

WORLD TRADE
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RESTRICTED

GATS/SC/16/Suppl.1

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Trade in Services

CANADA

Schedule of Specific Commitments

Supplement 1

(This is authentic in English only)

This text replaces the Financial Services section contained in pages 52 to 68 of document GATS/SC/16.

CANADA - SCHEDULE OF SPECIFIC COMMITMENTS

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
<p>7.FINANCIAL SERVICES</p> <p><u>Measures applicable to all Sectors in Financial Services</u></p> <p>1.Commitments in this Chapter are undertaken in accordance with the <u>Understanding on Commitments in Financial Services</u> ("<u>Understanding</u>").</p> <p>2.For greater certainty, market access commitments with respect to the "cross-border" and "consumption abroad" supply of services (as described in paragraphs 2(a) and 2(b) of Article 1 of the <u>General Agreement of Trade in Services</u>) apply only to the transactions indicated in paragraphs 3 and 4 of <u>Market Access</u> of the <u>Understanding</u>. It is understood that paragraph 4 of that section of the <u>Understanding</u> does not impose any obligation to allow non-resident financial services suppliers to solicit business.</p> <p>3.The commitments on "commercial presence" are bound according to the <u>Understanding</u>.</p> <p>4.The commitments on "presence of natural persons" are scheduled in accordance with the <u>Understanding</u> and bound according to the general limitations applicable to all sectors in this schedule (Part I).</p> <p>5.Otherwise, the commitments in this Chapter are subject to the general conditions or limitations applicable to all sectors in this schedule.</p>			
	(1)None	(1)None, other than: (i)Certain supplies between members of a closely-related group of corporations which includes a financial institution may be treated as exempt supplies under value-added taxes. Imported supplies do not	

Modes of supply: (1) Cross-border supply (2) Consumption abroad (3) Commercial presence (4) Presence of natural persons

Sector or subsector	Limitations on market access	Limitations on national treatment	Additional commitments
	(2)None	<p>qualify for this treatment.</p> <p>(ii)Supplies between resident and non-resident branches or representative offices of a financial institution are treated as supplies between separate persons for the purposes of value-added taxes.</p> <p>(2)None, other than:</p> <p>(i)Certain supplies between members of a closely-related group of corporations which includes a financial institution may be treated as exempt supplies under value-added taxes. Imported supplies do not qualify for this treatment.</p>	
		<p>(ii)Supplies between resident and non-resident branches or representative offices of a financial institution are treated as supplies between separate persons for the purposes of value-added taxes.</p>	

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	<p>(3)None, other than:</p> <p>Federally-regulated financial institutions having capital in excess of \$750 million are required, within five years of having reached the threshold, to have 35 per cent of their voting shares widely-held and listed and posted for trading on a Canadian Stock Exchange.</p>	<p>(3)None, other than:</p> <p>The Government of Ontario Management Board Directive and Industrial Development Review Process provides for a price preference of up to 10 per cent for Canadian content based on value-added in Canada for certain government purchases. The Management Board Directive applies on the basis of the nationality of the individual service provider.</p> <p>(i)Certain supplies between members of a closely-related group of corporations which includes a financial institution may be treated as exempt supplies under value-added taxes. Imported supplies do not qualify for this treatment.</p>	
	<p>(4)See paragraph 4 of headnote on</p>	<p>(ii)Supplies between resident and non-resident branches or representative offices of a financial institution are treated as supplies between separate persons for the purposes of value-added taxes.</p> <p>(4)See paragraph 4 of headnote on</p>	

