

**ANNEX III**  
**SCHEDULE OF MEXICO**  
**HEADNOTES**

1. Commitments in the financial services sector under this Agreement are undertaken subject to the limitations and conditions set forth in these headnotes and in the Schedule below.
2. With respect to Article 17.5 (Market Access), a juridical persons supplying financial services and constituted under the laws of Mexico is subject to non-discriminatory limitations on juridical form.
3. Paragraph 1(c) of Article 17.10 (Non-Conforming Measures) shall not apply to those non-conforming measures relating to paragraph 1(e) of Article 17.5 (Market Access).
4. Description, provides a general non-binding description of the measure for which the entry is made.
5. In the interpretation of a reservation in Section A, all elements of the entry shall be considered. The Measures element shall prevail over all other elements.
6. In the interpretation of a reservation in Section B, all elements of the entry shall be considered. The Description element shall prevail over all other elements.

## SECTION A

### A-1

|                               |  |
|-------------------------------|--|
| <b>Sector:</b>                | Financial Services   |
| <b>Sub-Sector:</b>            | Banking and other Financial Services (excluding Insurance)   |
| <b>Obligations Concerned:</b> | National Treatment (Article 17.3.1 and 17.3.2)   |
| <b>Level of Government:</b>   | Central  |
| <b>Measures:</b>              | Credit Unions Law ( <i>Ley de Uniones de Crédito</i> ); Article 21<br>General Law of Credit Organizations and Auxiliary Activities<br>( <i>Ley General de Organizaciones y Actividades Auxiliares del Crédito</i> ); Article 87-D  |
| <b>Description:</b>           | <p>Participation by an individual or legal entity, whether direct or indirect, in the capital stock of a credit union or a regulated multiple purpose financial entity linked to a credit union shall not exceed 15 percent, unless authorized by the National Banking and Securities Commission (<i>Comisión Nacional Bancaria y de Valores</i>) (CNBV).</p> <p>Without prejudice to the preceding paragraph, a foreign individual or legal entity, including a foreign legal entity with no legal personality, may participate indirectly in the capital stock of a credit union or a regulated multiple purpose financial entity linked to a credit union up to 15 percent, provided that the respective shares of the credit union are purchased by a Mexican legal entity in which such foreign individual or legal entity holds a participation.</p> |

## A-2

|                               |   |
|-------------------------------|---|
| <b>Sector:</b>                | Financial Services  |
| <b>Sub-Sector:</b>            | All Services  |
| <b>Obligations Concerned:</b> | National Treatment (Article 17.3.1 and 17.3.2)<br>Market Access (Article 17.5.1(a))   |
| <b>Level of Government:</b>   | Central   |
| <b>Measures:</b>              | <p>Law to Regulate Financial Groups (<i>Ley para Regular las Agrupaciones Financieras</i>); Articles 67, 68, 70, 72, 74 and 76</p> <p>Credit Institutions Law (<i>Ley de Instituciones de Crédito</i>); Articles 45-A, 45-B, 45-C 45-E, 45-G and 45-I</p> <p>Securities Market Law (<i>Ley del Mercado de Valores</i>); Articles 2, 160, 161, 163, 165 and 167</p> <p>Insurance and Surety Institutions Law (<i>Ley de Instituciones de Seguros y Fianzas</i>); Articles 2, 74, 75, 77, 78, 79 and 81.</p> <p>General Law of Credit Organizations and Auxiliary Activities (<i>Ley General de Organizaciones y Actividades Auxiliares del Crédito</i>); Articles 45 Bis 1, 45 Bis 2, 45 Bis 3, 45 Bis 5 45 Bis 7 and 45 Bis 9</p> <p>Investment Funds Law (<i>Ley de Fondos de Inversión</i>); Articles 62, 63, 64, 66, 68 and 70</p> <p>Retirement Savings Systems Law (<i>Ley de los Sistemas de Ahorro para el Retiro</i>); Article 21</p> <p>Rules for the Establishment of Foreign Financial Institution Subsidiaries (<i>Reglas para el establecimiento de Filiales de Instituciones Financieras del Exterior</i>); First, Eighth and Ninth Rules</p> |
| <b>Description:</b>           | <p>A financial institution of another Party may invest in the capital stock of a holding company of a financial group, a commercial bank, a securities firm, a surety institution, an insurance institution, a foreign exchange firm, a general deposit warehouse, a managing company of investment funds, a distributing company of investment fund shares, and a retirement funds management company, organized as a Mexican subsidiary (<i>filial</i>) of a foreign financial institution, if that financial institution of the other Party meets the following conditions:</p> <p>(a) directly or indirectly carries out in the territory of that other Party, in accordance with applicable law, the same type of financial service that the respective subsidiary is allowed to carry out in Mexico;</p>  |

- (b) is incorporated in and under the laws of that other Party provided further that such Party remains as a party to this Agreement, and
- (c) obtains prior authorization from the competent Mexican financial authorities and complies with the requirements set out in the respective law.

A financial institution of another Party must own at least 51 percent of the subsidiary's capital stock.

### A-3

|                               |   |
|-------------------------------|---|
| <b>Sector:</b>                | Financial Services  |
| <b>Sub-Sector:</b>            | All Services  |
| <b>Obligations Concerned:</b> | Market Access (Article 17.5.1(a))   |
| <b>Level of Government:</b>   | Central   |
| <b>Measures:</b>              | Law to Regulate Financial Groups ( <i>Ley para Regular las Agrupaciones Financieras</i> ); Article 67<br>Credit Institutions Law ( <i>Ley de Instituciones de Crédito</i> ); Article 45-A<br>Securities Market Law ( <i>Ley del Mercado de Valores</i> ); Article 2<br>Insurance and Surety Institutions Law ( <i>Ley de Instituciones de Seguros y Fianzas</i> ); Article 2<br>General Law of Credit Organizations and Auxiliary Activities ( <i>Ley General de Organizaciones y Actividades Auxiliares del Crédito</i> ); Article 45 Bis 1<br>Investment Funds Law ( <i>Ley de Fondos de Inversión</i> ); Article 62<br>Retirement Savings Systems Law ( <i>Ley de los Sistemas de Ahorro para el Retiro</i> ); Article 21<br>Rules for the Establishment of Foreign Financial Institution Subsidiaries ( <i>Reglas para el establecimiento de Filiales de Instituciones Financieras del Exterior</i> ); First Rule |
| <b>Description:</b>           | A financial institution of another Party, as any other foreign financial institution, is not permitted to establish branches within Mexican territory. <sup>1</sup>   |

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<sup>1</sup> For clarification purposes, this wording should not be considered as a departure from Mexico's position in other international agreements it has entered into.

#### A-4

|                               |   |
|-------------------------------|---|
| <b>Sector:</b>                | Financial Services  |
| <b>Sub-Sector:</b>            | All Services  |
| <b>Obligations Concerned:</b> | National Treatment (Article 17.3.1 and 17.3.2)<br>Market Access (Article 17.5.1(a))   |
| <b>Level of Government:</b>   | Central   |
| <b>Measures:</b>              | Law to Regulate Financial Groups ( <i>Ley para Regular las Agrupaciones Financieras</i> ); Article 24<br>Credit Institutions Law ( <i>Ley de Instituciones de Crédito</i> ); Article 13<br>Securities Market Law ( <i>Ley del Mercado de Valores</i> ); Articles 117 and 237<br>Law to Regulate Credit Information Corporations ( <i>Ley para Regular las Sociedades de Información Crediticia</i> ); Article 8<br>Insurance and Surety Institutions Law ( <i>Ley de Instituciones de Seguros y Fianzas</i> ); Article 50<br>Retirement Saving Systems Law ( <i>Ley de los Sistemas de Ahorro para el Retiro</i> ); Article 21<br>General Law of Credit Organizations and Auxiliary Activities ( <i>Ley General de Organizaciones y Actividades Auxiliares de Crédito</i> ); Articles 8 and 87-D<br>Investment Funds Law ( <i>Ley de Fondos de Inversión</i> ); Article 37<br>Credit Unions Law ( <i>Ley de Uniones de Crédito</i> ); Article 21    |
| <b>Description:</b>           | <p>A foreign government is not allowed to participate, directly or indirectly, in the capital stock of a holding company of financial groups, commercial bank, securities firm, stock exchange, credit information corporation, surety institution, insurance institution, retirement funds management company, foreign exchange firm, auxiliary credit organization, general deposit warehouse, managing company of investment funds, distributing company of investment fund shares, value assessment company of investment fund shares, credit unions regulated multiple purpose financial entity linked to a credit institution except:</p> <p>(a) In case that participation is done it should be only as a temporary prudential measure, such as financial support or aid.</p> <p>The financial institution that falls in this situation must submit to the competent financial authority the relevant information and documents to prove</p> |

that situation.

