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DOCNUM 2012-0457101R3

REFDATE 14XXXX

SUBJECT Proposed amendments to a Deferred Share Unit Plan

SECTION ITA 248(1) "salary deferral arrangement"; ITR 6801(d)

Please note that the following document, although believed to be correct at the time of issue, may not represent the current position of the CRA.

Prenez note que ce document, bien qu'exact au moment émis, peut ne pas représenter la position actuelle de l'ARC.

PRINCIPAL ISSUES: Whether proposed amendments to an existing DSU Plan to add one new class of DSUs based on XXXXXXXXXX shares that track limited partnership interests in a particular limited partnership would result in the DSU Plan ceasing to satisfy the conditions in ITR 6801(d)

POSITION: The amendments will not, in and of themselves, affect the DSU Plan for the purposes of the conditions in ITR 6801(d).

REASONS: The XXXXXXXXXX shares fall within the parameters of ITR 6801(d) and, in particular, the postamble of ITR 6801(d). The DSU Plan provides, and the taxpayer's representative has confirmed, that no action may be taken to reduce the impact of any downward fluctuation in the fair market value of the XXXXXXXXXX shares.

XXXXXXXXXX

2012-045710

XXXXXXXXXX, 2014

Dear XXXXXXXXXX:

Re: Advance Income Tax Ruling

XXXXXXXXXX (the "taxpayer")

This is in reply to your correspondence of XXXXXXXXXX (in which you requested an advance income tax ruling on behalf of the above-noted taxpayer), your correspondence of XXXXXXXXXX, and our various telephone

discussions (XXXXXXXXXX).

To the best of your knowledge and that of the taxpayer, none of the issues involved in the ruling request is:

(i) dealt with in an earlier tax return of the taxpayer or a person (a "specified person") who is a person related to the taxpayer or who is a Participant in the Plan referred to below;

(ii) being considered by a tax services office or a tax centre in connection with a tax return already filed by the taxpayer or a specified person;

(iii) under objection by the taxpayer or a specified person;

(iv) before the courts, or, if a judgment has been issued, the time limit for appeal to a higher court has expired; or

(v) the subject of a ruling previously issued by the Directorate, other than Ruling 2003-0040931 dated XXXXXXXXXX, Ruling 2007-0246431 dated XXXXXXXXXX, and Ruling 2008-0287641 dated XXXXXXXXXX.

Unless otherwise stated, all references to a statute are to the Income Tax Act, R.S.C. 1985 (5th Supp.) c.1, as amended (the "Act"). Unless a contrary intention appears, any term or expression used in this letter has the meaning assigned for the purposes of the Act.

Our understanding of the relevant definitions, the facts, the proposed transactions and the purpose of the proposed transactions is as follows:

FACTS

Background

1. XXXXXXXXXX ("Aco") is a taxable Canadian corporation as that term is defined in subsection 89(1) of the Act. XXXXXXXXXX. The Business Number of Aco is XXXXXXXXXX. Aco files its tax returns at the XXXXXXXXXX Tax

Services Office and deals with that office. The head office of Aco is
 XXXXXXXXXX.

2. Aco has established a comprehensive compensation and benefits program
 for its employees.

3. XXXXXXXXXX ("Bco") is a taxable Canadian corporation as that term is
 defined in subsection 89(1) of the Act. Bco is a subsidiary of Aco; and
 the two corporations are related to each other for the purposes of the
 Act and, in particular, for the purposes of paragraph 6801(d) of the
 Income Tax Regulations, as amended (the "Regulations").

4. Aco Shares and Bco Shares are listed on the XXXXXXXXXX and the
 XXXXXXXXXX.

5. XXXXXXXXXX ("Cco") is a corporation incorporated under the laws of
 the Province of XXXXXXXXXX, is a taxable Canadian corporation as that
 term is defined in subsection 89(1) of the Act, and is a wholly-owned
 subsidiary of Aco. Aco and Cco are related to each other for the purposes
 of the Act and, in particular, for the purposes of paragraph 6801(d) of
 the Regulations.

