



HSBC Bank Canada

**IGA DECLARATION FOR ACTIVE/PASSIVE NON-FINANCIAL FOREIGN ENTITY (NFFE)
(ENTITY ACCOUNT HOLDERS ONLY)**

Customer Name	Customer Number <i>(Bank use only)</i>
Customer Mailing Address	
Customer Principal Office Address <i>(if different from the above address)</i>	
Country of Incorporation/Registration	
Tax Residency <i>(Please provide an address in each country where you are resident for Tax purposes.)</i>	

In relation to chapter 4, subtitle A (sections 1471 through 1474) of the United States Internal Revenue Code of 1986 (the provisions commonly referred to as the "Foreign Account Tax Compliance Act" or "FATCA") and regulations made thereunder or any intergovernmental agreements to facilitate compliance with FATCA with the United States, I/we (please delete as appropriate) make the following certifications:

1. I/We hereby certify that I am/we are NOT:

- A corporation incorporated, created or organised in the United States of America or under the law of the United States of America or of any of the States of the United States of America, including the District of Columbia;
- A Financial Institution as defined under Part XVIII of the Income Tax Act (Canada) and the related Canada-United States Intergovernmental Agreement;
- A partnership created or organised in the United States of America or under the law of the United States of America or of any of the States of the United States of America, including the District of Columbia;
- A trust in respect of which a court within the United States of America is able to exercise primary supervision over the administration of the trust, and one or more United States persons have the authority to control all substantial decisions of the trust; or
- An estate (other than 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 of 1986).

2. I/We hereby certify that I am/we are acting on our own behalf and not as agent, intermediary or nominee of another person.

Please read the following information carefully and select **one** of the entity types to provide confirmation of your status under FATCA. Once you have made your selection, please complete the box and sign on page 4 of this form. You will find more information on some of the terms used within this declaration within the associated FATCA Overview and Glossary of Key Terminology.

If you are a U.S. Person (see Glossary) or Financial Institution (see Glossary) or cannot satisfy the applicable conditions of this IGA Declaration for Active/Passive Non-Financial Foreign Entity (NFFE), please complete a W Series U.S. Tax Form available to download from www.fatca.hsbc.com/en/cmb/canada.

(A) ACTIVE NFFE ENTITY TYPE (Check any one that applies to the entity.)

- ☐ **Active Trade or Business** - less than 50% of the entity's gross income is passive income (see Glossary) and less than 50% of its assets produce passive income

I am/We are engaged in the following active trade or business other than that of a Financial Institution (see Glossary):

- ☐ **A corporation with shares that regularly trade on an established securities market**

- The entity is a non-financial foreign entity whose stock is regularly traded on an established securities market.

OR

- The NFFE is a Related Entity (see Glossary) of an entity the stock of which is traded on an established securities market.

Please list all relevant securities markets that apply:

- ☐ **A U.S. Territory Entity** - The entity is organized in a U.S. Territory and all of the owners of the entity are bona fide residents of that U.S. Territory.

- ☐ **A non-U.S. government or international organization (or agency thereof)** - a non-U.S. government entity, a political subdivision of such government (which includes a state, province, county, or municipality), or a public body performing a function of such government or a political subdivision thereof, a government entity of a U.S. Territory (American Samoa, the commonwealth of the Northern Mariana Islands, Guam, the Commonwealth of Puerto Rico or the U.S. Virgin Islands), an international organization, a non-U.S. central bank of issue, or an entity wholly owned by one or more of the foregoing.

- ☐ **A Non-Financial Holding Group Service Company**

- Substantially all of the activities for the entity consist of holding (in whole or in part) the outstanding stock of, and providing financing and services to, one or more subsidiaries that engage in trades or businesses other than the business of a Financial Institution (see Glossary); and
- The entity does not operate 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 Start-Up Trading 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 (see Glossary)

- The Entity was organized or incorporated on:

I/We further acknowledge that this certification will expire 24 months from the date of the initial organization of the NFFE.

- ☐ **In Liquidation** - The entity was not a Financial Institution (see Glossary) in the past five years, and is in the process of liquidating assets or reorganizing with the intent to continue or recommence operations in a business other than that of a Financial Institution.

- ☐ **Group Financing Company** - the entity engages primarily in financing and hedging transactions with or for Related Entities (see Glossary) that are not Financial Institutions, and do 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 (see Glossary).

☐ **A registered charity or club, association or arrangement or non-profit organization**

- The entity is established and operated in its country of residence exclusively for religious, charitable, scientific, artistic, cultural, athletic or educational purposes; or it is established and operated in its country of residence and it is 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; and
- The entity is exempt from income tax in its country of residence; and
- The entity has no shareholders or members who have a proprietary or beneficial interest in its income or assets; and
- The applicable laws of the entity's country of residence or the entity's formation documents do not permit any income or assets of the entity's to be distributed to, or applied for the benefit of, a private person or non-charitable entity other than pursuant to the conduct of the entity'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; and
- The applicable laws of the entity's country of residence or the entity's formation documents require that, upon the entity's liquidation or dissolution, all of its assets should be distributed to a governmental entity or other non-profit organisation, or pass to the government of the entity's country of residence (or a political subdivision thereof).
- The Charity registration number (if applicable) is:

(B) PASSIVE NFFE ENTITY TYPE

☐ **Passive Non-Financial Foreign Entity** – an entity, organization or company that is in receipt of passive income (see Glossary) or holds passive assets.