- (b) In case that participation implies that the foreign government takes control<sup>2</sup> over that financial institution, and it is carried out through an official legal entity, such as a sovereign fund or public development entity, provided that an authorization is previously granted, on a discretionary basis, by the competent financial authority, subject to the condition that such authority is satisfied that such legal entity proves that:
  - (i) it does not exercise any government function, and
  - (ii) its managing board is independent from the respective foreign government.
- (c). When such participation is indirect and does not imply the control of the financial institution.

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<sup>2</sup> The term “control” is defined in each of the laws indicated in this entry.

## A-5

|                               |  |
|-------------------------------|--|
| <b>Sector:</b>                | Financial Services   |
| <b>Sub-Sector:</b>            | All Services   |
| <b>Obligations Concerned:</b> | Senior Management and Boards of Directors (Article 17.9)                                       |
| <b>Level of Government:</b>   | Central  |
| <b>Measures:</b>              | Cooperative Companies General Law ( <i>Ley General de Sociedades Cooperativas</i> ); Article 7 |
| <b>Description:</b>           | Directors and managers of savings and loans cooperative companies must be Mexican.             |



**A-6**

|                               |   |
|-------------------------------|---|
| <b>Sector:</b>                | Financial Services  |
| <b>Sub-Sector:</b>            | Banking and other Financial Services (excluding Insurance)  |
| <b>Obligations Concerned:</b> | National Treatment (Article 17.3.1 and 17.3.2)<br>Market Access (Article 17.5.1(a))   |
| <b>Level of Government:</b>   | Central   |
| <b>Measures:</b>              | Securities Market Law ( <i>Ley del Mercado de Valores</i> ); Article 167  |
| <b>Description:</b>           | If a securities firm organized as a subsidiary ( <i>filial</i> ) of a financial institution of another Party acquires shares of a Mexican securities firm, which shall not be below 51 percent of its capital stock, such subsidiary must merge with the securities firm. |

## A-7

|                               |  |
|-------------------------------|--|
| <b>Sector:</b>                | Financial Services   |
| <b>Sub-Sector:</b>            | Banking and other Financial Services (excluding Insurance)   |
| <b>Obligations Concerned:</b> | Market Access (Article 17.5.1(a))  |
| <b>Level of Government:</b>   | Central  |
| <b>Measures:</b>              | Retirement Savings Systems Law ( <i>Ley de los Sistemas de Ahorro para el Retiro</i> ); Article 26   |
| <b>Description:</b>           | <p>A retirement fund management company may not own more than 20 percent share of the retirement savings systems market.<sup>3</sup></p> <p>The Retirement Savings System National Commission (<i>Comisión Nacional del Sistema de Ahorro para el Retiro</i>) (<i>CONSAR</i>) may authorize a limit beyond 20 percent, provided that this does not constitute prejudice to the interests of workers.</p> |

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<sup>3</sup> The term “market” refers to the total amount of individual retirement accounts.

**A-8**

|                               |  |
|-------------------------------|--|
| <b>Sector:</b>                | Financial Services   |
| <b>Sub-Sector:</b>            | Banking and other Financial Services (excluding Insurance)   |
| <b>Obligations Concerned:</b> | Market Access (Article 17.5.1(a))  |
| <b>Level of Government:</b>   | Central  |
| <b>Measures:</b>              | Securities Market Law ( <i>Ley del Mercado de Valores</i> ); Article 234   |
| <b>Description:</b>           | The organization of a stock exchange is subject to a concession previously granted, on a discretionary basis, by the Federal Government. The decision to grant that concession will be subject to considerations regarding the market's development. |

## A-9

|                               |   |
|-------------------------------|---|
| <b>Sector:</b>                | Financial Services  |
| <b>Sub-Sector:</b>            | Insurance and insurance-related services  |
| <b>Obligations Concerned:</b> | National Treatment (Article 17.3.3(b))<br>Market Access (Article 17.5.1(c))   |
| <b>Level of Government:</b>   | Central   |
| <b>Measures:</b>              | Insurance and Surety Institutions Law ( <i>Ley de Instituciones de Seguros y Fianzas</i> ); Articles 20, 21, 22, 23, and 24   |
| <b>Description:</b>           | <p>No person may contract with foreign entities the insurance of:</p> <ul style="list-style-type: none"><li>(a) maritime or aircraft hulls, and any kind of vehicle, for risks inherent to the maritime and transportation industries, provided that such hulls and vehicles have Mexican registration or are owned by persons domiciled in Mexico;</li><li>(b) credit, housing credit, surety and financial guarantee<sup>4</sup>, if the insured is subject to Mexican law.</li><li>(c) third party liability derived from events that may take place in the territory of Mexico; and</li><li>(d) other risks that may take place in Mexican territory, except for insurance contracted outside such territory with respect to goods transported from the territory of Mexico to a foreign territory or vice versa, and insurance contracted by non-residents in Mexico for their persons or vehicles to cover risks during their temporary entries into the territory of Mexico.</li></ul> |

For greater certainty, no person may contract with entities of another Party the insurance of persons provided that the person is located in the territory of Mexico at the moment of the execution of the insurance agreement if that person is an individual, or that the insured resides in Mexico if the insurance is contracted by a

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<sup>4</sup> The prohibition for insurance of financial guarantee will not apply when the securities or documents matter of the insurance participate in foreign markets exclusively.

legal entity.<sup>5</sup>

As an exception to the prohibitions indicated above, the National Insurance and Surety Commission (*Comisión Nacional de Seguros y Fianzas*) (CNSF) may authorize a person to contract any of the insurance described above provided that such person demonstrates that none of the insurance institutions authorized to operate in Mexico is able or deems convenient to enter into a given insurance operation proposed to it.

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<sup>5</sup> For clarification purposes, this wording should not be considered as a departure from Mexico's position in other international agreements it has entered into.

## A-10

|                               |   |
|-------------------------------|---|
| <b>Sector:</b>                | Financial Services  |
| <b>Sub-Sector:</b>            | Banking and other Financial Services (excluding Insurance)  |
| <b>Obligations Concerned:</b> | National Treatment (Article 17.3.3(b))<br>Market Access (Article 17.5.1(a))   |
| <b>Level of Government:</b>   | Central   |
| <b>Measures:</b>              | Insurance and Surety Institutions Law ( <i>Ley de Instituciones de Seguros y Fianzas</i> ); Articles 34 and 35  |
| <b>Description:</b>           | <p>No person may contract with foreign entities sureties to guarantee acts of individuals and legal entities bound to fulfil obligations in Mexican territory, except for rebonding or in case such sureties are received by Mexican surety institutions as counter guarantee.</p> <p>As an exception to the prohibitions indicated above, the National Insurance and Surety Commission (<i>Comisión Nacional de Seguros y Fianzas</i>) (CNSF) may authorize a person to contract any of the sureties described above provided that none of the financial institutions authorized to operate in Mexico is able or deems it convenient to undertake a surety operation proposed to it, upon prior verification of such circumstances have been proved to it.</p> |

## A-11

|                               |  |
|-------------------------------|--|
| <b>Sector:</b>                | Financial Services   |
| <b>Sub-Sector:</b>            | All  |
| <b>Obligations Concerned:</b> | National Treatment (Article 17.3.1 and 17.3.2)<br>Market Access (Article 17.5.1(a))  |
| <b>Level of Government:</b>   | Central  |
| <b>Measures:</b>              | Insurance and Surety Institutions Law ( <i>Ley de Instituciones de Seguros y Fianzas</i> ); Article 337<br>Regulation of Insurance and Surety Agents ( <i>Reglamento de Agentes de Seguros y de Fianzas</i> ); Article 12<br>Rules for the authorization and operation of reinsurance brokers ( <i>Reglas para la autorización y operación de intermediarios de reaseguros</i> ); Rule Fourth  |
| <b>Description:</b>           | <p>A foreign government or official foreign entity may not participate in a mutual insurance society, in the capital stock of an insurance and surety agency, or in the capital stock of a reinsurance broker, either directly or indirectly.</p> <p>A foreign financial entity may not participate in the capital stock of an insurance or surety agency, or in a mutual insurance society.</p> <p>A group of foreign individuals or legal entities, regardless of the form they adopt, may not participate in a mutual insurance society, either directly or indirectly. For clarification purposes, a foreign individual may participate in mutual insurance societies as long as they do so individually and not as part of a group or entity.</p> |

