

Corporate Account Opening Form

Frequently Asked Questions

3	Status of the Company
----------	------------------------------

Why is this information being requested?

Companies that are regulated by the Financial Conduct Authority or country equivalent, or listed/quoted on a major Stock Exchange, will not need to certify the due diligence documentation that we request.

4	Directors of the Company
----------	---------------------------------

5	Ownership of the Company
----------	---------------------------------

Why is this information being requested?

Sucden Financial is required to collect this information under the Joint Money Laundering Steering Group ("JMLSG") guidance.

6	Tax Residency Self-Certification
----------	---

Why is this information being requested?

Regulations based on the OECD Common Reporting Standard ("CRS") and Foreign Account Tax Compliance Act ("FATCA") require Sucden Financial Limited to collect and report certain information about an account holder's tax residency.

What is FATCA?

A piece of US legislation which is aimed at reducing tax evasion by US citizens. FATCA requires financial institutions outside the US to pass information about their US customers to the US tax authorities, the Internal Revenue Service ("IRS"). A 30% withholding tax is imposed on the US source income of any financial institution that fails to comply.

What is CRS?

CRS is commonly described as the global equivalent of FATCA. It requires Sucden Financial Limited to collect and report certain information about an account holder's tax residency. If your tax residence is located outside the United Kingdom, we may be legally obliged to pass on the information in this form and other financial information with respect to your financial accounts to the UK tax authority ("HMRC") and they may exchange this information with the tax authority of the country in which you are a tax resident.

What do the terms under the 'Entity Type' section mean?

Sucden Financial is not permitted to give advice and we would encourage you to seek independent advice from a tax expert if you are unsure of your entity type under these regulations. The Appendix to this FAQ document is designed to assist you, however, it is for reference purposes only and does not constitute advice.

Please refer to Forms W8-BEN-E or W-9 and their supporting instructions (where available) for guidance on completing these specific forms.

What is a Controlling Person?

Controlling Persons are defined as natural persons who exercise control over an entity.

Control can be exercised either through a natural person: (i) having a beneficial interest in an entity above a specified level (this is 10% or greater shareholding for US Persons; or 25% or greater shareholding for non-US Persons); or (ii) holding a position which constitutes or contributes to the mind and management of the entity.

When do I need to provide a Controlling Persons Form?

Only where you have selected an entity type of 'Passive NFE' and the Company has Persons meeting the definition of a Controlling Person under FATCA or CRS.

Does a Controlling Person have to notify Sucden if there is a change of circumstances which could alter their residency or citizenship status for tax purposes?

Yes, if the prospective client's application is successful, the AOF and Controlling Person Form ("CPF") will form part of its contract with Sucden. In the CPF a Controlling Person undertakes to inform us of any changes to his or her circumstances which could alter their residency or citizenship status.

How do I know which TIN to list on the form?

The OECD provides a list of recommended TIN types depending on your country of residence. Please refer to the following link: <https://www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/tax-identification-numbers/>.

11 Representations in relation to trading derivative products
--

What is the purpose of this section?

This section forms part of the information we need to collect in order to ensure compliance with the European Markets Infrastructure Regulation ("EMIR"). EMIR aims to improve transparency and reduce counterparty credit risk in the derivatives markets in the EU. Its core obligations relate to the mandatory clearing of over-the-counter ("OTC") derivatives and the reporting of all derivative contracts (exchange-traded derivatives ("ETDs") and OTCs.

EMIR is being brought into force in phases.

This does not constitute advice and is supplied for information purposes only

Does an entity need to complete this section even if it is not based in the EU?

If a prospective client intends to trade OTC derivatives with us, it will need to complete this section **wherever it is based**. This is because, as Sucden Financial Limited is an EU entity, it will require this information in order to determine, for example, the frequency at which it must perform reconciliations with an entity that is trading in uncleared OTC derivatives.

Does a prospective client need to complete this section if it does not trade OTC derivatives?

If an entity is established **outside the EU** and does **not** intend to trade in OTC derivatives, it does not need to complete this section.

If an entity is established **in the EU**, it will need to complete this section regardless of whether it trades OTC derivatives or not. This is because we may need this for trade reporting purposes.

What are the EMIR classifications?

