

# AEI Entity Classification Guide Switzerland

**Disclaimer**

This document contains a partially simplifying summary of the general rules of Entity classification under the Common Reporting Standard for the Automatic Exchange of Financial Account Information in Tax Matters (AEI) published by the Organization for Economic Co-operation and Development (OECD) and the relating Swiss regulations.

Please note:

This document describes the general classification rules of the OECD and Switzerland. It does not address local particularities of other jurisdictions that have implemented AEI.

This document is intended to provide you with initial assistance in determining the AEI Entity classification required for completing the AEI documentation requested by Credit Suisse in Switzerland. Please review the results with your legal or tax advisor. This document does not constitute legal or tax advice. It is in the sole responsibility of the client to correctly determine its AEI Entity classification. Credit Suisse assumes no responsibility with regard to the content and completeness of the information provided in this document or the correctness of the AEI Entity classification determined on the basis of this document and does not accept any liability for losses that might arise from making use of the information in this document.

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# General Information

## Purpose of these guidelines

As a consequence of the Automatic Exchange of Information (AEI) based on the OECD Common Reporting Standard (CRS), the Swiss Federal Act on the International Automatic Exchange of Information in Tax Matters and the AEI agreements between Switzerland and its partner jurisdictions, Credit Suisse's ("our" or "we") documentation requirements have been necessarily updated and enhanced. In particular, we require from our clients ("you" or "your") a Self-Certification form where you certify an Entity's jurisdiction(s) of residence for tax purposes and its AEI Entity classification. Depending on an Entity's AEI Entity classification, there is an additional requirement to document the Controlling Persons with a form "Self-Certification for Controlling Persons". These guidelines are intended to assist you in determining the AEI Entity classification and completing the documentation necessary for AEI purposes regarding accounts held in Switzerland. Further background information on the AEI can be found on our online AEI Portal ([www.credit-suisse.com/AEI](http://www.credit-suisse.com/AEI)), on the OECD AEI portal ([www.oecd.org/tax/automatic-exchange](http://www.oecd.org/tax/automatic-exchange)) and the AEI portal of the Swiss State Secretariat for International Financial Matters (SIF) ([www.sif.admin.ch/sif/en/home/themen/internationale-steuerpolitik/automatischer-informationsaustausch.html](http://www.sif.admin.ch/sif/en/home/themen/internationale-steuerpolitik/automatischer-informationsaustausch.html)).

Determining an Entity's classification for AEI purposes can be a complicated and extensive process. In case you have not otherwise determined your AEI Entity classification yet, these guidelines should assist you in making this determination by providing a decision tree-based approach. Additionally, these guidelines provide explanations and examples to assist you in understanding the requirements for each AEI Entity classification.

### Please note:

- It is possible, after considering the points herein, to conclude that more than one AEI Entity classification is possible. If this occurs, please obtain professional tax advice. Only one box can be checked to indicate the AEI Entity classification on the form.
- Generally, these guidelines are based on the OECD CRS and the associated OECD Commentary, however, they take into account some specificities of Swiss AEI law and regulations. Further details and guidance can be found in the OECD CRS, the OECD CRS Commentary, or local law and guidance.
- Irrespective of the similarities, the AEI Entity classification determination might differ from the Entity classification determined for FATCA purposes. Therefore, even though an Entity's FATCA classification might be available, a separate determination of the AEI Entity classification is required.
- The decision tree charts in this document are to be understood as simplified illustrations. To accurately determine the AEI Entity classification please refer to the textual description.
- Examples in this document describe typical situations, but cannot be used as substitutes for a proper analysis of the provisions in each individual case.
- After reading this document, please review the results of your classification or address any question, if you are unsure regarding the classification, with your legal or tax advisor. This document does not constitute legal or tax advice.
- Any capitalised term not described in this document is defined in the [Glossary](#).

# Determination of AEI Entity Classification

## Chapter 1: Determination of FI or NFE status

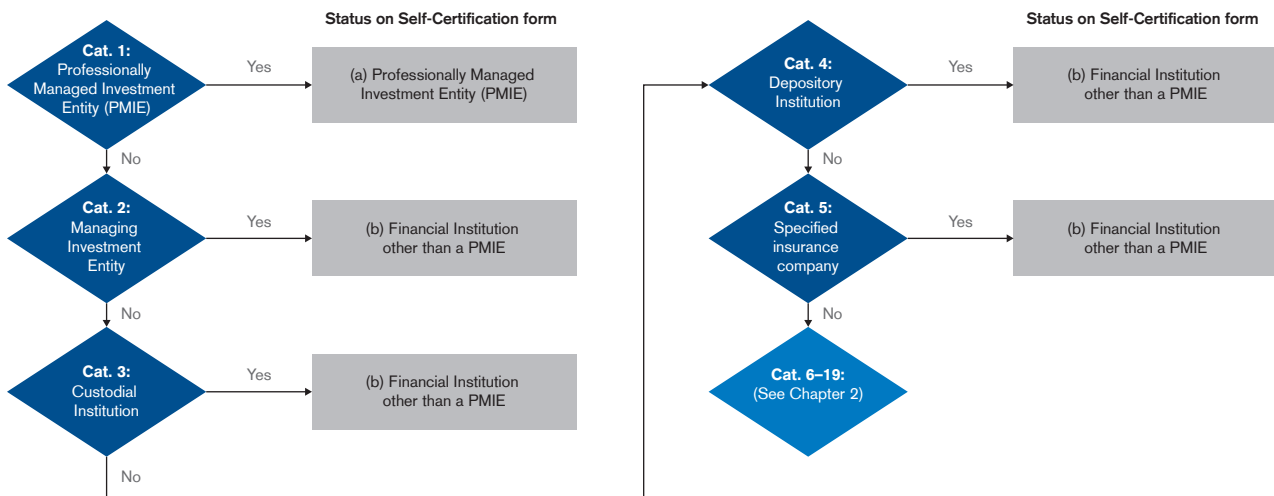
The purpose of Chapter 1 is to assist you in determining whether the Entity in question is an Financial Institution (FI) or a Non-Financial Entity (NFE) for AEI purposes.

