

## ANNEX I

(Referred to in Article 17)

## PART A

## COMMUNITY AND ITS MEMBER STATES

1. The application of Chapter III to the Community and its Member States is subject to the limitations on market access and national treatment scheduled by the European Communities and its Member States in the 'all sectors' section of their GATS schedule and to those relating to the sub-sectors listed below.
2. The market access commitments in respect of modes (1) and (2) apply only to the transactions indicated in paragraphs B.3 and B.4 of the market access section of the 'Understanding on Commitments in Financial Services' respectively.
3. Unlike foreign subsidiaries, branches established directly in a Member State by a Mexican financial institution are not, with certain limited exceptions, subject to prudential regulations harmonised at Community level which enable such subsidiaries to benefit from enhanced facilities to set up new establishments and to provide cross-border services throughout the Community. Therefore, such branches receive an authorisation to operate in the territory of a Member State under conditions equivalent to those applied to domestic financial institutions of that Member State, and may be required to satisfy a number of specific prudential requirements such as, in the case of banking and securities, separate capitalisation and other solvency requirements and reporting and publication of accounts requirements or, in the case of insurance, specific guarantee and deposit requirements, a separate capitalisation, and the localisation in the Member State concerned of the assets representing the technical reserves and at least one third of the solvency margin. Member States may apply the restrictions indicated in this schedule only with regard to the direct establishment from a Mexican of a commercial presence or to the provision of cross-border services from Mexico; consequently, a Member State may not apply these restrictions, including those concerning establishment, to Mexican subsidiaries established in other Member States of the Community, unless these restrictions can also be applied to companies or nationals of other Member States in conformity with Community Law.

Sector or subsector	Mode of supply subject to reserve	Description of the measure
A. Insurance and Insurance-Related Services	1) Cross border supply	<p><b>A:</b> Promotional activity and intermediation on behalf of a subsidiary not established in the Community or of a branch not established in Austria (except for reinsurance and retrocession) are prohibited.</p> <p><b>A:</b> Compulsory air insurance can be underwritten only by a subsidiary established in the Community or by a branch established in Austria.</p> <p><b>A:</b> Higher premium tax is due for insurance contracts (except for contracts on reinsurance and retrocession) which are written by a subsidiary not established in the Community or by a branch not established in Austria. Exception from the higher tax can be granted.</p> <p><b>DK:</b> Compulsory air transport insurance can be underwritten only by firms established in the Community.</p> <p><b>DK:</b> No persons or companies (including insurance companies) may for business purposes in Denmark assist in effecting direct insurance for persons resident</p>

Sector or subsector	Mode of supply subject to reserve	Description of the measure
		<p>in Denmark, for Danish ships or for property in Denmark, other than insurance companies licensed by Danish law or by Danish competent authorities.</p> <p><b>D:</b> Compulsory air insurance policies can be underwritten only by a subsidiary established in the Community or by a branch established in Germany.</p> <p><b>D:</b> If a foreign insurance company has established a branch in Germany, it may conclude insurance contracts in Germany relating to international transport only through the branch established in Germany.</p>
		<p><b>I:</b> Unbound for the actuarial profession.</p> <p><b>FIN:</b> Only insurers having their head office in the European Economic Area or having their branch in Finland may offer insurance services as referred to in sub-paragraph 3(a) of the Understanding.</p> <p><b>FIN:</b> The supply of insurance broker services is subject to a permanent place of business in the European Economic Area.</p> <p><b>F:</b> Insurance of risks relating to ground transport may be carried out only by insurance firms established in the Community.</p> <p><b>I:</b> Insurance of risks relating to c.i.f. exports by residents in Italy may be underwritten only by insurance firms established in the Community.</p> <p><b>I:</b> Transport insurance of goods, insurance of vehicles as such and liability insurance regarding risks located in Italy may be underwritten only by insurance companies established in the Community. This reservation does not apply for international transport involving imports into Italy.</p> <p><b>P:</b> Air and maritime transport insurance, covering goods, aircraft, hull and liability can be underwritten only by firms established in the EC; only persons or companies established in the EC may act as intermediaries for such insurance business in Portugal.</p> <p><b>S:</b> The supply of direct insurance is allowed only through an insurance service supplier authorised in Sweden, provided that the foreign service supplier and the Swedish insurance company belong to the same group of companies or have an agreement of cooperation between them.</p>
	2) Consumption abroad	<p><b>A:</b> Promotional activity and intermediation on behalf of a subsidiary not established in the Community or of a branch not established in Austria (except for reinsurance and retrocession) are prohibited.</p>

