

Cost Basis Steering Committee Meeting Minutes

Date: April 13, 2010

Time: Noon – 2 p.m.

- I. Approval of April 6, 2010 meeting minutes
 - The committee approved the minutes as written

- II. Continuation of Best Practices Discussion
 - Reject functionality: the committee will discuss this issue next week when more members are present
 - The committee reviewed and approved updates in the definitions to the cost fields on both the Asset and Tax Lot level. The definitions clarify what information should be in which field.
 - **Source of Basis** field: the committee discussed more detailed definitions for the field values:
 - **System**: generated by a transaction either on the submitter's or a predecessor's system
 - **Shareholder**: provided by the shareholder
 - **Best Practice**: the value in this field should always be the same as the asset moves from firm to firm
 - **Uncovered/Pending Indicator**: the committee discussed a more detailed definition for two values:
 - **Uncovered account**: an **Uncovered account** can be either an account belonging to an exempt recipient (such as a C Corporation) or an exempt account (such as a retirement account)
 - **Pending**: an account can be pending because the asset is a part of an Employee Stock Plan, or because the submitter is waiting for cost basis information from the prior firm
 - **Gifted or Inherited** indicator: The committee raised this question, If submitter populates with a value other than 01 = Gifted or 02 = Inherited, should CBRS reject the record, or space out the field and pass the record?

- The committee asked, Why are the Filler fields required?
 - The filler tells the system the position of the fields in the record. Also, it's worth noting that when fields are marked as "optional," this means that the value in the field is optional, but the submitter should still provide spaces in place of the value to keep the position of the other fields static
- **Tax Lot Current Cost** best practice: For lots using Average Cost, populate this field with the pro-rata average cost

III. Next Steps

- Our next meeting will be on Tuesday, April 20, from Noon – 2 PM eastern

Appendix:

Best Practices Parking Lot issues

1. What are the Best Practices for processing reorgs and corporate actions?
2. What should the Control Number be for securities transfers that happen outside of DTCC?
3. Define Date Transfer was Initiated and Settlement Date of Transfer