

B. Definitions

The following definitions apply for purposes of this Annex I:

1. AML/KYC Procedures

“AML/KYC Procedures” means the customer due diligence procedures of a Reporting Canadian Financial Institution pursuant to the anti-money laundering or similar requirements of Canada to which such Reporting Canadian Financial Institution is subject.

2. NFFE

An “NFFE” means any Non-U.S. Entity that is not an FFI as defined in relevant U.S. Treasury Regulations or is an Entity described in subparagraph B(4)(j) of this section, and also includes any Non-U.S. Entity that is resident in Canada or another Partner Jurisdiction and that is not a Financial Institution.

3. Passive NFFE

A “Passive NFFE” means any NFFE that is not:

- (a) an Active NFFE; or
- (b) a withholding foreign partnership or withholding foreign trust pursuant to relevant U.S. Treasury Regulations.

4. Active NFFE

An “Active NFFE” means any NFFE that meets any of the following criteria:

- a) Less than 50 percent of the NFFE’s gross income for the preceding calendar year or other appropriate reporting period is passive income and less than 50 percent of the assets held by the NFFE during the preceding calendar year or other appropriate reporting period are assets that produce or are held for the production of passive income;