

## COST BASIS REPORTING ENGINE

Cost basis reporting legislation passed in late 2008 as part of the U.S. Emergency Economic Stabilization Act (HR 1424). Section 403 of the HR1424 law details the legislation that makes cost basis reporting mandatory for all brokers executing transactions that involve publicly traded securities. Before this law passed, firms typically reported only the gross proceeds from sales of securities.

Under the new regulations, firms must track the cost basis of stocks, bonds, mutual funds and other securities, using either the first-in, first-out method, specified lot processing, or the average cost method for mutual funds. In addition, brokers need to specify whether gains are long-term or short-term. SunGard helps keep you ahead of the compliance curve by delivering solutions that anticipate your regulatory and reporting needs, including cost basis reporting.

### *A Need to Address It Now and Later*

Beginning Jan. 1, 2011, the processes and systems at independent brokerages, correspondent clearing firms and institutional and prime brokerage firms must be ready to begin delivering timely and accurate cost basis information for equities purchased on or after that date to clients as well as the Internal Revenue Service. Other key dates include Jan. 1, 2012, for mutual funds and dividend reinvestment plans (DRIPs), and Jan. 1, 2013, or a later date to be determined, for other specified securities (e.g., fixed income and options). Your clients must receive documentation containing their realized gain/loss and cost basis information. In addition, securities in accounts transferring from one firm to another are required to carry cost basis information also.

All of this means that you must address technology and data issues now if you are to ensure future compliance with the regulations. Corporate action events can have complex and far-reaching effects on cost basis. An accurate source of corporate action information coupled with reliable technology is necessary to process the full range of these adjustments accurately. In addition, business-processing rules must be able to identify wash sale transactions and properly adjust for disallowed losses.

Firms that are not prepared to assess and address their current system needs risk both customer service disruptions and significant tax penalties. With SunGard's Cost Basis Reporting Engine in place, you can address both current and future needs to help bring your firm into compliance with a reliable and cost-effective solution. While SunGard's Global Plus, Charlotte and AddVantage trust accounting solutions feature their own integrated cost basis reporting capabilities, the Cost Basis Reporting Engine is available to you as a separate solution for integration with other accounting systems.

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### *Offering Reporting Engine Flexibility*

- > Back-office independent: Allows for integration with one or multiple different systems of record — third-party included — supporting both real-time and batch client implementations
  - > Robust API: Tax lot information can be extracted and used in third-party Web sites or clients can create their own portfolio accounting reports
  - > Compliant Calculations: Offers average cost for mutual funds and tax lot relief in FIFO or specified lot processing
  - > Support of Automated Customer Account Transfers (ACAT): Uses automatic receipt or delivery of cost basis information between firms
  - > Recalculation of mutual fund reclassifications: Reduces cost basis accurately
  - > Cost basis Extract Utility: Allows for automatic generation of realized and unrealized gains and losses to be incorporated into customer statements
  - > Robust reconciliation tools, including a posting module: Enables updates to cost basis information
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### ***A Robust, Integrated Solution***

SunGard's Cost Basis Reporting Engine is a robust tax lot accounting solution that provides systematic and automatic calculations of both realized and unrealized gain/loss information based on your transactional data. Where transactional uploading and manual data entry are time-consuming and error-prone processes, SunGard's Cost Basis Reporting Engine is a fully automated and highly scalable solution that processes its calculations taking into account such transactions as buys, sells, corporate actions, option assignments and exercises, and calculates wash sales either in real-time or in an overnight batch process.

The Cost Basis Reporting Engine is designed to be integrated with the systems you use for back-office accounting. It even can accept data from more than one source to create a consolidated view of your client's tax lot data. The cost basis data it creates and maintains can then be delivered to your existing advisor and client-facing platforms through file interfaces and APIs. With SunGard's solution, you receive regular cost basis updates, recalculation of mutual fund reclassifications and support for Automated Customer Account Transfers (ACATS). Whether the data comes from one source or many, SunGard's Cost Basis Reporting Engine delivers tools for complete reconciliation with your accounting systems and handles error exceptions with ease, helping to provide you with vital, accurate and timely consolidation of information for reporting.

### ***An Adaptable Reporting Tool***

The Cost Basis Reporting Engine allows for easy extraction of tax lot information to supplement client statements, or for delivery and use by third party Web sites, your own portfolio accounting reports, or 1099 and statement vendors. Further, SunGard's Cost Basis Reporting Engine is now integrated with SunGard's Wall Street Concepts to support income reallocation for mutual funds, amortization and accretion, and 1099s.

### ***A Reliable Resource***

SunGard's Cost Basis Reporting Engine is a reliable solution for all your cost basis needs across your enterprise. Built-in cost basis reporting functionality already is a fundamental aspect of the design and operation of several SunGard products. Therefore, if you already use some of SunGard's accounting or wealth management solutions, you may not need to be concerned about complying with these sweeping new regulations. To be certain, you will want to talk to your SunGard account representative. Your SunGard account representative also is your best resource for more information on the stand-alone Cost Basis Reporting Engine, how it can integrate with your existing systems, and the many benefits it can bring to your organization.

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### ***Key Integration Advantages***

- > Helps you ensure compliance with upcoming regulations on cost basis reporting
  - > Provides accurate cost basis information that is updated on an intraday basis or in batch
  - > Helps automate the process, helping increase productivity and reduce errors
  - > Handles multiple facets of the cost basis reporting process
  - > Consolidates information from different sources to help make reporting easier and more consistent
  - > Helps eliminate the risk and cost of building a proprietary solution
  - > Delivers SunGard's more than 25 years of experience processing cost basis to support your compliance needs
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