

# WORLD TRADE ORGANIZATION

RESTRICTED

**S/FIN/W/12/Add.51**

11 December 1997

(97-5563)

---

**Committee on Trade in Financial Services**

Original: English

## COMMUNICATION FROM SRI LANKA

### Conditional Offer on Financial Services

#### Addendum

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

\_\_\_\_\_

Sri Lanka is pleased to submit to the Committee on Trade in Financial Services the annexed draft conditional offer on Financial Services. This offer is conditional upon a successful conclusion of the negotiations of the Committee on Trade in Financial Services.

Sri Lanka reserves the right to modify, reduce or withdraw this offer, in whole or in part, depending on the results of the negotiations on Financial Services.

Sri Lanka also reserves the right to make technical changes to this offer and to correct any errors, omissions or inaccuracies that may have been committed due to oversight or other reasons.

**SRI LANKA - DRAFT OFFER ON FINANCIAL 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>7. <u>Financial Services</u></b>			
<b>I. <u>Direct Insurance</u></b>  <b>A. Life</b>	(1) Unbound (2) Unbound (3) New establishments are subject to licences approved by the Government of Sri Lanka (GOSL). Foreign equity participation, in this sector is determined per the horizontal section.	(1) Unbound (2) Unbound (3) None	
	(4) Unbound except as indicated in the horizontal section.	(4) Unbound except as indicated in the horizontal section.	
<b>B. Non-life</b>	(1) Unbound except in the case of insurance of freight, where insurance is taken by the buyer or seller in accordance with contract. (2) Unbound (3) New establishment is subject to licence approved by the Government of Sri Lanka (GOSL). Foreign equity participation in this sector determined per the horizontal section.	(1) Unbound (2) Unbound (3) None	
	(4) Unbound except as indicated in the horizontal section.	(4) Unbound except as indicated in the horizontal section.	

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
II. Re-insurance and retrocession	(1) Reinsurance can be taken with foreign reinsurers to the extent of the residual uncovered risk after obligatory or statutory placement with National Insurance Corporation.	(1) Unbound	
	(2) Reinsurance can be taken with foreign reinsurance to the extent mentioned above.	(2) Unbound	
	(3) Unbound	(3) Unbound	
	(4) Unbound except as indicated in the horizontal section.	(4) Unbound except as indicated in the horizontal section.	

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. <u>Banking and Other Financial Services (excluding insurance)*</u>				
<u>General Conditions</u>				
1. The terms of the offer in the banking and other financial services (excluding insurance) sub-sector are in accordance with GATS, the Annex on Financial Services and the Understanding on Commitments in Financial Services. All the commitments are subject to entry requirements, domestic laws, rules and regulations and the terms and conditions of the Central Bank of Sri Lanka, the Board of Investment, the Securities and Exchange Commission and any other competent authority in Sri Lanka, as the case may be, which are consistent with Article VI of the GATS and paragraph 2 of the Annex on Financial Services.				
2. Financial Services in the form of operations identified at sub-paragraphs (a) to (l) in the Schedule can be carried out in Sri Lanka through a locally incorporated company or a branch of a commercial bank incorporated outside Sri Lanka.				
2.1 (a) Only a licensed commercial bank, a licensed specialized bank or a registered finance company may accept deposits.				
(b) Only a licensed commercial bank may accept deposits which are repayable upon demand.				
2.2 Approval, registration and licensing relating to banks and other financial institutions will be subject to an economic needs test.				
2.3 The total foreign shareholding in any institution providing financial services is limited to 49 per cent of the issued share capital.				

---

\*This schedule deals only with Section B. Section A which covers insurance and insurance related services is contained in a separate schedule.

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>(a) Acceptance of deposits and other repayable funds from the public</p> <p>(b) Lending of all types, including, inter-alia, consumer credit, mortgage credit, factoring and financing of commercial transactions.</p> <p>(c) Financial leasing</p> <p>(d) All payment and money transmission services</p> <p>(e) Guarantees and commitments</p> <p>(f) Trading for own account or for account of customers, whether on an exchange, is an over-the-counter market or otherwise, the following:</p> <ul style="list-style-type: none"> <li>- money-market instruments (cheques, bills, certificates of deposits, etc.)</li> <li>- foreign exchange</li> </ul>	<p>The commitments listed below apply to all services listed under B (a) to (j).</p> <p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) As specific in the General Conditions.</p> <p>(4) Unbound except as specified in the horizontal commitments.</p>	<p>The commitments listed below apply to all services listed under B (a) to (j).</p> <p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) As specified in the General Conditions.</p> <p>(4) Unbound except as specified in the horizontal commitments.</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	
<ul style="list-style-type: none"> <li>- derivative products including but not limited to futures and options</li> <li>- exchange rate and interest rate instruments, including products such as swaps, forward rate agreements, etc.</li> <li>- transferable securities</li> <li>- other negotiable instruments and financial assets, including bullion.</li> </ul> <p>(g) Participation in issues of all kinds of security, including under-writing and placement as agreed (whether publicly or privately) and provision of service - related to such issues.</p> <p>(h) Money broking</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>(i) Asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial depository and trust services.</p> <p>(j) Settlement and clearing services for financial services, including securities, derivative products, and other negotiable instruments.</p> <p>(k) Provision and transfer of financial information, and financial data processing and related software by providers of other financial services.</p> <p>(l) Advisory services on all the activities listed in sub paragraphs (a) to (k)</p>	<p>The commitments listed below apply to all services listed under B (k) to (l)</p> <p>(1) None, except as provided in the General Conditions.</p> <p>(2) None, except as provided in the General Conditions.</p> <p>(3) As specified in the General Conditions.</p> <p>(4) Unbound except as specified in the horizontal commitments.</p>	<p>The commitments listed below apply to all services listed under B (k) to (l)</p> <p>(1) None, except as provided in the General Conditions.</p> <p>(2) None, except as provided in the General Conditions.</p> <p>(3) As specific in the General Conditions.</p> <p>(4) Unbound, except as specific in the horizontal commitments.</p>	