The 2nd Annual Conference of PECC Finance Forum

Issues and Challenges for Regional Financial Cooperation in the Asia-Pacific

Hilton Hua Hin Resort & Spa, Hua Hin, Thailand
July 8-9, 2003

SessionⅥ: The Impact of RTAs and GATS on Financial Services Liberalization in the APEC Region

PROVISIONS AND COMMITMENTS ON TRADE IN FINANCIAL SERVICES IN TRADE AGREEMENTS IN EAST ASIA
-- NOTES ON SINGAPORE'S COMMITMENTS

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1. Introductory note

This paper covers only Singapore's commitments to GATS and to the FTAs that Singapore has signed to date.

Although there is a proliferation of interest and activity pertaining to RTAs in East Asia since the 1997-98 Asian Financial Crisis, the fact is that many are still at the negotiating or feasibility study stage. Apart from ASEAN's Free Trade Area (AFTA) signed in 1992 and Framework Agreement on Services (AFAS) signed in 1995, the only other signed agreements are Korea-Chile, and Singapore-New Zealand, Singapore-Japan, Singapore-Australia, Singapore-EFTA and Singapore-US. The ASEAN-China, ASEAN-Japan, ASEAN-US initiatives are still under negotiation.

2. Note on Singapore's GATS Commitments on Financial Services

GATS has a central set of rules modelled on the GATT and relies on many of the same principles. However, the service obligations of WTO members cannot be understood by reference only to the general rules of GATS. A member's obligations depend largely on the specific commitments it has undertaken in its national schedule, which sets out commitments not to impose greater restrictions than are specified on the supply of services by other members.

GATS distinguished 4 different modes of supply:
* Mode 1 cross border supply of services (same as trade in goods)
* Mode 2 consumption abroad (consumer travelling to supplying country)
* Mode 3 commercial presence in consumption country. This is the most important mode of supply for trade in services
* Mode 4 presence of natural persons

Some services can be supplied in multiple ways, while others cannot because of the nature of the service. The ability to provide a service to another country depends crucially on government regulations pertaining to each mode of supply.

GATS also has 8 attached annexes. The *Annex on Financial Services* recognised that financial services need special treatment, as member governments feel the need to regulate banks, insurance companies and other providers of finance or financial information closely. Exclusion of foreign service suppliers extend to services supplied in the exercise of government authority eg central banks, and activities which form part of statutory social security or public retirement plans.

Each national schedule has two parts --- "horizontal commitments" , which are provisions that apply to foreign suppliers of any service that has been scheduled; and commitments undertaken for each listed sector or subsector.

Specific commitments for each mode of supply range between "none" and "unbound". A "none" entry means that the member has undertaken to place no limitation on market access or on national treatment for foreign supply of that service by the mode concerned. An "unbound" means that the member has undertaken no commitment, and therefore retains full freedom to act as it may desire. In between "none" and "unbound", the specific schedule sets out the nature of a market access or national treatment limitation.

Singapore's schedule of specific commitments in GATS is contained in Supplement 3, 26 Feb 1998. It is a negative list approach. The commitments were made before Singapore embarked on extensive financial sector reforms in the midst of the Asian Financial Crisis. In comparison with many developing country members of the WTO, Singapore has maintained a fairly liberal financial services regime, both with regard to market access and national treatment. However, although there are not many explicit limitations, Singapore has many "unbound" commitments, giving it leeway to change its policies in the future if need be.

Table 1 summarises Singapore's limitations on market access and national treatment on *Financial Services* in GATS. The Table only lists the explicit limitations and omitted the "none" and "unbound" which would have made the table too lengthy. All the commitments are subject to horizontal commitments in Singapore's GATS Schedule of Specific Commitments. The commitments are also subject to entry requirements, domestic laws, guidelines, rules and regulations, terms and conditions of the Monetary Authority of Singapore and other relevant Singapore authority consistent with GATS Article VI and Annex on Financial Services.

There are several limitations on *market access* for both the insurance subsector and the banking and other financial services subsector, mostly pertaining to Mode 3 (commercial presence):

Mode 1 -- limitations for insurance companies providing contracts of fidelity bonds, performance bonds or similar contracts of guarantee (also Mode 3); trading in money market instruments, foreign exchange and exchange rate and interest rate instruments can be conducted with financial institutions only; participation in issues of securities for own account and underwriting and placement of securities through stockbroking companies, banks or merchant banks in Singapore; commercial presence is required for provision of investment and portfolio research and advice to the public.

Mode 2 --- the compulsory insurance of Motor Third Party Liability and Workmen's Compensation can be purchased only from licensed insurance companies in Singapore; on insurance intermediation, agents are not allowed to act for unregistered insurers and brokers can only place domestic risks outside Singapore with approval of MAS; provision of financial information by providers such as Reuters and Bloomberg is allowed.

Mode 3 --- foreign parties can only acquire equity stakes of up to 49% in aggregate in locally-owned insurance companies, provided no foreigner being the largest shareholder; reinsurance companies can establish as branches or subsidiaries; only institutions approved as banks, merchant banks and finance companies can accept deposits; establishment and operation of foreign commercial banks, merchant banks and finance companies subject to limitations:

(a) for commercial banks --- no new full and restricted banks allowed, only new offshore bank branches and representative offices are allowed; with MAS approval, can operate foreign currency savings accounts for nonresidents only; no single foreign shareholder may own more than 5% of a local bank's share capital.

(b) for merchant banks ---may establish as merchant bank subsidiaries or branches.

(c) for finance companies --- no new finance companies allowed; 20% limit on aggregate foreign ownership of local finance company; dealings in foreign currency etc subject to MAS approval;
credit and charge cards may be issued by card issuers approved by MAS; SGD loans by foreign (and local) financial institutions to nonresidents and to residents for use outside Singapore require MAS approval; remittance shops (excluding remittance activities by banks and merchant banks) require to be majority-owned by Singapore citizens; banker's drafts can only be issued by banks; stored value cards can only be issued by banks licensed by MAS; limitations for insurance companies providing contracts of fidelity bonds, performance bonds or similar contracts of guarantee; banks and merchant banks require to set up separate subsidiaries to trade in financial futures for customers; financial futures brokers can establish as branches or subsidiaries; derivative products in SGD dollar subject to MAS requirement; moneychangers (non-bank, non-merchantbank) require to be majority-owned by Singapore citizens; foreign stockbroking companies can establish only as non-members of the Stock Exchange of Singapore and can apply to become Approved Foreign Brokers to trade directly in non-SGD denominated securities quoted on SES; bank and merchant bank membership on SES must be held through subsidiaries; asset management companies, custodial depositories and trust services companies may only establish as branches, subsidiaries or joint ventures; only the Central Depository Pte Ltd is authorised to provide securities, custodial depository services under the scripless trading system; settlement and clearing services for exchange traded securities and financial futures, and SGD cheques and interbank funds can only be provided by SES, SIMEX and Banking Computer Services respectively; investment advisers may only establish as branches, subsidiaries, joint ventures or representative offices; Singapore branches of foreign banks can transmit data to head offices and sister branches provided proper controls exist and MAS is allowed onsite access; provision of financial information by providers such as Reuters and Bloomberg is allowed; provision of financial data processing services to banks and merchant banks is subject to domestic laws on protection of confidentiality of information of customers of banks and merchant banks.

There are only a few limitations on *national treatment*. These pertain only to the banking and other financial services subsector and only to Mode 3 on acceptance of deposits and on lending ---- foreign banks and finance companies can operate from only one customer office; location and relocation of banks and sub-branches require MAS approval; cannot establish off-premise ATMs and ATM networking and new sub-branches; unbound for provision of all e-banking services; foreign restricted banks and offshore banks can only accept foreign currency fixed deposits from and operate current accounts for residents and nonresidents, for SGD deposits, can only accept deposits of minimum S$250,000 per deposit from nonresidents; foreign merchant banks can raise foreign currency funds from residents and nonresidents and operate foreign currency savings accounts for nonresidents and raise SGD funds from their shareholders and companies controlled by them; each offshore bank lending in SGD to residents shall not exceed S$200 million in aggregate.

