

# WORLD TRADE ORGANIZATION

RESTRICTED

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**Committee on Trade in Financial Services**

Original: Spanish

## COMMUNICATION FROM HONDURAS

### Initial Offer on Financial Services

#### Addendum

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

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This offer is an expression of Honduras's wish to contribute towards the objectives of the negotiations on financial services in the World Trade Organization (WTO). It is subject to the final satisfactory outcome of the negotiations. The Government of Honduras also reserves the right to modify or withdraw all or part of the commitments, on the basis of the Second Decision on Financial Services of 21 July 1995, amended by the Decision of 29 May 1997, as well as the right to introduce technical amendments, if necessary.

## HONDURAS

### SCHEDULE OF SPECIFIC COMMITMENTS

| 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. <u>All insurance and insurance-related services</u>  |  |                                   |                        |
| Life insurance (CPC 81211)  | (1) Unbound  | (1) Unbound                       |                        |
| General insurance (CPC 81291-81299) (includes: sickness, accident, disaster, vehicle and freight, civil liability and professional risks, credit and transport, and other insurance services) | (2) Unbound<br><br>(3) The operation of insurance institutions is subject to approval by the Central Bank of Honduras, in accordance with general and local economic conditions and requirements. This approval will take into consideration, <i>inter alia</i> , a market survey showing that the current and future conditions of the insurance market permit the satisfactory operation of the company to be set up. This survey must be based on analysis of the principal economic and financial variables of the insurance system in Honduras or any other model demonstrating the economic feasibility of the institution to be set up. | (2) Unbound<br><br>(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          |
| Reinsurance   |  | Only public limited companies with share capital and mutual companies may engage in insurance activities. In the case of public limited companies with share capital, the shares must be registered and at least 60 per cent of the share capital must belong to Honduran nationals. |                        |                                   |                                 |
|   |  | (4)  | Unbound                | (4)                               | Unbound                         |
|   |  | (1)  | Unbound                | (1)                               | Unbound                         |
|   |  | (2)  | Unbound                | (2)                               | Unbound                         |
|   |  | (3)  | None                   | (3)                               | None                            |
|   |  | (4)  | Unbound                | (4)                               | Unbound                         |
| B. <u>Banking services</u>  |  |  |                        |                                   |                                 |
| Deposit-taking (CPC 81116 and 81119)  |  | (1)  | Unbound                | (1)                               | Unbound                         |
| (Only sight deposits, savings deposits and term deposits in local and foreign currency) |  | (2)  | Unbound                | (2)                               | Unbound                         |

| 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>Granting of loans<br/>(CPC 81132)<br/>(Only loans in local and foreign currency)<br/>(Excluding mortgages)</p> <p>Factoring operations</p> | <p>(3) The establishment of financial institutions is subject to approval by the Central Bank of Honduras following a recommendation by the National Banking and Insurance Commission in accordance with the economic conditions and needs of Honduras. This approval will take into consideration, <i>inter alia</i>, a market survey showing that under present and future conditions of supply and demand for financial services the market has room for the entry of a new institution. The foregoing must be based on an analysis of the principal economic and financial variables contained in the national accounts, statistics and basic indicators of the real and financial sectors of the domestic economy, without prejudice to the submission and explanation of theoretical models that reasonably provide such a demonstration.</p> <p>Foreign financial institutions may operate in Honduras through legally established branches or through the establishment of agencies. Unbound with regard to the opening of branches of foreign banks.</p> <p>The agencies of foreign financial institutions may not accept funds in Honduras.</p> | <p>(3) None, except that the branches of foreign financial institutions must domicile a minimum amount of capital in Honduras.</p> |                        |
| <p>Issue, acceptance, negotiation and confirmation of credit cards and documentary credit</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>All financial institutions must be established as a public limited company with share capital, which must be divided into ordinary registered shares.</p> <p>The founding partners of financial institutions may only be natural persons.</p> <p>Financial institutions may only carry out the operations they are specifically authorized to undertake.</p> <p>The operation, functioning, service and issue of a new financial product directly related to the professional exercise of banking and credit are subject to approval by the National Banking and Insurance Commission.</p> <p>Finance companies (other than banks and savings and loan associations) may undertake the operations authorized subject to the amounts determined by the National Banking and Insurance Commission.</p> <p>Branches of foreign banks must have at least two (2) representatives domiciled in Honduras. These must have the requisite authorization to act in Honduras and to carry out and assume responsibility for the operations of the branch.</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          |  |
| Supply and transfer of financial information, and processing of financial data and related software, by suppliers of other financial services | Authorization is required for granting credits to natural or legal persons domiciled abroad. |   |                                 |  |
|   | (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) None   | (3) None  |                                 |  |
|   | (4) Unbound  | (4) Unbound   |                                 |  |

## HONDURAS

### DRAFT LIST OF ARTICLE II (MFN) EXEMPTIONS FOR FINANCIAL SERVICES

| Sector or subsector | Description of measure indicating its inconsistency with Article II  | Countries to which the measure applies                    | Intended duration | Conditions creating the need for the exemption        |
|---------------------|--|---|-------------------|---|
| Financial services  | Monetary and financial integration, free transfer of capital, facilitation of the establishment and operation of banks and insurance companies, branches, subsidiaries and other financial entities. | Guatemala, El Salvador, Nicaragua, Costa Rica and Panama. | Indefinite        | Central American integration of the financial sector. |
|                     | The opening of branches or agencies of foreign banks may be subject to reciprocity.  | All countries   | Indefinite        | To reflect current Honduran legislation.              |