The Plan

6. Aco has established a deferred compensation plan (the "Plan") for
 individuals ("Participants") who are designated senior officers and
 employees of Aco, as well as those of related entities (defined under the
 Plan as corporations that are related to Aco under the provisions of the
 Act) ("Related Entities"). The Plan has been in place since XXXXXXXXXX.

7. Although the Plan has been the subject of three previous Advance
 Income Tax Rulings 2003-004093, dated XXXXXXXXXX, 2007-024643, dated
 XXXXXXXXXX, and 2008-028764, dated XXXXXXXXXX, the Plan has never been
 ruled on in its entirety by this Directorate. However, Aco confirms that
 the Plan has, at all times from the time it was established in XXXXXXXXXX
 to the time immediately before the time it will be amended in the manner
 described below, satisfied the conditions in paragraph 6801(d) of the
 Regulations.

8. The Plan is administered by the XXXXXXXXXX (the "Committee") of the Board of Directors of Aco.

9. Under the Plan, three classes of deferred share units (collectively referred to herein as the "DSUs") may be awarded to Participants:

(a) Aco DSUs - deferred share units in respect of a XXXXXXXXXX Share of Aco ("Aco Shares"),

(b) Bco DSUs - deferred share units in respect of a XXXXXXXXXX share of Bco ("Bco Shares"), and

(c) Cco DSUs - deferred share units in respect of a share of the class of XXXXXXXXXX shares of Cco ("Cco XXXXXXXXXX Shares").

10. Cco has two classes of shares, namely:

(a) XXXXXXXXXX Shares held by Aco, and

(b) Cco XXXXXXXXXX Shares.

11. A notional account (the "Account") is established for each Participant. The number of DSUs allocated to a Participant and the value of those units is recorded in the Account. The Plan is not funded.

12. Conversions between Aco DSUs, Bco DSUs and Cco DSUs are permissible in conjunction with a change of the Participants' responsibilities or subject to the approval of the Committee. The aggregate value, immediately after the conversion, of the DSUs received on the conversion by a Participant will not exceed the aggregate value, immediately before the conversion, of the surrendered DSUs.

13. In general, the number of DSUs allocated to a Participant is calculated based on the dollar value of the Participant's deferred compensation allocated to the applicable DSU divided by the applicable share price in respect of Aco DSUs or Bco DSUs and the fair market value of a Cco XXXXXXXXXX Share in respect of a Cco DSU as determined in

accordance with terms of the Plan. Aco DSUs may be awarded in Canadian or XXXXXXXXXXXX dollars.

14. A Participant has no legal ownership of or beneficial interest in the shares by virtue of the allocation of the DSUs. For greater certainty, the DSUs do not entitle a Participant to any shareholder rights vis-à-vis Aco, Bco or Cco, including - without limitation - voting rights, dividend entitlements, or rights on liquidation.

15. In the event that a dividend is declared and paid on Aco Shares, Bco Shares, or Cco XXXXXXXXXXXX Shares, additional Aco DSUs, Bco DSUs or Cco DSUs, respectively, will be awarded. The number of such DSUs awarded will equal the amount of the dividend attributable to the notional shares divided by the fair market value of the Aco Share, Bco Share or Cco XXXXXXXXXXXX Share, as the case may be, at that time.

16. In the event of any alteration in the number or class of, or change in, the Aco Shares, Bco Shares, or Cco XXXXXXXXXXXX Shares, as the case may be, (referred to in this paragraph as the "Shares") resulting from any subdivision, consolidation or reclassification of, or other change in, the Shares or the amalgamation, consolidation or merger of Aco, Bco or Cco, respectively, (referred to in this paragraph as the "Corporation") or other relevant changes in the capital of the Corporation, such proportionate adjustments, if any, as are appropriate to reflect such change, will be made with respect to the number of Aco DSUs, Bco DSUs or Cco DSUs, respectively, (the "Corporation DSUs") outstanding under the Plan, provided that any such adjustment shall require that the aggregate dollar value of the Corporation DSUs, respectively, recorded in a Participant's DSU account after the adjustment will be proportionately and appropriately varied so that it will be equal to the aggregate dollar value prior to the adjustment.

