

**Cost Basis Steering Committee Meeting
Minutes**

Date: April 19, 2011
Time: Noon – 2 p.m.

I. DTCC Update

- As of 03/31/2011, 201 firms have signed up to use the service: 31 banks, 98 broker-dealers, 1 mutual fund company and 71 transfer agents. 81 of these firms have tested.
- As of 03/31/2011, 105 firms submitted records to CBRS in Production. 16 of these firms are banks, 67 are broker-dealers, and 22 are transfer agents
- DTCC has two enhancement projects for CBRS in 2011:
 1. Excel upload. DTCC is adding functionality to CBRS that will allow users to upload data to CBRS via WebDirect using an Excel spreadsheet. This functionality will include a template to show users the correct format for the spreadsheet. The upload is scheduled to be available by the end of June.
 2. Changes to support the passage of cost basis on mutual fund assets, and other system improvements. This project includes various system improvements, such as new record layouts, new system rules and edits, additional WebDirect functionality. This project is tentatively scheduled to have similar timing as last year's changes, moving the new code to the test environment in September, and the production environment in November.
- On April 7, 2011, DTCC published Important Notice CBRS002.11, about a change in WebDirect functionality: starting on June 10, 2011, CBRS will produce the Transaction Download End of Day (EOD) file only when the number of records (combined asset and tax lot records both received and submitted) per firm per day is **less than 3,000**. Firms who plan to exceed this maximum on a regular basis should be able to take in the Transaction Machine Readable Output (MRO) file. Firms who exceed this maximum and do not take in the MRO file can access their CBRS output by using the Transaction Inquiry functionality on WebDirect. Here is the link to the Important Notice:

http://www.dtcc.com/downloads/legal/imp_notices/2011/dtccsolutions/CBRS002.11.pdf

- The committee suggested that educating customers about the Transaction Inquiry alternative is important. DTCC will pursue this suggestion

II. Issues discussed

- **The Business Requirements for this year's CBRS improvements need to be submitted to DTCC by May 31, 2011.** The Steering Committee will meet more frequently between now and then in order to finalize the requirements
- **Mutual funds may need to pass basis on 01 = ACATS transactions.** Groups outside of this committee are discussing this issue. No changes are needed to CBRS
- **Should the submitting and receiving account numbers be required for all transactions, per the regulations?** There are cases where one or both account numbers (submitting and/or receiving) are not available, so the CBRS record layouts should not require them in all cases. The Transfer Control Number serves as a code that represents the accounts where the asset is moving from and to

- **Removing ACATS edits.** A group outside of this committee will discuss the impact of removing the ACATS edits. Derek and Lydia will work with this outside group
- **Removing the cost fields from the Asset Input record layout.** The group agreed that all three cost fields can be removed from the Asset Input record layout
- **The group agreed with the following enhancements that DTCC plans to put in place this year:**
 - Eliminate .0001 tolerance on comparison between sum of tax lot quantities and asset quantity
 - Populate *Receiving Firm Type* based on transaction type, where possible
 - Remove *Number of Most Recent Corporate Action* field
- **Changes to support mutual funds.** A sub-group of this committee will meet to discuss the requirements for changes to CBRS to support the passage of cost basis on mutual fund assets
- **Contact information in WebDirect.** This year's changes to CBRS include creating functionality in WebDirect that enables users to store contact information (name, phone number, email address) for CBRS contacts at their firm. The committee had various ideas about how to make this information available, such as publishing a list on dtcc.com. The group will continue to discuss this issue

III. Next steps

- The next meeting will be on Wednesday, April 27, 2011, Noon to 2 PM eastern