

## ANNEX 7-D

### THE ADDITIONAL COMMITMENT ON FINANCIAL SERVICES

#### *Transfer of information*

1. The Parties recognise the importance of the cross-border transfer of information by financial service suppliers. Korea has expressed its intent to undertake modification to its regulatory regime that will result in its adoption of approaches that will permit the transfer of financial information across borders while addressing such areas as the protection of sensitive information of consumers, prohibitions on unauthorised reuse of the sensitive information, the ability of financial regulators to have access to records of financial service suppliers relating to the handling of such information, and requirements for the location of technology facilities<sup>1</sup>

#### *Performance of functions*

2. The Parties recognise the benefits of allowing a financial service supplier in a Party's territory to perform certain functions at its head office or affiliates located inside or outside the Party's territory. To the extent practicable, each Party should allow such an office or affiliate to perform these functions which generally include, but are not limited to:

- (a) trade and transaction processing functions, including confirmation and statement production;
- (b) technology-related functions, such as data processing<sup>2</sup>, programming and system development;
- (c) administrative services, including procurement, travel arrangements, mailing services, physical security, office space management and secretarial services;
- (d) human resource activities, including training and education;
- (e) accounting functions, including bank reconciliation, budgeting, payroll, tax, account reconciliation and customer and proprietary accounting; and
- (f) legal functions, including the provision of advice and litigation strategy.

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<sup>1</sup> This includes, in particular, the transfer of information for the purpose of compliance with transparency and reporting requirements of financial services suppliers with regard to financial regulators of their home country.

<sup>2</sup> To the extent that a Party is obligated under Article 7.43 to allow the transfer of information outside its territory, that Party shall also allow data processing of that information after the transfer.

3. Nothing in paragraph 2 prevents a Party from requiring a financial service supplier located in its territory to retain certain functions.

4. For greater certainty, a financial service supplier located in the territory of a Party retains ultimate responsibility for compliance with requirements applicable to those functions performed by its head office or affiliate.

#### *Supply of insurance by the postal services to the public*

5. The regulation of insurance services supplied by a Party's postal service supplier to the public should not accord to the Party's postal service supplier a competitive advantage over private service suppliers of like insurance services in the territory of the Party.

6. To this end, Korea should, to the extent practicable, provide that the Financial Services Commission (hereinafter referred to as the "FSC") exercise regulatory oversight over the insurance underwriting services supplied by Korea Post to the public and that those services be subject to the same rules applicable to private suppliers supplying like insurance underwriting services in its territory<sup>3</sup>.

#### *Sectoral cooperatives selling insurance*

7. The regulation of insurance services supplied by a sectoral cooperative should not provide the cooperative a competitive advantage over private suppliers of like insurance services. To the extent practicable, a Party should apply the same rules to services supplied by such cooperatives that it applies to like services supplied by private insurers.

8. To this end, the FSC should exercise regulatory oversight over services supplied by sectoral cooperatives. At a minimum, Korea shall provide that solvency matters related to the sale of insurance by the National Agricultural Cooperative Federation, the National Federation of Fisheries Cooperatives, the Korea Federation of Community Credit Cooperatives and the National Credit Union Federation of Korea shall be subject to regulation by the FSC.

#### *Self-Regulatory Organisations*

9. The Korea Insurance Development Institute is subject to the discipline of Article 7.40. This confirmation is without prejudice to the status of any other organisation in this or any other financial services sub-sector.

10. For greater certainty, if each Party's financial regulatory authority delegates a function related to insurance to a self-regulatory organisation or other non-

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3 This commitment shall also apply to the United Kingdom in case the postal service supplier engages in insurance underwriting services in the United Kingdom.

governmental body, the authority shall take reasonable steps to ensure compliance with Article 7.39 (Transparency) and Article 7.23.2 (Domestic Regulation) with regard to any actions taken by the organisation or other non-governmental body pursuant to the delegated function.