

WORLD TRADE ORGANIZATION

RESTRICTED

S/FIN/W/12/Add.13/Rev.1

12 December 1997

(97-5593)

Committee on Trade in Financial Services

Original: Spanish

COMMUNICATION FROM VENEZUELA

Revised Offer on Financial Services

Revision

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

Attached hereto is Venezuela's Schedule of Specific Commitments in Financial Services and the List of Article II Exemptions, which replace those submitted in document S/FIN/W/12/Add.13.

Venezuela hopes that the negotiations will lead to a satisfactory outcome which will open up opportunities for Venezuelan suppliers to provide financial services.

Venezuela reserves the right to make technical corrections to both the Schedule and the List of Exemptions.

At the same time, the Permanent Mission of Venezuela would be grateful if the Secretariat would make the following corrections to the English language version of Venezuela's Schedule:

1. On page 4, in the section on Reinsurance, under mode (3), in the second and fourth lines of the third paragraph: please replace the word "representations" by "representative offices". The same applies on page 6 to the third paragraph of the section on Reinsurance Brokerage, mode (3), lines two and four.
2. In the section on Banks and Other Financial Services, where reference is made to the Inspectorate of Banks and Other Financial Institutions, please replace the word "Inspectorate" by "Superintendency".

VENEZUELA

SCHEDULE OF SPECIFIC COMMITMENTS 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. FINANCIAL SERVICES				
A. INSURANCE AND RELATED SERVICES (CPC 812**)				
A.1. - Insurance				
(a) Life insurance services (CPC 81211 - 81212) (excluding pension funds)	An authorization from the National Executive is required for insurance and reinsurance activities			
(b) Non-life insurance services (CPC 81291 - 81292 - 81295) (CPC 81296 - 81297 - 81299)	<p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) The Minister of Finance may ban insurance companies operating in Venezuela from concluding reinsurance contracts with certain companies.</p> <p>The National Executive may, where it deems appropriate, request conditions of reciprocity for Venezuelan capital from the countries of origin of foreign capital participating in the Venezuelan insurance system.</p> <p>In accordance with the relevant law the National Executive, in authorizing the establishment of insurance and reinsurance companies, through non-discriminatory provisions, shall take into consideration, amongst other factors, general and local economic and financial conditions.</p>	<p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) None</p>		

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
<p>A.2. - Reinsurance</p> <p>(c) Reinsurance (CPC 81299*)</p>	<p>Branches of foreign insurance companies may not be established in Venezuela. Insurance companies must take the form of public limited companies.</p> <p>The operation of companies known as tontines or "chateluanas" or a combined form of the two is prohibited.</p> <p>The Administrative Board of an insurance company must be composed of a majority of Venezuelans domiciled and resident in the country. At least half of its Vice-Presidents, Directors, Managers, Assistant Managers, Legal or Technical Consultants or other Executives must be Venezuelans domiciled and residing in the country.</p> <p>(4) Unbound, except as indicated in the horizontal section.</p> <p>(1) The Minister of Finance may ban reinsurance companies operating in Venezuela from concluding reinsurance contracts with certain companies.</p> <p>(2) The Minister of Finance may ban reinsurance companies operating in Venezuela from concluding reinsurance contracts with certain companies.</p> <p>(3) The National Executive may, where it deems appropriate, request conditions of reciprocity for Venezuelan capital from the countries of origin of foreign capital participating in the Venezuelan reinsurance system.</p>	<p>(4) Unbound, except as indicated in the horizontal section.</p> <p>(1) None</p> <p>(2) None</p> <p>(3) Foreign reinsurance companies must renew their registration with the Insurance Inspectorate every two years, if they fail to do so they may be excluded from the Register of Reinsurance Companies.</p>	

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
	<p>In accordance with the relevant law the National Executive, in authorizing the establishment of insurance and reinsurance companies, through non-discriminatory provisions, shall take into consideration, amongst other factors, general and local economic and financial conditions.</p> <p>Foreign reinsurance companies may maintain permanent representative offices in Venezuela for the acceptance of reinsurance risks. Such representative offices shall be subject to prior authorization by the Insurance Inspectorate, which may restrict or refuse it or subject it to conditions.</p> <p>Branches of foreign insurance companies may not be established in Venezuela.</p> <p>Reinsurance companies must take the form of public limited companies.</p> <p>The Administrative Board of a reinsurance company must be composed of a majority of Venezuelans domiciled and resident in the country. At least half of its Vice-Presidents, Directors, Managers, Assistant Managers, Technical or Legal Consultants and other Executives must be Venezuelans domiciled and residing in the country.</p> <p>(4) Unbound, except as indicated in the horizontal section.</p>	<p>(4) Unbound, except as indicated in the horizontal section.</p>	

