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Committee on Trade in Financial Services

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COMMUNICATION FROM BULGARIA

Initial Offer on Financial Services

Addendum

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

BULGARIA
SPECIFIC COMMITMENTS - INITIAL OFFER OF 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 <u>Measures Applicable to All Sectors and Subsectors in Financial Services</u> <ol style="list-style-type: none"> Bulgaria undertakes commitments on Financial Services in accordance with the provisions of the "Understanding on Commitments in Financial Services". These commitments are subject to the limitations on the market access (MA) and national treatment (NT) in the "all sectors" section of this schedule and to those relating to the subsectors listed below. The MA commitments in respect of modes (1) and (2) apply only to the transactions indicated in paragraph B.3 and B.4 of the MA section of the Understanding respectively. The admission to the market of new financial services or products may be subject to the existence of, and consistency with, a regulatory framework aimed at achieving the objectives indicated in Article 2(a) of the Financial Services Annex. Insurance or banking activities, as well as securities trading and activities related thereto, are to be carried out separately by companies that are licensed for the supply of such services. As a general rule and in a non-discriminatory manner, financial institutions that incorporate in the Republic of Bulgaria must adopt the legal form of joint-stock companies. The specific commitments on financial services are subject to the general limitations contained in the horizontal section of the Schedule of Specific Commitments on Trade in Services of the Republic of Bulgaria (WT/ACC/BGR/5/Add.2). 			

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Sector or Sub-sector	Limitations on Market Access	Limitations on National Treatment	Additional Commitments
<p>A. <u>Insurance and Insurance-Related Services</u></p> <p>a) Life insurance services and pension fund services</p> <p>b) Non-life insurance services (except deposit insurance and similar compensation schemes, as well as mandatory insurance schemes¹)</p>	<p>(1) Unbound, except for services supplied by foreign suppliers to foreign persons in the territory of the Republic of Bulgaria.</p> <p>(2) Bulgarian natural and juridical persons, as well as foreign persons who conduct business activity in the territory of the Republic of Bulgaria, conclude insurance contracts only with suppliers with respect to their activity in Bulgaria, which are licensed to conduct insurance activity in Bulgaria. Insurance compensation resulting from these contracts shall be paid in Bulgaria.</p>	<p>(1) Unbound</p> <p>(2) None</p>	

¹ Exclusive service suppliers may be established or authorized with respect to mandatory insurance schemes.

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	<p>(3) The insurance service suppliers cannot be set up for the supply of both life insurance and non-life insurance services. Foreign persons can supply insurance services only through participation in Bulgarian insurance companies with no limitation on equity participation, as well as directly, through a branch, with registered office in the Republic of Bulgaria, after 31 March 1998. The establishment of branches of foreign insurance companies is subject to licensing by the National Insurance Council. For establishing a branch in Bulgaria to provide certain classes of insurance, a foreign insurer must have been authorized to operate in the same classes of insurance in its country of origin for at least five years. The branches of foreign insurance companies should satisfy a number of specific prudential requirements for specific guarantee and deposit requirements, a separate capitalization, and the localization in Republic of Bulgaria of the assets representing the technical reserves.</p>	<p>(3) Insurance funds raised by virtue of insurance contracts, as well as own capital, must be invested in the Republic of Bulgaria and may be transferred abroad only subject to a permission of the Ministry of Finance.</p> <p>Foreign suppliers cannot conclude insurance contracts with local natural and juridical persons through brokers.</p>	

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	<p>For a 3-year period after the date of accession to the WTO companies in which foreign participation ensures majority in adopting decisions or blocks the adoption of decisions, directly or through other companies, cannot supply insurance services.</p> <p>Transport insurance, covering goods, insurance of vehicles as such and liability insurance regarding risks located in the Republic of Bulgaria may not be underwritten by insurance companies directly. A foreign insurance company may conclude insurance contracts only through a branch.</p> <p>(4) Unbound, except as indicated in the Measures Applicable to All Sectors and Subsectors in Financial Services.</p>	<p>(4) Unbound, except as in the Measures Applicable to All Sectors and Subsectors in Financial Services.</p>	

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c) Reinsurance and retrocession Life and non-life reinsurance services	<p>(1) None</p> <p>(2) Unbound</p> <p>(3) The reinsurance service suppliers cannot be set up for the supply of both life and non-life reinsurance services.</p> <p>Foreign persons can supply insurance services only through participation in Bulgarian insurance companies with no limitation on equity participation. Foreign reinsurance companies may supply directly reinsurance services through a branch, with registered office in the Republic of Bulgaria, after 31 March 1998. The establishment of branches of foreign insurance companies is subject to licensing by the National Insurance Council.</p> <p>For a 3-year period after the date of accession to the WTO companies in which foreign participation ensures majority in adopting decisions or blocks the adoption of decisions, directly or through other companies, cannot supply reinsurance services.</p> <p>(4) Unbound, except as indicated in the Measures Applicable to All Sectors and Subsectors in Financial Services.</p>	<p>(1) None</p> <p>(2) Unbound</p> <p>(3) Reinsurance funds raised by virtue of reinsurance contracts, as well as own capital, must be invested in the Republic of Bulgaria and may be transferred abroad only subject to permission of the Ministry of Finance.</p> <p>Foreign suppliers cannot conclude reinsurance contracts with local natural and juridical persons through brokers.</p> <p>(4) Unbound, except as indicated in the Measures Applicable to All Sectors and Subsectors in Financial Services.</p>	

