

Cost Basis Steering Committee Meeting Minutes

May 17, 2011, Noon – 2 p.m.

I. Approval of May 10, 2011 Meeting Minutes

- The Committee approved the minutes as written—see first bullet below for clarification

II. Issues discussed

- **Finalize Business Requirements by May 31, 2011**
- **Open Business Requirements issues:**
 - **Make both cost fields required on Tax Lot record for fixed income asset types**
 - The previous meeting minutes stated that the both fields should be required for all asset types—this is incorrect. Tax Lot Original Cost and Tax Lot Current Cost should be required for all **fixed income** asset categories: CORP = Corporate Bond, FDEB = Foreign Debt, GOVT = US Govt. and Govt. Agency, MBS = Mortgage Backed Securities (FNMA, GNMA, FHLMC), MUNI = Municipal Bonds, or ZERO = Zero Coupon Bonds.
 - **Confirm rules for Acquisition Date of Tax Lot field. The committee agreed on these rules:**
 - If Acquisition Date is populated, there must be a cost value associated with the lot **or** the Zero Basis Indicator must be 01 = True Zero. Otherwise, CBRS will reject the record.
 - If Tax Lot Current Cost is not unknown, Acquisition Date must be populated. Otherwise, CBRS will reject the record.
 - If there is no Acquisition Date, Uncovered/Pending Indicator field must be populated. Otherwise, CBRS will reject the record.
 - **Removing ACATS edits:**
 - A subgroup is working on defining the impact of removing these edits
- **Other issues discussed:**
 - **Asset Category field.** The committee discussed the fact that some users submit a record with an incorrect Asset Category. Asset Category is an important field that drives other validation rules. DTCC will add comments to the record layouts and the User Guide to emphasize the importance of this field.
 - **Basis Shareholder Provided field.** The committee decided that this field is not useful to the receiver. We created this field before the IRS issued final regulations. Scenario: Knowing that basis is shareholder provided is useful to the first custodian of the asset, in this case Firm A. Then, Firm A sends the basis to Firm B. Firm B received the basis from a transfer, so it does not consider the basis to be shareholder provided. Since this field does not provide any added value, DTCC will remove the field and replace it with filler.
 - Joe Clemente mentioned that the **Daily Deposit File for TAs for Reorgs** will be released to Production on this Friday, May 19, 2011

III. Next Meeting: Wednesday, May 25, Noon – 2 PM eastern