Call for evidence for an impact assessment Omnibus on taxation

30 March 2026

The Association for Financial Markets in Europe (AFME) welcomes the opportunity to respond to the Commission's call for evidence for an impact assessment of the corporate tax directives in the context of the forthcoming Omnibus on Taxation.

As highlighted in our recent AFME Report on 'Bank Taxes in Europe'[1], AFME welcomes the European Commission's intention to adopt an Omnibus on Taxation (the 'Omnibus') and sees this as a key opportunity to deliver meaningful simplification, coherence, and legal certainty across EU direct tax rules. We strongly support efforts to reduce administrative burdens, enhance tax certainty, and ensure a fair and efficient tax environment to ensure that EU businesses remain competitive.

As we look forward to further engagement on this initiative, we wish to draw the Commission's attention to the following areas for consideration:

1. **Improving certainty on Beneficial Ownership**

   To address longstanding uncertainty and inconsistencies in case law, an EU-level, principles-based definition of beneficial ownership should be adopted, which will enhance the competitiveness of EU capital markets.

   We further elaborate on our views in the attached Briefing paper and covering note from ISLA, ISDA and AFME on this topic.

2. **Rationalising and modernising the EU direct tax framework in light of Pillar Two**

   The EU's direct taxation framework has developed over time, creating overlaps, inconsistencies, and administrative burdens. The Omnibus is an opportunity to assess whether these Directives are achieving their objectives, and to identify and eliminate inconsistencies.

   The introduction of Pillar Two fundamentally alters the tax landscape for companies operating in the EU. The Omnibus should be used to remove or amend provisions whose policy objectives are already met through minimum taxation mechanisms.

3. **Widening the application of the Interest and Royalties Directive**

   To promote cross border investment, the associated companies' requirement should be removed.

4. **Standardising and clarifying anti-abuse provisions**

   Anti-abuse rules across the existing direct tax directives differ in scope and interpretation, creating uncertainty and inconsistent application within the Single Market. The Omnibus should align the anti-abuse rules in the Directives to improve certainty and reduce litigation.

5. **New initiatives**

   Any new initiative concerning taxation should be accompanied by a detailed cost benefit analysis on how it will impact EU businesses as well as tax authorities. We would also welcome

[1] The Report is available here: https://www.afme.eu/publications/reports/bank-taxes-in-europe-eu-and-uk/

Association for Financial Markets in Europe
London Office: Level 10, 20 Churchill Place, London E14 5HJ, United Kingdom T: +44 (0)20 3828 2700
Brussels Office: Rue de la Loi 82, 1040 Brussels, Belgium T: +32 (0)2 883 5540
Frankfurt Office: c/o SPACES – Regus, First Floor Reception, Große Gallusstraße 16-18, 60312, Frankfurt am Main, Germany T:+ 49 (0)69 710 456 660
www.afme.eu

Company Registration No: 6996678 Registered Office: Level 10, 20 Churchill Place, London E14 5HJ
AFME is registered on the EU Transparency Register, registration number 65110063986-76

a commitment to a regular review of any new rules to ensure they remain effective and fit for purpose.

AFME CONTACTS

Ian Sandles
Director, Tax and Accounting
ian.sandles@afme.eu
Tel: +44 20 3828 2708

Carolina Cazzarolli
Manager, Advocacy
carolina.cazzarolli@afme.eu
Tel: + 32 2883 5543

Louise Rodger
Managing Director, Compliance
louise.rodger@afme.eu
Tel: + 44 20 3828 2742

ABOUT AFME

AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors, and other financial market participants. We advocate stable, competitive, sustainable European financial markets that support economic growth and benefit society. AFME is the European member of the Global Financial Markets Association (GFMA), a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) in Asia. AFME is registered on the EU Transparency Register, registration number 65110063986-76.