There are three main classifications under EMIR:

1. **Financial Counterparty (“FC”)**: the following entities that are authorised to provide financial services in the EU are examples of an FC: investment firms, credit institutions, insurance, reinsurance, and assurance undertakings, UCITS/UCITS managers, pension schemes and alternative investment funds managed by alternative investment fund managers.
2. **Non-Financial Counterparty above the clearing threshold (“NFC+”)**: an entity that is an undertaking established in the EU, and which is not an FC, and which exceeds at least one of the clearing thresholds.
3. **Non-Financial Counterparty below the clearing threshold (“NFC-”)**: as per (2), above, but the entity does not exceed any of the clearing thresholds.

If an entity is established outside the EU, it should base its classification on what it would be if it were established in the EU

Do we have to inform Sucden if our classification changes?

Yes, by completing the Account Opening Form (“AOF”) an entity represents (as part of its contract with Sucden Financial Limited) that it will inform us as soon as possible if it believes that the classification it has given in the AOF has changed. Similarly, an entity must inform us if it becomes aware of anything that may have an impact on its classification. This is because an entity’s classification is very important in determining how we meet many of the requirements in EMIR.

What is a “clearing threshold”?

As indicated above, NFCs will need to assess whether any OTC derivative activity is above the clearing threshold. This activity is measured on a group-wide basis that is not objectively measurable as reducing risks directly related to the commercial activity or treasury financing activity of the non-financial counterparty.

The clearing threshold is the gross notional value of any OTC contracts that are not for hedging purposes. There are specific thresholds for each of the following asset classes:

- Credit derivatives: €1 billion gross notional value
- Equity derivatives: €1 billion gross notional value
- Interest-rate derivatives: €3 billion gross notional value
- Currency derivatives: €3 billion gross notional value
- Commodity derivatives: €3 billion gross notional value

If an NFC exceeds **one** of the clearing thresholds for a particular asset class, they will need to clear **all** future hedging or speculating OTC derivative contracts in all of the above asset classes for as long as they are over the clearing threshold.

When assessing its positions, a non-financial counterparty must:

- include all contracts entered into by all non-financial entities within the consolidated group, including the entities outside the EU that would qualify as a non-financial counterparty under EMIR if they were located within the EU; and
- monitor the threshold against the consolidated group's rolling 30-day average of gross notional by class.

What are the characteristics of contracts entered into for hedging purposes?

Derivatives that are designed to reduce risks directly related to the commercial activity or treasury financing activity of the non-financial counterparty do not count towards the clearing threshold.

There are three categories of contracts that qualify as hedges:

- contract hedging risks directly associated with the normal course of business (includes proxy hedging and stock options arising from employee benefits);
- contract hedging risks indirectly associated with the normal course of business; and
- where a contract qualifies as a hedging contract in accordance to International Financial Reporting Standards (IFRS).

If an OTC derivative contract qualifies as a hedge it is not counted in the calculation of whether the clearing thresholds have been exceeded. Non-financial counterparties must be able to demonstrate how their contracts are within the criteria.

What are the consequences of being an NFC+?

If a non-financial counterparty exceeds the clearing threshold they must notify the FCA and ESMA on the first day that they exceed any of the clearing thresholds. In accordance with EMIR Article 10(1)(b), they will become a NFC+ if the rolling average position over 30 working days exceeds the threshold.

An NFC+ is subject to similar obligations as an FC, including (without limitation):

- the central clearing of OTC derivative contracts that are declared eligible for clearing by the relevant authorities;
- increased reporting to trade repositories (daily valuations as well as trade information);

This does not constitute advice and is supplied for information purposes only

- more frequent reconciliations for OTC derivative contracts that are uncleared; and
- bilateral margining.

What are the EMIR portfolio reconciliation frequencies?

The EMIR portfolio reconciliation frequencies for uncleared OTC derivative contracts are as follows:

Financial Counterparties and Non-Financial Counterparties above the clearing threshold

Number of outstanding uncleared OTC derivative contracts	Required reconciliation frequency
500+	Each business day
51-499	Once per week
50-	Once per quarter

Non-Financial Counterparties below the clearing threshold

Number of outstanding uncleared OTC derivative contracts	Required reconciliation frequency
100+	Once per quarter
100-	Once per year

This is a summary of the requirements in Article 13(3) of Commission Delegated Regulation (EU) No 149/2013. As such, this summary is provided for informational purposes only and may be subject to change.

12 Delegated Trade Reporting (entities incorporated/established in the EU ONLY)

What is trade reporting?

As a result of EMIR, the details of all derivatives transactions will have to be reported to an authorised trade repository (“TR”), which will centrally store reports of derivatives transactions.

