

Foreign Account Tax Compliance Act (FATCA)

Important: This document must be read with the Disclaimer which forms part of it.

Disclaimer

1. This document is intended solely for the customers of our Company to whom it is provided and not for any other person. It is a summary for information purposes only and general in nature. It should not be considered as tax or legal advice. Our Company makes no guarantee of its accuracy and completeness and is not responsible for any errors, nor shall our Company be liable for any loss that results from reliance upon this information based on FATCA legislation as at 22 August 2014.
2. You are advised to refer to the US IRS website (<http://www.irs.gov/>) for details in respect of FATCA.
3. You are fully responsible for confirmation of your FATCA status and submission of relevant documentation.
4. Our Company is unable to offer any tax and legal advice. For related questions, please contact your professional tax and legal advisors.

I. Background

There are a number of substantial changes being made by financial regulators, governments and banks to ensure the protection and long-term safety of both the financial system and your interests. One of these changes is the Foreign Account Tax Compliance Act (FATCA), which has been introduced by the US government as part of the United States Internal Revenue Code of 1986 (together with regulations made under the Code.) The purpose of FATCA is to report financial assets owned by United States persons to the United States tax authorities.

How does FATCA affect our Company and you?

Every year banks and other financial organisations will be required to report information on financial accounts held directly or indirectly by US Persons.

Our Company has made a commitment to being fully FATCA compliant in all countries where we operate. This means we have to report affected customers' income and profit details to the US tax authorities. In order to do so, we will need to obtain additional information from you to identify US Persons (USPs) and Foreign Financial Institutions (FFIs). There may also be other customers who we have to identify for this purpose.

Where we are not able to obtain the required information or documentation from you, we may be required to apply U.S. withholding taxes in respect of certain types of payments we make to you or your accounts in the future and these are known as ‘withholdable payments’. We may also be required to end relationships with you.

In order to identify whether reporting under FATCA applies to you, we need to match you against certain categories set out in the FATCA legislation.

Who does our Company need to report under FATCA?

We are required to report certain information on accounts held by *Specified US Persons*. This includes accounts held by U.S. citizens and U.S. residents, certain corporations or partnerships created or organised in the United States, as well as accounts held by certain passive entities (*please see the section on Passive Income and the section What is meant by a passive entity (Passive NFFE) under FATCA?*) with shareholders who are U.S. citizens or U.S. resident persons. We will also be required to report certain information on customers or financial counterparties who do not provide us with documentation to establish a tax status under FATCA.

What is a withholdable payment?

In the simplest of terms, a withholdable payment is a payment of either: US source income that is fixed or determinable, annual or periodical (FDAP) income; or, after 2016, gross proceeds from the sale or other disposition (including redemption) of property that can produce US source interest or dividend income. This definition is subject to change and may be widened in the future. Withholding on these different types of payment is phased in over a period to 1 January 2017.

II. FATCA Status

Does this apply to you?

Whilst most FATCA categories set out in the legislation are not reportable, some may be applicable to you. In order to make sure that we are able to match you against the FATCA categories, we are asking you to provide confirmation of your FATCA status, review the conditions that apply, and confirm that they are satisfied.

A. Sole Proprietorship

If the owner / company holds any of the following seven criteria*, we may engage you to establish whether you are United States Person in accordance with FATCA.

1. US citizenship or US residence
2. US place of birth
3. US address including US PO boxes
4. US telephone number
5. Repeating payment instructions to pay amounts to a US address or an account maintained in the US
6. Current Power of Attorney or signatory authority granted to a person with a US address
7. In care of or hold mail address which is the sole address for the account holder

* All applicable to the owner, item 3 & 4 apply to both the owner and the Company.

Documentation Required

Please provide us with relevant documentation to establish your tax status under FATCA.

If you are...	Please provide* ...
United States Person	Form W-9
Non-United States Person	Form W-8BEN <i>and supplementary information (if applicable)</i>

* Please download Form W-8BEN and Form W-9 from the US IRS website (<http://www.irs.gov/>) .

B. All other Entities

The term 'United States Person' generally refers to:

- A corporation or partnership created or organised in the United States or under the law of the United States or of any state, or the District of Columbia
- Any estate (other than foreign estate, i.e. an estate the income of which, from sources without the United States which is not effectively connected with the conduct of a trade or business within the United States, is not includible in gross income under subtitle A of the United States Internal Revenue Code)
- Any trust if - (i) a court within the United States is able to exercise primary supervision over the administration of the trust, and (ii) one or more United States persons have the authority to control all substantial decisions of the trust.