**Please note:**

- The Entity’s status as an FI or NFE is to be resolved under the laws of the jurisdiction in which the Entity is resident. If the Entity is resident in a jurisdiction that has not implemented the AEI, the Swiss rules have to be applied to determine the Entity’s status as an FI or NFE.
- An Entity that meets the requirements for at least one of the Categories 1 to 5 is an FI for AEI purposes. Otherwise it is an NFE (see Chapter 2 for guidance on the determination of the specific NFE sub-status).
- The term FI is to be understood in a broad sense and does not only cover banks, brokers, asset managers, and other typical financial intermediaries but may include life insurance companies, investment funds as well as many domiciliary companies (non-operative companies), trusts, and other private investment vehicles.
- Most FIs only need to confirm their FI status on the Self-Certification form to meet the due diligence obligations with respect to their account(s) held with Credit Suisse. However, there are special rules for Professionally Managed Investment Entities (PMIEs) in Non-Participating Jurisdictions (see Category 1) which is why there is a separate check box for PMIEs on the Self-Certification form.

- If you are an FI that is resident or located in a jurisdiction that has implemented AEI (e.g. Switzerland), you may be required to comply with AEI due diligence and notification obligations vis-à-vis your Account Holders and with potential registration and reporting obligations vis-à-vis your local authorities. Whether or not you have such AEI compliance obligations may largely depend on your qualifying as either a Reporting or Non-Reporting FI in your jurisdiction. Non-Reporting FI status comprises two components: (i) status as FI and (ii) additional Non-Reporting FI requirements (e.g. certain pension funds). This means that the status of Non-Reporting FI always includes FI status, i.e. one or more of the Categories 1 to 5. Whether you as an FI are Reporting or Non-Reporting in your jurisdiction is not relevant for your AEI classification with Credit Suisse, only your status as FI, which is why the particular Non-Reporting FI categories are not part of the Self-Certification form. If you have not previously conducted an assessment of AEI’s impact on your business, please consult your professional tax advisor for further guidance on what AEI means for your Entity.

The below decision tree illustrates the applicable steps when determining whether an Entity is an FI or an NFE. Please start with the first question in Category 1 on the next page and follow the relevant references.



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## Category 1: Professionally Managed Investment Entity (PMIE)

### CRS Sec. VIII.A.6.b

1. Does the Entity's gross income attributable to investing, reinvesting, or trading in Financial Assets (e.g. stocks, bonds, fund shares, derivatives, etc.) equal or exceed 50% of the Entity's gross income during the preceding three years?
  - a) If yes, move to question 2.
  - b) If no, move to Category 2.
2. Is the Entity professionally managed (see Note below)?
  - a) If yes, move to question 3.
  - b) If no, move to Category 2.

**Note:** Under AEI an Entity is generally considered to be professionally managed if another FI (e.g. a bank, asset manager, trust company, etc.), either directly or indirectly through a third party service provider, performs with discretionary authority (e.g. via discretionary mandate) any of the following activities on behalf of the managed Entity:

- Trading in financial instruments;
- Portfolio management; or
- Otherwise investing, administering, or managing funds, money, or Financial Assets on behalf of other persons.

While the services performed in the course of a discretionary asset management mandate as well as fiduciary services typically qualify as relevant activities, a pure investment advisory mandate where the final decisions are taken by the Entity itself does not constitute professional management. Even where only part of the assets of an Entity are under professional management, the Entity as a whole is considered to be professionally managed.

The Entity might be managed by more than one Entity, respectively by a mix of Entities and individuals. If any of such managing Entities is a Financial Institution, the Entity is considered to be professionally managed.

Usually, a trust is considered to be professionally managed by an FI if (1) one or more of the trustees is an FI, or (2) the trustees have appointed an FI to manage the assets of the trust and/or manage the trust.

3. Is the Entity a holding NFE or a treasury center that is a member of a non-financial group, a start-up NFE, or an NFE that is liquidating or emerging from bankruptcy (see Chapter 2 Categories 13–16 for definitions)?

- a) If yes, the Entity may be an NFE and qualify for the specific NFE sub-status described in Chapter 2 Categories 13–16
- b) If no, **the Entity may be a Professionally Managed Investment Entity (PMIE)**. Please follow the instructions for the completion of the AEI Self-Certification form for AEI Account Holders being an Entity. You are not required to proceed with further questions in these guidelines.

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#### Examples of PMIE

Trusts with a corporate trustee.

Private and collective investment vehicles, including domiciliary companies (non-operative companies) and private foundations, that are managed by an FI (e.g. bank, asset/fund manager, fiduciary, etc.).

Entities whose assets are managed by a bank or asset manager based on a discretionary asset management mandate.

Private equity funds, venture capital funds, leveraged buyout funds, or any investment vehicles whose purpose is to acquire or fund companies and then hold interests in those companies as capital assets for investment purposes.

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#### Exceptions from PMIE classification

Some jurisdictions have published in their local AEI regulations exceptions based on which certain entities resident/located in such jurisdictions will be excluded from the classification as PMIE. Such exceptions could, for example, be based on the type of entity or its ownership structure. Currently, for Swiss entities an exception exists regarding charitable trusts, since according to Swiss local guidance they are considered Active NFE (non-profit organizations, Category 12) and excluded from the PMIE classification if they meet the requirements of Category 12.

