

**COMMONLY ASKED QUESTIONS**

***Did Canada gain better terms for Canadian banks in the U.S. market?***

While no specific commitments have been secured from the U.S., the Agreement does contain a set of important principles which U.S. law must respect. Under the Agreement, Canadian banks and other financial institutions will be entitled to the same treatment as U.S. institutions in all future U.S. liberalization initiatives.

***Will there be a long transition period before Canadian banks, securities and insurance companies can operate in Mexico?***

Canadian financial institutions will be able to establish wholly-owned subsidiaries. These firms will, however, be subject to market share limitations which will be removed by the year 2000. There are also safeguard provisions in banking and securities if market shares of Canadian and U.S. subsidiaries exceed specified thresholds.

***Will the NAFTA result in more foreign ownership of Canadian banks and other financial institutions?***

The NAFTA extends to Mexico the benefits of market access that Canada provided to the U.S. in the FTA. However, Mexican financial institutions are not at this time strongly export oriented, so it will be many years before any meaningful Mexican investment into Canada can be expected. With respect to the U.S., the NAFTA does not provide any new market opportunities that did not previously exist, so there is no reason to expect any change in foreign investment by the U.S. in Canadian financial institutions.