[X]. Chapter Seven (Trade in Services, Establishment and Electronic Commerce) is hereby replaced with the following:

"SEVEN-D

FINANCIAL SERVICES

ARTICLE 7D.1

Scope

1. This Chapter shall apply to measures adopted or maintained by a Party relating to:

(a) a financial institution of the other Party;

(b) an investor of the other Party, and an investment of that investor, in financial institutions in the Party's territory; and

(c) cross-border trade in financial services.

2. Chapters Seven-A (Cross-Border Trade in Services) and Seven-B (Investment) shall apply to measures described in paragraph 1 only to the extent that these Chapters or Articles of these Chapters are incorporated into this Chapter:

(a) Articles 7A.10 (Denial of Benefits), 7B.7 (Minimum Standard of Treatment), 7B.9 (Expropriation and Compensation), 7B.10 (Transfers), 7B.11 (Subrogation), 7B.13 (Denial of Benefits), 7B.14 (Regulatory Measures), 7B.15 (Investment and the Environment), and 7B.17 (Special Formalities and Information Requirements) are hereby incorporated into and made part of this Chapter.

(b) Section C (Investor-State Dispute Settlement) of Chapter Seven-B (Investment) is hereby incorporated into and made part of this Chapter solely for claims that a Party has breached Articles 7B.9 (Expropriation and Compensation), 7B.10 (Transfers), 7B.13 (Denial of Benefits) and 7B.17 (Special Formalities and Information Requirements) as incorporated into this Chapter.

(c) Article 7A.9 (Payments and Transfers) is incorporated into and made part of this Chapter to the extent that cross-border trade in financial services is subject to obligations under Article 7D.6.

3. This Chapter does not apply to a measure adopted or maintained by a Party relating to:

(a) activities or services forming part of a public retirement plan or statutory system of social security; or

(b) activities or services conducted for the account or with the guarantee or using the financial resources of the Party, including its public entities,

except that this Chapter applies to the extent that a Party allows any of the activities or services referred to in subparagraph (a) or (b) to be conducted by its financial institutions in competition with a public entity or a financial institution.

4. This Chapter shall not apply to government procurement of financial services.

5. This Chapter shall not apply to subsidies or grants with respect to the cross-border supply of financial services, including government-supported loans, guarantees, and insurance.

6. This Chapter shall not apply to measures affecting natural persons seeking access to the employment market of the other Party, nor does it apply to measures regarding citizenship, nationality, residence, or employment on a permanent basis.

ARTICLE 7D.2

Definitions

For the purposes of this Chapter:

central level of government means:

(a) for Korea, the central level of government; and

(b) for the United Kingdom, His Majesty's Government of the United Kingdom of Great Britain and Northern Ireland;

cross-border financial service supplier of a Party means a person of a Party that is engaged in the business of supplying a financial service within the territory of the Party and that seeks to supply or supplies a financial service through the cross-border supply of that service;

cross-border trade in financial services or **cross-border supply of financial services** means the supply of a financial service:

(a) from the territory of a Party into the territory of the other Party;

(b) in the territory of a Party to a person of the other Party; or

(c) by a national of one Party in the territory of the other Party,

but does not include the supply of a financial service in the territory of a Party by an investment in that territory;

day means a calendar day;

enterprise means an entity constituted or organised under applicable law, whether or not for profit, and whether privately-owned or governmentally-owned or controlled, including a corporation, trust, partnership, sole proprietorship, joint venture, association, or similar organisation;

enterprise of a Party means an enterprise constituted or organised under the law of that Party that carries out substantial business activities in the territory of that Party[1];

existing means in effect on the date the Upgrade Protocol enters into force;

financial institution means a financial intermediary or other enterprise that is authorised to do business and is regulated or supervised as a financial institution under the law of the Party in whose territory it is located[2];

financial institution of the other Party means a financial institution, including a branch, located in the territory of a Party that is controlled by persons of the other Party;

financial market infrastructure means systems in which financial service suppliers participate with other financial service suppliers, including the operator of the system, used for the purposes of clearing, settling, or recording payments, securities, derivatives, or other financial transactions;

financial service means any service of a financial nature, including insurance and insurance-related services, banking and other financial services (excluding insurance), and services incidental or auxiliary to a service of a financial nature. Financial services include the following activities:

(a) insurance and insurance-related services:

(i) direct insurance (including co-insurance):

(A) life;

(B) non-life;

(ii) reinsurance and retrocession;

(iii) insurance intermediation, such as brokerage and agency; and

(iv) services auxiliary to insurance, such as consultancy, actuarial, risk assessment and claim settlement services;

(b) banking and other financial services (excluding insurance):

(i) acceptance of deposits and other repayable funds from the public;

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[1] Whether an enterprise carries out substantial business activities in the territory of a Party should be established on a case-by-case overall examination of the relevant circumstances of the enterprise in that Party.

[2] For the United Kingdom, "financial institution" includes any enterprise or branch located in its territory that is authorised to carry on a regulated financial service activity in accordance with the law of the United Kingdom.

(ii) lending of all types, including consumer credit, mortgage credit, factoring, and financing of commercial transactions;

(iii) financial leasing;

(iv) all payment and money transmission services, including credit, charge and debit cards, travellers cheques, and bankers drafts;

(v) guarantees and commitments;

(vi) trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise, the following:

  (A) money market instruments (including cheques, bills, or certificates of deposits);

  (B) foreign exchange;

  (C) derivative products including futures and options;

  (D) exchange rate and interest rate instruments, including products such as swaps and forward rate agreements;

  (E) transferable securities; or

  (F) other negotiable instruments and financial assets, including bullion;

(vii) participation in issues of all kinds of securities, including underwriting and placement as agent (whether publicly or privately), and provision of services related to such issues;

(viii) money broking;

(ix) asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial, depository, and trust services;

(x) settlement and clearing services for financial assets, including securities, derivative products, and other negotiable instruments;