TRs will mean that authorities, including national competent authorities and central banks, have a better picture of the derivatives market. The TRs will also publish a weekly overview of aggregate derivatives positions per asset class.

When do these trade reporting obligations come into force?

These obligations will come into force from 12th February 2014:

- new trades, i.e. trades entered into on, or after, this date, must be reported from this date;
- there is a 180 day transitional period from the start date indicated above for the reporting of exposures information (both information on collateral and mark-to-market or mark-to-model information, note that only FCs and NFC+s are required to report this information);
- those derivative contracts which were outstanding on the 16 August 2012 and are still outstanding on the reporting start date shall be reported to a TR within 90 days of the reporting start date; and
- those derivative contracts which were entered into before 16 August 2012 and are still outstanding on 16 August 2012 or were entered into on or after 16 August 2012 and that are not

This does not constitute advice and is supplied for information purposes only

outstanding on or after the reporting start date shall be reposted to a TR within 3 years of the reporting start date.

What has to be reported?

The reporting obligation applies to all derivatives, including over-the-counter (OTC) derivatives and those traded on exchange.

Who has to trade report?

All EU entities (and their overseas branches) that enter into a derivatives contract, including financial and non-financial counterparties, have an obligation to report their trades. However, an entity may delegate reporting to their counterparty or to another third party.

Entities that are not established in the EU do **not** have to trade report, and accordingly the fields in the AOF which relate to trade reporting are **not** applicable to them.

Why do EU entities have to complete the trade reporting section?

Because Sucden needs to determine if prospective clients that are based in the EU are interested in receiving a delegated trade reporting service.

What will happen if a prospective client / client indicates that it wishes to receive a delegated trade reporting service from Sucden?

Sucden will then send the prospective client / client an Agreement for the Provision of Delegated Trade Reporting Services. The prospective client / client must sign this Agreement to receive delegated trade reporting services from Sucden.

If Sucden agrees to provide a delegated trade reporting service on a client's behalf, does that client remain responsible for its reporting obligations under EMIR?

Yes, under EMIR the client would remain ultimately responsible for the accuracy etc. of trade reports that Sucden submits on its behalf.

How can a client obtain details of trade reports submitted on its behalf so it can review them and check their accuracy?

Sucden will provide clients who are in receipt of delegated trade reporting services with a daily report of trade reports submitted on their behalf.

Which trade repository will Sucden report the details of transactions to?

Sucden will report the details of its derivative transactions to UnaVista Ltd, which is based in the UK.

Where a client has entered into an Agreement for the Provision of Delegated Trade Reporting Services with Sucden, Sucden will also report the details of their derivative transactions (limited to those derivative transactions entered into with Sucden) to Unavista Ltd.

Will Sucden generate unique transaction identifiers (“UTI(s)”) for transactions entered into with its clients?

Yes, Sucden will generate UTIs for all reportable derivative transactions entered into between Sucden and its clients. This applies whether a client is receiving delegated trade reporting services from Sucden or not.

What information does a trade report contain?

A trade report contains the information stipulated in the Annex to Commission Delegated Regulation (EU) No 148/2013 of 19 December 2012. This can be found on the following website: <http://eur-lex.europa.eu/JOHtml.do?uri=OJ:L:2013:052:SOM:EN:HTML>. Please note that Sucden is not responsible for the content of external websites.

The type and amount of information will vary depending on the type of trade entered into.

Can Sucden report the details of trades that its client may enter into with other brokers?

No, in this case the client should contact the other broker to inquire as to whether it provides a delegated trade reporting service.

Does a client have to pay Sucden to report trades on its behalf?

Yes, the charges are detailed in Schedule One to the Agreement for the Provision of Delegated Trade Reporting Services.

13 Legal Entity Identifier (“LEI”) (all entities, regardless of jurisdiction of incorporation/establishment)
--

What is an LEI?

An LEI or a Pre-LEI is a reference code to uniquely identify a legally distinct entity that engages in a financial transaction. Please note that this is **not** an entity’s company registration number or equivalent.

Sucden requires this before: (i) providing any service(s); or (ii) opening an account.

Why is it important that my company obtains an LEI?

The Second Markets and Financial Instruments Directive and Regulation (“MiFID/R II”) enters into force in the European Union in January 2018. MiFID/R II requires regulated investment firms, like Sucden, to report details of transactions in financial instruments that are entered into with its clients. In order to submit these reports to the regulatory authorities, regulated investment firms **must** obtain the valid LEIs from all of their clients. **MiFID/R II will prohibit investment firms from trading with clients who do not have a valid LEI after it enters into force.**

For more information, please see the UK Financial Conduct Authority’s LEI update which is available at: <https://www.fca.org.uk/markets/mifid-ii/legal-entity-identifier-lei-update>

How can an entity apply for a LEI?