ISLA, ISDA & AFME Response to EU Tax Omnibus – Call for evidence regarding Beneficial Ownership

Tax Omnibus Call for evidence: Beneficial ownership

The International Securities Lending Association (**ISLA**), the International Swaps and Derivatives Association (**ISDA**) and the Association for Financial Markets in Europe (**AFME**) are grateful for the opportunity to respond to the European Commission's Call for Evidence on the Taxation Omnibus highlighting the need for greater harmonisation and simplification with respect to the meaning and application of "beneficial ownership" for tax purposes, particularly in the context of interest and dividends.

Given the alignment between this issue and the objectives of the Tax Omnibus, as well as the overlap with the EU Directives under consideration, we consider it appropriate to submit this letter as part of the Call for Evidence.

As outlined in our joint association response, divergent rules are applied in different Member States with respect to beneficial ownership of an income payment (such as interest or a dividend), as well as different approaches to the date on which this should be tested and this gives rise to a fragmented landscape across the EU. This fragmentation creates unnecessary burdens for taxpayers, introduces barriers to cross-border investment within and into the EU and – as highlighted in the Draghi Report - **adversely impacts the competitiveness of the EU's capital markets**.

Different Member States also impose direct procedural obstacles to asserting beneficial ownership, whether through different documentary requirements or the requirement to track individual company data (such as annual general meeting dates at which dividends are approved) which are not always readily available in the market. Monitoring the divergent administrative approach of different Member States is burdensome for taxpayers and the associations recommend that the approach should be harmonised wherever possible, as described in our submission.

In summary, what the associations are asking for with respect to beneficial ownership falls squarely within the purpose and goals of the Tax Omnibus, namely:

- simplifying EU law and making it more consistent and simpler for taxpayers to understand and apply,
- removing administrative barriers and burdens for taxpayers,
- harmonising certain minimum standards, and
- preventing tax avoidance.

These objectives could be achieved within the mechanisms of the Parent-Subsidiary Directive, the Interest and Royalties Directive and/or the FASTER Directive.

We trust our comments are of assistance and we would be pleased to discuss them in more detail with you.

On behalf of ISLA:

Farrah Mahmood, Head of Advocacy, Regulatory Strategy & Public Policy
Farrah.mahmood@islaemea.org

Vladislav Urumov, *Industry co-chair of the ISLA Tax Committee*

George Rapalje, *Industry co-chair of the ISLA Tax Committee*

On behalf of ISDA:

Antonio Corbi, Head of Accounting and Tax services

ACorbi@isda.org

Sinthubiravi Sivakumaran, *Industry chair of the ISDA European Tax Working Group*

On behalf of AFME:

Ian Sandles, Director, Tax and Accounting

Ian.Sandles@afme.eu

Carolina Cazzarolli, Manager, Advocacy

Carolina.Cazzarolli@afme.eu

Renate Chocr, *Industry chair of the AFME Tax Committee*

ISLA, ISDA & AFME Briefing to European Commission - Response to Call for Evidence in regard to the Tax Omnibus covering Tax uncertainties around dividend dates, including the move to a T+1 settlement cycle and beneficial ownership

1 The problem and the ask

Taxpayers require more certainty with respect to how investments in European fixed income and equity securities will be taxed by Member States, including in relation to capital markets transactions, such as securities lending transactions and hedging derivatives. Divergent approaches by different Member States, sometimes with retroactive effect, cause difficulties and pose obstacles to investment into the EU capital markets. The current difficulties caused by the lack of certainty and consistency are likely to be exacerbated as the EU prepares to transition to a T+1 settlement cycle from 2027[1].

Greater certainty and consistency can be achieved by the European Commission setting certain minimum standards on a prospective basis. This includes a common approach to the meaning of beneficial ownership at EU level to ensure consistent and predictable application of withholding tax (***WHT***) to interest and dividend payments across Member States, thereby providing greater certainty to taxpayers.

