

## THE ASSOCIATION OF GLOBAL CUSTODIANS

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July 17, 2007

Ministro das Financas  
Professor Doutor Fernando Teixeira dos Santos  
Avenida Infante D. Henrique,1  
1149-009 Lisboa  
PORTUGAL

Re: Administrative Tax Relief Arrangements on Portuguese Securities

Dear Professor dos Santos:

On behalf of the Association of Global Custodians, ("Association"), we are writing to convey Association members' support for the views expressed and recommendations made in the 13 December 2006 letter to you from The International Custody Tax Liaison Group of the British Bankers' Association ("ICTLG Letter") concerning problems encountered by intermediaries in processing requests for tax relief under the arrangements currently in place in Portugal. The ICTLG Letter includes proposals that would address or reduce the burdens associated with those arrangements.

The Association is an informal group of eight global banking institutions with affiliates and branches in numerous countries that provide global custody services and related securities asset-servicing functions to cross-border institutional investors around the globe.<sup>1</sup> In providing global custody services, Association members routinely seek appropriate tax relief on behalf of their custody customers, and do so in multiple jurisdictions. The existing discrepancies in the current tax relief processes and regimes from jurisdiction to jurisdiction can be problematic and costly for custodians and their customers. Moreover, costs and handling burdens and uncertainties are magnified for cross-border investors and foreign intermediaries where local regulations concerning account structures or documentation requirements for claims for relief are out-of-step with today's automated and standardized securities handling conventions or where local administrative processes are not well adapted to the particular complexities involved in cross-border investment and the various timing and handling problems faced by the multiple intermediaries that typically service cross-border investment activity.

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<sup>1</sup> The members of the Association are listed on the letterhead above.

THE ASSOCIATION OF GLOBAL CUSTODIANS

Professor dos Santos

July 17, 2007

Page 2

Association members confirm the ICTLG Letter's summary of factual problems facing foreign intermediaries under current Portuguese administrative requirements and local conventions. Problems referenced and explained in the ICTLG Letter that notably affect global custodians include: segregated account structures and beneficial owner documentation requirements at the Portuguese custodian bank level; tax relief processes that are incomplete or impractical or that confuse the claimant status of beneficial owners and the processing and representative role of servicing intermediary agents; and "beneficial owner detail reporting" requirements, including the use of owner registers, that are incompatible with the tiered intermediary structure underlying global investment activity. We concur in the solutions and corrective approaches suggested in the ICTLG Letter, and we encourage the Portuguese tax authorities to embrace those ideas and suggestions.

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We appreciate the opportunity to provide supportive commentary on these matters. If you have questions or would like additional information, please contact the undersigned.

Sincerely yours,



Dan W. Schneider  
Baker & McKenzie LLP  
Counsel to the Association

Copies: Attached List

ATTACHMENT: Copy Recipient List

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