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COUNCIL

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 919th Session on 26 February 1998 [C/M(98)5/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 examination of the Czech Republic's position under the OECD Codes of Liberalisation and the Declaration and Decisions on International Investment and Multinational Enterprises [C(98)7];

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) Purchases of shares in banks and in the Stock Exchange in excess of one third of its equity capital;*
- ii) The purchase of real estate by branches of non-resident enterprises;*
- iii) The establishment as a mortgage bank of a branch by a non-resident investor;*
- iv) 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 iv) ceases to apply on 31 December 2000;

v) Air transport;

vi) Gaming.

List B,
III/A1

Operations in real estate:

- Building or purchase in the country concerned by non-residents.

List A,
IV/A1,
B1 and 2,
C1

Operations in securities on capital markets:

- 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 to private placing of shares on 31 December 1998.

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

- 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 banking, air transport and the Stock Exchange.

List B,
V/A1,
B1 and 2,
C4 and
D3

Operations on money markets:

- 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.

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

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

- Lending through other money market instruments abroad by residents.

Remark: The reservation does not apply to authorised foreign exchange entities within specified limits.

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

VI/A1,
B1 and 2,
D1, D3

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

- Exchange for other assets abroad by residents.

Remark: The reservation does not apply to authorised foreign exchange entities within specified limits.

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.

List B, Credits directly linked with international commercial transactions or with the rendering of international services, in cases where no resident participates in the underlying commercial or service transaction:

(ii)/B

- Credits granted by residents to non-residents.

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

List B, Financial credits and loans:

IX/B

- Credits and loans granted by residents to non-residents.

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

List A,
X(i)/A2
and B2

Sureties, guarantees and financial back-up facilities in cases directly related to international trade or international current invisible operations, or in cases related to international capital movement operations in which a resident participates:

- Sureties and guarantees given by residents in favour of non-residents.

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

- Financial back-up facilities granted by residents in favour of non-residents.

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

List A,
X(ii)/A2

Sureties, guarantees and financial back-up facilities in cases not directly related to international trade, international current invisible operations or international capital movement operations, or where no resident participates in the underlying international operation concerned:

- Sureties and guarantees given by residents in favour of non-residents.

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

List B,
X(ii)/B2

Sureties, guarantees and financial back-up facilities in cases not directly related to international trade, international current invisible operations or international capital movement operations, or where no resident participates in the underlying international operation concerned:

- Financial back-up facilities granted by residents in favour of non-residents.

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

List B,
XI/B1
and 2

Operation of deposit accounts:

- By residents in domestic currency with non-resident institutions.

- By residents in foreign currency with non-resident institutions.

Remark: The reservation does not apply to authorised resident foreign exchange entities within specified limits and residents working abroad.

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.

- 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:

“C/2. Inland waterway freights, including chartering.

C/3. Road transport: passengers and freights, including chartering.

Remark: The reservation applies only to the following operations:

a) *for passengers:*

- *transit;*
- *“closed door” tours;*
- *picking up or setting down on an international journey;*
- *transport within the country.*

b) *for freights:*

- *transit;*
- *delivery on an international journey;*
- *collection on an international journey;*
- *return cargo where collection is authorised;*
- *return cargo where delivery is authorised;*
- *transport within the country.*

D/2. Insurance relating to goods in international trade.

Annex I to Annex A, Part I, paragraph 1.

Remark: The reservation applies only to goods in transit on Czech territory, if the risks insured are carried by Czech residents.

D/3. Life assurance.

Annex I to Annex A, Part I, paragraph 2.

Remark: The reservation applies only to life insurance contracts entered into on Czech territory by residents.

D/4. All other insurance.

Annex I to Annex A, Part I, paragraphs 5 and 6.

Remarks: The reservation on paragraph 5 applies only to insurance contracts for risks on Czech territory and civil liability related to damages caused on Czech territory.

The reservation on paragraph 6 concerns the fact that prior approval is required.

E/2. Banking and investment services.

Remark: The reservation applies only to underwriting and broker/dealer services provided by non-residents on Czech territory.

E/3. Settlement, clearing, custodial and depository services.

Remark: The reservation applies to custodial and depository services provided by non-residents on Czech territory.

E/4. Asset management.

Remark: The reservation applies only to asset management services provided by non-residents on Czech territory.

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 establishment as a mortgage bank of a branch by a non-resident investor.

- L/6. Professional services (including services of accountants, artists, consultants, doctors, engineers, experts, lawyers, etc.).

Remark: The reservation applies only to the provision of architectural and engineering services by non-residents on Czech territory.