(xi) provision and transfer of financial information, and financial data processing and related software by suppliers of other financial services; and

(xii) advisory, intermediation and other auxiliary financial services on all the activities listed at (i)-(xi) above, including credit reference and analysis, investment and portfolio research and advice, and advice on acquisitions and on corporate restructuring and strategy.

financial services computing facility means a computer server or storage device for the processing or storage of information relevant for the conduct of the ordinary business of a financial service supplier but does not include computer servers or storage devices of or used to operate financial market infrastructures;

financial service supplier means any person of a Party seeking to supply or supplying financial services;

good means any merchandise, product, article, or material;

government procurement means the process by which a government obtains the use of or acquires goods or services, or any combination thereof, for governmental purposes and not with a view to commercial sale or resale or use in the production or supply of goods or services for commercial sale or resale;

investment means "investment" as defined in Article 7B.2 (Definitions), except that, with respect to "loans" and "debt instruments" referred to in that Article:

(a) a loan to or debt instrument issued by a financial institution is an investment only if it is treated as regulatory capital by the Party in whose territory the financial institution is located; and

(b) a loan granted by or debt instrument owned by a financial institution, other than a loan to or debt instrument issued by a financial institution referred to in subparagraph (a), is not an investment;

for greater certainty, a loan granted by or debt instrument owned by a cross-border financial service supplier, other than a loan to or debt instrument issued by a financial institution, is an investment for the purposes of Chapter Seven-B (Investment), if such loan or debt instrument meets the criteria for investments set out in Article 7B.2 (Definitions);

investor of a Party means a Party, or a national or an enterprise of a Party, that attempts to make, is making, or has made an investment in the territory of the other Party;[3]

measure means any measure by a Party, whether in the form of a law, regulation, rule, procedure, decision, administrative action, or in any other form;

measure adopted or maintained by a Party means a measure adopted or maintained by:

(a) central, regional, or local governments or authorities; or

(b) non-governmental bodies in the exercise of powers delegated by central, regional, or local governments or authorities;

[3] For greater certainty, the Parties understand that an investor "attempts to make" an investment when that investor has taken concrete action or actions to make an investment, such as channelling resources or capital in order to set up a business or applying for permits or licences.

national means:

(a) for Korea, a Korean national or a permanent resident, under its laws; and

(b) for the United Kingdom, a British citizen or a permanent resident, under its laws and regulations;

new financial service means a financial service, including services related to existing and new products or the manner in which a product is delivered, that is not supplied by any financial service supplier in the territory of one Party, but which is supplied in the territory of the other Party;

person means a natural person or an enterprise;

person of a Party means an enterprise of a Party or a national of a Party and, for greater certainty, does not include a branch of an enterprise of a non-party;

public entity means a government, a central bank or monetary authority of a Party, or an entity owned or controlled by a Party, that is principally engaged in carrying out governmental functions or activities for governmental purposes, not including an entity principally engaged in supplying financial services on commercial terms; or a private entity, performing functions normally performed by a central bank or monetary authority, when exercising those functions;

regional level of government means, for the United Kingdom, Northern Ireland, Scotland or Wales; for Korea, "regional level of government" is not applicable;

self-regulatory organisation means a non-governmental body, including any securities or futures exchange or market, clearing agency, other organisation or association, that exercises regulatory or supervisory authority over financial service suppliers or financial institutions, by statute or delegation from central, regional, or local governments or authorities; and

TRIPS Agreement means the *Agreement on Trade Related Aspects of Intellectual Property Rights*, contained in Annex 1C to the WTO Agreement.

ARTICLE 7D.3

National Treatment

1. Each Party shall accord to an investor of the other Party treatment no less favourable than that it accords to its own investors, in like situations, with respect to the establishment, acquisition, expansion, operation, conduct, management, and the sale or other disposal of financial institutions, and investments in financial institutions in its territory.

2. Each Party shall accord to a financial institution of the other Party, and to investments of an investor of the other Party in financial institutions, treatment no less favourable than that it accords to its own financial institutions, and to investments of its own investors in financial institutions, in like situations, with respect to the establishment, acquisition, expansion, operation, conduct, management, and the sale or other disposal of financial institutions, and

investments.

3. For the purposes of the national treatment obligations in Article 7D.6.1, a Party shall accord to cross-border financial service suppliers of the other Party treatment no less favourable than that it accords to its own financial service suppliers, in like situations, with respect to the supply of the relevant service.

ARTICLE 7D.4

Most Favoured Nation Treatment [4],[5]

Each Party shall accord to an investor of the other Party, a financial institution of the other Party, investments of an investor in financial institutions, and cross-border financial service suppliers of the other Party treatment no less favourable than that it accords to an investor, financial institutions, investments of an investor in financial institutions, and cross-border financial service suppliers of a non-party, in like situations.

ARTICLE 7D.5

Market Access for Financial Institutions

1. A Party shall not adopt or maintain, with respect to a financial institution of the other Party, an investor of the other Party, or an investment of an investor of the other Party in a financial institution in the Party's territory, either on the basis of a regional subdivision or on the basis of its entire territory, measures that:

(a) impose limitations on:

(i) the number of financial institutions whether in the form of numerical quotas, monopolies, exclusive service suppliers, or the requirement of an economic needs test;

(ii) the total value of financial service transactions or assets in the form of numerical quotas or the requirement of an economic needs test;

(iii) the total number of financial service operations or the total quantity of financial services output expressed in terms of designated numerical units in the form of quotas or the requirement of an economic needs test; or

[4] For greater certainty, the treatment referred to in this Article does not encompass international dispute resolution procedures or mechanisms, such as those included in Section C (Investor-State Dispute Settlement) of Chapter Seven-B (Investment).

[5] For greater certainty, the existence of substantive provisions in other international agreements concluded by a Party with a non-party do not in themselves constitute the "treatment" referred to in this Article. Measures of a Party pursuant to those provisions may constitute that treatment and thus give rise to a breach of this Article.

