

## AEI Entity Classification Guide (V 3.0)

November 2016

### Disclaimer

This document is not intended and cannot be used as a substitute for official AEI publications or any related documents issued by the Organisation for Economic Co-operation and Development (OECD) or any relevant government agency. This document does not constitute tax advice. In case of uncertainty, please obtain professional tax advice.

This document is intended to assist you in determining an Entity's AEI Entity Classification and completing the documentation that is requested by Credit Suisse to determine the AEI Entity Classification. The content of this document is based on currently available AEI information. The document will be amended if and when any further relevant information is released.

This document contains decision trees to visualize the classification process in a simplified form. To accurately determine the AEI Entity Classification please refer to the textual description.

This document is based upon and refers to the "Self-Certification for AEI Account Holder being an Entity" as it is used for accounts held with Credit Suisse in Switzerland. In other jurisdictions different forms may be used.

Any capitalised term not described in this document is defined in the [Glossary](#).

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# General Information

## Purpose of these guidelines

As a consequence of the Automatic Exchange of Information (AEI) based on the OECD Common Reporting Standard (CRS) and applicable local regulations, Credit Suisse's ("our" or "we") documentation requirements have been necessarily updated and enhanced. In particular, we require from our clients ("you" or "your") a Self-Certification form where you certify an Entity's jurisdiction(s) of residence for tax purposes and its AEI Entity Classification. Depending on an Entity's AEI Entity Classification, there is an additional requirement to document the Controlling Persons with a form "Self-Certification for Controlling Persons". These guidelines are intended to assist you in determining the AEI Entity Classification and completing the documentation necessary for AEI purposes. Further background information on the AEI can be found on our online AEI Portal ([www.credit-suisse.com/AEI](http://www.credit-suisse.com/AEI)) and on the OECD AEI portal ([www.oecd.org/tax/automatic-exchange](http://www.oecd.org/tax/automatic-exchange)).

Determining an Entity's classification for AEI purposes can be a complicated and extensive process. In case you have not otherwise determined your AEI Entity Classification yet, these guidelines should assist you in making this determination by providing a decision tree-based approach. Additionally, these guidelines provide explanations and examples to assist you in understanding the requirements for each AEI Entity Classification.

Please note:

- It is possible, after considering the points herein, to conclude that more than one AEI Entity Classification is possible. If this occurs, please obtain professional tax advice. Only one box can be checked to indicate the AEI Entity Classification on the form.
- These guidelines are based on the OECD CRS and the associated OECD Commentary and, therefore, do not take into account any local specificities. Further details and guidance can be found in the OECD CRS, the Commentary, or local law and guidance.
- Irrespective of the similarities, the AEI Entity Classification determination might differ from the Entity classification determined for FATCA purposes. Therefore, even though an Entity's FATCA classification might be available, a separate determination of the AEI Entity Classification may be required.
- The decision tree charts in this document are to be understood as simplified illustrations. To accurately determine the AEI Entity Classification please refer to the textual description.
- Examples in this document describe typical situations, but cannot be used as substitutes for a proper analysis of the provisions in each individual case.

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# Determination of AEI Entity Classification

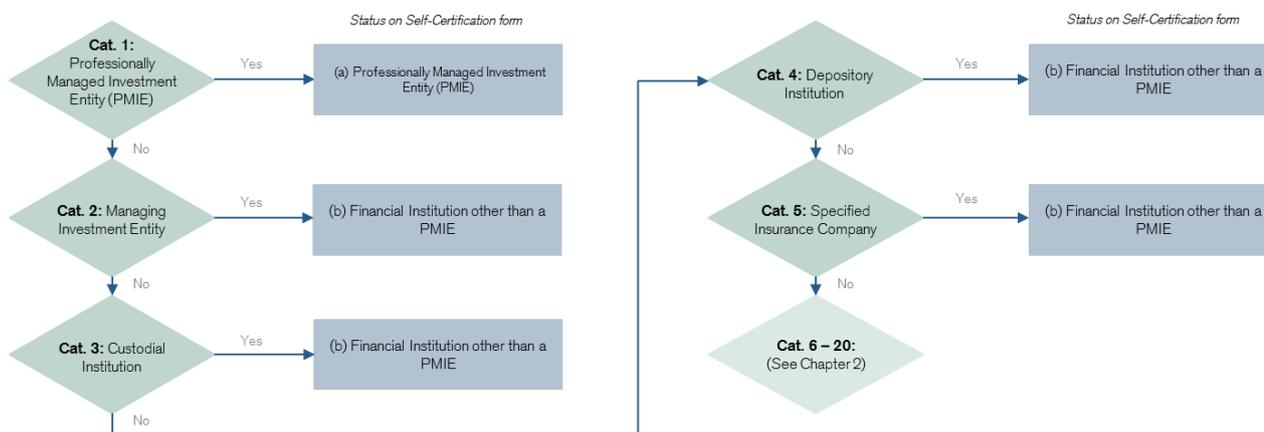
## Chapter 1: Determination of FI or NFE status

The purpose of Chapter 1 is to assist you in determining whether the Entity in question is a Financial Institution (FI) or a Non-Financial Entity (NFE) for AEI purposes.

