

FREE TRADE AGREEMENT

BETWEEN

CANADA

AND

THE REPUBLIC OF KOREA

Text of the Final Agreement

June 2014

VOLUME II

Annexes I to III

ANNEX I**Reservations for Existing Measures****Schedule of Canada – Explanatory Notes**

1. Canada's Schedule to this Annex sets out, pursuant to Articles 8.9.1 and 9.6.1, Canada's existing measures that do not conform with some or all of the obligations imposed by:
 - (a) Article 8.3 (National Treatment) or 9.2 (National Treatment);
 - (b) Article 8.4 (Most-Favoured-Nation Treatment) or 9.3 (Most-Favoured-Nation Treatment);
 - (c) Article 8.7 (Senior Management and Boards of Directors);
 - (d) Article 8.8 (Performance Requirements);
 - (e) Article 9.4 (Market Access); or
 - (f) Article 9.5 (Local Presence).
2. Each reservation sets out the following elements:
 - (a) **Sector** refers to the general sector in which the reservation is taken;
 - (b) **Sub-sector** refers, where applicable, to the specific sector in which the reservation is taken;
 - (c) **Industry Classification** refers, where applicable, to the activity covered by the reservation according to industry classification codes;
 - (d) **Type of Reservation** specifies the obligation referred to in paragraph 1 for which a reservation is taken;
 - (e) **Measures**¹ identifies the laws, regulations, or other measures, as qualified, where indicated, by the **Description** element, for which the reservation is taken. A measure cited in the **Measures** element:
 - (i) means the measure as amended, continued, or renewed as of the date of entry into force of this Agreement; and

¹ For greater certainty, a change in the level of government at which a measure is administered or enforced does not, by itself, decrease the conformity of the measure with the obligations referred to in Articles 8.9.1 and 9.6.1.

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- (ii) includes a subordinate measure adopted or maintained under the authority of and consistent with the measure; and
- (f) **Description** sets out the non-conforming aspects of the measure for which the reservation is taken.
3. In the interpretation of a reservation, all elements of the reservation, with the exception of Industry Classification, shall be considered. A reservation shall be interpreted in light of the relevant Articles of the Chapters against which the reservation is taken. To the extent that:
- (a) the **Measures** element is qualified by a liberalisation commitment from the **Description** element, the **Measures** element as so qualified shall prevail over all other elements; and
- (b) the **Measures** element is not so qualified, the **Measures** element shall prevail over all other elements, unless a discrepancy between the **Measures** element and the other elements considered in their totality is so substantial and material that it would be unreasonable to conclude that the **Measures** element should prevail, in which case the other elements shall prevail to the extent of that discrepancy.
4. In accordance with Articles 8.9.1(a) and 9.6.1(a), and subject to Articles 8.9.1(c) and 9.6.1(c), the Articles of this Agreement specified in the **Type of Reservation** element of a reservation do not apply to the non-conforming aspects of the law, regulation, or other measure identified in the **Measures** element of that reservation.
5. Where Canada maintains a measure that requires a service provider be a citizen, permanent resident, or resident of its territory as a condition to the provision of a service in its territory, a reservation for that measure taken with respect to Article 9.2 (National Treatment), 9.3 (Most-Favoured-Nation Treatment), 9.4 (Market Access) or 9.5 (Local Presence) shall operate as a reservation with respect to Article 8.3 (National Treatment), 8.4 (Most-Favoured-Nation Treatment), or 8.8 (Performance Requirements) to the extent of that measure.
6. For greater certainty, National Treatment (Article 9.2) and Local Presence (Article 9.5) are separate disciplines and a measure that is only inconsistent with Local Presence (Article 9.5) need not be reserved against National Treatment (Article 9.2).

7. For purposes of this Annex:

CPC means Central Product Classification (CPC) numbers as set out in Statistical Office of the United Nations, Statistical Papers, Series M, No.77, Provisional Central Product Classification, 1991; and

SIC means Standard Industrial Classification numbers as set out in Statistics Canada, Standard Industrial Classification, fourth edition, 1980.

ANNEX I**Schedule of Canada**

Sector:	All Sectors
Sub-sector:	
Industry Classification:	
Type of Reservation:	National Treatment (Article 8.3) Senior Management and Boards of Directors (Article 8.7) Performance Requirements (Article 8.8)
Measures:	<i>Investment Canada Act</i> , R.S.C. 1985, c. 28 (1st Supp.) <i>Investment Canada Regulations</i> , SOR/85-611, as qualified by paragraphs 8 through 12 of the Description element
Description:	Investment 1. Under the <i>Investment Canada Act</i> , the following acquisitions of Canadian businesses by a non-Canadian are subject to review by the Director of Investments: (a) a direct acquisition of a Canadian business with assets of Can\$5 million or more; (b) an indirect acquisition of a Canadian business with assets of Can\$50 million or more; and (c) an indirect acquisition of a Canadian business with assets between Can\$5 million and Can\$50 million that represent more than 50 percent of the value of the assets of all the entities the control of which is being acquired, directly or indirectly, in the transaction in question.

2. For the purposes of this reservation:

“non-Canadian” means an individual, government or agency thereof or an entity that is not Canadian; and

“Canadian” means a Canadian citizen or permanent resident, a government in Canada or agency thereof, or a Canadian-controlled entity as described in the *Investment Canada Act*.

3. In addition, the specific acquisition or establishment of a new business in designated types of business activities relating to Canada’s cultural heritage or national identity, which are normally notifiable, may be subject to review if the Governor-in-Council authorises a review in the public interest.

4. An investment subject to review under the *Investment Canada Act* may not be implemented unless the Minister responsible for the *Investment Canada Act* advises the applicant that the investment is likely to be of net benefit to Canada. This determination is made in accordance with 6 factors described in the Act, summarised as follows:

- (a) the effect of the investment on the level and nature of economic activity in Canada, including the effect on employment, on the use of parts, components and services produced in Canada and on exports from Canada;
- (b) the degree and significance of participation by Canadians in the investment;
- (c) the effect of the investment on productivity, industrial efficiency, technological development and product innovation in Canada;

- (d) the effect of the investment on competition within an industry or industries in Canada;
- (e) the compatibility of the investment with national industrial, economic and cultural policies, taking into consideration industrial, economic and cultural policy objectives enunciated by the government or legislature of any province likely to be significantly affected by the investment; and
- (f) the contribution of the investment to Canada's ability to compete in world markets.

5. In making a net benefit determination, the Minister, through the Director of Investments, may review plans under which the applicant demonstrates the net benefit to Canada of the proposed acquisition. An applicant may also submit undertakings to the Minister in connection with a proposed acquisition that is the subject of review. In the event that an applicant fails to comply with an undertaking, the Minister may seek a court order directing compliance or any other remedy authorised under the *Investment Canada Act*.

6. A non-Canadian who establishes or acquires a Canadian business, other than those that are subject to review as described above must notify the Director of Investments.

7. The Director of Investments will review an "acquisition of control", as defined in the *Investment Canada Act*, of a Canadian business by an investor of Korea if the value of the gross assets of the Canadian business is not less than the applicable threshold.

8. The higher review threshold, calculated as set out in paragraph 13, does not apply to an acquisition in the cultural businesses sector.

9. Notwithstanding the definition of “investor of a Party” in Article 8.45, only investors who are nationals of Korea or entities controlled by nationals of Korea as provided for in the *Investment Canada Act* may benefit from the higher review threshold.

10. An indirect “acquisition of control” of a Canadian business by an investor of Korea in a sector other than those sectors identified in paragraph 8 is not reviewable.

11. Notwithstanding Article 8.8 (Performance Requirements), Canada may impose requirements or enforce a commitment or undertaking in connection with the establishment, acquisition, expansion, conduct or operation of an investment of an investor of Korea or of a non-Party for the transfer of technology, production process or other proprietary knowledge to a national or enterprise, affiliated to the transferor, in Canada in connection with the review of an acquisition of an investment under the *Investment Canada Act*.

12. Except for requirements, commitments or undertakings relating to technology transfer as set out in paragraph 11 of this reservation, Article 8.8 (Performance Requirements) applies to requirements, commitments or undertakings imposed or enforced under the *Investment Canada Act*. Article 8.8 (Performance Requirements) shall not apply to any requirement, commitment or undertaking imposed or enforced in connection with a review under the *Investment Canada Act* to locate production, carry out research and development, employ or train workers, or construct or expand particular facilities, in Canada.

13. For an investor of Korea, the applicable threshold for review is Can\$354 million for 2014. In January of each subsequent year the amount will be determined by the Minister using the following formula:

Annual Adjustment =

Current Nominal GDP
at Market Prices

----- x amount determined
Previous Year Nominal GDP for previous year
at Market Prices

Current Nominal GDP at Market Prices means the average of the Nominal Gross Domestic Products at Market Prices for the most recent 4 consecutive quarters.

Previous Year Nominal GDP at Market Prices means the average of the Nominal Gross Domestic Products at Market Prices for the 4 consecutive quarters for the comparable period in the year preceding the year used in calculating the Current Nominal GDP at Market Prices.

For the above-mentioned purposes, the amounts will be rounded to the nearest million dollars.

Sector: All Sectors

Sub-sector:

Industry Classification:

Type of Reservation: National Treatment (Article 8.3)

Senior Management and Boards of Directors (Article 8.7)

Measures: As set out in the **Description** element.

Description: **Investment**

1. Canada or a province or territory, when selling or disposing of its equity interests in, or the assets of, an existing state enterprise or an existing governmental entity, may prohibit or impose limitations on the ownership of such interests or assets and on the ability of owners of such interests or assets to control a resulting enterprise by investors of Korea or of a non-party or their investments. With respect to such a sale or other disposition, Canada or a province or territory may adopt or maintain a measure relating to the nationality of senior management or members of the board of directors.

2. For the purposes of this reservation:

- (a) a measure adopted or maintained after the date of entry into force of this Agreement that, at the time of sale or other disposition, prohibits or imposes a limitation on the ownership of equity interests or assets or imposes a nationality requirement described in this reservation is an existing measure; and
- (b) **state enterprise** means an enterprise owned or controlled through ownership interests by Canada or a province or territory, and includes an enterprise established after the date of entry into force of this Agreement solely for the purposes of selling or disposing of equity interests in, or the assets of, an existing state enterprise or governmental entity.

Sector: All Sectors

Sub-sector:

Industry Classification:

Type of Reservation: National Treatment (Article 8.3)

Measures: *Canada Business Corporations Act*, R.S.C. 1985, c. C-44

Canada Business Corporations Regulations,
SOR/2001-512

Canada Cooperatives Act, S.C. 1998, c.1

Canada Cooperatives Regulations, SOR/99-256

Description: **Investment**

1. A corporation may place constraints on the issue, transfer and ownership of shares in a federally incorporated corporation. The object of those constraints is to permit a corporation to meet Canadian ownership or control requirements, under certain laws set out in the *Canada Business Corporations Regulations*, in sectors where Canadian ownership or control is required as a condition to receive licences, permits, grants, payments or other benefits. In order to maintain certain Canadian ownership levels, a corporation is permitted to sell shareholders' shares without the consent of those shareholders, and to purchase its own shares on the open market.

2. The *Canada Cooperatives Act* provides that constraints may be placed on the issue or transfer of investment shares of a cooperative to a person not resident in Canada, to permit cooperatives to meet Canadian ownership requirements to obtain a licence to carry on a business, to become a publisher of a Canadian newspaper or periodical or to acquire investment shares of a financial intermediary and in sectors where Canadian ownership or control is a required condition to receive licences, permits, grants, payments and other benefits. Where the ownership or control of investment shares would adversely affect the ability of a cooperative to maintain a level of Canadian ownership or control, the *Canada Cooperatives Act* provides for the limitation of the number of investment shares that may be owned or for the prohibition of the ownership of investment shares.

3. For the purposes of this reservation Canadian means “Canadian” as defined in the *Canada Business Corporations Regulations* or in the *Canada Cooperatives Regulations*.

Sector:	All Sectors
Sub-sector:	
Industry Classification:	
Type of Reservation:	Senior Management and Boards of Directors (Article 8.7)
Measures:	<p><i>Canada Business Corporations Act</i>, R.S.C. 1985, c. C-44</p> <p><i>Canada Business Corporations Regulations</i>, SOR/2001-512</p> <p><i>Canada Cooperatives Act</i>, S.C. 1998, c.1</p> <p><i>Canada Cooperatives Regulations</i>, SOR/99-256</p> <p><i>Canada Corporations Act</i>, R.S.C. 1970, c. C-32</p> <p>Special Acts of Parliament incorporating specific companies</p>
Description:	<p>Investment</p> <p>1. The <i>Canada Business Corporations Act</i> requires, for most federally incorporated corporations, that 25 percent of directors be resident Canadians and, if such corporations have fewer than four directors, at least one director must be a resident Canadian. As provided in the <i>Canada Business Corporations Regulations</i>, a simple majority of resident Canadian directors is required for corporations in the following sectors: uranium mining; book publishing or distribution; book sales, if the sale of books is the primary part of the corporation's business, and film or video distribution. Similarly, corporations that, by an Act of Parliament or Regulation, are individually subject to minimum Canadian ownership requirements are required to have a majority of resident Canadian directors.</p>

2. For the purposes of the *Canada Business Corporations Act*, **resident Canadian** means an individual who is a Canadian citizen ordinarily resident in Canada, a citizen who is a member of a class set out in the *Canada Business Corporations Regulations*, or a permanent resident as defined in the *Immigration and Refugee Protection Act* other than a permanent resident who has been ordinarily resident in Canada for more than 1 year after becoming eligible to apply for Canadian citizenship.

3. In the case of a holding corporation, not more than 1/3 of the directors need be resident Canadians if the earnings in Canada of the holding corporation and its subsidiaries are less than 5 percent of the gross earnings of the holding corporation and its subsidiaries.

4. The *Canada Cooperatives Act* requires that not less than two-thirds of the directors be members of the cooperative. At least 25 percent of directors of a cooperative must be resident in Canada; if a cooperative has only three directors, at least one director must be resident in Canada.

5. For the purposes of the *Canada Cooperatives Act*, a resident of Canada is defined in the *Canada Cooperatives Regulations* as an individual who is a Canadian citizen and who is ordinarily resident in Canada; a Canadian citizen who is ordinarily resident in Canada and who is a member of a class set out in the *Canada Cooperatives Regulations*, or a permanent resident as defined in the *Immigration and Refugee Protection Act* other than a permanent resident who has been ordinarily resident in Canada for more than one year after becoming eligible to apply for Canadian citizenship.

6. Under Part IV of the *Canada Corporations Act*, a simple majority of the elected directors of a Special Act corporation must be resident in Canada and citizens of a Commonwealth country. This requirement applies to every joint stock company incorporated subsequent to 22 June 1869 by any Special Act of Parliament.

Sector: All Sectors

Sub-sector:

Industry Classification:

Type of Reservation: National Treatment (Article 8.3)

Measures: *Citizenship Act*, R.S.C. 1985, c. C-29

Foreign Ownership of Land Regulations, SOR/79-416

Description: **Investment**

1. The *Foreign Ownership of Land Regulations* are made pursuant to the *Citizenship Act* and the *Agricultural and Recreational Land Ownership Act*, RSA 1980, c. A-9. In Alberta, an ineligible person or foreign-owned or -controlled corporation may only hold an interest in controlled land consisting of a maximum of 2 parcels containing, in the aggregate, a maximum of 20 acres.

2. For the purposes of this reservation:

ineligible person means:

- (a) a natural person who is not a Canadian citizen or permanent resident;
- (b) a foreign government or foreign government agency; or
- (c) a corporation incorporated in a country other than Canada;

controlled land means land in Alberta but does not include:

- (a) land of the Crown in right of Alberta;
- (b) land within a city, town, new town, village or summer village; and
- (c) mines or minerals.

Sector:	All Sectors
Sub-sector:	
Industry Classification:	
Type of Reservation:	National Treatment (Article 8.3)
Measures:	<i>Air Canada Public Participation Act</i> , R.S.C. 1985, c. 35 (4th Supp.) <i>Canadian Arsenals Limited Divestiture Authorization Act</i> , S.C. 1986, c. 20 <i>Eldorado Nuclear Limited Reorganization and Divestiture Act</i> , S.C. 1988, c. 41 <i>Nordion and Theratronics Divestiture Authorization Act</i> , S.C. 1990, c. 4
Description:	Investment 1. A “non-resident” or “non-residents” may not own more than a specified percentage of the voting shares of the corporation to which each Act applies. For some companies the restrictions apply to individual shareholders, while for others the restrictions may apply in the aggregate. If there are limits on the percentage that an individual Canadian investor can own, these limits also apply to non-residents. The restrictions are as follows: <ul style="list-style-type: none">• Air Canada: 25 percent in the aggregate;• Cameco Limited (formerly Eldorado Nuclear Limited): 15 percent per non-resident natural person, 25 percent in the aggregate;• Nordion International Inc.: 25 percent in the aggregate;• Theratronics International Limited: 49 percent in the aggregate; and• Canadian Arsenals Limited: 25 percent in the aggregate.

2. For the purposes of this reservation, “**non-resident**” includes:
- (a) a natural person who is not a Canadian citizen and not ordinarily resident in Canada;
 - (b) a corporation incorporated, formed or otherwise organised outside Canada;
 - (c) the government of a foreign State or a political subdivision of a government or foreign State , or a person empowered to perform a function or duty on behalf of such a government;
 - (d) a corporation that is controlled directly or indirectly by a person or an entity referred to in subparagraphs (a) through (c);
 - (e) a trust:
 - (i) established by a person or an entity referred to in subparagraphs (b) through (d), other than a trust for the administration of a pension fund for the benefit of natural persons the majority of whom are resident in Canada, or
 - (ii) in which a person or an entity referred to in subparagraphs (a) through (d) has more than 50 percent of the beneficial interest; and
 - (f) a corporation that is controlled directly or indirectly by a trust referred to in subparagraph (e).

Sector: All Sectors

Sub-sector:

Industry Classification:

Type of Reservation: Local Presence (Article 9.5)

Measure: *Export and Import Permits Act*, R.S.C. 1985, c. E-19

Description: **Cross-Border Trade in Services**

Only a natural person ordinarily resident in Canada, an enterprise with its head office in Canada or a branch office in Canada of a foreign enterprise may apply for and be issued an import or export permit or transit authorisation certificate for a good or related service subject to controls under the *Export and Import Permits Act*.

Sector:	Business Service Industries
Sub-sector:	Customs Brokers
Industry Classification:	SIC 7794 Customs Brokers CPC 749 Other supporting and auxiliary transport services
Type of Reservation:	National Treatment (Article 9.2) Local Presence (Article 9.5) Senior Management and Boards of Directors (Article 8.7)
Measures:	<i>Customs Act</i> , R.S.C. 1985, c. 1 (2 nd Supp.) <i>Customs Brokers Licensing Regulations</i> , SOR/86-1067
Description:	Cross-Border Trade in Services and Investment To be a licensed customs broker in Canada: <ul style="list-style-type: none">(a) a natural person must be a Canadian national;(b) a corporation must be incorporated in Canada with a majority of its directors being Canadian nationals; and(c) a partnership must be composed of persons who are Canadian nationals, or corporations incorporated in Canada with a majority of their directors being Canadian nationals.

Sector:	Business Service Industries
Sub-sector:	Duty Free Shops
Industry Classification:	SIC 6599 Other Retail Stores, Not Elsewhere Classified (limited to duty free shops) CPC 631, 632 (limited to duty-free shops)
Type of Reservation:	National Treatment (Articles 8.3 and 9.2) Local Presence (Article 9.5)
Measures:	<i>Customs Act</i> , R.S.C. 1985, c. 1 (2nd Supp.) <i>Duty Free Shop Regulations</i> , SOR/86-1072
Description:	Cross-Border Trade in Services and Investment 1. To be a licensed duty free shop operator at a land border crossing in Canada, a natural person must: (a) be a Canadian national; (b) be of good character; (c) be principally resident in Canada; and (d) have resided in Canada for at least 183 days of the year preceding the year of application for the licence. 2. To be a licensed duty free shop operator at a land border crossing in Canada, a corporation must: (a) be incorporated in Canada; and (b) have all of its shares beneficially owned by Canadian nationals who meet the requirements of paragraph 1.

Sector:	Business Service Industries
Sub-sector:	Examination Services relating to the Export and Import of Cultural Property
Industry Classification:	<p>SIC 999 Other Services, Not Elsewhere Classified (limited to cultural property examination services)</p> <p>CPC 96321 Museum services except for historical sites and buildings (limited to cultural property examination services)</p> <p>CPC 87909 Other business services n.e.c. (limited to cultural property examination services)</p>
Type of Reservation:	Local Presence (Article 9.5)
Measure:	<i>Cultural Property Export and Import Act</i> , R.S.C. 1985, c. C-51
Description:	<p>Cross-Border Trade in Services</p> <p>1. Only a resident of Canada or an institution in Canada may be designated as an expert examiner of cultural property for the purposes of the <i>Cultural Property Export and Import Act</i>.</p> <p>2. For the purposes of this reservation:</p> <p>institution means an entity that is publicly owned and operated solely for the benefit of the public, that is established for educational or cultural purposes and that conserves objects and exhibits them;</p> <p>resident of Canada means a natural person who is ordinarily resident in Canada, or a corporation that has its head office in Canada or maintains an establishment in Canada to which employees employed in connection with the business of the corporation ordinarily report for work.</p>

Sector:	Business Service Industries
Sub-sector:	Patent Agents
Industry Classification:	SIC 999 Other Services, Not Elsewhere Classified (limited to patent agency) CPC 8921 Patents
Type of Reservation:	National Treatment (Article 9.2) Local Presence (Article 9.5)
Measures:	<i>Patent Act</i> , R.S.C. 1985, c. P-4 <i>Patent Rules</i> , SOR/96-423
Description:	Cross-Border Trade in Services To represent a person in the prosecution of a patent application or in other business before the Patent Office, a patent agent must be resident in Canada and registered by the Patent Office.

Sector:	Business Service Industries
Sub-sector:	Trade-mark Agents
Industry Classification:	SIC 999 Other Services, Not Elsewhere Classified (limited to trade-mark agency) CPC 8922 Trademarks
Type of Reservation:	National Treatment (Article 9.2) Local Presence (Article 9.5)
Measures:	<i>Trade-marks Act</i> , R.S.C. 1985, c. T-13 <i>Trade-marks Regulations</i> , SOR/96-195; SOR/2007-91, s.1
Description:	Cross-Border Trade in Services To represent a person in the prosecution of an application for a trade-mark or in other business before the Trade-Mark Office, a trade-mark agent must be resident in Canada and registered by the Trade-marks Office.

Sector:	Energy
Sub-sector:	Oil and Gas
Industry Classification:	SIC 071 Crude Petroleum and Natural Gas Industries CPC 883 Services incidental to mining
Type of Reservation:	National Treatment (Article 8.3)
Measures:	<i>Canada Petroleum Resources Act</i> , R.S.C. 1985, c. 36 (2 nd Supp.) <i>Territorial Lands Act</i> , R.S.C. 1985, c. T-7 <i>Federal Real Property and Federal Immovables Act</i> , S.C. 1991, c. 50 <i>Canada-Newfoundland Atlantic Accord Implementation Act</i> , S.C. 1987, c. 3 <i>Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act</i> , S.C. 1988, c. 28
Description:	Investment 1. This reservation applies to production licences issued for “frontier lands” and “offshore areas” (areas not under provincial jurisdiction) as defined in the applicable measures. 2. A person who holds an oil and gas production licence or shares therein must be a corporation incorporated in Canada.

Sector:	Energy
Sub-sector:	Oil and Gas
Industry Classification:	SIC 071 Crude Petroleum and Natural Gas Industries CPC 883 Services incidental to mining
Type of Reservation:	Performance Requirements (Article 8.8) Local Presence (Article 9.5)
Measures:	<i>Canada Oil and Gas Production and Conservation Act</i> , R.S.C. 1985, c. O-7, as amended by the <i>Canada Oil and Gas Operations Act</i> , S.C. 1992, c. 35 <i>Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act</i> , S.C. 1988, c. 28 <i>Canada-Newfoundland Atlantic Accord Implementation Act</i> , S.C. 1987, c. 3 Measures implementing the Canada-Yukon Oil and Gas Accord, including the <i>Canada-Yukon Oil and Gas Accord Implementation Act</i> , 1998, c.5, s. 20 and the <i>Oil and Gas Act</i> , RSY 2002, c. 162 Measures implementing the Northwest Territories Oil and Gas Accord, including implementing measures that apply to or are adopted by Nunavut as the successor territories to the former Northwest Territories Measures implementing the Canada-Quebec Gulf of St. Lawrence Petroleum Resources Accord
Description:	Cross-Border Trade in Services and Investment 1. Under the <i>Canada Oil and Gas Operations Act</i> , a “benefits plan” must be approved by the Minister in order to be authorised to proceed with an oil and gas development project.