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### Instructions for completion of the AEI Self-Certification forms

Certify the AEI Entity classification by checking the box “(a) Professionally Managed Investment Entity (PMIE)” in Part IV of the form “Self-Certification for AEI Account Holder being an Entity”.

Additionally, PMIEs that are resident in a Non-Participating Jurisdiction from the perspective of Switzerland (please see below) are treated as Passive NFEs for CRS purposes. In this case please document each Controlling Person of the Entity with a form “Self-Certification for Controlling Person(s)”.

If the PMIE is resident in a Participating Jurisdiction, the PMIE is treated as an FI from the perspective of Switzerland, and therefore no Controlling Persons need to be documented.

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### Participating and Non-Participating Jurisdictions

From a Swiss perspective, a Participating Jurisdiction is any foreign jurisdiction with which Switzerland has an AEI agreement in place. However, during a transitional period, all other foreign jurisdictions having committed to implement AEI are treated as Participating Jurisdictions according to Swiss regulations on AEI. A list of all Participating Jurisdictions of Switzerland can be found on our online AEI Portal ([www.credit-suisse.com/AEI](http://www.credit-suisse.com/AEI)).

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### Controlling Persons

The term “Controlling Person” means any natural person who exercises control over an Entity (that is a Passive NFE, or PMIE resident in a Non-Participating Jurisdiction). Given the alignment between AEI and the applicable Swiss AML/KYC procedures (including the 2016 agreement on the Swiss bank’s code of conduct with regard to the exercise of due diligence, CDB16), the scope of Controlling Persons includes all natural persons identified as:

- Beneficial owner of a domiciliary company (non-operative company) (on Form A);
  - Controlling Person of an operative legal entity or partnership (on Form K);
  - Founder or beneficiary of a foundation or similar construct, or a person having the right to determine or nominate representatives (e.g. members of the foundation board if identified on Form S), if these representatives may dispose over the assets or have the right to change the distribution of the assets or the nomination of beneficiaries (on Form S);
  - Settlor or beneficiary of a trust or similar construct, or protector or other person having the right to revoke the trust or appoint the trustee of a trust (on Form T);
  - Trustee of a trust or similar construct that is holding the account in the name of the trust (on Form T) if identified on Form T.
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## Category 2: Managing Investment Entity

### CRS Sec. VIII.A.6.a

1. Does the Entity conduct, as a business, one or more of the following activities or operations for or on behalf of a customer, such as trading in financial instruments; portfolio management; or otherwise investing, administering, or managing funds, money, or financial assets on behalf of other persons?
  - a) If yes, move to question 2.
  - b) If no, move to Category 3.
2. Does the Entity's gross income attributable to the above activities equal or exceed 50% of the Entity's gross income during the preceding three years?
  - a) If yes, move to question 3.
  - b) If no, move to Category 3.
3. Is the Entity a holding NFE or a treasury center that is a member of a non-financial group, a start-up NFE, or an NFE that is liquidating or emerging from bankruptcy (see Chapter 2 Categories 13–16 for definitions)?
  - a) If yes, the Entity may be an NFE and qualify for the specific NFE sub-status described in Chapter 2 Categories 13–16.
  - b) If no, **the Entity may be a Managing Investment Entity**. Please follow the instructions for the completion of the AEI Self-Certification form. You are not required to proceed with further questions in these guidelines.

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#### Examples of Managing Investment Entities

Corporate trustees  
Asset/fund managers

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#### Instructions for completion of the AEI Self-Certification form

Certify the AEI Entity Classification by checking the box "(b) Financial Institution other than a PMIE" in Part IV of the form "Self-Certification for AEI Account Holder being an Entity".

## Category 3: Custodial Institution

### CRS Sec. VIII.A.4

1. Does the Entity hold Financial Assets for the account of others?
  - a) If yes, move to question 2.
  - b) If no, move to Category 4.
2. Does the Entity's gross income attributable to the holding of Financial Assets and related financial services equal or exceed 20% of the Entity's gross income during the preceding three years?
  - a) If yes, **the Entity may be a Custodial Institution**. Please follow the instructions for the completion of the AEI Self-Certification form. You are not required to proceed with further questions in these guidelines.
  - b) If no, move to Category 4.

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#### Examples of Custodial Institutions

Custodian banks  
Brokers  
Central securities depositories

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#### Instructions for completion of the AEI Self-Certification form

Certify the AEI Entity classification by checking the box "(b) Financial Institution other than a PMIE" in Part IV of the form "Self-Certification for AEI Account Holder being an Entity".



## Category 4: Depository Institution

### CRS Sec. VIII.A.5

1. Does the Entity accept deposits in the ordinary course of a banking or similar business?
  - a) If yes, **the Entity may be a Depository Institution**. Please follow the instructions for the completion of the AEI Self-Certification form. You are not required to proceed with further questions in these guidelines.
  - b) If no, move to Category 5.

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#### Examples of Depository Institutions

Savings or commercial banks  
Credit unions

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#### Instructions for completion of the AEI Self-Certification form

Certify the AEI Entity Classification by checking the box “(b) Financial Institution other than a PMIE” in Part IV of the form “Self-Certification for AEI Account Holder being an Entity”.

