

Short Form Wording	Full Regulatory Compliant Text (Full text still included in definitions, red text is the text omitted on the short form, amber is covered, but worded differently)
(B1.) Is the purpose of account to hold funds on behalf of a third party?	<p>Examples Include:</p> <ul style="list-style-type: none"> <li>• The funds in the account belong to someone else other than your entity (e.g. the funds belong to your customer, client or another party)</li> <li>• You (the account holder) are not the beneficial owner of the funds in the account</li> <li>• You are using the account to hold the funds on the beneficial owner’s behalf</li> </ul>
(B2.) Are you a Financial Institution?	<p>There are four categories of Financial Institution common to each of the agreements –</p> <ol style="list-style-type: none"> <li>1. Custodial Institution - an entity that holds, as a substantial portion of its business, financial assets for the account of others.</li> <li>2. Depository Institution - an institution that accepts deposits in the ordinary course of a banking or similar business.</li> <li>3. Investment Entity – an Activity Based Investment Entity or Managed Investment Entity.</li> <li>4. Specified Insurance Company - an insurance company, including a holding company in an insurance group, that writes products classified as Cash Value Insurance Contracts or Annuity Contracts or makes payments with respect to such contracts.</li> </ol> <p>Where an entity falls within the definition of one of the above categories the financial institution will be classified either as a Reporting Financial Institution or a Non-Reporting Financial Institution (NRFI). The definition of NRFI varies between the different regimes such that a NRFI for FATCA may be a Reporting Financial Institution for the CRS.</p> <p>Each category of Financial Institution is determined by set criteria. Where an entity does not meet the definition of financial institution in any of the categories then it will be classified as Non-Financial Entity (NFE) or, for FATCA purposes, a Non-Financial Foreign Entity (NFFE).</p> <p>Please refer to guidance issued by HMRC or a tax advisor for further clarity.</p>
(B2.) Are you a Trust?	<p>Trusts are treated as entities by all of the agreements for automatic exchange of information. A trust can be either a Financial Institution or a Non-Financial Entity (NFE). Due to the complexities around trusts, we require you to fill in an additional form to understand your status under the regulations.</p>
(B3.) Is your business resident for tax purposes outside the UK?	<p>Generally, an entity will be resident for tax purposes in a jurisdiction if, under the laws of that jurisdiction, it is liable to tax by reason of its domicile, residence, place of management or incorporation, or any other criterion of a similar nature. Generally an entity will only be tax resident in one jurisdiction, although that may not always be the case. If the entity is not managed and controlled in the same place that it is incorporated then the entity may be ‘dual resident’, a tax resident of more than one country or jurisdictions.</p> <p>Where an entity such as a partnership, limited liability partnership or similar legal arrangement has no residence for tax purposes it shall be treated as resident in the jurisdiction in which its place of effective management is situated or, in the case of a trust, the jurisdiction(s) in which the trustee(s) is/are resident.</p> <p>If you are not certain where you are tax resident then you should refer to HMRC or consult your tax adviser.</p>

(B5.) Are you a non-profit organisation who is exempt from tax? (e.g. registered charity, religious, scientific, artistic, cultural, athletic or educational groups that are registered with HMRC as tax exempt).

The Entity must meet all of the following requirements:

1. The entity is established and maintained in its country of residence exclusively for religious, charitable, scientific, artistic, cultural 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;
2. The entity is exempt from income tax in its country of residence;
3. The entity has no shareholders or members who have a proprietary or beneficial interest in its income or assets;
4. The applicable laws of the entity's country of residence or the entity's formation documents do not permit any income or assets of the entity 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 entity's charitable activities or as payment of reasonable compensation for services rendered or payment representing the fair market value of property which the entity has purchased; and
5. The applicable laws of the entity's country of residence or the entity's formation documents require that, upon the entity's liquidation or dissolution, all of its assets be distributed to a governmental or other non profit organisation, or escheat to the government of the entity's country of residence or any political subdivision thereof.

(B6a.) A business with stocks/shares regularly traded on a recognised stock exchange?

A business whose stock is regularly traded on an established securities market (International or domestic) or it is a Related Entity of such an entity.

Entities are "Related Entities" if one entity controls the other or the two entities are under common control, this can also include a subsidiary of a listed company.

"Regularly traded" means that there is a meaningful volume of trading with respect to the stock on an on-going basis

"An established securities market" means an exchange that is officially recognised and supervised by a governmental authority and has a meaningful annual value of shares traded. The following UK markets are considered to meet this definition:

- London Stock Exchange
- Alternative Investment Market
- Plus Market Group

(B6b.) A government entity, holding company or a treasury centre of a non-financial group?

1. It is a Government Entity, International Organisation, Central Bank or a wholly owned subsidiary of such an entity
2. It is holding company for NFEs that are members of a non-financial group. It will not qualify as an Active NFE where these holdings are part of a business as an investment fund or vehicle whose purpose is to acquire or fund companies and then hold interests as capital assets for investment purposes.
3. It is a treasury centre of a non-financial group engaging in financing and hedging transactions with or for Related Entities

<p>(B6c.) In liquidation or reorganising your assets with a view to recommencing business?</p>	<p>It is a NFE that has not been a Financial Institution in the last 5 years and which is in the process of liquidating its assets or is reorganising with a view to continuing or recommencing business operations other than as a Financial Institution.</p>
<p>(B7.) In the last calendar year, did you receive 50% or more of your income from non-trading activity (E.g. interest, dividends, rents, royalties, capital gains, currency gains, annuities,)?</p>	<p>Non trading activity is income derived from investing in assets rather than from activities carried on in the normal course of a trade or business. This is known as Passive Income and includes the portion of income that consists of:</p> <ol style="list-style-type: none"> <li>1. Dividends and other distributions of income;</li> <li>2. Interest;</li> <li>3. Income equivalent to interest;</li> <li>4. Rents and royalties, other than rents and royalties derived in the active conduct of a trade or business conducted, at least in part, by employees of the NFE;</li> <li>5. Annuities;</li> <li>6. The excess of gains over losses from the sale or exchange of property that gives rise to passive income described previously;</li> <li>7. The excess of gains over losses from transactions (including futures, forwards, options and similar transactions) in any Financial Assets;</li> <li>8. The excess of foreign currency gains over foreign currency losses;</li> <li>9. Net income from swaps;</li> <li>10. Amounts received under Cash Value Insurance Contracts.</li> </ol> <p>The context in which the income described above is received is important. For example, where the NFE is a dealer in financial assets any such income as described above may be income from a trading activity. Where the income described above is received by a NFE and is accounted for, or is taxable as, income from trading activities it should not be included in gross income as passive income.</p>