I. Retain three factor model, rather than move to single sales factor model

II. Sales factor: Overarching goal – reflect the market
   
   A. ATM fees §3(c) – location of ATMs.
   
   B. Merchant Discount §3(j) – location of merchant
   
   C. Receipts from banks own investment and trading assets and activities §3(m) – clarify this rule applies to the bank’s own assets and activities.
   
   D. Receipts from investment and trading assets and activities on behalf of 3rd Party (trust accounts) new § –
      
      1. Overarching goal – reflect market, unless too easily manipulable or unreasonably difficult for banks to comply.
      
      2. List of Acceptable Options for the Sourcing Rule:
         a. location of trust assets
         b. location where trust formed
         c. location of trustee
         d. location of trustor
         e. location of beneficiaries, or
         f. a share of total trust account receipts equal to the ratio of deposits in the state to total deposits of the institution
   
   E. Other? Are there other types of receipts, not covered under the current rule, that generally make up a large enough portion of total receipts to justify specified numerator sourcing? (RICs and REMICs, will be dealt with at end of project.)
   
   F. Non-specified receipts, §§3(l) and (n), and specified receipts that fall below a certain percentage of total receipts –
      
      1. Not included in the apportionment factor, or
      2. Included in same proportion as all other receipts

III. Property factor: Overarching goal – not trying to recreate the 1994 apportionment outcome (source to particular states), rather trying to recreate the 1994 policy (source to location of loan activity).
A. Location of Loans §4(g) – Clarify sourcing using California’s proposal dated 8/25/08.

B. Material Change §4(i) - Clarify “material change” using California’s proposal dated 8/25/08

IV. Definitions: Overarching goal – retain focus on financial Institution (rather than financial activity) and add other specified institutions that are heavily engaged in financial activity.

A. Retain appendix A

B. Add investment banks, if not already included

C. Are there other types of institutions that should be added?