

Draft
Subject to Legal Review for Accuracy, Clarity, and Consistency
March 31, 2004

I. Outgoing Letter

Dear Mr. Quarles and Ms. Novelli:

I have the honor to refer to non-insurance financial services within the context of the Morocco-United States Free Trade Agreement (“the Agreement”) signed on this day.

In relation to Chapter Twelve (Financial Services) of the Agreement, the Parties acknowledged that branches or agencies of banks of one Party operating in the other Party’s territory are subject to the laws of the second Party, notwithstanding the fact that the corporate entities of which they are a part are organized under the law of the first Party.

The Parties also confirmed 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 confirmed 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 understanding be treated as an integral part of the Agreement.

I would be grateful if you would confirm that this understanding is shared by your government.

Sincerely,

[Moroccan Government Official]

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II. Letter in Reply

Dear [Moroccan Government Official]:

We have the honor to confirm receipt of your letter of today's date, which reads as follows:

[repeat above text]

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

Sincerely,

Randal K. Quarles

Catherine Novelli