sifma
Invested in America

June 21, 2013

Delivered Electronically

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RE: Comments on the Final FATCA Regulations

Ladies and Gentlemen,

The Securities Industry and Financial Markets Association ("SIFMA")[1] is submitting these comments on the final regulations implementing the provisions of the Foreign Account Tax Compliance Act ("FATCA") that were included in section 501 of the Hiring Incentives to Restore Employment Act.

SIFMA appreciates the substantial and thoughtful efforts that the Department of the Treasury and the Internal Revenue Service ("IRS") put into the development of the final regulations, as well as the consideration that was given to many of SIFMA's previous comments and suggestions. The remainder of this letter comments on a number of issues that SIFMA's members have identified in the final regulations.

[1] SIFMA brings together the shared interests of securities firms, banks, and asset managers. SIFMA's

SUMMARY

1. Further relief is necessary regarding the January 1, 2014 effective date in order to avoid over-withholding due to delays in the promulgation of essential guidance.

2. Further clarification should be provided regarding reliance on documentation collected by or certifications provided by other persons. (§§1.1471-3(c)(8) and -3(c)(9))

3. The transitional relief for limited branches and affiliates should be made permanent. (§§1.1471-4(e)(2) and -4(e)(3))

4. The "reason to know" standard and related provisions should be clarified. (§§1.1471-3(e)(4))

5. The rules regarding electronic transmissions should be relaxed and expanded (§1.1471-3(c)(6)(iv)).

6. The "eyeball" test and documentary evidence for preexisting and new obligations should be expanded. (§1.1471-3(f)(3) and related provisions)

7. Foreign branches of U.S. banks should not be subject to two parallel regimes. (§1.1471-2(a)(2)(v))

8. A minimum threshold should be added to the rule for professionally managed investment entities. (§1.1471-5(e)(4)(i)(B))

9. The rule for material modifications of grandfathered debt instruments should be clarified. (§1.1471-2(b)(4)(ii))

10. The rules should include an exception to the requirement to obtain a withholding certificate for all payments made to an IGA Foreign Government (§1.1471-3(d)(9)(i)) and a modification to Annex I of the IGAs with respect to international organizations.

COMMENTS

1. **Further relief is necessary regarding the January 1, 2014 effective date in order to avoid over-withholding due to delays in the promulgation of essential guidance.**

Although the financial industry has been actively working to implement FATCA, there is a growing and widespread realization that the industry will not be ready on January 1, 2014, and accordingly that there will be a substantial amount of over-withholding if the January 1, 2014 effective date for withholding is retained. Such withholding will likely have severe adverse consequences for the financial markets generally, and will potentially expose financial intermediaries to claims from their counterparties. In our April 30, 2012 comment letter, SIFMA shared the attached chart illustrating the timeline for development of systems necessary to comply with FATCA (see Appendix 1 to SIFMA's April 30, 2012 letter, which anticipates a 15-month timeline). At the time, we had assumed that "all relevant final FATCA regulations, forms, instructions, and model agreements" would be available by September 1, 2012. It is now more than 9 months past that date, and key forms and instructions are not yet available in final form. For example, we would have needed the final FATCA Forms W-8 and their instructions by now in order to have been able to program the forms into our systems for a January 1, 2014 effective date. In addition, we are lacking critical guidance on the coordination of the obligations of U.S. payors (including controlled foreign corporations) under Chapters 3, 4, and 61 as well as the technical corrections to the final FATCA regulations that were promised months ago.

An added complication that our members did not fully anticipate in 2012 is that foreign financial institutions ("FFIs") in most countries – including many of the United States' most important trading partners – are waiting to learn whether they will be subject to an intergovernmental agreement ("IGA") and, if so, to obtain further guidance from the IGA country as to how to register and to comply with specific rules of the IGAs (including determining whether they qualify for exempt status). Until they receive this guidance, properly certifying their Chapter 4 status will be difficult if not impossible, which will result in unnecessary FATCA withholding beginning January 1, 2014. For example, FFIs in countries where local authorities are negotiating a Model I IGA agreement are likely to be reluctant to sign FFI agreements directly with the IRS. In some cases, FFIs will be prohibited by law from doing so. Our members have no assurance that such agreements will be signed by the time FATCA withholding goes into effect.

