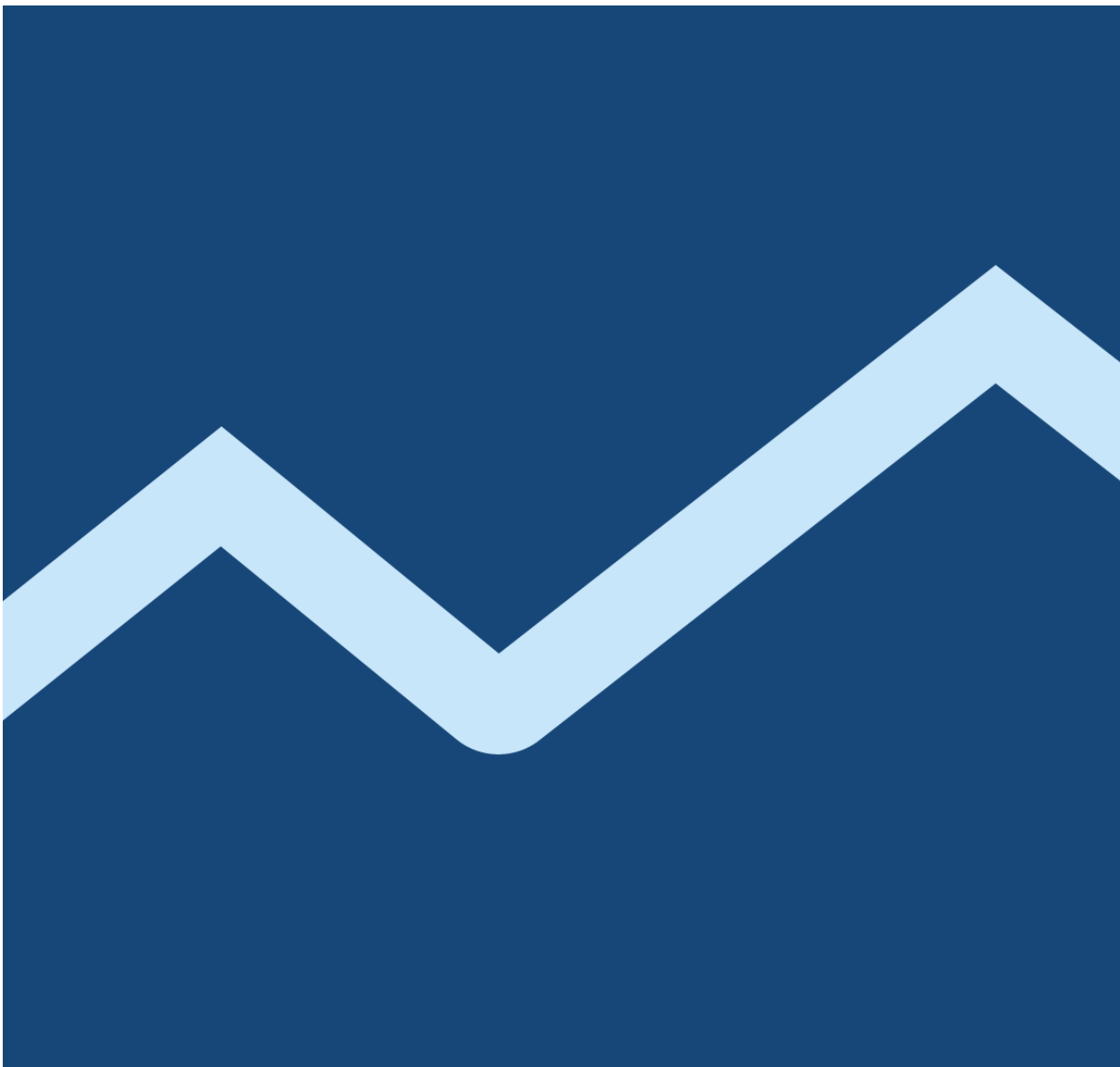


MARCH 2025

STOXX

# Information about US IRS 871(m) Regulations



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## SECTION 871(M)

STOXX Ltd. ("STOXX") is providing the following information regarding the STOXX indices listed in Exhibit I below to assist our clients in determining whether such indices may be considered a "Qualified Index" under Section 871(m) of the United States Internal Revenue Code and relevant Treasury Regulations. Please note that STOXX does not make any assessments as to whether an index qualifies as "Qualified Index" for the purposes of Section 1.871-15 (l) (3) of the US Code of Federal Regulations.

