CBRS Frequently Asked Questions
8/29/2019

Below is a list of Frequently Asked Questions about the Cost Basis Reporting Service (CBRS). For more information, please see the documents on the CBRS at DTCC's Learning website:

[Cost Basis Reporting Service (CBRS)](#)

For assistance with CBRS, please contact the Connectivity Activation & Production Support (CAPS) at 1-888-382-2721, option 5, and then option 3.

General Questions

- **What kinds of transactions does CBRS support?** CBRS supports the passage of cost basis on many different types of asset transfers, such as transfers through the Automated Customer Account Transfer Service (ACATS), Depository Trust Company (DTC) deliver orders (DOs), DTC deposits and withdrawals, and transfers through ACATS-Fund/SERV and Networking. Please see the input record layouts on the CBRS page of DTCC's website (address above) for a full list of CBRS-supported transfers.

- **Does CBRS support the passing of cost basis for both covered and noncovered securities?** Yes. The Tax Lot Input record includes a *Noncovered/Pending Indicator* that the submitter can use to indicate that a lot is noncovered. <u>If this field is left blank, the lot is considered covered.</u> Please see the record layouts for all the rules for this field.

- **Does CBRS support the passing of cost basis in currencies other than U.S. Dollars?** All cost fields in CBRS are denominated in US Dollars only. However, on the Tax Lot level, there are two fields—*ISO Currency Code* and *Exchange Rate*—that allow a submitter to tell the receiver that the submitter held the cost basis on its system in a different currency, and converted the cost basis to US Dollars to transfer it.

- **Does CBRS support the passing of cost basis on transactions that happen outside of DTCC?** Yes. For example, *Transaction Type 06 = Other Depository Deliveries* includes asset movements through the Fed, and Euroclear and other foreign depositories. There is also a transaction type for manual mutual fund transfers, *57 = Manual Mutual Fund Transfer.*

- **Is there a difference in system functionality depending on whether I use CBRS through a computer to computer connection, or over WebDirect?** CBRS has the same functionality regardless of the connection: you can perform the same tasks via WebDirect that you can perform via the computer to computer connection. You can input asset and tax lot records into CBRS via WebDirect, and you can get the output files (transactions, the Master File, and the Daily Deposit File for Transfer Agents) via WebDirect as well. When you set up your new account for CBRS, you need to specify which, or both, connection(s) you will

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use. You can upload data to CBRS using an Excel spreadsheet, and also download your output to Excel.

New Accounts. Please see the New Account Instructions on the CBRS web page for more information about the new account process.

http://www.dtcc.com/clearing-services/equities-clearing-services/cbrs/support/public-documents

- **Who at my company should sign the CBRS new account forms?** The CBRS forms need to be signed by an authorized signer who is officer level or above.
- **What date should I put as the effective date in the Service Add letter?** The effective date in the Service Add letter is the date your company will be ready to use CBRS in the production environment. This is not the date when you will start testing. After you complete the new account process, you will hear back from DTCC that you are eligible to use CBRS. As soon as you are eligible and have set up your access to the system, you can start testing. You can test any time up to when you start in Production, and also past that date as well. There is no end date for testing. As of the effective date, the user will be on the CBRS Master File in Production. Counterparties expect that if you are on that Master File, at a minimum you are able to accept the records sent to you.
- **When do I use my CBRS account number?** Please make a note of your CBRS account number for the times when you communicate with DTCC. During the new account set-up process, you need it to fill out the Product Request Form and the Access Coordinator Form. You will also need it in the future when contacting DTCC with questions about file submission, billing, and other issues. In most cases this is not the primary number that identifies a participant in the CBRS transaction data input and output. The Firm Account Number on the Cost Basis User Master File, which corresponds to a CBRS user's DTC Participant Number, NSCC Participant Number, or Transfer Agent Number, is the number used in the Submitting and Contra Firm Number fields in data input and output. The only time the CBRS User Account Number is the primary identification number of a user is when that user does not have a number in the *Firm Account Number* field on the Cost Basis User Master File.
- **Am I required to send in an Access Coordinator Form? What if I already have an Access Coordinator Form on file? Does the CBRS Access Coordinator Form replace the existing form?** You need to submit a completed Access Coordinator Form if you want to access CBRS via WebDirect. If you use only the computer to computer connection, you do not need to fill out the Access Coordinator Form. If you already have an Access Coordinator Form on file, you still need to send in the Access Coordinator Form for CBRS. CBRS is offered by DTCC's DTCC Solutions subsidiary, so you need to fill out the new form with DTCC Solutions even if you have an Access Coordinator for NSCC or DTC services. The CBRS Access Coordinator Form does not replace your existing Access Coordinator Form. You can have either the same Super Access Coordinator for CBRS as your other DTCC products, or a different one—that's a