**A-12**

|                               |  |
|-------------------------------|--|
| <b>Sector:</b>                | Financial Services   |
| <b>Sub-Sector:</b>            | Insurance  |
| <b>Obligations Concerned:</b> | National Treatment (Article 17.3.1 and 17.3.2)<br>Market Access (Article 17.5.1(a))  |
| <b>Level of Government:</b>   | Central  |
| <b>Measures:</b>              | Agricultural and Rural Insurance Funds Law ( <i>Ley de Fondos de Aseguramiento Agropecuario y Rural</i> ); Article 26                  |
| <b>Description:</b>           | Only a Mexican or a Mexican legal entity with a foreigners exclusion clause may participate in Agricultural and Rural Insurance Funds. |



## SECTION B

### B-1

**Sector:** Financial Services

**Sub-Sector:** All Services

**Obligations Concerned:** Market Access (Article 17.5.1(a) and (c))  
Senior Management and Boards of Directors (Article 17.9)

**Level of Government:** Central

**Description:** Mexico, when selling or disposing of its equity interest in, or the assets of, an existing state enterprise or an existing governmental entity, may prohibit or impose a limitation on the ownership of such interest or assets, and on the ability of owners of such interest or assets to control any resulting enterprise, by investors of Mexico of another Party or of a non-Party or their investments.

Additionally, Mexico may impose a limitation on the supply of the services related to such investments. With respect to such a sale or other disposition, Mexico may adopt or maintain any measure relating to the nationality of individuals appointed to senior management positions of members of the board of directors.

For the purposes of this reservation:

- (a) A measure maintained or adopted after the date of entry into force of this Agreement that, at the time of sale or other disposition, prohibits or imposes limitations on the ownership of equity interest or assets or imposes nationality requirements described in this reservation shall be deemed to be an existing measure; and
- (b) **state enterprise** means an enterprise owned or controlled through ownership interest by Mexico and includes an enterprise established after the date of entry into force of this agreement solely for the purposes of selling or disposing of equity interest in, or the assets of, an existing state enterprise or governmental entity.

## B-2

|                               |  |
|-------------------------------|--|
| <b>Sector:</b>                | Financial Services   |
| <b>Sub-Sector:</b>            | Banking and other Financial Services (excluding Insurance)   |
| <b>Obligations Concerned:</b> | National Treatment (Article 17.3)  |
| <b>Level of Government:</b>   | Central  |
| <b>Description:</b>           | <p>Mexico reserves the right to adopt or maintain a measure that grants advantages, including exclusive rights, to development banks, decentralized entities, or public funds for the economic development already established at the time that this Agreement enters into force, as well as any new, reorganized or transferee development bank, decentralized entity, or public fund for the economic development with similar functions and objectives with respect to development banking.</p> |

The institutions of development banking include:

- (a) National Financial Institution, S.N.C. (*Nacional Financiera, S.N.C.*);
- (b) National Bank of Public Works and Services, S.N.C. (*Banco Nacional de Obras y Servicios Públicos, S.N.C.*);
- (c) National Bank of Foreign Trade, S.N.C. (*Banco Nacional de Comercio Exterior, S.N.C.*);
- (d) Federal Mortgage Corporation, S.N.C. (*Sociedad Hipotecaria Federal, S.N.C.*);
- (e) National Savings and Financial Services Bank, S.N.C. (*Banco del Ahorro Nacional y Servicios Financieros, S.N.C.*);
- (f) National Bank of the Army, Air Force and Navy, S.N.C. (*Banco Nacional del Ejército, Fuerza Aérea y Armada, S.N.C.*),

or their respective successors.

**B-3**

**Sector:** Financial Services

**Sub-Sector:** All Services

**Obligations Concerned:** National Treatment (Article 17.3)

**Level of Government:** Central

**Description:** Mexico reserves the right to adopt or maintain a measure that grants advantages, including exclusive rights, to the national insurance institutions, national surety institutions, a national pension fund, or national auxiliary organizations of credit in existence at the date of entry into force of this Agreement, as well as a new, reorganized, or transferee national insurance institution, national surety institution, a national pension fund or national auxiliary organization of credit with similar functions and objectives with respect to public policy purposes.

**B-4**

|                               |  |
|-------------------------------|--|
| <b>Sector:</b>                | Financial Services   |
| <b>Sub-Sector:</b>            | All Services   |
| <b>Obligations Concerned:</b> | Market Access (Article 17.5.1(a) and (c))<br>Senior Management and Boards of Directors (Article 17.9)  |
| <b>Level of Government:</b>   | Central  |
| <b>Description:</b>           | <p>With respect to the supply of a financial service that Mexico does not require to be supplied by a financial institution on or before the date of entry into force of this Agreement but requires to be supplied by a financial institution after the date of entry into force of this Agreement, Mexico reserves the right to adopt after the date of entry into force of this Agreement a measure or maintain any such measure that:</p> <ul style="list-style-type: none"><li>(a) imposes limitations on the number of financial institutions that may supply the financial service in Mexico, subject to an economic needs test;</li><li>(b) imposes limitations in the form of numerical quotas on the total value of financial service transactions or assets, subject to an economic needs test with respect to the financial service that may be supplied in Mexico; or</li><li>(c) imposes requirements related to the nationality or residency in Mexico of individuals appointed to senior management positions or members of the board of directors that are inconsistent with Article 17.9 (Senior Management and Boards of Directors),</li></ul> <p>provided that:</p> <ul style="list-style-type: none"><li>(d) any amendment to the measure, or adoption of any other measure as described in paragraphs 1(a) through 1(c) applied to the financial service, does not decrease the conformity of Mexico's measures as they existed when Mexico first adopted a measure inconsistent with Article 17.5.1(a) (Market Access) and Article 17.9 (Senior Management and Boards of Directors);</li><li>(e) the measure described in paragraphs 1(a)</li></ul> |

through (c) is not applied to withdraw a tangible or intangible asset from a covered investment; and,

- (f) the amendment to the measure, or adoption of any other measure described in paragraphs 1(a) through 1(c) is not applied to withdraw a tangible or intangible asset from (1) a financial institution of another Party; or (2) an investor of another Party, or an investment of such an investor, in a financial institution of another Party.

**B-5**

|                               |  |
|-------------------------------|--|
| <b>Sector:</b>                | Financial Services   |
| <b>Sub-Sector:</b>            | Banking and other Financial Services (excluding Insurance)   |
| <b>Obligations Concerned:</b> | Market Access (Article 17.5.1(b))<br>National Treatment (Article 17.3.3(a))  |
| <b>Level of Government:</b>   | Central  |
| <b>Description:</b>           | <p>A cross-border service supplier of another Party may supply the electronic payments services into Mexico specified in Annex 17-A, provided that the cross-border service supplier supplies such services in the territory of that other Party.</p> <p>In addition, such cross-border supply of electronic payment services into Mexico must be supplied on a contractual relationship between a cross-border service supplier of another Party and an affiliate of that supplier established and authorized as a payments network participant under Mexican law in the territory of Mexico.</p> |

## ANNEX III

### SCHEDULE OF CANADA

#### INTRODUCTORY NOTES

1. For Canada, in the interpretation of a reservation in Section A, all elements of the reservation shall be considered. A reservation shall be interpreted in light of the relevant provisions of the Chapter against which the reservation is taken. To the extent that:

- (a) the **Measures** element is qualified by a specific reference in the **Description** element, the **Measures** element as so qualified prevails over all other elements; and
- (b) the **Measures** element is not so qualified, the **Measures** element prevails over all other elements, unless any discrepancy between the **Measures** element and the other elements considered in their totality is so substantial and material that it would be unreasonable to conclude that the **Measures** element should prevail, in which case the other elements prevail to the extent of that discrepancy.