(iv) the total number of natural persons that may be employed in a financial services sector or that a financial institution may employ and who are necessary for, and directly related to, the supply of a specific financial service in the form of numerical quotas or the requirement of an economic needs test; or

(b) restrict or require specific types of legal entity or joint venture through which a financial institution may supply a service.

ARTICLE 7D.6

Cross-Border Trade

1. Each Party shall permit, under terms and conditions that accord national treatment, cross-border financial service suppliers of the other Party to supply the services specified in Annex 7D-A.

2. Each Party shall permit persons located in its territory, and its nationals wherever located, to purchase financial services from cross-border financial service suppliers of the other Party located in the territory of the other Party. A Party's commitments with respect to cross-border trade as defined in sub-paragraph (b) of the definition of cross border trade in financial services do not require that Party to permit cross-border financial service suppliers of the other Party to solicit in the territory of the Party. Each Party may define "solicitation" for the purposes of this obligation, provided that those definitions are not inconsistent with paragraph 1.

3. Without prejudice to other means of prudential regulation of cross-border trade in financial services, a Party may require the registration or authorisation of cross-border financial service suppliers of the other Party and of financial instruments.

ARTICLE 7D.7

New Financial Services[6]

1. Each Party shall permit a financial institution of the other Party to supply a new financial service that the first Party would permit its own financial service suppliers to supply, in like situations, without adopting a law or modifying an existing law.[7]

2. Notwithstanding Article 7D.5(b), a Party may determine the institutional and juridical form through which the new financial service may be supplied and may require authorisation

[6] The Parties understand that nothing in this Article shall prevent a financial institution of a Party from applying to the other Party to request that it authorise the supply of a financial service that is supplied in neither Party's territory. Such application shall be subject to the laws and regulations of the Party to which the application is made and, for greater certainty, shall not be subject to the obligations of this Article.

[7] For greater certainty, a Party may issue a new regulation or other subordinate measure in permitting the supply of the new financial service.

for the supply of the service from the relevant regulator. Where such authorisation is required, a decision shall be made within a reasonable period of time, and the authorisation may only be refused for prudential reasons.

ARTICLE 7D.8

Treatment of Certain Information

Nothing in this Chapter requires a Party to furnish or allow access to:

(a) information related to the financial affairs and accounts of individual customers of financial institutions, cross-border financial service suppliers, or financial service suppliers; or

(b) any confidential information the disclosure of which would impede law enforcement or otherwise be contrary to the public interest or prejudice legitimate commercial interests of particular enterprises.

ARTICLE 7D.9

Senior Management and Boards of Directors

1. Neither Party shall require a financial institution of the other Party to engage natural persons of any particular nationality as senior managerial or other essential personnel.

2. Neither Party shall require that more than a minority of the board of directors of a financial institution of the other Party be composed of nationals of the Party, persons residing in the territory of the Party, or a combination thereof.

ARTICLE 7D.10

Non-Conforming Measures

1. Articles 7D.3 through 7D.6 and 7D.9 do not apply to:

(a) an existing non-conforming measure that is maintained by a Party at:

(i) the central level of government, as set out by that Party in Section A of its Schedule to Annex III; or

(ii) a regional level of government, as set out by that Party in Section A of its Schedule to Annex III;

(b) the continuation or prompt renewal of any non-conforming measure referred to in subparagraph (a);

(c) an amendment to a non-conforming measure referred to in subparagraph (a) to the extent that the amendment does not decrease the conformity of the measure as it existed:

(i) immediately before the amendment with Article 7D.3, 7D.4, 7D.5 or 7D.9; or

(ii) on the date of entry into force of this Agreement for the Party applying the non-conforming measure, with Article 7D.6; or

(d) a non-conforming measure that a Party adopts or maintains with respect to sectors, subsectors or activities, as set out by that Party in Section B of its Schedule to Annex III.

2. A non-conforming measure set out in an entry in a Party's Schedule to Annex I or II as not subject to Article 7B.5 (National Treatment), 7B.6 (Most Favoured Nation Treatment), 7B.4 (Market Access), 7A.3 (National Treatment), 7A.4 (Most Favoured Nation Treatment) or 7A.5 (Market Access) shall be treated as a non-conforming measure not subject to Articles 7D.3 through 7D.6, or 7D.9 as the case may be, to the extent that the measure, sector, subsector, or activity set out in the entry is covered by this Chapter.

3. A Party shall not adopt any measure or series of measures after the date of entry into force of the Upgrade Protocol that are covered by Section B of its Schedule to Annex III and that require, directly or indirectly, an investor of the other Party, by reason of nationality, to sell or otherwise dispose of an investment existing at the time the measure or series of measures became effective.

4. (a) Article 7D.3 shall not apply to any measure that falls within Article 5 of the TRIPS Agreement, or an exception to, or derogation from, the obligations which are imposed by Article 3 of the TRIPS Agreement.

(b) Article 7D.4 shall not apply to any measure that falls within Article 5 of the TRIPS Agreement, or an exception to, or derogation from, the obligations which are imposed by Article 4 of the TRIPS Agreement.

ARTICLE 7D.11

Exceptions

1. Notwithstanding any other provisions of this Chapter and Agreement except for Chapter 2 (National Treatment and Market Access for Goods), Chapter 2A (Rules of Origin), Chapter 3 (Trade Remedies), Chapter 4 (Technical Barriers to Trade), Chapter 5 (Sanitary and Phytosanitary Measures), or Chapter 6 (Customs and Trade Facilitation), a Party shall not be prevented from adopting or maintaining measures for prudential reasons[8], including:

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[8] The Parties understand that this includes the maintenance of the safety, and financial and operational integrity of payment, settlement and clearing systems.

(a) the protection of investors, depositors, policyholders, or persons to whom a financial institution, cross-border financial service supplier, or financial service supplier owes a fiduciary duty;

(b) the maintenance of the safety, soundness, integrity, or financial responsibility of a financial institution, cross-border financial service supplier, or financial service supplier; or

(c) ensuring the integrity and stability of a Party's financial system.

