

***Supplemental
User Guide for
Mutual Funds
Utilizing the
DTCC
Cost Basis
Reporting
Service
(CBRS)***



DTCC

***The Depository Trust &
Clearing Corporation***

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Disclaimer

The Cost Basis Reporting Service – Supplemental Users Guide for Mutual Funds (this “Guide”) sets forth certain information regarding recommended practices and resources that may be useful to firms implementing cost basis transfer reporting for mutual funds. This Guide was developed by Depository Trust & Clearing Corporation (“DTCC”) participants and service providers to the mutual fund industry, with the assistance of the Investment Company Institute and DTCC.

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1 Executive Summary

1.1 BACKGROUND AND OVERVIEW OF MUTUAL FUNDS GUIDE

The Emergency Economic Stabilization Act of 2008 was signed into law on October 3, 2008, which includes provisions from the Energy Improvement and Extension Act of 2008 that requires brokers to provide cost basis reporting for securities. The Internal Revenue Service (“IRS”) and Treasury Department released final regulations for implementing cost basis and other information reporting requirements on October 12, 2010.¹

The purpose of the new requirements is to ensure that investors accurately report gains and losses of applicable securities in their annual tax filings with the IRS. Under the new regulations, brokers, banks, transfer agents, mutual funds and custodians are required to report adjusted cost basis, gross proceeds, and the holding period of disposed securities (short-term or long-term) to the IRS and investors. The new requirements apply to “covered securities,” as defined by the IRS, and will be phased in over a three-year period beginning on January 1, 2011. The regulations also require that cost basis transfer reporting statements must be sent for assets of covered security types. The transfer reporting requirements are effective for transfers of covered mutual fund securities beginning on or after January 1, 2012.

As a result of the legislation and final regulations, the new cost basis reporting regime includes enhanced requirements for average cost, specific identification, wash sales, corporate actions, and gifted and inherited shares. The accurate calculation of adjusted basis for the various methodologies must be supported by firms who are subject to the new reporting requirements.

One of the most significant new requirements under the legislation is the new transfer reporting rules. Accurate basis information must be sent on transfer reporting statements when assets are moved to another firm for both full and partial transfers, within 15 days of when a transfer takes place.² Additionally, receiving firms are required to request basis if it is not received within 15 days. If basis is still not received after such request, the shares transferred will be considered “noncovered.”

Late or corrected transfer statements may require receiving firms to make adjustments to cost basis for investors. Post transfer adjustments (that could result from transaction corrections or corporate actions such as returns of capital) may require firms to send corrected transfer statements, which in turn will require receiving firms to make adjustments to cost basis records. These types of activities also may

¹ Specific details regarding the legislation, regulations, and revised reporting forms may found in the Resource References contained in [Appendix A](#).

² Under the final regulations, a transfer statement must include: (i) the date the statement is furnished; (ii) the name, address and telephone number of the applicable person furnishing the statement; (iii) the name, address and telephone number of the broker receiving custody of the security; (iv) the name and account number of the customer(s) for the account from which the security is transferred and, if different, the name and account number of the customer(s) for the account to which the security is transferred; (v) the Committee on Uniform Security Identification Procedures (CUSIP) number of the security transferred; (vi) the date the transfer was initiated and the settlement date of the transfer (if known), and (vii) the total adjusted basis of the security, the original acquisition date of the security, and, if applicable, any holding period adjustment required due to a wash sale. As provided in the proposed regulations, the person furnishing the transfer statement and the receiving broker may agree to combine this information in any format or to use a code in place of one or more required items.

require amendments to Forms 1099 previously reported to the IRS and investors. Given the large volumes of transfers that occur between firms today, standardization and automation is necessary to achieve operational efficiencies and assist firms in meeting their compliance obligations for transfer reporting under the new rules. A lack of automation and use of manual transfer statements may be both costly and inefficient for both sending and receiving firms.

In order to assist firms in complying with the new transfer reporting requirements, the Depository Trust and Clearing Corporation (DTCC) has enhanced its Cost Basis Reporting Service (CBRS).³ DTCC initially launched CBRS in 2003 to enable broker-dealer and bank participant firms to pass cost basis on assets transferred via DTCC's Automated Customer Account Transfer Service (ACATS). Prior to 2011, the CBRS service was utilized voluntarily by many ACATS participants. With the passage of cost basis legislation, the industry, including mutual funds, embraced the need for a system that would provide a centralized communications hub that would mitigate risk and promote standardization in order to meet their regulatory requirements in an efficient and cost effective manner.

In response to the needs expressed by the industry, DTCC established a cross functional committee with members from different segments of the industry, who played a key role in defining the new system's functionality and record layouts in order to help financial intermediaries that are reporting brokers comply with the new cost basis transfer reporting regulations. The new version of the system extends the efficiencies and capabilities of CBRS to transfer agents, issuers, mutual funds, custodian banks and broker-dealers in order to move cost basis information from one financial firm to another in a standardized, automated, and timely fashion in a secure environment.⁴ The new service was launched in 2010 and will continue to be enhanced to meet the needs of the industry as it begins complying with the new cost basis reporting rules.

Because mutual funds have unique attributes that must be considered when transferring cost basis information, a separate industry task force was formed in 2009 to develop a mutual fund user's guide to augment DTCC's CBRS User Guide, which is applicable to all security types.⁵ This supplemental guide was created to encourage standardization and automation and contains recommended practices and resources that may be useful to firms implementing cost basis transfer reporting for mutual funds. The mutual fund guide is organized to address special considerations and recommended practices for mutual fund transfers and includes information on: lot depletion, average cost specific rules, transfer statement corrections, in-kind retirement distributions, the role of agents in cost basis transfers and recommended practices for firm-initiated Fund/SERV^{®6} redemptions in fund-controlled accounts. The guide also provides annotated record layouts for mutual funds and related best practices, frequently asked questions about mutual fund transfers and transfer statements, a glossary of key terms and a resource listing of helpful information to assist reporting brokers for mutual funds.

³ DTCC operates its businesses through several operating subsidiaries.

⁴ CBRS does not tell users what transactions trigger the need to pass cost basis or when to send basis, nor does it calculate or provide any reconciliation capabilities between expected and received records.

⁵ Further information on the DTCC's CBRS documentation may be found in the Resource References in [Appendix A](#).

⁶ Fund/SERV is a service offered by National Securities Clearing Corporation ("NSCC"), a subsidiary of DTCC.

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Phase 2 of this guide is under development, and additional information is expected to be published later in the second quarter of 2011 that will include examples and recommended practices with respect to transfer information in the context of ACATS, ACATS-Fund/SERV, and Networking transactions⁷, leveraging CBRS for manual transfers, and updates to the guide that may result from IRS guidance or new industry recommended practices.

The complexities of calculating accurate basis information and the new transfer reporting requirements will present many implementation challenges for the industry in the years to come. This supplemental guide is intended to assist both business and systems personnel and service providers tasked with implementing the new cost basis rules for mutual funds.

⁷ ACATS, ACATS-Fund/SERV and Networking are services offered by NSCC, a subsidiary of DTCC.

2 Introduction and Background

This guide is current as of the date of publication. It is anticipated that, throughout the Cost Basis Reporting implementation process, this guide will go through numerous revisions as additional recommended practices, revised usage expectations, and further regulatory clarifications are received. Those using the manual are encouraged to check the DTCC Website, www.dtcc.com, frequently for any updates.

2.1 BACKGROUND

In early 2009, the Investment Company Institute (ICI), through its Broker/Dealer Advisory Committee (BDAC), brought together an industry Cost Basis Reporting (CBR) task force (the BDAC CBR Task Force, or "Task Force") consisting of DTCC, fund families, broker-dealers, and service providers to address the requirement to transfer cost basis information associated with transfers of shares between tax reporting brokers. The Task Force has worked non-stop to address the many issues associated with the new requirement, which is just one of the many changes the industry is tasked with implementing under the new basis reporting regime.

The Task Force has worked in conjunction with two other ICI task forces on implementing cost basis reporting for mutual funds —those sponsored by the ICI Tax Committee and the ICI Transfer Agency Advisory Committee (TAAC). The Tax Committee has focused its attention on the tax, legal and legislative processes surrounding mandatory cost basis, while the TAAC task force has addressed the broader operational and shareholder servicing impacts of integrating mandatory cost basis into fund transfer agency operations. The BDAC CBR Task Force is grateful for the input provided by these two groups on the mutual fund transfer reporting initiative and the related documentation.

2.2 ABOUT THIS GUIDE

The guide, which was developed by DTCC participants and service providers to the industry on the Task Force with the assistance of the ICI and DTCC, focuses on the transfer of cost basis information for mutual funds between reporting brokers. It is supplemental and should always be used in conjunction with the DTCC CBRS User Guide, which can be found at:

<http://www.dtcc.com/products/documentation/cs/cbrs.php>

Information for this supplemental guide is being compiled for release in two phases:

Phase 1 includes -

- An Executive Summary, focused on senior-level executives within an organization, which frames the broad issues and considerations surrounding mandatory cost basis reporting, specific to the transfer of basis between reporting brokers.
- An Introduction, providing background and an overview to the materials in this Guide.

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- A discussion of Special Considerations and Recommended Practices for Mutual Funds, which presents an overview of some of the major issues and considerations impacting cost basis transfer statements. Issues covered include:
 - o Lot depletion methodology and its impact on transfers;
 - o Average cost-specific rules which affect transfer statement options;
 - o Transfer statement correction scenarios and considerations;
 - o In-kind retirement distributions;
 - o Firm-initiated redemptions on fund-controlled accounts;
 - o Networking changes that impact cost basis reporting responsibilities; and
 - o The role of agents in cost basis transfers.
- Annotated Asset and Tax Lot Records for DTCC's Cost Basis Reporting Service (CBRS) specifically focused on select fields and providing mutual fund-specific details, recommended practices, and other considerations.
- Frequently Asked Questions (FAQs) about mutual fund transfers and transfer statements.
- A Resource listing of helpful information to assist reporting brokers in the Mutual Fund space in implementing mandatory cost basis reporting, including the generation of transfer statements.
- A copy of the Industry white paper, "Firm-Initiated Fund/SERV[®] Redemptions on Fund-Controlled Accounts", which details a necessary shift in tax reporting responsibilities brought about by mandatory cost basis reporting.
- A Glossary of key terms used in the context of cost basis transfers between reporting brokers.

Phase 2, which is targeted for publication later in the second quarter of 2011, will include:

- A chapter discussing ACATS and ACATS-Fund/SERV in relation to cost basis transfers. This includes identification of key fields for Cost Basis purposes and examples illustrating ACATS and ACATS-Fund/SERV details in the context of CBRS.
- A chapter discussing Networking in relation to cost basis transfers. Like the ACATS instructions, key fields to cost basis reporting and cost basis Networking examples will be included in this chapter.
- A discussion of manual transfers and the many considerations which surround these transactions. Manual transfer examples will illustrate how CBRS can be leveraged to automate the cost basis transfer statement, even in a manual environment.
- Additional revisions and clarifications on the Phase 1 details resulting from any further IRS guidance (as applicable) and/or emerging industry recommended practices.

3 Special Considerations and Recommended Practices for Mutual Funds

The transfer reporting requirement has many complexities that may impact its successful execution. Through its work, the Task Force has identified a number of issues that will impact the mutual fund transfer reporting process. The following special considerations are addressed in this chapter:

- Lot depletion methodology and its impact on transfers;
- Average cost-specific rules which affect transfer statement reporting;
- Transfer statement correction scenarios and considerations;
- In-kind retirement distributions;
- Firm-initiated redemptions on fund-controlled accounts;
- Networking changes that impact cost basis reporting responsibilities; and
- The role of agents in cost basis transfers.

For each issue identified above, an overview of the topic will be presented, along with any industry recommended practices, business decisions or considerations that should be undertaken prior to January 1, 2012, the effective date for the mandatory cost basis reporting for mutual funds.

3.1 LOT DEPLETION METHODOLOGY

The Task Force spent considerable time analyzing and discussing the recommended practices for reporting brokers when depleting tax lots. While seemingly a firm-by-firm decision, there is some desire to be consistent across reporting brokers, to minimize questions that could occur when lot depletion activities vary between reporting brokers for transfer transactions.

For redemptions or transfers absent external instructions⁸, the IRS requirement is that tax lots in an account, whether covered or noncovered,⁹ are selected based on acquisition date from oldest to newest, or in first-in/first-out (FIFO) order. The final IRS regulations also clarify that unless the customer specifically identifies the securities to be sold; the broker must deplete and report the sale of any shares in the account with unknown acquisition dates first, regardless of the Cost Basis calculation method employed.

Industry Recommended Practice: Absent shareholder instructions, all unknown shares should be depleted first followed by (i) the earliest noncovered shares acquired first (FIFO), then (ii) the earliest covered shares acquired first (FIFO).

⁸ The most common external instruction received is some form of proportional movement of tax lots, which often occurs when shares are being transferred into a new legal ownership arrangement (registration), such as in response to an inheritance or divorce.

⁹ Covered and noncovered shares are treated (“deemed”) as two separate accounts for cost basis reporting purposes.

The Task Force recommendation is consistent with the IRS' long-term goal of matching cost basis reported by shareholders and reporting brokers.

Although the regulations provide that FIFO applies on an account-by-account basis, a shareholder may have noncovered shares with an acquisition date that is later than the acquisition date of covered shares. Thus an alternative practice may be to deplete noncovered and covered shares on a combined FIFO basis, even though the shares are in two deemed-separate accounts for cost basis reporting purposes.

3.2 AVERAGE COST CONSIDERATIONS FOR TRANSFERS

The average cost method has some unique considerations with regard to the cost basis information provided by the delivering reporting broker when transferring shares. Some questions in this area are left to interpretation, as the final regulations do not specifically address certain issues. The industry is tasked with striking a balance that will ensure compliance with the final regulations, but will also provide shareholders the maximum flexibility in utilizing cost basis methodologies available to them for tax reporting purposes.

3.2.1 Average Cost – Broker Default Method

Final IRS regulations permit reporting brokers (funds and firms) to select average cost as their default calculation method for mutual funds. In this situation, shareholders are able to change prospectively from the average cost default, if desired, by notifying their reporting broker in writing of the change in method. All covered shares acquired prior to the requested change from a broker's default method of average cost must be tracked and transferred reflecting the average cost at the time of the shareholder's change in method.

The mutual fund industry has asked the IRS and Treasury for relief on the prospective change from average cost when it is the broker's default method, so that funds and firms may allow their customers to choose any method for all fund shares in an account, until the first redemption, regardless of the default method. However, unless such relief is granted the adjusted average cost basis for the individual lots should be moved for both full and partial transfers by delivering firms that have elected average cost as their basis default method (even in situations where there are like or identical registrations).

3.2.2 Average Cost – Affirmative Election & Revocations

Once a shareholder affirmatively elects average cost, they have the ability to revoke, in writing, this election. The revocation period is in effect for the earlier of one year following the date of the affirmative average cost election, or the date of first sale, transfer, or disposition of those shares following the election. Brokers at their discretion may extend the revocation period longer than one year, but not beyond the first redemption.

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- If a shareholder revokes their affirmative average cost election in an account prior to transfer, the basis in the shares to which the revocation applies is the basis before averaging. Thus if a transfer were to occur after revocation, individual cost basis for the applicable share lots would be transferred.
- When a revocation period ends, all covered shares acquired prior to the end of the revocation period must be tracked and transferred reflecting the average cost.
- Shareholders also have the option to request a change in writing from their average cost basis method prospectively at any time (including after the end of a revocation period). If a transfer subsequently occurs, the delivering broker will send lot information that was calculated using two different basis methods:
 - o Those valued using the average cost basis calculated before the change from average cost,
 - o Those valued as individual share lots acquired after the change from average cost.

For scenarios in which there is a request for a full or partial transfer of shares between reporting brokers involving accounts with identical or like registrations, where the revocation period is still open (e.g., there has been no disposition of shares or requests to change methods prior to transfer), there are two prevailing interpretations¹⁰ that reporting brokers are utilizing in determining the basis information to be transferred:

- Certain reporting brokers are treating the transfer of the shares to another reporting broker as a “disposition of shares,” which terminates the revocation period. In this scenario, covered shares are valued at average cost and then transferred.
- Other reporting brokers are not treating the in-kind transfer as a disposition because it is not a change in ownership, but simply a change in reporting broker. Because there has been no disposition resulting in a change in ownership, the revocation period is not considered terminated. These reporting brokers are transferring shares reflecting the adjusted cost basis of the individual share lots, and not the average cost basis. Under this approach, the shareholder retains the greatest flexibility in managing their cost basis options for the shares transferred into the new account at the receiving reporting broker.

3.2.3 Partial Average Cost Transfers of Like Registration under Broker Default and/or Affirmative Election

The final cost basis regulations require that except as provided under the computation of the average cost basis (where shares sold or transferred are deemed to be the shares first acquired, and thus are depleted

¹⁰ These scenarios are based on different interpretations of the Cost Basis regulations. Unless the IRS issues guidance on this matter, the industry’s approach will be guided by individual business decisions. Such decisions will be based on interpretations of the regulations, and other operational and legal considerations.

in FIFO order) a transfer statement of less than an entire position in an account (partial transfer), absent a shareholder's timely identification of the shares to be transferred, are depleted unknown acquisition date first, followed by the earliest shares acquired first (FIFO) in the account.

Thus as mentioned above, a partial transfer of shares from an account where average cost is the broker default method should follow the appropriate lot depletion methodology, and covered shares transferred should be valued at the average cost at time of transfer, because the current cost basis rules require that any change to the broker's average cost default method must be prospective.

However, where a partial transfer of like or identical registration occurs and average cost has been affirmatively elected by the shareholder, there are two possible methods for determining which basis information to transfer. As with full transfers, certain reporting brokers are treating the partial transfer as a "disposition of shares" that terminates the revocation period. Therefore, those brokers are sending basis information using the average cost determined on the whole account before the partial transfer. Alternatively, other brokers are not treating a partial transfer of like registration as a disposition that ends the revocation period. Thus, these brokers are sending the adjusted cost basis of the individual share lots, rather than the average cost.

It was suggested that for partial share transfers of like registration a reporting broker could include both the average cost and adjusted original cost of each individual tax lot on transfer reporting statements, so receiving brokers can decide which basis information to use. Unfortunately, this is not a workable solution because the average cost number on the delivered shares is impacted by the cost basis of the shares not transferred. Thus, it is highly likely that a cost basis 'out of balance' situation would result for the shareholder if the same cost basis methodology was not applied by both the delivering and receiving reporting brokers when valuing partial transfers.

3.2.4 Single-Account Average Cost Transfers

Once average cost is affirmatively elected by the shareholder the reporting broker has, at its discretion, the option of utilizing the "Single Account" cost basis method. This means that all shares in an account, regardless of acquisition date, will be considered covered for reporting and included in the average cost calculation. The Single Account election can only be "unwound" by a shareholder's written revocation of average cost, which would follow the revocation guidelines outlined in the Affirmative Election section above.

