

Automatic Exchange of Information Agreements (UK- Crown Dependencies/Overseas Territories): Entity Classification Guide

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Introduction

What are the Automatic Exchange of Information Agreements?

The Governments of the UK, the Crown Dependencies (Isle of Man, Guernsey and Jersey) and the British Overseas Territories (the Cayman Islands, the British Virgin Islands, Bermuda, Anguilla, Turks and Caicos Islands, Montserrat and Gibraltar) have signed a collection of Inter-Governmental Agreements (“IGAs” or “Agreements”) which agree to implement domestic law requiring Financial Institutions, such as HSBC Global Private Bank (GPB), to identify, classify and report relevant account holders who are tax resident in the counterparty jurisdiction. The primary purpose of these Agreements is to combat tax evasion.

For HSBC Global Private Bank (“us/we”) to obtain the relevant information needed under these Agreements and to comply with these laws, we require you to complete the ‘**Tax Compliance: International Exchange of Information Agreement Self-Certification Form – Entities**’ (“the/this form”). In completing this form, you will be certifying the entity’s classification for the purpose of these Agreements so that where necessary we can report the information to the relevant tax authorities.

Why have I received this document?

The entity classification rules under these Agreements are complicated. This document is intended to help you understand the entity classification rules and assist you with the completion of the form.

It is important to consider that the form is a “self-certification” and HSBC Global Private Bank is not able to provide tax advice or advise customers on the entity’s classification.

This document is not intended to answer all questions or cover all classification scenarios but should give you an introduction to the entity classifications and a summary of the key determining factors. Detailed classification definitions are included in the Glossary to this document ([Section 5](#)).

If you do not wish to use this document, we would recommend you seek appropriate tax advice to assist you with the classification process. Regardless of whether you choose to use this document or not you should consider obtaining tax advice if you are uncertain of the entity’s classification.

What if I still don’t understand how I should be completing the form or what the entity’s classification is?

If you get to the end of this document and are still unclear as to the entity’s classification, you should seek appropriate tax advice. Your Relationship Manager at HSBC Global Private Bank will not be in a position to provide further assistance beyond the information contained within this guide given the complexity of the entity classification rules and given that by law the Bank is not permitted to give tax advice.

You may already have established the entity’s classification under the Foreign Account Tax Compliance Act (“FATCA”) and provided this to us on an IRS W-series form. Please note that the entity’s classification for the purpose of this form **may** not align with the entity’s classification for FATCA purposes. We have attempted to draw out the key differences between the FATCA classification and the classification for the purpose of the Agreements and this form throughout this document in the grey boxes like this one.

This document is not intended and cannot be used as a substitute for a detailed analysis of the Agreements or related documents. This document does not constitute or should not be construed as tax advice. In case of uncertainty, please obtain professional tax advice.

This document is intended to assist you in identifying and completing the documentation necessary for classification purposes based on information currently available. To accurately determine the entity classification for the purpose of this form please refer to the textual description.

We recommend that entities seek professional tax advice in the case of uncertainty or if there are several classifications that may be applicable to the entity.

1. Classification Overview

The 'Tax Compliance: International Exchange of Information Agreement Self-Certification Form – Entities' asks a number of questions about the entity's classification under the Agreements and its country of tax residency(ies).

The flow chart below sets out the key parts of the form and where the relevant guidance can be found in this document. This document does not provide guidance on tax residence. Guidance produced by HMRC for the purpose of these Agreements can be found at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/358562/guidance-uk-cd-ot.pdf.

We recommend you seek appropriate tax advice if you are unsure of the entity's tax residence.

Please note that the entity's classification under the Agreements must be provided in **all** cases, however different sections of **Part 2** of the form will need to be completed depending on the type of entity

Part 2: Entity type – please complete **Part 2A**, **Part 2B** or **Part 2C** as appropriate:

- **Part 2A (a - d):** Relevant for entities that are regularly traded on an established securities market¹ or in the same affiliated group as such entity, Exempt Beneficial Owners, and Financial Institutions (including Non Reporting Financial Institutions).

