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Committee on Trade in Financial Services

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COMMUNICATION FROM THE SLOVAK REPUBLIC

Revised Offer on Financial Services

Revision

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

The Slovak Republic is hereby submitting its revised offer of specific commitments in financial services. Revised offer reflects legislative changes that have occurred during recent months and further improves legislative regulatory regime in this sector. Technical improvements and clarification of commitments arising from the bilateral negotiations have been also reflected to large extent.

This revised offer is conditional upon other negotiating partners approach in providing comprehensive commitments based on MFN and National Treatment basis.

Slovakia reserves the right to withdraw, modify or reduce it at any time, in accordance with the Second Decision on Financial Services of 21 July 1995 as amended by the decision of 29 May 1997.

Slovakia further reserves the right to make technical amendments to the revised offer.

SLOVAK REPUBLIC
SPECIFIC COMMITMENTS ON FINANCIAL SERVICES - 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	
7. FINANCIAL SERVICES				
Measures applicable to all sectors in financial services:				
1) Commitments in this Chapter are based on the Agreement on Trade in Services, the Annex on Financial Services and the Understanding on Commitments in Financial Services.				
2) Market access commitments with respect to the "cross-border supply" and "consumption abroad" are bound to the extent of the obligations in paragraphs 3 and 4 of Market Access of the Understanding only to individual sectors listed and subject to limitations indicated below.				
3) The purchase or acquisition of financial services by public entities of the Slovak Republic is governed in this Schedule by Article XIII of the Agreement.				
4) The admission to the market of new financial services and instruments may be subject to the existence of, and consistency with the domestic regulatory framework aimed at achieving to objectives indicated in Article 2(a) of the Annex on Financial Services.				
5) The commitments on presence of natural persons are bound according to the general limitations applicable to all sectors in this schedule (Part I).				
6) Otherwise, the commitments in this Chapter are subject to the general conditions or limitations applicable to all sectors in this schedule.				
A. <u>All insurance and insurance-related services (CPC 812)</u>				
The following insurance services are provided by exclusive suppliers:				
Compulsory motor third party liability insurance, compulsory air transport insurance, the liability insurance of employer against injury or occupational disease have to be effected through the Slovak Insurance Company. The basic health insurance is confined to health insurance companies having a Licence for provision of health insurance granting by the Ministry of Healthcare of SR according to the Act 273/1994 Coll. of Low. Fund pension insurance schemes and sickness insurance are confined to the social insurance company. These exclusive service suppliers act in a manner consistent with obligations under Article II of the GATT and specific commitments.				

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
a) Life insurance (CPC 8121)	1) None other than: Commercial presence is required for supply of:	1) None	
b) Non-life insurance (CPC 8129)	- the life insurance of persons with permanent residence in the Slovak Republic;		
c) Reinsurance and retrocession (CPC 81299)	- the insurance of property on the territory of the Slovak Republic;		
d) Insurance intermediation (CPC 8140)	- the insurance of liability for loss or damage caused by the activity of natural persons and juridical persons on the territory of the Slovak Republic;		
	- air and maritime-insurance, covering goods, aircraft hull and liability.		
	2) Insurance services covered by mode (1) except insurance of air and maritime transport, covering goods, aircraft, hull and liability above may not be purchased abroad.	2) None	

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		<p>3) License is required for provision of insurance services. Foreign national may establish an insurance company with the seat in the Slovak Republic in the form of a joint-stock company or may conduct insurance business through their subsidiaries with registered office in the Slovak Republic under the general conditions established in the Law on Insurance. Insurance business means insurance activity including brokerage and reinsurance activity.</p> <p>Intermediation activity aimed at the conclusion of insurance contract between third party and insurance company may be provided by natural or juridical person only domiciled in the Slovak Republic for the benefit of the insurance company having the license of the Insurance Supervisory Authority.</p>	<p>3) The majority of the management board of an insurance company has to be domiciled in the Slovak Republic.</p>	

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	<p>Intermediation contract aimed at conclusion of insurance contract by third party with insurance company may be concluded by domestic or foreign insurance company only on the basis of license granted by the Insurance Supervisory Authority.</p> <p>The financial resources of specific insurance funds of licensed insurance operators derived from insuring or reinsuring policy holders with residence or registered office in the Slovak Republic must be deposited in a resident bank in the Slovak Republic and may not be transferred abroad.</p> <p>4) Unbound except as indicated in horizontal section</p>	<p>4) Unbound except as indicated in horizontal section</p>		