A common framework with respect to the entitlement to interest and dividends, including with respect to beneficial ownership, could be achieved through publishing the European Commission's view and/or reforming the Parent-Subsidiary, the Interest and Royalties or the FASTER Directives, or published guidance. Our request is strictly prospective: the objective is legal certainty for future transactions as well as a successful transition to a T+1 settlement cycle.

2 Background

2.1 Differences in Member States' rules with respect to entitlement to interest and dividends for tax purposes, including the applicable rate of WHT and whether any relief is available, is causing difficulties for market participants and investors. These differences adversely impact the competitiveness of the EU as an investment market. Different Member States take different positions with respect to the following:

2.1.1 which party is the beneficial owner[2] of an interest or dividend payment;

2.1.2 the relevant date of entitlement to an interest or dividend payment, such as the date on which the parties agree the trade or the date on which the securities are settled (or even the date on which shareholders approve the dividend);

2.1.3 how payments to compensate a party for the fact that it does not receive an actual interest or dividend payment (e.g. market claims on late delivery) are characterised for tax purposes, e.g. as the actual interest/dividend payment or as a contractual indemnity payment;

2.1.4 whether relief from WHT can be obtained at source or on a reclaim basis only;[3] and

2.1.5 the administrative requirements to claim WHT relief, which can be so burdensome as to discourage taxpayers from claiming relief to which they are entitled.

2.2 This paper focuses on 2.1.1, the beneficial ownership of income payments, such as interest and dividends, although addressing the other uncertainties as part of this initiative would also be a positive development.

[1] See Regulation (EU) 2025/2075 of the European Parliament and of the Council of 8 October 2025 amending Regulation (EU) No 909/2014 as regards a shorter settlement cycle in the Union.

[2] See section 3 below.

[3] To some extent, this may be solved by the FASTER Directive, but not necessarily in the context of capital markets transactions.

2.3 Inconsistent and uncertain tax treatment of income payments could pose an obstacle to the successful implementation of the T+1 settlement cycle from October 2027, with potentially unintended consequences. T+1 aims to speed up the settlement of securities transactions to the business day following the trade date and better align with the US and other major markets which have already introduced T+1. However, reducing the settlement window (EU markets currently settle on a T+2 basis) will likely increase market claims where standard securities trades around a dividend date settle late because there is less time to source and deliver the relevant securities. As described in 2.1.3 and 4.4, market claims are characterised differently for tax purposes by different Member States, with the result that greater market efficiency from a settlement perspective will exacerbate existing differences in tax treatment.

2.4 The longer these problems remain unaddressed, the more capital markets will evolve, and the harder it will become for tax matters such as beneficial ownership on interest and dividends to be harmonised. Closer alignment on beneficial ownership now, and clear rules and safe harbours going forward, will help to future proof Member States' taxation of more traditional capital markets products, such as equities and bonds, as newer, digital assets with real time settlement (e.g. through blockchain) become more common.

2.5 Knowing which party is the beneficial owner of an interest or dividend payment and what date is the relevant date on which ownership for tax purposes should be tested are key to understanding the tax treatment of a transaction. This can be difficult to define in situations where multiple parties are involved in transactions which take place close to an income record date, particularly in the context of lending and borrowing securities and purchasing securities to hedge derivatives.

2.6 We understand that the differences set out in 2.1 above have contributed to certain parties making dividend WHT reclaims inappropriately in the past. Since then, legislative reform and changes to the market settlement infrastructure have significantly reduced the risks of inappropriate reclaims. We believe that what we request will make it harder for bad actors to take advantage of discrepancies between different Member State tax authorities' rules, practice and settlement infrastructure, including post-introduction of T+1, and that Member States will still have sufficient tools to target any such abuse.

2.7 Crucially, different Member States take different approaches to what beneficial ownership entails and/or impose their own unique requirements (see Appendix for examples), leading to divergent interpretation and sometimes unclear application from Member State to Member State with respect to the same factual circumstances.

2.8 In some cases, this involves (i) tax authority overreach, (ii) retrospective application, and (iii) the imposition of practical hurdles and/or arbitrary time limits that taxpayers are not readily able to meet. These differ from Member State to Member State.