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decision each CBRS participant makes based on its needs. Once your company has made that decision, please coordinate with our Service Implementation group to set up the correct people. You can reach them at entitlements@dtcc.com.

- **How do I set up access to CBRS through a service bureau?** You need to provide a letter to DTCC, on your company's letterhead, with the information on the list below. Please read the New Account Instructions on dtcc.com for more details.
    - o Name of the Service (CBRS in this case)
    - o Name of your Service Bureau
    - o Technical contact at your company
    - o Technical contact at the Service Bureau
    - o Effective date (first date when the Service Bureau will send and receive files on your behalf)
    - o Your CBRS Account Number
    - o Your DTC or NSCC Participant Number, if applicable
- **Do we need to set up a separate CBRS account for each Equity Transfer Agent number?** Yes. DTCC needs a signed User Agreement per legal entity, then an applicant can list multiple TA numbers per legal entity on the Service Add letter. Best Practices recommend that a TA make all its TA numbers eligible for CBRS, in order to reduce system rejects.
- **Do I receive separate files for each TA number?** No. An Equity TA receives one file from DTCC, and the TA sends one file to DTCC. From the technical standpoint, there needs to be only one eligible CBRS account number in the CDTS Header: the Header tells DTCC who the file is coming from. Within the file itself, there can be multiple submitting firm numbers. If a TA has multiple TA numbers, it can combine the records for all the TA numbers into one file for transmission to CBRS.
- **Is there a charge per Asset record and Tax Lot record?** The CBRS fees are charged per Asset record. There is no charge for submitting or receiving a Tax Lot record.

Data Input

- **What do the different Record Content Indicator values mean?**
    - **Original asset record/Original tax lot record:** the primary record used to transfer the cost basis information.
    - **Corrected asset record/Corrected tax lot record:** a submitter can use the corrected record type to tell the receiver that the cost basis information has changed since the original record was sent.
    - **Firm reject record** (Asset level only): the receiver of the cost basis can use this type of record to let the submitter of the cost basis know that there is a problem with the information. The firm reject record is different from a system reject—a system reject occurs when some of the submitted information is rejected by the CBRS application. For example, if the

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submitter populates one of the date fields with 01/35/2011, CBRS reject the record because a date of January 35, 2011 is not possible.

- ▪ **Request record** (Asset level only): the transfer receiver can use this type of record to request cost basis from the transfer deliverer.
- **Which fields, when changed, should prompt the submitter to send a Corrected record?** Any field that has been changed should be sent as a correction. If the data element is important enough to be changed, it should be important enough to re-send.
- **What happens when a CBRS user sends a "firm reject" record?** A CBRS user sends a "firm reject" record when, for various reasons, the user cannot apply the received cost basis to its books. This situation is different from a "system reject." A system reject occurs when the CBRS system rejects a record because it does not comply with the system's rules, such as when a date field has a value of 1/35/2011, which is not a valid calendar date.

  Here is the information flow for a reject record:

  1. A CBRS user receives cost basis information it cannot apply to its books.
  2. This user submits an asset record, with the value *03 = Firm reject record* in the *Record Content Indicator* field.