Please note:

- The Entity's status as an FI or NFE is to be resolved under the laws of the Participating Jurisdiction in which the Entity is resident. If the Entity is resident in a jurisdiction that has not implemented the AEI, the rules of the jurisdiction in which the account is held have to be applied to determine the Entity's status as an FI or NFE.
- An Entity that meets the requirements for at least one of the Categories 1 to 5 is an FI for AEI purposes. In turn, an Entity that does not meet the requirements for any of the Categories 1 to 5 is an NFE (see Chapter 2 for guidance on the determination of the specific NFE sub-status).
- The term FI is to be understood in a broad sense and does not only cover banks, brokers, asset managers, and other typical financial intermediaries but may include life insurance companies, investment funds as well as many domiciliary companies (non-operative companies), trusts, and other private investment vehicles.
- Most FIs only need to confirm their FI status on the Self-Certification form to meet the due diligence obligations with respect to their account held with Credit Suisse. However, there are special rules for Professionally Managed Investment Entities (PMIEs) in Non-Participating Jurisdictions (see Category 1).
- If you are an FI that is resident or located in a jurisdiction that has implemented AEI, you may be required to comply with AEI due diligence and reporting obligations vis-à-vis your Account Holders and with potential registration obligations vis-à-vis your local authorities. If you have not previously conducted an assessment of AEI's impact on your business, please consult your professional tax advisor for further guidance on what AEI means for your Entity.

The below decision tree illustrates the applicable steps when determining whether an Entity is an FI or an NFE. Please start with the first question in Category 1 on the next page and follow the relevant references.



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## Category 1: Professionally Managed Investment Entity (PMIE)

CRS Sec. VIII.A.6.b

- 1) Does the Entity's gross income attributable to investing, reinvesting, or trading in Financial Assets (e.g. stocks, bonds, fund shares, derivatives, etc.) equal or exceed 50% of the Entity's gross income during the preceding three years?
  - a) If yes, move to question 2.
  - b) If no, move to Category 2.
- 2) Is the Entity professionally managed (see Note below)?
  - a) If yes, move to question 3.
  - b) If no, move to Category 2.

**Note:** Under AEI an Entity is generally considered to be professionally managed if another Financial Institution (e.g. a bank, asset manager, trust company, etc.), either directly or indirectly through a third party service provider, performs with discretionary authority any of the following activities on behalf of the managed Entity:

- Trading in financial instruments;
- Portfolio management; or
- Otherwise investing, administering, or managing funds, money, or Financial Assets on behalf of other persons.

While the services performed in the course of a discretionary asset management mandate as well as fiduciary services typically qualify as relevant activities, a pure investment advisory mandate where the final decisions are taken by the Entity itself does not constitute professional management.

Even where only part of the assets of an Entity are under professional management, the Entity as a whole is considered to be professionally managed.

- 3) Is the Entity a holding NFE or a treasury center that is a member of a non-financial group, a start-up NFE, or an NFE that is liquidating or emerging from bankruptcy (see Chapter 2 Categories 13 - 16 for definitions)?
  - a) If yes, the Entity may be an NFE and qualify for the specific NFE sub-status described in Chapter 2 Categories 13 - 16.
  - b) If no, **the Entity may be a Professionally Managed Investment Entity (PMIE)**. Please certify the AEI Entity Classification on the AEI Self-Certification form for AEI Account Holders being an Entity. You are not required to proceed with further questions in these guidelines. Additionally, PMIEs that are resident in a Non-Participating Jurisdiction from the perspective of a CS Booking Center (please see below) are treated as Passive NFEs for CRS purposes. In this case please provide the required details of all Controlling Persons of the Entity in the AEI Self-Certification form for AEI Account Holders being an Entity (if requested there) and document each Controlling Person of the Entity with the AEI Self-Certification form for Controlling Persons. If the PMIE is resident in a Participating Jurisdiction, the PMIE is treated as an FI from the perspective of the CS Booking Center, and therefore no Controlling Persons need to be documented.

### Examples of PMIE

Trusts with a corporate trustee.

Private and collective investment vehicles, including domiciliary companies (non-operative companies) and private foundations, that are managed by a Financial Institution (e.g. bank, asset/fund manager, fiduciary, etc.).

