

Compliance: Helping you to tick the boxes

Taxable Securities (CH/LI).

The financial industry is facing many challenges; one of them is compliance with complex international directives and regulations. With its comprehensive, high-quality, global data offering, SIX Financial Information supports financial market players to be compliant.



What do I need to know about “taxable securities”?

Pursuant to Article 13 of the Swiss Federal Law on Stamp Duties (StG), taxable persons and institutions in Switzerland and Liechtenstein are obliged to pay a tax on transactions of various domestic and foreign financial instruments.

The following types of financial instrument may be affected by the tax:

- Fund units: trust shares, trust certificates
- Equities: shares, participation certificates, unit certificates, “remainder” certificates, other instruments with cash flow.
- Debt instruments: floating-rate notes, money market instruments with a maturity of more than 1 year, bonds, medium-term (bank-issued) notes, savings bonds, convertible bonds.
- Hybrid, structured instruments which are subject to the tax depending on their structure.

Structured products cause the greatest uncertainty. The introduction of a raft of new and complex structured products has made it increasingly difficult to determine which instruments are subject to this taxation.

Who is affected?

It is the duty of the securities dealer to determine which instruments need to be classified as taxable securities.

How does SIX Financial Information help you to be compliant?

In 2007, therefore, a uniform classification system was created for the financial instruments in question in a bid to make classification more systematic. The joint working group involved in this project consisted of representatives of the Swiss Federal Tax Administration (FTA), the Swiss Bankers' Association and SIX Financial Information.

Its classification system has been officially recognised by the Swiss Federal Tax Authority (FTA). SIX Financial Information is therefore the official source for this information.

SIX Financial Information receives the basic information from the issuers in the form of term sheets, which are the basis for the classification. The instruments then are classified according to a system which has been approved by the FTA. SIX Financial Information ensures that classification is made and delivery completed within 24 hours.

With the approved data from SIX Financial Information, the handling of taxable securities becomes a lot easier:

- Domestic securities dealers decide once a year whether they wish to carry out the classification themselves or to obtain it from a recognised provider.
- If the data are sourced from a recognised provider, the domestic securities dealer must abide strictly by the classification provided.
- In case an instrument is classified incorrectly on the part of the provider, the FTA will not revise the tax payments retroactively.

Domestic securities dealers who have decided not to use the classification supplied by a recognised data provider still bear complete responsibility for correct classification.

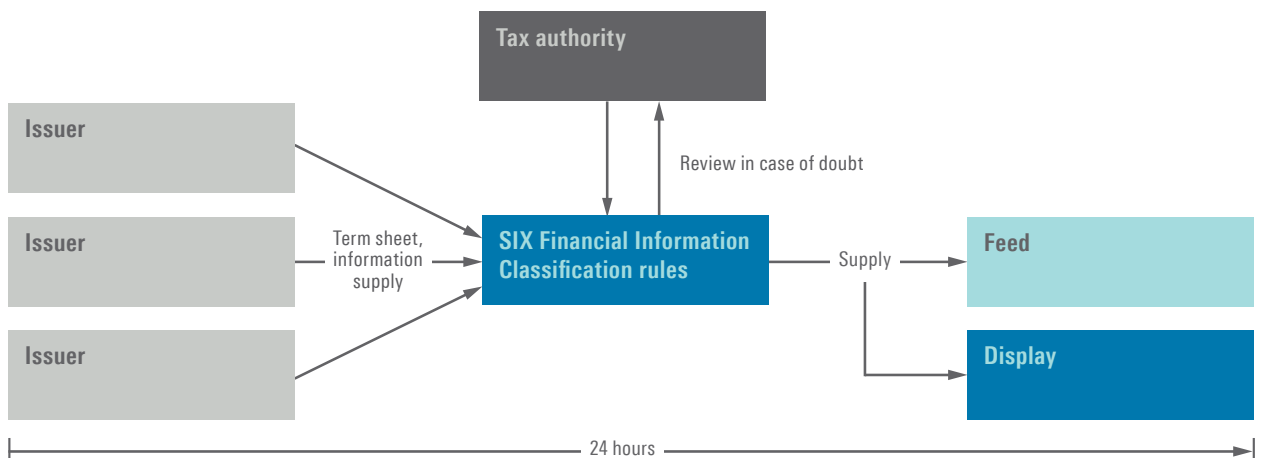
What data does SIX Financial Information offer to classify taxable securities (LI/CH)?

SIX Financial Information supplies all the tax information needed to handle taxable instruments summarised in a single message type:

- country in which tax is due (Switzerland, Liechtenstein).
- instrument category for taxation purposes (fund unit, equity or debt instrument).
- tax status (taxable, exempt).

Advantages of centrally classified data:

- No more uncertainty regarding the tax-related treatment of an instrument.
- Flagging of taxable securities based on a clear and complete concept.
- Flagging of instruments done simultaneously with the opening in the SIX Financial Information database (exceptions are possible for structured products).
- This relieves the banks of the time-consuming task of making individual investigations (e.g. in the case of hybrid, structured instruments).



SIX Financial Information's classification system has been officially recognised by the Swiss Federal Tax Authority (FTA). SIX Financial Information is therefore the official source for this information.

For more information, please contact your local SIX Financial Information office and a representative will be happy to assist you.

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