The WTO *Trade Policy Review* for Singapore (2000) notes the following, pertaining to Services in general and Financial Services in particular:
* Singapore's reforms in services liberalisation have been gradual so as not to cause unnecessary disruption and to ensure an orderly transition to full competition. Liberalisation is most advanced in financial and telecommunications services.
* In general, services reform has been undertaken unilaterally and progressed beyond that scheduled by Singapore under GATS. Under GATS, Singapore made commitments in 7 of the 12 sectors, that is, no commitments in distribution services, education services, environmental, health-related and social services, and other services. In addition, only partial commitments were made in some sectors (notably transport, where commitments were made only in maritime transport) and no commitments were made in certain professional services (such as legal services).
* In services, Singapore has signed both the Agreement on Telecommunications Services and Agreement on Financial Services, but has in practice moved well ahead of its WTO GATS

commitments. Singapore has signed the 5th Protocal to GATS (Agreement on Financial Services) --- Singapore's commitments include an offer to increase offshore bank lending limits to Singapore residents from S$100million per bank to S$200million and to allow up to 49% aggregate foreign equity ownership in locally owned insurance companies. Also, reforms have abolished foreign ownership restrictions in banking services, previously restricted to 40%, and strengthened bank disclosure requirements to improve transparency; the limit on foreign ownership of companies listed on the Stock Exchange of Singapore was raised from 49% to 70%.

3. Note on Singapore's Financial Services Liberalisation and Development

Singapore is well known as having a free trade regime in goods. Singapore has no import tariffs except on alcoholic beverages, although it has many bound non-zero tariffs in GATT. Its few quantitative restrictions are imposed either to meet its international obligations (such as CITES) or for reasons of public safety and morals. Singapore has also no foreign exchange controls and maintains a free capital account, except for restrictions on the internationalisation of the Singapore dollar.

In trade in services, particularly in Financial Services, Singapore has often been taken to task for maintaining a protectionist stance. Considerable financial opening took place since the late 1960s when Singapore adopted the strategy to become a financial centre. However, local banks and financial institutions continue to be protected by separating the activities of the offshore financial centre and the domestic financial sector. Major unilateral financial reforms were launched in 1997 in the midst of the Asian Financial Crisis. These reforms are reflected in the commitments in the bilateral FTAs that Singapore has signed with New Zealand, Japan, Australia, EFTA and US in recent years.

The unilateral financial reforms have 4 main components:
* First, to reform the *regulatory environment*. There was increasing realisation that the strict regulatory regime has not been conducive to financial sector dynamism and innovation. The Monetary Authority of Singapore (MAS) shifted emphasis from regulation to risk-focused supervision that differentiates between strong and weak institutions.
* Second, to *liberalise* the financial sector to promote competition and enterprise.
* Third, the financial authorities to adopt a more *strategic and proactive approach* to developing the financial sector.
* Fourth, to enhance the effectiveness of *monetary policy* in an environment of free capital flows and complex derivative products. Hitherto, to protect the Singapore dollar against speculative attacks, comprehensive restrictions were imposed on nonresident borrowing of Singapore dollars. The reform measures aim at a more explicit and transparent monetary policy stance as well as allowing for the progressive internationalisation of the Singapore dollar.

Financial liberalisation:
The liberalisation measures aim at the development of the financial centre through encouraging foreign financial institutions to root more activities in Singapore, as well as to pressure local financial institutions to improve capabilities and competitiveness in an era of globalisation and intensified competion. The reform measures include deregulating the stockbroking industry and lowering the protective barriers in banking and insurance.

1. The Stock Exchange of Singapore and SIMEX have demutualised and merged to form the Singapore Exchange (SGX). SGX is now listed and expanded its product offerings to include single stock and bond futures, and exchange-traded funds.

2. In the stockbroking industry, liberalisation started in 1998. There has been liberalisation of fees and opening up of market access. The brokerages have consolidated, upgraded capabilities and

widened service and product offerings. New participation from foreign brokerages, who bring with them international experience and gives market additional span in reaching out to foreign investors.

3. MAS shifted from the 3-tier bank licensing regime for foreign banks (full, restricted, offshore) to a 2-tier licensing regime of full and wholesale banks. Restricted banks were renamed Wholesale Banks (WB). In 2001-2002, 20 WB licences were awarded. All Offshore Banks will be upgraded progressively to WB status over time. Restricted banks are allowed to engage in the whole range of banking business, *except* --- allowed to have only one operating office in Singapore; for Singapore deposits only allowed to accept fixed deposits of at least S$250,000 per deposit; not allowed to operate savings accounts in Singapore dollars (SGD). Offshore banks deal mainly in Asian Dollar Market and foreign exchange transactions and their activities are mostly centred on wholesale banking business with nonresidents; they are permitted to engage in SGD financing to resident borrowers subject to a ceiling of S$200 million per bank.

4. Since 1999, 6 foreign banks have been awarded Qualifying Full Bank (QFB) status. These were granted enhanced privileges in branching and establishing offsite Automated Teller Machines (ATMs) and new privileges in offering the CPF Investment Scheme products, operating Supplementary Retirement Scheme accounts, and providing Electronic Funds Transfer at Point of Sale services.

5. Local banks are being rationalised and upgraded. The 6 local bank groups merged into 3 and become the 3 largest banks in Southeast Asia, though still very small on a global scale. They have rationalised operations, upgraded risk management systems, introduced new products and services. With Singapore liberalising its financial services sector even further under various FTAs, the local banks are braced for further liberalisation and competition.

6. There are several shared ATM networks and a number of proprietary ATM networks. The 3 merged local banks have two major ATM networks --- the ATM network of DBS and the shared ATM network of UOB and OCBC. With the issuance of QFB licences, some of the QFBs are sharing their ATM networks amongst themselves.

7. MAS has progressively lifted restrictions on Sing dollar lending to foreigners which are not critical for stability reasons. In October 2001, restrictions on non-citizens borrowing in Sing dollar to purchase property lifted. In March 2002, MAS identified for further liberalisation in order to facilitate continued growth in Singapore's capital markets:
(a) Exempt all individual and nonfinancial entities not substantially engaged in financial trading and investment activities from the restrictions of the policy.
(b) For nonresident financial entities, the following financial activities have been liberalised --- assets swaps, cross-currency swaps and cross-currency repos can be transacted freely; banks may lend any amount of Sing dollar denominated securities to nonresident financial entities, in exchange for both Sing dollar or foreign currency denominated collateral; Sing dollar foreign exchange options can be transacted freely.
(c) Banks may lend Sing dollar to nonresident financial entities for investment in financial assets and real estate without having to ensure that the Sing dollar credit facilities are withdrawn when the investments are liquidated.

4. Note on Singapore's Financial Services Commitments in FTAs

Singapore has one of the highest trade/GNP ratio and foreign direct investment penetration rate in the world. Free trade (in goods and services) and free investment are critical for Singapore's economic survival and prosperity. Singapore has entered into bilateral FTAs as the global and regional liberalisation efforts are viewed as not moving fast enough. The bilateral FTAs are aimed at trade and investment liberalisation and facilitation and are viewed as supportive of the multilateral trading system as well as of the objectives and goals of APEC and ASEAN. Many of the provisions and commitments are beyond that found in the WTO, APEC or ASEAN.

Singapore's specific commitments on Financial Services under the bilateral agreements with New Zealand, Japan, Australia and US are summarised in Tables 2-5. No tables have been compiled for Singapore's commitments under the ASEAN Framework Agreement on Services (unable to get access to the schedules) and the bilateral agreement with EFTA (commitments are specific to each EFTA country).

(a) ASEAN Framework Agreement on Services (AFAS)

The ASEAN Framework Agreement on Services (AFAS) was signed in December 1995, with the following objectives --- cooperation in services to improve efficiency and competitiveness, diversify production capacity, and supply and distribution of services; eliminate substantially restrictions to trade in services; liberalise trade in services by expanding depth and scope of liberalisation beyond GATS with the aim to realising a FTA in services; free flow of services by 2020.

