

**Cost Basis Steering Committee Meeting  
Minutes**

May 31, 2011, Noon – 2 p.m.

I. Approval of May 17, 2011 Meeting Minutes

- The Committee approved the minutes as written

II. Issues discussed

- The Committee finalized this year’s business requirements today. Below is a summary of today’s discussion, and the requirements agreed upon during earlier meetings
- Open Business Requirements issues:
  - **“Non-taxable accounts” indicator.** Mutual fund company representatives requested that DTCC add a “non-taxable accounts” indicator, with values of Y/N, to the CBRS Master File. A Y value for this field would indicate that the user does not want to receive cost basis for non-taxable accounts. Further work needs to be done to define the use of this field:
    - There was some discussion whether the field should apply to retirement accounts, or a broader definition of non-taxable. The committee will discuss this issue further in the future
    - There is discussion about having CBRS edit to this field in the future. The committee will continue to discuss how this edit would work
    - Tentatively, DTCC will set-up a user with Y or N in this field during the new account process
  - **Requirements for both cost fields required on Tax Lot record for fixed income asset types.** On a recent CBRS Working Group call, multiple firms expressed their concern with requiring both cost fields for fixed income assets: these firms did not keep track of both original and current cost. As a result, the Best Practice is that both original and current cost should be provided for fixed income assets. CBRS will require that the submitter populate one or the other
  - **The committee confirmed that the value “04 = Certificate in Customer Name” should be added to the Uncovered/Pending Indicator field.** Best Practices say if a receiver gets a record with this value, but is not yet programmed to accept this new value, the receiver should not reject the record
  - **Removing ACATS edits.** The committee agreed to remove these edits
- **The committee agreed to the following list of business requirements (discussed in detail in previous meetings):**
  - Changes to support mutual funds
    - Add requirements to Alternate Control Number
    - Add requirements to Receiving (Contra) and Submitting Firm Types
    - Add requirement that MFNM (mutual fund non-money market) is the only Asset Category for Transaction Types 46 (Fund to Firm mutual fund transfer), 51 (Firm to Fund mutual fund transfer), 56 (Networking) or 57 (Manual mutual fund transfer)
    - Add requirement that Tax Lot Current Cost is required for Asset Category MFNM
    - Remove *Agent for Firm* field

- Eliminate .0001 tolerance on comparison between sum of tax lot quantities and asset quantity
- Eliminate cost fields on Asset record
- Populate *Receiving Firm Type* based on transaction type, where possible
- Remove *Number of Most Recent Corporate Action* field
- Contact information in WebDirect application
- Add these rules for *Acquisition Date of Tax Lot*:
  - If Acquisition Date is populated, there must be a cost value associated with the lot. Otherwise, CBRS will reject the record.
  - If Tax Lot Current Cost is greater than zero, 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.
- Remove *Basis Shareholder Provided* field

III. Next Meeting: Tuesday, June 21, Noon – 2 PM eastern