



Foreign Account Tax Compliance Act (FATCA)

Structured, linked and automated.

SIX has developed a service to provide financial institutions with critical data elements required for FATCA compliance.

The award-winning FATCA data solution from SIX, developed in close cooperation with leading international banks and regulatory experts, provides comprehensive data on issuer identification and classifications as well as the granular instrument reference data such as the FATCA tax status, in scope and exemption classifications for complete support of your FATCA withholding and reporting obligations.

Regulatory environment

As of July 2014, FATCA requires FFIs (Foreign Financial Institutions) to register with the US Internal Revenue Service (IRS) as the basis for reporting earnings by "US persons" owning financial accounts. To ensure compliance with the registration and reporting requirements, the participating institutions are required to withhold tax at the rate of 30% on payments made to non-participating financial institutions and "recalcitrant" account holders.

Data avalanche

A significant challenge for financial institutions is supporting the new data elements required to effectively comply with FATCA:

Institution level data

For each registered FFI, the IRS assigns a unique Global Intermediary Identification Number (GIIN). The IRS released

the initial registry data in June 2014 and has provided monthly updates thereafter. SIX captures these updates in order to ensure an up-to-date FFI classification.

Instrument level

There are several classifications for determining withholding that include:

- In Scope
- Exempt Grandfathered (for instruments falling under the grandfathering rule)
- Exempt Short-term (for instruments falling under the short-term rule)

Key Benefits

- Detailed information and comprehensive data reports of various international codes.
- Ongoing updates of data such as instrument level tax status and further supporting data.
- Close monitoring and flagging of instruments losing their status due to material modification.
- Provide regulatory domain expertise and comprehensive global market knowledge to support compliance.
- Continuous review and maintenance to ensure sustainable quality and consistency of data.

3 main areas of impact for participating FFIs

Implementing the corresponding withholding mechanism for uncooperative individuals and entities

Customer and counterparty classification and identification of US accounts (incl. obtaining the relevant documents and waivers)

Implementing the required IRS reporting

To facilitate straight-through processing of withholding and reporting, SIX provides high-quality data on issuer classifications and instrument level tax status.

Comprehensive FATCA support

SIX will provide the international financial industry with the data required to comply with FATCA:

– **Institution Level Classification & Status:**

FATCA FFI registry status and GIIN, based on the IRS list. Capability to cross-reference with other industry institutional identifiers, including the Legal Entity Identifier (LEI), Avox Identifier (AVID), Dun & Bradstreet (DUNS), etc.

– **Instrument Level Tax Status:**

Instruments will be marked as in scope, exempt grandfathered, in scope – materially modified security and exempt short-term.

In addition to specific FATCA compliance information, the Valordata Feed from SIX provides relevant supporting data, including terms and conditions, corporate actions and pricing, along with extensive data for a wide range of other national and international regulations and taxes.

Material Modifications

Our system automatically flags certain securities which could potentially lose their grandfathered status. In order to ensure the correct grandfathered status, we systematically collect and analyze corporate actions (e.g. change in yield, change in obligor or security, etc.). Depending on the outcome of the analysis, instruments which lose their grandfathered status are marked as “in scope materially modified security”.

Far-reaching scope

For efficient and automated processing, SIX is committed to delivering a wide range of tax and regulatory data within the same structured service as our consolidated global securities pricing and reference data. Our legal and compliance experts focus on gaining a thorough understanding of each supported regulation and then ensure that SIX develops and maintains the data service our clients need for compliance. Further we also offer support for cross-border directives such as MiFID, Solvency II, and UCITS. SIX also provides US Withholding tax data on Instrument and Corporate Actions event level. Additional tax data services include IRS Section 871(m), Domestic Withholding Tax Data as well as Transaction Tax and Stamp Duty services. We also offer support for cross-border financial markets infrastructure directives such as MiFID II, Solvency II, AIFMD and UCITS.

About SIX

SIX offers comprehensive and complete securities data, normalized and structured in a consistent manner that eliminates ambiguities, cuts costs and saves time with easy straight-through processing. Clients benefit from our solutions-based approach, which allows us to apply client specific derivation logic and implement flexible delivery formats through standard or tailor-made solutions which can be easily integrated into core banking software. In close cooperation with our clients, our specialists are able to build on our extensive, high-quality data universe to craft customized solutions that meet client-specific data needs for FATCA or other local and international regulations.

We have offices in over 20 locations, to get in touch with your local SIX office visit www.six-group.com/contacts

SIX
Financial Information
Pfungstweidstrasse 110
8021 Zürich
Switzerland

T + 41 58 399 5111
www.six-group.com/financial-information