Features:
* Liberalisation of trade in services in a substantial number of sectors by eliminating substantially all existing discriminatory measures and market access limitations and prohibiting new or more discriminatory measures and market access limitations. Services sectors identified for liberalisation are air transport, business services, construction, financial services, maritime transport, telecoms and tourism. The aim is to achieve commitments beyond the specific commitments under the GATS.
* Not all of ASEAN's 10 members are also WTO members. ASEAN members who are WTO members agree to extend their horizontal commitments and schedule of specific commitments under GATS to ASEAN members who are non-WTO members (Cambodia, Laos, Vietnam).
* An ASEAN member state may modify/withdraw any commitment in its schedule of specific commitments, at any time after 3 years from implementation date, provided --- that it notifies other members and ASEAN Secretariat of the intent 3 months ahead, and that it enters into negotiations with an affected member state to agree to necessary compensatory adjustment.
* In view of the difficulty in getting consensus to move forward, ASEAN has agreed on the 10-X principle in services liberalisation. Two or more countries may move ahead, with the others joining at a later date when they are ready. ASEAN also agreed to strengthen and enhance cooperation efforts in services sectors through such means as capacity building, establishing or improving infrastructure facilities, joint production, marketing and purchasing arrangements, research and development and exchange of information.
* While financial liberalisation beyond GATS commitments has made slow progress, there has been substantive progress in financial cooperation (GATS-plus). ASEAN has implemented the ASEAN Surveillance Process and the Bilateral Swap Arrangements, and these have been extended to the ASEAN+3 group under the Chiang Mai Initiative. On financial services liberalisation, the first round of negotiations in a number of subsectors were completed in 1998; the second round covering all services sectors and all modes of supply was completed in 2002; the third round is ongoing and expect to be concluded in 2004. ASEAN is also exploring the formation of an ASEAN common position on issues related to financial services negotiations under GATS.

(b) New Zealand-Singapore Closer Economic Partnership (ANZSCEP)

This is the first of Singapore's bilateral FTAs and was implemented in 2001. The Agreement is open to accession or association by any WTO member or by any other country agreed on by Singapore and New Zealand. Both countries have built on their WTO commitments for services. They have committed to liberalise in a wide variety of services including financial services, and have agreed to regularly review their commitments and to progressively expand them.

Financial services provisions and commitments are contained in various Articles, particularly Article 17 on Market Access and Article 18 on national treatment. **Table 2** summarises Singapore's limitations on market access and national treatment. All the commitments are subject to horizontal commitments in Singapore's schedule of specific commitments under ANZSCEP. They are also subject to entry requirements, domestic laws, guidelines, rules and regulations, terms and conditions of MAS or any other government authority. The commitments also do not apply to new financial services.

Horizontal commitments:
* Presence of natural persons unbound, except for intra-corporate transferees and business visitors.
* Temporary movement of skilled personnel unbound except for intra-corporate transferees at the level of managers, executives and specialists. Entry for these intra-coroprate transferees limited to a 3-year period, extendable for a further 2 years. Business visitors would be granted initial stay of up to 1 month, extendable to a maximum of 3 months.
* Commercial presence, right of establishment and movement of juridical persons are subject to compliance with provisions --- foreign firm should have local manager who is a Singapore citizen or permanent resident or Employment Pass holder; at least 1 company director must be locally resident; all branches registered in Singapore must have at least 2 locally resident agents.
* Commercial presence unbound for corporate entities where Singapore government is majority shareholder or has special share.

Limitations on market access:
Mode 1 --- limitations for insurance companies providing contracts of fidelity bonds, performance bonds or similar contracts of guarantee; trading in money market instruments, foreign exchange and exchange rate and interest rate instruments can be conducted with financial institutions only; participation in issues of securities for own account and underwriting and placement of securities through stockbroking companies, banks or merchant banks in Singapore; commercial presence is required for provision of investment and portfolio research and advice to the public; on provision and transfer of financial information and financial data processing, unbound except for provision of financial information by providers such as Reuters and Bloomberg. Singapore branches of foreign banks can transmit data to head offices and sister branches provided proper controls exist, integrity and confidentiality of data/information are safeguarded and MAS is allowed onsite access.

Mode 2 --- compulsory insurance of Motor Third Party Liability and Workmen's Compensation can be purchased only from licensed insurance companies in Singapore; agents are not allowed to act for unregistered insurers and brokers can only place domestic risks outside Singapore with approval of MAS; provision of financial information by providers such as Reuters and Bloomberg is allowed;

Mode 3 ---- representative offices cannot conduct business or act as agents; establishment and operation of foreign commercial banks, merchant banks and finance companies subject to limitations; credit and charge cards may be issued by card issuers approved by MAS, SGD loans by foreign (and local) financial institutions to nonresidents and to residents for use outside Singapore require MAS approval; remittance shops require to be majority-owned by Singapore citizens; banker's drafts can only be issued by banks; stored value cards can only be issued by banks licensed by MAS; limitations for insurance companies providing contracts of fidelity bonds, performance bonds or similar contracts of guarantee; banks and merchant banks require to set up separate subsidiaries to trade in financial futures for customers; financial futures brokers can establish as branches or subsidiaries; derivative products in SGD dollar subject to MAS requirement; moneychangers (non-bank, non-merchant bank) require to be majority-owned by Singapore citizens; Singapore Exchange (SGX) will admit new members from July 2000 ---initially new members will be able to trade directly in SGD denominated securities of Singapore incorporated companies with resident investors for a minimum of S$500,000, and this limit will be reduced to S$150,000 in July 2001; representative offices cannot conduct business or act as agents; for SGD denominated securities quoted on SGX, international members can only deal with residents for transactions about S$500,000 each; banks and merchant banks membership on SGX must be held through subsidiaries; only banks licensed in Singapore can apply to become primary and registered dealers of Singapore government securities; asset management companies, custodial depositories and trust services companies may only establish as branches, subsidiaries or joint ventures; only the Central Depository Pte Ltd is authorised to provide securities, custodial depository services under the scripless trading system; settlement and clearing services for exchange traded securities and financial futures, and SGD cheques and interbank funds transfer can only be provided by SGX or its subsidiaries and Banking Computer Services Pte Ltd; investment advisers may only establish as branches, subsidiaries, joint ventures or representative offices and representative offices cannot conduct business or act as agents; provision of financial information by providers such as Reuters and Bloomberg is allowed; provision of financial data processing services to banks and merchant banks is subject to domestic laws on protection of confidentiality of information of customers of banks and merchant banks.

Limitations on national treatment are few and pertain only to Mode 3 for banking and other financial services --- for foreign banks and finance companies, can operate from only one office; location and relocation of banks and sub-branches require MAS approval; cannot establish off-premise ATMs and ATM networking and new sub-branches; unbound for provision of all e-banking services; foreign restricted banks and offshore banks can only accept foreign currency fixed deposits from and operate current accounts for residents and nonresidents; for SGD deposits, can only accept deposits of minimum S$250,000 per deposit from nonresidents. Foreign merchant banks can raise foreign currency funds from residents and nonresidents; operate foreign currency savings accounts for nonresidents and raise SGD funds from their shareholders and companies controlled by them; each offshore bank lending in SGD to residents shall not exceed S$500 million in aggregate.

(c) Japan-Singapore Economic Partnership Agreement (JSEPA)

This bilateral Agreement was signed in January and implemented in November 2002. The Agreement has two components --- one on liberalisation and facilitation and the other on partnership and cooperation. Both countries are committed to enhance market opening measures that build on benefits of the multilateral trading system. Japan expanded its commitments to 135 service sectors while Singapore expanded its commitments to 139 sectors, both beyond WTO commitments.

