
Operational Notice

16 March 2018
ON_16/2018

Fiscal Services - US

Renewal by Monte Titoli of its QI role and guidelines on Section 871(m) of the IRC and Qualified Derivatives Dealer

For the attention of:
Priority:
Re:

DCPs, ICPs
HIGH
Tax Services

Dear Client,

Following the introduction of the new requirements set out in Section 871 (m) of the Internal Revenue Code ("IRC") and the Qualified Derivatives Dealers ("QDD") regime, this Notice provides some information on the requirements fulfilled by Monte Titoli and some important procedural information for the admission of financial instruments subject to US tax regulations.

Renewal of the QI Agreement

Monte Titoli has renewed its Qualified Intermediary agreement, confirming the level of responsibility it has held up to now (Primary Withholding Responsibility).

Therefore, the service level remains unchanged in terms of:

- Tax management for US residents



London
Stock Exchange Group

- Tax management for non-US resident beneficiaries.

The current restriction according to which Monte Titoli does not accept those classed as non FATCA compliant / non FFI participating as clearing or non-clearing members is confirmed. This restriction is indicated in the cross-market documentation available at the following link:

<https://www.lseg.com/sites/default/files/content/documents/MonteTitoli/CrossBorder/Matrices/20170112%20-%20Restrizioni%20all%27operativit%C3%A0%20degli%20intermediari.pdf>

1. Admission of financial instruments subject to Section 871(m) IRC

With respect to obligations arising from Section 871(m), please note as follows.

- Monte Titoli does not qualify as a responsible party pursuant to Section 1.871-15T (p) of the IRC. Therefore the Issuer remains responsible for fulfilling the obligations arising from its role as responsible party.
- With reference to instruments subject to American tax regulations indicated in section 871 (m) IRC, the issuer is required to declare at the time of the application for admission whether the instrument is relevant for the purposes of the said tax regulations and enclose the form attached to this communication (also available in the documents section of the MT-X platform) together with the MT265 form. Monte Titoli will not allow the admission of securities subject to Section 871 (m) IRC, with the exception



London
Stock Exchange Group

of instruments for which Monte Titoli does not manage the payment of proceeds, such as for example covered warrants and certificates.

- In the event that Section 871 (m) of the Internal Revenue Code becomes applicable to a financial instrument after its admission to the Centralised Administration System, the issuer is required to notify Monte Titoli within 10 days of the date of assessment, using the attached form and sending it in electronic format (PDF) to the address 871m@lseg.com. Payments of proceeds following such a communication will be processed outside the centralised administration system.

For further information, please contact:

Fiscal Services

helpdesk.fiscal@lseg.com

phone: +39 02 33635231



London
Stock Exchange Group

Annex 1

Declaration of transaction pursuant to Section 871 (m) of the IRC

Name of the Issuer and to Co-Issuer (if applicable)

Description of the security

ISIN

1. Does the security qualify as a transaction relevant to Section 871 (m) of the United States Internal Revenue Code ("IRC") and related Regulations?

Yes ☐

No ☐

Date of declaration of the instrument

Delta Value

2. Financial instrument type:

Warrant ☐

Exchange Traded Notes ☐

Structured Bonds ☐

Covered Warrant ☐

Certificate ☐

Other Financial Instrument ☐



London
Stock Exchange Group

Signed

Name of signatory in block capitals

Role of signatory

Place and date



London
Stock Exchange Group