

CHAPTER 6

Policy Harmonization

A. Introduction

B. International Harmonization

Foreign Bank Entry into Canada

- *The U.S. In-House Banks*
- *What is a Foreign Bank?*
- *Criteria for a Foreign Bank Subsidiary*
- *Foreign Bank Exemptions*
- *The AMEX Charter*

49. The granting of a Schedule II charter to AMEX is perceived by some as a policy anomaly. The concern and uncertainty generated by this decision require that the Government further develop and announce its policy on foreign entry.

50. Toward this end, the Committee offers a few observations:

- We endorse the recent federal moratorium on the granting of Schedule II foreign bank charters to U.S. "corporate banks" such as Sears, GM, GE and Ford, etc.
- If the Committee's bank holding company approach were adopted and if, over time, the BHCs' commercial activities exceeded some significant threshold, then the federal government should be willing to re-evaluate its moratorium.

Enhanced Canadian Access

51. The Committee believes that far too much attention has centered on potential access to the Canadian financial market by foreign, particularly U.S., financial institutions. The other side of the equation also merits attention, namely how to secure enhanced manoeuvrability for Canadian financial institutions in foreign financial markets, and in the U.S. market in particular.

Europe 1992

52. Canadian policy must ensure that reciprocal arrangements with Europe are approached in a manner such that Canadian institutions are not disadvantaged relative to European institutions in the Canadian market. Relatedly, since many Canadian financial institutions have long-standing activities in the U.K., Canada must ensure that the continental European approach to financial regulation does not erect barriers to Canadian entry via the U.K.