2. For Canada, in the interpretation of a reservation in Section B, all elements of the reservation shall be considered. The **Description** element prevails over all other elements.

## **Headnotes**

1. Commitments under this Agreement, in the subsectors listed in this Schedule, are undertaken subject to the limitations and conditions set forth in these headnotes and in the Schedule below.
2. To clarify Canada's commitment with respect to Article 17.5 (Market Access), a juridical person supplying a financial service and constituted under the laws of Canada is subject to non-discriminatory limitations on juridical form.<sup>1</sup>
3. Article 17.10.1(c) (Non-Conforming Measures) shall not apply to non-conforming measures relating to Article 17.5.1(e) (Market Access).

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<sup>1</sup> For example, partnerships and sole proprietorships are generally not acceptable juridical forms for a financial institution in Canada. This headnote is not itself intended to affect, or otherwise limit, a choice by a financial institution of the other Party between branches or subsidiaries.



## Section A

### A-1

|                               |   |
|-------------------------------|---|
| <b>Sector:</b>                | Financial Services  |
| <b>Subsector:</b>             | Banking and Other Financial Services (Excluding Insurance)  |
| <b>Obligations Concerned:</b> | Market Access (Article 17.5.1(a))   |
| <b>Level of Government:</b>   | Central   |
| <b>Measures:</b>              | <i>Bank Act</i> , S.C. 1991, c.46, s. 524   |
| <b>Description:</b>           | In order to establish a bank branch, a foreign bank must be a bank in the jurisdiction under whose laws it is incorporated. |

## A-2

|                               |   |
|-------------------------------|---|
| <b>Sector:</b>                | Financial Services  |
| <b>Subsector:</b>             | Banking and Other Financial Services (Excluding Insurance)  |
| <b>Obligations Concerned:</b> | National Treatment (Articles 17.3.1 and 17.3.2)<br>Market Access (Article 17.5.1(a))  |
| <b>Level of Government:</b>   | Central   |
| <b>Measures:</b>              | <i>Bank Act</i> , S.C. 1991, c.46 s. 520, 524, 540, 545<br><i>Sales or Trades (Authorized Foreign Banks) Regulations</i> ,<br>SOR/2000-52         |
| <b>Description:</b>           | A foreign bank must establish a subsidiary as a condition for accepting retail deposits.<br><br>A foreign lending branch may not accept deposits. |

### A-3

|                               |   |
|-------------------------------|---|
| <b>Sector:</b>                | Financial Services  |
| <b>Sub-Sector:</b>            | All   |
| <b>Obligations Concerned:</b> | Market Access (Article 17.5.1(a))   |
| <b>Level of Government:</b>   | Central   |
| <b>Measures:</b>              | <i>Trust and Loan Companies Act</i> , S.C. 1991, c.45<br><i>Bank Act</i> , S.C. 1991, c.46<br><i>Cooperative Credit Associations Act</i> , S.C. 1991, c.48<br><i>Insurance Companies Act</i> , S.C. 1991, c.47  |
| <b>Description:</b>           | Federal laws do not permit a company established under the <i>Trust and Loan Companies Act</i> , a cooperative credit Association, or a fraternal benefit society in Canada to be established through a branch of corporations organized under a foreign country's law. |

#### A-4

|                               |   |
|-------------------------------|---|
| <b>Sector:</b>                | Financial Services  |
| <b>Subsector:</b>             | All   |
| <b>Obligations Concerned:</b> | Market Access (Article 17.5.1(a))   |
| <b>Level of Government:</b>   | Central   |
| <b>Measures:</b>              | <i>Bank Act</i> , S.C. 1991, c.46 s. 510, 522.16, 524<br><i>Insurance Companies Act</i> , S.C. 1991, c.47 s. 573, 574, 581  |
| <b>Description:</b>           | <p>A bank branch must be established directly under the authorized foreign bank incorporated in the jurisdiction where the authorized foreign bank principally carries on business.</p> <p>A foreign entity authorized to insure, in Canada, risks must be established directly under the foreign insurance company incorporated in the jurisdiction where the foreign insurance company, either directly or through a subsidiary, principally carries on business.</p> |

## A-5

|                               |   |
|-------------------------------|---|
| <b>Sector:</b>                | Financial Services  |
| <b>Subsector:</b>             | Banking and Other Financial Services (Excluding Insurance)  |
| <b>Obligations Concerned:</b> | National Treatment (Articles 17.3.1 and 17.3.2)<br>Market Access (Article 17.5.1(a))  |
| <b>Level of Government:</b>   | Central   |
| <b>Measures:</b>              | <i>Bank Act</i> , S.C. 1991, c.46 s. 520, 540, 545<br>Schedule I and Schedule II to the <i>Bank Act</i><br><i>Canada Deposit Insurance Corporation Act</i> , R.S.C. 1985, c. C-3<br>s. 2, 8, 17 |
| <b>Description:</b>           | Full service foreign bank branches and lending foreign bank branches are prohibited from becoming member institutions of the Canada Deposit Insurance Corporation.                              |

## A-6

|                               |  |
|-------------------------------|--|
| <b>Sector:</b>                | Financial Services   |
| <b>Subsector:</b>             | Banking and Other Financial Services (Excluding Insurance)   |
| <b>Obligations Concerned:</b> | National Treatment (Articles 17.3.1 and 17.3.2)<br>Market Access (Article 17.5.1(a))                         |
| <b>Level of Government:</b>   | Central  |
| <b>Measures:</b>              | <i>Canadian Payments Act</i> , R.S.C. 1985, c. C-21 s. 2, 4<br><i>Bank Act</i> , S.C. 1991, c.46 s. 524, 540 |
| <b>Description:</b>           | Lending branches of foreign banks are prohibited from being members of Payments Canada.                      |

**A-7**

|                               |   |
|-------------------------------|---|
| <b>Sector:</b>                | Financial Services  |
| <b>Subsector:</b>             | All   |
| <b>Obligations Concerned:</b> | National Treatment (Article 17.3)<br>Most Favored Nation Treatment (Article 17.4)<br>Senior Management and Boards of Directors (Article 17.9) |
| <b>Level of Government:</b>   | Regional  |
| <b>Description:</b>           | All existing non-conforming measures of all Provinces and Territories.  |

## **Section B**

### **B-1**

|                               |  |
|-------------------------------|--|
| <b>Sector:</b>                | Financial Services   |
| <b>Subsector:</b>             | All  |
| <b>Obligations Concerned:</b> | National Treatment (Article 17.3.1 and 17.3.2)   |
| <b>Level of Government:</b>   | Central  |
| <b>Description:</b>           | With regard to the Canada Mortgage and Housing Corporation and Canada Housing Trusts, Canada reserves the right to adopt or maintain a measure that grants advantages to these entities or any new, reorganized, or transferee entities having similar functions and objectives with respect to housing finance. |



**B-2**

|                               |   |
|-------------------------------|---|
| <b>Sector:</b>                | Financial Services  |
| <b>Subsector:</b>             | All   |
| <b>Obligations Concerned:</b> | Market Access (Article 17.5), except Article 17.5.1(b)  |
| <b>Level of Government:</b>   | Regional  |
| <b>Description:</b>           | Canada reserves the right to adopt or maintain a measure that is not inconsistent with Canada's obligations under the <i>General Agreement on Trade in Services</i> . |

**B-3**

|                               |  |
|-------------------------------|--|
| <b>Sector:</b>                | Financial Services   |
| <b>Subsector:</b>             | All, except services under Canada's paragraph 2(c) and (d) of Annex 17-A   |
| <b>Obligations Concerned:</b> | Market Access (Article 17.5.1(b))  |
| <b>Level of Government:</b>   | Regional   |
| <b>Description:</b>           | <p>Canada reserves the right to adopt or maintain a measure that is not inconsistent with the Canada-European Union Comprehensive Economic and Trade Agreement ("CETA") done at Brussels, on October 30, 2016.</p> <p>The reference to CETA in this reservation is to the agreement as signed and this reservation is applicable even if CETA is terminated.</p> |

#### **B.4**

|                               |   |
|-------------------------------|---|
| <b>Sector:</b>                | Financial Services  |
| <b>Subsector:</b>             | Banking and Other Financial Services (Excluding Insurance)  |
| <b>Obligations Concerned:</b> | Cross-Border Trade Standstill (Article 17.6)  |
| <b>Level of Government:</b>   | Regional  |
| <b>Description:</b>           | Canada reserves the right to adopt or maintain a measure relating to cross-border trade in securities and derivatives services. |