<p><u>A. Insurance and Insurance-Related Services</u> (CPC 812* + 814)</p> <p>(a) Life, accident and health insurance services (CPC 8121)</p> <p>(b) Non-life insurance services (except deposit insurance and similar compensation schemes) (CPC 8129)</p>	<p>Financial Services.</p> <p>(1) None, other than:</p> <p><u>Direct insurance</u> (federal): Services must be supplied through a commercial presence with the exception of marine insurance. (All provinces): Services must be supplied through a commercial presence.</p> <p><u>Reinsurance and retrocession</u> (federal): Services must be supplied through a commercial presence. (All provinces, excluding Alberta): Services must be supplied through a commercial presence.</p>	<p>Financial Services.</p> <p>(1) None</p>	
<p>(c) Reinsurance and retrocession (CPC 81299*)</p>	<p>(2) None, other than:</p> <p><u>Reinsurance and retrocession</u> (federal): 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 per cent of the risks undertaken by the insurer purchasing the reinsurance.</p>	<p>(2) None, other than:</p> <p><u>Direct insurance other than life, personal accident, sickness or marine insurance</u> (federal): An excise tax of 10 per cent is applicable on net premiums paid to non-resident insurers or exchanges in regard to a contract against a risk ordinarily within Canada, unless such insurance is deemed not to be available in Canada.</p> <p><u>Direct insurance</u> (Alberta): A fee payable to the province of 50 per</p>	

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	<p>(3)None, other than:</p> <p><u>Direct insurance and reinsurance and retrocession</u> (federal): The solicitation of insurance services in Canada can only be effected through:</p> <p>(i)a corporation incorporated under the laws of Canada;</p>	<p>cent of the premium paid and regulatory notification are required on insurance of risks in the province by unlicensed insurers.</p> <p>(3)None, other than:</p> <p><u>Direct insurance and reinsurance and retrocession</u> (federal): A minimum of one half of directors must be either Canadian citizens ordinarily resident in Canada or permanent resident ordinarily resident in Canada.</p>	
	<p>(ii)corporation incorporated by or under the laws of another jurisdiction (i.e., a branch of a foreign corporation);</p> <p>(iii)as association formed on the plan known as Lloyds.</p> <p>A controlling number of shares of a Canadian insurance subsidiary must be held directly by the foreign insurance company incorporated in the jurisdiction where the foreign insurance company, either directly or through a subsidiary, principally</p>	<p>(British Columbia): A majority of the directors must be resident in Canada and at least one director must be resident in British Columbia.</p> <p>(Ontario): Capital requirements for mutual insurance companies do not apply to certain mutual insurance companies incorporated in Ontario.</p> <p>(Quebec): Three quarters of directors must be Canadian citizens and a majority must reside in Quebec.</p>	

	<p>carries on business.</p> <p>A branch of a foreign insurance company 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>		
	<p>(All provinces): Insurance activities can only be provided through:</p> <ul style="list-style-type: none"> (i) a corporation incorporated under provincial statutes; (ii) an extra-provincial insurance corporation, i.e., an insurer incorporated by, or under the laws of another jurisdiction (including a federally-authorized branch of a foreign corporation); (iii) an association formed on the plan known as Lloyds; (iv) (Ontario): Reciprocal insurance exchanges. <p>(Alberta): Subsidiaries of foreign insurance corporations must be federally-authorized.</p> <p>(Quebec): Non-residents can acquire,</p>		

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	<p>either directly or indirectly, no more than 30 per cent of the voting shares of any Canadian-controlled and Quebec-chartered company without ministerial approval.</p>		
	<p>(Federal): The purchase of reinsurance services by a Canadian insurer, other than a life insurer or reinsurer, from a resident reinsurer is limited to no more than 75 per cent of the risks undertaken by the insurer purchasing the reinsurance.</p> <p>(British Columbia): Incorporation, share acquisition or application for business authorization, where any person controls or will control 10 per cent or more of the votes of the company, is subject to ministerial approval.</p> <p>(Non-life insurance (Ontario)): Reciprocal insurance exchanges must maintain guarantee fund of £50,000 unless an auto or fire insurer has principal office in Ontario, then £25,000 is required.</p> <p>(Motor vehicle insurance): (Quebec, Manitoba, Saskatchewan and British Columbia): Motor vehicles insurance is provided by public monopoly.</p>		