Entities whose assets are managed by a bank or asset manager based on a discretionary asset management mandate.

Private equity funds, venture capital funds, leveraged buyout funds, or any investment vehicles whose purpose is to acquire or fund companies and then hold interests in those companies as capital assets for investment purposes.

### Exceptions from PMIE classification

Certain jurisdictions may publish in their local AEI regulations exceptions based on which certain entities resident/located in such jurisdictions will be excluded from the classification as PMIE. Such exceptions could, for example, be based on the type of entity or its ownership structure.

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## Participating and Non-Participating Jurisdictions

From the perspective of a CS Booking Center, a Participating Jurisdiction is any foreign jurisdiction with which the jurisdiction of the CS Booking Center has an AEI agreement in place (or a foreign jurisdiction that is treated as a Participating Jurisdiction according to regulations of the jurisdiction of the CS Booking Center). "CS Booking Center" means a jurisdiction in which Credit Suisse maintains accounts for clients.

A list of all Participating Jurisdictions of CS Booking Centers can be found on our online AEI Portal ([www.credit-suisse.com/AEI](http://www.credit-suisse.com/AEI)).

## Controlling Persons

The term "Controlling Person" means any natural person who exercises control over an Entity (that is a Passive NFE, or PMIE resident in a Non-Participating Jurisdiction). Control over an Entity that is a legal person is generally exercised by the natural person(s) who ultimately has a controlling ownership interest in the Entity. A control ownership interest depends on the ownership structure of the legal person, it may be exercised by direct or indirect ownership (or shareholding) and is usually identified on the basis of a threshold prescribed under local law.

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(s) is identified as exercising control over the Entity, the Controlling Person(s) of the Entity will be the natural person(s) who holds the position of senior managing official.

In the case of a trust (and similar legal arrangement such as foundations), the term "Controlling Persons" 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 (or, in case of a similar legal arrangement, any natural person in an equivalent position). 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 trust.

## Category 2: Managing Investment Entity

*CRS Sec. VIII.A.6.a*

- 1) Does the Entity conduct, as a business, one or more of the following activities or operations for or on behalf of a customer, such as trading in financial instruments; portfolio management; or otherwise investing, administering, or managing funds, money, or financial assets on behalf of other persons?
  - a) If yes, move to question 2.
  - b) If no, move to Category 3.
- 2) Does the Entity's gross income attributable to the above activities equal or exceed 50% of the Entity's gross income during the preceding three years?
  - a) If yes, **move to question 3**.
  - b) If no, move to Category 3.
- 3) Is the Entity a holding NFE or a treasury center that is a member of a non-financial group, a start-up NFE, or an NFE that is liquidating or emerging from bankruptcy (see Chapter 2 Categories 13 - 16 for definitions)?
  - a) If yes, the Entity may be an NFE and qualify for the specific NFE sub-status described in Chapter 2 Categories 13 - 16.
  - b) If no, **the Entity may be a Managing Investment Entity**. Please certify the AEI Entity Classification on the AEI Self-Certification form for AEI Account Holders being an Entity. You are not required to proceed with further questions in these guidelines.

## Examples of Managing Investment Entities

Corporate trustees

Asset/fund managers

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### Category 3: Custodial Institution

CRS Sec. VIII.A.4

- 1) Does the Entity hold Financial Assets for the account of others?
  - a) If yes, move to question 2.
  - b) If no, move to Category 4.
  
- 2) Does the Entity's gross income attributable to the holding of Financial Assets and related financial services equal or exceed 20% of the Entity's gross income during the preceding three years?
  - a) If yes, **the Entity may be a Custodial Institution**. Please certify the AEI Entity Classification on the AEI Self-Certification form for AEI Account Holders being an Entity. You are not required to proceed with further questions in these guidelines.
  - b) If no, move to Category 4.

#### Examples of Custodial Institutions

Custodian banks

Brokers

Central securities depositories

### Category 4: Depository Institution

CRS Sec. VIII.A.5

- 1) Does the Entity accept deposits in the ordinary course of a banking or similar business?
  - a) If yes, **the Entity may be a Depository Institution**. Please certify the AEI Entity Classification on the AEI Self-Certification form for AEI Account Holders being an Entity. You are not required to proceed with further questions in these guidelines.
  - b) If no, move to Category 5.

#### Examples of Depository Institutions

Savings or commercial banks

Credit unions

### Category 5: Specified Insurance Company

CRS Sec. VIII.A.8

- 1) Is the Entity an Insurance Company (or the holding company of an Insurance Company)?
  - a) If yes, move to question 2.
  - b) If no, the Entity may be an NFE. Please continue with Chapter 2, Category 6.
  
