

Mandatory automatic exchange of information in the field of taxation (CRS)

Dear investors,

Please be advised that the new local Tax Procedure Code implementing Council Directive 2014/107/EU as regards mandatory automatic exchange of information in the field of taxation becomes effective as of 01.01.2016. The purpose is to increase the efficiency of tax collection and combat cross-border tax fraud and tax evasion by reducing unreported and untaxed income.

Considering the above mentioned, please rest assured that:

- (i) the collection, storage, processing, and transmission of information to competent Romanian authorities (ANAF) and
- (ii) any potential transmission of such information by ANAF entities to EU Member States or other participating jurisdictions, according to the bilateral or multilateral agreements signed by Romania,

comply with the legal requirements set out in the Tax Procedure Code.

The updated list of participating jurisdictions can be found at:

<http://www.oecd.org/ctp/exchange-of-tax-information/MCAA-Signatories.pdf>

<http://www.oecd.org/tax/automatic-exchange/crs-implementation-and-assistance/crs-by-jurisdiction/#d.en.345489>

Please read the following information concerning the new legal requirements and the impact on your personal data or holdings in the shares of investments funds managed by SAI Erste.

For further information, please refer your inquiries to the headquarters of SAI Erste or the nearest business unit of the Romanian Commercial Bank (BCR), authorised distributor of shares in the investment funds managed by SAI Erste.

The information in this document is a summary of the legal provisions concerning automatic exchange in the field of taxation.

1. Definitions:

Account: the account where the shares in the investment funds managed by SAI Erste are held.

Reportable person: a person whose “reportable” status is established by indicia discovered in accordance with the regulations in force.

Reportable account: an account that is held by a reportable person.

Passive non-financial entity (NFE) means any: (i) NFE that is not an Active NFE; or (ii) an Investment Entity that is not a Financial Institution in a Participating Jurisdiction (EU Member States or other participating jurisdictions, according to the bilateral or multilateral agreements signed by Romania).

Active non-financial entity (NFE) means any NFE that meets any of the following criteria:

(a) less than 50 % of the NFE's gross income for the preceding calendar year or other appropriate reporting period is passive income and less than 50 % of the assets held by the NFE during the preceding calendar year or other appropriate reporting period are assets that produce or are held for the production of passive income;

(b) the stock of the NFE is regularly traded on an established securities market or the NFE is a Related Entity of an Entity the stock of which is regularly traded on an established securities market;

(c) the NFE is a Governmental Entity, an International Organisation, a Central Bank, or an Entity wholly owned by one or more of the foregoing;

(d) substantially all of the activities of the NFE consist of holding (in whole or in part) the outstanding stock of, or providing financing and services to, one or more subsidiaries that engage in trades or businesses other than the business of a Financial Institution, except that an Entity does not qualify for this status if the Entity functions (or holds itself out) as an investment fund, such as a private equity fund, venture capital fund, leveraged buyout fund, or any investment vehicle whose purpose is to acquire or fund companies and then hold interests in those companies as capital assets for investment purposes;

(e) the NFE is not yet operating a business and has no prior operating history, but is investing capital into assets with the intent to operate a business other than that of a Financial Institution, provided that the NFE does not qualify for this exception after the date that is 24 months after the date of the initial organisation of the NFE;

(f) the NFE was not a Financial Institution in the past five years, and is in the process of liquidating its assets or is reorganising with the intent to continue or recommence operations in a business other than that of a Financial Institution;

(g) the NFE primarily engages in financing and hedging transactions with, or for, Related Entities that are not Financial Institutions, and does not provide financing or hedging services to any Entity that is not a Related Entity, provided that the group of any such Related Entities is primarily engaged in a business other than that of a Financial Institution; or

(h) the NFE meets all of the following requirements:

(i) it is established and operated in Romania or other jurisdiction of residence exclusively for religious, charitable, scientific, artistic, cultural, athletic, or educational purposes; or it is established and operated in Romania or other jurisdiction of residence and it is a professional organisation, business league, chamber of commerce, labour organisation, agricultural or horticultural organisation, civic league or an organisation operated exclusively for the promotion of social welfare;