2. A “benefits plan” is a plan for the employment of Canadians and for providing Canadian manufacturers, consultants, contractors and service companies with a full and fair opportunity to participate on a competitive basis in the supply of goods and services used in proposed work or activity referred to in the benefits plan.

3. The benefits plan contemplated by the *Canada Oil and Gas Operations Act* permits the Minister to impose on the applicant an additional requirement to ensure that disadvantaged individuals or groups have access to training and employment opportunities or can participate in the supply of goods and services used in proposed work referred to in the benefits plan.

4. Provisions continuing those set out in the *Canada Oil and Gas Operations Act* are included in laws which implement the *Canada-Yukon Oil and Gas Accord*.

5. Provisions continuing those set out in the *Canada Oil and Gas Operations Act* will be included in laws or regulations to implement the Northwest Territories Oil and Gas Accord and the Canada-Quebec Gulf of St. Lawrence Petroleum Resources Accord. For the purposes of this reservation these accords shall be deemed, once concluded, to be existing measures.

6. The *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act* and the *Canada-Newfoundland Atlantic Accord Implementation Act* have the same requirement for a benefits plan but also require that the benefits plan ensures that:

- (a) the corporation or other body submitting the plan establishes in the applicable province an office where appropriate levels of decision-making are to take place, prior to carrying out work or an activity in the offshore area;

- (b) expenditures be made for research and development to be carried out in the province, and for education and training to be provided in the province; and
- (c) first consideration be given to goods produced or services provided from within the province, where those goods or services are competitive in terms of fair market price, quality and delivery.

7. The Boards administering the benefits plan under these Acts may also require that the plan include provisions to ensure that disadvantaged individuals or groups, or corporations owned or cooperatives operated by them, participate in the supply of goods and services used in proposed work or activity referred to in the plan.

8. In addition, Canada may impose a requirement or enforce a commitment or undertaking for the transfer of technology, a production process or other proprietary knowledge to a person of Canada in connection with the approval of development projects under the applicable Acts.

Sector:	Energy
Sub-sector:	Oil and Gas
Industry Classification:	SIC 071 Crude Petroleum and Natural Gas Industries CPC 883 Services incidental to mining
Type of Reservation:	Performance Requirements (Article 8.8)
Measures:	<i>Canada-Newfoundland Atlantic Accord Implementation Act, S.C. 1987, c. 3</i> <i>Hibernia Development Project Act, S.C. 1990, c. 41</i>
Description:	Investment 1. Under the <i>Hibernia Development Project Act</i> , Canada and the Hibernia Project Owners may enter into agreements. Those agreements may require the Project Owners to undertake to perform certain work in Canada and Newfoundland and to use their best efforts to achieve specific Canadian and Newfoundland target levels in relation to the provisions of a “benefits plan” required under the <i>Canada-Newfoundland Atlantic Accord Implementation Act</i> . “Benefits plans” are further described in the Schedule of Canada, Annex I at pages I-C-21-23. 2. In addition, Canada may impose in connection with the Hibernia project a requirement or enforce a commitment or undertaking for the transfer of technology, a production process or other proprietary knowledge to a national or enterprise in Canada.

Sector:	Energy
Sub-sector:	Uranium
Industry Classification:	SIC 0616 Uranium Mines CPC 883 Services incidental to mining
Type of Reservation:	National Treatment (Article 8.3) Most-Favoured-Nation Treatment (Article 8.4)
Measures:	<i>Investment Canada Act</i> , R.S.C. 1985, c. 28 (1 st Supp.) <i>Investment Canada Regulations</i> , SOR/85-611 <i>Non-Resident Ownership Policy in the Uranium Mining Sector</i> , 1987
Description:	<p>Investment</p> <ol style="list-style-type: none"> Ownership by “non-Canadians”, as defined in the <i>Investment Canada Act</i>, of a uranium mining property is limited to 49 percent at the stage of first production. Exceptions to this limit may be permitted if it can be established that the property is in fact “Canadian controlled” as defined in the <i>Investment Canada Act</i>. Exemptions from the policy are permitted, subject to approval of the Governor-in-Council, only in cases where Canadian participants in the ownership of the property are not available. Investments in properties by non-Canadians, made prior to December 23, 1987 and that are beyond the permitted ownership level, may remain in place. An increase in non-Canadian ownership is not permitted.

Sector:	Professional, Technical and Specialized Services
Sub-sector:	Professional Services
Industry Classification:	CPC 862 Auditing Services
Type of Reservation:	National Treatment (Article 9.2) Most-Favoured-Nation Treatment (Article 9.3) Local Presence (Article 9.5)
Measures:	<i>Bank Act</i> , S.C. 1991, c. 46 <i>Insurance Companies Act</i> , S.C. 1991, c. 47 <i>Cooperative Credit Associations Act</i> , S.C. 1991, c. 48 <i>Trust and Loan Companies Act</i> , S.C. 1991, c. 45
Description:	Cross-Border Trade in Services 1. Banks are required to have a firm of accountants to be auditors of the bank. A firm of accountants must be qualified as set out in the <i>Bank Act</i> . Among the qualifications required is that two or more members of the firm must be ordinarily resident in Canada and that the member of the firm jointly designated by the firm and the bank to conduct the audit must be ordinarily resident in Canada.

2. An insurance company, a cooperative credit association, and a trust or loan company require an auditor who can either be a natural person or a firm of accountants. An auditor of such an institution must be qualified as set out in the *Insurance Companies Act*, the *Cooperative Credit Associations Act* or the *Trust and Loan Companies Act*, as the case may be. In the case where a natural person is appointed to be the auditor of such a financial institution, among the qualifications required is that the person must be ordinarily resident in Canada. In the case where a firm of accountants is appointed to be the auditor of such a financial institution, the member of the firm jointly designated by the firm and the financial institution to conduct the audit must be ordinarily resident in Canada.

Sector:	Transportation
Sub-sector:	Air Transportation
Industry Classification:	CPC 73 Air Transport Services (passenger and freight) Specialty air services, as set out in the Description section below CPC 7512 Courier Services
Type of Reservation:	National Treatment (Article 9.3)
Measures:	<i>Canada Transportation Act</i> , S.C. 1996, c. 10 <i>Aeronautics Act</i> , R.S.C. 1985, c. A-2 <i>Canadian Aviation Regulations</i> , SOR/96-433: Part II, Subpart 2 “Aircraft Markings & Registration”; Part IV “Personnel Licensing & Training”; and Part VII “Commercial Air Services”.
Description:	Investment The <i>Canada Transportation Act</i> , in Section 55, defines “Canadian” in the following manner: “... ‘Canadian’ means a Canadian citizen or a permanent resident within the meaning of the <i>Immigration and Refugee Protection Act</i> , a government in Canada or an agent of such a government or a corporation or other entity that is incorporated or formed under the laws of Canada or a province or territory, that is controlled in fact by Canadians and of which at least seventy-five per cent, or such lesser percentage as the Governor in Council may by regulation specify, of the voting interests are owned and controlled by Canadians...”

Regulations made under the *Aeronautics Act* incorporate by reference the definition of “Canadian” found in the *Canada Transportation Act*. These Regulations require that a Canadian operator of commercial air services operate Canadian-registered aircraft. These regulations require an operator to be Canadian in order to obtain a Canadian Air Operator Certificate and to qualify to register aircraft as “Canadian”.

Only “Canadians” may provide the following commercial air transportation services:

- (a) “domestic services” (air services between points, or from and to the same point, in the territory of Canada, or between a point in the territory of Canada and a point not in the territory of another country);
- (b) “scheduled international services” (scheduled air services between a point in the territory of Canada and a point in the territory of another country) where those services have been reserved to Canadian carriers under existing or future air services agreements;
- (c) “non-scheduled international services” (non-scheduled air services between a point in the territory of Canada and a point in the territory of another country) where those services have been reserved to Canadian carriers under the *Canada Transportation Act*;
- (d) “specialty air services” (include, but are not limited to: aerial mapping, aerial surveying, aerial photography, forest fire management, fire-fighting, aerial advertising, glider towing, parachute jumping, aerial construction, heli-logging, aerial inspection, aerial surveillance, flight training, aerial sightseeing and aerial crop spraying).

No foreign individual is qualified to be the registered owner of a Canadian-registered aircraft.

Further to the *Canadian Aviation Regulations*, a corporation incorporated in Canada, but that does not meet the Canadian ownership and control requirements, may only register an aircraft for private use where a significant majority of use of the aircraft (at least 60 percent) is in Canada.

The *Canadian Aviation Regulations* also have the effect of limiting foreign-registered private aircraft registered to “non-Canadian” corporations to be present in Canada for a maximum of 90 days per twelve-month period. Such foreign-registered private aircraft would be limited to private use, as would be the case for Canadian-registered aircraft requiring a private operating certificate.

Sector:	Transportation
Sub-sector:	Air Transportation
Industry Classification:	Not CPC defined. Aircraft repair and maintenance services , as defined in Article 9.12 (Definitions)
Type of Reservation:	Local Presence (Article 9.5)
Measures:	<i>Aeronautics Act</i> , R.S.C. 1985, c. A-2 <i>Canadian Aviation Regulations</i> , SOR/96-433: Part IV “Personnel Licensing & Training”; Part V “Airworthiness”; Part VI “General Operating & Flight Rules”; and Part VII “Commercial Air Services”.
Description:	Cross-Border Trade in Services Aircraft and other aeronautical product repair, overhaul or maintenance activities required to maintain the airworthiness of Canadian-registered aircraft and other aeronautical products must be performed by persons meeting Canadian aviation regulatory requirements (that is, approved maintenance organisations and aircraft maintenance engineers). Certifications are not provided for persons located outside Canada, except sub-organisations of approved maintenance organisations that are themselves located in Canada.

Sector:	Transportation
Sub-sector:	Land Transportation
Industry Classification:	<p>SIC 456 Truck Transport Industries</p> <p>SIC 4572 Interurban and Rural Transit Systems Industry</p> <p>SIC 4573 School Bus Operations Industry</p> <p>SIC 4574 Charter and Sightseeing Bus Services Industry</p> <p>CPC 7121 Other scheduled passenger transportation by land other than by railway</p> <p>CPC 7122 Other non-scheduled passenger transportation by land other than by railway</p> <p>CPC 7123 Freight transportation by land other than by railway</p> <p>CPC 7512 Courier Services</p>
Type of Reservation:	<p>National Treatment (Article 9.2)</p> <p>Local Presence (Article 9.5)</p>
Measures:	<p><i>Motor Vehicle Transport Act</i>, R.S.C. 1985, c. 29 (3rd Supp.), as amended by S.C. 2001, c. 13</p> <p><i>Canada Transportation Act</i>, S.C. 1996, c. 10</p> <p><i>Customs Tariff</i>, 1997, c. 36</p>
Description:	<p>Cross-Border Trade in Services</p> <p>Only persons of Canada using Canadian-registered and either Canadian built or duty-paid trucks or buses, may provide truck or bus services between points in the territory of Canada.</p>

Sector:	Transportation
Sub-sector:	Water Transportation
Industry Classification:	SIC 4541 Freight and Passenger Water Transport Industry SIC 4542 Ferry Industry SIC 4543 Marine Towing Industry SIC 4549 Other Water Transport Industries SIC 4553 Marine Salvage Industry SIC 4559 Other Service Industries Incidental to Water Transport CPC 721 Transport services (passenger and freight) by sea-going vessels CPC 722 Transport services (passenger and freight) by non-sea-going vessels CPC 745 Supporting services for water transport CPC 5133/5223 Construction for waterways, harbours, dams and other water works Any other commercial marine activity undertaken from a vessel
Type of Reservation:	National Treatment (Articles 8.3 and 9.2) Local Presence (Article 9.5)
Measure:	<i>Canada Shipping Act, 2001</i> , S.C. 2001, c. 26

Description: Cross-Border Trade in Services and Investment

1. To register a vessel in Canada, the owner of that vessel or the person who has exclusive possession of that vessel must be:
 - (a) a Canadian citizen or a permanent resident within the meaning of subsection 2(1) of the *Immigration and Refugee Protection Act*;
 - (b) a corporation incorporated under the domestic law of Canada or a province or territory; or
 - (c) when the vessel is not already registered in another country, a corporation incorporated under the laws of a country other than Canada if one of the following is acting with respect to all matters relating to the vessel, namely:
 - (i) a subsidiary of the corporation that is incorporated under the domestic law of Canada or a province or territory,
 - (ii) an employee or director in Canada of a branch office of the corporation that is carrying on business in Canada, or
 - (iii) a ship management company incorporated under the domestic law of Canada or a province or territory.
2. A vessel registered in a foreign country which has been bareboat chartered may be listed in Canada for the duration of the charter while the vessel's registration is suspended in its country of registry, if the charterer is:
 - (a) a Canadian citizen or permanent resident as defined in subsection 2(1) of the *Immigration and Refugee Protection Act*; or
 - (b) a corporation incorporated under the domestic law of Canada or a province or territory.

Sector:	Transportation
Sub-sector:	Water Transportation
Industry Classification:	<p>SIC 4541 Freight and Passenger Water Transport Industry</p> <p>SIC 4542 Ferry Industry</p> <p>SIC 4543 Marine Towing Industry</p> <p>SIC 4549 Other Water Transport Industries</p> <p>SIC 4553 Marine Salvage Industry</p> <p>SIC 4554 Piloting Service, Water Transport Industry</p> <p>SIC 4559 Other Service Industries Incidental to Water Transport</p> <p>CPC 721 Transport services by sea-going vessels</p> <p>CPC 722 Transport services by non-sea-going vessels</p> <p>CPC 745 Supporting services for water transport</p> <p>CPC 5133/5223 Construction for waterways, harbours, dams and other water works</p> <p>Any other commercial marine activity undertaken from a vessel</p>
Type of Reservation:	<p>National Treatment (Article 9.2)</p> <p>Local Presence (Article 9.5)</p>
Measures:	<p><i>Canada Shipping Act, 2001</i>, S.C. 2001, c. 26</p> <p><i>Marine Personnel Regulations</i>, SOR/2007-115</p>
Description:	<p>Cross-Border Trade in Services</p> <p>Masters, mates, engineers and certain other seafarers must hold certificates granted by the Minister of Transport as a requirement of service on Canadian-registered vessels. Such certificates may be granted only to Canadian citizens or permanent residents.</p>

Sector:	Transportation
Sub-sector:	Water Transportation
Industry Classification:	SIC 4554 Piloting Service, Water Transport Industry CPC 74520 Pilotage and berthing services
Type of Reservation:	National Treatment (Article 9.2) Local Presence (Article 9.5)
Measures:	<i>Pilotage Act</i> , R.S.C. 1985, c. P-14 <i>General Pilotage Regulations</i> , SOR/2000-132 <i>Atlantic Pilotage Authority Regulations</i> , C.R.C., c. 1264 <i>Laurentian Pilotage Authority Regulations</i> , C.R.C., c. 1268 <i>Great Lakes Pilotage Regulations</i> , C.R.C., c. 1266 <i>Pacific Pilotage Regulations</i> , C.R.C., c. 1270
Description:	Cross-Border Trade in Services Subject to the Schedule of Canada, Annex II, at pages II-C-12-13, a licence or a pilotage certificate issued by the relevant regional Pilotage Authority is required to provide pilotage services in the compulsory pilotage waters of the territory of Canada. Only a Canadian citizens or permanent residents may obtain such a licence or pilotage certificate. A permanent resident of Canada who has been issued a pilot's licence or pilotage certificate must become a Canadian citizen within 5 years of receipt of such licence or pilotage certificate in order to retain it.

Sector:	Transportation
Sub-sector:	Water Transportation
Industry Classification:	SIC 454 Water Transport Industry CPC 721 Transportation services by sea-going vessels CPC 722 Transportation services by non-sea-going vessels
Type of Reservation:	Local Presence (Article 9.5)
Measure:	<i>Shipping Conferences Exemption Act, 1987, R.S.C. 1985, c. 17 (3rd Supp.)</i>
Description:	Cross-Border Trade in Services Members of a shipping conference must maintain jointly an office or agency in the region of Canada where they operate. A shipping conference is an association of ocean carriers that has the purpose or effect of regulating rates and conditions for the transportation by those carriers of goods by water.

Sector:	Transportation
Sub-sector:	Water Transportation
Industry Classification:	SIC 4541 Freight and Passenger Water Transport Industry SIC 4542 Ferry Industry SIC 4543 Marine Towing Industry CPC 721 Transportation services by sea-going vessels CPC 722 Transportation services by non-sea-going vessels
Type of Reservation:	Most-Favoured-Nation Treatment (Article 9.3)
Measure:	<i>Coasting Trade Act</i> , S.C. 1992, c. 31
Description:	Cross-Border Trade in Services The prohibitions under the <i>Coasting Trade Act</i> , set out in Schedule of Canada, Annex II, at pages II-C-9-11, do not apply to a vessel that is owned by the U.S. Government when used solely for the purpose of transporting goods owned by the U.S. Government from the territory of Canada to supply Distant Early Warning sites.

Sector:	Communications
Sub-sector:	Telecommunications Transport Networks and Services Radiocommunication
Industry Classification:	CPC 752 Telecommunications Services
Type of Reservation:	National Treatment (Article 8.3) Senior Management and Boards of Directors (Article 8.7)
Measures:	<i>Telecommunications Act, S.C. 1993, c. 38</i> <i>Canadian Telecommunications Common Carrier Ownership and Control Regulations, SOR/94-667</i> <i>Radiocommunication Act, R.S.C., 1985, c. R-2</i> <i>Radiocommunication Regulations, SOR/96-484</i>
Description:	Investment 1. Canada reserves the right to adopt or maintain a measure: (a) limiting foreign investment in facilities-based telecommunications service suppliers, provided that the measure adopted or maintained by Canada does not limit foreign investment to less than a cumulative total of 46.7 percent of voting interest, based on 20 percent direct investment and 33.3 percent indirect investment; (b) requiring that facilities-based telecommunications service suppliers be controlled in fact by a Canadian; (c) requiring that at least 80 percent of the members of the board of directors of facilities-based telecommunications service suppliers be Canadian; and

2. The following exceptions apply to this reservation:
 - (a) foreign investment is allowed up to 100 percent for suppliers conducting operations under an international submarine cable licence;
 - (b) mobile satellite systems of a foreign service supplier may be used by a Canadian service provider to provide services in Canada;
 - (c) fixed satellite systems of a foreign service supplier may be used to provide services between points in Canada and all points outside Canada;
 - (d) foreign investment is allowed up to 100 percent for suppliers conducting operations under a satellite authorisation; and
 - (e) foreign investment is allowed up to 100 percent for facilities-based telecommunications service suppliers that have revenues, including those of its affiliates, from the provision of telecommunications services in Canada representing less than 10 percent of the total telecommunications services annual revenues in Canada.

Sector:	All Sectors
Sub-sector:	
Industry Classification:	
Type of Reservation:	National Treatment (Articles 8.3 and 9.2) Most-Favoured Nation Treatment (Articles 8.4 and 9.3) Local Presence (Article 9.5) Senior Management and Boards of Directors (Article 8.7) Performance Requirements (Article 8.8)
Measure:	All existing non-conforming measures of all provinces and territories.
Description:	Cross-Border Trade in Services and Investment For purposes of transparency only, Appendix I-A sets out an illustrative, non-binding list of non-conforming measures maintained at the sub-national level of government.

Appendix I-A

Illustrative List of Canada's Sub-National Non-conforming Measures¹

Sector	Non-conforming measure by jurisdiction
Accounting, auditing and bookkeeping services	<u>Residency</u> : Saskatchewan, British Columbia, Ontario, Nova Scotia, Quebec, Prince Edward Island, Newfoundland & Labrador, Manitoba, Alberta. <u>Local Presence</u> : Saskatchewan, Newfoundland & Labrador, Manitoba, Ontario
Architectural services	<u>Residency</u> : Nova Scotia, Newfoundland & Labrador <u>Corporate Form</u> : Prince Edward Island requires non-resident firms to maintain a higher percentage of practitioners in a partnership
Engineering services and integrated engineering services	<u>Residency</u> : Saskatchewan, British Columbia, Ontario, New Brunswick, Alberta
Urban planning and landscape architecture services	<u>Residency</u> : Newfoundland & Labrador, Saskatchewan
Real estate services	<u>Residency</u> : Alberta, Quebec, Yukon, Manitoba, British Columbia, Nova Scotia, Prince Edward Island, Newfoundland & Labrador. <u>Local Presence</u> : Saskatchewan, Ontario, Nova Scotia, Prince Edward Island, Newfoundland & Labrador, Alberta
Management consulting services	<u>Residency</u> : Newfoundland & Labrador

¹ This document is provided for transparency purposes only, and is neither exhaustive nor binding. The information contained in this document is drawn from Canada's May 2005 Revised Conditional Offer on Services (TN/S/O/CAN/Rev.1, 12 May 2005).

Sector	Non-conforming measure by jurisdiction
Toll refining	<u>Performance Requirement</u> : Ontario requires treatment or refinement of base metals in Canada
Placement and supply services of personnel	<u>Local Presence</u> : Ontario
Investigation and security services	<u>Senior Managers and Board of Directors</u> : Newfoundland & Labrador. <u>Local Presence</u> : Ontario
Related scientific and technical consulting services	<u>Residency</u> : Ontario, British Columbia, Newfoundland & Labrador <u>Citizenship</u> : British Columbia, Manitoba. <u>Local Presence</u> : Saskatchewan. <u>Training Requirement</u> : Ontario requires training to be completed in province for accreditation for land surveyors
Other business services	<u>Residency</u> : Saskatchewan, Ontario, Nova Scotia. <u>Local Presence</u> : Saskatchewan, Newfoundland & Labrador, Nova Scotia, Prince Edward Island.
Distribution services	<u>Citizenship</u> : Quebec. <u>Local Presence</u> : Quebec, Saskatchewan, Newfoundland & Labrador, Nova Scotia, British Columbia, Ontario. <u>Economic Needs Test</u> : Prince Edward Island
Tourism and travel related services	<u>Residency</u> : Alberta, British Columbia, Ontario <u>Residency/Citizenship</u> : Alberta, Saskatchewan, Nova Scotia, Newfoundland & Labrador, Quebec <u>Local Presence</u> : Ontario, Quebec. <u>Taxation</u> : Ontario requires non-residents to pay 20 percent land transfer tax

Sector	Non-conforming measure by jurisdiction
Road transport services (Passenger transportation)	<u>Economic Need Test</u> : British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, Newfoundland & Labrador, Nunavut, Northwest Territories
Road transport services (Freight transportation)	<u>Local Presence</u> : Quebec <u>Economic Need Test</u> : Saskatchewan, Newfoundland & Labrador

ANNEX I**Reservations for Existing Measures****Schedule of Korea – Explanatory Notes**

1. Korea's Schedule to this Annex sets out, pursuant to Articles 8.9.1 and 9.6.1, Korea's existing measures that do not conform with some or all of the obligations imposed by:
 - (a) Article 8.3 (National Treatment) or 9.2 (National Treatment);
 - (b) Article 8.4 (Most-Favoured-Nation Treatment) or 9.3 (Most-Favoured-Nation Treatment);
 - (c) Article 8.7 (Senior Management and Boards of Directors);
 - (d) Article 8.8 (Performance Requirements);
 - (e) Article 9.4 (Market Access); or
 - (f) Article 9.5 (Local Presence).
2. Each entry sets out the following elements:
 - (a) **Sector** refers to the sector for which the entry is made;
 - (b) **Obligations Concerned** specifies the Articles referred to in paragraph 1 that, pursuant to Articles 8.9.1(a) and 9.6.1(a), do not apply to the non-conforming aspects of the law, regulation, or other measure, as set out in paragraph 3;
 - (c) **Measures**¹ identifies the laws, regulations, or other measures for which the entry is made. A measure cited in the Measures element:
 - (i) means the measure as amended, continued, or renewed as of the date of entry into force of this Agreement; and
 - (ii) includes any subordinate measure adopted or maintained under the authority of and consistent with the measure; and

¹ For greater certainty, a change in the level of government at which a measure is administered or enforced does not, by itself, decrease the conformity of the measure with the obligations referred to in Articles 8.9.1 and 9.6.1.

- (d) **Description** sets out commitments, if any, for liberalisation on the date of entry into force of this Agreement, and the remaining non-conforming aspects of the measure for which the entry is made.

3. In the interpretation of an entry, all elements of the entry shall be considered. An entry shall be interpreted in light of the relevant Articles of the Chapters against which the entry is made. To the extent that:

- (a) the **Measures** element is qualified by a liberalisation commitment from the **Description** element, the **Measures** element as so qualified shall prevail over all other elements; and
- (b) the **Measures** element is not so qualified, the **Measures** element shall prevail over all other elements, unless any discrepancy between the **Measures** element and the other elements considered in their totality is so substantial and material that it would be unreasonable to conclude that the **Measures** element should prevail, in which case the other elements shall prevail to the extent of that discrepancy.

