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ANNEX III

**JAPAN'S RESERVATIONS TO
CHAPTER 11 (FINANCIAL SERVICES)**

HEADNOTES

1. Commitments under Chapter 11 (Financial Services) are undertaken subject to the limitations and conditions set forth in these headnotes and the Schedule below.
2. In the interpretation of a reservation in Section A, all elements of the reservation shall be considered. A reservation shall be interpreted in the light of the relevant provisions of the Chapter against which the reservation is taken, and the **Measures** element shall prevail over all the other elements.
3. In the interpretation of a reservation in Section B, all elements of the reservation shall be considered. The **Description** element shall prevail over all the other elements.
4. To clarify Japan's commitment with respect to Article 11.5 (Market Access for Financial Institutions), enterprises supplying financial services are subject to non-discriminatory limitations on juridical form.
5.
 - (a) For greater certainty, for prudential reasons within the context of Article 11.11 (Exceptions), Japan shall not be prevented from applying non-discriminatory limitations concerning admission to the market of new financial services which shall be consistent with a regulatory framework aimed at achieving such prudential objectives. In this context, securities firms are allowed to deal in securities defined in the relevant laws of Japan, and banks are not allowed to deal in those securities unless allowed in accordance with those laws.
 - (b) For Japan, services supplied in the territory of a Party to a service consumer in another Party without any active marketing from the service supplier are considered as services supplied under subparagraph (b) of the definition of cross-border supply of financial services in Article 11.1 (Definitions).
6. For the purposes of this Annex, **JSIC** means Japan Standard Industrial Classification set out by the Ministry of Internal Affairs and Communications, and revised on November 6, 2007.

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SECTION A

A-1	Sector:	Financial Services
	Sub-Sector:	Banking and Other Financial Services (excluding Insurance and Insurance-Related Services)
	Industry Classification:	JSIC 622 Banks, except central bank JSIC 631 Financial institutions for small-businesses
	Obligations Concerned:	National Treatment (Article 11.3)
	Level of Government:	Central Government
	Measures:	<i>Deposit Insurance Law (Law No. 34 of 1971), Article 2</i>
	Description:	The deposit insurance system does not cover deposits taken by branches of foreign banks.

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A-2 Sector:	Financial Services
Sub-Sector:	Insurance and Insurance-Related Services
Industry Classification:	JSIC 672 Non-life insurance institutions JSIC 6742 Non-life insurance agents and brokers
Obligations Concerned:	Cross-Border Trade (Article 11.6)
Level of Government:	Central Government
Measures:	<i>Insurance Business Law (Law No.105 of 1995), Articles 185, 186, 275, 276, 277, 286 and 287</i> <i>Cabinet Order for Enforcement of Insurance Business Law (Cabinet Order No. 425 of 1995), Articles 19 and 39-2</i> <i>Ministerial Ordinance for Enforcement of Insurance Business Law (Ministerial Ordinance of the Ministry of Finance No. 5 of 1996), Articles 116 and 212-6</i>
Description:	Commercial presence is in principle required for insurance contracts on the following items and any liability arising therefrom: (a) goods being transported within Japan; and (b) ships of Japanese registration which are not used for international maritime transport.

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SECTION B

B-1 Sector:	Financial Services
Sub-Sector:	Insurance and Insurance-Related Services
Industry Classification:	
Obligations Concerned:	National Treatment (Article 11.3) Cross-Border Trade (Article 11.6)
Description:	<p>Japan reserves the right to adopt or maintain any measure with respect to cross-border supply of or trade in financial services as defined in subparagraph (b) of the definition of cross-border supply of financial services in Article 11.1 (Definitions) for insurance and insurance-related services, other than the following services, whether supplied by a cross-border financial service supplier of another Party established in that Party as a principal, through an intermediary or as an intermediary:</p> <ul style="list-style-type: none">(a) insurance of risks relating to:<ul style="list-style-type: none">(i) maritime shipping and commercial aviation and space launching and freight (including satellites), with such insurance to cover any or all of the following: the goods being transported, the vehicle transporting the goods and any liability arising therefrom; and(ii) goods in international transit; and(b) reinsurance, retrocession and the services auxiliary to insurance as referred to in paragraph (d) of the definition of financial service in Article 11.1 (Definitions). <p>Note: Insurance intermediation services may be supplied only for insurance contracts allowed to be supplied in Japan.</p>

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Existing Measures: *Insurance Business Law (Law No. 105 of 1995), Articles 185, 186, 275, 276, 277, 286, and 287*

Cabinet Order for Enforcement of Insurance Business Law (Cabinet Order No. 425 of 1995), Articles 19 and 39-2

Ministerial Ordinance for Enforcement of Insurance Business Law (Ministerial Ordinance of the Ministry of Finance No. 5 of 1996), Articles 116 and 212-6