What is an Active Non-Financial Foreign Entity (Active NFFE)

The term 'Active NFFE' generally refers to an entity that operates an active trade or business other than that of a financial business.

We are not required to report information on Active NFFEs or their shareholders under FATCA as long as the following criteria are met:

- The entity is not a United States Person (refer definition of United States Person below).
- The entity is not a financial institution. Please refer to the section 'What is meant by a Financial Institution under FATCA' for further information.
- Less than 50 percent of the entity's gross income for the preceding calendar year is passive income. Please refer to the section 'What is meant by Passive Income' for further information.
- Less than 50 percent of the assets held by the entity are assets that produce or are held for the production of passive income (calculation as a weighted average of the percentage of passive assets measured quarterly). The value of the entity's assets is determined based on the fair market value or book value of the assets that is reflected on the entity's balance sheet (as determined under either a U.S. or an international financial accounting standard).

What is meant by Passive Income?

Passive income generally includes:

- Dividends including income equivalent to dividends (also known as substitute 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

- Certain foreign currency exchange gains
- Net income from notional principal contracts
- Amounts received under cash value insurance contracts or amounts earned by an insurance company in connection with its reserves for insurance and annuity contracts
- Net gains from the sale of assets that give rise to certain of the above types of income

Passive income excludes:

- Any income from interest, dividends, rents or royalties that is received or accrued from a related person to the extent such amount is properly allocable to income of such related person that is not passive income.
- Income generated by certain commodities dealers and securities dealers in the ordinary course of business.

For a detailed definition of passive income, please refer to the United States Internal Revenue Code and FATCA regulations thereunder, 1.1472-1(c)(1)(iv)(A)-(B).

What is meant by a passive entity (Passive NFFE) under FATCA?

Very broadly, Passive Entities are defined under FATCA as entities, organisations, or companies that are in receipt of passive income or hold passive assets and do not fall under any of the other FATCA classifications. These entities do not carry on a business of a financial institution.

Our Company needs to understand the ownership of such entities to determine whether reporting under FATCA applies in respect of substantial US owners of a Passive NFFE.

For a detailed definition of Passive Entities, please refer to United States Internal Revenue Code and FATCA regulations thereunder, 1.1472-1(c)(1)(iv)(A)-(B).

What is a Non-Profit Organisation under FATCA?

The term 'Non-Profit Organisation' refers generally to an entity or organisation of a non-profit nature that exclusively engages in religious, charitable, scientific, artistic, cultural or educational activities. We are not required to report information on Non-Profit Organisations under FATCA.

The FATCA legislation imposes certain conditions which need to be satisfied in order for an entity or organisation to qualify as a 'Non-Profit Organisation' under FATCA. The conditions are aimed at ensuring that the entity or organisation is established outside of the United States of America, that it has a genuine charitable motive, and that it is not a vehicle to facilitate US tax avoidance.

For a detailed definition of Non-Profit Organisation, please refer to United States Internal Revenue Code and FATCA regulations thereunder, 1.1471-5(e)(5)(vi).

What is meant by a Financial Institution under FATCA?

The term ‘financial institution’ is broadly defined under FATCA and generally includes all banks, building societies, entities with custody of financial assets, certain types of insurance companies, asset management companies and certain investment funds or investment vehicles. An entity which appoints a trustee company or an entity that is a third party asset manager or acts as the holding company to a group of companies carrying on a financial business may also fall within the definition of financial institution, as well as certain types of treasury and group financing companies.

For a detailed definition of financial institution, please refer to United States Internal Revenue Code and FATCA regulations thereunder, 1.1471-5(e)(1) to (6).

Documentation Required

Please provide us with relevant documentation to establish your tax status under FATCA.

If you are...	Please provide *...
United States Person	Form W-9
Active NFFE	FATCA Declaration for Active NFFE or Form W-8
Non-Profit Organisation	FATCA Declaration for Non-Profit Organisations or Form W-8
Other entities	Form W-8

* Please download Form W-8 and Form W-9 from the US IRS website (<http://www.irs.gov/>). Standard forms “FATCA Declaration for Active NFFE” and “FATCA Declaration for Non Profit Organisations” can be obtained from us.