

The D&B Compliance FATCA & CRS Classifier

Leveraging data and analytics to remove the burden of client outreach and accelerate the FATCA & CRS Compliance process

CHALLENGES

- Significant due diligence required for new and pre-existing financial account holders
- Overwhelming burden of seeking self-certification from customers

SOLUTION

- Manages ‘heavy lifting’ associated with FATCA/CRS classification
- Unified new account on boarding, pre-existing remediation and monitoring for changes in circumstances
- Uses publicly available external data to deliver a constant, consistent FATCA/CRS due diligence

RESULTS

- Minimises the time and resource required to achieve AEOI compliance targets
- Reduces the burden of client outreach
- Drives greater consistency in classification
- Provides fully audited due diligence
- Supports best practice: developed in collaboration with leading corporate tax advisory specialists

Universal compliance with FATCA and CRS regulations can be complex and challenging.

FATCA requires Financial Institutions (FIs) to report on US account holders who hold financial assets in non-US financial institutions and offshore accounts.

CRS is more wide reaching than FATCA. Over 90 jurisdictions have committed to the

Automatic Exchange of Information (AEOI) international standard: the process that governs how tax authorities in participating countries exchange data relating to taxpayers financial accounts.

Both require a common approach for financial institutions (FIs) worldwide to classify and document new and existing account holders and enable more accurate reporting on financial assets to the regulatory authorities.

A key challenge for FATCA and CRS compliance lies in the client remediation and outreach. Clients frequently ignore outreach requests for information, are unsure of their FATCA or CRS status, or simply don't know what to do with the forms. Information that is returned is often incomplete or contains errors. FIs attempting the manual collection and classification of client entities are experiencing data quality issues, client relation issues, rising costs and delays in achieving FATCA and CRS classification.

FIs are also having to redesign work streams associated with new account on boarding, pre-existing remediation and how they monitor for changes in circumstances for FATCA, CRS and future tax regulations compliance.



D&B FATCA & CRS CLASSIFIER SOLUTION

The D&B FATCA and CRS Classifier utilises publicly available & locally sourced information - in line with the relevant regulations and guidance to deliver a consistent approach to FATCA and CRS due diligence procedures, which are compliant with the legislation.

By dramatically reducing the 'heavy lifting' associated with FATCA & CRS, the classifier minimises the burden of client outreach, reduces the time and resource required to achieve compliance targets, and drives greater consistency in classification.

The solution has been developed in collaboration with leading tax advisory specialists to incorporate rulesets that adhere to regulations and adapt to evolving European and global compliance regulations.

The easy-to-use, portal-based classifier incorporates D&B's global business information database, spanning more than 300 million entities. This allows FIs to classify up to 95% of their pre-existing accounts for FATCA and CRS by matching to D&B and classifying based on locally available public data. A date and time stamped audit trail is provided on the client portfolio, which can be monitored for changes in circumstances, ensuring FIs maintain ongoing compliance with reporting deadlines.

The screenshots illustrate the D&B FATCA & CRS Classifier Solution interface. The top screenshot shows the 'Business Lookup Results' page for 'DUN & BRADSTREET LIMITED' with 'Current Booking Location: France'. It displays details such as D-U-N-S (123456789), Address (1234 ADDRESS STREET, CITY 123 456), Business number (12345678), GIIN (123456 7890 123 456), and Match type (Parent / Headquarters). Buttons for 'Classify FATCA', 'Classify CRS', 'Display FATCA', and 'Display CRS' are visible.

The middle screenshot shows the 'CRS Classification Summary' for 'GORMEN INDUSTRIES' with 'Current Booking Location: France'. It displays details such as D-U-N-S Number (123456789), Registration Number (12345678), GIIN (123456 7890 123 456), Booking Location (France), Customer Reference (12345678), and Classified on (12345678). A 'Financial Institution' classification is shown with a 'Recommended Action' section.

The bottom screenshot shows the 'FATCA Classification Summary' for 'Dun & Bradstreet Limited' with 'Current Booking Location: France'. It displays details such as D-U-N-S Number (123456789), Registration Number (12345678), GIIN (123456 7890 123 456), Booking Location (France), Customer Reference (12345678), Classified on (01/01/1234), and Country of Incorporation (United Kingdom). An 'Active NFFE' classification is shown with a 'Recommended Action' section.

MINIMISE CLIENT OUTREACH; IMPLEMENT PROCESSES TO CLASSIFY CLIENTS EFFICIENTLY

- **Identification:** Perform a due diligence or ‘reasonableness check’, by verifying the details held or being on-boarded for the client entity. Match and select the entity against D&B’s patented Global Match reference facility. The process is time and date stamped for additional validation.
- **Classification:** Classify the entity by different European or global categories, for both FATCA and/or CRS compliance. This process delivers robust global standard and jurisdictional specific guidance. Historic FATCA and CRS classifications can be retrieved and reviewed, with users having the flexibility to filter by types of classifications, date range, user and by client reference ID.
- **Change in circumstance:** Monitor change in circumstance for each classification type, whether it is arising from changes in the situation of the entity, or in the specific case of CRS, changes to the participation/reporting status of the jurisdiction. The D&B solution reclassifies each record every month and creates alerts for any classification that has changed.
- **Pre-existing Entity Remediation:** Classify and remediate large batches of pre-existing entity account holders (the ‘back book’) extremely quickly.
- **Portfolio Management:** Manage the client portfolio covering newly on-boarded clients and pre-existing clients with appropriate audit trail and date/time stamping. Export results for external analysis and reports.
- **New Client On-Boarding:** Process new clients in just a few clicks using the intuitive user interface. Instant classification delivers near real-time on boarding.
- **Due Diligence Checks:** Examine due diligence against third party industry leading data collected locally including charities, government entities, stock market listings, Annex 2 entities, verifications against age, legal events, industry codes and trading status.

D&B FATCA & CRS CLASSIFIER SOLUTION IN ACTION – A CASE STUDY

D&B provided remediation of pre-existing account due diligence for ~160,000 entities at a Tier 1 global investment bank.

- Delivered 130k classifications
- Significantly reduced outreach burden
- Significant process efficiency was gained by leveraging technology for the bulk processes of pre-existing account population
- Now deploying New Client Adoption (FATCA and CRS) to ~200 users globally
- Change in Circumstance module implementation mid-2016



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