

## ANNEX II

### NON-REPORTING UK FINANCIAL INSTITUTIONS AND EXEMPT PRODUCTS

The following Entities are treated as either exempt beneficial owners, and/or as other Non-Reporting Financial Institutions, as the case may be, and the following Exempt Products are excluded from the definition of Financial Accounts.

This Annex II may be updated by a mutual agreement entered into between the Competent Authorities of the United Kingdom and the Isle of Man: (1) to include additional entities, accounts, and products that present a low risk of being used by Isle of Man Persons to evade Isle of Man tax and that have similar characteristics to the entities, accounts, and products identified in this Annex II as of the date of entry into force of the Agreement; or (2) to remove entities, accounts, and products that, due to changes in circumstances, no longer present a low risk of being used by Isle of Man Persons to evade Isle of Man tax. Procedures for reaching such an agreement may be included in the mutual agreement described in paragraph 6 of Article 3 of the Agreement.

I. **Exempt Beneficial Owners.** The following Entities are exempt beneficial owners and are treated as Non-Reporting United Kingdom Financial Institutions.

A. **UK Governmental Organisations, any political subdivision of the UK Government or any wholly owned agency or instrumentality of any one or more of the foregoing including:**

- The Devolved Administrations as per:
  - the Northern Ireland Act 1998 (updated by The Northern Ireland (St Andrews Agreement) Acts 2006 & 2007, and the Northern Ireland Act 2009)
  - the Scotland Act 1998
  - the Government of Wales Act 2006
- Local Government Authorities as per:
  - Section 33 of the Local Government Act 2003
  - the Local Government Act (NI) 1972 (as amended by The Local Government (Miscellaneous Provisions) Act (NI) 2010 and Local Government Finance Act (NI) 2011)
  - the Local Government etc. (Scotland) Act 1994
  - the Local Government (Wales) Act 1994

B. **Central Bank**

The Bank of England and any of its wholly owned subsidiaries.

C. **International Organisations**

Any UK office of:

- The International Monetary Fund
- The World Bank
- The International Bank for Reconstruction and Development
- The International Finance Corporation

- The International Finance Corporation Order, 1955 (SI 1955 No.1954)
- The International Development Association
- The Asian Development Bank
- The African Development Bank
- The European Community
- The European Coal and Steel Community
- The European Atomic Energy Community
- The European Investment Bank
- The European Bank for Reconstruction and Development
- The OECD Support Fund
- The Inter-American Development Bank

D. **Retirement Funds**

- Pension schemes or other arrangements registered with HMRC under Part 4 of the Finance Act 2004
- The UK Pension Protection Fund

E. **Limited Capacity Exempt Beneficial Owners**

The Controlling Persons of an NFFE that meets all of the following requirements shall be treated as an Exempt Beneficial Owner solely in their capacity as a Controlling Person of that NFFE:

1. It is established and operated in its jurisdiction of residence exclusively for religious, charitable, scientific, artistic, cultural, athletic, or educational purposes; or it is established and operated in its jurisdiction of residence and it is a professional organisation, business league, chamber of commerce, labour organisation, agricultural or horticultural organization, civic league or an organisation operated exclusively for the promotion of social welfare;
2. It is exempt from income tax in its jurisdiction of residence;
3. It has no shareholders or members who have a proprietary or beneficial interest in its income or assets;
4. The applicable laws of the NFFE's jurisdiction of residence or the NFFE's formation documents do not permit any income or assets of the NFFE to be distributed to, or applied for the benefit of, a private person or non-charitable Entity other than pursuant to the conduct of the NFFE's charitable activities, or as payment of reasonable compensation for services rendered, or as payment representing the fair market value of property which the NFFE has purchased; *and*
5. The applicable laws of the NFFE's jurisdiction of residence or the NFFE's formation documents require that, upon the NFFE's liquidation or

dissolution, all of its assets be distributed to a governmental entity or other non-profit organisation, or escheat to the government of the NFFE's jurisdiction of residence or any political subdivision thereof.

II. **Non-Reporting United Kingdom Financial Institution.** The following categories of institutions are to be treated as Non-Reporting United Kingdom Financial Institutions for the purposes of this Annex II.

