

Article 7 of the Model 1 IGA provides that the United States shall notify its partner jurisdictions of any more favorable terms under Article 4 or Annex I of the IGA afforded to another partner jurisdiction. For informational purposes only, the model notification letter sent pursuant to Article 7 of the Model 1 IGA is attached. The attached letter has been sent to the following jurisdictions:

- Canada
- Cayman Islands
- Costa Rica
- Denmark
- France
- Germany
- Guernsey
- Honduras
- Ireland
- Isle of Man
- Italy
- Jersey
- Malta
- Mauritius
- Norway
- Spain
- United Kingdom

To confirm whether a jurisdiction has declined the application of any of the terms in the attached letter, please contact the relevant jurisdiction.

[Date]

[Name]

[Address]

Dear [ ]:

On behalf of the Government of the United States of America, I am writing to provide you with notification pursuant to Article 7 of the Agreement between [the Government of the United States and the Government of [FATCA Partner] to Improve International Tax Compliance and to Implement FATCA] (the “Agreement”), done at [city], on [date], which reads as follows:

#### Article 7

##### Consistency in the Application of FATCA to Partner Jurisdictions

1. [FATCA Partner] shall be granted the benefit of any more favorable terms under Article 4 or Annex I of the Agreement relating to the application of FATCA to [FATCA Partner] Financial Institutions afforded to another Partner Jurisdiction under a signed bilateral agreement pursuant to which the other Partner Jurisdiction commits to undertake the same obligations as [FATCA Partner] described in Articles 2 and 3 of the Agreement, and subject to the same terms and conditions as described therein and in Articles [5 through 9] of the Agreement.
2. The United States shall notify [FATCA Partner] of any such more favorable terms, and such more favorable terms shall apply automatically under this Agreement as if such terms were specified in this Agreement and effective as of the date of [entry into force][signing] of the agreement incorporating the more favorable terms, unless [FATCA Partner] declines [in writing] the application thereof.

The provisions of the Agreement between the Department of the Treasury of the United States of America and the Ministry of Finance and Public Credit of the United Mexican States to Improve International Tax Compliance Including with Respect to FATCA, signed at Mexico City on April 9, 2014, which entered into force on April 10, 2014 (the “Mexico IGA”), that are set forth in the attachment to this letter (the “Attachment”) reflect the most favorable terms under Article 4 and Annex I of a bilateral agreement, pursuant to which another Partner Jurisdiction commits to undertake the same obligations as [FATCA Partner] described in Articles 2 and 3 of the Agreement, and subject to the same terms and conditions as described therein and in Articles [5 through 9] of the Agreement, that is in force with another Partner Jurisdiction.

[IN CASES WHERE THE IGA HAS ENTERED INTO FORCE] I hereby notify you, on behalf of the Government of the United States of America that, to the extent the Agreement does not contain identical terms to those in the Attachment, pursuant to Article 7 of the Agreement, [FATCA Partner] is granted the benefit of such more favorable terms. If [FATCA Partner] would like to decline the application of any such terms to the Agreement, [FATCA Partner]

should do so by notifying me of this in writing. I request that you provide this notification in writing within 90 days if you are declining the application of any such more favorable terms to the Agreement.

[IN CASES WHERE THE IGA HAS NOT YET ENTERED INTO FORCE] Although the Agreement has not yet entered into force, on behalf of the Government of the United States of America, I am notifying you that, to the extent the Agreement with [FATCA Partner] does not contain identical terms to those in the Attachment, pursuant to Article 7 of the Agreement, [FATCA Partner] shall be granted the benefit of such more favorable terms when the Agreement enters into force. If [FATCA Partner] would like to decline the application of any such terms when the Agreement enters into force, [FATCA Partner] may do so by notifying me of this in writing. If you would like to decline the application of any such more favorable terms to the Agreement, I request that you provide this notification in writing within 90 days.

Sincerely,

## ATTACHMENT

Based on the Mexico IGA, the United States considers the language in italics to be “more favorable terms” in Article 4 and Annex I, except in those cases where the Agreement already includes such language:

1. Paragraph 3 of Article 4:

**Specific Treatment of Mexican Retirement Plans.** The U.S. Treasury Department shall treat as a deemed-compliant FFIs or exempt beneficial owners, as appropriate, for purposes of sections 1471 *and* 1472 of the U.S. Internal Revenue Code, Mexican retirement plans described in Annex II.

