

Client Communication about the Common Reporting Standard (CRS) obligations for entities

Subject: information about requirements under Luxembourg Law on Automatic Exchange of Information

Dear Madam,
Dear Sir,

We would like to inform you about the entry into force of the Luxembourg Law of 18 December 2015 transposing the EU Council Directive (2014/107/UE) with regard to mandatory automatic exchange of information in the field of taxation (hereinafter referred as “Luxembourg CRS Law”). This Law requires us to collect and report to the Luxembourg tax authorities specific nominative and financial information with respect to certain accounts held with us as from 1st January 2016.

This document aims to provide you with the context and to explain the potential impact of the Luxembourg CRS Law on your relationship with Banque de Patrimoines Privés (hereinafter also referred to as “the Bank”).

Context

Under the above mentioned EU Council Directive 2014/107/EU (the “DAC2”)¹, banks and other “Reporting Financial Institutions” are obliged to automatically exchange information on account balances held by, and financial income defined in a broad way, paid or credited to, certain individuals or entities, tax resident in another EU Member State, and held by or credited to certain EU and non-EU entities qualifying as “Passive Non-Financial Entities (NFE)” and their Controlling Persons. The provisions of the DAC2 on automatic exchange of information are consistent with the relevant rules laid down in the OECD Common Reporting Standard and with the CRS Multilateral Competent Authority Agreement (MCAA) that was signed by Luxembourg and other partner jurisdictions.²

¹Further information on the EU Directive 2014/107/EU can be found at:
http://ec.europa.eu/taxation_customs/taxation/tax_cooperation/mutual_assistance/direct_tax_directive/index_en.htm

² More than 100 jurisdictions signed or committed to sign the MCAA that is based on the OECD Multilateral Convention on Mutual Administrative Assistance in Tax Matters. It is expected that additional multilateral and/or bilateral conventions will be concluded between a growing number of jurisdictions in order to impose similar automatic exchange of information obligations in the field of taxation, in the relation between the EU and certain non-EU jurisdictions, and/or between certain Member States of the EU and certain non-EU jurisdictions.

Similar Automatic Exchange of Information provisions effectively apply as from 2016 in the relation with Liechtenstein and San Marino, will apply as from 2017 in the relation with Switzerland, Andorra and Monaco, and are expected to apply as from 2016 or 2017 in relation with many other jurisdictions.

The Luxembourg CRS Law transposing the DAC2 into domestic law requires the Bank to exchange relevant information regarding reportable accounts held at the Bank with Luxembourg tax authorities who will transmit this information to the foreign tax authorities where the account holder is tax resident or deemed to be tax resident.

Impact of Luxembourg CRS Law on our clients

For each entity with an account opened with the Bank, we may have CRS compliance obligations regarding this account. Indeed, intending to strictly comply with those new rules, the Bank will perform a review of the identification and possible other documentation already provided to us, in order to:

- identify, and possibly remediate, reportable jurisdiction indicia with respect to the entity account; and
- request to provide a valid, signed and dated self-certification in order to certify the entities' CRS status, its residence(s) for tax purposes and its Tax Identification Number ("TIN").

In accordance with the Luxembourg CRS Law when an account is found to be reportable, the Bank will collect and report the following information regarding the entity:

- name; residence address; jurisdiction(s) of residence for tax purposes; TINs with respect to each reportable jurisdiction of the entity
- the account number;
- the account balance or value of the relevant calendar year;
- the total gross amount of interest, dividends and other income generated with respect to the assets held in the account, in each case paid or credited to the account; and the total gross proceeds from the sale or redemption of financial assets paid or credited to the account.
- additionally, for entities qualifying as "Passive NFE", the Bank will, to the extent the entity has "controlling persons" that are reportable (but regardless whether the entity is itself reportable or not), collect and report the following information on such controlling persons (together with the above-mentioned entity data for each such controlling person): name, residence address, jurisdiction(s) of residence for tax purposes, TINs with respect to each reportable jurisdiction, date and place of birth;

This data will be exchanged with the Luxembourg Tax Authorities annually by 30 June of each following year, covering information for the preceding calendar year (and for the first time on 30 June 2017 at the latest, relating to calendar year 2016).

In this respect, when the Bank has a reason to know that the self-certification is incorrect or unreliable, the Bank will ask the client to provide the necessary documentary evidence to support statements made in the self-certification or provide an updated self-certification. Failure to provide information requested by the Bank may result in reporting of the account and/or of Controlling Persons of Passive NFE towards the Luxembourg tax authorities based on one or several presumed tax residencies, or (under exceptional circumstances) as an undocumented account on an annual basis.

Please note that, starting from 1 January 2016, the Bank does not open new accounts without having received a valid self-certification.

Data protection for CRS purposes

In application of the Luxembourg CRS Law, the Bank, as a data controller under the Luxembourg data protection law of 2 August 2002 (“the Data Protection Law”) will obtain, maintain and process the personal data mentioned above in the section “Impact of Luxembourg CRS Law on our Clients” regarding accountholders that are tax residents of a Reportable Jurisdiction or Non- Reportable Jurisdiction and certain controlling persons, within the meaning of the Luxembourg CRS Law.

In accordance with the Luxembourg CRS Law, the Bank will, relating to accountholders that are tax resident of a Reportable Jurisdiction, exchange this information with the Luxembourg tax authorities annually by 30 June of the following year at the latest. The latter will exchange the same information with the relevant foreign tax authorities where the accountholder concerned (and/or Controlling Person) is tax resident or is, under certain circumstances, deemed to be tax resident.

In respect of Controlling Persons of certain client-entities (qualifying or deemed to qualify as “Passive NFE”), the above-mentioned personal data elements 1-5 will be collected and stored by the Bank. In respect of such Controlling Persons that are tax resident in a Reportable jurisdiction, under the Luxembourg CRS Law, this information will be reported to the Luxembourg tax authorities, who will exchange this information with the foreign authorities where the Controlling Person is tax resident, together with the above-mentioned data elements 6-9 relating to the account of the client-entity controlled by the(se) Controlling Person(s).

If the accountholder (and/or the Controlling Person of a Passive NFE) has multiple tax residencies, then the information may be shared with multiple associated tax authorities for CRS purposes.

Under the Data Protection Law and Luxembourg CRS Law, the accountholders and Controlling Persons mentioned above have a right to access the information collected and maintained by the Bank, and/or reported to the Luxembourg tax authorities, and, as the case may be, have a right to rectify this information. The accountholder is obliged to provide any additional information that the Bank may request for complying with the Luxembourg CRS Law. Failure to do so within the prescribed timeframe may give rise to an annual reporting as to the account and the above- mentioned personal data, towards the Luxembourg tax authorities (who will exchange this information with the relevant foreign tax authorities).

Your current advisor within Banque de Patrimoines Privés remains at your disposal for any further information you may need with regard to information provided in this document. Although we encourage you to contact your tax advisor for any question you may have when completing self-certification forms as well as if you need an in-depth advice or guidance with respect to CRS requirements.

Additional public information on CRS can be found on the OECD website on Automatic Exchange of Information at <http://www.oecd.org/tax/automatic-exchange/>

Yours sincerely,



Mr. Bertrand Roche
Chief Compliance Officer



Mr. Josep Ramoneda
Chief Operations Officer