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
<p>A.3. - Insurance brokerage (d) Insurance brokerage (CPC 81401)</p>	<p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) The National Executive, may, where it deems appropriate, request conditions of reciprocity for Venezuelan capital from the countries of origin of foreign capital participating in the Venezuelan insurance system.</p> <p>Branches of foreign insurance brokerage companies may not be established in the country.</p> <p>Insurance brokerage companies must take the form of public limited companies or private limited-liability companies.</p> <p>Shareholders in insurance brokerage companies must be insurance agents or brokers authorized in Venezuela with at least three years of practice as insurance agents or brokers.</p> <p>In insurance brokerage companies, the President and three quarters of the Vice-Presidents, Directors, Managers or other Executives and Commercial Agents must be Venezuelans domiciled and residing in the country.</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>	

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.4. - Reinsurance brokerage (d) Reinsurance brokerage (CPC 81401)	<p>(1) The Minister of Finance may ban insurance and reinsurance companies operating in Venezuela from concluding reinsurance contracts with certain companies through reinsurance brokerage companies.</p> <p>(2) The Minister of Finance may ban insurance and reinsurance companies operating in Venezuela from concluding reinsurance contracts with certain companies through reinsurance brokerage companies</p> <p>(3) Foreign reinsurance brokerage companies may maintain permanent representative offices in Venezuela for the acceptance of reinsurance risks. Such representative offices shall be subject to prior authorization by the Insurance Inspectorate, which may restrict or refuse it or subject it to conditions.</p> <p>Reinsurance brokerage companies must take the form of public limited companies or private limited-liability companies.</p> <p>(4) Unbound, except as indicated in the horizontal section.</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) None</p> <p>(4) Unbound, except as indicated in the horizontal section.</p>	

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
B. BANKS AND OTHER FINANCIAL SERVICES	An authorization from the relevant supervisory bodies is required in order to operate as a financial intermediary in Venezuela.		
B.1. Banks and credit institutions	(1) Unbound	(1) Unbound	
(a) Acceptance of deposits and other repayable funds from the public (CPC 81115-81116)	(2) Unbound	(2) Unbound	
(b) Lending of all types including, <i>inter alia</i> , consumer credit, mortgage credit, factoring and financing of commercial transactions (CPC 8113, excluding 81139)	(3) The National Executive may, where it deems appropriate, request conditions of reciprocity for Venezuelan capital from the countries of origin of the foreign capital participating in the Venezuelan financial system. Under the relevant law , the development and operation of banks and other financial institutions requires authorization from the Superintendency of Banks and Other Financial Institutions, which through non-discriminatory provisions will take into account, amongst other factors, general and local economic and financial conditions.	(3) None	

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
<p>(c) Financial leasing with option to purchase (CPC 8112)</p> <p>(d) Payment and money transmission services (CPC 81339)</p> <p>(e) Guarantees</p> <p>(h) Foreign exchange operations (CPC 81333)</p>	<p>The establishment or opening of institutions or branches owned by financial institutions or foreign investors or institutions established abroad requires the authorization of the Superintendency of Banks and Other Financial Institutions, after receiving the opinion of the Central Bank of Venezuela and the assent of the Higher Council of the Superintendency of Banks and Other Financial Institutions, and is subject to the requirements and conditions laid down in the General Law on Banks and Other Financial Institutions.</p> <p>Banks and other financial institutions must take the form of public limited companies and shares must be nominal and of the same category, unless there is a special authorization from the Superintendency of Banks and Other Financial Institutions when the circumstances so justify.</p> <p>Not less than one half of the members of Administrative Boards of banks and other financial institutions must reside in the national territory.</p> <p>Bank or foreign institutions establishing branches in Venezuela must assign capital to them for their operations in the country. This does not limit the liability of the bank or foreign financial institution concerned in respect of the total capital for its operations in Venezuela.</p>		

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
	<p>Representative offices of banks and foreign financial institutions not domiciled in Venezuela may not engage in any kind of borrowing or lending operations and may only act as intermediaries between the entities they represent and the natural and legal persons receiving loans therefrom. To this end, they shall supply information to the Superintendency of Banks and Other Financial Institutions concerning the terms, conditions, modalities and characteristics of the operations in question.</p> <p>Representative offices of banks and other foreign financial institutions may not receive, either directly or indirectly, on their own account or that of a third party, deposits of any kind, nor intervene in borrowing operations that involve tapping public funds. To this end, they must refrain from providing information or engaging in any activities or transactions related to such operations.</p> <p>Any change of domicile or location of representative offices, closure of their offices and the designation of their representatives require prior authorization from the Superintendency of Banks and Other Financial Institutions.</p> <p>Representative offices may not advertise their activities in the country in any form. They may, however, identify the offices where they operate under the name of the bank or financial institution they represent, in terms determined by the Superintendency of Banks.</p>		