2. Paragraph 5 of Article 4:

**Special Rules Regarding Related Entities and Branches That Are Nonparticipating Financial Institutions.** If a Mexican Financial Institution, that otherwise meets the requirements of paragraph 1 of this Article or is described in paragraph 3 or 4 of this Article, has a Related Entity or branch that operates in a jurisdiction that prevents such Related Entity or branch from fulfilling the requirements of a participating FFI or deemed-compliant FFI for purposes of section 1471 of the U.S. Internal Revenue Code *or has a Related Entity or branch that is treated as a Nonparticipating Financial Institution solely due to the expiration of the transitional rule for limited FFIs and limited branches under relevant U.S. Treasury Regulations*, such Mexican Financial Institution shall continue to be in compliance with the terms of this Agreement and shall continue to be treated as a deemed-compliant FFI or exempt beneficial owner, as appropriate, for purposes of section 1471 of the U.S. Internal Revenue Code, provided that:

3. Paragraph 6 of Article 4:

**Coordination of Timing.** *Notwithstanding paragraphs 3 and 5 of Article 3 of this Agreement:*

- a) *the Ministry of Finance of Mexico shall not be obligated to obtain and exchange information with respect to a calendar year that is prior to the calendar year with respect to which similar information is required to be reported to the IRS by participating FFIs pursuant to relevant U.S. Treasury Regulations;*
- b) *the Ministry of Finance of Mexico shall not be obligated to begin exchanging information prior to the date by which participating FFIs are required to report similar information to the IRS under relevant U.S. Treasury Regulations;*
- c) *the U.S. Treasury Department shall not be obligated to obtain and exchange information with respect to a calendar year that is prior to the first calendar year with respect to which the Ministry of Finance of Mexico is required to obtain and*

*exchange information; and*

*d) the U.S. Treasury shall not be obligated to begin exchanging information prior to the date by which the Ministry of Finance of Mexico is required to begin exchanging information.*

4. Paragraph 7 of Article 4:

**Coordination of Definitions with U.S. Treasury Regulations.** *Notwithstanding Article 1 of this Agreement and the definitions provided in the Annexes to this Agreement, in implementing this Agreement, Mexico may use, and may permit Mexican Financial Institutions to use, a definition in relevant U.S. Treasury Regulations in lieu of a corresponding definition in this Agreement, provided that such application would not frustrate the purposes of this Agreement.*

5. Subparagraph B(3) of Section 1 of Annex I:

*Where a balance or value threshold is to be determined as of June 30, 2014 under this Annex I, the relevant balance or value shall be determined as of that day or the last day of the reporting period ending immediately before June 30, 2014, and where a balance or value threshold is to be determined as of the last day of a calendar year under this Annex I, the relevant balance or value shall be determined as of the last day of the calendar year or other appropriate reporting period.*

6. Paragraph C of Section 1 of Annex I:

*As an alternative to the procedures described in each section of this Annex I, Mexico may allow Reporting Mexican Financial Institutions to rely on the procedures described in relevant U.S. Treasury Regulations to establish whether an account is a U.S. Reportable Account or an account held by a Nonparticipating Financial Institution. Mexico may allow Reporting Mexican Financial Institutions to make such election separately for each section of this Annex I either with respect to all relevant Financial Accounts or, separately, with respect to any clearly identified group of such accounts (such as by line of business or the location of where the account is maintained).*

7. Paragraph A of Section II of Annex I:

**Accounts Not Required to Be Reviewed, Identified, or Reported.** *Unless the Reporting Mexican Financial Institution elects otherwise, either with respect to all Preexisting Individual Accounts or, separately, with respect to any clearly identified group of such accounts, where the implementing rules in Mexico provide for such an election, the following Preexisting Individual Accounts are not required to be reviewed, identified, or reported as U.S. Reportable Accounts:*

8. Subparagraph A(1) of Section II of Annex I:

Subject to subparagraph E(2) of this section, a Preexisting Individual Account with a balance or value that does not exceed fifty thousand (\$50,000) dollars as of *June 30, 2014*.

9. Subparagraph A(2) of Section II of Annex I:

Subject to subparagraph E(2) of this section, a Preexisting Individual Account that is a Cash Value Insurance Contract and an Annuity Contract with a balance or value of two hundred and fifty thousand (\$250,000) dollars or less as of *June 30, 2014*.