Sector or subsector	Mode of supply subject to reserve	Description of the measure
		<p><b>A:</b> Compulsory air insurance can be underwritten only by a subsidiary established in the Community or by a branch established in Austria.</p> <p><b>A:</b> Higher premium tax is due for insurance contracts (except for contracts on reinsurance and retrocession) which are written by a subsidiary not established in the Community or by a branch not established in Austria. Exception from the higher tax can be granted.</p> <p><b>DK:</b> Compulsory air transport insurance can be underwritten only by firms established in the Community.</p>
		<p><b>DK:</b> No persons or companies (including insurance companies) may for business purposes in Denmark assist in effecting direct insurance for persons resident in Denmark, for Danish ships or for property in Denmark, other than insurance companies licensed by Danish law or by Danish competent authorities.</p> <p><b>D:</b> Compulsory air insurance policies can be underwritten only by a subsidiary established in the Community or by a branch established in Germany.</p> <p><b>D:</b> If a foreign insurance company has established a branch in Germany, it may conclude insurance contracts in Germany relating to international transport only through the branch established in Germany.</p> <p><b>F:</b> Insurance of risks relating to ground transport may be carried out only by insurance firms established in the Community.</p> <p><b>I:</b> Insurance of risks relating to c.i.f. exports by residents in Italy may be underwritten only by insurance firms established in the Community.</p> <p><b>I:</b> Transport insurance of goods, insurance of vehicles as such and liability insurance regarding risks located in Italy may be underwritten only by insurance companies established in the Community. This reservation does not apply for international transport involving imports into Italy.</p> <p><b>P:</b> Air and maritime transport insurance, covering goods, aircraft, hull and liability can be underwritten only by firms established in the EC; only persons or companies established in the EC may act as intermediaries for such insurance business in Portugal.</p>
	3) Commercial presence	<p><b>A:</b> The licence for branch offices of foreign insurers has to be denied if the insurer, in the home country, does not have a legal form corresponding or comparable to a joint stock company or a mutual insurance association.</p>

Sector or subsector	Mode of supply subject to reserve	Description of the measure
		<p><b>B:</b> Any public bid to acquire Belgian securities made by or on behalf of a person, company or institution outside the jurisdiction of one of the Member States of the European Community shall be submitted to the authorisation of the Minister of Finance.</p> <p><b>E:</b> Before establishing a branch or agency in Spain to provide certain classes of insurance, a foreign insurer must have been authorised to operate in the same classes of insurance in its country of origin for at least five years.</p>
		<p><b>E, GR:</b> The right of establishment does not cover the creation of representative offices or other permanent presence of insurance companies, except where such offices are established as agencies, branches or head offices.</p> <p><b>FIN:</b> The managing director, at least one auditor and at least one half of the promoters and members of the board of directors and the supervisory board of an insurance company shall have their place of residence in the European Economic Area, unless the Ministry of Social Affairs and Health has granted an exemption.</p> <p><b>FIN:</b> Foreign insurers cannot get a licence in Finland as a branch to carry on statutory social insurances (statutory pension insurance, statutory accident insurance).</p> <p><b>FIN:</b> The general agent of the foreign insurance company shall have his place of residence in Finland, unless the company has its head office in the European Economic Area.</p>
		<p><b>F:</b> The establishment of branches is subject to a special authorisation for the representative of the branch.</p> <p><b>I:</b> Access to actuarial profession through natural persons only. Professional associations (no incorporation) among natural persons permitted.</p> <p><b>I:</b> The authorisation of the establishment of branches is ultimately subject to the evaluation of supervisory authorities.</p> <p><b>IRL:</b> The right of establishment does not cover the creation of representative offices.</p> <p><b>P:</b> Foreign companies may carry out insurance intermediation in Portugal only through a company formed in accordance with the law of a Community Member State.</p> <p><b>P:</b> In order to establish a branch in Portugal, foreign companies need to demonstrate prior operational experience of at least five years.</p>
		<p><b>S:</b> Insurance broking undertakings not incorporated in Sweden may establish a commercial presence only through a branch.</p> <p><b>S:</b> Non-life insurance undertakings not incorporated in Sweden conducting business in Sweden are — instead of being taxed according to the net result — subject to taxation based on the premium income from direct insurance operations.</p>