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
B.2. Foreign exchange houses	(4) Unbound, except as indicated in the horizontal section.	(4) Unbound, except as indicated in the horizontal section.	
(1) Unbound	(1) Unbound	(1) Unbound	
(2) Unbound	(2) Unbound	(2) Unbound	
(3) The National Executive may, when it deems appropriate, request conditions of reciprocity for Venezuelan capital from the countries of origin of foreign capital participating in the country's system of foreign exchange houses.		(3) None	
Foreign exchange houses must take the form of public limited companies.			
At least half the members of Administrative Boards of foreign exchange houses must reside in the national territory.			
(4) Unbound, except as indicated in the horizontal section.	(4) Unbound, except as indicated in the horizontal section.	(4) Unbound, except as indicated in the horizontal section.	
B.3. Capital markets			
(i) Collective investment entities (CPC 81319)	(1) Unbound	(1) Unbound	
(2) Mutual funds	(2) Unbound	(2) Unbound	
(3) Collective investment entities (EIC) must take the form of trading companies or provide equity through a trust fund, and must obtain authorization to operate from the National Securities Commission.	(3) Collective investment entities (EIC) must take the form of trading companies or provide equity through a trust fund, and must obtain authorization to operate from the National Securities Commission.	(3) None	
(2) Collective property investment entities			

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
(3) Collective risk capital investment entities	<p>EICs may not acquire investment units unless this is provided for in their statutes and prospectus. Their resources must be invested exclusively in securities legally permitted under Venezuelan legislation.</p> <p>Buying and selling by EICs of securities quoted on Venezuelan stock exchanges must be through the respective stock exchange institutions.</p> <p>No investor may hold more than 10 per cent of the capital of a Collective Investment Entity.</p>		
(i) Securities funds (CPC 81319)	<p>(4) Unbound, except as indicated in the horizontal section.</p> <p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) In order to provide securities fund services, the form of public limited company is required</p> <p>Securities funds must be established and domiciled in the Republic of Venezuela and must be authorized by the National Securities Commission to operate.</p>	<p>(4) Unbound, except as indicated in the horizontal section.</p> <p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) None</p>	
(i) Mutual fund management companies (CPC 81319)	<p>(4) Unbound, except as indicated in the horizontal section.</p> <p>(1) Unbound</p> <p>(2) Unbound</p>	<p>(4) Unbound, except as indicated in the horizontal section.</p> <p>(1) Unbound</p> <p>(2) Unbound</p>	

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
(k) Investment advisory services (CPC 81332)	(3) Must take the form of a trading company or provide equity a trust fund. Mutual fund management companies may not simultaneously provide services to more than one mutual investment fund when the investment goals and sales plans are of the same type, in the opinion of the National Securities Commission. If they are administered by other companies, mutual funds established in Venezuela must be managed by a management company likewise constituted in Venezuela for that purpose.	(3) None	
	(4) Unbound, except as indicated in the horizontal section.	(4) Unbound, except as indicated in the horizontal section.	
	(1) Unbound	(1) Unbound	
	(2) Unbound	(2) Unbound	
	(3) In the case of advisory services relating to investment in foreign securities or for acting as a contact with foreign brokers or representing them, authorization shall depend on the country's economic and financial situation, in the opinion of the National Securities Commission. The National Securities Commission may revoke or cancel authorizations relating to advisory services for investment in foreign securities or for acting as a contact with brokers abroad or representing them, when in its opinion the country's economic and financial conditions are unsuitable for such activities.	(3) None	

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
(g) Securities brokerage (excluding brokerage in options, futures and other derivatives) (CPC 8132)	(4) Unbound, except as indicated in the horizontal section.	(4) Unbound, except as indicated in the horizontal section.	
	(1) Unbound	(1) Unbound	
	(2) Unbound	(2) Unbound	
	(3) Authorization of the public offering of foreign securities in Venezuela depends on whether this is in the national interest, with the prior assent of the National Executive.	(3) None	
	Administrators of a brokerage house must be resident in the country.		
	(4) Unbound, except as indicated in the horizontal section.	(4) Unbound, except as indicated in the horizontal section.	

VENEZUELA - LIST OF ARTICLE II (MFN) EXEMPTIONS IN 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	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
- Banking (CPC 8115 - 81116 - 8112 - 8113 - 81339 - 81333)	Authorizations for access of foreign capital to the domestic market through the participation of existing institutions, the opening of branches or the establishment of new suppliers of financial services may be subject to reciprocity, where the National Executive deems appropriate.	All countries	Indefinite	To reflect the current situation of Venezuelan legislation.
- Insurance (CPC 812**)				