



Dear Valued Customer,

Notification on broker withholding tax on Publicly Traded Partnerships (“PTP”) Securities: New Section 1446(f) regulations

The U.S. Internal Revenue Service has issued a new regulation under Section 1446(f) of the Internal Revenue Code which imposes a new U.S. PTP withholding tax that would be applied on trades of PTP securities with effect from 1 January 2023.

This would primarily impact non-U.S. residents who invest in PTP securities. Unless an exception applies, a 10% withholding tax applies to:

1. Gross proceeds from the sale of a PTP interest, regardless of the amount of gain on such sale; and
2. Certain PTP distributions

With respect to PTP distributions (which includes dividend payments), the 10% PTP withholding tax will be imposed on all, a portion, or none of the distribution, depending on the existence of, and the details provided by the PTP in, a qualified notice. The PTP withholding tax is in addition to any other applicable non-resident withholding tax on PTP distributions of effectively connected income and certain other types of U.S. source income. Thus, a PTP distribution can potentially be subject to up to 47% withholding tax with respect to individual clients and 40% withholding tax with respect to corporate clients.

Our U.S. sub-custodian will no longer hold any such PTP securities from 20 December 2022 onwards. ProsperUs will be taking the following actions:

1. From 1st Dec 2022, we will stop accepting position-initiating orders and share transfer-in requests for U.S. PTP securities.
2. Existing positions in U.S. PTP securities can still be reduced or closed by placing orders via the platform, until 16 December 2022.
3. From 20 - 31 December 2022, we will liquidate any remaining holdings in U.S. PTP securities.

See [\[Here\]](#) for more information on U.S. PTP withholding tax and [\[Here\]](#) for the list of PTP securities identified by CGS-CIMB Securities Pte Ltd (“CGS-CIMB”). Please note that the PTP securities list is not exhaustive and can change over time. CGS-CIMB does not warrant the accuracy, reliability and completeness of the said list. This notification has been prepared for informational purposes only, and should not be relied upon as legal, tax, regulatory, accounting or other advice.



If the sale of security (from 1 January 2023 onwards) is not listed in the provided PTP list but falls under PTP classification, CGS-CIMB reserves the right to claim the withholding tax from the customer to satisfy IRS withholding requirements.

If you need assistance or have any queries, please contact ProsperUs Call Center.

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