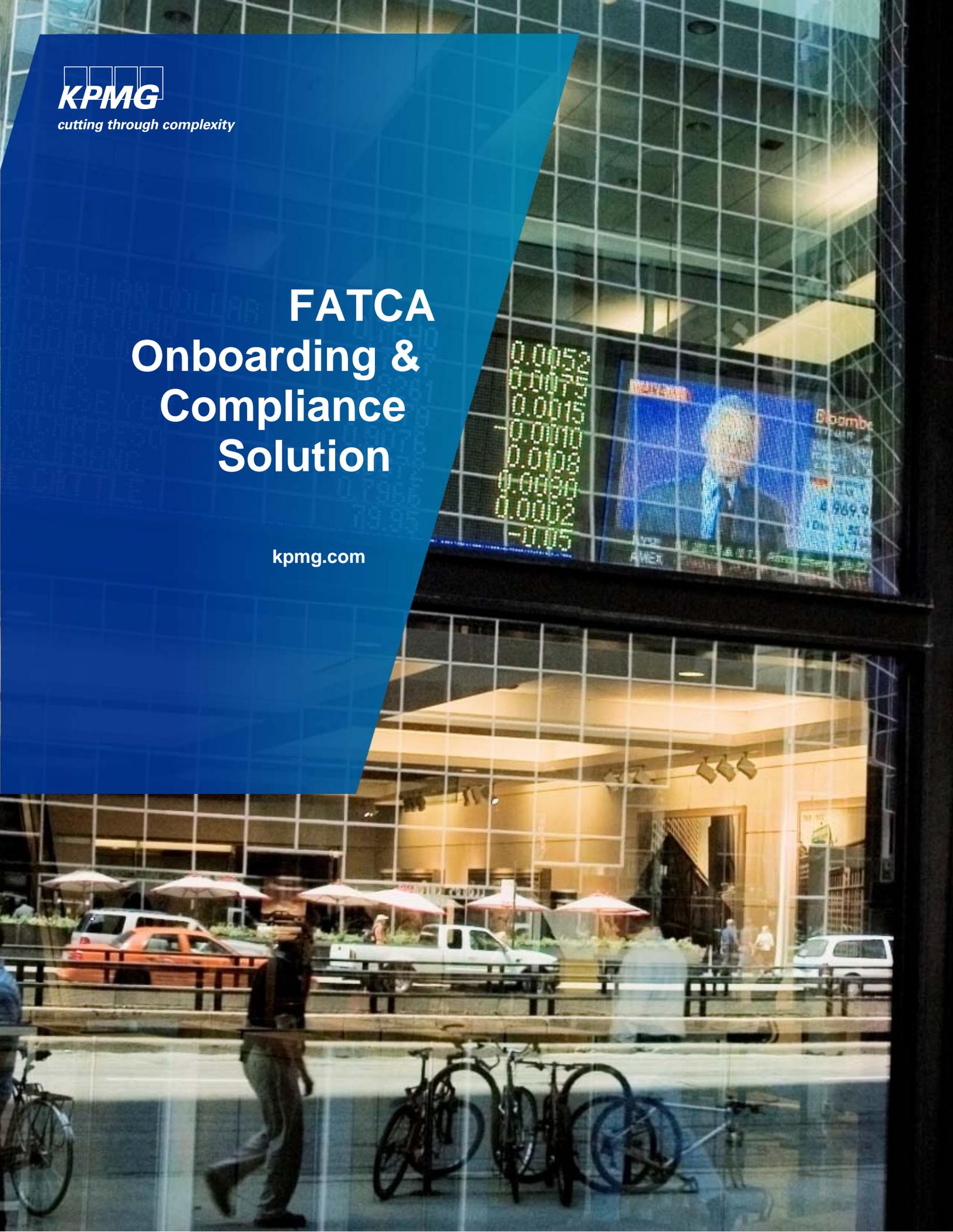




cutting through complexity

FATCA Onboarding & Compliance Solution

kpmg.com



Solution Overview

Foreign Account Tax Compliance Act (FATCA)

On January 17, 2013, the U.S. Department of Treasury and the Internal Revenue Service (IRS) released the long-awaited final regulations for the Foreign Account Tax Compliance Act (FATCA). Enacted to combat offshore tax abuses by U.S. citizens and residents, FATCA's complex information reporting and withholding obligations will significantly affect multiple functions within Financial Institutions (FIs), including tax, legal, operations, and compliance. It will also affect decisions relating to business models and products, as well as market and distribution strategies.

