

- c) the United States shall not be obligated to obtain and exchange information with respect to a calendar year that is prior to the first calendar year with respect to which Canada is required to obtain and exchange information; and
- d) the United States shall not be obligated to begin exchanging information prior to the date by which Canada is required to begin exchanging information.

7. Coordination of Definitions with U.S. Treasury Regulations: Notwithstanding Article 1 of this Agreement and the definitions provided in the Annexes to this Agreement, in implementing this Agreement, Canada may use, and may permit Canadian Financial Institutions to use, a definition in relevant U.S. Treasury Regulations in lieu of a corresponding definition in this Agreement, provided that such application would not frustrate the purposes of this Agreement.

## ARTICLE 5

### Collaboration on Compliance and Enforcement

1. Minor and Administrative Errors: A Competent Authority shall notify the Competent Authority of the other Party when the first-mentioned Competent Authority has reason to believe that administrative errors or other minor errors may have led to incorrect or incomplete information reporting or resulted in other infringements of this Agreement. The Competent Authority of such other Party shall endeavor, including where appropriate by applying its domestic law (including applicable penalties), to obtain corrected and/or complete information or to resolve other infringements of this Agreement.

2. Significant Non-Compliance:

- a) A Competent Authority shall notify the Competent Authority of the other Party when the first-mentioned Competent Authority has determined that there is significant non-compliance with the obligations under this Agreement with respect to a Reporting Financial Institution in the other jurisdiction. The Competent Authority of such other Party shall apply its domestic law (including applicable penalties) to address the significant non-compliance described in the notice.
- b) If, in the case of a Reporting Canadian Financial Institution, such enforcement actions do not resolve the non-compliance within a period of 18 months after notification of significant non-compliance is first provided, the United States shall treat the Reporting Canadian Financial Institution as a Nonparticipating Financial Institution pursuant to this subparagraph 2(b).

3. Reliance on Third Party Service Providers: Each Party may allow Reporting Financial Institutions to use third party service providers to fulfill the obligations imposed on such Reporting Financial Institutions by a Party, as contemplated in this Agreement, but these obligations shall remain the responsibility of the Reporting Financial Institutions.