UBS

Explanations of Foreign Account Tax Compliance Acts (FATCA) and Common Reporting Standard (CRS) Terms used in the Application Form

Account Holder

The term "Account Holder" (under CRS and FATCA) means the person listed or identified as the holder of a financial account. For funds the Account Holder would typically be the name which is shown on the register (i.e. the individual or entity which is holding the legal title). 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 investment advisor, an intermediary, or as a legal guardian, is not treated as the Account Holder. In these circumstances that other person is the Account Holder.

Active Non-Financial Entity (NFE) - Government Entity or Central Bank (CRS-relevant only)

The term "Government Entity" means the government of a jurisdiction, any political subdivision of a jurisdiction (which, for the avoidance of doubt, includes a state, province, county, or municipality), or any wholly owned agency or instrumentality of a jurisdiction or of any one or more of the foregoing. This category is comprised of the integral parts, controlled entities, and political subdivisions of a jurisdiction.

The term "Central Bank" means 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. Such an institution may include an instrumentality that is separate from the government of the jurisdiction, whether or not owned in whole or in part by the jurisdiction.

Active Non-Financial Entity (NFE) - International Organization (CRS-relevant only)

The term "International Organization" means any international organization or wholly owned agency or instrumentality thereof. This category includes any intergovernmental organization (including a supranational organization) (1) that is comprised primarily of governments; (2) that has in effect a headquarters or substantially similar agreement with the jurisdiction; and (3) the income of which does not inure to the benefit of private persons.

Active Non-Financial Entity (NFE) – Other (CRS-relevant only)

The term "Active NFE – Other" means an NFE that meets any of the following criteria:

- Active NFEs by reason of income and assets: 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;
- Holding NFEs of non-financial group: 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;
- Start-up NFEs: The NFE is 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, 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;

Please note: These definitions rely on the most common standards and definitions for the general application for FATCA and CRS. However, local rules may differ. Please consult the applicable local laws and any accompanying guidance in order to ensure that you apply the proper version of any of these terms.

- NFEs that are liquidating or emerging from bankruptcy: 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;
- Treasury centres of non-financial groups: 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
- Non-profit NFEs: The NFE is a Non-Profit Organization.

Active Non-Financial Entity (NFE) - Publicly Traded Non-Financial Corporation and Related Corporation (CRS-relevant only)
The term "Publicly traded Non-Financial Corporation and Related Corporation" means an NFE:

- The stock of which is regularly traded on an established securities market; or
- That is a Related Entity of an Entity the stock of which is regularly traded on an established securities market (the Related Entity must also be a corporation).

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 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.

Active Non-Financial Foreign Entity (NFFE) (FATCA-relevant only)
The term "Active NFFE" means an NFFE that meets any of the following criteria:

- Less than 50% of the NFFE'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 NFFE during the preceding calendar year or other appropriate reporting period are assets that produce or are held for the production of Passive Income;
- The stock of the NFFE is regularly traded on an established securities market or the NFFE is a Related Entity of an Entity the stock of which is regularly traded on an established securities market.
- The NFFE is organized in a U.S. Territory and all of the owners of the payee are bona fide residents of that U.S. Territory;
- The NFFE is a non-U.S. government, a government of a U.S. Territory, an international organization, a non-U.S. central bank of issue, or an Entity wholly owned by one or more of the foregoing;
- Substantially all of the activities of the NFFE 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;
- The NFFE is 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, provided that the NFFE does not qualify for this exception after the date that is 24 months after the date of the initial organization of the NFFE;
- The NFFE 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;
- The NFFE 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;
- The NFFE is a Non-Profit Organization; or

- The NFFE is an Excepted NFFE as described in relevant US Treasury Regulations.

CRS Classification
The term "CRS Classification" means the categorization of an Entity for CRS purposes (e.g. as a Financial Institution, an Active NFE or a Passive NFE).

Automatic Exchange of Information (AEI)
The AEI regime based on the OECD Common Reporting Standard requires Reporting Financial Institutions (RFIs) to report annually to their domestic tax authorities certain information regarding all accounts they maintain that have been identified as Reportable Accounts as a result of the application of the relevant due diligence procedures. The domestic tax authorities will then pass on the information to the tax authorities of the jurisdiction in which the Reportable Person is resident for tax purposes.

Branch
The term "Branch" (under CRS and FATCA) means a unit, business, or office of an Entity that is treated as a branch under the regulatory regime of a jurisdiction or that is otherwise regulated under the laws of a jurisdiction as separate from other offices, units, or branches of the Entity.

