

**Cost Basis Steering Committee Meeting
Minutes**

REVISED June 27, 2011

June 21, 2011, Noon – 2 p.m.

I. Approval of May 31, 2011 Meeting Minutes

- The Committee approved the minutes as written

II. DTCC Update

- As of June 20, 2011, 221 companies have signed up to use CBRS: 31 banks, 98 broker-dealers, 19 mutual fund companies, and 73 transfer agents
- As of May 31, 2011, 115 companies have submitted data to production: 19 banks, 68 broker-dealers, and 28 transfer agents
- The group discussed some concerns about the difference between the number of transfer agents signed up to use the service, and the number submitting data to production. DTCC will research whether it can let committee members know the names of the transfer agents who are not submitting to production
- The upload functionality moved to the user testing environment on schedule, on June 10, 2011. The code is scheduled to move to the production environment on June 24, 2011
- DTCC posted updated CBRS record layouts to its website, and released an Important Notice about these layouts, on June 17, 2011. The changes are scheduled to move to the participant testing environment in mid-September 2011, and to the production environment in late November 2011

III. Issues discussed

- **Issues caused by Firm Type rules.** Two situations have come up recently as a result of the system rules for Firm Type.
 - **CBRACT limitations.** A firm, who clears through another firm, has signed up to be a CBRS-only user, firm type CBRACT. The firm wants to send cost basis for its asset transfers, it does not want its clearing firm to send the basis. **The committee discussed that there may be times where a firm B has a custodial relationship with Firm A, and while Firm A sends the asset, Firm B may send the cost basis. ~~other than the clearing firm would send the basis, so~~ As a result, CBRACT may need to be a valid type for more transaction types than it is currently.** The following is a list of Transaction Types where CBRS only (CBRACT) is a valid firm type:
 - 04 = Conversion
 - 05 = Mutual Fund Transfer (non-ACATS)
 - 06 = Other Depository Deliveries
 - 07 = Physical Movement Settlement
 - 41 = Direct Presentation
 - 57 = Manual Mutual Fund Transfer
 - In future meetings, the committee will discuss whether CBRACT should be a valid firm type (both submitting and contra) for other transactions
 - **Equity Transfer Agents/Issuers with an LPA number.** On a DRS Profile/DO transfer, brokers expect cost basis from an agent's LPA number, which is a DTC number, and therefore corresponds to the firm type DTCPRT. But only firm type AGTNBR can submit cost basis on the DRS Profile/DO transaction type (# 28). One

solution is for the agent to use transaction type 02 = Free DTC Deliver Order to pass basis on these transfers: this type allows a DTCPRT type to submit. Other possible solutions: a) add DTCPRT as a valid firm type for transaction type 28 = DRS Profile/DO; b) create a new transaction type, XX = DRS Profile movement initiated by Agent Participant. The committee will continue to discuss possible solutions

- **‘Non-taxable accounts’ indicator in the Master File**
 - A subgroup of this committee is working on what the name of this indicator should be

IV. Next Meeting: Tuesday, July 19, Noon – 2 PM eastern