Threadneedle UK Property Authorised Investment Fund and Threadneedle UK Property Authorised Trust

Application form

This form is designed for institutional investors wishing to invest directly into the Threadneedle UK Property Authorised Trust ("Threadneedle PAIF Feeder Fund") into the Threadneedle UK Property Authorised Investment Fund ("Threadneedle PAIF").

If you are not an institutional investor, do not use this form. Forms for private investors are available at www.columbiathreadneedle.com. Terms used in the Prospectus have the same meaning given to them on this form.

This form and the terms of the Prospectus apply to any orders you place from time to time in one of our funds as contemplated by this form, but if there is any conflict between this form and the Prospectus, the latter will prevail. The Terms and Conditions attached to this form also apply to your orders (with any modifications necessary in the circumstances to take account of the legal form of the relevant investor).

Please note that the Threadneedle PAIF and the Threadneedle PAIF Feeder Fund are available to UK investors only.

Is this form right for you?

Please use this application form if you are an institutional investor, and wish to invest directly in the Threadneedle PAIF or the Threadneedle PAIF Feeder Fund. Separate application forms are required for our other fund ranges. If you wish to invest in a fund other than the Threadneedle PAIF or the Threadneedle PAIF Feeder Fund, please contact our Client Services Team, details of which are overleaf or can be obtained from our website www.columbiathreadneedle.com

Eligibility

Property Authorised Investment Funds (PAIFs) are a type of tax-efficient property fund which benefits tax-exempt investors. For the majority of investors, at the time of going to print, Threadneedle Investment Services Limited (Threadneedle) believes that the PAIF may be the preferred option compared with the Threadneedle PAIF Feeder Fund. The Threadneedle PAIF Feeder Fund is primarily designed for large corporate investors and those investors who are not able to invest in the Threadneedle PAIF but who still wish to gain exposure to Columbia Threadneedle Investments' property expertise.

Not all types of investor are eligible or able to invest directly in a PAIF. In particular, a company or other body corporate is subject to a maximum holding limit of under 10% of a PAIF, whether held directly in its own name or via a third party (other than nominee companies holding units for non-Body Corporate investors). Please speak to your financial adviser if you require advice.

In order to avoid a breach of this provision, we impose a lower maximum holding limit of 9.5% of the value of the Threadneedle PAIF and we require any corporate investor exceeding this limit to reduce their holding to 7% (or less) of the value of the Threadneedle PAIF.

Which section is applicable to you?

- All investors should complete the following:
  - Section 1 (Investor details)
  - Section 2 (Funds you wish to invest in)
  - Section 3 (How to invest)

- Section 4 (Your investment income)
- Section 5 (Client identification)
- General declarations
- Investors wishing to invest into the Threadneedle PAIF should complete Section 6

Completing this form

Before completing this Application Form, please make sure you have read the current Non-UCITS Retail Scheme Key Investment Information document (NURS-KII) for the relevant fund.

How to contact us

Our Client Services Team will assist you with the purchase, switch/conversion or sale of shares or units in Threadneedle Funds and general administrative queries about dealing.

Notices, letters or other documents you want to send to the Client Services Team must be sent to:

Postal address: Threadneedle Investment Services Limited, PO Box 10033, Chelmsford, Essex, CM99 2AL
Telephone (dealing & customer queries): 0800 953 0134
Email (enquiries): questions@service.threadneedle.co.uk

Please note that calls may be recorded.

Please send your completed form and any relevant client identification documents to us by post to the postal addresses set out above.

What to do if you have any questions?

If you have any questions about the suitability of your investment, please speak to your financial adviser. We do not give financial advice, but if you have any general queries about this form, please call our Client Services Team.

SECTION 1

INVESTOR DETAILS	
Please complete in BLOCK LETTERS using black ink	
Investor name	
Registered address	
Registered company No. or ID	
Correspondence address (If different to above)	
Telephone number	
Contact person (if a company)	
Designation	

Investing on behalf of someone else	
Please tick one of the boxes below:	
☐ I am applying for an investment that I will own solely for myself, and won't be holding it for someone else	☐ I am applying for an investment that I will hold for someone else, and have given their details below

If the beneficial owner(s) of the shares is/are not one of the investors above, then please give their full name(s) below:

Beneficial Owner	
Permanent residential address	
Postcode	
Date of birth	dd / mm / yyyy
Relationship	
Existing client reference	

Beneficial Owner	
Permanent residential address	
Postcode	
Date of birth	dd / mm / yyyy
Relationship	
Existing client reference	

If there are more than two investors, please put their details on a separate sheet and attach it to this form.