If an account under single-account average cost is fully or partially transferred to a like registration while shares are within their revocation period (meaning no disposition of shares has occurred and the time threshold has not been met), the reporting broker must value all shares transferred under the single-account average cost. This is because the reporting broker's single account election is irrevocable by the broker and can only be "unwound" by a shareholder revocation of average cost. Without shareholder revocation, there is no option to send the adjusted basis of individual shares.

3.3 TRANSFER STATEMENT CORRECTIONS

Despite all best intentions, there will inevitably be a need to correct information sent in a transfer statement. Such need may result from processing errors on the originating account, ensuing tax lot information received that impacts a previously-generated transfer statement, or due to a corporate action such as a return of capital, which adjusts cost basis.

Required Practice: In all instances, the reporting broker in possession of the shares on the effective date of a correction is responsible for correcting the cost basis and sending updated transfer statements.

Like original processing, a reporting broker has 15 calendar days to forward corrected transfer statements, once the reporting broker is made aware they have received updated information. This obligation exists, based on final IRS regulations, for 18 months following the settlement date of the original transfer transaction.

3.3.1 Processing Error Adjustment

An example of an adjustment originated by a processing error would be a transaction that should have been processed prior to a transfer to a new reporting broker, resulting in a different share amount transferred. The submitting reporting broker would be required to send updated information to correct the transaction itself, plus the corresponding corrected transfer statement.

Required Practice: Reporting brokers must send sufficient details to tie the corrective processing to the original transaction. The receiving reporting broker must update both the record-keeping and tax lot systems with the corrective transaction information.

3.3.2 Updated Tax Lot Information Adjustment

In a multiple-reporting broker transfer, and because tax lot information may lag actual transaction processing by one or more days, it is possible that a reporting broker may have to transfer “pending cost basis” tax lots as part of a transfer statement.

For example, Reporting Broker A is in the process of submitting a transfer statement to Reporting Broker B, when Reporting Broker B must submit a transfer statement covering the same shares that may have subsequently been transferred to Reporting Broker C. Depending on how Reporting Broker B approaches the situation, it may elect to send a transfer statement with “pending cost basis” noted. Once Reporting Broker A provides the final cost basis information to Reporting Broker B, Reporting Broker B generates a corrected transfer statement – with updated cost basis information – for Reporting Broker C.

Final IRS regulations permit 15 calendar days for delivery of the transfer statement.

Industry Recommended Practice: Reporting brokers should send available tax lot information in a transfer statement as soon as practicable and follow-up with any corrected or adjusted transfer statements for any pending cost basis information.

Waiting to send the transfer statement until pending cost basis is received may risk a delayed delivery of the transfer statement beyond 15 calendar days, which would cause the submitting reporting broker to be out of compliance with transfer reporting requirements, and would unnecessarily trigger a transfer statement request from the receiving reporting broker.

3.3.3 Corporate Action Adjustment

There are certain fund events, such as returns of capital, which impact an account's cost basis. Often, these declarations are made weeks or months after they are actually effective.

The reporting broker holding shares as of the **effective date** of the corporate action – regardless of the calendar date the corporate action is announced – is responsible for adjusting the cost basis of the affected tax lots and issuing a corrected transfer statement, in the event those shares were transferred to another reporting broker.

3.4 IN-KIND RETIREMENT DISTRIBUTIONS TO NON-RETIREMENT ACCOUNTS

In some unique situations, mutual fund shares can be transferred in-kind from a retirement account into a non-retirement account. When this occurs, final IRS regulations require that a transfer statement be sent to the receiving broker indicating that all shares transferred are noncovered for cost basis purposes.

This situation is especially problematic for most mutual fund companies because the cost basis reporting system is not linked to retirement accounts – which by statute are otherwise exempt from the cost basis reporting requirements. The submitting reporting broker must somehow generate a transfer statement, regardless of whether this is done systematically or manually. Likewise, the receiving reporting broker must follow the requirement to request a transfer statement if not received within 15 calendar days.

However, if the reporting broker processes the corresponding retirement distribution by redeeming shares in the retirement account and purchasing corresponding shares in the non-retirement account at the receiving firm, this transaction scenario would not be subject to the cost basis transfer reporting requirement. Based on industry feedback, this is the most common way that mutual fund companies process such transactions today.

Please note: There is an information reporting impact to the broker and shareholder for the scenario above. A purchase into the non-retirement account would create covered shares for the reporting broker and shareholder; whereas the in-kind transaction would allow the shares transferred to continue to be noncovered securities for 1099 reporting purposes. However, shareholders are still required to accurately report their basis in securities moved to a non-retirement account, regardless of whether the securities transferred are noncovered or covered for information reporting purposes.

3.5 FIRM-INITIATED REDEMPTIONS ON FUND-CONTROLLED ACCOUNTS

Prior to mandatory cost basis reporting, the industry followed a long-standing practice with regard to reporting gross proceeds from redemptions on fund-controlled accounts. If a firm initiated the redemption on a fund-controlled account, the firm assumed tax reporting responsibilities for the redemption.

Industry Recommended Practice: All required tax reporting completed on “fund-controlled” mutual fund accounts shall become the responsibility of the fund, as of January 1, 2012.

The primary reason for this change in practice is due to the impracticalities of retaining the former recommended practice. Since the cost basis reporting must accompany gross proceeds reporting, retaining the former recommended practice would require coordinated and/or dual tax lot tracking by firms and funds involved in the transactions. Extensive and costly enhancements would be required for Fund/SERV[®] identification of specific lot transactions which, given the low volumes of these types of transactions, was not warranted or supported by industry participants.

Firms may still initiate redemption activity against a fund-controlled account. Cost Basis lot depletion will be driven by the shareholder’s elected calculation method on the fund account, or, in the absence of an affirmative election, the fund’s default cost basis calculation method. Funds will report the gross proceeds and corresponding cost basis information for such transactions.

It should be noted that the IRS recognizes both the firm and fund as entities with broker reporting responsibilities in this situation and permits either to report the activity. The nature of the recommended practice is to shift reporting broker responsibility, in this limited scenario, from the firm to the fund.

The white paper entitled, “Firm-Initiated Fund/SERV[®] Redemptions on Fund-Controlled Accounts” is provided in [Appendix B](#) of this document. The white paper provides detailed information on the basis for this recommended practice and identifies areas where reporting brokers should review and remediate operational and legal arrangements that may be impacted by implementing the new recommended practice.

3.6 NETWORKING CHANGES THAT IMPACT COST BASIS REPORTING RESPONSIBILITIES

Within NSCC's Networking service, there is a capability for a Networking Maintenance B51 record to be sent to the fund which changes the Networking Matrix Level on an existing account. Any change from Matrix Level 1, 3, or Trust-Networked Level 0—to Matrix Level 2, 4, or Non-Networked Matrix 0 (or vice versa), also changes the party that is responsible for cost basis tracking and 1099 reporting for the account.

- Industry Recommended Practice:** Fund systems no longer should process a Networking Maintenance B51 change to Matrix Level simply as a change to Matrix Level. Instead, they should either:
1. Reject the transaction and require a Networking New Account B50 (under the new Matrix Level) and Networking Transfer B52 to affect the transfer, or
 2. Accept the transaction and process it by creating a new account under the new Matrix Level and transfer the shares into that new account.

The Matrix Level change alone creates issues in that there is no transfer transaction with which to associate the CBRS transfer statement. Likewise, other than a clerical transaction, there is no transaction-based audit trail to track the transfer. Finally, most fund systems strive to retain clarity about the responsible party for an account's tax reporting for the entire year. The broker/dealer is responsible for the tax reporting while the account is held in a firm-controlled Matrix Level, and the intra-year Matrix Level change can create tax reporting (and related cost basis reporting) challenges for the year in question by blending reportable and non-reportable activity in the fund account.

Also within Networking is the "Change of Dealer" function, whereby an existing fund account has its broker/dealer identifiers updated to a different firm. This may or may not also be accompanied by a change in Matrix Level (typically between firm-controlled Matrix Levels 1, 3, and Trust-Networked Level 0 levels). This scenario most commonly occurs as a result of a firm merger or when a registered representative switches the firm to which (s)he is associated.

In these situations, it is incumbent upon the firms involved in the Change of Dealer process to ensure that cost basis information is transferred for the applicable accounts. In most instances, a fund's cost basis reporting responsibilities are not impacted by these types of transactions.

3.6.1 The Role of Agents in Cost Basis Reporting

Both Networking and ACATS accommodate for the use of an agent to facilitate processing on behalf of an originating or introducing party¹¹.

¹¹ An Agent in this context is defined as a third-party who serves as a trading conduit for an introducing firm. For instance, Firm A utilizes Agent B to receive its mutual fund orders and to transmit them through NSCC to Fund Company C for processing. Fund Company C's responses are transmitted back through NSCC, received by Agent B and then delivered by Agent B to Firm A.

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- In Networking, the Agent for Firm field is a field defined by the Clearing Firm to represent the originating or introducing firm. The values found in this field are not assigned by NSCC.
- In ACATS, the identification of an MF Agent is less straightforward, due to the translation for certain business relationships when converting the ACATS transfer record into an ACATS-Fund/SERV 018 record. The MF Agent is represented as the firm on the order, not the underlying or introducing firm.

Regardless of how the agent relationship is designated, final IRS regulations clarify that an agent for trading purposes does not have like-responsibilities for moving cost basis information between reporting brokers. In other words, the cost basis transfer should move outside the agent, when possible, when passing between reporting brokers.

Within Networking, there are no NSCC-defined fields to specifically identify an agent (e.g. NSCC Firm Number). Therefore, with a Networking transfer (B52), the Clearing Firm number on the record will be used to identify the firm entity that should receive or send the cost basis information on a transfer statement. It ignores the Agent for Firm reference entirely, because the Agent for Firm field value, by definition, represents an undefined value for identifying the originating or introducing firm in the context of Cost Basis transfers.¹² This approach will cause the transfer statement to be directed by the Clearing Firm to the introducing firm.

With ACATS, the fields “Originating Delivering Firm Number” and “Originating Receiving Firm Number” (which correspond to the existing ACATS PTF/TI fields of the same name)—when populated—should be used to identify the contra-parties when generating transfer statements. Otherwise, the transfer statement should be directed to the “Firm Number” on the ACATS or ACATS-Fund/SERV transaction.


¹² In some instances, Clearing Firms may pass a value in the Agent for Firm field that is equivalent to an NSCC participant number. This is not universal nor is it a required use of the field.

4 Annotated CBRS Record Layouts and Recommended Practices for Mutual Funds

4.1 INTRODUCTION

The Cost Basis Reporting Service (CBRS) is a DTCC¹³ product used to facilitate the exchange of asset and tax lot information when investor assets are transferred between tax reporting brokers. Originally developed as a companion product to DTCC's ACATS (Automated Customer Account Transfer Service),¹⁴ CBRS has been expanded to support the passage of cost basis on other transfer types,—for example ACATS-Fund/SERV and Networking¹⁵—and with manual transfers of Cost Basis information. Like other DTCC services, and to the benefit of the industry and investors, CBRS provides an automated, efficient and cost effective process for transferring cost basis information.

CBRS participants access the service in one of two methods: through automated file transmissions, or through DTCC's WebDirect¹⁶ product. Please refer to the DTCC website, www.dtcc.com, for in-depth information on CBRS, including a comprehensive User Guide, details on how to sign up for the service, and other important information about its use in either a file-based or web-based manner.

 **Industry Recommended Practice:** All Mutual Fund reporting brokers should adopt CBRS as the sole means of moving Cost Basis information between reporting brokers.

4.2 GENERAL CBRS CONSIDERATIONS

Because CBRS supports passing cost basis for many types of asset transfers, , the ICI BDAC Cost Basis Reporting Task Force (the Task Force) developed an annotated CBRS Asset record and a Tax Lot record which includes specific details for mutual funds. Each field that is pertinent to mutual funds is noted, along with instructions on how each field should be used.

Please note that the DTCC CBRS User Guide serves as the primary document governing the use of CBRS and must be consulted for additional details regarding the basic use of the CBRS system.

The following information supplements the DTCC CBRS User Guide and is designed to assist the mutual fund user community in the implementation of CBRS. The information is presented primarily from the perspective of a reporting broker submitting an "original" or "corrected" asset and tax lot record. "Reject"

¹³ DTCC operates its businesses through several operating subsidiaries.

¹⁴ ACATS is a National Securities Clearing Corporation ("NSCC") service. NSCC is a wholly-owned subsidiary of DTCC.

¹⁵ ACATS-Fund/SERV is an NSCC service supporting the transfer of investor accounts. Networking is an NSCC service that supports the transfer of account information such as account share balances.

¹⁶ WebDirect is a secure, web-enabled portal offered by DTCC, on behalf of its subsidiaries, which allows organizations that may not be able to support automated file transmissions to benefit from a file-based upload or download of CBRS information.

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and “request” actions use a sub-set of this information when compared to “original” and “corrected” submissions; the differences are outlined in the DTCC CBRS User Guide.

Listed below is explanatory information about certain fields and their general usage in the context of Mutual Funds:

- **Submitting Firm Number** will always refer to the firm submitting the CBRS record. Stated differently, the party creating the CBRS file to deliver a record is the Submitting Firm.
- **Contra Firm Number** will always refer to the firm receiving the CBRS record. Stated differently, the party receiving a CBRS record is the Contra Firm.
- **Record Content Indicator** defines the type of information represented by the record. Both **01 = Original** and **02 = Corrected** are created and provided by the reporting broker managing the “transfer-out” side of the transaction (“Asset Deliverer”) and will represent the actual Cost Basis information (Asset and Tax Lot(s) Records) corresponding to the transaction.

The **03 = Firm Reject** and **04 = Request** records are created and provided by the reporting broker managing the “transfer-in” side of the transaction (“Asset Receiver”) and are only sent when records are not received from the Asset Deliverer (in the case of **04 = Request**) or are in some way unusable (in the case of **03 = Firm Reject**) .

As implied above, the Asset Deliverer (the party delivering the Cost Basis information through CBRS) and the Asset Receiver (the party receiving the Cost Basis information through CBRS) change roles depending on the **Record Content Indicator** value. As a result, the **Submitting Firm Number** and **Contra Firm Number** on the CBRS record also vary by **Record Content Indicator**:


Record Content Indicator	CBRS Submitting Firm Number	CBRS Contra Firm Number
Original (01) and Corrected (02)	Asset Deliverer	Asset Receiver
Firm Reject (03) and Request (04)	Asset Receiver	Asset Deliverer

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Example: Colossal Mutual Fund Company, NSCC Participant Number 8819 and CBRS user, transfers 1,250,500 shares to Ginormous Broker/Dealer, NSCC Participant Number 2277 and CBRS user. The following matrix explains each party's CBRS role, in the context of CBRS **Record Content Indicator**.

Record Content Indicator	CBRS Submitting Firm Number	CBRS Contra Firm Number
01 = Original (Colossal sends Original Cost Basis Information to Ginormous)	8819	2277
02 = Corrected (Colossal corrects the Cost Basis Information previously sent to Ginormous)	8819	2277
03 = Firm Reject (Ginormous rejects the Cost Basis Information sent by Colossal)	2277	8819
04 = Request (Ginormous requests Cost Basis Information from Colossal, in support of the completed transfer)	2277	8819

- Transfer Control Number** and **Alternate Control Number**, in the context of **Transaction Type** of **57 = Manual Mutual Fund Transfer**, are noted to be populated with a mutually-agreeable identifier between the contra-parties. However, often these transactions are sent by the Fund through the NSCC Networking Activity File. Contra-parties may wish to consider populating the CBRS record with the Control Number used on Record 4, position 23-37 of the Networking F55 record, and using it for matching purposes.

 **Industry Recommended Practice:** A Manual Mutual Fund Transfer completed in response to a failed ACATS-Fund/SERV or Networking transaction should reference the respective **Transfer Control Number** and **Alternate Control Number** provided by the broker/dealer in any manual instructions received to rectify the failed transaction. Depending on the firm and its system needs, this number may be the ACATS-Fund/SERV or Networking control number of the failed transaction or some other value. This will facilitate matching between the contra-parties.

The NSCC Vendor Advisory Group, a consortium comprised of DTCC, mutual fund service providers and fund families with proprietary mutual fund recordkeeping systems, has worked with representatives of major brokerage system platforms and proprietary brokerage system owners to develop a standard algorithm to generate Manual Transfer Control Numbers. A Manual Transfer Control Number will be used by the Fund on any manual transfer where no other **Transfer Control Number** has been designated for use. Through use in this manner, transaction activity and subsequent CBRS information can be easily linked together to fulfill transfer statement reporting obligations.

Industry Recommended Practice: In the absence of instructions to the contrary, all manual transfers processed by the Fund should reference a Manual Transfer Control Number derived using the following algorithm:

Position 1: 'D' = Direct Transfer Indicator
Position 2-5: NSCC Participant Number for the Fund
Position 6: Last Digit of Current Year
Position 7-9: Julian Date
Position 10-15: Unique Number (randomly-generated, sequential)

This number should be provided as the Control Number on Record 4, Position 23-37 of the Networking F55 record, plus as the Transfer Control Number for all related CBRS records.

- **Contra Firm Number** and **Contra Firm Type** must be confirmed by the CBRS User Master File (Autoroute Product ID 0256166)—updated and distributed daily by DTCC. This is necessary because DTCC requires confirmation of the Participant Number AND Firm Type on all CBRS records. DTCC has overlapping assignments of participant numbers across services of DTCC subsidiaries. Therefore, DTCC uses both the Firm Number and Firm Type to confirm routing of CBRS information between contra-parties. Likewise, there are CBRS-only participants that may need to submit or receive CBRS records; their identification numbers are only available through the CBRS User Master File and are not found on any corresponding ACATS-Fund/SERV or Networking transaction. Finally, because CBRS is an optional service, a DTCC participant in another product (like ACATS-Fund/SERV or Networking) may not participate in CBRS, so verification before transmission is quite important.

A recommended practice would be to use the respective Participant Numbers from the corresponding transaction, enriched by the CBRS User Master File guidelines that follow in this chapter, to search for a match on the CBRS User Master File. Additional validation against the CBRS User Master File **Firm Name** field would be a second check, when a match is found. Using this methodology may not result in a match – that may indicate the firm or fund does not participate in CBRS, or they are a CBRS-only participant and are instead identified by the **CBRS User Account Number** field.

- **Total Position Quantity** on the Asset Record is edited by DTCC against the cumulative shares on the tax lot records, and the quantity can be provided with up to 4 places to the right of the decimal. Any fractional share amount up to 4 positions to the right of the decimal are accepted. For example, a transfer of 3.547 shares can be provided as '3,5470' or '3,547' shares, and a transfer of 100.100 shares could be provided as '100,1' shares. (CBRS uses a comma ',' instead of a decimal '.' when reporting data in the **Total Position Quantity** field).

