Understanding concerning subparagraph (b) of the definition of "services supplied in the exercise of governmental authority" as referred to in Article 152 of this Agreement

1. The Parties understand that Title IV (Trade in Services, Establishment and Electronic Commerce) of this Agreement applies to measures adopted or maintained by a Party relating to activities and services described in subparagraph (b) of the definition of "services supplied in the exercise of governmental authority" as referred to in Article 152 of this Agreement, only to the extent that a Party allows its financial service suppliers to supply such activities and services in competition with a public entity or a financial service supplier. The Parties further understand that Title IV of this Agreement does not apply to such measures:

(a) to the extent that a Party reserves such activities and services to the government, a public entity, or a financial service supplier and they are not supplied in competition with another financial service supplier; or

(b) relating to those contributions with respect to which the supply of such activities or services is so reserved.

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1 This Annex applies only between the EU Party and Peru.
2. For greater certainty, with respect to the activities or services referred to in subparagraph (b) of the definition of "services supplied in the exercise of governmental authority" as referred to in Article 152 of this Agreement, the Parties recognise that the taking of any of the following actions is not inconsistent with the Title IV of this Agreement.

A Party may:

(a) designate, formally or in effect, a monopoly, including a financial service supplier, to supply some or all activities or services;

(b) permit or require participants to place all or part of their relevant contributions under the management of an entity other than the government, a public entity, or a designated monopoly;

(c) preclude, whether permanently or temporarily, some or all participants from choosing to have certain activities or services supplied by an entity other than the government, a public entity, or a designated monopoly; and
(d) require that some or all activities or services be supplied by financial service suppliers located in the territory of a Party. Such activities or services may include the management of some or all contributions or the provision of annuities or other withdrawal (distribution) options using certain contributions.

3. For the purposes of this Annex, "contribution" means an amount paid by or on behalf of an individual with respect to, or otherwise subject to, a plan or system described in subparagraph (b) of the definition of "services supplied in the exercise of governmental authority" as referred to in Article 152 of this Agreement.

SPECIFIC COMMITMENTS

PERU

Services Described in subparagraph (b) of the definition of "services supplied in the exercise of governmental authority" as referred to in Article 152 of this Agreement

1. In the context of the maintenance, modification, or adoption of a privatized or partially privatized retirement plan or social security system\textsuperscript{2}, and notwithstanding the specific commitments of Peru referring to social services and found in the List of Specific Commitments of Peru, in particular, in the list of specific commitments on financial services:

\begin{footnotesize}
\textsuperscript{2} For greater certainty, this specific commitment applies only with regard to measures within the scope of the Title IV of this Agreement, including this Annex.
\end{footnotesize}
(a) Articles 113 and 121 of this Agreement shall apply, subject to subparagraph (b) of the definition of "services supplied in the exercise of governmental authority" as referred to in Article 152 of this Agreement, including this Annex, to the supply by financial service suppliers of those activities and services described in subparagraph (b) of the definition of "services supplied in the exercise of governmental authority" as referred to in Article 152 of this Agreement that are not reserved for supply by the government of Peru, a public entity, or a financial service supplier; and

(b) Peru shall not adopt or maintain measures that impose limitations on the number of financial service suppliers in the form of either numerical quotas or the requirements of an economic needs test, with respect to the establishments or investors of the EU Party seeking to establish financial institutions to supply such activities and services.