A. **Certain Collective Investment Vehicles**

In the case of an Investment Entity that is a collective investment vehicle regulated under the laws of the United Kingdom:

1. if all of the interests in the collective investment vehicle (including debt interests in excess of US\$50,000) are held by or through one or more Reporting Financial Institutions such collective investment vehicle will be treated as a Non-Reporting Financial Institution; or
2. if the collective investment vehicle is not as described in subparagraph (a), then, consistent with paragraph 3 of Article 4 of the Agreement, if the information required to be reported by the collective investment vehicle under the Agreement with respect to interests in the collective investment vehicle is reported by the collective investment vehicle or another Investment Entity, the reporting obligations of all other Investment Entities required to report with respect to the interests in the collective investment vehicle will be deemed fulfilled with respect to such interests.

B. **Trustee-Documented Trusts**

A trust resident in the United Kingdom to the extent that the trustee of the trust is a Reporting United Kingdom Financial Institution and reports all information required to be reported pursuant to the Agreement with respect to all Isle of Man Reportable Accounts of the trust.

C. **Qualified Credit Card Issuer**

A UK Financial Institution satisfying the following criteria:

1. The Financial Institution is a Financial Institution solely because it is an issuer of credit cards that accepts deposits only when a customer makes a payment in excess of a balance due with respect to the card and the overpayment is not immediately returned to the customer; and
2. Beginning on or before July 1, 2014, the Financial Institution implements policies and procedures to either prevent a customer deposit in excess of US\$50,000, or to ensure that any customer deposit in excess of US\$50,000, in each case applying the rules set out in paragraph C of section VI of Annex I for account aggregation and currency translation, is refunded to the customer within 60 days. For this purpose, a customer

deposit does not refer to credit balances to the extent of disputed charges but does include credit balances resulting from merchandise returns.

**D. Credit Unions**

A body corporate registered under the Industrial and Provident Societies Act 1965 as a credit union in accordance with the Credit Unions Act or a body corporate registered under the Credit Unions (Northern Ireland) Order 1985 or a body corporate registered under the Industrial and Provident Societies Act (Northern Ireland) 1969 as a credit union.

III. **Exempt Products.** The following categories of accounts and products established in the United Kingdom and maintained by a United Kingdom Financial Institution shall not be treated as Financial Accounts, and therefore shall not be Isle of Man Reportable Accounts, under the Agreement.

**A. Certain Retirement Accounts or Products**

- Pension schemes registered with HMRC under Part 4 of the Finance Act 2004, and non registered pension arrangements where the annual contributions are limited to £50,000 and funds contributed cannot be accessed before the age of 55 except in circumstances of serious ill health.
- Those that are UK-registered pension arrangements (including authorised payments) as set out in the Finance Act 2004 that are excluded from the definition of Financial Account pursuant to Article 1(r)(3) of the Agreement.
- **Immediate Needs Annuities** qualifying as such under Section 725 Income Tax (Trading and Other Income) Act 2005.

**B. Qualifying Credit Cards**

Unless the Reporting Financial Institution elects otherwise, either with respect to all accounts or, separately, with respect to any clearly identified group of such accounts, where the implementing rules in both jurisdictions provide for such election, a credit card account is not required to be reviewed, identified, or reported, provided that the Reporting Financial Institution maintaining such account, in each case applying the rules set forth in paragraph C of section VI of Annex I, for account aggregation and currency translation;

1. implements policies and procedures to prevent an account balance owed to the Account Holder that exceeds \$50,000, *or*,
2. has policies and procedures in place to ensure that any customer deposit in excess of \$50,000 is refunded to the customer within 60 days. For this purpose, a customer deposit does not refer to credit balances to the extent of disputed charges but does include credit balances resulting from merchandise returns.

**C. Account Held by an Estate**

An account maintained in the United Kingdom that is held solely by an estate if the documentation for such account includes a copy of the deceased's will or death certificate.

**D. Escrow Accounts**

An account maintained in the United Kingdom established in connection with any of the following:

1. A court order or judgment.
2. A sale, exchange, or lease of real or personal property, provided that the account satisfies the following requirements:
  - a) The account is funded solely with a deposit in an amount appropriate to secure an obligation directly related to the transaction, or a similar payment, or is funded with a financial asset that is deposited in the account in connection with the sale, exchange, or lease of the property;
  - b) The account is established and used solely to secure the obligation of the purchaser to pay the purchase price for the property, the seller to pay any contingent liability, or the lessor or lessee to pay for any damages relating to the leased property as agreed under the lease;
  - c) The assets of the account, including the income earned thereon, will be paid or otherwise distributed for the benefit of the purchaser, seller, lessor, or lessee (including to satisfy such person's obligation) when the property is sold, exchanged, or surrendered, or the lease terminates;
  - d) The account is not a margin or similar account established in connection with a sale or exchange of a financial asset; and
  - e) The account is not associated with a credit card account.
3. An obligation of a Financial Institution servicing a loan secured by real property to set aside a portion of a payment solely to facilitate the payment of taxes or insurance related to the real property at a later time.
4. An obligation of a Financial Institution solely to facilitate the payment of taxes at a later time.

