

## Cost Basis Steering Committee Meeting Minutes

Date: October 26, 2010

I. Approval of September 28, 2010 and October 15, 2010 meeting minutes

- The committee approved both sets of minutes as written

II. DTCC Update

- As of the meeting date 98 firms have signed up to use CBRS: 64 broker-dealers, 20 transfer agents, 14 banks. About two-thirds of the current users of CBRS have signed up to use the enhanced service
- DTCC Product Management continues to work with Relationship Management to reach out to firms who have not yet signed up for the service
- 17 firms have started testing the new CBRS, most of the firms are testing with themselves only
- At last week's STA conference, many of the small agents expressed interest in CBRS. Lydia is happy to have another call with the small agents to answer any questions they may have

III. Review issues

- **Issues stemming from penalty relief.** The committee discussed the implications of the penalty relief given in the final version of the IRS regulations. Firms disagree about the interpretation of the regs, and therefore it is difficult to determine a best practice about when to send or expect to receive cost basis, especially requests. At this point the committee cannot formulate a best practice: firms must decide for themselves when to send cost basis, including request records
- **Issues around wash sales.** Final regulations are worded differently than proposed regulations on the topic of wash sales. CBRS may need a field for 'day count.' A question also arose that CBRS may not need the 'Original Acquisition Date for Wash Sale Adjustment' field. Maybe instead of this original acquisition date field, CBRS needs a Wash Sale Indicator on the tax lot input record. These are still open issues, and will be added to the agenda for the next meeting.
- **Planning for next year.** DTCC is planning for next year's changes to various systems to support cost basis legislation. The ICI Cost Basis Task Force is meeting on November 17 and 18, 2010, to discuss more cost basis scenarios. After this meeting ICI representatives and DTCC will discuss the necessary updates to CBRS. There are also possible changes to the system that apply to all asset classes, not just mutual funds. DTCC will review next year's plans with the Steering Committee to insure that they are necessary, relevant, and effective

IV. Next steps

- The committee scheduled two meetings for November:
  - November 9, 2010, Noon – 1 PM eastern
  - November 30, 2010, Noon to 2 PM eastern

