

Client Notification in Relation to the Withholding Tax Arrangement on U.S. Publicly Traded Partnerships (“PTP”) Securities

Dear Valued Clients

Thank you for choosing Everbright Securities International (“EBSI”) as your investment partner.

The Internal Revenue Service (IRS) published final regulations under Section 1446(f) of the U.S. Internal Revenue Code relating to withholding obligations on proceeds arising from PTP securities (the “Regulations”) held by non-U.S. investors, which will come into effect on January 1, 2023. Unless an exception applies, an additional withholding tax will apply to gross proceeds from the sale of PTP securities and certain distributions associated with PTP securities.

You may refer to the below IRS website for more details relating to the Regulations:

<https://www.irs.gov/individuals/international-taxpayers/partnership-withholding>

In order to fulfill the abovementioned IRS requirement, kindly note that the following arrangements associated with PTP securities will be adopted by EBSI starting from 1 January 2023:

1. To comply with the withholding obligations imposed on our execution broker in accordance with the Regulations, EBSI will withhold a certain percentage (usually around 10%) of the gross proceeds from the sale of PTP securities or delivery-versus-payment transfers that involve PTP securities. If it comes to the knowledge of EBSI that any exemption on the withholding tax applies, EBSI will refund the exempted amount to the relevant client’s account as soon as practicable.

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2. In the event that EBSI does not withhold the required amount on the settlement day, upon receipt of the withholding notice from its execution broker, EBSI will debit from the relevant client's account the amount of the withholdable tax immediately.

If you are in any doubt or require further details, please contact your wealth manager.

Yours faithfully

Everbright Securities International