

WORLD TRADE
ORGANIZATION

RESTRICTED

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Trade in Services

CHILE

Schedule of Specific Commitments

Supplement 1

(This is authentic in Spanish only)

This text replaces the Financial Services section contained in pages 16 to 35 of document GATS/SC/18.

CHILE - SCHEDULE OF SPECIFIC COMMITMENTS

Modes of supply: (1) Cross-border supply(2) Consumption abroad(3) Commercial presence(4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
FINANCIAL SERVICES	<p>(3)In addition to the horizontal measures in Section I of Chile's Schedule of Commitments which affect all sectors, a supplier of financial services operating through a commercial presence may be subject to evidence of economic need. That is, he must obtain prior authorization to start up, suspend or terminate operations from the Banking and Financial Institutions Supervision Department, in the case of banking services, or from the Securities and Insurance Supervision Department, in the case of securities and insurance services.</p> <p>Authorization to supply financial services through a commercial presence will be given in so far as the applicant undertakes to ensure the proper functioning, integrity and stability of the market, fulfils the requirements of the law and serves the national interest.</p>		
	The Chilean financial services sector is		

Modes of supply: (1) Cross-border supply(2) Consumption abroad(3) Commercial presence(4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
(a) Banking services	<p>partially compartmentalized, that is to say the institutions, domestic and foreign, authorized to operate as banks may not encroach on the insurance and securities business and vice versa. However, subject to authorization from the Banking and Financial Institutions Supervision Department, domestic and foreign banks operating in Chile may set up subsidiaries, with their own capital, to supply other financial services in accordance with the relevant legislation.</p> <p>Foreign banking institutions must be companies legally constituted in their country of origin and must put up the capital required by Chilean law. Where (i) shareholdings in established Chilean banks and (ii) subsidiaries are concerned, they must acquire legal personality in Chile.</p>		

CHILE (continued)

	<p>Foreign banking institutions may only operate:</p> <p>(i) Through shareholdings in Chilean banks established as corporations;</p> <p>(ii) Subsidiaries; and</p> <p>(iii) Branches. In this latter case the legal personality of the country of origin is recognized. For the purposes of foreign bank branch operations in Chile, the capital effectively invested in Chile is considered, and not that of the parent house.</p>		
	<p>No national or foreign natural or legal person may acquire directly or through third parties shares in a bank which, alone or added to the shares such person already possesses, represent more than 10 per cent of the bank's capital without having first obtained the authorization of the Banking and Financial Institutions</p>	<p>Foreign investors who participate in the financial services sector may transfer their capital abroad two (2) years after bringing it in.</p>	

	<p>Supervision Department. In addition, the partners or shareholders of a financial institution may not transfer a percentage of rights or shares in the company in excess of 10 per cent without having obtained authorization from the Supervision Department.</p>		
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CHILE (continued)

Acceptance of deposits (81115-81119) ¹	(1)Unbound	(1)Unbound	
	(2)Unbound	(2)Unbound	
	(3)None	(3)None	
	(4)Unbound, except as indicated in the horizontal section	(4)Unbound, except as indicated in the horizontal section	
Purchase of publicly-offered securities (8132) ²	(1)Unbound	(1)Unbound	
	(2)Unbound	(2)Unbound	
	(3)None	(3)None	
	(4)Unbound, except as indicated in the horizontal section	(4)Unbound, except as indicated in the horizontal section	

¹Includes only current bank accounts, sight acceptances, term acceptances in saving accounts, financial instruments with repurchase undertaking, and deposits for issue of bank guarantee vouchers.

²Includes only purchase of bonds and purchase of letters of credit, subscription and placement as agents, underwriting.

Credit granting (8113) ³	(1)None ⁴	(1)None	
	(2)Unbound	(2)Unbound	
	(3)None	(3)None	
	(4)Unbound, except as indicated in the horizontal section	(4)Unbound, except as indicated in the horizontal section	
Issue of credit cards	(1)None ⁵	(1)None	
	(2)Unbound	(2)Unbound	
	(3)None	(3)None	
	(4)Unbound, except as indicated in the horizontal section	(4)Unbound, except as indicated in the horizontal section	

³Includes only current loans, discounting or acquisition of bills of exchange and promissory notes, loans and letters of credit, endorsable mortgage loans, purchase of financial instruments with resale undertaking, credit for issue of bank guarantee vouchers or other types of financing, endorsement and guarantee of third party liabilities; issue and negotiations of letters of credit for imports and exports, issue and confirmation of stand-by letters of credit.