## ANNEX III

### EXPLANATORY NOTE

1. The Schedule of a Party to this Annex sets out:
  - (a) headnotes or introductory notes that limit or clarify the commitments of a Party with respect to the obligations described in paragraphs 1(b) and 1(c);
  - (b) in Section A, pursuant to Article 17.10.1 (Non-Conforming Measures), a Party's existing measures that are not subject to some or all of the obligations imposed by:
    - (i) Article 17.3 (National Treatment),
    - (ii) Article 17.4 (Most-Favored-Nation Treatment),
    - (iii) Article 17.5 (Market Access), or
    - (iv) Article 17.9 (Senior Management and Boards of Directors); and
  - (c) in Section B, pursuant to Article 17.10.2 (Non-Conforming Measures), the specific sectors, subsectors or activities for which a Party may maintain existing, or adopt new or more restrictive, measures that do not conform with obligations imposed by:
    - (i) Article 17.3 (National Treatment),
    - (ii) Article 17.4 (Most-Favored-Nation Treatment),
    - (iii) Article 17.5 (Market Access),
    - (iv) Article 17.6 (Cross-Border Trade Standstill), or
    - (v) Article 17.9 (Senior Management and Boards of Directors).
2. Each Schedule entry in Section A sets out the following elements:
  - (a) **Sector** refers to the sector for which the entry is made;
  - (b) **Sub-Sector**, where referenced, refers to the specific subsector for which the entry is made;
  - (c) **Obligations Concerned** specifies the obligations referred to in paragraph 1(b) that, pursuant to Article 17.10.1(a) (Non-Conforming Measures), do not apply

to the listed measures as indicated in the headnote or introductory note for each Party's Schedule;

- (d) **Level of Government** indicates the level of government maintaining the listed measures;
- (e) **Measures** identifies the laws, regulations or other measures for which the entry is made. A measure cited in the **Measures** element:
  - (i) means the measure as amended, continued or renewed as of the date of entry into force of this Agreement, and
  - (ii) includes any subordinate measure adopted or maintained under the authority of and consistent with the measure; and
- (f) **Description**, as indicated in the headnote or introductory note for each Party's Schedule, either sets out the non-conforming measure or provides a general non-binding description of the measure for which the entry is made.

3. Each Schedule entry in Section B sets out the following elements:

- (a) **Sector** refers to the sector for which the entry is made;
- (b) **Sub-Sector**, where referenced, refers to the specific subsector for which the entry is made;
- (c) **Obligations Concerned** specifies the obligations referred to in paragraph 1(c) that, pursuant to Article 17.10.2 (Non-Conforming Measures), do not apply to the sectors, subsectors or activities listed in the entry;
- (d) **Level of Government** indicates the level of government maintaining the listed measures;
- (e) **Description** sets out the scope or nature of the sectors, subsectors or activities covered by the entry to which the reservation applies; and
- (f) **Existing Measures** identifies, for transparency purposes, a non-exhaustive list of existing measures that apply to the sectors, subsectors or activities covered by the entry.

4. Parties recognize that measures falling under exceptions applicable to this Chapter, such as those in Article 17.11 (Exceptions), need not be scheduled. Nevertheless, some Parties have listed measures that may fall within applicable exceptions. For greater certainty, the listing of a measure in a Party's Schedule to Annex III is without prejudice to whether that measure or any other measure:

- (a) adopted or maintained by the Party; or

(b) adopted or maintained by any other Party;

is covered by exceptions such as those in Article 17.11 (Exceptions).

## ANNEX III

### SCHEDULE OF THE UNITED STATES

#### HEADNOTES

1. Commitments in these sub-sectors under Chapter 17 (Financial Services) are undertaken subject to the limitations and conditions set forth in these headnotes and in the Schedule below.
2. National treatment commitments in these sub-sectors are subject to the following limitations:
  - (a) National treatment with respect to banking will be provided based upon the foreign bank's "home state" in the United States, as that term is defined under the *International Banking Act*, when that Act is applicable. A domestic bank subsidiary of a foreign firm will have its own "home state", and national treatment will be provided based upon the subsidiary's home state, as determined under applicable law.<sup>1</sup>
  - (b) National treatment with respect to insurance financial institutions will be provided according to a non-U.S. insurance financial institution's state of domicile, when applicable, in the United States. State of domicile is defined by individual states, and is generally the state in which an insurer either is incorporated, is organized or maintains its principal office in the United States.
3. To clarify the U.S. commitment with respect to Article 17.5 (Market Access), juridical persons supplying banking or other financial services (excluding insurance) and constituted under the laws of the United States are subject to non-discriminatory limitations on juridical form.<sup>2</sup>
4. For entries in Section A, in accordance with Article 17.10.1(a) (Non-Conforming Measures), and subject to Article 17.10.1(c) (Non-Conforming Measures), the Articles specified in the **Obligations Concerned** element of an entry do not apply to the non-conforming aspects of

---

<sup>1</sup> Foreign banking organizations are generally subject to geographic and other limitations in the United States on a national treatment basis. If the limitations do not conform to national treatment, they have been listed as non-conforming measures. For purposes of illustration, under this approach, the following situation does not accord national treatment and would therefore be listed as a non-conforming measure: a foreign bank from a particular home state is accorded less favorable treatment than that accorded to a domestic bank from that state with respect to expansion by branching. For greater certainty, a bank that is incorporated in the United States, including a U.S. bank subsidiary of a foreign bank, is considered a "domestic bank" and not a "foreign bank". The referenced measures include the relevant comprehensive definitions.

<sup>2</sup> For example, partnerships and sole proprietorships are generally not acceptable juridical forms for depository financial institutions in the United States. This headnote is not itself intended to affect, or otherwise limit, a choice by a financial institution of the other Party between branches or subsidiaries.

the law, regulation or other measure identified in the **Measures** element of that entry. In addition, **Description** provides a general, non-binding description of the measure for which the entry is made.

5. For entries in Section B, in accordance with Article 17.10.2 (Non-Conforming Measures), the articles of this Agreement specified in the **Obligations Concerned** element of an entry do not apply to the sectors, sub-sectors and activities identified in the **Description** element of that entry.

6. Article 17.10.1(c) (Non-Conforming Measures) does not apply to non-conforming measures relating to Article 17.5.1(e) (Market Access).



## **ANNEX III**

### **Section A**

|                               |   |
|-------------------------------|---|
| <b>Sector:</b>                | Financial Services  |
| <b>Sub-Sector:</b>            | Banking and other financial services (excluding insurance)  |
| <b>Obligations Concerned:</b> | Senior Management and Boards of Directors (Article 17.9)  |
| <b>Level of Government:</b>   | Central   |
| <b>Measures:</b>              | 12 U.S.C. § 72  |
| <b>Description:</b>           | All directors of a national bank must be U.S. citizens except that the Comptroller of the Currency may waive the citizenship requirement for not more than a minority of the total number of directors. |

|                               |   |
|-------------------------------|---|
| <b>Sector:</b>                | Financial Services  |
| <b>Sub-Sector:</b>            | Banking and other financial services (excluding insurance)  |
| <b>Obligations Concerned:</b> | National Treatment (Articles 17.3.1 and 17.3.2)<br>Market Access (Article 17.5.1(a))  |
| <b>Level of Government:</b>   | Central   |
| <b>Measures:</b>              | 12 U.S.C. § 619   |
| <b>Description:</b>           | Foreign ownership of Edge Act corporations is limited to foreign banks and U.S. subsidiaries of foreign banks, while domestic non-bank firms may own such corporations. |

|                               |   |
|-------------------------------|---|
| <b>Sector:</b>                | Financial Services  |
| <b>Sub-Sector:</b>            | Banking and other financial services (excluding insurance)  |
| <b>Obligations Concerned:</b> | National Treatment (Articles 17.3.1 and 17.3.2)<br>Market Access (Article 17.5.1(a))  |
| <b>Level of Government:</b>   | Central   |
| <b>Measures:</b>              | 12 U.S.C. §§ 1463 <u>et seq.</u><br>12 U.S.C. §§ 1751 <u>et seq.</u>  |
| <b>Description:</b>           | Federal and state laws do not permit a credit union, savings bank, or savings association (both of the latter two entities may be also called thrift institutions) in the United States to be established through branches of corporations organized under a foreign country's law. |

