

Clearstream Spotlight

Easing the implementation of FATCA

The Foreign Account Tax Compliance Act (FATCA) represents a significant compliance and regulatory challenge for our customers.

At Clearstream we are already fully FATCA-compliant from an operational perspective. Customers holding US securities through us can therefore concentrate on their own internal compliance without worry. We are also making significant investments in our tax personnel, systems and technology to help customers comply with the new certification, withholding and reporting responsibilities FATCA will bring.

Account procedures

Our FATCA specialists are currently well underway and undertaking a significant review project to ensure every customer account is FATCA-checked and, where possible, will work with the customer to iron out any difficulties. In response to our customers' wishes, we have begun this comprehensive review in good time and ahead of many market participants.

Existing accounts with "Qualified Intermediary" (QI) status, and who wish to remain a QI, must get their agreement reviewed with the IRS by 30 June 2014 and send confirmation to us as soon as possible.

To ease the compliance procedure going forward, a new Clearstream customer application form will be in place from 1 July and a new account procedure is currently under



development to ensure new accounts and subaccounts are FATCA-ready from the start.

Account structures

It is also important customers review their account structures with us to determine what is the simplest and most cost effective for them to maintain in a FATCA environment. We have a flexible approach to servicing accounts and our FATCA experts would be happy to help you find the most suitable service package for your needs.

Any questions on FATCA?

Call or email us
Phone: +352-243-38560
Email: fatca@clearstream.com
Dedicated webpage:
<http://bit.ly/1x4hICb>

We have held seven webinars so far dedicated to helping our customers understand FATCA and will be announcing more soon.

FATCA overview

The FATCA (Foreign Account Tax Compliance Act) legislation was enacted into US law in March 2010; its main purpose being to increase transparency and enhance reporting for all offshore accounts and investments beneficially owned by US taxpayers.

This will be achieved by requiring non-US foreign financial institutions (FFI) and non-financial entities (NFFE) to identify and disclose their US account holders and investors. While the primary goal of FATCA is to gain information about U.S. persons, FATCA imposes a punitive withholding tax where the applicable documentation and reporting requirements are not met.

In addition to Clearstream's Qualified Intermediary role, acting as primary non-resident alien (NRA) and back-up withholding agent with 1042 /1099 reporting obligations, we are a FATCA-compliant Model I Reporting FI, thereby endorsing FATCA withholding and reporting obligations.

This means that, if a customer is FATCA compliant but does not endorse primary NRA withholding responsibilities, thereby electing to be withheld upon under FATCA, Clearstream will assume this withholding responsibility on the customer's behalf and perform the withholding on U.S. source payments, according to the customer's instructions.

More information

For more information on these topics, please contact your Relationship Manager. If you would prefer not to receive our email news, please ask your RM to remove you from the mailing list.