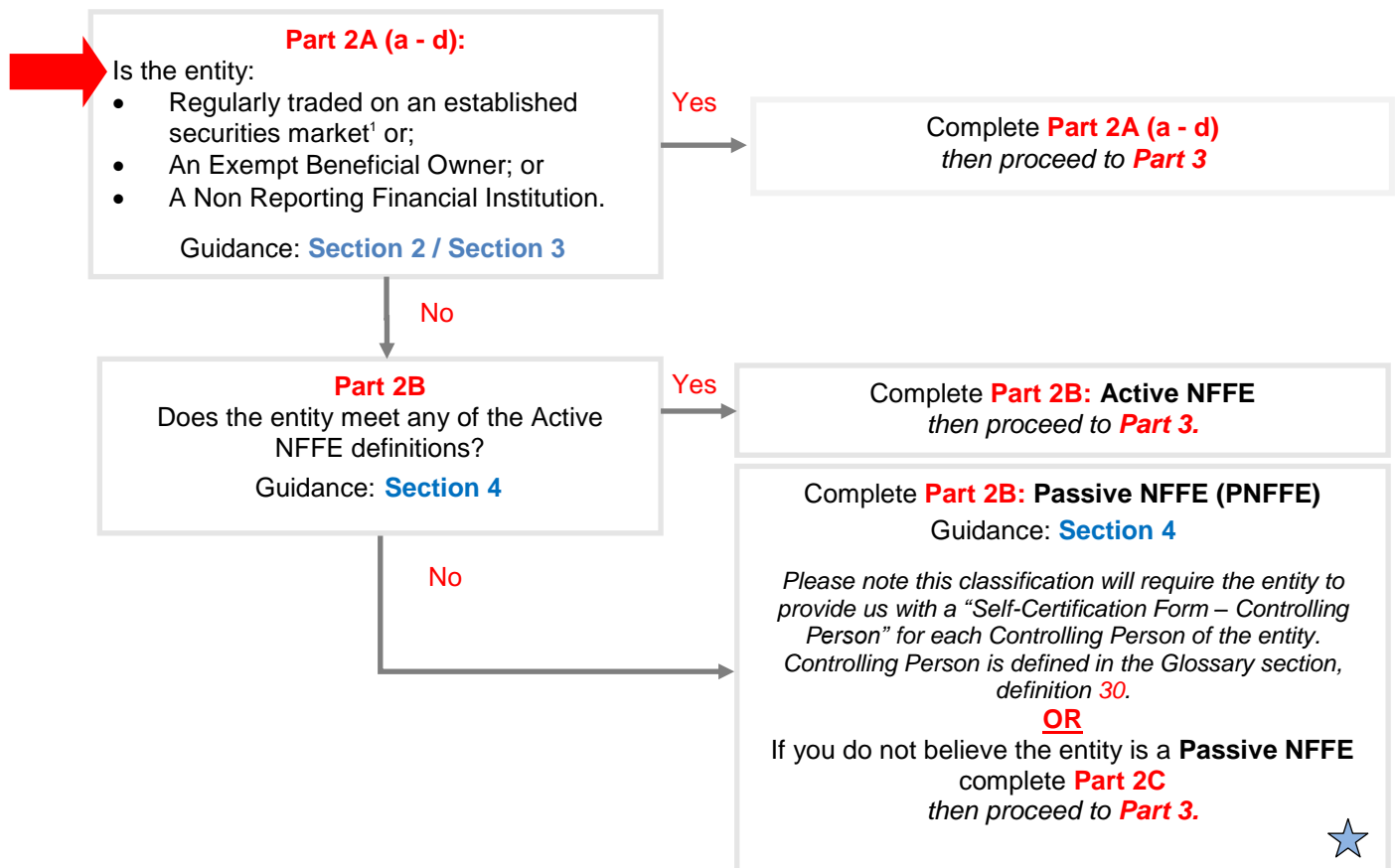
Section 2 of this guidance sets out the definition of a Financial Institution under the Agreements and the key considerations in determining the entity's status as such. Certain Financial Institutions may be classified as Non-Reporting Financial Institutions or Exempt Beneficial Owners as set out in **Section 3** of this guidance.

- **Part 2B:** Relevant for entities that are **not** Financial Institutions.

If the entity is not a Financial Institution it will be an Active Non Financial Foreign Entity (Active NFFE) or a Passive Non Financial Foreign Entity (Passive NFFE) (see **Section 4**).

- **Part 2C:** If the entity does not fall within any of the classification in **Part 2A** or **Part 2B**, please tick the box in **Part 2C** and provide appropriate additional information and documentation to confirm the entity's classification.

Some entity classifications will require you to provide additional documentation to us. These classifications have been highlighted with the following symbol: ★ In these cases, the additional documentation requirements are clearly detailed.



¹This term is not defined but HMRC Guidance states that it would include the London Stock Exchange, the PLUS listed market, the AIM, PLUS Quoted and PLUS Traded Markets.

2. Is the entity a Financial Institution (FI)?

There are four types of Financial Institution definitions as set out below. You will need to consider all of these to establish whether the entity meets the definition of a Financial Institution. Note that for the purposes of this form, a partnership should be considered an entity. The full FI definitions are contained within the Glossary ([Section 5](#)).

Please consider **ALL** of the descriptions and examples below and consider whether the entity falls into any of these categories. If the entity falls into **ANY** of these categories, please tick “Financial Institution” in Part 2A (d).

If the entity does not fall within any of these definitions, it is likely to be a Non Financial Foreign Entity (NFFE).

We recommend that you refer to the local legislation and/or obtain appropriate tax advice to verify that the entity is a Financial Institution as the entity may have local identification and reporting requirements as a result of being a Financial Institution under these Agreements if it is tax resident in the UK, any of the Crown Dependencies or Overseas Territories.