- 2) Does the Entity issue, or is obligated to make payments with respect to, a Cash Value Insurance Contract or an Annuity Contract?
  - a) If yes, **the Entity may be a Specified Insurance Company**. Please certify the AEI Entity Classification on the AEI Self-Certification form for AEI Account Holders being an Entity. You are not required to proceed with further questions in these guidelines.

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b) If no, the Entity may be an NFE. Please continue with Chapter 2, Category 6.

#### **Examples of Specified Insurance Companies**

Life insurance companies

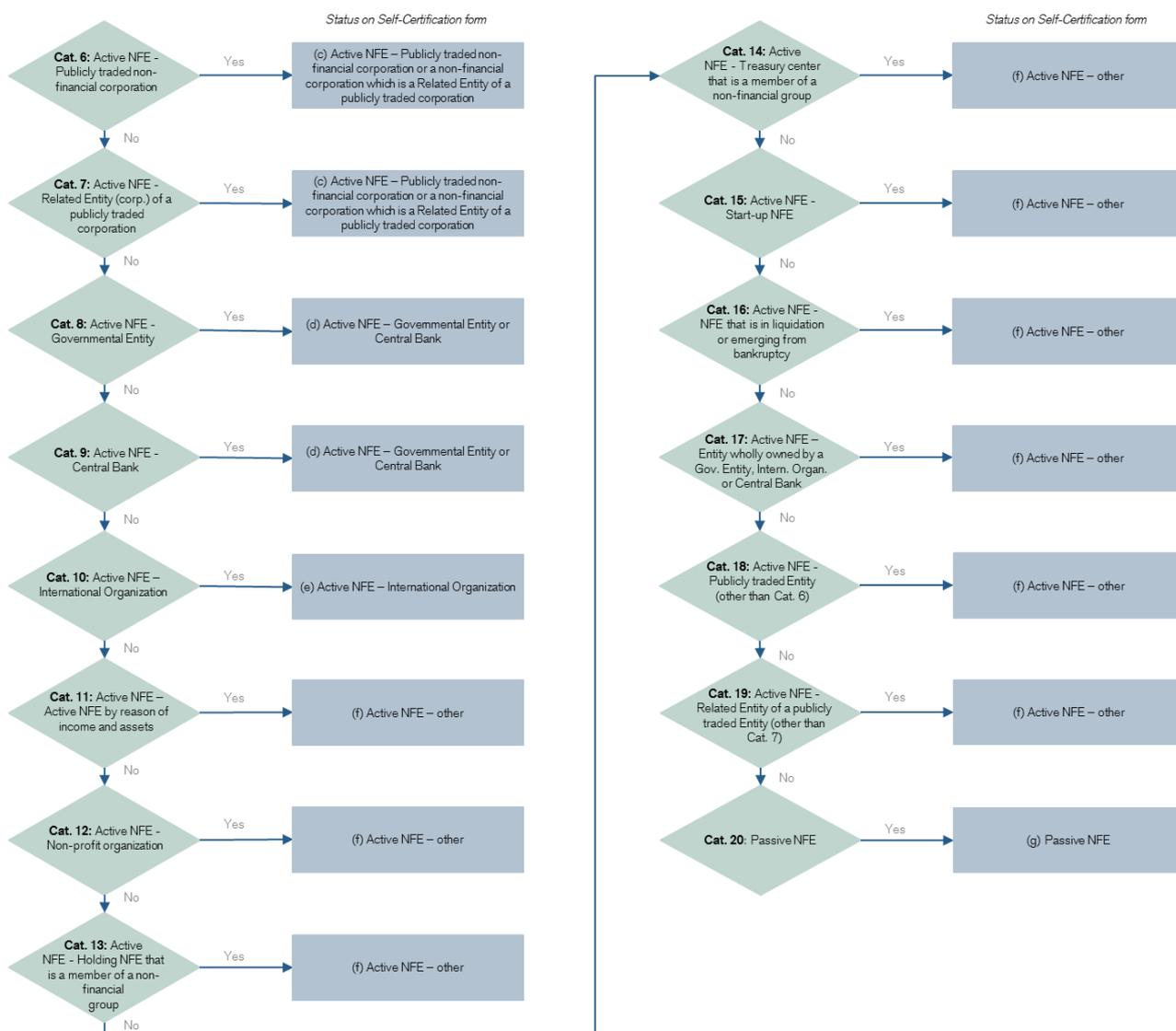
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## Chapter 2: Determination of NFE sub-status

Chapter 2 of this guideline is only relevant for NFEs (see Chapter 1 for the determination whether an Entity is an FI or an NFE for AEI purposes). The purpose of Chapter 2 is to assist you in determining the specific NFE sub-status of the NFE in question.

