

IMPORTANT NOTICE

DTCC Solutions LLC



#: CBRS002.10 * Revised 09/30/2010

Date: September 7, 2010

To: All current and prospective Cost Basis Reporting Service users

Attention: Managing Partner/Officer; Operations Partner/Officer; Manager, Customer Account Transfer Department; Manager, Margin Department; Manager, Data Processing Department; Manager, Mutual Funds Operations; Manager, Cashiers Department

From: Lydia Midwood

Subject: Updates on the Cost Basis Reporting Service Enhancement Project: User Testing; Product IDs for output files

DTCC plans to change the current Cost Basis Reporting Service (CBRS) to provide cost basis information to industry participants with respect to IRS regulations that go into effect on January 1, 2011. CBRS user testing is scheduled to begin on **September 13, 2010**. At this time, testing for the existing record layouts will no longer be supported. The enhanced CBRS system is scheduled to go live in production on **December 10, 2010**. The existing system will no longer be supported once the new system is in production.¹

This Notice discusses User Testing, and the product identification numbers for the various CBRS output files. **Please see DTCC Solutions Important Notice CBRS001.10, dated September 3, 2010, for details about the new account process. All firms, including users of the previous version of CBRS, must complete the CBRS new account forms to become eligible for the service in both testing and production.** The CBRS new account instructions and forms are located at the following link:

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

¹ Subject to approval from the U.S. Securities and Exchange Commission.

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User Testing

A firm must be an eligible CBRS user in order to be granted access to the testing environment. To be an eligible CBRS user, a firm needs to complete all the required CBRS new account forms and return them to DTCC. DTC Participants can expect to receive their new CBRS account in approximately three to five business days after DTCC has received the forms. All other firms are subject to additional compliance screening which extends the amount of time to establish a new account. In these cases, DTCC's Account Administration group will contact each firm as it moves through the approval process.

Once a firm establishes its CBRS account and connectivity to the system (either via computer to computer connection, WebDirect, or both), there are multiple resources available for users to test data input and output to CBRS.

Data Input

A firm can test data input by using three different counterparties: itself; test accounts, or a testing partner.

To test with itself, a firm uses its Firm Account Number from the Cost Basis User Master File (or CBRS User Account Number if it does not have a Firm Account Number) as both the Submitting Firm Number and Receiving Firm Number in the CBRS input record layouts (both Asset and Tax Lot records).

To test with a test account, a firm uses its Firm Account Number from the Cost Basis User Master File (or CBRS User Account Number if it does not have a Firm Account Number) as the Submitting Firm Number and a test account number as the Receiving Firm Number in the CBRS input record layouts (both Asset and Tax Lot records).

The CBRS test accounts are:

- DTC Participant: **00008608 DTCPRT**
- DTC Participant: **00008610 DTCPRT**
- Transfer Agent: **00036165 AGTNBR**
 - The test Transfer Agent account has two CUSIPs associated with it: **99999X037*** and **99999Z024**

To test with a testing partner, a firm can locate a partner firm from the list of eligible CBRS users on the Cost Basis User Master File. Once a firm has found a testing partner, it uses its Firm Account Number from the Cost Basis User Master File (or CBRS User Account Number if it does not have a Firm Account Number) as the Submitting Firm Number, and uses the testing partner's Firm Account Number (or CBRS User Account Number if it does not have a Firm Account Number) as the Receiving Firm Number in the CBRS input record layouts (both Asset and Tax Lot records).

* Revised 9/30/2010: The first test CUSIP is 99999X037 (was previously listed as 99999X101).

Data Output

CBRS transaction output and the Daily Deposit File for Transfer Agents are available by 9 PM ET. The Cost Basis User Master File is available by 11 PM ET. (See the CBRS User Guide on www.dtcc.com for a detailed description of CBRS processing and timing.) On the CBRS transaction output, a firm receives the records it submitted, and the records it received from a testing partner, if applicable.²

Details on the Daily Deposit File for Transfer Agents

When a Transfer Agent joins CBRS, it can request to receive the Daily Deposit File for Transfer Agents through DTF, by having signed on to the **DPCBRS** function using their M or N sign-on. Transfer agents will also be able to download this file through WebDirect.

DTCC will create two different versions of the Daily Deposit File in the testing environment. On Mondays, the contents of the file will be the data submitted to Production on the previous Friday. On Tuesday through Friday, the contents of the file will be the deposit transactions submitted through the testing environment over the course of the previous week, if any. Please note that in order for a deposit to appear on the file on Tuesday through Friday, a DTC participant must enter a deposit through the testing environment. A transfer agent should arrange to have a DTC participant testing partner enter deposits into the testing environment for a CUSIP or CUSIPs specific to that agent.

The following table illustrates the timing of the contents of the Daily Deposit file for testing:

For Production Data:					
	Monday	Tuesday	Wednesday	Thursday	Friday
Week 1	DTC Participants enter deposits into Production	DTC Participants enter deposits into Production	DTC Participants enter deposits into Production	DTC Participants enter deposits into Production	DTC Participants enter deposits into Production
Week 2	Deposits from the previous Friday (not the other four days in Week 1) are in the file	No production data in file	No production data in file	No production data in file	No production data in file
For Test Data:					
	Monday	Tuesday	Wednesday	Thursday	Friday
Week 1	DTC Participants enter transactions into Test	DTC Participants enter transactions into Test	DTC Participants enter transactions into Test	DTC Participants enter transactions into Test	DTC Participants enter transactions into Test
Week 2	No test data in file	File contains test data from all five days in Week 1	File contains test data from all five days in Week 1	File contains test data from all five days in Week 1	File contains test data from all five days in Week 1

² There is one situation when a firm does not receive a submitted record on the transaction output file. CBRS drops a transaction on the rare occasion when a submitter enters their firm number incorrectly, and CBRS does not recognize the submitter. In this case, CBRS rejects the record because the submitter is invalid. However, CBRS cannot return the record to the submitter because the incorrect submitter number does not match the submitter's actual number, so CBRS does not know where to return the record.

Canned Transaction Output File

Three versions of a canned transaction output file are available in the testing environment. A canned file contains static data that firms can use for testing. The canned output file serves as a sample of what CBRS transaction output looks like. The three versions correspond to the kind of firm receiving the file: there is one file for a broker-dealer, one for a transfer agent, and one for a bank. The contents of the different versions, such as the Transaction Types, vary based on the kind of receiver. **The product identification number for the canned files is 02990264.** When a firm subscribes to this canned file as a part of the new account set-up, it needs to indicate which version of the file it wants to receive: broker-dealer, transfer agent, or bank.

Product Identification Numbers

The table below contains a list of the various CBRS and CBRS-related files, and their file identification numbers, a/k/a product numbers.

File	Test Number	Production Number
Transaction Machine Readable Output (MRO)	02980264	02400264
Transaction Request WebDirect Download	02981663	02401663
Transaction End of Day (EOD) WebDirect Download	02981664	02401664
Cost Basis User Master File Machine Readable Output (MRO)	02981666	02561666
Cost Basis User Master File WebDirect Download	02981667	02561667
Daily Deposit File for Transfer Agents WebDirect Download	02981649	02401649

Additional Information

A copy of this Important Notice can be obtained from DTCC's website:

http://www.dtcc.com/products/documentation/cs/cbrs_notices.php

If you have questions regarding CBRS, please call the Customer Service Hotline at 888-382-2721, option 6, then option 7, then option 2.