

INDEVAL will operate as a Qualified Intermediary for Securities from United States as of January 1st, 2023

INDEVAL received approval from the Internal Revenue Service - IRS (United States Tax Authority) to operate as a Qualified Intermediary (QI). As a result of this initiative, as of January 1st, 2023, INDEVAL will control the tax withholding process for payments of securities listed in the SIC (International Quotation System) from the United States.

This authorization will have an important series of benefits for the Mexican market:

- **Operational efficiencies** for the US tax withholding process, eliminating the current need to send all the W8 forms of Mexican investors to the US custodian. Currently, INDEVAL maintains more than 40,000 formats.
- Sending Simplified Instructions to the Withholding Agent and Reports to the IRS: as QI, INDEVAL can send withholding instructions to the custodian and reports to the IRS by Withholding Tax Rate Pools without having to disclose specific beneficiaries of each payment. This way, **Personal Client Data is protected**.
- As QI, INDEVAL sets the stage for Mexican Financial Institutions to request also QI status to the IRS, which would further simplify the US tax withholding process, keeping W8 formats within the Financial Institutions consequently **reducing administrative costs**.
- In addition, INDEVAL licensed an IHS Markit-S&P platform **for on-line tax validation in real time**. In this way, investors will be able to identify their intermediary and digitally prepare their W8 Form to apply for their tax treaty benefit, as well as to receive electronically their annual 1042-S reports, eliminating physical documents.
- This new automated process will allow Financial Institutions (intermediaries) **to expand their client base**.

With the approval of **INDEVAL as QI**, we strengthen our commitment to the Mexican market by offering more efficient and secure services following global standards.