

GLOSSARY FOR FIDUCIARY SERVICES ENTITY SELF-CERTIFICATION – CRS and FATCA

Please note: This Glossary is for guidance purposes only and should not be considered a substitute for reading and understanding the applicable FATCA and CRS Regulation requirements in detail. Kleinwort Hambros does not provide tax advice. If you require assistance in completing your Self-Certification Form, you should contact your tax advisor or local tax authority.

PART 3: ENTITY FATCA STATUS

US Person:

- A US citizen or resident individual.
- A partnership or corporation organized in the United States or under the laws of the United States or any State thereof.
- A trust if (i) a court within the United States would have authority under applicable law to render orders or judgments concerning substantially all issues regarding administration of the trust, and (ii) one or more US persons have the authority to control all substantial decisions of the trust.
- An estate of a decedent that is a citizen or resident of the United States.

Specified US Person: A Specified US Person means a US Person other than those categories identified below for **A US Person but not a Specified US Person**.

A US Person but not a Specified US Person: This includes US Persons that are not **Specified US Persons** because the Entity is:

- a) A corporation the stock of which is regularly traded on one or more established securities markets for a calendar year.
- b) Any corporation which is a member of the same expanded affiliated group as a corporation the stock of which is regularly traded on one or more established securities markets for the calendar year.
- c) Any organisation exempt from taxation under US federal tax law or an individual retirement plan.
- d) The United States or any wholly owned agency or instrumentality thereof.
- e) Any State, the District of Columbia, any US territory, any political subdivision of any of the foregoing, or any wholly owned agency or instrumentality of any one or more of the foregoing.
- f) Any bank incorporated and doing business under the laws of the United States (including laws relating to the District of Columbia) or of any state thereof.
- g) Any real estate investment trust.
- h) Any regulated investment company, or any entity registered with the Securities Exchange Commission under the Investment Company Act of 1940.
- i) Any common trust fund.
- j) Any trust that is exempt from tax or is deemed a charitable trust.
- k) A dealer in securities, commodities, or derivative financial instruments that is registered as such under the laws of the United States or any State.
- l) A broker.
- m) Any tax-exempt trust under a tax exempt or public school annuity plan or governmental plan.

Foreign Financial Institution (FFI): A non-US Financial Institution that is a Custodial Institution, a Depository Institution, an Investment Entity or a Specified Insurance Company, as defined under the Foreign Account Tax Compliance Act (FATCA) legislation.

Participating FFI: FFIs that have entered into an Agreement with the Internal Revenue Service (IRS) for the purposes of complying with FATCA.

Reporting Model 1 IGA FFI/Reporting Model 2 IGA FFI: FFIs situated in jurisdictions that have entered into Intergovernmental Agreements (IGAs) – including Model 1 and Model 2 IGAs – with the IRS for the purposes of complying with FATCA.

Global Intermediary Identification Number (GIIN): Unique GIINs are issued by the IRS to entities registered as FFIs and Sponsoring Entities. GIINs can be verified online using the [IRS FFI lookup](#) tool.

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Non-Reporting FFI: Any FFI resident in a FATCA partner jurisdiction that is described in Annex II of the relevant IGA as a Non-Reporting Financial Institution or that otherwise qualifies as a Deemed-Compliant FFI or an Exempt Beneficial Owner under a relevant IGA or US Treasury Regulations.

Trustee Documented Trust: A trust that is a Financial Institution where the trustee of the trust is a Reporting Financial Institution and reports all the information required in respect of the reportable accounts of the trust for FATCA.

Sponsored Investment Entity: An Entity that is a FFI, Investment Entity and has a contractual arrangement for its due diligence and reporting responsibilities for FATCA to be carried out by a sponsoring entity.

Sponsored Closely Held Investment Vehicle: An Entity that is a FFI, Investment Entity with 20 or fewer owners and has a contractual arrangement for its due diligence and reporting responsibilities for FATCA to be carried out by a sponsoring entity.

Exempt Beneficial Owner:

- a) A Government Entity.
- b) An International Organisation.
- c) A Central Bank.
- d) A UK registered pension scheme, or non-UK pension scheme falling within the definition of Exempt Beneficial Owner for the purposes of FATCA.