     At this point the receiver of the firm reject decides whether to respond. CBRS does not require a response to a firm reject. If the receiver of the reject chooses to respond, the information flow continues with step 3.

  3. To correct the error, the receiver of the reject responds with an asset record with the value *02 = Corrected asset record* in the *Record Content Indicator* field, and its corresponding tax lots. At least one of these tax lots must also be corrected (*02 = Corrected tax lot record* in the *Record Content Indicator*).

- **How should a user respond when it receives a Firm Reject record?** The scenarios below describe the Best Practices for the different Record Content types. In each example, Firm A has already transferred an equity to Firm B, and now needs to pass the cost basis for that transferred asset.
  - Firm A sends an original record to Firm B. Some of the data is incorrect, so Firm B sends a firm reject record to Firm A. Firm A responds with a corrected record.
  - Firm B has not received cost basis from Firm A. Firm B sends a request record to Firm A. Firm A responds with an original record.
  - Firm A sends an original record to Firm C. Firm C is not the correct receiving firm for this record, so it sends a firm reject record to Firm A. Firm A responds by sending an original record to Firm B.

  Note that in the last example above, while CBRS does not require Firm C to send a Firm Reject, it would be helpful for Firm C to Firm Reject the record so Firm A knows there is a problem. CBRS does not reject the record if it

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passes all of the system rules and edits, so the only way Firm A knows there is a problem with the record is if Firm C sends a firm reject.

- **Can I reject a corrected or request record?** A user can also firm reject corrected records. Let's look at an example, using the same Firm A, Firm B, and Firm C as above:
    - Firm A sends a corrected record to Firm C. Firm C is not the correct receiving firm for this record, so it sends a firm reject record to Firm A. Firm A responds by sending a corrected record to Firm B.

    A firm reject is not an appropriate response to a firm reject record or a request record. Best Practices recommend that a firm disregard a firm reject or request record that it has received in error.

- **Can I send a corrected record without first sending an original record?** CBRS does not system reject a corrected record that was not preceded by an original record, but the contra party may not accept the corrected record in this scenario. Best Practices say do not send a corrected record unless you have first sent an original record.

- **In CBRS, is the transfer receiver required to wait the entire fifteen days after transfer settlement before sending a request through CBRS?** Best Practices recommend waiting fifteen days before sending a request. However, the CBRS system allows a user to send a request record type at any time. CBRS does not system reject a request sent before the fifteen days has passed.

- **Once a request has been sent, is the transfer receiver required to wait an additional fifteen days before marking the tax lot as noncovered?** This is a decision each CBRS user makes for itself. Some users may choose to mark the lot noncovered as soon as the request is sent, others may wait for the contra user to respond. The CBRS system is not involved in this decision.

- **What are the Best Practices around noncovered accounts and noncovered lots? When should I send basis? When should I expect to receive basis?** Below are the Best Practices about submitting a receiving data for noncovered accounts and noncovered security types:
    - From the submitter's perspective:
        - If you have cost basis, send it
        - If you do not have cost basis, do not send anything (i.e., do not send a record that says the lot is noncovered and has unknown cost basis)
    - From the receiver's perspective:
        - Do not send a request record for an noncovered account or an noncovered security type
        - If you receive basis for an account that is noncovered, do not reject it
        - If you receive basis for a security that you think is noncovered, do not reject it

- **I'm confused about what values belong in the Submitting Firm Number/Type and Contra Firm Number/Type fields vs. the Receiver Customer Account Number and Deliverer Customer Account Number fields.** The Submitting Firm Number and Submitting Firm Type should always correspond to the user sending the CBRS record. The Receiving Firm Number and Receiving Firm Type should always correspond to the user receiving the

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CBRS record. The Deliverer Customer Account Number should always correspond to the user who delivered the asset transfer, and the Receiver Customer Account Number should always correspond to the user who received the asset transfer.