Submitting a **Total Position Quantity** (including the 4 positions to the right of the decimal) that does not equal exactly the sum of the tax lot records, will cause the record to be rejected back to the submitter.

4.3 CBRS USER MASTER FILE CONSIDERATIONS

The CBRS User Master File, listing all eligible CBRS participants, will be updated and provided to CBRS participants – and/or their agents – on a daily basis. The file contains data which will help the user cross-reference information to correctly populate the **CBRS Contra Firm Number** and **Contra Firm Type**.

Each CBRS Participant is assigned a **CBRS User Account Number**. If the user is registered with DTCC for any service in addition to CBRS, the **CBRS User Account Number** will be cross-referenced to a **Firm Account Number**, **Firm Account Type**, and **Firm Name**.

The following guidelines can be helpful in understanding the CBRS User Master File:

1. For mutual fund purposes, if found on the CBRS User Master File the **Firm Account Number** and a valid **Firm Account Type** should be the first choice to use when populating CBRS records.

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Example: Participant uses CBRS and other DTCC services. CBRS User Master File contains:

CBRS User Account Number: 12345678

Firm Account Number: 8819

Firm Account Type: NSCPRT

Firm Name: Colossal Mutual Fund Company

Any CBRS records for Colossal Mutual Fund Company should reference '8819' as the Firm Number, and 'NSCPRT' as the Firm Type. The **CBRS User Account Number** is ignored in this situation since Colossal uses other DTCC services.

2. If a CBRS User Master File record entry does not include a **Firm Account Number**, any CBRS records referencing the related participant will require use of the **CBRS User Account Number** as the **Contra Firm Number**, and CBRACT as the **Firm Type** (in the corresponding field) on any CBRS records.

Example: CBRS is the only DTCC service used by the Participant. CBRS User Master File contains:

CBRS User Account Number: 12345678

Firm Account Number:

Firm Account Type: CBRACT

Firm Name: Colossal Mutual Fund Company

Any CBRS records for Colossal Mutual Fund Company should reference '12345678' as the Firm Number, and 'CBRACT' as the Firm Type. The **CBRS User Account Number** is used because the **Firm Account Number** is blank on the master file.

3. Broker/Dealers that are both DTC participants and NSCC Members are always **Firm Type** DTCPRT. This value can be used, along with the DTCC Participant Number on ACATS-Fund/SERV and Networking records, in the primary search of the CBRS User Master File to confirm the Broker/Dealer is a CBRS participant.
4. Mutual fund families that are NSCC Members are always **Firm Type** NSCPRT. This value can be used, along with the DTCC Participant Number on ACATS-Fund/SERV and Networking records, in the primary search of the CBRS User Master File to confirm the Mutual Fund is a CBRS participant.
5. Trust companies can be either **Firm Type** DTCPRT or NSCPRT (it depends on whether they are DTC participants or NSCC Members). These values can be used, along with the DTCC Participant Number on ACATS-Fund/SERV and Networking records, in the primary search of the CBRS User Master File to confirm the Trust Company is a CBRS participant.
6. **Firm Type** AGTNBR is not relevant to Mutual Funds.
7. CBRS record creation / delivery through CBRS ***should not*** be attempted if:
 - a. The current date is prior to the CBRS Account Start Date for the CBRS participant on the CBRS User Master File.

- b. The participant cannot be located on the CBRS User Master File

Example: CBRS User Master File contains:

CBRS User Account Number: 12345678

Firm Account Number: 8819

Firm Account Type: AGTNBR

Firm Name: ABC Stock Transfer Agent

In this case, if Colossal Mutual Fund Company was a contra-party to a CBRS transfer, a search of the CBRS User Master File on their DTCC Participant Number of '8819' would find this record. However, because this Firm Account Type is 'AGTNBR', it does not pertain to Colossal Mutual Fund Company. If this was the only record found under '8819', the user can safely assume that Colossal Mutual Fund Company does not participate in CBRS, and the tax lot transfer must be completed through other means.

4.4 CBRS ASSET RECORDS

The following elaborates on the mutual fund usage and perspective on key fields comprising the CBRS Asset Records as of May 2011. Please note that record layouts are subject to change. Please visit <http://www.dtcc.com/products/documentation/cs/cbrs.php> for most recent version of the layouts. In no way should this information be viewed as standalone. Instead it is supplemental to DTCC's CBRS User Guide governing the overall usage of CBRS by the financial services industry.

CBRS Asset Record – Elaboration on Select Fields for Mutual Funds

Please refer to DTCC's CBRS User Guide for more detail on Asset Record, Required/Optional Field Designations and Usage.

FIELD NAME	COMMENTS AND GUIDANCE FOR FIELD USAGE
Record Content Indicator	<p>Record Content Indicator defines the type of information represented by this Asset Record.</p> <p>Regarding 01 = Original Asset Record.</p> <p>This record is sent by the Delivering Firm, or the reporting broker that delivers shares as a result of the transfer.</p> <p>Regarding 02 = Corrected Asset Record.</p> <p>This record is sent by the Delivering Firm, or the reporting broker that delivers shares as a result of the transfer.</p> <p>When one tax lot is corrected, it is assumed the entire CBRS response requires correction. For example:</p> <p>Transfer 1,000.000 shares in three tax lots, as follows:</p> <ul style="list-style-type: none"> Tax Lot 1 = 500.000 shares Tax Lot 2 = 250.000 shares Tax Lot 3 = 250.000 shares <p>If details on Tax Lot 3 need to be corrected / resent, all three tax lot records should be included. Tax Lots 1 and 2 should also be resent, to maintain the integrity of the</p>

CBRS Asset Record – Elaboration on Select Fields for Mutual Funds

Please refer to DTCC's CBRS User Guide for more detail on Asset Record, Required/Optional Field Designations and Usage.

FIELD NAME	COMMENTS AND GUIDANCE FOR FIELD USAGE
	<p>relationship between tax lots and transferred shares.</p> <p>NOTE: At least one (1) corresponding tax lot record should be indicated as Corrected.</p> <p>Regarding 03 = Firm Reject Record and 04 = Request Record.</p> <p>These records are sent by the Receiving Firm, or the reporting broker that receives shares as a result of the transfer.</p> <p>Records are sent only when necessary and to maintain compliance with regulations.</p> <p>NOTE: The recommended practice is to not submit a Record Content Indicator 03 = Firm Reject Record in response to a 04 = Request Record received, even if it is not applicable to the receiving reporting broker.</p> <p>NOTE: The recommended practice is to not submit a Record Content Indicator 04 = Request Record until after January 1, 2012 for mutual fund assets.</p>
Transaction Type	<p>Transaction Type identifies the actual DTCC-based or manual transaction that created the need to transfer cost basis through CBRS.</p> <p>The only applicable Transaction Types for Mutual Funds are as follows:</p> <p>46 = Fund to Firm Mutual Fund Transfer (ACATS PTF)</p> <p>51 = Firm to Fund Mutual Fund Transfer (ACATS PTF)</p> <p>56 = Networking Transaction</p> <p>57 = Manual Mutual Fund Transfer</p>
Transfer Control Number	<p>The Transfer Control Number corresponds to the unique identifier assigned to the corresponding transaction, either through use of a DTCC product (e.g.: ACATS (ACATS-Fund/SERV) or Networking) or manually. The number is used by the recipient to link CBRS information to its corresponding transaction.</p> <p>If Transaction Type is 46 = Fund to Firm Mutual Fund Transfer or 51 = Firm to Fund Mutual Fund Transfer; this field is the Fund/SERV[®] Control Number – Position 45-59 (Variable) or Record 1, Position 41-55 (Fixed) on the Fund/SERV[®] 018 record. ACATS users can find this number in Position 153-163 (Variable) or Record 3, Position 8-18 (Fixed) of the ACATS Output Fund/SERV[®] Statistics file (SIAC720 – variable; SIAC726 – fixed).</p> <p>If transaction type is 56 = Networking Transaction, then the control number is the Networking Control Number, found in Record 1, Position 14-24 of the Networking Conversion/Acknowledgement B52/F53 record.</p> <p>For all other transaction types, 57 = Manual Mutual Fund Transfer; this field is the control number agreed upon by the contra-parties involved in the original securities transaction.</p> <p>In all instances, data should be left-justified and blank-filled in this alpha-numeric field on</p>

CBRS Asset Record – Elaboration on Select Fields for Mutual Funds

Please refer to DTCC's CBRS User Guide for more detail on Asset Record, Required/Optional Field Designations and Usage.

FIELD NAME	COMMENTS AND GUIDANCE FOR FIELD USAGE
	the CBRS file.
<p>Alternate Control Number</p>	<p>The Alternate Control Number, when available, corresponds to an additional unique identifier assigned to a corresponding transaction, either through use of a DTCC product or manually. This field comes into play when data is being passed between two different DTCC products, such as ACATS and ACATS-Fund/SERV.</p> <p>If Transaction Type 46 = Fund to Firm Mutual Fund Transfer and 51 = Firm to Fund Mutual Fund Transfer, the ACATS Control Number must be provided in this Field, found in Position 683-702 (Variable) or Record 8, Position 28-47 (Fixed) of the Fund/SERV® 018 record. It is also found in Position 12-15 (Variable) or Record 1, Position 8-21 (Fixed) of the ACATS Transfer Input record (Autoroute 36667 – variable; 32667 – fixed).</p> <p>Data should be left-justified and blank-filled in this alpha-numeric field on the CBRS file.</p>
<p>Contra Firm Number</p> <p>NOTE: This section applies to Record Content Indicator 01 and Record Content Indicator 02</p>	<p>The Contra Firm Number corresponds to either the Firm Account Number, or, if not available, the CBRS User Account Number associated with the entity receiving this CBRS Asset Record.</p> <p>This number should always be obtained through validation against the CBRS User Master File, updated and distributed daily by DTCC.</p> <p>The Contra Firm Number is populated based on relationship to the CBRS record itself, and not the corresponding transaction record. Therefore, the entity receiving the CBRS record is always considered the receiving firm.</p> <p>The following fields can come into play in validating against the CBRS User Master File as to what the Contra Firm Number on the CBRS record should be. In all instances, data is passed with lead zeros and right-justified:</p> <p><u>Transaction Type 46 = Fund to Firm Mutual Fund Transfer</u></p> <p>The firm is the recipient of this record.</p> <p>If populated, Originating Receiver Firm Number – Position 745-748 (Variable) or Record 8, Position 90-93 (Fixed) on the Fund/SERV® 018 record – it means an MF Agent is in use. This can be used to assist with validation against the CBRS User Master File.</p> <p>ELSE</p> <p>Firm Number – Position 12-15 (Variable) or Record 1, Position 8-11 (Fixed) on the Fund/SERV® 018 record can be used to assist with validation against the CBRS User Master File.</p> <p>Original Deliverer Number – Positions 49-52 (Variable) or Record 1, Position 45-48 (Fixed) on the ACATS record can be used to assist with validation against the CBRS User Master File.</p>

CBRS Asset Record – Elaboration on Select Fields for Mutual Funds

Please refer to DTCC's CBRS User Guide for more detail on Asset Record, Required/Optional Field Designations and Usage.

FIELD NAME	COMMENTS AND GUIDANCE FOR FIELD USAGE
	<p><u>Transaction Type 51 = Firm to Fund Mutual Fund Transfer</u></p> <p>The fund is the recipient of this record.</p> <p>Fund Number – Position 24-27 (Variable) or Record 1, Position 20-23 (Fixed) on the Fund/SERV® 018 record can be used to assist with validation against the CBRS User Master File.</p> <p>Original Receiver Number – Position 41-44 (Variable) or Record 1, Position 37-40 (fixed) on the ACATS record can be used to assist with validation against the CBRS User Master File.</p> <p><u>Transaction Type 56 = Networking Transaction</u></p> <p>If B52 places Network Level 1, 3, or Trust-Networked Level 0 account assets in a Network Level 2, 4 or non-networked account, the fund is the recipient of the CBRS record. If provided, the Clearing/Settling Fund Number – Position 10-13 on the Networking B52/F53 record can be used to assist with validation against the CBRS User Master File.</p> <p>If B52 places Network Level 2, 4 or non-networked account assets in a Network Level 1, 3 or Trust-Networked Level 0 account, the firm is the recipient of the CBRS record. The Clearing/Settling Firm Number – Position 6-9 on the Networking B52/F53 record can be used to assist with validation against the CBRS User Master File.</p> <p><u>Transaction Type 57 = Manual Mutual Fund Transfer</u></p> <p>If Network Level 1, 3, or Trust-Networked Level 0 account assets are transferred into a Network Level 2, 4, or non-networked account, the fund is the recipient of the CBRS record.</p> <p>If Network Level 2, 4, or non-networked account assets are transferred into a Network Level 1, 3 or Trust-Networked Level 0 account, the firm is the recipient of the CBRS record.</p> <p>Information on the Manual Transfer instruction will need to be consulted against the CBRS User Master File to identify the appropriate reference.</p>
<p>Contra Firm Number</p> <p>NOTE: This section applies to Record Content Indicator 03 and Record Content Indicator 04</p>	<p>The Contra Firm Number corresponds to either the Firm Account Number, or, if not available, the CBRS User Account Number associated with the entity receiving this CBRS Asset Record.</p> <p>This number should always be obtained through validation against the CBRS User Master File, updated and distributed daily by DTCC.</p> <p>The Contra Firm Number is populated based on the relationship to the CBRS record itself, and not the corresponding transaction record. Therefore, the entity receiving the</p>

CBRS Asset Record – Elaboration on Select Fields for Mutual Funds

Please refer to DTCC's CBRS User Guide for more detail on Asset Record, Required/Optional Field Designations and Usage.

FIELD NAME	COMMENTS AND GUIDANCE FOR FIELD USAGE
	<p>CBRS record is always considered the receiving firm.</p> <p>The following fields can come into play in validating against the CBRS User Master File as to what the Contra Firm Number on the CBRS record should be. In all instances, data is passed with lead zeros and right-justified:</p> <p><u>Transaction Type 46 = Fund to Firm Mutual Fund Transfer</u></p> <p>The fund is the recipient of this record.</p> <p>Fund Number – Position 24-27 (Variable) or Record 1, Position 20-23 (Fixed) on the Fund/SERV® 018 record can be used to assist with validation against the CBRS User Master File.</p> <p>Original Receiver Number – Position 41-44 (Variable) or Record 1, Position 37-40 (fixed) on the ACATS record can be used to assist with validation against the CBRS User Master File.</p> <p><u>Transaction Type 51 = Firm to Fund Mutual Fund Transfer</u></p> <p>The firm is the recipient of this record.</p> <p>If populated, Originating Receiver Firm Number – Position 745-748 (Variable) or Record 8, Position 90-93 (Fixed) on the Fund/SERV® 018 record – it means an MF Agent is in use. This can be used to assist with validation against the CBRS User Master File.</p> <p>ELSE</p> <p>Firm Number – Position 12-15 (Variable) or Record 1, Position 8-11 (Fixed) on the Fund/SERV® 018 record can be used to assist with validation against the CBRS User Master File.</p> <p>Original Deliverer Number – Positions 49-52 (Variable) or Record 1, Position 45-48 (Fixed) on the ACATS record can be used to assist with validation against the CBRS User Master File.</p> <p><u>Transaction Type 56 = Networking Transaction</u></p> <p>If B52 places Network Level 1, 3, or Trust-Networked Level 0 account assets in a Network Level 2, 4 or non-networked account, the firm is the recipient of the CBRS record. The Clearing/Settling Firm Number – Position 6-9 on the Networking B52/F53 record can be used to assist with validation against the CBRS User Master File.</p> <p>If B52 places Network Level 2, 4 or non-networked account assets in a Network Level 1, 3 or Trust-Networked Level 0 account, the fund is the recipient of the CBRS record. If provided, the Clearing/Settling Fund Number – Position 10-13 on the Networking B52/F53 record can be used to assist with validation against the CBRS User Master File.</p>

CBRS Asset Record – Elaboration on Select Fields for Mutual Funds

Please refer to DTCC's CBRS User Guide for more detail on Asset Record, Required/Optional Field Designations and Usage.

FIELD NAME	COMMENTS AND GUIDANCE FOR FIELD USAGE
	<p><u>Transaction Type 57 = Manual Mutual Fund Transfer</u></p> <p>If Network Level 1, 3, or Trust-Networked Level 0 account assets are transferred into a Network Level 2, 4, or non-networked account, the firm is the recipient of the CBRS record.</p> <p>If Network Level 2, 4, or non-networked account assets are transferred into a Network Level 1, 3 or Trust-Networked Level 0 account, the fund is the recipient of the CBRS record.</p> <p>Information on the Manual Transfer instruction will need to be consulted against the CBRS User Master File to identify the appropriate reference.</p>
Contra Firm Type	<p>Receiving Firm Type clarifies the type of entity receiving the CBRS record. This is important because the same participant number can be assigned by DTCC to different firms across services of DTCC subsidiaries. This type corresponds to the type of number in the Contra Firm Number field and is obtained from the CBRS User Master File.</p> <p>Values:</p> <p>CBRACT = CBRS-Only User</p> <p>DTCPRT = DTC Participant</p> <p>NSCPRT = NSCC Participant</p>
<p>Submitting Firm Number</p> <p>NOTE: This section applies to Record Content Indicator 01 and Record Content Indicator 02</p>	<p>The Submitting Firm Number corresponds to the Firm Account Number, or, if not available, the CBRS User Account Number associated with the entity submitting this CBRS Asset Record.</p> <p>This number should always be obtained through validation against the CBRS User Master File, updated and distributed daily by DTCC.</p> <p>The Submitting Firm Number is populated based on relationship to the CBRS record itself, and not the corresponding transaction record. Therefore, the entity submitting the CBRS record is the submitting firm.</p> <p>The following fields can come into play in validating against the CBRS User Master File as to what the Submitting Firm Number on the CBRS record should be. In all instances, data is passed with lead zeros and right-justified:</p> <p><u>Transaction Type 46 = Fund to Firm Mutual Fund Transfer</u></p> <p>The fund is the submitter of this record.</p> <p>Fund Number – Position 24-27 (Variable) or Record 1, Position 20-23 (Fixed) on the Fund/SERV® 018 record can be used to assist with validation against the CBRS User Master File.</p>

CBRS Asset Record – Elaboration on Select Fields for Mutual Funds

Please refer to DTCC's CBRS User Guide for more detail on Asset Record, Required/Optional Field Designations and Usage.

