

More recently, Section 5021 (Exon-Florio Amendment) of the Omnibus Trade and Competitiveness Act of 1988 empowered the President to suspend or prohibit any acquisition, merger or takeover by a foreign person on national security grounds. As a result of further amendment, introduced in October 1992, to the Exon-Florio Amendment, the President is now required in the context of his review to take into account the potential effects of the transaction on U.S. technological leadership in critical defence areas. "Defence critical technology" has not been defined. Also, CFIUS investigations are now required in all transactions involving entities controlled by or acting on behalf of a foreign government. Furthermore, the President must submit written reports to Congress on each case referred to him by CFIUS.

The United States maintains, at both federal and state levels, a number of reporting requirements for corporate activities that apply only to foreign-owned businesses. These apply not only to subsidiaries of foreign companies but also, in the case of banks, to branches.

IX. FINANCIAL SERVICES

Canadian financial sector reform has significantly outpaced that of the United States. Accordingly, many aspects of laws and regulations governing U.S. financial services, while not in all cases discriminating against foreign financial institutions, result in significantly less comparable access to the U.S. market than that enjoyed by U.S. financial institutions in Canada.

For example, compared to Canada, the United States has a variety of geographic restrictions on banking within and across state boundaries.

- The Bank Holding Company Act prohibits a bank holding company or its subsidiary from acquiring the voting shares or substantially all of the assets of any bank located outside the state where the bank holding company's banking subsidiaries conduct their principal business (i.e. essentially where the deposit base is largest) unless the acquisition is specifically authorized by the laws of the particular state.
- The International Banking Act prohibits a foreign bank from establishing federal or state branches or agencies outside its home state, unless permitted by the laws of the state which the bank wishes to enter. The Act also provides that acquisition of any number of voting shares or of substantially all of the assets of a bank located outside the home state of the foreign bank is not permitted, unless such acquisition would be permitted by a bank holding company.