Sector or subsector	Mode of supply subject to reserve	Description of the measure
		<p><b>S:</b> A founder of an insurance company shall be a natural person resident in the European Economic Area or a legal entity incorporated in the European Economic Area.</p>
	4) Presence of natural persons	<p>Unbound except as indicated in the horizontal section and subject to the following specific limitations:</p> <p><b>A:</b> The management of a branch office must consist of two natural persons resident in Austria.</p> <p><b>DK:</b> The general agent of an insurance branch will need to have resided in Denmark for the last two years unless being a national of one of the Member States of the Community. The Minister of Business and Industry may grant exemption.</p> <p><b>DK:</b> Residency requirement for managers and the members of the board of directors of a company. However, the Minister of Business and Industry may grant exemption from this requirement. Exemption is granted on a non-discriminatory basis.</p> <p><b>E, I:</b> Residence requirement for actuarial profession.</p> <p><b>GR:</b> A majority of the members of the board of directors of a company established in Greece shall be nationals of one of the Member States of the Community.</p>
B. Banking and Other Financial Services (excluding insurance)	1) Cross Border supply 2) Consumption abroad	<p><b>B:</b> Establishment in Belgium is required for the provision of investment advisory services.</p> <p><b>IRL:</b> The provision of investment services or investment advice requires either (I) authorisation in Ireland, which normally requires that the entity be incorporated or be a partnership or a sole trader, in each case with a head/registered office in Ireland (authorisation may not be required in certain cases, e.g. where a third country service provider has no commercial presence in Ireland and the service is not provided to private individuals), or (II) authorisation in another Member State in accordance with the EC Investment Services Directive.</p> <p><b>I:</b> Unbound for 'promotori di servizi finanziari' (financial salesmen).</p>
	2) Consumption abroad 3) Commercial presence	<p><b>D:</b> Issues of securities denominated in Deutschmarks can be lead managed only by a credit institution, subsidiary or branch, established in Germany.</p> <p><b>FIN:</b> Payments from governmental entities (expenses) shall be transmitted through the Finnish Postal Giro System, which is maintained by the Postipankki Ltd. Exemption from this requirement may be granted on special reason by the Ministry of Finance.</p> <p><b>GR:</b> Establishment is required for the provision of custodial and depository services involving the administration of interest and principal payments due on securities issued in Greece.</p>

Sector or subsector	Mode of supply subject to reserve	Description of the measure
		<p><b>UK:</b> Sterling issues, including privately led issues, can be lead managed only by a firm established in the European Economic Area.</p>
	<p>3) Commercial presence 4) Presence of natural persons</p>	<p>All Member States:</p> <ul style="list-style-type: none"> <li>— The establishment of a specialised management company is required to perform the activities of management of unit trusts and investment companies (Articles 6 and 13 of UCITS Directive, 85/611/EEC).</li> <li>— Only firms having their registered office in the Community can act as depositories of the assets of investment funds (Articles 8.1 and 15.1 of the UCITS Directive, 85/611/EEC).</li> </ul> <p><b>A:</b> Only members of the Austrian Stock Exchange may engage in securities trading at the Stock Exchange.</p> <p><b>A:</b> For trading in foreign exchange and foreign currency authorisation of the Austrian National Bank is required.</p> <p><b>A:</b> Mortgage bonds and municipal bonds may be issued by banks specialised and authorised for this activity.</p> <p><b>A:</b> For carrying out services of pension fund management a specialised company only for this activity and incorporated as a stock company in Austria is required.</p> <p><b>B:</b> Any public bid to acquire Belgian securities made by or on behalf of a person, company or institution outside the jurisdiction of one of the Member States of the European Community shall be submitted to the authorisation of the Minister of Finance.</p> <p><b>DK:</b> Financial institutions may engage in securities trading on the Copenhagen Stock Exchange only through subsidiaries incorporated in Denmark.</p> <p><b>FIN:</b> At least one half of the founders, the members of the board of directors, the supervisory board and the delegates, the managing director, the holder of the procuration and the person entitled to sign in the name of the credit institution shall have their place of residence in the European Economic Area, unless the Ministry of Finance grants an exemption. At least one auditor shall have his place of residence in the European Economic Area.</p>
		<p><b>FIN:</b> The broker (individual person) on derivative exchange shall have his place of residence in the European Economic Area. Exemption from this requirement may be granted under the conditions set by the Ministry of Finance.</p> <p><b>FIN:</b> Payments from governmental entities (expenses) shall be transmitted through the Finnish Postal Giro System, which is maintained by the Postipankki Ltd. Exemption from this requirement may be granted on special reason by the Ministry of Finance.</p> <p><b>F:</b> In addition to French credit institutions, issues denominated in French francs may be lead managed only by French subsidiaries (under French law) of non-French banks which are authorised, based on sufficient means and commitments in Paris of the</p>

