

WORLD TRADE ORGANIZATION

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Committee on Trade in Financial Services

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COMMUNICATION FROM THE REPUBLIC OF CYPRUS

Conditional Offer on Financial Services

Addendum

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

1. The Republic of Cyprus hereby submits to the CTFS its conditional offer on Financial Services. This offer is conditional upon a successful conclusion of the negotiations of the Committee on Trade in Financial Services.
2. Cyprus reserves the right to modify, reduce or withdraw this offer, in whole or in part, dependent on the result of the negotiations on financial services.
3. Cyprus 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.
4. It is understood that this offer should be read in conjunction with the horizontal commitments applicable to all sectors/subsectors submitted by Cyprus in its schedule of Specific Commitments to GATS (Document GATS/SC/25, April 1994) and on the list of Article II (MFN) exemptions.
5. The following general conditions and qualifications would apply even where no limitations or conditions are stated in the conditional offer:
 - i) Consideration of national security and public policy objectives;
 - ii) This offer does not in any way pertain to services supplied in the exercise of government functions. Also, it does not affect measures pertaining to trade in goods which may constitute inputs to a scheduled service or other services. In addition, limitations on market access or national treatment in respect of services which may constitute inputs to or be used to supply a scheduled service, shall continue to apply.
6. The laws and regulations mentioned in this offer should not be construed as an exhaustive reference to all laws, and regulations governing the financial sector. The transfer, for example, of information containing personal data, bank secret or any business secret is not allowed. Such transfer is subject to domestic Laws on protection of confidentiality of information of banks' customers. Furthermore, it is noted that non-discriminatory qualitative measures pertaining to technical standards, public health and environmental considerations, licensing, prudential consideration, professional qualifications and competency requirements have not been listed as conditions or limitations to market access and national treatment.

