ARRANGEMENT BETWEEN THE COMPETENT AUTHORITY OF THE UNITED STATES AND THE COMPETENT AUTHORITY OF CANADA


Article XXVI of the Convention permits the Competent Authorities to address matters regarding implementation of the Convention and to resolve "any difficulties or doubts arising as to the interpretation or application of the Convention."

After consultations between the Competent Authorities, the Competent Authorities have reached this arrangement ("Arrangement").

1. For the purposes of this Arrangement, the following terms have the following meanings:

   a) The term "Covered Financial Institution with a Local Client Base" means a Non-Reporting Canadian Financial Institution that is a Financial Institution with a Local Client Base described in section III(A) of Annex II of the Agreement, that has performed the due diligence required in section III(A) of Annex II of the Agreement.

   b) The term "Covered Local Bank" means a Non-Reporting Canadian Financial Institution that is a Local Bank described in section III(B) of Annex II of the Agreement.

   c) The term "Covered Financial Institution" means a Covered Financial Institution with a Local Client Base or a Covered Local Bank that registers with the IRS as a Reporting Canadian Financial Institution (or, with respect to a Covered Financial Institution with a Local Client Base, changes its FATCA classification in an existing registration to a Reporting Canadian Financial Institution).

   d) The term "Covered Financial Account" means a Financial Account maintained before the date that a Covered Financial Institution with a Local Client Base or a Covered Local Bank becomes a Covered Financial Institution.

2. All other terms used in this Arrangement have the same meanings as in the Agreement.

3. The Competent Authorities intend that a Covered Financial Institution is not required to perform the due diligence procedures described in Annex I of the Agreement (other than those due diligence procedures already performed by a Covered Financial Institution with a Local Client Base under section III(A) of Annex II of the Agreement) on a Covered Financial Account, unless there is a change in circumstances with respect to such Financial Account.
4. If there is a change in circumstances with respect to a Covered Financial Account that (i) causes the Covered Financial Institution to know, or have reason to know, that the self-certification or other documentation associated with the account is incorrect or unreliable, (ii) with respect to a Preexisting Individual Account, results in one or more U.S. indicia described in section II(B)(1) of Annex I of the Agreement being associated with the account, or (iii) with respect to a Preexisting Account that was not required to be reviewed, identified, or reported, causes the Preexisting Account to become a Preexisting Account required to be reviewed, identified, or reported due to an increase in the account balance or value (see sections II(E)(2) and IV(E)(2) of Annex I of the Agreement), then the Covered Financial Institution shall redetermine the status of such Covered Financial Account in accordance with the procedures set forth in Annex I of the Agreement.

For the Competent Authority of the United States of America:

Commissioner, Large Business & International, Internal Revenue Service

For the Competent Authority of Canada

Director General, Legislative Policy  Directorate, Legislative Policy and Regulatory Affairs Branch, Canada Revenue Agency

2/28/2019

March 20, 2019

Date

Date