2.9 Anti-avoidance rules, such as economic substance, principal purpose tests and general anti-abuse rules, will always be a feature of a functioning tax system. These anti-avoidance tax concepts are more appropriate and targeted tools to prevent any perceived WHT avoidance. Beneficial ownership should not be used as a 'catch all' anti-avoidance mechanism, especially on such a divergent and unclear basis by different Member States.

3 Beneficial ownership

3.1 The concept of ‘beneficial ownership’, meaning who is the owner of an asset or income for tax purposes, is an Anglo-American legal concept which has been adopted to varying degrees – on an ad-hoc, non-harmonised basis – by most Member States in recent years. The term ‘beneficial owner’ also appears in the OECD Model Tax Convention (see section 4 below) and bilateral double tax treaties.

3.2 Not knowing how the transaction will be taxed or which party (if any) tax authorities will treat as the beneficial owner of an income payment makes it difficult for taxpayers to enter into

commercial transactions, including capital markets transactions such as securities lending and derivatives where securities are acquired as a hedge. Which party (if any) is entitled to the payment for tax purposes can differ depending upon the Member State with the right to taxation, due to different applications of beneficial ownership rules to the same underlying financial transaction. In extreme circumstances, this can result in all parties being denied relief from WHT.

3.3 This difficulty is compounded where taxpayers invest in multiple EU jurisdictions. Mario Draghi, former European Central Bank President, observed that the misalignment of Member States with respect to taxes is a barrier to competitiveness[4]. Our members would echo this opinion. Certainty with respect to who is the beneficial owner of an income payment such as interest or a dividend is crucial for functioning capital markets, including securities lending and hedging derivatives. Consistency between Member States enhances the efficiency and potential investment returns of EU capital markets for investors, reducing barriers to entry.

3.4 This uncertainty of tax treatment imposes real costs on investors and financial market participants and in some cases prevents institutional shareholders, such as pension funds and retail investment funds, from generating additional income for their investors by lending out securities or from hedging exposure to risk by entering into derivatives. This in turn depresses supply and ultimately fragments capital markets within the single market.

3.5 While we fully accept that Member States retain competency with respect to imposing direct taxes on income, profits and gains, this should not prevent a common framework for beneficial ownership from existing across all Member States (or as many as possible) and the European Commission setting out certain minimum standards and safe harbours.

3.6 The FASTER Directive aims to improve WHT reclaim and relief at source processes. However, the benefit of the Directive will be limited if it is not clear which party is the beneficial owner of income, which in turn determines the rate of WHT and who is entitled to such relief/ reclaims.

Examples

3.7 Derivative hedging: A broker writes a derivative, such as a contract for difference or a total return swap, with respect to listed securities issued by an EU corporate. The counterparty could take a long or short position. If the counterparty takes a long position then the broker pays amounts equal to any increase in value in the underlying reference asset and amounts in respect of any distributions/income events to the counterparty; the counterparty pays the broker amounts in respect of any decrease in value in the underlying reference asset and financing costs. The broker has a genuine commercial exposure which arises from the derivative which it writes in the ordinary course of its business.

3.8 In most cases the broker will enter into a combination of long and short positions across its derivatives portfolio and hedging its net exposure under those positions requires constant rebalancing, i.e. for liquid shares it may enter into many single stock, basket and index swaps referencing that asset in any given day, resulting in a number of purchases and sales of the underlying securities. As part of this hedging, the broker may also choose (but is not obliged) to purchase the securities which a derivative references. The broker needs to take into account all relevant payment flows, including any interest and dividend equivalents, to price its derivatives accurately.

