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**TAAC Cost Basis Reporting Survey II - July 2011 Please complete the survey by July 15. If any of the survey questions require clarification, please contact Diane Butler at [butler@ici.org](mailto:butler@ici.org) or 202-326-5850.**  
**Survey Results**

**1.** Company name

48 Responses

**2.** Survey completion contact

48 Responses



**3.** Completion contact phone number

48 Responses


**4.** Completion contact email address

48 Responses

**5.** What is the primary distribution channel for your complex?

Direct sold		11	23%
Dealer distributed		36	77%
<b>Total</b>		<b>47</b>	<b>100%</b>




**6.** What is your transfer agency model?

Fully external		14	30%
External except for customer contact points (e.g., call center)		16	34%
Internal - proprietary system		4	9%
Internal - remote system		13	28%
<b>Total</b>		<b>47</b>	<b>100%</b>

**7.** Has your organization selected a default cost basis reporting methodology for covered shares (e.g., shares acquired post the 1/1/2012 effective date)?

Yes		39	81%
No		9	19%
<b>Total</b>		<b>48</b>	<b>100%</b>



**8.** If you answered yes to question 7, please indicate what method you have selected.

Average cost		37	90%
FIFO		2	5%
Other, please specify		2	5%
<b>Total</b>		<b>41</b>	<b>100%</b>




**9.** If you answered no to question 7, where is your organization leaning in terms of a default method selection?

Average Cost		6	60%
FIFO		3	30%
Other, please specify		1	10%
<b>Total</b>		<b>10</b>	<b>100%</b>



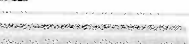
**10.** If you answered no to question 7, what is your organization's internal deadline for selecting a default cost basis reporting method?

Undecided		2	20%
July 2011		3	30%
August 2011		2	20%
September 2011		3	30%
October 2011		0	0%
November 2011		0	0%
December 2011		0	0%
Other, please specify		0	0%
<b>Total</b>		<b>10</b>	<b>100%</b>

**11.** If a shareholder elects average cost, will you offer the single account election to combine pre- and post- effective date shares where you have accurate cost basis information?

Yes		4	8%
No		34	71%
Undecided		10	21%
<b>Total</b>		<b>48</b>	<b>100%</b>

**12.** For shareholders that elect or are defaulted to average cost as their basis method, do you plan to extend the revocation/change period beyond one year from the date of the election, as permitted in the final regulations?

Yes		34	71%
No		2	4%
Undecided		12	25%
<b>Total</b>		<b>48</b>	<b>100%</b>

**13.** If you answered yes to question 12, when will the revocation/change period for shareholders with the average cost basis method expire?

At first redemption of covered shares		29	85%
Earlier of 18 months (from date of election) or first redemption (of covered shares)		1	3%
Earlier of 2 years or first redemption		0	0%
Earlier of 3 years or first redemption		0	0%
Earlier of 4 years or first redemption		0	0%
Earlier of 5+ years or first redemption		0	0%
Other, please specify		4	12%
Total		34	100%

**14.** Has your organization established a policy for what constitutes an electronic writing from a shareholder for the purposes of revoking, changing, or making a new average cost election?

Yes		32	68%
No		6	13%
Undecided		9	19%
Total		47	100%

**15.** If you answered yes to question 14, what types of communication, both electronic and hard copy, will you accept from shareholders that would like to revoke, change, or make a new average cost election? (check all that apply)

Hard copy letter of instruction		31	97%
Form designed by fund		31	97%
Facsimile		25	78%
Secure email		8	25%
Secure website instruction		25	78%
VRU instruction		0	0%
Instruction over a recorded telephone line		1	3%
Other, please specify		3	9%

**16.** Will you accept cost basis information from shareholders or other 3rd parties when you are not required to by the final rules\*, as long as the information meets the accuracy standard set forth in the rules (i.e., you neither know nor have reason to know that the information is incorrect)? \*The final rules require the broker to accept cost basis information from estate representatives for inherited shares. (may select more than one answer)

Yes, for covered shares		21	44%
Yes, for non-covered shares		13	27%
No		2	4%
Undecided		25	52%
Other, please specify		3	6%

**17.** When transferring shares to another fund or broker, do you plan to include cost basis information on non-covered shares?