|                               |   |
|-------------------------------|---|
| <b>Sector:</b>                | Financial Services  |
| <b>Sub-Sector:</b>            | Banking and other financial services (excluding insurance)  |
| <b>Obligations Concerned:</b> | National Treatment (Articles 17.3.1 and 17.3.2)<br>Market Access (Article 17.5.1(a))  |
| <b>Level of Government:</b>   | Central   |
| <b>Measures:</b>              | 12 U.S.C. § 3104(d)   |
| <b>Description:</b>           | In order to accept or maintain domestic retail deposits of less than the standard maximum deposit insurance amount, and requiring deposit insurance protection, a foreign bank must establish an insured banking subsidiary. This requirement does not apply to a foreign bank branch that was engaged in insured deposit-taking activities on December 19, 1991. |

|                               |   |
|-------------------------------|---|
| <b>Sector:</b>                | Financial Services  |
| <b>Sub-Sector:</b>            | Banking and other financial services (excluding insurance)  |
| <b>Obligations Concerned:</b> | National Treatment (Article 17.3)   |
| <b>Level of Government:</b>   | Central   |
| <b>Measures:</b>              | 15 U.S.C. §§ 80b-2 and 80b-3  |
| <b>Description:</b>           | <p>Foreign banks are required to register as investment advisers under the <i>Investment Advisers Act of 1940</i> to engage in securities advisory and investment management services in the United States, while domestic banks<sup>3</sup> (or a separately identifiable department or division of the bank) do not have to register unless they advise registered investment companies.</p> <p>The registration requirement involves record maintenance, inspections, submission of reports, and payment of a fee.</p> |

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<sup>3</sup> For greater certainty, “domestic banks” include U.S. bank subsidiaries of foreign banks.

|                               |  |
|-------------------------------|--|
| <b>Sector:</b>                | Financial Services   |
| <b>Sub-Sector:</b>            | Banking and other financial services (excluding insurance)   |
| <b>Obligations Concerned:</b> | National Treatment (Articles 17.3.1 and 17.3.2)  |
| <b>Level of Government:</b>   | Central  |
| <b>Measures:</b>              | 12 U.S.C. §§ 221, 302, and 321   |
| <b>Description:</b>           | Foreign banks cannot be members of the Federal Reserve System, and thus may not vote for directors of a Federal Reserve Bank. U.S. bank subsidiaries of foreign banks are not subject to this measure. |

|                               |   |
|-------------------------------|---|
| <b>Sector:</b>                | Financial Services  |
| <b>Sub-Sector:</b>            | Banking and other financial services (excluding insurance)  |
| <b>Obligations Concerned:</b> | Market Access (Article 17.5.1(a))   |
| <b>Level of Government:</b>   | Central   |
| <b>Measures:</b>              | 12 U.S.C. § 36(g)<br>12 U.S.C. § 1828(d)(4)<br>12 U.S.C. § 1831u  |
| <b>Description:</b>           | <p>The United States undertakes no commitment with respect to Article 17.5.1(e) (Market Access) in relation to the expansion, by a foreign bank into another state from its “home state,” as that term is defined under applicable law, via:</p> <ul style="list-style-type: none"> <li>(a) the establishment of a “<i>de novo</i>” branch in another state;</li> <li>(b) the establishment of branches by merger with a bank in another state; or</li> <li>(c) the acquisition of one or more branches of a bank in another state without the acquisition of the entire bank,</li> </ul> <p>if not permitted by the state in which the resulting branch is or would be located. Except as provided elsewhere in this Schedule, such expansion shall be accorded on a national treatment basis in accordance with paragraph 2(a) of the headnote.</p> |

|                               |  |
|-------------------------------|--|
| <b>Sector:</b>                | Financial Services   |
| <b>Sub-Sector:</b>            | Banking and other financial services (excluding insurance)   |
| <b>Obligations Concerned:</b> | National Treatment (Articles 17.3.1 and 17.3.2)<br>Market Access (Article 17.5.1(a))   |
| <b>Level of Government:</b>   | Central  |
| <b>Measures:</b>              | 12 U.S.C. § 3102(a)(1)<br>12 U.S.C. § 3102(d)<br>12 U.S.C. § 3103(a)   |
| <b>Description:</b>           | <p>Establishment of a federal branch or agency by a foreign bank is not available in the following states that may prohibit establishment of a branch or agency by a foreign bank:</p> <ul style="list-style-type: none"> <li>(a) branches and agencies may be prohibited in Kansas, Maryland, and North Dakota; and</li> <li>(b) branches, but not agencies, may be prohibited in Georgia, Missouri and Oklahoma.</li> </ul> <p>Certain restrictions on fiduciary powers apply to federal agencies.</p> <p>Note: The cited federal measures provide that certain state law restrictions apply to the establishment of federal branches or agencies.</p> |



|                               |   |
|-------------------------------|---|
| <b>Sector:</b>                | Financial Services  |
| <b>Sub-Sector:</b>            | Banking and other financial services (excluding insurance)  |
| <b>Obligations Concerned:</b> | Most-Favored-Nation Treatment (Article 17.4)<br>Market Access (Articles 17.5.1(a), 17.5.1(b), and 17.5.1(c))                      |
| <b>Level of Government:</b>   | Central   |
| <b>Measures:</b>              | 15 U.S.C. § 77jjj(a)(1)   |
| <b>Description:</b>           | The authority to act as a sole trustee of an indenture for a bond offering in the United States is subject to a reciprocity test. |

|                               |  |
|-------------------------------|--|
| <b>Sector:</b>                | Financial Services   |
| <b>Sub-Sector:</b>            | Banking and other financial services (excluding insurance)   |
| <b>Obligations Concerned:</b> | Most-Favored-Nation Treatment (Article 17.4)<br>Market Access (Article 17.5.1(a))                              |
| <b>Level of Government:</b>   | Central  |
| <b>Measures:</b>              | 22 U.S.C. §§ 5341 and 5342   |
| <b>Description:</b>           | Designation as a primary dealer in U.S. government debt securities is conditioned on reciprocity. <sup>4</sup> |

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<sup>4</sup> A foreign-owned firm from any country that accords to United States companies the same competitive opportunities in the underwriting and distribution of government debt instruments as the country accords to a domestic company will be entitled to be designated as a primary dealer, assuming the firm meets applicable business requirements established by the Federal Reserve. If such country has entered into a Free Trade Agreement with the United States and the country has undertaken an obligation to provide national treatment for its government debt market, that fact shall be a positive factor in the consideration of such firm's request for designation.

|                               |   |
|-------------------------------|---|
| <b>Sector:</b>                | Financial Services  |
| <b>Sub-Sector:</b>            | Banking and other financial services (excluding insurance)  |
| <b>Obligations Concerned:</b> | Most-Favored-Nation Treatment (Article 17.4)  |
| <b>Level of Government:</b>   | Central   |
| <b>Measures:</b>              | 15 U.S.C. § 78o(c)  |
| <b>Description:</b>           | A broker-dealer registered under U.S. law that has its principal place of business in Canada may maintain its required reserves in a bank in Canada subject to the supervision of Canada. |

|                               |   |
|-------------------------------|---|
| <b>Sector:</b>                | Financial Services  |
| <b>Sub-Sector:</b>            | Banking and other financial services (excluding insurance)  |
| <b>Obligations Concerned:</b> | National Treatment (Article 17.3)   |
| <b>Level of Government:</b>   | Central   |
| <b>Measures:</b>              | <p>12 U.S.C. §§ 1421 <u>et seq.</u> (Federal Home Loan Banks)</p> <p>12 U.S.C. §§ 1451 <u>et seq.</u> (Federal Home Loan Mortgage Corporation)</p> <p>12 U.S.C. §§ 1717 <u>et seq.</u> (Federal National Mortgage Association)</p> <p>12 U.S.C. §§ 2011 <u>et seq.</u> (Farm Credit Banks)</p> <p>12 U.S.C. §§ 2279aa-1 <u>et seq.</u> (Federal Agricultural Mortgage Corporation)</p> <p>20 U.S.C. §§ 1087-2 <u>et seq.</u> (Student Loan Marketing Association)</p>   |
| <b>Description:</b>           | <p>The United States may grant advantages, including but not limited to the following, to one or more of the Government-Sponsored Enterprises (GSEs) listed above:</p> <ul style="list-style-type: none"> <li>(a) Capital, reserves and income of the GSE are exempt from certain taxation.</li> <li>(b) Securities issued by the GSE are exempt from registration and periodic reporting requirements under federal securities laws.</li> <li>(c) The U.S. Treasury may, in its discretion, purchase obligations issued by the GSE.</li> </ul> |

