X-pand into the Future

eurex circular 025/13

Date: 8 February 2013

Recipients: All Trading Participants of Eurex Deutschland and Eurex Zürich, all Clearing Members of Eurex Clearing AG and Vendors

Authorized by: Thomas Book

Designation of Eurex Deutschland as a "Qualified Board or Exchange" for purposes of Section 1256(g)(7) of the United States Internal Revenue Code

Related Eurex Circular: 015/12

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Content may be most important for:

➲ All departments

Attachment:

United States Taxpayer Identification Form

Summary:

On 7 February 2013, Eurex Deutschland announced that the U.S. Internal Revenue Service ("IRS") has designated Eurex Deutschland as a "Qualified Board or Exchange" for purposes of Section 1256(g)(7) of the U.S. Internal Revenue Code. This ruling, effective for all contracts entered on or after **1 March 2013**, means that U.S. persons that trade at Eurex Deutschland may receive "60/40 tax treatment" in the same way when trading at other U.S. futures exchanges.

Designation of Eurex Deutschland as a "Qualified Board or Exchange" for purposes of Section 1256(g)(7) of the United States Internal Revenue Code

"Qualified Board or Exchange" status

Eurex Deutschland has been designated by the U.S. Internal Revenue Service ("IRS") as a "Qualified Board or Exchange" under Section 1256(g)(7) of the U.S. Internal Revenue Code ("Section 1256"). This treatment may benefit eligible U.S. taxpayers by reducing their effective rate of taxation on gains from certain transactions undertaken on Eurex Deutschland.

The tax treatment provided by Section 1256 is commonly referred to as "60/40 tax treatment" and allows eligible U.S. taxpayers to treat 60 percent of the profits and losses realized on certain futures, options and other contracts as long-term capital gains and losses, and 40 percent of these gains and losses as short-term capital gains and losses for U.S. tax purposes regardless of the period during which these contracts are held by the taxpayer. Long-term capital gains of certain U.S. taxpayers are currently taxed at more favourable rates than short-term capital gains. Section 1256, however, requires that each such contract held by a U.S. taxpayer at the close of the taxable year must be mark-to-market on the last business day of each taxable year, and any gain or loss shall be taken into account in that taxable year.

IRS' designation of Eurex as a "Qualified Board or Exchange" results in a "change of the method of accounting" for U.S. taxpayers with respect to Eurex contracts. However, under the terms of the IRS' Revenue Ruling, U.S. taxpayers are granted consent to change to the Section 1256 mark-to-market method and there is no requirement for affected U.S. taxpayers to file a Form 3115 (Application for Change in Accounting Method).

Designation of Eurex as a "Qualified Board or Exchange" does not affect any contracts entered at Eurex before 1 March 2013, and such contracts will not be subject to tax treatment provided by Section 1256.

Provision of U.S. Taxpayer Identification Number ("TIN")

Eurex Deutschland ("the Exchange") as a "Qualified Board or Exchange" is required to provide U.S. Taxpayer Identification Numbers ("TIN") to the IRS upon request.

Each participant who has, or is required to have, a TIN had to submit its TIN to the Exchange. Participants must also notify the Exchange immediately as and when they are given a TIN or where there is any change to TIN information which has been submitted to the Exchange.

DISCLAIMER:

Pursuant to IRS Circular 230: Nothing contained in this notice concerning any U.S. Federal tax issue is intended or written to be used, and it cannot be used, by anyone for the purpose of avoiding U.S. Federal tax penalties under the code.

This circular is not intended to be, and should not be construed as, legal or tax advice. Each participant and any other interested person should seek tax advice, based on such person's particular circumstances, from an independent tax advisor.

For further information, please contact Christian Ochsner at tel. +1-(0) 312- 544 10 55 or christian.ochsner@eurexchange.com or Vassilis Vergotis at tel. +1-(0) 312- 544 10 58 or vassilis.vergotis@eurexchange.com.

8 February 2013

Information required in connection with the designation of Eurex as a "Qualified Board or Exchange" within the meaning of Section 1256 of the U.S. Internal Revenue Code:

Member name	
United States Tax Identification Number	

I certify that the above information is provided in good faith and is, to the best of my knowledge and belief, correct:

Signed …….

Print name: …….

Title: …….

Date: ……...

Please contact Christian Ochsner at tel. +1(0) 312-544-10 55 or christian.ochsner@eurexchange.com if you have any questions relating to the completion of this form.

When completed, please fax this form to +1-(0) 312-544-10 01 or e-mail a scanned version to customer.support.chicago@eurexchange.com.