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COUNCIL

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Council

**DECISION OF THE COUNCIL AMENDING ANNEXES B TO THE
CODES OF LIBERALISATION OF CAPITAL MOVEMENTS AND
CURRENT INVISIBLE OPERATIONS**

**(adopted by the Council at its 936th Session on 12 November 1998
[C/M(98)22/PROV])**

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THE COUNCIL,

Having regard to Article 5 a) of the Convention on the Organisation for Economic Co-operation and Development of 14 December 1960;

Having regard to the Codes of Liberalisation of Capital Movements and Current Invisible Operations;

Having regard to the Report by the Committee on Capital Movements and Invisible Transactions and the Committee on International Investment and Multinational Enterprises on the follow-up to the December 1997 examination of the Czech Republic's position under the OECD Codes [C(98)155];

DECIDES:

1. The list of reservations by the Czech Republic in Annex B to the Code of Liberalisation of Capital Movements shall be amended to read as follows:

List A, Direct Investment:
I/A

-- In the country concerned by non-residents:

Remark: The reservation applies only to:

i) *The purchase of real estate by branches of non-resident enterprises;*

ii) *The operation of a branch as a "mortgage bank" to the extent that a "mortgage bank" is defined under Czech law as an institution authorised to issue mortgage securities on domestic markets, which is reserved to financial institutions incorporated under domestic law;*

iii) *Access to local telephone network and services by investors other than:*

-- *joint ventures established between SPT Telecom and a Czech legal person fully owned either by Czech natural persons or by legal persons fully owned by Czech nationals, or*

-- *a Czech legal person, the capital of which is not owned directly or indirectly, by more than 34 per cent, by foreign legal or natural persons.*

This reservation iii) ceases to apply on 31 December 2000.

iv) *Air transport.*

v) *Gaming.*

List A, Operations in securities on capital markets:

IV/A1,
B1 and 2,
C1

- Issue through placing or public sale of domestic securities on a foreign capital market.

Remark: The reservation applies only to the issue of debt securities, which is subject to prior authorisation.

- Issue through placing or public sale of foreign securities on the domestic capital market.

Remark: The reservation ceases to apply on 31 December 1998 with respect to securities other than mortgage securities.

- Introduction of foreign securities on a recognised domestic security market.

Remark: The reservation ceases to apply on 31 December 1998.

- Purchase in the country concerned by non-residents.

Remark: The reservation applies only to the purchase of shares and other securities of a participating nature which may be affected by regulations on inward direct investment and establishment in air transport.

List B, Operations on money markets:

V/A1,
B1 and 2,
C4 and
D3

- Issue through placing or public sale of domestic securities and other instruments on a foreign money market.

Remark: The reservation applies only to the issue of debt securities, which is subject to prior authorisation.

- Issue through placing or public sale of foreign securities and other instruments on the domestic money market.

Remark: The reservation ceases to apply on 31 December 1998 with respect to securities other than mortgage securities.

- Introduction of foreign securities and other instruments on a recognised domestic money market.

Remark: The reservation ceases to apply on 31 December 1998.

- Borrowing through other money market instruments in the country concerned by non-residents.

Remark: The reservation ceases to apply on 31 December 1998.

- Lending through other money market instruments abroad by residents.

Remark: The reservation does not apply to authorised foreign exchange entities within specified limits. The reservation ceases to apply on 31 December 1998.

List B, Other operations in negotiable instruments and non-securitised claims:

VI/A1,
B1 and 2,
D1 and 3

- Issue through placing or public sale of domestic instruments and claims on a foreign financial market.

Remark: The reservation applies to the extent that this operation is subject to prior authorisation.

- Issue through placing or public sale of foreign instruments and claims on a domestic financial market.

Remark: The reservation ceases to apply on 31 December 1998.

- Introduction of foreign instruments and claims on a recognised domestic financial market.

Remark: The reservation ceases to apply on 31 December 1998.

- Purchase abroad by residents.

Remark: The reservation does not apply to the purchase of instruments by authorised banks and securities traders for their own account within specified limits. The reservation ceases to apply on 31 December 1998.

- Exchange for other assets abroad by residents.

Remark: The reservation does not apply to authorised foreign exchange entities within specified limits. The reservation ceases to apply on 31 December 1998.

List A, Operations in collective investment securities:

VII/B1
and 2

- Issue through placing or public sale of foreign collective investment securities on the domestic securities market.

- Introduction of foreign collective investment securities on a recognised domestic securities market.

Remark: The reservation ceases to apply on 31 December 1998.

List B, Operations in foreign exchange:

XII/B1
and 2

- Purchase of foreign currency with domestic currency abroad by residents.

Remark: The reservation applies only to the purchase abroad by residents of foreign currency with domestic currency not linked to any particular underlying transactions. The reservation ceases to apply on 31 December 1998.

- Sale of foreign currency for domestic currency abroad by residents.

Remark: The reservation applies only to foreign currency acquired abroad which must be repatriated to the country, except in specified cases.

2. The list of reservations by the Czech Republic in Annex B to the Code of Liberalisation of Current Invisible Operations shall be amended to read as follows:

E/7. Conditions for the establishment and operation of branches, agencies, etc. of non-resident investors in the banking and financial services sector.

Annex II to Annex A, paragraph 1

Remark: The reservation applies only to the operation of a branch as a “mortgage bank” to the extent that a “mortgage bank” is defined under Czech law as an institution authorised to issue mortgage securities on domestic markets, which is reserved to financial institutions incorporated under domestic law.