

KOREA-AUSTRALIA

FREE TRADE AGREEMENT



Factsheet: Trade in Financial Services

The Korea-Australia Free Trade Agreement (KAFTA) provided Australian financial service providers with the best treatment Korea had agreed with any trading partner, on par with its agreements with the United States and Europe. This includes:

A level playing field

- Australian financial services firms are generally treated on par with Korean or other foreign financial services firms.

Establishing a commercial presence

- Australian financial services providers may, with only limited exceptions:
 - establish or acquire institutions in Korea;
 - choose whether to establish as a branch or a subsidiary; and
 - choose whether or not to locate processing and administrative functions in Korea, their head office or overseas affiliates.
- KAFTA provides strong investment protections for Australian financial service suppliers operating in Korea, backed by an international arbitration mechanism.

Cross-border supply of financial services

- Australian financial services providers are able to supply specified financial services on a “cross-border” basis, enabling Australian suppliers to do business without the need to open a full commercial presence. This includes:
 - investment advice and portfolio management services for investment funds; and
 - a range of insurance and insurance related services including risk assessment, actuarial and claims settlement services.

New financial services

- KAFTA establishes a “negative list” regime, which presumes a financial service is allowed unless specifically prohibited, and commits Korea to allow new financial services it would permit its own financial institutions to provide.

Transparency and due process

- KAFTA provides for enhanced transparency around licensing of financial institutions and regulatory decision-making, as well as streamlined licensing procedures for Australian suppliers in Korea.

Data processing

- Australian financial services providers benefit from commitments which require Korea to allow Australian financial institutions to transfer data into and out of its territory, allowing for more efficient data processing for Australian companies.

