

### **Notification of More Favorable Terms**

Article 6 of the Model 2 IGA provides that the United States shall notify its Partner Jurisdictions of any more favorable terms under Article 3 or Annex I of the IGA afforded to another Partner Jurisdiction. For informational purposes only, the notification letter sent to Switzerland pursuant to this provision is attached. To confirm whether Switzerland has declined the application of any of the terms in the attached letter, please contact Switzerland.

March 27, 2015

[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 12 of the Agreement between the United States of America and Switzerland for Cooperation to Facilitate the Implementation of FATCA (the "Agreement"), done at Bern, on February 14, 2013, as amended by the exchange of notes on March 21 and 27, 2013, September 6 and 9, 2013, June 10, 2013 and May 21, 2014, and September 25, 2014 and January 7, 2015, which reads as follows:

Article 12

Consistency in the Application of FATCA to Partner Jurisdictions

1. Switzerland shall be granted the benefit of any more favorable terms under Part C and Annex 1 of this Agreement relating to the application of FATCA to Swiss 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 Switzerland described in Part B of this Agreement and subject to the same terms and conditions as described therein and in Articles 11, 12, 14, and 15 of this Agreement.
2. The United States shall notify Switzerland of any such more favorable terms and shall apply such more favorable terms automatically under this Agreement as if they were specified in this Agreement and effective as of the date of the entry into force of the agreement incorporating the more favorable terms, unless Switzerland declines the application thereof.

The Government of the United States of America has signed multiple intergovernmental agreements that include provisions that are set forth in the attachment to this letter (the "Attachment"). The Attachment uses, as an example, the provisions of the Agreement between the Government of the United States of America and the Government of Bermuda for Cooperation to Facilitate the Implementation of FATCA (the "Bermuda IGA"), signed at Hamilton, on December 19, 2013.

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 12 of the Agreement, Switzerland is granted the benefit of such more favorable terms. If Switzerland would like to decline the application of any such terms to the Agreement, Switzerland 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.

Sincerely,

## ATTACHMENT

Based on the Bermuda IGA, the United States considers the language in italics to be “more favorable,” except in those cases where the Agreement already includes such language:

1. Paragraph 3 of Article 3:

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

2. Paragraph 5 of Article 3:

**Special Rules Regarding Related Entities and Branches That Are Nonparticipating Financial Institutions.** If a Bermuda Financial Institution, that otherwise meets the requirements described in Article 2 of this Agreement 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 FFI solely due to the expiration of the transitional rule for limited FFIs and limited branches under relevant U.S. Treasury Regulations*, such Bermuda Financial Institution shall continue to be treated as a participating FFI, 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 3:

**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, Bermuda may use, and may permit Bermuda 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.*

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

Except as otherwise provided herein, the balance or value of an account shall be determined as of the last day of the calendar year, *or in the case of a Cash Value Insurance Contract or an Annuity Contract, as of the last day of the calendar year or the most recent contract anniversary date.*

5. Subparagraph C of Section I of Annex I:

As an alternative to the procedures described in each section of this Annex I, Reporting Bermuda Financial Institutions may rely on the procedures described in relevant U.S. Treasury Regulations to establish whether an account is a U.S. Account or an account held by a Nonparticipating Financial Institution, except that if an account is treated as held by a recalcitrant account holder under procedures described in relevant U.S. Treasury Regulations, such account shall be treated as a U.S. Account for purposes of this Agreement. *Reporting Bermuda Financial Institutions may 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). Except as otherwise provided in an FFI Agreement, once a Reporting Bermuda Financial Institution has chosen to rely on the procedures in relevant U.S. Treasury Regulations with respect to any group of accounts, such Reporting Bermuda Financial Institution must continue to apply such procedures consistently in all subsequent years, unless there has been a material modification to relevant U.S. Treasury Regulations.*

6. Subparagraph A of Section II of Annex I:

**Accounts Not Required to Be Reviewed, Identified, or Reported.** Unless the Reporting Bermuda Financial Institution elects otherwise, *either with respect to all Preexisting Individual Accounts or, separately, with respect to any clearly identified group of such accounts*, the following Preexisting Individual Accounts are not required to be reviewed, identified, or reported as U.S. Accounts:

7. Subparagraph B(1)(g) of Section II of Annex I:

An “in-care-of” or “hold mail” address that is the *sole* address the Reporting Bermuda Financial Institution has on file for the Account Holder. In the case of a Preexisting Individual Account that is a Lower Value Account, an “in-care-of” address outside the United States or “hold mail” address shall not be treated as U.S. indicia.