2.1. Investment Entity

Considerations

Does the entity conduct any of the following activities for or on behalf of a customer:

- *Trading in money market instruments;*
- *Individual and collective portfolio management; or*
- *Otherwise investing, administering, or managing funds or money on behalf of other persons*

Does this consist of a significant portion of the entity's business (more than 50%)?

Or

Is the entity's income primary attributable (more than 50%) to investing, reinvesting or trading in financial assets **and** the entity is **managed by a Financial Institution?**

Or

Is the entity or its activities **professionally managed?**

If yes to any of the above, the entity is likely to be an Investment Entity.

Examples

- Trusts with a professional trustee.
- Fund managers
- Professionally managed personal investment companies;
- Funds with a fund manager

Professionally Managed

Trusts, Personal Investment Companies, LLCs and Partnerships and Investment Funds may fall into the investment entity definition for being professionally managed.

An entity will be professionally managed if it is managed by a FI. A FI will manage an entity where it has been appointed to carry out the day to day functions of that entity.

Entities that have appointed a discretionary fund manager will generally be considered to be professionally managed.

The principles in the below trust **case study** are relevant to the above entity types.

Case Study: Trusts

Trusts may fall under the definition of Investment Entity where the trust is **professionally managed**. A trust will be professionally managed where **ANY** of the below are true:

The trustee is a financial institution

The trustee (on behalf of the trust) engages a financial institution to manage the trust

The trustee (on behalf of the trust) engages a financial institution to manage the trust's financial assets

A FI will manage the trust where it has been appointed by the trustees to carry out the day to day functions including management functions of the trust on behalf of the trustees

A FI manages the financial assets of the trust where it manages the investment strategy for the assets. This will usually be where the trust has appointed a discretionary fund manager to manage the portfolio. The holding or acquisition of a retail type product or service (such as units purchased in investment funds) will not meet this condition. Likewise, the holding of a fixed asset (such as insurance products or investment bonds) will not constitute professional management of the assets of the trust.

2.2. Custodial Institution

Considerations

Does the entity hold financial assets for the account of others?

(Financial assets includes securities (such as corporation stocks, notes, bonds, debentures), partnership interests, commodities, notional principal contracts, and insurance or annuity contracts)

Is this a substantial part of its business (more than 20% of income)?

If yes to the above, the entity is likely to be a Custodial Institution.

Examples

- Custodial banks;
- Brokers;
- Trust companies;
- Clearing organizations and nominees;
- Entities carrying out regulated activities, e.g., in the UK by the FSMA;
- Employment Benefit Trust holding shares for an employee after they have been granted.

2.3. Depository Institution

Considerations

Does the entity accept deposits in the ordinary course of a banking or similar business?

If yes to the above, the entity is likely to be a Depository Institution.

Examples

Entities carrying out regulated activities, e.g. in the UK by the FSMA generally are:

- Saving or Commercial banks;
- Credit Unions;
- Industrial and Provident Societies;
- Building Societies;
- Entities that issue payment cards that can be pre-loaded with funds in excess of \$50,000 to be spent at a later date.

2.4. Specified Insurance Company

Considerations

Does the entity carry out insurance activities?

Does it issue Cash Value Insurance or Annuity Contracts?

If yes to the above, the entity is likely to be a Specified Insurance Company.

Examples

An insurance company that only provides the following services would generally not be treated as a FI:

- General Insurance;
- Term life insurance;
- Reinsurance companies that only provide indemnity reinsurance contracts.

For the purpose of FATCA, some jurisdictions consider Relevant Holding Companies and Treasury Centres to be Financial Institutions. Under the Agreements and for the purpose of this form, this is **not** a classification of Financial Institution. An entity that was a Financial Institution for FATCA purposes by virtue of meeting the Relevant Holding Companies and Treasury Centres classification should consider the above guidance to determine the entity's classification.

3. Does the entity meet any of the Exempt Beneficial Owner / Non Reporting Financial Institution definitions?

Certain Financial Institutions may meet the definition of a “Non Reporting Financial Institution” or “Exempt Beneficial Owner”. This section summarises the types of Exempt Beneficial Owner and Non Reporting Financial Institution classifications.

These types of institutions will have limited obligations as Financial Institutions. Detailed definitions have been set out in the Glossary ([Section 5](#)), referenced by the **red numbers** in each box below.

The classifications available to the entity may vary depending on where it is opening the account. The below guidance should be used by reference to the Agreements and any local guidance that has been issued in the jurisdiction in which you are opening the account.

