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EXPLANATORY NOTE

ANNEX II

1. The Schedule of a Party to this Annex sets out, pursuant to Articles 14.12 (Investment – Non-Conforming Measures) and 15.7 (Cross Border Trade in Services – Non-Conforming Measures), the specific sectors, subsectors, or activities for which that Party may maintain existing, or adopt new or more restrictive, measures that do not conform with obligations imposed by:
 - (a) Article 14.4 (Investment – National Treatment) or 15.3 (Cross Border Trade in Services – National Treatment);
 - (b) Article 14.5 (Investment – Most-Favored-Nation Treatment) or 15.4 (Cross Border Trade in Services – Most-Favored-Nation Treatment);
 - (c) Article 14.10 (Investment – Performance Requirements);
 - (d) Article 14.11 (Investment – Senior Management and Boards of Directors);
 - (e) Article 15.6 (Cross Border Trade in Services – Local Presence); or
 - (f) Article 15.5 (Cross Border Trade in Services – Market Access).

2. Each Schedule entry sets out the following elements:
 - (a) **Sector** refers to the sector for which the entry is made;
 - (b) **Sub-Sector**, where referenced, refers to the specific subsector for which the entry is made;
 - (c) **Obligations Concerned** specifies the obligation(s) referred to in paragraph 1 that, pursuant to Articles 14.12.1(a) (Investment – Non-Conforming Measures) and 15.7.1(a) (Cross Border Trade in Services – Non-Conforming Measures), do not apply to the sectors, subsectors, or activities listed in the entry;
 - (d) **Description** sets out the scope or nature of the sectors, subsectors, or activities covered by the entry to which the reservation applies; and
 - (e) **Existing Measures** identifies, for transparency purposes, a non-exhaustive list of existing measures that apply to the sectors, subsectors, or activities covered by the entry

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3. In accordance with Article 14.10.2 (Investment – Non-Conforming Measures) and 15.7.2 (Cross Border Trade in Services – Non-Conforming Measures), the articles of this Agreement specified in the **Obligations Concerned** element of an entry do not apply to the sectors, subsectors, and activities identified in the **Description** element of that entry.