⁴Limited to only freely-available credit, import and export financing, confirmation of letters of credit, and advances and overdrafts on current accounts. These services may only be provided to local banks with authorization from the Central Bank of Chile. Other services for grant of credit unbound.

⁵Limited to credit cards issued abroad that circulate in Chile under an agreement with a bank or operator established in Chile.

CHILE (continued)

<p>Operation of credit cards</p> <p>Provision and transfer of financial information and processing of financial data (8131)</p>	<p>(1)Unbound</p> <p>(2)Unbound</p> <p>(3)None</p> <p>(4)Unbound, except as indicated in the horizontal section</p> <p>(1)Unbound</p> <p>(2)Unbound</p> <p>(3)None</p> <p>(4)Unbound, except as indicated in the horizontal section</p>	<p>(1)Unbound</p> <p>(2)Unbound</p> <p>(3)None</p> <p>(4)Unbound, except as indicated in the horizontal section</p> <p>(1)Unbound</p> <p>(2)Unbound</p> <p>(3)None</p> <p>(4)Unbound, except as indicated in the horizontal section</p>	
<p>Advisory and other auxiliary financial services (8131) (Includes only administrative services connected with the management of the banking services included in this Schedule)</p>	<p>(1)Unbound</p> <p>(2)Unbound</p> <p>(3)None</p> <p>(4)Unbound, except as indicated in the horizontal section</p> <p>In Chile advisory and other auxiliary</p>	<p>(1)Unbound</p> <p>(2)Unbound</p> <p>(3)None</p> <p>(4)Unbound, except as indicated in the horizontal section</p>	

<p>Financial leasing (81112)</p>	<p>financial services (8131) are considered to be complementary to the services which the established banks can provide. Consequently, domestic and foreign banks must set up subsidiaries with their own capital in order to be able to provide these services and must have the appropriate authorization from the Banking and Financial Institutions Supervision Department.</p> <p>(1)Unbound (2)Unbound (3)None (4)Unbound, except as indicated in the horizontal section</p>	<p>(1)Unbound (2)Unbound (3)None (4)Unbound, except as indicated in the horizontal section</p>	
	<p>Only domestic and foreign banking enterprises established in Chile can provide financial leasing services. In order to supply financial leasing services they must establish subsidiaries with their own separate legal personality, their own capital and exclusive line of business subject to prior authorization from the Banking and Financial Institutions Supervision Department. These companies may offer leasing contracts for goods acquired at the client's request, i.e. they cannot acquire goods in order to stock</p>		

CHILE (continued)

	<p>them and offer them for leasing. These subsidiaries can only operate the services expressly authorized by the Banking and Financial Institutions Supervision Department. Financial leasing services are regarded as complementary banking services and, consequently, the Banking and Financial Institutions Supervision Department is empowered to extend or restrict the operation of the financial leasing services which the institutions may offer.</p>		
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<p>(b)Insurance and reinsurance services</p>	<p>Insurance and reinsurance services can be provided only by limited insurance and reinsurance companies established in Chile for the exclusive purpose of developing this line of business. Insurance and reinsurance corporations can be legally constituted only in accordance with the provisions of the law of corporations.</p> <p>Contracts concluded in Chile may be reinsured by insurers and reinsurers with insurance and reinsurance companies authorized to operate in Chile:</p> <p>Only the following are empowered to reinsure:</p> <ol style="list-style-type: none">1. Insurers established in the country and those corporations whose sole purpose is to operate reinsurance in one of the two groups indicated below, subject to inspection by the Securities and Insurance Supervision Department; and		
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CHILE (continued)

	<p>2.Those foreign reinsurers who are enrolled in the Register of Foreign Reinsurers maintained by the Securities and Insurance Supervision Department.</p> <p>In addition, insurers and reinsurers may also reinsure through intermediaries or brokers enrolled in the Register of Reinsurance Brokers maintained by the Supervision Department.</p> <p>In Chile, the insurance business is divided into two groups: the first group comprises companies that insure goods and property against the risk of loss or damage, while the second comprises those that provide personal insurance or guarantee, within or at the end of a certain term, a capital sum, a paid-up policy or an income for the insured or his beneficiaries. Insurance companies may not be organized to cover both categories of risks.</p>		
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<p>Sale of direct life insurance (does not include insurance related to the social security system) (81211)</p>	<p>Credit insurance companies, even though classified in the first group, must be established as corporations with the sole purpose of covering this type of risk, i.e. loss of or damage to the property of the insured as a result of the non-payment of a money debt or loan, being also permitted to cover guaranty and fidelity risks.</p> <p>The Chilean Insurance Schedule does not include insurance related to the social security system.</p> <p>Insurance may be taken out directly or through insurance brokers who, to engage in that activity, must be enrolled in the Register maintained by the Supervision Department and must satisfy the prudential requirements of the law.</p> <p>(1)Unbound (2)Unbound (3)None (4)Unbound, except as indicated in the horizontal section</p>	<p>(1)Unbound (2)Unbound (3)None (4)Unbound, except as indicated in the horizontal section</p>	
<p>Sale of direct general insurance (8129)</p>	<p>(1)Unbound (2)Unbound (3)None</p>	<p>(1)Unbound (2)Unbound (3)None</p>	