← Exempt Beneficial Owners (EBOs) →					
Governmental Entity A government or political subdivision thereof. 5	International Organisation International or supranational organisations whose income does not benefit private persons. 6	Central Bank (UK) The Bank of England and any of its wholly owned subsidiaries. 7	Pension Fund of an Exempt Beneficial Owner A fund of an exempt beneficial owner established to provide retirement benefits to current or former employees. 8	Investment Entity owned by Exempt Beneficial Owners (EBO) An Investment Entity where the equity interest is owned by an EBO and debt interest by an EBO/ Depository Institution. 9	Retirement Funds² Either pension schemes/ arrangements registered with HMRC under Part 4 of the Finance Act 2004 or the UK Pension Protection Fund. 10

²Entities who believe they may be retirement funds should consult the IGA of the entity’s tax residence, together with any issued accompanying guidance notes, in order to determine the entity’s CDOT classification

← **Non Reporting Financial Institutions** →

<p>Broad and Narrow Participation Retirement Fund</p> <p>A fund providing retirement, disability or death benefits to current or former employees.</p> <p style="text-align: center;">11/12</p>	<p>Financial Institutions with local client base</p> <p>For the purpose of this form this classification is not relevant. You will need to consider which of the other classifications the entity falls within.</p> <p style="text-align: center;">13</p>	<p>Local Credit Union</p> <p>An entity that solely carries out the business of a Credit Union in its country where it is licensed and regulated and all accounts are held by residents of the local jurisdiction.</p> <p style="text-align: center;">14</p>	<p>Financial Institutions (FIs) with only low-values accounts</p> <p>For FIs that are not Investment Entities that have no accounts with a value exceeding \$50,000.</p> <p style="text-align: center;">15</p>	<p>Qualified Credit Card Issuers</p> <p>The entity is an issuer of credit cards that accepts deposits only when a customer makes a payment in excess of a balance and that balance is below \$50,000.</p> <p style="text-align: center;">16</p>
<p>Trustee Documented Trust</p> <p>A trust with a trustee that is a Financial Institution and undertakes reporting for the trust under these Agreements.</p> <p style="text-align: center;">17</p>	<p>Sponsored Investment Entity</p> <p>An Investment Entity who has a sponsoring entity that is authorised to act on the entity's behalf and undertakes its requirements as a Financial Institution.</p> <p style="text-align: center;">18</p>	<p>Sponsored Closely Held Investment Vehicle</p> <p>An Investment Entity owned by 20 of fewer individuals who has a sponsoring entity authorised to act on its behalf and undertake its requirements as a Financial Institution.</p> <p style="text-align: center;">19</p>	<p>Investment Advisors and Managers</p> <p>An entity in the business of providing investment advice and/or managing investments for clients.</p> <p style="text-align: center;">20</p>	<p>Collective Investment Vehicle</p> <p>An Investment Entity regulated as a Collective Investment Vehicle where interests are held through Exempt Beneficial Owners/ Active NFFEs.</p> <p style="text-align: center;">21</p>

4. Does the entity meet any of the Non-Financial Foreign Entity (NFFE) definitions?

Entities that do not meet any of the Financial Institution definitions are Non-Financial Foreign Entities (NFFEs). If you have determined that the entity is **NOT** a Financial Institution, but are not sure whether the entity is a 'Passive' or 'Active' entity, please see the below to assist with the entity's classification.

Unless the entity meets any of the below Active NFFE definitions, it will likely be a Passive NFFE and we will require you to provide additional documentation as detailed in [Section 4.2](#).

In line with the red reference numbers in each classification box, detailed requirements for each classification type have been set out in the Glossary ([Section 5](#)).

4.1 Active NFFEs

<p>Active NFFE Trading Entities</p> <p>Less than half of the entity's gross income is passive income i.e. not from financial assets.</p> <p>22</p>	<p>Active NFFE Listed Entities</p> <p>The stock of the entity is regularly traded on an established securities market or the entity is a Related Entity of such entity.</p> <p>23</p>	<p>Active NFFE Government Entities</p> <p>The entity is a government or a political subdivision of such government.</p> <p>24</p>	<p>Active NFFE Holding Company</p> <p>All the activities of the entity consist of holding the stock of a subsidiary that engages in a trade or business other than that of a Financial Institution.</p> <p>25</p>
<p>Active NFFE Start-ups</p> <p>The entity is not yet operating a business and has no operating history, but has intent to operate a non Financial Institution business.</p> <p>26</p>	<p>Active NFFE Entities in Liquidation</p> <p>The entity was not a Financial Institution in the past 5 years and is in liquidation.</p> <p>27</p>	<p>Active NFFE Treasury Company</p> <p>The entity engages in financing and hedging transactions and does not provide those services to any non related entity.</p> <p>28</p>	

If you do NOT believe the entity meets any of the above definitions and it is not a Financial Institution, then it is likely to be a Passive NFFE. Please see [Section 4.2](#) for the definition of a Passive NFFE.

There are a number of differences between the definition of Active NFFE under FATCA and the Agreements to which this form relates.

For the purpose of this form, the Governmental Entities classification is broader and includes entities in the US that would not generally be included for FATCA purposes.

Further, entities based in US territories are **NOT** Active NFFEs for the purpose of the Agreements and this form unless they fall into one of the Active NFFE definitions above.

In respect of Not for Profit Entities, for FATCA purposes these are usually classified as Active NFFEs. For the purpose of the CDOT Agreements and this form, they are generally unlikely to be Active NFFEs. They may however be Financial Institutions or Passive NFFEs.