CYPRUS
SCHEDULE OF SPECIFIC COMMITMENTS - 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	
7. FINANCIAL SERVICES				
1. Unregulated financial services and products and the admission to the market of new financial services or products, may be subject to the existence or the introduction of a regulatory framework aimed at achieving the objectives indicated in Article 2(a) of the Financial Services Annex.				
2. Due to exchange controls operative in Cyprus:				
<ul style="list-style-type: none">- residents are not permitted to purchase banking services which may involve transfer of funds abroad, while they are physically abroad;- loans to non-residents/foreigners or non-resident controlled companies require approval from the Central Bank;- acquisition of securities by non-residents also requires permission from the Central Bank;- dealings in foreign currency may be carried out only through banks which have been accorded "Authorized Dealer" status from the Central Bank.				
A. INSURANCE AND INSURANCE RELATED SERVICES				
Direct Insurance				
a) Life Insurance Services	1) No person or company can operate as an insurer within the Republic of Cyprus unless so authorized by the Superintendent of Insurance. Foreign Insurance companies may offer insurance services through the establishment of a branch or agency only. In both cases an authorization is required in accordance with terms and conditions stipulated by the Insurance Act. The foreign insurer must have been authorized to operate in its country of origin before authorized to establish a branch or agency.	1) None		
	2) None	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
b) Non-Life Insurance Services (CPC 8129 other than 81299)	3) Restricted to insurance companies registered in Cyprus and so authorized by the Superintendent of Insurance, in accordance with national regulations. Investment by non-residents in insurance companies requires the prior approval of the Central Bank. The share of foreign participation in the capital of local insurance companies is determined on a case by case basis in accordance with economic needs.	3) None	
	4) Unbound	4) None	
	1) No person or company can operate as an Insurer within the Republic of Cyprus unless so authorized by the Superintendent of Insurance. International marine, aviation and transit services can be offered without any limitation by any insurer, irrespective of whether authorized or not in Cyprus. Foreign Insurance companies may offer insurance services through the establishment of a branch or agency. In both cases an authorization is required in accordance with terms and conditions stipulated by the Insurance Act. The foreign insurer must have been authorized to operate in its country of origin before authorized to establish a branch or agency.	1) None	
	2) None	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
c) Reinsurance and retrocession	3) Restricted to insurance companies registered in Cyprus and so authorized by the Superintendent of Insurance, in accordance with national regulations. Investment by non-residents in insurance companies requires the previous approval of the Central Bank.	3) None	
	4) Unbound	4) None	
	1) Any foreign reinsurer approved by the Superintendent of Insurance (on prudential criteria) may offer reinsurance or retrocession services to insurance companies incorporated and licenced in Cyprus.	1) None	
	2) None except as indicated in the horizontal section	2) None except as indicated in the horizontal section	
	3) No company can operate as a reinsurer within the Republic of Cyprus unless so authorized by the Superintendent of Insurance. Investment by non-residents in reinsurance companies requires the prior approval of the Central Bank. The share of foreign participation in the capital of local reinsurance companies is determined on a case-by-case basis. Currently there is no local reinsurance company.	3) None	
	4) Unbound. Natural persons are not authorized to provide reinsurance services.	4) Unbound. Natural persons are not authorized to provide reinsurance 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
<p>B. FINANCIAL SERVICES (limited to banking)</p> <p>1. It is a statutory requirement and it is applied on a non-discriminatory manner that banks offering services in the Republic of Cyprus must be legal entities. Legal entities include branches of foreign banks/financial institutions which are registered in Cyprus.</p> <p>2. Direct or indirect ownership or voting rights in a bank by a person and his/her associates may not exceed 10 per cent unless with the prior written approval of the Central Bank.</p> <p>3. Further to the above, direct or indirect shareholding or acquisition of stake by foreign persons in the capital of the three existing local banks listed in the stock exchange, is restricted to 0,5 per cent per individual and 6.0 per cent collectively.</p>			
<p>BANKING</p> <p>a) Acceptance and deposits and other repayable funds from the public (CPC 81115-81119)</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 carried out by financial institutions (CPC 81334)</p> <p>e) Guarantees and commitments (CPC 81199)</p>	<p>1) Unbound/only legal entities licenced by the Central Bank may offer banking services in the Republic of Cyprus.</p> <p>2) Unbound-Residents of Cyprus require permission from the Central Bank in conformity with the Exchange Control Law for borrowing in foreign currency or abroad, for placing funds abroad or for obtaining banking services that require export of funds.</p> <p>3) - Unbound for the acquisition of existing local banks - For new banks the following requirements apply: a) A licence is required from the Central Bank for the carrying out of banking business. The Central Bank in granting a licence may apply an economic needs test.</p>	<p>1) Unbound</p> <p>2) Unbound</p> <p>3) None once established and licenced</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>f) Foreign exchange dealing (CPC 81333)</p> <p>C. SECURITIES</p> <p>Trading for own A/c or for A/c of Customers in transferable securities. Securities broking (CPC 81321)</p>	<p>b) According to the Banking Law, banks must be legal entities.</p> <p>c) Branches of foreign banks must be registered in Cyprus under the Companies Law and licenced under the Banking Law.</p> <p>4) Unbound</p> <p>1) None except as indicated in the horizontal section</p> <p>2) None except as indicated in the horizontal section</p> <p>3) Only members (brokers) of the Cyprus Stock Exchange can undertake business pertaining to securities brokerage in Cyprus. Banks and Insurance companies may not undertake brokerage business. However their subsidiary brokerage firms may do so.</p> <p>4) Only members (brokers) of the Cyprus Stock Exchange can undertake business pertaining to securities brokerage in Cyprus.</p>	<p>4) Unbound. For bank foreign employees residence and work permit is required.</p> <p>1) None except as indicated in the horizontal section</p> <p>2) None except as indicated in the horizontal section</p> <p>3) A brokerage firm may only be registered as a member of the Cyprus Stock Exchange if it has been established and registered in accordance with the Companies Law of Cyprus.</p> <p>4) None except as indicated in the horizontal section</p>	