



Summary description for the 2018 SWIFT Share re-allocation process – preliminary information

The re-allocation of SWIFT shares takes place at a minimum every three years as per article 10 of the *By-laws*. The last share re-allocation was held at the beginning of 2015.

The next SWIFT share re-allocation will be conducted during the first quarter of 2018 and will be based on the financial contribution from network-based services between 1 January and 31 December 2017, and shareholding at 31 December 2017 of:

- a. SWIFT shareholders (including its 'sub-members'), and
- b. SWIFT non-shareholding members

in live operations on 31 December 2017.

Note:

- Non-shareholding member: A non-shareholding member is an organisation which complies with the eligibility criteria of a shareholder as defined in article 8 of the [SWIFT By-laws](#), and with the *Shareholder Eligibility Criteria* set out in the [Corporate Rules](#), and which either chooses not to or is itself prevented, by law or by charter, from becoming a shareholder. The General Meeting of shareholders approved this SWIFT user category in 1996 with the proviso that if the network based services paid by the non-shareholding member gives an entitlement of five or more SWIFT shares at the next share re-allocation, it must become a shareholder and purchase the allocated shares.
- Sub-member: the financial contribution from network based services from a sub-member will be calculated with the contribution of the shareholder as defined in article 10 of the *By-laws*.
- Non-shareholding member and sub-member criteria are defined in the Corporate Rules, Shareholder Eligibility Criteria.

Which financial contribution is taken into account for the share re-allocation?

The SWIFT share re-allocation is proportional to the shareholder's and the non-shareholding member's participation in the financial contribution from network-based services in 2017.

The network-based services included in the SWIFT share re-allocation are: SWIFTNet and FIN messaging services, CREST, Broadcast messages, Accord, Minimum Network Based invoices, Fixed Fee programme, and messaging rebates (if applicable).

The share re-allocation process does not include products or non-network-based services such as Sibos participation, interfaces, SWIFTRef, User Handbook, BI products, SWIFTSmart, or other products and documentation fees.

The financial contribution of the shareholder also includes the financial contribution for network-based services from its sub-member(s) as well as the contribution from any other shareholder or other user that merged with, was acquired by and fully integrated within the shareholder during 2017, if any.

Which currency is used for the calculation of the share re-allocation?

SWIFT shares are denominated in EUR. The share re-allocation calculation is therefore made in EUR. The financial contribution in foreign currencies is converted into EUR.

What is the value of a share?

The current value, as confirmed at the June 2017 General meeting, of one SWIFT share is EUR 4,665. This value will be applicable for the calculation of the 2018 share re-allocation.



How are the SWIFT shares re-allocated?

At share re-allocation, the shares are redistributed to the shareholders without any increase or decrease in the total number of shares. All shares registered at 31 December 2017 – approximately 110,000 shares – will be taken into account.

The share re-allocation process consists of two steps:

Step 1

The shares are allocated to all shareholders (including their sub-members) and non-shareholding members proportionally to their participation in the financial contribution from network-based services in 2017.

If the number of shares calculated for a shareholder increases or decreases by less than five shares versus its shareholding at 31 December 2017, the total number of shares for that shareholder remains unchanged.

A shareholder that shows a share position variance of at least five shares, and a non-shareholding member that reaches the threshold of five shares in this Step 1, participate in Step 2 below.

Step 2

A new iteration of the re-allocation process is started for all the shareholders and the non-shareholding members that showed a variance of five shares in Step 1. All remaining shares, from Step 1, are then re-allocated among these entities.

In order to alleviate the exceptional effect of an unprecedented situation, the Board of Directors has decided to apply a one-time exception to the share reallocation calculation formula for 2018, by applying a cap of 600 shares as the maximum number of additional shares to be purchased by a single shareholder. All shares above the threshold of 600 are re-distributed among the participating shareholders.

Who will receive the notification?

A notification by e-mail will be sent to the 'Primary Business Contact' (i.e. the same contact person as for the Annual General Meeting's matters) as registered by your company on www.swift.com ([mySWIFT](#)).

It is of utmost importance that each shareholder and non-shareholding member ensures that the correct contact is registered on [mySWIFT](#). For guidance on how to register, see [here](#).

Payment / reimbursement terms

The payment/reimbursement term is set to 60 days from the date of notification of the share re-allocation results. This term also applies for direct debit (DD) process.

Reimbursement is subject to the calculation of a withholding tax ("WHT").

The net amount to reimburse to the shareholder whose shareholding decreases is the current share value less a 30% WHT. The WHT is borne by the shareholder.

SWIFT remits this WHT to the Belgian tax authorities in line with *article 18, 2, °ter of the Belgian income tax code*. The applicable rate is based on *article 269 of the Belgian income tax code*.

Important note:

Belgium has concluded a tax treaty (the "Treaty") preventing double taxation with a number of countries. Since the rate of 30% is higher than the rate applicable as per the "Treaty", SWIFT recommends that, in case of reimbursement of shares, the shareholder makes use of the "Treaty" to reduce the impact of the WHT.

To benefit from the lower WHT rate, the shareholder will need to take following steps:

- a) Request an original tax residence certificate (in the local language and in the English language) issued in 2018 by the shareholder's local Tax Authorities. This certificate is required by the Belgium Tax Authorities to benefit from the 'Treaty'.

Complete the 'Tax Residence Confirmation letter' <https://www.swift.com/node/134351>



and send these documents by pdf to Tax.Shareholders.Mailings@swift.com. The original documents must be sent by courier services to: SWIFT, Tax Department – M. Augarde, 1 Avenue Adele, 1310 La Hulpe, Belgium.

The deadline for receipt of the documents is **1 February 2018**. After this date SWIFT cannot guarantee that the preferential tax rate can be applied.

Important information on shareholding

- a. The share reallocation results will be communicated in writing by the end of February/beginning of March 2018.
- b. The confirmation letter listing the new number of shares re-allocated to your institution serves as **sole** notification of the new shareholding. The notification should therefore be forwarded to the appropriate finance department in the event of payment or reimbursement of shares.
- c. **No invoices** for additional shares, **nor credit notes** for reimbursement of shares, are issued.
- d. No share certificate is provided. The ownership of shares is solely recorded by an entry in the share register (*By-laws, Article 6*).

Questions on share reallocation: who to contact?

Questions on share re-allocation: shareholding@swift.com.

Questions on preferential tax rate (Tax 'Treaty'): Tax.Shareholders.Mailings@swift.com

Questions on your direct debit account for share re-allocation payment/reimbursement: Online Support [Case Manager](#) or support@swift.com

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