3.9 Accordingly, the broker needs to know whether it is considered the beneficial owner of any securities it purchases. In general, Member States would consider the broker to be the beneficial owner of any securities it purchases as a hedge as (i) it is free to choose whether and how to hedge the derivative, and (ii) irrespective of whether it holds the securities as a hedge

[4] Mario Draghi, 'The Draghi report; A competitiveness strategy for Europe (Part A)', European Commission, September 2024, Chapter 5.

or not, it is obliged to make contractual payments, such as interest or dividend equivalent amounts, via the derivative, i.e. such payments are not conditional upon the actual receipt of those amounts by the broker. As described in section 4 below, under OECD principles beneficial ownership should generally be attributed to the broker.

3.10 Securities lending: A UCITS investment fund lends EU securities to a regulated EU broker which in turn lends those securities to an EU borrower which intends to sell the securities short into the market (as it believes that the price of the securities will fall). The broker agrees, if a dividend is paid on the securities during the loan, to pay a manufactured dividend to the lender. The borrower agrees the same with the broker. The legal obligation to pay such manufactured dividends exists irrespective of whether the broker/borrower receives a dividend. The lender makes a profit by charging a fee to lend its securities, the broker makes a profit on the spread between the fee it pays to the lender and the fee it receives from the borrower.

3.11 What if the borrower does not in fact sell the securities short into the market before a dividend record date, e.g. due to increasing pricing of the security or operational failure? Even though the lender, the broker and the end borrower may be entitled to the same rate of dividend WHT, the tax authority in the country where the issuer of the shares is established may seek to deny relief from WHT for the end borrower. As described in section 4 below, under OECD principles beneficial ownership should generally be attributed to the borrower in this scenario. However, some Member States' tax authorities continue to see the lender as the beneficial owner of the dividend. This typically means that in practice no entity is entitled to relief from WHT (notwithstanding that the borrower may have suffered WHT while neither lender nor broker has suffered WHT itself on the actual dividend).

3.12 Where the borrower does in fact sell the securities to another party, e.g. on exchange, it seems clear that the purchaser who has bought the securities outright should be the beneficial owner of any dividend subsequently paid on the securities (assuming no other obligation to pass on the payment, etc). But, in the situation where the tax authorities continue to view the lender as beneficial owner unless the shares are sold short (e.g. see Denmark in the Appendix), this interpretation causes confusion as neither the lender nor the broker is likely to be aware that the borrower has sold the securities.

4 Legal precedents

4.1 The OECD Model Tax Convention on Income and Capital (condensed version) 2014 commentary[5] on beneficial ownership defines what is *not* sufficient to constitute beneficial ownership: being a nominee, trustee or custodian:

> "12.4 In these various examples (agent, nominee, conduit company acting as a fiduciary or administrator), the direct recipient of the dividend is not the "beneficial owner" because that recipient's right to use and enjoy the dividend is constrained by a contractual or legal obligation to pass on the payment received to another person. Such an obligation will normally derive from relevant legal documents but may also be found to exist on the basis of facts and circumstances showing that, in substance, the recipient clearly does not have the right to use and enjoy the dividend unconstrained by a contractual or legal obligation to pass on the payment received to another person. This type of obligation would not include contractual or legal obligations that are not dependent on the receipt of the payment by the direct recipient such as an obligation that is not dependent on the receipt of the payment and which the direct recipient has as a debtor or as a party to financial transactions, or typical distribution obligations of pension schemes and of collective investment vehicles entitled to treaty benefits under the principles of paragraphs 22 to 48 of the Commentary on Article 1. Where the recipient of a dividend does have the right to use and enjoy the dividend unconstrained by a contractual or legal obligation to pass on the payment received to another person, the recipient is the

[5] See paragraphs 12.2-12.6 in commentary to article 10 on OECD Model Tax Convention, also included in the 2017 full version Model Tax Convention on Income and on Capital 2017 (Full Version) (EN)

"beneficial owner" of that dividend. It should also be noted that Article 10 refers to the beneficial owner of a dividend as opposed to the owner of the shares, which may be different in some cases."