Sector or subsector	Mode of supply subject to reserve	Description of the measure
		<p>candidate French subsidiary of a non-French bank. These conditions apply to lead banks running the books. A non-French bank may be, without restrictions or requirement to establish, jointly-lead or co-lead manager of Eurofranc bond issue.</p> <p><b>GR:</b> Financial institutions may engage in the trading of securities listed on the Athens Stock Exchange only through stock exchange firms incorporated in Greece.</p>
		<p><b>GR:</b> For the establishment and operations of branches a minimum amount of foreign exchange must be imported, converted into drachmas and kept in Greece as long as a foreign bank continues to operate in Greece:</p> <ul style="list-style-type: none"> <li>— Up to four (4) branches this minimum is currently equal to half of the minimum amount of share capital required for a credit institution to be incorporated in Greece;</li> <li>— For the operation of additional branches the minimum amount of capital must be equal to the minimum share capital required for a credit institution to be incorporated in Greece.</li> </ul> <p><b>IRL:</b> In the case of collective investment schemes constituted as unit trusts and variable capital companies (other than undertakings for collective investment in transferable securities, UCITS), the trustee/depositary and management company is required to be incorporated in Ireland or in another Member State of the Community. In the case of an investment limited partnership, at least one general partner must be incorporated in Ireland.</p>
		<p><b>IRL:</b> To become a member of a stock exchange in Ireland, an entity must either (I) be authorised in Ireland, which requires that it be incorporated or be a partnership, with a head/registered office in Ireland, or (II) be authorised in another Member State in accordance with the EC Investment Services Directive.</p> <p><b>IRL:</b> The provision of investment services or investment advice requires either (I) authorisation in Ireland, which normally requires that the entity be incorporated or be a partnership or a sole trader, in each case with a head/registered office in Ireland (the supervisory authority may also authorise branches of third country entities), or (II) authorisation in another Member State in accordance with the EC Investment Services Directive.</p> <p><b>I:</b> The public offer of securities (as provided for under Article 18 of Law 216/74) other than shares, debt securities (including convertible debt securities) can only be made by Italian limited companies, foreign companies duly authorised, public bodies or companies belonging to local authorities whose assigned capital is not below Lit 2 billion.</p>

Sector or subsector	Mode of supply subject to reserve	Description of the measure
		<p><b>I:</b> Centralised deposit, custody and administration services can be provided only by the Bank of Italy for Government securities, or by Monte Titoli SpA for shares, securities of a participating nature and other bonds traded in a regulated market.</p> <p><b>I:</b> In the case of collective investment schemes other than harmonised UCITS under the directive 85/611/EEC, the trustee/depositary is required to be incorporated in Italy or in another Member State of the European Community, being established through a branch in Italy. Only banks, insurance companies, securities investment companies having their legal head office in the European Community may carry out activity of pension fund resources management. Management companies (closed-end funds and real estate funds) are also required to be incorporated in Italy.</p> <p><b>I:</b> In providing the activity of door-to-door selling, intermediaries must utilise authorised financial salesmen resident within the territory of a Member State of the European Communities.</p> <p><b>I:</b> Clearing and settlement of securities may be conducted only by the official clearing system. A company authorised by the Bank of Italy in agreement with Consob could be entrusted with the activity of clearing, up to the final settlement of securities.</p>
		<p><b>I:</b> Representative offices of foreign intermediaries cannot carry out activities aimed at providing investment services.</p> <p><b>P:</b> The establishment of non-EC banks is subject to an authorisation issued, on a case-by-case basis, by the Minister of Finance. The establishment has to contribute to increase the national banking system's efficiency or has to produce significant effects on the internationalisation of the Portuguese economy.</p> <p><b>P:</b> The services of venture capital may not be provided by branches of venture capital companies having their head office in a non-EC country. Broker-dealer services on the Lisbon Stock Exchange may be provided by broker and dealer companies incorporated in Portugal or by branches of investment firms authorised in another EC country and authorised in their home country to provide those services. Broker and dealer services in the Oporto Derivatives Exchange and in the OTC market may not be provided by branches of non-EC broker/dealer companies.</p> <p>Pension fund management may be provided only by companies incorporated in Portugal and by insurance companies established in Portugal and authorised to take up the life insurance business.</p>
		<p><b>UK:</b> Inter-dealer brokers, which are a category of financial institutions dealing in Government debt, are required to be established in the European Economic Area and separately capitalised.</p> <p><b>S:</b> Undertakings not incorporated in Sweden may establish a commercial presence only through a branch, and in case of banks, also through a representative office.</p>



Sector or subsector	Mode of supply subject to reserve	Description of the measure
		<p><b>S:</b> A founder of a banking company shall be a natural person resident in the European Economic Area or a foreign bank. A founder of a savings bank shall be a natural person resident in the European Economic Area.</p>
	4) Presence of natural persons	<p>Unbound except as indicated in the horizontal section and subject to the following specific limitations:</p> <p><b>F:</b> Sociétés d'investissement à capital fixe: condition of nationality for the president of the Board of Directors, the Directors-General and no less than two thirds of the administrators, and also, when the securities firm has a Supervisory Board or Council, for the members of such board or its Director-General, and no less than two thirds of the members of the supervisory Council.</p> <p><b>GR:</b> Credit institutions should name at least two persons who are responsible for the operations of the institution. Condition of residency applies to these persons.</p> <p><b>I:</b> Condition of residence within the territory of a Member State of the European Communities for '<i>promotori di servizi finanziari</i>' (financial salesmen).</p>