Generally, when determining an Entity's specific NFE sub-status, the rules of the jurisdiction in which the account is held have to be applied to determine the Entity's status irrespective of its tax residence. However, a jurisdiction in which the account is held may permit (e.g. in its domestic implementation guidance) an Entity to determine its specific NFE sub-status under the rules of the jurisdiction in which the Entity is resident provided that the jurisdiction in which the Entity is resident has implemented the AEI.

The below decision tree illustrates the applicable steps when determining the applicable NFE sub-status. Please start with the first question in Category 6 on the next page and follow the relevant references.



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## Category 6: Active NFE - Publicly traded non-financial corporation

CRS Sec. VIII.D.2 and VIII.D.9.b

- 1) Is the NFE a corporation?
  - a) If yes, move to question 2.
  - b) If no, move to Category 8.
- 2) Is the stock of the NFE regularly traded on an established securities market (see Notes below)?
  - a) If yes, the **NFE may qualify as an Active NFE (publicly traded non-financial corporation)**. Please certify the AEI Entity Classification on the AEI Self-Certification form for AEI Account Holders being an Entity. You are not required to proceed with further questions in these guidelines.
  - b) If no, move to Category 7.

**Note:** An established securities market means an exchange that is officially recognized and supervised by a governmental authority in which the market is located and that has a meaningful annual value of shares traded on the exchange. An exchange has a meaningful annual value of shares traded on the exchange if it has an annual value of shares traded on the exchange (or a predecessor exchange) exceeding USD 1,000,000,000 during each of the three calendar years immediately preceding the calendar year in which the determination is being made. If an exchange has more than one tier of market level on which stock may be separately listed or traded, each such tier must be treated as a separate exchange.

**Note:** Stock is "regularly traded" if there is a meaningful volume of trading with respect to the stock on an on-going basis. With respect to each class of stock of the corporation, there is a meaningful volume of trading on an on-going basis if (i) trades in each such class are effected, other than in de minimis quantities, on one or more established securities markets on at least 60 business days during the prior calendar year; and (ii) the aggregate number of shares in each such class that are traded on such market or markets during the prior year are at least 10% of the average number of shares outstanding in that class during the prior calendar year. A class of stock would generally be treated as meeting the "regularly traded" requirement for a calendar year if the stock is traded during such year on an established securities market and is regularly quoted by dealers making a market in the stock. A dealer makes a market in a stock only if the dealer regularly and actively offers to, and in fact does, purchase the stock from, and sell the stock to, customers who are not related persons with respect to the dealer in the ordinary course of a business.

## Category 7: Active NFE - Related Entity (corporation) of a publicly traded corporation

CRS Sec. VIII.D.2 and VIII.D.9.b

- 1) Is the NFE a corporation?
  - a) If yes, move to question 2.
  - b) If no, move to Category 8.
- 2) Is the NFE a Related Entity of a publicly traded corporation (see Category 6)?
  - a) If yes, **the NFE may qualify as an Active NFE (Related Entity (corporation) of a publicly traded corporation)**. Please certify the AEI Entity Classification on the AEI Self-Certification form for AEI Account Holders being an Entity. You are not required to proceed with further questions in these guidelines.
  - b) If no, move to Category 8.

**Note:** It is irrelevant whether the publicly traded corporation, which the NFE is related to, is an FI or an NFE.

## Category 8: Active NFE - Governmental Entity

CRS Sec. VIII.D.2 and VIII.D.9.c

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- 1) Is the NFE a government of a jurisdiction, a government of any political subdivision of a jurisdiction (e.g. state, province, country, or municipality), or any wholly owned agency or instrumentality of a jurisdiction or any one or more of the foregoing?
  - a) If yes, **the NFE may qualify as an Active NFE (Governmental Entity)**. Please certify the AEI Entity Classification on the AEI Self-Certification form for AEI Account Holders being an Entity. You are not required to proceed with further questions in these guidelines.
  - b) If no, move to Category 9.

**Note:** This category is comprised of the integral parts, controlled entities, and political subdivisions of a jurisdiction.

#### Examples of Governmental Entities

Governments, cantons or federal states and communes, and wholly owned instrumentalities and agencies thereof

Local authorities

Embassies

### Category 9: Active NFE - Central Bank

*CRS Sec. VIII.D.2 and VIII.D.9.c*

- 1) Is the NFE an institution that is by law or government sanction the principal authority, other than the government of the jurisdiction itself, issuing instruments intended to circulate as currency?
  - a) If yes, **the NFE may qualify as an Active NFE (Central Bank)**, but you may double-check that you are not already a Financial Institution (see Chapter 1). Please certify the AEI Entity Classification on the AEI Self-Certification form for AEI Account Holders being an Entity. You are not required to proceed with further questions in these guidelines.
  - b) If no, move to Category 10.

