

TRANSPORT SERVICES

- | | |
|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| All subsectors | <p>3) No franchise, certificate, or any other form of authorization for the operation of a public utility shall be granted except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60 per cent of whose capital is owned by such citizens.</p> <p>4) Only aliens qualified to hold technical positions may be employed within the first five years of operation of the enterprise, their stay not to exceed five (5) years upon entry.</p> <p style="padding-left: 40px;">Each employed alien should have at least two (2) Filipino understudies.</p> <p>3),4) Limitations listed in the horizontal section shall also apply</p> |
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Maritime Transport Services

- | | | |
|---------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|
| International Transport (passenger and freight), except | <p>1) None</p> <p>2) None</p> | <p>1)</p> <p>2)</p> |
| a) cabotage transport, and | <p>3) None</p> | <p>3)</p> |
| b) government-owned cargoes#2 | <p>4) For specialized vessels, aliens may be employed as supernumeraries only for a period of six months.</p> | <p>4)</p> |
| Leasing/rental of vessels without crew | <p>1) None</p> <p>2) None</p> <p>3) Bareboat charter or lease contract subject to approval by the Maritime Industry Authority (MARINA)</p> <p>4) None</p> | <p>1)</p> <p>2)</p> <p>3)</p> <p>4)</p> |
| Maintenance and repair of vessels | <p>1) Unbound*</p> <p>2) Any repairs, conversion or drydocking of Philippine-owned or registered vessels are required to be done at domestic ship repair</p> | <p>1)</p> <p>2)</p> |

yards registered with the Maritime Industry Authority (MARINA)

3) None 3)

4) None 4)

Air Transport Services

Leasing/rental of aircraft without crew 1) None 1)

2) None 2)

3) Lease contract subject to approval by the Civil Aeronautics Board 3)

4) None 4)

Maintenance and repair of aircraft 1) Unbound* 1)

2) None 2)

3) None 3)

4) None 4)

General Sales and Cargo Sales Agency 1) Commercial presence is required 1)

2) None 2)

3) None 3)

4) None 4)

Rail Transport Services

Passenger and freight transport 1) Unbound* 1)

2) None 2)

3) None 3)

4) None 4)

Maintenance and repair of rail transport equipment 1) Unbound* 1)

2) None 2)

3) None 3)

4) None 4)

Road Transport Services

Passenger and freight transport	1)	Unbound*	1)
	2)	None	2)
	3)	Provisional authority/certificate of public convenience must be secured from the Land Transportation Franchising and Regulatory Board (LTFRB)	3)

New entrants are subject to economic needs test, as follows:

a) the need to provide protection to investments of operators in unserved areas/developmental routes; and

b) the route measured capacity test for number of vehicles.

4)	None	4)
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Maintenance and repair of road vehicles	1)	Unbound*	1)
	2)	None	2)
	3)	None	3)
	4)	None	4)

Services Auxiliary to All Modes of Transport

Cargo handling services	1)	Unbound*	1)
Storage and warehousing services	2)	None	2)
	3)	None	3)
Container yard and depot services	4)	None	4)
	1)	None	1)
Freight forwarding services	2)	None	2)
	3)	None	3)
	4)	None	4)

COMMUNICATION SERVICES

All subsectors	3)	No franchise, certificate, or any other form
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of authorization for the operation of a public utility shall be granted except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60 per cent of whose capital is owned by such citizens

3),4) Limitations listed in the horizontal section shall also apply

Courier Services	1)	Commercial presence is required	1)
	2)	None	2)
	3)	None	3)
	4)	None	4)

Telecommunication Services

Voice mail	1)	Only through duly enfranchised and certificated domestic public telecommunications carriers	1)
On-line information and data base retrieval	2)	None	2)
Electronic data exchange	3)	Operation subject to securing of:	3)
Videotex		i) Franchise from the Congress of the Philippines	
		ii) Certificate of Public Convenience and Necessity (CPCN) from the National Telecommunications Commission	
	4)	None	4)

FINANCIAL SERVICES

The commitments in financial services are in accordance with the General

All subsectors	3)	The appropriate regulatory authority in the Philippines shall determine whether public interest and economic conditions justify authorization for the establishment of commercial presence or expansion of existing operations in banking and other financial services in the Philippines. For foreign financial institutions with internationally recognized standing, such determination shall include a demonstrated capacity to contribute to the attainment of Philippine development objectives	
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particularly in the promotion of trade, investments and appropriate technology transfer; and the country of incorporation has strategic trade and investment relations with the Philippines.

In banking, the Monetary Board shall ensure that at all times seventy per cent (70%) of the resources or assets of the Philippine banking system is held by domestic banks which are at least majority-owned by Filipinos.

3),4) Limitations listed in the horizontal section shall also apply.

Banking and other financial services (excluding Insurance)	1)	Commercial presence is required	1)
	2)	None	2)
Commercial Banking:	3)	I. Forms Of Commercial Presence	3)
- Acceptance of deposits and other repayable funds from the public		(a) Establishment of foreign bank branches. Bound for ten (10) new licences for the period 1995-2000. Full banking authority to new and existing foreign bank branches.	
- Lending of all types, including consumer credit, mortgage credit, and financing of commercial transaction		Each foreign bank shall be allowed to establish a maximum of four (4) branches, with the first two (2) of these branches at locations of its choice and the remaining two (2) branches at locations designated by the Monetary Board.	
- All payment and money transmission services, including credit, charge and debit cards, travellers cheques and bankers drafts		The prescribed capital ratio shall consist of the permanently assigned capital and "net due to" account not exceeding the equivalent of four (4) times the amount of permanently assigned capital. The permanently assigned capital and fifteen per cent (15%) of the required "net due to" account shall be inwardly remitted and converted into Philippine currency.	
- Guarantees and commitments			
- Trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise, the following:		(b) Acquisition of up to forty-nine per cent (49%) of the voting stock of an existing domestic bank.	
- money market instruments (bank's own promissory notes, repurchase agreements, and		(c) Investing in up to forty-nine per cent (49%) of the voting stock of a new locally incorporated banking subsidiary.	

certificates of assignment/
participation with recourse)

- foreign exchange

- derivative products
including, but not limited to,
futures and options

- exchange rate and
interest rate instruments,
including products such as
swaps, forward rate
agreements; and

- other allowable negotiable
instruments and financial
assets

- 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

- Asset management, such
as cash or portfolio
management, all forms of
collective investment
management, custodial,
depository and trust
services.

Investment houses:

- Purchase and sell,
distribute or arrange to
distribute on a guaranteed
basis securities of other
corporations

- Participate as soliciting
dealer or selling group
member in tender offers,
block sales, or exchange
offering of securities

- Deal in options, rights or
warrants relating to

The majority of the members of the Board
of Directors of a locally incorporated bank
shall be citizens of the Philippines.

For foreign service suppliers other than
banks, aggregate share in the voting stock
of a locally incorporated bank shall be
limited to thirty per cent (30%) or up to forty
per cent (40%) upon approval by the
President of the Philippines. Shareholding
in a locally incorporated bank must not
exceed twenty per cent (20%) for an
individual and thirty per cent (30%) for a
corporation.

II. Scope Of Operations

Prior authority is required for the following:

- acceptance of deposit substitutes and
other repayable funds from the public;
- guarantees and commitments;
- performance of trust, investment
management and other fiduciary functions.

Underwriting (firm and best efforts basis)
may be performed only by commercial
banks with expanded commercial banking
authority.

4) None 4)

1) Commercial presence is required 1)

2) None 2)

3) Must be organized as a stock corporation 3)

Subject to foreign equity limitation of
forty-nine per cent (49%)

The majority of the members of the Board
of Directors shall be citizens of the
Philippines

An investment house is not allowed to
engage in banking operations

securities		Prior authority is required for the performance of quasi-banking functions	
- Act as financial consultant, investment adviser or broker	4)	None	4)
- Act as portfolio manager/financial agent			
- Design pension, profit-sharing and other employee benefits plans			
Financial Advisory Services, as follows:	1)	None	1)
	2)	None	2)
- credit reference and analysis	3)	Required to be organized as a commercial bank, or an investment house, or a non-bank financial intermediary	3)
- investment and portfolio research and advice			
		For commercial banks, all limitations mentioned under mode 3 above for commercial banks shall apply	
		For investment houses, all limitations mentioned under mode 3 above for investment houses shall apply	
		Foreign equity participation is bound at forty per cent (40%) for non-bank financial intermediary	
	4)	None	4)
Factoring	1)	Commercial presence is required	1)
	2)	None	2)
	3)	Must be performed by a financing company only, organized either as a corporation or general partnership.	3)
		Subject to foreign equity limitation of forty per cent (40%)	
		Membership of non-Filipino citizens in the Board of Directors is limited to one-third of the Board's total membership in the case of a corporation; no foreign managing partners in the case of a general	

partnership.

4) None 4)

Financial leasing

1) Commercial presence is required 1)

2) None 2)

3) Must be performed by a financing company only, organized either as a corporation or general partnership. 3)

Subject to foreign equity limitation of forty per cent (40%)

Membership of non-Filipino citizens in the Board of Directors is limited to one-third of the Board's total membership in the case of a corporation; no foreign managing partners in the case of a general partnership.

4) None 4)

Money broking and Foreign Exchange broking

1) Commercial presence is required 1)

2) None 2)

3) Required to be organized as a commercial bank or a non-bank financial intermediary 3)

For commercial banks, all other limitations mentioned in mode 3 above for commercial banks shall apply.

Foreign equity participation is bound at forty per cent (40%) for non-bank financial intermediary.

4) None 4)

Credit card services

1) Commercial presence is required 1)

2) None 2)

3) Required to be organized as a commercial bank or a non-bank financial intermediary 3)

For commercial banks, all other limitations mentioned in mode 3 above for commercial banks shall apply.

Foreign equity participation is bound at forty per cent (40%) for non-bank financial intermediary.

4) None 4)

Promotion and provision of information by a representative office about the services or products offered by a foreign bank	1)	Commercial presence is required	1)
	2)	None	2)
	3)	None	3)
	4)	None	4)

Securities dealership/brokerage - Trading for own account or for account of customers, whether in an exchange, in an over-the-counter market or otherwise, the following: - Equities and its derivative products such as warrants and options - Transferable securities	1)	Commercial presence is required	1)
	2)	None	2)
	3)	Required to be organized as an investment house or as a securities broker/dealer corporation or partnership. For investment houses, all other limitations mentioned under mode (3) above for investment houses shall apply. For securities broker/dealer - must be a member of the stock exchange. Membership is limited to 200. Underwriting is allowed only on best-efforts basis.	3)
	4)	None	4)

Participation in issues of all kinds of securities, including under-writing and placement as agent (whether publicly or privately) and provision of services related to such issues	1)	Commercial presence is required	1)
	2)	None	2)
	3)	Required to be organized as an investment house or as a securities broker/dealer corporation or partnership. For investment houses, all other limitations mentioned under mode (3) above for investment houses shall apply. For securities broker/dealer - must be a	3)
	4)	None	4)

member of the stock exchange.
 Membership is limited to 200. Underwriting
 is allowed only on best-efforts basis.

	4)	None	4)
Performance of the functions of stock transfer agent such as but not limited to monitoring the issuance and transfer of stock certificates	1)	Commercial presence is required	1)
	2)	None	2)
	3)	Must be organized either as a corporation or partnership with at least one certified public accountant duly licensed in the Philippines	3)
	4)	None	4)
Transactions of an issuer primarily engaged in the business of investing, reinvesting or trading in securities	1)	Commercial presence is required	1)
	2)	None	2)
	3)	Must be performed by an investment company.	3)
		Foreign equity participation is bound at forty per cent (40%)	
		All members of the Board of Directors must be citizens of the Philippines.	
	4)	None	4)
Sale of contracts for the payment of benefits or performance of future services such as life, education, pension and internment plans	1)	Commercial presence is required	1)
	2)	None	2)
	3)	Foreign equity participation is bound at forty per cent (40%)	3)
	4)	None	4)
Insurance	3),4)	Limitations listed in the all-sector horizontal section and all financial services section shall apply.	
All subsectors	3)	Limitations in market access listed in the specific sub-sectors below shall not apply to existing wholly or majority foreign-owned authorized#3 insurance/reinsurance companies and to those insurance/reinsurance companies that will be permitted entry for the period October 1994-October 1996 under the	

terms and conditions of Department of Finance Order No. 100 and 100-A.

- 4) Qualified Non-Filipino citizens may be employed for technical positions only within the first five (5) years of operation of the enterprise, their stay not to exceed five (5) years upon entry.

Each employed non-Filipino citizen shall have at least two (2) Filipino understudies.

Life insurance as follows:	1)	Risks located in the Philippines should be insured with the companies authorized#4 to transact business in the Philippines	1)
- Ordinary			
- Group			
- Industrial	2)	Same as (1) above	2)
- Health and accident			
- Annuities	3)	Market access is limited to:	3)
		a. Acquisition of up to forty per cent (40%) of the voting stock of an existing domestic insurance company.	
		b. Investing in up to forty per cent (40%) of the voting stock of a new locally incorporated insurance company.	
		Participation of non-Filipino citizens in the Board of Directors of a locally incorporated insurance company is limited to one-third of the Board's total membership.	
	4)	None	4)
General non-life, as follows:	1)	Risks located in the Philippines shall be insured with the companies authorized#5 to transact business in the Philippines	1)
- Fire and allied risks/ earthquakes/ shock/typhoon/ floods/tidal wave	2)	Same as (1) above	2)
- Marine ocean marine/ inland marine/ marine hull/ aviation		(a) Acquisition of up to forty per cent (40%) of the voting stock of an existing domestic insurance company.	
- Casualty motor car/ health and accident/ burglary/		(b) Investing in up to forty per cent (40%) of the voting stock of a new locally incorporated insurance company.	
		Participation of non-Filipino citizens in the Board of Directors of a locally incorporated	

engineering miscellaneous		insurance company is limited to one third of the Board's total membership.	
- Suretyship fidelity/surety bonds	4)	None	4)
Insurance auxiliary services, as follows:	1)	Commercial presence is required	1)
- actuarial consultancies	2)	None	2)
- average adjustors	3)	Subject to foreign equity limitation of forty per cent (40%)	3)
		Participation of non-Filipino citizens in the Board of Directors of domestic companies is limited to one third of the Board's total membership.	
	4)	None	4)
Reinsurance/Retrocession	1)	Priority cessions to authorized insurance/reinsurance companies	1)
		Foreign unauthorized reinsurers should be represented by resident agents duly registered with the Insurance Commission	
		Ten per cent (10%) of total insurance cessions to foreign unauthorized reinsurers should be ceded to the National Reinsurance Corporation of the Philippines.	
	2)	Same as (1) above	2)
	3)	Market access is limited to:	3)
		(a) Acquisition of up to forty per cent (40%) of the voting stock of an existing domestic reinsurance company.	
		(b) Investing in up to forty per cent (40%) of the voting stock of a new locally incorporated reinsurance company.	
		Participation of non-Filipino citizens in the Board of Directors of a locally incorporated reinsurance company is limited to one third of the Board's total membership.	
	4)	None	4)

TOURISM

Tourism accommodation facilities - Hotel - Resort - Pension house - Tourist inn - Apartel	1)	Unbound*	1)
	2)	None	2)
	3)	Subject to foreign equity limitation of 40 per cent for pension house, tourist inn and apartel	3)
	4)	As a general rule, only citizens of the Philippines can be employed in tourism-oriented establishments.	4)

However, for hotels and resorts, aliens may be employed subject to the pertinent provisions of the Tripartite Agreement among the Department of Tourism, Department of Labor and Employment and the Bureau of Immigration, as follows:

i) Only hotels/resorts duly accredited by the Department of Tourism shall be allowed to engage the services of aliens

ii) Aliens may occupy a maximum of four (4) managerial positions in a hotel or resort establishment

iii) For new hotels or resorts, aliens required during the pre-operation stage and up to six (6) months after opening of the hotel/resort to the public may be employed

iv) The services of aliens may be engaged during special occasions/events such as food festivals, provided the service contract shall be limited to a period of three (3) months renewable for a maximum period of another three (3) months

Specialty Restaurants	1)	Unbound*	1)
	2)	None	2)
	3)	No foreign equity is allowed if the specialty restaurant is not part of the facilities of a hotel.	3)
	4)	Aliens may be employed in specialty restaurants subject to pertinent provisions of the Tripartite Agreement among the Department of Tourism, Department of Labor and Employment and the Bureau of Immigration, as follows:	4)

i) Only specialty restaurants duly accredited with the Department of Tourism as well as those forming part of the integrated operation of accredited hotels/resorts may be allowed to engage the services of aliens;

ii) A specialty restaurant with a minimum of 75-seat capacity shall be allowed to employ one (1) alien Specialty Chef or Sous Chef. In the initial stage of operation of a specialty restaurant and for a maximum period of two (2) years, three (3) more alien specialty chefs or sous chefs may be employed; and

iii) A specialty restaurant with a seating capacity of 500 or more may be allowed to employ three (3) additional aliens in any of the following positions: specialty chef, sous chef, food service manager or a combination of the above.

Professional Congress Organizers	1)	Unbound*	1)
	2)	None	2)
	3)	Subject to foreign equity limitation of 40 per cent	3)
	4)	None	4)
Travel Agencies	1)	Commercial presence is required	1)
	2)	None	2)
	3)	Subject to foreign equity limitation of 40 per cent	3)
	4)	Managers and executives must be resident Filipino citizens	4)

None

None

None

None

#2 Subject to the Cargo Reservation Law which requires that cargoes owned by government-owned or controlled corporations shall be shipped on board Philippine flag vessels.

None

None

None

None

Unbound*

* Due to lack of technical feasibility.

None

None

None

None

None

None

None

Unbound*

* Due to lack of technical feasibility.

None

None

None

None

None

None

None

Unbound*

* Due to lack of technical feasibility.

None

None

None

Unbound*

* Due to lack of technical feasibility.

None

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Unbound*

None

None

* Due to lack of technical feasibility.

None

Unbound*

None

None

None

* Due to lack of technical feasibility.

Unbound*

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None

None

None

None

None

None

* Due to lack of technical feasibility.

None

None

None

None

None

None

None

None

ral Agreement on Trade in Services and its Annex on Financial Services.

None

None

A foreign bank, widely-owned and publicly listed, may avail itself of only one form of commercial presence at a time. However, this shall not preclude secondary investment in the equity of a locally incorporated bank not exceeding thirty per cent (30%) of voting stock or forty per cent (40%) upon approval by the President of the Philippines.

A non-Filipino citizen employed as officer or assigned to do technical functions shall have two Filipino understudies.

None

None

None

None

None

None

None

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None

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None

None

None

#3 The company which had been issued a licence or a certificate of authority by the Insurance Commission to transact business in the Philippines prior to 1 October

1994.

Unbound

#4 Authorized means the company has been issued a licence or a certificate of authority by the Insurance Commission to transact business in the Philippines.

Unbound

None

None

Unbound

#5 Authorized means the company has been issued a licence or a certificate of authority by the Insurance Commission to transact business in the Philippines.

Unbound

None

None

Unbound

None

None

None

None

None

None

None

Unbound*

None

None

None

* Due to lack of technical feasibility.

Unbound*

None

None

None

* Due to lack of technical feasibility.

Unbound*

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None

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None

None

None

None

* Due to lack of technical
feasibility.