

ANNEX VII

PART A

Schedule of Canada

SECTOR: Financial Services

SUB-SECTOR: Insurance

TYPE OF RESERVATION: Article 1404 (Cross-Border Trade)

MEASURE: Limitation on purchase of reinsurance
from non-resident reinsurers

LEVEL OF GOVERNMENT: Federal

LEGAL CITATION: The Insurance Companies Act; S.C. 1991, c.47;
Reinsurance (Canadian Companies)
Regulations; SOR/92-298; Reinsurance
(Foreign Companies) Regulations; SOR/92-596.

DESCRIPTION: The purchase of reinsurance services by a
Canadian insurer, other than a life insurer or a reinsurer, from
a non-
resident reinsurer is limited to no more than 25 percent of the
risks
undertaken by the insurer purchasing the reinsurance.

DURATION: Indeterminate

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ANNEX VII

PART A

Schedule of Canada

Canada shall set out any existing non-conforming measure
maintained at the provincial level by the date of entry into
force
of this Agreement.

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ANNEX VII

PART B

Schedule of Canada

Canada reserves the right to derogate from Article 1405(1) for the securities sector. With respect to this Article, Canada reserves the right to adopt and maintain new measures affecting cross-border trade in securities services that are more restrictive than such measures existing on the entry into force of this Agreement.

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ANNEX VII

PART C

Schedule of Canada

For the purposes of restrictions that limit foreign ownership of Canadian-controlled financial institutions and for the purposes of limitations on total domestic assets of foreign bank subsidiaries in Canada, Canada commits to give to Mexico the same treatment that Canada gives under the Bank Act, the Insurance Companies Act (Canada), the Trust and Loan Companies Act (Canada), and the Investment Companies Act, to United States residents and to institutions controlled by United States residents.

Canada commits to exempt foreign bank subsidiaries in Canada controlled by Mexican residents from the requirement to obtain approval of the Minister of Finance prior to opening branches within Canada in the same manner as it exempts foreign bank subsidiaries in Canada controlled by United States residents.

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ANNEX VII

PART D

For the purposes of Article 1413(2), Canada designates the Department of Finance of Canada as its governmental agency responsible for financial services.

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ANNEX VII

PART E

Schedule of Canada

For the purposes of restrictions that limit foreign ownership of Canadian-controlled financial institutions and for the purposes of restrictions on total domestic assets of foreign bank subsidiaries in Canada, an enterprise of another Party, to be considered an enterprise of such other Party must meet the terms and conditions of being controlled by one or more residents of the other Party. For these purposes:

(a) an enterprise controlled by one or more residents of another Party means controlled, directly or indirectly by such residents;

(b) an enterprise that is a body corporate is controlled by one or more persons if

(i) securities of the enterprise to which are attached more than fifty percent of the votes that may be cast to elect directors of the enterprise are beneficially owned by the person or persons and the votes attached to those shares are sufficient, if exercised, to elect a majority of the directors of the enterprise, and

(ii) the person or persons has or have, directly or indirectly, control in fact of the enterprise,

(c) an enterprise that is an unincorporated entity is controlled by one or more persons if

(i) more than fifty percent of ownership interests, however designated, into which the enterprise is divided is beneficially owned by the person or

persons and the person or persons are able to direct the business and affairs of the enterprise, and

(ii) the person or persons has or have, directly or indirectly, control in fact of the enterprise,

(d) a limited partnership is controlled by the general partner;

(e) ordinarily resident in a country generally means sojourning in that country for a period of, or periods the aggregate of which is, 183 days or more during the relevant year; and

(f) a person ordinarily resident in another Party means;

(i) in the case of an enterprise, an enterprise legally constituted or organized under the laws of that Party and controlled, directly or indirectly, by one or more individuals of that Party described in clause (ii), and

(ii) in the case of an individual, an individual who is ordinarily resident in the territory of that Party.