

#:	CBRS007.14
Date:	September 12, 2014
To:	All Cost Basis Reporting Service (CBRS) users
From:	Product Management
Subject:	Timeline for CBRS Modifications

DTCC's has made modifications to the file layouts for the Cost Basis Reporting Service (CBRS) to further support the Internal Revenue Service (IRS) changes that include fixed income and options as covered assets effective January 1, 2015. Preparation for the second deployment of changes described in DTCC Important Notice # CBRS# 004.13, dated October 22, 2013, and CBRS # 005.2014, dated June 2, 2014 by firms should include:

- Test with DTCC by submitting CBRS input and receiving output starting **October 6, 2014**;
- Complete and send the DTCC Solutions Alternative Account forms found on the DTCC.com website to DTCCSolutionsAA@dtcc.com;
- Use of the CBRS master file cross reference in test, (either via the web portal or on file output), to apply the cross reference for DTCFED and DTCCOCC accounts known to CBRS so that the current CBRS account number is returned; and
- Implement procedures or software internally to coincide with the first production date in CBRS of **November 21, 2014**

Testing

The Participant Services Environment (PSE) CBRS system will accept and edit files according to the definitions on the new record layout, beginning October 6, 2014. DTCC Web Direct input will also be available.

If a firm submits cost basis records and CBRS accepts the data, then output will be generated during the end of day process. Below is a list of the relevant files.

Production Product ID	Test Product ID	File Name
36708	46708	Cost Basis Asset Input / Tax Lot Record Input File
02400264	02980264	Cost Basis Transaction End of Day (EOD) Output ---Machine Readable Output (MRO)
02401663	02981663	CBRS Transaction Request Download
02561666	02981666	CBRS User Master file Output—Machine Readable Output (MRO)
02561667	02981667	CBRS User Master File WebDirect Download

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Users may subscribe to canned EOD transaction file output for testing by requesting the following products from the Customer Service Center 1-888-382-2721, option 6, then option 7, then option 1:

Test AutoRoute Product ID	User Type
02991797	Bank
02991798	Broker Dealer
02991119	Mutual Fund
02991796	Transfer Agent

This and more information about testing is found in the CBRS User Guide located on the DTCC Learning/ Clearance/ CBRS website at:

<https://dtcclearning.com/learning/clearance/topics/cbrs.html>

To obtain a login and password for the DTCC Learning website follow these instructions:

1. Go to <https://dtcclearning.com/learning/clearance>
2. In the upper right corner of the page, click “Login”, if you have an existing account.
3. If you do not have an existing account, select “Register Now”; fill out the required fields, and click “Register”. Within one business day, you should receive an e-mail response from DTCC approving your registration or requesting additional information.

DTCC Solutions Alternative Accounts

Users who plan to submit cost basis information about transfers through the Options Clearing Corporation (OCC) or Federal Reserve Bank system (FED) should complete the DTCC Solutions Alternative Accounts form and send it to DTCCSolutionsAA@dtcc.com.

This new functionality does two things:

1. Changes the way the ‘inactive’ record on the Master File is processed
2. Adds the ability for a broker-dealer to add its OCC and / or FED number to the CBRS User Master File

Currently, the CBRS Master File includes an inactive record type. This functionality helps to reduce the manual processing that occurs when a user becomes ineligible for CBRS when its CBRS account closes as the result of certain events including, but not limited to, merger or bankruptcy.

An inactive record is currently identified by the ‘Active/Inactive’ indicator. The new functionality will give DTC participants the ability to add their OCC and/ or FED number to the CBRS User Master file. Once a DTC participant has added its OCC and/ or FED number to the CBRS User Master File, a counterparty can use the new numbers as a cross reference from the OCC and/ or FED number to the

CBRS participant number. The OCC and/ or FED numbers are added to the CBRS User Master File for information purposes only and will not be accepted as valid submitter or receiver identifiers in CBRS. The DTC participant number is the number that is eligible for CBRS, not the OCC and/ or FED number.

This cross-reference will be unnecessary in the cases where a broker transfers an option asset to another broker outside of ACATS (Automated Customer Account Transfer Service). The Transfer Type in CBRS in this situation will be 08 = OCC transfer (Non-ACATS). Likewise, if a transfer occurred through the FED outside of the ACATS system; then the Transfer Type should be indicated as 06= FED. For options or Fed eligible items transferred via ACATS, the submitter should use Transfer Type 01 = ACATS, and use the receiving firm's participant number from the ACATS transfer.

Master File View

CBRS users accessing CBRS via DTCC Web Direct for data input or output, should have both a DTCC Web Direct subscription for test and production. During the testing phase of this implementation, it would prove beneficial for users to familiarize themselves with the changes to the web screens. Users should test the new cross-reference look-up capability on DTCC Web Direct is used to find a CBRS account number for situations when only an OCC or FED number.

Production

The first day to submit CBRS input for both Assets and Tax Lot Records and receive Transaction and Master file output according to the new layouts will be Friday November 21, 2014.

Additional Information

Other CBRS Important Notices can be obtained from DTCC's website:

<http://www.dtcc.com/legal/important-notices.aspx?subsidiary=DTCC+Solutions&category=CBRS&pgs=1>

If you have questions about CBRS, please call the Customer Service Hotline at 888-382-2721, option 6, then option 7, then option 1, your Relationship Manager, or the undersigned.

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