

Cost Basis Steering Committee Meeting Minutes

Date: February 22, 2010

Time: 10 a.m. – Noon eastern time

- I. Approval of February 16, 2010 meeting minutes
 - The committee clarified that the Julian date for all transfers involving a transfer agent will not include the year

- II. Questions to review
 - DTCC raised the point that DTC developers will be able to add the IMD TID number to made transactions only, not dropped transactions. The committee agreed that having the IMS TID on made transactions only is sufficient for the needs of CBRS
 - **Date transfer was initiated/Settlement date of transfer** rules
 - At the last meeting, the committee defined the rules of these fields, saying that either **date transfer was initiated** or **settlement date of transfer** should be required for all transactions
 - Today, the committee discussed various scenarios, deciding that in some cases neither date will be known
 - Therefore, the committee decided:
 - For transaction type **01 = ACATS**, neither date is required

- Either **date transfer was initiated** or **settlement date of transfer** is required for:
 - 02 = Free DTC Deliver Order
 - 03 = Valued DTC Deliver Order
 - 04 = Conversion
 - 05 = Mutual Fund Transfer (change of B/D)
 - 06 = Other depository delivery
 - 07 = Physical movement settlement
 - 26 = DWAC deposit
 - 27 = Certificate deposit
 - 28 = DRS Profile/DO
 - 29 = DWAC Employee Plan Shares
 - 30 = DRS - ESPP
 - 31 = DRS - OSP
 - 36 = DWAC Withdrawal
 - 37 = Withdrawal by transfer
 - 41 = Direct Presentation
 - Requirements to be determined for mutual funds and managed accounts transactions
- **Uncovered reason code:** the committee clarified the logic behind the rules for this field. From this conversation, we decided to change the following rule:
 - Previously, the rule said, “If **Acquisition date** is populated and [uncovered reason code] is populated with a value other than **01 = Uncovered lot** or **02 = Uncovered account**, CBRS will space out [the uncovered reason code] field and continue to pass the record.”
 - The committee changed this rule to say CBRS will reject the record, not space out the value and continue to pass the record
- Fields where CBRS spaces out the submitter’s values
 - The discussion about the **uncovered reason code** field prompted the committee to review all fields where CBRS was spacing out the submitter’s value and passing the record. The committee made the following decisions:
 - CBRS will space out the **Receiving Firm Identifier Type** and the **Submitting Firm Identifier Type** if this field is populated and the receiving or submitting firm is not a DTCC participant
 - If **reject reason code** is populated and the record is not a reject record, CBRS will space out the field and continue to pass the record

- **Total average cost:** the committee agreed on these new rules for this field:
 - If **Asset Category** is populated with a value other than **MFNM**, and this field is the only cost field populated with a value greater than zero, CBRS will reject the record
 - If **Asset Category** is populated with a value other than **MFNM**, and either Total Original Cost or Total Current Cost is populated with a value greater than zero, CBRS will space out this field and pass the record
 - The committee stated that this rule should be added to the record layouts to clarify the average cost issue:
 - For DRP shares where average cost has been used, the submitter should use the Total Current Cost field, not the Total Average Cost field. The Total Average Cost field is for Mutual Funds only.
- **Reject reason code:** the committee revisited the discussion of the values for this field. DTCC will change the value that currently says, “Receiver does not know CUSIP” to CUSIP does not belong to issuer/TA. DTCC will also develop rules that allow this value only when the submitter of the reject record is a transfer agent
- Cost field questions
 - Is **Total Original Cost** required if **Position Code** is **B = Borrowed**?
No, because if the position code is borrowed then the record is a request record and all cost fields are blank for request messages
 - The committee discussed the processing of blank values in fields, and DTCC development stated that systems can be programmed to accept blank values

III. Next Steps

- The committee will hold its next meeting via conference call on Monday, March 1, 2010 from 10:00 AM to 3:00 PM eastern time. At this meeting we will discuss the reject/request records, and will sign-off on the record layouts