To comply with FATCA, Financial Institutions (FIs) may have to define new processes, implement operational changes, and adopt new technologies. KPMG has developed a comprehensive FATCA onboarding application with features that allow FIs to reduce dependency on their legacy infrastructure and onboard client accounts in a more efficient manner. KPMG's application is designed to manage the end-to-end FATCA lifecycle, including data acquisition, onboarding, remediation, due diligence and reporting. The application enables FIs to consolidate and streamline a number of labor-intensive back-office functions related to FATCA and Chapter 3 of the Internal Revenue Code, Withholding of Tax on Non-resident Aliens (NRA Withholding). In addition, the application includes optional interfaces to related regulations like Know Your Customer (KYC) and Dodd-Frank providing FIs a holistic view of their customer onboarding processes.

Key Benefits



Pre-built policy and workflow engine



Multi-regulation by design

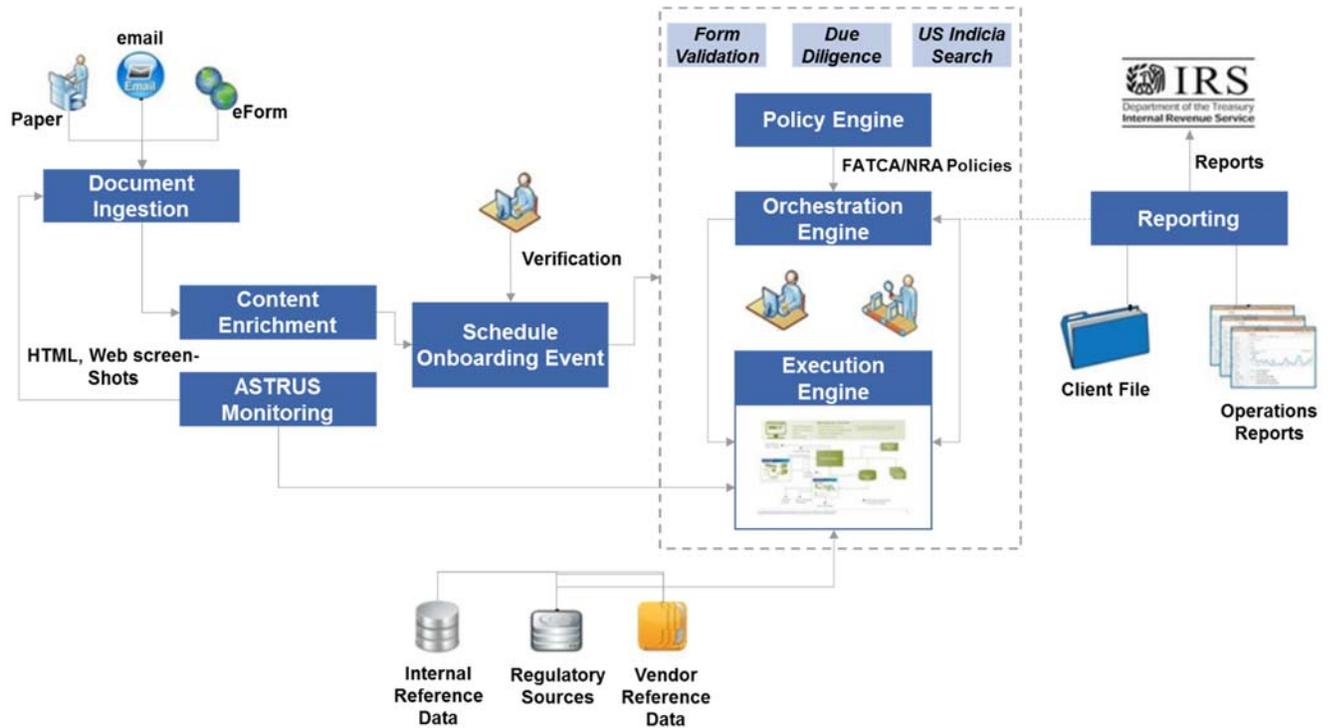


Automation of end-to-end processes



Supported by KPMG's Tax and Onboarding Service

Solution Workflow



Module	Key Features
Policy Engine	<ul style="list-style-type: none"> • Out-of-the-box modules for both FATCA (including due-diligence and US Indicia) and NRA Withholding • Serves as the central repository that houses the FI's regulatory policies, governance models, data quality rules, etc. • Can be easily customized for additional due-diligence and indicia requirements based on the FI's internal policies
Content Enrichment Framework	<ul style="list-style-type: none"> • Uses Natural Language Processing engine, enhanced by KPMG's proprietary "<i>Semantic Model</i>" to extract relevant data elements from any structured and unstructured data source, including scanned-OCR document images, PDF's and electronic forms • Converts the data from different sources into format that is searchable and ready for processing by the Execution Engine
Execution Engine	<ul style="list-style-type: none"> • Serves as the central repository for all data: structured and unstructured • Can execute thousands of policies simultaneously against data residing in documents and databases to determine if the data for various clients is complete, consistent and adheres to FATCA and NRA Withholding requirements

Module	Key Features
Content Monitoring	<ul style="list-style-type: none"> • Fully configurable engine that continuously monitors websites hosting public data (e.g., IRS, OFAC) and subscription data for changes relevant to FATCA and NRA Withholding • Has the ability to download documents and data from preconfigured websites, validate changes, and automatically trigger refresh of previously completed onboardings
Orchestration Engine	<ul style="list-style-type: none"> • Serves as the user interface and executes the end-to-end workflow for all pre-configured regulations • Fully customizable engine that can be adapted to suit the FIs operations, role definitions, and governance model

Key Product Features

Automated Data Extraction and Verification – Includes the ability to automatically extract and validate data from IRS published tax forms including W-8BEN-E, W-8BEN, W-8IMY, W-8ECI, W-8EXP, and W-9. In addition the application currently supports automated extraction and validation of data from 65 non-IRS forms, including Articles of Incorporation, financial statements, withholding statements, passports, driver licenses, account profile forms, etc.

Class	Category	
EIN		
SSN	982310098	
affidavitEndDate1	2013	
affidavitEndDate2	2013	
affidavitSignerCapacity	Self	
affidavitStartDate1	2012	
affidavitStartDate2	2012	
affidavitdocSignature	true	
affidavitdocSignatureDate	2013-27-10T00:00:01-00:00	
beneficialOwnerStatus	Individual	
docSignature	true	
docSignatureDate	2013-10-27T00:00:01-00:00	
docType	W8-BEN [2006] with Affidavit	
docType_NATIVE	W8-BEN [2006] with Affidavit : PDF Form	
entityCityAddress	West Midlands CV6	
entityCountry	United Kingdom	



Enhanced US Indicia Search and Due Diligence – Offers automation of the FIs due-diligence requirements related to FATCA. The application automatically searches through all existing data (scanned paper forms, internal reference data, emails, etc.) to verify data on the classification forms against pre-existing data. The application automatically flags and escalates contradicting information for further internal reviews.

Name	Result
▶ Check for most recent Withholding Statement	Failure
▲ Check for US Indicia and Cure Documentation for US Indicia - US Mailing Address or Permar	Success
▲ Call of nested decision Check for US Indicia - US Permanent Address	Success
▶ Check for US Indicia - US Permanent Address	Failure
📄 Nested decision returned false	Success
▲ Call of nested decision Check for US Indicia - US Telephone Number - Scenario 3	Success
▶ Check for US Indicia - US Telephone Number - Scenario 3	Failure
📄 Nested decision returned false	Success
▲ Call of nested decision Check for US Indicia - US Incorporation Country	Success
▶ Check for US Indicia - US Incorporation Country	Failure
📄 Nested decision returned false	Success
▶ Call of nested decision Check for US Indicia - US Mailing Address	Success
▶ Main Processing	Success

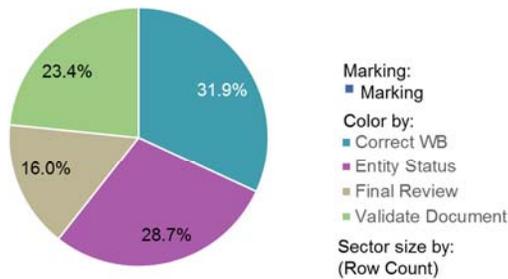
Customized Workflow and Interfaces – Includes a default workflow and governance engine that can be used to automatically assign tasks to various internal resources and groups based on type of entity, priority, classification, due-diligence/US Indicia issues, and workflow status. The entire workflow and governance engine can be easily customized to meet organizational needs.

The screenshot shows the KPMG Compliance Reports interface. The main section is titled 'FATCA Work View' and contains a table of tasks. The table has columns for Task ID, Task Name, Entity Name, Process Name, State, Start Date, Process ID, and Task Version. There are four tasks listed, all in an 'OFFERED' state.

Task ID	Task Name	Entity Name	Process Name	State	Start Date	Process ID	Task Version
1	PendingRemediation	James Albert	ExecuteFATCAOnboardin	OFFERED	06/11/2014 16:59:36	pvm0e12g	2
2	PendingSignOff	Test Entity 4	ExecuteFATCAOnboardin	OFFERED	06/24/2014 09:19:49	pvm0e12g6	2
3	PendingSignOff	Randomm house	ExecuteFATCAOnboardin	OFFERED	06/24/2014 09:30:58	pvm0e12g7	2
4	PendingSignOff	Randomm house	ExecuteFATCAOnboardin	OFFERED	06/24/2014 09:31:58	pvm0e12g8	2

Powerful Reporting and Analytics Engine – Is pre-configured with several key status and error reports. The application also has a robust analytics engine to support business and management needs around strategic, performance, and operational key performance indicators.

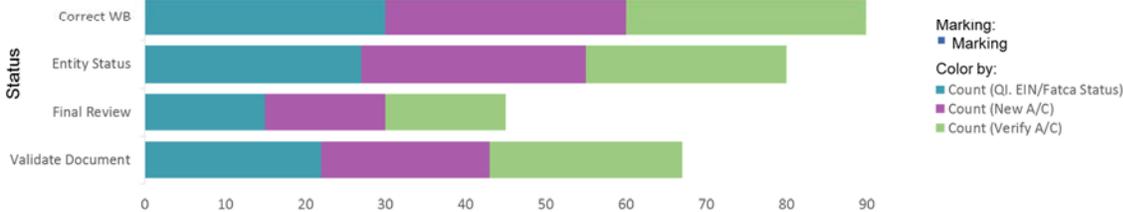
FATCA Processing by Process Step



KPMG Processing Time Versus Traditional Procedure



FATCA Processing Requirements



Enhanced Audit Trail – Provides a detailed audit trail of policies that are executed when onboarding, classifying, or remediating client accounts, allowing transparency for internal and external audits. The application also has the ability to create and print a detailed “Client File” for every instance of onboarding, which includes the data and documents that were used for the onboarding along with every policy that was used to validate and complete the onboarding.

Name	Result
▶ Identify most recent Withholding Certificate	Success
▶ Check if W-9 is valid - Individual	Success
▶ Main Processing	Success
▶ W9 validated	Success
W9-Individual is not null	Success
Federal Tax Classification in W9-Individual is Individual	Success
Date of Signature in W9-Individual is not null	Success
Signature in W9-Individual is not null	Success
City in W9-Individual is not null	Success
Street Address in W9-Individual is not null	Success
Social Security Number in W9-Individual is not null	Success

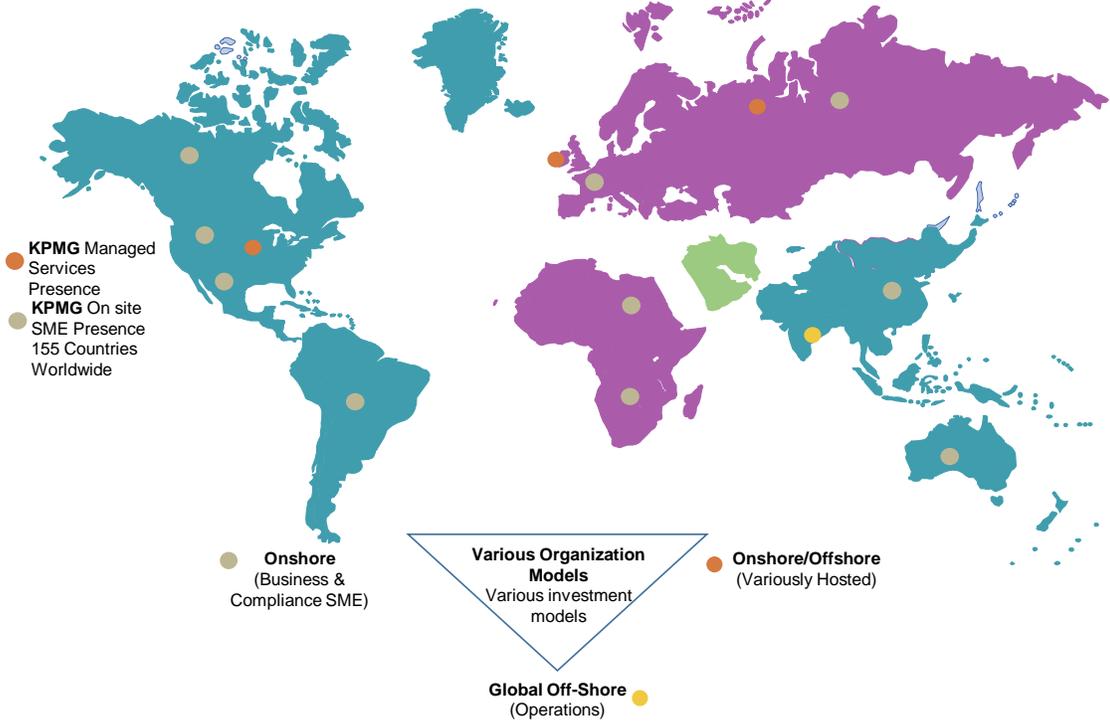
Change Management and Regression Analysis of Policies – Has the capability to conduct detailed impact analysis of policy changes to analyze and estimate the timeline and cost of upcoming regulatory changes. The application also has the ability to maintain multiple versions of policies by jurisdiction and line of business.

