

Washington, D.C.  
June 15, 2004

The Honorable Robert B. Zoellick  
United States Trade Representative

The Honorable John B. Taylor  
Under Secretary for International Affairs  
U.S. Department of the Treasury

Dear Ambassador Zoellick and Mr. Taylor:

I have the honor to confirm the following understanding reached between the delegations of the Kingdom of Morocco and the United States of America in the course of negotiations regarding Chapter Twelve (Financial Services) of the Free Trade Agreement between our Governments signed this day:

The Parties acknowledge that branches or agencies of banks of a Party operating in the other Party's territory are subject to the laws of the other Party, notwithstanding the fact that the corporate entities of which they are a part are organized under the law of the Party.

The Parties also confirm their recognition that foreign investment in financial services typically produces numerous benefits, including the expansion and deepening of financial markets and the introduction of innovative practices. In addition, the Parties confirm that they both encourage the creation of opportunities for training, sharing expertise, and development of highly skilled employees.

I have the honor to propose that this letter and your letter of confirmation in reply shall constitute an integral part of the Agreement.

Sincerely,

Taïb Fassi Fihri  
Minister Delegate for Foreign Affairs and Cooperation

Washington, D.C.  
June 15, 2004

The Honorable Taïb Fassi Fihri  
Minister Delegate for Foreign Affairs and Cooperation  
Kingdom of Morocco

Dear Minister Fassi Fihri:

We are pleased to receive your letter of today's date, which reads as follows:

"I have the honor to confirm the following understanding reached between the delegations of the Kingdom of Morocco and the United States of America in the course of negotiations regarding Chapter Twelve (Financial Services) of the Free Trade Agreement between our Governments signed this day:

The Parties acknowledge that branches or agencies of banks of a Party operating in the other Party's territory are subject to the laws of the other Party, notwithstanding the fact that the corporate entities of which they are a part are organized under the law of the Party.

The Parties also confirm their recognition that foreign investment in financial services typically produces numerous benefits, including the expansion and deepening of financial markets and the introduction of innovative practices. In addition, the Parties confirm that they both encourage the creation of opportunities for training, sharing expertise, and development of highly skilled employees.

I have the honor to propose that this letter and your letter of confirmation in reply shall constitute an integral part of the Agreement."

We have the further honor to confirm that the understanding referred to in your letter is shared by our Government and constitutes an integral part of the Agreement.

Sincerely,

Robert B. Zoellick  
United States Trade Representative

John B. Taylor  
Under Secretary for  
International Affairs  
U.S. Department of the Treasury