## Part B

## MEXICO

Sector or subsector	Mode of supply subject to reserve	Description of the measure
FINANCIAL SERVICES A) All insurance and insurance-related services (a) Life, accident and health insurance services (CPC 8121) (b) Non-life insurance services (CPC 8129)	Establishment, Cross Border	Established insurance companies may carry out insurance and insurance-related services. Foreign investors may hold up to 49 per cent of the paid-up capital. Foreign investment by governments and official agencies is not allowed. Effective control of the enterprise by the Mexican shareholders is required. This percentage limit does not apply to investments in foreign financial affiliates as such term is defined in, and subject to terms and conditions under the Affiliates Section.
(c) Reinsurance and retrocession services (CPC 81299*)	Establishment, Cross Border	<p>This activity may be carried out by established insurance institutions. Foreign investors may hold up to 49 per cent of the paid-up capital. Foreign investment by governments and official agencies is not allowed. Effective control of the enterprise by the Mexican shareholders is required. This percentage limit does not apply to investments in foreign financial affiliates as such term is defined in, and subject to terms and conditions under the Affiliates Section.</p> <p>Foreign reinsurance companies may participate in reinsurance operations. According to the applicable regulations, such companies are required to register with the Ministry of Finance and Public Credit (SHCP), which may authorise or refuse registration.</p> <p>Foreign reinsurance companies, which are enrolled in the register kept by the SHCP, may establish representative offices in the country with the prior authorisation of the SHCP. Representative offices of foreign reinsurance companies, according to the applicable regulations, may not act directly or through an intermediary in direct insurance operations.</p>
(d) Services auxiliary to insurance such as: — insurance broking and agency services (CPC 8140)	Establishment, Cross Border	Foreign investors may hold up to 49 per cent of the paid-up capital. The National Foreign Investment Commission (CNIE) can authorise a greater percentage. Foreign investment by governments and official agencies is not allowed. Effective control of the enterprise by the Mexican shareholders is required.
		Currently, under the insurance law, it is prohibited to contract with foreign companies: 1) Insurance of persons when the person is located in Mexico at the time the contract is celebrated;

Sector or subsector	Mode of supply subject to reserve	Description of the measure
		<p>2) Insurance of hulls of ships or airships and of any class of vehicles, against risks proper to the maritime and transport class of insurance, when these ships, airships or vehicles are registered in Mexico or are property of persons resident in Mexico;</p> <p>3) Credit insurance, when the insured is subject to the Mexican legislation;</p> <p>4) Insurance against civil liability, derived from events that may occur in Mexico; and</p> <p>5) Other classes of insurance against risks that may occur in Mexican territory. Insurance contracted abroad by non-residents to cover their persons or their vehicle risks during their temporary visit to the Mexican territory are not subject to these restrictions.</p> <p>The SHCP can make an exemption in the following cases:</p> <p>1. Foreign insurers, with a previous authorisation from the SHCP and complying with the requirements that it establishes, may enter into insurance contracts in Mexican territory to cover risks that occur in foreign territory in which they are authorised to provide insurance services. Only in these cases, foreign insurers are exempt from the restriction related to offering (soliciting) insurance in Mexico.</p> <p>The SHCP with the previous opinion of the National Bonding and Insurance Commission (CNSF), can revoke such authorisation, when it is considered that the interests of the insurance customers are endangered, previous hearing of the insurance company affected; and</p> <p>2. When no authorised insurance company can or deems convenient to carry out a certain proposed insurance operation, the SHCP, prior verification of these circumstances, may discretionary grant a specific authorisation so that it may be contracted directly with a foreign insurer or through a local insurance company.</p>
<p>B) Banking and other financial services (excluding insurance)</p> <p>(a) Acceptance of deposits and other repayable funds from the public (CPC 81115-81119)</p>	<p>Establishment, Cross Border</p>	<p>This activity is restricted to established commercial banks. Foreign investment by persons exercising governmental functions is not allowed.</p> <p>In accordance with the applicable financial legislation, representative offices of banking institutions are excluded from this activity.</p>
<p>(b) Lending of all types, including consumer credit, mortgage credit, factoring and financing of financial transactions (CPC 8113)</p>	<p>Establishment, Cross Border</p>	<p>Established commercial banks may carry out lending activities of all types, including consumer credit, mortgage credit, credit discounting and financing of commercial transactions. Foreign investment by persons exercising governmental functions is not allowed.</p> <p>In accordance with the applicable financial legislation, representative offices of banking institutions are excluded from this activity.</p>

