ANNEX III

Schedule of Honduras

Financial Services

Headnotes

1. Commitments under this Agreement, in the sub-sectors listed in this Schedule, are undertaken subject to the limitations and conditions set forth in these headnotes and in the Schedule below.

2. To clarify the Honduran commitment with respect to Article 13.5 (Financial Services – Right of Establishment), enterprises providing financial services and constituted under the laws of Honduras are subject to non-discriminatory limitations on juridical form. This headnote is not itself intended to affect, or otherwise limit, a choice by a financial institution of the other Party between a branch or subsidiary.
ANNEX III

Schedule of Honduras

Section 1

Sector: Financial Services

Sub-sector: Banking and Other Financial Services, Banks, and Loan Associations, Financial Companies

Industry Classification:

Type of Reservation: National Treatment (Article 13.3)
Most-Favoured-Nation Treatment (Article 13.4)
Right of Establishment (Article 13.5)

Level of Government: Central

Measures: Financial System Law, Decree No. 129-2004, Arts. 5, 6, 18, and 32 Decree No. 60-99 of 3 June 1999 (Ley de Instituciones del Sistema Financiero, Decreto No. 129-2004, Arts. 5, 6, 18, y 32 Decreto No. 60-99 de fecha 3 de junio de 1999)

Description: Foreign financial institutions must establish as public corporations (Sociedades Anónimas), a branch, or as a representative office in conformity with the above-cited measures.
The operations of a branch or agency of a foreign bank are limited to the amount of capital assigned to the offices operating in Honduras.

A branch or agency of a foreign bank may only publish the amount of capital effectively assigned to the offices operating in the country and their respective capital reserves.

The Central Bank of Honduras (Banco Central de Honduras) shall not permit the opening of a branch or agency of a foreign bank if there is no reciprocity in their country of origin.

In this context, a lack of reciprocity means that the law of another country completely excludes the possibility of establishing as a foreign branch.

A branch of a foreign bank is not required to have its own Board of Directors or Administrative Council, but must have at least two representatives domiciled in Honduras. Those representatives are responsible for the general direction and administration of the business and have the legal authority to act in Honduras and to execute and to be responsible for the branch’s own operations.
Sector: Financial Services

Sub-sector: Bureaus of Exchange

Industry Classification:

Type of Reservation: National Treatment (Article 13.3)
Right of Establishment (Article 13.5)

Level of Government: Central

Measures: Law of Exchange Offices, Decree No 1692, Art. 4 (Ley de Casas de Cambio, Decreto No.1692, Art. 4)

Description: A currency exchange bureau in Honduras must be constituted as a public corporation. A shareholder of a currency exchange bureau must be a natural person with Honduran nationality.
Sector: Financial Services

Sub-sector: Securities Exchanges

Industry Classification:

Type of Reservation: Right of Establishment (Article 13.5)

Level of Government: Central

Measures: Securities Market Law, Decree No. 8-2001, Art. 21
(Ley de Mercado de Valores, Decreto No 8-2001 Art. 21)

Description: A securities exchange operating in Honduras must be constituted as a public corporation.
<table>
<thead>
<tr>
<th>Sector:</th>
<th>Financial Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sub-sector:</td>
<td>Securities Exchanges</td>
</tr>
<tr>
<td>Industry Classification:</td>
<td></td>
</tr>
<tr>
<td>Type of Reservation:</td>
<td>Right of Establishment (Article 13.5)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Level of Government:</th>
<th>Central</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description:</td>
<td>Securities firms in Honduras must be constituted as public corporations.</td>
</tr>
</tbody>
</table>
Sector: Financial Services

Sub-sector: Fund Administration Companies

Industry Classification:

Type of Reservation: Right of Establishment (Article 13.5)

Level of Government: Central

Measures: Securities Market Law, Decree No. 8-2001, Art. 82 (Ley de Mercado de Valores, Decreto No 8-2001, Art. 82)

Art. 3 of the Fund Administration Companies Regulations approved under Resolution No. 171/11-02-2003 (Art. 3 del Reglamento de las Sociedades Administradoras de Fondos, aprobado mediante Resolución No. 171/11-02-2003)

Description: Fund Administration Companies in Honduras must be constituted as public corporations with the exclusive social purpose of administering one or more mutual funds and/or investment funds in accordance with the laws on that matter.
Sector: Financial Services

Sub-sector: Centralized Depositories for the Custody, Compensation and Liquidation of Shares

Industry Classification:

Type of Reservation: Right of Establishment (Article 13.5)

Level of Government: Central

Measures: Securities Market Law, Decree No. 8-2001, Art. 139 (Ley de Mercado de Valores, Decreto No.8-2001, Art. 139)

Description: Depositories for the custody, compensation and liquidation of shares in Honduras must be constituted as public corporations.
Sector: Financial Services

Sub-sector: Insurance and Reinsurance

Industry Classification:

Type of Reservation: National Treatment (Article 13.3)

Level of Government: Central

Measures: Law on Insurance and Reinsurance Institutions Decree No. 22-2001, Arts. 9, 21, 47, 58, 96, 97 (Ley de Instituciones de Seguros y Reaseguros, Decreto No 22-2001, Arts. 9, 21, 47, 58, 96, 97)

Regulation of Branches and Establishment of Foreign Insurance Institutions, National Commission of Banks and Insurance approved under Resolution No. 948/05-08-2003, Arts. 4 and 7, published in the Official Gazette 15 August 2003. (Reglamento de Establecimientos de Sucursales de Instituciones de Seguros Extranjeros, de la Comisión Nacional de Bancos y Seguros, aprobado mediante Resolución No. 948/05-08-2003, Arts. 4 y 7, publicado en el Diario Oficial “La Gaceta” con fecha 15 de agosto 2003)

Resolution No. 443 of 11 December 2003, Art. 7, subparagraph (k) (Resolución No. 443 del 11 de diciembre 2003, Art. 7, letra (k))

**Description:**

A Foreign insurance institution seeking to establish in Honduras must deposit at least 10% of the minimum capital of the proposed company in either the Central Bank of Honduras (Banco Central de Honduras) or invest the above amount in State securities. This deposit will be refunded once the application is approved or resolved.

To act as an insurance agent or broker, a natural person must be a Honduran national or a resident of Honduras for at least three consecutive years.

To serve as an adjustor or claim liquidator, accident investigator, or damage inspector, a natural person must be a Honduran national or legal resident in Honduras.
A branch of a foreign insurance institution is not required to have its own Board of Directors or Administrative Council, but must have 1 representative domiciled in Honduras. That representative is responsible for the general direction and administration of the business and has the legal authority to act in Honduras and to execute and to be responsible for the branch’s own operations.
Section II

Sector: Financial Services

Sub-sector: Savings and Loan Cooperatives

Industry Classification:

Type of Reservation: National Treatment (Article 13.3)
Most-Favoured-Nation Treatment (Article 13.4)
Right of Establishment (Article 13.5)
Senior Management and Boards of Directors (Article 13.8)

Level of Government: Central

Description: Honduras reserves the right to adopt or maintain a non-conforming measure with respect to the provision of services by Savings and Loan Cooperatives.
Sector: Financial Services

Sub-sector: All Subsectors Other Than Banking and Insurance

Industry Classification:

Type of Reservation: Right of Establishment (Article 13.5)

Level of Government: Central

Description: Honduras reserves the right to adopt or maintain any measure requiring the incorporation in Honduras of foreign financial institutions, other than those seeking to operate as banks or insurance companies within Honduras.