

## HELPING CUSTOMERS MEET THEIR COST BASIS REPORTING REQUIREMENTS

The Emergency Economic Stabilization Act of 2008 is compelling broker/dealers and other financial services institutions to look more closely at their cost basis solutions. The law calls for cost basis reporting by brokers to both the IRS and taxpayers and requires adjusted basis reporting, including whether a gain/loss is short-term or long-term. Mandatory reporting is being phased in over three stages, with a first effective date for equities acquired on or after January 1, 2011.

Firms that are unable to fully assess and address current system capabilities now may not be able to comply with basis reporting requirements later. Non-compliance could incur both customer service disruptions and significant tax penalties.

Firms must immediately address a number of technology and data elements in order to ensure future compliance. For example, since corporate action events can have complex effects on cost basis calculations, firms need an accurate source of corporate action information and reliable technology to process the full range of these adjustments. In addition, business processing rules must be able to identify wash sale transactions and properly adjust for the disallowed loss.

Stream Phase3's cost basis solution can mitigate the risks and challenges associated with building a cost basis solution. It integrates three SunGard solutions: Stream Phase3 (formerly known as Phase3), a global securities processing solution; WealthStation's Cost Basis Reporting Engine, a robust tax lot accounting engine that provides systematic calculations of both realized and unrealized gain loss information; and Stream Wall Street Concepts' Compliance Plus, a tax reporting information solution.

The solution, which has served firms for nearly a decade, employs a multi-faceted approach, from account transfer to basis selection to supplementing statement reporting.

Utilizing Stream Phase3's real-time data replication services, information is delivered throughout the day to WealthStation's Cost Basis Reporting Engine, which processes transactions from the back-office, enabling the update of cost basis information in order to maintain accurate tax lot reporting. This highly scalable solution offers automatic processing of cost basis calculations, including corporate actions, option assignment and exercises, and wash sales, which are processed in real-time. Coverage includes trades, cash and security movements, such as networking activity, among other areas.

Because it is integrated with Compliance Plus, the solution is fully compliant with tax information reporting laws and regulations relative to securities investments. As a result,

it can identify which securities need specific tax reporting obligations, collect the information required to comply with the reporting obligations, and process data to produce investor level information, including 1099 payee statements.

Stream Phase3's cost basis solution also supports mutual fund reclassifications, the Automated Customer Account Transfer Service (ACATS), and average cost for mutual funds. In addition, the cost basis engine enables users to extract tax lot information and deliver it to secure Web sites or portfolio accounting reports using a seamless Web-based interface.

Users can also create cost basis extract files in order to show tax lot information on client statements, as well as automatically create year-end realized gain loss information to be sent to third parties for reporting purposes.

This flexible solution has a turnkey approach for Stream Phase3 customers, enabling fast implementations.

### KEY BENEFITS OF STREAM PHASE3'S COST BASIS REPORTING SOLUTION:

- Helps firms ensure compliance with upcoming regulations on cost basis reporting
- Provides accurate cost basis information that is updated on an intraday basis
- Automates elements of the process, helping to increase productivity and reduce errors
- Handles multiple elements of the cost basis reporting process
- Leverages the experience and expertise of three SunGard businesses
- Helps avoid the risk and cost of integrating a third-party solution or building a proprietary solution

### NEED MORE INFORMATION?

Contact your sales representative at +1-800-825-2518 or visit us at [www.sungard.com/streamphase3](http://www.sungard.com/streamphase3).