If these measures do not conform with the provisions of this Agreement to which this exception applies, they shall not be used as a means of avoiding the Party's commitments or obligations under those provisions.

2. Nothing in this Chapter or Chapter Seven-A (Cross-Border Trade in Services), Chapter Seven-B (Investment), Chapter Seven-E (Telecommunications), or Seven-F (Digital Trade), shall apply to measures of general application taken by any public entity in pursuit of monetary policies and related credit policies, or exchange rate policies. This paragraph shall not affect a Party's obligations under Article 7A.9 (Payments and Transfers) or 7B.10 (Transfers).

3. Notwithstanding Articles 7A.9 (Payments and Transfers) and 7B.10 (Transfers), as incorporated into this Chapter, a Party may prevent or limit transfers by a financial institution or cross-border financial service supplier to, or for the benefit of, an affiliate of or person related to such institution or supplier, through the equitable, non-discriminatory, and good faith application of measures relating to maintenance of the safety, soundness, integrity, or financial responsibility of financial institutions or cross-border financial service suppliers. This paragraph does not prejudice any other provision of this Agreement that permits a Party to restrict transfers.

4. For greater certainty, nothing in this Chapter shall be construed to prevent a Party from adopting or enforcing measures necessary to secure compliance with laws or regulations that are not inconsistent with this Chapter, including those relating to the prevention of deceptive and fraudulent practices or to deal with the effects of a default on financial services contracts, subject to the requirement that such measures are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where like conditions prevail, or a disguised restriction on investment in financial institutions or cross-border trade in financial services.

ARTICLE 7D.12

Transparency

1. Article 11C.5 (Public Consultation), Article 12.3 (Publication), and Article 12.4 (Enquiries and Contact Points) do not apply to a measure covered by this Chapter.

2. The Parties recognise that transparent measures of general application governing the activities of financial institutions or cross-border financial service suppliers are important in facilitating their ability to gain access to and operate in each other's markets. Each Party

commits to promote regulatory transparency in financial services.

3. Each Party shall:

(a) ensure that measures of general application to which this Chapter applies are administered in a reasonable, objective, and impartial manner;

(b) ensure that its laws, regulations, procedures, and administrative rulings of general application to which this Chapter applies are promptly published or made available in a manner as to enable any interested person and the other Party to become acquainted with them;

(c) to the extent possible, ensure advance publication of any regulations of general application to which this Chapter applies that it proposes to adopt and provide any interested person and the other Party a reasonable opportunity to comment on those proposed regulations;

(d) maintain or establish enquiry points and appropriate mechanisms to respond, within a reasonable period of time, to an enquiry regarding measures of general application to which this Chapter applies;

(e) allow, to the extent possible, a reasonable period of time between the final publication of a regulation of general application to which this Chapter applies and the date when it enters into effect; and

(f) ensure that rules of general application adopted or maintained by a self-regulatory organisation of the Party, to which this Chapter applies, are promptly published or otherwise made available in a manner that enables interested persons to become acquainted with them.

4. At the time a financial regulatory authority of a Party adopts a final regulation of general application, it should, to the extent practicable, address in writing the substantive comments received from any interested person with respect to the regulations.[9]

5. If a Party adopts or maintains measures relating to authorisation for the supply of a financial service, the Party shall ensure that:

(a) the financial regulatory authority responsible for that authorisation reaches and administers its decisions independent of any supplier of the service for which authorisation is required;[10]

(b) those measures are based on objective and transparent criteria;[11]

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[9] For greater certainty, a Party may address those comments collectively on an official website.

[10] This provision does not mandate a particular administrative structure.

[11] Such criteria may include competence and the ability to supply a service, including in a manner consistent with the Party's regulatory requirements. Financial regulatory authorities may assess the weight to be given to each criterion.

(c) procedures for authorisation are impartial and adequate for applicants to demonstrate that they meet any such requirements, if such requirements exist;

(d) procedures for authorisation do not in themselves unjustifiably prevent fulfilment of any requirements; and

(e) those measures do not discriminate between men and women.[12]

6. If a Party requires that a financial service supplier obtains authorisation for the supply of a financial service, the financial regulatory authorities of the Party shall:

(a) ensure that measures of general application to which this Chapter applies are administered in a reasonable, objective, and impartial manner;

(b) make publicly available the information necessary for financial service suppliers to comply with the requirements and procedures for obtaining, maintaining, amending, and renewing such authorisation. Such information shall include, as applicable:

(i) requirements and procedures;

(ii) contact information of financial regulatory authorities;

(iii) fees;

(iv) procedures for appeal or review of decisions concerning applications;

(v) procedures for monitoring or enforcing compliance with the terms and conditions of licences; and

(vi) opportunities for public involvement, such as through hearings or comments.

(c) make an administrative decision on a completed application of an investor in a financial institution, a financial institution, or a cross-border financial service supplier of the other Party relating to the supply of a financial service within four months of the date of the completed application and shall promptly notify the applicant of the decision. An application shall not be considered complete until all relevant hearings are held and all necessary information is received. Where it is not practicable for a decision to be made within four months, the regulatory authority shall notify the applicant without undue delay and shall endeavour to make the decision within a reasonable time thereafter;

(d) permit, to the extent practicable, submission of an application at any time throughout the year. If a specific time period for applying exists, the financial

[12] Differential treatment that is reasonable and objective, and aims to achieve a legitimate purpose, and adoption by a Party of temporary special measures aimed at accelerating de facto equality between men and women, shall not be considered discrimination for the purposes of this provision.

regulatory authorities shall allow a reasonable period for the submission of an application;

(e) taking into account their competing priorities and resource constraints, endeavour to accept applications in electronic format;

(f) accept copies of documents, that are authenticated in accordance with the domestic law of each Party, in place of original documents, unless original documents are required to protect the integrity of the authorisation process;

