

U.S. Agrees:

1. To the extent that domestic and foreign banks are permitted to engage in the dealing in, underwriting, and purchasing of debt obligations backed by the full faith and credit of the United States, its states or political subdivisions, the United States agrees to permit domestic and foreign banks to engage in the dealing in, underwriting, and purchasing of debt obligations backed by the Canadian equivalent of the "full faith and credit" of Canada, its provinces or political subdivisions.
2. The United States agrees not to adopt or apply any measure that would accord treatment less favorable to persons of the other party than that accorded under Sections 5 and 8 of the International Banking Act of 1978.
3. The United States agrees to accord Canadian financial institutions the same treatment as that accorded U.S. financial institutions with respect to amendments to the Glass-Steagall Act and associated legislation and resulting amendments to regulations and administrative practices.
4. Each party agrees that this agreement shall not be construed as representing the mutual satisfaction of the parties concerning the treatment of their respective financial institutions; accordingly, the U.S. agrees, subject to Canada's commitment to consult and to liberalize further the rules governing its markets and to extend the benefits of such liberalization to U.S. controlled financial institutions established under the laws of Canada, to continue to provide, subject to normal regulatory and prudential considerations, Canadian controlled financial institutions established under the laws of the United States with the rights and privileges they now have in the U.S. market as a result of existing laws, regulations, practices and stated policies of the U.S. Government.