

2. Such policies and procedures must provide that if any Financial Account held by a Specified U.S. Person who is not a resident of Canada or by a Passive NFFE with Controlling Persons who are U.S. residents or U.S. citizens who are not residents of Canada is identified, the Financial Institution must report such Financial Account as would be required if the Financial Institution were a Reporting Canadian Financial Institution (including by following the applicable registration requirements on the IRS FATCA registration website) or close such Financial Account;
3. With respect to a Preexisting Account held by an individual who is not a resident of Canada or by an Entity, the Financial Institution must review those Preexisting Accounts in accordance with the procedures set forth in Annex I applicable to Preexisting Accounts to identify any Financial Account held by a Specified U.S. Person who is not a resident of Canada, by a Passive NFFE with Controlling Persons who are U.S. residents or U.S. citizens who are not residents of Canada, or by a Nonparticipating Financial Institution, and must report such Financial Account as would be required if the Financial Institution were a Reporting Canadian Financial Institution (including by following the applicable registration requirements on the IRS FATCA registration website) or close such Financial Account;

B. Local Bank

A Financial Institution that qualifies as a nonregistering local bank as described in relevant U.S. Treasury regulations, using the following definitions where applicable:

1. The term “bank” shall include any Depository Institution to which the *Bank Act* or the *Trust and Loan Companies Act* applies, or which is a trust or loan company regulated by a provincial Act; and
2. The term “credit union or similar cooperative credit organization that is operated without profit” shall include any credit union or similar cooperative credit organization that is entitled to tax-favored treatment with respect to distributions to its members under Canadian law, including any credit union as defined in subsection 137(6) of the *Income Tax Act*.