

The header features a blue background with a stylized building graphic on the left. The Apex Clearing logo is centered, with 'APEX' in a bold, sans-serif font and 'Clearing' in a lighter, sans-serif font, separated by a vertical line. Below the logo, the word 'MESSAGES' is written in a smaller, bold, sans-serif font. The date 'December 18, 2019' is positioned in the bottom left corner of the header, and '19-12-08' is in the top right corner.

December 18, 2019

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19-12-08

MESSAGES

Form 1099-B Important Update | Transaction Consolidation

To: All Correspondents,

Apex Clearing Corporation ("Apex") has an important notice regarding upcoming changes to Form 1099-B for the 2019 tax-reporting season.

Form 1099-B is one of the components of Apex's Consolidated 1099 and is used to report proceeds from broker transactions, such as sales and short sales of stocks, commodities, regulated futures contracts, forward contracts, debt instruments, etc.

In previous years, each closed cost basis tax lot was reported as an individual transaction on Form 1099-B. Starting for the 2019 tax-reporting season, closing transactions for identical securities and for orders with the same disposition dates will be combined into fewer transactions. This change simplifies the presentation of the information being reported on Form 1099-B to your customers.

The consolidation of transactions is subject to classification requirements necessary to account for covered securities, non-covered securities, and long term and short term gains (losses). Please note, proceeds from closed lots that have associated state or federal withholding will continue to be reported separately. Additionally, where closed lots are associated with multiple acquisition dates, the Date Acquired (Box 1b) will not be populated.

Additional information on this topic can be found at the following links:

- 1099-B Instructions
 - <https://www.irs.gov/pub/irs-pdf/i1099b.pdf>
 - Please see "How many forms to file for each transaction" and "Box 1b. Date Acquired"

- Treas. Reg. § 1.6045-1
 - <https://www.law.cornell.edu/cfr/text/26/1.6045-1>
 - Please see 1.6045-1(d)(2)(vii), Example 2

If you have any questions, please contact the Tax Reporting Department by email at Tax@apexclearing.com.

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