There are specific rules for Passive NFFEs that are Not for Profit Entities / Charitable Organisations and further guidance on this can be found in [Section 4.2](#).

4.2 Passive NFFEs

<p>Passive NFFE</p> <p>The entity is not a Financial Institution and is not an Active NFFE</p> <p>29</p> <p>★</p>

<p>★ Passive NFFEs are required to provide details of ALL the entity's 'Controlling Persons' (Defined at 30 in Glossary) on 'Controlling Person tax residency self-certification forms'.</p> <p>Controlling Persons are the natural persons who exercise control over an entity and an entity may have more than one Controlling Person. In order to meet our legislative obligations we require information in respect of these Controlling Persons. Control in this context is the controlling ownership interest in the Passive NFFE. This is normally aligned with the percentage holding set out in the jurisdiction's AML/KYC procedures and regulations.</p> <p>Control over an entity is generally exercised by the natural person(s) who ultimately has a controlling ownership interest 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 (including through a chain of control or ownership). For example if the Passive NFFE is directly controlled by another Passive NFFE we would require details of the natural controlling person (if any) at the end of the Passive entity ownership chain.</p> <p>Example:</p> <p>In the case of a trust, the Controlling Person means 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). The settlor(s), the trustee(s), the protector(s) (if any), and the beneficiary(ies) or class(es) of beneficiaries, must always be treated as Controlling Persons of a trust, regardless of whether or not any of them exercises control over the activities of the trust.</p>

Not for Profit Entities / Charitable Organisations

A not for profit organisation is generally classified as a Passive NFFE for the purpose of this form.

We are not required to obtain or report the details of the Controlling Persons for not for profit entities where you are opening an account with us in the UK, a Crown Dependency or Gibraltar and the entity meets a number of requirements. The detailed definition is contained in the Glossary (definition number **31**) but the main requirements are that:

- the entity is set up exclusively for religious, charitable, scientific, artistic, cultural, athletic, or educational purposes; or 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 and;
- it is exempt from income tax in its jurisdiction of residence.

If the entity meets these requirements, please tick the PNFFE box. There is no need to provide details on the Controlling Persons in this circumstance.

5. Glossary

Below are the definitions for each relevant classification contained within these guidance notes. Please note that these may vary depending on which HSBC entity you are opening an account with. **The definitions included below are those for where you are opening an account with HSBC Global Private Bank in the UK.**

Should you be opening an account outside of the UK, you should refer to the relevant local Inter-Governmental Agreement (IGA) and any associated Guidance for that jurisdiction as definitions or guidance may vary. The HMRC website (link below) contains links to the relevant other IGAs and guidance which you should refer to if you are opening an account outside of the UK to see the relevant definitions.

<https://www.gov.uk/government/publications/automatic-exchange-of-information-agreements-other-uk-agreements/automatic-exchange-of-information-agreements-other-uk-agreements>

Financial Institution

Term	Definition
1. Investment Entity	<p>Any entity that conducts as a business (or is managed by an entity that conducts as a business) one or more of the following activities or operations for or on behalf of a customer:</p> <ol style="list-style-type: none">1. 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;2. Individual and collective portfolio management; or3. Otherwise investing, administering, or managing funds or money on behalf of other persons. <p>This definition shall be interpreted in a manner consistent with similar language set forth in the definition of “financial institution” in the Financial Action Task Force Recommendations.</p>
2. Custodial Institution	<p>Any entity that holds, as a substantial portion of its business, financial assets for the account of others. An entity holds financial assets for the account of others as a substantial portion of its business if the entity’s gross income attributable to the holding of financial assets and related financial services equals or exceeds 20 percent of the entity’s gross income during the shorter of: (i) the three-year period that ends on December 31 (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.</p>
3. Depository Institution	<p>Any entity that accepts deposits in the ordinary course of a banking or similar business.</p>
4. Specified Insurance Company	<p>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.</p>

Non Reporting Financial Institutions/Exempt Beneficial Owners

Term	Definition
5. Government Entity	<p>The government of the Isle of Man, Jersey, Guernsey or Gibraltar, any political subdivision of the Isle of Man, Jersey, Guernsey or Gibraltar (which, for the avoidance of doubt, includes a state, province, county, or municipality), or any wholly owned agency or instrumentality of the Isle of Man, Jersey, Guernsey or Gibraltar or any one or more of the foregoing (each, an “Isle of Man, Jersey, Guernsey or Gibraltar Governmental Entity”). This category is comprised of the integral parts, controlled entities, and political subdivisions of the Isle of Man, Jersey, Guernsey or Gibraltar.</p> <p>An integral part of the Isle of Man, Jersey, Guernsey or Gibraltar means any person, organisation, agency, bureau, fund, instrumentality, or other body, however designated, that constitutes a governing authority of the Isle of Man, Jersey, Guernsey or Gibraltar. The net</p>

earnings of the governing authority must be credited to its own account or to other accounts of the Isle of Man, Jersey, Guernsey or Gibraltar Governmental Entity, with no portion inuring to the benefit of any private person. An integral part does not include any individual who is a sovereign, official, or administrator acting in a private or personal capacity.