Singapore's commitments on *Financial Services* are contained in Chapter 7 on Trade in Services, Chapter 13 on Financial Services Cooperation, Annex IVA on Financial Services and Annex IVC on Singapore's Schedule of Specific Commitments. The specific commitments on Financial Services are summarised in **Table 3**.

Partnership and cooperation in financial services:
The bilateral cooperation initiatives aim to create an environment to encourage financial institutions and other market players to collaborate to enhance and open up new business opportunities in financial services, and provide a useful framework for enhanced regulatory cooperation to meet challenges of globalisation and technological advance
* Securities market Mutual Assistance Agreement --- Japan Financial Services Agency (JFSA) and MAS agreed to provide mutual assistance in securities markets, to facilitate enforcement of securities

laws. Increased the scope for both regulators to work together in promoting sound, efficient and dynamic capital markets in their supervision of cross border capital market activities.
* TSE-SGX Strategic Initiative --- In Oct 2001, TSE and SGX announced plans to pursue a strategic alliance aimed at broadening distribution and enhancing liquidity of products traded on both markets. The 2 exchanges would explore initiatives relating to cross access arrangements for the co-trading and clearing of products listed on both exchanges, new product development, marketing, information technology development and information sharing.
* Joint Committee on Financial Services Cooperation --- Both countries have agreed to establish a Joint Committee on Financial Services Cooperation. This Committee will meet once a year to review progress of cooperation initiatives agreed to under JSEPA and explore further areas for cooperation --- could include regulatory issues resulting from cross border activities and private sector collaborations, supervisory responses to the internet and other techno advances, and ways to improve clearing and settlement efficiency across the two countries to reduce such costs for businesses and individuals.
* Joint Technical Assistance Project --- Both countries share mutual interests in development of capital markets in Asia. Plan to work on joint technical assistance project to conduct workshops on cross border capital flows and development of bond markets.
* Bilateral Swap Arrangement ---- Both countries will explore possibility of starting negotiations on a bilateral swap agreement between the two countries under the Chiang Mai Initiative.

(d) Singapore-Australia FTA (SAFTA)

This bilateral Agreement was signed in February 2003 and will be implemented later in the year. It commits both countries to greater trade liberalisation than what they have committed at the WTO and will contribute to the fulfilment of APEC Bogor goals of free and open trade and investment.

Chapter 7 covers Trade in Services. Chapter 9 covers Financial Services. Reservations on Services, including Financial Services are contained in Annex 4. Singapore's specific commitments are summarised in **Table 4.**

(e) EFTA-Singapore (ESFTA)

In the Services Chapter, both EFTA and Singapore guarantee market access into a wide range of service sectors. The chapter has 16 articles that sets out roles in relation to trade in services. These rules are based on WTO standards.
* A Singapore service supplier would be assured of entry into committed services sectors, and also be assured that it would benefit from the same treatment given by EFTA states to their own service suppliers.
* Each country's own services schedule identifies the specific services sectors for which the country has agreed to offer market access and nondiscrimination. Besides the general rules that apply to all services sectors, there are enhanced disciplines governing provision of telecommunications and financial services.
* EFTA and Singapore have expanded on their services commitments in WTO. Commitments in ESFTA distinguish between various modes through which services can be supplied.
* The financial services annex endeavours to ensure that Singapore and EFTA states apply international standards and core principles in the supervision of their banking, insurance and securities industries.
* On financial services, EFTA and Singapore made substantial commitments in financial services subsectors, many of these are above existing WTO obligations.
* EFTA financial services commitments give assurance that EFTA states would not impose additional barriers to entry in financial services, retreat from their current regime, or unjustifiably discriminate

against Singapore financial services suppliers.
* Singapore's financial services commitments are in line with the phased financial services liberalisation measures that MAS has undertaken over the last few years. Some of these liberalisation measures have been committed in ESFTA, notably wholesale banking and securities market measures.

(f) US-Singapore FTA (USSFTA)

This bilateral Agreement was signed in May 2003 and currently awaits ratification by the US Congress, with possible implementation in early 2004. It is an Agreement that Singapore had wanted above all other bilateral agreements, since the US market is the largest single market in the world and the US is Singapore's leading export destination for goods and US investments are the largest source of foreign direct investment in Singapore. Singapore has little to offer US negotiators in the area of trade in goods, since tariffs and non-tariff barriers are minimal. So Singapore negotiators have to make substantial concessions in the area of trade in services, including financial services.

Chapter 10 on Financial Services includes core obligations of nondiscrimination, MFN treatment, and additional market access obligations.

Financial services commitments:
The USSFTA contains Singapore specific commitments on financial services that go beyond GATS commitments and commitments negotiated under the bilateral agreements with New Zealand, Japan, EFTA and Australia.
* Services suppliers from both US and Singapore are assured of fair and nondiscriminatory treatment and market access, unless specifically exempted in the negative list.
* Singapore will accord substantial market access and national treatment across its entire services regime in both Mode 1 and Mode 3, with only a few exceptions. The financial services sector includes banking, insurance, securities and related services.
* Individual US States are to give Singapore service suppliers the same treatment that it gives to suppliers of that State or another US State, that is, national treatment.
* Expanded market access for US banks and insurance companies:
-- Singapore will give US banks better access to its retail banking sector. The existing Singapore ban on new licences for Qualifying Full Banks will be lifted for US banks within 18 months, and the existing Singapore ban on new licences for Wholesale Banks will be lifted within 3 years after entry into force of USSFTA. Existing restrictions on customer service locations will be lifted for US QFBs 2 years after entry into force of USSFTA. Locally incorporated US QFBs will be allowed to negotiate with local banks for access to their ATM networks on commercial terms, 30 months for subsidiaries and 4 years for branches, after entry into force of USSFTA.
-- US insurance firms have full rights to establish subsidiaries, branches or joint ventures. Singapore will no longer ban foreign firms supplying insurance cross-border from home country. US firms will be able to sell marine, aviation and transport (MAT) insurance, reinsurance, insurance brokerage and insurance auxiliary services. Prior regulatory product approval is no longer required for insurance sold to the business community; expedited procedures are available in other cases when prior product approval is necessary.
-- US financial institutions may offer financial services to citizens participation in Singapore's privatised social security system under more liberal requirements; US firms may provide asset/portfolio management and securities services in Singapore through establishment of a local office, or by acquisition of local firms; US firms may supply pension services under Singapore's privatised social security system, with liberalised requirements regarding the number of portfolio managers that must be located in Singapore.
-- US firms may sell portfolio management services via a related institution in Singapore.
-- Singapore will accord US firms national treatment for the cross border supply of financial

information, advisory and data processing services.

Regulatory provisions:
* Traditional market access is supplemented by strong and detailed disciplines on regulatory transparency. The regulatory authorities have to use open and transparent administrative procedures, have prior consultation with interested parties, provide advance notice and comment periods for proposed rules, and publicise all regulations.
-- Regulatory authorities are bound to high standards of openness and transparency, including consultations with interested parties, advance notice, reasonable comment period, and publication of regulations. Mechanism to lock in future liberalisation of exempted measures, including exempted measures of US states.
- The provisions relating to regulatory transparency in financial services are a tremendous achievement of US negotiators.

Free transfer of capital:
The Agreement provides for free transfer of capital in both countries and enhances protection and rights of US investors while maintaining Singapore's freedom of action to take appropriate measures in the event of an economic crisis. The protection and rights accorded to investors under the Agreement are substantially higher than the WTO commitments.

US negotiators have been insistent on free transfer of capital. Singapore has an open capital account and has not impose restrictions on capital flows, but want to keep the options to take all appropriate measures, including temporary capital controls, in the event of a serious balance of payments crisis. In the negotiated compromise reached, the Agreement contains special provisions under which Singapore would not be liable for claims for damages by investors if it imposes restrictions on capital account transactions, provided the restrictions last less than 1 year and do not substantially impede transfers. These special provisions apply only to short-term capital account transactions such as portfolio investments and interbank loans and placements. They do not apply to current payments and transfers such as debt servicing, profit repatriation and dividend payouts as well as proceeds from sale of FDI.

