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RESTRICTED

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Committee on Trade in Financial Services

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COMMUNICATION FROM ECUADOR

Revised Offer on Financial Services

Revision

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

Ecuador reserves the right to withdraw or modify all or part of this conditional offer at any time up to 12 December 1997. This offer is conditional as its ratification depends on results that Ecuador considers suitable from the negotiations in the WTO Committee on Trade in Financial Services.

ECUADOR

INITIAL 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 subsector	Limitations on market access	Limitations on national treatment		Additional commitments	
7. <u>FINANCIAL SERVICES</u>	<p>Express authorization by the competent Ecuadorian supervisory bodies, as well as compliance with all statutory provisions in force on the activities concerned, is required for enterprises engaged in insurance and reinsurance activities and related services to be able to operate legally in the country and for the provision of banking services and other financial services in any form. Institutions providing insurance or reinsurance services and financial entities, in keeping with their nature, may only carry out the operations authorized under the General Law on Insurance Companies, the General Law on Financial Institutions, the Law on the Stock Market, the Law on the Monetary System and State Bank, and other provisions governing the functioning of each sector.</p> <p>The business names of branch offices of foreign financial institutions shall always indicate their foreign status.</p> <p>The head office shall allocate to its branch office in Ecuador, and retain in the country, the amount of capital and reserves required under the relevant laws.</p> <p>The commitments made by Ecuador in this schedule do not include new services that may arise in the future in the field of insurance services, banking services and other financial services.</p>				
<u>All services included in this schedule</u>	Foreign financial entities may participate in the equity of established banks and insurance and reinsurance companies. Since 3 November 1995, for reasons of monetary policy and banking and financial prudential considerations, no new banks, finance companies, home savings and loan mutual associations or savings and loan cooperatives engaging in financial intermediation with the public, or insurance or reinsurance companies, which are subject to control and supervision by the Banking Supervisory Authority, may be set up or established. This provision applies equally to national and foreign investors.				

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			
		Foreign financial institutions intending to open representative offices to act as information centres for their clients or to loan or invest funds in the country, must obtain prior authorization from the corresponding supervisory body and may not undertake any financial intermediation transaction within the meaning of the law; nor any exchange transactions; nor receive directly or indirectly deposits of any kind for their own account or for the account of others; nor participate in borrowing operations which involve receiving resources from the public, in which connection they must refrain from providing information, engaging in advertising or carrying out any type of activity or procedure connected with such operations. They may not solicit funds or deposits in Ecuador for placement abroad, nor offer or place in the country securities issued abroad.							

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
A. <u>Insurance Services</u>		(1) Unbound		(1) Unbound	
1. Insurance of risks relating to land or maritime transport and commercial aviation, covering vehicles, goods and liability arising therefrom, and insurance of risks relating to goods in international transit;		(2) Unbound		(2) Unbound	
		(3) None, except that representative offices are not allowed.		(3) None, except that in foreign insurance companies employees of Ecuadorian nationality must account for at least 50 per cent of the total amount of salaries and commissions.	
2. Reinsurance and retrocession;		(4) Unbound, except as indicated in the horizontal section.		(4) Unbound, except as indicated in the horizontal section.	
3. Direct insurance (including co-insurance)					
(i) life					
(ii) non-life:					
- accident and health insurance services					
- freight insurance services					
- fire and other property damage insurance services					
- pecuniary loss insurance services					
- general liability insurance services					

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4. Insurance intermediation activities: broking and agency services					
5. Services auxiliary to insurance: consultancy, actuarial, risk-assessment and claim-settlement services					
B. <u>Banking and Other Financial Services</u> (excluding insurance)					
(a) Acceptance of deposits and other repayable funds from the public		(1) None	(1) None	(1) None	
		(2) None	(2) None	(2) None	
		(3) None	(3) None	(3) None	
		(4) Unbound, except where specified in the horizontal commitments.	(4) Unbound, except where specified in the horizontal commitments.	(4) Unbound, except where specified in the horizontal commitments.	
(b) Lending: consumer credit, mortgage credit, factoring and financing of commercial transaction					
(c) Financial leasing					
(d) Payment and money transmission services: credit, charge and debit cards, traveller's cheques and bankers drafts					

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	
(e) Guarantees and commitments (f) Trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise, the following: <ul style="list-style-type: none"> - money market instruments (cheques, bills, certificates of deposit); - foreign exchange; - derivative products: futures and options; - exchange rate and interest instruments: swaps and forward rate agreements; - transferable securities; - negotiable instruments and financial assets: bullion (i) Asset management: cash or portfolio management, all forms of collective investment management, pension fund management, custodial depository and trust services					

Modes of supply:				
(1)	(2)	(3)	(4)	
Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments	
(i) Settlement and clearing services for financial assets, including securities, derivative products, and other negotiable instruments				
(k) Advisory and other auxiliary financial services on all the activities listed under the heading of banking and other financial services (excluding insurance), indicated in this schedule, including credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy				
(l) Provision and transfer of financial information, and financial data processing and related software by providers of other financial services				