

# WORLD TRADE ORGANIZATION

RESTRICTED

**GATS/SC/13/Suppl.1**

28 July 1995

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**Trade in Services**

**BRAZIL**

**Schedule of Specific Commitments**

**Supplement 1**

(This is authentic in English only)

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This text replaces the Financial Services section contained in pages 18 to 20 of document GATS/SC/13.



## BRAZIL - SCHEDULE OF SPECIFIC COMMITMENTS

Modes of supply:		(1)	Cross-border supply	(2)	Consumption abroad	(3)	Commercial presence	(4)	Presence of natural persons
		<b>Sector or sub-sector</b>	<b>Limitations on market access</b>			<b>Limitations on national treatment</b>		<b>Additional commitments</b>	
<b>7. FINANCIAL SERVICES</b>									
A. <u>All Insurance and Insurance-Related Services</u>									
Insurance on freight (CPC 81293)			<p>(1) Imports can only be insured with established companies.</p> <p>(2) Unbound</p> <p>(3) The formation of a specific type of legal entity is required, in the form of a Sociedade Anônima, with registered stocks. The establishment of new branches and subsidiaries of foreign insurance companies, as well as increases in the percentage of the participation of foreign persons and firms in the capital stock of Brazilian insurance institutions with headquarters in Brazil, is not permitted.</p> <p>(4) Unbound except as indicated in the horizontal section.</p>			<p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) None</p>		Brazil will introduce into its schedule commitments relating to the participation of foreign capital in the Brazilian insurance market, within two years after the adoption by the National Congress of legislation permitting such participation.	
Life insurance (CPC 81211)			<p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) Same conditions as in insurance on freight.</p> <p>(4) Unbound except as indicated in the horizontal section.</p>			<p>(4) Unbound except as indicated in the horizontal section.</p> <p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) None</p> <p>(4) Unbound except as indicated in the horizontal section.</p>			

**BRAZIL** (continued)

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		
Medical care (CPC 81291)			(1) Unbound (2) Unbound (3) Same conditions as in insurance on freight. (4) Unbound except as indicated in the horizontal section.		(1) Unbound (2) Unbound (3) None (4) Unbound except as indicated in the horizontal section.				
Property insurance (CPC 81292, CPC 81294, CPC 81295, CPC 81296)			(1) Unbound (2) Unbound (3) Same conditions as in insurance on freight. (4) Unbound except as indicated in the horizontal section.		(1) Unbound (2) Unbound (3) None (4) Unbound except as indicated in the horizontal section.				
Liability insurance (CPC 81297)			(1) Unbound (2) Unbound (3) Same conditions as in insurance on freight. (4) Unbound except as indicated in the horizontal section.		(1) Unbound (2) Unbound (3) None (4) Unbound except as indicated in the horizontal section.				
Reinsurance and retrocession services (CPC 81299)			(1) Unbound (2) Unbound (3) It is of the competence of the Brazilian Institute of Reinsurance (IRB) to accept mandatory or facultative reinsurance, in Brazil or abroad. The distribution by insurance institutions of parts of reinsurance not retained by IRB is also of its competence. (4) Unbound except as indicated in the horizontal section.		(1) Unbound (2) Unbound (3) Unbound   (4) Unbound		Brazil will introduce into its schedule commitments relating to the participation of foreign capital in the Brazilian reinsurance market, within two years after the adoption by the National Congress of legislation permitting such participation.		

**BRAZIL** (continued)

Modes of supply:	(1)	Cross-border supply	(2)	Consumption abroad	(3)	Commercial presence	(4)	Presence of natural persons
	<b>Sector or sub-sector</b>	<b>Limitations on market access</b>			<b>Limitations on national treatment</b>			<b>Additional commitments</b>
	Auxiliary services - agencies and brokers (CPC 81401)	(1) Unbound (2) Unbound (3) Foreign nationals may establish themselves as brokers. However, the presence of foreign capital in domestic brokerage firms is restricted, directly or indirectly to 50 per cent of the total capital of the domestic firm and one third of its voting capital. This rule does not apply to firms established before 3 July 1986. (4) Unbound except as indicated in the horizontal section.			(1) Unbound (2) Unbound (3) None			Brazil will introduce into its schedule commitments relating to the participation of foreign capital in the Brazilian insurance brokerage firms, two years after the adoption by the National Congress of legislation permitting such participation.
	Auxiliary services - consultancy, actuarial and surveys (CPC 81402, CPC 81404)	(1) None (2) None (3) None (4) Unbound except as indicated in the horizontal section.			(4) Unbound except as indicated in the horizontal section.  (1) None (2) None (3) None (4) Unbound except as indicated in the horizontal section.			