Does the entity have any Controlling Persons that are U.S. Persons (see Glossary)? ☐ Yes ☐ No

The term "Controlling Person" means the natural person who exercises control over the Entity. For non-trust Entities, whether an individual is a "Controlling Person" is generally determined by reference to a 25% level of ownership. In the case of a trust, the term "Controlling Person" means the settlor (grantor), the trustees, the protector (if any), the beneficiaries or class of beneficiaries, and any other natural person exercising ultimate effective control over the trust and in the case of a legal arrangement other than a trust, such term means persons in equivalent or similar positions.

If "Yes," provide the name, address and U.S. TIN of each Controlling Person who is a U.S. Person below. Please provide details of any additional Controlling Person/s on a separate sheet.

Full Name	Permanent Residential Address	U.S. Tax ID Number (TIN)

IGA DECLARATION FOR ACTIVE/PASSIVE NON-FINANCIAL FOREIGN ENTITY (NFFE) (ENTITY ACCOUNT HOLDERS ONLY)

I/We declare that:

- The information provided on this form, and all statements made in this declaration are, to the best of my/our knowledge and belief, correct and complete.
- Should any of the information provided in this declaration become incorrect, I/we will inform HSBC within 30 days.

Signature

Full Name

Official Position

Date (dd/mm/yyyy)

Signature

Full Name

Official Position

Date (dd/mm/yyyy)

Signature

Full Name

Official Position

Date (dd/mm/yyyy)

Signature

Full Name

Official Position

Date (dd/mm/yyyy)

(Signed in accordance with the Corporate mandate.)

Please use an Additional Signature Insert if additional signatures are required.

FATCA Overview and Glossary of Key FATCA Terminology

DISCLAIMER

This document is intended solely for the customers of HSBC to whom it is provided and not for any other purpose. It is a summary for information purposes only and general in nature. It should not be considered as tax or legal advice. HSBC makes no guarantee of its accuracy and completeness and is not responsible for any errors, nor shall HSBC be liable for any loss that results from reliance upon this information. Customers are encouraged to seek professional legal and tax advice specific to their own situation.

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 our customers' interests.

One of these regulations is the Foreign Account Tax Compliance Act (FATCA), effective July 1, 2014. This is new legislation introduced by the United States Department of Treasury (Treasury) and the U.S. Internal Revenue Service (IRS) to encourage better tax compliance by preventing U.S. Persons from using banks and other financial organizations to avoid U.S. taxation on their income and assets.

In Canada the principles of FATCA have been brought into local laws, pursuant to the Intergovernmental Agreement (IGA) signed between Canada and the United States. Under the IGA, HSBC will be reporting information relating to U.S. accounts to the Canada Revenue Agency.

Impact of FATCA Regulations

HSBC is committed to being fully FATCA compliant in all countries where we operate. We will be reviewing our existing customer base to confirm our customers' FATCA status. Where necessary, we may have to obtain further information and documentation such as HSBC declarations and /or IRS forms, that will enable our customers to declare and confirm their tax status to us for the purposes of FATCA. Please visit our website at www.fatca.hsbc.com/en/cmb/canada for more information on FATCA, including Frequently Asked Questions.

HSBC cannot offer any tax advice relating to FATCA, and we recommend customers contact a professional tax adviser to discuss your personal tax situation if needed.

What is a U.S. Person (USP)?

The term "U.S. Person" includes:

- A citizen or resident of the United States.
- A corporation or partnership created or organized in the United States of America or under the law of the United States or of any State of the United States of America.
- 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.

You may also be considered a U.S. person if you are an Individual and spend a considerable amount of time in the U.S. on a yearly basis. If you are unsure if this affects you, review the Substantial Presence Test details on the IRS website (<http://www.irs.gov/Individuals/International-Taxpayers/Substantial-Presence-Test>) or contact your tax advisor.

What is a Specified U.S. Person?

The term Specified U.S. Person is any United States Person (USP), excluding any of the following:

- Corporations whose stock is regularly traded on an established securities market and their affiliates.
- Tax-exempt entities, pension plans, and individual retirement plans.
- The U.S.A., any possession, State or political subdivision thereof, or any wholly owned agency or instrumentality thereof.
- Banks, real estate investment trusts (REITs) and regulated investment companies (RICs).
- Common trust funds.
- Certain trusts exempt from taxation under U.S. law.

Specified U.S. Persons are subject to FATCA reporting requirements.

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.

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

The term “Active NFFE” refers to an entity that operates an active trade or business other than that of a financial business. There are several different sub-categories within the Active NFFE definition. These are shown on the declaration form for you to review and confirm whether you satisfy the criteria of any of these categories.

An Active NFFE is defined under FATCA as follows:

- a) The entity is not incorporated, created or organised in the United States of America or under the law of the United States of America or of any of the States of the United States of America, including the District of Columbia; and
- b) The entity is not a financial institution. Please refer to the section “What is meant by a Financial Institution under FATCA” for further information; and
- c) Less than 50% of the entity’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 entity during the preceding calendar year or other appropriate reporting period are assets that produce or are held for the production of passive income. Please refer to the section ‘What is meant by Passive Income’ for further information.

What is meant by Passive income?

Passive income generally includes:

- Dividends, including income equivalent to 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; and
- 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.

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

Generally, 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 the business of a Financial Institution.

HSBC needs to understand the ownership of such entities to determine whether reporting under FATCA applies in respect of owners of a Passive NFFE that are Controlling U.S. Persons.

Controlling Persons will be those that are treated as owning the entity under normal KYC/Anti-Money Laundering principles applicable to the entity. If you are a Passive NFFE and have U.S. Controlling Persons, please provide the relevant details on the declaration in the specified section.

What is a Related Entity?

An entity is a Related Entity of another if either entity controls the other entity, or the two entities are under common control. For this purpose, control includes direct or indirect ownership of more than 50 percent of the vote or value in an entity.