Controlling Persons
The term "Controlling Person" (under CRS and FATCA) means the natural persons who exercise control over an entity. For an Entity that is a legal person, control over an Entity is generally exercised by the natural person(s) who ultimately has a controlling ownership interest in the Entity. A controlling ownership interest depends on the ownership structure of the legal person and may be identified on the basis of a threshold, e.g. including only persons owning more than a certain percentage of 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(s) is identified as exercising control of 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, 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. 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. In the case of a legal arrangement other than a trust, Controlling Person(s) means persons in equivalent or similar positions.

Deemed-Compliant Foreign Financial Institution (FATCA-relevant only)
The term "Deemed-Compliant FFI" includes Registered Deemed-Compliant FFIs as well as Certified Deemed-Complaint FFIs and means an FFI that qualifies for such status based on relevant US Treasury Regulations or an applicable Model 1 or 2 IGA. For the purpose of this form Owner-Documented FFIs are also considered Deemed-Compliant FFIs.

Disregarded entity (FATCA-relevant only)
A disregarded entity, also called a pass-through entity, is one that is distinct from its owner for some purposes but not for US tax reporting. For example, a Cayman LP with one partner is an entity that is not separate from its US owner. The US tax filing requirements for the Cayman LP are the same as its US resident owner. If the Cayman LP partner is a US corporation, the tax filing requirements of the Cayman LP are combined with the US corporate state and federal tax returns.

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Distinction between Financial Institution and Professionally Managed Investment Entity (CRS-relevant only)
Under CRS Financial Intuitions and Professionally Managed Investment Entities are treated differently depending on whether the entity is domiciled in a Participating or Non-Participating Jurisdiction:

- A Financial Institution other than a Professionally Managed Investment Entity will always be treated as a Financial Institution independent whether the entity is domiciled in a Participating or Non-Participating Jurisdiction;
- A Professionally Managed Investment Entity will only be treated as a Financial Institution if the entity is domiciled in a Participating Jurisdiction. If the Professionally Managed Investment Entity is domiciled in a Non-Participating Jurisdiction the entity will be treated as Passive NFE and will therefore need to disclose its Controlling Persons. If any of its Controlling Persons is a Reportable Person, the account will be reported as a Reportable Account.

Exempt Beneficial Owner (FATCA-relevant only)
The term "Exempt Beneficial Owner" means an entity that qualifies for such status based on relevant US Treasury Regulations or an applicable Model 1 or 2 IGA.

FATCA Classification
The term "FATCA Classification" means the categorization of an Entity for FATCA purposes (e.g. as Reporting FI in an IGA jurisdiction, Participating FFI, Non-Participating FFI, Deemed-Compliant FFI, Exempt Beneficial Owner, Active NFFE or Passive NFFE).

Financial Institution / Foreign Financial Institution
The terms "Financial Institution" (under CRS) or "Foreign Financial Institution" (under FATCA) mean an Entity (under FATCA: a non-US Entity) that is a:

- Depository Institution;
- Custodial Institution;
- Investment Entity;
- Holding Company or Treasury Center (only relevant for entities located outside an IGA jurisdiction); or
- Specified Insurance Company.

Please see the relevant domestic guidance and the CRS for further classification definitions that apply to Financial Institutions. Typical examples of Foreign Financial Institutions are banks, funds, broker-dealers, custodians, trust companies, and life insurance companies.

Foreign Account Tax Compliance Act (FATCA)
The term "FATCA" stands for Foreign Account Tax Compliance Act. The FATCA provisions were enacted into U.S. law as part of the Hiring Incentives to Restore Employment (HIRE) Act on 18 March 2010. Based on FATCA, Foreign Financial Institutions are required to identify U.S. Accounts and report them, directly or indirectly through their domestic tax authorities, to the U.S. Internal Revenue Service (IRS). Foreign Financial Institutions and their clients that do not comply with the FATCA requirements are subject to a 30 percent withholding tax on payments from U.S. Securities.

Global Intermediary Identification Number (GIIN) (FATCA-relevant only)
The term "GIIN" means the identification number that is assigned by the IRS inter alia to Entities with the following FATCA statuses upon registration with the IRS for FATCA purposes:

- Participating FFI;
- Reporting Model 1 FFI;
- Reporting Model 2 FFI;
- Registered Deemed-Compliant FFI;

- Sponsored Investment Entity and Controlled Foreign Corporation [starting as of 1 January 2017 and requirements may vary depending on location of entity];
- FATCA Sponsor; and
- Trustee of a Trustee-documented Trust.