4. In accordance with Articles 8.9.1(a) and 9.6.1(a), and subject to Articles 8.9.1(c) and 9.6.1(c), the Articles of this Agreement specified in the **Obligations Concerned** element of an entry do not apply to the non-conforming aspects of the law, regulation, or other measure identified in the **Measures** element of that entry.

5. If Korea maintains a measure that requires that a service provider be a citizen, permanent resident, or resident of its territory as a condition to the provision of a service in its territory, a Schedule entry for that measure taken with respect to Article 9.2 (National Treatment), 9.3 (Most-Favoured-Nation Treatment), or 9.5 (Local Presence) shall operate as a Schedule entry with respect to Article 8.3 (National Treatment), 8.4 (Most-Favoured-Nation Treatment), or 8.8 (Performance Requirements) to the extent of that measure.

6. For greater certainty, National Treatment (Article 9.2) and Local Presence (Article 9.5) are separate disciplines and a measure that is only inconsistent with Local Presence (Article 9.5) need not be reserved against National Treatment (Article 9.2).

ANNEX I

Schedule of Korea

1. Sector:	Construction Services
Obligations Concerned:	Local Presence (Article 9.5)
Measures:	<p><i>Framework Act on the Construction Industry</i> (Law No. 12012, 6 August 2013), Articles 9 and 10</p> <p><i>Enforcement Decree of the Framework Act on the Construction Industry</i> (Presidential Decree No. 24616, 17 June 2013), Article 13</p> <p><i>Enforcement Regulations of the Framework Act on the Construction Industry</i> (Ordinance of the Ministry of Land, Infrastructure and Transport No.10, 17 June 2013), Articles 2 and 3</p> <p><i>Information and Communication Construction Business Act</i> (Law No. 11690, 23 March 2013), Article 14</p> <p><i>Fire Fighting System Installation Business Act</i> (Law No. 11782, 22 May 2013), Articles 4 and 5</p> <p><i>Enforcement Decree of the Fire Fighting System Installation Business Act</i> (Presidential Decree No. 24417, 23 March 2013), Article 2 (Table 1)</p> <p><i>Enforcement Regulations of the Fire Fighting System Installation Business Act</i> (Ordinance of the Ministry of Security and Public Administration No. 3, 23 March 2013), Article 2</p>
Description:	<p>Cross-Border Trade in Services</p> <p>A person that supplies construction services in Korea must, prior to the signing of the first contract related to such services, establish an office in Korea.</p>

2. Sector:	Leasing, Rental, Maintenance, Repair, Sales, and Disposal Services Related to Construction Machinery and Equipment
Obligations Concerned:	Local Presence (Article 9.5)
Measures:	<p><i>Construction Machinery Management Act</i> (Law No. 11919, 16 July 2013), Article 21</p> <p><i>Enforcement Decree of the Construction Machinery Management Act</i> (Presidential Decree No. 24443, 23 March 2013), Articles 13, 14, 15, and 15-2</p> <p><i>Enforcement Regulations of the Construction Machinery Management Act</i> (Ordinance of the Ministry of Land, Infrastructure and Transport No. 1, 23 March 2013), Articles 57 through 63, 65-2, and 65-3</p>
Description:	<p>Cross-Border Trade in Services</p> <p>A person that supplies leasing, rental, maintenance, repair, sales, and disposal services related to construction machinery and equipment must establish an office in Korea.</p>

3. Sector:	Transportation Services – Automobile Maintenance, Repair, Sales, Disposal, and Inspection Services; Automobile License Plate Issuing Services
Obligations Concerned:	Market Access (Article 9.4) Local Presence (Article 9.5)
Measures:	<i>Automobile Management Act</i> (Law No. 11929, July 16, 2013), Articles 20, 44, 44-2, 45, 45-2 and 53 <i>Enforcement Regulations of the Automobile Management Act</i> (Ordinance of the Ministry of Land, Infrastructure and Transport No. 24, 6 September 2013), Articles 7, 8, 83, 87, and 111 <i>Rule on Enforcement of Comprehensive Inspection of Automobiles, Etc.</i> (Ordinance of the Ministry of Land, Infrastructure and Transport No. 1, 23 March 2013), Article 16
Description:	Cross-Border Trade in Services A person that supplies automobile management services (which includes used car sales, maintenance, auto dismantling, and recycling services) must establish an office in Korea and obtain authorisation from the head of the <i>si/gun/gu</i> (municipal authorities), which is subject to an economic needs test, as appropriate. A person that supplies automobile inspection services that is designated as a “designated repair facility” must establish an office in Korea. A person that supplies license plate manufacturing, delivery, and seal services that is designated as a “license plate issuing agency” must establish an office in Korea.

4. Sector:	Distribution Services – Wholesale and Retail Distribution of Tobacco and Liquor
Obligations Concerned:	Market Access (Article 9.4) Local Presence (Article 9.5)
Measures:	<i>Tobacco Business Act</i> (Law No. 11690, 23 March 2013), Articles 12, 13, and 16 <i>Enforcement Decree of the Tobacco Business Act</i> (Presidential Decree No. 24519, 26 April 2013), Articles 4 and 5 <i>Enforcement Regulations of the Tobacco Business Act</i> (Ordinance of the Ministry of Strategy and Finance No. 131, 3 March 2010), Articles 5, 7, and 7-3 <i>Liquors Act</i> (Law No. 11873, 7 June 2013), Articles 8 through 10 <i>Enforcement Decree of the Liquors Act</i> (Presidential Decree No. 24638, 28 June 2013), Article 9 <i>Notice on Sales of Liquor by Telecommunication Means</i> (Notice of the National Tax Service No. 2012-68, 1 October 2012) <i>Notice on Designation of Zone for Liquor License</i> (Notice of the National Tax Service No. 2013-15, 1 April 2013)
Description:	Cross-Border Trade in Services A person that supplies tobacco wholesale (including importation) or retail distribution services must establish an office in Korea. Only designated tobacco retailers may sell tobacco to retail buyers. The sale of tobacco to retail buyers by mail or in electronic commerce is prohibited. The distance between places of business of tobacco retailers must be at least 50 meters.

A person that supplies liquor wholesale distribution services must establish an office in Korea and obtain authorisation from the head of the relevant tax office, which is subject to an economic needs test.

The sale of liquor by telephone or in electronic commerce is prohibited.

5. Sector:	Agriculture and Livestock
Obligations Concerned:	National Treatment (Article 8.3)
Measures:	<p><i>Foreign Investment Promotion Act</i> (Law No. 11535, 11 December 2012), Article 4</p> <p><i>Enforcement Decree of the Foreign Investment Promotion Act</i> (Presidential Decree No. 24638, 28 June 2013), Article 5</p> <p><i>Regulations on Foreign Investment and Introduction of Technology</i> (Notice of the Ministry of Trade, Industry and Energy, No. 2013-37, 30 May 2013), Attached table 2</p>
Description:	<p>Investment</p> <p>Foreign persons shall not:</p> <ul style="list-style-type: none">(i) invest in an enterprise engaged in rice or barley farming; or(ii) hold 50 percent or more of the equity interest in an enterprise engaged in beef cattle farming.

6. Sector: Business Services – *An-gyung-sa* (Optician and Optometry) Services

Obligations Concerned: Market Access (Article 9.4)

Local Presence (Article 9.5)

Measures: *Medical Technicians Act* (Law No. 11860, 4 June 2013), Article 12

Enforcement Regulations of the Medical Technicians Act (Ordinance of the Ministry of Health and Welfare No. 193, 17 April 2013), Article 15

Description: **Cross-Border Trade in Services**

Only a natural person that is a licensed *an-gyung-sa* (optician or optometrist) that has established an office in Korea may engage in optician or optometry services.

An *an-gyung-sa* (optician or optometrist) shall not establish more than one office in Korea.

7. Sector:	Wholesale and Retail Distribution Services
Obligations Concerned:	Market Access (Article 9.4) Local Presence (Article 9.5)
Measures:	<i>Pharmaceutical Affairs Act</i> (Law No.12074, 13 August 2013), Articles 42 and 45 <i>Enforcement Decree on the Pharmaceutical Affairs Acts</i> (Presidential Decree No. 24479, 23 March 2013), Article 31-2 <i>Enforcement Decree on the Standards of Facilities of Manufacturer and Importers of Medicinal Products, Etc.</i> (Presidential Decree No. 24479, 23 March 2013), Articles 6 <i>Supply and Demand of Oriental Medicinal Herbs Regulations</i> (Notice of the Ministry of Health and Welfare No. 2013-63, 18 April 2013), Articles 4 and 12 <i>Medical Devices Act</i> (Law No. 12107, 13 August 2013), Article 15 <i>Enforcement Regulations of the Medical Devices Act</i> (Ordinance of the Prime Minister No. 1016, 23 March 2013), Article 20 <i>Health Functional Foods Act</i> (Law No. 11508, 22 October 2012), Article 6 <i>Enforcement Regulations of the Health Functional Foods Act</i> (Ordinance of the Prime Minister No. 1010, 23 March 2013), Articles 2 and 5 <i>Food Sanitation Act</i> (Law No. 11819, 22 May 2013), Articles 24, 36 and 37 <i>Enforcement Decree of the Food Sanitation Act</i> (Presidential Decree No. 24800, 16 October 2013), Articles 23 and 24

Enforcement Regulations of the Food Sanitation Act
(Ordinance of the Prime Minister No. 1041,
25 October 2013), Articles 23 and 36 (attached table 14)

Act on the Control of Narcotics, Etc. (Law No. 11984,
30 July 2013), Articles 6 and 6-2

Description:

Cross-Border Trade in Services

A person that supplies wholesale trade services must establish an office in Korea in order to receive an import business license to supply such services with respect to:

- (a) pharmaceuticals and related items;
- (b) medical devices; or
- (c) health functional foods (including dietary supplements).

To supply the following services a person must establish an office in Korea:

- (a) transportation, sales, and preservation (cold storage) of food and food additives;
- (b) food supply services;
- (c) food inspection services; or
- (d) narcotic drug wholesale and retail distribution services.

The Minister of Health and Welfare controls the supply and demand of the wholesale distribution of imported designated *han-yak-jae* (Asian medicinal herbs).

Certain liquor-selling bars and the wholesale and retail distribution of narcotics require authorisation by the relevant authority.

8. Sector: Retail Distribution of Pharmaceuticals

Obligations Concerned: Market Access (Article 9.4)

Local Presence (Article 9.5)

Measures: *Pharmaceutical Affairs Act* (Law No. 12074,
13 August 2013), Articles 20 and 21

Enforcement Decree on the Pharmaceutical Affairs Act
(Presidential Decree No. 24479, 23 March 2013),
Article 22-2

Description: **Cross-Border Trade in Services**

A person that supplies pharmaceutical product retail distribution services (including distribution of *han-yak-jae* (Asian medicinal herbs)) must establish a pharmacy in Korea.

That person shall not establish more than one pharmacy or establish a pharmacy in the form of a corporation.

9. Sector:	Transportation Services – Rail Transportation and Incidental Services
Obligations Concerned:	National Treatment (Article 9.2) Market Access (Article 9.4)
Measures:	<i>Railroad Enterprise Act</i> (Law No. 11690, 23 March 2013), Articles 5, 6, and 12 <i>Korea Railroad Corporation Act</i> (Law No. 12025, 6 August 2013), Article 9 <i>Rail Construction Act</i> (Law No. 12023, 6 August 2013), Article 8 <i>Framework Act on Rail Industry Development</i> (Law No. 11690, 23 March 2013), Articles 3, 20, 21, 26, and 38 <i>Korea Rail Network Authority Act</i> (Law No. 11690, 23 March 2013), Article 7
Description:	Cross-Border Trade in Services The existing regulation broadly states that only juridical persons that have obtained authorisation from the Minister of Land, Infrastructure and Transport may supply railroad transportation services. In practice, however, only juridical persons of Korean nationality (of which shares are 100 percent owned by the shareholders with Korean nationality) established by a Korean national may supply railroad transportation services on railroad routes constructed on or before 30 June 2005. Only juridical persons that have obtained authorisation from the Minister of Land, Infrastructure and Transport may supply railroad transportation services on railroad routes constructed on or after 1 July 2005. Such authorisation is subject to an economic needs test.

Only the national or local level of government or the Korea Rail Network Authority may supply rail construction services and maintain and repair government-owned rail facilities (including high-speed rail). However, juridical persons that meet the criteria in the *Private Investment in Social Infrastructure Act* (Law No. 12345, 28 January 2014) may supply rail construction services.

10. Sector:	Transportation Services – Passenger Road Transportation Services (not including Taxis and Scheduled Passenger Road Transportation Services)
Obligations Concerned:	Local Presence (Article 9.5)
Measures:	<p><i>Passenger Transport Service Act</i> (Law No. 12020, 6 August 2013), Articles 4 and 5</p> <p><i>Enforcement Decree of the Passenger Transport Service Act</i> (Presidential Decree No. 24443, 23 March, 2013), Article 3</p> <p><i>Enforcement Regulations of the Passenger Transport Service Act</i> (Ordinance of the Ministry of Land, Infrastructure and Transport No. 35, 7 November 2013), Article 11</p> <p><i>Tramway Transportation Act</i> (Law No. 11647, 22 March 2013), Article 4</p> <p><i>Enforcement Regulations of the Tramway Transportation Act</i> (Ordinance of the Ministry of Land, Infrastructure and Transport No. 1, 23 March 2013), Article 3</p>
Description:	<p>Cross-Border Trade in Services</p> <p>A person that supplies passenger road transportation services, not including taxis and scheduled passenger road transportation services, must establish an office in the <i>dang-hae-ji-yeok</i> (relevant geographic area) in Korea.</p>

11. Sector: Transportation Services – International Maritime Cargo
Transportation and Maritime Auxiliary Services

Obligations Concerned: National Treatment (Article 9.2)

Market Access (Article 9.4)

Local Presence (Article 9.5)

Measures: *Maritime Transportation Act* (Law No. 12092,
13 August 2013), Articles 24 and 33

Enforcement Regulations of the Maritime Transportation Act (Ordinance of the Ministry of Oceans and Fisheries No. 1, 24 March 2013), Articles 16, 19, 22, and 23

Pilotage Act (Law No. 11690, 23 March 2013), Article 6

Ship Investment Company Act (Law No. 11756,
5 April 2013), Articles 3 and 31

Description: **Cross-Border Trade in Services**

A person that supplies international maritime cargo transportation must be organised as a *chu-sik-hoe-sa* (stock company) in Korea and registered according to the *Maritime Transportation Act*. A ship investment company must also be organised as a *chu-sik-hoe-sa* (stock company) in Korea and registered according to the *Ship Investment Company Act*.

A person that supplies shipping brokerage service, maritime agency services, and vessel maintenance services must be a company as stipulated under the *Korean Commercial Act* and registered according to the *Maritime Transportation Act*.

Only a Korean national may supply maritime pilotage services.

12. Sector:	Transportation Services – Air Transportation Services
Obligations Concerned:	National Treatment (Article 8.3) Senior Management and Boards of Directors (Article 8.7)
Measures:	<i>Aviation Act</i> (Law No. 12026, 6 August 2013), Articles 2, 3, 6, 112, 113, 114, 129, 132 and 135 <i>Enforcement Regulations of the Aviation Act</i> (Ordinance of the Ministry of Land, Infrastructure and Transport No. 569, 15 February 2013), Articles 14-2, 15, 278, 278-3, 296-2, 298, and 299
Description:	Investment The following persons shall not supply scheduled or non-scheduled domestic air transportation services or supply international air transportation services as Korean air carriers: (a) a foreign national; (b) a foreign government or a foreign <i>gong-gong-danche</i> (organization for public purposes); (c) an enterprise organised under foreign law; (d) an enterprise in which any of the persons referred to in subparagraphs (a) through (c) owns 50 percent or more of the equity interest, or has control; or (e) an enterprise organised under Korean law whose <i>dae-pyo-ja</i> (representative: for example, a chief executive officer, president, or similar principal senior officer) is a foreign national or half or more of whose senior management are foreign nationals.

A person that owns an aircraft or is authorised to operate a chartered aircraft must register the aircraft with the Minister of Land, Infrastructure and Transport. The persons listed in subparagraphs (a) through (e) are not allowed to register an aircraft.

For the purposes of this entry, non-scheduled air transportation services include point-to-point transportation services, flight tour services, and charter flight services.

13. Sector:	Transportation Services – Aircraft-Use Services
Obligations Concerned:	National Treatment (Article 8.3) Senior Management and Boards of Directors (Article 8.7)
Measures:	<i>Aviation Act</i> (Law No. 12026, 6 August 2013), Articles 3, 6, and 134 <i>Enforcement Regulations of the Aviation Act</i> (Ordinance of the Ministry of Land, Infrastructure and Transport No. 569, 15 February 2013), Articles 15-2, 298, and 299-2
Description:	<p>Investment</p> <p>A person that supplies aircraft-<i>sa-yong</i> (use) services must register its self-owned or chartered aircraft with the Minister of Land, Infrastructure and Transport.</p> <p>The following persons shall not register an aircraft:</p> <ul style="list-style-type: none"> (a) a foreign national; (b) a foreign government or a foreign <i>gong-gong-dan-che</i> (organization for public purposes); (c) an enterprise organised under foreign law; (d) an enterprise in which any of those referred to in subparagraphs (a) through (c) owns 50 percent or more of the equity interest, or has control; or (e) an enterprise organised under Korean law whose <i>dae-pyo-ja</i> (representative: for example, a chief executive officer, president, or similar principal senior officer) is a foreign national or half or more of whose senior management are foreign nationals.

For the purposes of this entry, aircraft-*sa-yong* (use) services are services using an aircraft, and supplied upon request, for hire, other than for passenger or freight transportation, including aerial fire-fighting, forestry fire management, aerial advertising, flight training, aerial mapping, aerial investigation, aerial spraying, aerial photographing and other aerial agricultural activities, aerial inspections and observations, glider towing, parachute jumping, aerial construction, and heli-logging.

14. Sector: Transportation Services – Road Transportation Support Services

Obligations Concerned: Market Access (Article 9.4)

Local Presence (Article 9.5)

Measures: *Passenger Transport Service Act* (Law No. 12020, 6 August 2013), Articles 36 and 37

Enforcement Regulations of the Passenger Transport Service Act (Ordinance of the Ministry of Land, Infrastructure and Transport No. 35, 7 November 2013), Article 73

Parking Lot Service Act (Law No. 11690, 23 March 2013), Article 12

Road Traffic Act (Law No. 12045, 13 August 2013), Article 36

Description: **Cross-Border Trade in Services**

A person that supplies parking lot services, bus terminal operation services, or car towing and storage services must establish a place of business in the relevant geographic area in Korea and obtain an authorisation from the Minister of Land, Infrastructure and Transport, head of local police, or head of *si/gun*, as appropriate, which is subject to an economic needs test.

15. Sector:	Courier Services
Obligations Concerned:	Market Access (Article 9.4) Local Presence (Article 9.5)
Measures:	<i>Aviation Act</i> (Law No. 12026, August 6, 2013), Article 139 <i>Enforcement Regulations of the Aviation Act</i> (Ordinance of the Ministry of Land, Infrastructure and Transport No. 569, 15 February 2013), Article 306 <i>Trucking Transport Business Act</i> (Law No. 11933, 16 July 2013), Articles 3, 24, and 29 <i>Enforcement Regulations of Trucking Transport Business Act</i> (Ordinance of the Ministry of Land, Infrastructure and Transport No. 19, 11 July 2013), Articles 6, 34, and 41-2
Description:	Cross-Border Trade in Services To supply international courier services that include commercial document delivery services, pursuant to Article 3 of the <i>Enforcement Decree of the Postal Services Act</i> (Presidential Decree No. 24442, 23 March 2013), a person must establish an office in Korea. In order to obtain a trucking business license from the Minister of Land, Infrastructure and Transport, a domestic courier services supplier must establish an office in the relevant geographic area. Such a license is subject to an economic needs test. For greater certainty, a person who acquired an existing domestic courier business does not need to obtain a new trucking business license provided that the acquirer operates under the same terms and conditions as set out in the acquiree's license.

16. Sector:	Telecommunications Services
Obligations Concerned:	National Treatment (Articles 8.3 and 9.2) Market Access (Article 9.4) Local Presence (Article 9.5)
Measures:	<i>Telecommunications Business Act</i> (Law No. 12035, 13 August 2013), Articles 6, 7, 8, 21, and 87 <i>Telecommunications Business Act</i> (Law No. 5385, 28 August 1997), Addenda Article 4 <i>Radio Waves Act</i> (Law No. 11712, 23 March 2013), Articles 13 and 20
Description:	Cross-Border Trade in Services and Investment A license for facilities-based public telecommunications services or a registration for non-facilities-based public telecommunications services shall be granted only to a juridical person organised under Korean law. A license for facilities-based public telecommunications services shall not be granted to or held by a juridical person organised under Korean law in which a foreign government, foreign person, or deemed foreign person holds in the aggregate more than 49 percent of the juridical person's total voting shares. A foreign government, foreign person, or deemed foreign person shall not, in the aggregate, hold more than 49 percent of the total voting shares of a facilities-based supplier of public telecommunications services. In addition, with respect to KT Corporation (KT), a foreign government, foreign person, or deemed foreign person shall not be the largest shareholder of KT, except if it holds less than five percent of the total voting shares of KT.

No later than two years after this Agreement enters into force, Korea shall permit:

- (a) a deemed foreign person to hold up to 100 percent of the total voting shares of a facilities-based supplier of public telecommunications services organised under Korean law, other than KT and SK Telecom Co., LTD (SK Telecom); and
- (b) a facilities-based supplier of public telecommunications services organised under Korean law in which a deemed foreign person holds up to 100 percent of its total voting shares to obtain or hold a license for facilities-based public telecommunications services.

A foreign government, or its representative, or a foreign person shall not obtain or hold a radio station license.

A foreign person shall not supply cross-border public telecommunications services into Korea, except through a commercial arrangement with a supplier of public telecommunications services that is licensed in Korea.

For the purposes of this entry:

- (a) “deemed foreign person” means a juridical person organised under Korean law in which a foreign government or a foreign person (including a “specially related person” under relevant Korean laws or regulations) is the largest shareholder and holds 15 percent or more of that juridical person’s total voting shares, but does not include a juridical person that holds less than one percent of the total voting shares of a facilities-based supplier of public telecommunications services;

- (b) consistent with Article 5.2 of the *Telecommunications Business Act*, a facilities-based supplier is a supplier that owns transmission facilities;
- (c) consistent with Article 5.3 of the *Telecommunications Business Act*, a non-facilities-based supplier is a supplier that does not own transmission facilities (but may own a switch, router, or multiplexer) and supplies its public telecommunication services through transmission facilities of a licensed facilities-based supplier; and
- (d) consistent with subparagraph 3 of Article 2 of the *Telecommunications Basic Act* (Law No. 11690, 23 March 2013), “transmission facilities” means wireline or wireless transmission facilities (including circuit facilities) that connect transmitting points with receiving points.

17. Sector:	Real Estate Brokerage and Appraisal Services
Obligations Concerned:	Local Presence (Article 9.5)
Measures:	<p><i>Act on Duties of a Licensed Real Estate Broker and Filing of Real Estate Transactions</i> (Law No. 11866, 4 June 2013), Article 9</p> <p><i>Enforcement Decree of the Act on Duties of a Licensed Real Estate Broker and Filing of Real Estate Transactions</i> (Presidential Decree No. 24443, 23 March 2013), Article 13</p> <p><i>Enforcement Regulations of the Act on Duties of a Licensed Real Estate Broker and Filing of Real Estate Transactions</i> (Ordinance of the Ministry of Land, Infrastructure and Transport No. 1, 23 March 2013), Article 4</p> <p><i>Public Notice of Values and Appraisal of Real Estate Act</i> (Law No. 11690, 23 March 2013), Article 27</p> <p><i>Enforcement Decree of the Public Notice of Values and Appraisal of Real Estate Act</i> (Presidential Decree No.23919, 29 June 2012), Articles 65, 66, and 68</p> <p><i>Enforcement Regulations of the Public Notice of Values and Appraisal of Real Estate Act</i> (Ordinance of the Ministry of Land, Infrastructure and Transport No. 1, 23 March 2013), Articles 25 and 26</p>
Description:	Cross-Border Trade in Services A person that supplies real estate brokerage services or real estate appraisal services must establish an office in Korea.

18. Sector:	Retail, Leasing, Rental and Repair Services Related to Medical Devices
Obligations Concerned:	Local Presence (Article 9.5)
Measures:	<i>Medical Devices Act</i> (Law No. 12107, 13 August 2013), Articles 16 and 17 <i>Enforcement Regulations of the Medical Devices Act</i> (Ordinance of the Prime Minister No. 1016, 23 March 2013), Articles 22 and 24
Description:	Cross-Border Trade in Services A person that supplies retail, leasing, rental, or repair services related to medical devices must establish an office in Korea.