An entity can only obtain an LEI or pre-LEI from one of the endorsed pre-Local Operating Units (“LOUs”) of the Global Legal Entity Identifier System. A list of endorsed pre-LOUs is available at:

http://www.leiroc.org/publications/gls/lou_20131003_2.pdf

Each LOU will charge a small amount for obtaining an renewing an LEI. More information on these charges can be found on the website of the LOU of your company’s notice.

Does it matter what LOU I obtain my LEI from?

No, an entity can obtain an LEI from any LOU. It does not matter whether an entity is incorporated in a jurisdiction that does not have an LOU. For example, an entity incorporated in the Marshall Islands can obtain an LEI from an LOU in the United Kingdom.

Can SFL obtain an LEI for my company?

Yes. From Q1 2017, Sucden will be able to obtain LEIs for its clients using an LEI validation tool provided by its trade repository, Unavista.

Sucden will charge up to GBP£115 (plus VAT) for obtaining an LEI for a client. This represents the fee that Unavista charges to Sucden for obtaining LEIs on behalf of its clients. This fee may be subject to change from time to time.

Please note that, you can also use an LEI obtained by Sucden with any other investment firms that you trade with.

Why is it important to obtain an LEI as soon as possible?

Lots of entities will be seeking to obtain LEIs towards the end of 2017. This is likely to lead to a considerable backlog at LOUs and some entities may not receive their LEI in time for the beginning of 2018.

Who at Sucden should my company inform once it has obtained an LEI?

Please inform our MiFID II team by sending an email to the following email address: MiFIDII@sucfin.com

Does my company have to renew and maintain its LEI after it has been obtained?

Yes. It is important that your company annually renews and maintains its LEI, otherwise it could “lapse” which could prevent your company from trading. More information can be obtained from each LOU on its specific processes for updating and maintaining LEIs.

Can Sucden renew my LEI on my behalf?

Yes, but only if a client has obtained its LEI through Sucden. If a client has obtained its LEI independently then Sucden will not be able to assist that client in renewing/maintaining its LEI. Sucden will charge GBP£70 (plus VAT) for renewing LEIs. This represents the fee that Unavista

charges to Sucden for renewing LEIs on behalf of its clients. This fee may be subject to change from time to time.

PLEASE NOTE THAT, ANY RENEWS/MAINTENANCE OF LEIs WILL BE DONE ON A REQUEST BASIS ONLY AT THE INITIATION OF CLIENTS. SFL CANNOT, AND WILL NOT, BE: (I) PROVIDING ANNUAL RENEWAL REMINDERS TO CLIENTS; OR (II) AUTOMATICALLY RENEWING LEIs ON BEHALF OF CLIENTS WITHOUT THEIR PRIOR WRITTEN INSTRUCTION.

In order to require the renewal of an LEI that you have obtained from Sucden, please send an email to MiFIDII@sucfin.com in good time before renewal becomes due, providing details of any changes/updates to your static data (e.g. address, entity legal form) that we would need to inform the LOU (Unavista) of.

Do all clients have to provide Sucden with an LEI, including those that will not have to trade report/are outside the EU?

Yes. All clients need to provide this.

Can trusts obtain an LEI?

Yes.

Commodity Position Reporting

What is commodity position reporting?

Commodity position reporting is closely linked to the new position limit regime for commodity derivatives in that it will enable competent authorities to monitor market participants' positions against the limits that they have set.

What types of positions will be subject to position limits and will need to be reported?

Exchange traded contracts and EEOTCs in the following:

- energy derivatives, metals derivatives, agricultural derivatives and other food derivatives;
- derivatives on intangibles such as climate derivatives;
- derivatives with flow-based delivery such as electricity and gas;
- both case and physically settled derivatives; and
- derivatives on certain other instruments including baskets, indexes and swaps.

Will LME "lookalike" contracts constitute EEOTCs?

At present, the majority of brokers do not believe that LME "lookalike" contracts will constitute EEOTCs because:

- it is now believed the EU policy makers do not want market participants taking on large on exchange positions only to be able net off such positions against any OTC position; and

*****This does not constitute advice and is supplied for information purposes only*****

- LME lookalike contracts are not thought to be completely identical to LME contracts, principally because they cannot go to delivery.

