



FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA) FREQUENTLY ASKED QUESTIONS

Note: The content of these Frequently Asked Questions is provided as an informational guide and should not be construed or used as legal or tax advice.

1. What does FATCA mean?

FATCA stands for the Foreign Account Tax Compliance Act.

2. What is FATCA and what is its scope?

FATCA refers to a piece of law included in the *“Hiring Incentives to Restore Employment”* approved by the Congress of the United States on March 18, 2010. FATCA requires the foreign financial institutions to identify what customers are US persons, as well as, to report the information for the Tax Authority in the US.

A foreign financial institution is a financial institution established outside the US, therefore, the entities of Monex Grupo Financiero are required to comply with FATCA in Mexico.

3. What is the goal of FATCA?

Identify financial assets under control or benefit of US persons, to encourage better tax compliance about US persons who obtain benefits outside the US through financial products.

4. What is the penalty imposed by FATCA in case of non-compliance?

In Mexico the Código Fiscal de la Federación establishes the financial penalties by faults or omissions about due diligence or reporting of information required under FATCA.

The financial institution has to comply with the law; in case of non-compliance a financial institution can be subject to a 30% withholding rate on payments originating in the US.

5. When will the FATCA legislation become effective?

The FATCA legislation became effective on July 1, 2014. However, in Mexico the law was implemented as follows:

- From July 1st, 2014, the foreign financial institutions had to execute due diligence to comply with FATCA in relation to US **natural** persons.
- From January 1st, 2015, the foreign financial institution had to execute due diligence to comply with FATCA in relation to US **companies** or legal persons (entities).



6. Is the application of a Foreign Law legal in Mexico?

In Mexico the Intergovernmental Agreement is incorporated in the Article 32 B bis of the Código Fiscal de la Federación and in Annex 25 of the Resolución Miscelánea Fiscal.

7. What obligations does the FATCA Law confer about customers of Grupo Financiero Monex?

All Grupo Financiero Monex entities are required to identify if a customer is a US person (natural persons and entities), in the affirmative case, Monex will request additional information or documents to comply with FATCA. It's important to remark that the accounts of US persons are reportable to the U.S.

8. What kind of accounts can be reported to the U.S.?

Any type of account established on Banco Monex or Monex Casa de Bolsa.

9. What is a self-certification form?

The self-certification form is the most important document for the due diligence to comply with FATCA. With that form Grupo Financiero Monex can identify if an account has to be reported or not to the U.S.

10. What does US TIN mean?

The TIN is the taxpayer identification number. In the US for the natural person, the TIN is the social security number. For entities, the US TIN is the employer identification number.

11. When should additional information be requested from a new Natural Person customer?

When the customer has the place of birth in the U.S., residence in the U.S., or when the customer is a citizen of the U.S. All the information supplied by the customers is included in the self-certification form, that is signed by the account holder.

12. When should additional information be requested from customers from a new entity customer?

When the customer is incorporated in the U.S or has its residence in the U.S. All the information supplied by the customer is included in the self-certification form, which is signed by the individual authorized by the account holder.

In addition, in case the account holder is a passive entity, and its substantial owner (25% or more) is a US person.



COMMON REPORTING STANDARD (CRS) FREQUENTLY ASKED QUESTIONS

Note: The content of these Frequently Asked Questions is provided as an informational guide and should not be construed or used as legal or tax advice.

1. What does CRS mean?

CRS stands for the Common Reporting Standard.

2. What is CRS and what is its scope?

The Common Reporting Standard (CRS), developed in response to the G20 request and approved by the OECD Council on July 15, 2014, calls on jurisdictions to obtain information from their financial institutions and automatically exchange that information with other jurisdictions on an annual basis. It sets out the financial account information to be exchanged, the financial institutions required to report, the different types of accounts and taxpayers covered, as well as common due diligence procedures to be followed by financial institutions.

3. What is the goal of CRS?

Identify financial assets under control or benefit of persons who have tax residence outside of Mexico.

4. What is the penalty imposed by CRS in case of non-compliance?

In Mexico the Código Fiscal de la Federación establishes the financial penalties for faults or omissions related to the due diligence or report information required under CRS.

5. When will the CRS legislation become effective?

On November 2015 it was added in the Código Fiscal de la Federación, in Article 32 B Bis establishing the obligation for Financial Institutions to comply with CRS. In Mexico The CRS legislation became effective on January 1, 2015.

6. Is the application of a Foreign Law legal in Mexico?

In Mexico the Common Reporting Standard (CRS) is incorporated in the article 32 B bis of the Código Fiscal de la Federación and in Annex 25 BIS of the Resolución Miscelánea Fiscal.

7. What obligations does the CRS agreement confer about customers of Grupo Financiero Monex?

Grupo Financiero Monex and its entities have to identify if a customer is a tax resident outside Mexico. If that is the case, Monex will request additional information and/or documentation to comply with CRS.



8. What kind of accounts can be reported under CRS?

Any type of account established on Banco Monex or Monex Casa de Bolsa.

9. What is a self-certification form?

The self-certification form is the most important document for the due diligence and for compliance with CRS. With that form Grupo Financiero Monex can identify if an account has to be reported or not under CRS.

10. What does US TIN mean?

TIN is the taxpayer identification number. In Mexico the TIN is the RFC (Registro Federal de Contribuyentes). Each country has a different denomination for the TIN, but the TIN is the information used for compliance of tax matters.

11. When should additional information be requested from a new Natural Person customer?

When the customer has the place of birth outside Mexico, residence in a country different to Mexico, or when the customer is a citizen of a country different to Mexico. All the information supplied by the customer is included in the self-certification form, and the form is signed by the account holder.

12. When is additional information required from a new entity customer?

When the customer has of Country of incorporation outside Mexico or residence in a country different to Mexico. All the information supplied by the customer is included in the self-certification form, and that form is signed by the individual authorized by the account holder. In addition, in case the account holder is a passive entity, and its substantial owner (25% or more) is a foreign person.

Financial Institution

For both regulations (FATCA - CRS) when the account holder is a Financial Institution, in compliance with the agreements, the customer has to provide to Grupo Financiero Monex and its entities a self-certification form to establish his status of compliance in relation to FATCA and CRS. In this case, it is not possible to provide advice for the filling of the form.