19. Sector:	Rental Services – Automobiles
Obligations Concerned:	Local Presence (Article 9.5)
Measures:	<i>Passenger Transport Service Act</i> (Law No. 12020, 6 August 2013), Articles 28 and 29 <i>Enforcement Regulations of the Passenger Transport Service Act</i> (Ordinance of the Ministry of Land, Infrastructure and Transport No. 35, 7 November 2013), Article 60, 61, 62, and 64
Description:	Cross-Border Trade in Services A person that supplies automobile rental services must establish an office in Korea.

20. Sector: Scientific Research Services

Obligations Concerned: National Treatment (Articles 8.3 and 9.2)

Measures: *Marine Scientific Research Act* (Law No. 12091,
13 August 2013), Articles 6, 7, and 8

Territorial Sea and Contiguous Zone Act (Law No. 10524,
4 April 2011), Article 5

Description: **Cross-Border Trade in Services and Investment**

A foreign person, a foreign government, or a Korean enterprise owned or controlled by a foreign person that intends to conduct marine scientific research in the territorial waters or exclusive economic zone or continental shelf of Korea must obtain prior authorisation or consent from the Minister of Oceans and Fisheries whereas a Korean national or a Korean enterprise not owned or controlled by a foreign person need only to provide notification to the Minister of Oceans and Fisheries.

21. Sector:	Professional Services – Legal Services
Obligations Concerned:	Market Access (Article 9.4) Local Presence (Article 9.5)
Measures:	<i>Attorney-at-law Act</i> (Law No. 11825, 28 May 2013), Articles 4, 7, 21, 34, 45, 58-6, 58-22, and 109 <i>Certified Judicial Scriveners Act</i> (Law No. 8920, 21 March 2008), Articles 2, 3, and 14 <i>Notary Public Act</i> (Law No. 11823, 28 May 2013), Articles 10, 16, and 17
Description:	Cross-Border Trade in Services Only a <i>byeon-ho-sa</i> (Korean-licensed lawyer) registered with the Korean Bar Association may supply legal services. Only a <i>byeon-ho-sa</i> (Korean-licensed lawyer) may establish the following types of legal entity: <i>beop-yool-sa-mu-so</i> (law office), <i>beop-mu-beop-in</i> (law company with the characteristics of partnership), <i>beop-mu-beop-in (yoo-han)</i> (limited liability law company), or <i>beop-mu-jo-hap</i> (limited liability partnership law office). For greater certainty, a person that is not a Korean-licensed lawyer shall not invest in any of such types of legal entity. A <i>byeon-ho-sa</i> (Korean-licensed lawyer) or <i>beop-mu-sa</i> (Korean-certified judicial scrivener) who practices in Korea must establish an office in the jurisdiction of the district court in which he or she practices. A <i>gong-jeung-in</i> (Korean notary public) must establish an office in the jurisdiction of the district office of the public prosecutor in which he or she practices. This entry is subject to the commitments undertaken in the 36 th entry in Korea's Schedule to Annex II.

22. Sector: Professional Services – Labour Affairs Consulting Services

Obligations Concerned: Local Presence (Article 9.5)

Measures: *Certified Labor Affairs Consultant Act* (Law No. 10321, 25 May 2010), Articles 5, 7-2, 7-3, and 7-4

Enforcement Decree of the Certified Labor Affairs Consultant Act (Presidential Decree No. 24447, 23 March 2013), Articles 15 and 19

Enforcement Regulations of the Certified Labor Affairs Consultant Act (Ordinance of the Ministry of Employment and Labor No. 78, 23 March 2013), Articles 6 and 10

Description: **Cross-Border Trade in Services**

A person that supplies labour affairs consulting services must establish an office in Korea and be a *gong-in-no-mu-sa* (Korean-licensed labor affairs consultant) registered under the *Certified Labor Affairs Consultant Act*.

For greater certainty, an enterprise that supplies labour affairs consulting services must consist of at least two *gong-in-no-mu-sa* (Korean-licensed labor affairs consultant) (including the natural person who is the founder) and must obtain authorisation from the Minister of Employment and Labor.

23. Sector: Professional Services – Patent Attorney (*byeon-ri-sa*)

Obligations Concerned: Market Access (Article 9.4)

Local Presence (Article 9.5)

Measures: *Patent Attorney Act* (Law No. 11962, 30 July 2013),
Articles 3, 5, 6-2, and 6-3

Description: **Cross-Border Trade in Services**

Only a *byeon-ri-sa* (Korean-licensed patent attorney) who is registered with the Korean Intellectual Property Office may supply patent attorney services.

Only a *byeon-ri-sa* (Korean-licensed patent attorney) may establish a *gae-in-sa-mu-so* (sole proprietorship) or a *teuk-heo-beop-in* (patent law firm). For greater certainty, a person that is not a Korean-licensed patent attorney shall not invest in either of these types of legal entity.

A *byeon-ri-sa* (Korean-licensed patent attorney) may establish only one office.

24. Sector: Professional Services – Accounting and Auditing Services

Obligations Concerned: Market Access (Article 9.4)

Local Presence (Article 9.5)

Measures: *Certified Public Accountant Act* (Law No. 10866, 21 July 2011), Articles 2, 7, 12, 18, and 23

External Audit of Stock Companies Act (Law No. 11845, 28 May 2013), Article 3

Description: **Cross-Border Trade in Services**

Only a *gae-in-sa-mu-so* (sole proprietorships), *gam-sa-ban* (auditing task forces) or *hoe-gye-boep-in* (limited liability accounting corporation) established in Korea by *gong-in-hoe-gye-sa* (Korean-certified public accountants) registered under the *Certified Public Accountant Act* may supply accounting and auditing services. For greater certainty, a person that is not a Korean-registered certified public accountant shall not invest in any of these types of legal entity.

Only *gong-in-hoe-gye-sa* (Korean-certified public accountants) in an auditing task force or an accounting corporation may supply auditing services regulated under the *External Audit of Stock Companies Act*.

This entry is subject to the commitments undertaken in the 37th entry in Korea's Schedule to Annex II.

25. Sector:	Professional Services – Tax Accountant (<i>se-mu-sa</i>)
Obligations Concerned:	Market Access (Article 9.4) Local Presence (Article 9.5)
Measures:	<i>Certified Tax Accountant Act</i> (Law No. 11610, 1 January 2013), Articles 6, 13, 16-3, 16-4, and 20 <i>Enforcement Decree of the Corporate Tax Act</i> (Presidential Decree No. 24824, 5 November 2013), Article 97 <i>Enforcement Regulations of the Corporate Tax Act</i> (Ordinance of the Ministry of Strategy and Finance No. 325, 23 March 2013), Article 50-3 <i>Enforcement Decree of the Income Tax Act</i> (Presidential Decree No. 24574, 11 June 2013), Article 131 <i>Enforcement Regulations of the Income Tax Act</i> (Ordinance of the Ministry of Strategy and Finance No. 323, 23 February 2013), Article 65-3 <i>Guidelines Governing the Work of Tax Agents</i> (Order of the National Tax Service No. 1761, 24 August 2009), Articles 20 and 22
Description:	Cross-Border Trade in Services Only a <i>se-mu-sa-mu-so</i> (tax office), <i>se-mu-jo-jeong-ban</i> (tax reconciliation task forces) or, <i>se-mu-beop-in</i> (limited liability tax agency corporation) established in Korea by <i>se-mu-sa</i> (Korean-certified tax accountants) registered under the <i>Certified Tax Accountant Act</i> may supply <i>se-mu-sa</i> (Korean-certified tax accountants) services, including tax reconciliation services and tax representative services. For greater certainty, a person that is not a Korean-registered certified tax accountant shall not invest in any of these types of legal entity.

Only a *se-mu-jo-jeong-ban* (tax reconciliation task forces) or a *se-mu-beop-in* (limited liability tax agency corporation) may supply tax reconciliation services.

This entry is subject to the commitments undertaken in the 38th entry in Korea's Schedule to Annex II.

26. Sector: Professional Services – Customs Clearance Services

Obligations Concerned: Market Access (Article 9.4)

Local Presence (Article 9.5)

Measures: *Customs Broker Act* (Law No. 10570, 8 April 2011),
Articles 3, 7, and 9

Description: **Cross-Border Trade in Services**

Only a *gwan-se-sa* (customs broker) licensed under the *Customs Brokers Act*, a corporation incorporated by such customs brokers, or a corporation licensed to engage in the customs-clearance brokerage business under the *Customs Broker Act* may supply customs-clearance services.

A person that supplies customs-clearance services must establish an office in Korea.

27. Sector:	Engineering and Other Technical Services – Industrial Safety, Health Institution, and Consulting Services
Obligations Concerned:	Local Presence (Article 9.5)
Measures:	<p><i>Industrial Safety and Health Act</i> (Law No. 11882, 12 June 2013), Articles 15, 16, and 52-4</p> <p><i>Enforcement Decree of the Industrial Safety and Health Act</i> (Presidential Decree No. 24684, 6 August 2013), Article 15-2, 15-3, 19-2, and 19-3</p> <p><i>Enforcement Regulations of the Industrial Safety and Health Act</i> (Ordinance of the Ministry of Employment and Labor No. 86, 6 August 2013), Articles 17, 18, 20, 21, and 136-8</p>
Description:	<p>Cross-Border Trade in Services</p> <p>A person that supplies safety and health management or diagnostic services to industrial workplaces must establish an office in Korea.</p> <p>A person that supplies industrial safety or hygiene consulting services, such as evaluation and instruction on safety in a work process and evaluation and instruction on the improvement of work environments, must establish an office in Korea.</p>

28. Sector:	Engineering and Other Technical Services – Architectural Services, Engineering Services, Integrated Engineering Services, Urban Planning and Landscape Architectural Services
Obligations Concerned:	Local Presence (Article 9.5)
Measures:	<p><i>Certified Architects Act</i> (Law No. 11690, 23 March 2013), Article 23</p> <p><i>Enforcement Decree of the Certified Architects Act</i> (Presidential Decree No. 24443, 23 March 2013), Articles 22 and 23</p> <p><i>Enforcement Regulations of the Certified Architects Act</i> (Ordinance of the Ministry of Land, Infrastructure and Transport No. 1, 23 March 2013), Article 13</p> <p><i>Engineering Industry Promotion Act</i> (Law No. 12299, 21 January 2014), Article 21</p> <p><i>Professional Engineers Act</i> (Law No. 11690, 23 March 2013), Article 6</p> <p><i>Special Act on the Safety Control of Public Structures</i> (Law No. 11928, 6 July 2013), Article 9</p> <p><i>Enforcement Decree of the Special Act on the Safety Control of Public Structures</i> (Presidential Decree No. 24443, 23 March 2013), Article 11</p> <p><i>Construction Technology Management Act</i> (Law No. 11690, 23 March 2013), Articles 25 and 28</p> <p><i>Enforcement Decree of the Construction Technology Management Act</i> (Presidential Decree No. 24390, 20 February 2013), Articles 91 and 108</p> <p><i>Enforcement Regulations of the Construction Technology Management Act</i> (Ordinance of the Ministry of Land, Infrastructure and Transport No. 4, 1 April 2013), Article 48</p>

Act on Land Survey, Hydrographic Survey and Cadastral Records (Law No. 11943, 17 July 2013), Articles 44 and 54

Enforcement Decree of the Act on Land Survey, Hydrographic Survey and Cadastral Records (Presidential Decree No. 24596, 11 June 2013), Articles 34, 35, 36, 45, 46, and 47

Environmental Testing and Inspection Act (Law No. 11690, 23 March 2013), Article 16

Thermal Spring Management Act (Law No. 11896, 16 July 2013), Article 7

Fire Fighting System Installation Business Act (Law No. 11782, 22 May 2013), Article 4

Description:

Cross-Border Trade in Services

A person that supplies architectural services, engineering services, integrated engineering services, urban planning and landscape architectural services, or surveying services must establish an office in Korea.

For greater certainty, this entry does not apply to the supply of services by a foreign architect through a joint contract with a Korean-licensed architect.

29. Sector: Business Services – Electronic Billboard Operator Services and Outdoor Advertisement Services

Obligations Concerned: Senior Management and Boards of Directors (Article 8.7)

Performance Requirements (Article 8.8)

Local Presence (Article 9.5)

Measures: *Broadcasting Act* (Law No. 12093, 13 August 2013), Articles 13 and 73

Outdoor Advertisements, Etc. Management Act (Law No. 11690, 23 March 2013), Article 11

Enforcement Decree of the Outdoor Advertisements, Etc. Management Act (Presidential Decree No. 24632, 21 June 2013), Articles 14 and 44

Description: **Cross-Border Trade in Services and Investment**

A foreign national or a Korean national who serves as a *dae-pyo-ja* (representative: for example, a chief executive officer, president, or similar principal senior officer) of a foreign enterprise shall not serve as the *dae-pyo-ja* (representative: for example, a chief executive officer, president, or similar principal senior officer) or chief programmer of an enterprise that supplies electronic billboard operator services.

At least 20 percent of the electronic billboard programs must be non-commercial public advertisements provided by the national or local government.

A person that supplies outdoor advertising services must establish an office in Korea.

30. Sector:	Business Services – Job Placement Services, Labor Supply and Worker Dispatch Services, and Education Services for Seafarers
Obligations Concerned:	National Treatment (Article 8.3 and 9.2) Market Access (Article 9.4) Local Presence (Article 9.5)
Measures:	<i>Employment Security Act</i> (Law No.11048, 15 September 2011), Articles 19 and 33 <i>Enforcement Decree of the Employment Security Act</i> (Presidential Decree No. 24076, 31 August 2012), Articles 21 and 33 <i>Enforcement Regulations of the Employment Security Act</i> (Ordinance of the Ministry of Employment and Labor No. 72, 27 December 2012), Articles 18 and 36 <i>Act Relating to Protection for Dispatched Workers</i> (Law No. 11668, 22 March 2013), Articles 7, 8, 9, and 10 <i>Enforcement Decree of the Act Relating to Protection for Dispatched Workers</i> (Presidential Decree No. 23853, 13 June 2012), Article 3 <i>Enforcement Regulations of the Act Relating to Protection for Dispatched Workers</i> (Ordinance of the Ministry of Employment and Labor No. 64, 2 August 2012), Articles 3, 4, and 5 <i>Special Act on Designation and Management of Free Economic Zones</i> (Law No. 11690, 23 March 2013), Article 17 <i>Seafarers Act</i> (Law No. 11690, 23 March 2013), Articles 109, 110, 112, 115, 116, 117, 142, and 143 <i>Korea Institute of Maritime and Fisheries Technology Act</i> (Law No. 11690, 23 March 2013), Article 5

Description: **Cross-Border Trade in Services and Investment**

A person that supplies job placement services for a fee, worker supply services, or worker dispatch (secondment) services must establish an office in Korea.

For transparency purposes, as of 29 October 2013 the types of business to which workers may be seconded are limited to the 32 businesses set forth in the *Enforcement Decree of the Act Relating to Protection for Dispatched Workers*, but the Minister of Employment and Labor may expand the types of business and the secondment period, pursuant to the review and determination by the Committee of the Free Economic Zone.

Only the Korea Seafarers Welfare and Employment Center and regional offices of the Minister of Oceans and Fisheries may supply seafaring labour supply services.

To become an agent for seafarer personnel management services, a person must register with the Minister of Oceans and Fisheries as a *chu-sik-hoe-sa* (stock company) under the *Korean Commercial Code*.

Only the Korea Institute of Maritime and Fisheries Technology may provide education and training for seafarers.

31. Sector:	Investigation and Security Services
Obligations Concerned:	Market Access (Article 9.4) Local Presence (Article 9.5)
Measures:	<i>Certified Private Security Act</i> (Law No. 11690, 23 March 2013), Articles 3 and 4 <i>Enforcement Decree of the Certified Private Security Act</i> (Presidential Decree No. 24419, 23 March 2013), Articles 3 and 4 <i>Enforcement Regulations of the Certified Private Security Act</i> (Ordinance of the Ministry of Security and Public Administration, No. 20, 22 October 2013), Article 3
Description:	Cross-Border Trade in Services Only a juridical person organised under Korean law may supply security services in Korea. For transparency purposes, only five types of security services are permitted in Korea: (a) <i>shi-seol-gyung-bee</i> (facility security); (b) <i>ho-song-gyung-bee</i> (escort security); (c) <i>shin-byun-bo-ho</i> (personal security); (d) <i>gee-gye-gyung-bee</i> (mechanized security); and (e) <i>teuk-soo-gyung-bee</i> (special security).

32. Sector: Transportation Services – Aircraft Maintenance and Repair Services

Obligations Concerned: Local Presence (Article 9.5)

Measures: *Aviation Act* (Law No. 12026, 6 August 2013),
Articles 137,137-2, and 138

Enforcement Regulations of the Aviation Act (Ordinance of the Ministry of Land, Infrastructure and Transport No. 569, 15 February 2013), Articles 16, 304, and 305

Description: **Cross-Border Trade in Services**

A person that supplies aircraft maintenance and repair services must establish an office in Korea.

33. Sector:	Education Services – Higher Education
Obligations Concerned:	National Treatment (Articles 8.3 and 9.2) Senior Management and Boards of Directors (Article 8.7) Market Access (Article 9.4)
Measures:	<i>Higher Education Act</i> (Law No. 12036, 13 August 2013), Articles 3, 4, 32, 42, and 43 <i>Enforcement Decree of the Higher Education Act</i> (Presidential Decree No. 24847, 20 November 2013), Article 28 <i>Private School Act</i> (Law No. 11622, 23 January 2013), Articles 3, 5, 10, and 21 <i>Enforcement Decree of the Private School Act</i> (Presidential Decree No. 24665, 22 July 2013), Article 9-3 <i>Decree on the Establishment of the Korea National Open University</i> (Presidential Decree No. 24423, 23 March 2013), Articles 1 and 2
Description:	Cross Border Trade in Services and Investment At least 50 percent of the members of the board of directors of a private higher education institution must be Korean nationals. If a foreign person contributes at least 50 percent of the basic property of a higher education institution, less than two thirds of the members of the board of directors of such an institution may be foreign nationals. For the purposes of this entry, basic property means real estate, property designated as basic property by the articles of association, property incorporated into the basic property according to decisions of the board of directors, and an annual budgetary surplus reserve of the institution. Only non-profit school juridical persons approved by the Minister of Education may establish higher education institutions (other than the types of institutions listed in Annex II) in Korea.

The Minister of Education may restrict the total number of students per year in the fields of medicine, pharmacology, veterinary medicine, traditional Asian medicine, medical technicians, and higher education for pre-primary, primary, and secondary teachers, and higher education institutions located in the Seoul Metropolitan Area.

For the purposes of this entry, “Seoul Metropolitan Area” includes the Seoul Metropolitan City, Incheon Metropolitan City, and Gyeonggi Province.

Only the national or local governments of Korea may establish higher education institutions for training of primary school teachers. Only the national government may establish higher education institutions that supply higher education services to the public through broadcasting.

34. Sector: Education Services – Adult Education

Obligations Concerned: National Treatment (Articles 8.3 and 9.2)

Market Access (Article 9.4)

Measures: *Act on the Establishment and Operation of Private Teaching Institutes and Extracurricular Lessons* (Law No. 11690, 23 March 2013), Articles 2, 2-2, and 13

Enforcement Decree of the Act on the Establishment and Operation of Private Teaching Institutes and Extracurricular Lessons Act (Presidential Decree No. 24423, 23 March 2013), Article 12

Lifelong Education Act (Law No. 11770, 22 May 2013), Articles 30 and 33 through 38

Foreign Investment Promotion Act (Law No. 11535, 11 December 2012), Article 4

Regulations on Foreign Investment and Introduction of Technology (Notice of the Ministry of Trade, Industry and Energy, No. 2013-37, 30 May 2013), Attached table 1

Description: **Cross Border Trade in Services and Investment**

The types of adult education institutions that a foreign person may establish in Korea are limited to:

- (a) *hag-won* (private teaching institutes for adults) related to lifelong and vocational education; and
- (b) no later than the date this Agreement enters into force, lifelong adult education facilities operated for the purposes other than recognising educational qualifications or conferring diplomas, which include:
 - (i) education facilities annexed to workplaces, non-governmental organisations, schools, and media organisations;
 - (ii) educational facilities related to the development of knowledge and human resources; and

(iii) on-line lifelong education facilities,

all of which are established for adults.

For the purposes of this entry, *hag-won* (private teaching institutes for adults) are facilities that provide tutoring services on subjects related to lifelong or vocational education to 10 people or more for a period of 30 days or longer.

A foreign national hired by a private teaching institute for adults as a lecturer must possess at least a bachelor's degree or the equivalent and reside in Korea.

35. Sector:	Education Services – Vocational Competency Development Training Services
Obligations Concerned:	Local Presence (Article 9.5)
Measures:	<i>Workers’ Vocational Competency Development Act</i> (Law No. 11690, 23 March 2013), Articles 28, 32, and 36 <i>Enforcement Decree of the Workers’ Vocational Competency Development Act</i> (Presidential Decree No. 24628, 21 June 2013), Articles 24 and 26 <i>Enforcement Regulation of the Workers’ Vocational Competency Development Act</i> (Ordinance of the Ministry of Employment and Labor No. 57, 8 June 2012), Articles 12, 14, and 18
Description:	Cross-Border Trade in Services A person that supplies vocational competency development training services must establish an office in Korea.

36. Sector:	Veterinary Services
Obligations Concerned:	Market Access (Article 9.4) Local Presence (Article 9.5)
Measures:	<i>Veterinary Affairs Act</i> (Law No. 11354, 22 February 2012), Articles 17, 22-2, 22-4, and 22-5 <i>Civil Act</i> (Law No. 11728, 5 April 2013), Article 32
Description:	Cross-Border Trade in Services Only a person that is a licensed <i>soo-eui-sa</i> (veterinarian) that has established an office in Korea, <i>dong-mul-jin-ryo-bub-in</i> (animal hospital legal entity) or <i>bee-young-ri-bub-in</i> (non-profit legal entity) may engage in veterinary or aquatic animal disease inspection services.

37. Sector:	Environmental Services – Waste Water Treatment Services, Waste Management Services, Air Pollution Treatment Services, Environmental Preventive Facilities Business, Environmental Impact Assessment, Soil Remediation and Groundwater Purification Services, and Toxic Chemical Control Services
Obligations Concerned:	Local Presence (Article 9.5)
Measures:	<p><i>Water Quality and Ecosystem Conservation Act</i> (Law No. 11915, 16 July 2013), Article 62</p> <p><i>Support for Environmental Technology and Environmental Industry Act</i> (Law No. 11713, 23 March 2013), Article 15</p> <p><i>Soil Environment Conservation Act</i> (Law No. 11464, 1 June 2012), Article 23-7</p> <p><i>Groundwater Act</i> (Law No. 11803, 22 May 2013), Article 29-2</p> <p><i>Clean Air Conservation Act</i> (Law No. 11750, 5 April 2013), Article 68</p> <p><i>Environmental Impact Assessment Act</i> (Law No. 11690, 23 March 2013), Article 54</p> <p><i>Toxic Chemicals Control Act</i> (Law No. 11690, 23 March 2013), Article 20</p> <p><i>Wastes Control Act</i> (Law No. 11965, 30 July 2013), Article 25</p> <p><i>Enforcement Decree of the Wastes Control Act</i> (Presidential Decree No. 24543, 28 May 2013), Article 8</p>
Description:	<p>Cross-Border Trade in Services</p> <p>A person that supplies the environmental services listed in the Sector heading must establish an office in Korea.</p>

38. Sector:	Performance Services
Obligations Concerned:	National Treatment (Article 9.2)
Measures:	<p><i>Public Performance Act</i> (Law No. 11048, 15 September 2011), Articles 6 and 7</p> <p><i>Enforcement Decree of the Public Performance Act</i> (Presidential Decree No. 23759, 1 May 2012), Articles 4 and 6</p> <p><i>Enforcement Regulations of the Public Performance Act</i> (Ordinance of the Ministry of Culture, Sports and Tourism No. 94, 25 November 2011), Article 4</p> <p><i>Enforcement Regulations of the Immigration Control Act</i> (Ordinance of the Ministry of Justice No. 799, 10 October 2013), Table 5</p>
Description:	<p>Cross-Border Trade in Services</p> <p>A foreign person who intends to engage in a public performance in Korea, or a person who intends to invite a foreign person to engage in a public performance in Korea must obtain a recommendation from the Korea Media Rating Board.</p>

39. Sector:	News Agency (<i>News-tong-sin-sa</i>) Services
Obligations Concerned:	National Treatment (Articles 8.3 and 9.2) Senior Management and Boards of Directors (Article 8.7) Market Access (Article 9.4) Local Presence (Article 9.5)
Measures:	<i>Act on Promotion of News Communications</i> (Law No. 11690, 23 March 2013), Articles 7, 8, 9, 9-5, 16, and 28 <i>Enforcement Decree of the Act on Promotion of News Communications</i> (Presidential Decree No. 24183, 20 November 2012), Articles 4 and 10 <i>Radio Waves Act</i> (Law No. 11712, 23 March 2013), Article 20
Description:	Cross-Border Trade in Services and Investment A <i>news-tong-sin-sa</i> (news agency) organised under foreign law may supply <i>news-tong-sin</i> (news communications) in Korea only under a contract with a news agency organised under Korean law, which has a radio station license, such as Yonhap News. The following persons may not supply news agency services in Korea: (a) a foreign government; (b) a foreign person; (c) an enterprise organised under Korean law whose <i>dae-pyo-ja</i> (representative: for example, a chief executive officer, president, or similar principal senior officer) is not a Korean national or is a person not domiciled in Korea; or (d) an enterprise organised under Korean law in which a foreign person holds 25 percent or more equity interest.

