

**DRAFT**  
**Subject to Legal Review for Accuracy, Clarity, and Consistency**  
**February 25, 2004**

**ANNEX III: FINANCIAL SERVICES NON-CONFORMING MEASURES FOR  
Schedule of Costa Rica**

Headnotes

1. Commitments in these subsectors under the Agreement are undertaken subject to the limitations and conditions set forth in these headnotes and in Sections A and B below.
  
2. To clarify the Costa Rican commitments with respect to Article 12.4 of the Chapter (Market Access), juridical persons supplying banking or other financial services and constituted under the laws of Costa Rica are subject to non-discriminatory limitations on juridical form.<sup>1</sup>

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<sup>1</sup> For example, \_\_\_\_\_ are generally not acceptable juridical forms for depository financial institutions in Costa Rica. This headnote is not itself intended to affect, or otherwise limit, a choice by a financial institutions of another Party between branches or subsidiaries.

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**ANNEX III: FINANCIAL SERVICES NON-CONFORMING MEASURES FOR**  
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**SECTION A**

<b>Sector</b>	Banking
<b>Reserve Type</b>	National Treatment
<b>Measure</b>	Ley N° 1644 del 26/09/1953 Ley Orgánica del Sistema Bancario Nacional  Ley N° 4646 del 20/10/1970  Ley Orgánica del Banco Central de Costa Rica No. 7558 del 3 de noviembre de 1995  Ley N° 7732 del 17/12/1997 Ley de Regulación y Supervisión del Mercado de Valores  Ley N° 7558 del 3/11/1995 Ley Orgánica del Banco Central de Costa Rica  Decreto Ejecutivo N° 28985-H del 20/09/2000 Reglamento al artículo 59 de la Ley Orgánica del Sistema Bancario Nacional  Ley N° 8187 del 18/12/2001 Reforma del Artículo 117 de la Ley Orgánica del Sistema Bancario Nacional, N° 1644 y sus reformas  Ley N° 7107, del 4/11/1988 Ley de modernización del sistema financiero de la República  Ley No. 4351 del 11/07/69, Ley Orgánica del Banco Popular y Desarrollo Comunal
<b>Description</b>	The State guarantees the liabilities of the State Banks.  Private banks that operate current accounts and saving sections have to meet the following requirements: To maintain a minimal balance for loans to state banking system of seventeen percent (17%) of its total collections at terms of thirty days or less, once the corresponding reserve is deducted, both in national and

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in foreign currency.

Alternatively, to install at least four agencies or branches to provide the basic banking services—both passive and active—in the following regions: Chorotega, Central Pacific, Brunca, Atlantic Huetar, and North Huetar, keeping a balance of at least ten percent (10%), once the corresponding reserve has been deducted, from the total collections with terms of thirty days or less, in local or foreign currency, in credits geared to programs that, for that effect and by decree, shall be obligatorily indicated by the Executive Branch; and they will be placed at a rate not higher than the basic passive rate calculated by the Central Bank, in its placements in colones, and the LIBOR rate at a one-month term, for the resources in foreign currency.

The State and the public institutions with state character, as well as the public institutions which equity belongs mainly to the State or its institutions, could only make deposits and operations in current and savings accounts through State commercial banks.

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<b>Sector</b>	Banking
<b>Reserve Type</b>	National Treatment
<b>Measure</b>	Ley N° 1644 del 26/09/1953 “Ley Orgánica del Sistema Bancario Nacional”  Ley No7107 del 4 de noviembre de 1988, Ley de Modernización del Sistema Financiero de la República
<b>Description</b>	For the constitution and operation of a cooperative bank, there shall be at least ten Costa Rican cooperative organizations.

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<b>Reserve Type</b>	National Treatment
<b>Measure</b>	Ley N° 7107, del 4 de noviembre de 1988 Ley de modernización del Sistema Financiero de la República
<b>Description</b>	For the constitution and operation of a solidarity bank, there shall be at least twenty-five Costa Rican solidarity associations.

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<b>Sector</b>	Banking
<b>Reserve Type</b>	National Treatment Market Access
<b>Measure</b>	Ley N° 4351, del 11 de julio de 1969 Ley Orgánica del Banco Popular y de Desarrollo Comunal
<b>Description</b>	Only Banco Popular y de Desarrollo Comunal will manage the funds of the mandatory contributions made by employers and employees pursuant to Law No.4351.

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<b>Sector</b>	Banking
<b>Reserve Type</b>	Market Access
<b>Measure</b>	Ley N° 1644 del 26/09/1953 “Ley Orgánica del Sistema Bancario Nacional”  Ley N° 7107, del 4 de noviembre de 1988 Ley de modernización del Sistema Financiero de la República
<b>Description</b>	Private banks in Costa Rica are required to be constituted or organized under Costa Rican law.

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<b>Sector</b>	Insurance
<b>Obligation Concerned</b>	Market Access (Article 12.4)
<b>Measure</b>	Ley N° 12 de 30 de octubre de 1924, “Ley Monopolios del Instituto Nacional de Seguros”  Ley N° 33 de 23 de diciembre de 1936, “Ley de Reorganización del Instituto Nacional de Seguros”  Ley N° 6082 de 30 de agosto de 1977 “Ley de Monopolio de Reaseguros”  Ley N° 7331 de 13 de abril de 1993 “Ley de Tránsito” Capítulo Segundo
<b>Description</b>	Insurance and reinsurance services in Costa Rica are reserved to a state monopoly, the Instituto Nacional de Seguros (INS).  Notwithstanding the measures listed above, Costa Rica shall allow insurance service providers of any Party, on a non-discriminatory basis, to effectively compete to supply to the consumer insurance services as provided in the commitments and schedule set out in the “Specific Commitments Of Costa Rica On Insurance Services” in Annex 12.9.2. Upon completion of the liberalization schedule on January 1, 2011, this non-conforming measure shall cease to exist.



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**SECTION B**

<b>Sector</b>	All sectors
<b>Type of Reservation</b>	Market Access
<b>Description</b>	Costa Rica reserves the right to adopt or maintain measures requiring the incorporation of foreign financial institutions, other than those seeking to operate as banks or insurance companies within Costa Rica.