

## CRS - Summary Descriptions of Select Defined Terms

**Note:** These are selected summaries of defined terms provided to assist you with the completion of CRS Self-Certification form. Further details on the CRS may be found within the OECD CRS for Automatic Exchange of Information (AEOI), the associated Commentary to the CRS and domestic guidance. This can be found at the OECD automatic exchange of information portal.

If you have any questions then please contact your tax advisor or domestic tax authority.

**“Account Holder”** the terms “Account Holder” means the person listed or identified as the holder of a Financial Account. A person, other than a Financial Institution, holding a Financial Account for the benefit of another person as an agent, a custodian, a nominee, a signatory, an intermediary, or as legal guardian, is not treated as the Account Holder. In these circumstances that other person is the Account Holder. For example in the case of a parent/child relationship where the parent is acting as a legal guardian, the child is regarded as the Account Holder. With respect to a jointly held account, each joint holder is treated as an Account Holder.

**“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.

**“Participating Jurisdiction”** A Participating Jurisdiction means a Jurisdiction with which an agreement is in place pursuant to which it will provide the information required on the automatic exchange of financial account information set out in the common Reporting Standard and that is identified in a published list.

**“Controlling Person”** This is a natural person who exercises control over an entity. Where an entity Account Holder is treated as a Passive Non-Financial Entity (“NFE”) then a Financial Institution must determine whether such controlling persons are reportable persons. This definition corresponds to the term “beneficial owner” as described in Recommendation 10 and the interpretative Note on Recommendation 10 of the Financial Action Task Force Recommendations (as adopted in February 2012). If the account is maintained for an entity of which the individual is a controlling Person, then the “Controlling Person Tax residency self-Certificate” form should be completed instead of this form.

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

**“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.

**“Entity”** the term “Entity” means a legal arrangement, such as a corporation, organization, partnership, trust or foundation.

**“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.

**“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: Entity Tax Residency Self-Certification Form Common Reporting Standard - Explanatory Notes –

- 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
- 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.

**“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.

**“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 or persons are identified as exercising control of the Entity through ownership interests, the Controlling Person of the Entity is deemed to be the natural person who holds the position of senior managing official.

**“Controlling Persons of a trust”** means the settlor(s), the trustee(s), the protector(s) (if any), the beneficiary(ies) or class(es) of beneficiaries, and 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.

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, such term means persons in equivalent or similar positions.

**“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.

**“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 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.

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

**“Active NFE”** An NFE 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 Organizations, 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 centers 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:

- 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 organization 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 reorganizing 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 organization, business league, chamber of commerce, labor organization, agricultural or horticultural organization, civic league or an organization 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 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 organization, or escheat to the government of the NFE's Jurisdiction of residence or any political subdivision.

**“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.

**“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 is used to identify the individual or Entity for the purpose of administering the tax laws of such Jurisdiction. Further details of acceptable TINs can be found at the OECD automatic exchange of information portal.

Some Jurisdictions do not issue a TIN. However, these Jurisdictions often utilize some other high integrity number with an equivalent level of identification (a “Functional Equivalent”). Examples of that type of number include, for individuals, a social security/insurance number, citizen/personal identification/service code number, and resident registration number.