSE listed equity and other securities.</p> <p>(3) Unbound for BSE listed equity and other securities. Licence from the Ministry of Cabinet Affairs and Information and the Ministry of Transportation required for provision and transfer of financial information. Confidentiality requirements for banks' customers set by the Agency apply.</p> <p>(4) Unbound save as provided for in the horizontal section above.</p>	<p>(1) Unbound for BSE listed equity and other securities.</p> <p>(2) Unbound for BSE listed equity and other securities.</p> <p>(3) As for (k) (3) in market access.</p>	
<p>(1) Advisory, intermediation and other auxiliary financial services on all the activities listed in subparagraphs (a) through (k) above, including credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy.</p>	<p>(1) As for (a) (1) above for this activity.</p> <p>(2) None.</p> <p>(3) Investment Advisers and Representative Offices require licence to undertake activities in/from Bahrain. Credit referencing agencies should adhere to requirements for confidentiality set by the BMA for banks' customers.</p> <p>(4) Unbound save as provided for in the horizontal section above.</p>	<p>(1) None.</p> <p>(2) None.</p> <p>(3) None.</p> <p>(4) Unbound save as provided for in the horizontal section above.</p>	