Yes		13	27%
No		18	38%
Undecided		17	35%
<b>Total</b>		<b>48</b>	<b>100%</b>

**18.** For fund controlled/direct at fund accounts, will you accept cost basis instructions (e.g., method elections, lot selections, etc.) from an investment adviser on behalf of a shareholder, if the investment adviser has the authority to transact on the account?

Yes		33	69%
No		4	8%
Undecided		11	23%
<b>Total</b>		<b>48</b>	<b>100%</b>

**19.** After 1/1/2012, do you plan to voluntarily provide cost basis information to shareholders\* for pre-effective date/non-covered shares? \*For those shareholders using a method other than single account average cost.

Yes		29	60%
No		7	15%
Undecided		12	25%
<b>Total</b>		<b>48</b>	<b>100%</b>

**20.** If you answered yes to question 19, how will you provide the cost basis information?

1099B		15	47%
Stand alone cost basis statement		11	34%
Other, please specify		6	19%
<b>Total</b>		<b>32</b>	<b>100%</b>

**21.** If you answered yes to question 19, do you plan to provide actual gain/loss information, in light of the fact that the IRS removed box 7 from the 1099B?

Yes		14	42%
No		4	12%
Undecided		15	45%
<b>Total</b>		<b>33</b>	<b>100%</b>

**22.** Are you planning to voluntarily track cost basis on accounts exempt from 1099B reporting (e.g., retirement accounts) or on accounts where another entity is responsible for the cost basis reporting (e.g., broker controlled accounts)? (select all that apply)



	Yes	No	Undecided
Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.			
Retirement plan accounts (IRAs, etc.)	4 8%	40 83%	4 8%
NSSC Networking Matrix Level 3 accounts	3	39	5

	6%	83%	11%
Other account types	3 7%	31 67%	12 26%

**23.** If you chose 'yes' for 'Other account types' in question 22, please specify.

5 Responses




**24.** Do you plan to use DTCC's Cost Basis Reporting Service (CBRS) to send and receive cost basis information on transfers?

Yes		45	96%
No		0	0%
Undecided		2	4%
Total		47	100%

**25.** If you answered yes to question 24, when do you plan to begin using CBRS?

Q4 2011		11	24%
January 2012		32	71%
February 2012		0	0%
March 2012		0	0%
Other, please specify		2	4%
Total		45	100%

**26.** When do you intend to send the initial solicitation to existing corporate shareholders to identify S Corporations?

Already sent - Q1 2011		0	0%
Already sent - Q2 2011		10	21%
July 2011		6	12%
August 2011		14	29%
September 2011		14	29%
October 2011		2	4%
November 2011		0	0%
December 2011		1	2%
Other, please specify		1	2%
Total		48	100%

**27.** Do you plan to re-solicit those shareholders that did not respond to the initial S corp solicitation?

Yes		17	36%
No		15	32%
Undecided		15	32%
Total		47	100%

**28.** Are you doing research to narrow the list of corporate shareholders to receive the S corp solicitation?

Yes		34	71%
No		12	25%
Undecided		2	4%
Total		48	100%

**29.** What areas within your organization will receive CBR training? Please answer for both general CBR concepts/ requirements, and for specific CBR processes and procedures. (check all that apply)

Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.	General CBR Concepts/Requirements	Specific CBR Processes/Procedures	Both General & Specific CBR Training	N/A
Call Center	1 2%	2 4%	37 82%	5 11%
Correspondence	0 0%	2 5%	30 68%	12 27%
Operations	1 2%	3 7%	34 74%	8 17%
Legal/compliance	19 42%	2 4%	14 31%	10 22%
Sales/marketing	35 78%	0 0%	3 7%	7 16%
Senior level management	35 78%	0 0%	4 9%	6 13%
Tax department	5 11%	3 7%	25 56%	12 27%
All of the above	0 0%	0 0%	3 12%	23 88%