4.2 The commentary then goes on to frame the beneficial owner as the person who can use and enjoy the income and is not under a duty to pass it on. We highlight the underlined text which refers to financial transactions, which is particularly pertinent to payments such as manufactured dividends under securities lending arrangements and interest and dividend equivalent payments through derivatives where the payment is contractually due irrespective of whether the party making such payment in fact receives any amount on an underlying security.

4.3 However, Member States apply these principles unevenly and often blend the concept of beneficial ownership with GAAR, principal purpose and/or substance tests, which contributes to unclear and divergent outcomes. The Appendix sets out examples of how different Member States interpret and/or apply rules to deny beneficial ownership in a way which is not necessarily consistent with the OECD commentary cited above. Even a basic step such as adoption by the EU Commission of the OECD commentary in a relevant Directive would be an improvement on the current situation.

4.4 That being said, even perfect adherence to the OECD commentary across Member States would not harmonise how beneficial ownership is applied in the context of capital markets transactions, such as securities lending and hedging derivatives. For example, the OECD does not consider issues such as the date of entitlement to the relevant payment, or the characterisation for tax purposes of market claims (automated compensation payments for delivery at the wrong time), manufactured dividends or interest or dividend equivalent amounts paid on derivatives. The examples in the Appendix demonstrate the different approaches across Member States in this regard. A consistent, pan-EU approach would benefit from pan-EU operational principles, rules and guidance.

4.5 In its decision on the 'Danish cases' the CJEU looked through pass-through entities for the purposes of the Interest and Royalties Directive to identify the beneficial owner of payments. But it was clear that beneficial ownership is not the same as the *ultimate* person who receives, directly or indirectly, some or all of the income. It is still necessary to apply a factual test to ascertain the beneficial owner and this paper advocates for greater certainty and consistency across Member States with respect to that test.

5 Proposed solution

5.1 Adopt an EU-level, principles-based beneficial ownership definition building on basic OECD commentary which would apply on a prospective basis. This could be in any or all of the Parent-Subsidiary, Interest and Royalties or FASTER Directives. Such a harmonised approach to beneficial ownership will in the view of our members enhance the competitiveness of EU capital markets.

5.2 Alongside the definition, detailed guidance at EU level would be helpful:

5.2.1 Publish short, scenario-based guidance: e.g. (i) a securities loan under market standard GMSLA documentation; onward lending; manufactured interest/dividends; record-date transfers, and (ii) the hedging of transactions under market standard documentation (e.g. ISDA) that states who is the beneficial owner in principle. This would provide tax authorities with a common, easy-to-apply reference (which should help avoid multiple interpretations across the EU, sometimes with retrospective application); and

5.2.2 For standardised capital markets transactions, such as securities lending and hedging risk arising from derivatives documented under recognised market standard agreements (e.g. GMSLA/ISDA), presume the holder of the securities is the beneficial owner of income paid on those securities. This would be consistent with the OECD commentary cited in 4.1 above.

5.3 Target abuse: retain and apply a GAAR and other anti-avoidance tools (such as substance tests)

but ensure such anti-avoidance tools are based upon objective and readily determinable criteria; keep these rules separate from beneficial ownership status to avoid blanket denials that adversely impact genuine commercial trades.

5.4 To the extent that Member States wish to expand on or, where permitted, deviate from the EU level definition, we propose that they should be required to publish their own definition of beneficial ownership, applicable on a prospective basis, with their own detailed guidance covering the "in principle" examples and safe harbours produced by the EU.

30 March 2026

Appendix

The Appendix illustrates the approach of different Member States (and, for comparison, certain non-Member States) with respect to beneficial ownership. It is not intended to be comprehensive or exhaustive; rather, the purpose is to provide examples of the different requirements imposed by different Member States to illustrate the obstacles which taxpayers face from Member State to Member State. These inconsistencies create uncertainty for taxpayers and ultimately end investors such as investment funds and individuals, diminishing the competitiveness of the EU's capital markets as a whole.