### Category 10: Active NFE – International Organization

*CRS Sec. VIII.D.2 and VIII.D.9.c*

- 1) Is the NFE an international organization or any wholly owned agency or instrumentality thereof?
  - a) If yes, **the NFE may qualify as an Active NFE (International Organization)**. Please certify the AEI Entity Classification on the AEI Self-Certification form for AEI Account Holders being an Entity. You are not required to proceed with further questions in these guidelines.
  - b) If no, move to Category 11.

**Note:** This category includes any intergovernmental organization (including a supranational organization):

- That is comprised primarily of governments;
- That has in effect a headquarters or substantially similar agreement with the jurisdiction; and
- The income of which does not inure to the benefit of private persons.

### Category 11: Active NFE – Active NFE by reason of income and assets

*CRS Sec. VIII.D.9.a*

- 1) Was 50% or more of the NFE's gross income for the preceding calendar year or other reporting period Passive Income?
  - a) If yes, move to Category 12.
  - b) If no, move to question 2.

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**Note:** Passive Income generally includes the portion of gross income consisting of:

- Dividends (including income equivalent to dividends, e.g. substitute dividends);
- Interest (including income equivalent to interest);
- Rents and royalties (other than rents and royalties derived from the active conduct of a business, at least in part, by employees of the NFE);
- Annuities;
- The excess of gains over losses from the sale or exchange of Financial Assets that gives rise to the Passive Income described above;
- The excess of gains over losses from transactions (including futures, forwards, options, and similar transactions) in any Financial Assets;
- The excess of foreign currency gains over foreign currency losses;
- Net income from swaps; or
- Amounts received under Cash Value Insurance Contracts.

However, Passive Income does not include in the case of an NFE that regularly acts as a dealer in Financial Assets any item of income or gain from any transaction entered into in the ordinary course of such dealer's trade or business.

- 2) Were 50% or more of the assets held by the NFE during the preceding calendar year or other reporting period assets that produce or are held for the production of Passive Income?
- a) If yes, move to Category 12.
  - b) If no, **the NFE may qualify as an Active NFE (by reason of income and assets)**. Please certify the AEI Entity Classification on the AEI Self-Certification form for AEI Account Holders being an Entity. You are not required to proceed with further questions in these guidelines.

#### Examples: Business that may qualify as Active NFEs

Butchers (if companies)  
Bakers (if companies)  
Manufacturing Companies  
Management Consulting Companies  
Architect Offices (if companies)  
Farms (if companies)

#### Example: NFE engaged in an active business

The daily business of Bakery ABC consists of baking goods (cakes, pies, breads, etc.) and selling these products to customers. Bakery ABC has been very successful over the last five years and has been able to invest its profits into securities. Therefore, in addition to income received from the sale of baked goods, Bakery ABC also earns passive income (i.e., interest and dividends) on its investments. In the prior year, Bakery ABC earned gross income of USD 2,000,000 from the sale of baked goods and USD 70,000 of interest and dividends on its investments. On December 31 of the prior year, Bakery ABC had assets of USD 10,000,000 of which USD 1,000,000 is invested into securities and the remaining USD 9,000,000 consists of equipment, inventory and other assets that are used in the daily production of the baked goods. Bakery ABC qualifies as an Active NFE by reason of income and assets because less than 50% ( $70,000 / 2,070,000 = 3.4\%$ ) of the gross income in the prior year is Passive Income and less than 50% ( $1,000,000 / 10,000,000 = 10\%$ ) of the assets held by Bakery ABC produce or are held for the production of Passive Income.

## Category 12: Active NFE - Non-profit organization

CRS Sec. VIII.D.9.h

- 1) Is the NFE established and operated in its jurisdiction of residence for tax purposes exclusively for religious, charitable, scientific, artistic, cultural, athletic, or educational purposes?
- a) If yes, move to question 3.
  - b) If no, move to question 2.

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- 2) Is the NFE established and operated in its jurisdiction of residence for tax purposes, and is it a professional organization, business league, chamber of commerce, labour organization, agricultural or horticultural organization, civic league or an organization operated exclusively for the promotion of social welfare?
  - a) If yes, move to question 3.
  - b) If no, move to Category 13.
  
- 3) Is the NFE exempt from income tax in its jurisdiction of residence for tax purposes?
  - a) If yes, move to question 4.
  - b) If no, move to Category 13.
  
- 4) Has the NFE shareholders or members who have a proprietary or beneficial interest in its income or assets?
  - a) If yes, move to Category 13.
  - b) If no, move to question 5.
  
