

MEMORANDUM OF UNDERSTANDING

In connection with the signing today 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 (hereinafter the "Agreement"), the representatives of Bermuda and the United States of America wish to confirm their understanding of the following:

1. For purposes of subparagraph B(4)(j)(i) of Section VI of Annex I of the Agreement, an Entity is understood to be "operated in its jurisdiction of residence" if it is administered from its jurisdiction of residence.
2. The United States is committed to discussing concerns raised by Bermuda with respect to Bermuda property and casualty insurance companies treated as passive NFFEs under relevant U.S. Treasury Regulations and to examining potential solutions to those concerns, including through the potential modification of existing U.S. Treasury Regulations.
3. In reference to paragraph 1 of Article 10 (Term of Agreement), the United States issued Notice 2013-43 (the "Notice") on July 12, 2013, which clarifies that: "A jurisdiction will be treated as having in effect an IGA [an intergovernmental agreement to implement FATCA] if the jurisdiction is listed on the Treasury website as a jurisdiction that is treated as having an IGA in effect. In general, Treasury and the IRS intend to include on this list jurisdictions that have signed but have not yet brought into force an IGA. Consistent with the Notice, once the Agreement is signed, the United States Department of the Treasury intends to list Bermuda as having an IGA in effect.

Upon such listing, Reporting Bermuda Financial Institutions, as that term is defined in the Agreement, may register and agree to comply with the terms of an FFI Agreement, as that term is defined in the Agreement. The United States intends to treat a Reporting Bermuda Financial Institution that acts consistently with the requirements for Reporting Bermuda Financial Institutions in the Agreement (including the requirement to register with the IRS by July 1, 2014, and comply with the requirements of an FFI Agreement) as complying with, and not subject to withholding under section 1471 of the U.S. Internal Revenue Code during such time as Bermuda is pursuing the necessary internal procedures for entry into force of the Agreement. If the Agreement has not entered into force prior to March 31, 2015, and assuming that Bermuda is on the list at that time, the United States Department of the Treasury intends to consider removing Bermuda from the list of jurisdictions treated as having an IGA in effect.

If upon consultation with Bermuda, the United States receives credible assurances that such a delay is likely to be resolved in a reasonable period of time, the United States Department of the Treasury may decide to continue to list Bermuda as having an IGA in effect as long as the United States Department of the Treasury assesses that Bermuda is likely to be able to send its notification under paragraph 1 of Article 10 by March 31, 2016. It is understood that should the Agreement enter into force after March 31, 2015, any information that would have been reported by Reporting Bermuda Financial Institutions or the

Competent Authority of Bermuda, as those terms are defined under the Agreement, thereafter (and prior to the entry into force of the Agreement) had the Agreement been in force by March 31, 2015, is owed within six months of the date of entry into force.

Signed at Hamilton in duplicate, this 19th day of December, 2013, in the English language.

FOR THE UNITED STATES OF
AMERICA:

FOR BERMUDA:

Two handwritten signatures are present. The signature on the left is for the United States of America, and the signature on the right is for Bermuda. Both are in black ink and appear to be cursive.