Table 1: Singapore's GATS Commitments on Financial Services (February 1998)	
Notes:	There are 4 modes of supply for trade in services --- Mode 1 (cross-border supply), Mode 2 (consumption abroad), Mode 3 (commercial presence), Mode 4 (presence of natural persons). The Schedule is divided into two parts ---horizontal commitments cover any service that has been scheduled; specific commitments pertain to financial services. This table lists only limitations on market access and national access and exclude services where there are "none" or "unbound" limitations. "None" means that Singapore has undertaken to place no limitation on market access or national treatment for the Mode concerned. "Unbound" means that Singapore has undertaken no commitment and retains full freedom to act.
Horizontal commitments:	The commitments on financial services are made in accordance with GATS and the Annex on Financial Services. All the commitments in this Schedule are subject to horizontal commitments in Singapore's GATS Schedule of Specific Commitments. All the commitments in this Schedule are also subject to entry requirements, domestic laws, guidelines, rules and regulations, terms and conditions of MAS or other relevant Singapore authority which are consistent with Article VI of GATS and para 2 of the Annex on Financial Services. The two main subsectors under Financial Services are (A) Insurance and insurance-related services and (B) Banking and other financial services.
Limitations on market access:	
A. Insurance & insurance-related services	
a. Life insurance services	Mode3- Foreign parties can only acquire equity stakes of up to 49% in aggregate in locally owned insurance companies provided the acquisition does not result in any foreign party being the largest shareholder. Unbound for issuance of new insurance licences and establishment of new representative offices.
b. Non-life insurance services	Mode2- Compulsory insurance of Motor Third Party Liability and Workmen Compensation which can be purchased only from licensed insurance companies in Singapore. Mode3- Foreign parties can only acquire equity stakes of up to 49% in aggregate in locally owned insurance companies provided the acquisition does not result in any foreign party being the largest shareholder. Unbound for issuance of new insurance licences and establishment of new representative offices.
c. Reinsurance & retrocession	Mode3- Reinsurance companies can establish as branches or subsidiaries
d. Insurance intermediation	Mode2- Agents not allowed to act for unregistered insurers; brokers need MAS approval to place domestic risks outside Singapore; Mode3- Admission of reinsurance brokers as locally incorporated subsidiaries
B. Banking & other financial services	
a. Acceptance of deposits..	Mode3- Only institutions approved as banks, merchant banks, finance companies can accept deposits. MAS may exercise appropriate differentiated measures against foreign financial institutions in Singapore to safeguard depositors. Establishment and operation of foreign banks, merchant banks, finance companies subject to limitations: Commercial banks -- no new full and restricted banks; new foreign banks may only establish as offshore bank branches or representative offices. Banks can, with MAS approval, operate foreign currency savings accounts for nonresidents only; single/related group of foreign shareholders can only hold up to 5% of local bank's share. Merchant banks -- foreign banks and merchant banks may establish as merchant bank subsidiaries or merchant bank branches. Finance companies-- no new finance companies; 20% limit on aggregate foreign ownership of each domestic finance company; dealings in foreign currencies etc subject to MAS approval.
b. Lending of all types	Mode3- Credit and charge cards may be issued with MAS approval and guidelines. SGD loans by local and foreign-owned financial institutions to nonresidents and to residents for use outside Singapore require MAS approval. Establishment of credit companies which do not conduct activities requiring MAS approval is allowed.

d. Payment and money transmission services	Mode3- Remittance shops (excluding in banks and merchant banks) required to be majority-owned by Singapore citizens. Banker's drafts can only be issued by banks. Stored value cards can only be issued by bank licensed by MAS.
e. Guarantees and commitments	Mode1- Limitationsfor insurance companies providing contracts of fidelity bonds, performance bonds or similar contracts of guarantee. Mode3- Limitations for insurance companies providing contracts of fidelity bonds, performance bonds or similar contracts of guarantee.
f. Trading for own account or customers account	Mode1- Trading in money market instruments, forex and exchange rate and interest rate instruments can be conducted with financial institutions only. Mode3- Banks and merchant banks required to set up separate subsidiaries to trade financial futures for customers. Financial futures brokers can establish as branches or subsidiaries. Derivative products in SGD dollar subject to requirement. Moneychangers (except banks and merchant banks) required to be majority-owned by Singapore citizens.
g. Participation in issues of securities	Mode1- Participation in issues of securities for own account and underwriting and placement of secutirities through stockbroking companies, banks or merchant banks in Singapore. Mode3- Foreign stockbroking companies can establish only as nonmembers of the Stock Exchange of Singapore who can apply to become Approved Foreign Brokers to trade directly in non-SGD deonominated securities quoted on SES through terminals provided by SES to such AFBs. Representative offices cannot conduct business or act as agents. Unbound for new membership on SES and for foreign acquisition of new and existing equity interests in SES member companies. Unbound for new international membership. Banks and merchant banks membership on SES must be held through subsidiaries.
I. Asset management	Mode3- Asset management companies, custodial depositories and trust services companies may only establish as branches, subsidiaries or joint venutres. Only the Central Depository is authorised to provide securities, custodial depository services under the scripless trading system.
j. Settlement & clearing services	Mode3- Settlement and clearing services for exchange traded securities and financial futures, and SGD cheques and interbank funds can only be provided by SES, SIMEX and Banking Computer Services Pte Ltd respectively.
k. Advisory & other auxiliary financial services	Mode1- Commercial presence is required for provison of investment and portfolio research and advice to the public. Mode3- Investment advisers may only establish as branches, subsidiaries, joint ventures or representative offices.
l. Provision & transfer of financial information & financial data processing..	Mode1- Unbound except for provision of financial information by providers such as Reuters and Bloomberg. Singapore branches of foreign banks can transmit data to head offices and sister branches provided proper controls exist and MAS is allowed onsite access. Mode2-Only provision of financial information by providers such as Reuters and Bloomberg is allowed. Mode3- Provision of financial information by providers such as Reuters and Bloomberg is allowed. Provision of financial data processing services to banks and merchant banks is subject to domestic laws on protection of confidentiality of information of customers of banks and merchant banks.
Limitations on national treatment:	
B. Banking & other financial services	

a. Acceptance of deposits..	Mode3- Commercial banks -- foreign banks can operate from only one office; cannot establish off-premise ATMs and ATM networking and new sub-branches ;unbound for provision of all e-banking services; location and relocation of banks and sub-branches require MAS approval. Restricted banks -- can only accept foreign currency fixed depositions from and operate current accounts for residents and nonresidents; for SGD deposits they can only accept fixed deposits of S$250,000 or more per deposit. Offshore banks -- can accept foreign currency fixed deposits from residents and nonresidents; for SGD deposits, they can only accept fixed deposits of S$250,000 or more per deposit from non-residents. Merchant banks-- can operate from only one office; location and relocation require MAS approval; can raise foreign currency funds from residents and non-residents, operate foreign currency savings accounts for nonresidents and raise SGD funds from their shareholders and companies controlled by their shareholders, banks, other merchant banks and finance companies. Finance companies-- location and relocation of sub-branches require MAS approval; foreign-owned finance companies cannot establish off-premise
b. Lending of all types	Mode3- Each offshore bank's lending in SGD to residents shall not exceed S$200m in aggregate. Offshore banks should not use their related merchant banks to circumvent the S$200m lending limit. Unbound for establishment of off-premise cash dispensing machines for credit and charge cards.