FIELD NAME	COMMENTS AND GUIDANCE FOR FIELD USAGE
	<p><u>Transaction Type 51 = Firm to Fund Mutual Fund Transfer</u></p> <p>The firm is the submitter of this record.</p> <p>If populated, Originating Receiver Firm Number – Position 745-748 (Variable) or Record 8, Position 90-93 (Fixed) on the Fund/SERV® 018 record – it means an MF Agent is in use. This can be used to assist with validation against the CBRS User Master File.</p> <p>ELSE</p> <p>Firm Number – Position 12-15 (Variable) or Record 1, Position 8-11 (Fixed) on the Fund/SERV® 018 record can be used to assist with validation against the CBRS User Master File.</p> <p><u>Transaction Type 56 = Networking Transaction</u></p> <p>If B52 places Network Level 1, 3, or Trust-Networked Level 0 account assets in a Network Level 2, 4 or non-networked account, the firm is the submitter of the CBRS record. The Clearing/Settling Firm Number – Position 6-9 on the Networking B52/F53 record can be used to assist with validation against the CBRS User Master File.</p> <p>If B52 places Network Level 2, 4 or non-networked account assets in a Network Level 1, 3 or Trust-Networked Level 0 account, the fund is the submitter of the CBRS record. If provided, the Clearing/Settling Fund Number – Position 10-13 on the Networking B52/F53 record can be used to assist with validation against the CBRS User Master File.</p> <p><u>Transaction Type 57 = Manual Mutual Fund Transfer</u></p> <p>If Network Level 1, 3, or Trust-Networked Level 0 account asset is transferred into a Network Level 2, 4, or non-networked account, the firm is the submitter of the CBRS record.</p> <p>If Network Level 2, 4, or non-networked account asset is transferred into a Network Level 1, 3 or Trust-Networked Level 0 account, the fund is the submitter of the CBRS record.</p> <p>Information on the Manual Transfer instruction will need to be consulted against the CBRS User Master File to identify the appropriate reference.</p>
<p>Submitting Firm Number</p> <p>NOTE: This section applies to Record Content Indicator 03 and Record Content Indicator 04</p>	<p>The Submitting Firm Number corresponds to the Firm Account Number, or, if not available, the CBRS User Account Number associated with the entity submitting this CBRS Asset Record.</p> <p>This number should always be obtained through validation against the CBRS User Master File, updated and distributed daily by DTCC.</p> <p>The Submitting Firm Number is populated based on relationship to the CBRS record itself, and not the corresponding transaction record. Therefore, the entity submitting the</p>

CBRS Asset Record – Elaboration on Select Fields for Mutual Funds

Please refer to DTCC's CBRS User Guide for more detail on Asset Record, Required/Optional Field Designations and Usage.

FIELD NAME	COMMENTS AND GUIDANCE FOR FIELD USAGE
	<p>CBRS record is the submitting firm.</p> <p>The following fields can come into play in validating against the CBRS User Master File as to what the Submitting Firm Number on the CBRS record should be. In all instances, data is passed with lead zeros and right-justified:</p> <p><u>Transaction Type 46 = Fund to Firm Mutual Fund Transfer</u></p> <p>The firm is the submitter of this record.</p> <p>If populated, Originating Receiver Firm Number – Position 745-748 (Variable) or Record 8, Position 90-93 (Fixed) on the Fund/SERV® 018 record – means an MF Agent is in use. This can be used to assist with validation against the CBRS User Master File.</p> <p>ELSE</p> <p>Firm Number – Position 12-15 (Variable) or Record 1, Position 8-11 (Fixed) on the Fund/SERV® 018 record can be used to assist with validation against the CBRS User Master File.</p> <p><u>Transaction Type 51 = Firm to Fund Mutual Fund Transfer</u></p> <p>The fund is the submitter of this record.</p> <p>Fund Number – Position 24-27 (Variable) or Record 1, Position 20-23 (Fixed) on the Fund/SERV® 018 record can be used to assist with validation against the CBRS User Master File.</p> <p><u>Transaction Type 56 = Networking Transaction</u></p> <p>If B52 places Network Level 1, 3, or Trust-Networked Level 0 account assets in a Network Level 2, 4 or non-networked account, the fund is the submitter of the CBRS record. If provided, the Clearing/Settling Fund Number – Position 10-13 on the Networking B52/F53 record can be used to assist with validation against the CBRS User Master File.</p> <p>If B52 places Network Level 2, 4 or non-networked account assets in a Network Level 1, 3 or Trust-Networked Level 0 account, the firm is the submitter of the CBRS record. The Clearing/Settling Firm Number – Position 6-9 on the Networking B52/F53 record can be used to assist with validation against the CBRS User Master File.</p> <p><u>Transaction Type 57 = Manual Mutual Fund Transfer</u></p> <p>If Network Level 1, 3 or Trust-Networked Level 0 account asset is transferred into a Network Level 2, 4, or non-networked account, the fund is the submitter of the CBRS record.</p> <p>If Network Level 2, 4, or non-networked account asset is transferred into a Network Level</p>

CBRS Asset Record – Elaboration on Select Fields for Mutual Funds

Please refer to DTCC's CBRS User Guide for more detail on Asset Record, Required/Optional Field Designations and Usage.

FIELD NAME	COMMENTS AND GUIDANCE FOR FIELD USAGE
	<p>1, 3 or Trust-Networked Level 0 account, the firm is the submitter of the CBRS record. Information on the Manual Transfer instruction will need to be consulted against the CBRS User Master File to identify the appropriate reference.</p>
<p>Submitting Firm Type</p>	<p>Submitting Firm Type clarifies the type of entity sending the CBRS record. This is important because the same participant number can be assigned by DTCC to different firms across services of DTCC subsidiaries. This type corresponds to the type of number in the Submitting Firm Number field.</p> <p>Values:</p> <p>CBRACKT = CBRS User</p> <p>DTCPRRT = DTC Participant</p> <p>NSCPRT = NSCC Participant</p>
<p>Agent for Firm</p>	<p>Leave Blank</p>
<p>Receiver Customer Account Number</p>	<p>The Receiver Customer Account Number identifies the customer's account to which the CBRS data will be applied. This account number may differ from the BIN (Broker Identification Number) and may represent an underlying sub-account available to the firm in question.</p> <p>Receiver Customer Account Number is ALWAYS populated based on relationship to corresponding transaction record; it ALWAYS references the account that should receive cost basis information and is not impacted by the value of the Record Content Indicator.</p> <hr/> <p><u>Transaction Type 46 = Fund to Firm Mutual Fund Transfer</u></p> <p>If populated, Originating Receiver Customer Account Number at Firm – Position 825-844 (Variable) or Record 9, Position 77-96 (Fixed) on the Fund/SERV® 018 record – means an MF Agent is in use, and this field should be used.</p> <p>ELSE</p> <p>Customer Account Number at Firm – Position 572-591 (Variable) or Record 7, Position 10-29 (Fixed) of the Fund/SERV® 018 record.</p> <p>Original Receiver Customer Account Number – Position 53-72 (Variable) or Record 1, Position 49-68 (Fixed) of the ACATS record.</p> <p><u>Transaction Type 51 = Firm to Fund Mutual Fund Transfer</u></p> <p>Customer Account Number at Fund – Position 140-159 (Variable) or Record 2, Position</p>

CBRS Asset Record – Elaboration on Select Fields for Mutual Funds

Please refer to DTCC's CBRS User Guide for more detail on Asset Record, Required/Optional Field Designations and Usage.

FIELD NAME	COMMENTS AND GUIDANCE FOR FIELD USAGE
	<p>43-62 (Fixed) of the Fund/SERV® 018 record.</p> <p>OR</p> <p>Original Receiver Customer Account Number – Position 53-72 (Variable) or Record 1, Position 49-68 (Fixed) of the ACATS Transfer record.</p> <p><u>Transaction Type 56 = Networking Transaction</u></p> <p>If B52 places Network Level 1, 3, or Trust-Networked Level 0 account assets in a Network 2, 4 or non-networked account, use the Credit Account Number – Record 1, Position 57-76 of the Networking B52/F53 record, which should reference the Fund’s Account Number.</p> <p>If B52 places Network Level 2, 4, or non-networked account assets in a Network Level 1, 3, or Trust-Networked Level 0 account, first use the Credit Sub-Account Number – Record 4, Position 46-65 of the Networking B52/F53 record. If the Credit Sub-Account Number is blank, use the Credit Account Number – Record 1, Position 57-76 of the Networking B52/F53 record, which should reference the Firm’s Account Number.</p> <p><u>Transaction Type 57 = Manual Mutual Fund Transfer</u></p> <p>If Network Level 1, 3, or Trust-Networked Level 0 account assets are transferred into Network Level 2, 4, or non-networked account, this field should carry either the Underlying Customer Account Number or the Fund’s Account Number.</p> <p>If Network Level 2, 4, or non-networked account assets are transferred into a Network Level 1, 3, or Trust-Networked Level 0 account, this field should carry either the Underlying Customer Account Number or the Firm’s Account Number.</p>
<p>Deliverer Customer Account Number</p>	<p>The Deliverer Customer Account Number identifies the customer’s account from which the CBRS data will be sent. This account number may differ from the BIN (Broker Identification Number) and may represent an underlying sub-account available to the firm in question.</p> <p>The Deliverer Customer Account Number is ALWAYS populated based on relationship to the corresponding transaction record; it ALWAYS references the account from which cost basis information is sent and is not impacted by the value of the Record Content Indicator.</p> <p><u>Transaction Type 46 = Fund to Firm Mutual Fund Transfer</u></p> <p>Customer Account Number at Fund – Position 596-615 (Variable) or Record 7, Position 54-73 (Fixed) of the Fund/SERV® 018 record.</p> <p>OR</p>

CBRS Asset Record – Elaboration on Select Fields for Mutual Funds

Please refer to DTCC's CBRS User Guide for more detail on Asset Record, Required/Optional Field Designations and Usage.

FIELD NAME	COMMENTS AND GUIDANCE FOR FIELD USAGE
	<p>Original Deliverer Customer Account Number – Position 173-192 (Variable) or Record 3, Position 38-57 (Fixed) of the ACATS Transfer record.</p> <p><u>Transaction Type 51 = Firm to Fund Mutual Fund Transfer</u></p> <p>If populated, Originating Receiver Customer Account Number at Firm – Position 825-844 (Variable) or Record 9, Position 77-96 (Fixed) on the Fund/SERV® 018 record – means an MF Agent is in use, and this field should be used.</p> <p>ELSE</p> <p>Customer Account Number at Firm – Position 572-591 (Variable) or Record 7, Position 10-29 (Fixed) of the Fund/SERV® 018 record.</p> <p>Original Deliverer Customer Account Number – Position 173-192 (Variable) or Record 3, Position 38-57 (Fixed) of the ACATS Transfer record.</p> <p><u>Transaction Type 56 = Networking Transaction</u></p> <p>If B52 places Network Level 1, 3, and Trust-Networked Level 0 account assets in a Network 2, 4 or non-networked account, first use the Debit Sub-Account Number – Record 4, Position 66-85 of the Networking B52/F53 record. If the Debit Sub-Account Number is blank, use the Account Number – Record 1, Position 36-55 of the Networking B52/F53 record, which should reference the Firm's Account Number.</p> <p>If B52 places Network Level 2, 4, or non-networked account assets in a Network Level 1, 3, or Trust-Networked Level 0 account, use the Account Number – Record 1, Position 36-55 of the Networking B52/F53 record, which should reference the Fund's Account Number for the transaction.</p> <p><u>Transaction Type 57 = Manual Mutual Fund Transfer</u></p> <p>If Network Level 1, 3, or Trust-Networked Level 0 account assets are transferred into a Network Level 2, 4, or non-networked account, this field should carry either the Underlying Customer Account Number or the Firm's Account Number.</p> <p>If Network Level 2, 4, or non-networked account assets are transferred into a Network Level 1, 3, or Trust-Networked Level 0 account, this field should carry either the Underlying Customer Account Number or the Fund's Account Number.</p>
ISIN Country Code	Value is US
ISIN Security Issue ID (CUSIP)	Security Issue ID (CUSIP) of the Security in question
ISIN Security Check Digit	Leave Blank .

Cost Basis Reporting Service - Supplemental User Guide for Mutual Funds

CBRS Asset Record – Elaboration on Select Fields for Mutual Funds

Please refer to DTCC's CBRS User Guide for more detail on Asset Record, Required/Optional Field Designations and Usage.

FIELD NAME	COMMENTS AND GUIDANCE FOR FIELD USAGE
Asset Description	This field should be populated with the same Security Issue ID (CUSIP) Fund Name found on Mutual Fund Profile, if a participant. Otherwise, field should be populated in a way to clearly identify the Security Issue ID.
Asset Category	Value is always MFNM
Total Position Quantity	Total shares involved in the transfer should be provided. NOTE: In the context of Transaction Types 46 = Fund to Firm Mutual Fund Transfer, 51 = Firm to Fund Mutual Fund Transfer, and 56 = Networking Transfer , this amount typically should match the corresponding ACATS-Fund/SERV® or Networking B52 transaction amount. It is feasible that the Total Position Quantity can exceed the transaction amount, in the instance of an accrued dividend reinvestment/payout on an all-share transfer. Some systems may retain this amount for distribution at the end of the period; others may incorporate into the transferred shares sent with the transaction.
Date Transfer was Initiated	Leave Blank NOTE: The record layouts state that either Transfer initiation or Settlement Date must be populated. Because Settlement Date is more relevant to the contra-parties in a Mutual Fund Transfer, it is used.
Settlement Date of Transfer	Populate with the Settlement Date of the Transfer. Format: CCYYMMDD. NOTE: The record layouts state either Transfer initiation or Settlement Date must be populated. Because Settlement Date is more relevant to the contra-parties in a Mutual Fund Transfer, it is used. NOTE: In the context of Mutual Funds, transfers typically have the same initiation and settlement dates, from a fund's books and records perspective. Broker/Dealers may recognize a different Settlement Date than the Fund, because of the bookkeeping and settlement differences between ACATS and ACATS-Fund/SERV. Therefore, in the context of matching tax lots to a transaction, Settlement Date should not be a primary matching field.
Position Code	Value is always 'L'
Total Original Cost	Leave Blank
Total Current Cost	This field is the sum of the Tax Lot Current Cost fields for the corresponding tax lot record(s) associated with this asset record.
Total Average Cost	Leave Blank
Disposition Method Used	Pass this information if the Disposition Method currently used by the shareholder is applicable to the transferred lots and matches one of the values supported by DTCC's CBRS layout, or if the shareholder has specifically elected one of the methods supported

CBRS Asset Record – Elaboration on Select Fields for Mutual Funds

Please refer to DTCC's CBRS User Guide for more detail on Asset Record, Required/Optional Field Designations and Usage.

FIELD NAME	COMMENTS AND GUIDANCE FOR FIELD USAGE
	by DTCC. Otherwise, leave Blank .
Shares to Cover Short Indicator	Value is always 'N'
Firm Reject Reason Code	<p>Use only if Record Content Indicator is 03 = Firm reject record. Otherwise, leave Blank.</p> <p>In the Mutual Fund Context, Reject Reason Codes should be used as follows:</p> <p>01 = Receiver cannot apply received cost basis record</p> <p>Used when the underlying account position cannot be located</p> <p>02 = CBRS quantity is greater than delivered quantity</p> <p>Because it is not possible, in this instance, to know which portion of basis is relevant, it is not possible to use any of it for tracking and calculation purposes.</p> <p>NOTE 1: Some broker/dealer reporting brokers have indicated they may, from time to time, send a greater CBRS quantity than that indicated on the corresponding transaction. This is typically due to earned dividends received between placement and settlement.</p> <p>NOTE 2: If CBRS quantity is less than the delivered quantity, basis can be used. The remainder of shares should be considered noncovered for calculation and tracking purposes. As a reminder, it is the receiving firm's responsibility to request information from the delivering firm, if data is not received. Therefore, the recommended practice is to send a cost basis request record (Record Indicator 04 = Request) for any missing shares, prior to making noncovered.</p> <p>03 = CUSIP does not belong to Issuer/Transfer Agent</p> <p>Typically, this will not be encountered in the Mutual Fund space and was primarily intended for other entities using CBRS. However, this can be used if the Fund recipient cannot locate the CUSIP under their NSCC and/or CBRS participant number.</p>

4.5 CBRS TAX LOT RECORDS

The following elaborates on the mutual fund usage and perspective on key fields comprising the CBRS Tax Lot Records as of May 2011. Please note that record layouts are subject to change. Please visit <http://www.dtcc.com/products/documentation/cs/cbrs.php> for most recent version of the layouts. In no way should this information be viewed as standalone. Instead it is supplemental to DTCC's CBRS User Guide governing the overall usage of CBRS by the financial services industry.

