

**MEMO# 9397**

November 7, 1997

## **PROVIDING YEAR-END TAX INFORMATION TO BROKERS**

[9397] November 7, 1997 TO: ACCOUNTING/TREASURERS MEMBERS No. 45-97  
BROKER/DEALER ADVISORY COMMITTEE No. 18-97 OPERATIONS MEMBERS No. 27-97 TAX  
MEMBERS No. 42-97 TRANSFER AGENT ADVISORY COMMITTEE No. 63-97 RE: PROVIDING  
YEAR-END TAX INFORMATION TO BROKERS

As has been announced in a previous memo (Accounting/Treasurers Members No. 43-97; Operations Members No. 24-97; Tax Members No. 39-97), the ICI has proposed to the Securities Industry Association (SIA) that a uniform file format and standardized procedures be adopted to attend year-end tax reclassification. Final details of that proposal were recently resolved by operations members of the Institute and the SIA, such as an agreement to report per share amounts of distributions to the one-hundredth of a penny. Attached you will find a file layout which we urge you to consider utilizing when providing 1997 year-end tax reclassification information to broker/dealers and other intermediaries who may hold positions in your funds. Please note that it has been changed slightly as a result of suggestions that have been provided to the Institute. These changes include: a) the insertion of a column for reporting Exempt Interest Dividends, and b) changes in column labels to reflect the new IRS nomenclature relative to capital gains categories (i.e., 28 Percent Rate Gain, 20 Percent Rate Gain, and Unrecaptured Section 1250 Gain, respectively). In addition to this file layout, you will find a detailed description of the data elements contained in the file. These descriptions have likewise undergone minor revision as a result of the new IRS nomenclature. Also, you will find a listing of tax contacts at a variety of wirehouse, national, and regional brokerage institutions throughout the United States. These contacts are the parties to whom 1997 year-end tax reclassification information should be forwarded on or before January 7, 1998. The ICI will provide an updated listing of these contacts in December, 1997. In preparing your fund company's year-end tax reclass file, please utilize Microsoft Excel or a spreadsheet package which is readily convertible into Microsoft Excel format (i.e. Lotus 123, Quattro Pro). Additionally, please read carefully the notes attending the page entitled "Description of How to Use the File Layout for Year-End Tax Reclass Information." Adherence to this standard will help ensure accurate tax reporting to mutual fund shareholders by providing brokers and other intermediaries with year-end mutual fund tax reclass information in a timely, efficient, and uniform manner. In providing your file to the brokerage industry tax contacts, please be sure to list a contact name at your fund complex in the event issues with the file or information contained therein require prompt resolution. Additionally, while email addresses are provided for many of these tax contacts, we urge members to be cognizant of the difficulties that may attend electronic mail communication of file attachments. We urge all members intending to utilize email to pass the reclass file to send test files to

selected broker/dealers in advance of transmitting their year-end reclass file. Optimally, telephonic contact should take place with these broker/dealer counterparties prior to passing such a test file. Additionally, to ensure conformity with the attached file specification, it is recommended that test files contain dummy year-end reclass data for several cusips. If you have questions or concerns regarding the issues covered in this memo or, more generally, with the delivery of year-end tax reclassification information, please do not hesitate to contact the undersigned at 202/326-5848. Thank you. Kevin Farragher Director - Operations Distribution & Service Attachment

---

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.