CHILE (continued)

<p>Sale of direct general insurance Credit insurance (81296)</p> <p>Policy reinsurance (81299)</p>	<p>(4)Unbound, except as indicated in the horizontal section</p> <p>(1)Unbound</p> <p>(2)Unbound</p> <p>(3)None</p> <p>(4)Unbound, except as indicated in the horizontal section</p> <p>(1)Foreign reinsurance companies must be enrolled in the Register of Foreign Reinsurers of the Securities and Insurance Supervision Department and fulfil the requirements laid down by the Department.</p> <p>(2)Unbound</p> <p>(3)None</p> <p>(4)Unbound, except as indicated in the horizontal section</p>	<p>(4)Unbound, except as indicated in the horizontal section</p> <p>(1)Unbound</p> <p>(2)Unbound</p> <p>(3)None</p> <p>(4)Unbound, except as indicated in the horizontal section</p> <p>(1)Premiums ceded under this heading are subject to a tax of 6 per cent.</p> <p>(2)Unbound</p> <p>(3)None</p> <p>(4)Unbound, except as indicated in the horizontal section</p>	
<p>Reinsurance brokers (Reinsurance intermediation) (8140)</p>	<p>(1)None</p> <p>(2)Unbound</p> <p>(3)Reinsurance brokers must be enrolled in the Register of Reinsurance Brokers of the Securities and Insurance</p>	<p>(1)None</p> <p>(2)Unbound</p> <p>(3)None</p>	

<p>Insurance brokers (8140)</p>	<p>Supervision Department and fulfil the requirements laid down by the Department.</p> <p>(4)Unbound, except as indicated in the horizontal section</p> <p>(1)Unbound</p> <p>(2)Unbound</p> <p>(3)Must be enrolled in the Register maintained by the Securities and Insurance Supervision Department and fulfil the requirements laid down by the Department. Only legal persons legally constituted in Chile for this specific purpose.</p> <p>(4)Unbound, except as indicated in the horizontal section</p>	<p>(4)Unbound, except as indicated in the horizontal section</p> <p>(1)Unbound</p> <p>(2)Unbound</p> <p>(3)None</p> <p>(4)Unbound, except as indicated in the horizontal section</p>	
<p>(c)Securities services</p>	<p>Publicly offered securities may be traded by natural or legal persons engaged in brokering securities, either as members of a stock exchange (stockbrokers) or outside the exchange (securities agents). However, only stockbrokers may trade shares or derivatives (options) on the stock exchange. Other securities may be traded by stockbrokers or securities agents registered with the Securities and</p>		

CHILE (continued)

	<p>Insurance Supervision Department, or by banks and finance companies, in accordance with their legal powers.</p> <p>The purpose of financial portfolio management is to diversify investments, on behalf of third parties, over a range of instruments.</p> <p>The Chilean Schedule in the securities sector does not include asset fund management (mutual funds, investment funds, foreign capital investment funds, and pension funds).</p>		
	<p>Publicly offered securities risk rating services are provided by rating agencies enrolled in the Register of Risk Rating Agencies maintained by the Securities and Insurance Supervision Department. These must be constituted as a company of persons in accordance with the legislation and are inspected and controlled by the above-mentioned Supervision Department. On the other hand, the inspection of rating agencies with respect to the rating of securities issued by banks and finance companies is the responsibility of the Banks and Financial Institutions Supervision Department.</p>		

	<p>Securities custody consists of the physical safe-keeping of customers' stocks and shares and may be undertaken by securities intermediaries (complementary activity) or by individuals. The Chilean Schedule in the securities sector does not include the services offered by firms which simultaneously undertake the custody, clearance and settlement of securities (centralized securities depositories).</p> <p>Financial advisory services involve giving financial advice on financing alternatives, investment appraisal, investment possibilities, debt rescheduling strategies, etc.</p>		
<p>Intermediation of publicly offered securities, except shares (81321)⁶</p>	<p>(1)Unbound</p> <p>(2)Unbound</p> <p>(3)None⁷</p> <p>(4)Unbound, except as indicated in the horizontal section</p>	<p>(1)Unbound</p> <p>(2)Unbound</p> <p>(3)None</p> <p>(4)Unbound, except as indicated in the horizontal section</p>	

⁶Does not include intermediation of shares. Includes subscription and placement as agents, underwriting.

