



# Xcitek Cost Basis

## Securities cost basis information and tools

Xcitek Cost Basis™ (XCB) delivers high quality information on the impact of corporate actions on the tax or cost basis of securities, easing the burden of determining capital gains on your investments and helping you comply with new broker basis reporting requirements effective beginning in 2011.<sup>1</sup>

Mergers, spin-offs, distributions, stock splits, and numerous other corporate actions can have a significant impact on the cost basis of a security. Investors, tax advisors, and brokerage firms have historically had a difficult time collecting cost basis information due to the difficulty of tracking ownership and the impact of corporate actions.

The lack and inconsistency of cost basis reporting in the financial industry has come under increased government scrutiny in recent years. In a 2006 report the IRS estimated a loss of \$11 billion dollars from underreported cost basis information.<sup>2</sup> This has resulted in changes to the Internal Revenue Code of 1986 as part of the Emergency Economic Stabilization Act of 2008 that will require brokers to report a customer's adjusted basis when reporting securities transactions, and indicate whether gain is long term or short term.

### Will you be ready to face the challenge of new broker basis reporting rules?

Xcitek Cost Basis analyzes corporate actions to determine the impact on a security's cost basis, and electronically publishes the information to help securities and tax professionals update, maintain, and derive records to reflect these events. Electronic publishing options allow users to access the information in a variety of ways; ensuring that the information is available, when and how you need it.

### ■ XCB Service Content

The XCB service has access to the comprehensive corporate actions coverage of Xcitek Corporate

Actions™. The universe of coverage includes securities listed/traded on U.S. exchanges, including American Depositary Receipts (ADRs), and a limited set of fixed income mutual fund information.

The following is a partial listing of the information found in XCB announcements: CUSIP®, issuer, issue description, tax status, cash-in-lieu, resulting securities, cost basis allocation factor, and fair market value.

### ■ Event Coverage

The following are the corporate event types that are covered in the Xcitek Cost Basis service: conversion (mandatory only), distribution, exchange (mandatory only), merger, merger election, name change, recapitalization, reverse stock split, spin-off, stock dividend (including interest and payment history), and stock split.

### ■ Flexible Delivery and Tracking Options

Interactive Data is committed to providing data in client preferred formats and delivery systems. This dedication to client needs has led to numerous distribution partnerships with data vendors, and to ongoing development of proprietary web-based services that provide timely data and functionality that help clients utilize our information efficiently.

Cost basis information is available in the following formats:

- Web-based services
- End-of-day files (FTP)

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<sup>1</sup>The broker basis reporting requirements are applicable to securities acquired after December 31, 2010 and are effective for stock transactions after January 1, 2011, mutual fund transactions after January 1, 2012 and other securities after January 1, 2013.

<sup>2</sup>IRS Updates Tax Gap Estimates (IR-2006-28, Feb.14, 2006) Available from the Internal Revenue Service at [www.irs.gov](http://www.irs.gov)

- Online access and hosted application options for Cost Basis Calculator
- Numerous vendor and software applications
- Intra-day alert options including portfolio tracking that allows you to track specific cost basis events
- Customized reports and select automated reporting technologies (email alerts, daily electronic file) and formats

## ■ Cost Basis Calculator

Unique to Xcitek Cost Basis is the Cost Basis Calculator. Subscribers to XCB simply enter the CUSIP® or ticker symbol, the buy and sell dates, the quantity, and the purchase price. Within seconds, the Cost Basis Calculator can return a bottom-line cost basis per share and aggregate cost figure, taking into account cost basis-affecting events (including 'voluntary' events such as merger elections) during the holding period. The Cost Basis Calculator also can be used to calculate the effect of dividend reinvestments (DRIPs) going back to 1990 on covered stocks and mutual funds.

Calculator results also show the cost basis of securities that may have emanated from the original position. Equipped with historical daily prices, an online CUSIP

directory, and a built-in 'family tree' feature (that helps to identify the starting security when mergers, acquisitions, name changes, or distributions resulted in a different ending security), the Cost Basis Calculator is an invaluable tool for securities operations professionals.

**Note:** The Cost Basis Calculator does not take into account wash sales or basis marked to market as a result of death of the beneficial owner, or any increase in basis as a consequence of gift tax paid by the beneficial owner. The Cost Basis Calculator does not cover bonds and does not take into account whether stock was issued by a Passive Foreign Investment Company (PFIC). The determination of PFIC status is complex, and Interactive Data does not undertake any efforts in this regard.

## ■ Benefits

- Vast History – our coverage reaches back in time to the inception of most securities; in some cases more than 100 years
- Client Service – our knowledgeable staff is here to answer your questions
- Experience – we have years of experience in the corporate actions business and the necessary tools and sources to track important events

### About Interactive Data

Interactive Data Corporation (NYSE: IDC) is a leading global provider of financial market data, analytics and related services to financial institutions, active traders and individual investors. Through its businesses, Interactive Data Pricing and Reference Data, Interactive Data Real-Time Services, Interactive Data Fixed Income Analytics, and eSignal, the Company has approximately 2,300 employees in offices located throughout North America, Europe, Asia and Australia. Interactive Data Pricing and Reference Data provides global securities pricing, evaluations, and reference data designed to support financial institutions' and investment funds' pricing activities, securities operations, research and portfolio management.

Interactive Data Pricing and Reference Data collects, edits, maintains and delivers data on more than 6 million securities, including daily evaluations for approximately 2.5 million fixed income and international equity issues. Interactive Data Pricing and Reference Data specializes in "hard-to-get" information and evaluates many "hard-to-value" instruments. Pricing, evaluations, and reference data are provided in the U.S. through Interactive Data Pricing and Reference Data, Inc. and internationally through Interactive Data (Europe) Ltd. and Interactive Data (Australia) Pty Ltd.

For more information about Interactive Data and its businesses, please visit [www.interactivedata.com](http://www.interactivedata.com).

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