

Your Tax Details Guidance

To improve transparency in the fight against tax evasion and to protect the integrity of tax systems, Governments around the world have been looking to introduce a system of automatic exchange of financial account information (AEOI). The changes include the Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standard (CRS).

Under the CRS and FATCA we are required to determine where you are tax resident and, if you are tax resident outside the country/territory where your account is held, give the national tax authority this information, along with information relating to your accounts. That may then be shared between different countries/territories' tax authorities. Completing this form will ensure that we hold accurate and up to date information about your tax residency.

If your circumstances change and any of the information provided in this form becomes incorrect, please let us know immediately and provide an updated form.

For further information regarding FATCA, please visit www.fatca.hsbc.com and for further information regarding CRS, please visit www.crs.hsbc.com

Generally, an Entity will be resident for tax purposes in a country/territory if, under the laws of that jurisdiction it pays or should be paying tax therein by reason of its domicile, residence, place of management or incorporation, or any other criterion of a similar nature, as appropriate. Dual resident Entities should include both countries/territories here. 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 country/territory where its place of effective management is situated. For the CRS a trust is treated as resident where one or more of its trustees is resident.

For additional information on tax residence, please talk to your tax adviser or see the following link: <http://www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/tax-residency/>

Under FATCA, the term 'US person' includes, but is not limited to, the following:

- a citizen of the US, including an individual born in the US but resident in another country/territory (who has not given up their US citizenship)
- a person residing in the US, including US green card holders
- certain persons who spend a significant number of days in the US each year
- US corporations, US partnerships, US estates and US trusts

For more details on FATCA please refer to the US Internal Revenue Service page:

<https://www.irs.gov/businesses/corporations/foreign-account-tax-compliance-act-fatca>

Your Taxpayer Identification Number (TIN) is a unique combination of letters and/or numbers assigned to you/your entity by a tax authority or government. Some countries/territories do not issue a TIN, but instead rely on other issued numbers such as social security/national insurance numbers for individuals or company registration / employer identification numbers for entities. The OECD has published a list of acceptable Taxpayer Identification Number (TIN) formats and their alternatives which can be found at the following link:

<http://www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/tax-identification-numbers/>

Definition of Terms

Active Non-Financial Foreign Entity (Active NFFE) or **An Active Non-Financial Entity**

The two terms are broadly the same. They will typically be an entity that makes its income from providing goods or services. In respect of this declaration you need to confirm that:

- less than 50 percent of the entities' gross income for the preceding calendar year or other appropriate reporting period is Passive Income (see definition below) and;
- less than 50 percent of the 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.

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Alternatively the entity could be one which is established exclusively for religious, charitable, scientific, artistic, cultural, athletic or educational purposes on a not-for-profit basis and is exempt from income tax. Under the CRS and FATCA these organisations may also be treated as Active NFEs. Generally these entities will be outside the scope of reporting, unless the charity or the not-for-profit organisation are tax resident elsewhere. Registered charities are exempted.

Passive income

Passive income for FATCA and the CRS generally includes:

- Dividends including income equivalent to dividends
- Interest including income equivalent to interest and certain returns from investments in insurance contracts
- Certain rents and royalties other than those derived from an active trade or business
- Annuities
- Net gains from transactions, including forwards and similar transactions relating to certain types of transactions in commodities
- Amounts received under cash value insurance contracts or amounts earned by an insurance company in connection with its reserves for insurance and annuity contracts
- Certain foreign currency exchange gains
- Net income from notional principal contracts

Active NFE - a corporation the stock of which is regularly traded on an established security market

The stock of the Non-Financial Entity is regularly traded on an established securities market.

Active NFE - a corporation that is a related entity of a corporation the stock of which is regularly traded on an established security market

The Non-Financial Entity is a Related Entity of an Entity whose stock is regularly traded on an established securities market

Active NFE – a Government Entity or Central Bank

The Non-Financial Entity is, or is a wholly owned Entity of, a Governmental Entity or a Central Bank

Active NFE – an International Organisation

The NFE is, or is a wholly owned Entity of an International Organisation (such as the United Nations or World Health Organisation)

Active NFE - others (for example a start-up NFE or a non-profit NFE)

An entity is considered Active Non-Financial Entity - Others if it does not qualify as one of the above types of Active NFE and meets any one of the following criteria;

- (a) Substantially all of the activities of the NFE are holding the stock of, or providing financing and services to, one or more subsidiaries who are not Financial Institutions. An Entity does not qualify for this status if the Entity is as an investment fund, such as a private equity fund, venture capital fund, leveraged buy-out 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;
- (b) The NFE is not yet operating a business and has no prior operating history, (a "start-up NFE"). To qualify the NFE must be investing capital into assets with the intent to operate a business other than that of a Financial Institution. This classification applies for no longer than 24 months after the date of the initial organisation of the NFE;
- (c) The NFE was not a Financial Institution in the past five years, and is in the process of either liquidating its assets or is reorganising with the intent to continue or recommence operations in a business other than that of a Financial Institution;
- (d) The NFE primarily engages in financing and hedging transactions with, or for, Related Entities that are not Financial Institutions, and it does not provide financing or hedging services to any Entity that is not a Related Entity; or it is a non-profit NFE which requires the NFE meeting all of the following requirements:

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- (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 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 or revert to a Governmental Entity or other non-profit organisation.

Financial Institution - An Investment Entity located in a Non-Participating Jurisdiction and 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. 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.

Financial Institution - Other Investment Entity

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
- 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 – Depository Institution, Custodial Institution or Specified Insurance Company

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.

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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.

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.

Passive NFE

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.

Controlling persons

Controlling Person(s) 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 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.