|                               |   |
|-------------------------------|---|
| <b>Sector:</b>                | Financial Services  |
| <b>Sub-Sector:</b>            | Banking and other financial services (excluding insurance)  |
| <b>Obligations Concerned:</b> | National Treatment (Articles 17.3.1 and 17.3.2)<br>Most-Favored-Nation Treatment (Article 17.4)<br>Market Access (Article 17.5.1(a))<br>Senior Management and Boards of Directors (Article 17.9)  |
| <b>Level of Government:</b>   | Regional  |
| <b>Measures:</b>              | All existing non-conforming measures of all states, the District of Columbia, and Puerto Rico   |
| <b>Description:</b>           | <p>Pursuant to the measures referred to above, some U.S. states may, among other things:</p> <ul style="list-style-type: none"> <li>(a) restrict or fail to provide an explicit mechanism for initial entry for the various juridical forms (for example, subsidiary, branch, agency, representative office) through which foreign banks may obtain a state license to conduct business activities within their territory;<sup>5</sup> and</li> <li>(b) impose citizenship requirements on some or all members of the boards of directors of state- chartered depository institutions.</li> </ul> <p>Additionally, states may impose restrictions or conditions upon the business activities with respect to juridical form; that is, with respect to a foreign bank operating in the state as a state-licensed or state-chartered incorporated entity, branch, agency or representative office.</p> <p>Some of the above limitations may reflect state reciprocity requirements.</p> |
| <b>Sector:</b>                | Financial Services  |

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<sup>5</sup> For the purposes of transparency, Appendix III-A sets out an illustrative, non-binding list of foreign bank structures explicitly provided for at the regional level of government.

|                               |  |
|-------------------------------|--|
| <b>Sub-Sector:</b>            | Insurance  |
| <b>Obligations Concerned:</b> | National Treatment (Article 17.3)<br>Market Access (Articles 17.5.1(a), 17.5.1(b), and 17.5.1(c))                |
| <b>Level of Government:</b>   | Central  |
| <b>Measures:</b>              | 31 U.S.C. § 9304   |
| <b>Description:</b>           | Branches of foreign insurance companies are not permitted to provide surety bonds for U.S. Government contracts. |

|                               |   |
|-------------------------------|---|
| <b>Sector:</b>                | Financial Services  |
| <b>Sub-Sector:</b>            | Insurance   |
| <b>Obligations Concerned:</b> | National Treatment (Article 17.3.3)   |
| <b>Level of Government:</b>   | Central   |
| <b>Measures:</b>              | 46 C.F.R. 249.9   |
| <b>Description:</b>           | When more than 50 percent of the value of a maritime vessel whose hull was built under federally guaranteed mortgage funds is insured by a non-U.S. insurer, the insured must demonstrate that the risk was substantially first offered in the U.S. market. |

|                               |  |
|-------------------------------|--|
| <b>Sector:</b>                | Financial Services   |
| <b>Sub-Sector:</b>            | Insurance  |
| <b>Obligations Concerned:</b> | National Treatment (Article 17.3)<br>Most-Favored-Nation Treatment (Article 17.4)<br>Market Access (Article 17.5)<br>Senior Management and Boards of Directors (Article 17.9)  |
| <b>Level of Government:</b>   | Regional   |
| <b>Measures:</b>              | All existing non-conforming measures of all states, the District of Columbia and Puerto Rico. For the purposes of transparency, Appendix III-B sets out an illustrative, non-binding list of non-conforming measures maintained at the regional level of government. |



## APPENDIX III-A

### LIST OF FOREIGN BANK STRUCTURES EXPLICITLY PROVIDED FOR AT THE REGIONAL LEVEL OF GOVERNMENT<sup>6</sup>

|                         | Commercial Bank<br>Ownership | Branches | Agencies | Rep<br>Offices |
|-------------------------|------------------------------|----------|----------|----------------|
| Alabama                 | Yes                          | Yes      | Yes      | Yes            |
| Alaska                  | Yes                          | Yes      | No       | No             |
| Arizona                 | No                           | No       | No       | No             |
| Arkansas                | No                           | No       | No       | No             |
| California              | Yes                          | Yes      | Yes      | Yes            |
| Colorado                | No                           | No       | No       | No             |
| Connecticut             | Yes                          | Yes      | Yes      | Yes            |
| Delaware                | Yes                          | Yes      | Yes      | Yes            |
| District of<br>Columbia | Yes                          | Yes      | Yes      | Yes            |
| Florida                 | No                           | Yes      | Yes      | Yes            |
| Georgia                 | No                           | No       | Yes      | Yes            |
| Hawaii                  | Yes                          | Yes      | Yes      | Yes            |
| Idaho                   | Yes                          | Yes      | Yes      | Yes            |
| Illinois                | No                           | Yes      | No       | Yes            |
| Indiana                 | Yes                          | No       | No       | No             |
| Iowa                    | No                           | No       | No       | No             |
| Kansas                  | No                           | No       | No       | No             |
| Kentucky                | No                           | No       | No       | Yes            |
| Louisiana               | Yes                          | Yes      | Yes      | Yes            |
| Maine                   | Yes                          | Yes      | Yes      | Yes            |
| Maryland                | No                           | No       | No       | No             |
| Massachusetts           | Yes                          | Yes      | Yes      | Yes            |
| Michigan                | Yes                          | Yes      | Yes      | Yes            |
| Minnesota               | Yes                          | No       | No       | Yes            |
| Mississippi             | Yes                          | Yes      | Yes      | Yes            |
| Missouri                | Yes                          | No       | Yes      | Yes            |
| Montana                 | Yes                          | No       | No       | No             |
| Nebraska                | No                           | No       | No       | No             |
| Nevada                  | Yes                          | Yes      | Yes      | Yes            |
| New Hampshire           | Yes                          | Yes      | Yes      | Yes            |
| New Jersey              | Yes                          | Yes      | Yes      | Yes            |

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<sup>6</sup> This list provides illustrative examples for transparency purposes only; it is neither exhaustive nor binding.

|                |     |     |     |     |
|----------------|-----|-----|-----|-----|
| New Mexico     | No  | No  | No  | No  |
| New York       | Yes | Yes | Yes | Yes |
| North Carolina | Yes | Yes | Yes | Yes |
| North Dakota   | No  | No  | No  | No  |
| Ohio           | Yes | Yes | Yes | Yes |
| Oklahoma       | No  | No  | Yes | Yes |
| Oregon         | No  | Yes | No  | No  |
| Pennsylvania   | Yes | Yes | Yes | Yes |
| Puerto Rico    | Yes | Yes | Yes | Yes |
| Rhode Island   | Yes | No  | No  | No  |
| South Carolina | No  | No  | No  | No  |
| South Dakota   | No  | No  | No  | No  |
| Tennessee      | No  | No  | No  | No  |
| Texas          | Yes | Yes | Yes | Yes |
| Utah           | No  | Yes | Yes | Yes |
| Vermont        | Yes | Yes | No  | No  |
| Virginia       | No  | No  | No  | No  |
| Washington     | No  | Yes | Yes | Yes |
| West Virginia  | Yes | Yes | Yes | Yes |
| Wisconsin      | Yes | No  | No  | No  |
| Wyoming        | No  | No  | No  | No  |

