The Path to FATCA Compliance

FATCA Management Summary

FATCA solution of TONBELLER AG

FATCA-compliant for customer acceptance

FATCA-compliant for customer base check
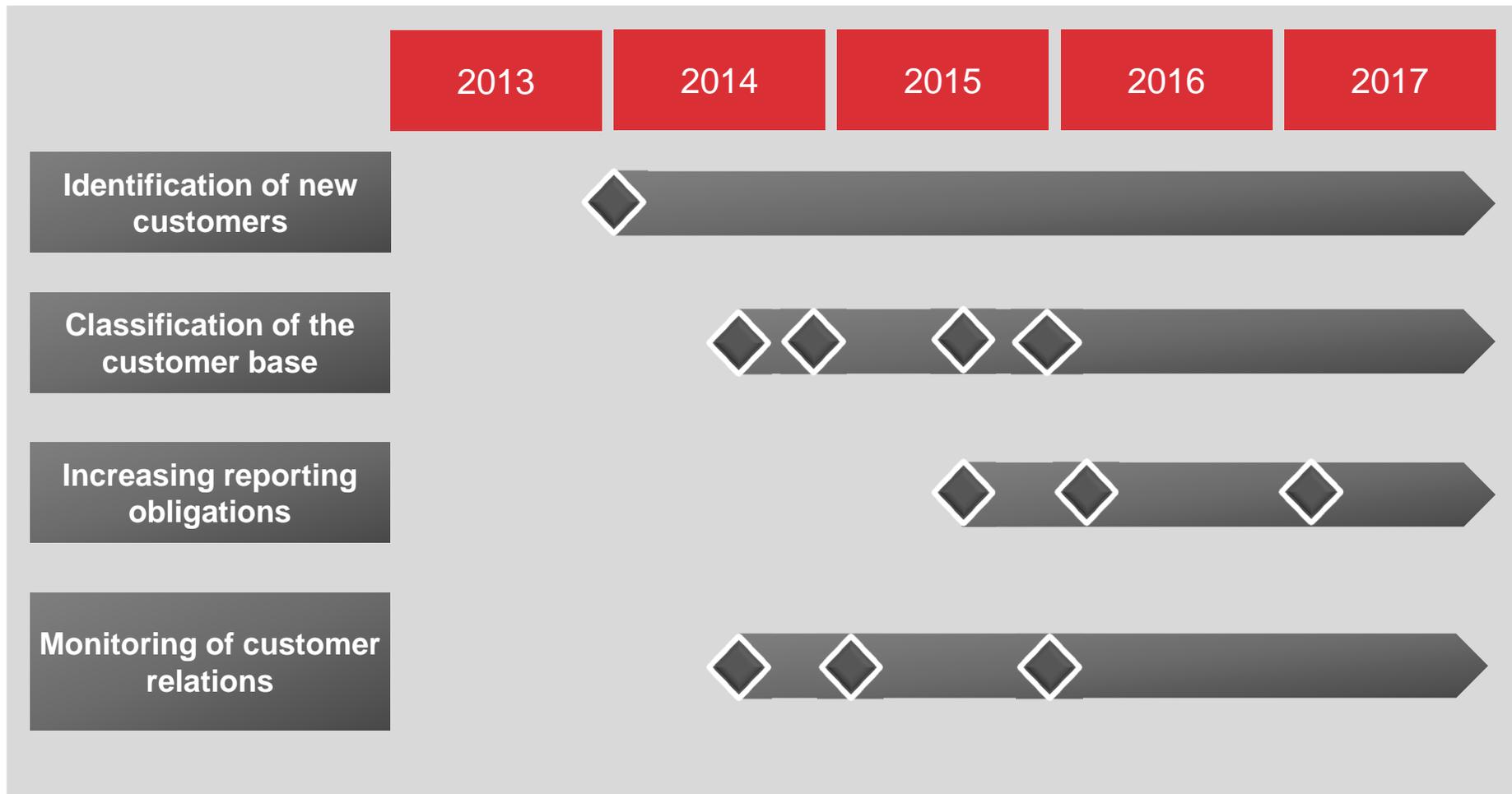
FATCA Case Management

About TONBELLER

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Software ■ Consulting

FATCA – Schedule

FATCA is implemented in several steps.

	2013	2014	2015	2016	2017
Identification of new customers	◈				
Classification of the customer base		◈ ◈	◈ ◈		
Increasing reporting obligations			◈ ◈		◈
Monitoring of customer relations		◈ ◈	◈		

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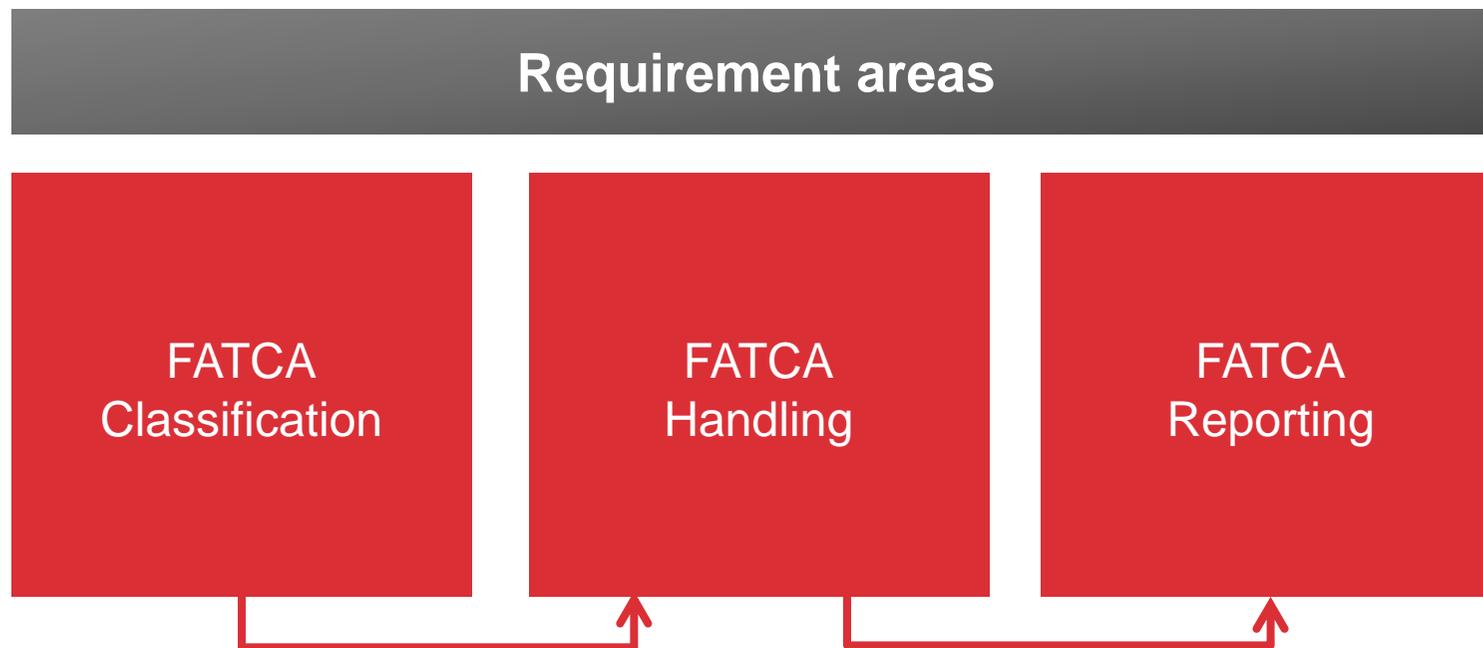
FATCA-compliant for customer base check

FATCA Case Management

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FATCA Requirements – Overview

Three requirement areas are involved in developing a FATCA solution scenario:

Requirement areas

FATCA Classification

FATCA Handling

FATCA Reporting

FATCA Classification

The first requirement to comply with the statutory directives is FATCA classification.

Identification of all fully taxable customers

FATCA classification of all customers

Documentation of all customers according to IRS or IGA

Archiving of forms and documents

FATCA Handling

The second area includes the processing of transactions and how FATCA regulations are handled

Tax deduction for non-cooperative customers outside the FATCA partner country

General tax deduction for payments to npFFI

Tax calculations

Customer certificates

FATCA deductions

FATCA Reporting

The third area must fulfill the requirements regarding the reporting to the IRS and national authorities.