The following persons may not serve as a *dae-pyo-ja* (representative: for example, a chief executive officer, president, or similar principal senior officer) or editor of a news agency, or serve as *im-won* (a member of the board of directors) of Yonhap News or the News Agency Promotion Committee:

- (a) a foreign national; or
- (b) a Korean national not domiciled in Korea.

A foreign news agency may establish a branch or office in Korea for the sole purpose of collecting news. For greater certainty, such branch or office may not distribute *news-tong-sin* (news communications) in Korea.

The following persons may not obtain a radio station license:

- (a) a foreign national;
- (b) a foreign government or its representative; or
- (c) an enterprise organised under foreign law.

For greater certainty, this entry is without prejudice to the scope and application of Article 22.6 (Cultural Industries).

40. Sector: Manufacturing of Biological Products

Obligations Concerned: Performance Requirements (Article 8.8)

Measures: *Pharmaceutical Affairs Act* (Law No. 12074,
13 August 2013), Article 42

Regulations on Safety of Pharmaceuticals, Etc. (Ordinance of
the Prime Minister No. 1022, 23 March 2013), Article 11

Description: **Investment**

A person who manufactures blood products must procure
raw blood materials from a blood management body in
Korea.

41. Sector:	Distribution Services – Agriculture and Livestock
Obligations Concerned:	National Treatment (Articles 8.3 and 9.2) Market Access (Article 9.4)
Measures:	<i>Grain Management Act</i> (Law No. 11641, 22 March 2013), Article 12 <i>Livestock Industry Act</i> (Law No. 11690, 23 March 2013), Articles 30 and 34 <i>Seed Industry Act</i> (Law No. 11704, 23 March 2013), Article 142 <i>Feed Management Act</i> (Law No. 11690, 23 March 2013), Article 6 <i>Ginseng Industry Act</i> (Law No. 11690, 23 March 2013), Article 20 <i>Foreign Investment Promotion Act</i> (Law No. 11535, 11 December 2012), Article 4 <i>Enforcement Decree of the Foreign Investment Promotion Act</i> (Presidential Decree No. 24638, 28 June 2013), Article 5 <i>Regulations on Foreign Investment and Introduction of Technology</i> (Notice of the Ministry of Trade, Industry and Energy, No. 2013-37, 30 May 2013), Attached table 2 <i>Act on Distribution and Price Stabilization of Agricultural and Fishery Products</i> (Law No. 12059, 13 August 2013), Articles 15, 17, and 43 <i>Notice on TRQ Products</i> (Ministry of Agriculture, Food and Rural Affairs Notice No. 2013-29, 16 May 2013), Articles 14 and 20-2
Description:	Cross-Border Trade in Services and Investment A foreign person shall not hold 50 percent or more of the shares or equity interest of an enterprise engaged in <i>yook-ryu</i> (meat) wholesale.

Only the Livestock Cooperatives under the *Agriculture Cooperative Act* may establish and manage a *ga-chook-sijang* (livestock market) in Korea.

Only a local government may establish a *gong-yeong-domae-sijang* (public wholesale market).

Only producers' organisations or public interest corporations prescribed in the *Enforcement Decree of the Act on Distribution and Price Stabilization of Agricultural and Fishery Products* may establish a *gong-pan-jang* (joint wholesale market).

For greater certainty, Articles 9.2 (National Treatment) and 9.4 (Market Access) do not prevent Korea from adopting or maintaining any measure with respect to the administration of the WTO Tariff-Rate-Quota.

42. Sector: Energy Industry – Electric Power Generation
Other Than Nuclear Power Generation; Electric Power
Transmission, Distribution and Sales

Obligations Concerned: National Treatment (Article 8.3)¹

Measures:

Financial Investment Services and Capital Markets Act
(Law No. 11845, 28 May 2013), Article 168

*Enforcement Decree of the Financial Investment Services
and Capital Markets Act* (Presidential Decree No. 24697,
27 August 2013), Article 187

Foreign Investment Promotion Act (Law No. 11535,
11 December 2012), Articles 4 and 5

*Enforcement Decree of the Foreign Investment
Promotion Act* (Presidential Decree No. 24638,
28 June 2013), Article 5

Consolidated Public Notice for Foreign Investment (Public
Notice of the Ministry of Trade, Industry and Energy
No. 2013-102, 27 May 2013), Attached table

Designation of Public Corporation (Notice of the Ministry
of Finance and Economy, No. 2000-17, 28 September 2000)

Financial Investment Service Regulations (Financial
Services Commission Notice No. 2013-40,
4 December 2013), Sec. 6-2

Description:

Investment

The aggregate foreign share of Korea Electric Power Corporation's (KEPCO) issued stocks shall not exceed 40 percent. A foreign person may not become the largest shareholder of KEPCO.

¹ Paragraph (a) of the eighth entry of Korea's Schedule to Annex II does not apply to this entry.

The aggregate foreign share of power generating facilities, including cogeneration facilities of heat and power (GHP) for the district heating system (DHS), shall not exceed 30 percent of the total facilities in the territory of Korea.

The aggregate foreign share of electric power transmission, distribution and sales businesses should be less than 50 percent. A foreign person shall not be the largest shareholder.

43. Sector:	Energy Industry – Gas Industry
Obligations Concerned:	National Treatment (Article 8.3) ²
Measures:	<p><i>Act on the Improvement of Managerial Structure and Privatization of Public Enterprises</i> (Law No. 11845, 28 May 2013), Article 19</p> <p><i>Financial Investment Services and Capital Markets Act</i> (Law No. 11845, 28 May 2013), Article 168</p> <p><i>Foreign Investment Promotion Act</i> (Law No. 11535, 11 December 2012), Articles 4 and 5</p> <p><i>Articles of Incorporation of the Korea Gas Corporation</i> (9 August 2013), Article 11</p>
Description:	<p>Investment</p> <p>Foreign persons, in the aggregate, shall not own more than 30 percent of the equity of Korea Gas Corporation (KOGAS).</p>

² Paragraph (a) of the eighth entry of Korea's Schedule to Annex II does not apply to this entry.

ANNEX II**Reservations for Future Measures****Schedule of Canada – Explanatory Notes**

1. Canada's Schedule to this Annex sets out, pursuant to Articles 8.9.2 and 9.6.2, the specific sectors, sub-sectors, or activities for which Canada may maintain existing, or adopt new or more restrictive, measures that do not conform with obligations imposed by:
 - (a) Article 8.3 (National Treatment) or 9.2 (National Treatment);
 - (b) Article 8.4 (Most-Favoured-Nation Treatment) or 9.3 (Most-Favoured-Nation Treatment);
 - (c) Article 8.7 (Senior Management and Boards of Directors);
 - (d) Article 8.8 (Performance Requirements);
 - (e) Article 9.4 (Market Access); or
 - (f) Article 9.5 (Local Presence).
2. Each reservation sets out the following elements:
 - (a) **Sector** refers to the general sector in which the reservation is taken;
 - (b) **Sub-sector** refers, where applicable, to the specific sector in which the reservation is taken;
 - (c) **Industry Classification** refers, where applicable, to the activity covered by the reservation according to domestic industry classification codes;
 - (d) **Type of Reservation** specifies the obligation referred to in paragraph 1 for which a reservation is taken;
 - (e) **Description** sets out the scope of the sector, sub-sector, or activities covered by the reservation; and
 - (f) **Existing Measures** identifies, for transparency purposes, existing measures that apply to the sector, sub-sector or activities covered by the reservation.

3. In accordance with Articles 8.9.2 and 9.6.2, the Articles of this Agreement specified in the **Type of Reservation** element of a reservation do not apply to the sectors, sub-sectors, and activities identified in the **Description** element of that reservation.

4. In the interpretation of a reservation, all elements of the reservation, with the exception of Industry Classification, shall be considered. The **Description** element shall prevail over all other elements.

5. For the purposes of this Annex:

CPC means Central Product Classification (CPC) numbers as set out in Statistical Office of the United Nations, Statistical Papers, Series M, No. 77, *Provisional Central Product Classification*, 1991; and

SIC means Standard Industrial Classification (SIC) numbers as set out in Statistics Canada, *Standard Industrial Classification*, fourth edition, 1980.

6. For greater certainty, National Treatment (Article 9.2) and Local Presence (Article 9.5) are separate disciplines and a measure that is only inconsistent with Local Presence (Article 9.5) need not be reserved against National Treatment (Article 9.2).

ANNEX II**Schedule of Canada**

Sector:	Aboriginal Affairs
Sub-sector:	
Industry Classification:	
Type of Reservation:	National Treatment (Articles 8.3 and 9.2) Most-Favoured-Nation Treatment (Articles 8.4 and 9.3) Local Presence (Article 9.5) Senior Management and Boards of Directors (Article 8.7) Performance Requirements (Article 8.8)
Description:	Cross-Border Trade in Services and Investment Canada reserves the right to adopt or maintain a measure denying investors of Korea and their investments, or service providers of Korea, rights or preferences provided to aboriginal peoples.
Existing Measure:	<i>Constitution Act, 1982</i> , being Schedule B of the <i>Canada Act 1982</i> (U.K.), 1982, c. 11

Sector: All Sectors

Sub-sector:

Industry Classification:

Type of Reservation: National Treatment (Article 8.3)

Description: **Investment**

Canada reserves the right to adopt or maintain a measure relating to residency requirements for the ownership of oceanfront land by investors of Korea, or their investments.

Existing Measures:

Sector:	Fisheries
Sub-sector:	Fishing and services incidental to fishing
Industry Classification:	SIC 031 Fishing Industry SIC 032 Services Incidental to Fishing CPC 882 Services Incidental to Fishing
Type of Reservation:	National Treatment (Articles 8.3 and 9.2) Most-Favoured-Nation Treatment (Articles 8.4 and 9.3)
Description:	Cross-Border Trade in Services and Investment Canada reserves the right to adopt or maintain a measure with respect to licensing fishing or fishing related activities, including entry of foreign fishing vessels to Canada's exclusive economic zone, territorial sea, internal waters or ports and use of any services therein.
Existing Measures:	<i>Fisheries Act</i> , R.S.C. 1985, c. F-14 <i>Coastal Fisheries Protection Act</i> , R.S.C. 1985, c. 33 <i>Coastal Fisheries Protection Regulations</i> , C.R.C. 1978, c. 413 <i>Commercial Fisheries Licensing Policy</i> <i>Policy on Foreign Investment in the Canadian Fisheries Sector</i> , 1985

Sector: Government Finance

Sub-sector: Securities

Industry Classification: SIC 8152 Finance and Economic Administration

Type of Reservation: National Treatment (Article 8.3)

Description: **Investment**

Canada reserves the right to adopt or maintain a measure relating to the acquisition, sale or other disposition by nationals of Korea of bonds, treasury bills or other kinds of debt securities issued by the Government of Canada or a Canadian sub-national government.

Existing Measure: *Financial Administration Act*, R.S.C. 1985, c. F-11

Sector: Minority Affairs

Sub-sector:

Industry Classification:

Type of Reservation: National Treatment (Articles 8.3 and 9.2)

Local Presence (Article 9.5)

Senior Management and Boards of Directors (Article 8.7)

Performance Requirements (Article 8.8)

Description: **Cross-Border Trade in Services and Investment**

Canada reserves the right to adopt or maintain a measure conferring rights or privileges to a socially or economically disadvantaged minority.

Existing Measures:

Sector: Social Services

Sub-sector:

Industry Classification:

Type of Reservation: National Treatment (Articles 8.3 and 9.2)

Most-Favoured-Nation Treatment (Articles 8.4 and 9.3)

Local Presence (Article 9.5)

Senior Management and Boards of Directors (Article 8.7)

Description: **Cross-Border Trade in Services and Investment**

Canada reserves the right to adopt or maintain a measure with respect to providing public law enforcement and correctional services, as well as the following services to the extent that they are social services established or maintained for a public purpose: income security or insurance, social security or insurance, social welfare, public education, public training, health, and child care.

Existing Measures:

Sector:	Transportation
Sub-sector:	Air Transportation
Industry Classification:	Not CPC-defined, rather aircraft repair and maintenance services, as defined in the Cross-Border Trade in Services Chapter
Type of Reservation:	Most-Favoured-Nation Treatment (Article 9.3)
Description:	<p>Cross-Border Trade in Services</p> <p>Canada reserves the right to selectively negotiate agreements or arrangements with other States, organisations of States, aeronautical authorities or service providers, to recognise their accreditation of repair, overhaul and maintenance facilities and certification by such facilities of work performed on Canadian-registered aircraft and other related aeronautical products.</p>
Existing Measures:	

Sector:	Transportation
Sub-sector:	Air Transportation
Industry Classification:	Not CPC-defined, rather selling and marketing of air transport services, as defined in the Cross-Border Trade in Services Chapter
Type of Reservation:	National Treatment (Article 9.2) Most-Favoured-Nation Treatment (Article 9.3) Local Presence (Article 9.5)
Description:	Cross-Border Trade in Services Canada reserves the right to adopt or maintain a measure affecting the selling and marketing of an air transportation service.
Existing Measures:	

Sector:	Transportation
Sub-sector:	Water Transportation
Industry Classification:	<p>SIC 4129 Other Heavy Construction</p> <p>SIC 4541 Freight and Passenger Water Transport Industry</p> <p>SIC 4542 Ferry Industry</p> <p>SIC 4543 Marine Towing Industry</p> <p>SIC 4549 Other Water Transport Industries</p> <p>SIC 4552 Harbour and Port Operation Industries (limited to berthing, bunkering and other vessel operations in a port)</p> <p>SIC 4553 Marine Salvage Industry</p> <p>SIC 4554 Piloting Service, Water Transport Industry</p> <p>SIC 4559 Other Service Industries Incidental to Water Transport (not including landside aspects of port activities)</p> <p>CPC 5133/5223 Construction work for waterways, harbours, dams and other water works</p> <p>CPC 721 Transportation services by sea-going vessels</p> <p>CPC 722 Transportation services by non-sea-going vessels</p> <p>CPC 745 Supporting services for water transport</p> <p>Other marine activities of a commercial nature, as set out in the Description section below</p>
Type of Reservation:	<p>National Treatment (Articles 8.3 and 9.2)</p> <p>Most-Favoured-Nation Treatment (Articles 8.4 and 9.3)</p> <p>Local Presence (Article 9.5)</p> <p>Senior Management and Boards of Directors (Article 8.7)</p> <p>Performance Requirements (Article 8.8)</p>

Existing Measures:

Coasting Trade Act, S.C. 1992, c. 31

Canada Shipping Act, 2001, S.C. 2001, c. 26

Customs Act, R.S.C. 1985, c. 1 (2nd Supp.)

Customs and Excise Offshore Application Act,
R.S.C. 1985, c. C-53

Sector:	Transportation
Sub-sector:	Water Transportation
Industry Classification:	SIC 4541 Freight and Passenger Water Transport Industry SIC 4542 Ferry Industry SIC 4543 Marine Towing Industry SIC 4549 Other Water Transport Industries SIC 4551 Marine Cargo Handling Industry SIC 4552 Harbour and Port Operation Industries SIC 4553 Marine Salvage Industry SIC 4554 Piloting Service, Water Transport Industry SIC 4559 Other Service Industries Incidental to Water Transport CPC 721 Transport services by sea-going vessels CPC 722 Transport services by non-sea-going vessels CPC 745 Supporting services for water transport Any other marine activity of a commercial nature in waters of mutual interest
Type of Reservation:	Most-Favoured-Nation Treatment (Article 9.3)

Description:

Cross-Border Trade in Services

Canada reserves the right to adopt or maintain a measure affecting the implementation of agreements, arrangements and other formal or informal undertakings with other countries with respect to maritime activities in waters of mutual interest in areas such as pollution control (including double hull requirements for oil tankers), safe navigation, barge inspection standards, water quality, pilotage, salvage, drug abuse control and maritime communications.

Existing Measures:

Sector:	Technical Testing and Analysis Services
Sub-sector:	Maritime Technical Testing and Analysis Services
Industry Classification:	CPC 8676 Technical Testing and Analysis Services
Type of Reservation:	Local Presence (Article 9.5) Most-Favoured-Nation Treatment (Articles 8.4 and 9.3)
Description:	Cross-Border Trade in Services and Investment Canada reserves the right to adopt or maintain a measure affecting the statutory inspection and certification of vessels on behalf of Canada.

Sector: All Sectors

Sub-sector:

Industry Classification:

Type of Reservation: Most-Favoured-Nation Treatment (Article 8.4)

Description: **Investment**

Canada reserves the right to adopt or maintain a measure that accords differential treatment to countries under a bilateral or multilateral international agreement in force or signed prior to 1 January 1994.

Canada reserves the right to adopt or maintain a measure that accords differential treatment to a country under an existing or future bilateral or multilateral agreement relating to:

- (a) aviation;
- (b) fisheries; or
- (c) maritime matters, including salvage.

Existing Measures:

Sector: All Sectors

Sub-sector:

Industry Classification:

Type of Reservation: Market Access (Article 9.4)

Description: **Cross-Border Trade in Services**

Canada reserves the right to adopt or maintain a measure that is not inconsistent with Canada's obligations under Article XVI of the GATS.

For purposes of this reservation only, Canada's Schedule of Specific Commitments is modified as indicated in Appendix II-A.

Existing Measures:

Appendix II-A

Canadian Sectors Covered by Article XVI of the GATS

For the following Sectors, Canada's obligations under Article XVI of the GATS are improved:

Sector/Sub-sector	Market Access Improvements
Accounting, Auditing, and Book-keeping services	Under Mode 1 remove: <u>Auditing</u> <ul style="list-style-type: none"> - Commercial presence requirement: Nova Scotia - Citizenship requirement for accreditation: Manitoba and Quebec - Permanent residence requirement for accreditation: Ontario Under Mode 2 remove: <u>Auditing</u> <ul style="list-style-type: none"> - Commercial presence requirement: Nova Scotia - Citizenship requirement for accreditation: Manitoba and Quebec - Permanent residence requirement for accreditation: Ontario
Architectural services	Under Mode 1 remove: <u>Architects</u> <ul style="list-style-type: none"> - Citizenship requirement for accreditation: Quebec

Sector/Sub-sector	Market Access Improvements
Engineering services	<p>Under Mode 1 remove:</p> <p><u>Consulting Engineers</u></p> <ul style="list-style-type: none"> - Commercial presence requirement for accreditation: Manitoba <p><u>Engineers</u></p> <ul style="list-style-type: none"> - Permanent residence requirement for accreditation: Newfoundland and Labrador, Nova Scotia - Citizenship requirement for accreditation: Quebec <p>Under Mode 2 remove:</p> <p><u>Consulting Engineers</u></p> <ul style="list-style-type: none"> - Commercial presence requirement for accreditation: Manitoba <p><u>Engineers</u></p> <ul style="list-style-type: none"> - Permanent residence requirement for accreditation: Newfoundland and Labrador, Nova Scotia - Citizenship requirement for accreditation: Quebec
Integrated engineering services	<p>Under Mode 1 remove:</p> <p><u>Consulting Engineers</u></p> <ul style="list-style-type: none"> - Commercial presence requirement for accreditation: Manitoba <p><u>Engineers</u></p> <ul style="list-style-type: none"> - Permanent residence requirement for accreditation: Newfoundland and Labrador, Nova Scotia - Citizenship requirement for accreditation: Quebec <p>Under Mode 2 remove:</p> <p><u>Consulting Engineers</u></p> <ul style="list-style-type: none"> - Commercial presence requirement for accreditation: Manitoba <p><u>Engineers</u></p> <ul style="list-style-type: none"> - Permanent residence requirement for accreditation: Newfoundland and Labrador, Nova Scotia - Citizenship requirement for accreditation: Quebec
Urban planning and landscape architectural services	<p>Under Mode 1 remove:</p> <p><u>Community/ Urban Planning</u></p> <ul style="list-style-type: none"> - Citizenship requirement for use of title: Quebec

Sector/Sub-sector	Market Access Improvements
Real estate services	Under Mode 1 remove: <u>Chartered Appraisers</u> - Citizenship requirement for use of title: Quebec
Management consulting services	Under Mode 1 remove: <u>Agrologists</u> - Citizenship requirement for accreditation: Quebec <u>Professional Administrators and Certified Management Consultants</u> - Citizenship requirement for use of title: Quebec Professional Corporation of Administrators <u>Industrial Relations Counsellors</u> - Citizenship requirement for use of title: Quebec Under Mode 2 remove: <u>Agrologists</u> - Citizenship requirement for accreditation: Quebec
Investigation and security services	Under Mode 3 remove: <u>Business and Personnel Information Investigations</u> - Foreign ownership restriction to 25% in total and 10% by any individual holding shares: Ontario
Related scientific and technical consulting services	Under Mode 1 remove: <u>Land Surveyors</u> - Citizenship requirement for accreditation: Nova Scotia and Quebec <u>Subsurface Surveying Services</u> - Citizenship requirement for accreditation: Quebec <u>Professional Technologist</u> - Citizenship requirement for accreditation: Quebec <u>Chemists</u> - Citizenship requirement for accreditation: Quebec Under Mode 2 remove: <u>Land Surveyors</u> - Citizenship requirement for accreditation: Nova Scotia and Quebec <u>Subsurface Surveying Services</u> - Citizenship requirement for accreditation: Quebec

Sector/Sub-sector	Market Access Improvements
Other business services	<p>Under Mode 1 remove:</p> <p><u>Certified Translators and Interpreters</u></p> <ul style="list-style-type: none"> - Citizenship requirement for use of title: Quebec <p>Under Mode 2 remove:</p> <p><u>Certified Translators and Interpreters</u></p> <ul style="list-style-type: none"> - Citizenship requirement for use of title: Quebec <p>Under Mode 3 remove:</p> <p><u>Collection Agencies</u></p> <ul style="list-style-type: none"> - Foreign Ownership restriction to 25% in total and 10% by any individual: Ontario
Courier services	<p>Under Mode 3 remove:</p> <ul style="list-style-type: none"> - Economic needs test (Criteria related to approval include: examination of the adequacy of current levels of service; market conditions establishing the requirement for expanded service; the effect of new entrants on public convenience, including the continuity and quality of service, and the fitness, willingness and ability of the applicant to provide proper service.): Nova Scotia and Manitoba
General construction work for civil engineering	<p>Under Mode 3 remove:</p> <p><u>Construction</u></p> <ul style="list-style-type: none"> - An applicant and holder of a water power site development permit must be incorporated in Ontario
Wholesale trade services	<p>Under Mode 1 remove:</p> <p>Marketing of Fish Products (Nova Scotia): Nova Scotia residents require ministerial approval to enter into agreements with non-residents</p>
Railway passenger and freight transport	<p>Under Mode 1 remove:</p> <ul style="list-style-type: none"> - cabotage limitation

Sector/Sub-sector	Market Access Improvements
Road Passenger Transportation	<p>Under Mode 3 remove:</p> <p><u>Interurban bus transport and scheduled services:</u></p> <ul style="list-style-type: none"> - Public convenience and needs test (Criteria related to approval include: examination of the adequacy of current levels of service; market conditions establishing the requirement for expanded service; the effect of new entrants on public convenience, including the continuity and quality of service, and the fitness, willingness and ability of the applicant to provide proper service.): Prince Edward Island
Road Freight transportation	<p>Under Mode 3 remove:</p> <p><u>Highway freight transportation</u></p> <ul style="list-style-type: none"> - Public convenience and needs test (Criteria related to approval include: examination of the adequacy of current levels of service; market conditions establishing the requirement for expanded service; the effect of new entrants on public convenience, including the continuity and quality of service, and the fitness, willingness and ability of the applicant to provide proper service.): British Columbia, Manitoba, Ontario, Prince Edward Island, Nova Scotia
Telecommunications	<p>Under Mode 3 remove:</p> <p>Nova Scotia: no person may vote more than 1,000 shares of Maritime Telegraph and Telephone Ltd.</p>

ANNEX II**Reservations for Future Measures****Schedule of Korea – Explanatory Notes**

1. Korea's Schedule to this Annex sets out, pursuant to Articles 8.9.2 and 9.6.2, the specific sectors, sub-sectors, or activities for which Korea may maintain existing, or adopt new or more restrictive, measures that do not conform with obligations imposed by:
 - (a) Article 8.3 (National Treatment) or 9.2 (National Treatment);
 - (b) Article 8.4 (Most-Favoured-Nation Treatment) or 9.3 (Most-Favoured-Nation Treatment);
 - (c) Article 8.7 (Senior Management and Boards of Directors);
 - (d) Article 8.8 (Performance Requirements);
 - (e) Article 9.4 (Market Access); or
 - (f) Article 9.5 (Local Presence).
2. Each entry sets out the following elements:
 - (a) **Sector** refers to the sector for which the entry is made;
 - (b) **Obligations Concerned** specifies the Articles referred to in paragraph 1 that, pursuant to Articles 8.9.2 and 9.6.2, do not apply to the sectors, sub-sectors, or activities scheduled in the entry; and
 - (c) **Description** sets out the scope of the sectors, sub-sectors, or activities covered by the entry.
3. In accordance with Articles 8.9.2 and 9.6.2, the Articles of this Agreement specified in the Obligations Concerned element of an entry do not apply to the sectors, sub-sectors, and activities identified in the Description element of that entry.