Notwithstanding the above, to date, neither the European Securities and Markets Authority (“ESMA”) nor any of the relevant competent authorities have published any guidance as to what might constitute an EEOC. Accordingly, you should monitor the situation carefully because it may change.

14 Purpose of trading derivative products

Why does Sucden require this information?

Sucden requires this information to assist it in fulfilling its trade reporting obligations under EMIR and information requests made by regulators from time to time.

Definition of a “derivative” for the purposes of EMIR related Sections

What is a “derivative” for the purposes of EMIR?

EMIR essentially uses the definitions of financial instrument which fall within the EU Markets in Financial Instruments Directive (“MiFID”). Where a financial instrument is traded OTC, it is likely to be caught by EMIR. Financial instruments include, without limitation: futures, averaging trades, CFDs, non-deliverable FX forwards, FX options, rolling spot FX, OTC swaps, and LME lookalike contracts. However, please note that MiFID may have been implemented differently at national level so the definition of a derivative may vary slightly in each Member State. Accordingly, a prospective client/client should check the specific interpretation in their Member State when considering the applicability of EMIR to its business.

Clearing Account Preferences (section 15 Corporate Account Opening Form, Section 10 Trust Account Opening Form)

Why does Sucden require this information?

Sucden is required by EMIR to inform and offer its clients new clearing account structures for cleared business. We are required to obtain written confirmation from a client as to its clearing account preferences before providing it with clearing services.

What clearing account types are available?

The **Clearing Member Disclosure Document (“CMDD”)** provides an overview of the various clearing account types that are available, including the various levels of protection they offer. This document can be found at the following location:

www.sucdenfinancial.com/ClientDocumentation

You should read this document carefully.

Please note that differences may exist between the clearing account types offered by each CCP. Accordingly, you should also familiarise yourself with the CCP’s own disclosure documentation. Links

to the websites of each of the CCPs which Sucden Financial is a member of can be found on the last page of the CMDD.

What costs and charges are associated with each type of clearing account?

The costs and charges are comprised of Sucden Financial's fees and, in the case of ISAs, the relevant CCP's costs of providing an ISA, which Sucden Financial passes on to the client holding the ISA. These are set out in our **Pricing Disclosures for Clearing Account Structures** document which can be found at the following location: www.sucdenfinancial.com/ClientDocumentation

Appendix – Summary Descriptions of Select Defined Terms

Note: These are selected summaries of defined terms provided to assist you with the completion of the Tax Residency Self-Certification section within the Account Opening Form. Further details can be found within the OECD "Common Reporting Standard for Automatic Exchange of Financial Account Information" (the "CRS"), the associated "Commentary" to the CRS, and domestic guidance. If you have any questions then please contact your tax adviser or domestic tax authority.

"Account Holder"

The "Account Holder" is the person listed or identified as the holder of a Financial Account by the Financial Institution that maintains the account. This is regardless of whether such person is a flow-through Entity. Thus, for example, if a trust or an estate is listed as the holder or owner of a Financial Account, the trust or estate is the Account Holder, rather than the trustee or the trust's owners or beneficiaries. Similarly, if a partnership is listed as the holder or owner of a Financial Account, the partnership is the Account Holder, rather than the partners in the partnership. A person, other than a Financial Institution, holding a Financial Account for the benefit or account of another person as agent, custodian, nominee, signatory, investment advisor, or intermediary, is not treated as holding the account, and such other person is treated as holding the account.

"Active NFE"

An NFE is a nonfinancial entity. It is an Active NFE if it meets any of the criteria listed below. In summary, those criteria refer to:

- active NFEs by reason of income and assets;
- publicly traded NFEs;
- Governmental Entities, International Organisations, Central Banks, or their wholly owned Entities;
- holding NFEs that are members of a nonfinancial group;
- start-up NFEs;
- NFEs that are liquidating or emerging from bankruptcy;
- treasury centres that are members of a nonfinancial group; or
- non-profit NFEs.