The absence of final forms and instructions and critical guidance is a serious impediment to U.S. financial institutions ("USFIs") and FFIs being able to be ready by January 1, 2014 (since the IT systems will need to be programmed in conformity with the forms). As we previously advised the Treasury and the IRS, withholding agents will require at least 15 months from the issuance of all final guidance in order to design, build and implement the necessary systems.

It is important that a more realistic effective date timeline (or other effective relief from the January 1, 2014 withholding requirements) be promulgated soon, so that financial institutions can proceed on a prudent and cost-efficient basis to implement FATCA. We believe there is a much stronger case today than last April for a January 1, 2015 implementation date for FATCA withholding and we would urge you to reconsider that option. However, if that option is still not acceptable, we would urge you to consider retaining the January 1, 2014 withholding deadline for the covered classes of income only to the extent that withholding agents have actual knowledge of an FFI's Chapter 4 status.

If Treasury decides to retain the January 1, 2014 deadline, SIFMA also requests that Treasury, no later than October 1st of this year, publish a list of countries that may be treated, for FATCA purposes, as Model I IGA countries, even if the formal processes of adopting each expected Model I IGA are not complete. This will help to clarify for our members <u>and for all FFIs</u> which FFIs will be required to sign FFI agreements directly with the IRS, and implement the processes necessary to comply with due diligence and other requirements of the FFI agreement as opposed the IGA.

Finally, we request that Treasury consider extending the compliance date for final regulations relating to cost basis reporting if the current FATCA deadlines remain in place, as our members are facing particular difficulty allocating resources, due to the coincidence of the FATCA grandfathering and withholding deadline and the effective date of the most recent cost basis reporting regulations. Many of the same systems and other resources are involved, and both projects require significant startup programming costs. On behalf of our members, we urge you to consider an extension of one or both rules so that financial institutions will have time build and implement the necessary systems to comply with the aforementioned requirements.

2. <u>Further clarification should be provided regarding reliance on documentation collected by or certifications provided by other persons. (§§1.1471-3(c)(8) and -3(c)(9))</u>

The regulations contain very helpful rules allowing a withholding agent to rely on (i) a shared documentation system maintained by an agent or by another branch location of the withholding agent or of another member of the expanded affiliated group, (ii) third-party data providers, (iii) a certification provided by an introducing broker, and (iv) documentation and certifications provided between principals and agents. We have assumed that, as in other areas, Chapter 3 will be revised to incorporate similar provisions.

In addition we have the following comments regarding these rules:

- In the third-party data providers rule at §1.1471-3(c)(9)(ii), subparagraph (E), the clause stating that the withholding agent "will remain liable for any underwithholding that occurs as a result of its reliance on information provided by the third-party data provider *if the documentation is invalid or unreliable"* should be revised to incorporate the reason to know standard that applies under subparagraph (D) of that section and the other rules in -3(c)(9).

- In the third-party data providers rule, we do not understand why subparagraph (F) provides that, "This paragraph (c)(9)(ii) does not apply to a withholding statement or a withholding certificate that contains an election to accept withholding or reporting responsibility (such as one made by a qualified intermediary ("QI"), territory financial institution, or U.S. branch) provided by a third-party data provider." We believe that while the election to accept withholding or reporting responsibility is personal to the withholding agent that makes such election, such a withholding agent should be able to use a third-party data provider and another withholding agent should be able to rely upon a withholding statement or certificate it receives from the third party data provider. We request that this subparagraph be clarified accordingly.

3. <u>The transitional relief for limited branches and affiliates should be made permanent. (§§1.1471-4(e)(2) and -4(e)(3))</u>

The absence of a permanent solution under the regulations (in the absence of an IGA), after 2015, for participating FFIs that have a branch or affiliate that is unable to fully comply with Chapter 4 is a very serious problem. We appreciate that Treasury wishes to incentivize countries to enter into IGAs, but it is evident that the process is a slow one and that it is highly unlikely that all countries with rules that conflict with FATCA will complete IGA agreements and promulgate legislation conforming with FATCA by the end of 2015. Also, there likely will be other strong incentives for countries to enter into IGAs, without the prospect of 30% withholding for payments to otherwise compliant FFIs with branches in jurisdictions where FATCA compliance is impossible. Accordingly, we recommend that the regulations should adopt a permanent rule for limited branches and affiliates similar to the solution adopted in the IGAs and to the temporary relief provided by the regulations. The affected FFIs have no real control over the decision making of foreign governments in relation to FATCA and we believe that it would be inappropriate to penalize an entire expanded affiliated group for the decision of a foreign government to retain laws or regulations inconsistent with FATCA after 2015. We would be pleased to work with you to help develop an appropriate alternative solution.