TONBELLER – Good Practice

Supporting two areas **FATCA classification** and **FATCA reporting**.

Customer master data

CRM KYC AML ...

Transaction handling
Tax calculation

Reporting

QI ZIV ...

FATCA
Classification

FATCA
Handling

FATCA
Reporting

Long-standing successful deployment of comparable products

Sophisticated scoring and checks

Customizable workflows for case management of alerts

Data integration for computer-based reporting
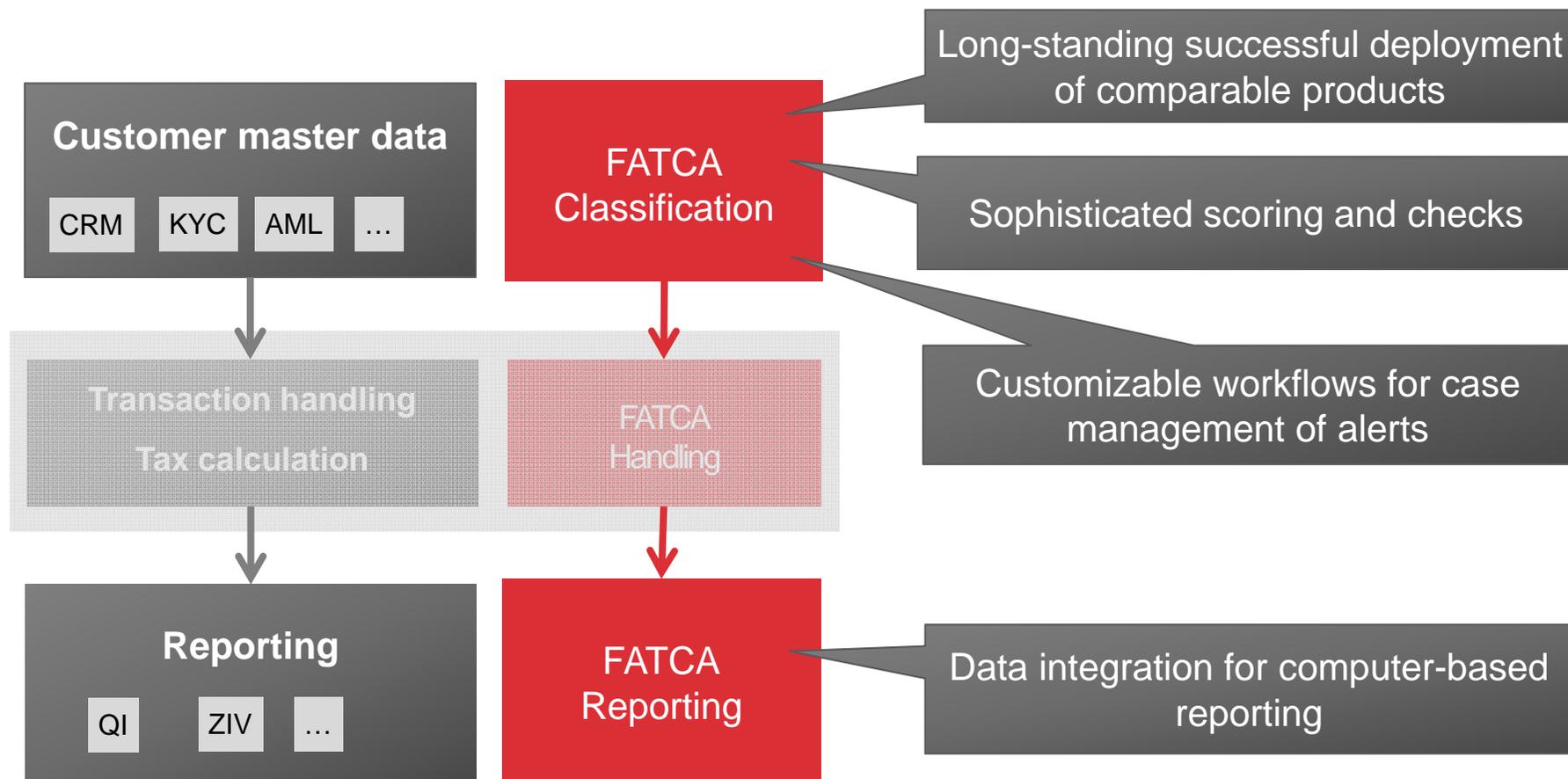
Makes Sure You Are on the Right Track.

These features ensure FATCA compliance:

Classification	Identification and classification of relevant new and existing customers
Check rules	Integrated check rules for IRS scenarios
Change of circumstances	Detect changes in the customer's environment
Workflow management	Workflow management for document tracking of FATCA cases and completeness check
Interfaces	Data forwarding to third-party systems
Reporting	Reporting to IRS and national authorities

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Check new Customers for U.S. Scenarios

New customers must be categorized in accordance with the FATCA regulations and reported to the U.S. tax authority and other national authorities
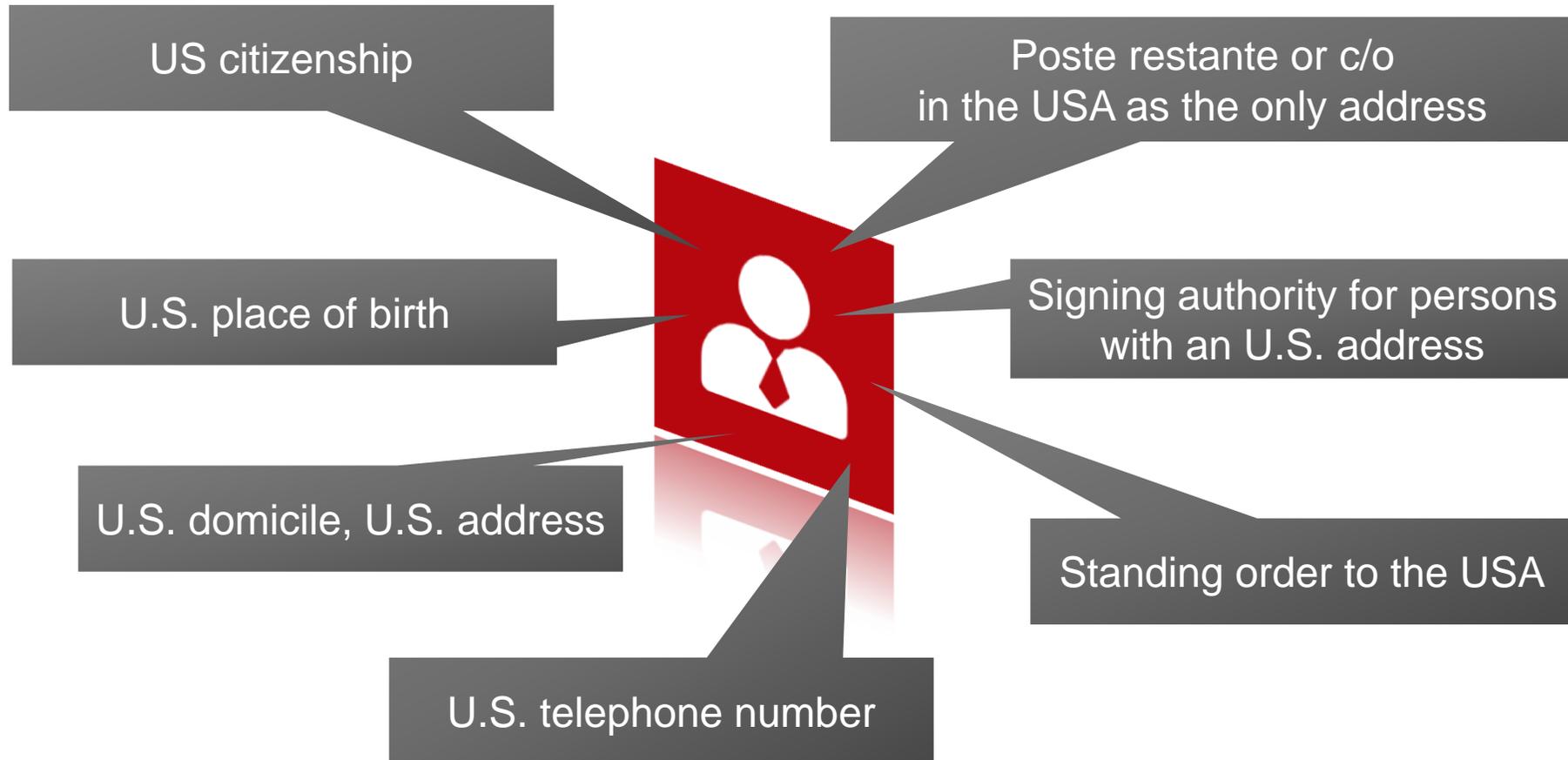
US citizenship

U.S. place of birth

U.S. domicile, U.S. address

U.S. telephone number

Poste restante or c/o
in the USA as the only address

Signing authority for persons
with an U.S. address

Standing order to the USA

Supply Mandatory Documentation

All new customers that the IRS check criteria apply to must provide evidence of their status as U.S. persons.