4. In the interpretation of an entry, all elements of the entry shall be considered equally.

5. For greater certainty, National Treatment (Article 9.2) and Local Presence (Article 9.5) are separate disciplines and a measure that is only inconsistent with Local Presence (Article 9.5) need not be reserved against National Treatment (Article 9.2).

ANNEX II**SCHEDULE OF KOREA**

1. Sector:	All Sectors
Obligations Concerned:	National Treatment (Article 8.3) Performance Requirements (Article 8.8)
Description:	Investment 1. Korea reserves the right to adopt or maintain, with respect to the establishment or acquisition of an investment, a measure that is necessary for the maintenance of public order pursuant to Article 4 of the <i>Foreign Investment Promotion Act</i> (2012) and Article 5 of the <i>Enforcement Decree of the Foreign Investment Promotion Act</i> (2012), provided that the measure is applied in accordance with the procedural requirements set out in the <i>Foreign Investment Promotion Act</i> (2012), <i>Enforcement Decree of the Foreign Investment Promotion Act</i> (2012), and other applicable law. 2. Without prejudice to any claim that may be submitted to arbitration pursuant to Articles 8.18 and 8.19, a claimant may submit to arbitration under Section B of Chapter Eight (Investment) a claim that: (a) Korea has adopted or maintained a measure for which it has provided notice pursuant to paragraph 1; and (b) the claimant or, as the case may be, an enterprise of Korea that is a juridical person that the claimant owns or controls directly or indirectly, has incurred loss or damage by reason of, or arising out of, the measure.

In the event of such a claim, Section B of Chapter Eight (Investment) shall apply, *mutatis mutandis*, and all references in Section B of Chapter Eight (Investment) to a breach, or to an alleged breach, of an obligation under Section A of Chapter Eight (Investment) shall be understood to refer to the measure, which would constitute a breach of an obligation under Section A of Chapter Eight (Investment) but for this entry. However, no award may be made in favour of the claimant, if Korea establishes to the satisfaction of the tribunal that the measure satisfies all the conditions listed in paragraph 1.

3. This entry does not apply to the extent that a measure referred to in paragraph 1 is subject to Chapter Ten (Financial Services).

2. Sector:	All Sectors
Obligations Concerned:	<p>National Treatment (Articles 8.3 and 9.2)</p> <p>Senior Management and Boards of Directors (Article 8.7)</p> <p>Performance Requirements (Article 8.8)</p> <p>Local Presence (Article 9.5)</p>
Description:	<p>Investment</p> <p>Korea reserves the right to adopt or maintain any measure with respect to the transfer or disposition of equity interests or assets held by state enterprises or governmental authorities.</p> <p>Such a measure shall be implemented pursuant to of Chapter Nineteen (Transparency).</p> <p>Notwithstanding Article 10.9.3, this entry is not treated as a non-conforming measure not subject to Article 10.2 (National Treatment).</p> <p>This entry does not apply to former private enterprises that are owned by the state as a result of corporate reorganisation processes.</p> <p>For the purposes of this entry:</p> <p>A state enterprise includes any enterprise created for the sole purpose of selling or disposing of equity interests or assets of state enterprise or governmental authorities.</p> <p>Cross-Border Trade in Services and Investment</p> <p>Without prejudice to Korea's Schedules to Annex I and Annex II, Korea reserves the right to adopt or maintain any measure with respect to the transfer to the private sector of all or any portion of services provided in the exercise of governmental authority.</p>

3. Sector: Acquisition of Land

Obligations Concerned: National Treatment (Article 8.3)

Description: **Investment**

Korea reserves the right to adopt or maintain any measure with respect to the acquisition of land by foreign persons, except that a juridical person shall continue to be permitted to acquire land where the juridical person:

- (a) is not deemed foreign pursuant to Article 2 of the *Foreigner's Land Acquisition Act*; and
- (b) is deemed foreign under the *Foreigner's Land Acquisition Act* or is a branch of a foreign juridical person subject to approval or notification in accordance with the *Foreigner's Land Acquisition Act*, if the land is to be used for any of the following legitimate business purposes:
 - (i) land used for ordinary business activities;
 - (ii) land used for housing for senior management; and
 - (iii) land used for fulfilling land-holding requirements stipulated by pertinent laws.

Korea reserves the right to adopt or maintain any measure with respect to the acquisition of farmland by foreign persons.

4. Sector:	Firearms, Swords, Explosives, and Similar Items
Obligations Concerned:	National Treatment (Articles 8.3 and 9.2) Senior Management and Boards of Directors (Article 8.7) Performance Requirements (Article 8.8) Local Presence (Article 9.5)
Description:	Cross-Border Trade in Services and Investment Korea reserves the right to adopt or maintain any measure with respect to the firearms, swords, explosives, gas sprays, electric shocks, and crossbows sector, including the manufacture, use, sale, storage, transport, import, export, and possession of firearms, swords, explosives, gas sprays, electric shocks, and crossbows.

5. Sector: Disadvantaged Groups

Obligations Concerned: National Treatment (Articles 8.3 and 9.2)

Most-Favoured-Nation Treatment (Articles 8.4 and 9.3)

Senior Management and Boards of Directors (Article 8.7)

Performance Requirements (Article 8.8)

Local Presence (Article 9.5)

Description: **Cross-Border Trade in Services and Investment**

Korea reserves the right to adopt or maintain any measure that accords rights or preferences to socially or economically disadvantaged groups, such as the disabled, persons who have rendered distinguished services to the state, and ethnic minorities.

6. Sector: State-Owned Electronic Information System

Obligations Concerned: National Treatment (Articles 8.3 and 9.2)

Senior Management and Boards of Directors (Article 8.7)

Performance Requirements (Article 8.8)

Local Presence (Article 9.5)

Description: **Cross-Border Trade in Services and Investment**

Korea reserves the right to adopt or maintain any measure affecting the administration and operation of any state-owned electronic information system that contains proprietary government information or information gathered pursuant to the regulatory functions and powers of the government.

This entry does not apply to payments and settlement systems related to financial services.

7. Sector: Social Services

Obligations Concerned: National Treatment (Articles 8.3 and 9.2)

Most-Favoured-Nation Treatment (Articles 8.4 and 9.3)

Senior Management and Boards of Directors (Article 8.7)

Performance Requirements (Article 8.8)

Local Presence (Article 9.5)

Description: **Cross-Border Trade in Services and Investment**

Korea reserves the right to adopt or maintain any measure with respect to the provision of law enforcement and correctional services, and the following services to the extent that they are social services established or maintained for public purposes: income security or insurance, social security or insurance, social welfare, public training, health, and child care.

8. Sector:	All Sectors
Obligations Concerned:	Market Access (Article 9.4)
Description:	Cross-Border Trade in Services

Korea reserves the right to adopt or maintain any measure that is not inconsistent with Korea's obligations pursuant to Article XVI of GATS as set out in Korea's Schedule of Specific Commitments under the GATS (GATS/SC/48, GATS/SC/48/Suppl.1, GATS/SC/48/Suppl.1/Rev.1, GATS/SC/48/Suppl.2, GATS/SC/48/Suppl.3, and GATS/SC/48/Suppl.3/Rev.1).

For the purposes of this entry only, Korea's Schedule is subject to the following modifications:

- (a) for any sector and subsector with regard to which Korea's Annex I contains an entry (other than an entry with regard to "All Sectors") that does not list Market Access as one in the Obligations Concerned element, "None" is inscribed in the Market Access column for modes 1, 2, and 3, and "Unbound except as indicated in the Horizontal commitments section" is inscribed for mode 4;
- (b) for any sector and subsector with regard to which Korea's Annex I contains an entry (other than an entry with regard to "All Sectors") that lists a limitation to the Market Access obligation, that limitation is inscribed in the Market Access column with regard to the appropriate mode of supply; and
- (c) for any sector and subsector listed in Appendix II-A, Korea's Schedule is modified as indicated in the Appendix II-A.

These modifications does not affect any limitation relating to sub-paragraph (f) of paragraph 2 of Article XVI of GATS inscribed in the Market Access column of Korea's Schedule.

For greater certainty, an entry of "None" in the Market Access column of Korea's Schedule is not construed to alter the application of Article 9.5 (Local Presence) as modified by Article 9.6 (Non-Conforming Measures).

9. Sector: All Sectors

Obligations Concerned: Most-Favoured-Nation Treatment (Articles 8.4 and 9.3)

Description: **Cross-Border Trade in Services and Investment**

Korea reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement in force or signed prior to the date of entry into force of this Agreement.

Korea reserves the right to adopt or maintain any measure that accords differential treatment to countries under any bilateral or multilateral international agreement in force or signed after the date of entry into force of this Agreement involving:

- (a) aviation;
- (b) fisheries;
- (c) maritime matters, including salvage; or
- (d) railroad transportation.

10. Sector:	Environmental Services – Treatment and Supply Services for Potable Water; Collection and Treatment Services for Municipal Sewage; Collection, Transportation, and Disposal Services for Municipal Refuse; Sanitation and Similar Services; Nature and Landscape Protection Services (Except for Environmental Impact Assessment Services)
Obligations Concerned:	National Treatment (Articles 8.3 and 9.2) Performance Requirements (Article 8.8) Local Presence (Article 9.5)
Description:	Cross-Border Trade in Services and Investment Korea reserves the right to adopt or maintain any measure with respect to the following environmental services: treatment and supply of potable water; collection and treatment of municipal sewage; collection, transportation, and disposal of municipal refuse; sanitation and similar services; and nature and landscape protection services (except for environmental impact assessment services). This entry does not apply to the supply of the aforementioned services pursuant to a contract between private parties, to the extent private supply of such services is permitted under relevant laws and regulations.

11. Sector:	Atomic Energy – Nuclear Power Generation; Manufacturing and Supply of Nuclear Fuel; Nuclear Materials; Radioactive Waste Treatment and Disposal (including treatment and disposal of spent and irradiated nuclear fuel); Radioisotope and Radiation Generation Facilities; Monitoring Services for Radiation; Services Related to Nuclear Energy; Planning, Maintenance, and Repair Services
Obligations Concerned:	National Treatment (Articles 8.3 and 9.2) Senior Management and Boards of Directors (Article 8.7) Performance Requirements (Article 8.8) Local Presence (Article 9.5)
Description:	Cross-Border Trade in Services and Investment Korea reserves the right to adopt or maintain any measure with respect to the atomic energy industry.

12. Sector:	Energy Services – Electric Power Generation Other Than Nuclear Power Generation; Electric Power Transmission, Distribution, and Sales; Electricity Business
Obligations Concerned:	National Treatment (Articles 8.3 and 9.2) Senior Management and Boards of Directors (Article 8.7) Performance Requirements (Article 8.8) Local Presence (Article 9.5)
Description:	Cross-Border Trade in Services and Investment Korea reserves the right to adopt or maintain any measure with respect to electric power generation, transmission, distribution, and sales. Any such measure shall not decrease the level of foreign ownership permitted in the electric power industry as provided by the 42 nd entry in Korea’s Schedule to Annex I. Notwithstanding this entry, Korea shall not adopt or maintain any measure inconsistent with Article 8.8.1(f).

13. Sector: Energy Services – Gas industry

Obligations Concerned: National Treatment (Articles 8.3 and 9.2)

Senior Management and Boards of Directors (Article 8.7)

Performance Requirements (Article 8.8)

Local Presence (Article 9.5)

Description: **Cross-Border Trade in Services and Investment**

Korea reserves the right to adopt or maintain any measure with respect to the import and wholesale distribution of natural gas and the operation of terminals and the national high pressure pipeline network.

Any such measure does not decrease the level of foreign ownership permitted in the gas industry as provided by the 43rd entry in Korea's Schedule to Annex I.

14. Sector:	Distribution Services – Commission Agents’ Services, Wholesaling and Retailing of Agricultural Raw Materials and Live Animals (<i>nong chuk san mul</i>)
Obligations Concerned:	National Treatment (Articles 8.3 and 9.2) Performance Requirements (Article 8.8) Local Presence (Article 9.5)
Description:	Cross-Border Trade in Services and Investment Korea reserves the right to adopt or maintain any measure with respect to: (a) commission agents’ services; (b) wholesaling (including importation) services; and (c) retailing services, with respect to rice, ginseng, and red ginseng.

15. Sector: Transportation Services – Passenger Road Transportation Services (Taxi Services and Scheduled Passenger Road Transportation Services)

Obligations Concerned: National Treatment (Articles 8.3 and 9.2)
Most-Favoured-Nation Treatment (Articles 8.4 and 9.3)
Senior Management and Boards of Directors (Article 8.7)
Performance Requirements (Article 8.8)
Local Presence (Article 9.5)

Description: **Cross-Border Trade in Services and Investment**
Korea reserves the right to adopt or maintain any measure with respect to taxi services and scheduled passenger road transportation services.

16. Sector:	Transportation Services – Freight Road Transportation Services (not including Road Transportation Services Related to Courier Services)
Obligations Concerned:	Most-Favoured-Nation Treatment (Articles 8.4 and 9.3) Senior Management and Boards of Directors (Article 8.7) Performance Requirements (Article 8.8) Local Presence (Article 9.5)
Description:	Cross-Border Trade in Services and Investment Korea reserves the right to adopt or maintain any measure with respect to freight road transportation services, not including road transportation of containerised freight (excluding cabotage) by international shipping companies and road transportation services related to courier services.

17. Sector:	Transportation Services – Internal Waterways Transportation Services and Space Transportation Services
Obligations Concerned:	National Treatment (Articles 8.3 and 9.2) Most-Favoured-Nation Treatment (Articles 8.4 and 9.3) Senior Management and Boards of Directors (Article 8.7) Performance Requirements (Article 8.8) Local Presence (Article 9.5)
Description:	Cross-Border Trade in Services and Investment Korea reserves the right to adopt or maintain any measure with respect to internal waterways transportation services and space transportation services.

18. Sector: Transportation Services – Storage and Warehousing Services

Obligations Concerned: National Treatment (Articles 8.3 and 9.2)

Description: **Cross-Border Trade in Services and Investment**

Korea reserves the right to adopt or maintain any measure with respect to storage and warehousing services related to rice.

19. Sector: Communication Services – Non-monopoly Postal Services

Obligations Concerned: National Treatment (Articles 8.3 and 9.2)

Description: **Cross-Border Trade in Services and Investment**

Korea reserves the right to adopt or maintain any measure with respect to:

- (a) the supply of support services to postal offices by military service personnel or other personnel of equivalent status; and
- (b) the determination of the total number of vehicles that belong to the Ministry of Science, ICT and Future Planning and the allocation of those vehicles to postal offices, for which the Ministry of Science, ICT and Future Planning does not need authorisation from the Minister of Land, Infrastructure and Transport.

For greater certainty, the Korean Postal Authority reserves its exclusive rights under domestic law for collecting, processing, and delivering domestic and international letters. This exclusive right is not affected in any way or form by any provisions in this Agreement. Such exclusive right of the Korean Postal Authority includes the right of access to its postal network and operation thereof.

20. Sector: Communication Services – Broadcasting and
Telecommunications Services

Obligations Concerned: National Treatment (Articles 8.3 and 9.2)

Most-Favoured-Nation Treatment (Articles 8.4 and 9.3)

Senior Management and Boards of Directors (Article 8.7)

Performance Requirements (Article 8.8)

Market Access (Article 9.4)

Local Presence (Article 9.5)

Description: **Cross-Border Trade in Services and Investment**

Korea reserves the right to adopt or maintain any measure with respect to subscription-based video services.

For the purposes of this entry, “subscription-based video services” means subscription-based video services that are supplied to end-users over dedicated transmission capacity that the supplier owns or controls (including by leasing) and includes Internet Protocol-based Television (IPTV) and Interactive Broadcasting.

For greater certainty, this entry is without prejudice to the scope and application of Article 22.6 (Cultural Industries).

21. Sector: Communication Services – Broadcasting and Audio-Visual Services

Obligations Concerned: Most-Favoured-Nation Treatment (Articles 8.4 and 9.3)
Performance Requirements (Article 8.8)

Description: **Cross-Border Trade in Services and Investment**

Korea reserves the right to adopt or maintain any preferential co-production arrangement for film or television productions. Official co-production status, which may be granted to a co-production produced under such a co-production arrangement, confers national treatment on works covered by a co-production arrangement.

22. Sector: Communication Services – Broadcasting and Audio-Visual Services

Obligations Concerned: National Treatment (Articles 8.3 and 9.2)
Performance Requirements (Article 8.8)

Description: **Cross-Border Trade in Services and Investment**

Korea reserves the right to adopt or maintain any measure setting criteria for determining whether broadcasting or audio-visual programs are Korean.

For greater certainty, this entry is without prejudice to the scope and application of Article 22.6 (Cultural Industries).

23. Sector: Business Services – Real Estate Services (not including Real Estate Brokerage and Appraisal Services)

Obligations Concerned: National Treatment (Articles 8.3 and 9.2)

Performance Requirements (Article 8.8)

Local Presence (Article 9.5)

Description: **Cross-Border Trade in Services and Investment**

Korea reserves the right to adopt or maintain any measure with respect to real estate development, supply, management, sale, and rental services, except for brokerage and appraisal services.

24. Sector: Business Services – Insolvency and Receivership Services

Obligations Concerned: National Treatment (Articles 8.3 and 9.2)

Senior Management and Boards of Directors (Article 8.7)

Local Presence (Article 9.5)

Description: **Cross-Border Trade in Services and Investment**

Korea reserves the right to adopt or maintain any measure with respect to insolvency and receivership services.

Korea reserves the right to adopt or maintain any measure with respect to corporate restructuring services, including corporate restructuring companies, corporate restructuring partnerships, and corporate restructuring vehicles.

For greater certainty, this entry is not construed to negatively affect current legitimate investment banking services subject to rights and obligations under Chapter Ten (Financial Services).

25. Sector: Digital Audio or Video Services

Obligations Concerned: National Treatment (Articles 8.3 and 9.2)

Most-Favoured-Nation Treatment (Articles 8.4 and 9.3)

Performance Requirements (Article 8.8)

Local Presence (Article 9.5)

Description: **Cross-Border Trade in Services and Investment**

Korea reserves the right to adopt or maintain any measure to ensure that, upon a finding by the Government of Korea that Korean digital audio or video content or genres thereof is not readily available to Korean consumers, access to such content is not unreasonably denied to Korean consumers. With respect to digital audio or video services targeted at Korean consumers, Korea reserves the right to adopt or maintain any measure to promote the availability of such content.

A measure adopted or maintained pursuant to the paragraph above shall be implemented in accordance with Chapter Nineteen (Transparency) as applicable, be based on objective criteria, and be no more trade-restrictive or burdensome than necessary.

For the purposes of this entry, “digital audio or video service” means a service that provides streaming audio content, films, or other video downloads or streaming video content regardless of the type of transmission (including through the Internet), but does not include broadcasting services as defined by the *Broadcasting Act* or subscription-based video services as defined in the 20th entry in this Annex.

For greater certainty, this entry is without prejudice to the scope and application of Article 22.6 (Cultural Industries).

26. Sector: Business Services – Cadastral Surveying Services and Cadastral Map-Related Services

Obligations Concerned: National Treatment (Articles 8.3 and 9.2)

Description: **Cross-Border Trade in Services and Investment**

Korea reserves the right to adopt or maintain any measure with respect to cadastral surveying services and cadastral map-related services.

27. Sector:	Business and Environmental Services – Examination, Certification, and Classification of Agricultural Raw Materials and Live Animals (<i>nong chuk san mul</i>)
Obligations Concerned:	National Treatment (Articles 8.3 and 9.2) Local Presence (Article 9.5)
Description:	Cross-Border Trade in Services and Investment Korea reserves the right to adopt or maintain any measure with respect to examination, certification, and classification of agricultural raw materials and live animal products.

28. Sector: Business Services – Services Incidental to Agriculture, Hunting, Forestry, and Fishing

Obligations Concerned: National Treatment (Articles 8.3 and 9.2)
Senior Management and Boards of Directors (Article 8.7)
Performance Requirements (Article 8.8)
Local Presence (Article 9.5)

Description: **Cross-Border Trade in Services and Investment**

Korea reserves the right to adopt or maintain any measure with respect to services incidental to agriculture, forestry, and livestock, including genetic improvement, artificial insemination, rice and barley polishing, and activities related to a rice processing complex.

Korea reserves the right to adopt or maintain any measure with respect to the supply of services incidental to agriculture, hunting, forestry, and fishing by the Agricultural Cooperatives, the Forestry Cooperatives, and the Fisheries Cooperatives.

29. Sector: Fishing

Obligations Concerned: National Treatment (Article 8.3)

Description: **Investment**

Korea reserves the right to adopt or maintain any measure with respect to fishing activities in Korea's territorial waters and exclusive economic zone.

30. Sector: Publishing of Newspapers

Obligations Concerned: National Treatment (Articles 8.3 and 9.2)

Senior Management and Boards of Directors (Article 8.7)

Local Presence (Article 9.5)

Description: **Cross-Border Trade in Services and Investment**

Korea reserves the right to adopt or maintain any measure with respect to the publishing (including printing and distribution) of newspapers.

For greater certainty, this entry is without prejudice to the scope and application of Article 22.6 (Cultural Industries).

31. Sector: Education Services – Pre-Primary, Primary, Secondary, Higher, and Other Education

Obligations Concerned: National Treatment (Articles 8.3 and 9.2)
Most-Favoured-Nation Treatment (Articles 8.4 and 9.3)
Senior Management and Boards of Directors (Article 8.7)
Performance Requirements (Article 8.8)
Local Presence (Article 9.5)

Description: **Cross-Border Trade in Services and Investment**
Korea reserves the right to adopt or maintain any measure with respect to pre-primary, primary, and secondary education; health and medicine-related higher education; higher education for prospective pre-primary, primary, and secondary teachers; professional graduate education in law; distance education at all education levels (except adult education services, provided that such services do not confer academic credit, diplomas, or degrees); and other education services.

32. Sector: Social Services – Human Health Services

Obligations Concerned: National Treatment (Articles 8.3 and 9.2)

Most-Favoured-Nation Treatment (Articles 8.4 and 9.3)

Senior Management and Boards of Directors (Article 8.7)

Performance Requirements (Article 8.8)

Local Presence (Article 9.5)

Description: **Cross-Border Trade in Services and Investment**

Korea reserves the right to adopt or maintain any measure with respect to human health services.

33. Sector:	Recreational, Cultural, and Sporting Services – Motion Picture Promotion, Advertising, or Post-Production Services
Obligations Concerned:	National Treatment (Articles 8.3 and 9.2) Most-Favoured-Nation Treatment (Articles 8.4 and 9.3) Performance Requirements (Article 8.8) Local Presence (Article 9.5)
Description:	Cross-Border Trade in Services and Investment Korea reserves the right to adopt or maintain any measure with respect to motion picture promotion, advertising, or post-production services. For greater certainty, this entry is without prejudice to the scope and application of Article 22.6 (Cultural Industries).

34. Sector: Recreational, Cultural, and Sporting Services – Museum and Other Cultural Services

Obligations Concerned: National Treatment (Articles 8.3 and 9.2)
Senior Management and Boards of Directors (Article 8.7)
Performance Requirements (Article 8.8)
Local Presence (Article 9.5)

Description: **Cross-Border Trade in Services and Investment**
Korea reserves the right to adopt or maintain any measure with respect to the conservation, reconstruction and restoration of cultural heritage and properties, including the excavation, appraisal, or dealing of cultural heritage and properties.

35. Sector: Other Recreational Services

Obligations Concerned: National Treatment (Article 8.3)

Description: **Investment**

Korea reserves the right to adopt or maintain any measure with respect to tourism in rural, fishery, and agricultural sites.

