

Common Reporting Standard

Limited Life Debt Investment Entities

This definition is applicable where a Financial Institution is the beneficial owner of a payment, or payments, made with respect to an account, and the Financial Institution meets the following requirements:

a) The Financial Institution is an investment entity that issued one or more classes of debt or equity interests to investors pursuant to a trust indenture, trust deed or similar agreement and all of such interests were issued on or before 17 January 2013 and such instruments are in registered and not bearer form;

b) The Financial Institution was in existence as of 17 January 2013, and has entered into a trust indenture, trust deed or similar agreement that requires the Financial Institution to pay to investors holding substantially all of the interests in the Financial Institution, no later than a set date or period following the maturity of the last asset held by the Financial Institution, all amounts that such investors are entitled to receive from the Financial Institution;

c) The Financial Institution was formed and operated for the purpose of purchasing or acquiring specific types of debt instruments or interests therein and holding those assets subject to reinvestment only under prescribed circumstances to maturity; and

d) Substantially all of the assets of the Financial Institution consist of debt instruments or interests therein.

The term "substantially all" means 80% or more of all the assets by value.

The term "debt instruments" includes notes, bonds, loans, promissory notes, certificates of deposit, loan stock, debentures and any other instrument creating or acknowledging indebtedness. Cash held by the Financial Institution should also be treated as being a debt instrument for this purpose.

The term "interests therein" includes (a) equity interests in wholly owned subsidiaries that own debt instruments; (b) any equity interests in an entity which invests substantially all of its assets in debt instruments such as a money market fund; (c) credit default or total return swaps which reference debt instruments.

A Financial Institution should apply this test when the proceeds of the debt or equity interests issued to investors have been fully invested and not during any ramp up or winding down period.

e) All payments made to the investors of the Financial Institution (other than holders of a de minimis interest) are either cleared through a clearing organization or custodial institution that is a Participating Jurisdiction Financial Institution, Reporting Financial Institution or made through a transfer agent that is a Participating Jurisdiction Financial Institution or Reporting Financial Institution;

f) The Financial Institution's trustee or fiduciary is not authorised under the applicable trust indenture, trust deed or similar agreement through a fiduciary duty or otherwise to fulfil the obligations of a Participating Jurisdiction Financial Institution under the Regulations and no other person under that agreement has the authority to fulfil the obligations of a Participating Jurisdiction Financial Institution under the Regulations on behalf of the Financial Institution.

The reference to the Financial Institution's fiduciary does not include the Financial Institution's board of directors or, in the case of an exempted limited partnership, the general partner.

Where a Financial Institution has issued all of its debt or equity interests to investors on or before 1 March 2010, the requirement in (f) will be deemed to have been met.

For Financial Institutions which have issued debt or equity interests to investors after 1 March 2010 – in determining whether or not the Financial Institution's trustee or fiduciary is authorised as contemplated by (f), the ability of the Financial Institution and/or the trustee or fiduciary to make amendments to the trust indenture, trust deed or similar agreement to give the trustee or fiduciary the necessary authority without investor consent shall be treated as the trustee or fiduciary being so authorised for the purposes of (f).

Any wholly owned subsidiary formed by a Financial Institution that meets the above-mentioned criteria for the purpose of holding assets for the benefit of the Financial Institution shall also be deemed to be a Limited Life Debt Investment Entity for these purposes.