

# WORLD TRADE ORGANIZATION

RESTRICTED

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**Committee on Trade in Financial Services**

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## COMMUNICATION FROM EGYPT

### Revised Offer on Financial Services

#### Revision

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

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This revised schedule is conditional. Egypt retains its right to modify or withdraw all or part of its Specific Commitments on Financial Services and to list MFN exemptions.

**EGYPT**  
**REVISED SCHEDULE OF SPECIFIC COMMITMENTS 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	Limitations on national treatment	Additional commitments
<b>FINANCIAL SERVICES</b>			
<u>Measures of specific application:</u>			
A. <u>Insurance Services</u> , the main criteria which the economic needs test apply are as follows:			
1. Surplus demand to traditional classes of insurance gives new companies an opportunity of working without harmful competition to the market or financial positions of existing companies and consequently policy holders.			
2. Exhausting of 50 per cent of the capacity of the existing companies, which is calculated on the basis of solvency margin, there is a surplus demand in excess of the capacity which enables a new company to achieve its purposes.			
3. Setting up of a new company leads to an increase of total retention in the market; taking into account the technical considerations.			
4. The new companies shall introduce new insurance covers.			
B. <u>Other Financial Services</u>			
Commercial presence for conducting the activities of other Financial Services (Capital Market Services excluding trading in securities) should be incorporated in Egypt to take the form of a joint-stock company or a partnership limited by shares.			

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<b>BANKING SERVICES</b>			
A. <u>Joint-Venture Banks (JVB's):</u>	(1) Unbound	(1) Unbound	
- Acceptance of deposits and other forms of repayable funds.	(2) Unbound	(2) Unbound	
- All types of lending, including consumer credit, and financing of commercial transactions.	(3) The share of non-Egyptians in the capital of JVB's and private banks may exceed 49 per cent of the issued capital of any bank, without ceiling. On a non-discriminatory basis, ownership of more than 10 per cent of the issued capital of any bank, except through inheritance, requires the approval of the CBE Board of Directors.	(3) Foreign service suppliers, in the context of JVBs are required to offer on-the-job training for national employees.	
- All payment and money transmission services, including credit, charge and debit cards, traveller's cheques and bankers draft.	(4) The General Manager should have banking experience in Egypt of no less than ten years for banks established in Egypt other than branches of foreign banks.	(4) None	
- Guarantees and Commitments			

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- Trading for own account or for account of customers in: <div><div>a. Money market instruments (cheques, bills and certificate of deposits);</div><div>b. foreign exchange;</div><div>c. securities.</div></div>				
- Participation in share issues and the provision of services related to such issues through subsidiaries				
- Money broking				
- Safekeeping of securities				
- Credit reference services				
- Safe custody services				

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B. <u>Foreign Bank Branches</u> Same activities specified under (A) above.	(1) Unbound	(1) Unbound	
	(2) Unbound	(2) Unbound	
	(3) Economic needs test shall be applied.	(3) Branches of foreign banks existing on 5 June 1992, (the date of enforcement of Law No. 37 of 1992) may be licensed to deal in local currency in addition to foreign currency subject to the satisfaction of minimum capital requirement, adequacy of provisions and other prudential measures (Art. 13 of the executive regulations of the said Law).	
	(4) None	(4) None	
C. <u>Representative Offices of Foreign Banks (R.O.'s)</u>	(1) Unbound	(1) Unbound	
	(2) Unbound	(2) Unbound	
	(3) Foreign banks which desire to set up representative offices should not have branches in Egypt.  - Activities of R.O.'s should be confined to conducting studies and potential investments, acting as liaison with their head offices and contributing to solving problems and difficulties that may encounter their head offices' correspondents in Egypt.	(3) Unbound	
	(4) None	(4) None	

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INSURANCE & INSURANCE RELATED SERVICES				
1. <u>Life, health, personal accident</u>	<div>(1) None</div> <div>(2) None</div> <div>(3) Foreign and joint venture companies are allowed only to carry on business in free zones, provided that their activities shall be confined to the transactions carried out in convertible currencies.</div> <div>- No maximum limits required on the foreign shareholding in free zones.</div> <div>- Economic needs test shall apply to the inland commercial presence (other than in free zones) according to the criteria as stipulated in the horizontal section.</div> <div>Relaxation of economic needs test shall be in 2000 for life, health &amp; personal accident business.</div> <div>- Foreign insurance companies branches and agencies are not allowed.</div> <div>- Foreign capital equity shall not exceed 49 per cent of the total capital required for the company (other than in free zones) up to 31 December 1999.</div>	<div>(1) None</div> <div>(2) None</div> <div>(3) None</div>		

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	
	<ul style="list-style-type: none"> <li>- As of 1 January 2000, foreign capital equity shall be up to 51 per cent of the total capital required for the company (other than in free zones).</li> <li>- Legal cessions of the total transactions must be ceded to Egyptian Reinsurance Co. according to the percentages to be decided by the supervisory authority and 5 per cent of the Company's treaties to African Reinsurance Co.</li> </ul>	(4) None		
	<p>(4) Qualified non-Egyptian directors are allowed for a five year term and may be renewed. Their appointment and renewal is subject to the approval of the Supervisory Authority.</p> <ul style="list-style-type: none"> <li>- A non-Egyptian director must have at least two Egyptian understudies.</li> </ul>			