4. **The "reason to know" standard should be clarified. (§§1.1471-3(e)(4) and related provisions)**

We understand the rationale underlying the "reason to know" standard, but we are concerned that as drafted it could be interpreted to impose due diligence requirements that are impractical and burdensome, and thus could expose financial institutions to substantial liability for risks that they should not reasonably be bearing. Customer on-boarding personnel are not U.S. tax experts and should not be required to, for example, scour credit reports and other files to ascertain whether they might contain information that is inconsistent with a customer's claimed Chapter 4 tax status.

Accordingly, we recommend that the regulations eliminate the requirement in §1.1471-3(e)(4)(i) for withholding agents to determine if a client's claim of FATCA status conflicts with any information in the client's files. This standard assumes that onboarding personnel have detailed knowledge of the different FATCA classifications and presents financial institutions with requirements for which no reasonable processes can be established. Similarly, we recommend that the regulations eliminate the requirement in §1.1471-3(e)(3)(i) to treat any entity as a limited FFI (instead of a participating FFI or registered deemed compliant FFI) simply because: (i) the withholding agent has a permanent residence or mailing address in a country other than the country in which the entity claims to be a participating FFI or registered deemed compliant FFI; or (ii) the withholding agent makes a single payment to the entity at an address outside the country in which the entity claims to be a participating FFI or registered deemed compliant FFI. We note that this standard, which did not appear in the proposed regulations, presents a "hair trigger" requirement such that a single payment can result in a requirement to invalidate the form.

We are also concerned that the May 2013 draft version of Form W-8BEN-E is unnecessarily complex with respect to non-reporting IGA FFI certifications. Numerous varieties of non-reporting IGA FFIs are described in Annex II of the IGA, including exempt beneficial owners (governments, central banks, international organizations, certain retirement funds, etc.) and registered deemed compliant FFIs. Part XI of the draft Form W-8BEN-E, however, requires a beneficial owner to describe how the owner "is treated" under the IGA, with a space on the form for a written description. Requiring such a description would likely result in confusion for both beneficial owners, who must now make a legal assessment of how they are treated under an IGA, and withholding agents, who must interpret and assess the validity of such descriptions. To prevent unnecessary confusion for beneficial owners and thorny validation problems for withholding agents, we urge the IRS to eliminate the need for a written description of the beneficial owner's treatment under the IGA. Instead, the beneficial owner should simply be allowed to certify its status as a non-reporting IGA FFI.

5. <u>The rules regarding electronic transmissions should be relaxed and expanded. (§1.1471-3(c)(6)(iv))</u>

It is critical that the procedures for electronic transmittal of forms and other documentary evidence (including by email or facsimile) be workable and consistent across Chapters 3, 4 and 61.

§1.1471-3(c)(6)(iv) introduces an additional requirement that the withholding agent confirm that the person furnishing a copy of a withholding certificate, statement or other documentary evidence electronically is the person named on the form. This requirement is not workable. Often there is no practical way to confirm from the transmittal or related facts the identity of an individual's e-mail address or fax number, nor that the person who provides or signs a form on behalf of an entity is the person named on the form or such person's authorized representative. Therefore, we recommend that this requirement be dropped.

In addition, the regulations under both Chapter 3 and Chapter 4 should be expanded consistently to permit investment advisers, introducing brokers and other financial intermediaries (whether or not they are withholding agents, and including nonqualified intermediaries, nonwithholding foreign partnerships and nonwithholding foreign trusts) to provide by electronic transmission a withholding certificate, statement or other documentary evidence that they receive directly or indirectly through a chain of intermediaries from the person signing the form. Furthermore, withholding agents should be permitted to rely on Forms W-8 and W-9 obtained via an electronic system maintained by participating FFIs and IGA Reporting Financial Institutions (including nonqualified intermediaries, nonwithholding foreign partnerships, and nonwithholding foreign trusts) that has been approved by the IRS as evidenced by the IRS Electronic W-8 Memorandum of Understanding ("EW-8 MOU") Program between withholding agents and the IRS.

6. <u>The "eyeball" test and documentary evidence for preexisting and new obligations should be expanded. (§1.1471-3(f)(3) and related provisions)</u>

§1.1471-3(f)(3) should be revised to provide clear guidance on the circumstances in which a withholding agent may rely on the presumption contained in §1.6049-4(c)(1)(ii)(A)(1) to treat a corporation as a U.S. person other than a specified U.S. person. We recommend that a withholding agent may rely on the presumption contained in §1.6049-4(c)(1)(ii)(A)(1) to treat a corporation as a U.S. person other than a specified U.S. person if it knows (including but not limited to knowledge on the basis of documentary evidence) that the corporation is a domestic corporation the stock of which is regularly traded on one or more established securities markets or is a member of the same expanded affiliated group whose parent corporation's stock is regularly traded on one or more established securities markets. In these circumstances, the presumption under §1.1471-3(f)(3)(ii) should not apply so as to treat the corporation as a foreign person that is treated as a nonparticipating FFI under -3(f)(4).

§§1.1471-3(d)(2)(ii) and -3(d)(2)(iii) should be revised to clarify that a withholding agent may also treat a payee as a U.S. person, or as a U.S. person other than a specified U.S. person, based entirely on the presumption rules in §1.6049-4(c)(ii) (as modified by §1.1471-3(f)(3) pursuant to our recommendation above), without having previously reviewed any documentation.

7. **Foreign branches of U.S. banks should not be subject to two parallel regimes. (§1.1471-2(a)(2)(v))**

A foreign branch of a U.S. financial institution ("USFI") is subject to the provisions of an IGA if the branch is located in the jurisdiction covered by the IGA. Under the provisions of both Model I and Model II IGAs, such branches are treated as *Reporting Financial Institutions* and subject to the obligations imposed by the IGA. Controlled foreign corporations ("CFCs") of USFIs are likewise subject to the provisions of an IGA if the CFC is resident in that jurisdiction.

The IGAs provide for a separate set of rules and procedures for documenting, withholding and reporting with respect to accounts maintained by a Reporting Financial Institution. These rules are an alternative to complying with the rules and procedures set forth in the Chapter 4 regulations. The rules provided in the IGAs concerning documenting accounts and Chapter 4 withholding appear to apply (and the rules in the regulations do not apply) to a CFC of a USFI resident in an IGA jurisdiction.

The rules are less clear when applied to branches of USFIs located in IGA jurisdictions. Are such foreign branches subject to the tax documentation rules in accordance with the regulations or in accordance with the IGAs? The regulations do not specifically address which documentation standards apply to foreign branches.

If the regulations are not clarified, a Reporting Financial Institution may be required to produce a Form W-8 or other certification when transacting with another Reporting Financial Institution that happens to be a branch of a USFI, but would not be required to produce such documentation when transacting with other Reporting Financial Institutions. This distinction seems arbitrary, is likely to generate significant confusion in the market and is likely contrary to the expectations of the Partner Jurisdictions that have executed IGAs with the U.S. Moreover, if foreign branches of USFIs are required to comply with the documentation rules contained in the regulations (generally, a Form W-8) as opposed to the rules in the IGAs (generally, reliance on client relationship, regulatory, or publically available information), they would be at a competitive disadvantage. IGA partner jurisdictions have made it clear that they expect customers of Reporting Financial Institutions should only be required to provide the types of documentation described in the IGAs. If customers of foreign branches of USFIs are required to provide a Form W-8, customers will have an incentive to do business with Reporting Financial Institutions which are not foreign branches of USFIs. In order to maintain a level playing field in those jurisdictions, it is imperative that the documentation standards required for all Reporting Financial Institutions be the same.

Therefore, we recommend that the regulations be clarified to provide that a foreign branch of a USFI located in either a Model I or Model II IGA jurisdiction be subject to the documentation standards in the IGAs, and not those in the regulations, with respect to accounts maintained at the branch for purposes of determining whether to withhold under §1471 and §1472.