**E. Certain Other Tax-Favoured Accounts or Products**

- **Individual Savings Accounts (ISAs)** - as defined in the Individual Savings Account Regulations 1998 (SI 1998 No.1870) and subsequent Amendment Regulations
- **Junior ISAs** - as defined in the Individual Savings Account Regulations 1998 No.1870, and subsequent Amendment Regulations

- **Child Trust Funds** - as defined in the Child Trust Funds Act 2004 and subsequent Amendment Regulations
- **Premium Bonds** - where issued by NS&I (UK National Savings and Investments)
- **Children's Bonus Bonds** - where issued by NS&I (UK National Savings and Investments)
- **Fixed Interest Savings Certificates** - where issued by NS&I (UK National Savings and Investments)
- **Index Linked Savings Certificates** - where issued by NS&I (UK National Savings and Investments)
- **Tax Exempt Savings Plans** - where issued by a friendly society within the meaning of the Friendly Societies Act 1992 (c. 40)
- **Save As You Earn Share Option Schemes** - approved by HMRC under Schedule 3 Income Tax (Earnings and Pensions) Act 2003
- **Share Incentive Plans** - approved by HMRC under Schedule 2 Income Tax (Earnings and Pensions) Act 2003
- **Company Share Option Plans** - approved by HMRC under Schedule 4 Income Tax (Earnings and Pensions) Act 2003

**F. Partner Jurisdiction Accounts.**

1. An account or product that would be excluded from the definition of Financial Account under an Agreement to Improve International Tax Compliance (or similar Arrangement) between the Isle of Man and another Jurisdiction (Jurisdiction X) where:
  - a) the account or product is established in Jurisdiction X but is maintained in the United Kingdom; *and*
  - b) the account or product maintained in the United Kingdom is subject to the same requirements and oversight under the laws of Jurisdiction X, as it would be if that account or product was maintained by a Financial Institution in Jurisdiction X.
  
2. An account or product established in the Isle of Man but maintained in the United Kingdom will be excluded from the definition of Financial Account if:
  - a) The account or product would have been excluded under this Agreement if it was established and maintained by an Isle of Man Financial Institution; *and*
  - b) The account or product maintained in the United Kingdom is subject to the same requirements and oversight under the laws of the Isle of Man, as it would be if that account or product was maintained by a FI in the Isle of Man.

## ANNEX III

### NON-REPORTING ISLE OF MAN FINANCIAL INSTITUTIONS AND EXEMPT PRODUCTS

The following Entities are treated as either exempt beneficial owners, and/or as other Non-Reporting Isle of Man Financial Institutions, as the case may be, and the following Exempt Products are excluded from the definition of Financial Accounts.

This Annex III may be modified by a mutual agreement entered into between the Competent Authorities of the Isle of Man and the United Kingdom: (1) to include additional Entities and accounts that present a low risk of being used by United Kingdom Persons to evade United Kingdom tax and that have similar characteristics to the Entities and accounts described in this Annex III as of the date of signature of the Agreement; or (2) to remove Entities and accounts that, due to changes in circumstances, no longer present a low risk of being used by United Kingdom Persons to evade United Kingdom tax. Any such addition or removal shall be effective on the date of signature of the mutual agreement, unless otherwise provided therein. Procedures for reaching such an agreement may be included in the mutual agreement described in paragraph 6 of Article 3 of the Agreement.

I. **Exempt Beneficial Owners.** The following Entities are exempt beneficial owners and are treated as Non-Reporting Isle of Man Financial Institutions.

A. **Governmental Entity.** The government of the Isle of Man, any political subdivision of the Isle of Man (which, for the avoidance of doubt, includes a state, province, county, or municipality), or any wholly owned agency or instrumentality of the Isle of Man or any one or more of the foregoing (each, an “Isle of Man Governmental Entity”). This category is comprised of the integral parts, controlled entities, and political subdivisions of the Isle of Man.

