

1 December 2022

Dear Valued Customer,

**Withholding Tax on Publicly Traded Partnerships (PTP) Securities**

Pursuant to Internal Revenue Code (IRC) Sections 1446(a) and 1446(f) of the US Internal Revenue Service (IRS), from 1 January 2023, holdings, sales, trading or transfers of Publicly Traded Partnership (PTP) securities by a relevant investor shall be subject to the following withholding tax:

<b>Withholding Tax on PTP Stocks</b>	
<b>Section 1446(f)</b>	Sales, trading, or transfers of PTP securities shall be subject to a withholding tax equal to 10% of the transaction amount
<b>Section 1446(a)</b>	Dividends from PTP securities shall be subject to a withholding tax equal to 37% (applicable to individual investors) or 21% (applicable to companies or institutional investors) of the dividends.

References:

IRS Requirements on PTP Products: <https://www.irs.gov/individuals/international-taxpayers/publicly-traded-partnerships>

IRS Regulations on the Withholding Tax on PTP Transactions:  
<https://www.irs.gov/individuals/international-taxpayers/partnership-withholding>

This is a major revision of the regulations, and please pay attention to the impact on your own rights and interests. If you are a client holding interests in PTP, you should review the relevant positions and consider re-allocation of assets before 31 December 2022, in order to cope with the potential impact of holding such securities after 1 January 2023.

**Considering the potential complexity of withholding tax, we will only support closing positions and withdrawal of PTP securities from 1 January 2023 onwards.**

Please note: Since the list of PTP stocks will be adjusted subject to the announcement of IRS, customers are advised to refer to the market information for the completeness or changes of the list.

Should you have any enquiries, please send email to [csdept@htisec.com](mailto:csdept@htisec.com) or contact our Customer Service Hotline at (852) 3583 3388 / (86) 755 8266 3232.

For and on behalf of  
Haitong International Securities Company Limited