

Possible K-1 Duplicate Reporting to Issuing Firms/Transfer Agents



Purpose of a K-1: Schedule K-1 is an Internal Revenue Service (IRS) tax form issued annually for an investment in a partnership. The purpose of the Schedule K-1 is to report each partner's share of the partnership's earnings, losses, deductions, and credits.

What is the possible issue: We have been made aware that:

- Some account owners received multiple K-1 tax forms for the 2022 tax year. On one form the Broker Code is 052 (Clearing) and the other form is the same information using Broker Code 6KR (AAS).
- Other account owners received one K-1 with duplicate information – issuer/transfer agent combined Clearing and AAS data onto one K-1.
- Some account owners received a letter from the issuer requesting they review the data for possible duplication.
- Some issuers detected the duplication and adjusted their data and reported accurate data.

What happened: Both Axos Advisor Services and Axos Clearing use an industry wide firm, Wall Street Concepts (WSC), to help aggregate and share data related to investment products including investment partnerships and underlying holders. While we provide transactional database feeds to WSC, so do our official books and records at Axos Clearing.

Mitigation going forward: Steps have been taken to suppress the Axos Clearing data feed to WSC.

Corrective Action: WSC is not accepting data feeds for 2022:

- As owners of the asset, account owners must contact the issuer/transfer agent using the phone number on the K-1 for corrective action.
- If we are provided copies of the duplicate K-1s or copies of the single K-1 with duplicative data, we'll work with the issuer/transfer agent to correct.

Possible Impacted assets/CUSIPS: Your Client Service Advocate can provide you a list of such assets for which data feeds were provided to WSC; reach out if such a list is helpful to you for awareness.

Possible Impacted account owners: Since we're unaware of how the issuer/transfer agent handled the duplicative data, your Client Service Advocate can provide a list of the accounts for which Axos Clearing provided data to WSC from which the issuer/transfer agent issued the K-1s.

We recognize the frustration and inconvenience this has caused you and your clients and for this we apologize.

Investment Products: Not FDIC Insured - No Bank Guarantee - May Lose Value.

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