

New IRS 8937 Broker Burden Will Only Get Heavier

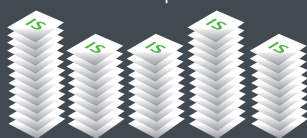
Under the cost basis reporting law, issuers of specified securities are now required to report the quantitative effect of corporate actions on basis under Internal Revenue Code Section 6045B via Issuer Returns—IRS Form 8937. Similarly, brokers are required to take into account all information furnished on an IRS Form 8937 when reporting the sale or transfer of a security to comply with this law.

Understand the Scope of Issuer Statements

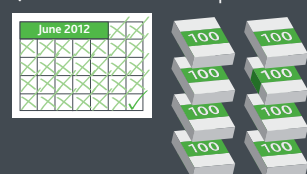
Thousands of corporate actions annually



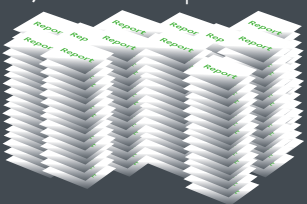
Resulting in more than **100** issuer statements per month



By end of October 2012, more than **1,100** issuer statements posted



Representing more than **30,000** individual reportable events



The number is expected to
By year-end we may see as many as **1,800 to 2,000** separate issuer statements, representing tens of thousands of events that must be accounted for when Form 1099 reporting season begins.



Issuer Details Can Be Tedious and Time Consuming

- Difficult to **find**
- Difficult to **understand**
- Difficult to **analyze**
- Risk of **incomplete or incorrect** information
- Substantial **time commitment** searching for & analyzing issuer statements
- Significant IRS noncompliance **penalties**
- **TAX EXPERTISE ESSENTIAL**

High Cost of Tracking Issuer Statements

- Minimum \$100k per year
- Volume of data requires at least one tax specialist FTE dedicated to finding and analyzing issuer statements = \$100k

Lighten Your Form 8937 Burden

CISR™ 8937 from Wolters Kluwer Financial Services provides the essential issuer reporting details brokers need for cost basis compliance.



Wolters Kluwer
Financial Services

Count on Wolters Kluwer Financial Services for Essential IRS Form 8937 Information For Cost Basis Reporting

Responding to this market need for essential IRS Form 8937 issuer statement tax information, Wolters Kluwer Financial Services launched CISR™ 8937. Because it centralizes coverage of issuer statements and provides fielded corporate action, security and taxability details and links to the original Form 8937, CISR™ 8937 saves time and reduces broker resource burdens.

Capital Changes Issuer Statement Reporting Service—CISR™ 8937

As a result of the cost basis reporting law, issuers are now required to file issuer statement reports—IRS Form 8937, on corporate actions that affect basis of their securities. Brokers are required to take into account the information provided in such reports as reliance on the issuer details can help insulate against errors in basis reporting on shareholder and transfer statements. Failure to account for issuer information can result in significant penalties.

CISR™ 8937 – Your Source for Issuer Statements

To meet this market need, Wolters Kluwer Financial Services launched CISR™ 8937, our Issuer Statement Reporting service. Leveraging the corporate actions tax expertise of our Capital Changes team and our proven model of applying a standardized approach to otherwise disparate event information, CISR™ 8937 delivers critical issuer information in one easy-to-navigate, centralized location.

Each CISR™ 8937 report is prepared by a Capital Changes expert corporate actions analyst who reviews and interprets the tax information and converts it into actionable data. Key tax information is fielded by our tax experts who also provide comments and cautions, where necessary, to help you understand the data.

DISCLAIMER: The information and views set forth in Wolters Kluwer Financial Services Securities Tax Solutions' communications are general in nature and are not intended as legal, tax, or professional advice. Although based on the law and information available as of the date of publication, general assumptions have been made by Wolters Kluwer Financial Services Securities Tax Solutions' communications which may not take into account potentially important considerations to specific taxpayers. Therefore, the views and information presented by Wolters Kluwer Financial Services Securities Tax Solutions' communications may not be appropriate for you. Readers must also independently analyze and consider the consequences of subsequent developments and/or other events. Readers must always make their own determinations in light of their specific circumstances.

About Wolters Kluwer Financial Services

Whether complying with regulatory requirements, addressing a single key risk, or working toward a holistic risk management strategy, more than 15,000 customers worldwide count on Wolters Kluwer Financial Services for a comprehensive and dynamic view of risk management and compliance. Wolters Kluwer Financial Services provides audit, risk and compliance solutions that help financial organizations improve efficiency and effectiveness across their enterprise. With more than 30 offices in 20 countries, the company's prominent brands include: FRSGlobal, FinArch, ARC Logics for Financial Services, Bankers Systems, VMP® Mortgage Solutions, AppOne®, GainsKeeper®, Capital Changes, NILS, AuthenticWeb™ and Uniform Forms™. Wolters Kluwer Financial Services is part of Wolters Kluwer, a leading global information services and solutions provider with annual revenues of (2011) €3.4 billion (\$4.7 billion) and approximately 19,000 employees worldwide. Please visit our website for more information.

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CISR™ 8937 provides:

- One source for all publicly available issuer statements
- Key tax and operational data fielded and exportable
- A link to the original issuer statement
- A link to the Capital Changes analysis

CISR™ 8937 is available exclusively as an add-on to subscriptions to Capital Changes Daily Corporate Action Updates, and Capital Changes complements CISR™ in several important ways:

- Capital Changes covers many corporate actions for which an issuer statement is not required or may not be provided (such as foreign events)
- Capital Changes provides basis and fair market value information on the effective date of the corporate action. Issuers have up to 45 days to file their statements.
- Capital Changes provides the highest level of tax detail and analysis in the industry
- Capital Changes updates its reporting to reflect issuer statements, if and when provided

Your Cost Basis Reporting Compliance Partner

At Wolters Kluwer Financial Services, tax accuracy is paramount. That's why we continuously embed our solutions with tax-accurate expertise and functionality. Tax, legal and operations professionals at blue chip brokerage firms count on us for unparalleled foreign and domestic corporate actions tax content and sophisticated technology—including a basis calculator, for investment tax reporting and compliance with the cost basis reporting law.

To request more information about CISR™ 8937, contact Gail.Pierce@WoltersKluwer.com or call 800.472.1009 and select option 2.



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To learn more about the cost basis reporting law, visit www.costbasisreporting.com.

To learn more about Capital Changes, visit www.WoltersKluwerFS.com/Securities/Solutions/Corporate_Actions_Taxability.aspx.