10. Paragraph B of Section II of Annex I:

**Review Procedures for Preexisting Individual Accounts With a Balance or Value as of June 30, 2014, that Exceeds Fifty Thousand (\$50,000) Dollars (Two Hundred and Fifty Thousand (\$250,000) Dollars for a Cash Value Insurance Contract or Annuity Contract), But Does Not Exceed One Million (\$1,000,000) Dollars (“Lower Value Accounts”)**

11. Subparagraph B(4)(b)(2) of Section II of Annex I:

*Documentary evidence, as defined in paragraph D of section VI of this Annex I, establishing the Account Holder’s non-U.S. status.*

12. Subparagraph C(1) of Section II of Annex I:

Review of Preexisting Individual Accounts that are Lower Value Accounts for U.S. indicia must be completed by *June 30, 2016*.

13. Paragraph D of Section II of Annex I:

**Enhanced Review Procedures for Preexisting Individual Accounts With a Balance or Value That Exceeds One Million (\$1,000,000) Dollars as of June 30, 2014, or December 31 of 2015 or Any Subsequent Year (“High Value Accounts”)**

14. Subparagraph E(1) of Section II of Annex I:

If a Preexisting Individual Account is a High Value Account as of *June 30, 2014*, the Reporting Mexican Financial Institution must complete the enhanced review procedures described in paragraph D of this section with respect to such account by *June 30, 2015*. If based on this review such account is identified as a U.S. Reportable Account *on or before December 31, 2014*, the Reporting Mexican Financial Institution must report the required information about such account with respect to *2014* in the first report on the account and on an annual basis thereafter. *In the case of an account identified as a U.S. Reportable Account after December 31, 2014, and on or before June 30, 2015, the Reporting Mexican Financial Institution is not required to report information about such account with respect to 2014, but must report information about the account on an annual basis*

thereafter.

15. Subparagraph E(2) of Section II of Annex I:

If a Preexisting Individual Account is not a High Value Account as of *June 30, 2014*, but becomes a High Value Account as of the last day of *2015 or any subsequent calendar year*, the Reporting Mexican Financial Institution must complete the enhanced review procedures described in paragraph D of this section with respect to such account within six (6) months after the last day of the calendar year in which the account becomes a High Value Account. If based on this review such account is identified as a U.S. Reportable Account, the Reporting Mexican Financial Institution must report the required information about such account with respect to the year in which it is identified as a U.S. Reportable Account and subsequent years on an annual basis, unless the Account Holder ceases to be a Specified U.S. Person.

16. Paragraph F of Section II of Annex I:

**Preexisting Individual Accounts That Have Been Documented for Certain Other Purposes.** *A Reporting Mexican Financial Institution that has previously obtained documentation from an Account Holder to establish the Account Holder's status as neither a U.S. citizen nor a U.S. resident in order to meet its obligations under a QI, withholding foreign partnership, or withholding foreign trust agreement with the IRS, or to fulfill its obligations under chapter 61 of Title 26 of the United States Code, is not required to perform the procedures described in subparagraph B(1) of this section with respect to Lower Value Accounts or subparagraphs D(1) through D(3) of this section with respect to High Value Accounts.*

17. Section III of Annex I:

**New Individual Accounts.** The following rules and procedures apply for identifying U.S. Reportable Accounts among Financial Accounts held by individuals and opened on or after *July 1, 2014* (“New Individual Accounts”).

18. Paragraph A of Section III of Annex I:

**Accounts Not Required to Be Reviewed, Identified or Reported.** Unless the Reporting Mexican Financial Institution elects otherwise, *either with respect to all New Individual Accounts or, separately, with respect to any clearly identified group of such accounts*, where the implementing rules in Mexico provide for such an election, the following New Individual Accounts are not required to be reviewed, identified, or reported as U.S. Reportable Accounts:

19. Paragraph B of Section III of Annex I:

**Other New Individual Accounts.** With respect to New Individual Accounts not described in paragraph A of this section, upon account opening (*or within ninety (90)*

*days after the end of the calendar year in which the account ceases to be described in paragraph A of this section), the Reporting Mexican Financial Institution must obtain a self-certification which may be part of the account opening documentation, that allows the Reporting Mexican Financial Institution to determine whether the Account Holder is resident in the United States for tax purposes (for this purpose, a U.S. citizen is considered to be resident in the United States for tax purposes, even if the Account Holder is also a tax resident of another jurisdiction) and confirm the reasonableness of such self-certification based on the information obtained by the Reporting Mexican Financial Institution in connection with the opening of the account, including any documentation collected pursuant to AML/KYC Procedures.*