1. An integral part of the Isle of Man means any person, organisation, agency, bureau, fund, instrumentality, or other body, however designated, that constitutes a governing authority of the Isle of Man. The net earnings of the governing authority must be credited to its own account or to other accounts of an Isle of Man Governmental Entity, with no portion inuring to the benefit of any private person. An integral part does not include any individual who is a sovereign, official, or administrator acting in a private or personal capacity.
2. A controlled entity means an Entity that is separate in form from the Isle of Man or that otherwise constitutes a separate juridical entity, provided that:
  - a) The Entity is wholly owned and controlled by one or more Isle of Man Governmental Entities directly or through one or more controlled entities;
  - b) The Entity’s net earnings are credited to its own account or to the accounts of one or more Isle of Man Governmental Entities, with no portion of its income inuring to the benefit of any private person; and

- c) The Entity's assets vest in one or more Isle of Man Governmental Entities upon dissolution.
3. Income does not inure to the benefit of private persons if such persons are the intended beneficiaries of a governmental program, and the program activities are performed for the general public with respect to the common welfare or relate to the administration of some phase of government. Notwithstanding the foregoing, however, income is considered to inure to the benefit of private persons if the income is derived from the use of a governmental entity to conduct a commercial business, such as a commercial banking business, that provides financial services to private persons.

**B. International Organisation.** Any international organisation or wholly owned agency or instrumentality thereof. This category includes any intergovernmental organisation (including a supranational organisation) (1) that has in effect a headquarters agreement with the Isle of Man; and (2) the income of which does not inure to the benefit of private persons.

**C. Broad Participation Retirement Fund.** A fund established in the Isle of Man to provide retirement, disability, or death benefits, or any combination thereof, to beneficiaries that are current or former employees (or persons designated by such employees) of one or more employers in consideration for services rendered, provided that the fund:

1. Does not have a single beneficiary with a right to more than five percent of the fund's assets;
2. Is subject to government regulation and provides annual information reporting about its beneficiaries to the relevant tax authorities in the Isle of Man; and
3. Satisfies at least one of the following requirements:
  - a) The fund is generally exempt from tax in the Isle of Man on investment income under the laws of the Isle of Man due to its status as a retirement or pension plan;
  - b) The fund receives at least 50 percent of its total contributions (other than transfers of assets from other plans described in paragraphs C through F of this section or from retirement and pension accounts described in subparagraph B.1. of section IV of this Annex III) from the sponsoring employers;
  - c) Distributions or withdrawals from the fund are allowed only upon the occurrence of specified events related to retirement, disability, or death (except rollover distributions to other retirement funds described in paragraphs C through F of this section or retirement and pension accounts described in subparagraph B.1. of section IV of this Annex III), or penalties apply to distributions or withdrawals made before such specified events; or



- d) Contributions (other than certain permitted make-up contributions) by employees to the fund are limited by reference to earned income of the employee or may not exceed \$50,000 annually, applying the rules set forth in paragraph C of section IV Annex I for account aggregation and currency translation.

**D. Narrow Participation Retirement Fund.** A fund established in the Isle of Man to provide retirement, disability, or death benefits to beneficiaries that are current or former employees (or persons designated by such employees) of one or more employers in consideration for services rendered, provided that:

1. The fund has fewer than 50 participants;
2. The fund is sponsored by one or more employers that are not Investment Entities or Passive NFFEs;
3. The employee and employer contributions to the fund (other than transfers of assets from retirement and pension accounts described in subparagraph B.1. of section IV of this Annex III) are limited by reference to earned income and compensation of the employee, respectively;
4. Participants that are not residents of the Isle of Man are not entitled to more than 20 percent of the fund's assets; and
5. The fund is subject to government regulation and provides annual information reporting about its beneficiaries to the relevant tax authorities in the Isle of Man.

**E. Pension Fund of an Exempt Beneficial Owner.** A fund established in the Isle of Man by an exempt beneficial owner to provide retirement, disability, or death benefits to beneficiaries or participants that are current or former employees of the exempt beneficial owner (or persons designated by such employees), or that are not current or former employees, if the benefits provided to such beneficiaries or participants are in consideration of personal services performed for the exempt beneficial owner.

