

Subject to Legal Review for Accuracy, Clarity, and Consistency
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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 the 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 shall prevail over all other elements; and
 - (b) the **Measures** element is not so qualified, the **Measures** element shall prevail 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 shall 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 shall prevail over all other elements.

Headnotes

1. Commitments under the 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 14.5, juridical persons supplying financial services and constituted under the laws of Canada are subject to non-discriminatory limitations on juridical form.¹
3. Article 14.10.1(c) (Non-Conforming Measures) shall not apply to non-conforming measures relating to Article 14.5.1(e) (Market Access).

¹ For example, partnerships and sole proprietorships are generally not acceptable juridical forms for financial institutions 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

1.

Sector: Financial Services

Subsector: Banking and Other Financial Services (Excluding Insurance)

Obligations Concerned: Market Access (Article 14.5.1(a))

Level of Government: Central

Measures: Section 524 of the *Bank Act*

Description: In order to establish a bank branch, a foreign bank must be a bank in the jurisdiction under whose laws it is incorporated.

2.

Sector:	Financial Services
Subsector:	Banking and Other Financial Services (Excluding Insurance)
Obligations Concerned:	National Treatment (Articles 14.3.1 and 14.3.2) Market Access (Article 14.5.1(a))
Level of Government:	Central
Measures:	<i>Bank Act s. 520, 524, 540, 545</i> <i>Sales or Trades (Authorized Foreign Banks) Regulations</i>
Description:	A foreign bank must establish a subsidiary as a condition for accepting retail deposits. A foreign lending branch may not accept deposits.

3.

Sector: Financial Services

Sub-Sector: All

Obligations Concerned: Market Access (Article 14.5.1(a))

Level of Government: Central

Measures: *Trust and Loan Companies Act*

Bank Act

Cooperative Credit Associations Act

Insurance Companies Act

Description: Federal laws do not permit a company established under the Trust and Loan Companies Act, a cooperative credit Association, or a fraternal benefit society in Canada to be established through branches of corporations organized under a foreign country's law.

4.

Sector: Financial Services

Subsector: All

Obligations Concerned: Market Access (Article 14.5.1(a))

Level of Government: Central

Measures: *Bank Act* s. 510, 522.16, 524
Insurance Companies Act s. 573, 574, 581

Description: A bank branch must be established directly under the authorised foreign bank incorporated in the jurisdiction where the authorised foreign bank principally carries on business.

A foreign entity authorised 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.

5.

Sector:	Financial Services
Subsector:	Banking and Other Financial Services (Excluding Insurance)
Obligations Concerned:	National Treatment (Articles 14.3.1 and 14.3.2) Market Access (Article 14.5.1(a))
Level of Government:	Central
Measures:	<i>Bank Act</i> s. 520, 540, 545 Schedule I and Schedule II to the <i>Bank Act</i> <i>Canada Deposit Insurance Corporation Act</i> s. 2, 8, 17
Description:	Full service foreign bank branches and lending foreign bank branches are prohibited from becoming member institutions of the Canada Deposit Insurance Corporation.

6.

Sector:	Financial Services
Subsector:	Banking and Other Financial Services (Excluding Insurance)
Obligations Concerned:	National Treatment (Articles 14.3.1 and 14.3.2) Market Access (Article 14.5.1(a))
Level of Government:	Central
Measures:	<i>Canadian Payments Act s. 2, 4</i> <i>Bank Act s. 524, 540</i>
Description:	Lending branches of foreign banks are prohibited from being members of Payments Canada.

7.

Sector: Financial Services

Subsector: All

Obligations Concerned: National Treatment (Article 14.3)
Most Favoured Nation Treatment (Article 14.4)
Senior Management and Boards of Directors (Article 14.9)

Level of Government: Regional

Description: All existing non-conforming measures of all Provinces and Territories.

Section B

1.

Sector: Financial Services

Subsector: All

Obligations Concerned: National Treatment (Article 14.3.1 and 14.3.2)

Level of Government: Central

Description: With regard to the Canada Mortgage and Housing Corporation and Canada Housing Trusts, Canada reserves the right to adopt or maintain any measure that grants advantages to these entities or any new, reorganized, or transferee entities having similar functions and objectives with respect to housing finance.

2.

Sector: Financial Services

Subsector: All

Obligations Concerned: Market Access (Article 14.5)

Level of Government: Regional

Description: Canada reserves the right to adopt or maintain any measure that is not inconsistent with Canada's obligations under the General Agreement on Trade in Services.

3.

Sector:	Financial Services
Subsector:	Banking and Other Financial Services (Excluding Insurance)
Obligations Concerned:	Cross-Border Trade Standstill (Article 14.6)
Level of Government:	Regional
Description:	Canada reserves the right to adopt or maintain any measure relating to cross-border trade in securities and derivatives services