U.S. person

W-9 form of the U.S. government

Waiver on banking confidentiality

Supply Mandatory Documentation

If there are FATCA-relevant scenario hits for persons who are no U.S. citizens other documents and forms are to be provided as evidence.

Non U.S. person

W-8BEN and non-US Pass und Certificate of Loss of Nationality, form I-407: Lawful permanent resident alien

W-8BEN and non-US pass

W-8BEN and/or documentary evidence

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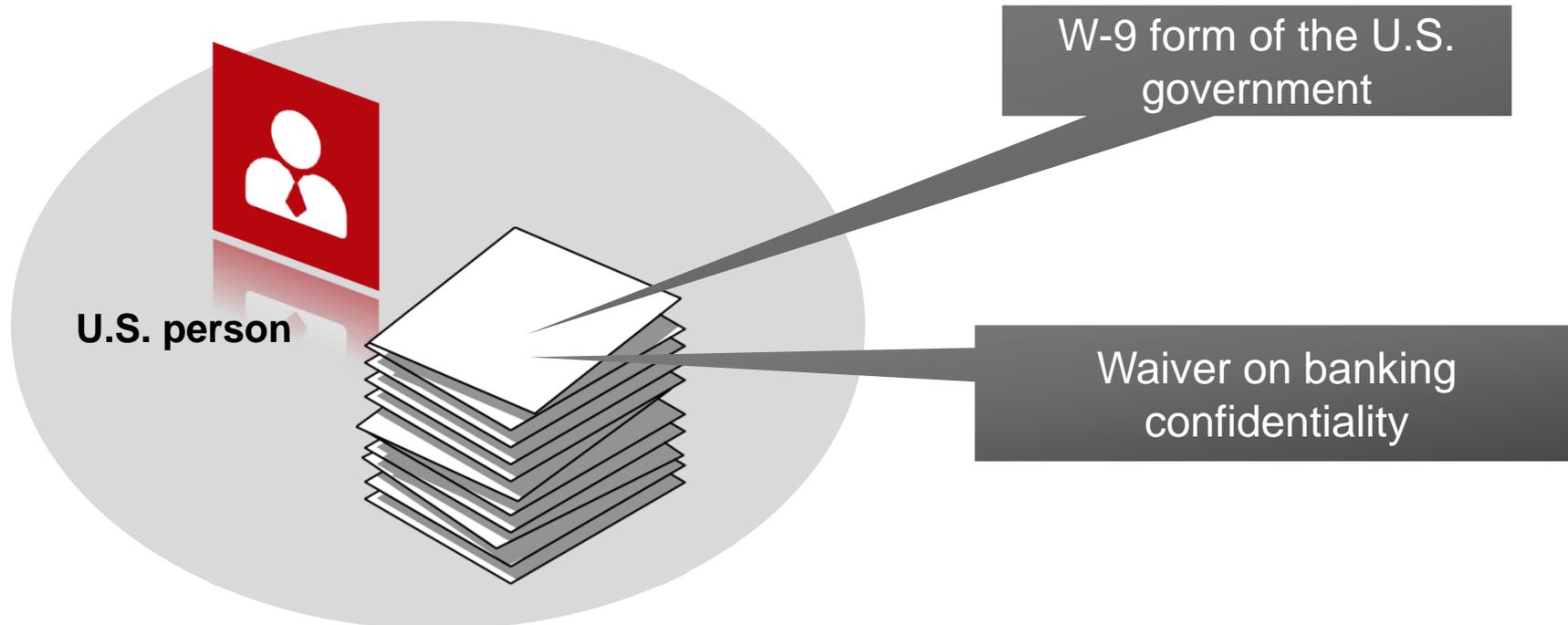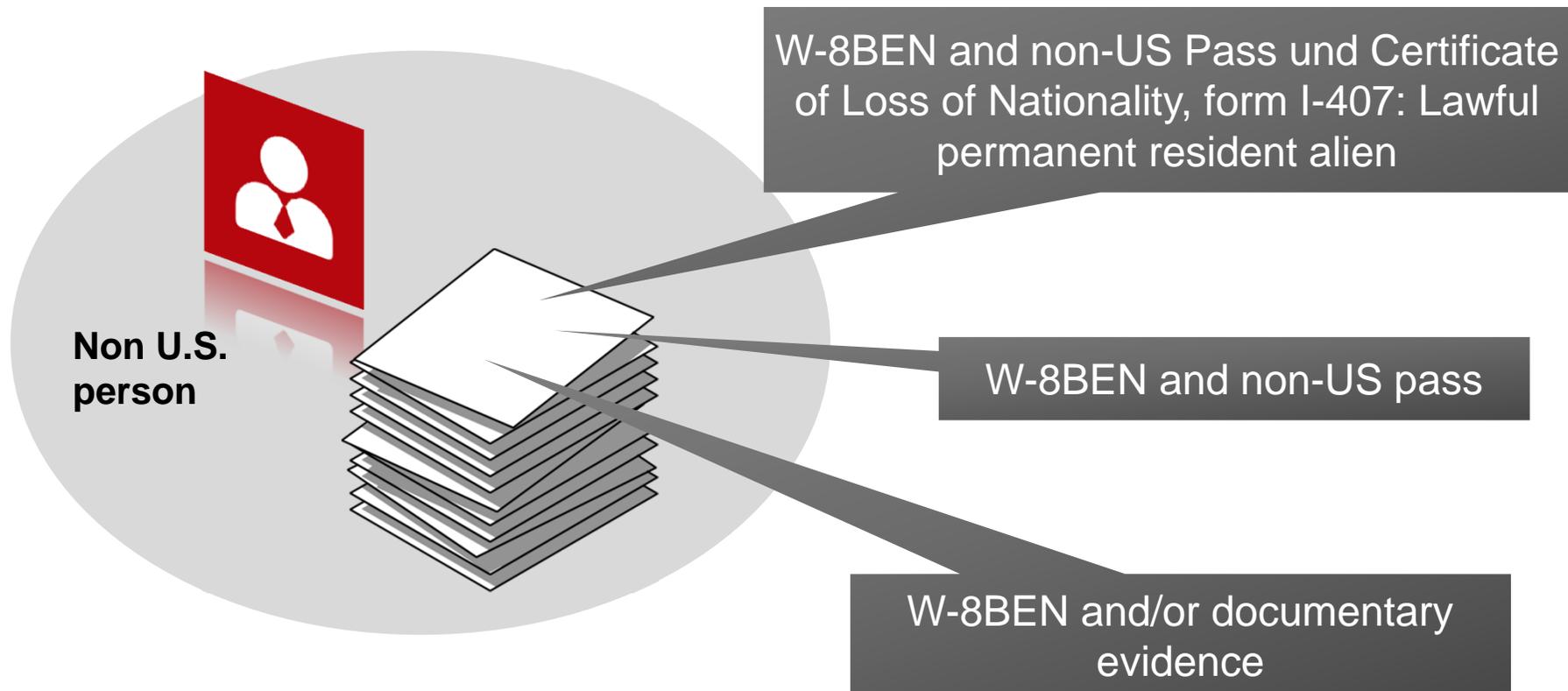
FATCA Check Basis: IRS Check Scenarios

The IRS check criteria are part of the default rules.
Integrated KYC functionality allows optional PEP-, Sanction- and
UBO-check within one single step.

check list

FATCA

IRS scenarios

Check lists

KYC + FATCA Check

PEP

Embargo

IRS scenarios

Check rules can be quickly extended.