A controlled entity means an Entity that is separate in form from the Isle of Man, Jersey, Guernsey or Gibraltar or that otherwise constitutes a separate juridical entity, provided that:

The Entity is wholly owned and controlled by one or more the Isle of Man, Jersey, Guernsey or Gibraltar Governmental Entities directly or through one or more controlled entities;

The Entity's net earnings are credited to its own account or to the accounts of one or more Isle of Man, Jersey, Guernsey or Gibraltar Governmental Entities, with no portion of its income inuring to the benefit of any private person; and

The Entity's assets vest in one or more Isle of Man, Jersey, Guernsey or Gibraltar Governmental Entities upon dissolution.

Income does not inure to the benefit of private persons if such persons are the intended beneficiaries of a governmental program, and the program activities are performed for the general public with respect to the common welfare or relate to the administration of some phase of government. Notwithstanding the foregoing, however, income is considered to inure to the benefit of private persons if the income is derived from the use of a governmental entity to conduct a commercial business, such as a commercial banking business, that provides financial services to private persons.

6. International Organisation

Any international organisation or wholly owned agency or instrumentality thereof. This category includes any intergovernmental organisation (including a supranational organisation): (1) that has in effect a headquarters agreement with the Isle of Man, Jersey, Guernsey or Gibraltar; and (2) the income of which does not inure to the benefit of private persons.

7. Central Bank

The Bank of England and any of its wholly owned subsidiaries

8. Pension fund of an exempt beneficial owner

A fund established in the Isle of Man, Jersey, Guernsey or Gibraltar by an exempt beneficial owner to provide retirement, disability, or death benefits to beneficiaries or participants that are current or former employees of the exempt beneficial owner (or persons designated by such employees), or that are not current or former employees, if the benefits provided to such beneficiaries or participants are in consideration of personal services performed for the exempt beneficial owner.

9. Investment entity wholly owned by exempt beneficial owners

An Entity that is an Isle of Man, Jersey, Guernsey or Gibraltar Financial Institution solely because it is an Investment Entity, provided that each direct holder of an Equity Interest in the Entity is an exempt beneficial owner, and each direct holder of a debt interest in such Entity is either a Depository Institution (with respect to a loan made to such Entity) or an exempt beneficial owner.

10. Retirement Funds

Pension schemes or other arrangements registered with HMRC under Part 4 of the Finance Act 2004 or the UK Pension Protection Fund.

Term	Definition
11. Broad participation retirement fund	<p>A fund established in the Isle of Man, Jersey, Guernsey or Gibraltar to provide retirement, disability, or death benefits, or any combination thereof, to beneficiaries that are current or former employees (or persons designated by such employees) of one or more employers in consideration for services rendered, provided that the fund:</p> <ol style="list-style-type: none"> 1. Does not have a single beneficiary with a right to more than five percent of the fund's assets; 2. Is subject to government regulation and provides annual information reporting about its beneficiaries to the relevant tax authorities in the Isle of Man, Jersey, Guernsey or Gibraltar; and 3. Satisfies at least one of the following requirements: <ol style="list-style-type: none"> a. The fund is generally exempt from tax in the Isle of Man, Jersey, Guernsey or Gibraltar on investment income under the laws of the Isle of Man, Jersey, Guernsey or Gibraltar due to its status as a retirement or pension plan; b. The fund receives at least 50 percent of its total contributions (other than transfers of assets from other plans that are broad or narrow participation retirement funds, pension funds of exempt beneficial owners or investment entities wholly owned by exempt beneficial owners or from retirement and pension accounts that meet the definition of certain savings accounts from the sponsoring employers); c. Distributions or withdrawals from the fund are allowed only upon the occurrence of specified events related to retirement, disability, or death (except rollover distributions to other retirement funds that are broad or narrow participation retirement funds, pension funds of exempt beneficial owners or investment entities wholly owned by exempt beneficial owners or retirement and pension accounts that meet the definition of certain savings accounts or penalties apply to distributions or withdrawals made before such specified events); or d. Contributions (other than certain permitted make-up contributions) by employees to the fund are limited by reference to earned income of the employee or may not exceed \$50,000 annually, applying the rules for account aggregation and currency translation.
12. Narrow participation retirement fund	<p>A fund established in the Isle of Man, Jersey, Guernsey or Gibraltar to provide retirement, disability, or death benefits to beneficiaries that are current or former employees (or persons designated by such employees) of one or more employers in consideration for services rendered, provided that:</p> <ol style="list-style-type: none"> 1. The fund has fewer than 50 participants; 2. The fund is sponsored by one or more employers that are not Investment Entities or Passive NFFEs; 3. The employee and employer contributions to the fund (other than transfers of assets from retirement and pension accounts that are broad or narrow participation retirement funds, pension funds of exempt beneficial owners or investment entities wholly owned by exempt beneficial owners) are limited by reference to earned income and compensation of the employee, respectively; 4. Participants that are not residents of the Isle of Man, Jersey, Guernsey or Gibraltar are not entitled to more than 20 percent of the fund's assets; and 5. The fund is subject to government regulation and provides annual information reporting about its beneficiaries to the relevant tax authorities in the Isle of Man, Jersey, Guernsey or Gibraltar.
13. Financial Institutions with a local client base	<p>For the purpose of this form this classification is not relevant. You will need to consider which of the other classifications the entity falls within.</p>
14. Local Credit Union	<p>A Financial Institution satisfying all of the following requirements:</p> <ol style="list-style-type: none"> 1. The Financial Institution carries on business solely as a Credit Union; 2. It is licensed and regulated under the laws of the Isle of Man, Jersey, Guernsey or Gibraltar; 3. It has no fixed place of business outside of the Isle of Man, Jersey, Guernsey or Gibraltar; and 4. All accounts maintained by the Financial Institution are held by residents of the Isle of Man, Jersey, Guernsey or Gibraltar.

