MEMORANDUM OF UNDERSTANDING REGARDING THE AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF AUSTRALIA TO IMPROVE INTERNATIONAL TAX COMPLIANCE AND TO IMPLEMENT FATCA

At the signing today of the Agreement between the Government of the United States of America and the Government of Australia for Cooperation to Facilitate the Implementation of FATCA (hereinafter the "Agreement"), the representatives of the United States of America and of Australia have reached the following understanding concerning the Agreement:

1. It is understood that, in the case of securities registered in an Australian securities clearing and settlement facility operated by a **CS facility licensee** as defined in the *Corporations Act 2001* that are held by or through one or more other Financial Institutions, the relevant Financial Accounts are to be treated as held by such other Financial Institutions, and such other Financial Institutions are to be responsible for any reporting with respect to such Financial Accounts. Notwithstanding the foregoing, in accordance with paragraph 3 of Article 5 of the Agreement, the CS facility licensee may report on behalf of such other Financial Institutions.

2. The United States understands that Australia plans to present the Agreement to its parliament for its approval in 2014 and to propose implementing legislation with the goal of having the Agreement enter into force by September 30, 2015. Based on this understanding, as of the date of signature of the Agreement, the United States Department of the Treasury intends to treat each Australian Financial Institution, as that term is defined in the Agreement, as complying with, and not subject to withholding under, section 1471 of the U.S. Internal Revenue Code during such time as Australia is pursuing the necessary internal procedures for entry into force of the Agreement. The United States further understands that the Australian Department of the Treasury intends to contact the United States Department of the Treasury as soon as it is aware that there might be a delay in the Australian internal approval process for entry into force of the Agreement such that Australia would not be able to provide its notification under paragraph 1 of Article 10 of the Agreement prior to September 30, 2015. If upon consultation with Australia, the United States Department of the Treasury 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 apply FATCA to Australian Financial Institutions in the manner described above as long as the United States Department of the Treasury assesses that Australia is likely to be able to send its notification under paragraph 1 of Article 10 by September 30, 2016. It is

understood that should the Agreement enter into force after September 30, 2015, any information that would have been reportable under the Agreement thereafter (and prior to its entry into force) had the Agreement been in force by September 30, 2015, is owed on the September 30 next following the date of entry into force.

3. It is understood that a not-for-profit entity exempt from Australian income tax under Division 50 of the *Income Tax Assessment Act 1997* is to be treated as an NFFE that satisfies clause B.4.j) of Section VI of Annex I.

4. It is understood that any office in Australia of the Asian Development Bank, the Commission for the Conservation of Antarctic Marine Living Resources, the Commission for the Conservation of Southern Bluefin Tuna, the European Investment Bank, the Institute for Democracy and Electoral Assistance, the International Committee of the Red Cross, the International Organization for Migration, the Pacific Islands Trade and Investment Commission, the Secretariat to the Meeting of the Parties to the Agreement on the Conservation of Albatrosses and Petrels, the United Nations, the World Bank Group, or of any organization or other body to which the *International Organisations (Privileges and Immunities) Act 1963* applies, is to be treated as an international organization that satisfies paragraph B of Section I of Annex II.

Signed at Canberra, in duplicate, on April 28, 2014.

For the Government of the
United States of America:

John Berry

For the Government of
Australia: