



FATCA Self Certification and
KYC
Foreign Account Taxation
Compliance Act (FATCA)

November 2012



Proposed Regulations provide both optional and mandatory considerations in the use of KYC information

Optional Considerations

Determination of chapter 4 status for limited entity types

Identify substantial US owners of certain Passive NFFEs

Rely on AML documentation for each owner for certain Owner Documented FFIs

Mandatory Requirements

Reason To Know: Determine if inconsistencies exist between KYC and Tax certification

Deemed-compliant FFIs must use AML to ensure they do not open accounts for an entity controlled or beneficially owned by a specified U.S. person

Restricted Distributors are required to perform AML due diligence under its country of organization (which must be FATF- Compliant)

Both optional and mandatory considerations should be addressed throughout your FATCA implementation

Challenges With Optional Considerations

Tactical Implementation and Compliance Risks	
Tactical Execution	Fragmented KYC platforms that are not readily integrated
	Disparate quality of information in KYC platforms may be inadequate
	Execution of onboarding could be hindered
	Challenge to develop consistent approaches with determination of Chapter 4 status using KYC
Compliance Risk	Account Self Certification on updated Form W-8/W-9 may pose less compliance risk

Self Certification (e.g. a Form W-8) can be significantly less burdensome to effectively implement while posing less risk

Mandatory KYC Compliance Considerations

- Determine LOB impact of KYC/FATCA mandatory and optional considerations
- Conduct gap assessment between current capabilities under Chapter 3 and the new Chapter 4 requirements
- Map current AML/KYC fields that would need to be cross referenced for US Indicia such as:
 - US Phone Number
 - US Address
 - US Place of Birth
- Align solutions with impact, consider current and future state

Govern centrally with common standards and guidelines and execute locally

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