(g) ensure that, with respect to an authorisation fee they charge, provide an applicant with a schedule of fees or information on how fee amounts are calculated, and do not use the fees as a means of avoiding the Party's commitments or obligations under this Chapter;

(h) on request of an applicant, inform the applicant of the status of their application for authorisation within a reasonable period of time;

(i) in the case of an application considered complete for processing under the Party's law, within a reasonable period of time after the submission of the application ensure that:

(i) the processing of the application is completed[13]; and

(ii) the applicant is informed of the decision concerning the application[14], to the extent possible in writing[15];

(j) in the case of an application considered incomplete under the Party's law, within a reasonable period of time, to the extent practicable:

(i) inform the applicant that the application is incomplete;

(ii) at the request of the applicant, provide guidance on why the application is considered incomplete; and

(iii) provide the applicant with the opportunity[16] to provide the additional information that is required to complete the application, and ensure that any deadlines for the additional information required are made clear to the applicant where such deadlines exist;

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[13] Financial regulatory authorities may require that all information is submitted in a specified format to consider it "complete for processing".

[14] Financial regulatory authorities may meet this requirement by informing an applicant in advance in writing, including through a published measure, that lack of response after a specified period of time from the date of submission of an application indicates acceptance of the application or rejection of the application.

[15] "In writing" may include in electronic form.

[16] Such opportunity does not require a financial regulatory authority to provide an extension of any deadlines.

however, if none of the actions in subparagraphs (i) through (iii) is practicable, and the application is rejected due to incompleteness, ensure that the applicant is informed within a reasonable period of time;

(k) on request of an unsuccessful applicant, to the extent possible inform the applicant of the reasons for denial of the application and, if applicable, the procedures for resubmission of an application. An applicant should not be prevented from submitting another revised application solely on the basis that an application had been previously rejected; and

(l) ensure that authorisation, once granted, enters into effect without undue delay, subject to the applicable terms and conditions.[17]

ARTICLE 7D.13

Self-Regulatory Organisations

If a Party requires a financial institution or cross-border financial service supplier of the other Party to be a member of, participate in, or have access to, a self-regulatory organisation to supply a financial service in or into the territory of that Party, or grants a privilege or advantage when supplying a financial service through a self-regulatory organisation, then the requiring Party shall ensure that the self-regulatory organisation observes the obligations under Article 7D.3 and Article 7D.4.

ARTICLE 7D.14

Payment and Clearing Systems

Under terms and conditions that accord national treatment, each Party shall grant a financial institution of the other Party established in its territory access to payment and clearing systems operated by public entities, and to official funding and refinancing facilities available in the normal course of ordinary business. This Article is not intended to confer access to the Party's lender of last resort facilities.

ARTICLE 7D.15

Recognition of Prudential Measures

1. A Party may recognise prudential measures of the other Party or a non-party in the application of measures covered by this Chapter.[18] Such recognition may be:

(a) accorded autonomously;

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[17] Financial regulatory authorities are not responsible for delays due to reasons outside their competence.

[18] For greater certainty, nothing in Article 7D.4 shall be construed to require a Party to accord recognition to prudential measures of the other Party.

(b) achieved through harmonisation or other means; or

(c) based on an agreement or arrangement with the non-party.

2. A Party according recognition of prudential measures under paragraph 1 shall provide adequate opportunity to the other Party to demonstrate that circumstances exist in which there are or would be equivalent regulation, oversight, implementation of regulation, and, if appropriate, procedures concerning the sharing of information between the Parties.

3. Where a Party accords recognition of prudential measures under paragraph 1(c) and the circumstances described in paragraph 2 exist, the Party shall provide adequate opportunity to the other Party to negotiate accession to the agreement or arrangement, or to negotiate a comparable agreement or arrangement.

ARTICLE 7D.16

Performance of Back Office Functions

1. Each Party recognises that the performance of the back-office functions of a financial institution in its territory by the head office or an affiliate of the financial institution, or by an unrelated service supplier, either inside or outside its territory, is important to the effective management and efficient operation of that financial institution. Subject to paragraph 3, to the extent practicable, each Party shall allow the performance of such functions by the head office or affiliate of a financial institution of the other Party in its territory or by an unrelated service supplier.

2. While a Party may require financial institutions to ensure compliance with any domestic requirements applicable to those functions, they recognise the importance of avoiding the imposition of arbitrary requirements on the performance of those functions.

3. For greater certainty, nothing in paragraph 1 prevents a Party from requiring a financial institution in its territory to retain certain functions to ensure compliance with any domestic legal or regulatory requirements.

ARTICLE 7D.17

Specific Commitments

Annex 7D-B sets out certain specific commitments by each Party.

ARTICLE 7D.18

Institutional

1. The Financial Services Working Group established under the Trade Committee on the recommendation of the Committee on Services and Investment in Article 7A.11 (Committee on Services and Investment) shall include a principal representative of each Party who shall be an official of the Party's authority responsible for financial services set out in Annex 7D-C.[19]

2. The Financial Services Working Group shall:

(a) provide a forum to discuss and review the implementation of the Chapter;

(b) consider financial services matters arising from the implementation of the Agreement; and

(c) participate in the investment dispute settlement procedures in accordance with Article 7D.21.

3. The Financial Services Working Group may meet as decided by the Parties. Meetings may be physical or virtual, as decided by the Parties.

ARTICLE 7D.19

Consultations

1. A Party may request consultations with the other Party regarding any matter arising under this Agreement that affects financial services. The other Party shall give consideration to the request. The Parties shall report the results of their consultations to the Financial Services Working Group.

2. With regard to matters relating to existing non-conforming measures maintained by a Party at a regional level of government as referred to in Article 7D.10.1(a)(ii):

(a) a Party may request information on any non-conforming measure at the regional level of government of the other Party. Each Party shall establish a contact point to respond to those requests and to facilitate the exchange of information regarding the operation of measures covered by those requests; and

(b) if a Party considers that a non-conforming measure applied by a regional level of government of the other Party creates a material impediment to trade or investment by a financial institution an investor, investments in a financial institution or a cross-border financial service supplier, the Party may request consultations with regard to that measure. The Parties shall enter into

[19] The United Kingdom may invite, if it considers it appropriate, representatives of its domestic financial regulatory authorities to attend meetings of the Financial Services Working Group.

consultations with a view to exchanging information on the operation of the measure and considering whether further steps are necessary and appropriate.

