



## Summary description for the 2021 SWIFT Share re-allocation process – preliminary information

As per article 11 of the [SWIFT By-laws](#), the re-allocation of SWIFT shares takes place at a minimum every three years.

The next SWIFT share re-allocation will therefore be conducted during the first quarter of 2021 and will be based on the financial contribution for network-based services paid between 1 January and 31 December 2020 by

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

in live operations on 31 December 2020.

### Note:

- Non-shareholding member: A non-shareholding member is an organisation which complies with the eligibility criteria of a shareholder as defined in article 9 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 11 of the [SWIFT 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 for network-based services in 2020.

The network-based services included in the SWIFT share re-allocation are: SWIFTNet and FIN messaging services, CREST, Instant Payment, Broadcast messages, 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 2020, 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 2020 General meeting, of one SWIFT share is EUR 5,705. This value will be applicable for the calculation of the 2021 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 2020 – 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 2020.

If the number of shares calculated for a shareholder increases or decreases by less than five shares versus its shareholding at 31 December 2020, 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.

### **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](http://www.swift.com) ([mySWIFT](http://www.swift.com)).

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

### **Payment / reimbursement terms / withholding tax**

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.

In application of the Belgian tax regulation, the part of the reimbursement in excess of the original paid up value of the share is considered as a deemed dividend, subject to the application of withholding tax ("WHT") at the domestic tax rate of 30%. Therefore, the amount to be reimbursed to the shareholder, whose shareholding is decreasing, will be reduced by a 30% WHT applied on such deemed dividend and supported by the shareholder.

SWIFT further remits this WHT to the Belgian tax authorities.

However, in application of double tax treaties concluded between Belgium and the country of the shareholders ("the Treaty"), shareholders who comply with the conditions and requirements to benefit from the Treaty, may benefit from the reduced WHT rate provided by such Treaty.

To benefit from the Treaty reduced rate, such shareholders must comply, in due time, with administrative formalities defined by the Belgian tax administration and provide SWIFT with the following documents:

- a) Provide SWIFT with an original tax residence certificate (in the local language and in the English language) issued between 1<sup>st</sup> of January 2021 and 15 February 2021 by the shareholder's local Tax Authority. This certificate is mandatory by the Belgium Tax Authorities to grant the Treaty benefit to the shareholder. When no tax residence certificate can be provided, customer is requested to complete a self-attest "Tax Residence Confirmation letter" which can be downloaded on [swift.com](http://www.swift.com);
- b) Return to SWIFT the specific "Form 276 Div int/out" that will be issued by SWIFT by the end of February 2021. Such document must be signed by the shareholder and by the shareholder's local Tax Authority and return to SWIFT in original by 31 March 2021.



All the documents may be first sent by pdf to [Tax.Shareholders.Mailings@swift.com](mailto:Tax.Shareholders.Mailings@swift.com). The original documents must be sent by courier services to: SWIFT SC, Tax Department, 1 Avenue Adèle, 1310 La Hulpe, Belgium.

In the event the documents are not returned within the above timeframe, SWIFT will not allow the benefit of the WHT reduced Treaty rate and the shareholder will be solely responsible to require a refund from the Belgian Tax Administration.

#### **Important information on shareholding**

- a. The share reallocation results will be communicated in writing by the end of February/beginning of March 2021.
- 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 ([SWIFT By-laws](#), Article 7).

#### **Questions on share reallocation: who to contact?**

Questions on share re-allocation: [shareholding@swift.com](mailto:shareholding@swift.com).

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

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