Please note: The other person you are investing for will not be able to make changes or give us instructions in relation to the investment you apply for using this form. You (the applicant) will legally own the investment and we'll only accept instructions from you.

Tax regulations

Tax Regulations[1] require us to collect certain information about each investor's tax residency and tax classifications. In certain circumstances (including if we do not receive a valid self-certification from you) we may be obliged to share information on your account with HMRC. Please complete all sections below as directed. If you have any questions about your organisation's classifications, please see instructions or contact your tax adviser. **Please see explanatory notes for key definitions.** Should any information provided change in the future, please ensure you advise us of the changes promptly.

Section 1: Tax residency

If your organisation has more than one country of tax residency, please complete one self-certification form for each country.

1.1 Please state the country in which your organisation is resident for tax purposes: ☐

1.2 Please provide us with your organisation's Tax Reference Number: ☐

1.3 If the organisation is **not** a Specified Person[2] in the country stated in 1.1 above, please tick this box: ☐

Section 2A: Organisation's classification under FATCA[2]

Please tick one box only in this section, with reference to the tax residency stated in box 1.1.

If your organisation is a Financial Institution[5], please specify which type:		
2.1	UK Financial Institution[5] or a Partner Jurisdiction Financial Institution6	
2.2	Participating Foreign Financial Institution (in a non-IGA jurisdiction7)	
2.3	Non-Participating Foreign Financial Institution[8](in a non-IGA jurisdiction7)	
2.4	Financial Institution resident in the USA or in a US Territory[9]	
2.5	Exempt Beneficial Owner[10]	
2.6	Deemed Compliant Foreign Financial Institution[11](besides those listed above)	
If your organisation is not a Financial Institution[5], please specify the entity's FATCA status below:		
2.7	Active Non-Financial Foreign Entity	
2.8	Passive Non-Financial Foreign Entity (If you tick this box, please include individual self-certification forms for each of your Controlling Persons[4])	

Section 2B: Complete this only if your organisation is US Tax Resident (box 1.1) ☐

Tick this box if your organisation is any of the following and therefore <u>not</u> a Specified US Person

- A regularly traded corporation on a recognised stock exchange
- Any corporation that is a member of the same expanded affiliated group as a regularly traded corporation on a recognised stock exchange
- A government entity
- Any bank as defined in section 581 of the U.S. Internal Revenue Code
- A retirement plan under section 7701(a)(37), or exempt organization under section 501(a)of the U.S. Internal Revenue Code
- OR any other exclusion listed in Explanatory Note 16

Section 3: Organisation's classification under the Common Reporting Standard (CRS)[2]

Please tick only one box in this section with reference to the tax residency stated in box 1.1

3.1	Financial Institution[17](this includes Non-Reporting Financial Institutions[18] such as a pension scheme, government entity, international organisation and other entities listed in Explanatory Note 18).
3.2	A professionally managed Investment Entity[23]outside of a CRS Participating Jurisdiction[24]*(If this box is ticked, please include individual self-certification forms for each of your Controlling Persons[4])*
3.3	Active Non-Financial Entity[20] which is regularly traded on an established securities market or affiliated thereto, a Governmental Entity or an International Organisation
3.4	Active Non-Financial Entity[20](other than those listed in 3.3 above)
3.5	Passive Non-Financial Entity[21] *(If you tick this box, please include individual self-certification forms for each of your Controlling Persons[4])*

Section 4: Declaration for FATCA and CRS[2]

I declare that the information provided on this form is, to the best of my knowledge and belief, accurate and complete. I agree to notify ColumbiaThreadneedle Investments in the event that information on this self-certification form changes (including any changes to Controlling Persons).