- 5) Under the applicable laws of the NFE's jurisdiction of residence for tax purposes or the NFE's formation documents is it permitted that any income or assets of the NFE is 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 Entity has purchased?
  - a) If yes, move to Category 13.
  - b) If no, move to question 6.
  
- 6) Under the applicable laws of the NFE's jurisdiction of residence for tax purposes or the NFE's formation documents is it required that, upon the NFE's liquidation or dissolution, all of its assets are distributed to a Governmental Entity or other non-profit organization, or escheated to the government of the NFE's jurisdiction of residence for tax purposes or any political subdivision thereof?
  - a) If yes, **the NFE may qualify as an Active NFE (Non-profit organization)**. Please certify the AEI Entity Classification on the AEI Self-Certification form for AEI Account Holders being an Entity. You are not required to proceed with further questions in these guidelines.
  - b) If no, move to Category 13.

### Category 13: Active NFE - Holding NFE that is a member of a non-financial group

*CRS Sec. VIII.D.9.d*

- 1) Do substantially all (i.e. 80% or more) of the activities of the Entity consist of holding (in whole or in part) the outstanding stock of, and / or providing financing and services to, one or more subsidiaries that engage in trades or businesses other than the business of a Financial Institution?
  - a) If yes, move to question 2.
  - b) If no, move to Category 14.

**Note:** Even if the Entity's holding and group finance activities constitute less than 80% of its activities but the Entity receives also Active Income (i.e. income that is not Passive Income, see Category 11) otherwise, it nevertheless meets the "substantially all test" provided that the total sum of such activities equals or exceeds 80% of its total activities.

- 2) Does the Entity function or hold 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?
  - a) If yes, the NFE may be a Financial Institution (please check Chapter 1). If you are not a Financial Institution, move to Category 14.
  - b) If no, move to question 3.

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- 3) Is the Entity part of a group that is primarily engaged in a business other than that of a Financial Institution?
- If yes, **the NFE may qualify as an Active NFE (Holding NFE that is a member of a non-financial group)**. Please certify the AEI Entity Classification on the AEI Self-Certification form for AEI Account Holders being an Entity. You are not required to proceed with further questions in these guidelines.
  - If no, move to Category 14.

**Note:** Local regulations might provide further guidance whether question 3 (“part of a group that is primarily engaged in a business other than that of a Financial Institution”) applies to Category 13 and on its specific interpretation.

**Example: Holding NFE that is a member of a non-financial group**

Holding Company XYZ is the parent entity of 5 subsidiary companies that are in the business of manufacturing various parts for automobiles. The sole activity of Holding Company XYZ is to hold the stock of these subsidiary companies. Holding Company XYZ is privately owned and is not traded on an established securities market. Holding Company XYZ was formed as part of the original structure of the business and was not formed in connection with any sort of investment purpose such as private equity, venture capital, etc. Holding Company XYZ qualifies as a Holding NFE that is a member of a non-financial group as the company’s primary purpose is to hold the stock of its subsidiaries and these subsidiaries are engaged in a business that is not financial in nature.

### **Category 14: Active NFE - Treasury center that is a member of a non-financial group**

*CRS Sec. VIII.D.9.g*

- Is the Entity primarily engaged in financing and hedging transactions with, or for, Related Entities that are not Financial Institutions?
  - If yes, move to question 2.
  - If no, move to Category 15.
- Does the Entity provide financing or hedging services to any entity that is not a Related Entity?
  - If yes, move to Category 15.
  - If no, **move to question 3**.
- Is the Entity part of a group that is primarily engaged in a business other than that of a Financial Institution?
  - If yes, **the NFE may qualify as an Active NFE (Treasury center that is a member of a non-financial group)**. Please certify the AEI Entity Classification on the AEI Self-Certification form for AEI Account Holders being an Entity. You are not required to proceed with further questions in these guidelines.
  - If no, move to Category 15.

**Note:** Local regulations might provide further guidance on the interpretation of “part of a group that is primarily engaged in a business other than that of a Financial Institution” (question 3 above).

### **Category 15: Active NFE - Start-up NFE**

*CRS Sec. VIII.D.9.e*

- Is the Entity 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?
  - If yes, move to question 2.
  - If no, move to Category 16.

**Note:** Investing, reinvesting, or trading in Financial Assets is not considered to be a business other than that of a Financial Institution.

- 2) Has it been more than 24 months since the date of the initial organization of the Entity?
  - a) If yes, move to Category 16.
  - b) If no, **the NFE may qualify as an Active NFE (Start-up NFE)**. Please certify the AEI Entity Classification on the AEI Self-Certification form for AEI Account Holders being an Entity. You are not required to proceed with further questions in these guidelines.

