

MEMO# 10301

September 22, 1998

YEAR-END TAX REPORTING PROCEDURES

1 This year-end information often is referred to as “reclassified” tax information because of the practice at many brokerage firms and banks to treat distributions from RICs and REITs as ordinary income until advised to “reclassify” the income, such as to long-term capital gain. [10301] September 22, 1998 TO: TAX MEMBERS No. 30-98 ACCOUNTING/TREASURERS MEMBERS No. 24-98 OPERATIONS MEMBERS No. 24-98 BROKER/DEALER ADVISORY COMMITTEE No. 14-98 TRANSFER AGENT ADVISORY COMMITTEE No. 59-98 RE: YEAR-END TAX REPORTING PROCEDURES

The Institute has been working closely this year with the Securities Industry Association (“SIA”), the American Bankers Association (“ABA”) and the National Association of Real Estate Investment Trusts (“NAREIT”) to improve the uniform reporting procedures pursuant to which regulated investment companies (“RICs”) and real estate investment trusts (“REITs”) will report “reclassified” 1 year-end tax information. For 1998, this year-end tax information will be reported to brokers and banks using the attached “primary” and “secondary” uniform file formats. The 1998 primary uniform file format contains the information required to prepare IRS Forms 1099 for RIC shareholders. The 1998 primary uniform file format retains the standard nomenclature adopted last year for the different “types” of long-term capital gains (i.e., 28 percent rate gain, 20 percent rate gain, unrecaptured section 1250 gain and section 1202 gain). The 1998 secondary uniform file format is new and will enable RICs to provide to brokers and banks 1998 year-end income breakdowns (1) by State for municipal bond funds and (2) by type of security (i.e., Exempt Federal Securities, GNMA’s & FNMA’s, Repurchase Agreements and Other Non-exempt Securities) for other bond funds. The remainder of this memorandum summarizes agreements reached with respect to the following two aspects of year-end tax reporting: (1) the reporting to brokers and banks by RICs of 1998 year-end tax information and (2) the reporting to RICs by REITs of 1998 year-end tax information. Reporting to Brokers and Banks by RICs of Year-End Tax Information The SIA will update the listing of tax contacts at wirehouse, national and regional brokerage institutions from last year. The SIA has requested that the RICs provide to the persons listed as “tax contacts” at the brokerage firms (1) all year-end tax information on the 1998 primary uniform file format on or before Friday, January 8, 1999 and (2) all year-end tax information on the 1998 secondary uniform file format on or before Friday, January 15, 1999. The SIA also has requested that each RIC provide the name of a “tax contact” to whom the brokers and banks may direct inquiries regarding the RIC’s 1998 year-end tax information. The Institute has agreed to compile a listing of tax contacts at the RICs. Reporting to RICs by REITs of Year-End Tax Information To ensure that the REITs provide accurate and timely year-end tax information to holders of REIT interests (including RICs), the Institute will provide to NAREIT a list of RIC “investor contact persons” to whom NAREIT’s members will send year-end tax information (via e-mail, fax or other medium). This information will be provided to the contact persons as soon as it becomes available

ACTIONS REQUESTED: 1. RIC Tax Contacts List -- Please provide to the Institute's Gloria Davis by e-mail (to gdavis@ici.org) or by fax (to 202.326.5841) -- no later than Friday, October 9 -- the following information regarding the person ("Tax Contact") responsible for preparing the RIC's 1998 year-end tax information to be reported to brokers and banks on the 1998 primary and secondary uniform file formats: Name of Tax Contact:

Tax Contact's Firm:
Telephone Number of Tax Contact:
Facsimile Number of Tax Contact:
E-mail Address of Tax Contact (if available):
Mailing Address of Tax Contact:

2. REIT Information List -- If you or someone in your firm would like to be included on NAREIT's listing of persons to receive REIT information ("REIT Contacts"), please provide to the Institute's Gloria Davis by e-mail (to gdavis@ici.org) or by fax (to 202.326.5841) -- no later than Friday, October 9 -- the following information: Name of REIT Contact: REIT

Contact's Firm: _____ Telephone Number of REIT Contact: _____
 _____ Facsimile Number of REIT Contact: _____
 _____ E-mail Address of REIT Contact (if available): _____
 _____ Mailing Address of REIT Contact: _____

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