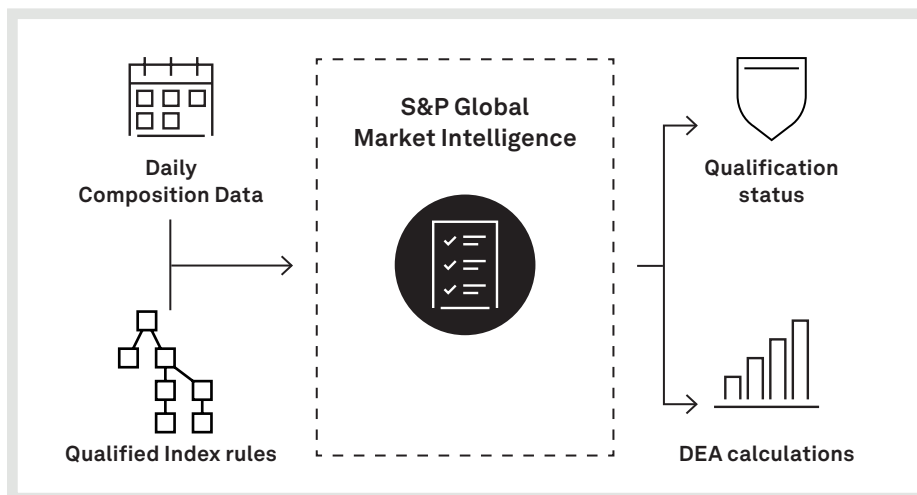


# Tax Solutions: Section 871(m)

## Streamlining the compliance process under Section 871(m)

Section 871(m) of the US Internal Revenue Code is a US tax regulation impacting derivatives transactions. The regulations provide updated rules for determining whether payments under swaps or equity-linked instruments are US 'dividend equivalent' and potentially subject to US withholding tax. Delta One products have been in scope for these regulations since January 2017.

Our solution provides a breakdown of the qualification of global index and ETF products, based on the criteria provided by the regulation, and benefits both Qualified Derivatives Dealers (QDDs) wanting to identify withholding tax requirements and those lacking QDD status looking to screen indices and ETFs in the marketplace.



S&P Global also provides solutions to calculate the deltas for these transactions, as well as the underlying DEA payments, providing a single source for the complete 871(m) compliance workflow.

### Key Stats

**470,000+**  
Indices

**185,000**  
Indices exempt  
from with-holding  
tax

**10,000+**  
Exchange traded  
funds

**5,200**  
ETFs exempt from  
with-holding tax

### Customers

Market makers

Brokers

ETP issuers

Authorized  
participants

Liquidity providers

Brokers

Hedge funds

**Minimize risk**

The pre-screening of derivative products provides potential withholding rates and amounts. The validation of data points helps to mitigate the risk of non-compliance.

**Increase efficiency**

A centralized solution for pre-screening, payment processing, withholding and creation of data needed for reporting to meet the Section 871(m) regulations.

**Cost-effective**

Streamlined workflows on a single platform reduce resource allocations, help to lower overall costs and reduce the risk of costly regulatory fines.

**Compliance**

Validated data lineage and reporting helps with firm requirements to Section 871(m) regulations.

**Index Component Calculations**

Our solution utilizes the applicable weights of the Index and the Corporate Action events in order to calculate the Dividend Equivalent Amount (DEA).

**Delivery**

Available through API, flat file or web interface.

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