We also recommend that the regulations be amended to provide that foreign branches of USFIs and CFCs located in IGA jurisdictions are subject solely to the Chapter 4 withholding requirements applicable to Reporting Financial Institutions resident in the IGA jurisdiction. §1.1471-2(a)(2)(v) provides that a foreign branch of a USFI located in a Model I IGA must withhold in accordance with the rules in the regulations under §1471 and, presumably, also in accordance with the rules in a Model I IGA. For the same competitive reasons described above concerning documentation standards, we believe the same Chapter 4 withholding obligations should apply to all Reporting Financial Institutions subject to an IGA.

We recommend that the language in §1.1471-2(a)(2)(v) that provides that a foreign branch that is a Model I FFI "…must withhold in accordance with this section" be changed to read "… must withhold in accordance with the IGA and not with this section" and that similar guidance be provided with respect to withholding obligations under §1472. This revision to the regulations should also include a reference to Model II IGAs.

8. <u>A minimum threshold should be added to the rule for professionally managed investment entities. (§1.1471-5(e)(4)(i)(B))</u>

The rule that an investment entity "is managed by another entity if the managing entity performs, either directly or through another service provider, any of the activities described in paragraph (e)(4)(i)(A) . . . on behalf of the managed entity" is too broad and will create compliance difficulties. It also appears to be much broader than the comparable provision of IGAs, which treats an investment entity as an FFI only if the entity itself is professionally managed. If Treasury and the IRS wish to expand the scope of investment entity FFIs under the regulations from the scope under the IGA definition, at a minimum the assets under professional management should exceed a minimum threshold of the investment entity's assets, and for this purpose, we believe that 25 percent would be an appropriate minimum threshold.

9. <u>The rule for material modifications of grandfathered debt instruments should be clarified. (§1.1471-2(b)(4)(ii))</u>

The regulations helpfully provide that "a withholding agent is required to treat a modification of an obligation as material only if the withholding agent knows or has reason to know that a material modification has occurred with respect to the obligation." The next sentence then states that this requirement is satisfied in the case of a withholding agent (other than the issuer or its agent) if the withholding agent receives a disclosure from the issuer stating that there has been a material modification. This sentence could be read to imply that there may be other circumstances in which an agent would be deemed to have reason to know that a material modification has occurred, and that the withholding agent might have some undefined due diligence obligation. We do not believe that this implication was intended, and we suggest that the second sentence be modified to add the "only" limitation that is found in the first sentence. In addition, we recommend that Treasury request, or, if possible, require that issuers use consistent language to identify FATCA-relevant modifications, such as the term "significant modification" that appears in the regulations under IRC Sec. 1001 and in the definition section of §1.1471-2(b). This will provide clear notice of such modifications, making it easier for our members and the market data providers upon whom they rely to interpret notifications provided by issuers. As modified, the sentence would read:

> "A withholding agent, other than the issuer of the obligation (or agent of the issuer), has reason to know that a material modification has occurred with respect to an obligation *only* if the withholding agent receives a disclosure from the issuer of the obligation (or its agent) stating that there has been a "significant modification" of such obligation within the meaning of §1.1001-3(e)."

10. The rules should include an exception to the requirement to obtain a withholding certificate for all payments made to an IGA Foreign Government (§1.1471-3(d)(9)(i)) and a modification to Annex I of the IGAs with respect to international organizations.

§1.1471-3(d)(9)(i)(A) generally permits a withholding agent to treat a payee as a foreign government, government of a U.S. territory, international organization or foreign central bank of issue only if the withholding agent receives a withholding certificate that identifies the payee as such a person, indicates that the payee is the beneficial owner of the payment, and indicates that the payee is not engaged in commercial activities. The regulations provide an exception to this general requirement to obtain a withholding certificate for certain offshore obligations and for payments made to international organizations.