17. The Plan provides that under no circumstances will a Participant, dependent, relation, or legal representative, as applicable, be entitled, either immediately or in the future, absolutely or contingently, to receive or obtain any amount or benefit designed to reduce the impact of any reduction in the value of a DSU as a result of the reduction in fair market value of the applicable underlying share.

18. A Participant is immediately vested in Aco DSUs, Bco DSUs and Cco DSUs that he or she voluntarily elected to receive in lieu of bonus compensation. All other Aco DSUs, Bco DSUs and Cco DSUs allocated to a Participant under the Plan vest rateably over XXXXXXXXXX years, commencing on the first anniversary of issue, unless otherwise specified in the award to the Participant.

19. DSUs are non-transferable.

20. DSUs cannot be redeemed until the year in which the Participant's Retirement Date occurs. "Retirement Date" of the Participant means the earlier of the Participant's date of death or the date on which the Participant ceases to hold any position with Aco or any Related Entity as an officer or employee, and, for greater certainty, shall not be before the date on which the Participant's employment (as an officer or employee) with Aco or any Related Entity ceases under applicable law. A Participant may appoint a dependent or relation to receive amounts under the Plan in the event of the Participant's death. If no dependent or relation is so designated, the legal representative of the Participant is entitled to receive such amounts.

21. Vested DSUs are redeemed within XXXXXXXXXX days of the Participant's Retirement Date unless otherwise approved by the Committee. However, all DSUs will be redeemed by the end of the calendar year following the year in which the Retirement Date occurs. The redemption value of a Participant's Account will be the product of the number of vested DSUs multiplied by the fair market value of the applicable underlying share as of the Retirement Date. Unvested DSUs are automatically forfeited.

22. The redemption of the DSUs will be effected by way of cash settlement, less withholding taxes. Alternatively, the Participant may direct that the net after-tax proceeds from the redemption of DSUs be used to purchase the applicable shares on the open market from a designated broker.

23. The Plan provides that no amount is to be paid, under the Plan or pursuant to any other arrangement, to or in respect of a Participant, and no additional DSUs can be granted to the Participant, as compensation for

a downward fluctuation in the market value of an Aco Share, Bco Share, and/or Cco XXXXXXXXXXXX Share, nor will any other form of benefit be conferred upon or in respect of a Participant for such purpose.

24. The Plan may be amended or terminated at any time by the Committee. However, no amendment of the Plan will, without the consent of the Participant, affect the rights of a Participant with respect to DSUs which were credited to his or her Account prior to the date of such amendment of the Plan; and no termination of the Plan will affect the entitlement of any Participant to payment in respect of DSUs credited to his or her Account prior to the date of the termination of the Plan. Notwithstanding the foregoing, any amendment or termination of the Plan will be such that the Plan continuously meets the requirements of paragraph 6801(d) of the Regulations or any successor provision thereto. In the event the Plan is terminated, the Plan will continue to exist until such time as the last remaining Participant in the Plan receives a payment in satisfaction of all DSUs credited to the Participant's Account on the Participant's Retirement Date; and furthermore, no amendment to or termination of the Plan will accelerate the payment of amounts under the Plan to Participants.

Subject LP

25. XXXXXXXXXXXX ("Subject LP") was established in XXXXXXXXXXXX, and exists, as an exempted limited partnership under the laws of XXXXXXXXXXXX. Subject LP indirectly owns and operates XXXXXXXXXXXX businesses and XXXXXXXXXXXX assets throughout the world.

The limited partnership units of Subject LP are listed on the XXXXXXXXXXXX and XXXXXXXXXXXX and trade in the range of \$XXXXXXXXXX to \$XXXXXXXXXX per unit. The registered office is XXXXXXXXXXXX.