IRS-specific check rules have been added to the check rules.
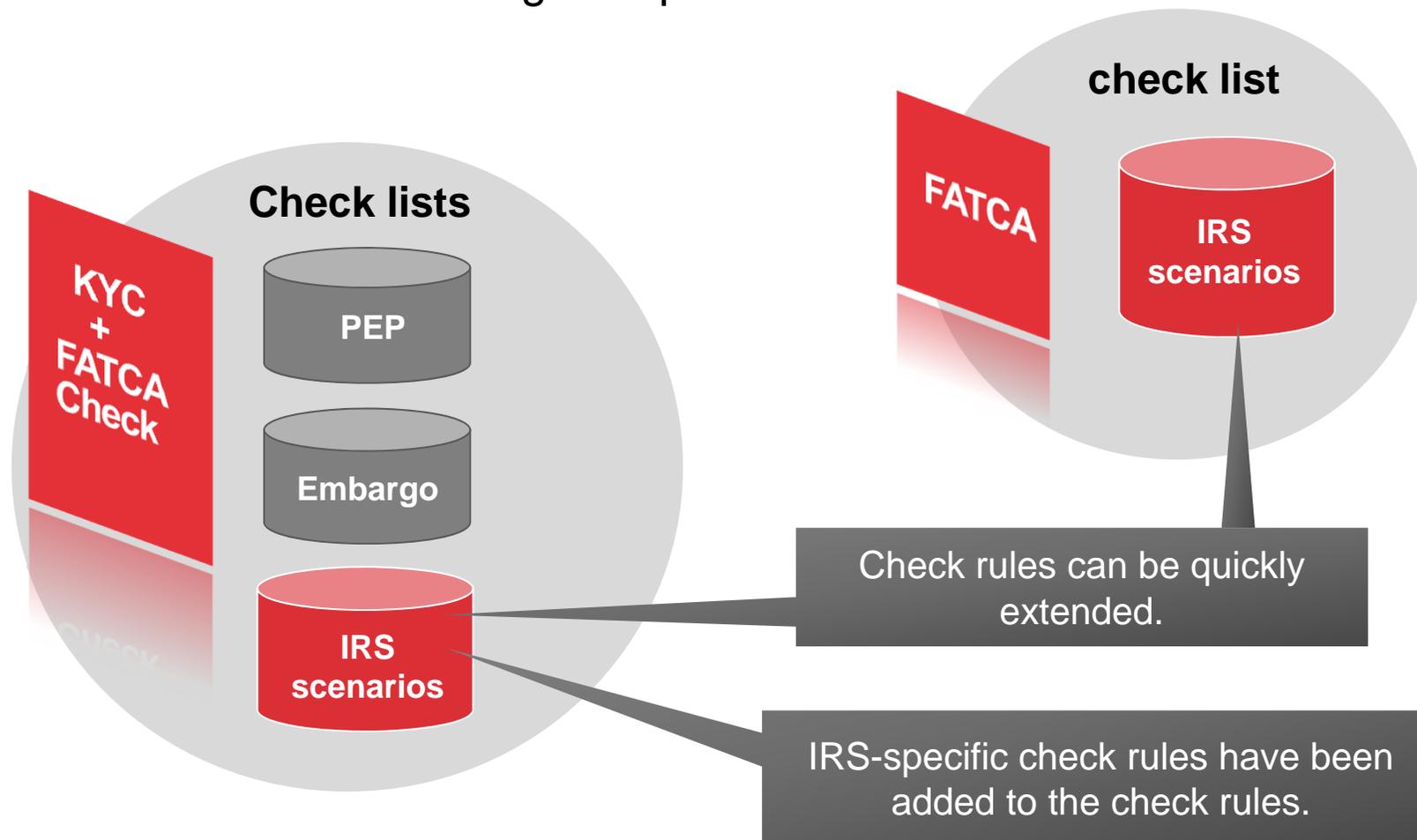
FATCA Check Steps for Customer Acceptance

Once all information of the (new) customer has been entered it is automatically matched with the check rules.
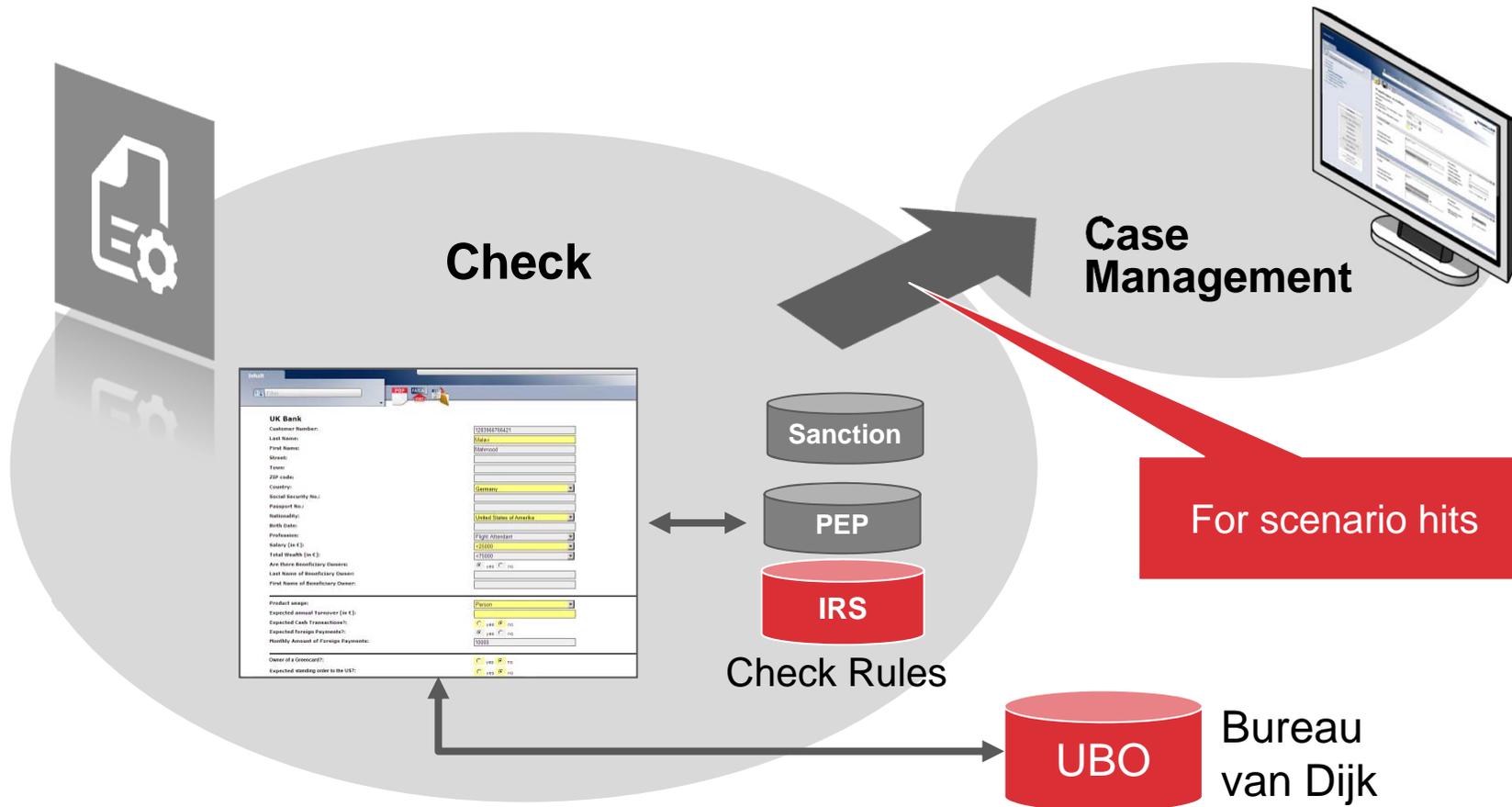
Input Forms

In our FATCA approach, customer acceptance is managed by computer-based input forms, so called questionnaires.