Table 2: New Zealand-Singapore CEP -- Singapore's Commitments on Financial Services	
Horizontal commitments	All the commitments are subject to horizontal commitments in Singapore's schedule of specific commitments. All the commitments are also subject to entry requirements, domestic laws, guidelines, rules and regulations, terms and conditions of MAS and other relevant government authority. Commitments do not apply to new financial services.
Limitations on market access:	
A. Insurance & insurance-related services	
b. Non-life insurance	Mode 2- None, except for compulsory 3rd party motor insurance, and workmen's compensation
c. Reinsurance & retrocession	Mode 3- Representative offices cannot conduct business or act as agents
d. Insurance intermediation	Mode 2- Agents not allowed to act for unregistered insurers; brokers need MAS approval to place domestic risks outside Singapore; Mode 3- direct and reinsurance brokers must be established as subsidiaries
B. Banking & other financial services	
a. Acceptance of deposits..	Mode 3- Only institutions approved as banks, merchant banks, finance companies can accept deposits. MAS may exercise appropriate differentiated measures against foreign financial institutions in Singapore to safeguard depositors. Establishment and operation of foreign banks, merchant banks, finance companies subject to limitations: Commercial banks -- no new full and restricted banks; new foreign banks may only establish as offshore bank branches or representative offices. Banks can, with MAS approval, operate foreign currency savings accounts for nonresidents only; single/related group of foreign shareholders can only hold up to 5% of local bank's share. Merchant banks -- foreign banks and merchant banks may establish as merchant bank subsidiaries or merchant bank branches. Finance companies-- no new finance companies; 20% limit on aggregate foreign ownership of each domestic finance company; dealings in foreign currencies etc subject to MAS approval.
b. Lending of all types	Mode 3- Other than inhouse credit cards, credit and charge cards may be issued with MAS approval and guidelines. SGD loans by local and foreign-owned financial institutions to nonresidents and to residents for use outside Singapore require MAS approval.
d. Payment and money transmission services	Mode 3- Remittance shops (excluding in banks and merchant banks) required to be majority-owned by Singapore citizens. Banker's drafts can only be issued by banks. Stored value cards can only be issued by bank licensed by MAS.
f. Trading for own account or customers account	Mode 1- Trading in money market instruments, forex and exchange rate and interest rate instruments can be conducted with financial institutions only. Mode 3- Banks and merchant banks required to set up separate subsidiaries to trade financial futures for customers. Financial futures brokers can establish as branches or subsidiaries. Derivative products in SGD dollar subject to requirement. Moneychangersd (except banks and merchant banks) required to be majority-owned by Singapore citizens.
g. Participation in issues of securities	Mode 3- Singapore Exchange will admit new members from July 2000. New members will be able to trade directly in SGD denominated securities of Singapore-incorporated companies with resident investors. Representative offices cannot conduct business or act as agents. For SGD denominated securities on SGX, international members can only deal with residents for transactions above S$500,000 each. Banks and merchant banks' membership on SGX must be held through subsidiaries. Only banks licensed in Singapore can apply to become primary and registered dealers of Singapore government securities.
I. Asset management	Mode 3- Asset management companies, custodial depositories and trust services companies may only establish as branches, subsidiaries or joint venutres. Only the Central Depository is authorised to provide securities, custodial depository services under the scripless trading system.

j. Settlement & clearing services	Mode 3- Settlement and clearing services for exchange traded securities and financial futures, and SGD cheques and interbank funds can only be provided by SGX or its subsidiaries and Banking Computer Services Ltd.
k. Advisory & other auxiliary financial services	Mode 1- Commercial presence is required for provison of investment and portfolio research and advice to the public. Mode 3- Investment advisers may only establish as branches, subsidiaries, joint ventures or representative offices.
l. Provision & transfer of financial information & financial data processing..	Mode 1- Unbound except for provision of financial information by providers such as Reuters and Bloomberg. Singapore branches of foreign banks can transmit data to head offices and sister branches provided proper controls exist and MAS is allowed onsite access.. Mode 2- Only provision of financial information by providers such as Reuters and Bloomberg is allowed. Mode 3- Provision of financial information by providers such as Reuters and Bloomberg is allowed. Provision of financial data processing services to banks and merchant banks is subject to domestic laws on protection of confidentiality of information of customers of banks and merchant banks.
Limitations on national treatment:	
B. Banking & other financial services	
a. Acceptance of deposits..	Mode 3- Commercial banks -- foreign banks can operate from only one office; cannot establish off-premise ATMs and ATM networking and new sub-branches. Unbound for provision of all e-banking sercices. Location and relocation of banks and sub-branches require MAS approval. Restricted banks -- can only accept foreign currency fixed depositions from and operate current accounts for residents and nonresidents; for SGD deposits they can only accept fixed deposits of S$250,000 or more per deposit. Offshore banks -- can accept foreign currency fixed deposits from residents and nonresidents; for SGD deposits, they can only accept fixed deposits of S$250,000 or more per deposit from non-residents. Merchant banks-- can operate from only one office; location and relocation require MAS approval; can raise foreign currency funds from residents and non-residents, operate foreign currency savings accounts for nonresidents and raise SGD funds from their shareholders and companies controlled by their shareholder
b. Lending of all types	Mode 3- Each offshore bank's lending in SGD to residents shall not exceed S$500,000 in aggregate. Offshore banks should not use their related merchant banks to circumvent the S$500,000 lending limit. Unbounf for establishment of offshore premise cash dispensing machines for credit and charge cards.

Table 3: Japan-Singapore EPA -- Singapore's Commitments on Financial Services	
Horizontal commitments:	Modes 1-4 unbound for all subsidies or grants to help develop local entrepreneurs; to assist juridical persons to expand and upgrade their operations; or given on basis of other national policy considerations including for social welfare, human resource development, cultural promotion, housing, education, health. Mode 3- Commercial presence, right of establishment and movement of juridical persons are subject to compliance with the following provisions --- a foreigner who wishes to register a business firm must have a local manager (Singapore citizen, permanent resident, or Employment Pass holder); one director of the company must be locally resident; all branches of foreign companies registered in Singapore must have at least two locally resident agents of Singapore citizen, permanent resident or Employment Pass holder. Mode 4- Unbound for presence of natural persons, except as specified in Part A of Annex VI.
	All the commitments are subject to entry requirements, domestic laws, guidelines, rules and regulations, terms and conditions of MAS or other relevant government authority. The commitments do not apply to new financial services as defined in V of Annex IVA.
A. Insurance & insurance-related services	
b. Non-life insurance	Mode 2- None, except for compulsory 3rd party motor insurance, and workmen's compensation
c. Reinsurance & retrocession	Mode 3- Representative offices cannot conduct business or act as agents
d. Insurance intermediation	Mode 2- Agents not allowed to act for unregistered insurers; brokers need MAS approval to place domestic risks outside Singapore; Mode 3- direct and reinsurance brokers must be established as subsidiaries
B. Banking & other financial services	
a. Acceptance of deposits..	Mode 3- Only institutions approved as banks, merchant banks, finance companies can accept deposits. MAS may exercise appropriate differentiated measures against foreign financial institutions in Singapore to safeguard depositors. Establishment and operation of foreign banks, merchant banks, finance companies subject to limitations: Commercial banks -- no new full and restricted banks; new foreign banks may only establish as offshore bank branches or representative offices. Banks can, with MAS approval, operate foreign currency savings accounts for nonresidents only; single/related group of foreign shareholders can only hold up to 5% of local bank's share. Merchant banks -- foreign banks and merchant banks may establish as merchant bank subsidiaries or merchant bank branches. Finance companies-- no new finance companies; 20% limit on aggregate foreign ownership of each domestic finance company; dealings in foreign currencies etc subject to MAS approval.
b. Lending of all types	Mode 3- Credit and charge cards may be issued with MAS approval and guidelines. SGD loans by local and foreign-owned financial institutions to nonresidents and to residents for use outside Singapore require MAS approval. Local and foreign owned financial institutions may freely extend SGD credit facilities of S$5 million and below to nonresidents. SGD credit facilites exceeding S$5 million may be extended to nonresidents for purposes other than speculation against SGD, subject to following conditions: - If used for investment in financial assets and real estates, SGD credit facility has to be withdrawn if investment is liquidated. - If used offshore, SGD proceeds must be swapped or converted before being remitted overseas.
d. Payment and money transmission services	3. Remittance shops (excluding in banks and merchant banks) required to be majority-owned by Singapore citizens. Banker's drafts can only be issued by banks. Stored value cards can only be issued by bank licensed by MAS.