Signed by (please print name): ……………………………………………………………………………

On behalf of (organisation name): ……………………………………………………………………………

Position (in organisation): ……………………………………………………………………………

Organisation address: ……………………………………………………………………………

……………………………………………………………………………

Country of Incorporation or Organisation: ……………………………………………………………………………

Signature of person authorised to sign: ……………………………………………………………………………

Date: ……………………………………………………………………………

SECTION 2 - FUND DETAILS

DETAILS

Threadneedle UK Property Authorised Investment Fund	Cash value	Share Class	Type of Share e.g. income or accumulation

Threadneedle UK Property Authorised Investment Trust	Cash value	Share Class	Type of Share e.g. income or accumulation

SECTION 3

HOW TO INVEST	
Payment Details If you do not have an existing distribution agreement in place with us, please indicate below how you will be investing:	
☐ Cheque You should make your cheque payable to Threadneedle Investment Services Ltd. It must be drawn on your bank account. We can't accept cheques from any other person's bank account. If you wish to pay by banker's draft or building society cheque, please ask them to print your name on the back of the cheque	☐ Bank transfer You can elect to transfer the investment sum to us by electronic transfer. Our bank account details will be provided to you upon request.

SECTION 4

YOUR INVESTMENT INCOME	
If you have invested in income shares/units please choose from the following:	
☐ Please pay me all income from my investment Please pay my investment income into the bank account below.	☐ Please reinvest my income by buying more shares/units for me Please note: You may also wish to consider whether an accumulation share class is available for the Threadneedle Fund you have selected.

For payment of income from investment:	
☐ Please tick here if you require payment of redemption proceeds and distributions to be paid to a different bank account.	
Account holder	
Bank or building society	
Sort code	- -
Account no.	
Building society reference number	

Please note that:

- Income payments will be paid by electronic transfer to the account detailed above unless you specifically request us to make payments by sending a cheque to the address you have specified in Section 1.
- If no bank account details or suitable account verification are provided, income will be reinvested, except where your investment represents a top up to an existing holding where income is already being paid.
- If you choose to be paid your income but invest just before the ex-dividend date (the date as detailed in the relevant prospectus on which any income which is available is allocated to your shares), your first payment may be re-invested rather than paid out to you.

SECTION 5

CLIENT IDENTIFICATION

a. If there is an existing terms of business or distribution agreement in place between Threadneedle Investment Services Limited or another Threadneedle group company and the applicant, please provide a copy.

b. If the authorised signatories are signing under a power of attorney, please provide a copy of the power of attorney document.

SECTION 6

To be completed by investors wishing to invest into the Threadneedle PAIF

Bodies Corporate and Nominees

To be completed by investors which are bodies corporate and wish to hold shares in the Threadneedle PAIF. Bodies corporate that wish to hold units in the Threadneedle PAIF Feeder Fund should not complete this form.

We declare that we will hold (please tick the relevant box)

☐ all the shares for our own account or as a trustee of a trust (which is not a registered pension scheme) or a personal representative in which case we undertake:

- not to acquire 10% or more of the net asset value of the Threadneedle PAIF; and
- on becoming aware we have acquired or hold 10% or more of the net asset value of the Threadneedle PAIF, to reduce our holding to in the region of 7% (or less) of the net asset value.*

For the avoidance of doubt, the 10% or above threshold should be considered in isolation for each company i.e. no aggregation is required in the event of a shareholding in the Threadneedle PAIF by associated companies.

☐ all the shares for the account of one or more persons which are not Bodies Corporate or for one or more registered pension schemes.

☐ some or all of the shares for the account of one or more other Bodies Corporate in which case we further declare that:

- our own interest (if any) is less than 10% of the net asset value of the Threadneedle PAIF;
- the interest of each body corporate for which we hold shares is less than 10% of the net asset value; and
- each of those other bodies corporate has given the following undertakings:
  - not to acquire 10% or more of the net asset value of the Threadneedle PAIF for its own account or as trustee of a trust (which is not a registered pension scheme) or a personal representative; and
  - on becoming aware that it has acquired or holds 10% or more of net asset value of the Threadneedle PAIF, to reduce its holding to in the region of 7% of the net asset value.*

And we undertake:

- to disclose to Threadneedle Investment Services Limited, the Authorised Corporate Director of the Threadneedle PAIF, if it so requires, the names and extent of the shareholding of each Body Corporate on whose behalf we are holding such shares.