These questionnaires can be customized.

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Consider FATCA-Relevant Questions

The questionnaire records all check-relevant data.

Result (new customer acceptance)

With FATCA, TONBELLER offers a solution that can be integrated easily with the existing account opening process.

Resources	Maximize resource efficiency
Cost	Minimize impact to the operating business and save expenses
Compliance	Implement compliance requirements in a short period of time

Requirements for the Existing Customer Base Check

According to FATCA regulations, financial institutions are obliged to extend their current processes of identifying their existing customers.

Periodical check of the customer base for changes of customer profiles (change of circumstances)

Customer base

2014

Check and classification of existing customers through mid 2014
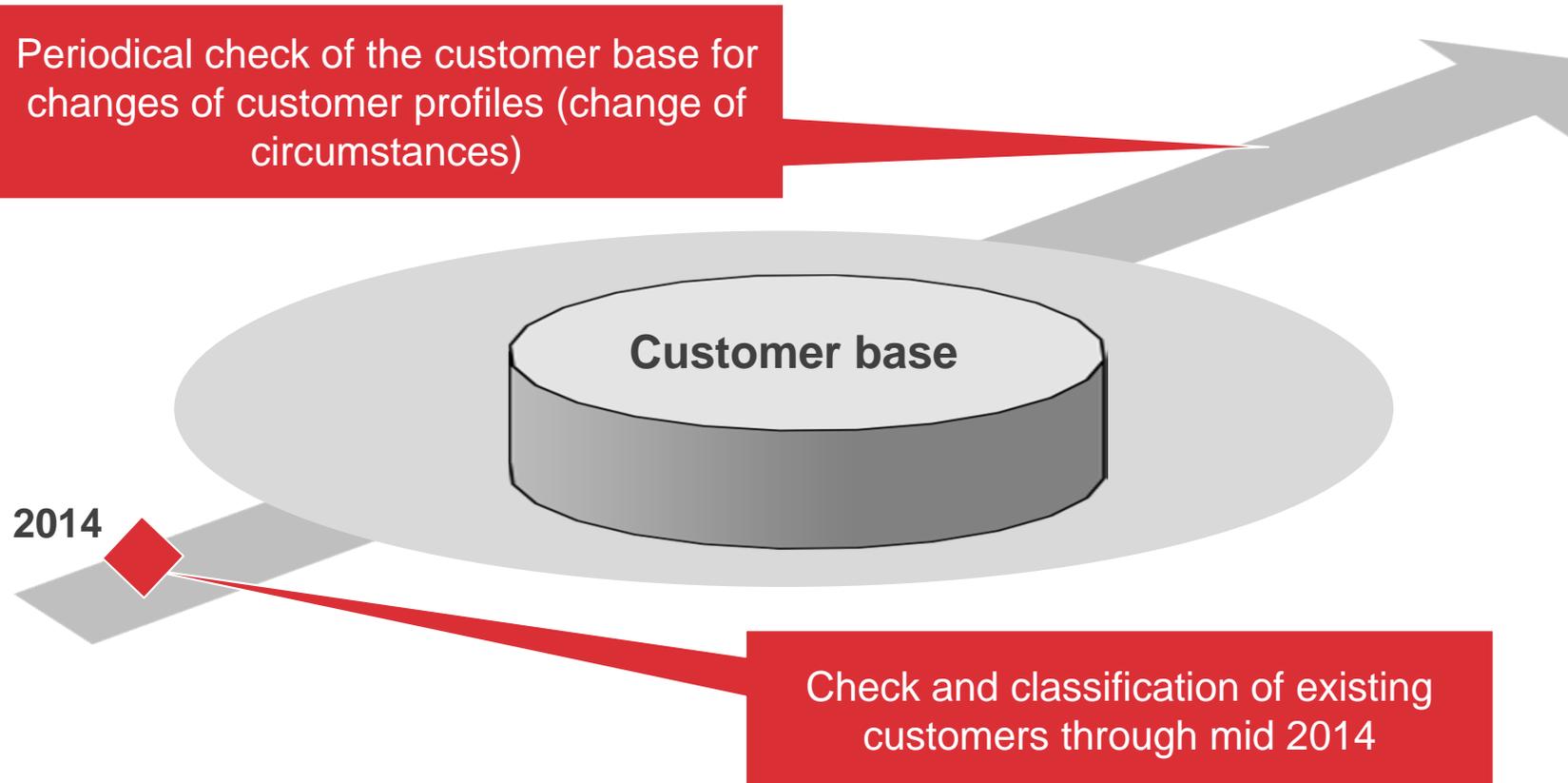
FATCA as the Basis – Data Supply

The TONBELLER FATCA solution serves as a sound basis of the implementation for the FATCA requirements.
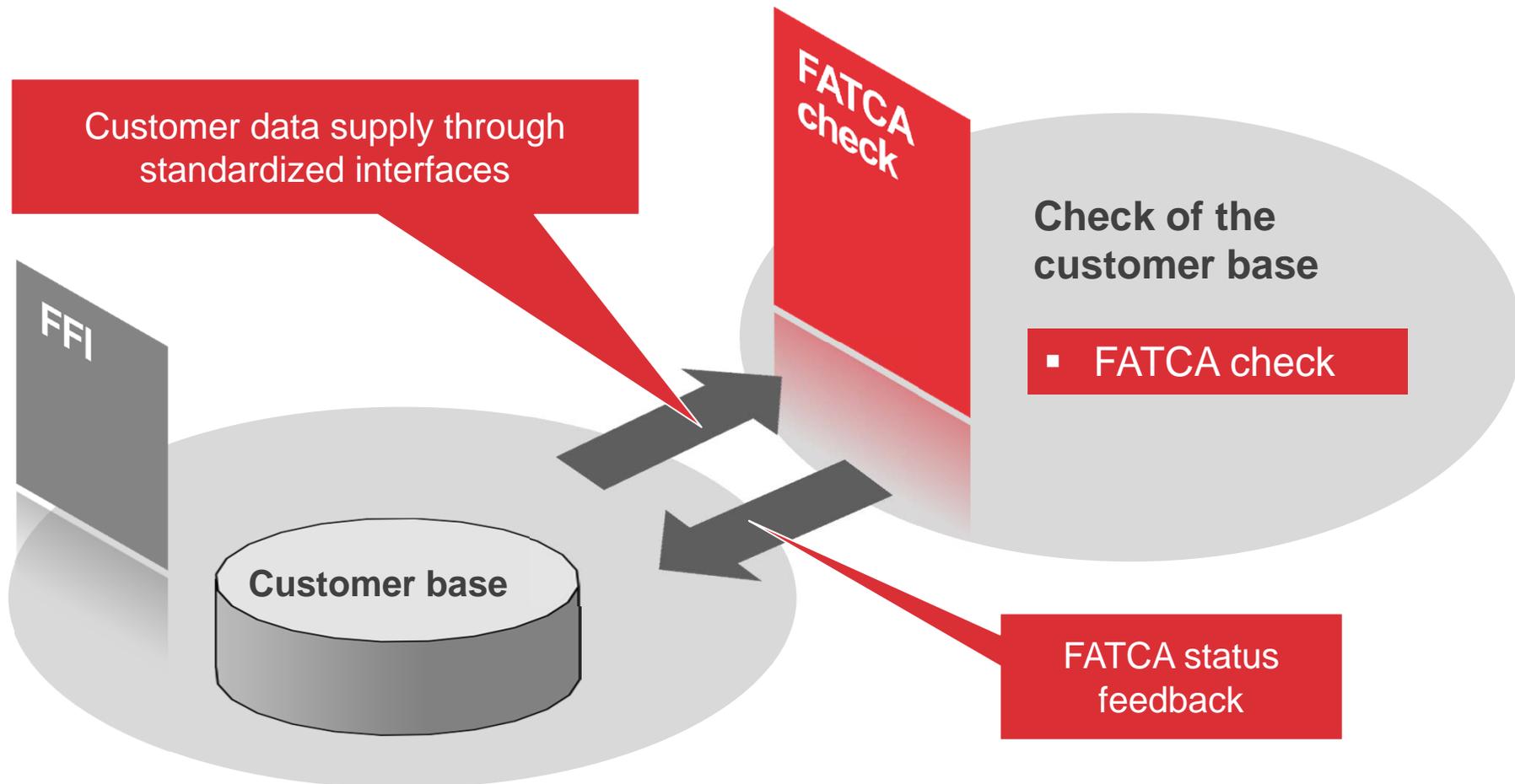
FATCA Check of <u>Existing Customers</u>

The check classifies the customer data in FATCA-relevant and not FATCA-relevant customers according to the check rules.

