

**Annex VII
Schedule of Canada
Section A**

Sector:	Financial Services
Sub-Sector:	Insurance
Industrial Classification:	
Type of Reservation:	Cross-Border Trade (Article 1404)
Level of Government:	Federal
Measures:	<i>Insurance Companies Act, S.C. 1991, c. 47</i> <i>Reinsurance (Canadian Companies) Regulations, SOR/92-298</i> <i>Reinsurance (Foreign Companies) Regulations, SOR/92-596</i>
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.
Phase-Out:	None

Section B

1. Canada reserves the right to adopt any measure relating to cross-border trade in securities services that derogates from Article 1404(1) or, with respect to the United States, that derogates from Article 1406.

2. For purposes of restrictions that limit foreign ownership of Canadian-controlled financial institutions, and for purposes of restrictions on total domestic assets of foreign bank subsidiaries in Canada, Canada reserves the right to adopt or maintain measures that require an enterprise of another Party be controlled by one or more residents of the other Party in order to be entitled to the benefits of this Chapter. 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 50 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, or
 - (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 50 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 is or are able to direct the business and affairs of the enterprise, or
 - (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 (i), and

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

Section C

1. For purposes of restrictions that limit foreign ownership of Canadian-controlled financial institutions and for purposes of limitations on total domestic assets of foreign bank subsidiaries in Canada, Canada shall 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.

2. Canada shall 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.