f. Trading for own account or customers account	Mode 1- Trading in money market instruments, forex and exchange rate and interest rate instruments can be conducted with financial institutions only. Mode 3- Banks and merchant banks required to set up separate subsidiaries to trade financial futures for customers. Financial futures brokers can establish as branches or subsidiaries. Dealers may lend in SGD through currency swaps with nonresidents as long as there is requirement to hedge the SGD exchange rate and interest rate risks arising from trade with or economic and financial activities in Singapore. Dealers may transact with nonresidents SGD currency options as long as there is a requirement to hedge SGD exchange rate risks arising from trade with, or economic and financial activities in Singapore subject to 4 conditions. Moneychangersd (except banks and merchant banks) required to be majority-owned by Singapore citizens.
g. Participation in issues of securities	Mode 3- Singapore Exchange will admit new members from July 2000. New members will be able to trade directly in SGD denominated securities of Singapore-incorporated companies with resident investors. Representative offices cannot conduct business or act as agents. For SGD denominated securities on SGX, international members can only deal with residents for transactions above S$500,000 each. Banks and merchant banks' membership on SGX must be held through subsidiaries. Only banks licensed in Singapore can apply to become primary and registered dealers of Singapore government securities.
I. Asset management	Mode 3- Asset management companies, custodial depositories and trust services companies may only establish as branches, subsidiaries or joint venutres. Only the Central Depository is authorised to provide securities, custodial depository services under the scripless trading system.
j. Settlement & clearing services	Mode 3- Settlement and clearing services for exchange traded securities and financial futures, and SGD cheques and interbank funds can only be provided by SGX or its subsidiaries. Settlement and clearing services for SGD cheques and interbank funds transfer can only br provided by operators appointed by the Singapore Clearing House Association.
k. Advisory & other auxiliary financial services	Mode 1- Commercial presence is required for provison of investment and portfolio research and advice to the public. Mode 3- Investment advisers may only establish as branches, subsidiaries, joint ventures or representative offices.
l. Provision & transfer of financial information & financial data processing..	Mode 1- Unbound except for provision of financial information by providers such as Reuters and Bloomberg. Singapore branches of foreign banks can transmit data to head offices and sister branches provided proper controls exist and MAS is allowed onsite access.. Mode 2- Only provision of financial information by providers such as Reuters and Bloomberg is allowed. Mode 3- Provision of financial information by providers such as Reuters and Bloomberg is allowed. Provision of financial data processing services to banks and merchant banks is subject to domestic laws on protection of confidentiality of information of customers of banks and merchant banks.
Limitations on national treatment:	
B. Banking & other financial services	

a. Acceptance of deposits..	Commercial banks -- A bank incorporated in Singapore is required to establish a nominating committee to identify and review nominations for appointment to board of directors and to senior executive positions; majority of directors must be Singapore citizens or permanent residents. Foreign banks can operate from only one office, cannot establish off-premise ATMs, ATM networking and new subbranches. Location and relocation of banks and subbranches require MAS approval. Restricted banks can only accept foreign currency fixed deposits from and operate current accounts for residents and nonresidents; for SGD deposits they can only accept fixed deposits of S$250,000 or more per deposit and operate current accounts. Offshore banks can accept foreign currency fixed deposits from residents and nonresidents; for SGD deposits, they can only accept fixed deposits of S$250,000 or more per deposit from nonresidents. Merchant banks can operate from only one office; location and relocation require MAS approval; can raise foreign currency funds from resident and nonresidents, operate foreign currency savings accounts for nonresidents and raise SGD funds from their shareholders and companies controlled by
b. Lending of all types	Mode 3- Each offshore bank's lending in SGD to residents shall not exceed S$500,000 in aggregate. Offshore banks should not use their related merchant banks to circumvent the S$500,000 lending limit. Unbounf for establishment of offshore premise cash dispensing machines for credit and charge cards.
g. Participation in issues of all kinds of securities	Mode 3- Aggregate investment by foreigners shall not exceed 70% of paidup capital of dealers which are members of SGX.

Table 4: Singapore-Australia FTA -- Singapore's Commitments on Financial Services	
Limitations on market access and national treatment:	
Financial institutions	Financial institutions extending SGD credit facilities exceeding S$5 million per entity to nonresident financial entities or arranging SGD equity or bond issues for nonresidents, shall ensure that where the SGD proceeds are to be used outside Singapore, they are swapped or converted into foreign currency upon draw-down or before remittance abroad. Financial institutions shall not extend SGD credit facilities to non-resident financial entities if there is reason to believe that the SGD proceeds may be used for SGD currency speculation.
Banking	Foreign banks may only establish as Singapore branch offices of a corporation or Singapore-incorporated companies. Wholesale banks are not permitted to --- accept SGD fixed deposits of less than S$250,000; offer savings accounts; operate interest-bearing SGD current accounts for Singapore residents; issue Singapore dollar bonds and NCDs, unless the requirements pertaining to minimum maturity period and denomination or class of investors by MAS are complied with; only a maximum of 20 new Wholesale Bank licenses will be granted by MAS between June 2001 and June 2003. Offshore banks are not permitted to --- provide credit facilities to nonbank Singapore residents in SGD exceeding S$500 million at any one time; offer savings account; accept any fixed or other interest-bearing deposits in SGD from nonbank Singapore residents; operate current accounts for nonbank residents unless the accounts are offered in connection with credit facilities granted to or other business dealings with the customer or to customers of the bank's head office; operate interest-bea
Banking	No new finance company licenses will be granted. Finance companies may only establish as Singapore-incorporated companies. Finance companies are not permitted to establish off-premise ATMs, ATM networking or allow their accounts to be debited through EFTPOS.
Banking	No foreign shareholder shall alone or in concert assume control of any Singapore-incorporated bank or a company belonging to a class of financial institutions approved by MAS. A majority of the directors of a bank incorporated in Singapore must be either Singapore citizens or permanent residents. Ministerial approval is required before a person alone or in concert is allowed to acquire 5%, 12% or 20% shareholdings in a Singapore-incorporated bank or financial holding company, and before a Singapore-incorporated bank or financial holding company is merged or taken over by another body. In approving applications exceeding the threshold limits, Minister may impose conditions to prevent undue control, protect public interests, and ensure integrity of financial system.
Settlement and clearing services for financial assets	Only a clearing house established under the Banking Act may provide clearing services for cheques and other credit instruments which are drawn on a bank in Singapore (whether payable in Singapore dollars or other currency) and services for interbank GIRO transfers.
Securities and futures	Establishment or operation of securities and futures markets as exchanges, exempt exchanges or recognised trading system providers, is subject to authorisation by MAS.
Asset management	In considering admission of Fund Management Companies under the Central Provident Fund Investment Scheme, CPF Board takes into consideration the following factors --- whether FMC has a minimum one-year track record as a capital markets services license holder in the fund management industry in Singapore while the group as a whole has a minimum of 3 years track record in fund management; whether FMC manages at least S$500 million worth of funds in Singapore; whether FMC has a minimum of 3 fund managers, 2 of whom must have at least 5 years of fund management experience; whether FMC is able to show evidence of its commitment to grow in its Singapore operations; whether FMC demonstrates a commitment to contribute to the future development of the fund management industry in Singapore, such as transfer of fund management and other related skills to personnel employed locally and in investor education.