**30.** For those areas within your organization that will receive training on mandatory cost basis reporting, as identified in question 29, when will they receive the training? (check all that apply)

Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.	Already trained	Date tbd	July 2011	August 2011	September 2011	October 2011	November 2011	December 2011	9	N/A
Call Center	5 12%	3 8%	4 10%	6 15%	8 20%	4 10%	6 15%	0 0%	0 0%	4 10%
Correspondence	3 8%	4 10%	3 8%	6 15%	5 13%	4 10%	3 8%	0 0%	0 0%	11 28%
Operations	4 10%	5 12%	3 8%	5 12%	4 10%	6 15%	6 15%	0 0%	0 0%	7 18%
Legal/compliance	6 15%	5 12%	3 8%	5 12%	3 8%	6 15%	3 8%	1 2%	0 0%	8 20%
Sales/marketing	4 10%	6 15%	4 10%	5 13%	4 10%	5 13%	4 10%	0 0%	0 0%	7 18%
Senior level management	5 12%	6 15%	3 8%	5 12%	5 12%	4 10%	6 15%	1 2%	0 0%	5 12%
Tax department	5 13%	6 15%	2 5%	5 13%	5 13%	1 3%	6 15%	0 0%	0 0%	9 23%
All of the above	0 0%	2 6%	2 6%	3 10%	1 3%	2 6%	1 3%	3 10%	0 0%	17 55%

Other	0 0%	2 9%	1 5%	0 0%	0 0%	1 5%	3 14%	0 0%	0 0%	15 68%
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**31.** Are you planning to create a dedicated team to field CBR questions?

Already established		6	12%
Yes		10	21%
No		26	54%
Undecided		6	12%
<b>Total</b>		<b>48</b>	<b>100%</b>

**32.** Does your organization plan to add staff to support the cost basis reporting requirements?

Yes		5	10%
No		32	67%
Undecided		11	23%
<b>Total</b>		<b>48</b>	<b>100%</b>

**33.** If you answered yes to question 32, when do you plan to add staff to support CBR?

Already hired		0	0%
Q3-Q4 2011		4	57%
Q1-Q2 2012		0	0%
Q3-Q4 2012		0	0%
Q1-Q2 2013		3	43%
<b>Total</b>		<b>7</b>	<b>100%</b>

**34.** If you answered yes to question 32, in which of your business areas will you add staff? (check all that apply)

Call center		4	67%
Correspondence		2	33%
Operations		2	33%
Legal/compliance		0	0%
Broker services		0	0%
Systems		0	0%
Tax		2	33%
Dedicated CBR team		2	33%
Other, please specify		0	0%

**35.** If you answered yes to question 32, approximately how much staff do you plan to add (expressed as a percent of your current staff in the affected business areas)?

1%		2	40%
2%		0	0%

3%		0	0%
4%		0	0%
5%		0	0%
Other, please specify	[REDACTED]	3	60%
<b>Total</b>		<b>5</b>	<b>100%</b>

**36.** Please select all media types that will be used to communicate general cost basis information (e.g., what the cost basis reporting rules require) to fund shareholders. (check all that apply)

Statement insert	[REDACTED]	42	88%
New account application	[REDACTED]	41	85%
Redemption or exchange form	[REDACTED]	27	56%
Separate mailing	[REDACTED]	31	65%
Tax guide	[REDACTED]	26	54%
Prospectus	[REDACTED]	26	54%
Voice response unit (VRU)	[REDACTED]	11	23%
Website	[REDACTED]	45	94%
Fund portal	[REDACTED]	12	25%
Undecided	[REDACTED]	2	4%
N/A		0	0%
Other, please specify	[REDACTED]	4	8%