Sector or subsector	Mode of supply subject to reserve	Description of the measure
<ul style="list-style-type: none"> <li>— Development Banks</li> <li>— Credit Unions</li> </ul>	Establishment, Cross Border	<p>Foreign investments in development banks and credit unions are not allowed.</p> <p>The following activities are reserved solely to Mexican development banks:</p> <ul style="list-style-type: none"> <li>(a) acting as custodians of securities and cash funds deposited by or in the administrative or judiciary authorities, and acting as custodian of goods that have been seized according to Mexican measures; and</li> <li>(b) managing the savings funds, retirement plans and any other funds or property of the personnel of the Ministry of National Defence, Ministry of Navy and the Mexican armed forces, and performing other financial activities pertaining to the financial resources of such personnel.</li> </ul>
<ul style="list-style-type: none"> <li>— Savings and Loan Companies</li> </ul>	Establishment, Cross Border	Foreign investment by persons exercising governmental functions is not allowed.
<ul style="list-style-type: none"> <li>— Limited scope financial institution</li> <li>— Financial factoring companies</li> </ul>	Establishment, Cross Border	<p>Established limited scope financial institutions may carry out only one of the financing activities such as personal credit, consumer credit, mortgage credit or commercial credit. Foreign investors may hold up to 49 per cent of capital stock. Foreign investment by persons exercising governmental functions is not allowed. This percentage limit does not apply to investments in foreign financial affiliates as such term is defined in, and subject to terms and conditions under the Affiliates Section.</p> <p>Established financial factoring companies may carry out factoring activities. Foreign investors may hold up to 49 per cent of the paid-up capital. Foreign investment by persons exercising governmental functions is not allowed. Effective control of the enterprise by the Mexican shareholders is required. This percentage limit does not apply to investments in foreign financial affiliates as such term is defined in, and subject to terms and conditions under the Affiliates Section.</p>
(c) Financial leasing services (CPC 8112)	Establishment, Cross Border	Established financial leasing companies may carry out financial leasing activities. Foreign investors may hold up to 49 per cent of paid-up capital. Foreign investment by persons exercising governmental functions is not allowed. Effective control of the enterprise by the Mexican shareholders is required. This percentage limit does not apply to investments in foreign financial affiliates as such term is defined in, and subject to terms and conditions under the Affiliates Section.
<ul style="list-style-type: none"> <li>— Commercial banks</li> </ul>	Establishment, Cross Border	Established commercial banks may also carry out financial leasing activities. Foreign investment by persons exercising governmental functions is not allowed.

Sector or subsector	Mode of supply subject to reserve	Description of the measure
(d) Trading on own or customers' account on a stock exchange, over-the-counter or otherwise, in: — Money market instruments (checks, bills, certificates of deposit, etc.) (CPC 81339**)	Establishment, Cross Border	Established securities firms and established securities specialists may carry out this activity. Foreign investment by persons exercising governmental functions is not allowed.
— Foreign exchange (CPC 81333)	Establishment, Cross Border	Established commercial banks may carry out this activity. Foreign investment by persons exercising governmental functions is not allowed.
— Foreign exchange firms	Establishment, Cross Border	Established foreign exchange firms may also carry out this activity. Foreign investors may hold up to 49 per cent of the paid-up capital. Foreign investment by persons exercising functions of authority is not allowed. Effective control of the enterprise by the Mexican shareholders is required. This percentage limit does not apply to investments in foreign financial affiliates as such term is defined in, and subject to terms and conditions under the Affiliates Section.
— Transferable securities (CPC 81321*)	Establishment, Cross Border	Established securities firms and established securities specialists may carry out this activity. Foreign investment by persons exercising governmental functions is not allowed.
— Other negotiable instruments and financial assets, including bullion (CPC 81339**)	Establishment, Cross Border	Established commercial banks may carry out this activity. Foreign investment by persons exercising governmental functions is not allowed.
(e) Participation in issues of all kinds of securities, including underwriting and placement as agent (whether publicly or privately and provision of services related to such issues (CPC 8132)	Establishment, Cross Border	Established securities firms and established securities specialists may carry out this activity. Foreign investment by persons exercising governmental functions is not allowed.
(f) Money broking (CPC 81339**) — Commercial banks	Establishment, Cross Border	Established commercial banks may carry out this activity. Foreign investment by persons exercising governmental functions is not allowed.

Sector or subsector	Mode of supply subject to reserve	Description of the measure
(g) Asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, and trust services (CPC 81323*)	Establishment, Cross Border	Established investment companies may carry out activities such as asset management, cash or portfolio management and all forms of collective investment management. Foreign investors may hold up to 49 per cent of overhead capital. Foreign investment by persons exercising governmental functions is not allowed. Effective control of the enterprise by the Mexican shareholders is required. This percentage limit does not apply to investments in foreign financial affiliates as such term is defined in, and subject to terms and conditions under the Affiliates Section.
— Managing companies of investment companies	Establishment, Cross Border	Established managing companies of investment companies may carry out the administration of investment companies. Foreign investors may hold up to 49 per cent of the capital stock. Foreign investment by persons exercising governmental functions is not allowed. Effective control of the enterprise by the Mexican shareholders is required. This percentage limit does not apply to investments in foreign financial affiliates as such term is defined in, and subject to terms and conditions under the Affiliates Section.
— Pension fund management companies	Establishment, Cross Border	<p>Established pension fund management companies may carry out pension fund management activities. Foreign investors may hold up to 49 per cent of the capital stock. Foreign investment by persons exercising governmental functions is not allowed. Effective control of the enterprise by the Mexican shareholders is required. This percentage limit does not apply to investments in foreign financial affiliates as such term is defined in, and subject to terms and conditions under the Affiliates Section.</p> <p>The following activities are reserved solely to Mexican development banks:</p> <ul style="list-style-type: none"> <li>(a) acting as custodians of securities and cash funds deposited by or in the administrative or judiciary authorities, and acting as custodian of goods that have been seized according to Mexican measures; and</li> <li>(b) managing the savings funds, retirement plans and any other funds or property of the personnel of the Ministry of National Defence, Ministry of Navy and the Mexican armed forces, and performing other financial activities pertaining to the financial resources of such personnel.</li> </ul>
— Commercial banks	Establishment, Cross Border	Established commercial banks may carry out this activity. Foreign investment by persons exercising governmental functions is not allowed.
— Securities firms and securities specialists	Establishment, Cross Border	Established securities firms and established securities specialists may carry out this activity. Foreign investment by persons exercising governmental functions is not allowed.