36. Sector: Legal Services - Foreign Legal Consultants

Obligations Concerned: National Treatment (Articles 8.3 and 9.2)

Senior Management and Boards of Directors (Article 8.7)

Local Presence (Article 9.5)

Description: **Cross-Border Trade in Services and Investment**

1. Korea reserves the right to adopt or maintain any measures including:
 - (a) restrictions on certification, approval, registration, admission, and supervision of, and any other requirements with respect to, foreign-licensed lawyers or foreign law firms supplying any type of legal services in Korea;
 - (b) restrictions on foreign-licensed lawyers or foreign law firms entering into partnerships, commercial associations, affiliations, or any other type of relationship regardless of legal form, with *byeon-ho-sa* (Korean-licensed lawyers), Korean law firms, *beop-mu-sa* (Korean-certified judicial scriveners), *byeon-ri-sa* (Korean-licensed patent attorneys), *gong-in-hoe-gye-sa* (Korean-certified public accountants), *se-mu-sa* (Korean-certified tax accountants), or *gwan-se-sa* (Korean customs brokers);
 - (c) restrictions on foreign-licensed lawyers or foreign law firms hiring *byeon-ho-sa* (Korean-licensed lawyers), *beop-mu-sa* (Korean-certified judicial scriveners), *byeon-ri-sa* (Korean-licensed patent attorneys), *gong-in-hoe-gye-sa* (Korean-certified public accountants), *se-mu-sa* (Korean certified tax accountants), or *gwan-se-sa* (Korean customs brokers) in Korea; and

- (d) restrictions on senior management and the board of directors of legal entities supplying foreign legal consulting services, including with respect to the chairman.
2. Notwithstanding paragraph 1,
- (a) no later than the date this Agreement enters into force, Korea shall allow, subject to certain requirements consistent with this Agreement, Canadian law firms to establish representative offices (Foreign Legal Consultant offices or FLC offices) in Korea, and attorneys licensed in Canada to provide legal advisory services regarding the laws of the jurisdiction in which they are licensed and public international law as foreign legal consultants in Korea;
 - (b) no later than two years after the date this Agreement enters into force, Korea shall allow FLC offices, subject to certain requirements consistent with this Agreement, to enter into specific cooperative agreements with Korean law firms in order to be able to jointly deal with cases where domestic and foreign legal issues are mixed, and to share profits derived from such cases; and
 - (c) no later than five years after the date this agreement enters into force, Korea shall allow Canadian law firms to establish, subject to certain requirements consistent with this Agreement, joint venture firms with Korean law firms. Korea may impose restrictions on the proportion of voting shares or equity interests of the joint venture firms. For greater certainty, such joint ventures may, subject to certain requirements, employ Korean-licensed lawyers as partners or associates.

3. Korea shall maintain, at a minimum, the measures adopted to implement its commitments in paragraph 2.

4. For the purposes of this entry, “Canadian law firm” means a law firm organised under Canadian law and headquartered in Canada.

- 37. Sector:** Professional Services – Foreign Certified Public Accountants
- Obligations Concerned:** National Treatment (Articles 8.3 and 9.2)
- Senior Management and Boards of Directors (Article 8.7)
- Local Presence (Article 9.5)
- Description:** **Cross-Border Trade in Services and Investment**
1. Korea reserves the right to adopt or maintain any measures, including:
 - (a) restrictions on certified public accountants or accounting corporations registered under foreign laws hiring *gong-in-hoe-gye-sa* (Korean-certified public accountants);
 - (b) restrictions on foreign-certified public accountants providing auditing services in Korea; and
 - (c) restrictions on senior management and the board of directors of legal entities supplying certified public accountancy services, including with respect to the chairman.
 2. Notwithstanding paragraph 1,
 - (a) no later than the date this Agreement enters into force, Korea shall allow, subject to certain requirements consistent with this Agreement:
 - (i) Canadian Chartered Accountants registered in Canada or accounting corporations organised under Canadian law to supply accounting consulting services relating to Canadian or international accounting laws and standards through offices established in Korea; and

- (ii) Canadian Chartered Accountants registered in Canada to work in *hoe-gye-beop-in* (Korean accounting corporations); and
 - (b) no later than five years after the date this Agreement enters into force, Korea shall allow Canadian Chartered Accountants registered in Canada to invest in any *hoe-gye-beop-in* (Korean accounting corporations), subject to certain requirements consistent with this Agreement, provided that:
 - (i) *gong-in-hoe-gye-sa* (Korean registered certified public accountants) shall own more than 50 percent of the voting shares or equity interest of the *hoe-gye-beop-in*; and
 - (ii) any single Canadian Chartered Accountants registered in Canada owns less than 10 percent of the voting shares or equity interests of the *hoe-gye-beop-in*.
3. Korea shall maintain, at a minimum, the measures adopted to implement its commitments in paragraph 2.
4. For the purposes of this entry, a “Canadian accounting corporation” means an accounting corporation or partnership organised under Canadian law and headquartered in Canada.

38. Sector: Professional Services - Foreign Certified Tax Accountants

Obligations Concerned: National Treatment (Articles 8.3 and 9.2)

Senior Management and Boards of Directors (Article 8.7)

Local Presence (Article 9.5)

Description: **Cross-Border Trade in Services and Investment**

1. Korea reserves the right to adopt or maintain any measures, including:

- (a) restrictions on certified tax accountants or tax agency corporations registered under foreign laws hiring *se-mu-sa* (Korean-certified tax accountants) or *gong-in-hoe-gye-sa* (Korean-certified public accountants);
- (b) restrictions on foreign-certified tax accountants providing tax reconciliation services and tax representative services in Korea; and
- (c) restrictions on senior management and the board of directors of legal entities supplying certified tax accountancy services, including with respect to the chairman.

2. Notwithstanding paragraph 1,

- (a) no later than the date this Agreement enters into force, Korea shall allow, subject to certain requirements consistent with this Agreement:

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- (i) the establishment of offices in Korea by Canadian certified tax accountants registered in Canada or tax agency corporations organised under Canadian laws to provide tax consulting services with respect to Canadian or international tax laws and taxation system; and
 - (ii) Canadian certified tax accountants registered in Canada to work in *se-mu-beop-in* (Korean tax agency corporations); and
 - (b) no later than five years after this Agreement enters into force, Korea shall allow Canadian certified tax accountants registered in Canada to invest in any *se-mu-beop-in* (Korean tax agency corporations), subject to certain requirements consistent with this Agreement, provided that:
 - (i) *se-mu-sa* (Korean-certified tax accountants) shall own more than 50 percent of the voting shares or equity interests of the *se-mu-beop-in*; and
 - (ii) any single Canadian certified tax accountant registered in Canada owns less than 10 percent of the voting shares or equity interests of the *se-mu-beop-in*.
3. Korea shall maintain, at a minimum, the measures adopted to implement its commitments in paragraph 2.
4. For the purposes of this entry, a “Canadian tax agency corporation” means a tax agency corporation or partnership organised under Canadian law and headquartered in Canada.

39. Sector: Business Services

Obligations Concerned: National Treatment (Article 9.2)

Local Presence (Article 9.5)

Description: **Cross-Border Trade in Services**

Korea reserves the right to adopt or maintain any measure with respect to the exportation and re-exportation of controlled commodities, software, and technology.

Only persons residing in Korea may apply for a license to export or re-export such commodities, software, or technology.

40. Sector: All Sectors

Obligations Concerned: National Treatment (Article 8.3)

Senior Management and Boards of Directors (Article 8.7)

Performance Requirements (Article 8.8)

Description: **Investment**

Korea reserves the right to adopt or maintain any measure with respect to an investment to supply a service in the exercise of governmental authority, as defined in Article 9.1 (Scope and Coverage) such as law enforcement and correctional services. This entry does not apply to:

- (a) an investor or covered investment that has entered into an agreement with Korea with respect to the supply of such services; or
- (b) a measure adopted or maintained by Korea to the extent that the measure is subject to Chapter Ten (Financial Services).

41. Sector:	Transportation Services – Maritime Passenger Transportation and Maritime Cabotage
Obligations Concerned:	National Treatment (Articles 8.3 and 9.2) Most-Favoured-Nation Treatment (Articles 8.4 and 9.3) Senior Management and Boards of Directors (Article 8.7) Performance Requirements (Article 8.8) Local Presence (Article 9.5)
Description:	Cross-Border Trade in Services and Investment Korea reserves the right to adopt or maintain any measure with respect to the provision of international maritime passenger transportation services, maritime cabotage, and the operation of Korean vessels, including the following measures: (a) A person that supplies international maritime passenger transportation services must obtain a license from the Minister of Oceans and Fisheries, which is subject to an economic needs test.

- (b) Without prejudice to the scope of activities which may be considered as cabotage under the relevant national legislation, maritime cabotage is reserved for Korean vessels, which are assumed to cover transportation of passengers or goods between a port or point located in the entire Korean peninsula and any adjacent Korean islands and another port or point located in the entire Korean peninsula and any adjacent Korean islands, including on its continental shelf as provided in the UNCLOS, and traffic originating and terminating in the same port or point located in the entire Korean peninsula and any adjacent Korean islands. “Korean vessel” means:
- (i) a vessel owned by the Korean government, a state enterprise, or an institution established under the Ministry of Oceans and Fisheries;
 - (ii) a vessel owned by a Korean national;
 - (iii) a vessel owned by an enterprise organised under the *Korean Commercial Code*; and
 - (iv) a vessel owned by an enterprise organised under foreign law that has its principal office in Korea and whose *dae-pyo-ja* (representative; for example, a chief executive officer, president, or similar principal senior officer) is a Korean national. In the event there is more than one, all *dae-pyo-ja* must be Korean nationals.

APPENDIX II-A**Korean Sectors Covered by Article XVI of the GATS**

For the following Sectors/Sub-sectors, Korea's obligations pursuant to Article XVI of the General Agreement on Trade in Services as set out in Korea's Schedule of Specific Commitments under the GATS (GATS/SC/48, GATS/SC/48/Suppl.1, GATS/SC/48/Suppl.1/Rev.1, GATS/SC/48/Suppl.2, GATS/SC/48/Suppl.3, and GATS/SC/48/Suppl.3/Rev.1) are improved as described.

Sector/Sub-sector	Market Access Improvements
Research and development services: a. Research and development services on natural sciences b. Research and development services on social sciences and humanities c. Interdisciplinary research and development services	Insert new commitments with "None" for modes 1 and 2, "Unbound" for mode 3 and "Unbound except as indicated in the Horizontal Commitments section." for mode 4 Modify mode 1 and 2 limitations from "Unbound" to "None" Insert new commitments with "None" for modes 1 and 2, "Unbound" for mode 3 and "Unbound except as indicated in the Horizontal Commitments section" for mode 4
Market research and public opinion polling services	Modify mode 1 and 2 limitations from "Unbound" to "None"
Services incidental to mining	Modify mode 1 and 2 limitations from "Unbound" to "None"
Packaging services	Modify mode 1 and 2 limitations from "Unbound" to "None"
Convention services other than Convention agency services	Insert new commitments with "None" for mode 1, 2 and 3 and "Unbound except as indicated in the Horizontal Commitments section" for mode 4

Sector/Sub-sector	Market Access Improvements
<p>Tourism and travel related services:</p> <p>a. Beverage serving services without entertainment</p> <p>Excluding rail and air transport related facilities in beverage serving services without entertainment</p> <p>b. Tour operator services</p> <p>c. Tourist guides services</p>	<p>Insert new commitments with “Unbound*” for mode 1, “None” for mode 2 and 3 and “Unbound except as indicated in the Horizontal Commitments section” for mode 4</p> <p>Insert new commitments with “None” for mode 1, 2 and 3 and “Unbound except as indicated in the Horizontal Commitments section” for mode 4</p> <p>Modify mode 3 from “Only travel agencies are allowed to supply tourist guide services” to “None”</p>

ANNEX III**Financial Services****Schedule of Canada – Explanatory Notes**

1. Canada's Schedule to this Annex sets out:
 - (a) headnotes that limit or clarify commitments of Canada with respect to the obligations described in subparagraphs (b) and (c);
 - (b) in Section A, the reservations taken by Canada, pursuant to Article 10.9.1, with respect to existing measures that do not conform with obligations imposed by Articles relating to:
 - (i) Article 10.2 (National Treatment);
 - (ii) Article 10.3 (Most-Favoured-Nation Treatment);
 - (iii) Article 10.4 (Market Access for Financial Institutions);
 - (iv) Article 10.5 (Cross-Border Trade); or
 - (v) Article 10.8 (Senior Management and Boards of Directors); and
 - (c) in Section B, the reservations taken by Canada, pursuant to Article 10.9.2, for measures that Canada may adopt or maintain that do not conform with obligations imposed by Article 10.2 (National Treatment), 10.3 (Most-Favoured-Nation Treatment), 10.4 (Market Access for Financial Institutions), 10.5 (Cross-Border Trade), or 10.8 (Senior Management and Boards of Directors).
2. Each reservation in Section A sets out the following elements:
 - (a) **Sector** refers to the general sector in which the reservation is taken;
 - (b) **Sub-sector** refers to the specific sector in which the reservation is taken;
 - (c) **Type of Reservation** specifies the obligation referred to in paragraph 1(b) for which the reservation is taken;
 - (d) **Level of Government** indicates the level of government maintaining the measure for which the reservation is taken;

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- (e) **Measures** identifies the laws, regulations or other measures, as qualified by the **Description** element, for which the reservation is taken. A measure cited in the **Measures** element:
- (i) means the measure as amended, continued or renewed as of the date of entry into force of this Agreement; and
 - (ii) includes a subordinate measure adopted or maintained under the authority of and consistent with the measure; and
- (f) **Description** sets out references, if any, for liberalisation on the date of entry into force of this Agreement pursuant to other sections of Canada's Schedule to this Annex, and the remaining non-conforming aspects of the existing measures for which the reservation is taken.
3. Each reservation in Section B sets out the following elements:
- (a) **Sector** refers to the general sector in which the reservation is taken;
 - (b) **Sub-sector** refers to the specific sector in which the reservation is taken;
 - (c) **Type of Reservation** specifies the obligation referred to in paragraph 1(c) for which the reservation is taken;
 - (d) **Level of Government** indicates the level of government maintaining the measure for which the reservation is taken; and
 - (e) **Description** sets out the scope of the sectors, sub-sectors or activities covered by the reservation.
4. 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. To the extent that:
- (a) the **Measures** element is qualified by a specific reference in the **Description** element, the **Measures** element as so qualified shall prevail over all other elements; and
 - (b) the **Measures** element is not so qualified, the **Measures** element shall prevail over all other elements, unless a discrepancy between the **Measures** element and the other elements considered in their totality is so substantial and material that it would be unreasonable to conclude that the **Measures** element should prevail, in which case the other elements shall prevail to the extent of that discrepancy.

5. In the interpretation of a reservation in Section B, all elements of the reservation shall be considered. The **Description** element shall prevail over all other elements.

6. Where Canada maintains a measure that requires that a service supplier be a citizen, permanent resident, or resident of its territory as a condition to the supply of a service in its territory, a reservation for that measure taken with respect to Article 10.2 (National Treatment), 10.3 (Most-Favoured-Nation Treatment), 10.4 (Market Access for Financial Institutions) or 10.5 (Cross-Border Trade) shall operate as a reservation with respect to Article 8.3 (National Treatment), 8.4 (Most-Favoured-Nation Treatment), or 8.8 (Performance Requirements) to the extent of that measure.

Headnotes

1. Commitments under this Agreement, in the sub-sectors listed in this Schedule, are undertaken subject to the limitations and conditions set forth in these headnotes and in the Schedule below.
2. To clarify the commitment of Canada with respect to Article 10.4 (Market Access for Financial Institutions), juridical persons supplying financial services and constituted under the laws of Canada are subject to non-discriminatory limitations on juridical form. For example, partnerships and sole proprietorships with limited or unlimited liability are generally not acceptable juridical forms for financial institutions in Canada. This headnote does not affect or otherwise limit a choice by an investor of the other Party between a branch or subsidiary.
3. The listing of a measure as a reservation in Section A or B does not mean that it cannot otherwise be justified as a measure adopted or maintained for prudential reasons pursuant to Article 10.10 (Exceptions).
4. Canada limits its commitments pursuant to Article 10.9.1(c) with respect to Article 10.4 (Market Access for Financial Institutions) in the following manner: Article 10.9.1(c) shall apply only to non-conforming measures relating to Article 10.4(a) and not to those non-conforming measures relating to Article 10.4(b).

ANNEX III**Schedule of Canada****Section A**

Sector:	Financial Services
Sub-sector:	All
Type of Reservation:	National Treatment (Article 10.2)
Level of Government:	Federal
Measures:	<i>Bank Act – s.s. 159(2)</i> <i>Insurance Companies Act – s.s. 167(2)</i> <i>Trust and Loans Companies Act – s.s. 163(2)</i> <i>Cooperative Credit Associations Act – s.s. 169(2)</i>
Description:	A simple majority of the directors at a financial institution are required to be resident Canadians.

Sector:	Financial Services
Sub-sector:	All
Type of Reservation:	National Treatment (Article 10.2) Most-Favoured-Nation (Article 10.3) Cross-Border Trade (Article 10.5) Senior Management and Boards of Directors (Article 10.8)
Level of Government:	Sub-national
Measures:	
Description:	All existing non-conforming measures of all provinces and territories.

Section B

Sector:	Financial Services
Sub-sector:	All
Type of Reservation:	Market Access for Financial Institutions (Article 10.4)
Description:	<p>Canada reserves the right to adopt or maintain a measure that is not inconsistent with Canada's obligations under Article XVI of the General Agreement on Trade in Services as set out in Canada's Schedule of Specific Commitments under the GATS (GATS/SC/16/Suppl.4/Rev.1).</p> <p>For purposes of this entry only, Canada's Schedule of Specific Commitments is modified as follows:</p>
Sector/Sub-sector:	Market Access Improvements
All	<p>Under Mode 3 (All sectors) remove:</p> <p>Federally-regulated financial institutions having capital in excess of Can\$750 million are required, within five years of having reached the threshold, to have 35 percent of their voting shares widely-held and listed and posted for trading on a Canadian Stock Exchange.</p> <p>Under Mode 3 (All sectors) add:</p> <p>Federally-regulated financial institutions having equity in excess of Can\$1 billion are required within three years of having reached the threshold, to have 35 percent of their voting shares widely-held and listed and posted for trading on a stock exchange in Canada.</p> <p>Under Mode 3 (Banking and other financial services) delete:</p> <p>No one person (Canadian or foreign) may own more than 10 percent of any class of shares of a Schedule I bank.</p>

Under Mode 3 (All sectors) add:

No person (Canadian or foreign) may own more than 10 percent of any class of shares of a federally-regulated financial institution without Ministerial approval.

No person (Canadian or foreign) may own more than 20 percent of any class of voting shares, or 30 percent of any class of non-voting shares, of federally-regulated financial institution with more than Can\$5 billion in equity.

Sector:	Financial Services
Sub-sector:	Banking and Other Financial Services (Excluding Insurance)
Type of Reservation:	National Treatment (Article 10.2)
Level of Government:	Federal
Description:	<p>Canada reserves the right to adopt or maintain a measure requiring that a foreign bank establish a subsidiary in order to accept or maintain retail deposits of less than Can\$150,000.</p> <p>Canada reserves the right to adopt or maintain a measure prohibiting full service bank branches and lending bank branches from becoming member institutions of the Canadian Deposit Insurance Corporation.</p>

Sector:	Financial Services
Sub-sector:	Banking and Other Financial Services (Excluding Insurance)
Type of Reservation:	National Treatment (Article 10.2)
Level of Government:	Federal
Description:	Canada reserves the right to adopt or maintain a measure requiring that foreign banks that have been authorised to establish a branch in Canada be members of the Canadian Payments Association. Canada also reserves the right to adopt or maintain a measure prohibiting foreign lending branches from being members of the Canadian Payments Association.

Sector:	Financial Services
Sub-sector:	Banking and Other Financial Services (Excluding Insurance)
Type of Reservation:	Most-Favoured-Nation Treatment (Article 10.3)
Level of Government:	Federal and sub-national
Description:	Canada reserves the right to adopt or maintain a measure relating to cross-border trade in securities services.

ANNEX III**Financial Services****Schedule of Korea – Explanatory Notes**

1. Korea's Schedule to this Annex sets out:
 - (a) headnotes that limit or clarify the commitments of Korea with respect to the obligations described in subparagraphs (b) and (c);
 - (b) in Section A, pursuant to Article 10.9.1, the existing measures of Korea that do not conform with some or all of the obligations imposed by:
 - (i) Article 10.2 (National Treatment);
 - (ii) Article 10.3 (Most-Favoured-Nation Treatment);
 - (iii) Article 10.4 (Market Access for Financial Institutions);
 - (iv) Article 10.5 (Cross-Border Trade); or
 - (v) Article 10.8 (Senior Management and Boards of Directors); and
 - (c) in Section B, pursuant to Article 10.9.2, the specific sectors, subsectors, or activities for which Korea may maintain existing, or adopt new or more restrictive, measures that do not conform with the obligations imposed by Article 10.2 (National Treatment), 10.3 (Most-Favoured-Nation Treatment), 10.4 (Market Access for Financial Institutions), 10.5 (Cross-Border Trade), or 10.8 (Senior Management and Boards of Directors).
2. Each entry in Section A sets out the following elements:
 - (a) **Sector** refers to the general sector for which the entry is made;
 - (b) **Sub-sector** refers to the specific sector for which the entry is made;

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- (c) **Obligations Concerned** specifies the Articles referred to in paragraph 1(b) that, pursuant to Article 10.9.1(a), do not apply to the non-conforming aspects of the law, regulation, or other measure, as set out in paragraph 4;
- (d) **Level of Government** indicates the level of government maintaining the scheduled measure(s);
- (e) **Measures** identify the laws, regulations, or other measures for which the entry is made. A measure cited in the Measures element:
- (i) means the measure as amended, continued, or renewed as of the date of entry into force of this Agreement; and
 - (ii) includes any subordinate measure adopted or maintained under the authority of and consistent with the measure; and
- (f) **Description** provides a general, non-binding description of the measure for which the entry is made.
3. Each entry in Section B sets out the following elements:
- (a) **Sector** refers to the general sector for which the entry is made;
 - (b) **Sub-sector** refers to the specific sector for which the entry is made;
 - (c) **Obligations Concerned** specifies the Articles referred to in paragraph 1(c) that, pursuant to Article 10.9.2, do not apply to the sectors, sub-sectors, or activities scheduled in the entry;
 - (d) **Level of Government** indicates the level of government maintaining the listed measure(s); and
 - (e) **Description** sets out the scope of the sectors, subsectors, or activities covered by the entry.
4. For entries in Section A, pursuant to Article 10.9.1(a), and subject to Article 10.9.1(c), the Articles of this Agreement specified in the Obligations Concerned element of an entry do not apply to the non-conforming aspects of the law, regulation, or other measure identified in the Measures element of that entry, except to the extent that such non-conforming aspects are inconsistent with Annex 10-B (Specific Commitments).
5. For entries in Section B, pursuant to Article 10.9.2, the articles of this Agreement specified in the Obligations Concerned element of an entry do not apply to the sectors, subsectors, and activities identified in the Description element of that entry.

6. Where Korea adopts or maintains a measure that requires that a service supplier be a citizen, permanent resident, or resident of its territory as a condition to the supply of a service in its territory, a Schedule entry for that measure taken with respect to Article 10.2 (National Treatment), 10.3 (Most-Favoured-Nation Treatment), 10.4 (Market Access for Financial Institutions), or 10.5 (Cross-Border Trade) operates as a Schedule entry with respect to Article 8.3 (National Treatment), 8.4 (Most-Favoured-Nation Treatment), or 8.8 (Performance Requirements) to the extent of that measure.

7. Appendix III-A lists certain measures that the Parties consider to be not inconsistent with Article 10.2 (National Treatment) or 10.4 (Market Access for Financial Institutions) or subject to Article 10.10.1.

8. An entry in Annex I or Annex II specifying that Article 9.2 (National Treatment) does not apply to the non-conforming aspects of a law, regulation, or other measure, is not construed as limiting a Party's obligation under Article 10.5.1 to accord national treatment with respect to the supply of services specified in Annex 10-A (Cross-Border Trade) to cross-border financial service suppliers of the other Party.

Headnotes

1. Commitments in these sub-sectors under the Agreement are undertaken subject to the limitations and conditions set forth in these headnotes and in the Schedules below.
2. To clarify the commitment of Korea with respect to Article 10.4 (Market Access for Financial Institutions), juridical persons supplying financial services and constituted under the laws of Korea are subject to non-discriminatory limitations on juridical form¹.
3. The commitments of Korea pursuant to Articles 10.2 (National Treatment) and 10.4 (Market Access for Financial Institutions) are subject to the limitation that in order to establish or acquire a controlling interest in a financial institution in Korea, a foreign investor must own or control a financial institution that engages in supplying financial services within the same financial services subsector in its home country.
4. Korea limits its commitments pursuant to Article 10.9.1(c) with respect to Article 10.4 (Market Access for Financial Institutions) in the following manner: Article 10.9.1(c) shall apply only to non-conforming measures relating to 10.4 (a) and not to those non-conforming measures relating to Article 10.4 (b).

