

Cost Basis Steering Committee Meeting Minutes
07/20/2010

Date: July 20, 2010

Time: Noon – 2 p.m.

I. Approval of June 29 and 30, 2010 meeting minutes

- The committee approved the minutes as written

II. DTCC Update

- Updated record layouts were published on July 14, 2010, and DTCC sent out an Important Notice to describe the changes since the first version was posted on April 30, 2010
- DTCC is working on future Important Notices that will discuss: the publication of the new User Guide; how to join the service; the CBRS User Master File; user testing
- The group discussed the pricing philosophy for the new service. DTCC is seeking to price the system in such a way to encourage full participation in the service by all segments of the industry effected by the legislation. The pricing philosophy should also take into account the whole community that will be using the service
- DTCC is in continuing discussions about the pricing philosophy, and will report the results of the discussions to the Steering Committee
- For CBRS purposes, firms who are members of both DTC and NSCC will sign up for CBRS using the DTCPRT code, which allows transfer agents to know their contra firm as a DTC member in CBRS
- There is a concern about using the CBRS User Master File to determine eligibility to receive CBRS records. The CBRS User Master File will not contain contact data for firms who are not users of CBRS. Industry working groups outside of CBRS will continue to work on the issue of how to pass basis to firms who are not users of CBRS

III. Review issues

- Best Practice: Firms should not send reject/request records for security types not covered in 2011
 - The committee agreed with this best practice, with some clarification:
 - For DRP shares, send basis in 2011. Broker-dealers will not know that the shares are DRP shares, so they will be expecting basis. The receiver can mark the lots as uncovered as necessary
 - The committee is defining security types not covered in 2011 as mutual funds, bonds, and options. The industry is waiting for IRS clarification on when other security types are covered

- Best Practice: For request records, a receiver of an asset should wait at least fifteen days after the asset has been received before sending a request record to the deliverer of the asset
 - The committee agreed with this best practice. Firms may send request records earlier than fifteen days, and also much later than fifteen days, but this best practice establishes a timing guideline for users

IV. **Next steps**

- There are open issues the committee could discuss at future meetings: the new *Taxes reported by Issuer/Transfer Agent* field; the *Inherited/Gifted Indicator*; the use of the CBRS User Master File. While the system details will not change, the committee can discuss processing of the situations that are affected by these issues
- The next meeting of the committee will be on Tuesday, August 10, 2010, from Noon to 2 PM eastern