Participation in securities	Banks and merchant banks' membership on any securities exchange or futures exchange established in Singapore must be held through subsidiaries.
Asset management	Only the Central Depository Pte Ltd is authorised to provide custodial services for book-entry securities.
Securities	Holders of a capital markets services licence may only establish as Singapore-incorporated companies or Singapore branch offices of a corporation.
Payment and non-money transmission services	Remittance shops and money-changing businesses (except where conducted by banks, merchant banks and finance companies) must be majority-owned (more than 50%) by Singapore citizens.
Insurance	In considering admission of insurers under the Central Provident Fund Investment Scheme, CPF Board takes into consideration the following factors --- whether insurer is registered under the Insurance Act to carry on life insurance business; whether insurer has a minimum one-year track record as a registered insurer in Singapore; whether insurer employs a minimum of 3 fund management staff, two of whome have at least 5 years of fund management experience and the third may only have 2 years of fund management experience if he is a fully qualified CFA or is an Associate of Society of Actuaries or holds a Certificate in Finance and investments from Institute of Actuaries or holds an equivalent qualification from professional actuarial bodies recognised in Singapore; whether insurer and related group of companies have a sound financial position; whether insurer and related group of companies have good regulatory compliance record in Singapore and in other countries where they operate; whether insurer is able to show evidence of its commitment to grow its Singapore operations in areas such as amount of funds managed and range of products offered; whether insurer demonstrates commitment to contribute to fu
Insurance	All insurance and reinsurance brokers must be established as Singapore-incorporated companies.
Insurance	Direct life insurers may only establish as Singapore-incorporated companies. Reinsurers and nonlie direct insurers may only establish as Singapore-incorporated companies or Singapore branch offices of a corporation. Captive insurers may only establish as Singapore-incorporated companies.
Insurance	Compulsory insurance of motor third party liability and workmen's compensation can only be purchased directly or through an intermediary from registered insurers in Singapore.
Limitations on market access:	
Banking	Merchant banks may only establish as Singapore branch offices of a corporation or Singapore-incorporated companies. No merchant bank may establish more than one office.
Banking	Banks and merchant banks are required to establish separate subsidiaries to trade financial futures for customers.

Table 5: US-Singapore FTA -- Singapore's Commitments on Financial Services	
Horizontal commitments:	All the commitments are subject to horizontal commitments in Singapore's schedule of specific commitments. All the commitments are also subject to entry requirements, domestic laws, guidelines, rules and regulations, terms and conditions of MAS and other relevant government authority. Commitments do not apply to new financial services.
Limitations on market access and national treatment	
Wholesale banks	Only a max of 20 new Wholesale Bank licenses will be granted by MAS during June 2002-June 2003. Quantitative limits on number of Whole Bank licences will be removed for US banks 3 years after USSFTA implementation. Wholesale Banks are not permitted to accept SGD fixed deposits of less than S$250,000; offer savings accounts; operate interest-bearing SGD current accounts for natural persons who are Singapore residents; issue Singapore dollar bonds and NCDs, unless requirements on minimum maturity period and denomination or class of investors from MAS are complied with.
Offshore banks	Offshore Banks are not permitted to --- provide credit facilities to nonbank residents of Singapore in SGD exceeding S$500 million at any one time; offer savings accounts; accept any fixed or other interest bearing deposits in SGD from nonbank Singapore residents; operate current accounts for nonbank residents unless the accounts are offered in connection with credit facilities granted to, or other business eealings with the customer or to customers of the bank's head office; operate interest bearing SGD current accounts for natural persons who are Singapore residents; accept SGD fixed deposits of less than S$250,000 from nonbank nonresidents; issue SGD bonds and NCDs, unless requirements on minimum maturity and denomination and class of investors of MAS are complied with.
Clearing house	Only the clearing house established under the Singapore Banking Act may provide clearing services for cheques and other credit instruments drawn on a bank in Singapore, whether payable in SGD or other currency and services for interbank GIRO transfers.
Securities custodial service	Only the Central Depository Pte Ltd is authorised to provide securities custodial services for book-entry securities.
`	Clearing and settlement services for exchange-traded securities and financial futures and interbank transfers can only be provided by Central Depository Pte Ltd, Singapore Exchange Derivatives Clearing Ltd, and Banking Computer Services Pte Ltd respectively.
Limitations on market access:	
Merchant banks	No Merchant Bank may have more than one customer service location.
Finance companies	No new finance company licenses will be granted. A finance company must be established as a Singapore incorporated company. Finance companies are not permitted to establish off-premise ATMs, ATM networking, participate in any local ATM network or allow their accounts to be debited through EFTPOS network.
Securities and futures	Singapore reserves the right to limit the establishment or operation of securities and futures markets. In authorising such markets or in imposing conditions on operations of such market, Singapore may take into account factors such as market structure, fragmentation of liquidity, range of products offered, and type of investors targeted.
Foreign banks	Banks and merchant banks are required to establish separate subsidaries incorporated in Singapore to trade financial futures for customers.
Foreign banks	Banks and merchant banks are required to establish separate subsidaries incorporated in Singapore to trade financial futures for customers.
Foreign banks	Banks' and merchant banks' membership on any securities exchange or futures exchange established in Singapore must be held through subsidiaries incorporated in Singapore.
Insurance brokers	Insurance brokers must be established as a Singapore incorporated company.

Captive insurance	A captive insurer must be established as a Singapore incorporated company.
Limitations on national treatment:	
Foreign banks	Only foreign banks with QFB privileges may apply to provide Supplementary Retirement Scheme accounts and Central Provident Fund Investment Scheme accounts; they will also be permiitted to apply to accept fixed deposits under the Central Provident Fund Investment Scheme and Minimum Sum Scheme.
Foreign ownership	No foreign person shall, alone or in concert , assume control of any Singapore incorporated bank or company belonging to a class of financial institutions approved as financial holding companies by MAS. Ministerial approval is required before a person is allowed to acquire indirect control over and shareholdings or voting control of or exceeding 5%, 12%, 20% in a Singapore incorporated bank or financial holding company, and before a Singapore incorporated bank or financial holding company is allowed to be merged or taken over by any other body. In approving applications to exceed threhold limits, Minister may impose conditions necessary to prevent undue control, protect public interests, and ensure integrity of financial system. Foreign person defined --- not Singapore citizen or corporation not controlled by Singapore citizens
Finance companies	No foreign person shall, alone or in concert , assume control of any finance company. MAS approval is required to acquire shareholdings or voting control in a finance company of or exceeding 5% and 20%. For approval exceeding threshold limits, MAS may impose conditions to prevent undue control, protect public interests, and ensure integrity of financial system.
Remittance shops	Remittance shops and money changing businesses (except in banks, merchant banks and finance companies) must be more than 50% owned by Singapore citizens.
Fund management and insurance	In considering the admission of Fund Management Companies under the Central Provident Fund Investment Scheme , the CPF Board takes into consideration the following factors --- whether the FMC has a minimum one-year track record as a capital market services license holder in the fund management industry in Singapore, while the group as a whole has a minimum 3 year track record in fund management; whether the FMC manages at least S$500 millin worth of funds in Singapore; and whether the FMC has a minimum of 3 fund managers, one of whom must have at least 5 years of fund management experience.
Fund management and insurance	In considering the admission of Insurers under the Central Provident Fund Investment Scheme, the CPF Board takes into consideration the following factors --- whether the insurer employs a minimum of 3 fund management staff, one of whom must have at least 5 years of fund management experience; whether the insurer manages at least S$500 millino worth of funds in Singapore.
Limitations on cross-border trade:	
Motor insurance	Compulsory insurance of motor third party liability and workmen's compensation can only be purchased directly or through an intermediary from licensed insurance companies in Singapore.
Insurance and reinsurance	The placement of domestic risks outside Singapore by brokers is subject to approval by MAS, with exception of reinsurance risks and insurance risks relating to maritime liabilities of ship owners insured by protection and indemnity clubs.
Financial institutions	Financial institutions extending SGD credit facilities exceeding S$5 million per entry to nonresident financial entities or arranging SGD equity or bond issues for nonresidents, must ensure that where the SGD proceeds are to be used outside Singapore, they are swapped or converted into foreign currency upon draw-down or before remittance abroad. Financial institutions should not extend SGD credit facilities to non-resident financial entities if there is reason to believe that the SGD proceeds may be used for SGD currency speculation.
Limitations on most-favoured-nation treatment:	

Currency interchangeability	Singapore has a currency interchangeability agreement with Brunei since 1967.