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<p>B. <u>Banking and Other Financial Services</u></p> <p>a) Acceptance of deposits and other repayable funds from the public (CPC 81115 - CPC 81119)</p> <p>b) Lending of all types (CPC 8113)</p> <p>c) Financial leasing (CPC 8112)</p> <p>d) All payments and money transmission services (CPC 81339)</p> <p>e) Guarantees and commitments (CPC 81199)</p> <p>f) Trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise as follows:</p>	<p>1) Unbound for services described in subsectors g), i) and j) and for:</p> <ul style="list-style-type: none"> - transferable securities; - other negotiable instruments and financial assets (excl. bullion). <p>2) Unbound for services described in subsector i)</p> <p>1,2) None other than:</p> <p>i) Deposit services are confined to the domestic banks and branches of foreign banks in the Slovak Republic.</p> <p>ii) Only authorized domestic banks, branches of foreign banks in the Slovak Republic and persons possessing a foreign exchange license may trade in foreign exchange assets. Only stock exchange members can trade on the Bratislava Stock Exchange. Residents can trade on the RM-System Slovakia without any limitation and non-residents only through security dealers.</p> <p>iii) Non-cash cross-border payments may be effected only by authorized domestic banks and branches of foreign banks in the Slovak Republic.</p>	<p>1),2) None</p>		

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	<div>iv) Foreign exchange licences issued by the National Bank of Slovakia is required for: a) opening an account abroad by a Slovak non-bank resident; b) capital payments abroad; c) obtaining financial credit from a foreign exchange non-resident, except credits from abroad accepted by residents with a repayment period of more than 3 years and loans granted between natural persons for non-business activities.</div> <div>v) Export and import of Slovak currency and foreign exchange in cash and bullion exceeding value of 150 tns SKK is subject to reporting requirement.</div>			

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Sector or Sub-sector		Limitations on Market Access	Limitations on National Treatment	Additional Commitments
<ul style="list-style-type: none"> - money market instruments (cheques, bills, certificates, deposits, etc.) (CPC 81339) - foreign exchange (CPC 81333) - exchange rate and interest rate instruments, including products such as swaps, forward rate agreements, etc. (CPC 81339) - transferable securities (CPC 81321) - other negotiable instruments and financial assets (excl. bullion) (CPC 81339) 		<ul style="list-style-type: none"> vi) Foreign exchange assets are required to be deposited with an authorized domestic bank or branch of a foreign bank in the Slovak Republic. vii) Only foreign exchange entities established in SR can grant and obtain guarantees and liabilities according to determined limit and provisions of NBS 		

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Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
g) Participation in issue of all kinds of securities (CPC 8132)	<p>3) None other than:</p> <p>Banking services may be provided only by domestic banks or branches of foreign banks authorized by the National Bank of Slovakia in the agreement with the Ministry of Finance. The granting of authorization is based on the consideration of criteria relating, in particular, to capital endowment (financial strength) professional qualifications, integrity and competence of the management and economic usefulness¹ of the projected bank activities. Banks are legal entities incorporated in SR, established as joint-stock companies or public (state-owned) financial institutions. The purchase of shares of existing bank is subject to prior approval of the National Bank of Slovakia. Investment services can provide in the Slovak Republic by banks, investment companies, investment funds and security dealers which have legal form of joint-stock company with equity capital according to the law.</p>	<p>3) A minimum of one-third of the Board of Directors must be citizens of the Slovak Republic.</p>	

¹ The economic usefulness criterion will be deleted subject to ratification of the respective legislation.

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<p>i) Asset management (CPC 8119, CPC 81323)</p> <p>j) Settlement and clearing services for financial assets (CPC 81319, CPC 81339)</p> <p>k) Advisory and other auxiliary financial services, incl. credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy (CPC 8131)</p> <p>l) Provision and transfer of financial information and financial data processing and related software by providers of other financial services (CPC 8131)</p>	<p>Foreign investment company or investment fund must obtain an authorization from MF SR for selling its securities or investment certificates unit on the territory of the Slovak Republic according to the Law. For issue of debt securities the permission of the Ministry of Finance SR is required either for the issue inland or abroad.</p> <p>Securities may be issued and traded only after a permission by the MF SR has been granted for public trading according to the Securities Act. The business of security dealer, stockbroker or organizer of an over-the-counter market is subject to authorization of the Ministry of Finance. Settlement and clearing services for all kinds of payments are regulated by NBS. Settlement and clearing services relating to change of physical property of securities are recorded in Centre of Securities - SCP (Clearing and Settlement House for Securities). SCP may provide only transfers on the property accounts of security owners. Cash part clearing and settlement goes through Banking Clearing and Settlement House - BZCS (where the National Bank of Slovakia is major shareholder) for Bratislava Exchange Stock, joint-stock company or through Jumbo account for RM-System Slovakia.</p> <p>4) Unbound except as indicated in horizontal section</p>	<p>4) Unbound except as indicated in horizontal section</p>	