Intermediary
An "Intermediary" means a person that acts as an agent, custodian, broker, nominee, signatory, investment advisor, or in a similar capacity for the benefit or account of another person.

Non-Financial Entity (NFE) / Non-Financial Foreign Entity (NFFE)
The terms "NFE" (under CRS) or "NFFE" (under FATCA) mean an Entity (under FATCA: a non-US Entity) that is not a Financial Institution / Foreign Financial Institution.

Non-Participating Foreign Financial Institution (FATCA-relevant only)
The term "Non-Participating Foreign Financial Institution" means any Foreign Financial Institution other than a:
- Participating FFI;
- Reporting Model 1 FFI;
- Reporting Model 2 FFI;
- Deemed-Compliant FFI;
- Nonreporting IGA FFI; or
- Exempt Beneficial Owner.

Non-Participating Jurisdiction (CRS-relevant only)
From the perspective of a jurisdiction that has implemented CRS, the term "Non-Participating Jurisdiction" means another jurisdiction that is not a Participating Jurisdiction.

OECD Common Reporting Standard (CRS)
The CRS contains the reporting and due diligence standard that underpins the OECD Standard for the Automatic Exchange of Financial Account Information (AEI). In order to ensure a level playing field, each jurisdiction that participates in AEI must translate the CRS requirements into domestic law.

Participating Jurisdiction (CRS-relevant only)
The term "Participating Jurisdiction" means another jurisdiction with which the jurisdiction of the UBS Financial Institution has an AEI agreement in place (or one deemed to be in place). The Participating Jurisdictions for CRS purposes can be found on the OECD Portal (http://www.oecd.org/tax/automatic-exchange/).The OECD Portal shows the date that each jurisdiction has committed to exchange information by, but they will be Participating for the year prior to this date if a universal "White List" approach is taken (i.e. jurisdictions agree to treat all jurisdictions that have committed to implement CRS as Participating Jurisdictions). However, if the "White List" approach is not taken, the participating status of your jurisdiction of tax residence will depend on the jurisdiction of the UBS entity with which you are contracting.

Passive Income
Subject to certain limitations based on commercial operations (e.g. for specified dealers), "Passive Income" (under CRS and FATCA) would generally be considered to include the portion of gross income that consists of:
- Dividends (including substitute dividends);
- Interest(including income equivalent to interest);

- Rents and royalties;
- 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 notional principal contracts; or
- Amounts received under Cash Value Insurance Contracts.

Passive Non-Financial Entity (Passive NFE) / Passive Non-Financial Foreign Entity (Passive NFFE)

The terms "Passive NFE" (under CRS) and "Passive" NFFE (under FATCA) mean an NFE / NFFE that is not an Active NFE / Active NFFE.

Professionally Managed Investment Entity

The term "Professionally Managed Investment Entity" (under CRS and FATCA) means an Entity (under FATCA: a non-US Entity) that:

- Is Professionally Managed; and
- The Entity's gross income attributable to investing, reinvesting, or trading in Financial Assets equals or exceeds 50% of the Entity's gross income during the shorter of (i) the three three-year period ending on 31 December of the year preceding the year in which the determination is made; or (ii) the period during which the Entity has been in existence.

Although meeting the above requirements, Entities might be exempted from the Professionally Managed Investment Entity definition based on a specific exemption under the laws of their jurisdiction of residence.

An Entity is considered to be Professionally Managed if another Financial Institution performs, either directly or through another service provider, any of the following activities or operations on behalf of the managed Entity: (i) trading in financial instruments; (ii) individual or collective portfolio management; or (iii) otherwise investing, administering, or managing funds, money, or Financial Assets. However, an Entity is not Professionally Managed if the managing Financial Institution does not have discretionary authority to manage the Entity's assets (in whole or part). Where an Entity is managed by a mix of Financial Institutions and other persons, the Entity is considered to be Professionally Managed.

Reportable Account (CRS-relevant only)

The term "Reportable Account" means an account held by:

- One or more Reportable Persons; or
- A Passive NFE or a Professionally Managed Investment Entity with one or more Controlling Persons that is a Reportable Person.

