

A Comprehensive FATCA Solution

End-to-end global software solution and services facilitate compliance with the U.S. Foreign Account Tax Compliance Act

In January 2013, financial institutions around the world will become subject to the new U.S. Foreign Account Tax Compliance Act (FATCA)¹, which is intended to combat offshore tax evasion by U.S. taxpayers. FATCA will impose a significant burden on both U.S. and non-U.S. financial institutions.

To encourage compliance, the act leverages investments in the U.S. capital markets by financial and non-financial entities (FFE) outside the United States. U.S. withholding agents will be required to withhold a 30% FATCA tax on U.S. withholdable payments to non-U.S. financial entities and certain FFEs if they are not compliant with the new act. In comments to the IRS and U.S. Treasury, banking organizations have estimated it

will cost each large foreign bank \$250 million to diligence its accounts and identify those held by U.S. parties—a total of \$7.5 billion spent by the top 30 foreign banks².

FATCA proposed rules, draft intergovernmental agreements (IGAs), and guidance to date is voluminous, opaque, dense and non-intuitive. Unless a jurisdiction has an IGA with the U.S., compliance by that jurisdiction's organizations will likely present local law conflicts related to privacy, data protection and bank secrecy.

¹ Subject to transitional rules

² FATCA Creating A Compliance Gold Rush by C.M.Matthews, May 1, 2012, WJS Blogs, blogs.wsj.com

Capgemini + Pegasystems + DLA Piper

Bringing together the right experience and technology to address and automate your FATCA compliance

To create a unique, end-to-end solution for FATCA compliance, Capgemini has partnered with DLA Piper, a premier global business law firm with 77 offices in 31 countries, and Pegasystems, the recognized leader in business process management. Together, we can implement an end-to-end solution that addresses business, legal and IT requirements for FATCA.

Our comprehensive offering includes three elements:

Legal advisory services: DLA Piper will review client businesses, products, customers and geographies and advise on FATCA due diligence requirements, exemptions, reporting, verification and withholding requirements. Since each company has uniquely different issues when considering FATCA compliance, and may require advice on local law conflicts with FATCA, DLA Piper will also add customized legal advice to Pegasystems' Know Your Customer (KYC) solution.

Know Your Customer (KYC)

Technology: Our solution utilizes Pegasystems' KYC technology that includes:

- Core FATCA functionality including look-back management and automation for pre-existing accounts;
- New account rules and due diligence requirements;
- Re-reviews based on change of circumstances;
- Automated indicia rating;
- Ability to apply the right FATCA rule based on product, line of business, and geography; and
- Straight through processing based on exemption criteria

Integration and configuration services:

Capgemini bridges the gap between defined business and legal requirements and technology. With our unique understanding of regulatory requirements and technologies that drive financial institutions, Capgemini works with Pegasystems' staff to coordinate and configure client system interfaces into Pega's KYC solution.

Together, we create proprietary IP on top of Pega's customizable KYC software that supports client-by-client compliance. We focus on guiding financial institutions through the process of becoming FATCA compliant through the development of a risk-based program that leverages your existing KYC data while improving and aligning your IT and legal capabilities specifically to meet new FATCA requirements while building efficiency into the process.

Putting it All Together

Since every organization will have differences in due diligence requirements, processes and exemptions, Capgemini and DLA Piper will work to identify product, country and line of business-specific requirements and add these requirements to the Pega KYC and FATCA technology. The powerful combination of leading FATCA legal, business and IT knowledge built on Agile technology ensures compliance controls and costs savings today and flexibility for tomorrow.

Our end-to-end Solution and Services



Capgemini's FATCA Compliance Offerings

Capgemini provides subject matter expertise and advisory services to support compliance functions for domestic and global financial institutions. We help financial services firms address Know Your Customer (KYC) including customer due diligence, FATCA and anti-money laundering compliance requirements.

Our services include the following.

Outsourced Compliance Department Support

Effectively mitigate compliance risk by leveraging a unified process that provides scalability and sustainability. Capgemini can provide compliance support near shore or offshore using our Rightshore® model which puts the right people with the right skills in the right place.

System Implementation

As financial institutions are rapidly upgrading to new FATCA compliant KYC systems, Capgemini can help plan and execute upgrades from first generation systems.

System Integration

To enable FATCA compliance, financial services institutions must integrate legacy IT corporate information factory (CIF) and customer data and banking systems to normalize data and create a multi-use centralized data repository. This lets you turn data into knowledge.