For example, let's say that Firm A sends an Original record to Firm B, and later follows up with a Corrected record. Firm B sends a Firm Reject record to Firm A. Firm B is looking for cost basis from Firm A for a separate asset transfer, so Firm B also sends a Request record to Firm A. This table shows how these fields should be filled out for each record type:

Record Type	Submitting Firm Number	Submitting Firm Type	Contra Firm Number	Contra Firm Type	Deliverer Customer Account Number	Receiver Customer Account Number
Original	Firm A	Firm A	Firm B	Firm B	Firm A	Firm B
Corrected	Firm A	Firm A	Firm B	Firm B	Firm A	Firm B
Firm Reject	Firm B	Firm B	Firm A	Firm A	Firm A	Firm B
Request	Firm B	Firm B	Firm A	Firm A	Firm A	Firm B

- **I won't have a receiving customer account number for non-ACATS items and deliver items, but the *Receiver Customer Account Number* is required. What do I enter in that field?** Best Practices suggest you enter the words "not provided" in the *Receiver Customer Account Number* field if you don't know the number and it is required. For ACATS items this Best Practice does not apply: you have a receiver customer account number for assets transferred through ACATS.
- **What if I don't know the cost basis for an asset that I have transferred? How do I populate CBRS in this situation?** CBRS allows you to pass records on assets when you do not know the cost basis. The rules for the cost fields vary as far as when zero is a valid value, and when a blank is a valid value. Please read the record layouts for the various conditions.
- **Is a request record used to ask for basis after I have received a record where the cost basis has been marked as Pending?** No. A request record is used in the situation when a participant who has received an asset transfer is expecting to receive cost basis from a prior firm, but has not received anything.
- **What happens if I receive tax lots that have unknown basis? Should I request basis for these lots?** Best Practices say a receiver should not request basis from a submitter if the receiver receives lots that have unknown basis. Here are two examples:
    - Firm A sends cost basis to Firm B on a transfer of 300 shares of XYZ. Firm A sends an asset record for 300 shares, and two tax lots, one for 100 shares and one for 200 shares. The tax lot for 100 shares has a cost amount associated with it, but the 200 share lot has an unknown cost amount. The records pass CBRS processing, so Firm B receives all of this information.
        - Best Practices say that Firm B should not request information on the 200 share lot that has unknown cost. A CBRS user should

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send a request record only when it has not received any information at all.

- o Firm A sends an ACATS transfer to Firm B that contains 10 assets. Firm A sends CBRS records to Firm B, but only for 9 assets.
  - In this case, Firm B should send a request record for the one asset for which it did not receive a CBRS record.

- **Why isn't the Tax Identification Number, and other personal information, included in the CBRS record layouts?** Based on the input from the Steering Committee that helps DTCC design the system, CBRS has not included fields that would pass explicit personal information. Instead, the customer account number and the transfer control number serve as codes that represent the owner of the transferred asset.

- **The *Transfer Control Number* field is 30 bytes. If a certain transaction's control number has only 16 bytes, does the submitter need to use leading zeros? Can I just populate the field with the 16 byte number and leave the rest of the field blank?** The only requirement CBRS has for the *Transfer Control Number* field is that it cannot be blank. You can provide the number with or without leading zeros. CBRS does not modify the field, so the exact same value submitted in the input is on the output.

- **How do I capture the IMS TID number from DTCC?** This number is available on DTC's DTF PART file. For more information see DTC Important Notice # B6890-10: http://www.dtcc.com/downloads/legal/imp_notices/2010/dtc/set/6890-10.pdf

- **Is there a way to manually look up the IMS TID number?** You can look up a DTC transaction's IMS TID number through the ART function in PBS. Begin by selecting a transaction. After you click on the transaction, you see the screen below. The IMS TID is located at the bottom of the 'Activity Details' section of the screen. The IMS TID is not available in PTS.