Generally, the United States (U.S.) Treasury imposes a 30% withholding tax on U.S. source investment income earned by non-U.S. residents. This withholding tax is imposed on a broad range of earnings, including dividends. Section 871(m) and the related regulations treat certain "dividend equivalent" amounts paid (or deemed paid) under certain types of contracts as U.S. source dividends that are subject to this withholding requirement.

## QUALIFIED INDEX TEST

The Section 871(m) regulations also provide that, in certain instances, a non-U.S. resident may be exempt from withholding tax on dividend equivalent payments if such payments are made with respect to a "Qualified Index." To be considered a Qualified Index, an index must be a passive index based on a diverse basket of publicly traded securities that are widely used by numerous market participants.

In addition, a Qualified Index is an index that:

1. References 25 or more component securities (whether or not these securities are U.S. securities);
2. References only long positions in these component securities;
3. Does not contain an individual U.S. equity position that represents more than 15% of the weighting of the index;
4. Does not have a group of five or fewer U.S. equities that combined represent more than 40% of its weighting;
5. Is modified or rebalanced only according to publicly stated, predefined criteria;
6. In the immediately preceding calendar year, had a dividend yield from the U.S. equities in the index that did not exceed 150% of the annual dividend yield reported on the S&P 500 index for that same year; and
7. Is traded through futures or options contracts on:
  - a. A U.S. securities exchange that is registered with the SEC, a U.S. board of trade designated as a contract market by the CFTC; or
  - b. A foreign exchange or board of trade that is a qualified board or exchange as determined by the Secretary pursuant to section 1256(g)(7)(C) or that has a staff no action letter from the CFTC permitting direct access from the United States that is effective on the applicable testing date, provided that the referenced component underlying securities, in the aggregate, comprise less than 50 percent of the weighting of the component securities in the index.

In lieu of meeting the seven criteria listed above, an index can also be a Qualified Index if it is widely traded, U.S. equities represent 10% or less of the weighting of the index, and the index was not created with the principal purpose of avoiding U.S. withholding tax.

The determination if an index is a Qualified Index is done on an annual basis, on the first business day of the calendar year. For indices created after the first business day of the calendar year, the requirements above are tested on the first business day the index is created and the dividend yield is determined by using the dividend yield that the index would have had in the prior year if it had the same securities throughout that year that it has on the day it is created.

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## TREATMENT OF TRANSACTIONS THAT REFERENCE A QUALIFIED INDEX

When a financial contract that references a Qualified Index is created, any resulting dividend equivalent payments to non-U.S. investors generally will not be subject to withholding taxes for the duration of the contract. In the absence of certain significant modifications to a financial contract, the exemption from withholding would remain in place regardless of whether the index being referenced is no longer a Qualified Index in subsequent years. Similarly, should a financial contract be created that references an index that is not a Qualified Index, the dividend equivalent payments would be subject to withholding taxes for the duration of the contract, regardless of whether the index being referenced becomes a Qualified Index in subsequent years.

If a STOXX index is not listed in Exhibit I below, it does not mean that the index is not eligible to be a "Qualified Index" under the rules outlined above. Additional STOXX indices may be added to this document based on client demand and as STOXX management sees fit. STOXX intends to update this document on an annual basis or more frequently should STOXX management deem it necessary to do so.

Please note this document and information provided herein are for informational purposes only, provided as of June 20, 2020 and might change. Nothing contained herein constitutes a legal, tax or accounting advice or a recommendation to use any STOXX indices or any financial products. STOXX and its affiliates provide no warranty and exclude any liability in connection to the information provided herein, any usage of STOXX indices or any eligibility requirements for a "Qualified Index".

