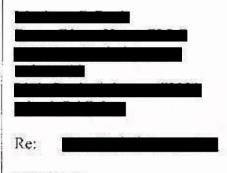


City of Chicago Rahm Emanuel, Mayor

Department of Law

Edward N. Siskel Corporation Counsel

Revenue Litigation 30 North LaSalle Street Saite 1020 Chicago, Illinois 60602-2580 (312) 744-5691 (312) 744-6798 (FAX) (312) 744-5131 (TTY) www.cityofchicago.org April 5, 2017



Dear :

I am writing in response to your letter dated January 16, 2017 ("Request") (copy attached), requesting a private letter ruling ("PLR") concerning the application of the Chicago Personal Property Lease Transaction Tax ("Lease Tax"), Chapter 3-32 of the Municipal Code of Chicago ("Code"), to the fees charged by the second se

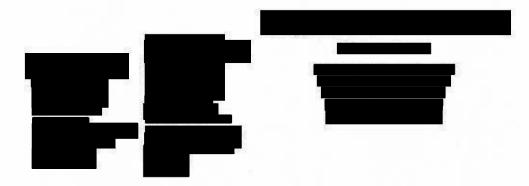
Based on the facts set forth in your Request, along with our prior communications, including our meeting of **Manufacture**, we agree with the conclusion set forth in your Request, that the fees described in the Request are all either non-taxable or exempt under Exemption 10, Code Section 3-32-050(A)(10) (which exempts "[t]he nonpossessory lease of a computer to effectuate the deposit, withdrawal, transfer or loan of money or securities, including any related review of accounts or investment options by the account owner, whether or not the parties to the lease also are parties to the deposit, withdrawal, transfer or loan.").

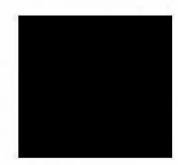
This PLR is based on the text of the Lease Tax Ordinance as of the date of this letter and the facts as represented in the Request being true. The opinions contained herein are expressly intended to constitute written advice that may be relied upon pursuant to Code Section 3-4-325.

Very truly yours,

Weston W. Hanscom Deputy Corporation Counsel City of Chicago, Law Department Revenue Litigation Division 30 N. LaSalle, Suite 1020 Chicago, IL 60602 312-744-9077

Cc: Joel Flores, Department of Finance Kim Cook, Department of Law





January 16, 2017

Via Email: weston.hanscom@citvofchicago.org

Mr. Weston W. Hanscom Deputy Corporation Counsel Chicago Department of Law 30 N. LaSalle Street Suite 1040 Chicago, Illinois 60602

Via Email: kecook@cityofchicago.org

Mr. Kim Cook Chief Assistant Corporation Counsel City of Chicago Department of Law 30 North LaSalle Street, Suite 1020 Chicago, IL 60602

Dear Messrs. Hanscom and Cook:

I am writing on behalf of **Constant (the "Taxpayer")** to confirm the exemption under the Lease Transaction Tax with respect to the services that it provides to its customers.

Taxpayer is a financial technology company headquartered in **Example**. It offers a platform to financial institutions to allow those institutions to offer digital advice to their account holders. Taxpayer's technology and services enable customer institutions to deliver scalable personalized planning and managed accounts, **Example**. Taxpayer does this by providing integrated account aggregation, analytics, planning and portfolio management.

The essence of these managed accounts services is that Taxpayer checks investor accounts and, if needed, causes orders to be made to rebalance investor accounts to keep them within asset allocation plans that have been approved by each investor. The asset allocation plan is prepared

during the enrollment process based on a user's personal and financial information, and an investor can subsequently provide new information to change the plan.

It then uses software to compare investors' portfolios with their planned.

. The rebalancing software identifies

A diagram is enclosed as Exhibit A showing the various processes involved in the

rebalancing. Essentially, on a basis Taxpayer receives data

asset allocations

	ctions are	have diverged and	from their	plans and	require	rebalancing.	The orders for to make
	mpensation	for its services	, Taxpayer g	enerally is			basic parts to the
1.	A fee for	managing the	account	2			
2.	A fee for	use of Taxpa	ver's model	portfolio n	nethodolo	ogy 🗖	

Contracts may also specify minimum compensation floors and may provide for certain implementation fees.

Taxpayer's provided services are in large part automated and cloud-based, and thus could be considered nonpossessory computer leases subject to the lease transaction tax. However they should qualify for Exemption 10 to the lease transaction tax. See Chi. Mun. Code § 3-32-050(A)(10). The Exemption 10 is for a nonpossessory computer lease "to effectuate the deposit, withdrawal, transfer or loan of money or securities, including any related review of accounts or investment options by the account owner, whether or not the parties to the lease also are parties to the deposit, withdrawal, transfer or loan." That is the core of what Taxpayer is doing with managed accounts by the effectuating any necessary transactions to keep investor portfolios in alignment with their plans. The fee for managing accounts is exempt as effectuating the securities transactions. The fee for the investment methodology should be exempt as providing the framework for review of the investment accounts and directing the investment accounts.

Thank you for your consideration of this opinion letter request. If you are unable to provide the requested opinion, I would ask that you contact me to discuss this matter.

Sincerely,



Enclosure



Exhibit A: Diagram of Taxpayer Rebalancing System