3. Consultations under this Article shall include officials of the authorities specified in Annex 7D-C.

4. For greater certainty, nothing in this Article shall be construed to require a Party to derogate from its law regarding sharing of information between financial regulatory authorities, or the requirements of an agreement or arrangement between financial regulatory authorities of the Parties, or to require a financial regulatory authority to take any action that would interfere with specific regulatory, supervisory, administrative, or enforcement matters.

ARTICLE 7D.20

Financial Services Dispute Settlement

1. Chapter Fourteen (Dispute Settlement) shall apply as modified by this Article to the settlement of disputes arising under this Chapter.

2. The Parties shall ensure for disputes arising under this Chapter that in addition to the requirements set out in subparagraph 2 of Article 14.18 (List of Arbitrators) and Annex 14-C (Code of Conduct for Members of Arbitration Panels and Mediators) all arbitrators appointed in disputes arising under this Chapter shall have the necessary expertise or experience in financial services law or practice, which may include the regulation of financial institutions and, where possible, should include expertise relevant to the specific financial service under dispute.

3. The Trade Committee, established under Article 15.1 (Trade Committee) shall, no later than six months after the entry into force of the Upgrade Protocol, establish a list of 15 individuals who are able and willing to serve as arbitrators under this Chapter. Each Party shall propose five individuals respectively and the Parties shall also select five individuals who are not nationals of either Party and who shall act as chairperson to the arbitration panel. Those individuals shall have the necessary expertise as required by paragraph 2.

4. When panellists are selected by lot pursuant to Article 14.5.3 (Establishment of the Arbitration Panel), Article 14.9.3 (The Reasonable Period of Time for Compliance), Article 14.10.3 (Review of any Measure Taken to Comply with the Arbitration Panel Ruling), Article 14.11.5 (Temporary Remedies in case of Non-Compliance), Article 14.12.3 (Review of any Measure Taken to Comply after the Suspension of Obligations), Articles 6.1, 6.3 and 6.4 (Replacement) of Annex 14-B (Rules of Procedure for Arbitration), the selection shall be made from the list established pursuant to paragraph 3.

5. Notwithstanding Article 14.11 (Temporary Remedies in case of Non-Compliance), where a panel finds a measure to be inconsistent with this Agreement and the measure under dispute affects:

(a) the financial services sector and any other sector, the complaining Party may suspend benefits in the financial services sector that have an effect that does not exceed the level of nullification or impairment in the complaining Party's financial services sector; or

(b) only a sector other than the financial services sector, the complaining Party may not suspend benefits in the financial services sector.

6. Neither Party may have recourse to Chapter Fourteen (Dispute Settlement) for any matter arising under Section D, Section E, and Section F of Annex 7D-B.

ARTICLE 7D.21

Investment Disputes in Financial Services

1. If an investor of a Party submits a claim under Section C (Investor-State Dispute Settlement) of Chapter Seven-B (Investment) relating to a measure within the scope of this Chapter, disputing parties and the Secretary-General shall take into account expertise or experience described in Article 7B.24.5(a) (Selection of Arbitrators) in the appointment of an arbitrator to the tribunal. The expertise or experience of particular candidates with respect to financial services shall be taken into account to the greatest extent possible in the appointment of the presiding arbitrator.

2. Where an investor of a Party submits a claim to arbitration under Section C (Investor-State Dispute Settlement) of Chapter Seven-B (Investment), and the respondent invokes Article 7D.11 as a defence, the following provisions shall apply:

(a) the respondent shall, within 120 days of the date the claim is submitted to arbitration under Section C (Investor-State Dispute Settlement) of Chapter Seven-B (Investment), submit a written request to the Financial Services Working Group for a joint determination on the issue of whether and to what extent Article 7D.11 is a valid defence to the claim. The respondent shall promptly provide the tribunal, if constituted, a copy of such request. The arbitration may proceed with respect to the claim only as provided in subparagraph (d);

(b) the Financial Services Working Group shall attempt in good faith to make a determination as described in subparagraph (a). Any such determination shall be transmitted promptly to the disputing parties and, if constituted, to the tribunal. The determination shall be binding on the tribunal;

(c) if the Financial Services Working Group, within 120 days of the date by which it has received the respondent's written request for a determination under subparagraph (a), has not made a determination as described in that subparagraph, the tribunal shall decide the issue left unresolved by the Financial Services Working Group. The provisions of Section C (Investor-State Dispute Settlement) of Chapter Seven-B (Investment) shall apply, except that the Party of the claimant may make oral and written submissions to the tribunal regarding the issue of whether and to what extent Article 7D.11 is a valid defence to the claim. Unless it makes such a submission, the Party of the claimant shall be presumed, for the purposes of the arbitration, to take a position on Article 7D.11 not inconsistent with that of the respondent; and

(d) the arbitration referred to in subparagraph (a) may proceed with respect to the claim:

(i) 10 days after the date the determination of the Financial Services Working Group has been received by the disputing parties and, if constituted, the tribunal; or

(ii) 10 days after the expiration of the 120-day period extended to the Financial Services Working Group in subparagraph (c).

(e) The tribunal shall draw no inference regarding the application of Article 7D.11 from the fact that the Financial Services Working Group have not made a determination as described in paragraphs 3(a), (b), and (c).

3. The definitions of the following terms set out in Article 7B.2 (Definitions) are incorporated into this Article, mutatis mutandis: claimant, disputing parties, disputing party, respondent, and Secretary-General.