15. Financial Institution with only low value accounts

An Isle of Man, Jersey, Guernsey or Gibraltar Financial Institution satisfying the following requirements:

1. The Financial Institution is not an Investment Entity;
2. No Financial Account maintained by the Financial Institution or any Related Entity⁷ has a balance or value in excess of \$50,000, applying the rules for account aggregation and currency translation; and
3. The Financial Institution does not have more than \$50 million in assets on its balance sheet, and the Financial Institution and any Related Entities, taken together, do not have more than \$50 million in total assets on their consolidated or combined balance sheets.

16. Qualified Credit Card Issuer

An Isle of Man, Jersey, Guernsey or Gibraltar Financial Institution satisfying the following criteria:

1. The Financial Institution is a Financial Institution solely because it is an issuer of credit cards that accepts deposits only when a customer makes a payment in excess of a balance due with respect to the card and the overpayment is not immediately returned to the customer; and
2. Beginning on or before 1 July, 2014, the Financial Institution implements policies and procedures to either prevent a customer deposit in excess of \$50,000, or to ensure that any customer deposit in excess of \$50,000, in each case applying the rules set forth in Annex I for account aggregation and currency translation, is refunded to the customer within 60 days. For this purpose, a customer deposit does not refer to credit balances to the extent of disputed charges but does include credit balances resulting from merchandise returns.

17. Trustee Documented Trust

A trust resident in the Isle of Man, Jersey, Guernsey or Gibraltar to the extent that the trustee of the trust is a Reporting Isle of Man, Jersey, Guernsey or Gibraltar Financial Institution and reports all information required to be reported pursuant to the Agreement with respect to all UK Reportable Accounts of the trust.

18. Sponsored Investment Entity

A Financial Institution having a sponsoring entity that complies with the requirements of subparagraph B.2 (see 2 below) of this section.

1. A Financial Institution is a sponsored investment entity if (a) it is an Investment Entity established in Isle of Man, Jersey, Guernsey or Gibraltar; and (b) an Entity has agreed with the Financial Institution to act as a sponsoring entity for the Financial Institution;
2. The sponsoring entity is authorised to act on behalf of the Financial Institution (such as fund manager, trustee, corporate director, or managing partner) and complies with the following requirements:
 - a. The sponsoring entity is an Isle of Man, Jersey, Guernsey or Gibraltar Financial Institution;
 - b. The sponsoring entity performs, on behalf of the Financial Institution, all due diligence, reporting and other requirements that the Financial Institution would have been required to perform if it were a Reporting Isle of Man, Jersey, Guernsey or Gibraltar Financial Institution;
 - c. The sponsoring entity identifies the Financial Institution in all reporting completed on the Financial Institution's behalf; and
 - d. The sponsoring entity has notified the Isle of Man, Jersey, Guernsey or Gibraltar Competent Authority of its status as a sponsor in respect of the Financial Institution and has not had its status as a sponsor revoked by the Isle of Man, Jersey, Guernsey or Gibraltar Competent Authority.