## APPENDIX III-B

### ILLUSTRATIVE LIST OF U.S. REGIONAL NON-CONFORMING MEASURES AFFECTING INSURANCE<sup>7</sup>

| <b>Part I: Measures affecting a commercial presence</b> |  |   |   |
|---|--|---|---|
|   | <b>Juridical Form</b>  | <b>Senior Management and Boards of Directors</b>  | <b>Government Ownership or Control</b>  |
| Direct insurance  | <p><u>The following states have no mechanism for licensing initial entry of a non-U.S. insurance company as a subsidiary, unless that company is already licensed in some other U.S. state:</u> Minnesota, Mississippi and Tennessee.</p> <p><u>The following states have no mechanism for licensing initial entry of a non-U.S. insurance company as a branch, unless that company is already licensed in some other U.S. state:</u> Arkansas, Arizona, Connecticut, Georgia, Kansas, Maryland, Minnesota, Nebraska, New Jersey, North Carolina, Tennessee, Vermont, and Wyoming.</p> | <p><u>Citizenship requirement (for board of directors):</u> Louisiana, Washington, Oklahoma, Pennsylvania, California, Florida, Georgia, Idaho, Indiana, Mississippi, Oregon, New York, South Dakota, Wyoming, Tennessee, Illinois, and Missouri.</p> <p><u>Citizenship requirement (for incorporators):</u> Hawaii, Idaho, Indiana, South Dakota, Washington, Georgia, Alaska, Florida, Kansas, Kentucky, Maine, Missouri, Montana, Texas, and Wyoming.</p> <p><u>Residency requirement (for organizing members of mutuals):</u> Arkansas, California; Idaho; Kansas; North Dakota, Minnesota, Mississippi, Montana, Vermont, and Wyoming.</p> | <p><u>Government-owned or -controlled insurance companies are not authorized to conduct business:</u> Alabama, Alaska, Arkansas, California, Colorado, Connecticut, Delaware, Georgia, Hawaii, Idaho, Kansas, Kentucky, Maine, Maryland, Montana, Nevada, New Jersey, New York, North Carolina, North Dakota, Oklahoma, Oregon, Rhode Island, South Dakota, Tennessee, Washington, and Wyoming.</p> |

<sup>7</sup> This list is provided for transparency purposes only, and is neither exhaustive nor binding.

| <b>Part I: Measures affecting a commercial presence</b> |                       |  |  |
|---|-----------------------|--|--|
|   | <b>Juridical Form</b> | <b>Senior Management and Boards of Directors</b>   | <b>Government Ownership or Control</b> |
| Direct Insurance<br>(continued)                         |                       | <p><u>Citizenship/residency requirement (for organizers of fraternal benefit societies):</u><br/>Alaska, Arizona, Arkansas, California, Delaware, Florida, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Jersey, North Dakota, Oklahoma, Oregon, Pennsylvania, South Dakota, Virginia, Vermont, Washington, West Virginia, and Wyoming.</p> <p><u>Residency requirement (for organizers of domestic reciprocal insurers):</u> Arizona, Arkansas, California, Delaware, Georgia, Idaho, Indiana, Kentucky, Maine, Maryland, Mississippi, Montana, Pennsylvania, South Dakota, Tennessee, Virginia, Washington, and Wyoming.</p> |  |

| <b>Part I: Measures affecting a commercial presence</b> |  |  |   |
|---|--|--|---|
|   | <b>Juridical Form</b>  | <b>Senior Management and Boards of Directors</b> | <b>Government Ownership or Control</b>  |
| Reinsurance and retrocession                            | <p><u>The following states have no mechanism for licensing initial entry of a non-U.S. insurance company as a subsidiary, unless that company is already licensed in some other U.S. state: Maryland, Minnesota, and Mississippi.</u></p> <p><u>The following states have no mechanism for licensing initial entry of a non-U.S. insurance company as a branch, unless that company is already licensed in some other U.S. state: Arkansas, Arizona, Connecticut, Georgia, Kansas, Maryland, Minnesota, Nebraska, New Jersey, North Carolina, Pennsylvania, Tennessee, Vermont, and Wyoming.</u></p> |  | <p><u>Government-owned or -controlled insurance companies are not authorized to conduct business: Alabama, Alaska, Arkansas, Colorado, Connecticut, Delaware, Georgia, Hawaii, Idaho, Kansas, Kentucky, Maine, Maryland, Montana, Nevada, New York, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, Washington, and Wyoming.</u></p> |

| <b>Part II: Measures affecting a natural person</b>           |  |                    |  |
|---|--|--------------------|--|
|   | <b>Residency</b>   | <b>Citizenship</b> | <b>Differential license fees</b>   |
| Insurance intermediation, and services auxiliary to insurance | <u>Non-resident licenses are not issued to individuals not licensed in another U.S. state in:</u><br>Connecticut, Colorado, California, Delaware, Georgia, Florida, Hawaii, Illinois, Indiana, Kansas, Louisiana, Maine, Maryland, Mississippi, Montana, Nevada, New Jersey, North Dakota, Nebraska, New York, North Carolina, Oregon, Pennsylvania, South Dakota, Virginia, West Virginia, Texas, and Washington. |                    |  |
| Brokerage services  | <u>Residency requirement:</u><br>Alabama, Arkansas, California, and Louisiana.<br><br><u>Residency requirement (for surplus lines brokers):</u> All states except California, Idaho, Maine, Mississippi, Missouri, Nebraska, New Mexico, North Carolina, North   |                    | <u>Differential license fees for non- residents:</u><br>Alaska, California, Colorado, Georgia, Indiana, Louisiana, Maine, Montana, New Hampshire, North Dakota, Oklahoma, Rhode Island, and Vermont. |

| <b>Part II: Measures affecting a natural person</b>                    |  |  |  |
|--|--|--|--|
|  | <b>Residency</b>   | <b>Citizenship</b>   | <b>Differential license fees</b>   |
|  | Dakota, Ohio, Oregon, South Dakota, Texas, Vermont, West Virginia, and Wyoming.  |  |  |
| Agency services  | <u>Residency requirement:</u><br>California, Florida, Kansas, Louisiana, Oregon, Rhode Island, and Texas.<br><br><u>Residency requirement (for surplus lines brokers):</u> All states except Alaska, Arkansas, Florida, Idaho, Kentucky, Louisiana, Nevada, New Mexico, Ohio, Oregon, South Dakota, Texas, West Virginia, and Wyoming. |  | <u>Differential license fees for non-residents:</u><br>Alaska, California, Colorado, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Mississippi, Montana, New Hampshire, New Jersey, North Dakota, Oklahoma, Rhode Island, South Dakota, Tennessee, Vermont, Wisconsin, and Wyoming. |
| Consultancy, actuarial, risk assessment, and claim settlement services | <u>Residency requirement:</u><br>Alabama, California, Florida, Georgia, Indiana, Illinois, Kentucky, Maryland, Michigan, Mississippi, Montana, Nevada, North Carolina, Oklahoma, Oregon, Pennsylvania, and   | <u>Citizenship requirement:</u> Alabama, Missouri, New Mexico, and Oklahoma. |  |

| <b>Part II: Measures affecting a natural person</b> |                  |                    |                                  |
|---|------------------|--------------------|----------------------------------|
|   | <b>Residency</b> | <b>Citizenship</b> | <b>Differential license fees</b> |
|   | Washington.      |                    |                                  |



## ANNEX III

### Section B

|                               |  |
|-------------------------------|--|
| <b>Sector:</b>                | Financial Services   |
| <b>Sub-Sector:</b>            | Banking and other financial services (excluding insurance)   |
| <b>Obligations Concerned:</b> | National Treatment (Article 17.3)  |
| <b>Level of Government:</b>   | Central  |
| <b>Description:</b>           | With regard to the Federal Home Loan Banks, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association, the United States reserves the right to adopt or maintain measures that grant advantages, including those described in the entry on page Annex III – US – 14 to that entity, or any new, reorganized or transferee entity with similar functions and objectives with respect to housing finance. |
| <b>Existing Measures:</b>     | 12 U.S.C. §§ 1421 <u>et seq.</u> (Federal Home Loan Banks)<br>12 U.S.C. §§ 1451 <u>et seq.</u> (Federal Home Loan Mortgage Corporation)<br>12 U.S.C. §§ 1717 <u>et seq.</u> (Federal National Mortgage Association)  |

|                               |  |
|-------------------------------|--|
| <b>Sector:</b>                | Financial Services   |
| <b>Sub-Sector:</b>            | Banking and other financial services (excluding insurance)   |
| <b>Obligations Concerned:</b> | Cross-Border Trade Standstill (Article 17.6)   |
| <b>Level of Government:</b>   | Central<br>Regional  |
| <b>Description:</b>           | With respect to Canada, the United States reserves the right to adopt or maintain any measure relating to cross-border trade in securities and derivatives services. |