*Please note that Threadneedle Investment Services Limited works to a 9.5% limit to provide a tolerance to safeguard the position of the Threadneedle PAIF. If you acquire 9.5% or more of the net asset value of the Threadneedle PAIF we will move part or your entire holding to the Feeder Fund.

If you want to receive GROSS payments or accumulations of property income distributions and interest distributions from the Threadneedle PAIF and qualify to do so (under regulation 69Z24 of the Authorised Investment Funds (Tax) Regulations 2006), please tick the appropriate box below.

For the avoidance of doubt, completion of this section will result in the issue of shares in an equivalent GROSS share class of the Threadneedle PAIF at conversion. Should you have any questions about this, please contact us by telephone on 0800 953 0134.

Declaration, undertaking and indemnity by BENEFICIAL OWNERS of shares

Companies resident in the UK for corporation tax purposes

☐ We declare that we are a company resident in the UK and liable to UK corporation tax and are the beneficial owner of all the shares registered in our name

UK registered pension schemes

☐ We declare that we are the trustee(s) of a UK registered pension scheme and our shareholding is its scheme property

UK charities

☐ We declare that we are the trustee(s) of a charity registered in the UK which is the beneficial ownerof the shareholding

Account provider of Child Trust Funds

☐ We declare that we are the account provider of Child Trust Funds and that we hold the shares as their property

Account manager of New Individual Savings Accounts (NISAs)

☐ We declare that we are the account manager of New Individual Savings Accounts and that we hold the shares as their property

Account manager of Junior Individual Savings Accounts (JISAs)

☐ We declare that we are the account manager of New Individual Savings Accounts and that we hold the shares as their property

Other qualifying investors

☐ We declare that we are ____________________________________ **and as such qualify to receive gross payments of property income distributions and interest distributions from the PAIF under regulation 69Z24 of the Authorised Investment Funds (Tax) Regulations 2006 (SI 2006/964) in respect of our shareholding

Declaration, undertaking and indemnity by BENEFICIAL OWNERS of shares

We undertake to inform Threadneedle Investment Services Limited immediately if we cease to, or do not, qualify for gross payments for any reason.

Where, for whatever reason, we are not or we cease to be entitled to receive GROSS property income distributions and PAIF distributions (interest), we:

1. undertake to indemnify Threadneedle PAIF and its Authorised Corporate Director, Threadneedle Investment Services Limited, against any tax and other foreseeable loss that the companies may incur as a result; and
2. authorise Threadneedle Investment Services Limited to recover any tax payable by the Threadneedle PAIF and Threadneedle Investment Services Limited and to compensate it fully for any costs it or they incur as a result of our change of tax status from any redemption proceeds of our holding of shares that would otherwise be paid to us or the beneficial owners, or by the redemption of a sufficient value of our shares to satisfy their liability (and we shall in this event renounce title to those shares to Threadneedle Investment Services Limited to enable it to redeem them).

**please insert status

Declaration, undertaking and indemnity for investors acquiring shares as NOMINEE or otherwise on behalf of another person

We declare that:

1. the shares registered in our name will be held by us as nominee for a beneficial owner or owners;
2. the beneficial owner or owners of the shares* is/are a company/ies liable to UK corporation tax/UK registered pension scheme(s)/UK charity/ies/the account provider of Child Trust Funds/the account manager of Individual Savings Accounts acquiring the shares to be held as ISA investments/ ______________________________ **;
3. we have taken sufficient steps to ensure that the beneficial owner is/the beneficial owners are eligible to receive gross property income distributions and PAIF distributions (interest) under regulation 69Z24 of the Authorised Investment Funds (Tax) Regulations 2006 (SI 2006/964); and
4. we have obtained an undertaking from the beneficial owner(s) that it/they will inform us immediately if it/they should cease to be entitled to receive gross property income distributions and PAIF distributions (interest) for any reason.

We undertake to inform Threadneedle Investment Services Limited immediately if it should come to our notice, whether from a beneficial owner or in some other way that the beneficial owner(s) has/have ceased to be entitled to receive gross property income distributions and PAIF distributions (interest) on the shares for any reason.