## Category 5: Specified Insurance Company

### CRS Sec. VIII.A.8

1. Is the Entity an Insurance Company (or the holding company of an Insurance Company)?
  - a) If yes, move to question 2.
  - b) If no, the Entity may be an NFE. Please continue with Chapter 2, Category 6.
2. Does the Entity issue, or is obligated to make payments with respect to, a Cash Value Insurance Contract or an Annuity Contract?
  - a) If yes, **the Entity may be a Specified Insurance Company**. Please follow the instructions for the completion of the AEI Self-Certification form. You are not required to proceed with further questions in these guidelines.
  - b) If no, the Entity may be an NFE. Please continue with Chapter 2, Category 6.

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#### Examples of Specified Insurance Companies

Life insurance companies

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#### Instructions for completion of the AEI Self-Certification form

Certify the AEI Entity Classification by checking the box “(b) Financial Institution other than a PMIE” in Part IV of the form “Self-Certification for AEI Account Holder being an Entity”.

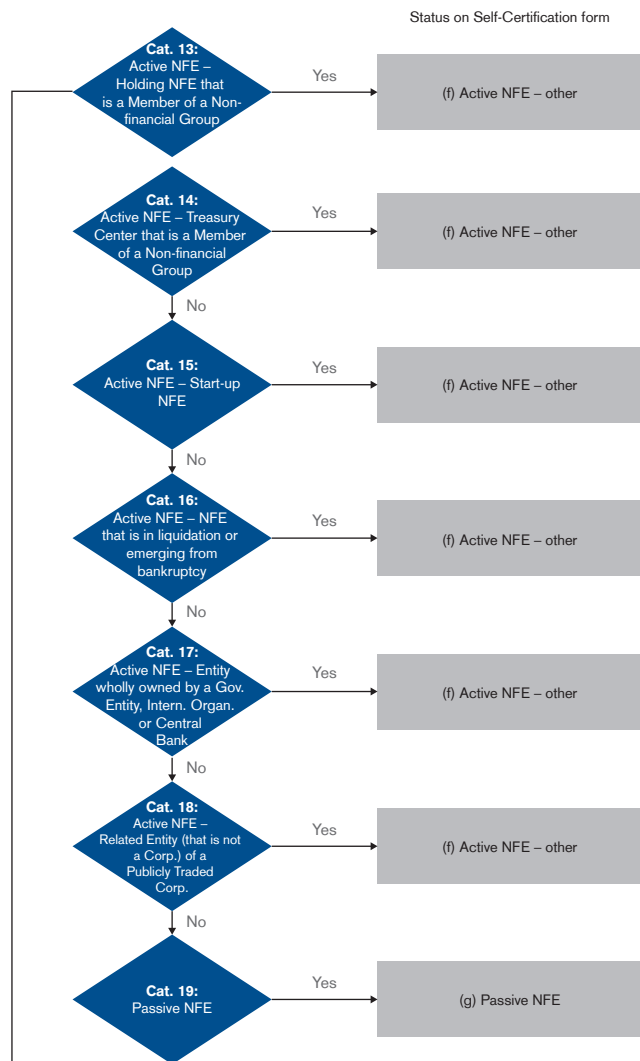
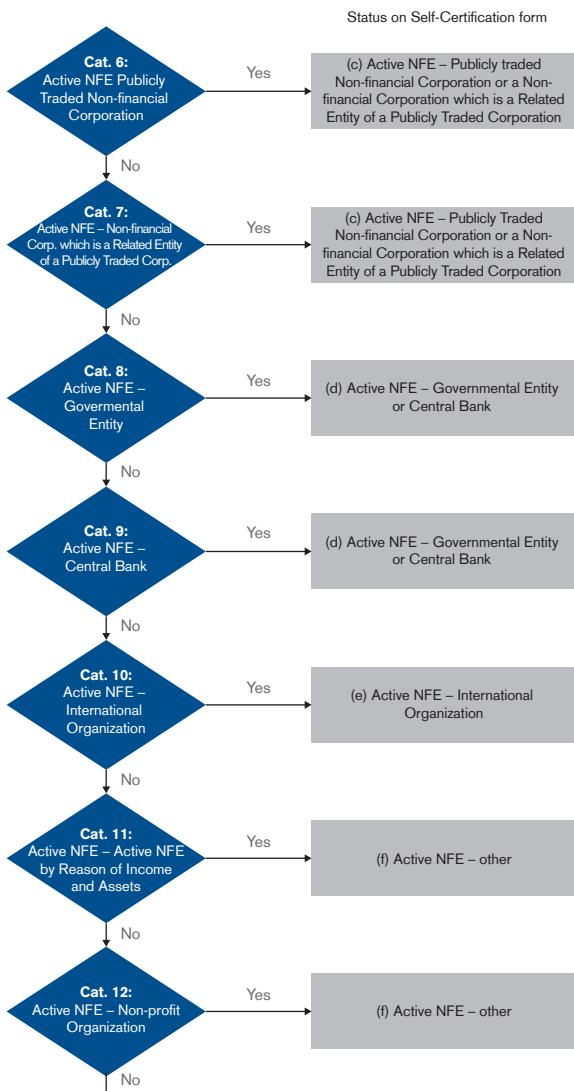
# Chapter 2: Determination of NFE sub-status

Chapter 2 of this guideline is only relevant for NFEs (see Chapter 1 for the determination whether an Entity is an FI or an NFE for AEI purposes). The purpose of Chapter 2 is to assist you in determining the specific NFE sub-status of the NFE in question.

Generally, when determining an Entity's specific NFE sub-status, the Swiss rules have to be applied to determine the Entity's status irrespective of its tax residence. However, an

Entity tax resident in another jurisdiction implementing AEI is allowed to determine its specific NFE sub-status under the rules of this jurisdiction.