Check

Customer base

FATCA check rules

Case Management

FATCA hits

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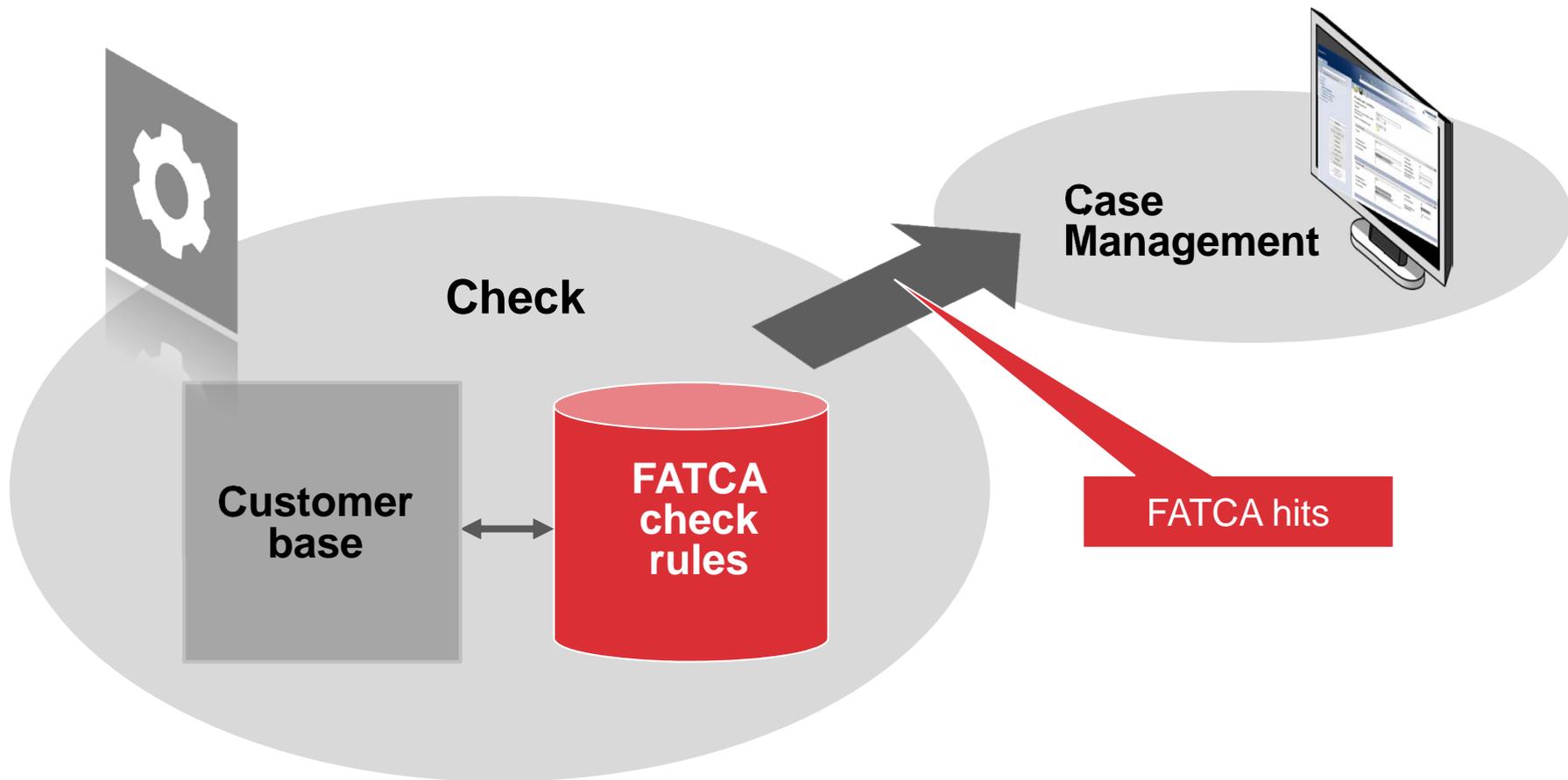
Recognize Changes of the Customer Profile

Financial institutions must continually match natural and legal persons with FATCA criteria.
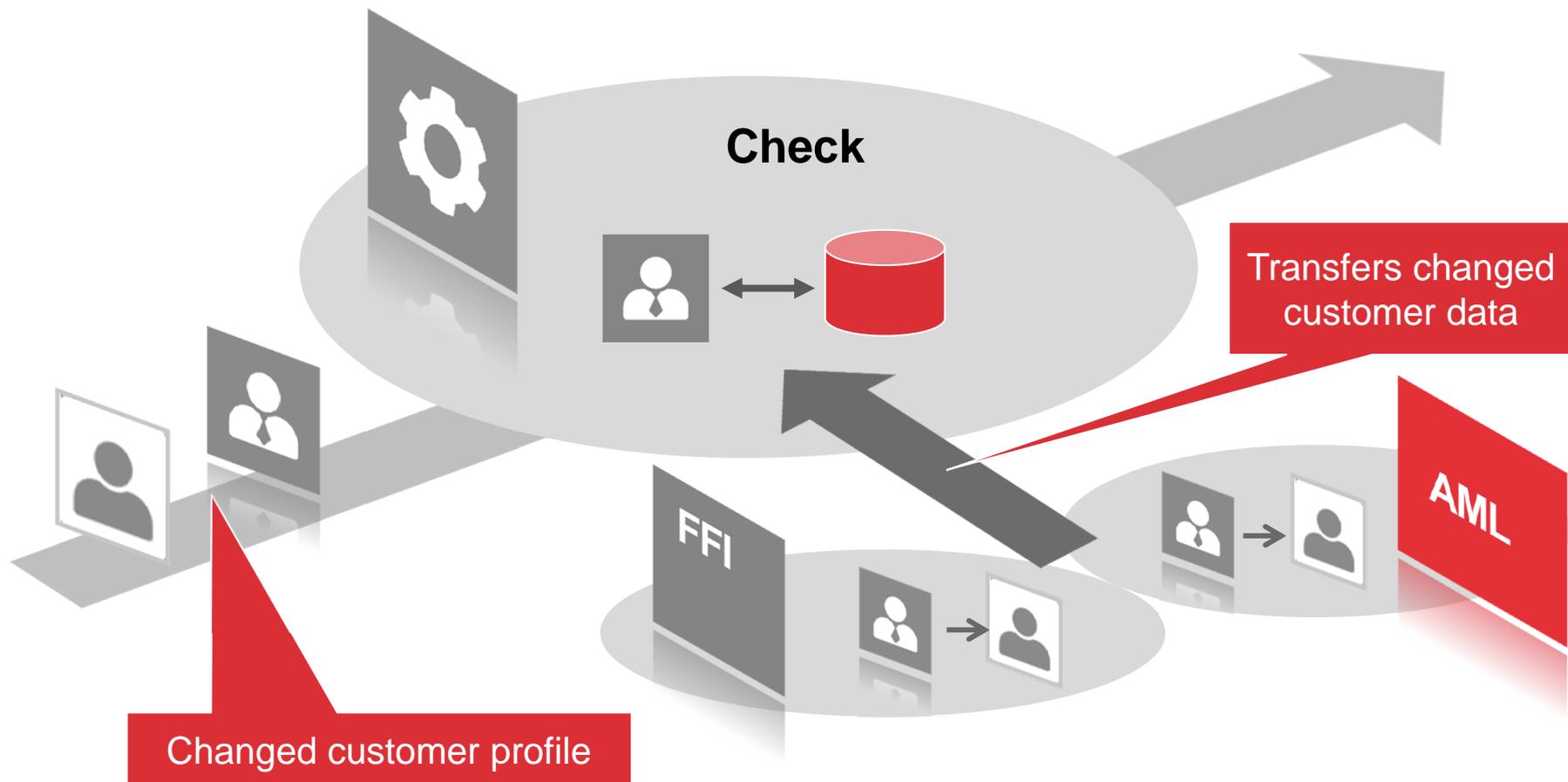
Check