**BRAZIL** (continued)

Modes of supply:				
(1)	(2)	(3)	(4)	
Sector or sub-sector	Limitations on market access	Limitations on national treatment	Additional commitments	
<p>B. <u>Banking and Other Financial Institutions</u></p> <p>These commitments cover only those activities performed by financial institutions, classified as multiple banks, commercial banks, investment banks, consumer finance companies, housing finance companies, financial leasing companies, brokers and dealers, and each may perform only those activities permitted by the Conselho Monetário Nacional, the Banco Central de Brasil and/or the Comissão de Valores Mobiliários. Multiple banks may be formed with a minimum of any two of the following portfolios, each corresponding to a commercial bank, an investment bank, a consumer finance company, a housing finance company or a financial leasing company, and one of the portfolios must correspond to either a commercial bank or an investment bank. Financial instruments, such as securities, futures and options, when registered for negotiation on an exchange, may not be negotiated in an over-the-counter market. All senior level management must be permanent residents in Brazil.</p>				
<p>- Acceptance of the following funds from the public, on a wholesale or retail basis:</p> <p>(i) demand deposits</p> <p>(ii) time deposits</p> <p>(iii) savings deposits destined for housing finance</p>	<p>(1) Unbound</p> <p>(2) Unbound</p>	<p>(1) Unbound</p> <p>(2) Unbound</p>	<p>Brazil will introduce into its schedule commitments relating to the participation of foreign capital in Brazilian financial institutions, within two years after the adoption by National Congress of legislation permitting such participation.</p>	

**BRAZIL** (continued)

Modes of supply:	(1)	Cross-border supply	(2)	Consumption abroad	(3)	Commercial presence	(4)	Presence of natural persons
	<b>Sector or sub-sector</b>		<b>Limitations on market access</b>		<b>Limitations on national treatment</b>		<b>Additional commitments</b>	
-	Lending of all types by financial institutions, including:		(3) The establishment of new branches and subsidiaries of foreign financial institutions, as well as increases in the percentage of the participation of foreign nationals and institutions in the capital stock of Brazilian financial institutions, is not permitted, except in connection with the privatization programme of public sector financial institutions. The number of branches in Brazil of all foreign banks and of banks controlled by foreign nationals and institutions is currently limited to the amount existing on 5 October 1988, except for the branches of privatized banks, which are not subject to this limitation.		(3) None		National treatment shall be granted to suppliers, established in Brazil, of service activities listed in the Annex on Financial Services that are not performed by financial institutions and are not recognized as financial services according to domestic regulations, at such time as these service activities be subjected to specific legislation adopted by the National Congress, therein classified as financial services.	
-	(i) consumer credit							
-	(ii) mortgage credit							
-	(iii) financing of commercial transactions							
-	Financial leasing							
-	Payment and money transmission services carried out by financial institutions							
-	Guarantees and commitments							

**BRAZIL** (continued)

Modes of supply:		(1)	Cross-border supply	(2)	Consumption abroad	(3)	Commercial presence	(4)	Presence of natural persons
		<b>Sector or sub-sector</b>	<b>Limitations on market access</b>		<b>Limitations on national treatment</b>		<b>Additional commitments</b>		
-		<p>Trading for own account of for the account of customers, whether on an exchange or in an over-the-counter market, of the following:</p> <ul style="list-style-type: none"> <li>(i) money market instruments</li> <li>(ii) foreign exchange futures and options</li> <li>(iii) exchange rate and interest rate instruments</li> <li>(v) transferable securities</li> <li>(vi) other negotiable instruments and financial assets, including bullion</li> </ul>							



**BRAZIL** (continued)

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	
- Participation in public issues of all kinds of securities, including underwriting and placement as agent, and provision of services related to such issues									
- Brokerage of foreign exchange									
- Portfolio management and custodial and depository services									
- Research and advice on investments and portfolios									