Subject LP invests in XXXXXXXXXXXX assets on a global basis. Its business, which it owns through various holding companies, consists of XXXXXXXXXXXX assets in XXXXXXXXXXXX.

26. The general partner of Subject LP is XXXXXXXXXXXX, which is a wholly-owned subsidiary of Aco.

27. Subject LP and its subsidiaries have entered into a management services agreement with Aco and affiliates of Aco under which employees of these entities provide management services. All of the affiliates are controlled directly or indirectly by Aco.

PROPOSED TRANSACTION

28. Aco proposes to amend the terms of the Plan to create a new class of DSUs (the "Dco DSUs"), which will depend on the value of a class of XXXXXXXXXX shares of DCo, a wholly-owned subsidiary of Aco that will be incorporated following the grant of this ruling. As discussed below, the value of the class of XXXXXXXXXX shares of Dco will depend on the value of the limited partnership units of Subject LP. Dco, Subject LP, the limited partnership units of Subject LP, the Dco XXXXXXXXXX Shares, and the Dco DSUs are as described below.

29. Aco proposes to incorporate under the laws of the Province of XXXXXXXXXX a wholly-owned subsidiary ("Dco") with two classes of shares, namely XXXXXXXXXX Shares (the "Dco XXXXXXXXXX Shares") and a class of the XXXXXXXXXX shares (the "Dco XXXXXXXXXX Shares").

30. The Dco XXXXXXXXXX Shares will have the following attributes:

(a) The shares will be voting;

(b) Dividends on the shares may be declared at the discretion of the Board of Directors of Dco; and

(c) The shares will have no fixed or preferential liquidation entitlement, and thus the shares will share pro rata with the Dco XXXXXXXXXX Shares in any assets remaining on liquidation of Dco.

31. The Dco XXXXXXXXXX Shares will have the following attributes:

(a) The shares will be non-voting;

(b) The shares will have no fixed or preferential liquidation

entitlement, and thus the shares will share pro rata with the Dco

XXXXXXXXXX Shares in any assets remaining on liquidation of Dco;

(c) Dividends on the shares may be declared at the discretion of the Board of Directors of Dco, but such dividends shall not exceed the income distributions received from the Subject LP limited partnership units held by Dco; and

(d) Each outstanding share will be redeemable and retractable for an amount equal to the fair market value of a Subject LP limited partnership unit at the time of the redemption or retraction. In this context, the fair market value of a Subject LP limited partnership unit for Dco DSUs denominated in XXXXXXXXXXXX dollars will be the closing price on the applicable date as reported on the XXXXXXXXXXXX (or if the XXXXXXXXXXXX is not open on such a day, the immediate preceding date on which the XXXXXXXXXXXX was open). The fair market value of a Subject LP limited partnership unit for Dco DSUs denominated in Canadian dollars will be the closing price on the applicable date as reported on the XXXXXXXXXXXX (or if the XXXXXXXXXXXX is not open on such a day, the immediate preceding date on which the XXXXXXXXXXXX was open).

32. Aco will subscribe for 1 Dco XXXXXXXXXXXX Share for a subscription price of \$XXXXXXXXXX. The subscription moneys will be retained by Dco as cash on hand.

33. Aco will also subscribe for XXXXXXXXXXXX Dco XXXXXXXXXXXX Shares. Dco will use the proceeds from that subscription to purchase, on the open market, one Subject LP limited partnership unit for each Dco XXXXXXXXXXXX Share that Dco issues, by virtue of that subscription, to Aco. In the event that the proceeds from that subscription exceed the amount required to purchase those Subject LP limited partnership units, the excess amount shall be paid back to Aco as a return of capital on the Dco XXXXXXXXXXXX Shares held by Aco or through the declaration and payment of a dividend on the Dco XXXXXXXXXXXX Share, or Dco XXXXXXXXXXXX Shares, held by Aco. The payment of the excess amount shall occur prior to the awarding of any Dco DSUs.