- **In the case when a transfer agent is either the submitter or receiver of CBRS records, does the system verify that Submitting or Receiving Firm Number is the right transfer agent for that CUSIP, or just verify that the agent is an eligible CBRS user?** CBRS checks that the transfer agent is an eligible CBRS user, it does not confirm that the firm number is the correct TA number for the CUSIP in that record. However, CBRS does populate the *Receiving Firm Number* in most cases when a transfer agent is the receiver. Please see the Asset and Tax Lot Input record layouts for the rules for when CBRS populates the *Receiving Firm Number*.
- **What is an example of when a submitter would use the *01 = True Zero* value in the *Zero Basis Indicator* field?** A submitter could use the value *01 = True Zero* in dealing with the return of capital, or rights.
- **How is the *Disposition Method Used* field used?** This field indicates the lot disposition method used by the deliverer. The field is optional, so not all CBRS users populate the field. For some CBRS users, the field could provide value-added information for the underlying customer. Best Practices suggest that users should populate the field on a best-efforts basis. Also, please note that the list of values is not an exhaustive list for all possible disposition methods.
- **In the *Noncovered/Pending Indicator* field, how are the values *Noncovered account* and *Pending* used?** A noncovered account can be either an account belonging to an exempt entity (such as a C Corporation) or an exempt account (such as a retirement account). Examples of when a submitter would use the *Pending* value include the situation when an asset is a part of an Employee Stock Plan, or because the submitter is waiting for cost basis information from the prior user.
- **When do I use the *Date Transfer was Initiated* versus the *Settlement Date of Transfer*?** The *Date Transfer was Initiated* may not often be known or populated. CBRS users can decide individually whether they want to populate the *Date Transfer was Initiated* field. While the *Date Transfer was Initiated* may not be known for the underlying transfer, the *Settlement Date of Transfer* should be known. One or the other of these dates is required. Best Practices suggest that the *Settlement Date of Transfer* is used for most records.
- **In the *Position Code* field, when would I use the value *B=Borrowed*?** The value *B=Borrowed* is only valid for a request record (*Record Content Indicator = 04*). This is a rare situation that can occur when a short position is delivered outside of a standard ACATS transfer. Please see the CBRS User Guide for more information about the borrowed position code.
- **Why does CBRS include the *Taxes Reported by Issuer/Transfer Agent* field?** In some cases the issuer/transfer agent does the 1099-B reporting. This field allows the issuer/transfer agent to tell the broker-dealer that it has already done the 1099-B reporting for a given tax lot, in order to avoid both parties reporting the information.
- **What is the significance of the *03 = Inherited, then Gifted* value in the *Gifted or Inherited Indicator* on the Tax Lot Input record layout?** This value exists because of its impact on the holding period for the lot. Gifted shares have a short term holding period; inherited shares have a long term holding period. If an

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investor gifts inherited shares, the lot should keep its long term holding period. For example, an investor inherits shares, and then this same investor gives these shares to his daughter. In this case, populate the *Gifted or Inherited Indicator* field with the value *03 = Inherited, then Gifted*, in order to inform the receiver of the CBRS record that the lot should keep its long term holding period.

- **If a transfer agent receives a deposit for 100 shares consisting of two 50 shares certificates, and only one certificate can be processed (e.g., one of the certificates is invalid), how should cost basis be returned?** Best Practices suggest that, since in this case a transfer agent can only re-register 50 shares, it would only pass basis on the 50 shares that are re-registered.
- **Why are the Filler fields required?** Filler fields are required because the filler tells the system the position of the fields in the record. Also, for optional fields, the submitter should still provide spaces in place of the value to keep the position of the other fields in the correct place.
- **When DTCC removes a field from the CBRS record layouts and turn it into filler, what happens if a submitter populates this field?** Once a field has been removed from the record layouts, and turned into a filler field, the CBRS application does not look at this field. The data populated in this field by the submitter does not get passed on to the output. DTCC recommends that the submitter space out these bytes: a submitter who does not space out these bytes may encounter a problem in the future if the bytes are reused for a different field.
- **Do I send multiple asset records for the same security if I hold the security in different currencies?** Best Practices suggest that the quantity of the asset record should equal the quantity of the original transfer that triggered the need to pass cost basis. You can indicate at the tax lot level which lots are held in a currency other than US Dollars.
- **Can I send multiple files to CBRS during the day?** Yes. You can send multiple files each day, through both the computer to computer connection and WebDirect. CBRS combines all the input, processes it at the end of the day, and returns the output to you in one file.
- **If my company does not have any CBRS transactions to submit to DTCC on a given day, can I send an empty file?** Yes, you can send an empty file with only a CDTS header. You can also not send any file at all.
- **CBRS does not have the asset category MFMM (Mutual Fund Money Market). Why?** The Steering Committee that advises DTCC on CBRS requested that the category MFMM be removed, because the IRS regulations do not apply to money market funds.