	(4)See paragraph 4 of headnote on Financial Services.	(4)See paragraph 4 of headnote on Financial Services.	
(d)Services auxiliary to insurance (including broking and agency services) (CPC 8140)	(1)None, other than: <u>Intermediation of insurance relating to maritime shipping, commercial aviation, space launching, freight (incl. satellites) and goods in international transit</u> (all provinces): Services must be supplied through a commercial presence in the province in which the service is provided. <u>Adjustment services</u> (Newfoundland): Non-resident adjusters must, as a condition for obtaining a licence, agree to act through the facilities of an adjuster, adjusting company, representative, agent or broker licensed under provincial law. (Ontario and Prince Edward Island): Non-resident individual adjusters are prohibited from being adjusters in the province.	(1)None	
	(2)None	(2)None, other than: <u>Intermediation of insurance relating to commercial aviation, space launching, freight (incl. satellites) and goods in international transit</u>	

CANADA (continued)

	<p>(3)None, other than:</p> <p>(Ontario): No licence is provided to a corporation to act as an insurance broker, agency or adjuster if the majority of the voting rights are in shares owned by non-residents. A corporate agency or adjuster or insurance broker which is majority</p>	<p>(federal): An excise tax of 10 per cent is applicable on net premiums paid to non-resident insurers or exchanges in regard to a contract against a risk ordinarily within Canada, unless such insurance is deemed not to be available in Canada. The excise tax is also applicable on net premiums payable with regard to a contract entered into, through a non-resident broker or agent, with any insurer authorized under the laws of Canada or of any province to carry out the business of insurance.</p> <p>(3)None, other than:</p>	
	<p>non-resident-owned and licensed as a result of grandfathering cannot expand through purchase of assets or business or merger or amalgamation with any other broker, agent or adjuster. No licence is provided to a</p>		

	<p>corporation or partnership which is an insurance agency or adjuster if the head office is outside Canada or if any partner is resident outside Canada.</p> <p>(Newfoundland): Extra-provincial individual adjusters and representatives must be sponsored by a resident Newfoundland company or agency.</p> <p>(4)See paragraph 4 of headnote on Financial Services, and:</p> <p>(Newfoundland): Extra-provincial individual adjusters and representatives must be sponsored by a resident Newfoundland insurance company or agency.</p>	<p>(4)See paragraph 4 of headnote on Financial Services.</p>	
<p><u>B. Banking and Other Financial Services</u> (excl. insurance) (CPC 81115 to 81119 + 813)</p> <p>(a)Acceptance of deposits and other repayable funds from the public (CPC 81115- 81119)</p> <p>(b)Lending of all types, incl., <i>inter alia</i>, consumer credit, mortgage credit,</p>	<p>(1)None</p> <p>(2)None</p> <p>(3)None, other than:</p> <p><u>Banks</u>: Foreign banks must incorporate subsidiaries in Canada to undertake</p>	<p>(1)None</p> <p>(2)None</p> <p>(3)None, other than:</p> <p><u>Banks</u>: Ministerial approval is required for foreign bank subsidiaries to</p>	

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<p>factoring and financing of commercial transactions (CPC 8113)</p> <p>(c)Financial leasing (CPC 8112)</p>	<p>the business of banking.</p> <p>No one person (Canadian or foreign may own more than 10 per cent of any class of shares of a Schedule I bank.</p> <p><u>Trust and loan companies</u> (federal and all provinces): Federal or provincial incorporation is required.</p>	<p>open more than one branch.</p> <p>A minimum of one half of the directors must be either Canadian citizens ordinarily resident in Canada or permanent resident ordinarily resident in Canada.</p>	
<p>(d)All payment and money transmission services (CPC 81339*)</p> <p>(e)Guarantees and commitments (CPC 81199*)</p>	<p>(Ontario, Quebec and Manitoba): The direct or indirect acquisition of Canadian-controlled companies by foreign persons is restricted to 10 per cent individually and 25 per cent collectively.</p> <p>(Saskatchewan): Individual and collective foreign ownership of Canadian-controlled and provincially incorporated companies can be no more than 10 per cent of shares.</p> <p>(British Columbia): Incorporations, share acquisition or application for business</p>	<p><u>Trust and loan companies</u> (federal): A minimum of one half of the directors must be either Canadian citizens ordinarily resident in Canada or permanent resident ordinarily resident in Canada.</p> <p>(Alberta): At least three quarters of the directors must be ordinarily resident in Canada.</p> <p>(British Columbia): A majority of the directors must be resident in Canada and at least one director must be resident in British Columbia.</p> <p>(Nova Scotia): A majority of directors must be resident in Canada and</p>	

