

If SIF can answer one CRS question, I'll eat my hat live. But I know they'll will keep their pie-hole closed as they are wrong but too proud.



**Mark Morris**  
CRS and CARF expert. No, truly.



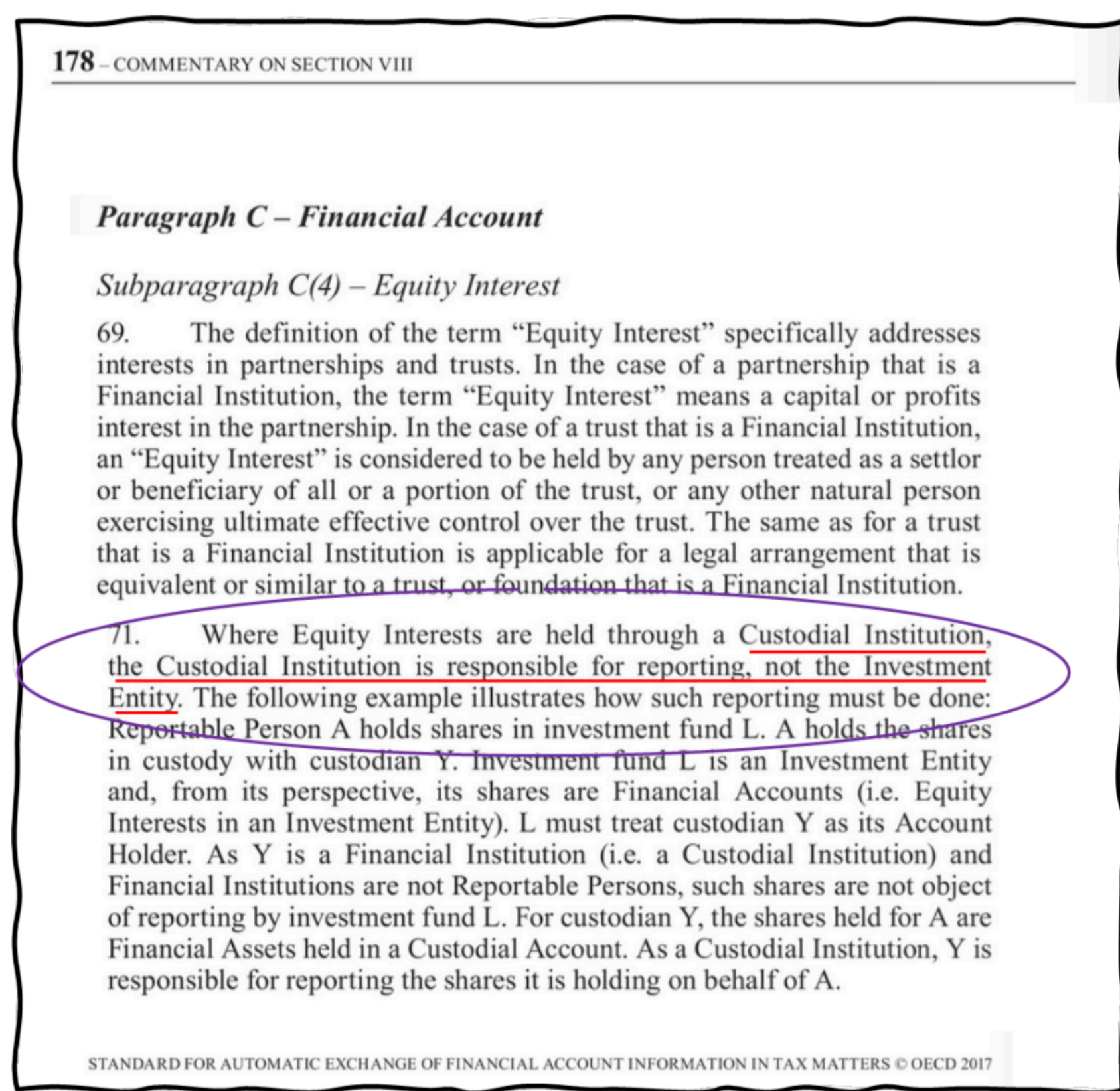
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- The dummies at SIF misinterpret the Implementation Handbook (which never amends the CRS) and recently released an update to the Swiss CRS guidelines which state while the CRS itself provides that an account holder which is an FI is a non-reportable person, the Implementation Handbook states that where an equity interest is held by an entity, the equity interest holder will instead be the controlling persons of that entity.
- As such, a trust is required to look through a settlor, trustee, protector or beneficiary that is an entity to locate the relevant controlling persons. This basically equates to treating the FI-equity interest holders of an FI-trust as passive non-financial entities rather than as true FIs.
- As per the contents of the Implementation Handbook, the FI status of an entity does not therefore serve as a "blocker" when it comes to FI-trusts' reporting obligations.



This is my one and only question I have for the AEOL dummies at SIF

CRS commentary page 178 Par C(4) subpar 71 clearly states "if equity interest is held through a Custodial Institution , the Custodial Institution is responsible for reporting, not the Investment Entity". So why do SIF think that they know better than the CRS????



If SIF provide the following correct answer to fix their mistake, then I'll eat my hat live on social media



- The CRS Implementation Handbook says "Where an Equity Trustee (such as the interest holder by a settlor, beneficiary or any other natural person exercising ultimate effective control over the trust) is held by an Entity, the Equity Interest holder will instead be the Controlling Persons of that Entity. As such, the trust will be required to look through a settlor, trustee, protector or beneficiary that is an FI to locate the relevant Controlling Persons."
- i.e. doesn't say that the equity interest here is an FI or other non-reportable entity (eg Central bank, regularly traded listed entity)
- Think the rule, that jurisdictions like **Hong Kong's** IRD in its amended CRS guidance on trusts, used your brains and say **← currently**, it is the understanding of the IRD that the term "entity" **used here does not include a person excluded from the definition of reportable entity**
- **Note:** An excluded person is an FI, Regularly traded corporation, Government entity, International organisation and Central Bank.

## Summary

My hat will survive for another day because...



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