An entity will be classified as Active NFE if it meets any of the following criteria:

*****This does not constitute advice and is supplied for information purposes only*****

a) less than 50% of the NFE's gross income for the preceding calendar year or other appropriate reporting period is passive income and less than 50% of the assets held by the NFE during the preceding calendar year or other appropriate reporting period are assets that produce or are held for the production of passive income;

b) the stock of the NFE is regularly traded on an established securities market or the NFE is a Related Entity of an Entity the stock of which is regularly traded on an established securities market;

c) the NFE is a Governmental Entity, an International Organisation, a Central Bank, or an Entity wholly owned by one or more of the foregoing;

d) substantially all of the activities of the NFE consist of holding (in whole or in part) the outstanding stock of, or providing financing and services to, one or more subsidiaries that engage in trades or businesses other than the business of a Financial Institution, except that an Entity does not qualify for this status if the Entity functions (or holds itself out) as an investment fund, such as a private equity fund, venture capital fund, leveraged buyout fund, or any investment vehicle whose purpose is to acquire or fund companies and then hold interests in those companies as capital assets for investment purposes;

e) the NFE is not yet operating a business and has no prior operating history, (a "start-up NFE") but is investing capital into assets with the intent to operate a business other than that of a Financial Institution, provided that the NFE does not qualify for this exception after the date that is 24 months after the date of the initial organisation of the NFE;

f) the NFE was not a Financial Institution in the past five years, and is in the process of liquidating its assets or is reorganising with the intent to continue or recommence operations in a business other than that of a Financial Institution;

g) the NFE primarily engages in financing and hedging transactions with, or for, Related Entities that are not Financial Institutions, and does not provide financing or hedging services to any Entity that is not a Related Entity, provided that the group of any such Related Entities is primarily engaged in a business other than that of a Financial Institution; or

h) the NFE meets all of the following requirements (a "non-profit NFE") :

i) it is established and operated in its jurisdiction of residence exclusively for religious, charitable, scientific, artistic, cultural, athletic, or educational purposes; or it is established and operated in its jurisdiction of residence and it is a professional organisation, business league, chamber of commerce, labour organisation, agricultural or horticultural organisation, civic league or an organisation operated exclusively for the promotion of social welfare;

ii) it is exempt from income tax in its jurisdiction of residence;

iii) it has no shareholders or members who have a proprietary or beneficial interest in its income or assets;

iv) the applicable laws of the NFE's jurisdiction of residence or the NFE's formation documents do not permit any income or assets of the NFE to be distributed to, or applied for

This does not constitute advice and is supplied for information purposes only

the benefit of, a private person or non-charitable Entity other than pursuant to the conduct of the NFE's charitable activities, or as payment of reasonable compensation for services rendered, or as payment representing the fair market value of property which the NFE has purchased; and

v) the applicable laws of the NFE's jurisdiction of residence or the NFE's formation documents require that, upon the NFE's liquidation or dissolution, all of its assets be distributed to a Governmental Entity or other non-profit organisation, or escheat to the government of the NFE's jurisdiction of residence or any political subdivision.

Note: Certain entities (such as U.S. Territory NFFEs) may qualify for Active NFFE status under FATCA but not Active NFE status under the CRS.

“Control”

“Control” over an Entity is generally exercised by the natural person(s) who ultimately has a controlling ownership interest (typically on the basis of a certain percentage (e.g. 25%)) in the Entity. Where no natural person(s) exercises control through ownership interests, the Controlling Person(s) of the Entity will be the natural person(s) who exercises control of the Entity through other means. Where no natural person(s) is/are identified as exercising control of the Entity through ownership interests, then under the CRS the Reportable Person is deemed to be the natural person who hold the position of senior managing official.

“Controlling Person(s)”

“Controlling Persons” are the natural person(s) who exercise control over an entity. Where that entity is treated as a Passive Non-Financial Entity (“Passive NFE”) then a Financial Institution is required to determine whether or not these Controlling Persons are Reportable Persons. This definition corresponds to the term “beneficial owner” described in Recommendation 10 and the Interpretative Note on Recommendation 10 of the Financial Action Task Force Recommendations (as adopted in February 2012).

In the case of a trust, the Controlling Person(s) are the settlor(s), the trustee(s), the protector(s) (if any), the beneficiary(ies) or class(es) of beneficiaries, or any other natural person(s) exercising ultimate effective control over the trust (including through a chain of control or ownership). Under the CRS the settlor(s), the trustee(s), the protector(s) (if any), and the beneficiary(ies) or class(es) of beneficiaries, are always treated as Controlling Persons of a trust, regardless of whether or not any of them exercises control over the activities of the trust.

Where the settlor(s) of a trust is an Entity then the CRS requires Financial Institutions to also identify the Controlling Persons of the settlor(s) and when required report them as Controlling Persons of the trust.

