



# KORUS FTA Facts

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## KORUS FTA: New Opportunities for Financial Services

The Financial Services Chapter of the United States- South Korea Free Trade Agreement (“KORUS FTA”) is a groundbreaking achievement, providing more extensive provisions related to financial services than ever before included in a U.S. FTA. Specifically, U.S. financial institutions will benefit substantially from increased access to the South Korean market resulting from significant obligations in the following areas:

- **MARKET ACCESS:** The KORUS FTA will ensure that U.S. financial institutions may establish or acquire institutions in South Korea and may choose whether to establish as a branch or subsidiary, with only limited exceptions.
- **TRANSPARENCY AND DUE PROCESS:** The KORUS FTA will lock in a new South Korean policy to provide administrative guidance in writing and calls on South Korea to improve its procedures for notice and comment on proposed regulations. The FTA reflects South Korea’s commitment to establish a more flexible negative list-based regulatory regime that presumes an activity or service will be allowed unless explicitly prohibited.
- **REGIONAL INTEGRATION OF DATA PROCESSING:** Financial institutions will be allowed to transfer data cross-border within 2 years of the entry into force of the agreement, allowing regional integration of data processing.
- **LEVELING THE PLAYING FIELD:** The KORUS FTA will provide national treatment for U.S.-owned financial institutions, and includes significant requirements to achieve a level playing field between government-owned South Korea Post and private sector companies and government cooperative insurance suppliers and private sector companies.
- **INSURANCE REGULATORY REFORM INITIATIVES:** The KORUS FTA locks in several unilateral liberalization measures, including an increase in the allowance of foreign currency reserves and positive reforms regarding bank distribution of insurance products.
- **CROSS-BORDER SUPPLY OF FINANCIAL SERVICES:** The KORUS FTA will provide for the cross-border supply of certain financial services, including the right to provide portfolio management services to South Korean investment funds.
- **FINANCIAL SERVICES COMMITTEE AND INSURANCE WORKING GROUP:** The KORUS FTA creates this forum to provide a regular opportunity for the United States to address any issue of concern to financial services institutions and specifically to review

developments in the insurance sector on an ongoing basis, taking into account changes in the marketplace and in competitive conditions affecting the sector.

- **RATIONALIZING FUNCTIONS AMONG AFFILIATES:** The KORUS FTA will assure U.S. financial institutions in South Korea greater rights to delegate certain functions to their affiliates both inside and outside of South Korea.

- **INVESTMENT PROTECTIONS:** The KORUS FTA will establish a stable legal framework for U.S. financial services suppliers operating in South Korea with strong investor protections backed by a binding international arbitration mechanism