Other Non-Reporting FFI:

This status includes (non-exhaustively) the following types of Deemed-Compliant FFIs:

- a) UK Non-profit Organisations, as defined in Annex II of the Model 1 IGA between the United Kingdom and US.
- b) Local FFI.
- c) Qualified collective investment vehicle.
- d) Restricted funds.
- e) Qualified credit card issuers.
- f) Sponsored controlled foreign corporations.
- g) Non registering local banks.
- h) FFI with low value account.
- i) Limited life debt investment entities.
- j) Investment advisors and investment managers.

Non-Financial Foreign Entity (NFFE): A Non-US Entity that is not a Financial Institution.

Active NFFE or Excepted NFFE: An Active NFFE is any NFFE that meets one of the following criteria:

- a) Less than 50% of the NFFE's gross income for the preceding calendar year or other appropriate reporting period is passive income (such as dividends, interest, royalties, annuities and rent) and less than 50% 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.
- b) 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.
- c) The NFFE is organised in a US Territory and all the owners of the payee are bona fide residents of that US Territory.
- d) The NFFE is a non-US Government, a Government of a US Territory, an international organisation, a non-US central bank of issue, or an Entity wholly owned by one or more of the foregoing.
- e) 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. Note certain exceptions apply, as specified in the applicable IGA or US Treasury Regulations.
- f) 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. 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.
- g) The NFFE was not a Financial Institution in the past 5 years and is in liquidation or bankruptcy.

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- h) 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 is primarily engaged in a business other than that of a Financial Institution.
- i) The NFFE is established and maintained in its jurisdiction of residence exclusively for religious, charitable, scientific, artistic, cultural, or educational purposes and satisfies certain other conditions as specified in the applicable IGA or US Treasury Regulations.

Passive NFFE: Any NFFE that is not an Active NFFE. Generally, these are Entities whose income for the preceding calendar year or other appropriate reporting period is at least 50% derived from passive income (for example, dividends, interest, rents or patent royalties), or at least 50% of whose assets held during the preceding calendar year or other appropriate reporting period are assets that produce or are held for the production of passive income.

Direct Reporting NFFE: A Direct Reporting NFFE undertakes reporting information about its direct or indirect US Controlling Persons.

Sponsored Direct Reporting NFFE: A sponsoring entity undertakes reporting information on behalf of the NFFEs direct or indirect US Controlling Persons.

PART 4: ENTITY CRS STATUS

Financial Institution: A Financial Institution that is a Custodial Institution, a Depository Institution, an Investment Entity or a Specified Insurance Company, as defined in the Common Reporting Standard (CRS).

Reporting Financial Institution: A CRS participating jurisdiction Financial Institution that undertakes CRS reporting in its jurisdiction of residence.

Non-Reporting Financial Institution:

- a) 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.
- b) 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.
- c) An Exempt Collective Investment Vehicle.
- d) A Trustee-Documented Trust: a trust that is a Financial Institution where the trustee of the trust is a Reporting Financial Institution and reports all the information required to be reported with respect to all reportable accounts of the trust for CRS.
- e) Any other defined in a jurisdiction's domestic law as a Non-Reporting Financial Institution.

Note: Certain types of Financial Institutions are Non-Reporting FFIs for FATCA but not Non-Reporting FI's for CRS, e.g. Sponsored Investment Entities and Sponsored Closely Held Investment Vehicles.

Non-Financial Entity (NFE): An Entity that is not a Financial Institution.

Active NFE: An Active NFE is any NFE that meets one of the following criteria:

- a) Less than 50% of the NFE's gross income for the preceding calendar year or other appropriate reporting period is passive income (such as dividends, interest, royalties, annuities and rent) 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 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.

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- 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. Note certain exceptions apply, as specified in the CRS.
- e) The NFE 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. The NFE shall 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 5 years and is in liquidation or bankruptcy.
- 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.
- h) The NFE is established and maintained in its jurisdiction of residence exclusively for religious, charitable, scientific, artistic, cultural, or educational purposes and satisfies certain other conditions as specified in the CRS.

Passive NFE: Any NFE that is not an Active NFE. Generally, these are Entities whose income for the preceding calendar year or other appropriate reporting period is at least 50% derived from passive income (for example, dividends, interest, rents or patent royalties), or at least 50% of whose assets held during the preceding calendar year or other appropriate reporting period are assets that produce or are held for the production of passive income.

Passive NFEs also include an Investment Entity as defined in the CRS that is not a participating jurisdiction Financial Institution.