



Founded 1946 (Formerly CTA)  
PO Box 1997 New York NY 10116-1997

February 8, 2010

CC:PA;LPD;PR (REG-101896-09)  
Internal Revenue Service  
Room 5203  
PO Box 7604 Ben Franklin Station  
Washington DC 20044

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Re: IRS REG-101896-09

The Shareholder Services Association (“SSA”) appreciates the opportunity to comment on the proposed regulations listed above, an issue of great interest to our members. The SSA, formed in 1946, is an organization whose members include Issuers, Issuer Transfer Agents (e.g., issuers who serve as their own Transfer Agent), and Commercial Transfer Agents. Our members represent companies of all size, including 20 Fortune 100 companies and numerous Fortune 500 companies. Our comments, which are on behalf of Issuers and Issuer Transfer Agents only, are as follows:

1. The IRS has until 2012 reporting to program and test their systems to receive the new proposed 1099B reporting. The proposed rule gives Transfer Agents until January 1, 2011 to program and test a system. Although brokers currently have the capability to track basis and do so between themselves, Transfer Agents have never been part of that system. Currently, Transfer Agents do not capture cost basis in their systems and would be required to build and test a complicated system in a short amount of time. Complexities include being able to move, transfer, or receive cost basis information to and from brokers and to obtain, transfer and update corporate actions for adjustments to cost basis received by the broker. At this point, we are still waiting for final regulations which we will need to complete all of our extensive development for tax cost basis reporting. It would be irresponsible for the Transfer Agent to build a system that was not correct because we did not have the time to build and test. We are requesting that Issuer Agents and Issuers’ Transfer Agents be given an additional year to program and test, which would also put us in line with 1099B reporting for Dividend Reinvestment Plans. This would give us the same time period the IRS has to update their system to receive reporting in 2012. Since broker systems already have the ability to track cost basis, we request you carve out the Transfer Agent – U.S. payor or U. S. middleman that strictly reports 1099B forms for Dividend Reinvestment sale transactions (which are minor compared to broker reporting of equity sales).
2. Brokers are to adjust the basis to take into account corporate actions - Issuers will not have a problem posting full detail of a corporate action, including the year, tax consequences, and number to their website. Transfer Agent/Broker/Middleman should be required to update any account on their system to reflect corporate action details. The corporate action should be updated within 15 days of the Section 6045B announcement.

3. Securities currently move through Brokers and Transfer Agents records using the Depository Trust & Clearing Corporation computer systems. All parties involved in cost basis have been meeting together with the Depository, Issuer Transfer Agents, Commercial Transfer Agents, Brokers, Mutual Fund, and the Bank industry to discuss building a system that would move the Transfer Statement requirements electronically to each party. In doing so, we have developed a Unique ID for these transactions that relate to either the certificate or transfer of ownership for each transaction, thereby eliminating the need for non-public/privacy information to move back and forth. This system is being designed to comply with state privacy regulations.
4. The amount of dividends reinvested is never controlled by the shareholder, since the Board of Directors has to first declare a dividend. The "Wash Sales" rule is intended to stop the investor from claiming a loss between a sale and subsequent purchase or vice versa. We believe that since this activity is not controlled by the shareholder, an exemption from including dividends reinvested as part of the "Wash Sales" rule is requested.
5. We would like to request that any non-individual account opened prior to January 1, 2012 be grandfathered with an exemption on reporting whether or not the entity is organized as an S Corporation. We request that the IRS amend Form W-9 for January 1, 2012 so that when completed by the shareholder entity we could rely on the information captured at the time the account is opened.
6. We request that gifted securities carry only one date field for cost basis records on our systems. The date to be entered would be the transfer date on our records. Due to the fact there are many different ways the gift basis could be adjusted by the shareholder, we feel the donor basis is the only true figure we would have. This would eliminate the requirement to program a complex system to allow two dates, the subsequent adjustments, and readjustments; it would also increase the complexity of communications with the donor in understanding the specific type of gift. Perhaps the IRS would put a Gift box indicator on the 1099B Form which could indicate that some or all of the shares sold were the result of a gift.
7. We request correction reporting only be required for three years after the year of the transfer.
8. 1099B reporting for a fractional share payment that is less than \$20.00 is exempt from reporting. The \$20.00 amount has been in place since 1983. We request that you review the current market and suggest the dollar threshold be increased to at least \$100. Alternatively, it may be prudent to simply not require reporting for fractional share payments.
9. We request that Form 3922, a new required form be used by the shareholder to report correct basis upon an Employee Stock Purchase Plan (ESPP) transaction; this would eliminate the need to double report the basis on a 1099B form. We suggest the IRS add a checkbox on the form for an ESPP transaction. We further request the IRS review the same for reporting Incentive Stock Options (ISO's).

The SSA appreciates this opportunity to comment on the proposed regulations and we will be available for continued dialogue with those working on the final regulations should the need arise.

Thank you,



Joni Aeschbach, President  
Shareholder Services Association  
[joniaeschbach@alliantenergy.com](mailto:joniaeschbach@alliantenergy.com)  
608-458-3407