The below decision tree illustrates the applicable steps when determining the applicable NFE sub-status. Please start with the first question in Category 6 on the next page and follow the relevant references.



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## Category 6: Active NFE – Publicly Traded Non-financial Corporation

### CRS Sec. VIII.D.2 and VIII.D.9.b

1. Is the NFE a corporation?
  - a) If yes, move to question 2.
  - b) If no, move to Category 8.
  
2. Is the stock of the NFE regularly traded on an established securities market (see Notes below)?
  - a) If yes, the **NFE may qualify as an Active NFE (Publicly Traded Non-financial Corporation)**.

Please follow the instructions for the completion of the AEI Self-Certification form. You are not required to proceed with further questions in these guidelines.
  - b) If no, move to Category 7.

**Note:** An “Established Securities Market” means an exchange that is officially recognized and supervised by a governmental authority in which the market is located and that has a meaningful annual value of shares traded on the exchange. An exchange has a meaningful annual value of shares traded on the exchange if it has an annual value of shares traded on the exchange (or a predecessor exchange) exceeding USD 1,000,000,000 during each of the three calendar years immediately preceding the calendar year in which the determination is being made. If an exchange has more than one tier of market level on which stock may be separately listed or traded, each such tier must be treated as a separate exchange. SIX Swiss Exchange and BX Berne eXchange both qualify as established securities markets.

**Note:** Stock is “regularly traded” if there is a meaningful volume of trading with respect to the stock on an on-going basis. With respect to each class of stock of the corporation, there is a meaningful volume of trading on an on-going basis if (i) trades in each such class are effected, other than in de minimis quantities, on one or more established securities markets on at least 60 business days during the prior calendar year; and (ii) the aggregate number of shares in each such class that are traded on such market or markets during the prior year are at least 10% of the average number of shares outstanding in that class during the prior calendar year. A class of stock would generally be treated as meeting the “regularly traded” requirement for a calendar year if the stock is traded during such year on an established securities market and is regularly quoted by dealers making a market in the stock. A dealer makes a market in a stock only if the dealer regularly and actively offers to, and in fact does, purchase the stock from, and sell the stock to, customers who are not related persons with respect to the dealer in the ordinary course of a business.

#### Instructions for completion of the AEI Self-Certification form

Certify the AEI Entity classification by checking the box “(c) Active NFE – Publicly Traded Non-Financial Corporation or a Non-Financial Corporation which is a Related Entity of a Publicly Traded Corporation” in Part IV of the form “Self-Certification for AEI Account Holder being an Entity”.

Additionally, please provide the name of the Established Securities Market on which the NFE is regularly traded.

## Category 7: Active NFE – Non-Financial Corporation which is a Related Entity of a Publicly Traded Corporation

### CRS Sec. VIII.D.2 and VIII.D.9.b

1. Is the NFE a corporation?
  - a) If yes, move to question 2.
  - b) If no, move to Category 8.
2. Is the NFE a Related Entity of a publicly traded corporation (see Category 6)?
  - a) If yes, **the NFE may qualify as an Active NFE (Non-Financial Corporation which is a Related Entity of a Publicly Traded Corporation)**. Please follow the instructions for the completion of the AEI Self-Certification form. You are not required to proceed with further questions in these guidelines.
  - b) If no, move to Category 8.

**Note:** It is irrelevant whether the publicly traded corporation, which the NFE is related to, is an FI or an NFE.

#### Instructions for completion of the AEI Self-Certification form

Certify the AEI Entity classification by checking the box “(c) Active NFE – Publicly traded Non-Financial Corporation or a Non-Financial Corporation which is a Related Entity of a Publicly Traded Corporation” in Part IV of the form “Self-Certification for AEI Account Holder being an Entity”.

Additionally, please provide the name of the publicly traded corporation which the NFE is related to and the name of the Established Securities Market on which such Entity is regularly traded.

## Category 8: Active NFE – Governmental Entity

### CRS Sec. VIII.D.2 and VIII.D.9.c

1. Is the NFE a government of a jurisdiction, a government of any political subdivision of a jurisdiction (e.g. state, province, country, or municipality), or any wholly owned agency or instrumentality of a jurisdiction or any one or more of the foregoing?
  - a) If yes, **the NFE may qualify as an Active NFE (Governmental Entity)**. Please follow the instructions for the completion of the AEI Self-Certification form. You are not required to proceed with further questions in these guidelines.
  - b) If no, move to Category 9.

**Note:** This category is comprised of the integral parts, controlled entities, and political subdivisions of a jurisdiction.

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#### Examples of Governmental Entities

Governments, cantons or federal states and communes, and wholly owned instrumentalities and agencies thereof  
Local authorities  
Embassies

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#### Instructions for completion of the AEI Self-Certification form

Certify the AEI Entity classification by checking the box “(d) Active NFE – Governmental Entity or Central Bank” in Part IV of the form “Self-Certification for AEI Account Holder being an Entity”.

## Category 9: Active NFE – Central Bank

CRS Sec. VIII.D.2 and VIII.D.9.c

1. Is the NFE an institution that is by law or government sanction the principal authority, other than the government of the jurisdiction itself, issuing instruments intended to circulate as currency?
  - a) If yes, **the NFE may qualify as an Active NFE (Central Bank)**, but you may double-check that you are not already a Financial Institution (see Chapter 1). Please follow the instructions for the completion of the AEI Self-Certification form. You are not required to proceed with further questions in these guidelines.
  - b) If no, move to Category 10.

### Instructions for completion of the AEI Self-Certification form

Certify the AEI Entity Classification by checking the box “(d) Active NFE – Governmental Entity or Central Bank” in Part IV of the form “Self-Certification for AEI Account Holder being an Entity”.

