

# THE STA

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September 9, 2009

Ms. Jeanne Ross  
Attorney Advisor  
Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220

**Re: Meeting with the Securities Transfer Association on August 21, 2009**

Dear Jeanne:

The Securities Transfer Association ("STA") would like to thank you, Stephen Schaeffer, and your other colleagues for taking time from your busy schedules to meet with us last month. We appreciate the enlightening clarification that you provided with regard to our issue about whether or not certificates represent specific share lots. Resolving that question has enabled our STA working group to continue to move forward with our planning and preparations for the implementation of basis reporting. It was also helpful to learn exactly what an investor must do to stop utilizing average cost as his or her basis calculation method.

We also appreciate your willingness to review data that would support our contention that applying wash sale basis adjustments to most cases of sales within a Dividend Reinvestment Plan, (DRP) would be expensive from a computer resource viewpoint, confusing to shareholders, and would produce a de minimis change to the actual basis. Our working group hopes to have some supporting data to Steve Schaeffer in the near future.

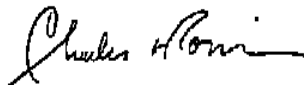
We were gratified to hear that the group remembered our issues that remain unresolved from our prior meeting on Dec. 18, 2008, and are

taking these issues into consideration as you draft the proposed rules for basis reporting. A brief summary of these open issues follows:

- Need clarification that all types of shares in a DRP account may be used in average cost calculation
- Need double category average cost to be eliminated as an allowable method
- Investors should be required to identify cost basis method before or at the time of sale.
- Transfers presented directly to the transfer agent should be considered “uncovered”, since the agent will not have the enough information about the circumstance underlying the transfer to report basis correctly (is it due to a gift, death, or private sale?)
- Need clarification of the term “middleman” in regard to determining if all transfer agents, even those with our 1099B reporting obligations are covered by the basis reporting regulations; the STA believes they should be.
- Need clarification that plans with similar characteristics to DRP’s can be subject to DRP rules.
- Transfer agents should be able to record basis furnished by investors, if they so choose and to report it as such on form 1099B and to the IRS. Should basis provided by the investor be excluded from the average cost calculation?

The STA and the members of our working group will be happy to answer any questions that might arise about these matters and to provide other information that you might find useful. Please feel free to give me a call, if we can be helpful.

Best Regards,



Charles V. Rossi  
President  
Securities Transfer Association

cc: Stephen J. Schaeffer, Attorney, Branch 1,  
IRS Office of Chief Counsel (Procedure & Administration)