34. Dco will be a taxable Canadian corporation as that term is defined in subsection 89(1) of the Act. Dco will be a wholly-owned subsidiary of

Aco; and the two corporations will be related to each other for the purposes of the Act and, in particular, for the purposes of paragraph 6801(d) of the Regulations.

35. At any given time, the value of one Dco XXXXXXXXXX Share will equal the value of one Subject LP limited partnership unit (as determined using the redemption and retraction terms of the Dco XXXXXXXXXX Shares) and the value of one Dco DSU will equal the value of one Dco XXXXXXXXXX Share.

36. Subject to the prior approval of the Committee, current DSU holders may convert their existing DSUs to Dco DSUs. In addition, Dco DSUs may be awarded from time to time to designated senior officers and employees of Aco and of Related Entities. To the extent that the surrendered DSUs had not vested prior to conversion, the converted DSUs will vest pursuant to the original schedule governing the vesting of the surrendered DSUs. The aggregate value, immediately after the conversion, of the DSUs received on the conversion by a Participant will not exceed the aggregate value, immediately before the conversion, of the surrendered DSUs.

Once a year or at such times as determined by the Committee, Dco DSUs may be converted into Aco DSUs, Bco DSUs or Cco DSUs. To the extent that the surrendered DSUs had not vested prior to conversion, the converted DSUs will vest pursuant to the original schedule governing the vesting of the surrendered DSUs. The aggregate value, immediately after the conversion, of the DSUs received on the conversion by a Participant will not exceed the aggregate value, immediately before the conversion, of the surrendered DSUs.

The vesting of any DSUs obtained through the conversion of other DSUs will continue pursuant to the original DSUs' vesting schedule.

37. In the event that a dividend is declared and paid on Dco XXXXXXXXXX Shares, additional Dco DSUs will be awarded. The number of Dco DSUs awarded will equal the amount of the dividend attributable to the notional shares divided by the fair market value of the Dco XXXXXXXXXX Share at that time.

38. No action of any kind will be taken to protect the Dco XXXXXXXXXX

Shares from a decline in value that, but for the action, would otherwise arise from the decline in the value of the Subject LP limited partnership units.

39. The Dco DSUs will be subject to the terms and conditions set out in paragraphs 6 through 38 of this letter. The Plan will be amended accordingly, including amendments to extend the provisions of the Plan that give effect to the statements made in paragraphs 6 to 24 of this letter so that those provisions also apply in respect of Dco DSUs.

PURPOSE OF THE PROPOSED TRANSACTION

The creation of the class of Dco DSUs will assist in further aligning employees' interests with those investors who hold Subject LP limited partnership units.

RULING GIVEN

Provided that the preceding statements constitute a complete and accurate disclosure of all of the relevant facts, the proposed transaction, and the purpose of the proposed transaction and that the proposed transaction is completed in the manner described above, we rule as follows:

A. The proposed amendments to the Plan as described above will not, in and of themselves, result in the Plan ceasing to meet the conditions in paragraph 6801(d) of the Regulations.

B. No amount will be included in a Participant's income under subsection 5(1) or paragraph 6(1)(a) of the Act solely as a consequence of the grant of Dco DSUs or the conversion of Aco DSUs, Bco DSUs or Cco DSUs into Dco DSUs.

This ruling is given subject to the limitations and qualifications set forth in Information Circular 70-6R5 issued on May 17, 2002, and is binding on the Canada Revenue Agency (CRA), provided that the proposed amendments to the Plan described above are made on or before six months after the date of this letter.

Nothing in this letter should be construed as implying that the CRA has reviewed or is making a determination on:

(a) whether the Plan in its entirety meets the conditions in paragraph 6801(d) of the Regulations; or

(b) the fair market value of any property referred to in this letter.

This letter is based solely on the facts and proposed transactions described above. The documentation submitted with your request that is not described above does not form part of the facts and proposed transactions and any references to the documentation are provided solely for the convenience of the reader.

Yours truly,

for Director

Financial Industries and Trusts Division

Income Tax Rulings Directorate

Legislative Policy and Regulatory Affairs Branch