Sector or subsector	Mode of supply subject to reserve	Description of the measure
(h) Advisory and other auxiliary financial services, including credit reporting and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy (CPC 8133)	Establishment, Cross Border	Investment consultants may carry out activities such as investment and portfolio analysis, research and advice, advice on acquisitions and on corporate restructuring and strategy. Foreign investors may hold up to 49 per cent of the capital stock. Foreign investment by persons exercising governmental functions is not allowed. Effective control of the enterprise by Mexican shareholders is required.
— Credit information companies	Establishment, Cross Border	Established credit information companies (Credit Bureaus) may carry out credit reporting activities. Foreign investors may hold up to 49 per cent of the paid-up capital stock. Effective control of the enterprise by the Mexican shareholders is required. The CNIE can authorise a greater percentage. Foreign investment by persons exercising governmental functions is not allowed.
C) Others — Holding companies	Establishment, Cross Border	Foreign investment by persons exercising governmental functions is not allowed.
— Guarantee institutions	Establishment, Cross Border	<p>Established guarantee institutions may carry out guarantee services. Foreign investors may hold up to 49 per cent of the paid-up capital of established guarantee institutions. Foreign investment by governments and official agencies is not allowed. Effective control of the enterprise by the Mexican shareholders is required. This percentage limit does not apply to investments in foreign financial affiliates as such term is defined in, and subject to terms and conditions under the Affiliates Section.</p> <p>Currently, under the guarantee law, it is prohibited to contract with foreign companies guarantees to assure acts of persons that must fulfill obligations in Mexican territory, except in re-guarantee operations and when they are received as surety by Mexican guarantee institutions.</p> <p>The guarantee operations celebrated in violation of the previously mentioned will not produce any legal effect.</p> <p>However, when none of the established guarantee institutions, estimates convenient to practice certain proposed operations, the SHCP, previous confirmation of these circumstances, can discretionally authorise the person to contract the service with a foreign guarantee institution, directly or through a Mexican guarantee institution.</p>

Sector or subsector	Mode of supply subject to reserve	Description of the measure
		It is prohibited to carry out intermediation activities in those operations mentioned above, and also, in guarantee operations granted in an ordinary and onerous way by a natural or legal person, different to authorised guarantee institutions.
Re-guarantee	Establishment, Cross Border	This activity may be carried out through established guarantee institutions. Foreign investors may hold up to 49 per cent of the paid-up capital. Foreign investment by governments and official agencies is not allowed. Effective control of the enterprise by the Mexican shareholders is required. This percentage limit does not apply to investments in foreign financial affiliates as such term is defined in, and subject to terms and conditions under the Affiliates Section.
		Foreign re-guarantee companies may participate in re-guarantee operations. According to the applicable regulations, these institutions must register with the SHCP, which may authorise or refuse registration.
General deposit warehouses	Establishment, Cross Border	Foreign investors may hold up to 49 per cent of the paid-up capital of the established general deposit warehouses. Foreign investment by persons exercising governmental functions is not allowed. Effective control of the enterprise by the Mexican shareholders is required. This percentage limit does not apply to investments in foreign financial affiliates as such term is defined in, and subject to terms and conditions under the Affiliates Section.

