Criteria to classify IBEC customers and partners

as foreign taxpayers (US Persons)

1. Criteria to Classify Individuals as US Taxpayers (US Persons):

1.1. Main criteria:

- US citizenship;

- US permanent resident card (form I-551 (Green Card);

- Long-term stay in the USA*;

* In relation to the USA, stay is considered to be long-term, if the period of stay in the USA is not less than 31 days during the current calendar year and not less than 183 days during 3 years, including the current year and the two last preceding years. The total number of days the individual spent in a foreign state in the current year and in the two previous years shall be multiplied by the established factor:

- the current year factor is 1 (i.e., all the days spent in the USA in the current year shall be taken into account);

- the last year factor is 1/3;

- the factor for the year before last is 1/6.

Teachers, students and interns temporarily staying in the USA on the basis of type F, J, M or Q visas shall not be recognized as US tax residents.

1.2. Additional criteria:

- Born in the USA;

- A contact address or phone number registered in the USA is provided;

- Transfers of funds to the accounts of the financial institutions in the USA;

- Signatory right given to an individual residing in the USA.

2. Criteria to Classify Legal Entities as US Taxpayers (US Persons):

2.1. Main criteria:

- USA is the country of registration/establishment of the legal entity (while persons listed in the Annex, paragraph 3 are not US taxpayers);

- the legal entity is a US tax resident;

- the beneficial owners (controlling persons) of the entity include individuals or legal entities being US taxpayers.

The legal entity is a US taxpayer, if more than 10 per cent of its shares (interests) belong to:

- an individual recognized as a US taxpayer based on the criteria set out in paragraph 1;

- a legal entity, registered/established in the USA, not classified as a legal entity as set out in paragraph 3, if more than 50% (individually or collectively) of the total income of such an entity for the last year are ‘passive income’ (the structure of passive income is defined in paragraph 4), and over 50% (individually or collectively) of the weighted average value of assets of the legal entity (as of the end of the quarter) are assets generating such income. The beneficial owners (controlling persons) with respect to these entities are defined as of the identification date.

The procedure to determine the controlling persons for companies registered in the USA, and the procedure to determine the indirect interest in a legal entity are set out in paragraph 5.

2.2. Additional criteria:

- postal address in the USA;

- US phone number (the country code starts with 001);

- a Power of Attorney issued for a person with a US address;

- signatory right given to a person with a US address.

3. Categories of Legal Entities not Subject to FATCA

3.1. Excepted Foreign Financial Institutions (Excepted FFI).

1. Excepted nonfinancial group entities (not fall within the scope of FATCA requirements subject to certain conditions). This group includes nonfinancial holding companies, hedging and financial centers of nonfinancial groups, with the exception of investment funds;

2. Excepted nonfinancial start-up companies or companies entering a new line of business, except for the companies that operate (or identify themselves) as private equity funds, venture capital funds, leveraged funds or other similar investment companies established with the investment purpose to acquire or finance companies or to hold an interest in these companies as capital assets acquired for investment purposes;

3. Excepted nonfinancial entities in liquidation or bankruptcy;

4. Excepted inter-affiliate foreign financial institutions (FFI);

5. US entities as defined in section 501 (c) of the US Internal Revenue Code, which include non-profit organizations, tax-exempt in the USA, such as:

- charitable, religious, educational, scientific, literary organizations;
- testing for public safety organizations;
- organizations to foster national or international amateur sports competition;
- prevention of cruelty to children or animals organizations;

5. Non-profit organizations;
6. Other organizations, in accordance with the provisions of the relevant Annex II, agreed upon, to the Intergovernmental Agreement on Model 1 or 2 (if a legal entity is established in a country with which the USA has a respective FATCA agreement);

3.2. Legal Entities Exempt from FATCA Based on Their Status as a Beneficial Owner (Exempt Beneficial Owners).

1. Government authorities and agencies or legal entities fully owned by them;
2. International organizations or organizations wholly owned by them;
3. Central banks and issuing banks;
4. Authorities of US territories;
5. Certain types of pension funds;
6. Investment institutions, fully owned by the exempt beneficial owners, provided that each direct interest owner in the entity is an exempt beneficial owner and each direct owner of a share in the debt capital of such entity is either a deposit institution (with regard to the loan granted to such an entity) or an exempt beneficial owner;

3.3. Financial Institutions Excepted from FATCA

1. Financial organizations documented by the owner (Owner documented FFI);
2. Financial institutions recognized as complying with the FATCA requirements, subject to certification (Certified deemed-compliant FFI), which include:

- non-registering local banks;
- financial institutions, opening accounts with a balance below the minimum established thresholds (FFI with only low-value accounts);
- sponsored, a closely held investment vehicles;
- investment consultants and investment managers;
- limited life debt investment entities.