### **Category 16: Active NFE - NFE that is in liquidation or emerging from bankruptcy**

*CRS Sec. VIII.D.9.f*

- 1) Is the Entity in the process of liquidating its assets or reorganizing with the intent to continue or recommence operations in a business other than that of a Financial Institution?
  - a) If yes, move to question 2.
  - b) If no, move to Category 17.
- 2) Was the Entity a Financial Institution at any time in the past five years?
  - a) If yes, move to Category 17.
  - b) If no, **the NFE may qualify as an Active NFE (NFE that is in liquidation or emerging from bankruptcy)**. Please certify the AEI Entity Classification on the AEI Self-Certification form for AEI Account Holders being an Entity. You are not required to proceed with further questions in these guidelines.

### **Category 17: Active NFE - Entity wholly owned by a Governmental Entity, International Organization, or Central Bank**

*CRS Sec. VIII.D.9.c*

- 1) Is the Entity wholly owned by a Governmental Entity, International Organization, or Central Bank (see Categories 8 to 10)?
  - c) If yes, **the NFE may qualify as an Active NFE (Entity wholly owned by a Governmental Entity, International Organization, or Central Bank)**. Please certify the AEI Entity Classification on the AEI Self-Certification form for AEI Account Holders being an Entity. You are not required to proceed with further questions in these guidelines.
  - d) If no, move to Category 18.

### **Category 18: Active NFE - Publicly traded Entity (other than Category 6)**

*CRS Sec. VIII.D.9.b*

- 1) Is the stock of the NFE regularly traded on an established securities market?
  - a) If yes, **the NFE may qualify as an Active NFE (Publicly traded Entity)**. Please certify the AEI Entity Classification on the AEI Self-Certification form for AEI Account Holders being an Entity. You are not required to proceed with further questions in these guidelines.
  - b) If no, move to Category 19.

**Note:** If the publicly traded NFE is a corporation, it may fall under Category 6. Regarding the definitions of “regularly traded” and “established securities market” see Notes under Category 6.

## Category 19: Active NFE - Related Entity of a publicly traded Entity (other than Category 7)

CRS Sec. VIII.D.9.b

- 1) Is the NFE a Related Entity of a publicly traded Entity?
  - a) If yes, **the NFE may qualify as an Active NFE (Related Entity of a publicly traded Entity)**. Please certify the AEI Entity Classification on the AEI Self-Certification form for AEI Account Holders being an Entity. You are not required to proceed with further questions in these guidelines.
  - b) If no, move to Category 20.

**Note:** If the NFE as well as the publicly traded Entity, which the NFE is related to, are both corporations, the NFE may fall under Category 7. Regarding the definitions of “regularly traded” and “established securities market” see Notes under Category 6. It is irrelevant whether the publicly traded Entity, which the NFE is related to, is an FI or an NFE.

## Category 20: Passive NFE

CRS Sec. VIII.D.8

Based upon your responses above, the NFE may qualify as a Passive NFE. A Passive NFE is an NFE that is not an Active NFE (see Categories 6 to 19).

Please certify the AEI Entity Classification on the AEI Self-Certification form for AEI Account Holders being an Entity.

Additionally, please provide the required details of all Controlling Persons of the Entity in the AEI Self-Certification form for AEI Account Holders being an Entity (if requested there) and document each Controlling Person of the Entity with the AEI Self-Certification form for Controlling Persons.

### Examples of Passive NFE

Trusts with a trustee that is an individual who manages the trust's assets

Underlying companies of a trust where the assets of the underlying companies are managed by individuals

Private investment vehicles, including domiciliary companies (non-operative companies) and private foundations, that are managed by an individual, i.e. not by a bank or asset/fund manager, fiduciary, etc. that is an entity

Real estate funds that only hold non-debt, direct interests in real property, and that do not engage in active business

### Controlling Persons

The term “Controlling Person” means any natural person who exercises control over an Entity (that is a Passive NFE, or PMIE resident in a Non-Participating Jurisdiction). Control over an Entity that is a legal person is generally exercised by the natural person(s) who ultimately has a controlling ownership interest in the Entity. A control ownership interest depends on the ownership structure of the legal person, it may be exercised by direct or indirect ownership (or shareholding) and is usually identified on the basis of a threshold prescribed under local law.

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(s) is identified as exercising control over the Entity, the Controlling Person(s) of the Entity will be the natural person(s) who holds the position of senior managing official.

In the case of a trust (and similar legal arrangement such as foundations), the term “Controlling Persons” 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 (or, in case of a similar legal arrangement, any natural person in an equivalent position). 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 trust.

If you do not feel this or any of the previous categories provide an appropriate description of your business, we recommend that you further clarify this within your entity and/or consult your professional tax advisor.