Transfers changed customer data

FFI

AML

Changed customer profile

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Supply Mandatory Documentation

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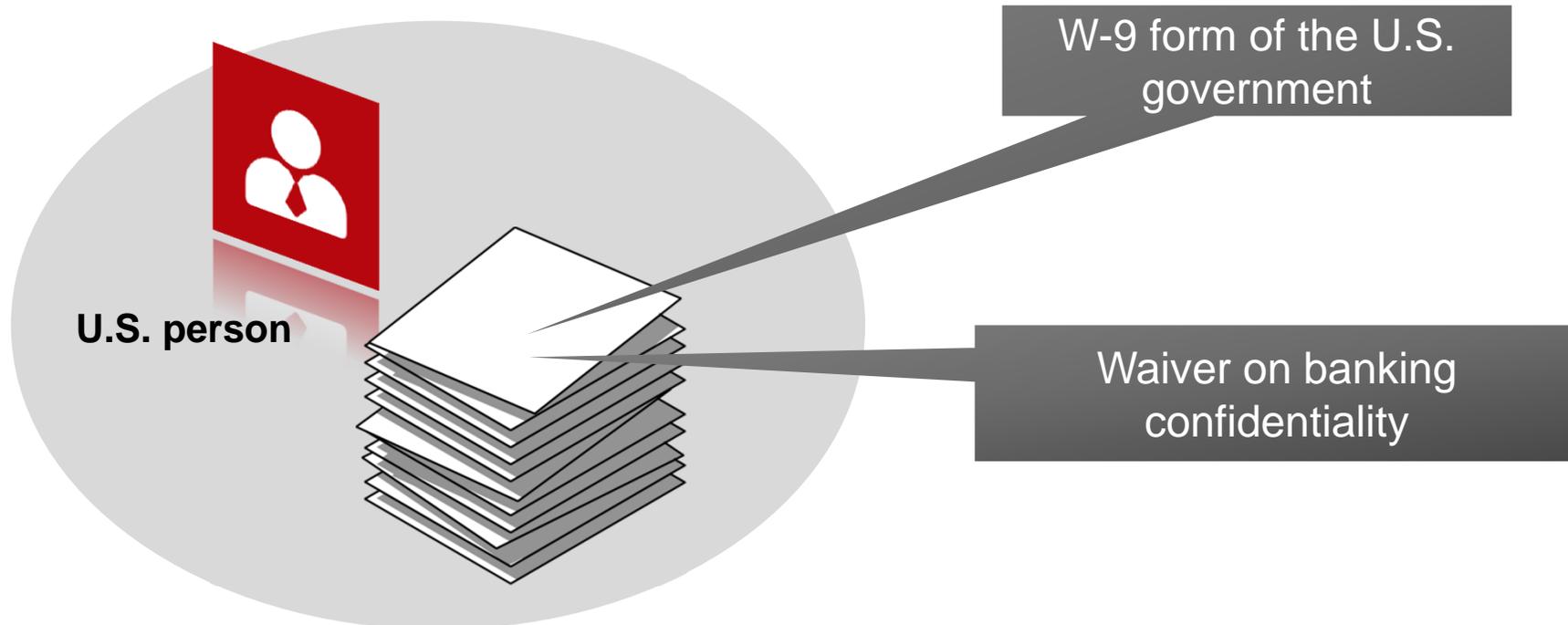
W-8BEN and/or documentary evidence
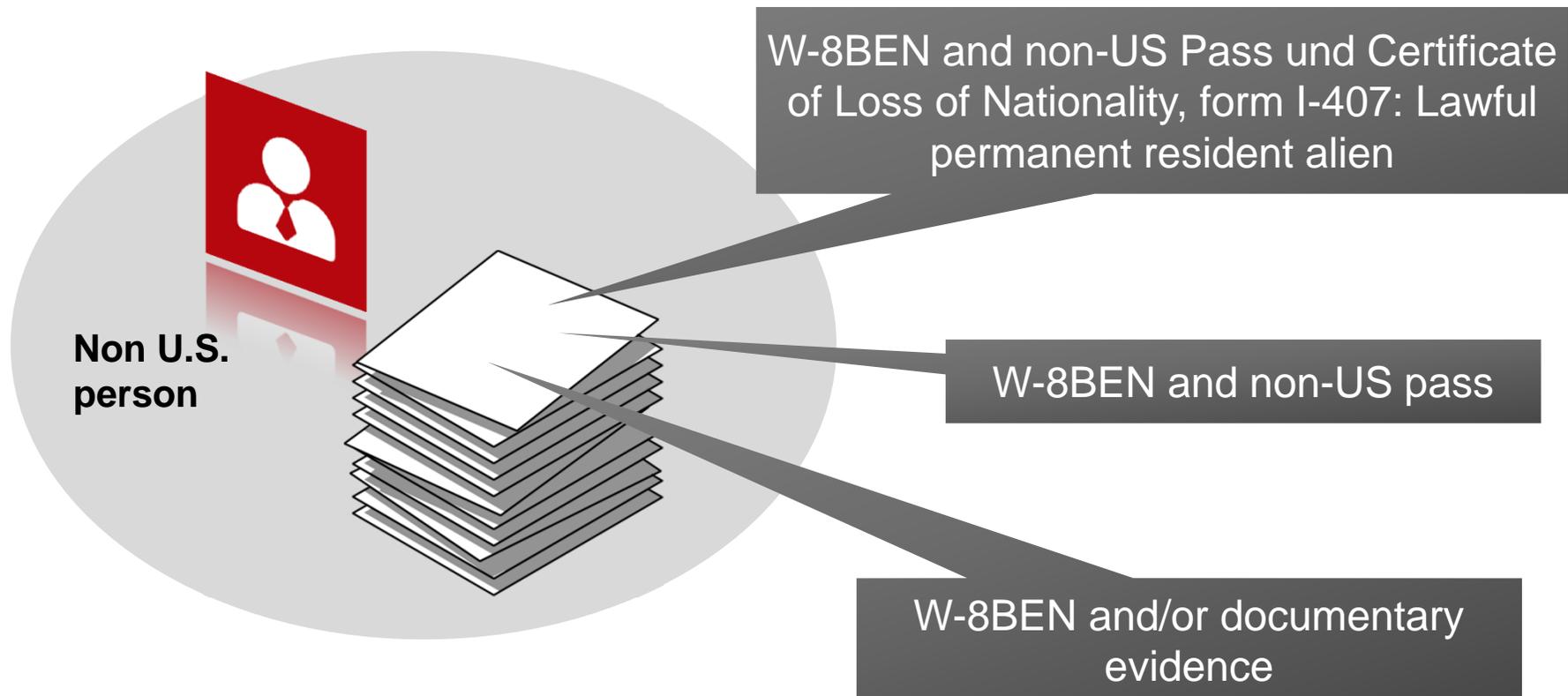
Result (existing customer base)

Statutory FATCA requirements can be fulfilled at little cost.

Expenditure	Very low impact on operating business
Sustainability	Continual update of customer classification
Integration	Easy FATCA integration with existing system environments
Extensibility	Fast check rule adjustment

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Management
Summary

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solution of
TONBELLER
AG

FATCA-
compliant
for customer
acceptance

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FATCA
Case
Management

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Case Processing in Case Management

All natural and legal persons with FATCA hits are forwarded to Case Management.