20. Paragraph A of Section IV of Annex I:

**Entity Accounts Not Required to Be Reviewed, Identified or Reported.** Unless the Reporting Mexican Financial Institution elects otherwise, *either with respect to all Preexisting Entity Accounts or, separately, with respect to any clearly identified group of such accounts*, where the implementing rules in Mexico provide for such an election, a Preexisting Entity Account with an account balance or value that does not exceed two hundred and fifty thousand (\$250,000) dollars as of *June 30, 2014*, is not required to be reviewed, identified, or reported as a U.S. Reportable Account until the account balance or value exceeds one million (\$1,000,000) dollars.

21. Paragraph B of Section IV of Annex I:

**Entity Accounts Subject to Review.** A Preexisting Entity Account that has an account balance or value that exceeds two hundred and fifty thousand (\$250,000) dollars as of *June 30, 2014*, and a Preexisting Entity Account that does not exceed two hundred and fifty thousand (\$250,000) dollars *as of June 30, 2014*, but the account balance or value of which exceeds one million (\$1,000,000) dollars *as of the last day of 2015 or any subsequent calendar year*, must be reviewed in accordance with the procedures set forth in paragraph D of this section.

22. Subparagraph D(2)(b) of Section IV of Annex I:

If the information indicates that the Account Holder is a Financial Institution, *or the Reporting Mexican Financial Institution verifies the Account Holder's Global Intermediary Identification Number on the published IRS FFI list*, then the account is not a U.S. Reportable Account.

23. Subparagraph D(3)(a) of Section IV of Annex I:

*Subject to subparagraph D(3)(b) of this paragraph, a Reporting Mexican Financial Institution may determine that the Account Holder is a Mexican Financial Institution or other Partner Jurisdiction Financial Institution if the Reporting Mexican Financial Institution reasonably determines that the Account Holder has such status on the basis of the Account Holder's Global Intermediary Identification Number on the published IRS*

*FFI list or other information that is publicly available or in the possession of the Reporting Mexican Financial Institution, as applicable. In such a case, no further review, identification, or reporting is required with respect to the account.*

24. Subparagraph D(3)(b) of Section IV of Annex I:

*If the Account Holder is a Mexican Financial Institution or other Partner Jurisdiction Financial Institution treated by the IRS as a Nonparticipating Financial Institution, then the account is not a U.S. Reportable Account, but payments to the Account Holder must be reported as contemplated in subparagraph 1(b) of Article 4 of the Agreement.*

25. Subparagraph E(1) of Section IV of Annex I:

Review of Preexisting Entity Accounts with an account balance or value that exceeds two hundred and fifty thousand (\$250,000) dollars as of *June 30, 2014* must be completed by *June 30, 2016*.

26. Subparagraph E(2) of Section IV of Annex I:

Review of Preexisting Entity Accounts with an account balance or value that does not exceed two hundred and fifty thousand (\$250,000) dollars as of *June 30, 2014*, but exceeds one million (\$1,000,000) dollars as of *December 31, 2015* or a subsequent year, must be completed within six (6) months after the last day of the calendar year in which the account balance or value exceeds one million (\$1,000,000) dollars.

27. Section V of Annex I:

The following rules and procedures apply for purposes of identifying U.S. Reportable Accounts and accounts held by Nonparticipating Financial Institutions among Financial Accounts held by Entities and opened on or after *July 1, 2014* (“New Entity Accounts”).

28. Paragraph A of Section V of Annex I:

***Entity Accounts Not Required to Be Reviewed, Identified or Reported.*** *Unless the Reporting Mexican Financial Institution elects otherwise, either with respect to all New Entity Accounts or, separately, with respect to any clearly identified group of such accounts, where the implementing rules in Mexico provide for such election, a credit card account or a revolving credit facility treated as a New Entity Account is not required to be reviewed, identified, or reported, provided that the Reporting Mexican Financial Institution maintaining such account implements policies and procedures to prevent an account balance owed to the Account Holder that exceeds fifty thousand (\$50,000) dollars.*

29. Subparagraph B(1) of Section V of Annex I:

Subject to subparagraph B(2) of this section, a Reporting Mexican Financial Institution may determine that an Account Holder is an Active NFFE, a Mexican Financial Institution, or other Partner Jurisdiction Financial Institution if the Reporting Mexican Financial Institution reasonably determines that the Account Holder has such status on the basis of *the Account Holder's Global Intermediary Identification Number or other information that is publicly available or in the possession of the Reporting Mexican Financial Institution, as applicable.*

