

WORLD TRADE ORGANIZATION

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Trade in Services

UNITED STATES OF AMERICA

List of Article II (MFN) Exemptions

Supplement 3

(This is authentic in English only)

This text replaces the Financial Services section contained in document GATS/EL/90/Suppl. 1.

UNITED STATES OF AMERICA - LIST OF ARTICLE II (MFN) EXEMPTIONS

Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
Insurance	Measures according differential treatment in regard to the expansion of existing operations, the establishment of a new commercial presence or the conduct of new activities, in a circumstance in which a Member adopts or applies a measure that compels, or has the effect of compelling, a person of the United States, on the basis of its nationality, to reduce its share of ownership in an insurance services provider operating in the Member's territory to a level below that prevailing on 12/12/97.	All countries	Indefinite	Need to protect existing US ownership of service suppliers operating in other Members.
Banking and Other Financial Services (excluding Insurance)	A broker-dealer registered under US 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.	Canada	Indefinite	Maintenance of established preference.

Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
Banking and Other Financial Services (excluding Insurance)	<p>Permission to establish state-licensed branches, agencies, or representative offices, or to own commercial bank subsidiaries, is based on a reciprocity test in the following States: California (applies also to savings and loan associations), Connecticut (applies also to credit unions), Georgia, Illinois, Kentucky, Louisiana, Massachusetts, Michigan, North Carolina, Pennsylvania, Washington. Among the conditions on which agency or agency and representative office licenses may be granted for the following States is that the foreign bank is one of the five largest banks in the home country: Florida, Oklahoma. Permission for a foreign-owned bank or trust company to act as fiduciary, and to use satellite</p>	All	Indefinite	Need to protect existing activities of US service suppliers abroad and to ensure substantially full market access and national treatment in international financial markets.

Sector or subsector	Description of measure indicating its inconsistency with Article II	Countries to which the measure applies	Intended duration	Conditions creating the need for the exemption
	banking terminals, is based on a reciprocity test in Iowa. Iowa also subjects the activities of foreign-owned savings and loan associations to a reciprocity test.	Canada and European Common Market	Indefinite	Maintenance of established preference.
	Michigan permits corporate central credit unions to place deposits in banks chartered in Canada or the European Common Market but not in banks chartered in other foreign countries.			
	Authority to act as a sole trustee of an indenture for a bond offering in the United States is subject to a reciprocity test.	All	Indefinite	Need to ensure US financial service suppliers are permitted to provide trustee services in foreign markets.
	Designation as a primary dealer in US Government debt securities is conditioned on reciprocity.	All	Indefinite	Need to ensure US financial service suppliers are afforded national treatment in foreign government debt markets.