**Exhibit 1**

STOXX® Index	Index Name	# of Component Securities <sup>1</sup>	Index References Short Positions <sup>2</sup>	Weighting of Largest U.S. Equity Held <sup>1</sup>	Aggregate Weighting of Top 5 U.S. Equities <sup>1</sup>	Modification or Rebalancing Criteria <sup>2</sup>	Annual Dividend Yield <sup>1,3</sup>	Futures or Options Contracts Listings	Aggregate Weighting of All U.S. Securities <sup>1</sup>
SU5PESGX	STOXX USA 500 ESG-X	445	No	8.20%	29.46%	Ref. STOXX Index Guide	1.17%	Eurex	100.00%
SDGP	STOXX Global Select Dividend 100	100	No	1.08%	4.75%	Ref. STOXX Index Guide	5.71%	Eurex	39.28%
STXTDSP	STOXX Global Digital Security	109	No	2.50%	11.01%	Ref. STOXX Index Guide	0.79%	Eurex	72.18%
IXDIGITE	STOXX Global Digitalisation	193	No	3.17%	14.20%	Ref. STOXX Index Guide	0.69%	Eurex	82.12%
IXBRHLTE	STOXX Global Breakthrough Healthcare	189	No	2.21%	10.49%	Ref. STOXX Index Guide	0.64%	Eurex	67.24%
SA5ULRP	STOXX USA 500 Ax Low Risk	71	No	8.27%	32.64%	Ref. STOXX Index Guide	1.29%	Eurex	100.00%
SA5UMOP	STOXX USA 500 Ax Momentum	78	No	8.20%	28.77%	Ref. STOXX Index Guide	0.99%	Eurex	100.00%
SA5UMFP	STOXX USA 500 Ax Multi-Factor	101	No	7.90%	32.24%	Ref. STOXX Index Guide	0.94%	Eurex	100.00%
SA5UQUP	STOXX USA 500 Ax Quality	50	No	8.34%	37.13%	Ref. STOXX Index Guide	0.80%	Eurex	100.00%
SA5USZP	STOXX USA 500 Ax Size	125	No	3.36%	14.25%	Ref. STOXX Index Guide	1.04%	Eurex	100.00%
SA5UVAP	STOXX USA 500 Ax Value	75	No	7.41%	28.45%	Ref. STOXX Index Guide	1.65%	Eurex	100.00%
SXUSC2L	STOXX US 2000	1951	No	1.02%	2.70%	Ref. STOXX Index Guide	1.16%	Eurex	100.00%
SX50UP	STOXX USA 500	500	No	7.52%	27.01%	Ref. STOXX Index Guide	1.25%	Eurex	100.00%
SXUSX1L	STOXX US Nexus 100	100	No	14.98%	53.77%	Ref. STOXX Index Guide	0.59%	Eurex	100.00%
SXUSTIL	STOXX USA Titans 30	30	No	11.95%	40.85%	Ref. STOXX Index Guide	1.42%	Eurex	100.00%
STXSEMIL	STOXX® Semiconductor 30	30	No	10.36%	34.76%	Ref. STOXX Index Guide	0.90%	Eurex	80.63%

1. Observation Date = December 31<sup>st</sup>, 2024

2. STOXX index methodology guide can be found at:

[https://www.stoxx.com/document/Indices/Common/Indexguide/stoxx\\_index\\_guide.pdf](https://www.stoxx.com/document/Indices/Common/Indexguide/stoxx_index_guide.pdf)

3. Annual dividend yield reflects the net dividend yield of the index

Disclaimer: The use of Italics should not be interpreted as an assessment of STOXX as to whether or not an index qualifies as "Qualified Index" for the purposes of Section 1.871-15 (l) (3) of the US Code of Federal Regulations.

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**About STOXX & DAX Indices**

STOXX® and DAX® indices comprise a global and comprehensive family of more than 19,000 strictly rules-based and transparent indices. Best known for the leading European equity indices EURO STOXX 50®, STOXX® Europe 600 and DAX®, the portfolio of index solutions consists of total market, benchmark, blue-chip, sustainability, thematic and factor-based indices covering a complete set of world, regional and country markets.

STOXX and DAX indices are licensed to more than 550 companies around the world for benchmarking purposes and as underlying for ETFs, futures and options, structured products, and passively managed investment funds.

STOXX Ltd., part of the ISS STOXX group of companies, is the administrator of the STOXX and DAX indices under the European Benchmark Regulation.