Term	Definition
19.Sponsored Closely Held Investment Vehicle	<p>An Isle of Man, Jersey, Guernsey or Gibraltar Financial Institution satisfying the following requirements:</p> <ol style="list-style-type: none"> 1. The Financial Institution is a Financial Institution solely because it is an Investment Entity; 2. The sponsoring entity is a Reporting Isle of Man, Jersey, Guernsey or Gibraltar Financial Institution, is authorised to act on behalf of the Financial Institution (such as a professional manager, trustee, or managing partner), and agrees to perform, on behalf of the Financial Institution, all due diligence, reporting and other requirements that the Financial Institution would have been required to perform if it were a Reporting Isle of Man, Jersey, Guernsey or Gibraltar Financial Institution; 3. The Financial Institution does not hold itself out as an investment vehicle for unrelated parties; 4. Twenty or fewer individuals own all of the debt interests and equity Interests in the Financial Institution (disregarding debt interests owned by Financial Institutions and equity Interests owned by an Entity if that Entity owns 100 per cent of the equity Interests in the Financial Institution and is itself a sponsored Financial Institution described in this definition); and 5. The sponsoring entity complies with the following requirements: <ol style="list-style-type: none"> a. The sponsoring entity is an Isle of Man, Jersey, Guernsey or Gibraltar Financial Institution; b. The sponsoring entity agrees to perform, on behalf of the Financial Institution, all due diligence, reporting and other requirements that the Financial Institution would have been required to perform if it were a Reporting Isle of Man, Jersey, Guernsey or Gibraltar Financial Institution and retains documentation collected with respect to the Financial Institution for a period of six years; c. The sponsoring entity identifies the Financial Institution in accordance with the applicable registration requirements of the Isle of Man, Jersey, Guernsey or Gibraltar Competent Authority in all reporting completed on the Financial Institution's behalf; and d. The sponsoring entity has notified the Isle of Man, Jersey, Guernsey or Gibraltar Competent Authority of its status as a sponsor in respect of the Financial Institution and has not had its status as a sponsor revoked by the Isle of Man, Jersey, Guernsey or Gibraltar Competent Authority.
20.Investment Advisors or Investment Managers	<p>An Investment Entity established in the Isle of Man, Jersey, Guernsey or Gibraltar the sole activity of which is (1) to render investment advice to, and act on behalf of, or (2) to manage portfolios for, and act on behalf of, a customer for the purposes of investing, managing, or administering funds deposited in the name of the customer with a Financial Institution.</p>
21.Collective Investment Vehicle	<p>An Investment Entity established in the Isle of Man, Jersey, Guernsey or Gibraltar that is regulated as a collective investment vehicle, provided that all of the interests in the collective investment vehicle (including debt interests in excess of \$50,000) are held by or through one or more exempt beneficial owners or Active NFFEs.</p>

NFFE Definitions

Term	Definition
22. Active NFFE – Trading Entities	Less than 50 percent of the NFFE’s gross income for the preceding calendar year or other appropriate reporting period is passive income and less than 50 percent of the assets held by the NFFE during the preceding calendar year or other appropriate reporting period are assets that produce or are held for the production of passive income.
23. Active NFFE – Listed Entities	The stock of the NFFE is regularly traded on an established securities market or the NFFE is a Related Entity of an Entity the stock of which is traded on an established securities market. For this purpose 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 percent of the vote or value in an Entity. Notwithstanding the foregoing, either Party may treat an Entity as not a related entity if the two Entities are not members of the same affiliated group, as defined in Section 1471(e)(2) of the U.S. Internal Revenue Code.
24. Active NFFE – Government Entities	The NFFE is a government, a political subdivision of such government or a public body performing a function of such government or a political subdivision thereof, or an Entity wholly owned by one or more of the foregoing.
25. Active NFFE – Holding Companies	Substantially all of the activities of the NFFE 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 NFFE shall not qualify for this status if the NFFE 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.
26. Active NFFE – Start Ups	The NFFE is not yet operating a business and has no prior operating history, but is investing capital into assets with the intent to operate a business other than that of a Financial Institution; provided, that the NFFE shall not qualify for this exception after the date that is 24 months after the date of the initial organisation of the NFFE.
27. Active NFFE – Entities in liquidation	The NFFE 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.
28. Active NFFE – Treasury Companies	The NFFE 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 are primarily engaged in a business other than that of a Financial Institution.
29. Passive NFFE	A “Passive NFFE” means any NFFE that is not an Active NFFE.
30. Controlling Person	The term “Controlling Persons” means the natural persons who exercise control over an Entity. In the case of a trust, such term means the settlor, the trustees, the protector (if any), the beneficiaries or class of beneficiaries, and any other natural person exercising ultimate effective control over the trust, and in the case of a legal arrangement other than a trust, such term means persons in equivalent or similar positions. The term “Controlling Persons” shall be interpreted in a manner consistent with the Recommendations of the Financial Action Task Force.
31. Non-profit organisations (Limited Capacity Exempt Beneficial Owners)	The Controlling Persons of an NFFE that meets all of the following requirements shall be treated as an Exempt Beneficial Owner solely in their capacity as a Controlling Person of that NFFE: <ol style="list-style-type: none"> 1. 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

organization, civic league or an organisation operated exclusively for the promotion of social welfare;

2. It is exempt from income tax in its jurisdiction of residence;
 3. It has no shareholders or members who have a proprietary or beneficial interest in its income or assets;
 4. The applicable laws of the NFFE's jurisdiction of residence or the NFFE's formation documents do not permit any income or assets of the NFFE to be distributed to, or applied for the benefit of, a private person or non-charitable Entity other than pursuant to the conduct of the NFFE's charitable activities, or as payment of reasonable compensation for services rendered, or as payment representing the fair market value of property which the NFFE has purchased; and
 5. The applicable laws of the NFFE's jurisdiction of residence or the NFFE's formation documents require that, upon the NFFE'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 NFFE's jurisdiction of residence or any political subdivision thereof.
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