Data Output

- **How do I know I have successfully submitted records to CBRS?** CBRS output [named the Cost Basis Transaction MRO (Machine Readable Output) file] includes the records you submitted to the system, as well as the records other CBRS users sent to you. The only exception is a record submitted with an invalid submitter number. In this case, CBRS rejects the record, but does not

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know where to send the reject record to, since the submitter is invalid. CBRS drops this record (see description of dropped record below).

- **When does CBRS drop a record? What does that mean?** CBRS drops a transaction in the rare occasion when a submitter enters their Submitting 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.

- **If CBRS rejects a tax lot record, does it also reject the accompanying asset record?** Yes. CBRS treats the asset and its tax lot record(s) as a package. When CBRS rejects a tax lot, CBRS also rejects the asset record and any other tax lot records in that package.

- **Do I have to send all the tax lots for a corrected record, even if only one tax lot is corrected?** Yes. For original and corrected records, the submitter must always send an asset record with all its corresponding tax lot records. CBRS looks at the asset and tax lot records as a package. If the package is not intact, CBRS rejects it.

- **After I submit a record, can I see that CBRS has accepted and passed that record?** Yes, a submitter can see the records that CBRS has successfully passed on to the receiver on the Cost Basis Transaction MRO file.

- **How do I know I have submitted a record that CBRS has rejected (i.e. a system reject)?** The Cost Basis Transaction MRO file includes all records that a CBRS user submits. Each record has a *System Action* field, that labels the record as *Accepted*, *Modified*, or *Rejected*. Also, each field on the output has a corresponding status field. If a submitted field does not pass CBRS system rules and therefore is system rejected, the status for that field is populated with a value of *2 = Error*.

- **Please clarify what I receive in the system reject situation vs. the firm reject situation.** In a system reject, CBRS sends the rejected asset and accompanying tax lot record(s), as a package, back to the submitter of the record. In a firm reject, the submitter of the record (who is usually the receiver of the asset) sends only an asset record to the receiver of the record (who is usually the deliverer of the asset).

- **If an optional field is not filled in on the asset or tax lot input, what is in that field on the transaction output?** The quantity and price fields have zeros in them, other fields are blank.

- **If my company does not have any CBRS transaction output for a given day (meaning my company is not the submitter or receiver of any CBRS records), do I receive a transaction output file?** The answer is yes if you are set up to receive an empty file. When you set up your access to CBRS, you can ask to receive an empty CBRS transaction output file in this situation. The file contains only a CDTS header.

- **My company has both a broker-dealer side and a mutual fund side, with different participant numbers. Can I receive separate CBRS files for these two entities?** If your company has both a broker-dealer side and a mutual fund

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company side, with different participant numbers, you can receive separate output files for the different numbers. The standard set-up is to receive one file, but if you prefer to receive two files please contact your relationship manager and DTCC will adjust the set-up accordingly.