In some cases, residents in the same country as the issuer of the shares may receive a better or worse tax treatment than a non-resident (EU/EEA vs non-EU/EEA) with respect to the dividend and/or a timing advantage/disadvantage in obtaining relief from WHT. In other words, the same factual circumstances can be subject to different tax treatment depending on which EU/EEA member state the investor is located in.

a) Austria: A taxpayer needs to hold shares throughout a period of 45 days over a 91 day period, and not hedge more than 30% of its position, to be beneficial owner unless it can show that the transaction does not lead to a tax advantage.

b) Denmark: In a stock loan, the original lender of equity securities is usually deemed the beneficial owner (unless the securities are on-sold), and the relevant date is the date on which the shareholders vote to approve the dividend payment rather than the record date (which is the approach in most other jurisdictions). However, a lender is not typically able to claim a WHT refund on shares it does not hold (it has not suffered any WHT on the manufactured dividend) and it may not be possible to know if the borrower continues to hold the securities or has on-sold them. This interpretation of the rules potentially denies all parties relief from WHT that they may be entitled to. Nor is it practicable for market participants to track who is the owner of record of shares on the AGM date.

c) France: A French borrower may need to withhold tax from manufactured dividends (if borrowed from a non-resident subject to WHT, irrespective of the maturity of the trade). Non-French borrowers have no such WHT obligation.

d) Germany: A claimant must generally meet a 45-day holding requirement if the rate of WHT is reduced by a double tax treaty below 15%. Average WHT reclaim times are long (currently more than a year) and case law often denies borrowers beneficial ownership in dividend contexts.

e) Netherlands: Alongside anti-dividend stripping rules, there is a statutory beneficial owner concept, where a taxpayer has 'free and personal power of disposal' over the dividends plus anti-dividend-stripping rules. From 2024, the taxpayer has the burden of proof to show that the statutory requirements are met (although it is not entirely clear what is required to discharge that burden).

f) Norway: We are aware of cases where the tax authorities are asserting that non-resident lenders of securities are subject to Norwegian tax on the receipt of manufactured dividends where the securities were loaned to and held by another party which received the dividend (and may also have suffered WHT).

g) Switzerland: There is a published Circular for lending transactions, but any reclaim is borrower-status dependent. Swiss borrowers may reclaim any WHT but must withhold tax from manufactured dividends they pay. Non-Swiss borrowers are not subject to the same WHT obligations (i.e. cannot reclaim but are not required to withhold on a manufactured dividend). Judicial precedent may prevent derivative writers holding Swiss securities as a hedge from

claiming beneficial ownership.

h) United Kingdom: The UK does not impose dividend WHT (save in respect of certain real estate rich securities). While there is a long history of interpretation by the courts of beneficial ownership, the position is highly fact-dependent, although there are clear judicial precedents that the recipient of interest or a dividend is prima facie the beneficial owner.

Associations:

ISLA

The International Securities Lending Association (ISLA) is a leading non-profit industry association, representing the common interests of securities financing market participants across Europe, the Middle East, and Africa (focusing primarily on securities lending and borrowing (SLB) activity). Its geographically diverse membership of over 220 firms includes institutional investors, asset managers, custodial banks, prime brokers and service providers. Working closely with the industry, as well as national, regional, and global regulators and policy makers, ISLA advocates for, amongst other things, the importance of securities lending to the broader financial services industry. It supports, maintains, and obtains legal opinions for the Global Master Securities Lending Agreement (GMSLA), covering both the Title Transfer and Securities Interest over Collateral variants.

ISDA

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 1,000 member institutions from 76 countries. These members comprise a broad range of derivatives market participants, including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure, such as exchanges, intermediaries, clearing houses and repositories, as well as law firms, accounting firms and other service providers.

AFME

AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors, and other financial market participants. We advocate stable, competitive, sustainable European financial markets that support economic growth and benefit society. AFME is the European member of the Global Financial Markets Association (GFMA), a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) in Asia.