3.4. Non-Financial Foreign Entity (NFFE) is a foreign legal entity, which is not a financial institution or a foreign legal entity, considered as non-financial foreign organization under the Intergovernmental Agreement on Model 1 or Model 2 (if a legal entity is established in a country with which the USA has a respective FATCA agreement).

4. **Passive Income Structure**

For the purpose of determining the legal entities being US taxpayers, the passive income includes:

1) dividends;
2) interests;
3) proceeds from a pool of insurance contracts, provided that the amounts received depend, whether in whole or in part, on the pool income;

4) rents and royalties (except for rents and royalties obtained in active operations);
5) annuities;
6) profit from the sale or exchange of property that brings one of the above income types;
7) profit from transactions with exchange commodities (including futures, forwards and similar transactions), except for hedging transactions provided that the transactions with such commodities are the main activities of the entity;
8) profit from foreign currency transactions (foreign exchange gains and losses);
9) contracts, which cost is linked to an underlying asset (par), for example, derivatives (interest rate swap, currency swap, options, etc.);
10) redemption amount under an insurance contract or the loan amount secured by an insurance contract;
amounts received by the insurance company at the cost of the reserves for insurance activities

and annuities.

5. Procedure to Determine the Controlling Persons of the Companies Registered in the USA, and Procedure to Determine the Indirect Interest in a Legal Entity

5.1. Controlling Person of a Company Registered in the USA:

- with regard to a corporation - a person holding, directly or indirectly, more than 10% of the shares of that corporation (according to the number of votes or value);
- with regard to a partnership - a person holding, directly or indirectly, more than 10% of the interests in the partnership;
- with regard to a trust - a person holding, directly or indirectly, more than 10% of the interests in the trust;

A person shall be deemed to be the beneficial owner of an interest in the trust, if such person has the right to get, directly or indirectly or through a nominal recipient, mandatory payments from the trust (mandatory distributions), i.e. the payments, the amount of which is determined under the contract of trust, as well as discretionary payments from the trust, i.e. payments effected at the discretion of the manager (discretionary distribution).

With regard to trusts, 10% interest shall be defined as:

- with regard to discretionary payments - if the fair market value of the payment (money or property) exceeds 10% of the value of all payments effected this year or the value of the assets owned by the trust at the end of the year, when the payment was made;
- with regard to the mandatory payments - if the amount of the payment exceeds 10% of the value of the trust's assets.

5.2. Procedure to Determine the Indirect Interest in a Legal Entity

The indirect interest in a legal entity shall be determined according to the following rules:

- in cases of indirect holding of shares (interests): if the shares (interests) of a foreign company are owned by another company (partnership or trust), then the shareholders (owners) of such other company will be deemed to be the owners of the foreign company in proportion to their interest in the other company (partnership or trust);
- in cases of indirect holding of an interest in a partnership or a trust: if the interest in a partnership or a trust is owned by another company (partnership or trust), then the shareholders (owners) of such other company will be deemed to be the owners of the foreign company in proportion to their interest in the other company (partnership or trust);
- in cases of holding through options: if the controlling person owns, directly or indirectly (indirect ownership shall be defined similarly to bullet 2 of this Annex), an option to purchase shares of the foreign company (interests in a partnership or trust), such person shall be deemed to

be the holder of the shares (interests) of the foreign company (partnership/trust) in the proportion specified in the option;

- when defining the interest of a person in a foreign corporation/partnership/trust, all relevant facts and circumstances must be taken into account. Any tools created to hide (artificially underestimate) the ownership interest shall be ignored

in order to define the interest of a person in a foreign corporation/partnership/trust, his/her interest must be added to the interests held by the persons associated with that person, including his/her spouses, family members of the shareholder, etc.).