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d) Insurance Intermediation	(1) Unbound	(1) Unbound		
e) Services auxiliary to insurance, such as consultancy, actuarial, risk assessment and claim settlement services	(2) Unbound	(2) Unbound		
	(3) Only trade companies, registered in the Republic of Bulgaria under the Trade Law, and licensed by the National Insurance Council may conduct intermediation activity. Services auxiliary to insurance have to relate to insurance. Unbound for the actuarial services.	(3) None		
	(4) Unbound	(4) Unbound		

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<p>B. <u>Banking and Other Financial Services (Excluding Insurance)</u></p> <p><u>Banking services as listed below:</u></p> <p>Acceptance of deposits and other repayable funds from the public</p> <p>Lending, such as consumer credit, mortgage credit, factoring and financing of commercial transactions</p> <p>Payment and money transmission services</p> <p>Guarantees, excluding guarantees of the State Treasury</p> <p>Financial leasing</p>	<p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) Foreign banks that are to establish in the Republic of Bulgaria must be duly authorized under their national law and must not be prohibited from performing banking activities in their country of origin and in the countries where they operate. Unbound for caisses populaires. Acquisition, directly or indirectly, of shares representing 5 per cent or higher of the voting rights of an established bank is subject to an authorization by the Bulgarian National Bank.</p> <p>Criteria for authorization are prudential and are consistent with the obligations of Articles XVI and XVII of the GATS.</p>	<p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) None, except for those in the Market Access column.</p>	

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<p>The direct or indirect acquisition of participation in non-financial enterprise by a bank of more than 10 per cent of the capital of this enterprise is subject to the approval of the Bulgarian National Bank.</p> <p>Exclusive service suppliers status may be granted as to deposit and money transmission services provided to budgetarily financed public institutions.</p> <p>Condition for permanent residence with respect to executive directors of the managing body who act on behalf and for the account of a bank.</p> <p>(4) Unbound, except as in the Measures Applicable to All Sectors and Subsectors in Financial Services and in (3) above.</p> <p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) Bound for investment intermediaries, investment companies and stock exchanges established as joint stock companies licensed by the Securities and Stock Exchange Commission (SSEC). The grant of the relevant licence is related to the management and technical requirements as well as requirements related to the protection of investors.</p> <p><u>Other financial services as listed below:</u></p> <p>Participation in issuance of securities, including underwriting of securities, excluding treasury bonds</p> <p>Trading for own and customers account of transferable securities</p> <p>Asset management (excluding pension fund management)</p>		<p>(4) Unbound, except as indicated in the Measures Applicable to All Sectors and Subsectors in Financial Services.</p> <p>(1) Unbound</p> <p>(2) Unbound</p> <p>(3) None, except for those in the Market Access column.</p>	

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	<p><u>Stock exchange JSC:</u></p> <p>Conditions of minimum capital (BGL 100 mln.); not less than 2/3 of the capital distributed among financial institutions (insurance companies, financial houses, investment intermediaries); a 5 per cent ceiling of the capital of the Stock Exchange for direct or indirect participation by a shareholder.</p> <p><u>Investment intermediaries:</u></p> <p>Bound for investment intermediary activities effected on the territory of the Republic of Bulgaria, unless otherwise permitted by SSEC.</p> <p>Condition for membership at the stock exchange for trading with securities at a stock exchange. The membership of an investment intermediary is limited to one stock exchange only in Bulgaria.</p> <p><u>Investment companies:</u></p> <p>The activities of a bank, insurance company or of an investment intermediary are not to be conducted by an investment company.</p> <p>(4) Unbound, except as indicated in the Measures Applicable to All Sectors and Subsectors in Financial Services and in (3) above.</p>	<p>(4) Unbound, except as in the Measures Applicable to All Sectors and Subsectors in Financial Services.</p>		

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Provision and transfer of financial information and financial and data processing and related software by suppliers of other financial services Financial consultancy services	(1) None, except for the limitations and conditions relating to the use of telecommunications network listed in the respective sector of the Schedule of Specific Commitments on Trade in Services of the Republic of Bulgaria (WT/ACC/BGR/5/Add.2).	(1) None	
	(2) None, except as specified in (1) above.	(2) None	
	(3) None, except as specified in (1) above.	(3) None	
	(4) Unbound, except as in the Measures Applicable to All Sectors and Subsectors in Financial Services.	(4) Unbound, except as indicated in the Measures Applicable to All Sectors and Subsectors in Financial Services.	