

COST BASIS REPORTING READINESS CHECKLIST

The Economic Stabilization Act of 2008 requires financial services firms to report cost basis to the Internal Revenue Service for their clients. The new reporting requirements are causing organizations to review current systems and processes to determine what changes are needed to comply. Although some details still are being defined and the IRS is working with various organizations within the industry to answer outstanding questions, the effective dates for required cost basis reporting are clear:

- > **Jan. 1, 2011** — Equities purchased 1/1/2011 or later require companies to begin reporting realized gain/loss information to the IRS for the benefit of their clients
- > **Jan. 1, 2012** — Mutual Funds and DRIPs require companies to begin reporting realized gain/loss information to the IRS for the benefit of their clients
- > **Jan. 1, 2013** (or a date to be determined later) — All other securities such as Fixed Income and Options

Ask yourself the following questions; your answers may be indicative of whether your company is prepared and properly positioned to meet the new reporting requirements:

Does your tax-lot accounting solution support the following process types for cost basis reporting?	
Wash Sales?	<input type="checkbox"/> yes <input type="checkbox"/> no
Amortization and Accretion?	<input type="checkbox"/> yes <input type="checkbox"/> no
Complex Corporate Actions, such as Mergers and Spin-off's?	<input type="checkbox"/> yes <input type="checkbox"/> no
Return of Capital and Share Class Exchanges for Mutual Funds?	<input type="checkbox"/> yes <input type="checkbox"/> no
Realized and Unrealized Gain/Loss for Buys and Sells?	<input type="checkbox"/> yes <input type="checkbox"/> no
Specified Lot Processing?	<input type="checkbox"/> yes <input type="checkbox"/> no
Reconciliation of positions against the system of record automatically?	<input type="checkbox"/> yes <input type="checkbox"/> no
Systematic exception-based handling?	<input type="checkbox"/> yes <input type="checkbox"/> no
Manual tax lot information adjustments? (performed by qualified personnel)	<input type="checkbox"/> yes <input type="checkbox"/> no
Option Exercises, Option Assignments and Expired Options?	<input type="checkbox"/> yes <input type="checkbox"/> no
Rights/Warrant Exercises?	<input type="checkbox"/> yes <input type="checkbox"/> no
Dividend Reinvestments?	<input type="checkbox"/> yes <input type="checkbox"/> no
Transfers?	<input type="checkbox"/> yes <input type="checkbox"/> no
ACAT Processing?	<input type="checkbox"/> yes <input type="checkbox"/> no
Simple Corporate Actions, such as Name Changes and Splits?	<input type="checkbox"/> yes <input type="checkbox"/> no
Corporate Action Cash-in-Lieu of Fractions?	<input type="checkbox"/> yes <input type="checkbox"/> no
Do you have dedicated, in-house technical personnel (with the required subject matter expertise) who can perform the evaluations and preparations needed for timely response to the new regulations?	<input type="checkbox"/> yes <input type="checkbox"/> no
Do you think your planned adaptation and approach to these changes is efficient?	<input type="checkbox"/> yes <input type="checkbox"/> no
Can tax lots be passed easily and securely to third-party systems for reporting on 1099b or client statements?	<input type="checkbox"/> yes <input type="checkbox"/> no
Can tax lots be viewed easily by your advisors and their clients through effective advisor tools and client-facing interfaces?	<input type="checkbox"/> yes <input type="checkbox"/> no

If you have answered "No" to any of the questions above, or simply believe that your operational efficiency could be improved, please contact SunGard at 1-800-825-2518 or getinfo@sungard.com today to find out how we can help prepare your organization, systems and processes to comply with the new, upcoming cost basis reporting regulations.