¹ For example, partnerships and sole proprietorship are generally not acceptable juridical forms for depository financial institutions in Korea. This headnote is not itself intended to affect, or otherwise limit, a choice by a financial institution of the other Party between branches or subsidiaries.

ANNEX III**Schedule of Korea****Section A**

1. Sector:	Financial Services
Sub-Sector:	Insurance
Obligations Concerned:	Market Access for Financial Institutions (Article 10.4)
Level of Government:	National
Measures:	<i>Insurance Business Act</i> (Law No. 10866, 21 July 2011), Articles 91 and 100 <i>Enforcement Decree of the Insurance Business Act</i> (Presidential Decree No. 24097, 7 September 2012), Article 40
Description:	<p>Only two employees of a commercial bank, mutual saving bank, or an investment trader or investment broker may sell insurance products at any one time at a single location.</p> <p>For transparency purposes, Korea restricts the manner of sales of insurance products including by limiting the number of windows in a single bank location devoted to the sale of insurance, the percentage of insurance sold by a bank that may be underwritten by a single insurer, and the type of insurance products which may be sold by a bank, and restricting unfair business practices such as compelling the purchase of insurance products in return for a loan.</p>

2. Sector:	Financial Services
Sub-Sector:	Insurance
Obligations Concerned:	Cross-Border Trade (Article 10.5)
Level of Government:	National
Measures:	<p><i>Automobile Accident Compensation Assurance Act</i> (Law No. 11369, 22 February 2012)</p> <p><i>Act on the Indemnification for Fire-Caused Loss and the Purchase of Insurance Policies</i> (Law No. 10695, 19 May 2011)</p> <p><i>High-Pressure Gas Safety Control Act</i> (Law No. 11140, 31 December 2011)</p> <p><i>Safety Control and Business Regulation of Liquefied Petroleum Gas Act</i> (Law No. 10711, 24 May 2011)</p> <p><i>Urban Gas Business Act</i> (Law No. 10959, 25 July 2011)</p> <p><i>Seafarers Act</i> (Law No. 11141, 31 December 2011)</p> <p><i>Installation and Utilization of Sports Facilities Act</i> (Law No. 11169, 17 January 2012)</p> <p><i>Excursion Ship and Ferry Business Act</i> (Law No. 11344, 22 February 2012)</p> <p><i>Elevators Safety Management of Act</i> (Law No. 11343, 22 February 2012)</p> <p><i>Water-Related Leisure Activities Safety Act</i> (Law No. 10458, 9 March 2011)</p> <p><i>Juvenile Activity Promotion Act</i> (Law No. 10660, 19 May 2011)</p> <p><i>Compensation for Oil Pollution Damage Guarantee Act</i> (Law No. 9740, 27 May 2009)</p> <p><i>Air Transport Business Promotion Act</i> (Law No. 11196, 17 January 2012)</p> <p><i>Road Traffic Act</i> (Law No. 11298, 10 February 2012)</p>

Protection of Wild Fauna and Flora Act (Law No. 10893, 21 July 2011)

Trucking Transport Business Act (Law No. 10804, 15 June 2011)

Industrial Accident Compensation Insurance Act (Law No. 11569, 18 December 2012)

Construction Technology Management Act (Law No. 11180, 17 January 2012)

Nuclear Damage Compensation Act (Law No. 10912, 25 July 2011)

Framework Act on Logistics Policies (Law No. 11473, 1 June 2012)

Social Welfare Services Act (Law No. 11442, 23 May 2012)

Anglers Management and Promotion Act (Law No. 10801, 15 June 2011)

Electronic Finance Transaction Act (Law No. 11461, 1 June 2012)

Digital Signature Act (Law No. 10465, 29 March 2011)

Attorney-at-Law Act (Law No. 10922, 25 July 2011)

Laboratory Safety Environment Act (Law No. 10874, 21 July 2011)

Act on the Establishment and Operation of Private Teaching Institutes and Extracurricular Lessons (Law No. 10916, 25 July 2011)

Safety Management Act on Amusement Facilities for Children (Law No. 11394, 21 March 2012)

Act on Regulation of Marriage Brokerage Agency (Law No. 11461, 1 June 2012)

Business Affairs of Licensed Real Estate Agents and Report of Real Estate Transactions Act (Law No. 10580, 12 April 2011)

Certified Public Accountant Act (Law No. 10866, 21 July 2011)

Tourism Promotion Act (Law No. 10599, 14 April 2011)

Tramway Transaction Act (Law No. 11060, 16 September 2011)

Enforcement Decree of the Road Traffic Act (Presidential Decree No. 24091, 7 September 2012)

Door-To-Door Sales, Etc. Act (Law No. 11461, 1 June 2012)

Public Notice of Values and Appraisal of Real Estate Act (Law No. 10136, 17 March 2010)

Certified Tax Accountant Act (Law No. 11610, 1 January 2013)

Engineering Industry Promotion Act (Law No. 11235, 26 January 2012)

Act on Foreign Workers' Employment, Etc. (Law No. 11276, 1 February 2012)

Compensation for Aerospace Damage Guarantee Act (Law No. 11569, 29 February 2008)

The Aerospace Development Promotion Act (Law No. 10447, 9 March 2011)

Regulation on the Designation and Control of Recreational Fishing Sites (Decree of the Ministry for Food, Agriculture, Forestry and Fisheries No. 296, 20 July 2012)

Enforcement Decree of the Certification of Seal Imprint Act (Presidential Decree No. 24247, 21 December 2012)

Standing Timber Act (Law No. 11303, 10 February 2012)

Framework Act on Electronic Commerce (Law No. 11461, 1 June 2012)

Act on Consumer Protection in Electronic Commerce, Etc. (Law No. 11461, 1 June 2012)

Act on Promotion of Information and Communications Network Utilization and Information Protection, Etc. (Law No. 11048, 15 September 2011)

Act on External Audit of Stock Companies (Law No. 9408, 3 February 2009)

Housing Act (Law No. 11590, 18 December 2012)

Aviation Act (Law No. 11244, 26 January 2012)

Maritime Transport Act (Law No. 11480, 1 June 2012)

Special Act on the Safety Control of Publicly Used Establishments (Law No. 11037, 4 August 2011)

Description:

In determining whether a natural person residing in Korea or juridical persons established in Korea has satisfied a legal obligation to purchase “compulsory” insurance services not listed in Annex 10-A (Cross-Border Trade), any such service supplied in the territory of a foreign country to such person is not considered.

However, services supplied outside the territory of Korea may be considered in satisfaction of the legal obligation if the required insurance cannot be purchased from an insurer established in Korea.

3. Sector:	Financial Services
Sub-Sector:	Banking and other financial services (excluding insurance)
Obligations Concerned:	National Treatment (Article 10.2)
Level of Government:	National
Measures:	<p><i>Banking Act</i> (Law No. 10866, 21 July 2011), Articles 15, 15-2, 15-3, and 16-2</p> <p><i>Enforcement Decree of the Banking Act</i> (Presidential Decree No.23427, 28 December 2011), Articles 1-6, 5, 9, 10, and Annex</p> <p><i>Financial Holding Company Act</i> (Law No. 10361, 8 June 2010), Articles 8 and 8-2</p> <p><i>Enforcement Decree of the Financial Holding Company Act</i> (Presidential Decree No. 23644, 29 February 2012), Article 6-3</p>
Description:	<ol style="list-style-type: none"> 1. A financial institution constituted under the laws of another country may own more than 10 percent of the shares of a commercial bank or bank holding company constituted under the laws of Korea only if that institution is an “internationally recognised financial institution².” 2. For the purposes of transparency: <ol style="list-style-type: none"> (a) the Financial Services Commission applies additional criteria for approval that are not inconsistent with this Agreement to the approval of ownership by an internationally recognised financial institution as described in paragraph 1; (b) a natural person shall not own more than 10 percent of the shares of a commercial bank or bank holding company constituted under the laws of Korea;

² An “internationally recognised financial institution” includes any financial institution that has been rated by an international rating organisation at a level acceptable to the relevant Korean regulator or a financial institution that has demonstrated by alternative means acceptable to the relevant Korean regulator that it has an equivalent status.

- (c) a corporate entity other than a financial institution, the main business of which is not financial services, shall not own more than nine percent of the shares of a commercial bank or bank holding company constituted under the laws of Korea. However, the ownership percentage can be increased to 10 percent if the corporate entity waives its ability to exercise voting rights relating to the shares in excess of nine percent; and

- (d) a corporate entity or a private equity fund invested by a corporate entity which is the largest stockholder of the relevant financial institution or participates in the management of the financial institution shall obtain approval of the Financial Services Commission when it intends to hold more than four percent of the shares of a commercial bank or bank holding company constituted under the laws of Korea.

4. Sector:	Financial Services
Sub-Sector:	Banking and other financial services (excluding insurance)
Obligations Concerned:	National Treatment (Article 10.2)
Level of Government:	National
Measures:	<p><i>Banking Act</i> (Law No. 10866, 21 July 2011), Article 58</p> <p><i>Enforcement Decree of the Banking Act</i> (Presidential Decree No.23427, 28 December 2011), Article 24-8 and Annex</p> <p><i>Regulation on Supervision of Banking Business</i> (Notice of the Financial Services Commission No. 2012-31, 26 December 2012), Articles 5-4, 11, and Annex</p>
Description:	Each branch location in Korea of a bank constituted under the laws of another country requires a separate license. A branch of a banking subsidiary, including one owned or controlled by investors of another country does not require such a license.

5. Sector:	Financial Services
Sub-Sector:	Banking and other financial services (excluding insurance)
Obligations Concerned:	Market Access for Financial Institutions (Article 10.4)
Level of Government:	National
Measures:	<i>Financial Investment Services and Capital Markets Act</i> (Law No. 11758, 5 April 2013), Articles 78, 373, 375, 379, and 386
Description:	Only the Korea Exchange and any other alternative trading systems licensed under the <i>Financial Investment Services and Capital Markets Act</i> may operate a securities or derivatives market in Korea.

6. Sector:	Financial Services
Sub-Sector:	Banking and other financial services (excluding insurance)
Obligations Concerned:	Market Access for Financial Institutions (Article 10.4)
Level of Government:	National
Measures:	<i>Financial Investment Services and Capital Markets Act</i> (Law No. 11758, 5 April 2013), Articles 166 and 294 through 323
Description:	Only the Korea Securities Depository may serve as the depository for listed and unlisted securities issued in Korea or as the intermediary for transfer of those securities between accounts of depositors in Korea.

7. Sector:	Financial Services
Sub-Sector:	Banking and other financial services (excluding insurance)
Obligations Concerned:	Market Access for Financial Institutions (Article 10.4)
Level of Government:	National
Measures:	<i>Financial Investment Services and Capital Markets Act</i> (Law No. 11758, 5 April 2013), Articles 298, 323-2, 323-3, 323-10 and 378
Description:	<p>Only the Korea Securities Depository and the Korea Exchange may perform clearing and settlement of securities and derivatives listed or traded on the Korea Exchange.</p> <p>Only central counter parties licensed under the <i>Financial Investment Services and Capital Markets Act</i> may perform clearing and settlement of financial investment services including securities and derivatives.</p>

8. Sector:	Financial Services
Sub-Sector:	Banking and other financial services (excluding insurance)
Obligations Concerned:	Cross Border Trade (Article 10.5)
Level of Government:	National
Measures:	<i>Financial Investment Services and Capital Markets Act</i> (Law No. 11758, 5 April 2013), Article 166 <i>Enforcement Decree of the Financial Investment Services and Capital Markets Act</i> (Presidential Decree No. 24497, 5 April 2013), Article 184
Description:	A non-professional investor and some professional investors ³ shall make transactions through an investment broker licensed in Korea when the investor intends to trade securities denominated in foreign currencies and exchange-traded derivatives on foreign securities markets or foreign derivatives markets.

³ Institutional investors by Article 1-2 of the *Foreign Exchange Transaction Regulation* (Notice of the Ministry of Strategy and Finance No. 2009-2, 3 February 2009) are excluded.

9. Sector:	Financial Services
Sub-Sector:	Banking and other financial services (excluding insurance)
Obligations Concerned:	National Treatment (Article 10.2)
Level of Government:	National
Measures:	<p><i>Banking Act</i> (Law No. 10866, 21 July 2011), Articles 62 and 63</p> <p><i>Enforcement Decree of the Banking Act</i> (Presidential Decree No.23427, 28 December 2011), Articles 25 and 26</p> <p><i>Financial Investment Services and Capital Markets Act</i> (Law No. 11758, 5 April 2013), Article 65</p> <p><i>Enforcement Decree of the Financial Investment Services and Capital Markets Act</i> (Presidential Decree No. 24497, 5 April 2013), Article 65</p>
Description:	<p>A branch, located in Korea, of a bank constituted under the laws of another country must bring and maintain operating funds within Korea to be used for the purposes of determining the amount of funds to be raised or loans to be extended by such local branch.</p> <p>A branch, located in Korea, of a financial investment business entity constituted under the laws of another country must bring and maintain operating funds within Korea to be used for the purposes of managing risks arising from the business conducted by such local branch.</p> <p>For the purposes of the <i>Banking Act</i> and the <i>Financial Investment Services and Capital Markets Act</i>, such a branch is considered a separate legal entity from the bank or the financial investment business entity constituted under the laws of another country.</p>

10. Sector:	Financial Services
Sub-Sector:	Banking and other financial services (excluding insurance)
Obligations Concerned:	Market Access for Financial Institutions (Article 10.4)
Level of Government:	National
Measures:	<p><i>Credit Unions Act</i> (Law No. 11545, 11 December 2012), Article 7</p> <p><i>Mutual Savings Bank Act</i> (Law No. 10866, 21 July 2011), Article 6</p> <p><i>Specialized Credit Financing Business Act</i> (Law No. 11410, 21 March 2012), Article 5</p> <p><i>Financial Investment Services and Capital Markets Act</i> (Law No. 11758, 5 April 2013), Article 254, 258, 263, and 355</p> <p><i>Use and Protection of Credit Information Act</i> (Law No. 10465, 29 March 2011) Article 5</p> <p><i>Foreign Exchange Transaction Act</i> (Law No. 11407, 21 March 2012), Article 9</p>
Description:	<p>The following types of business shall not be conducted by a branch of a financial institution constituted under the laws of another country:</p> <ul style="list-style-type: none"> (a) credit unions; (b) mutual savings banks; (c) specialized capital finance companies; (d) foreign and won currency capital brokerage firms; (e) credit information companies; (f) general fund administration firms; (g) collective investment vehicle appraisal companies; and (h) bond appraisal companies.

11. Sector:	Financial Services
Sub-Sector:	Banking and other financial services (excluding insurance)
Obligations Concerned:	Market Access for Financial Institutions (Article 10.4)
Level of Government:	National
Measures:	<i>Electronic Finance Transaction Act</i> (Law No. 11461, 1 June 2012), Article 30
Description:	A non-financial institution that seeks to offer certain electronic financial services in Korea may establish only as a subsidiary.

12. Sector:	Financial Services
Sub-Sector:	Banking and other financial services (excluding insurance)
Obligations Concerned:	National Treatment (Article 10.2)
Level of Government:	National
Measures:	<p><i>Korea Development Bank Act</i> (Law No. 10303, 17 May 2010)</p> <p><i>Industrial Bank of Korea Act</i> (Law No. 11501, 16 September 2011)</p> <p><i>Korea Housing Finance Corporation Act</i> (Law No.10924, 25 July 2011)</p> <p><i>Agricultural Cooperative Federation Act</i> (Law No. 11532, 11 December 2012)</p> <p><i>National Federation of Fisheries Cooperatives Act</i> (Law No. 11320, 17 February 2012)</p>
Description:	<p>Korea may grant:</p> <ul style="list-style-type: none">(a) to one or more of the following financial institutions (collectively, Government-Sponsored Institutions or GSIs):<ul style="list-style-type: none">(i) the Korea Development Bank;(ii) the Industrial Bank of Korea;(iii) the Korea Housing Finance Corporation;(iv) the National Agricultural Bank; and(v) the National Federation of Fisheries Cooperatives; and

- (b) special treatment, including the following:
 - (i) guarantees of loans to or bonds issued by the GSIs;
 - (ii) permission to issue more bonds per capital than similarly-situated non-GSIs;
 - (iii) reimbursement of losses incurred by GSIs;
and
 - (iv) exemption from public assets and certain taxes on capital, surplus, profit, or assets.

13. Sector:	Financial Services
Sub-Sector:	Banking and other financial services (excluding insurance)
Obligations Concerned:	Senior Management and Boards of Directors (Article 10.8)
Level of Government:	National
Measures:	<i>Korea Housing Finance Corporation Act</i> (Law No. 10924, 25 July 2011), Article 16 <i>Agricultural Cooperative Federation Act</i> (Law No. 11532, 11 December 2012), Article 49 <i>National Federation of Fisheries Cooperatives Act</i> (Law No. 11320, 17 February 2012), Article 51
Description:	Chief, deputy executive officers and all members of the Board of Directors of the Korea Housing Finance Corporation, the National Agricultural Cooperative Federation, and the National Federation of Fisheries Cooperatives shall be Korean nationals.

14. Sector:	Financial Services
Sub-Sector:	Banking and other financial services (excluding insurance)
Obligations Concerned:	National Treatment (Article 10.2)
Level of Government:	National
Measures:	<i>Housing Act</i> (Law No. 11243, 26 January 2012), Article 75 <i>Rules on Provision of Housing</i> (Ordinance of the Ministry of Land, Transportation and Maritime Affairs No. 554, 21 December 2012), Article 5.2
Description:	Korea may limit the number of financial institutions designated to hold housing accounts, such as the National Housing Subscription Deposit Accounts.

15. Sector:	Financial Services
Sub-Sector:	Banking and other financial services (excluding insurance)
Obligations Concerned:	Market Access for Financial Institutions (Article 10.4)
Level of Government:	National
Measures:	<i>Foreign Exchange Transaction Act</i> (Law No. 11407, 21 March 2012), Article 9
Description:	Interbank Brokerage of Korean won spot transactions is limited to the two existing brokerage companies in the business.

Section B

16. Sector:	Financial Services
Sub-Sector:	Insurance
Obligations Concerned:	Cross-Border Trade (Article 10.5)
Level of Government:	National
Measures:	None
Description:	<p>Korea reserves the right not to consider any “compulsory” third-party insurance service supplied in the territory of a foreign country to a natural person in Korea or juridical person established therein, in determining whether such natural or juridical person has satisfied a legal obligation to purchase such “compulsory” third party insurance service not listed in Annex 10-A (Cross-Border Trade).</p> <p>However, services supplied outside the territory of Korea may be considered in satisfaction of the legal obligation if the required insurance cannot be purchased from an insurer established in Korea.</p>

17. Sector:	Financial Services
Sub-Sector:	Banking and other financial services (excluding insurance)
Obligations Concerned:	National Treatment (Article 10.2)
Level of Government:	National
Measures:	None
Description:	In the context of privatising government-owned or government-controlled entities that supply financial services, Korea reserves the right to adopt or maintain any measure relating to the continued guarantee or time-limited additional guarantee, of the obligations and liabilities of these entities.

18. Sector:	Financial Services
Sub-Sector:	Banking and other financial services (excluding insurance)
Obligations Concerned:	National Treatment (Article 10.2)
Level of Government:	National
Measures:	<i>Financial Investment Services and Capital Markets Act</i> (Law No. 11758, 5 April 2013)
Description:	<p>Korea reserves the right to limit ownership by foreign investors of the Korea Exchange and the Korea Securities Depository. In the event of public offering of shares of the Korea Exchange or the Korea Securities Depository, Korea reserves the right to limit shareholding by foreign persons in the relevant institution, if Korea ensures that:</p> <ul style="list-style-type: none">(a) any shareholding interests held by foreign persons at the time of the public offering is preserved; and(b) following the public offering, the Korea Exchange or Korea Securities Depository assures access for financial institutions of Canada on the terms that are no less favourable than financial institutions of Korea in like circumstances.

APPENDIX III-A**Certain Measures Not Inconsistent with Article 10.2 or 10.4 or Subject to 10.10.1**

1. The following measures are not inconsistent with Article 10.4 (Market Access for Financial Institutions):

- (a) an insurance company constituted in Korea may engage only in activities permitted by the relevant laws (Articles 10, 11, 11-2 and 11-3 of the *Insurance Business Act* (Law No. 10866, 21 July 2011) and Articles 15 and 16 of the *Enforcement Decree of the Insurance Business Act* (Presidential Decree No. 24097, 7 September 2012));
- (b) residents of Korea are not permitted to settle payment in Korea won for cross-border financial services supplied to them by residents of foreign countries. (Articles 5-11 and 7-8 to 7-10 of the *Foreign Exchange Transaction Regulation* (Notice of the Ministry of Strategy and Finance No. 2009-18, 30 September 2009));
- (c) banks and mutual savings banks in Korea are required to extend loans to small- or medium-sized companies. (Article 2 of the *Bank of Korea's Regulations on Credit Extension* (Monetary Policy Committee, 19 August 1999); and Article 11 of the *Mutual Savings Bank Act* (Law No. 10866, 21 July, 2011) and Article 8-2 of the *Enforcement Decree of the Mutual Savings Bank Act* (Presidential Decree No. 23987, 24 July 2012));
- (d) the overall net open position of foreign exchange banks, measured by the sum of the net short position or the sum of the net long positions, whichever is greater (short-hand method), is limited to 50 percent of the total equity capital at the end of the previous month (Article 11.2 of the *Foreign Exchange Transaction Act* (Law No. 11407, 21 March 2012); and Article 2-9 of the *Foreign Exchange Transaction Regulation* (Notice of the Ministry of Strategy and Finance No. 2009-18, 30 September 2009));

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- (e) securities credit extensions are subject to restrictions on the maximum credit amount and use of proceeds. An investment trader or investment broker is only permitted to extend credit for the purpose related to the sale and purchase of securities (Article 72 of the *Financial Investment Services and Capital Markets Act* (Law No. 11758, 5 April 2013); Article 69 of the *Enforcement Decree of the Financial Investment Services and Capital Markets Act* (Presidential Decree No. 24497, 5 April 2013));
- (f) the value of lending to an individual credit card holder may be capped. (Article 24 of the *Specialized Credit Financing Business Act* (Law No. 11410, 21 March 2012));
- (g) a bank, financial investment business entity, or other financial institution constituted in Korea may only engage in activities permitted by the relevant laws (Articles 27, 27-2, and 28 of the *Banking Act* (Law No. 10866, 21 July 2011); Articles 40 and 41 of the *Financial Investment Services and Capital Markets Act* (Law No. 11758, 5 April 2013); and Articles 43 and 44 of the *Enforcement Decree of the Financial Investment Services and Capital Markets Act* (Presidential Decree No. 24497, 5 April 2013));
- (h) a financial institution is prohibited from acquiring real estate for non-business purpose. (Article 38 of the *Banking Act* (Law No. 10866, 21 July 2011); Article 105 of the *Insurance Business Act* (Law No. 10866, 21 July 2011));
- (i) non-resident of Korea may convert foreign currency into KRW (Korean won) only for actual use in Korea. (Articles 7-8 through 7-10 and Articles 7-36 through 7-39 of the *Foreign Exchange Transaction Regulations* (Notice of the Ministry of Strategy and Finance No. 2009-18, 30 September 2009)); and
- (j) Korea may restrict deposit interest rates, loan interest rates, other interest rates, maturity of deposit, and related fees (Article 30 of the *Banking Act* (Law No. 10866, 21 July 2011); the *Regulation on Financial Institutions' Loans and Deposit Rates* (Monetary Policy Committee, 24 December 2003); Articles 8, 11-2, and 15 of *Act on Registration of Credit Business, Etc. and Protection of Finance Users* (Law No. 11544, 11 December 2012); and Articles 5 and 9 of the *Enforcement Decree of the Act on Registration of Credit Business, Etc. and Protection of Finance Users* (Presidential Decree No. 24076, 31 August 2012)).

2. The following measures fall within Article 10.10.1 and that, therefore, Article 10.2 (National Treatment) does not prevent Korea from maintaining them:
- (a) the operating fund of a branch of a foreign insurance company will be considered as capital and the head office's capital will not be taken into consideration for the purposes of determining the amount of funds to be raised or loans to be extended by such local branch (Article 9.3 of the *Insurance Business Act* (Law No. 10866, 21 July 2011) and Article 25-2 of the *Enforcement Decree of the Insurance Business Act* (Presidential Decree No. 24097, 7 September 2012)); and
 - (b) A branch in Korea of a foreign insurance company must maintain in the territory of Korea assets equal to the aggregate of the reserve for performance of liability and the reserve for emergency relating to the insurance contracts executed in Korea (Article 75 of the *Insurance Business Act* (Law No. 10866, 21 July 2011)).