Independent Verification and Validation

Regulators are increasingly questioning whether financial institutions are conducting due diligence on the compliance solutions they have implemented and whether the rationality in the decision process is

adequately documented. Capgemini can help validate and document your risk solutions by performing verifications such as process reviews or mapping.

Change Management Control Process

Capgemini can review and develop change management policies and procedures and compliance program maintenance processes using industry best practices.

Analytics

Data analytics and metrics generated from the KYC process can be significantly tuned through efficiency exercises and business intelligence efforts to better support the compliance function.

Remediation

For regulatory and non-regulatory driven remediation, Capgemini can help you gather, review and provide quality control for KYC related information over a defined timeframe—often several years prior—to ensure compliance with regulatory requirements and quality of data.

5 Things to Know When Planning for FATCA

1	It's not just for banking and capital markets. FATCA doesn't only affect banks, brokers, dealers, custodians or investment firms. Insurance companies must also plan for FATCA since it includes cash value insurance products and annuity contracts.
2	It will add time and cost. Complying with FATCA requirements is likely to increase the time required for investment managers to onboard a new client; currently this often takes 30 to 60 days. Rules-based technology combined with FATCA expertise can significantly reduce costs and time to revenue while streamlining operations.
3	It may overlap with current compliance requirements. In some cases, the U.S. Treasury will allow participating foreign financial institutions to rely on existing anti-money laundering (AML) and KYC regulations, allowing FATCA compliance to fit under the same roof as existing initiatives. By using existing KYC data for pre-existing accounts, financial firms can automate exemptions, type of FATCA due diligence and classification to gain efficiency and achieve cost savings without negatively impacting the customer experience.
4	It requires technology. Using a technology approach is the best way to reduce costs and ensure compliance, and you may be able to use existing data captured for AML and KYC regulations.
5	You'll need experienced legal advice. Each company will need to understand local, regional and international issues and risks before planning FATCA compliance.

Capgemini provides multi-disciplinary AML/KYC and FATCA compliance expertise with IT based implementation and integration focus designed to deliver proven compliance solutions to organizations globally.

COMPREHENSIVE COVERAGE

Our End-to-End Program Helps Financial Services Institutions...

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| <ul style="list-style-type: none"> ■ Assess the FATCA impact and compliance across the enterprise ■ Review and assess FATCA impact and compliance risk ■ Design and develop a FATCA compliance program ■ Extract and review customer data ■ Implement Pegasystems software | <ul style="list-style-type: none"> ■ Plan governance and change implementation ■ Establish KYC and due diligence remediation efforts ■ Support tax reporting ■ Gain legal advice and compliance support |
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About Pegasystems

Pegasystems revolutionizes how leading organizations optimize customer experience and automate operations. Our patented Build for Change® technology empowers business people to create and evolve their critical business systems. Pegasystems is the recognized leader in [business process management](#) and is also ranked as a leader in [customer relationship management](#) software by leading industry analysts. For more information, please visit us at www.pega.com.

About DLA Piper

In the U.S., DLA Piper represents many of the world's leading companies across industries, as well as financial institutions, emerging businesses and professional firms. We offer legal counsel on a wide range of issues in every major business, financial and technology center in the U.S., where our lawyers have both local and national experience. Globally, we have 4,200 lawyers in 31 countries, enabling us to offer our clients comprehensive cross-border counsel wherever they need us. Our client commitment is also our brand - *everything matters* when it comes to the way we serve and interact with our clients. For additional information, go to www.dlapiper.com.



About Capgemini and the Collaborative Business Experience

Capgemini, one of the world's foremost providers of consulting, technology and outsourcing services, enables its clients to transform and perform through technologies.

Capgemini provides its clients with insights and capabilities that boost their freedom to achieve superior results through a unique way of working, the Collaborative Business Experience™.

The Group relies on its global delivery model called Rightshore®, which aims to get the right balance of the best talent from multiple locations, working as one team to create and deliver the optimum solution for clients.

Present in 40 countries, Capgemini reported 2011 global revenues of EUR 9.7 billion and employs around 120,000 people worldwide.

Capgemini's Global Financial Services Business Unit brings deep industry experience, innovative service offerings and next generation global delivery to serve the financial services industry.

With a network of 21,000 professionals serving over 900 clients worldwide, Capgemini collaborates with leading banks, insurers and capital market companies to deliver business and IT solutions and thought leadership which create tangible value.

For more information please visit www.capgemini.com/financialservices

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