

# Wells Fargo & Company

## FATCA readiness efforts



**Updated:** July 2013

### To Whom It May Concern:

You have requested information concerning Wells Fargo's efforts to fulfill the requirements of the Foreign Account Tax Compliance Act (FATCA). This response describes the FATCA readiness activities of Wells Fargo & Company and its subsidiaries (collectively "Wells Fargo").

Wells Fargo's FATCA readiness efforts support the four principal FATCA requirements:

- Classification
- Due Diligence
- Withholding
- Reporting

Below is a description of how Wells Fargo is preparing to meet these requirements.

### Key FATCA provisions

FATCA is a new reporting and withholding program effective for payments of U.S. source income and gross proceeds from assets producing such income. The goal of FATCA is to ensure U.S. persons with financial assets outside the U.S. are paying U.S. tax.

The FATCA provisions were included in the Hiring Incentives to Restore Employment (HIRE) Act that was signed into U.S. law in March 2010, and will be implemented in two key phases:

- July 1, 2014: Withholding on income begins.
- January 1, 2017: Withholding on gross proceeds begins.

FATCA requires that:

- Financial institutions comply or be subject to reporting and withholding penalties.
- Foreign Financial Institutions (FFIs) provide the IRS with information on U.S. persons holding accounts outside the U.S.
- Non-Financial Foreign Entities (NFFEs) provide information about their U.S. owners.

There is a 30% withholding on U.S. source payments to FFIs and NFFEs that fail to comply with FATCA. Withholding applies to U.S. source interest, dividends, and gross proceeds from sales of property that produce U.S. source interest and dividends (stock, bonds). Additionally, withholding may apply to certain payments to vendors.

### FATCA governance and project structure

Wells Fargo has conducted an impact analysis across its businesses and has an active FATCA Initiative Office that provides oversight and coordination of all Wells Fargo FATCA activities. The Initiative Office has engaged impacted businesses and formed working groups. A Steering Committee and these teams meet regularly to update on progress, review issues, and provide updates to the Steering Committee.

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**Key milestones**

Wells Fargo will comply with the effective dates of the FATCA regulations and accordingly will begin collecting the necessary account documentation for new and existing accounts to meet the regulatory requirements that become effective July 1, 2014. In addition, Wells Fargo is making strategic technology investments to ensure compliance, and, as of July 2013, is evaluating specific milestone dates for the strategic technology investments.

**Change management process**

The FATCA Initiative Office supports change to the production applications, systems, operational processes, and environments using scalable, risk-based methodologies established by our businesses.

**Communications approach**

Wells Fargo recognizes the importance of communicating about the FATCA provisions and will use targeted communications to share impacts of the new law. Additional information and updates will be ongoing as readiness efforts progress.