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### *Insurance*

Canada's life and health insurance industries also stand to benefit as the market access that Canadian insurance companies now enjoy in the United States is protected. Under the Agreement, there cannot be any discrimination against Canadian firms in future U.S. laws. Canadian property and casualty insurance has been dominated by foreign firms, including U.S. companies, who will continue to enjoy their present terms of access to Canada.

### *Financial Services*

The operations of Canadian banks and securities dealers in the United States will benefit from the undertaking related to Canadian government securities. This undertaking will provide a new business opportunity for Canadian banks in the United States. For the first time, they will be allowed to underwrite and deal in securities issued by Canadian governments and their agencies. This provision will also permit Canadian dealers acquired by Canadian banks to retain their activities related to Canadian government securities, which in many cases account for major portions of their U.S. operations. Given that all banks in the United States, not just Canadian ones, will be granted this privilege, it may also lead to greater competition for the securities business of Canadian governments.

Another provision likely to become increasingly important to Canadian financial institutions is the guarantee that they will receive the same powers and privileges as those granted to U.S. institutions when the Glass-Steagall Act, which governs banking in the United States, is changed. The U.S. Congress is now considering the removal of, or a substantial change to, the Glass-Steagall Act, which currently limits banks from engaging in the securities business.

U.S. institutions will have new opportunities to increase and diversify their investment activities in Canadian financial markets. The exemption from the foreign ownership restrictions will enhance their ability to take significant positions in small and medium-size Canadian institutions. This will not apply, however, for larger Canadian institutions because U.S. investors and institutions will still be subject to the 10 per cent individual ownership limit for our Schedule A banks. U.S. acquisitions of financial institutions will still require review and approval by the federal government. U.S.-owned firms in Canada will also be subject to the policy under which large financial institutions are prevented from buying other large institutions.