**37.** Please select all media types that will be used to communicate fund policies for cost basis reporting (e.g., fund default method, standing instruction methods supported, etc.) to fund shareholders. (check all that apply)

Statement insert	[REDACTED]	31	65%
New account application	[REDACTED]	40	83%
Redemption or exchange form	[REDACTED]	28	58%
Separate mailing	[REDACTED]	30	62%
Tax guide	[REDACTED]	21	44%
Prospectus	[REDACTED]	30	62%
Voice response unit (VRU)	[REDACTED]	9	19%
Website	[REDACTED]	42	88%
Fund portal	[REDACTED]	9	19%
Undecided	[REDACTED]	4	8%
N/A		0	0%
Other, please specify	[REDACTED]	6	12%

**38.** Please select all media types that will be used to communicate the confirmation of customer elections of a basis method other than the fund's default method to fund shareholders. (check all that apply)

Customer statement	[REDACTED]	29	60%
		26	54%



Trade confirm	[REDACTED]		
New account confirm	[REDACTED]	26	54%
Separate mailing	[REDACTED]	3	6%
Website	[REDACTED]	22	46%
Fund portal	[REDACTED]	5	10%
Undecided	[REDACTED]	11	23%
N/A		0	0%
Other, please specify	[REDACTED]	6	12%

**39.** Please select all media types that will be used to communicate the confirmation of a customer's specific ID instruction on a redemption to fund shareholders. (check all that apply)

Customer statement	[REDACTED]	23	50%
Trade confirm	[REDACTED]	29	63%
Separate mailing	[REDACTED]	3	7%
Website	[REDACTED]	14	30%
Fund portal	[REDACTED]	1	2%
Undecided	[REDACTED]	11	24%
N/A		0	0%
Other, please specify	[REDACTED]	4	9%

**40.** When a shareholder redeems shares, are you planning to provide cost basis information to the shareholder on documents in addition to the 1099B?

Yes	[REDACTED]	24	50%
No	[REDACTED]	12	25%
Undecided	[REDACTED]	12	25%
Total		48	100%

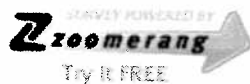
**41.** If you answered yes to question 40, on what additional document(s) are you planning to provide cost basis information to the shareholder? (check all that apply)

Transaction confirmation	[REDACTED]	14	58%
Quarterly statement	[REDACTED]	16	67%
Other, please specify	[REDACTED]	7	29%

**42.** When do you plan to begin providing updated versions of each type of media, which include cost basis reporting information? (check all that apply)

Top number is the count of respondents selecting the option. Bottom % is percent of the total respondents selecting the option.	Date tbd	July 2011	August 2011	September 2011	October 2011	November 2011	December 2011	Q1 2012	N/A
	Customer statement	6 13%	0 0%	0 0%	1 2%	1 2%	0 0%	3 6%	34 72%

Statement insert	7 15%	6 13%	0 0%	9 19%	13 28%	0 0%	2 4%	4 9%	6 13%
Trade confirm	6 12%	0 0%	0 0%	1 2%	0 0%	2 4%	2 4%	32 67%	5 10%
New account application	9 19%	0 0%	4 8%	8 17%	7 15%	6 12%	6 12%	8 17%	0 0%
Redemption of exchange form	8 17%	0 0%	0 0%	1 2%	3 6%	2 4%	6 13%	20 43%	7 15%
Separate mailing on CBR	5 10%	0 0%	5 10%	12 25%	4 8%	5 10%	0 0%	3 6%	14 29%
Prospectus	9 20%	2 4%	1 2%	0 0%	1 2%	3 7%	6 13%	17 38%	6 13%
Website	6 13%	6 13%	3 7%	5 11%	10 22%	3 7%	8 17%	3 7%	2 4%
Fund portal	5 11%	0 0%	1 2%	1 2%	5 11%	1 2%	2 5%	2 5%	27 61%
VRU	8 19%	0 0%	1 2%	1 2%	4 9%	1 2%	3 7%	5 12%	20 47%



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