Case Processing in Case Management

Check at customer acceptance

Check of existing customers

Check for changes (change of circumstances)

Hit for at least one check scenario
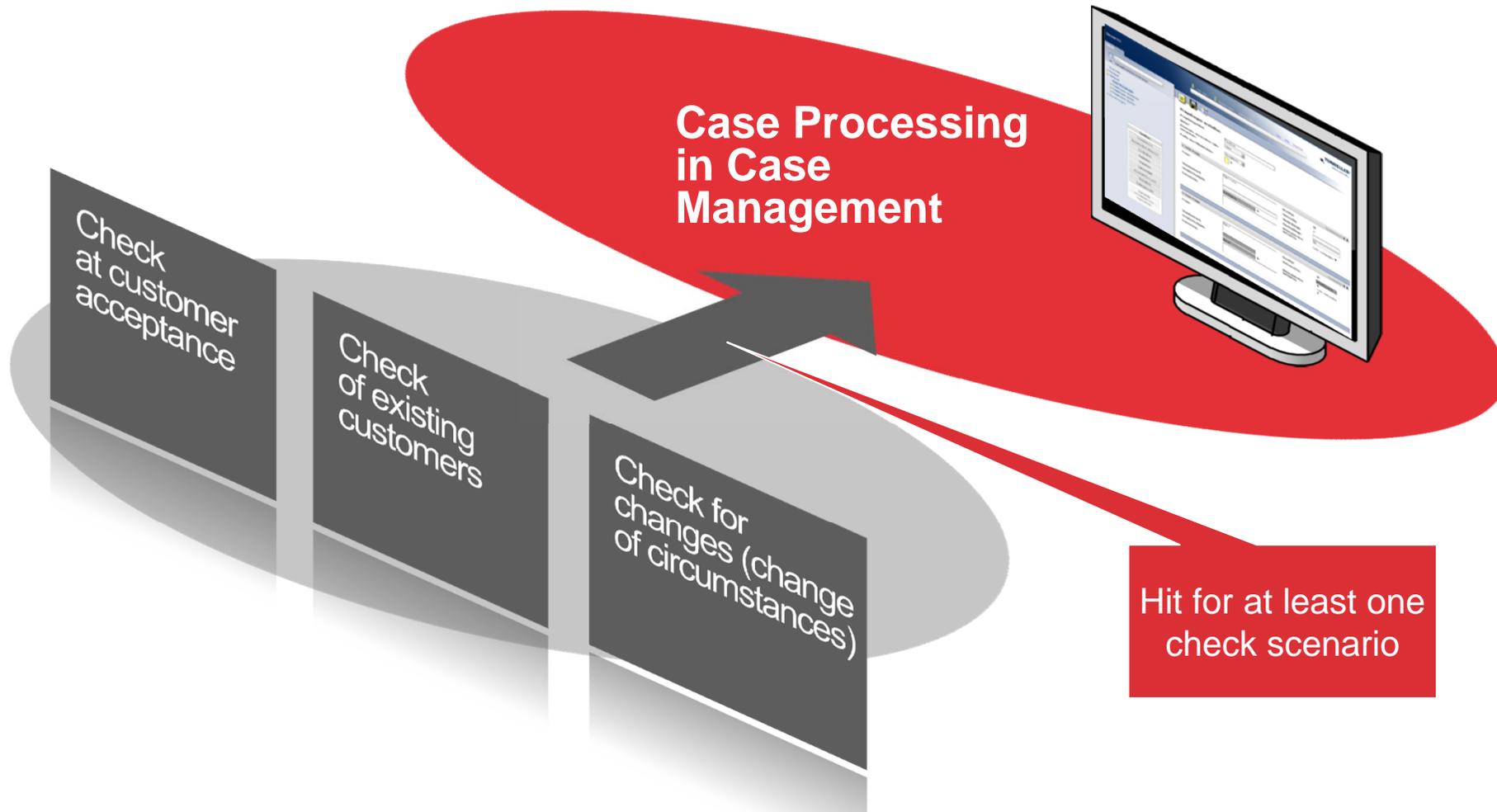
Relevant Information at a Glance

Case Management shows all relevant information for FATCA hits.

Detail analysis
- Customer data
- Hits from U.S. check scenarios

Workflow
- Workflow depends on person status
- Document tracking
- Escalation management

Conclude case
- FATCA status
- Forwarding of the data

FATCA – CASE MANAGEMENT

Security Through Integrated Document Tracking

Integrated document tracking is used to monitor the deadlines and thus enables an escalation management.

Status-Type Related Workflow

FATCA solution provides a workflow management for each status type.

Automatic Data Forwarding

Case processing is concluded by the specialized department's assignment of the FATCA status.
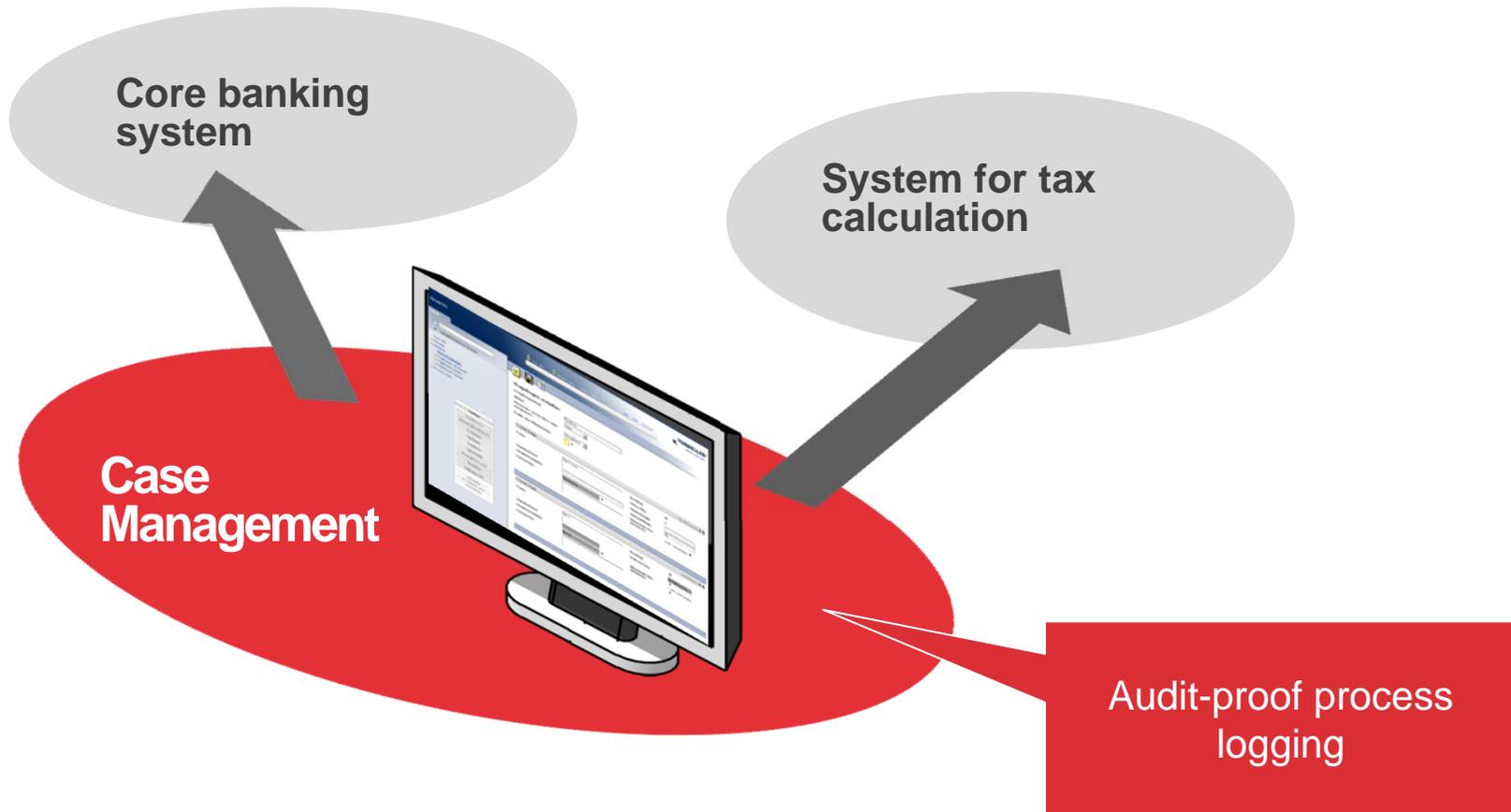
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FATCA Case Management

About TONBELLER

Company Profile

- Founded in 1971
- Privately owned by Senior Management Team
- > 1.000 customers
- > 50 countries
- > 100 employees
- Focus on Governance, Risk and Compliance