## Category 10: Active NFE – International Organization

CRS Sec. VIII.D.2 and VIII.D.9.c

1. Is the NFE an international organization or any wholly owned agency or instrumentality thereof?
  - a) If yes, **the NFE may qualify as an Active NFE (International Organization)**. Please follow the instructions for the completion of the AEI Self-Certification form. You are not required to proceed with further questions in these guidelines.
  - b) If no, move to Category 11.

**Note:** This category includes any intergovernmental organization (including a supranational organization):

- That is comprised primarily of governments;
- That has in effect a headquarters or substantially similar agreement with the jurisdiction; and
- The income of which does not inure to the benefit of private persons.

### Instructions for completion of the AEI Self-Certification form

Certify the AEI Entity Classification by checking the box “(e) Active NFE – International Organization” in Part IV of the form “Self-Certification for AEI Account Holder being an Entity”.

## Category 11: Active NFE – Active NFE by Reason of Income and Assets

### CRS Sec. VIII.D.9.a

1. Was 50% or more of the NFE's gross income for the preceding calendar year or other reporting period Passive Income?
  - a) If yes, move to Category 12.
  - b) If no, move to question 2.

**Note:** Passive Income generally includes the portion of gross income consisting of:

- Dividends (including income equivalent to dividends, e.g. substitute dividends);
- Interest (including income equivalent to interest);
- Rents and royalties (other than rents and royalties derived from the active conduct of a business, at least in part, by employees of the NFE);
- Annuities;
- The excess of gains over losses from the sale or exchange of Financial Assets that gives rise to the Passive Income described above;
- The excess of gains over losses from transactions (including futures, forwards, options, and similar transactions) in any Financial Assets;
- The excess of foreign currency gains over foreign currency losses;
- Net income from swaps; or
- Amounts received under Cash Value Insurance Contracts

However, the following amounts are excluded from any calculation of Passive Income:

- 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.
- In the case of an NFE that regularly acts as a dealer in Financial Assets any item of income or gain from any transaction entered into in the ordinary course of such dealer's trade or business.

2. Were 50% or more of the assets held by the NFE during the preceding calendar year or other reporting period assets that produce or are held for the production of Passive Income?
  - a) If yes, move to Category 12.
  - b) If no, **the NFE may qualify as an Active NFE (by reason of income and assets).**  
Please follow the instructions for the completion of the AEI Self-Certification form. You are not required to proceed with further questions in these guidelines.

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#### Examples: Business that may qualify as Active NFEs

Butchers (if companies)  
Bakers (if companies)  
Manufacturing Companies  
Management Consulting Companies  
Architect Offices (if companies)  
Farms (if companies)

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#### Example: NFE engaged in an active business

The daily business of Bakery ABC consists of baking goods (cakes, pies, breads, etc.) and selling these products to customers. Bakery ABC has been very successful over the last five years and has been able to invest its profits into securities. Therefore, in addition to income received from the sale of baked goods, Bakery ABC also earns passive income (i.e., interest and dividends) on its investments. In the prior year, Bakery ABC earned gross income of CHF 2,000,000 from the sale of baked goods and CHF 70,000 of interest and dividends on its investments. On December 31 of the prior year, Bakery ABC had assets of CHF 10,000,000 of which CHF 1,000,000 is invested into securities and the remaining CHF 9,000,000 consists of equipment, inventory and other assets that are used in the daily production of the baked goods. Bakery ABC qualifies as an Active NFE by reason of income and assets because less than 50% ( $70,000 / 2,070,000 = 3.4\%$ ) of the gross income in the prior year is Passive Income and less than 50% ( $1,000,000 / 10,000,000 = 10\%$ ) of the assets held by Bakery ABC produce or are held for the production of Passive Income.

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#### Instructions for completion of the AEI Self-Certification form

Certify the AEI Entity classification by checking the box "(f) Active NFE – other" in Part IV of the form "Self-Certification for AEI Account Holder being an Entity".

## Category 12: Active NFE – Non-profit Organization

### CRS Sec. VIII.D.9.h

1. Is the NFE established and operated in its jurisdiction of residence for tax purposes exclusively for religious, charitable, scientific, artistic, cultural, athletic, or educational purposes?
  - a) If yes, move to question 3.
  - b) If no, move to question 2.
2. Is the NFE established and operated in its jurisdiction of residence for tax purposes, and is it 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?
  - a) If yes, move to question 3.
  - b) If no, move to Category 13.
3. Is the NFE exempt from income tax in its jurisdiction of residence for tax purposes?
  - a) If yes, move to question 4.
  - b) If no, move to Category 13.
4. Has the NFE shareholders or members who have a proprietary or beneficial interest in its income or assets?
  - a) If yes, move to Category 13.
  - b) If no, move to question 5.
5. Under the applicable laws of the NFE's jurisdiction of residence for tax purposes or the NFE's formation documents is it permitted that any income or assets of the NFE is distributed to, or applied for the benefit of, a private person or non-charitable entity other than pursuant to the conduct of the NFE'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?
  - a) If yes, move to Category 13.
  - b) If no, move to question 6.
6. Under the applicable laws of the NFE's jurisdiction of residence for tax purposes or the NFE's formation documents is it required that, upon the NFE's liquidation or dissolution, all of its assets are distributed to a Governmental Entity or other non-profit organization, or escheated to the government of the NFE's jurisdiction of residence for tax purposes or any political subdivision thereof?
  - a) If yes, **the NFE may qualify as an Active NFE (Non-profit Organization)**. Please follow the instructions for the completion of the AEI Self-Certification form. You are not required to proceed with further questions in these guidelines.
  - b) If no, move to Category 13.