In the case of a legal arrangement other than a trust, “Controlling Person(s) means persons in equivalent or similar positions.

“Custodial Institution”

The term “Custodial Institution” means any Entity that holds, as a substantial portion of its business, Financial Assets for the account of others. This is where the Entity’s gross income attributable to the holding of Financial Assets and related financial services equals or exceeds 20% of the Entity’s gross income during the shorter of: (i) the three-year period that ends on 31 December (or the final day of a non-calendar year accounting period) prior to the year in which the determination is being made; or (ii) the period during which the Entity has been in existence.

"Depository Institution"

The term “Depository Institution” means any Entity that accepts deposits in the ordinary course of a banking or similar business.

“FATCA”

FATCA stands for the U.S. provisions commonly known as the Foreign Account Tax Compliance Act, which were enacted into U.S. law as part of the Hiring Incentives to Restore Employment (HIRE) Act on March 18, 2010. FATCA creates a new information reporting and withholding regime for payments made to certain non-U.S. financial institutions and other non-U.S. entities.

“Entity”

The term “Entity” means a legal person or a legal arrangement, such as a corporation, organisation, partnership, trust or foundation. This term covers any person other than an individual (i.e. a natural person).

“Financial Account”

A Financial Account is an account maintained by a Financial Institution and includes: Depository Accounts; Custodial Accounts; Equity and debt interest in certain Investment Entities; Cash Value Insurance Contracts; and Annuity Contracts.

“Financial Institution”

The term “Financial Institution” means a “Custodial Institution”, a “Depository Institution”, an “Investment Entity”, or a “Specified Insurance Company”. Please see the relevant domestic guidance and the CRS for further classification definitions that apply to Financial Institutions.

"Investment Entity"

The term “Investment Entity” includes two types of Entities:

- (i) an Entity that primarily conducts as a business one or more of the following activities or operations for or on behalf of a customer:
 - Trading in money market instruments (cheques, bills, certificates of deposit, derivatives, etc.); foreign exchange; exchange, interest rate and index instruments; transferable securities; or commodity futures trading;
 - Individual and collective portfolio management; or

This does not constitute advice and is supplied for information purposes only

- Otherwise investing, administering, or managing Financial Assets or money on behalf of other persons.

Such activities or operations do not include rendering non-binding investment advice to a customer.

- (ii) "The second type of "Investment Entity" ("Investment Entity managed by another Financial Institution") is any Entity the gross income of which is primarily attributable to investing, reinvesting, or trading in Financial Assets where the Entity is managed by another Entity that is a Depository Institution, a Custodial Institution, a Specified Insurance Company, or the first type of Investment Entity.

"Investment Entity located in a Non-Participating Jurisdiction and managed by another Financial Institution"

The term "Investment Entity located in a Non-Participating Jurisdiction and managed by another Financial Institution" means any Entity the gross income of which is primarily attributable to investing, reinvesting, or trading in Financial Assets if the Entity is (i) managed by a Financial Institution and (ii) not a Participating Jurisdiction Financial Institution.

"Investment Entity managed by another Financial Institution"

"An Entity is "managed by" another Entity if the managing Entity performs, either directly or through another service provider on behalf of the managed Entity, any of the activities or operations described in clause (i) above in the definition of 'Investment Entity'.

An Entity only manages another Entity if it has discretionary authority to manage the other Entity's assets (either in whole or part). Where an Entity is managed by a mix of Financial Institutions, NFEs or individuals, the Entity is considered to be managed by another Entity that is a Depository Institution, a Custodial Institution, a Specified Insurance Company, or the first type of Investment Entity, if any of the managing Entities is such another Entity. "NFE" An "NFE" is any Entity that is not a Financial Institution.

"Non-Reporting Financial Institution"

A Non-Reporting Financial Institution" means any Financial Institution that is:

- a Governmental Entity, International Organisation or Central Bank, other than with respect to a payment that is derived from an obligation held in connection with a commercial financial activity of a type engaged in by a Specified Insurance Company, Custodial Institution, or Depository Institution;
- a Broad Participation Retirement Fund; a Narrow Participation Retirement Fund; a Pension Fund of a Governmental Entity, International Organisation or Central Bank; or a Qualified Credit Card Issuer;
- an Exempt Collective Investment Vehicle; or
- a Trustee-Documented Trust: a trust where the trustee of the trust is a Reporting Financial Institution and reports all information required to be reported with respect to all Reportable Accounts of the trust;

This does not constitute advice and is supplied for information purposes only

- any other defined in a countries domestic law as a Non-Reporting Financial Institution.