**F. Investment Entity Wholly Owned by Exempt Beneficial Owners.** An Entity that is an Isle of Man Financial Institution solely because it is an Investment Entity, provided that each direct holder of an Equity Interest in the Entity is an exempt beneficial owner, and each direct holder of a debt interest in such Entity is either a Depository Institution (with respect to a loan made to such Entity) or an exempt beneficial owner.

**G. Additional Entities.** Any additional entities agreed between the UK Government and the Isle of Man.

**H. Limited Capacity Exempt Beneficial Owners.** The Controlling Persons of an NFFE that meets all of the following requirements shall be treated as an Exempt Beneficial Owner solely in their capacity as a Controlling Person of that NFFE:

1. It is established and operated in its jurisdiction of residence exclusively for religious, charitable, scientific, artistic, cultural, athletic, or educational purposes; or it is established and operated in its jurisdiction of residence and it is a professional organisation, business league, chamber of commerce, labour organisation, agricultural or horticultural organization, civic league or an organisation operated exclusively for the promotion of social welfare;
2. It is exempt from income tax in its jurisdiction of residence;
3. It has no shareholders or members who have a proprietary or beneficial interest in its income or assets;
4. The applicable laws of the NFFE's jurisdiction of residence or the NFFE's formation documents do not permit any income or assets of the NFFE to be distributed to, or applied for the benefit of, a private person or non-charitable Entity other than pursuant to the conduct of the NFFE's charitable activities, or as payment of reasonable compensation for services rendered, or as payment representing the fair market value of property which the NFFE has purchased; *and*
5. The applicable laws of the NFFE's jurisdiction of residence or the NFFE's formation documents require that, upon the NFFE's liquidation or dissolution, all of its assets be distributed to a governmental entity or other non-profit organisation, or escheat to the government of the NFFE's jurisdiction of residence or any political subdivision thereof.

**II. Small or Limited Scope Financial Institutions that Qualify as Non-Reporting Isle of Man Financial Institutions.** The following Financial Institutions are Non-Reporting Isle of Man Financial Institutions

**A. Local Credit Unions.** A Financial Institution satisfying all of the following requirements:

1. The Financial Institution carries on business solely as a Credit Union;
2. It is licensed and regulated under the laws of the Isle of Man;
3. It has no fixed place of business outside of the Isle of Man; and
4. All accounts maintained by the Financial Institution are held by residents of the Isle of Man.

**B. Financial Institution with Only Low-Value Accounts.** An Isle of Man Financial Institution satisfying the following requirements:

1. The Financial Institution is not an Investment Entity;
2. No Financial Account maintained by the Financial Institution or any Related Entity has a balance or value in excess of \$50,000, applying the rules set forth

in paragraph C of section VI Annex I for account aggregation and currency translation; and

3. The Financial Institution does not have more than \$50 million in assets on its balance sheet, and the Financial Institution and any Related Entities, taken together, do not have more than \$50 million in total assets on their consolidated or combined balance sheets.

**C. Qualified Credit Card Issuer.** An Isle of Man Financial Institution satisfying the following criteria:

1. The Financial Institution is a Financial Institution solely because it is an issuer of credit cards that accepts deposits only when a customer makes a payment in excess of a balance due with respect to the card and the overpayment is not immediately returned to the customer; and
2. Beginning on or before July 1, 2014, the Financial Institution implements policies and procedures to either prevent a customer deposit in excess of \$50,000, or to ensure that any customer deposit in excess of \$50,000, in each case applying the rules set forth in Annex I for account aggregation and currency translation, is refunded to the customer within 60 days. For this purpose, a customer deposit does not refer to credit balances to the extent of disputed charges but does include credit balances resulting from merchandise returns.

**III. Investment Entities that Qualify as Non-Reporting Isle of Man Financial Institutions and Other Special Rules.** The Financial Institutions described in paragraphs A through E of this section are Non-Reporting Isle of Man Financial Institutions. In addition, paragraph F of this section provides special rules applicable to an Investment Entity.

**A. Trustee-Documented Trust.** A trust resident in the Isle of Man to the extent that the trustee of the trust is a Reporting Isle of Man Financial Institution and reports all information required to be reported pursuant to the Agreement with respect to all UK Reportable Accounts of the trust.

**B. Sponsored Investment Entity.** A Financial Institution described in subparagraph B.1. of this section having a sponsoring entity that complies with the requirements of subparagraph B.2. of this section.

1. A Financial Institution is a sponsored investment entity if (a) it is an Investment Entity established in the Isle of Man; and (b) an Entity has agreed with the Financial Institution to act as a sponsoring entity for the Financial Institution;
2. The sponsoring entity is authorised to act on behalf of the Financial Institution (such as fund manager, trustee, corporate director, or managing partner) and complies with the following requirements:
  - a) The sponsoring entity is an Isle of Man Financial Institution.

- b) The sponsoring entity performs, on behalf of the Financial Institution, all due diligence, reporting and other requirements that the Financial Institution would have been required to perform if it were a Reporting Isle of Man Financial Institution;
- c) The sponsoring entity identifies the Financial Institution in all reporting completed on the Financial Institution's behalf; and
- d) The sponsoring entity has notified the Isle of Man Competent Authority of its status as a sponsor in respect of the Financial Institution and has not had its status as a sponsor revoked by the Isle of Man Competent Authority.

**C. Sponsored, Closely Held Investment Vehicle.** An Isle of Man Financial Institution satisfying the following requirements:

- 1. The Financial Institution is a Financial Institution solely because it is an Investment Entity;
- 2. The sponsoring entity is a Reporting Isle of Man Financial Institution, is authorised to act on behalf of the Financial Institution (such as a professional manager, trustee, or managing partner), and agrees to perform, on behalf of the Financial Institution, all due diligence, reporting and other requirements that the Financial Institution would have been required to perform if it were a Reporting Isle of Man Financial Institution;
- 3. The Financial Institution does not hold itself out as an investment vehicle for unrelated parties;
- 4. Twenty or fewer individuals own all of the debt interests and Equity Interests in the Financial Institution (disregarding debt interests owned by Financial Institutions and Equity Interests owned by an Entity if that Entity owns 100 per cent of the Equity Interests in the Financial Institution and is itself a sponsored Financial Institution described in this paragraph C); and
- 5. The sponsoring entity complies with the following requirements:
  - a) The sponsoring entity is an Isle of Man Financial Institution;
  - b) The sponsoring entity agrees to perform, on behalf of the Financial Institution, all due diligence, reporting and other requirements that the Financial Institution would have been required to perform if it were a Reporting Isle of Man Financial Institution and retains documentation collected with respect to the Financial Institution for a period of six years;
  - c) The sponsoring entity identifies the Financial Institution in accordance with the applicable registration requirements of the Isle of Man

Competent Authority in all reporting completed on the Financial Institution's behalf; and

- d) The sponsoring entity has notified the Isle of Man Competent Authority of its status as a sponsor in respect of the Financial Institution and has not had its status as a sponsor revoked by the Isle of Man Competent Authority.

**D. Investment Advisors and Investment Managers.** An Investment Entity established in the Isle of Man the sole activity of which is (1) to render investment advice to, and act on behalf of, or (2) to manage portfolios for, and act on behalf of, a customer for the purposes of investing, managing, or administering funds deposited in the name of the customer with a Financial Institution.

**E. Collective Investment Vehicle.** An Investment Entity established in the Isle of Man that is regulated as a collective investment vehicle, provided that all of the interests in the collective investment vehicle (including debt interests in excess of \$50,000) are held by or through one or more exempt beneficial owners or Active NFFEs described in subparagraph B.6. of section VI of Annex I.

**F. Special Rules for reporting interests of Investment entities in Collective Investment Vehicles.** The following rules apply to an Investment Entity:

1. Where an Investment Entity (other than a Financial Institution through which interests in the collective investment vehicle are held) has an interest in a collective investment vehicle as described in paragraph E of this section, the reporting obligations of that Investment Entity in respect of its interest in that collective investment vehicle shall be deemed to have been met.
2. Consistent with paragraph 3 of Article 4 of the Agreement (third-party service providers), for interests held in an Investment Entity established in the Isle of Man that is not as described in paragraph E of this section, the reporting obligations of all Investment Entities with respect to their interests in that Isle of Man Investment Entity shall be deemed to be satisfied if the information required to be reported under the Agreement with respect to all such interests is reported by the Isle of Man Investment Entity itself or another person.

**IV. Exempt Products.** The following accounts are excluded from the definition of Financial Accounts and therefore are not treated as United Kingdom Reportable Accounts.