⁷These intermediaries must have as their sole purpose the buying and selling of securities, although they may also carry out complementary activities as authorized by the Supervision Department.

CHILE (continued)

<p>Intermediation of limited company shares (81321)⁸</p>	<p>(1)Unbound (2)Unbound (3)None⁹ (4)Unbound, except as indicated in the horizontal section</p>	<p>(1)Unbound (2)Unbound (3)None (4)Unbound, except as indicated in the horizontal section</p>	
<p>Financial portfolio management (81323)</p> <p>The purpose of financial portfolio management is to diversify investments, on behalf of third parties over a range of instruments. (It does not include management of mutual funds, foreign capital investment funds, investment funds or pension funds).</p>	<p>(1)Unbound (2)Unbound (3)None¹⁰ (4)Unbound, except as indicated in the horizontal section</p>	<p>(1)Unbound (2)Unbound (3)None (4)Unbound, except as indicated in the horizontal section</p>	

⁸Includes subscription and placement as agents, underwriting.

⁹These intermediaries must have as their sole purpose the buying and selling of securities, although they may also carry out complementary activities as authorized by the Supervision Department. In addition, to be able to operate they must acquire a share in the stock exchange in which they perform their broking functions, and, moreover, must be accepted as members of that exchange.

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(..continued)

¹⁰Those who offer financial portfolio management services in their capacity as securities intermediaries must fulfil the requirements appropriate to their principal function (whether it be that of stockbroker or that of securities agent). Otherwise, in the case of other legal persons, they may engage in such activity if they hold a broad mandate to operate for the account of third parties.

CHILE (continued)

<p>Securities risk rating (81339)¹¹</p>	<p>(1)Unbound</p> <p>(2)Unbound</p> <p>(3)Risk rating agencies must have as their sole purpose the rating of publicly offered securities, although they may also carry out complementary activities as authorized by the Supervision Department. Moreover, they must be established as a company of persons and be enrolled in the Register of Risk Rating Agencies of the Securities and Insurance Supervision Department. The specific requirements to be fulfilled include the following:</p> <p>-Not less than 60 per cent of the company's capital must be held by the principal partners;</p>	<p>(1)Unbound</p> <p>(2)Unbound</p> <p>(3)None</p>	
	<p>-The rating board must consist of professionals with a university degree or equivalent higher education and an unblemished business record, the majority of whom must have had at least three years' work experience in</p>		

¹¹Relates solely to rating or giving an opinion on publicly offered securities.

<p>Securities custody (81319)</p> <p>Does not include the services offered by suppliers who combine custody with securities clearance and settlement (custodial accounts).</p>	<p>the economic and financial field.</p> <p>(4)Unbound, except as indicated in the horizontal section</p> <p>(1)Unbound</p> <p>(2)Unbound</p> <p>(3)None¹²</p> <p>(4)Unbound, except as indicated in the horizontal section</p>	<p>(4)Unbound, except as indicated in the horizontal section</p> <p>(1)Unbound</p> <p>(2)Unbound</p> <p>(3)None</p> <p>(4)Unbound, except as indicated in the horizontal section</p>	
<p>Financial advisory services (81332)</p> <p>The financial advice refers only to the securities services included in this Schedule</p> <p>Warrants</p> <p>Corresponds to merchandise warehousing</p>	<p>(1)Unbound</p> <p>(2)Unbound</p> <p>(3)Only securities intermediaries, bank subsidiaries and other natural and legal persons¹</p> <p>(4)Unbound, except as indicated in the horizontal section</p> <p>(1)Unbound*</p> <p>(2)Unbound</p>	<p>(1)Unbound</p> <p>(2)Unbound</p> <p>(3)None</p> <p>(4)Unbound, except as indicated in the horizontal section</p> <p>(1)Unbound*</p> <p>(2)Unbound</p>	

¹²Those who offer securities custody services in their capacity as securities intermediaries must fulfil the requirements appropriate to their principal function (whether it be that of stockbroker or that of securities agent).

CHILE (continued)

services accompanied by the issue of a deposit and a chattel mortgage receipt	(3)Only natural or legal persons legally established in Chile who have the provision of warrant services as their sole business (4)Unbound, except as indicated in the horizontal section	(3)None (4)Unbound, except as indicated in the horizontal section	
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