Reportable Jurisdiction (CRS-relevant only)

The term "Reportable Jurisdiction" means another jurisdiction with which the jurisdiction of the UBS Financial Institution has an AEI agreement in place pursuant to which there is an obligation to provide Financial Account information on an automatic basis. However, as jurisdictions are implementing CRS at different times, Financial Institutions will collect information in relation to Account Holders resident in all jurisdictions to reduce the administrative burden of obtaining information at a later date. The OECD Portal will contain information in respect of Reportable Jurisdictions for CRS purposes (http://www.oecd.org/tax/automatic-exchange/).

Reportable Person (CRS-relevant only)
The term "Reportable Person" means an individual or Entity that is resident for CRS purposes in a Reportable Jurisdiction, other than an Entity with one of the following CRS statuses:

- Publicly traded Non-Financial Corporation and Related Corporation;
- Government Entity;
- Central Bank;
- International Organization; or
- Financial Institution.

Reporting Financial Institution (CRS-relevant only)
The term "Reporting Financial Institution" means a Financial Institution that is resident in a jurisdiction that has implemented CRS under local law and is subject to applicable due diligence and reporting obligations.

Taxpayer Identification Number (TIN)
A "Taxpayer Identification Number" (or TIN) is a unique combination of letters or numbers, however defined, assigned by a jurisdiction to its tax residents and used to identify them for purposes of administering the tax laws of such jurisdiction (or the functional equivalent of such a number).

Tax Regulations
The term "Tax Regulations" refers to regulations created to enable automatic exchange of information and include FATCA and the OECD Common Reporting Standard for Automatic Exchange of Financial Account Information.

Tax Residence
The determination of a person's tax residence is based on the tax laws of any relevant jurisdictions. The domestic tax laws of any relevant jurisdictions define the conditions under which an Entity has to be treated as fiscally resident and consequently is subject to full tax liability. In general, an Entity should be treated as tax resident in any jurisdiction in which he/she is subject to tax by reason of its domicile, residence, place of management or incorporation, or any other criterion of a similar nature, and not only from sources in that jurisdiction. Dual resident Entities may rely on the tiebreaker rules contained in tax conventions (if applicable) to solve cases of double residence for determining their residence for tax purposes.
Under CRS, special rules apply to:

- Fiscally transparent Entities (i.e. partnerships, limited liability partnerships or similar legal arrangements that have no residence for tax purposes), which are resident for CRS purposes in the jurisdiction in which their place of effective management or control is situated;
- Trusts that are Financial Institutions, which are resident for CRS purposes in the residence of their trustee(s), unless they are tax resident under the laws of any jurisdiction that has implemented CRS and report all the information required to be reported pursuant to the CRS with respect to the Reportable Account they maintain to the tax authorities of such jurisdiction;
- Trusts that are NFEs, which do not have a residence for CRS purposes, unless they are tax resident under the laws of any jurisdiction; and
- Branches, which are resident for CRS purposes in the jurisdiction of Tax Residence of the headquarter Entity of which they are a branch.

The information above is of a general nature and is not intended as advice in any particular case. If you have any questions on how to determine your tax residence status, please contact your tax adviser or relevant tax authorities. The fund/Management Company does not provide legal or tax advice.

U.S. Person (FATCA-relevant only)

The term "U.S. Person" means an entity that is a U.S. corporation, a U.S. partnership or a U.S. trust. A corporation or partnership is generally considered a U.S. corporation or U.S. partnership if it is created or organized in the United States or under the law of the United States or of any State. A trust is considered to be a U.S. 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 U.S. Persons have the authority to control all substantial decisions of the trust. In general, an entity that is a U.S. Person is also a Specified U.S. Person, unless a specific exemption applies.

A natural person is considered a U.S. Person, if he/she:

- Is a U.S. citizen (including dual or multiple citizen);
- Is in possession of a US Green Card (irrespective of expiry date);
- Meets the Substantial Presence Test (i.e. physical presence in the United States on at least 31 days during the current calendar year and 183 days during the three year period that includes the current calendar year and the two calendar years immediately before; to satisfy the 183 days requirement, count (i) all of the days of presence in the current year, (ii) one-third of the days of presence in the first year before the current year, and (iii) one-sixth of the days of presence in the second year before the current year); or
- Is a U.S. resident because of any other reason (e.g. being a non-U.S. spouse filing jointly a U.S. tax return with a U.S. spouse or relinquishing U.S. citizenship or long-term permanent residence in the U.S.).

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