ANNEX 7D-A

CROSS-BORDER TRADE

Korea

Insurance and insurance-related services

1. Article 7D.6.1 shall apply to the cross-border supply of or trade in financial services as defined in subparagraph (a) of the definition of cross-border supply of financial services in Article 7D.2 with respect to:

(a) insurance of risks relating to:

(i) maritime shipping and commercial aviation and space launching and freight (including satellites), with such insurance to cover any or all of the following: the goods being transported, the vehicle transporting the goods, and any liability arising therefrom; and

(ii) goods in international transit;

(b) reinsurance and retrocession;

(c) services auxiliary to insurance, such as consultancy,[20] risk assessment,[21] actuarial and claim settlement services; and

(d) insurance intermediation, such as brokerage and agency as referred to in subparagraph (c) of the definition of financial service in Article 7D.2, of insurance of risks related to services listed in subparagraphs (a) and (b) of this paragraph.

2. Article 7D.6.1 shall apply to the cross-border supply or trade in financial services as defined in subparagraph (c) of the definition of cross-border supply of financial services in Article 7D.2 with respect to services auxiliary to insurance, such as consultancy, actuarial, risk assessment, and claim settlement services.

Banking and other financial services (excluding insurance)

3. Article 7D.6.1 shall apply only with respect to:

(a) the provision and transfer of financial information;[22]

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[20] Consultancy means activities such as providing advice on corporate strategy formulation, marketing strategy, or product development strategy.

[21] Risk assessment means activities such as risk analysis, risk prevention, or expert advice related to difficult or unusual risks.

[22] For greater certainty, "financial information" referred to in paragraph 3(a) does not include general financial or business information that is included within a general circulation publication or provided for a general audience.

(b) the provision and transfer of financial data processing and related software relating to banking and other financial services as referred to in subparagraph (b)(xi) of the definition of financial service in Article 7D.2; and

(c) advisory and other auxiliary services,[23] excluding intermediation, relating to banking and other financial services as referred to in subparagraph (b)(xii) of the definition of financial service in Article 7D.2. This commitment shall apply to the supply of credit rating, credit reference and investigation, general fund administration, indirect investment vehicle appraisal, and bond appraisal with regard to securities issued in Korea only to the extent that Korea allows the supply of these services with respect to such assets in its domestic laws and regulations. This commitment shall not apply to (i) credit rating of enterprises in Korea; or (ii) credit reference and investigation undertaken for purposes of lending and other financial transactions in Korea with respect to individuals or companies in Korea. Once Korea allows the supply of certain of these services, it shall not subsequently prohibit or limit the supply of such services.

The United Kingdom

Insurance and insurance-related services

1. Subject to any limitations set out elsewhere in the United Kingdom's commitments, Article 7D.6.1 applies to the cross-border supply or trade in financial services, as defined in subparagraph (a) and (c) of the definition of cross-border supply of financial services in Article 7D.2 with respect to:

(a) insurance of risks relating to[24]:

(i) maritime shipping and commercial aviation and space launching and freight (including satellites), with such insurance to cover any or all of the following: the goods being transported, the vehicle transporting the goods and any liability arising therefrom;

(ii) goods in international transit;

(iii) credit and suretyship;

(iv) land vehicles;

(v) fire and natural forces;

[23] It is understood that advisory services includes portfolio management advice but not other services related to portfolio management, and that auxiliary services does not include those services referred to in subparagraphs (b)(i) through (b)(xi) of the definition of financial service.

[24] For greater certainty, insurance activities in the categories mentioned in subparagraphs 1(a)(iii) through (x) are included in the scope of the commitments only where a supplier is carrying on that insurance business entirely outside that Party's territory.

(vi) other damage to property;

(vii) motor vehicle liability, except in relation to any liability which, in accordance with domestic law, must be insured by an insurer who is authorised under such laws;

(viii) general liability;

(ix) miscellaneous financial loss;

(x) difference in conditions and difference in limits, where the difference in conditions or difference in limits cover is provided under a master policy issued by an insurer to cover risks across multiple jurisdictions;

(b) reinsurance and retrocession;

(c) insurance intermediation, such as brokerage and agency, as referred to in subparagraph (a)(iii) of the definition of financial service in Article 7D.2, of insurance risks related to the services listed in subparagraphs (a)(i) and (a)(ii); and

(d) services auxiliary to insurance as described in subparagraph (a)(iv) of the definition of financial service in Article 7D.2.

2. Paragraph 1 does not permit suppliers of the services listed in subparagraphs 1(a)(iii) through (x) to provide these services to a retail client.

3. In this Annex, for the United Kingdom, "retail client" means:

(a) a natural person; or

(b) an enterprise which satisfies two or more of the requirements specified in section 465(3) of the *Companies Act 2006*.

Banking and other financial services (excluding insurance)

4. Subject to any limitations set out elsewhere in the United Kingdom's commitments, Article 7D.6.1 applies to the cross-border supply of or trade in financial services, as defined in subparagraph (a) and (c) of the definition of cross-border supply of financial services in Article 7D.2 with respect to:

(a) the provision and transfer of financial information, and financial data processing and related software, as described in subparagraph (b)(xi) of the definition of banking and other financial services (excluding insurance) in Article 7D.2;

(b) advisory and other auxiliary financial services relating to banking and other financial services, as described in subparagraph (b)(xii) of the definition of banking and other financial services (excluding insurance) in Article 7D.2, but not intermediation as described in that subparagraph.

ANNEX 7D-B

SPECIFIC COMMITMENTS

Section A: Portfolio Management

Korea

1. Korea shall allow a financial institution, other than a trust company, organised outside its territory, to provide investment advice and portfolio management services, excluding custodial services, trustee services, and execution services that are not related to managing a collective investment scheme, to a collective investment scheme located in its territory. This commitment is subject to Articles 7D.3 and 7D.6.3.

2. For the purposes of paragraph 1, with regard to Korean won-denominated assets, the supply of investment advice or portfolio management services applies only to the extent that Korea allows the supply of these services with respect to such assets. Once Korea allows the supply of these services with regard to Korean won-denominated assets, it may not subsequently prohibit or limit the supply of such services.

