



# IRS Section 871(m)

## Tax Compliance Data

SIX delivers the critical data elements required to comply with IRS Section 871(m) and the expertise and global market knowledge to support you to fulfil your withholding and reporting obligations.

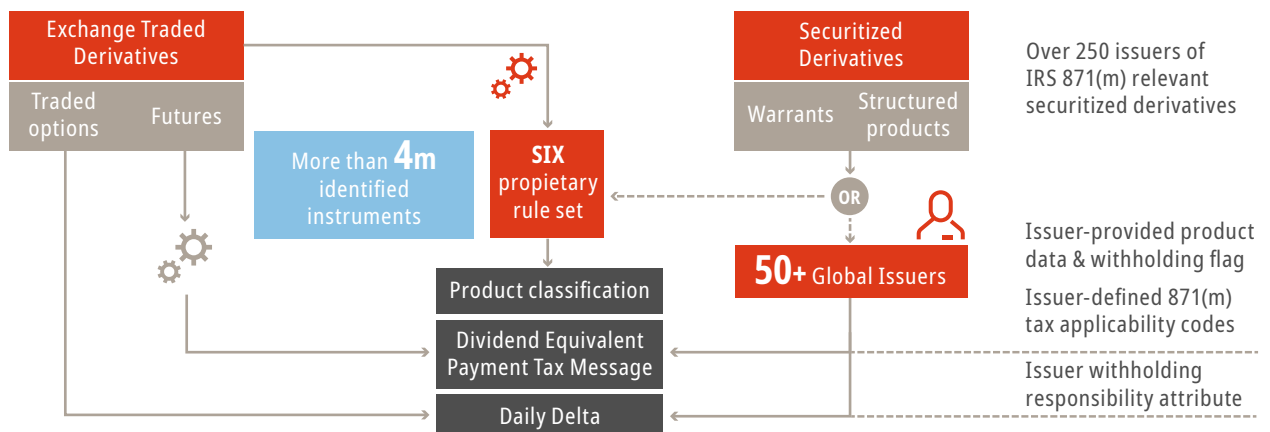
### Impact of Section 871(m)

The US Internal Revenue Service regulation 871(m) aims to collect tax on dividends related to instruments that are linked to US equities. In order to comply with the regulation, firms are required to identify in-scope equity-linked instruments that create dividend equivalent payments and ensure appropriate withholding and reporting. This is a complex undertaking that requires extensive knowledge of the characteristics of equity-linked derivatives.

We deliver structured and encoded data to solve this challenge. Our service supports automated processing, combined with flexible data delivery interfaces to truly support your workflows and facilitate complete, timely compliance.

### Key benefits:

- Identification of data relevant for section 871(m) compliance through classification of equity-linked instruments based on our comprehensive coverage
- Consistent and reliable data coverage as the basis for withholding and reporting
- Ongoing updates on all data relevant for Section 871(m) by continuous flagging of new instruments
- Provision of expertise in the regulatory domain and comprehensive global regulatory knowledge to support compliance
- Dividend Equivalent Payment tax messages for in-scope instruments for straight-through reporting



### Section 871(m) Data Service

Data in support of Section 871 (m) will include:

- Classification of in-scope equity derivatives.
- For equity derivatives (e.g. options, futures, structured products, convertible bonds etc.), SIX sets 871(m) "in scope" or "potentially in scope" flags.
- Issuer-confirmed tax applicability codes for securitized derivatives

#### | Gathering of "delta at issue" information

SIX collects and aggregates delta "at issuance" from issuers and exchanges as the delta criteria is used to determine the appropriate classification of an instrument.

#### | Calculation of daily delta

For exchange-traded derivatives with 871(m)-relevant underlyings, SIX calculates and disseminates the daily delta values.

#### | Qualified indices

Instruments with qualified index underlyings are classified as exempt from 871(m) withholding. SIX ensures that instruments are marked according to the definition set forth in the 871(m) rule.

#### | Tax messages

SIX collects and emits dividend equivalent tax messages required for proper processing.

#### | Underlying instruments

All FATCA "in scope" instruments are already marked and continuously updated by SIX as part of the FATCA offering.

#### | Corporate actions

SIX provides the relevant dividend payment corporate action data for the underlying US securities of equity-linked instruments.

### Additional Tax Compliance data services

Combining global and local regulatory expertise with comprehensive data coverage and quality, SIX is offering up-to-date services covering US, European and cross-border tax information supporting reporting and withholding.

#### FATCA

SIX provides the international financial industry with the data required in order to comply with FATCA:

#### | Reportable instruments

Instrument Level: Instruments with tax status "in scope", "exempt short-term", "exempt grandfathered" and "in scope materially modified security".

#### | Institution level tax status

The Global Intermediary Identification Number (GIIN) based on the list published monthly by the IRS is mapped to the foreign financial institutions maintained on our database and cross-referenced with many other local or international institutional identifiers, including the Legal Entity Identifier (LEI).

#### Market and Reference Data

SIX offers regulatory-relevant market data (both pre- and post-trade) in frequencies ranging from real-time or delayed streaming to intraday snapshots or end-of-day files.

Our comprehensive, structured reference data is accessible through a variety of file interfaces at intervals of as short as 15 minutes.

For more information on this service, visit [www.six-group.com/irs871m](http://www.six-group.com/irs871m)

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