**A. Qualifying Credit Cards.** Unless the Reporting Financial Institution elects otherwise, either with respect to all accounts or, separately, with respect to any clearly identified group of such accounts, where the implementing rules in both jurisdictions provide for such election, a credit card account is not required to be reviewed, identified, or reported, provided that the Reporting Financial Institution maintaining such account, in each case applying the rules set forth in paragraph C of section VI of this Annex I, for account aggregation and currency translation;

1. implements policies and procedures to prevent an account balance owed to the Account Holder that exceeds \$50,000, *or*,
2. has policies and procedures in place to ensure that any customer deposit in excess of \$50,000 is refunded to the customer within 60 days. For this purpose, a customer deposit does not refer to credit balances to the extent of disputed charges but does include credit balances resulting from merchandise returns.

**B. Certain Savings Accounts.**

1. Retirement and Pension Account. A retirement or pension account maintained in the Isle of Man that satisfies the following requirements under the laws of the Isle of Man.
  - a) Annual contributions into the scheme are not more than £50,000;
  - b) The scheme is tax-favoured (i.e. contributions to the scheme that would otherwise be subject to tax laws of the Isle of Man are deductible or excluded from the gross income of the scheme or taxed at a reduced rate, or taxation on investment income from the scheme is deferred or taxed at a reduced rate);
  - c) Funds contributed cannot be accessed before the age of 55 except in circumstances of serious ill health.
2. Non-Retirement Savings Accounts. An account maintained in the Isle of Man (other than an insurance or Annuity Contract) that satisfies the following requirements under the laws of the Isle of Man.
  - a) The account is subject to regulation as a savings vehicle for purposes other than for retirement;
  - b) The account is tax-favoured (i.e. contributions to the account that would otherwise be subject to tax under the laws of the Isle of Man are deductible or excluded from the gross income of the account holder or taxed at a reduced rate, or taxation of investment income from the account is deferred or taxed at a reduced rate);
  - c) Annual contributions are limited to £15,000 or less, applying the rules set forth in paragraph C of section VI of Annex I for account aggregation and currency translation;
  - d) Contributions into the account can only be made by a resident of the Isle of Man.

- C. Account Held by an Estate.** An account maintained in the Isle of Man that is held solely by an estate if the documentation for such account includes a copy of the deceased's will or death certificate.

D. **Escrow Accounts.** An account maintained in the Isle of Man established in connection with any of the following:

1. A court order or judgment.
2. A sale, exchange, or lease of real or personal property, provided that the account satisfies the following requirements:
  - a) The account is funded solely with a deposit in an amount appropriate to secure an obligation directly related to the transaction, or a similar payment, or is funded with a financial asset that is deposited in the account in connection with the sale, exchange, or lease of the property;
  - b) The account is established and used solely to secure the obligation of the purchaser to pay the purchase price for the property, the seller to pay any contingent liability, or the lessor or lessee to pay for any damages relating to the leased property as agreed under the lease;
  - c) The assets of the account, including the income earned thereon, will be paid or otherwise distributed for the benefit of the purchaser, seller, lessor, or lessee (including to satisfy such person's obligation) when the property is sold, exchanged, or surrendered, or the lease terminates;
  - d) The account is not a margin or similar account established in connection with a sale or exchange of a financial asset; and
  - e) The account is not associated with a credit card account.
3. An obligation of a Financial Institution servicing a loan secured by real property to set aside a portion of a payment solely to facilitate the payment of taxes or insurance related to the real property at a later time.
4. An obligation of a Financial Institution solely to facilitate the payment of taxes at a later time.

E. **Partner Jurisdiction Accounts.**

1. An account or product that would be excluded from the definition of Financial Account under an Agreement to Improve International Tax Compliance (or similar Arrangement) between the UK and another Jurisdiction (Jurisdiction X) where:
  - a) the account or product is established in Jurisdiction X but is maintained in the Isle of Man; *and*
  - b) the account or product maintained in the Isle of Man is subject to the same requirements and oversight under the laws of Jurisdiction X, as it would be if that account or product was maintained by a Financial Institution in Jurisdiction X.

2. An account or product established in the United Kingdom but maintained in the Isle of Man will be excluded from the definition of Financial Account if:
  - a) The account or product would have been excluded under this Agreement if it was established and maintained by a United Kingdom Financial Institution; *and*
  - b) The account or product maintained in the Isle of Man is subject to the same requirements and oversight under the laws of the United Kingdom, as it would be if that account or product was maintained by a FI in the United Kingdom.

F. **Agreed Products.** Any additional products agreed between the UK Government and the Isle of Man. k