




To schmucks opining FIs such as Custodial Institutions, need to be supervised by a country's domestic financial regulations to qualify as a FI for CRS

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





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Clint knows how to respond to those wrongly opining...





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[OECD Commentary page 159 - 160 on CRS section VIII Financial Institutions](#)

The term “Financial Institution” means a Custodial Institution, a Depository Institution, an Investment Entity, or a Specified Insurance Company, as defined in subparagraph A(3) - (8).

Whether an Entity is subject to financial laws and regulations of a Participating Jurisdiction or is subject to supervision and examination by agencies having regulatory oversight of Financial Institutions, is relevant to, but not necessarily determinative of, whether that Entity qualifies as a Financial Institution under subparagraph A(3) - (8)

OECD refers to SPV Custodial Institutions

- SPV Custodial Institution is only mentioned once in all CRS/FATCA literature, in its [CRS-related FAQ](#)
- An SPV Custodial Institution would not be regulated
- The SPV would be a Custodial Institution for a single client



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CRS-related Frequently Asked Questions

(February 2019)

9. Treatment of corporate trustees and SPV custodians.

In certain instances, a professional accounting or law firm sets up a trust for a client and, as part of that process, appoints a corporate trustee. The client then pays the accounting or law firm for all services rendered in relation to the set-up of the trust, including the appointment of the corporate trustee and other trustee services. As such, the corporate trustee itself does not receive a direct remuneration for its services as these are paid to the accounting or law firm as part of the overall package.

In that light, for purposes of the gross income tests to be applied in the context of the definitions of Investment Entity and Custodial Institution, is it required that the remuneration for the relevant activities carried out is paid to the Entity to which the test is applied?

No. For the purposes of the gross income tests to be applied in the context of the definitions of Investment Entity and Custodial Institution all remuneration for the relevant activities of an Entity is to be taken into account, independent of whether that remuneration is paid directly to the Entity to which the test is applied or to another Entity. This issue can also arise in the context of Entities that provide custodial services if the fees for such services are paid to another Entity.




Special Purpose Vehicle

[spe-shel 'per-pəs 'vè-ə-kəl]

A subsidiary created by a parent company to isolate financial risk.




===== END =====




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