	authorization, where any person controls or will control 10 per cent or more of the votes of the company, are subject to ministerial approval.	Canadian citizens.	
	<p>(Ontario): Incorporation or registration will be refused unless authorities are satisfied that there exists a public benefit and advantage for an additional corporation. Consent to change in control or transfers of 10 per cent or more of voting shares may be refused if it would be in the public interest to do so.</p> <p><u>Banks and trust companies</u> (federal): A controlling number of shares of a Canadian bank or trust company subsidiary must be held directly by the foreign banks or trust company incorporated in the jurisdiction where the foreign bank or trust company, either directly or through a subsidiary, principally carried on business.</p> <p><u>Credit unions, caisses populaires and associations or groups thereof</u> (all provinces): Must incorporate in the jurisdictions in which they operate.</p>	<p>(Manitoba and Ontario): Foreign persons may not exercise the voting rights attached to shares if they are not registered as shareholders in respect of the shares.</p> <p>(Ontario): A majority of directors must be Canadian citizens.</p> <p>(Quebec): Three quarters of the directors must be Canadian citizens and a majority must reside in Quebec.</p> <p>Credit unions and caisses populaires (Ontario and Manitoba): Directors of credit unions must be Canadian citizens.</p> <p>(British Columbia): Directors and sub-directors of credit unions must be residents of the province.</p>	
	<u>Mortgage brokers</u> (Ontario): Must incorporate under the laws of Canada, Ontario or of another province. Ownership of a corporation	(Manitoba): Credit unions and caisses populaires are exempt from the corporate capital tax.	

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	<p>by foreign persons must not exceed 10 per cent individually and 25 per cent collectively of the total number of equity shares.</p> <p>(Nova Scotia): Must incorporate under the laws of Canada or Nova Scotia.</p> <p>(Alberta): Must maintain a business office in the province.</p>	<p>(Alberta): Directors of credit unions must be permanent residents of Canada and three quarters must at all times be ordinarily resident in the province.</p> <p>(Quebec): Directors of caisses populaires must have a residence, place of business or employment in the territory served by the caisse.</p> <p><u>Community bonds corporations</u> (Saskatchewan, Manitoba): Directors of Community Bonds Corporations must be resident of the province.</p>	
	<p>Loan and investment companies (Quebec): Federal or provincial incorporation.</p> <p><u>Co-operative corporations</u> (Ontario): Must incorporate in Ontario.</p> <p><u>Lending of all types</u> (Nova Scotia): Must incorporate under the laws of Canada or Nova Scotia.</p> <p><u>Acceptance of deposits</u> (Quebec): The acceptance of deposits of public and para-public institutions is provided by a public monopoly.</p>	<p><u>Venture capital corporations</u> (federal and all provinces): Tax measures that result in a difference in treatment with respect to an investment in a venture capital corporation as prescribed pursuant to the Income Tax Act of Canada.</p>	