- **Can I pick up the output files through both the automated connection and WebDirect?** Yes, the files are available in both places. Regardless of how a submitter enters data into the system, all the receiver's data is in one file. In order to retrieve both files, you need to subscribe to both files when you set up your access to CBRS.
- **How long are CBRS records available on WebDirect?** The files are stored in WebDirect for four days. The data stored on the mainframe database is available for inquiry, viewing and downloading to an Excel spreadsheet for twenty-five days.
- **Can I look up system rejected records using WebDirect?** Yes. WebDirect has an inquiry function that allows CBRS users to look up the records using the *System Status* field, with the *Reject* value.
- **On the output, how can I tell the difference between the records I submitted and the records I received?** Each record has a *Receiving Firm Number* and *Submitting Firm Number*. You can use these fields to tell the difference between the records you submitted and the records you received.
- **On the output, how do I know which records are original asset records, corrected asset records, firm reject records, and request records?** The Cost Basis Transaction MRO includes the *AO Record Content Indicator* field, which tells you whether the submitter designated the record as *original*, *corrected*, *firm reject*, or *request*.
- **Does the Transaction MRO contain all firm reject and request records, and all asset and tax lot records, in one file?** Yes. All records submitted and received by your company on the same day are in the same file.
- **What are the status fields?** On the output, each submitted field has an accompanying status field. This field indicates whether the value in the submitted field is valid, system changed, or error. A space is also a possible value for this field: the space occurs if the field is optional field, the submitter does not populate the field, *and* the field does not have a default value.
- **Are the status fields populated for the records when I am the receiver, or only when I am the submitter?** CBRS populates the status fields for all records on the Cost Basis Transaction MRO file. For the records when you are the receiver, the status is *0 = Valid*, *1 = System Changed*, or [*space*] which indicates that this field was not populated by the submitter. If a submitted field does not pass CBRS system rules, the status for that field is populated with a value of *2 = Error*. When your company is on the receiving side, you do not receive a status field which has a value of *2 = Error*, because CBRS rejects a record that has an error in it and returns it to the submitter.
- **What is the *System Action* field?** The *System Action* field is in the beginning section of the output record of both the Asset or Tax Lot record. The *System Action* field indicates if each record on the input file was accepted, rejected, or modified. The values for the field are:

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- - *1 = System Accepted* - Transaction submitted correctly
  - *2 = System Modified* - Transaction submitted correctly and modified by CBRS
  - *3 = System Rejected* - Transaction submitted incorrectly

  Successfully passed records have a value of either *1 = System Accepted* or *2 = System Modified* in the *System Action* field. *System Modified* means CBRS has changed a field in the record. For more detail, see the bullet below discussing *System Changed*.

- **What is an example of a *System Changed* situation?** The *System Changed* status occurs when CBRS changes a submitted value in a field. For example, on the Tax Lot Input records, there are two fields pertaining to certificate numbers, the *Certificate Number Prefix* field and the *Certificate Number* field. These two fields pertain to only two transactions: *27 = Certificate Deposit* and *41 = Direct Presentation*. If a submitter populates this field for any other transaction type, CBRS replaces the submitted value with spaces and continues to process the record. In this case, the status on the output for this field has a value of *1 = System Changed*. You can refer to the record layouts to see the various occasions where CBRS might modify submitted data.

- **What is the *System Reject Reason* field?** The *System Reject Reason* field specifies the reason that caused CBRS to reject the record(s). If the *System Action* code is a '3', the *System Reject Reason* field indicates the applicable reason. For example, code *04 = Invalid Physical Sequence – asset record not present* occurs when a tax lot record is submitted without an asset record. Users can find the complete list of *System Reject Reasons* in the Cost Basis Transaction MRO record layout.

- **What does the *Distribution Side* field mean on the Cost Basis Transaction MRO?** The *Distribution Side* field on the MRO file corresponds to whom CBRS is sending the file. For system rejected records, this field has a value of *S = Submitting Participant*, because only the submitter receives system rejected records. For records successfully processed through CBRS, this field has a value of *B = Both Receiving and Submitting Participant*, because CBRS sends successfully processed records to both the submitting and receiving firm. The Cost Basis Transaction MRO file also has a *Distribution Firm Number* and *Distribution Firm Type*. These fields have the firm number and type for the user receiving the file.