(ii) it is exempt from income tax in Romania or other jurisdiction of residence;

(iii) it has no shareholders or members who have a proprietary or beneficial interest in its income or assets;

(iv) the applicable laws of Romania or other jurisdiction of residence or the NFE's formation documents do not permit any income or assets of the NFE to be distributed to, or applied for the benefit of, a private person or non-charitable Entity other than pursuant to the conduct of the NFE's charitable activities, or as payment of reasonable compensation for services rendered, or as payment representing the fair market value of property which the NFE has purchased; and

(v) the applicable laws of Romania or other jurisdiction of residence or the NFE's formation documents require that, upon the NFE's liquidation or dissolution, all of its assets be distributed to a Governmental Entity or other non-profit organisation, or escheat to the government of Romania or other jurisdiction of residence or any political subdivision thereof.

Account holder: the person identified as holder of an account where shares in the investment funds managed by SAI Erste are held.

2. Indicia establishing “Reportable person” status

When any of the circumstances below are identified, you will be listed as a reportable person and your personal data and information concerning your holding of shares in investment funds will be reported to ANAF, unless you choose to take the steps as described below:

I. Residence address/Place of incorporation: if, in your capacity as investor in the investment funds managed by SAI Erste, your residence address (home address, residence address or place of incorporation) is in a third state according to the documentary evidence made available to SAI Erste or BCR for due diligence purposes, you will be listed as a reportable person.

II. Other searchable data

- (a) mailing address or residence address, including a post office box, is in a third state;
- (b) your resident status in a third state;
- (c) one or more telephone numbers in a third state and no telephone number in Romania;
- (d) currently effective power of attorney granted to a person with an address in a third state;
- (e) standing instructions to transfer funds to an account maintained in a third state.

If any of the indicia above is discovered, the following actions will apply:

- a) the completion and signing of a self-certification in the form of a statement, in order to establish and confirm (if appropriate) the information reviewed by SAI Erste.
- b) the submission of documentary evidence to validate the information in the self-certification above.

If the documents above show that you are not a reportable person, SAI Erste will not report your information (concerning your holdings of shares and personal data) to ANAF.

Regardless of circumstances, you will be given notice in the event of any transmission of information to ANAF, either by electronic means (e-mail) or on hard copy (traditional mail).

You will be given time to produce appropriate documentary evidence (such as a certificate of residence issued by a Romanian government body) to establish your non-reportable status.

3. Information reported to ANAF

- (a) the name, address, country of residence, Taxpayer Identification Number(s) and date and place of birth (in the case of an individual) of each Reportable Person;
- (b) the account number (the securities account managed by SAI Erste);

(c) the account balance or value as of the end of the relevant calendar year or other appropriate reporting period or, if the account was closed during such year or period, the closure of the account;

d) the total gross proceeds from the redemption of shares during the calendar year or other appropriate reporting period with respect to which SAI Erste acted as asset management company.

Regardless of circumstances:

- the information reported must identify the currency in which each amount is denominated;
- the balance or value of an account is determined as of the last day of the appropriate reporting period;
- the information must be reported to ANAF annually, as established in the Tax Procedure Code.

4. Relevant SAI Erste workflow as of 01.01.2016:

- SAI Erste as Reporting Financial Institution will search its internal database to discover cross-border implications such as home address, residence address, place of incorporation, country of residence for tax purposes, place of birth or telephone number, etc. The presence of indicia will trigger the assumption that the relevant clients are reportable persons, so their status will be changed to “reportable”. The status can be switched back to “non-reportable” only based on documentary evidence (document-based self-certification).
- Prior to any reporting of information to ANAF, investors will be notified and given 30 days to fill out a self-certification at the headquarters of SAI Erste or any BCR business unit, for the purpose of curing cross-border implications, if any.
- When following the steps above, the status of investors is established as “non-reportable”, no information will be reported to ANAF.
- As of 01.01.2016, all new investors are required to present a self-certification.