Where, for whatever reason, we are not or we cease to be entitled to receive GROSS property income distributions and PAIF distributions (interest) on the shares we hold as nominee or otherwise on behalf of another, we:

5. undertake to indemnify the Threadneedle PAIF and its Authorised Corporate Director, Threadneedle Investment Services Limited, against any tax and other foreseeable loss that the companies may incur as a result; and
6. authorise Threadneedle Investment Services Limited to recover any tax payable by the Threadneedle PAIF and Threadneedle Investment Services Limited and to compensate it fully any costs it and they incur as a result of the change of tax status of the beneficial owner(s) for whom we hold the shares from any redemption proceeds of the holding of shares that would otherwise be paid to us or the beneficial owners, or by the redemption of a sufficient value of the shares to satisfy their liability (and we shall in this event renounce title to those shares to Threadneedle Investment Services Limited to enable it to redeem them).

GENERAL DECLARATIONS (Corporate investors only)

1. I (the applicant) confirm that I have read with the current Prospectus of the funds I propose to invest in via this form, together with the current annual or, if published, semi-annual report of the funds. I agree with the provisions stated therein.
2. I am aware that the subscription for shares is subject to the application form Terms and Conditions attached to this form and the Prospectus. I have read and agree with the Terms and Conditions. In particular, this includes the terms for data protection, read as if they applied to any data you may hold in relation to my employees, agents and officers.
3. I am aware that all fund proceeds will be accumulated in the share price or used to purchase further shares and not be distributed.
4. I am aware that the shares in the Threadneedle PAIF is not available for offer or sale in the US, or to any person who is a resident of or is incorporated in this jurisdiction.
5. I am aware that telephone calls to or from Columbia Threadneedle Investments may be recorded and I agree to this on behalf of myself and my employees, agents and officers.
6. I understand that the Terms and Conditions and the Prospectus also apply to subsequent investments and redemption/switching orders.
7. I am aware that Columbia Threadneedle Investments is committed to maintaining the personal data that I or that my employees, agents and officers provide to Columbia Threadneedle Investments in accordance with the requirements of data protection and data privacy legislation. The Threadneedle Privacy Statement gives further information about this and can be found in the Terms and Conditions. I understand that the Columbia Threadneedle Investments group of companies may use the personal information of my employees, agents and officers to keep me informed about investment products, services, promotions and special offers that may be of interest to me. If I/they do not wish their personal information to be used in this way, I have ticked this box. ☐
8. I am aware that I may ask Columbia Threadneedle Investments at any time to stop sending marketing material.
9. I will make sure my employees, agents and officers consent to these terms, where relevant to them.
10. I declare that the information provided on this form is, to the best of my knowledge and belief, accurate and complete.

Signed for on behalf of the applicant by:

First Authorised Signature	Position in company	Date dd / mm / yyyy
Second Authorised Signature	Position in company	Date dd / mm / yyyy
Please note that two authorised signatures is a mandatory requirement.		

APPENDIX 1

Professional Investor Certification	
Please indicate the type of institution the applicant constitutes and attach the documentation specified in the table below: Please note that originals or certified documents are requested. Photocopies will not be accepted.	
☐ Financial services or credit institutions regulated in an FATF-member country (including the UK or any other countries in the EEA)	■ Name of the Regulator; AND ■ Website address where regulated status may be viewed; OR ■ a certified copy of the regulator's licence, and a list of authorised signatories
☐ Company quoted on the stock exchange	■ Name of the stock exchange; AND ■ Evidence of the listing and a list of authorised signatories.
☐ Company (other than regulated or quoted)	■ Proof of establishment (e.g. certified copy of certificate of incorporation, certificate of formation, extract from the companies' register or equivalent); AND ■ Evidence of the company's registered address (e.g. headed paper, report and accounts); AND ■ List of directors and shareholders; AND ■ List of authorised signatories.
☐ Pension Scheme	■ Proof of establishment (e.g. certified copy of Scheme Trust Deed, Certificate of Formation, Certificate of Incorporation or equivalent); AND ■ Certified copy of the licence from the pensions regulator; AND ■ Names and contact addresses of current controllers of the scheme (Trustees, Directors, Powers of attorney or equivalent); AND ■ List of authorised signatories
☐ Occupational Pension Scheme	Please provide evidence as detailed under Pension Scheme AND Evidence of the Principal Employer's Name, Address, Country, Postcode (according to regulated, quoted or other company above)
☐ Please tick here to confirm that you are not a retail investor and you are not investing on behalf of or marketing the Threadneedle Funds that are Non-UCITS Retail Schemes to retail investors	
☐ Public sector or university treasury assets	■ Authorised signatory list ■ Extract from the council constitution evidencing authority over Treasury assets
☐ Charities (UK)	■ Name and address ■ Confirmation of the charity's activities ■ List of trustees together with ID ■ Name or class of beneficiaries ■ Confirmation of the Charity Commission (or OSCR in Scotland) register number ■ Proof of registered address
☐ Sovereign wealth or Non-UK Charities	Please contact your Columbia Threadneedle relationship contact for confirmation of the relevant identification documents we require