3. For the purposes of paragraph 1, in Korea "collective investment scheme" means any of the schemes established for making collective investment as defined under Articles 9.18.1 through 9.18.6 of the *Financial Investment Services and Capital Markets Act.*

The United Kingdom

1. The United Kingdom shall allow a financial institution of Korea to provide portfolio management services to a collective investment vehicle located in the United Kingdom, excluding:

(a) trustee services; and

(b) custodial services[25] and execution services that are not related to managing a collective investment vehicle.

2. Paragraph 1 is subject to Articles 7D.3 and 7D.6.3.

3. For the purposes of the commitments made in paragraph 1 for the United Kingdom, "a collective investment vehicle" means:

(a) a collective investment scheme as defined in section 235 of *the Financial Services and Markets Act 2000*; or

[25] For greater certainty, custodial services are included in the scope of the specific commitment made by the United Kingdom under this Annex only when provided to a depository of a collective investment vehicle each located in the United Kingdom.

(b) an alternative investment fund as defined in regulation 3 of *the Alternative Investment Fund Managers Regulations 2013*.

Section B: Non-Life Insurance

In addition to the services specified by Korea in Annex 7D-A, Korea shall allow the cross-border supply of financial services, as defined in the subparagraph (a) of the definition of cross-border supply of financial services in Article 7D.2, with respect to non-life insurance, in the following cases:

(a) where the applicant has been rejected by no fewer than three insurance companies for the types of insurance offered in Korea; or

(b) where an insurance contract is concluded with a foreign insurance company for types of insurance that are not offered in Korea.

This paragraph is subject to Article 3 of *The Insurance Business Act* and Article 7 of *The Enforcement Decree of The Insurance Business Act*.

Section C: Financial Data and Information

1. The Parties recognise that each Party may have its own regulatory requirements concerning the transfer of information by electronic means and the use of financial service computing facilities, including requirements that seek to ensure the security and confidentiality of communications.

2. A Party shall not restrict a financial institution or cross-border financial service supplier or a financial service supplier of the other Party from transferring information, including transfers of data by electronic means, where such transfers are for the conduct of the ordinary business of the financial institution or cross-border financial service supplier or a financial service supplier.

3. A Party shall not require a financial institution or cross-border financial service supplier or a financial service supplier of the other Party to use or locate financial services computing facilities in the Party's territory as a condition for conducting business in the Party's territory.[26]

4. Nothing in this Article shall prevent a Party from adopting or maintaining measures inconsistent with paragraphs 2 and 3 to achieve a legitimate public policy objective provided that the measure:

(a) is not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on trade; and

[26] For greater certainty, this prohibition also applies to circumstances in which a financial institution or cross-border financial service supplier or a financial service supplier of the other Party uses the services of an external business for such use, storage or processing of information

(b) does not impose restrictions on transfers of information or the use or location of financial services computing facilities greater than are required to achieve the objective.

5. For Korea, paragraph 3 shall not apply to:

(a) the provisions laid down in Articles 11(1) and 14-2, paragraph 7, of the Regulation on Supervision of Electronic Financial Transactions (Korea Financial Services Commission Notice No.2025-4, February 5, 2025) implementing the Electronic Financial Transactions Act, (Law No.19734, September 14, 2023);

(b) the continuation or prompt renewal of any provision referred to in subparagraph (a); or

(c) an amendment to the provisions referred to in subparagraph (a) to the extent that the amendment does not decrease the conformity of the provision, as it existed on the date of entry into force of this Agreement with paragraph 3.

6. Nothing in this Article shall restrict the right of a Party to adopt or maintain measures to protect personal data, personal privacy, and the confidentiality of individual records and accounts, provided that such measures are not used to circumvent the provisions of this Agreement.

Section D: Supervisory Cooperation

The Parties support the efforts of their respective financial competent authorities to provide assistance to the authorities of the other Party to enhance consumer protection and those authorities' ability to prevent, detect, and prosecute unfair and deceptive practices. Each Party confirms that its financial competent authorities have the legal authority to exchange information in support of those efforts. The Parties shall encourage financial competent authorities to continue their ongoing efforts to strengthen this cooperation through bilateral consultations or bilateral or multilateral international cooperative mechanisms, such as memoranda of understanding or ad hoc undertakings.

Section E: Diversity in Finance

1. The Parties recognise the importance of building a diverse, including gender-balanced, financial services industry, and the positive impact such diversity has on balanced decision-making, consumers, workplace culture, investment and competitive markets.

2. Each Party shall endeavour to share best practices to promote diversity in financial services. Diversity includes gender, ethnicity, and professional and educational background.

3. Each Party shall endeavour to promote gender diversity in financial services.

Section F: Sustainable Finance

1. The Parties recognise the importance of international cooperation to facilitate the inclusion of environmental, social, and governance considerations in investment decision-making and other business activities, in order, thereby, to increase investment in sustainable activities.

2. The inclusion of environmental considerations in investment decision-making and other business activities involves, inter alia, the assessment and pricing of climate-related risks and opportunities, and the exploration of environmental and sustainable projects and infrastructure.

3. The Parties acknowledge the importance of encouraging financial institutions or cross-border financial service suppliers to develop an approach to managing climate-related financial risks. Specifically, the Parties recognise the importance of encouraging the uptake of climate-related financial disclosures for financial institutions or cross-border financial service suppliers, including forward-looking information, in line with initiatives in international fora.

4. The Parties shall co-operate in promoting internationally recognised standards for the inclusion of environmental, social, and governance considerations in investment decision-making and other business activities, including at the G20 level.

ANNEX 7D-C

FINANCIAL SERVICES WORKING GROUP

The authorities responsible for financial services are:

(a) for Korea, the Financial Services Commission and the Ministry of Trade, Industry, and Resources or their successors; and

(b) for the United Kingdom, His Majesty's Treasury or its successor.