30. Subparagraph B(2) of Section V of Annex I:

*If the Account Holder is a Mexican Financial Institution or other Partner Jurisdiction Financial Institution treated by the IRS as a Nonparticipating Financial Institution, then the account is not a U.S. Reportable Account, but payments to the Account Holder must be reported as contemplated in subparagraph 1(b) of Article 4 of the Agreement.*

31. Subparagraph B(2) of Section VI of Annex I:

**NFFE.** An “NFFE” means any Non-U.S. Entity that is not an FFI as defined in relevant U.S. Treasury Regulations *or is an Entity described in subparagraph B(4)(j) of this section*, and also includes any Non-U.S. Entity that is established in Mexico or another Partner Jurisdiction and that is not a Financial Institution.

32. Subparagraph B(2) of Section VI of Annex I:

**Passive NFFE.** A “Passive NFFE” means any NFFE that is not (i) an Active NFFE, *or (ii) a withholding foreign partnership or withholding foreign trust pursuant to relevant U.S. Treasury Regulations.*

33. Subparagraph B(4)(d) of Section VI of Annex I:

The NFFE is a government (other than the U.S. government), *a political subdivision of such government (which, for the avoidance of doubt, includes a state, province, county, or municipality), or a public body performing a function of such government or a political subdivision thereof*, a government of a U.S. Territory, an international organization, a non-U.S. central bank of issue, or an Entity wholly owned by one or more of the foregoing;

34. Subparagraph B(4)(e) of Section VI of Annex I:

Substantially all of the activities of the NFFE consist of holding (in whole or in part) the outstanding stock of, and providing financing and services to, one or more subsidiaries that engage in trades or businesses other than the business of a Financial Institution, except that an *Entity* shall not qualify for *NFFE* status if the *Entity* functions (or holds itself out) as an investment fund, such as a private equity fund, venture capital fund, leveraged buyout fund, or any investment vehicle whose purpose is to acquire or fund

companies and then hold interests in those companies as capital assets for investment purposes;

35. Subparagraph B(4)(i) of Section VI of Annex I:

*The NFFE is an “excepted NFFE” as described in relevant U.S. Treasury Regulations;*

36. Subparagraph B(4)(j)(1) of Section VI of Annex I:

*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 organization, business league, chamber of commerce, labor organization, agricultural or horticultural organization, civic league or an organization operated exclusively for the promotion of social welfare;*

37. Subparagraph B(5) of Section VI of Annex I:

**Preexisting Account.** *A “Preexisting Account” means a Financial Account maintained by a Reporting Financial Institution as of June 30, 2014.*

38. Subparagraph D(1) of Section VI of Annex I:

*A certificate of residence issued by an authorized government body (for example, a government or agency thereof, or a municipality) of the jurisdiction in which the payee claims to be a resident.*

39. Paragraph E of Section VI of Annex I:

**Alternative Procedures for Financial Accounts Held by Individual Beneficiaries of a Cash Value Insurance Contract.** *A Reporting Mexican Financial Institution may presume that an individual beneficiary (other than the owner) of a Cash Value Insurance Contract receiving a death benefit is not a Specified U.S. Person and may treat such Financial Account as other than a U.S. Reportable Account unless the Reporting Mexican Financial Institution has actual knowledge, or reason to know, that the beneficiary is a Specified U.S. Person. A Reporting Mexican Financial Institution has reason to know that a beneficiary of a Cash Value Insurance Contract is a Specified U.S. Person if the information collected by the Reporting Mexican Financial Institution and associated with the beneficiary contains U.S. indicia as described in subparagraph (B)(1) of section II of this Annex I. If a Reporting Mexican Financial Institution has actual knowledge, or reason to know, that the beneficiary is a Specified U.S. Person, the Reporting Mexican Financial Institution must follow the procedures in subparagraph B(3) of section II of this Annex I.*

40. Paragraph F of Section VI of Annex I:

**Reliance on Third Parties.** *Regardless of whether an election is made under paragraph C of section I of this Annex I, Mexico may permit Reporting Mexican Financial Institutions to rely on due diligence procedures performed by third parties, to the extent provided in relevant U.S. Treasury Regulations.*