Cost Basis User Master File

- **What is the Cost Basis User Master File?** The Cost Basis User Master file includes all users who are eligible to send and receive files through the system. The file is updated daily. For more information about this master file, please see the CBRS User Guide.
- **What time does DTCC produce the Cost Basis User Master File?** The Cost Basis User Master File is available by 11 PM eastern time.
- **How do I get access to the Cost Basis User Master File?** You are given access to the Cost Basis User Master File, and other CBRS files, during the new

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account set-up process. Please see the New Account Instructions on the CBRS webpage for more information on this set-up process.

- **Can a company be a CBRS User and not a member of DTC or NSCC?** Yes.
- **If a user has a DTC number, can I send records to it using its CBRS number?** No. For a user who is a DTC participant, you must send basis to its DTC number, using its correct Firm Type. This information is available on the CBRS master file, which is distributed daily.
- **On the CBRS participant file, if a user is a CBRS participant, but not an NSCC or DTC participant, what does the user have in the Firm Type field?** If a company is a CBRS only user, the Firm Account ID and Firm Account Type fields are blank in the CBRS User Master File, as illustrated in the screen shot below.

	A	B	C	D	E	F
1						
2	CBRS Account ID	CBRS Account Type	CBRS Account Name	Firm Account ID	Firm Account Type	CBRS Account Start Date
3	1234ABCD	CBRACT	TEST CBRS ONLY USER			12/10/2010
4						

In this case, you should use the user's CBRS Account ID as their Firm Number and type CBRACT as their Firm Type in CBRS. For example, if this "Test CBRS Only User" is the user to which you are sending cost basis, populate the Contra Firm Number field with "1234ABCD" and the Contra Firm Type field with "CBRACT."

- **What is the "Exempt Recipient Accounts" indicator?** This indicator allows a CBRS User to state whether it wants to receive basis for "exempt accounts," which in this context are defined as retirement accounts. Important Notice #CBRS006.11 describes the indicator:
http://www.dtcc.com/downloads/legal/imp_notices/2011/dtccsolutions/CBRS006.11.pdf
CBRS is not performing an edit between this indicator on the master file and submitted CBRS records. If a CBRS user sends basis for a retirement account to a contra user who has indicated that it does not want to receive the basis, CBRS does not system reject the record. While CBRS is not systematically enforcing the indicator, it is an industry Best Practice to program to the indicator to determine whether a contra party would like to receive basis for retirement accounts.

Testing

- **How does testing work? Is there a pilot group for testing?** All eligible users can test with CBRS—there is no specific testing pilot group. Testing is available through both the computer-to-computer connections and the internet via DTCC's WebDirect. Please see DTCC Solutions Important Notice CBRS005.11, dated July 27, 2011, for more information:

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http://www.dtcc.com/downloads/legal/imp_notices/2011/dtccsolutions/CBRS005.11.pdf

- **Are there test firm numbers that I can use as Receiving Firm Numbers?**
  Yes. As outlined in DTCC Solutions Important Notice CBRS005.11 dated July 27, 2011, a CBRS user can submit transactions to the following test accounts:
    - DTC Participant: 00008608 DTCPRT
    - DTC Participant: 00008610 DTCPRT
    - NSCC Participant: 00000122
    - NSCC Participant: 00000123
    - Transfer Agent: 00036165 AGTNBR for CUSIPs 99999X037 and 99999Z024

- **Can I get an example of what the Transaction MRO looks like?** Yes. Four versions of a canned transaction output file are available in the testing environment. A canned file contains static data available to CBRS users for testing. The canned output file serves as a sample of what CBRS transaction output looks like. The four versions correspond to the kind of user receiving the file: there is one file for a broker-dealer, one for a transfer agent, one for a bank, and one for a mutual fund company. Important Notice CBRS005.11, dated July 27, 2011, has more details about testing, including information about the canned file.

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