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Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments	
2. <u>Non-life insurance</u>	<p>(1) Unbound</p> <p>(2) None</p> <p>(3) Foreign and joint venture companies are allowed only to carry on business in free zones, provided that their activities shall be confined to the transactions carried out in convertible currencies.</p> <p>- No maximum limits required on the foreign shareholding in free zones.</p> <p>- Economic needs test shall apply to the inland commercial presence (other than in free zones) according to the criteria as stipulated in the horizontal section.</p> <p>- Relaxation of economic needs test shall be in 2002 for non-life business.</p>	<p>(1) Unbound</p> <p>(2) None</p> <p>(3) None</p>		



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	<ul style="list-style-type: none"> <li>- Foreign capital equity shall not exceed 49 per cent of the total capital required for the company (other than in free zones) up to 31 December 2002.</li> <li>- As of 1 January 2003, foreign capital equity shall be up to 51 per cent of the total capital required for the company (other than in free zones).</li> <li>- Foreign insurance Companies branches and agencies are not allowed.</li> <li>- Legal cessions of the total transactions must be ceded to Egyptian Reinsurance Co. according to the percentages to be decided by the supervisory authority and 5 per cent of the Company's treaties to African Reinsurance Co.</li> </ul>	(4) None		
	<p>(4) Qualified non-Egyptian directors are allowed for a five year term and may be renewed. Their appointment and renewal is subject to the approval of the Supervisory Authority.</p> <ul style="list-style-type: none"> <li>- A non-Egyptian director must have at least two Egyptian understudies.</li> </ul>			

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3. <u>Reinsurance and retrocession</u>	<p>(1) None</p> <p>(2) None</p> <p>(3) Foreign and joint venture companies are allowed only to carry on business in free zones, provided that their activities shall be confined to the transactions carried out in convertible currencies.</p> <p>- No maximum limits required on the foreign shareholding in free zones or inland.</p> <p>- Foreign reinsurance companies branches and agencies are not allowed.</p> <p>- Insurance and reinsurance companies are not allowed to deal with reinsurers not listed in the supervisory authority list.</p> <p>- Five per cent of the company's treaties must be ceded to African Reinsurance Co.</p> <p>(4) None</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) None</p> <p>(4) None</p>		

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4. <u>Auxiliary services other than intermediation:</u>			
a. Actuarial services	<p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) Foreign service supplier must be authorized to perform this profession from a competent authority in his home country and registered at the Egyptian register for that purpose.</p> <p>(4) None</p>	<p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) None</p> <p>(4) None</p>	
b. Consultancy (risk assessment and risk management only)	<p>(1) None</p> <p>(2) None</p> <p>(3) Foreign service supplier must be authorized to perform this profession from a competent authority in his home country and registered at the Egyptian register for that purpose.</p> <p>(4) None</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) None</p> <p>(4) None</p>	

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c. Loss assessment	(1) Unbound	(1) Unbound		
	(2) Unbound	(2) Unbound		
	(3) Foreign service supplier must be authorized to perform this profession from a competent authority in his home country and registered at the Egyptian register for that purpose.	(3) None		
	(4) None	(4) None		
d. Liaison offices	(1) None	(1) None		
	(2) None	(2) None		
	(3) Commercial presence is bound only for public relations and market research.	(3) None		
	(4) None	(4) None		
5. <u>Intermediation</u>	(1) Bound only for life insurance and reinsurance services.	(1) None		
	(2) Bound only for life insurance and reinsurance services.	(2) None		
	(3) Unbound	(3) Unbound		
	(4) Unbound	(4) Unbound		

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OTHER FINANCIAL SERVICES			
A. SECURITIES			
1. <u>Underwriting</u>	(1) None (2) None (3) None (4) None	(1) None (2) None (3) None (4) None	
2. <u>Brokerage</u>	(1) None (2) None (3) None (4) None	(1) None (2) None (3) None (4) None	
3. <u>Trading in securities</u> (Buy and Sell by individual or institution on the stock exchange)	(1) None (2) None (3) None (4) None	(1) None (2) None (3) None (4) None	

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4. <u>Clearing and settlement</u>	(1) None	(1) None		
	(2) None	(2) None		
	(3) None	(3) None		
	(4) None	(4) None		
5. <u>Marketing and market promotion</u>	(1) None	(1) None		
	(2) None	(2) None		
	(3) None	(3) None		
	(4) None	(4) None		
6. <u>Portfolio and investment management</u>	(1) None	(1) None		
	(2) None	(2) None		
	(3) None	(3) None		
	(4) None	(4) None		
7. <u>Establishment of collective investment funds</u>	(1) None	(1) None		
	(2) None	(2) None		
	(3) None	(3) None		
	(4) None	(4) None		

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8. <u>Venture capital</u>        <b>B. <u>FINANCIAL LEASING</u></b>	(1) None		(1) None	
	(2) None		(2) None	
	(3) None		(3) None	
	(4) None		(4) None	
	(1) None		(1) None	
	(2) None		(2) None	
	(3) None		(3) None	
	(4) None		(4) None	