

**MEMO# 25296**

June 22, 2011

## **IRS Issues Guidance on Average Cost Default Method - Comments Requested**

[25296]

June 22, 2011

TO: BDAC COST BASIS REPORTING TASK FORCE No. 16-11  
BANK, TRUST AND RECORDKEEPER ADVISORY COMMITTEE No. 37-11  
BROKER/DEALER ADVISORY COMMITTEE No. 38-11  
OPERATIONS COMMITTEE No. 22-11  
SMALL FUNDS COMMITTEE No. 25-11  
TAX COMMITTEE No. 38-11  
TRANSFER AGENT ADVISORY COMMITTEE No. 49-11 RE: IRS ISSUES GUIDANCE ON  
AVERAGE COST DEFAULT METHOD - COMMENTS REQUESTED

As we previously informed you, [\[1\]](#) the Internal Revenue Service (“IRS”) has issued Notice 2011-56, [\[2\]](#) which provides interim guidance on certain cost basis reporting issues, including average cost as a broker default method. The IRS and Treasury Department intend to issue proposed regulations addressing this and other issues. They have asked for comments on the notice by August 8, 2011.

We will discuss Notice 2011-56 on our cost basis reporting conference call next Wednesday, June 29, at 2:00 p.m. ET. [\[3\]](#) If you wish to participate in the conference call, please inform Ezella Wynn (202-218-3560 or [ewynn@ici.org](mailto:ewynn@ici.org)) to ensure we have sufficient conference lines available. The dial-in number for the call is 877-779-7419 and the passcode is 21014.

You also may provide comments on the notice to me (202-371-5432 or [kgibian@ici.org](mailto:kgibian@ici.org)) no later than Friday, July 1.

Karen Lau Gibian  
Associate Counsel

**endnotes**

[\[1\]](#) See Institute [Memorandum](#) (25294) to BDAC Cost Basis Reporting Task Force No.

15-11, Bank, Trust and Recordkeeper Advisory Committee No. 36-11, Broker/Dealer Advisory Committee No. 37-11, Operations Members no. 13-11, Small Funds Members No. 44-11, Tax Members No. 19-11, and Transfer Agent Advisory Committee No. 48-11, dated June 22, 2011.

[2] Notice 2011-56 can be found on the IRS website at:  
<http://www.irs.gov/pub/irs-drop/n-11-56.pdf>.

[3] See Institute [Memorandum](#) (25293) to BDAC Cost Basis Reporting Task Force No. 14-11, Bank, Trust and Recordkeeper Advisory Committee No. 35-11, Broker/Dealer Advisory Committee No. 36-11, Operations Committee No. 21-11, Small Funds Committee No. 24-11, Tax Committee No. 37-11, and Transfer Agent Advisory Committee No. 47-11, dated June 22, 2011.

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