Requiring a payee that is a foreign government or a foreign central bank of issue of a country that has entered into an IGA with the United States (an "IGA Foreign Government") to provide a withholding certificate to establish their payee status seems inappropriate and will very likely result in unintended withholding. SIFMA requests that an additional exception to the requirement to obtain a withholding certificate be added to §1.1471-3(d)(9)(i) for all payments made to an IGA Foreign Government. A withholding agent should be able to treat a payee as an IGA Foreign Government without obtaining a withholding certificate if one of the following applies: (i) the payee is generally known to the withholding agent to be an IGA Foreign Government; (ii) the payee's name and the facts and circumstances surrounding the payment reasonably indicate that the payee is an IGA Foreign Government; or (iii) the withholding agent has documentary evidence that reasonably indicates that the payee is an IGA Foreign Government. This is similar to the exception in §1.1471-3(d)(9)(i)(C) for preexisting offshore obligations. SIFMA believes that it is even more appropriate to provide such an exception where the payee is an IGA Foreign Government. It has been the experience of SIFMA members that obtaining a withholding certificate executed by the appropriate person within a foreign government is often a lengthy and bureaucratic process that either causes withholding or slows down or halts trading. SIFMA also believes that IGA Foreign Governments will be perplexed by a rule that requires the government of a country that has entered into a tax sharing agreement with the U.S. to provide a withholding certificate in order to avoid withholding under FATCA.

Under §1.1471-3(d)(9)(i)(A), withholding agents are permitted to treat a payee as an international organization without requiring a tax certificate if the name of the payee is one that is designated as an international organization by executive order. There is an apparent oversight in the drafting of the model IGAs as a similar rule has not been specifically adopted in the IGA. As a result, it would appear that a withholding agent located in an IGA country would be required to obtain a self-certification from an international organization in order to eliminate FATCA withholding on U.S. source FDAP income collected on behalf of an international organization. SIFMA respectfully requests that the designation of a payee as an international organization by executive order be sufficient to treat an international organization as an exempt beneficial owner under an IGA.

SIFMA appreciates your consideration of our members' collective views and concerns on the regulations recently promulgated to implement the provisions of FATCA. Please do not hesitate to contact me at (202) 962-7300 ppeabody@sifma.org if you have any questions or if we can be of further assistance.

Sincerely,

Payson R. Peabody
Managing Director & Tax Counsel
Securities Industry and Financial Markets Association

Attachment:

1) Appendix I of SIFMA FATCA Comment Letter Dated April 30, 2012

cc:

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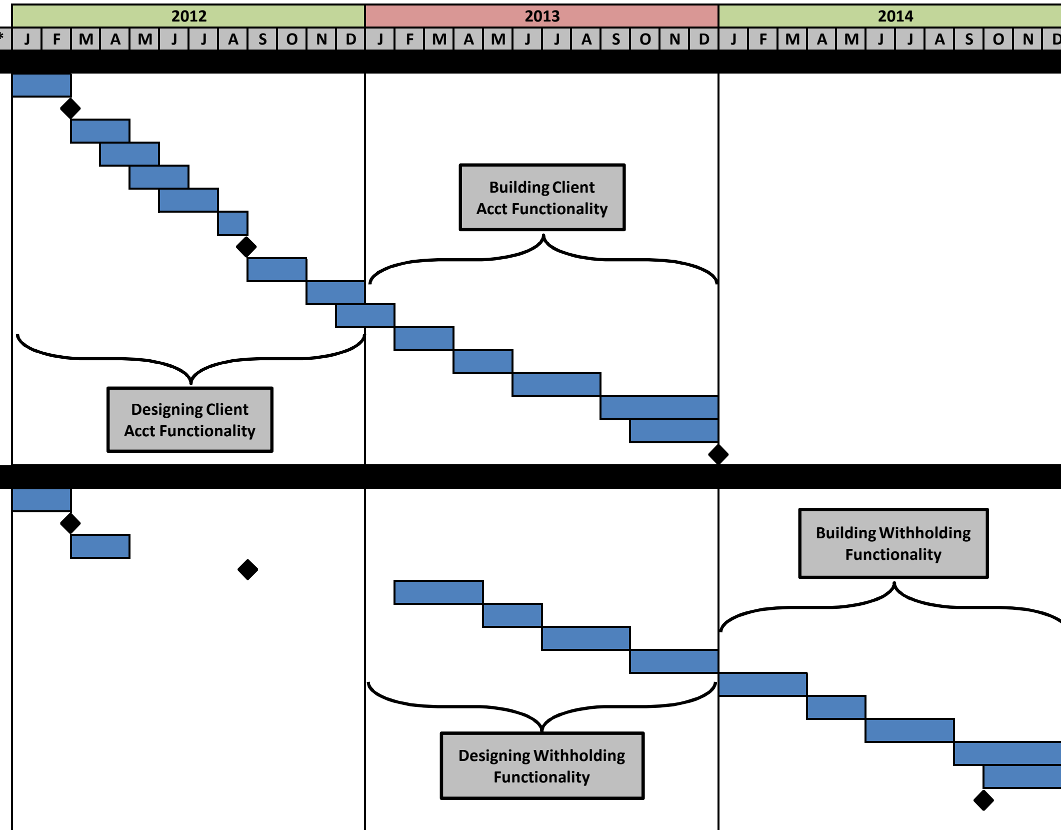
#	Task / Milestone	Resources*
Plan for Support of New and Existing Client Account Rules		
1	Review and Analysis of FATCA Notices	BA
2	Proposed FATCA Regulations Released	
3	Review and Analysis of Proposed Regulations	BA
4	Perform Gap Analysis on Systems based on Proposed Regulations	BA
5	Development of Business Requirements	BA
6	Development of Functional Requirements	BA
7	Conduct General System Design (complete as much prior to Final Regs)	IT
8	Final FATCA Regulations and Model Agreements Released	
9	Review and Analysis of Final Regulations	BA
10	Update of Business Requirements per Final Regulations	BA
11	Update of Functional Requirements per Final Regulations	BA
12	Update General System Design per Final Regulations	IT
13	Conduct Technical System Design	IT
14	Coding and Build	IT
15	Testing	BA, IT
16	Internal User Training & External Client Education	BA
17	Production Release - Customer Due Diligence Functionality	
Plan for Support of Withholding Rules		
18	Review and Analysis of FATCA Notices	BA
19	Proposed FATCA Regulations Released	
20	Review and Analysis of Proposed Regulations	BA
21	Final FATCA Regulations and Model Agreements Released	
22	Perform Gap Analysis on Systems based on Final Regulations	BA
23	Review and Analysis of Final Regulations	BA
24	Development of Business Requirements	BA
25	Development of Functional Requirements	BA
26	Conduct General System Design	IT
27	Conduct Technical System Design	IT
28	Coding and Build	IT
29	Testing	BA, IT
30	Internal User Training & External Client Education	BA
31	Reports due for 2013 (name, address, TIN, Acct #, Acct Balance)	
32	Production Release - Withholding Functionality	



Assumptions and Notes:

* BA = Business Analyst Resource, IT = Information Technology Resource

1. Final regulations, forms, instructions and model agreements will be published at the end of August 2012.
2. There is a dependency on IRS system work that must be completed prior to firm side system development. We assume that this work will be completed by December 2012
3. In parallel with proposed and final regulations analysis there is significant resource training and education that needs to occur on the new regulations
4. The plan above is a composite based on feedback from multiple members and is a medium size firm with a global footprint
5. The plan above does not reflect code freezes that are specific to individual firms and could limit the number of opportunities to release code within their system environments
6. Resource availability will be an issue for implementation as tax resources are currently finishing Cost Basis implementation and new resources can require up to one year to train and onboard
7. The plan has been optimized to limit the rework required for firms with a global footprint so they perform one design/development cycle vs. two in which US and non-US clients would be handled separately
8. For withholding rules we assume there is a dependency on the client account plan and that withholding functional requirement development can't start until client account technical system design has been completed
9. The plan assumes that the example firm has one set of the resources that are required to perform the functions of business analysis and technology work and that parallel development isn't supportable
10. In addition to the two work streams listed above there is other work associated to FATCA implementation that is not captured in this plan (e.g. grandfathering, classification, reporting, etc.
11. One of the drivers of the scope and complexity of the withholding work stream is the number of systems that will be affected. Current estimates range from 40 for a medium size firm to over 100 for a large global firm
12. Along the lines of the number of systems affected, the number of products that a firm supports will correlate to the work effort required. Basically each product will have their system flow affected by FATCA