#### AFFILIATES SECTION

Sector or subsector	Mode of supply subject to reserve	Description of the measure
Commercial Banks Securities Firms	Establishment, Cross Border	<p>If the sum of the authorised capital of foreign financial affiliates, measured as a percentage of the aggregate net capital of all financial institutions of such type in Mexico, reaches the percentage set forth in the chart in this paragraph for such type of institutions, then Mexico shall have the right, once until 1 January 2004 to freeze such aggregate capital percentage at its then existing level.</p> <p>Commercial Banks 25 % Securities Firms 30 %</p> <p>If applied, such a restriction will have a duration not to exceed a period of three years.</p> <p>Until 1 January 2004, Mexico may deny a license to establish a foreign financial affiliate if the sum of the authorised capital of all foreign financial affiliates of the same type exceeds the applicable percentage limit described in the prior chart.</p>



Sector or subsector	Mode of supply subject to reserve	Description of the measure
Commercial Banks	Establishment, Cross Border	<p data-bbox="854 373 1073 401"><i>Payments System Protection</i></p> <ol data-bbox="854 432 1320 1020" style="list-style-type: none"> <li data-bbox="854 432 1320 730">1. If the sum of the authorised capital of foreign commercial bank affiliates (as such term is above mentioned), measured as a percentage of the aggregate capital of all commercial banks in Mexico, reaches 25 percent, Mexico may request consultations with the other Party on the potential adverse effects arising from the presence of commercial banks of the other Party in the Mexican market and the possible need for remedial action, including further temporary limitations on market participation. The consultations shall be completed expeditiously.</li> <li data-bbox="854 741 1320 1020">2. In considering the potential adverse effects, the Parties shall take into account:               <ol data-bbox="878 800 1320 1020" style="list-style-type: none"> <li data-bbox="878 800 1320 852">(a) the threat that the Mexican payments system may be controlled by non-Mexican persons;</li> <li data-bbox="878 863 1320 957">(b) the effects foreign commercial banks established in Mexico may have on Mexico's ability to conduct monetary and exchange rate policy effectively; and</li> <li data-bbox="878 968 1320 1020">(c) the adequacy of the Financial Services Chapter in protecting the Mexican payments system.</li> </ol> </li> </ol>
All financial services	Establishment, Cross Border	<p data-bbox="854 1167 1320 1566">Mexico shall retain discretion to approve, on a case-by-case basis, any affiliation of a commercial bank or securities firm with a commercial or industrial corporation that is established in Mexico, if Mexico determines that such affiliation is harmless and, in the case of commercial banks, either (a) not substantial, or (b) the financial-related activities of the commercial or industrial corporation account for at least 90 per cent of its annual income worldwide, and the non-financial activities of such commercial or industrial corporation are of a type that Mexico determines to be acceptable. Affiliation with a non-resident commercial or industrial corporation that is not established in Mexico will not be a reason for denial of an application to establish or acquire a commercial bank or securities firm in Mexico.</p>
All financial services	Establishment, Cross Border	<p data-bbox="854 1692 1320 1766">Mexico may adopt measures that limit investors (together with its affiliates) to establish no more than one institution of the same type in Mexico.</p> <p data-bbox="854 1776 1320 1944">In determining what types of operations an investor of another Party is engaged in for purposes of the preceding paragraph, all types of insurance shall be considered to be only one type of financial service; but both life and non-life insurance operations may be conducted either by a single or separate foreign financial affiliates.</p>

Sector or subsector	Mode of supply subject to reserve	Description of the measure
		<p>Non-bank investors of another Party shall be permitted to establish one or more limited scope financial institutions in Mexico to provide separately consumer lending, commercial lending, mortgage lending or credit card services on terms no less favourable than those applied to like domestic firms under Mexican measures. Mexico may permit lending services closely related to the principal authorised business of a limited scope financial institution to be carried out by that institution. Such institutions shall be provided the opportunity to raise funds in the securities market for business operations subject to normal terms and conditions. Mexico may restrict such limited scope financial institutions from taking deposits.</p>
All financial services	Establishment, Cross Border	<p>Mexico may restrict any foreign financial affiliate from establishing agencies, branches, or other direct or indirect subsidiaries in the territory of any other country.</p>
All financial services	Establishment, Cross Border	<p>Mexico may adopt measures that limit eligibility to establish a foreign financial affiliate in Mexico to an investor of another Party that is, directly or through any of its affiliates, engaged in the same general type of financial services in the territory of the other Party.</p> <p>An investor of another Party that is authorised to establish or acquire, and establishes or acquires, a commercial bank or securities firm in Mexico may also establish a financial holding company in Mexico, and thereby establish or acquire other types of financial institutions in Mexico, under the terms of Mexican regulations.</p>
Insurance	Establishment, Cross Border	<p>The activities and operations of the existing Mexican governmental insurance programs conducted by Aseguradora Mexicana, S.A. or Aseguradora Hidalgo, S.A. (including insurance for government employees, agencies, instrumentalities and public entities) are excluded from Articles of Establishment, Cross Border and National Treatment for so long as such firm is controlled by the Government of Mexico and for a commercially reasonable time after such governmental control ceases.</p>
All financial services	Establishment, Cross Border	<p>In order to avoid impairment of the conduct of Mexico's monetary and exchange rate policies, cross-border financial service providers of another Party shall not be permitted to provide financial services into the territory of Mexico or to residents of Mexico, and residents of Mexico may not purchase financial services from cross-border financial service providers of another Party, if such transactions are denominated in Mexican pesos.</p>