	<p>(4)See paragraph 4 of headnote on Financial Services, and:</p> <p><u>Mortgage brokers</u> (Ontario): Must be permanent residents of Canada.</p> <p>(Nova Scotia): Must be resident in the province.</p> <p>(Alberta): Must be resident in the province for a minimum of three months to be registered.</p>	<p>(4)See paragraph 4 of head note on Financial Services.</p>	
<p>(f)Trading for own account or for account of customers whether on an exchange, in an over-the-counter market or otherwise, the following:</p> <p>-money market instruments (cheques, bills, certificate of deposits, etc.) (CPC 81339*);</p> <p>-foreign exchange (CPC 81333*);</p>	<p>(1)None, other than:</p> <p><u>Advisory and auxiliary financial services</u> (Alberta, British Columbia, Nova Scotia, Ontario, Quebec): Services must be supplied through a commercial presence in the jurisdiction in which the adviser is providing advice.</p> <p><u>Asset management</u> (Alberta, British Columbia, Nova Scotia, Ontario, Quebec and Saskatchewan): Services must be supplied through a commercial presence in the jurisdiction in which the service is provided.</p> <p>(Quebec): The management of pension funds of public and para-public institutions in Quebec is provided by</p>	<p>None</p>	

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<p>-derivative products incl. but not limited to, futures and options (CPC 81339*)</p>	<p>public monopoly. <u>Custodial services:</u> Mutual funds which offer securities in Canada must use a resident custodian. A non-resident sub-custodian may be used if it has shareholders equity of at least \$100 million.</p>		
<p>-exchange rate and interest rate instruments, incl. products such as swaps, forward rate agreements, etc. (CPC 81339*)</p>	<p>(2)None, other than. <u>Trading in securities and commodity futures - persons</u> (all provinces): There is a requirement to register in order to trade through dealers and brokers that are neither resident nor registered in the province in which the trade is effected.</p>	<p>(2)None</p>	
<p>-transferable securities (CPC 81321*) -other negotiable instruments and financial assets, incl. bullion (CPC 81339*)</p>	<p>(3)None, other than: <u>Securities dealers and brokers</u> (British Columbia, Newfoundland, Ontario, Saskatchewan, Yukon): Must be incorporated, formed or continued under federal, provincial or territorial laws. (Quebec): Only brokerage firms incorporated under federal, provincial or territorial laws may be members of</p>	<p>(3)None <u>Trading in securities and commodity futures and advisory and auxiliary financial services - dealers, brokers, and advisers:</u> (Alberta, Ontario, Newfoundland, Nova Scotia): A director or officer of an applicant firm must have been a resident of Canada for a period of at least one year prior to the application.</p>	

	the Montreal Exchange.		
(g) Participation in issues of all kinds of securities, including underwriting and placement as agent (whether publicly or privately) and provision of service related to such issues (CPC 8132)	<p><u>Advisory and auxiliary financial services</u> (British Columbia): Must be incorporated, formed or continued under federal, provincial or territorial laws.</p> <p><u>Asset management</u> (Quebec): The management of pension funds of public and para-public institutions in Quebec is provided by a public monopoly.</p>		
(h) Money broking (CPC 81339*)	(4) See paragraph 4 of headnote on Financial Services	(4) See paragraph 4 of headnote on Financial Services	
(i) Asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial depository and trust services (CPC 8119*, 81323*)		<p><u>Trading in securities and commodity futures and advisory and auxiliary financial services - dealers, brokers and advisers:</u> (all provinces except British Columbia): An individual applicant for registration is required to have been a resident of Canada for a period of at least one year prior to the application and a resident of the province in which he/she wishes to operate at the date of application.</p>	

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<p>(j)Settlement and clearing services for financial assets, incl. securities, derivative products, and other negotiable instruments (CPC 81339*, 81319*)</p> <p>(k)Advisory and other auxiliary financial services on all the activities listed in Article 5.1(p) of the Annex on Financial Services, incl. credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy (CPC 8131*, 8133*)</p>		<p>(Quebec): An individual acting as a representative of a dealer or adviser, subject to certain exemptions, must be a resident of the province.</p>	
<p>(l)Provision and transfer of financial information, and financial data processing and related software by</p>			

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providers of other financial services (CPC 8131*, 842*, 843*, 844*)			
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