“Participating Jurisdiction”

A “Participating Jurisdiction” means a jurisdiction with which an agreement is in place pursuant to which it will provide the information set out in the CRS and that is identified in a published list.

“Participating Jurisdiction Financial Institution”

The term “Participating Jurisdiction Financial Institution means (i) any Financial Institution that is tax resident in a Participating Jurisdiction, but excludes any branch of that Financial Institution that is located outside of that jurisdiction, and (ii) any branch of a Financial Institution that is not tax resident in a Participating Jurisdiction, if that branch is located in such Participating Jurisdiction.

“Passive NFE”

Under the CRS a “Passive NFE” means any: (i) NFE that is not an Active NFE; and (ii) Investment Entity located in a Non-Participating Jurisdiction and managed by another Financial Institution.

“Related Entity”

An Entity is a “Related Entity” of another Entity if either Entity controls the other Entity, or the two Entities are under common control. For this purpose control includes direct or indirect ownership of more than 50% of the vote and value in an Entity.

“Reportable Account”

The term “Reportable Account” means an account held by one or more Reportable Persons or by a Passive NFE with one or more Controlling Persons that is a Reportable Person.

“Reportable Jurisdiction”

A Reportable Jurisdiction is a jurisdiction with which an obligation to provide financial account information is in place and that is identified in a published list.

“Reportable Jurisdiction Person”

A Reportable Jurisdiction Person is an Entity that is tax resident in a Reportable Jurisdiction(s) under the tax laws of such jurisdiction(s) - by reference to local laws in the country where the Entity is established, incorporated or managed. An Entity such as a partnership, limited liability partnership or similar legal arrangement that has no residence for tax purposes shall be treated as resident in the jurisdiction in which its place of effective management is situated. As such if an Entity certifies that it has no residence for tax purposes it should complete the form stating the address of its principal office.

Dual resident Entities may rely on the tiebreaker rules contained in tax conventions (if applicable) to determine their residence for tax purposes.

“Reportable Person”

A Reportable Person is an individual (or entity) that is tax resident in a Reportable Jurisdiction under the laws of that jurisdiction. The Account Holder will normally be the “Reportable Person”; however, in the case of an Account Holder that is a Passive NFE, a Reportable Person also includes any Controlling Persons who are tax resident in a Reportable Jurisdiction. Dual resident individuals may rely on the tiebreaker rules contained in tax conventions (if applicable) to solve cases of double residence for purposes of determining their residence for tax purposes.

A “Reportable Person” is defined as a “Reportable Jurisdiction Person”, other than:

- a corporation the stock of which is regularly traded on one or more established securities markets;
- any corporation that is a Related Entity of a corporation described in clause (i);
- a Governmental Entity;
- an International Organisation;
- a Central Bank; or
- a Financial Institution (except for an Investment Entity described in Sub Paragraph A(6) b) of the CRS that are not Participating Jurisdiction Financial Institutions. Instead, such Investment Entities are treated as Passive NFE’s.)

“Resident for tax purposes”

Each jurisdiction has its own rules for defining tax residence. Generally, an Entity will be resident for tax purposes in a jurisdiction if, under the laws of that jurisdiction (including tax conventions), it pays or should be paying tax therein by reason of his domicile, residence, place of management or incorporation, or any other criterion of a similar nature, and not only from sources in that jurisdiction. Dual resident Entities may rely on the tiebreaker rules contained in tax conventions (if applicable) to solve cases of double residence for determining their residence for tax purposes. An Entity such as a partnership, limited liability partnership or similar legal arrangement that has no residence for tax purposes shall be treated as resident in the jurisdiction in which its place of effective management is situated.

“Specified Insurance Company”

The term “Specified Insurance Company” means any Entity that is an insurance company (or the holding company of an insurance company) that issues, or is obligated to make payments with respect to, a Cash Value Insurance Contract or an Annuity Contract.

“TIN” (including “functional equivalent”)

The term “TIN” means Taxpayer Identification Number or a functional equivalent in the absence of a TIN. A TIN is a unique combination of letters or numbers assigned by a jurisdiction to an individual or an Entity and used to identify the individual or Entity for the purposes of administering the tax laws of such jurisdiction. Some jurisdictions do not issue a TIN. However, these jurisdictions often utilise some other high integrity number with an equivalent level of identification (a “functional equivalent”). Examples of that type of number include, for Entities, a Business/company registration code/number.