#### Instructions for completion of the AEI Self-Certification form

Certify the AEI Entity classification by checking the box "(f) Active NFE – other" in Part IV of the form "Self-Certification for AEI Account Holder being an Entity".

## Category 13: Active NFE – Holding NFE that is a Member of a Non-financial Group

### CRS Sec. VIII.D.9.d

1. Do substantially all (i.e. 80% or more) of the activities of the Entity consist of holding (in whole or in part) the outstanding stock of, and / or providing financing and services to, one or more subsidiaries (i.e. according to Swiss guidelines ownership of 10% or more of the value of the entity) that engage in trades or businesses other than the business of an FI?
  - a) If yes, move to question 2.
  - b) If no, move to Category 14.

**Note:** According to Swiss AEI guidance “activities” means the gross income or assets of the Entity. Further, even if the Entity’s holding and group finance activities constitute less than 80% of its activities but the Entity receives also Active Income (i.e. income that is not Passive Income, see Category 11) otherwise, it nevertheless meets the “substantially all test” provided that the total sum of such activities equals or exceeds 80% of its total activities.

2. Does the Entity function or hold itself out 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) If yes, you may want to double-check whether the Entity could be an FI (please check Chapter 1). If you are not an FI, move to Category 14.
  - b) If no, **the NFE may qualify as an Active NFE (Holding NFE that is a Member of a Non-Financial Group)**. Please follow the instructions for the completion of the AEI Self-Certification form. You are not required to proceed with further questions in these guidelines.

**Note:** An Entity meeting all the above requirements would still qualify as an Active NFE (type holding NFE), even if it also meets the requirements to be treated as a PMIE (cf. Category 1, question 3) or Managing Investment Entity (cf. Category 2, question 3).

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### Example: Holding NFE that is a Member of a Non-financial Group

Holding Company XYZ is the parent entity of 5 subsidiary companies that are in the business of manufacturing various parts for automobiles. The sole activity of Holding Company XYZ is to hold the stock of these subsidiary companies. Holding Company XYZ is privately owned and is not traded on an established securities market. Holding Company XYZ was formed as part of the original structure of the business and was not formed in connection with any sort of investment purpose such as private equity, venture capital, etc. Holding Company XYZ qualifies as a Holding NFE that is a member of a non-financial group as the company’s primary purpose is to hold the stock of its subsidiaries and these subsidiaries are engaged in a business that is not financial in nature.

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### Instructions for completion of the AEI Self-Certification form

Certify the AEI Entity classification by checking the box “(f) Active NFE – other” in Part IV of the form “Self-Certification for AEI Account Holder being an Entity”.



## Category 14: Active NFE – Treasury Center that is a Member of a Non-financial Group

### CRS Sec. VIII.D.9.g

1. Is the Entity primarily engaged in financing and hedging transactions with, or for, Related Entities that are not FIs?
  - a) If yes, move to question 2.
  - b) If no, move to Category 15.
2. Does the Entity provide financing or hedging services to any entity that is not a Related Entity?
  - a) If yes, move to Category 15.
  - b) If no, **move to question 3**.
3. Is the Entity part of a group that is primarily engaged in a business other than that of an FI?
  - a) If yes, **the NFE may qualify as an Active NFE (Treasury Center that is a Member of a Non-financial Group)**. Please follow the instructions for the completion of the AEI Self-Certification form. You are not required to proceed with further questions in these guidelines.
  - b) If no, move to Category 15.

**Note:** An Entity meeting all the above requirements would still qualify as an Active NFE (type treasury center), even if it also meets the requirements to be treated as a PMIE (cf. Category 1, question 3) or Managing Investment Entity (cf. Category 2, question 3).

#### Instructions for completion of the AEI Self-Certification form

Certify the AEI Entity classification by checking the box "(f) Active NFE – other" in Part IV of the form "Self-Certification for AEI Account Holder being an Entity".

## Category 15: Active NFE – Start-up NFE

### CRS Sec. VIII.D.9.e

1. Is the 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 an FI?
  - a) If yes, move to question 2.
  - b) If no, move to Category 16.

**Note:** Investing, reinvesting, or trading in Financial Assets is not considered to be a business other than that of an FI.

2. Has it been more than 24 months since the date of the initial organization of the Entity?
  - a) If yes, move to Category 16.
  - b) If no, **the NFE may qualify as an Active NFE (Start-up NFE)**. Please follow the instructions for the completion of the AEI Self-Certification form. You are not required to proceed with further questions in these guidelines.

**Note:** If you classify your Entity as an Active NFE (type start-up NFE), you will need to tell us if, after more than 24 months since the date of the initial organization of the Entity, the classification of your Entity has changed to a Category other than that of an Active NFE; in this case please provide us with a new AEI Self-Certification. An Entity meeting all the above requirements would still qualify as an Active NFE (type start-up NFE), even if it also meets the requirements to be treated as a PMIE (cf. Category 1, question 3) or Managing Investment Entity (cf. Category 2, question 3).

#### Instructions for completion of the AEI Self-Certification form

Certify the AEI Entity classification by checking the box "(f) Active NFE – other" in Part IV of the form "Self-Certification for AEI Account Holder being an Entity".