CBRS Tax Lot Record – Elaboration on Select Fields for Mutual Funds

Please refer to DTCC's CBRS User Guide for more detail on Tax Lot Record, Required/Optional Field Designations and Usage

FIELD NAME	COMMENTS AND GUIDANCE FOR FIELD USAGE
Record Content Indicator	<p>Record Content Indicator defines the type of information represented by this Tax Lot Record.</p> <p>Regarding 01 = Original Tax Lot Record.</p> <p>This record is sent by the Delivering Firm, or the reporting broker that delivers shares as a result of the transfer.</p> <p>Regarding 02 = Corrected Tax Lot Record.</p> <p>This record is sent by the Delivering Firm, or the reporting broker that delivers shares as a result of the transfer.</p> <p>When one tax lot is corrected, it is assumed the entire CBRS response requires correction. For example:</p> <p>Transfer 1,000.000 shares in three tax lots, as follows:</p> <p style="padding-left: 40px;">Tax Lot 1 = 500.000 shares</p> <p style="padding-left: 40px;">Tax Lot 2 = 250.000 shares</p> <p style="padding-left: 40px;">Tax Lot 3 = 250.000 shares</p> <p>If details on Tax Lot 3 need to be corrected / resent, all three tax lot records should be included. Tax Lots 1 and 2 should also be resent, to maintain the integrity of the relationship between tax lots and transferred shares.</p> <p>NOTE: At least one (1) corresponding tax lot record should be indicated as Corrected.</p> <p>Regarding 03 = Firm Reject Record and 04 = Request Record.</p> <p>These records are sent by the Receiving Firm, or the reporting broker that receives shares as a result of the transfer.</p> <p>Records are sent only when necessary and to maintain compliance with regulations.</p> <p>NOTE: The recommended practice is to not submit a Record Content Indicator 03 = Firm Reject Record in response to a 04 = Request Record received, even if it</p>

CBRS Tax Lot Record – Elaboration on Select Fields for Mutual Funds

Please refer to DTCC's CBRS User Guide for more detail on Tax Lot Record, Required/Optional Field Designations and Usage

FIELD NAME	COMMENTS AND GUIDANCE FOR FIELD USAGE
	<p>is not applicable to the receiving reporting broker.</p> <p>NOTE: The recommended practice is to not submit a Record Content Indicator 04 = Request Record until after January 1, 2012 for mutual fund assets.</p>
<p>Transaction Type</p>	<p>Transaction Type identifies the actual DTCC-based or manual transaction that created the need to transfer cost basis through CBRS.</p> <p>The only applicable Transaction Types for Mutual Funds are as follows:</p> <ul style="list-style-type: none"> 46 = Fund to Firm Mutual Fund Transfer (ACATS PTF) 51 = Firm to Fund Mutual Fund Transfer (ACATS PTF) 56 = Networking Transaction 57 = Manual Mutual Fund Transfer
<p>Transfer Control Number</p>	<p>The Transfer Control Number corresponds to the unique identifier assigned to the corresponding transaction, either through use of a DTCC product (e.g.: ACATS (ACATS Fund/SERV) or Networking) or manually. The number is used by the recipient to link CBRS information to its corresponding transaction.</p> <p>If Transaction Type is 46 = Fund to Firm Mutual Fund Transfer or 51 = Firm to Fund Mutual Fund Transfer; this field is the Fund/SERV[®] Control Number – Position 45-59 (Variable) or Record 1, Position 41-55 (Fixed) on the Fund/SERV[®] 018 record. ACATS users can find this number in Position 153-163 (Variable) or Record 3, Position 8-18 (Fixed) of the ACATS Output Fund/SERV[®] Statistics file (SIAC720 – variable; SIAC726 – fixed).</p> <p>If transaction type is 56 = Networking Transaction, then the control number is the Networking Control Number, found in Record 1, Position 14-24 of the Networking Conversion/Acknowledgement B52/F53 record.</p> <p>For all other transaction types, 57 = Manual Mutual Fund Transfer; this field is the control number agreed upon by the contra-parties involved in the original securities transaction.</p> <p>In all instances, data should be left-justified and blank-filled in this alpha-numeric field on the CBRS file.</p>
<p>Alternate Control Number</p>	<p>The Alternate Control Number, when available, corresponds to an additional unique identifier assigned to a corresponding transaction, either through use of a DTCC product or manually. This field comes into play when data is being passed between two different DTCC products, such as ACATS and ACATS-Fund/SERV.</p> <p>If Transaction Type 46 = Fund to Firm Mutual Fund Transfer and 51 = Firm to Fund Mutual Fund Transfer, the ACATS Control Number must be provided in this Field, found in Position 683-702 (Variable) or Record 8, Position 28-47 (Fixed) of the Fund/SERV[®] 018 record. It is also found in Position 12-15 (Variable) or Record 1,</p>

CBRS Tax Lot Record – Elaboration on Select Fields for Mutual Funds

Please refer to DTCC's CBRS User Guide for more detail on Tax Lot Record, Required/Optional Field Designations and Usage

FIELD NAME	COMMENTS AND GUIDANCE FOR FIELD USAGE
	<p>Position 8-21 (Fixed) of the ACATS Transfer Input record (Autoroute 36667 – variable; 32667 – fixed).</p> <p>Data should be left-justified and blank-filled in this alpha-numeric field on the CBRS file.</p>
<p>Contra Firm Number</p> <p>NOTE: This section applies to Record Content Indicator 01 and Record Content Indicator 02</p>	<p>The Contra Firm Number corresponds to either the Firm Account Number, or, if not available, the CBRS User Account Number associated with the entity receiving this CBRS Tax Lot Record.</p> <p>This number should always be obtained through validation against the CBRS User Master File, updated and distributed daily by DTCC.</p> <p>The Contra Firm Number is populated based on relationship to the CBRS record itself, and not the corresponding transaction record. Therefore, the entity receiving the CBRS record is always considered the receiving firm.</p> <p>The following fields can come into play in validating against the CBRS User Master File as to what the Contra Firm Number on the CBRS record should be. In all instances, data is passed with lead zeros and right-justified:</p> <p><u>Transaction Type 46 = Fund to Firm Mutual Fund Transfer</u></p> <p>The firm is the recipient of this record.</p> <p>If populated, Originating Receiver Firm Number – Position 745-748 (Variable) or Record 8, Position 90-93 (Fixed) on the Fund/SERV® 018 record – it means an MF Agent is in use. This can be used to assist with validation against the CBRS User Master File.</p> <p>ELSE</p> <p>Firm Number – Position 12-15 (Variable) or Record 1, Position 8-11 (Fixed) on the Fund/SERV® 018 record can be used to assist with validation against the CBRS User Master File.</p> <p>Original Deliverer Number – Positions 49-52 (Variable) or Record 1, Position 45-48 (Fixed) on the ACATS record can be used to assist with validation against the CBRS User Master File.</p> <p><u>Transaction Type 51 = Firm to Fund Mutual Fund Transfer</u></p> <p>The fund is the recipient of this record.</p> <p>Fund Number – Position 24-27 (Variable) or Record 1, Position 20-23 (Fixed) on the Fund/SERV® 018 record can be used to assist with validation against the CBRS User Master File.</p> <p>Original Receiver Number – Position 41-44 (Variable) or Record 1, Position 37-40 (fixed) on the ACATS record can be used to assist with validation against the CBRS User Master File.</p>

CBRS Tax Lot Record – Elaboration on Select Fields for Mutual Funds

Please refer to DTCC's CBRS User Guide for more detail on Tax Lot Record, Required/Optional Field Designations and Usage

FIELD NAME	COMMENTS AND GUIDANCE FOR FIELD USAGE
	<p><u>Transaction Type 56 = Networking Transaction</u></p> <p>If B52 places Network Level 1, 3, or Trust-Networked Level 0 account assets in a Network Level 2, 4 or non-networked account, the fund is the recipient of the CBRS record. If provided, the Clearing/Settling Fund Number – Position 10-13 on the Networking B52/F53 record can be used to assist with validation against the CBRS User Master File.</p> <p>If B52 places Network Level 2, 4 or non-networked account assets in a Network Level 1, 3 or Trust-Networked Level 0 account, the firm is the recipient of the CBRS record. The Clearing/Settling Firm Number – Position 6-9 on the Networking B52/F53 record can be used to assist with validation against the CBRS User Master File.</p> <p><u>Transaction Type 57 = Manual Mutual Fund Transfer</u></p> <p>If Network Level 1, 3, or Trust-Networked Level 0 account assets are transferred into a Network Level 2, 4, or non-networked account, the fund is the recipient of the CBRS record.</p> <p>If Network Level 2, 4, or non-networked account assets are transferred into a Network Level 1, 3 or Trust-Networked Level 0 account, the firm is the recipient of the CBRS record.</p> <p>Information on the Manual Transfer instruction will need to be consulted against the CBRS User Master File to identify the appropriate reference.</p>
<p>Contra Firm Number</p> <p>NOTE: This section applies to Record Content Indicator 03 and Record Content Indicator 04</p>	<p>The Contra Firm Number corresponds to either the Firm Account Number, or, if not available, the CBRS User Account Number associated with the entity receiving this CBRS Tax Lot Record.</p> <p>This number should always be obtained through validation against the CBRS User Master File, updated and distributed daily by DTCC.</p> <p>The Contra Firm Number is populated based on relationship to the CBRS record itself, and not the corresponding transaction record. Therefore, the entity receiving the CBRS record is always considered the receiving firm.</p> <p>The following fields can come into play in validating against the CBRS User Master File as to what the Contra Firm Number on the CBRS record should be. In all instances, data is passed with lead zeros and right-justified:</p> <p><u>Transaction Type 46 = Fund to Firm Mutual Fund Transfer</u></p> <p>The fund is the recipient of this record.</p> <p>Fund Number – Position 24-27 (Variable) or Record 1, Position 20-23 (Fixed) on the</p>

CBRS Tax Lot Record – Elaboration on Select Fields for Mutual Funds

Please refer to DTCC's CBRS User Guide for more detail on Tax Lot Record, Required/Optional Field Designations and Usage

FIELD NAME	COMMENTS AND GUIDANCE FOR FIELD USAGE
	<p>Fund/SERV® 018 record can be used to assist with validation against the CBRS User Master File.</p> <p>Original Receiver Number – Position 41-44 (Variable) or Record 1, Position 37-40 (fixed) on the ACATS record can be used to assist with validation against the CBRS User Master File.</p> <p><u>Transaction Type 51 = Firm to Fund Mutual Fund Transfer</u></p> <p>The firm is the recipient of this record.</p> <p>If populated, Originating Receiver Firm Number – Position 745-748 (Variable) or Record 8, Position 90-93 (Fixed) on the Fund/SERV® 018 record – it means an MF Agent is in use. This can be used to assist with validation against the CBRS User Master File.</p> <p>ELSE</p> <p>Firm Number – Position 12-15 (Variable) or Record 1, Position 8-11 (Fixed) on the Fund/SERV® 018 record can be used to assist with validation against the CBRS User Master File.</p> <p>Original Deliverer Number – Positions 49-52 (Variable) or Record 1, Position 45-48 (Fixed) on the ACATS record can be used to assist with validation against the CBRS User Master File.</p> <p><u>Transaction Type 56 = Networking Transaction</u></p> <p>If B52 places Network Level 1, 3, or Trust-Networked Level 0 account assets in a Network Level 2, 4 or non-networked account, the firm is the recipient of the CBRS record. The Clearing/Settling Firm Number – Position 6-9 on the Networking B52/F53 record can be used to assist with validation against the CBRS User Master File.</p> <p>If B52 places Network Level 2, 4 or non-networked account assets in a Network Level 1, 3 or Trust-Networked Level 0 account, the fund is the recipient of the CBRS record. If provided, the Clearing/Settling Fund Number – Position 10-13 on the Networking B52/F53 record can be used to assist with validation against the CBRS User Master File.</p> <p><u>Transaction Type 57 = Manual Mutual Fund Transfer</u></p> <p>If Network Level 1, 3, or Trust-Networked Level 0 account assets are transferred into a Network Level 2, 4, or non-networked account, the firm is the recipient of the CBRS record.</p> <p>If Network Level 2, 4, or non-networked account assets are transferred into a Network Level 1, 3 or Trust-Networked Level 0 account, the fund is the recipient of the CBRS record.</p>

CBRS Tax Lot Record – Elaboration on Select Fields for Mutual Funds

Please refer to DTCC's CBRS User Guide for more detail on Tax Lot Record, Required/Optional Field Designations and Usage

FIELD NAME	COMMENTS AND GUIDANCE FOR FIELD USAGE
	Information on the Manual Transfer instruction will need to be consulted against the CBRS User Master File to identify the appropriate reference.
Contra Firm Type	<p>Receiving Firm Type clarifies the type of entity receiving the CBRS record. This is important because the same participant number can be assigned by DTCC to different firms across services of DTCC subsidiaries. This type corresponds to the type of number in the Contra Firm Number field and is obtained from the CBRS User Master File.</p> <p>Values:</p> <p>CBRACT = CBRS-Only User</p> <p>DTCPRT = DTC Participant</p> <p>NSCPRT = NSCC Participant</p>
<p>Submitting Firm Number</p> <p>NOTE: This section applies to Record Content Indicator 01 and Record Content Indicator 02</p>	<p>The Submitting Firm Number corresponds to the Firm Account Number, or, if not available, the CBRS User Account Number associated with the entity submitting this CBRS Tax Lot Record.</p> <p>This number should always be obtained through validation against the CBRS User Master File, updated and distributed daily by DTCC.</p> <p>The Submitting Firm Number is populated based on relationship to the CBRS record itself, and not the corresponding transaction record. Therefore, the entity submitting the CBRS record is the submitting firm.</p> <p>The following fields can come into play in validating against the CBRS User Master File as to what the Submitting Firm Number on the CBRS record should be. In all instances, data is passed with lead zeros and right-justified:</p> <p><u>Transaction Type 46 = Fund to Firm Mutual Fund Transfer</u></p> <p>The fund is the submitter of this record.</p> <p>Fund Number – Position 24-27 (Variable) or Record 1, Position 20-23 (Fixed) on the Fund/SERV® 018 record can be used to assist with validation against the CBRS User Master File.</p> <p><u>Transaction Type 51 = Firm to Fund Mutual Fund Transfer</u></p> <p>The firm is the submitter of this record.</p> <p>If populated, Originating Receiver Firm Number – Position 745-748 (Variable) or Record 8, Position 90-93 (Fixed) on the Fund/SERV® 018 record – it means an MF Agent is in use. This can be used to assist with validation against the CBRS User Master File.</p> <p>ELSE</p> <p>Firm Number – Position 12-15 (Variable) or Record 1, Position 8-11 (Fixed) on the</p>

CBRS Tax Lot Record – Elaboration on Select Fields for Mutual Funds

Please refer to DTCC's CBRS User Guide for more detail on Tax Lot Record, Required/Optional Field Designations and Usage

FIELD NAME	COMMENTS AND GUIDANCE FOR FIELD USAGE
	<p>Fund/SERV® 018 record can be used to assist with validation against the CBRS User Master File.</p> <p><u>Transaction Type 56 = Networking Transaction</u></p> <p>If B52 places Network Level 1, 3, or Trust-Networked Level 0 account assets in a Network Level 2, 4 or non-networked account, the firm is the submitter of the CBRS record. The Clearing/Settling Firm Number – Position 6-9 on the Networking B52/F53 record can be used to assist with validation against the CBRS User Master File.</p> <p>If B52 places Network Level 2, 4 or non-networked account assets in a Network Level 1, 3 or Trust-Networked Level 0 account, the fund is the submitter of the CBRS record. If provided, the Clearing/Settling Fund Number – Position 10-13 on the Networking B52/F53 record can be used to assist with validation against the CBRS User Master File.</p> <p><u>Transaction Type 57 = Manual Mutual Fund Transfer</u></p> <p>If Network Level 1, 3, or Trust-Networked Level 0 account asset is transferred into a Network Level 2, 4, or non-networked account, the firm is the submitter of the CBRS record.</p> <p>If Network Level 2, 4, or non-networked account asset is transferred into a Network Level 1, 3 or Trust-Networked Level 0 account, the fund is the submitter of the CBRS record.</p> <p>Information on the Manual Transfer instruction will need to be consulted against the CBRS User Master File to identify the appropriate reference.</p>
<p>Submitting Firm Number</p> <p>NOTE: This section applies to Record Content Indicator 03 and Record Content Indicator 04</p>	<p>The Submitting Firm Number corresponds to the Firm Account Number, or, if not available, the CBRS User Account Number associated with the entity submitting this CBRS Tax Lot Record.</p> <p>This number should always be obtained through validation against the CBRS User Master File, updated and distributed daily by DTCC.</p> <p>The Submitting Firm Number is populated based on relationship to the CBRS record itself, and not the corresponding transaction record. Therefore, the entity submitting the CBRS record is the submitting firm.</p> <p>The following fields can come into play in validating against the CBRS User Master File as to what the Submitting Firm Number on the CBRS record should be. In all instances, data is passed with lead zeros and right-justified:</p> <p><u>Transaction Type 46 = Fund to Firm Mutual Fund Transfer</u></p> <p>The firm is the submitter of this record.</p> <p>If populated, Originating Receiver Firm Number – Position 745-748 (Variable) or Record</p>

CBRS Tax Lot Record – Elaboration on Select Fields for Mutual Funds

Please refer to DTCC's CBRS User Guide for more detail on Tax Lot Record, Required/Optional Field Designations and Usage

FIELD NAME	COMMENTS AND GUIDANCE FOR FIELD USAGE
	<p>8, Position 90-93 (Fixed) on the Fund/SERV® 018 record – means an MF Agent is in use. This can be used to assist with validation against the CBRS User Master File.</p> <p>ELSE</p> <p>Firm Number – Position 12-15 (Variable) or Record 1, Position 8-11 (Fixed) on the Fund/SERV® 018 record can be used to assist with validation against the CBRS User Master File.</p> <p><u>Transaction Type 51 = Firm to Fund Mutual Fund Transfer</u></p> <p>The fund is the submitter of this record.</p> <p>Fund Number – Position 24-27 (Variable) or Record 1, Position 20-23 (Fixed) on the Fund/SERV® 018 record can be used to assist with validation against the CBRS User Master File.</p> <p><u>Transaction Type 56 = Networking Transaction</u></p> <p>If B52 places Network Level 1, 3, or Trust-Networked Level 0 account assets in a Network Level 2, 4 or non-networked account, the fund is the submitter of the CBRS record. If provided, the Clearing/Settling Fund Number – Position 10-13 on the Networking B52/F53 record can be used to assist with validation against the CBRS User Master File.</p> <p>If B52 places Network Level 2, 4 or non-networked account assets in a Network Level 1, 3 or Trust-Networked Level 0 account, the firm is the submitter of the CBRS record. The Clearing/Settling Firm Number – Position 6-9 on the Networking B52/F53 record can be used to assist with validation against the CBRS User Master File.</p> <p><u>Transaction Type 57 = Manual Mutual Fund Transfer</u></p> <p>If Network Level 1, 3 or Trust-Networked Level 0 account asset is transferred into a Network Level 2, 4, or non-networked account, the fund is the submitter of the CBRS record.</p> <p>If Network Level 2, 4, or non-networked account asset is transferred into a Network Level 1, 3 or Trust-Networked Level 0 account, the firm is the submitter of the CBRS record.</p> <p>Information on the Manual Transfer instruction will need to be consulted against the CBRS User Master File to identify the appropriate reference.</p>
<p>Submitting Firm Type</p>	<p>Submitting Firm Type clarifies the type of entity sending the CBRS record. This is important because the same participant number can be assigned by DTCC to multiple firms across the DTCC products utilizing CBRS. This type corresponds to the type of number in the Submitting Firm Number field.</p> <p>Values:</p>

CBRS Tax Lot Record – Elaboration on Select Fields for Mutual Funds

Please refer to DTCC's CBRS User Guide for more detail on Tax Lot Record, Required/Optional Field Designations and Usage

FIELD NAME	COMMENTS AND GUIDANCE FOR FIELD USAGE
	<p>CBRACT = CBRS User</p> <p>DTCPRT = DTC Participant</p> <p>NSCPRT = NSCC Participant</p>
<p>Receiver Customer Account Number</p>	<p>The Receiver Customer Account Number identifies the customer's account to which the CBRS data will be applied. This account number may differ from the BIN (Broker Identification Number) and may represent an underlying sub-account available to the firm in question.</p> <p>The Receiver Customer Account Number is ALWAYS populated based on relationship to the corresponding transaction record; it ALWAYS references the account that should receive the cost basis information and is not impacted by the value of the Record Content Indicator.</p> <p><u>Transaction Type 46 = Fund to Firm Mutual Fund Transfer</u></p> <p>If populated, Originating Receiver Customer Account Number at Firm – Position 825-844 (Variable) or Record 9, Position 77-96 (Fixed) on the Fund/SERV® 018 record – means an MF Agent is in use, and this field should be used.</p> <p>ELSE</p> <p>Customer Account Number at Firm – Position 572-591 (Variable) or Record 7, Position 10-29 (Fixed) of the Fund/SERV® 018 record.</p> <p>Original Receiver Customer Account Number – Position 53-72 (Variable) or Record 1, Position 49-68 (Fixed) of the ACATS record.</p> <p><u>Transaction Type 51 = Firm to Fund Mutual Fund Transfer</u></p> <p>Customer Account Number at Fund – Position 140-159 (Variable) or Record 2, Position 43-62 (Fixed) of the Fund/SERV® 018 record.</p> <p>OR</p> <p>Original Receiver Customer Account Number – Position 53-72 (Variable) or Record 1, Position 49-68 (Fixed) of the ACATS Transfer record.</p> <p><u>Transaction Type 56 = Networking Transaction</u></p> <p>If B52 places Network Level 1, 3, or Trust-Networked Level 0 account assets in a Network 2, 4 or non-networked account, use the Credit Account Number – Record 1, Position 57-76 of the Networking B52/F53 record, which should reference the Fund's Account Number.</p> <p>If B52 places Network Level 2, 4, or non-networked account assets in a Network Level 1, 3, or Trust-Networked Level 0 account, first use the Credit Sub-Account Number – Record</p>

CBRS Tax Lot Record – Elaboration on Select Fields for Mutual Funds

Please refer to DTCC's CBRS User Guide for more detail on Tax Lot Record, Required/Optional Field Designations and Usage

FIELD NAME	COMMENTS AND GUIDANCE FOR FIELD USAGE
	<p>4, Position 46-65 of the Networking B52/F53 record. If the Credit Sub-Account Number is blank, use the Credit Account Number – Record 1, Position 57-76 of the Networking B52/F53 record, which should reference the Firm's Account Number.</p> <p><u>Transaction Type 57 = Manual Mutual Fund Transfer</u></p> <p>If Network Level 1, 3, or Trust-Networked Level 0 account assets are transferred into Network Level 2, 4, or non-networked account, this field should carry either the Underlying Customer Account Number or the Fund's Account Number.</p> <p>If Network Level 2, 4, or non-networked account assets are transferred into a Network Level 1, 3, or Trust-Networked Level 0 account, this field should carry either the Underlying Customer Account Number or the Firm's Account Number.</p>
<p>Deliverer Customer Account Number</p>	<p>The Deliverer Customer Account Number identifies the customer's account from which the CBRS data will be sent. This account number may differ from the BIN (Broker Identification Number) and may represent an underlying sub-account available to the firm in question.</p> <p>The Deliverer Customer Account Number is ALWAYS populated based on relationship to the corresponding transaction record; it ALWAYS references the account from which cost basis information is sent and is not impacted by the value of the Record Content Indicator.</p> <p><u>Transaction Type 46 = Fund to Firm Mutual Fund Transfer</u></p> <p>Customer Account Number at Fund – Position 596-615 (Variable) or Record 7, Position 54-73 (Fixed) of the Fund/SERV® 018 record.</p> <p>OR</p> <p>Original Deliverer Customer Account Number – Position 173-192 (Variable) or Record 3, Position 38-57 (Fixed) of the ACATS Transfer record.</p> <p><u>Transaction Type 51 = Firm to Fund Mutual Fund Transfer</u></p> <p>If populated, Originating Receiver Customer Account Number at Firm – Position 825-844 (Variable) or Record 9, Position 77-96 (Fixed) on the Fund/SERV® 018 record – means an MF Agent is in use, and this field should be used.</p> <p>ELSE</p> <p>Customer Account Number at Firm – Position 572-591 (Variable) or Record 7, Position 10-29 (Fixed) of the Fund/SERV® 018 record.</p> <p>Original Deliverer Customer Account Number – Position 173-192 (Variable) or Record 3, Position 38-57 (Fixed) of the ACATS Transfer record.</p>

CBRS Tax Lot Record – Elaboration on Select Fields for Mutual Funds

Please refer to DTCC's CBRS User Guide for more detail on Tax Lot Record, Required/Optional Field Designations and Usage

FIELD NAME	COMMENTS AND GUIDANCE FOR FIELD USAGE
	<p><u>Transaction Type 56 = Networking Transaction</u></p> <p>If B52 places Network Level 1, 3, and Trust-Networked Level 0 account assets in a Network 2, 4 or non-networked account, first use the Debit Sub-Account Number – Record 4, Position 66-85 of the Networking B52/F53 record. If the Debit Sub-Account Number is blank, use the Account Number – Record 1, Position 36-55 of the Networking B52/F53 record, which should reference the Firm's Account Number.</p> <p>If B52 places Network Level 2, 4, or non-networked account assets in a Network Level 1, 3, or Trust-Networked Level 0 account, use the Account Number – Record 1, Position 36-55 of the Networking B52/F53 record, which should reference the Fund's Account Number for the transaction.</p> <p><u>Transaction Type 57 = Manual Mutual Fund Transfer</u></p> <p>If Network Level 1, 3, or Trust-Networked Level 0 account assets are transferred into a Network Level 2, 4, or non-networked account, this field should carry either the Underlying Customer Account Number or the Firm's Account Number.</p> <p>If Network Level 2, 4, or non-networked account assets are transferred into a Network Level 1, 3, or Trust-Networked Level 0 account, this field should carry either the Underlying Customer Account Number or the Fund's Account Number.</p>
ISIN Country Code	Value is US
ISIN Security Issue ID (CUSIP)	Security Issue ID (CUSIP) of the Security in question
ISIN Security Check Digit	If the ISIN Country Code passed is ' US ', this field can be left blank.
Asset Description	This field should be populated with the same Security Issue ID (CUSIP) Fund Name found on Mutual Fund Profile, if a participant. Otherwise, field should be populated in a way to clearly identify the Security Issue ID.
Certificate Number Prefix	Leave Blank
Certificate Number	Leave Blank
Basis Shareholder Provided	<p>Field indicates whether the tax lot information was derived from system-generated information, reflects shareholder-provided information, or if basis source is unknown.</p> <p>Y = The tax lot in question reflects shareholder-provided basis information</p> <p>N = The tax lot in question reflects system-generated basis information</p> <p>U = Sufficient information about the tax lot source is not known</p>

Cost Basis Reporting Service - Supplemental User Guide for Mutual Funds

CBRS Tax Lot Record – Elaboration on Select Fields for Mutual Funds

Please refer to DTCC's CBRS User Guide for more detail on Tax Lot Record, Required/Optional Field Designations and Usage

FIELD NAME	COMMENTS AND GUIDANCE FOR FIELD USAGE
Uncovered / Pending Indicator	<p>Field notes if the tax lot information is not covered by the IRS requirement to report cost basis. If the lot information is exempt from IRS reporting, indicates the reason the lot is exempt.</p> <p>Blank = If basis on this tax lot is covered</p> <p>01 = Uncovered (Noncovered) Lot. This indicates the lot is not covered by the Cost Basis reporting requirement to the IRS. Noncovered lots can still carry valid cost basis information.</p> <p>02 = Uncovered (Noncovered) Account. This indicates the account itself is not covered by the Cost Basis reporting requirement to the IRS. Lots in noncovered accounts can still carry valid cost basis information. An example would be a type of account (retirement) or recipient (C-Corporation).</p> <p>03 = Pending. If basis on this tax lot is pending receipt by the delivering firm, which is sometimes the case in account consolidation / pass-through arrangements, this value should be used.</p>
Taxes Reported by Issuer / Transfer Agent	Leave Blank
Gifted or Inherited Indicator	<p>Tax lots related to gift and/or inheritance transactions often receive special treatment for calculating, tracking, and reporting cost basis. Refer to the CBRS User Guide for all valid values.</p> <p>If the tax lot pertains to a transaction that is neither a gift nor inheritance, leave Blank</p> <p>If the tax lot pertains to a gift transaction, either 01 = Gifted or 03 = Inherited then Gifted must be populated. Additionally, CBRS will expect Date of Gift and Fair Market Value as of Date of Gift to also be populated.</p>
Date of Gift	<p>If Gifted or Inherited Indicator is 01 = Gifted or 03 = Inherited then Gifted, field indicates date of gift.</p> <p>If not a Gift transaction, leave Blank</p> <p>If a Gift transaction, must be a valid date. Format CCYYMMDD</p>
Fair Market Value as of Date of Gift	<p>If Gifted or Inherited Indicator is 01 = Gifted or 03 = Inherited then Gifted, field indicates the Fair Market Value on the date of gift.</p> <p>If not a Gift transaction, leave Blank</p> <p>If a Gift transaction, a value is required. NOTE: Zeros are considered a valid value.</p>
Tax Lot Quantity	<p>The quantity of the tax lot being transferred.</p> <p>NOTE: The sum of the Tax Lot Quantity fields of the Tax Lot records must equal the Total Position Quantity reported on the corresponding Asset Record.</p>
Position Code	Value is always 'L'

Cost Basis Reporting Service - Supplemental User Guide for Mutual Funds

CBRS Tax Lot Record – Elaboration on Select Fields for Mutual Funds

Please refer to DTCC's CBRS User Guide for more detail on Tax Lot Record, Required/Optional Field Designations and Usage

FIELD NAME	COMMENTS AND GUIDANCE FOR FIELD USAGE
Acquisition Date of Tax Lot	<p>Value reflects the original acquisition date of the shares by the shareholder, adjusted for any wash sales. This may or may not reflect the trade / transaction date held on the shareholder recordkeeping system.</p> <p>Format: CCYYMMDD</p> <p>Additional considerations:</p> <ul style="list-style-type: none"> • If the Tax Lot Current Cost is zero because it is an unknown value (Zero Basis Indicator is 02 = Unknown), the Tax Lot Current Cost field should be passed as Blank. DTCC will blank out the field if it is populated. • If the tax lot reflects an aggregation of multiple tax lots, a value of 19010101 is used to designate the IRS-permitted designation of VARIOUS on Cost Basis reporting to the shareholder and IRS.
Original Acquisition Date for Wash Sale Adjustment	Since the Acquisition Date of Tax Lot is adjusted for the impact of wash sales, it is suggested the original acquisition date for any tax lots that have been adjusted by a wash sale is provided in this field.
ISO Currency Code	Value is always ' USD '
Exchange Rate	Leave Blank
Tax Lot Original Cost	Leave Blank
Tax Lot Current Cost	<p>Provide the current cost associated with the tax lot in question. The ICI BDAC CBR Task Force has selected this field as the required field to provide tax lot cost information, to provide standardization across the Industry in adopting CBRS.</p> <p>NOTE: All tax lots that have been valued at the account's Average Cost should report that value in this field.</p> <p>A zero and/or blank value is accepted in this field, but it must be clarified by the Zero Basis Indicator field.</p>
Zero Basis Indicator	<p>Clarifies the intent of a zero or blank value in the Tax Lot Current Cost field.</p> <p>If Tax Lot Current Cost is greater than zero, then leave Blank</p> <p>If Tax Lot Current Cost is equal to zero, then clarification must be provided in this field if that is 01 = True Zero or 02 = Unknown basis information.</p> <p>If Tax Lot Current Cost is equal to 'blank', then this field must be 02 = Unknown.</p>
Tax Lot Original Unit Price	Leave Blank
Employee Plan Shares Indicator	Leave Blank

CBRS Tax Lot Record – Elaboration on Select Fields for Mutual Funds

Please refer to DTCC's CBRS User Guide for more detail on Tax Lot Record, Required/Optional Field Designations and Usage

FIELD NAME	COMMENTS AND GUIDANCE FOR FIELD USAGE
<p>Number of Most Recent Corporate Action</p>	<p>Leave Blank</p> <p>This field is no longer needed. The broker holding the tax lot on the effective date of the Corporate Action must adjust the cost basis and, if necessary, resend the transfer record(s) associated with the correction – should the lot now be held away from the broker.</p>
<p>Purchase / Dividend Reinvestment Indicator</p>	<p>Leave Blank, which will default to P = Purchase</p> <p>This field is no longer needed. It was originally to be used for Corporate Action adjustments to tax lots, but since the broker holding the tax lot on the effective date of the Corporate action must adjust the cost basis for the Corporate Action, the field no longer is necessary.</p>

5 Networking Transfers (Pending - Next Edition)

6 ACATS Mutual Funds Transfers (ACATS PTF) (Pending - Next Edition)

7 Converting Manual Transfers to CBRS (Pending - Next Edition)

8 Frequently Asked Questions: Transfer Reporting

1. *How will fund companies support firm-initiated redemptions and related tax reporting on fund-controlled matrix Level 0, 2 and 4 accounts beginning January 1, 2012?*

Beginning January 1, 2012, it is recommended that the Fund, which acts as the primary recordkeeper for cost basis reporting purposes on fund-controlled matrix Level 0, 2 and 4 accounts, be responsible for all 1099-B reporting on broker-initiated redemption activity. This is a change in recommended practice from that largely followed within the industry, whereby the party executing the redemption on these accounts also assumed the corresponding tax reporting for that specific redemption.

The primary reason for this change in practice is due to the impracticalities of retaining the former recommended practice. Because the cost basis reporting must accompany gross proceeds reporting, retaining the former recommended practice would require coordinated and/or dual tax lot tracking by firms and funds. Extensive and costly enhancements would be required for Fund/SERV® identification of specific lot transactions, which given the low volumes of these types of transactions, is not warranted or supported by industry participants.

As a result of this change, some fund companies, and many broker/dealers, will no longer allow these transactions as of January 1, 2012. However, broker/dealers may still initiate redemption activity against a fund-controlled account. Cost Basis lot depletion will be driven by the shareholder's elected calculation method on the fund account, or in the absence of an affirmative election, the fund's default cost basis calculation method. Funds will report the gross proceeds and corresponding cost basis information for such transactions.

The white paper entitled, "Firm-Initiated Fund/SERV® Redemptions on Fund-Controlled Accounts" is provided in [Appendix B](#) of this document. The white paper provides detailed information on the basis for this recommended practice and identifies areas where reporting brokers should review and remediate operational and legal arrangements that may be impacted by implementing the new recommended practice. Broker/Dealers and fund companies are encouraged to confirm each others' preferred policies, prior to January 1, 2012.

2. *How do I know if an entity is participating in CBRS?*

DTCC CBRS participants are identified on the daily Cost Basis User Master File. The Cost Basis User Master File can be received electronically on a daily basis. For further details, please refer to the Master File record layouts available at <http://www.dtcc.com/products/documentation/cs/cbrs.php>. Please note that participants may appear under their brokerage name or under their clearing firm's name.

3. *How should firms and mutual funds adjust for an unfulfilled Letter of Intent (LOI) or CDSC Fee Reversal when an account is to be transferred?*

The recommended practice is to cancel and rebook the original trade(s) at the adjusted price per share before an account is transferred. Such action is needed to make sure basis at the tax lot level is calculated properly, which is critical for accurate basis reporting. Reporting brokers should be aware this course of action could trigger corrected 1099-B reporting, if applicable.

4. *When transferring an account in which a redemption or sale has occurred and the average cost basis method was used, does the delivering broker need to communicate this fact to the receiving broker?*

Reporting that the average cost basis method was used is not necessary. However, if a sale has occurred, the transfer statement should list each lot separately with their associated acquisition dates, and the adjusted cost basis for each lot should reflect the average cost of the position. Tax lots under the average cost method that are held for more than five years may be rolled up into a single tax lot with an acquisition date of "VARIOUS". This is noted in the CBRS layouts through use of the Acquisition Date of '19010101.'

5. *When transferring an account to a new position at another broker with an identical or like account registration in which the average cost method has been used and a redemption or sale has NOT occurred, what lot data should be sent to the delivering broker?*

The mutual fund industry has asked the IRS and Treasury for relief from the prospective-only change from average cost when it is the broker's default method, so that funds and firms may allow their customers to choose any method for all fund shares in an account, until the first redemption, regardless of the default method. Unless such relief is granted, however, delivering firms that have elected average cost as their basis default method should move the adjusted average cost basis for the individual lots for both full and partial transfers.

Where the shareholder has affirmatively elected average cost and is still within the revocation period, there are differing views in the industry as to whether a transfer of like or identical registration between reporting brokers constitutes a "disposition of shares" as defined in the IRS regulations. Many believe that this scenario is not a disposition of shares and thus the change in reporting broker does not end the revocation period. Therefore, the transfer statement may include the adjusted cost basis for each individual share lot. Passing individual lot data versus average cost provides the greatest degree of flexibility to the shareholder in declaring a basis method for future redemptions in the new account.

Others view these types of transfers as a "disposition of shares," which would require the delivering broker to value all covered shares at the average cost on the date of disposition upon transfer to the new reporting broker. Because of these differing views, reporting brokers should consult with their legal and compliance advisors to determine what should be reported for these types of transfers.

Special considerations for average cost and the impact on transfers are discussed more fully in Section 3 of the guide.

6. How does a Return of Capital or other corporate action event affect transfer statements previously sent?

Delivering reporting brokers are required to provide receiving reporting brokers with corrected transfer statements for covered securities accounting for any corporate action events that are announced after the transfer but are effective as of a date the shares were on the delivering reporting broker's books. If such shares have been transferred after the corporate action, but before the account's shares were adjusted, a corrected transfer reporting statement with adjusted cost basis information must be sent to the receiving reporting broker.

7. What is the recommended practice for recording corrected tax lots on shares previously transferred through CBRS that have been impacted by a Return of Capital?

Once the delivering reporting broker has completed the correction described in Question 6, corrected CBRS lots must be sent. Since the CBRS Asset Record must equal the CBRS Tax Lot Record, all of the lots will be resent on the corrected transfer records. Each lot bears a designation whether it is comprised of original or corrected data. Affected lots should be updated for the Return of Capital adjustment where applicable. The CBRS record does not note the specific reason why the tax lot has been corrected because it is not required to be noted on a transfer reporting statement.

8. If a co-owner of a joint account dies, is the account considered inherited? Does an adjustment need to occur to step up the basis for the joint ownership portion of the account, or is the joint owner removed from the account as a right of survivorship?

The answer to this question will depend on state law and the type of joint account, both subject to the legal interpretation of the reporting broker. In general, the basis for the shares attributable to the decedent should be stepped-up. The regulations do state that if the transferor cannot identify which securities in a joint account have been transferred from the decedent, then the transferor must treat each security in the account as if it were noncovered.

9. What happens if a reporting broker doesn't send a transfer reporting statement with cost basis information for a taxable account?

On taxable accounts, a transferor must furnish a transfer statement within fifteen (15) days after the date of settlement of the transfer of the covered shares. If a transfer statement is not received within 15 days, the receiving reporting broker must notify the transferor that it did not receive a transfer statement and

request that such a statement be sent. If no transfer statement is provided after this request, the regulations permit the receiving reporting broker to treat the shares as “noncovered” on their records and for 1099-B reporting purposes.

The regulations provide that brokers and transferors must correct their Form 1099-B and/or transfer statements to account for late or corrected transfer statements or issuer reports. Thus, if the delivering reporting broker later provides the basis information within eighteen (18) months of the settlement date, the receiving reporting broker must accept it and adjust the basis of the shares accordingly. If the receiving broker no longer holds the shares, due to subsequent transfer to another reporting broker, such updated basis information will require the receiving broker – in their role as delivering broker in the subsequent transfer – to send a corrected transfer statement to the receiving broker for the subsequent transfer. If the shares have already been disposed of, the receiving reporting broker(s) must send a corrected Form 1099-B, subject to the three (3) year limitation on Form 1099-B corrections.

10. If a transfer reporting statement is not received from the delivering reporting broker, who can the receiving reporting broker contact through CBRS regarding the missing transfer reporting statement?

Delivering reporting brokers have up to 15 calendar days to deliver their transfer statement to the receiving reporting broker. If the delivering reporting broker that fails to send the transfer statement is enrolled in CBRS, the receiving reporting broker will be able to locate them on the Cost Basis User Master File (a daily file including details on all firms enrolled in the service). CBRS has the ability for a receiving reporting broker to request a transfer statement of the delivering reporting broker, referencing the specific transaction.

If one firm uses CBRS, and the other does not, then a follow-up request for a transfer reporting statement must be handled manually (outside of CBRS).

11. How will a firm convey that transferred shares were gifted or inherited shares on CBRS transfer reporting record layouts?

For firms using CBRS, there is an “indicator” field that can be populated to show whether a tax lot is gifted, inherited, or inherited, then gifted. For firms not using CBRS, the presentment of the information will differ depending on the format of the manual transfer statement.

12. When an original acquisition date is not available on a lot being transferred, what date should be provided for the lot?

Covered tax lots, in the context of mutual funds, will always have an acquisition date and cost basis, so this situation will only occur for noncovered tax lots. If a transfer statement with covered tax lots does not include acquisition dates on those tax lot(s), the transfer statement will be rejected by CBRS as an “incomplete” transfer statement.

CBRS does support the delivery of transfer statements including noncovered shares with a 'blank' acquisition date. The recommended practice is not to reject transfer statements where original acquisition dates are 'blank' or not provided on noncovered tax lots. Such lots will typically have a zero ("0") or unknown cost basis. Because the IRS requires that, absent shareholder instructions, all noncovered shares with unknown acquisition dates should be removed from an account first, it is important to clearly distinguish between truly unknown acquisition dates on noncovered shares versus noncovered shares with known acquisition dates.

13. What is the recommended practice for transferring gifted mutual fund shares?

Gifted share transfer statements require that the cost basis information transferred include both the fair market value on the date of the gift, and the carryover basis on the applicable tax lots. The CBRS record layouts allow participants to transfer the required information in these situations.

There are special considerations for transferring gifted shares. For instance, average cost cannot be used if the shares are gifted at a loss. For gifted shares in this situation to be valued at average cost by the receiving reporting broker, an authorized individual associated with the account receiving the gifted shares must indicate, prior to or at transfer, that they will accept the fair market value—and not the donee's carryover basis—for the shares in question.

The final IRS regulations governing transfer statements require that all transfers should be reported as gifts, if the reason for the transfer is not clear.

14. Who is responsible for tracking and reporting cost basis information on NSCC Matrix Level 3 and Trust Networked Level 0 accounts?

Firms (broker/dealers) are responsible for tax reporting on Matrix Level 3 accounts and Bank Trusts are responsible for tax reporting on Trust Networked Level 0 accounts, per NSCC's rules governing the NSCC Networking account matrix levels. The Firm or Trust is also responsible for tracking and administering cost basis reporting on behalf of their customers.

15. Are reporting brokers permitted to accept shareowner provided basis information on covered shares, including shares transferred to a new firm?

Reporting brokers are permitted, but not required, to take into account customer requests for changes to cost basis on covered securities unless they know or have reason to know that the customer-provided information is incorrect. Firms should evaluate shareholder requests to change cost basis information on covered shares on a case-by-case basis, including the origin of the customer-provided data.

In addition, delivering reporting brokers may also transfer customer-provided basis information for covered shares on CBRS tax lots (which will be flagged as such). The cost basis regulations require that unless the broker knows or has reason to know that the information reported by the delivering reporting

broker is incorrect or incomplete, it must accept the basis information that is supplied on the transfer statement.

16. What procedures and system controls does the Fund have in place for Networking level account changes, or Networking dealer changes on broker-controlled accounts?

Both of these types of changes affect who is responsible for cost basis tracking/reporting. The recommended practice for accounts changing networking levels (which move to/from direct-at-fund administration or broker-to-broker) is to create a Networking B50 new account with the appropriate matrix level and to execute a Networking B52 transfer. Cost basis information can be submitted through CBRS as a result of the transaction.

Recommended industry practice is for funds to not accept Networking B51 maintenance records that attempt to change networking matrix level / tax reporting responsibility between fund and firm control, in lieu of a Networking B50 new account / Networking B52 transfer process. Funds and their service providers are modifying systems to implement this practice, either through rejection of the Networking B51 maintenance to matrix level change, or by converting the Networking B51 matrix level change request into a Networking-like new account and transfer transaction.

Change of dealer functions through Networking will require the contra-parties to the transfer of the broker-controlled positions (Matrix Levels 3, 1, and Trust-Networked Level 0) to transfer the cost basis information for affected shareholders as a result of such transactions. This cost basis transfer reporting can be facilitated through CBRS. Changes of dealers that remain fund-controlled positions (Matrix Levels 4, 2, and non-networked Level 0 accounts) have no cost basis transfer reporting impact.

No systematic enhancements will be developed by DTCC to monitor transfer reporting of these types of transactions.

17. Should cost basis be requested and/or passed on a transfer of fund shares that occurs prior to the compliance date for mutual funds of January 1, 2012?

Since the regulations require transfer reporting for mutual fund shares acquired beginning January 1, 2012, many mutual funds, brokers and banks will not be prepared to provide or accept transfer reporting of cost basis information for fund shareholders until later in 2011 for testing purposes. Reporting brokers are developing or modifying their systems to comply with the new requirements for mutual fund securities in 2011. Please refer to the DTCC CBRS User Master File to determine if a DTCC participant is eligible to use CBRS for transfer reporting.

With regard to cost basis requests, data is not required to be passed until the effective date of January 1, 2012. However, when a participant indicates on the DTCC CBRS User Master File that it is eligible to use CBRS (even if for testing purposes only), it is the receiving broker's discretion to request basis information for any transfers that occur prior to the effective date for mutual funds. Note that the Annotated CBRS

record layouts offer an industry recommended practice to not submit a CBRS **Record Content Indicator** of **04 = Request** prior to the mutual fund compliance date of January 1, 2012.

18. How does a firm or fund receive cost basis data for a manual transfer?

Utilization of CBRS is an industry recommended practice, which will ensure the seamless and timely transfer of cost basis information to receiving reporting brokers. CBRS has provisions for identifiers related to manual transfers (such as a mutual fund transfer that happens outside of ACATS-Fund/SERV or Networking), to facilitate an automated exchange of cost basis information for these transaction types. Please refer to DTCC's CBRS User Guide for additional details.

Reporting brokers must be prepared to accept completed manual transfer statements provided by a transferor. But, there are many challenges with manual statements, including whether the delivering reporting broker can correctly identify who to send the transfer statement to at a receiving reporting broker, and whether the receiving reporting broker has procedures to redirect transfer statements that have been sent to incorrect locations. Manual delivery of the applicable information will be costly to input into basis reporting systems, and in many cases, will significantly delay the availability of cost basis information for receiving reporting brokers.

However, through its "WebDirect" service, DTCC offers a product whereby manual transfer reporting of cost basis information may also be processed through CBRS. The cost basis transfer statement information can be manually input or uploaded into CBRS through a standardized layout and systematically transferred to receiving reporting brokers, or received from a delivering reporting broker in a download to Microsoft Excel™ format. WebDirect input and output has no impact on how CBRS routes and reports information to contra-parties; the contra-party can either use a transmission-based (automated computer-to-computer) connection, or WebDirect.

Please visit http://www.dtcc.com/products/cs/equities_clearance/cbrs.php for more details on the WebDirect service for automating manual transfers of cost basis information.

Appendix A: Resource Reference Materials

A1 INTERNAL REVENUE CODE & IRS INFORMATION

[Section 1012 – Basis of Property – Cost](#)

[Section 6045 – Returns of Brokers](#)

[Section 6045A – Information Required in Connection with Transfers of Covered Securities to Brokers](#)

[Section 6045B – Returns Relating to Actions Affecting Basis of Specified Securities](#)

[IRS's Cost Basis Reporting Overview and FAQs](#)

A2 IRS PRESS RELEASE

IRS Issues Final Regulations on New Basis Reporting Requirements:

<http://www.irs.gov/newsroom/article/0,,id=228907,00.html>

A3 IRS FORMS

[Form 1099-B](#)

[Form 1099-B Instructions](#)

[Form W-9](#)

[Form W-9 Instructions](#)

A4 WHITE PAPER

The ICI BDAC CBR Task Force has developed a white paper that contains recommended practices for firm-initiated Fund/SERV[®] redemptions on fund-controlled accounts. See [Appendix B](#) for BEST PRACTICES: Firm-Initiated Fund/SERV[®] Redemptions on Fund-Controlled Accounts.

A5 INFORMATION ON DTCC'S COST BASIS REPORTING SERVICE (CBRS)

Detailed information on CBRS may be found on DTCC's website at:

http://www.dtcc.com/products/cs/equities_clearance/cbrs.php

The website contains links to DTCC's CBRS User Guide, record layouts, New Account Forms and Instructions, Important Notices, and Frequently Asked Questions (FAQs) on CBRS including information about new account set up, data input and output, and testing.

Appendix B: White Paper – Recommended Practices for Firm-Initiated Fund/SERV® Redemptions on Fund-Controlled Accounts

B1 ICI WHITE PAPER

This section contains a facsimile of the white paper produced by the Investment Company Institute (ICI), authored by the ICI Broker/Dealer Advisory Committee Cost Basis Reporting task force and published on June 30, 2010.

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This Best Practices Guide (this "Guide") was produced by the Investment Company Institute, through a Task Force of its Broker/Dealer Advisory Committee, and is reproduced here with the permission of the Depository Trust & Clearing Corporation ("DTCC").

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**BEST PRACTICES:
Firm-Initiated Fund/SERV Redemptions
on Fund-Controlled Accounts**

Date: June 30, 2010
Author: ICI Broker/Dealer Advisory Committee
Cost Basis Reporting Task Force

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1 Introduction

In response to the "Energy Improvement and Extension Act of 2008" that mandates basis reporting for mutual funds beginning with shares acquired on or after January 1, 2012, the Investment Company Institute ("ICI") Broker/Dealer Advisory Committee ("BDAC") Cost Basis Reporting Task Force ("The Task Force") is recommending the following change to current industry best practice:

- ◆ **All required tax reporting completed on "fund controlled" mutual fund accounts shall become the responsibility of the fund as of January 1, 2012.**

For the purpose of this document, fund controlled accounts are defined as those accounts held on the books of the fund either without a corresponding National Securities Clearing Corporation ("NSCC") Networking matrix level ("level 0" or "non-networked") or with a Networking matrix level 4 ("fund controlled"). This recommendation excludes any accounts "Trust Networked."

This change is an alteration of current and widely-adopted best practice for redemptions (liquidations) and exchanges affected by the broker/dealer through the NSCC Fund/SERV platform. The change stems from a number of important operational considerations as the result of the basis reporting mandate for both funds and broker/dealers beginning in 2012.

The following briefly describes the current best practice, outlines the nature of the change and highlights the operational challenges necessitating the new recommended best practice.

2 Background

Networking is an automated, centralized record-keeping system through which all customer account activities can be exchanged and reconciled by participants¹. The service provides accurate, timely updates in a controlled environment allowing participants to generate consolidated statements with the most current and accurate information available. A standard format uniformly reports account positions, activity and dividend information, as well as registration updates between fund companies, or their transfer agents, and intermediary firms. Dividends and capital gains may be settled through NSCC's net settlement option.

Participants choose 1 of 5 types of reporting options, based on the structure of their business and reporting responsibilities. Although Networking does not require Fund/SERV participation, the 2 services work best when used together.

Firms select the level of reporting controls for each type of account.

- ◆ Level 1: The broker/dealer handles all client communications, with the exception of tax reporting, which is handled by the fund company. Clients have limited direct shareholder privileges that **do not** include the ability to affect redemptions on their account.
- ◆ Level 2: The broker/dealer handles all client communications and confirmations. Tax reporting is handled by the fund. Clients have full shareholder privileges directly with the investment company.

¹ Shareholder reporting responsibilities for Networking matrix levels are detailed in the DTCC Networking Technical Manual, which is located under Wealth Management in the participants section at www.dtcc.com.

- ◆ Level 3: The broker/dealer handles all communications with the client. Clients have no privileges directly with the fund company.
- ◆ Level 4: The fund handles all client communications. Clients have full shareholder privileges directly with the fund, or can manage transactions directly through the broker. The broker/dealer can process orders and is informed by the fund of all customer account record changes.
- ◆ Level 0: Indicates either a non-networked account, an account held directly at the fund, or a trust account when a trust company and a broker/dealer share an account. This dual account allows both parties to share information with the trust maintaining fiduciary responsibility for the account. For accounts held as Level 0 but containing a trust identifier ("trust networked"), the trust company maintains all tax reporting responsibilities.

In reality, very few accounts remain at either Levels 1 or 2. The accounts that remain, if any, at Level 1 are almost exclusively broker/dealer IRA prototype accounts and, as such, are not subject to the new basis reporting requirements. Those held at Level 2 are primarily the clients of one broker/dealer firm who maintains responsibility for all tax reporting.²

IRS regulations in Section 6045 (gross proceeds and basis reporting) define a "broker" as "any person...that, in the ordinary course of a trade or business during the calendar year, stands ready to effect sales to be made by others." The regulations go on to say that the following persons generally are "brokers" within the meaning of that definition: a mutual fund, an underwriter of the mutual fund, or an agent for the mutual fund, any of which stands ready to redeem or repurchase shares in such mutual fund. In the case of multiple brokers with respect to a redemption of stock or retirement of securities, only the broker responsible for paying the holder redeemed or retired, or crediting the gross proceeds on the sale to that holder's account, is required to report the sale. Therefore, both funds and broker/dealers, or their tax reporting agents, can be considered "brokers" for IRS reporting purposes on redemptions effected by the broker/dealer through Fund/SERV on fund controlled or non-networked accounts.

For non-retirement accounts, redemption tax reporting is completed on Form 1099-B. Prior to the basis reporting mandate beginning in 2012, the information required on Form 1099-B is limited to; a description of the transaction, its effective date, and the gross/net proceeds (including any tax withholding required).

Since 1992, mutual funds and their distribution partners have operated under a best practice regarding tax reporting responsibilities for redemptions. In short, the initiator of a Fund/SERV redemption or exchange transaction, who is also responsible for extending payment to the account holder, assumes the tax reporting responsibilities for such transactions³. Tax reporting for all other transactions – including redemptions initiated directly with the fund – has remained the responsibility of the fund.

As with any best practice, it is unclear how funds and broker/dealers have formalized these arrangements. Examples might include an informal agreement in place through standard operating procedure (as established through the DTCC Networking Technical Manual), or a more formalized part of a selling group agreement or bi-lateral networking participation contract.

² However, if there are existing networking arrangements for Level 1 and Level 2 accounts, where direct liquidations at the fund are allowed, all required tax reporting should also become the responsibility of the fund as of January 1, 2012.

³ See attached ICI Memo Dated 10.01.1992: "Responsibility of 1099-B Tax Reporting for NSCC Fund/SERV Exchange Transactions," authored by Donald J. Boteler.

3 Estimated Volumes

During the fall of 2009, large mutual fund service providers and fund families operating proprietary mutual fund transfer agent platforms compared the number of Fund/SERV redemptions – in taxable, fund controlled accounts – initiated by a broker/dealer with the total number of Fund/SERV redemptions processed during the same sampling period. The results indicated that less than .50% of the total Fund/SERV redemptions would be impacted by this change to best practice. In other words, less than 5 out of every 1,000 applicable Fund/SERV redemptions would represent a change in tax reporting responsibility from the broker/dealer to the fund.

4 The 2012 Operational Challenges to the Tax Reporting Best Practice

Mandatory basis reporting beginning in 2012 results in a number of operational changes for both funds and broker/dealers in order to meet their compliance obligations with respect to shareholder and IRS 1099-B reporting. Many of these changes present challenges that will not easily be resolved and ultimately prohibit the continuation of the current best practice as previously described. For example:

◆ Tax Lot Tracking

Broker/dealers, generally, will not have the necessary purchase lot detail in which to accurately report the basis when those shares are redeemed. Whereas current tax law only requires the reporting of gross proceeds on the 1099-B, beginning with shares acquired in 2012 and beyond, the reporting entity will also have to include the basis for those shares when redeemed. Such information must be tracked at the tax lot level and then be accessible for calculating any resulting gain or loss when a 1099-B reportable redemption (or exchange) is processed.

For fund controlled and non-Networked accounts, broker/dealers do not carry basis information on their tax reporting systems as these positions – if presented at all – are typically held “below the line” for customer informational purposes only. As such, broker/dealers are not in a position to support the basis reporting requirements because the fund, as primary record-keeper, is the entity maintaining the necessary basis information. In other words, broker/dealers simply do not have the data necessary to perform the reporting once the basis legislation takes effect in 2012.

The current Networking system provides funds and broker/dealers a standardized format in which to report account positions, activity and dividend information, as well as registration updates between fund companies and broker/dealers. It does not, however, currently support the transference of tax lot information for basis reporting purposes, and the effort required to do such would be nothing short of “herculean” given both the magnitude of the project and the short window in which funds and broker/dealers have been given to comply.

◆ Tax Lot Access

Even if willing/able to undertake the effort of enhancing Networking to support the current best practice, both funds and broker/dealers would still be challenged to accurately track basis information for fund controlled and non-Networked accounts because the tax lots would have to remain in sync as both parties may effect redemptions within the same account.

For example, a shareholder may redeem on multiple occasions throughout the year and may choose to effect those transactions either directly with the fund or with the broker/dealer. In that scenario, both parties would be responsible for producing a 1099-B, with the appropriate basis information, given the

current best practice. If the basis information is not in sync and if both the fund and broker/dealer do not coordinate their tax reporting responsibilities for the shareholder, it is possible for both parties to produce an incorrect 1099-B resulting in customer service issues and, potentially, penalties from the IRS.

Again, no system currently exists that allows funds and broker/dealers to exchange, keep in sync, and reconcile basis information. Even if developed, it is hard to contemplate how funds and broker/dealers could use such a platform to coordinate their tax reporting responsibilities for shareholders who redeem both directly with the fund and through their broker/dealer via Fund/SERV.

