ANNEX II
EXPLANATORY NOTES

1. The Schedule of a Party to this Annex sets out, pursuant to Articles 11.12 (Non-Conforming Measures) and 12.6 (Non-Conforming Measures), the specific sectors, subsectors, or activities for which that Party may maintain existing, or adopt new or more restrictive, measures that do not conform with obligations imposed by:

   (a) Article 11.3 (National Treatment) or 12.2 (National Treatment);

   (b) Article 11.4 (Most-Favored-Nation Treatment) or 12.3 (Most-Favored-Nation Treatment);

   (c) Article 12.5 (Local Presence);

   (d) Article 11.8 (Performance Requirements);

   (e) Article 11.9 (Senior Management and Boards of Directors); or

   (f) Article 12.4 (Market Access).

2. Each Schedule entry sets out the following elements:

   (a) Sector refers to the sector for which the entry is made;

   (b) Obligations Concerned specifies the article(s) referred to in paragraph 1 that, pursuant to Articles 11.12.2 (Non-Conforming Measures) and 12.6.2 (Non-Conforming Measures), do not apply to the sectors, subsectors, or activities scheduled in the entry;

   (c) Description sets out the scope of the sectors, subsectors, or activities covered by the entry; and

   (d) Existing Measures identifies, for transparency purposes, existing measures that apply to the sectors, subsectors, or activities covered by the entry.

3. In accordance with Articles 11.12.2 (Non-Conforming Measures) and 12.6.2 (Non-Conforming Measures), the articles of this Agreement specified in the Obligations Concerned element of an entry do not apply to the sectors, subsectors, and activities identified in the Description element of that entry.

4. For Korea, foreign person means a foreign national or an enterprise organized under the
laws of another country.

5. For greater certainty, Local Presence (Article 12.5) and National Treatment (Article 12.2) are separate disciplines and a measure that is only inconsistent with Local Presence (Article 12.5) need not be reserved against National Treatment (Article 12.2).