## Category 16: Active NFE – NFE that is in Liquidation or Emerging from Bankruptcy

### CRS Sec. VIII.D.9.f

1. Is the Entity in the process of liquidating its assets or reorganizing with the intent to continue or recommence operations in a business other than that of an FI?
  - a) If yes, move to question 2.
  - b) If no, move to Category 17.
2. Was the Entity an FI at any time in the past five years?
  - a) If yes, move to Category 17.
  - b) If no, **the NFE may qualify as an Active NFE (NFE that is in Liquidation or Emerging from Bankruptcy)**. Please follow the instructions for the completion of the AEI Self-Certification form. You are not required to proceed with further questions in these guidelines.

**Note:** According to Swiss AEI guidance, in addition to the requirements mentioned above an NFE can only be an Active NFE (NFE that is in Liquidation) if the Entity had already been an Active NFE before liquidation, i.e. it had not previously been a Passive NFE. An Entity meeting all the above requirements would still qualify as an Active NFE (type NFE in liquidation or emerging from bankruptcy), even if it also meets the requirements to be treated as a PMIE (cf. Category 1, question 3) or Managing Investment Entity (cf. Category 2, question 3).

#### Instructions for completion of the AEI Self-Certification form

Certify the AEI Entity Classification by checking the box “(f) Active NFE – other” in Part IV of the form “Self-Certification for AEI Account Holder being an Entity”.

## Category 17: Active NFE – Entity wholly owned by a Governmental Entity, International Organization, or Central Bank

### CRS Sec. VIII.D.9.c

1. Is the Entity wholly owned by a Governmental Entity, International Organization, or Central Bank (see Categories 8 to 10)?
  - a) If yes, **the NFE may qualify as an Active NFE (Entity wholly owned by a Governmental Entity, International Organization, or Central Bank)**. Please follow the instructions for the completion of the AEI Self-Certification form. You are not required to proceed with further questions in these guidelines.
  - b) If no, move to Category 18.

#### Instructions for completion of the AEI Self-Certification form

Certify the AEI Entity Classification by checking the box “(f) Active NFE – other” in Part IV of the form “Self-Certification for AEI Account Holder being an Entity”.

## Category 18: Active NFE – Related Entity (that is not a Corporation) of a Publicly Traded Corporation

### CRS Sec. VIII.D.9.b

1. Is the NFE a Related Entity of a publicly traded corporation?
  - a) If yes, **the NFE may qualify as an Active NFE (Related Entity (that is not a Corporation) of a Publicly Traded Corporation)**. Please follow the instructions for the completion of the AEI Self-Certification form. You are not required to proceed with further questions in these guidelines.
  - b) If no, move to Category 19.

**Note:** If the NFE is a corporation, it may fall under Category 7. In contrast, Category 18 applies to an NFE which is not a corporation (e.g. a partnership). It is irrelevant whether the publicly traded corporation, which the NFE is related to, is an FI or an NFE. Regarding the definitions of “regularly traded” and “established securities market” see Notes under Category 6.

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#### Example: Active NFE - Related Entity (that is not a Corporation) of a Publicly Traded Corporation

Partnership (NFE) that is a subsidiary of a publicly listed corporation

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#### Instructions for completion of the AEI Self-Certification form

Certify the AEI Entity classification by checking the box “(f) Active NFE – other” in Part IV of the form “Self-Certification for AEI Account Holder being an Entity”.

## Category 19: Passive NFE

### CRS Sec. VIII.D.8

Based upon your responses above, the NFE may qualify as a Passive NFE. A Passive NFE is an NFE that is not an Active NFE (see Categories 6 to 18).

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#### Examples of Passive NFE

Trusts with a trustee that is an individual who manages the trust’s assets

Underlying companies of a trust where the assets of the underlying companies are managed by individuals

Private investment vehicles, including domiciliary companies (non-operative companies) and private foundations, that are managed by an individual, i.e. not by a bank or asset/fund manager, fiduciary, etc. that is an entity

Real estate funds that only hold non-debt, direct interests in real property, and that do not engage in active business

**Note:** An Entity that used to qualify as a Passive NFE and that previously had not in place a discretionary asset management mandate with an FI, e.g. an asset management mandate with a bank or a contract with an External Asset Manager (EAM), may qualify as PMIE upon conclusion of such discretionary asset management mandate or contract (cf. Category 1).

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#### Controlling Persons

The term “Controlling Person” means any natural person who exercises control over an Entity (that is a Passive NFE, or PMIE resident in a Non-Participating Jurisdiction). Given the alignment between AEI and the applicable Swiss AML/KYC procedures (including the agreement on the Swiss bank’s code of conduct with regard to the exercise of due diligence, CDB), the scope of Controlling Persons includes all natural persons identified as:

- Beneficial owner for domiciliary companies (non-operative companies) (on Form A);
- Controlling Person of an operating legal entity or partnership (on Form K);
- Founder or beneficiary of a foundation or similar construct, or person having the right to determine or nominate representatives (e.g. members of the foundation board if identified on Form S), if these representatives may dispose over the assets or have the right to change the distribution of the assets or the nomination of beneficiaries (on Form S);
- Settlor or beneficiary of a trust or similar construct, or protector or other person having the right to revoke the trust or appoint the trustee of a trust (on Form T);
- Trustee of a trust or similar construct that is holding the account in the name of the trust (on Form T) if identified on Form T.

**Instructions for completion of the AEI Self-Certification form**

Certify the AEI Entity classification by checking the box "(g) Passive NFE" in Part IV of the form "Self-Certification for AEI Account Holder being an Entity".

Additionally, please document each Controlling Person with a form "Self-Certification for Controlling Persons".

If you do not feel this or any of the previous categories provide an appropriate description of your business, we recommend that you further clarify this within your entity and/or consult your professional tax advisor.



**Credit Suisse Group AG**

CH-8070 Zurich

**[credit-suisse.com](http://credit-suisse.com)**

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