

**FREE TRADE AGREEMENT
REPUBLIC OF NICARAGUA AND REPUBLIC OF CHINA (TAIWAN)**

ANNEX III: FINANCIAL SERVICES NON-CONFORMING MEASURES

Schedule of the Republic of Nicaragua

Headnotes

1. Commitments in these subsectors under the Agreement are undertaken subject to the limitations and conditions set forth in these headnotes and in Sections A and B below.
2. In order to clarify the Nicaraguan commitment with respect to Article 12.04, juridical persons supplying financial services and organized under the laws of the Republic of Nicaragua are subject to non-discriminatory limitations on their juridical form.¹

¹ For example, partnerships and sole proprietorships are generally not acceptable juridical forms for depository financial institutions in the Republic of Nicaragua. 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.

**FREE TRADE AGREEMENT
REPUBLIC OF NICARAGUA AND REPUBLIC OF CHINA (TAIWAN)**

ANNEX III

Schedule of the Republic of Nicaragua, Section A

| | |
|------------------------------|--|
| Sector: | Financial Services |
| Subsector: | Banking |
| Obligations Concerned | National Treatment (Article 12.02) Market Access (Article 12.04) |
| Measures: | <i>Ley General de Bancos, Instituciones Financieras no Bancarias y Grupos Financieros. Ley No. 314 de 1999 (publicada en La Gaceta, Diario Oficial, Nos. 198, 199 y 200 del 18, 19 y 20 de octubre de 1999).</i> |
| Description: | <u>Bank Branches:</u> The capital that banks established in foreign countries assign to their branches in the Republic of Nicaragua must be effectively paid and deposited in the Republic of Nicaragua. Based on such capital, the branch will be able to grant loans. A branch of a bank established under the laws of a foreign country, is not allowed to grant loans based on the capital and reserves of its headquarters. |

**FREE TRADE AGREEMENT
REPUBLIC OF NICARAGUA AND REPUBLIC OF CHINA (TAIWAN)**

ANNEX III

Schedule of the Republic of Nicaragua, Section A

| | |
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| Sector: | Financial Services |
| Subsector: | Non-Banking Financial Institutions and Other Financial Services (Excluding Insurance). |
| Obligations Concerned: | National Treatment (Article 12.02) Market Access (Article 12.04) |
| Measures: | <i>Ley Especial sobre Sociedades Financieras, de Inversiones y Otras. Decreto No 15-L. (publicada en La Gaceta, Diario Oficial, No. 77 del 10 de abril de 1970, y modificada por Decreto No. 1698, publicado en La Gaceta, Diario Oficial, No. 138 del 22 de junio de 1970).</i> <i>Ley General de Bancos, Instituciones Financieras no Bancarias y Grupos Financieros. Ley No. 314 de 1999 (publicada en La Gaceta, Diario Oficial, Nos. 198, 199 y 200 del 18, 19 y 20 de octubre de 1999).</i> |
| Description: | The capitals that non-banking financial institutions established in foreign countries assign to their branches in the Republic of Nicaragua must be effectively paid and deposited in the Republic of Nicaragua. Branches of such non-banking financial institutions that accept deposits from the public are not allowed to grant loans based on the capital and reserves of their headquarters. |

**FREE TRADE AGREEMENT
REPUBLIC OF NICARAGUA AND REPUBLIC OF CHINA (TAIWAN)**

ANNEX III

Schedule of the Republic of Nicaragua, Section A

| | |
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| Sector: | Financial Services |
| Subsector: | Insurance |
| Obligations Concerned: | Market Access (Article 12.04) Cross-border Trade (Article 12.05) Senior Management and Board of Directors (Article 12.08) |
| Measures: | <i>Ley General de Instituciones de Seguros. Decreto No. 1727 de 1970 (publicada en La Gaceta, Diario Oficial No.270 del 26 de noviembre de 1970) y sus Reformas por Ley No. 227 de 1996 (publicada en La Gaceta, Diario Oficial No. 150 del 12 de agosto de 1996).</i> <i>Ley General de Bancos, Instituciones Financieras no Bancarias y Grupos Financieros. Ley No. 314 de 1999 (publicada en La Gaceta, Diario Oficial, Nos. 198, 199 y 200 del 18, 19 y 20 de octubre de 1999).</i> <i>Normas Regulatorias para la autorización de intermediarios de Seguros y el ejercicio de sus funciones de intermediación. Resolución: SIB-OIF-IV-26-96 (publicado en La Gaceta, Diario Oficial No. 13 del 20 de enero de 1997).</i> |
| Description: | Insurance and reinsurance activities may only be practiced by juridical persons constituted and domiciled in the Republic of Nicaragua in the form of public corporations (<i>sociedades anónimas</i>), or by an autonomous State entity authorized by its constitutive law. Natural or juridical persons domiciled in the Republic of Nicaragua are prohibited from contracting for insurance with institutions not duly authorized to operate in the country. Agencies or branches of insurance companies established in foreign countries are prohibited to operate in the Republic of Nicaragua. Members of the Board of Directors of an insurance company must be residents of the Republic of Nicaragua. Insurance companies cannot retain net premiums issued for an amount three times superior than its capital. |

**FREE TRADE AGREEMENT
REPUBLIC OF NICARAGUA AND REPUBLIC OF CHINA (TAIWAN)**

ANNEX III

Schedule of the Republic of Nicaragua, Section B

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| Sector: | Financial Services |
| Subsector: | All Subsectors Other Than Banking and Insurance |
| Obligations Concerned: | Market Access (Article 12.04) |
| Description: | The Republic of Nicaragua reserves the right to adopt or maintain measures requiring the incorporation in the Republic of Nicaragua of financial institutions organized under the laws of a foreign country, excluding those seeking to operate as banks or insurance companies within the Republic of Nicaragua. |

**FREE TRADE AGREEMENT
REPUBLIC OF NICARAGUA AND REPUBLIC OF CHINA (TAIWAN)**

ANNEX III

Schedule of the Republic of Nicaragua, Section B

Sector: Financial Services

Obligations Concerned: National Treatment (Article 12.02)

Description: The Republic of Nicaragua reserves the right to accord benefits to financial institutions or public entities wholly or majority owned by the State that supply financial services and are established with a public interest purpose, including but not limited to agriculture production finance, housing credits for low income families, and credits for small and midsize enterprises.

Such benefits shall not disadvantage the core operations of commercial competitors and shall not include, but are not limited to: extension of State guarantees, tax exemptions, exceptions to the usual juridical form requirements, and the legal requirements to begin operations.

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ANNEX III

Schedule of the Republic of Nicaragua, Section B

| | |
|-------------------------------|---|
| Sector: | Financial Services |
| Subsector: | Pension Funds and Collective Investment Schemes |
| Obligations Concerned: | National Treatment (Article 12.02) Market Access (Article 12.04) Cross-border Trade (Article 12.05) Senior Management and Board of Directors (Article 12.08) |
| Description: | The Republic of Nicaragua reserves the right to adopt or maintain measures and legislation regulating the establishment, functioning, and characteristics of Pension Funds and Collective Investment Schemes, as well as the entities that manage such funds and schemes. |