

The IRS will not enter into a QI withholding agreement that provides for the use of documentary evidence obtained under a country's know-your-customer rules if it has not received the "know-your-customer" practices and procedures for opening accounts and responses to the 18 specific items presented below. If the information has already been provided to the IRS, it is not necessary for a particular prospective QI to submit the information. The IRS may publish lists of countries for which it has received know-your-customer information and for which the know-your-customer rules are acceptable. A prospective QI applicant may also contact the IRS at the address or telephone number provided in section 3.01 to obtain information. The 18 items are as follows:

1.  
An English translation of the laws and regulations ("know-your-customer" rules) governing the requirements of a QI to obtain documentation confirming the identity of QI's account holders. The translation must include the name of the law, and the appropriate citations to the law and regulations.
2.  
The name of the organization (whether a governmental entity or private association) responsible for enforcing the know-your-customer rules. Specify how those rules are enforced (e.g., through audit) and the frequency of compliance checks.
3.  
The penalties that apply for failure to obtain, or evaluate, documentation under the know-your-customer rules.
4.  
The definition of customer or account holder that is used under the know-your customer rules. Specify whether the definition encompasses direct and indirect beneficiaries of an account if the activity in the account involves the receipt or disbursement of funds. Specify whether the definition of customer or account holder includes a trust beneficiary, a company whose assets are managed by an asset manager, a controlling shareholder of a closely held corporation or the grantor of a trust.
5.  
A statement regarding whether the documentation required under the know-your customer rules requires a financial institution to determine if its account holder is acting as an intermediary for another person.
6.  
A statement regarding whether the documentation required under the know-your customer rules requires a financial institution to identify the account holder as a beneficial owner of income credited to an account.
7.  
A list of the specific documentation required to be used under the know-your customer rules, or if those rules do not require use of specific documentation, the

documentation that is generally accepted by the authorities responsible for enforcing those rules.

8.

A statement regarding whether the know-your-customer rules require that an account holder provide a permanent residence address.

9.

A summary of the rules that apply if an account is not opened in person (e.g., correspondence, telephone, Internet).

10.

Whether an account holder's identity may be established, in whole or in part, by introductions or referrals.

11.

The circumstances under which new documentation must be obtained, or existing documentation verified, under the know-your-customer rules.

12.

A list of all the exceptions, if any, to the documentation requirements under the know-your-customer rules.

13.

A statement regarding whether the know-your-customer rules do not require documentation from an account holder if a payment to or from that account holder is cleared by another financial institution.<sup>2</sup>

14.

A statement regarding how long the documentation remains valid under the know-your-customer rules.

15.

A statement regarding how long the documentation obtained under the know-your-customer rules must be retained and the manner for maintaining that documentation.

16.

Specify whether the rules require the maintenance of wire transfer records, the form of the wire transfer records and how long those records must be maintained. State whether the wire transfer records require information as to both the original source of the funds and the final destination of the funds.

17.

A list of any payments or types of accounts that are not subject to the know-your-customer rules.

18.

Specify whether there are special rules that apply for purposes of private banking activities.