Name^	Qualified Name	Creation Time^	Modification Time^
WB-BEN-E Scenario - Check if WB-BEN-E is valid	WB-BEN-E Scenario - Check if WB-BEN-E is valid	Sat May 04 09:06:28 EDT 2013	Thu Jan 16 04:38:30 EST 2014
WB-BEN-E Scenario - Identify the FATCA Status based on WB-BEN-E	WB-BEN-E Scenario - Identify the FATCA Status based on WB-BEN-E	Sat May 04 09:06:28 EDT 2013	Fri Jan 24 00:14:22 EST 2014
FATCA1-isDocumentAuditedFinancialStatement	FATCA1-isDocumentAuditedFinancialStatement	Sat May 04 09:06:28 EDT 2013	Wed Feb 26 02:45:30 EST 2014
FATCA1-isDocumentOwnerReportingStatement	FATCA1-isDocumentOwnerReportingStatement	Sat May 04 09:06:28 EDT 2013	Wed Feb 26 02:47:59 EST 2014
FATCA1-isDocumentOrganisationalDocument	FATCA1-isDocumentOrganisationalDocument	Sat May 04 09:06:28 EDT 2013	Wed Feb 26 02:51:32 EST 2014
WB-BEN-E Scenario - Check if the entity is claiming Treaty Benefits	WB-BEN-E Scenario - Check if the entity is claiming Treaty Benefits	Sat May 04 09:06:28 EDT 2013	Mon Feb 17 23:04:47 EST 2014
WB-BEN-E Scenario - Identify the FATCA Classification based on FATCA Status	WB-BEN-E Scenario - Identify the FATCA Classification based on FATCA Status	Sat May 04 09:06:28 EDT 2013	Wed May 21 02:29:59 EDT 2014
FATCA1-isDocumentTrustAgreement	FATCA1-isDocumentTrustAgreement	Sat May 04 09:06:28 EDT 2013	Wed Feb 26 02:53:44 EST 2014
FATCA1-isDocumentArticlesOfIncorporation	FATCA1-isDocumentArticlesOfIncorporation	Sat May 04 09:06:28 EDT 2013	Wed Feb 26 02:55:42 EST 2014
FATCA1-isDocumentArticlesOfAssociation	FATCA1-isDocumentArticlesOfAssociation	Sat May 04 09:06:28 EDT 2013	Wed Feb 26 02:58:18 EST 2014
FATCA1-isDocumentArticlesOfOrganization	FATCA1-isDocumentArticlesOfOrganization	Sat May 04 09:06:28 EDT 2013	Wed Feb 26 03:03:47 EST 2014
FATCA1-isDocumentRestrictionOfBenefits	FATCA1-isDocumentRestrictionOfBenefits	Sat May 04 09:06:28 EDT 2013	Wed Feb 26 03:05:24 EST 2014

KPMG's FATCA Managed Services

KPMG's FATCA Solution is a fully managed services offering backed by our global experience in regulatory compliance. The entire process of data extraction, validation, onboarding and remediation is handled by KPMG's Managed Services using the application. The application can be integrated with the FI's own onboarding application(s) to provide end-to-end transparency of the steps completed to achieve regulatory compliance. The service offers a high degree of cost efficiency due to a global workforce and highly sophisticated application that brings automation to almost all aspects of the onboarding process.

KPMG's Managed Services Footprint



Summary

With KPMG's FATCA Solution, FIs will be able to:

- Provide your clients an electronic application to exchange information using eforms, and built-in questionnaires
- Automatically extract information from all client provided documents (printed forms and electronic forms)
- Process different types of clients and assess their FATCA status in real-time
- Identify U.S. counterparties (individuals, entities) based on our pre-built US Indicia rules in the policy engine
- Comply with IRS due diligence requirements by identifying contradicting information across unstructured documents as well structured reference data
- Automatically create and send yearly reports in the format required by IRS or local tax authorities
- Maintain complete audit trail of every document, data, and policy that was used to complete onboarding and achieve compliance
- Easily interface with other internal onboarding and regulatory applications allowing compliance with no need to modify existing applications and processes
- Be adaptable to future regulations from IRS or other similar international regulatory bodies

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates

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