

20 December 2017

The Automatic Exchange of Information (AEOI)

Saxo Bank (Switzerland) Ltd. (hereafter "the Bank") is a reporting Swiss financial institution in accordance with the Federal Act on the International Automatic Exchange of Information in Tax Matters (AEOI Act). The AEOI Act is the legal basis for implementing the AEOI Standard in Switzerland.

The purpose of the AEOI is to help prevent crossborder tax evasion. Under the provisions of the AEOI, all financial institutions, such as Saxo Bank (Switzerland) Ltd., must gather financial information about clients with a tax residence abroad. Each year they must report this information to the relevant authorities in the reportable person's country of residence via the Swiss Federal Tax Administration (SFTA).

This document provides information about the AEOI and explains what the new global standard means for you.

1. How does AEOI work?

Financial institutions subject to reporting requirements such as the Bank are obliged to report the relevant information (see question 5) about the non-resident reportable persons to the SFTA each year. The SFTA then forwards this information to the respective tax authorities of the reportable persons (see question 3).

2. When will the AEOI enter into force?

It is expected that the AEOI will be implemented rapidly and globally. To date, around 100 countries, including all major financial centres, have expressed their commitment to adopt the new standard. The list of the committed countries can be found here: <http://www.oecd.org/tax/transparency/AEOI-commitments.pdf>.

Switzerland has made arrangements to introduce the AEOI with all EU Member States and with Australia, Canada, Guernsey, Isle of Man, Iceland, Japan, Jersey, Norway and South Korea with effect from 1 January 2017. The first exchange of information between Switzerland and these countries will take place in September 2018 regarding the year 2017. Additional countries will follow just one year later. It is important to note that data will only be exchanged with countries that have concluded an agreement regarding the AEOI with Switzerland. A constantly updated list of Switzerland's AEOI partner jurisdictions is available at <https://www.sif.admin.ch/>.

Clients who close their accounts before the AEOI with the respective partner jurisdiction enters into force will not be reported under the AEOI. Such clients are, however, at risk of being affected by a (group) request for administrative assistance under either existing Double Taxation or Tax Information Exchange Agreements, or the OECD Administrative Assistance Convention, irrespective of their tax status.

3. Which persons will be reported under the AEOI?

Reportable accounts are accounts held by natural persons as well as accounts held by entities. If an account is held in a fiduciary capacity by a natural person or an entity that is not a financial institution on behalf of or for the account of a third party, that third party or the beneficial owner is deemed to be the account holder for the purposes of AEOI. In the case of accounts held by entities, the requirement to identify and report may concern under certain circumstances also the controlling person(s). For more detailed information on the terms "account holder" or "controlling person" please consult the OECD Common Reporting Standard and the implementing legal provisions.

Only accounts where the holder or controlling person is a reportable person are reportable accounts.

Tax domicile means the place where the client is subject to unlimited taxation. Usually, the tax domicile matches with the main residence of the client. A holiday apartment usually triggers just a limited tax liability and is not relevant for AEOI purposes.

20 December 2017

4. Is the AEOI also relevant for domestic clients?

Persons, which are resident for tax purposes solely in Switzerland, are generally not required to be reported by the Bank. However, the clients in respect of which any indicia exist that indicate another residence (e.g. foreign phone number), will be reported under the AEOI to the indicia countries, provided that such indicia could not be cured.

5. What information is exchanged under the AEOI?

Under the AEOI, the following information on reportable persons (account holders and controlling persons) is sent each year by the Bank to the client's country of residence, via the SFTA:

- Name, address, tax domicile, tax identification number (TIN) and date of birth of the reportable person
- Role of the controlling persons in case of Passive NFE
- Account number
- Total account balance as at 31 December of each year
- Total gross amount of interest, dividends and other income, as well as total gross proceeds from the sale or redemption of assets.

Moreover, the name and identification number of the Bank are also reported.

As mentioned under question 2, a reporting only takes place if the AEOI is in force between Switzerland and the country of residence of the account holder or controlling person.

6. What rights do you have?

Persons subject to reporting requirements are entitled to the rights accorded under the Federal Act on Data Protection (FADP) and the AEOI Act in relation to this information collected by the Bank and sent to the SFTA. As a result, clients may request information about this data and exercise their right to have incorrect data corrected.

However, clients do not have the right to access SFTA records and block or appeal against forwarding of data to the respective authorities.

7. What happens with the data that is exchanged?

Generally, the information exchanged may only be made available to tax authorities of a partner jurisdiction in which the reportable person is resident and may only be used for tax purposes. In principle, it is prohibited for the receiving partner jurisdiction to forward the received information to another jurisdiction, and it must treat the information as confidential. Generally, the receiving partner jurisdiction may only make the information exchanged available to persons and authorities responsible for handling or supervising taxation in that country.

8. Are there any obligations related to a change of the AEOI status or the tax residence?

Should the tax residence or the AEOI status of reportable persons change, they are obliged to inform the Bank within 30 days since such change occurs.