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**Draft 6 January 2006**

**UNDERSTANDINGS REGARDING FINANCIAL SERVICES AND SERVICES MEASURES**

The Republic of Peru, and the United States of America confirm the following understandings regarding the United States-Andean Trade Promotion Agreement signed this day (the “Agreement”) and confirm that these understandings constitute an integral part of the Agreement:

- (a) For greater certainty, nothing in Article 12.6 (New Financial Services) in Chapter 12 (Financial Services) prohibits a Party from requiring the issuance of a decree, resolution, or regulation by the executive branch, regulatory agencies, or central bank, in order to authorize new financial services not specifically authorized in its law.
- (b) For greater certainty, a Party may adopt excise or other taxes levied on cross-border services to the extent such taxes are consistent with Articles 11.2 (National Treatment) and 11.3 (Most-Favored-Nation Treatment) in Chapter 11 (Cross-Border Trade in Services) and Articles 12.2 (National Treatment) and 12.3 (Most-Favored-Nation Treatment) in Chapter 12 (Financial Services), subject to Article 22.3 (Taxation) in Chapter 22 (Exceptions).
- (c) For greater certainty, with respect to cross-border trade in financial services, and without prejudice to other means of prudential regulation, a Party may require the authorization of cross-border financial service suppliers of the other Party and of financial instruments.
- (d) For greater certainty, a Party may apply solvency and integrity requirements to branches of insurance companies of another Party established in its territory, including measures requiring that capital assigned to a branch and technical reserves be effectively brought into the Party’s territory and converted into local currency, in accordance with the Party’s law.
- (e) For greater certainty, and without limiting the other applications or meaning of Article 12.10.2, including its final sentence, Article 12.10.2 (Exceptions, with regard to monetary, credit, and exchange rate policies) in Chapter 12 (Financial Services) permits a Party to subject the acquisition, by its residents, of financial services from cross-border financial service suppliers to non-discriminatory exchange rate regulations of general application.

FOR THE GOVERNMENT OF PERU:

FOR THE GOVERNMENT OF THE UNITED STATES: