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**JOINT INITIATIVE ON SERVICES DOMESTIC REGULATION**

**REFERENCE PAPER ON SERVICES DOMESTIC REGULATION**

NOTE BY THE CHAIRPERSON

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**REFERENCE PAPER ON SERVICES DOMESTIC REGULATION**

## SECTION I

1. Members have agreed to the disciplines on Services Domestic Regulation in this Reference Paper ("disciplines") with the objective of elaborating upon the provisions of the General Agreement on Trade in Services ("Agreement"), pursuant to paragraph 4 of Article VI of the Agreement.<sup>1</sup>
2. Members recognize the difficulties which may be faced by service suppliers, particularly those of developing country Members, in complying with measures relating to licensing requirements and procedures, qualification requirements and procedures, and technical standards of other Members and in particular, the specific difficulties which may be faced by service suppliers from least-developed country Members.
3. Members recognize the right to regulate, and to introduce new regulations, on the supply of services within their territories in order to meet their policy objectives.
4. Members further recognize the existence of asymmetries with respect to the degree of development of services regulations in different countries, especially in the case of developing and least-developed country Members.
5. The disciplines shall not be construed to prescribe or impose any particular regulatory provisions regarding their implementation.
6. The disciplines shall not be construed as diminishing any obligations of Members under the Agreement.

**Sectoral Coverage and Scheduling Modalities**

7. Members shall inscribe the disciplines in Section II in their Schedules as additional commitments under Article XVIII of the Agreement. Members may choose to inscribe the alternative disciplines in Section III for their commitments in financial services.
8. The disciplines inscribed pursuant to paragraph 7 of this Section apply where specific commitments are undertaken. In addition, Members are encouraged to inscribe in their Schedules additional sectors to which the disciplines apply.
9. Members may exclude the discipline set out in paragraph 22 (d) of Section II and paragraph 19 (d) of Section III from the additional commitments scheduled under paragraph 7 of this Section.

**Development***Transitional Periods for Developing Country Members*

10. A developing country Member may designate specific disciplines for implementation on a date after a transitional period of no longer than 7 years following the entry into force of these disciplines. The scope of the designation may be limited to individual services sectors or subsectors. The transitional periods shall be inscribed in the respective Schedules of specific commitments. A developing country Member requiring an extended transitional period for implementation shall submit a request in accordance with relevant procedures.<sup>2</sup> Members shall give sympathetic consideration to granting such requests, taking into account the specific circumstances of the Member submitting the request.

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<sup>1</sup> Members recognize that further disciplines may be developed pursuant to paragraph 4 of Article VI of the Agreement.

<sup>2</sup> Relevant procedures include requests for a Waiver in accordance with paragraph 3 (b) of Article IX of the Marrakesh Agreement, or invocation of Article XXI of the GATS.

Participation of Least-Developed Country Members

11. Least-developed country Members shall inscribe the disciplines pursuant to paragraph 7 of this Section in their Schedules of specific commitments, no later than 6 months in advance of their graduation from least-developed country status. Least-developed country Members may, at that time, designate transitional periods pursuant to paragraph 10 of this Section. Least-developed country Members are nonetheless encouraged to apply these disciplines before their graduation, to the extent consistent with their individual implementation capacity.

Application of the Disciplines to Preferences Notified for the Benefit of Least-Developed Country Members

12. [Members that have notified preferences pursuant to the Ministerial Decision on Preferential Treatment to Services and Service Suppliers of Least-Developed Countries (WT/L/847) ("Waiver") agree to apply the disciplines inscribed pursuant to paragraph 7 of this Section to those preferences for the benefit of services and service suppliers of least-developed country Members in accordance with the Waiver.]

Technical Assistance and Capacity Building

13. Developed and developing country Members, in a position to do so, are encouraged to provide specific technical assistance and capacity building to developing and in particular least-developed country Members, upon their request and on mutually agreed terms and conditions, aimed, *inter alia*, at:
- (a) developing and strengthening institutional and regulatory capacities to regulate the supply of services and to implement these disciplines, especially provisions and sectors to which transitional periods apply;
  - (b) assisting service suppliers of developing and in particular least-developed country Members to meet the relevant requirements and procedures in export markets;
  - (c) facilitating the establishment of technical standards and facilitating participation of developing and in particular least-developed country Members facing resource constraints in the relevant international organizations; and
  - (d) assisting, through public or private bodies and relevant international organizations, service suppliers of developing and in particular least-developed country Members in building their supply capacity and in complying with domestic regulation.

## SECTION II – DISCIPLINES ON SERVICES DOMESTIC REGULATION

### **Scope of the Disciplines**

1. These disciplines apply to measures by Members relating to licensing requirements and procedures, qualification requirements and procedures, and technical standards affecting trade in services.
2. These disciplines do not apply to any terms, limitations, conditions, or qualifications set out in a Member's Schedule pursuant to Articles XVI or XVII of the Agreement.
3. For the purpose of these disciplines, "authorization" means the permission to supply a service, resulting from a procedure to which an applicant must adhere in order to demonstrate compliance with licensing requirements, qualification requirements, or technical standards.

### **Submission of Applications**

4. Each Member shall, to the extent practicable, avoid requiring an applicant to approach more than one competent authority for each application for authorization. If a service is within the jurisdiction of multiple competent authorities, multiple applications for authorization may be required.

### **Application Timeframes**

5. If a Member requires authorization for the supply of a service, it shall ensure that its competent authorities to the extent practicable permit submission of an application at any time throughout the year.<sup>3</sup> If a specific time period for applying exists, the Member shall ensure that the competent authorities allow a reasonable period for the submission of an application.

### **Electronic Applications and Acceptance of Copies**

6. If a Member requires authorization for the supply of a service, it shall ensure that its competent authorities:
  - (a) taking into account their competing priorities and resource constraints, endeavour to accept applications in electronic format; and
  - (b) accept copies of documents, that are authenticated in accordance with the Member's domestic laws and regulations, in place of original documents, unless the competent authorities require original documents to protect the integrity of the authorization process.

### **Processing of Applications**

7. If a Member requires authorization for the supply of a service, it shall ensure that its competent authorities:
  - (a) to the extent practicable, provide an indicative timeframe for processing of an application;
  - (b) at the request of the applicant, provide without undue delay information concerning the status of the application;
  - (c) to the extent practicable, ascertain without undue delay the completeness of an application for processing under the Member's domestic laws and regulations;

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<sup>3</sup> Competent authorities are not required to start considering applications outside of their official working hours and working days.

- (d) if they consider an application complete for processing under the Member's domestic laws and regulations,<sup>4</sup> within a reasonable period of time after the submission of the application ensure that:
- (i) the processing of the application is completed; and
  - (ii) the applicant is informed of the decision concerning the application,<sup>5</sup> to the extent possible in writing;<sup>6</sup>
- (e) if they consider an application incomplete for processing under the Member's domestic laws and regulations, 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, identify the additional information required to complete the application, or otherwise provide guidance on why the application is considered incomplete; and
  - (iii) provide the applicant with the opportunity<sup>7</sup> to provide the additional information that is required to complete the application;
- however, if none of the above is practicable, and the application is rejected due to incompleteness, ensure that they so inform the applicant within a reasonable period of time; and
- (f) if an application is rejected, to the extent possible, either upon their own initiative or upon request of the applicant, inform the applicant of the reasons for rejection and, if applicable, the procedures for resubmission of an application; an applicant should not be prevented from submitting another application<sup>8</sup> solely on the basis of a previously rejected application.
8. The competent authorities of a Member shall ensure that authorization, once granted, enters into effect without undue delay, subject to applicable terms and conditions.<sup>9</sup>

### **Fees**

9. Each Member shall ensure that the authorization fees<sup>10</sup> charged by its competent authorities are reasonable, transparent, based on authority set out in a measure, and do not in themselves restrict the supply of the relevant service.

### **Assessment of Qualifications**

10. If a Member requires an examination for authorization for the supply of a service, that Member shall ensure that its competent authorities schedule such an examination at reasonably frequent intervals and provide a reasonable period of time to enable applicants to request to take the examination. Having regard to the cost, administrative burden, and the integrity of the procedures involved, Members are encouraged to accept requests in electronic format to take

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<sup>4</sup> Competent authorities may require that all information is submitted in a specified format to consider it "complete for processing".

<sup>5</sup> Competent 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.

<sup>6</sup> "In writing" may include in electronic form.

<sup>7</sup> Such opportunity does not require a competent authority to provide extensions of deadlines.

<sup>8</sup> Competent authorities may require that the content of such an application has been revised.

<sup>9</sup> Competent authorities are not responsible for delays due to reasons outside their competence.

<sup>10</sup> Authorization fees do not include fees for the use of natural resources, payments for auction, tendering or other non-discriminatory means of awarding concessions, or mandated contributions to universal service provision.

such examinations, and to consider, to the extent practicable, the use of electronic means in other aspects of examination processes.

### **Recognition**

11. Where professional bodies of Members are mutually interested in establishing dialogues on issues relating to recognition of professional qualifications, licensing or registration, the relevant Members should consider supporting the dialogue of those bodies where requested and appropriate.

### **Independence**

12. If a Member adopts or maintains measures relating to the authorization for the supply of a service, the Member shall ensure that its competent authorities reach and administer their decisions in a manner independent from any supplier of the service for which authorization is required.<sup>11</sup>

### **Publication and Information available**

13. If a Member requires authorization for the supply of a service, further to Article III of the Agreement, the Member shall promptly publish,<sup>12</sup> or otherwise make publicly available in writing, the information necessary for service suppliers or persons seeking to supply a service to comply with the requirements and procedures for obtaining, maintaining, amending and renewing such authorization. Such information shall include, *inter alia*, where it exists:
  - (a) the requirements and procedures;
  - (b) contact information of relevant competent authorities;
  - (c) fees;
  - (d) technical standards;
  - (e) procedures for appeal or review of decisions concerning applications;
  - (f) procedures for monitoring or enforcing compliance with the terms and conditions of licenses or qualifications;
  - (g) opportunities for public involvement, such as through hearings or comments; and
  - (h) indicative timeframes for processing of an application.

### **Opportunity to Comment and Information before Entry into Force**

14. To the extent practicable and in a manner consistent with its legal system for adopting measures, each Member<sup>13</sup> shall publish in advance:
  - (a) its laws and regulations of general application it proposes to adopt in relation to matters falling within the scope of paragraph 1 of this Section; or

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<sup>11</sup> For greater certainty, this provision does not mandate a particular administrative structure; it refers to the decision-making process and administering of decisions.

<sup>12</sup> For purposes of these disciplines, "publish" means to include in an official publication, such as an official journal, or on an official website. Members are encouraged to consolidate electronic publications into a single portal.

<sup>13</sup> Paragraphs 14 to 17 of this Section recognize that Members have different systems to consult interested persons and other Members on certain measures before their adoption, and that the alternatives set out in paragraph 14 of this Section reflect different legal systems.

- (b) documents that provide sufficient details about such a possible new law or regulation to allow interested persons and other Members to assess whether and how their interests might be significantly affected.
15. To the extent practicable and in a manner consistent with its legal system for adopting measures, each Member is encouraged to apply paragraph 14 of this Section to procedures and administrative rulings of general application it proposes to adopt in relation to matters falling within the scope of paragraph 1 of this Section.
16. To the extent practicable and in a manner consistent with its legal system for adopting measures, each Member shall provide interested persons and other Members a reasonable opportunity to comment on such proposed measures or documents published under paragraphs 14 or 15 of this Section.
17. To the extent practicable and in a manner consistent with its legal system for adopting measures, each Member shall consider comments received under paragraph 16 of this Section.<sup>14</sup>
18. In publishing a law or regulation referred to in paragraph 14 (a) of this Section, or in advance of such publication, to the extent practicable and in a manner consistent with its legal system for adopting measures, a Member is encouraged to explain the purpose and rationale of the law or regulation.
19. Each Member shall, to the extent practicable, endeavour to allow reasonable time between publication of the text of a law or regulation referred to in paragraph 14 (a) of this Section and the date on which service suppliers must comply with the law or regulation.

### **Enquiry Points**

20. Each Member shall maintain or establish appropriate mechanisms for responding to enquiries from service suppliers or persons seeking to supply a service regarding the measures referred to in paragraph 1 of this Section.<sup>15</sup> A Member may choose to address such enquiries through either the enquiry and contact points established under Articles III and IV of the Agreement or any other mechanisms as appropriate.

### **Technical Standards**

21. Each Member shall encourage its competent authorities, when adopting technical standards, to adopt technical standards developed through open and transparent processes, and shall encourage any body, including relevant international organizations,<sup>16</sup> designated to develop technical standards to use open and transparent processes.

### **Development of Measures**

22. If a Member adopts or maintains measures relating to the authorization for the supply of a service, the Member shall ensure that:
- (a) such measures are based on objective and transparent criteria;<sup>17</sup>
- (b) the procedures are impartial, and that the procedures are adequate for applicants to demonstrate whether they meet the requirements, if such requirements exist;

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<sup>14</sup> This provision is without prejudice to the final decision of a Member that adopts or maintains any measure for authorization for the supply of a service.

<sup>15</sup> It is understood that resource constraints may be a factor in determining whether a mechanism for responding to enquiries is appropriate.

<sup>16</sup> The term "relevant international organizations" refers to international bodies whose membership is open to the relevant bodies of at least all Members of the WTO.

<sup>17</sup> Such criteria may include, *inter alia*, competence and the ability to supply a service, including to do so in a manner consistent with a Member's regulatory requirements, such as health and environmental requirements. Competent authorities may assess the weight to be given to each criterion.

- (c) the procedures do not in themselves unjustifiably prevent the fulfilment of requirements;  
and
- (d) such measures do not discriminate between men and women.<sup>18</sup>

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<sup>18</sup> Differential treatment that is reasonable and objective, and aims to achieve a legitimate purpose, and adoption by Members 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.

### SECTION III - ALTERNATIVE DISCIPLINES ON SERVICES DOMESTIC REGULATION FOR FINANCIAL SERVICES

#### **Scope**

1. These disciplines apply to measures by Members relating to licensing requirements and procedures, and qualification requirements and procedures affecting trade in financial services, as defined in the GATS Annex on Financial Services.
2. These disciplines do not apply to any terms, limitations, conditions, or qualifications set out in a Member's Schedule pursuant to Articles XVI or XVII of the Agreement.
3. For the purpose of these disciplines, "authorization" means the permission to supply a service, resulting from a procedure to which an applicant must adhere in order to demonstrate compliance with licensing requirements, or qualification requirements.

#### **Application Timeframes**

4. If a Member requires authorization for the supply of a service, it shall ensure that its competent authorities to the extent practicable permit submission of an application at any time throughout the year.<sup>19</sup> If a specific time period for applying exists, the Member shall ensure that the competent authorities allow a reasonable period for the submission of an application.

#### **Electronic Applications and Acceptance of Copies**

5. If a Member requires authorization for the supply of a service, it shall ensure that its competent authorities:
  - (a) taking into account their competing priorities and resource constraints, endeavour to accept applications in electronic format; and
  - (b) accept copies of documents, that are authenticated in accordance with the Member's domestic laws and regulations, in place of original documents, unless the competent authorities require original documents to protect the integrity of the authorization process.

#### **Processing of Applications**

6. If a Member requires authorization for the supply of a service, it shall ensure that its competent authorities:
  - (a) to the extent practicable, provide an indicative timeframe for processing of an application;
  - (b) at the request of the applicant, provide without undue delay information concerning the status of the application;
  - (c) to the extent practicable, ascertain without undue delay the completeness of an application for processing under the Member's domestic laws and regulations;
  - (d) if they consider an application complete for processing under the Member's domestic laws and regulations,<sup>20</sup> within a reasonable period of time after the submission of the application ensure that:
    - (i) the processing of the application is completed; and

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<sup>19</sup> Competent authorities are not required to start considering applications outside of their official working hours and working days.

<sup>20</sup> Competent authorities may require that all information is submitted in a specified format to consider it "complete for processing".

- (ii) the applicant is informed of the decision concerning the application,<sup>21</sup> to the extent possible in writing;<sup>22</sup>
- (e) if they consider an application incomplete for processing under the Member's domestic laws and regulations, 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, identify the additional information required to complete the application, or otherwise provide guidance on why the application is considered incomplete; and
  - (iii) provide the applicant with the opportunity<sup>23</sup> to provide the additional information that is required to complete the application;

however, if none of the above is practicable, and the application is rejected due to incompleteness, ensure that they so inform the applicant within a reasonable period of time; and

- (f) if an application is rejected, to the extent practicable, either upon their own initiative or upon request of the applicant, inform the applicant of the reasons for rejection and, if applicable, the procedures for resubmission of an application; an applicant should not be prevented from submitting another application<sup>24</sup> solely on the basis that an application had been previously rejected.

7. The competent authorities of a Member shall ensure that authorization, once granted, enters into effect without undue delay, subject to applicable terms and conditions.<sup>25</sup>

### **Fees**

8. Each Member shall ensure that its competent authorities, with respect to authorization fees<sup>26</sup> they charge, provide applicants with a schedule of fees or information on how fee amounts are determined.

### **Assessment of Qualifications**

9. If a Member requires an examination for authorization for the supply of a service, that Member shall ensure that its competent authorities schedule such an examination at reasonably frequent intervals and provide a reasonable period of time to enable applicants to request to take the examination. Having regard to the cost, administrative burden, and the integrity of the procedures involved, Members are encouraged to accept requests in electronic format to take such examinations, and to consider, to the extent practicable, the use of electronic means in other aspects of examination processes.

### **Independence**

10. If a Member adopts or maintains measures relating to the authorization for the supply of a service, the Member shall ensure that its competent authorities reach and administer their

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<sup>21</sup> Competent 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.

<sup>22</sup> "In writing" may include in electronic form.

<sup>23</sup> Such opportunity does not require a competent authority to provide extensions of deadlines.

<sup>24</sup> Competent authorities may require that the content of such an application has been revised.

<sup>25</sup> Competent authorities are not responsible for delays due to reasons outside their competence.

<sup>26</sup> Authorization fees do not include fees for the use of natural resources, payments for auction, tendering or other non-discriminatory means of awarding concessions, or mandated contributions to universal service provision.

decisions in a manner independent from any supplier of the service for which authorization is required.<sup>27</sup>

#### **Publication and Information available**

11. If a Member requires authorization for the supply of a service, further to Article III of the Agreement and paragraphs 6 and 8 of this Section, the Member shall promptly publish,<sup>28</sup> or otherwise make publicly available in writing the information necessary for service suppliers or persons seeking to supply a service to comply with the requirements and procedures for obtaining, maintaining, amending and renewing such authorization. Such information shall include, *inter alia*, where it exists:
- (a) the requirements and procedures;
  - (b) contact information of relevant competent authorities;
  - (c) procedures for appeal or review of decisions concerning applications;
  - (d) procedures for monitoring or enforcing compliance with the terms and conditions of licenses or qualifications; and
  - (e) opportunities for public involvement, such as through hearings or comments.

#### **Opportunity to Comment and Information before Entry into Force**

12. To the extent practicable and in a manner consistent with its legal system for adopting measures, each Member<sup>29</sup> shall publish in advance:
- (a) its laws and regulations of general application it proposes to adopt in relation to matters falling within the scope of paragraph 1 of this Section; or
  - (b) documents that provide sufficient details about such a possible new law or regulation to allow interested persons and other Members to assess whether and how their interests might be significantly affected.
13. To the extent practicable and in a manner consistent with its legal system for adopting measures, each Member is encouraged to apply paragraph 12 of this Section to procedures and administrative rulings of general application it proposes to adopt in relation to matters falling within the scope of paragraph 1.
14. To the extent practicable and in a manner consistent with its legal system for adopting measures, each Member shall provide interested persons and other Members a reasonable opportunity to comment on such proposed measures or documents published under paragraphs 12 or 13 of this Section.
15. To the extent practicable and in a manner consistent with its legal system for adopting measures, each Member shall consider comments received under paragraph 14 of this Section.<sup>30</sup>
16. In publishing a law or regulation referred to in paragraph 12 (a) of this Section, or in advance of such publication, to the extent practicable and in a manner consistent with its legal system

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<sup>27</sup> For greater certainty, this provision does not mandate a particular administrative structure; it refers to the decision-making process and administering of decisions.

<sup>28</sup> For purposes of these disciplines, "publish" means to include in an official publication, such as an official journal, or on an official website. Members are encouraged to consolidate electronic publications into a single portal.

<sup>29</sup> Paragraphs 12 to 15 of this Section recognize that Members have different systems to consult interested persons and other Members on certain measures before their adoption, and that the alternatives set out in paragraph 12 of this Section reflect different legal systems.

<sup>30</sup> This provision is without prejudice to the final decision of a Member that adopts or maintains any measure for authorization for the supply of a service.

for adopting measures, a Member is encouraged to explain the purpose and rationale of the law or regulation.

17. Each Member shall, to the extent practicable, endeavour to allow reasonable time between publication of the text of a law or regulation referred to in paragraph 12 (a) of this Section and the date on which service suppliers must comply with the law or regulation.

### **Enquiry Points**

18. Each Member shall maintain or establish appropriate mechanisms for responding to enquiries from service suppliers or persons seeking to supply a service regarding the measures referred to in paragraph 1 of this Section.<sup>31</sup> A Member may choose to address such enquiries through either the enquiry and contact points established under Articles III and IV of the Agreement or any other mechanisms as appropriate.

### **Development of Measures**

19. If a Member adopts or maintains measures relating to the authorization for the supply of a service, the Member shall ensure that:
- (a) such measures are based on objective and transparent criteria;<sup>32</sup>
  - (b) the procedures are impartial, and that the procedures are adequate for applicants to demonstrate whether they meet the requirements, if such requirements exist;
  - (c) the procedures do not in themselves unjustifiably prevent fulfilment of requirements; and
  - (d) such measures do not discriminate between men and women.<sup>33</sup>

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<sup>31</sup> It is understood that resource constraints may be a factor in determining whether a mechanism for responding to enquiries is appropriate.

<sup>32</sup> Such criteria may include, *inter alia*, competence and the ability to supply a service, including to do so in a manner consistent with a Member's regulatory requirements. Competent authorities may assess the weight to be given to each criterion.

<sup>33</sup> Differential treatment that is reasonable and objective, and aims to achieve a legitimate purpose, and adoption by Members 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.