

ANNEX III
NON-CONFORMING MEASURES OF BAHRAIN
WITH RESPECT TO FINANCIAL SERVICES

Headnotes

1. Commitments in these subsectors under the Agreement are undertaken subject to the limitations and conditions set forth in these headnotes and in the Schedule below.
2. To clarify Bahrain's commitment with respect to Article 11.4 of the Agreement (Market Access for Financial Institutions), juridical persons supplying financial services and constituted under the laws of Bahrain are subject to non-discriminatory limitations on juridical form.¹

¹ For example, partnerships and sole proprietorships are generally not acceptable juridical forms for deposit taking institutions in Bahrain. This headnote is not itself intended to affect, or otherwise limit, a choice by a financial institution of the other Party between branches or subsidiaries.

Schedule of Bahrain with Respect to Financial Services

Sector:	Financial Services
Sub-Sector:	Banking and other Financial Services (Excluding Insurance)
Obligations Concerned:	National Treatment (Article 11.2)
Level of Government:	Central
Measures:	<i>Legislative Decree No. 19 of 1991</i> (Bahrain Development Bank); and <i>Legislative Decree No. 4 of 1979</i> (Bahrain Housing Bank).
Description:	Bahrain may grant advantages and exemptions to the Bahrain Housing Bank and the Bahrain Development Bank including, but not limited to, funding and guarantees and exemptions from capital and reserves requirements.

Sector:	Financial Services
Sub-Sector:	Insurance
Obligations Concerned	Market Access for Financial Institutions (Article 11.4)
Level of Government	Central
Measures	<i>Legislative Decree No. 17 of 1987</i>
Description:	Bahrain reserves the right to limit the number of new licenses granted to supply General (Non-Life) insurance, except medical products, for a period of six months from the date of entry into force of this Agreement.

Sector:	Financial Services
Sub-Sector:	Leasing
Obligations Concerned:	Market Access for Financial Institutions (Article 11.4)
Level of Government:	Central
Measures:	Regulation on Conditions and Licensing Criteria for Leasing Companies; and <i>Legislative Decree No. 23 of 1973</i> with respect to the <i>Bahrain Monetary Agency Law</i> .
Description:	<p>Beginning no later than 12 months after the date of entry into force of this Agreement, Bahrain will grant new licenses to qualifying leasing companies authorizing them to supply leasing services to individuals in Bahrain.</p> <p>Note: Stand-alone leasing companies are currently eligible to receive licenses to supply leasing services to companies in Bahrain.</p>

Sector:	Financial Services
Sub-Sector:	Money Changers
Obligations Concerned:	Market Access for Financial Institutions (Article 11.4)
Level of Government:	Central
Measures:	Regulation on Standards, Conditions & Licensing Criteria for Money Changers License; and <i>Legislative Decree No. 23 of 1973</i> with respect to the <i>Bahrain Monetary Agency Law</i> .
Description:	Money changers must be incorporated in Bahrain.