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Context of this Document

The ASX Settlement Procedure Guidelines must be read in the context of the ASX Settlement Operating Rules.

Any terms explicitly defined in the ASX Settlement Operating Rules and used in the ASX Settlement Procedure Guidelines should be interpreted according to the definition given in ASX Settlement Operating Rules. This includes terms such as participant, registry, holder, issuer, subregister, and financial product. Because of the large number of these terms, they have not been capitalised for emphasis in this document.

In the interests of readability and comprehension, where a procedure applies only in the context of securities in a listed company, the specific term security has been used instead of the more generic term financial product.

Change History

Version	Date	Description of changes
1.0	June 2014	Initial version
3.1	Jan 2016	ASXOnline document merge.
3.2	Mar 2016	T+2 implementation and change in references from C&S Operations to Post Trade Operations
3.6	Oct 2018	Restructure of this section to include both FATCA and CRS tax compliance details for investor reporting.

SECTION 13. FOREIGN TAX COMPLIANCE

31.1 INTRODUCTION

Australia is one of many countries that has committed to new global standards on the automatic exchange of financial account information. This information is required by law to be collected by financial institutions around the world for reporting to tax authorities. Tax authorities will exchange this information to help make sure everyone pays the right amount of tax.

The Australian Government has enacted laws and entered into international agreements. This may affect investors in the mFund Settlement Service. These laws implement automatic exchange of information (AEOI) with:

- United States (US) under a system known as the *Foreign Account Tax Compliance Act* (FATCA). This is for US citizens and tax residents only.

- Signatory countries under the Common Reporting Standard (CRS). The CRS applies to foreign tax residents other than US.

This means Australian financial institutions must identify accounts held by investors who are foreign tax residents or entities connected to foreign tax residents. They must report these accounts to the ATO (Australian Tax Office). ATO will then report the account information to the foreign tax authorities.

CHESS will help facilitate this process by providing the messaging structures to allow sponsoring participants to make a foreign tax status determination of their investors and provide this to the fund issuer. A foreign tax determination must be made for ALL investors.

The CHESS Foreign Tax Status message suite is extensive and caters for most investors, but there may still be a need for mFund issuers to follow up with any investors that are reportable under FATCA and/or CRS.

For further details please use the following link: ATO Foreign Tax Reporting

31.2 MFUND SETTLEMENT SERVICE

The mFund Settlement Service facilitates the application and redemption of unlisted financial products utilising CHESS. mFund issuers are required to comply with applicable foreign tax obligations..

A CHESS message suite will be included specifically to allow for the provision of investors FATCA and CRS information from their sponsoring participants to mFund issuers to assist with the mFund issuers FATCA and CRS due diligence and reporting obligations.

Section 31 should be read in conjunction with Section 28 (mFund Settlement Service).

31.2.1 CHESS Foreign Tax Status Validation

CHESS validation will ensure that all mandatory fields have been responded to based on the investor account type (Account Type).

The following tables detail foreign tax status information based on Account Type and the associated requirements for each:

Account Type	Address Type[1]	Address Details	Entity Type[2]	Foreign Residency Indicator	Superannuation Fund ABN[3]	Foreign Person[4]	Foreign Person Date of Birth	Foreign Country Code[5]	Foreign TIN[6]	TIN Absent[7]	Comments
	3 instances provided for Account Type 'J'					3 instances provided – any additional identified Foreign Persons can be indicated by using the **Additional Foreign Parties** indicator					
								3 instances provided			
S (Super Fund)				Y							No foreign tax reporting implications
I (Individual)	Y	Y		Y		Y	Y	Y	Y	Y if no Foreign TIN	
	Y	Y		N							No foreign tax reporting implications
J (Joint)	Y	Y		Y		Y	Y	Y	Y	Y if no Foreign TIN	Align the group entries with the holder names as they appear in the HIN Registration details.
	Y	Y		N							No foreign tax reporting implications
C (Company)	Y	Y	Y	Y							
	Y	Y	Y	N							No foreign tax reporting implications
T (Trust)	Y	Y	Y	Y							
	Y	Y	Y	N							No foreign tax reporting implications

Notes

1 A Residential Address is required for Account Types 'I' and 'J'; a Registered Address is required for Account Type 'C'; a Trust Address is required for Account Type 'T'.

2 Entity Type denotes, for Account Types 'C' and 'T', whether the entity is an Active NFE, Passive NFE or a Financial Institution.

3 A Superannuation Fund ABN is required for Account Type 'S'.

4 Up to 3 Foreign Persons may be identified. Where more than 3 Foreign Persons are identified, the Additional Foreign Parties indicator must be used.

5 Up to 3 X 3 Character ISO Country Codes may be entered per Foreign Person. AUS (Australia) not accepted.

6 Up to 3 Tax Identifiers, such as a TIN, may be entered per Foreign Person.

7 Up to 3 unknown Tax Identifiers, such as a TIN, may be described as absent per Foreign Person.

Account Type	Address Type	Address Details (3)	Entity Type	Foreign Residency Indicator	Superannuation Fund ABN	Foreign Person (3)	Foreign Person Date of Birth (3)	Foreign Country Code (3)	Foreign TIN (3)	TIN Absent (3)	Additional Foreign Parties
S	Error if populated	Error if populated	Error if populated	Error if populated	Mandatory	Error if populated	Error if populated	Error if populated	Error if populated	Error if populated	Error if populated
I	Mandatory = R	Mandatory Single instance only	Error if populated	Mandatory	Error if populated	Mandatory Single instance if Foreign	Mandatory Single instance if Foreign	Mandatory Instance per Foreign Country Code. Error if 'AUS'	Mandatory Instance per Foreign Country Code. Error if both Foreign TIN and TIN Absent populated.	Mandatory Instance per Foreign Country Code. Error if both Foreign TIN and TIN Absent populated.	Error if populated
J	Mandatory = R	Mandatory Instance per Joint holder. At least 2 instances must be present	Error if populated	Mandatory. *Note:* Y if any of the Joint holders are Foreign.	Error if populated	Mandatory Instance per Foreign person	Mandatory Instance per Foreign person	Mandatory Instance per Foreign Country Code. Error if 'AUS'	Mandatory Instance per Foreign Country Code. Error if both Foreign TIN and TIN Absent populated.	Mandatory Instance per Foreign Country Code. Error if both Foreign TIN and TIN Absent populated.	No validation, but we expect the brokers to do the following: Aligned on the HIN Registration Details, populate with 'Y' where more than 3 parties are Foreign or where the HIN Registration Details list greater than 3 Persons on the account and those persons are Foreign.
C	Mandatory = G	Mandatory Single instance only	Mandatory	Mandatory	Error if populated	Error if populated	Error if populated	Error if populated	Error if populated	Error if populated	Error if populated
T	Mandatory = T	Mandatory Single instance only	Mandatory	Mandatory	Error if populated	Error if populated	Error if populated	Error if populated	Error if populated	Error if populated	Error if populated

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