8. 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.*

9. Subparagraph F of Section II of Annex I:

**Preexisting Individual Accounts That Have Been Documented for Certain Other Purposes.** *A Reporting Bermuda 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 qualified intermediary, 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.*

10. Subparagraph A of Section III of Annex I:

**Accounts Not Required to Be Reviewed, Identified, or Reported.** Unless the Reporting Bermuda Financial Institution elects otherwise, *either with respect to all New Individual Accounts or, separately, with respect to any clearly identified group of such accounts*, the following New Individual Accounts are not required to be reviewed, identified, or reported as U.S. Accounts:

11. Subparagraph A of Section IV of Annex I:

**Entity Accounts Not Required to Be Reviewed, Identified, or Reported.** Unless the Reporting Bermuda Financial Institution elects otherwise, *either with respect to all Preexisting Entity Accounts or, separately, with respect to any clearly identified group of such accounts*, a Preexisting Entity Account with an account balance or value that does not exceed \$250,000 as of June 30, 2014, is not required to be reviewed, identified, or reported as a U.S. Account until the account balance or value exceeds \$1,000,000.

12. 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 Bermuda 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. Account.*

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

*Subject to subparagraph D(3)(b) of this section, a Reporting Bermuda Financial Institution may determine that the Account Holder is a Bermuda Financial Institution or other Partner Jurisdiction Financial Institution if the Reporting Bermuda 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 Bermuda Financial Institution, as applicable. In such case, no further review, identification, or reporting is required with respect to the account.*

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

*If the Account Holder is a Bermuda 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. Account, but payments to the Account Holder must be reported consistent with the requirements of an FFI Agreement.*

15. Subparagraph A of Section V of Annex I:

***Entity Accounts Not Required to Be Reviewed, Identified or Reported.*** *Unless the Reporting Bermuda Financial Institution elects otherwise, either with respect to all New Entity Accounts or, separately, with respect to any clearly identified group of such accounts, 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 Bermuda Financial Institution maintaining such account implements policies and procedures to prevent an account balance owed to the Account Holder that exceeds \$50,000.*

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

Subject to subparagraph B(2) of this section, a Reporting Bermuda Financial Institution may determine that the Account Holder is an Active NFFE, a Bermuda Financial Institution, or other Partner Jurisdiction Financial Institution if the Reporting Bermuda 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 Bermuda Financial Institution, as applicable.*

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

*If the Account Holder is a Bermuda 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. Account, but payments to the Account Holder must be reported consistent with the requirements of an FFI Agreement.*

18. 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 Bermuda or another Partner Jurisdiction and that is not a Financial Institution.

19. 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;

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

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

21. Subparagraph B(4)(j)(i) 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;*

22. Subparagraph E of Section VI of Annex I:

**Alternative Procedures for Financial Accounts Held by Individual Beneficiaries of a Cash Value Insurance Contract.** *A Reporting Bermuda 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. Account unless the Reporting Bermuda Financial Institution has actual knowledge, or reason to know, that the beneficiary is a Specified U.S. Person. A Reporting Bermuda 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 Bermuda 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 Bermuda Financial Institution has actual knowledge, or reason to know, that the beneficiary is a Specified U.S. Person, the Reporting Bermuda Financial Institution must follow the procedures in subparagraph B(3) of section II of this Annex I.*

23. Subparagraph 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, Reporting Bermuda Financial Institutions may rely on due diligence procedures performed by third parties, to the extent provided in an FFI Agreement and relevant U.S. Treasury Regulations.*