Tax regulation Notes

[1]Tax Regulations

The term "tax regulations" refers to regulations created to enable automatic exchange of information and include FATCA[3], various Agreements to Improve International Tax Compliance entered into between the UK and its Crown Dependencies and its Overseas Territories and the OECD Common Reporting Standard for Automatic Exchange of Financial Account Information.

[2]Specified Person

The term "Specified Person" is defined by reference to local laws in the country where an entity is established. In the UK, a "Specified United Kingdom Person" means a person or entity who is resident in the United Kingdom for tax purposes, other than:

(i) a corporation the stock of which is regularly traded on one or more established securities markets;

(ii) any corporation that is a Related Entity[14] of a corporation described in clause (i);

(iii) a Depository Institution;

(iv) a broker or dealer in securities, commodities, or derivative financial instruments (including notional principle contracts, futures, forwards, and options) that is registered as such under the laws of the United Kingdom;

(v) a Governmental Entity;

(vi) an International Organisation(examples of which include The International Monetary Fund, The World Bank, The International Bank for Reconstruction and Development and The European Community – for a full list please see the relevant guidance issued by HMRC, or the IRS);

(vii) a Central Bank; or

(viii) a pension scheme or other arrangement registered with HMRC under Part 4 of the Finance Act 2004.

Similar definitions apply to entities in the US (defined in the FATCA Regulations) and Crown Dependencies and Overseas Territories (as defined in the relevant Agreement to Improve International Tax Compliance with the UK). Entities in other jurisdictions should instead apply the similar definition of "Reportable Person" under the OECD Common Reporting Standard for Automatic Exchange of Financial Account Information.

[3]FATCA

The Foreign Account Tax Compliance provisions (commonly known as FATCA) contained in the US Hire Act 2010.

[4]Exempt Beneficial Owner

The term "Exempt Beneficial Owner" means

(i) a Governmental Entity;

(ii) an International Organisation (examples of which include The International Monetary Fund, The World Bank, The International Bank for Reconstruction and Development and The European Community – for a full list please see the relevant guidance issued by HMRC, or the IRS);

(iii) a Central Bank; or

(iv) a UK registered pension scheme, or non-UK pension scheme falling within the definition of Exempt Beneficial Owner for the purpose of FATCA.

[5]Financial Institution

The term "Financial Institution" means a Custodial Institution, a Depository Institution, an Investment Entity[13], or a Specified Insurance Company as defined for the purposes of FATCA. The same definitions apply to the UK's Agreements to Improve International Tax Compliance. Please see the relevant Tax Regulations for the classification definitions that apply to Financial Institutions.

[6]Active Non-Financial Foreign Entity (NFFE) (US definition)

A NFFE is a foreign entity that is not a Financial Institution.

For the purpose of **section 2 only**, an Active NFFE is any NFFE that meets one of the following criteria:

(i) Less than 50 per cent of the NFFEs gross income for the preceding calendar year or other appropriate reporting period is passive income (such as dividends, interest, royalties, annuities and rent) and less than 50 per cent of the assets held by the NFFE during the preceding calendar year or other appropriate reporting period are assets that produce or are held for the production of passive income;

(ii) The stock of the NFFE is regularly traded on an established securities market or the NFFE is a Related Entity[14] of an entity, the stock of which is traded on an established securities market;

(iii) The NFFE is a government, a political subdivision of such government, or a public body performing a function of such government or a political subdivision thereof, or an entity wholly owned by one or more of the foregoing;

