

Annex III
Schedule of the United States with Respect to Banking
and Other Financial Services (Excluding Insurance)

Section A - Headnotes

1. Commitments in these subsectors under this Agreement are undertaken subject to the limitations and conditions set forth in these headnotes and in Section B below.
2. National treatment commitments in these subsectors are subject to the following limitations: National treatment 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, where 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.¹
3. To clarify the U.S. commitment with respect to Annex 12.9 (Specific Commitments), Section A (Right of Establishment with Respect to Certain Financial Services), 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.²
4. The United States undertakes no commitment with respect to any existing non-conforming measures maintained at a regional level.
5. Article 12.9(1)(c) (Non-Conforming Measures) shall not apply to non-conforming measures relating to Annex 12.9, Section A (Right of Establishment with Respect to Certain Financial Services).

¹ Foreign banking organizations are generally subject to geographic and other limitations in the United States on a national treatment basis. Where such limitations do not conform to national treatment, they have been scheduled as right of establishment restrictions. For purposes of illustration, under this approach, the following situation does not accord national treatment and would therefore be scheduled as a limitation: 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.

² 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.

Section B - List of Non-Conforming Measures

Obligations Concerned

Description of Non-Conforming Measures	National Treatment (Article 12.2)	Most Favored Nation Treatment (Article 12.3)	Right of Establishment (Annex 12.9 – Specific Commitments)	Senior Management & Board of Directors (Article 12.8)
<p>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. Measures: 12 U.S.C. 72</p>			X	X
<p>Foreign ownership of Edge corporations is limited to foreign banks and U.S. subsidiaries of foreign banks, while domestic non-bank firms may own such corporations. Measures: 12 U.S.C. 619</p>	X		X	
<p>Federal and state law 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 provided through branches of corporations organized under a foreign country’s law. Measures: 12 U.S.C. 1463 et seq. & 12 U.S.C. 1751 et seq.</p>	X		X	

<p>In order to accept or maintain domestic retail deposits of less than \$100,000, 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.</p> <p>Measures: 12 U.S.C. 3104(d)</p>			X	
<p>Foreign banks are required to register as investment advisers under the Investment Advisers Act of 1940 to engage in securities advisory and investment management services in the United States, while domestic banks (or a separately identifiable department or division of the bank) are exempt from registration unless they advise registered investment companies. The registration requirement involves record maintenance, inspections, submission of reports and payment of a fee.</p> <p>Measures: 15 U.S.C. 80b-2, 80b-3</p>	X		X	
<p>Foreign banks cannot be members of the Federal Reserve System, and thus may not vote for directors of a Federal Reserve Bank. Foreign-owned bank subsidiaries are not subject to this measure.</p> <p>Measures: 12 U.S.C. 221, 302, 321</p>	X			
<p>The United States undertakes no commitment with respect to Annex 12.9, Section A, in relation to the expansion, via the establishment of a branch or the acquisition of one or more branches of a bank without acquisition of the entire bank, by a foreign bank into another state from its “home state,” as that term is defined under applicable law. Except as specifically set forth elsewhere in this schedule, such expansion shall be provided on a national treatment basis in accordance with headnote 2.</p> <p>Measures: 12 U.S.C. 36(g); 12 U.S.C. 1828(d)(4); 12 U.S.C. 1831u(a)(4)</p>			X	
<p>Interstate expansion by a foreign bank through the establishment of branches by merger with a bank located outside the “home state,” as that term is defined under applicable law, of a foreign bank shall be provided on a national treatment basis in accordance with headnote 2, except as specifically set forth elsewhere in this schedule.</p> <p>Measures: 12 U.S.C. 1831u</p>			X	
<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"> • Branches and agencies may be prohibited in Alabama, Kansas, North Dakota, and Wyoming. • Branches, but not agencies, may be prohibited in Delaware, Florida, Georgia, Idaho, Louisiana, Mississippi, Missouri, Oklahoma, and West Virginia. <p>Measures: 12 U.S.C. 3102(a)(1); 12 U.S.C. 3103(a)</p> <p>Certain restrictions on fiduciary powers apply to federal agencies.</p>				

Measures: 12 U.S.C. 3102(d)	X		X	
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.		X	X	
Measures: 15 U.S.C. 77jjj(a)(1)				
Designation as a primary dealer in U.S. government debt securities is conditioned on reciprocity.		X	X	
Measures: 22 U.S.C. 5341-5342				
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.		X		
Measures: 15 U.S.C. 780(c)				
The United States may grant advantages, including but not limited to the following, to one or more of the Government-Sponsored Enterprises (GSEs) listed below: <ul style="list-style-type: none"> • Capital, reserves and income of the GSE are exempt from certain taxation. • Securities issued by the GSE are exempt from registration and periodic reporting requirements under federal securities laws. • The U.S. Treasury may, in its discretion, purchase obligations issued by the GSE. Measures: 12 U.S.C. 1421 et seq. (Federal Home Loan Banks); 12 U.S.C. 1451 et seq. (Federal Home Loan Mortgage Corporation); 12 U.S.C. 1717 et seq. (Federal National Mortgage Association); 12 U.S.C. 2011 et seq. (Farm Credit Banks); 12 U.S.C. 2279aa-1 et seq. (Federal Agricultural Mortgage Corporation); 20 U.S.C. 1087-2 et seq. (Student Loan Marketing Association)	X			