◆ Specific Identification Exponentially Increases Complexity and Cost

At a minimum, funds and broker/dealers are compelled by the basis reporting legislation to support the 3 basis calculation methods stated in the tax code: First In, First Out ("FIFO"), Average Cost, and Specific Lot ID. Existing tax law requires the taxpayer to declare, at the time of the redemption, their intention to use specific ID for basis reporting purposes.

As stated previously, no facility currently exists that allows funds and broker/dealers to exchange and reconcile basis information. Additionally, the Fund/SERV Order Record ("001") does not currently contemplate a basis reporting mandate. The effort to support the specific ID basis reporting method under the current best practice would not only require the development of a tax lot exchange facility, it would also require a major rewrite of the Fund/SERV order process as well. The Fund/SERV order process is used for both purchases and redemptions and a major rewrite would put all activity that flows through the system at risk for the sake of a very, very small percentage of the overall total. It is highly unlikely, if not impossible, for any rewrite of the Fund/SERV order process to be complete prior to the basis reporting mandate beginning in 2012.

5 Recommendations and Next Steps

◆ Adoption of the Updated Best Practice for Tax Reporting

As stated previously, the Task Force recommends that all required tax reporting completed on fund controlled and non-Networked accounts become the responsibility of the fund, effective January 1, 2012.

For redemptions effected by the broker/dealer via Fund/SERV on fund controlled and non-Networked accounts, the fund or shareholder's default basis method will be utilized in determining the cost basis. A determination will be made as to whether the Fund/SERV and/or Networking systems need modification to include the default basis method used by the fund. This information may be needed by broker/dealers for compliance, shareholder servicing and/or statement purposes.

Fund controlled and non-Networked shareholders that want to specifically ID shares for tax reporting purposes when redeeming will need to contact the fund directly for those requests.

Given the complexity and significance of the effort, no system changes to either Fund/SERV or Networking are currently being contemplated to support the current best practice, and funds and broker/dealers wishing to maintain the status quo will need to create a process outside of DTCC in order to comply with the new basis reporting mandate.

The Networking Technical Manual – Shareholder Reporting Matrix will be updated to reflect that the fund, and not the broker/dealer, will be responsible for 1099-B tax reporting on redemptions effected by the broker/dealer via Fund/SERV for fund controlled and non-Networked accounts.

◆ Consideration of Additional Operational Best Practices

The Task Force is presently working, in conjunction with DTCC and other financial services industry parties, on a series of operational best practices supporting basis reporting. Some recommendations may provide additional guidance regarding the servicing of broker/dealer initiated redemptions on fund controlled and non-Networked accounts.

6 Other Considerations

As with all changes to business practice, there are a number of considerations that must be evaluated:

◆ Cost/Benefit Analysis and Risk Assessment

Funds and broker/dealers may need to complete a cost/benefit and risk analysis on continuing the current best practice v. adopting the new recommended best practice. Some things to consider might include:

- Do funds take on additional risk by completing tax reporting on transactions that it did not initiate?
- Is that risk considerable given the volume of transaction that would be impacted?
- Does the cost to maintain the current best practice outweigh the risk of adopting the new recommended best practice?
- Are both parties exposing themselves to customer service issues by adopting the new recommended best practice?

◆ Review How the Current Best Practice for Tax Reporting is Supported

As previously stated, it is possible that the tax reporting responsibility in the "Background" section of this document may be prescribed in contracts between funds and broker/dealers and, as such, an amendment to agreement language may be required.

Regardless of the legal aspects of this recommended change, any change to process should be discussed and reviewed between funds and their broker/dealer partners to ensure that all shareholders receive accurate, timely and complete tax reporting.

◆ Review with Service Providers

Funds and broker/dealers should discuss this recommended best practice change with their service provider(s) to ensure that all parties understand what, if any, system changes may be necessary.

B2 INVESTMENT COMPANY INSTITUTE MEMORANDUM

The following two pages contain a facsimile of the original memorandum from ICI, dated October 1, 1992.



MEMORANDUM
INVESTMENT COMPANY INSTITUTE

October 1, 1992

TO: MEMBERS - ONE PER COMPLEX NO. 32-92
OPERATIONS MEMBERS NO. 34-92
TAX MEMBERS NO. 61-92
SMALL FUNDS MEMBERS NO. 19-92
BROKER/DEALER ADVISORY COMMITTEE NO. 30-92
INSURANCE BROKER-DEALER ADVISORY COMMITTEE NO. 14-92
BANK BROKER/DEALER ADVISORY COMMITTEE NO. 7-92
TRANSFER AGENT ADVISORY COMMITTEE NO. 54-92

RE: RESPONSIBILITY FOR 1099B TAX REPORTING FOR NSCC FUND/SERV
EXCHANGE TRANSACTIONS

Following the January 1992 tax reporting season, the Institute became aware that no standard procedure exists for determining whether the broker or the fund is to report gross proceeds on IRS Form 1099B when a shareholder exchanges shares in Fund A for shares in Fund B through the NSCC's Fund/SERV system. Rather than leave the situation as is, with funds and brokers contacting each other to determine who will report on Form 1099B, the Institute's Broker Dealer Advisory Committee^{1/} placed this issue on its agenda with a view toward ensuring uniform reporting practices. A survey of all of the fund and broker Fund/SERV participants showed that more broker/dealers than funds had assumed this responsibility in the past.

Accordingly, the Broker/Dealer Advisory Committee agreed that, beginning with the January 1993 tax reporting season and thereafter, broker/dealers (and other intermediaries) will be responsible for 1099B reporting to clients for the sell side of Fund/SERV exchange transactions. This reporting convention will be consistent with the usual 1099B tax reporting by broker/dealers for normal wire order redemptions, whether processed through Fund/SERV or not.

^{1/}The Broker/Dealer Advisory Committee consists of senior operations executives of mutual funds and broker/dealers and serves as a steering committee for the ongoing development of Fund/SERV, NETWORKING, and other NSCC mutual fund services.

-2-

In view of the agreement of the Broker/Dealer Advisory Committee, the Institute urges all broker Fund/SERV participants to assume (or continue to assume) the Form 1099B reporting responsibility for Fund/SERV exchange transactions. Given the importance of Form 1099B tax reporting to fund shareholders, it is imperative that Fund/SERV users understand the ramifications of this agreement. We recommend that funds and brokers confirm with each other their understanding of this matter and their procedures with respect to this tax reporting obligation as soon as reasonably possible and certainly in advance of the January 1993 tax reporting season.

If anyone has any comments on the foregoing or believes there are matters related to the foregoing that should be brought to the Institute's attention, please contact me either in writing at the Institute or by telephone at 202/955-3552.

Donald J. Boteler
Assistant Vice President -
Operations

Appendix C: Glossary

Term	Definition
Average Cost	<p>A calculation methodology which combines the cost of all shares within the account to compute an average cost per share.</p> <p>Average cost can be applied as either an affirmative election by the shareholder or as the reporting broker's default method. Regardless of how applied, an election by the shareholder to switch to any other reporting method is required in writing. Shareholders may revoke an average cost election for up to 1 year or until the time of the first redemption. Reporting brokers have the option to extend the revocation period for longer than 1 year but cannot extend it past the date of the first redemption. A revocation of average cost will "unwind" the average cost election and restore the individual basis of the lots in an account. If the revocation period is expired, a shareholder may request a change in their basis method prospectively. In addition, under the current regulation shareholders utilizing the broker's default method of the average cost method can only change their basis method prospectively. (Note: the industry has requested that this requirement be changed.)</p> <p>Prior to the mandatory cost basis reporting requirement average cost served as the default cost basis calculation methodology for most mutual fund companies.</p>
Acquisition Date	<p>The date shares were acquired by the shareholder. In most instances, the acquisition date will be the same as the trade date of the purchase. However, there may be occasion when the purchase date is not known. When this occurs, although the acquisition date may be defaulted to the date on which the shares were received in the account, the actual acquisition date must be treated as unknown. The IRS has special depletion guidelines for shares with unknown acquisition dates.</p>
Basis or Cost Basis	<p>The original and/or adjusted cost of shares acquired by a shareholder, used for calculating a gain or loss when shares are redeemed.</p> <p>The original basis of mutual fund shares depends on how the shares were acquired. The original basis for shares that were purchased or acquired through reinvestment of a dividend is generally the original cost of the shares. If the mutual fund has had distributions that were identified as a return of capital, then basis would be adjusted by the amount of capital that was returned to the shareholder. This basis would be referred to as an adjusted basis. Shares acquired through inheritance will generally have the market value of the shares on or around date of death as the adjusted cost basis. Shares acquired as gift will generally retain the adjusted cost basis of the donor.</p>
Bifurcated Account	<p>A cost basis accounting method that uses two pools of shares in the same account. One pool is for "covered" shares and one pool is for "noncovered" shares. (See "Covered" and "Noncovered" Shares)</p>
Broker or Reporting Broker	<p>The tax reporting responsible party. Where cost basis is concerned, the "broker" may be the broker/dealer or bank intermediary and/or the mutual fund transfer agent.</p>

Cost Basis Reporting Service - Supplemental User Guide for Mutual Funds

Term	Definition
Broker-to-Broker Transfer	<p>Transfers that occur between reporting brokers that may or may not include a change in beneficial ownership. Transfers require the sending ("delivering") broker to provide basis information (see "Transfer Statement") to the "receiving" broker within 15 days of the transfer. Transfers between reporting brokers are generally the result of the following:</p> <ol style="list-style-type: none"> 1. The shareholder holds shares direct with the fund transfer agent and instead decides to hold those same shares as part of a brokerage account. 2. The shareholder holds shares as part of a brokerage account with a particular broker/dealer and instead decides to move their assets to a brokerage account with a different broker/dealer. This is the most common circumstance. 3. The shareholder holds shares as part of a brokerage account and instead decides to hold those same shares direct with the fund transfer agent.
Carry Over Basis	<p>When shares are gifted at a value greater than their adjusted cost basis (gifted as a gain), the cost basis moves intact with the transferred shares. This means the donor's basis transfers without adjustment (carries over) to the donee.</p>
Cost Basis Reporting System ("CBRS")	<p>A service offered by the Depository Trust Clearing Corporation ("DTCC")¹⁷ that provides for the passing of asset and tax lot level basis information. It is the preferred method for brokers to furnish transfer statements.</p>
Covered Shares	<p>Shares acquired after the effective date of the legislation (January 1, 2012 for mutual funds) and for which brokers have received basis information if the shares were transferred from another broker. Also this would include all shares in the account if the "Single Account" average cost reporting method is being used.</p> <p>Brokers are required to report cost basis information as prescribed on Form 1099-B in conjunction with the sale of covered shares.</p>
First-in, First-out (FIFO)	<p>One of the prescribed default basis calculation methodologies for reporting brokers. When using FIFO, the oldest available tax lots are depleted first when calculating gain/loss amounts.</p>
Gifted/Inherited Shares	<p>Shares that have been gifted to or inherited by the shareholder. When shares are gifted, both the donor's basis and the "fair market value" upon the date of the gift must be transferred to the recipient of the gift. The broker must maintain both numbers, as the donee's basis may depend on the fair market value of the shares upon a subsequent sale. Even if shares are gifted at a gain (the value of the shares is greater than the donor's basis), brokers must carry both the fair market value on the date of the gift and the donor's basis for future gain/loss determinations.</p> <p>The basis for inherited shares defaults to the "fair market value" of those shares on the date of death, unless an estate representative provides alternative basis information to the reporting broker.</p>

¹⁷ DTCC operates its businesses through several operating subsidiaries.

Cost Basis Reporting Service - Supplemental User Guide for Mutual Funds

Term	Definition
Highest Cost-in, First-out (HIFO)	A cost basis methodology that is a form of Specific ID, in which shares are depleted in the order of highest acquisition cost to lowest acquisition cost, regardless of how long they have been held in the account.
Highest Long-Term Cost-in, First-out (HIFO - Long Term)	A cost basis methodology that is a form of Specific ID, in which shares are depleted in the order of highest acquisition cost to lowest acquisition cost, giving first priority to those shares held in the account for at least 1 year.
Highest Short-Term Cost-in, First-out (HIFO - Short Term)	A cost basis methodology that is a form of specific ID, in which shares are depleted in the order of highest acquisition cost to lowest acquisition cost, giving first priority to those shares held in the account for less than 1 year.
"In-kind" Transfer to "Like" Registration	Transfers that occur between reporting brokers where there is no change in the beneficial ownership (or "customer") of the shares moved. An in-kind transfer occurs between two reporting brokers where shares are moved from one account to another account with a "like" or identical registration (transfer from broker to broker without change in beneficial ownership).
Load Basis Deferral	The load or commission on the purchase of mutual fund shares is normally included in the adjusted basis of the shares purchased. Most mutual funds that have a front-end commission will allow shareholders to exchange shares into other funds that have a similar commission structure without paying an additional commission. The IRS refers to this right to exchange to another fund without paying a commission as a reinvestment right. If a shareholder purchases shares in a mutual fund and acquires reinvestment rights, and then exchanges into another fund within 90 days by exercising their reinvestment right, then the shareholder will not be allowed to add the commission or load to the adjusted cost basis of the shares redeemed. The IRS Regulations specify that the commission should be deferred and added to the cost basis of the shares that were acquired by the exchange.
Lowest Cost-in, First-out (LOFO)	A cost basis methodology that is a form of Specific ID, in which shares are depleted in the order of lowest acquisition cost to highest acquisition cost, regardless of how long they have been held in the account.
Lowest Long-Term Cost-in, First-out (LOFO - Long Term)	A cost basis methodology that is a form of Specific ID, in which shares are depleted in the order of lowest acquisition cost to highest acquisition cost, giving first priority to those shares held in the account for at least 1 year.
Lowest Short-Term Cost-in, First-out (LOFO - Short Term)	A cost basis methodology that is a form of Specific ID, in which shares are depleted in the order of lowest acquisition cost to highest acquisition cost, giving first priority to those shares held in the account for less than 1 year.
Mutual Fund Agent	The mutual fund agent or "MF Agent" is represented as the firm on the National Securities Clearing Corporation ("NSCC") order that is the party acting on behalf of an underlying or introducing firm.

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Term	Definition
Noncovered Shares	Noncovered shares are any shares that are not "covered" shares, as defined by IRS cost basis reporting regulations. Noncovered shares include those acquired prior to the effective date of cost basis rules. Brokers are required to send transfer reporting statements for noncovered shares that otherwise are subject to 1099-B reporting. Brokers are only required to report "Gross Proceeds" on Form 1099-B in conjunction with the sale of noncovered shares.
Return of Capital	A distribution received by a shareholder that the mutual fund has concluded is not income, but instead is a return of a shareholder's capital investment. A return of capital differs from a sale in that the shareholder does not initiate the distribution. A return of capital occurs when a mutual fund determines, for any number of reasons, that distributions made to shareholders throughout the year have exceeded the earnings and profits of the mutual fund for that year. The shareholder's cost basis increases for all shares held as of the record date of the distribution characterized as a Return of Capital.
Revocation Period	The period in which a shareholder that has affirmatively elected the average cost method may revoke their election. The regulations state that the shareholder has either 12 months or until the first disposition of shares in which to revoke their average cost election. The regulations do allow reporting brokers to extend the revocation period for any length of time but, in no circumstance, can they extend it past the point in which the first disposition of shares occurs. If a shareholder revokes their average cost election during the period, the basis of stock to which the revocation applies is its basis before averaging.
Single Account Average Cost ("SAAC")	<p>The regulations provide that a single-account election only applies to accounts with the same ownership. A broker may elect to treat all shares in an account as covered in computing the average cost basis, regardless of when the shares were acquired. The broker may only elect to use the single account average cost basis method when:</p> <ol style="list-style-type: none"> 1. The shareholder has affirmatively elected in writing to use the average cost basis reporting method. 2. The broker does not know or have reason to know that the basis information it has for the account (for both covered and noncovered shares) is inaccurate. 3. The broker knows that the shareholder has NOT averaged the cost of shares within the account with the cost of shares held in the same fund in another account. <p>Once a single account election has been made by the broker, all shares in the account become "covered" shares. Once SAAC is implemented, it is irrevocable by the broker, but the shareholder may revoke their affirmative Average Cost election during the revocation period (see "Revocation Period"), which will unwind the SAAC election. Thus brokers must retain individual lot information for shares in an account for which the single account election is made until the revocation period for that account has ended. Shares that become covered shares only as a result of a single account election are no longer covered shares after the single account election is voided due to a revocation.</p>

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Term	Definition
<p>Specific Lot Identification or Specific ID</p>	<p>Specific lot identification is a cost basis reporting method, where the shareholder or their agent (if permissible) identifies the shares that will be disposed of for cost basis reporting purposes. When selling shares, the shareholder individually identifies a specific acquisition lot of shares in which to redeem. The basis used for gain/loss reporting is calculated by summing the adjusted cost basis of the lots specifically identified by the shareholder.</p> <p>Specific ID may also include the application of certain formulaic methods for identifying lots including:</p> <ul style="list-style-type: none"> • Highest Cost, First Out • Lowest Cost, First Out • Highest Cost Long-Term, First Out • Lowest Cost Long-Term, First Out • Highest Cost Short-Term, First Out • Lowest Cost Short-Term, First Out
<p>Stepped Up Basis</p>	<p>When shares are inherited, and the fair market value on date of death exceeds the adjusted cost basis of those shares, the cost basis of the transferred shares is adjusted ("stepped-up") to reflect the higher market value of the asset as of the date of death. This reduces the potential gain an heir may realize on the future sale of shares.</p>
<p>Transfer Statement</p>	<p>Reporting brokers are required to provide a "Transfer Statement" upon the movement of shares from one broker to another. The transfer statement must be provided by the delivering broker within 15 days of the transfer and, if not delivered, the receiving broker is compelled to make 1 follow up inquiry as to its receipt.</p> <p>Information required on the transfer statement includes:</p> <ul style="list-style-type: none"> • The date the statement is furnished; • Name, address and telephone number of person furnishing the statement and broker receiving custody of the security; • Name and account number of customer(s) (both transferring and receiving); • CUSIP number of the security transferred; • Date transfer was initiated and settlement date of transfer (if known); • Total adjusted basis of the security, original acquisition date, and, if applicable, any holding period adjustment required due to a wash sale. <p>Allowance is made in the regulations to allow brokers to agree to combine this information in any format or to use a code in place of one or more required items (e.g. use of NSCC Participant Numbers).</p>
<p>Wash Sales</p>	<p>If mutual fund shares are sold at a loss and within 30 days before or after that sale a subsequent purchase of substantially identical shares is made, then a wash sale is deemed to have occurred. Shareholders are not permitted to deduct losses as a result of a wash sale.</p>