(iv) Substantially all of the activities of the NFFE consist of holding (in whole or in part) the outstanding stock of, or providing financing and services to, one or more subsidiaries that engage in trades or businesses other than the business of a Financial Institution. However the entity will not qualify as an Active NFFE if it functions (or holds itself out to be) 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. In these circumstances the entity will be a passive NFFE;

(v) The NFFE is 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; provided that the NFFE shall not qualify for this exception after the date that is 24 months after the date of the initial organisation of the NFFE;

(vi) The NFFE was not a Financial Institution in the past five years, and is in the process of liquidating its assets, or is reorganising with the intent to continue or recommence operations in a business other than that of a Financial Institution;

(vii) The NFFE primarily engages in financing and hedging transactions with, or for Related Entities[14] that are not Financial Institutions, and does 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;

(viii) The NFFE is organised in a U.S Territory and all the owners of the payee are bona fide residents of that U.S. Territory; or

(ix) The entity is a Non-Profit Organisation[12].

[7]Passive Non-Financial Foreign Entity (NFFE) (US definition)

For the purpose of **section 2 only**, a Passive NFFE is any NFFE that is not an Active NFFE[6].

[8]Excepted Non-Financial Foreign Entity (NFFE)

The term "Excepted Non-Financial Foreign Entity" has the same meaning as Active Non-Financial Foreign Entity[6] and applies to entities in countries that have not signed an intergovernmental agreement with the US to implement FATCA.

[9]Controlling Persons

The term "Controlling Persons" means the natural persons who exercise control over an Entity. In the case of a trust, such term means the settlor, 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. The term "Controlling Persons" must be interpreted in a manner consistent with the Financial Action Task Force Recommendations.

[10]Active Non-Financial Foreign Entity (NFFE) (UK and Crown Dependency definitions)

An entity will be an Active NFFE (UK and Crown Dependency definitions) for the purpose of **section 3 only** if they meet one of the criteria in **(i) to (vii) in the definition of Active NFFE (US definition)[6] above**.

[11]Passive Non-Financial Foreign Entity (NFFE) (UK and Crown Dependency definitions)

For the purpose of **section 3 only** a Passive NFFE (UK and Crown Dependency definitions) is any NFFE that is not an Active NFFE (UK definition)[9].

[12]Non-Profit Organisation

The term "Non-Profit Organisation" means an entity that meets ALL of the following criteria:

(i) It is established and operated in its jurisdiction of residence exclusively for religious, charitable, scientific, artistic, cultural, athletic, or educational purposes; or it is established and operated in its jurisdiction of residence and it is a professional organisation, business league, chamber of commerce, labour organisation, agricultural or horticultural organisation, civic league or an organisation operated exclusively for the promotion of social welfare;

(ii) It is exempt from income tax in its country of residence;

(iii) It has no shareholders or members who have a proprietary or beneficial interest in its income or assets;

(iv) 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 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

(v) 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 be distributed to a governmental entity or other non-profit organisation, or escheat to the government of the entity's country of residence or any political subdivision thereof.

[13]Investment Entity

The term "Investment Entity" means any entity:

(a) that primarily conducts as a business one or more of the following activities or operations for or on behalf of a customer:
   i. trading in money market instruments (cheques, bills, certificates of deposit, derivatives, etc.); foreign exchange; exchange, interest rate and index instruments; transferable securities; or commodity futures trading;
   ii. individual and collective portfolio management; or
   iii. otherwise investing, administering, or managing Financial Assets or money on behalf of other persons; or

(b) the gross income of which is primarily attributable to investing, reinvesting, or trading in Financial Assets, if the entity is managed by another entity that is a Depository Institution, a Custodial Institution, a Specified Insurance Company, or an Investment Entity described in (a) above.

An entity is treated as primarily conducting as a business one or more of the activities described in (a), or an entity's gross income is primarily attributable to investing, reinvesting, or trading in Financial Assets for purposes of (b), if the entity's gross income attributable to the relevant activities equals or exceeds 50 percent of the entity's gross income during the shorter of: (i) the three-year period ending on 31 December of the year preceding the year in which the determination is made; or (ii) the period during which the Entity has been in existence. The term "Investment Entity" does not include an entity that is an Active NFFE because it meets any of the criteria in **(iv) to (vii) in the definition of Active NFFE (US definition)[6] above**.

[14]Related Entity

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