This program has been accredited by the Law Society of Upper Canada towards the professional development requirement for certification. Corporate & Commercial Law: 8 hours.

CERTIFIED SPECIALIST

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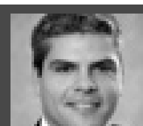
6th

TAXATION OF FINANCIAL PRODUCTS & DERIVATIVES

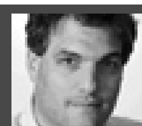
Understand recent tax structures and identify key tax issues arising in the design of structured products

Course Leader John J. Tobin, Torys LLP

Hugh Chasmar, Deloitte & Touche LLP

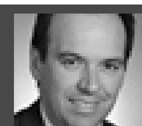


Vincent Imerti, Gowling Lafleur Henderson LLP



Richard Marcovitz, Pricewater-houseCoopers LLP

Carmela Pallotto, KPMG LLP



Christopher Van Loan, Blake, Cassels & Graydon LLP

September 21 & 22, 2009, Toronto

participating organizations

Blake, Cassels & Graydon LLP
Deloitte & Touche LLP
Gowling Lafleur Henderson LLP
KPMG LLP
PricewaterhouseCoopers LLP
Torys LLP

who should attend

Tax executives in the financial sector and other industries, tax accountants and tax lawyers who want to expand their knowledge in this area or need a refresher to keep up to date with what's new in order to best serve the needs of their clients

course highlights

- Hear from our faculty of leading Canadian tax specialists to get senior-level, up-to-date tax information on financial products and derivatives
- Get a detailed overview of what is in the capital markets
- Update your knowledge of recent case law affecting the tax treatment of structured products and derivatives
- Analyze the tax consequences of cross-border financing techniques and financial products
- Review the guidelines in applying reputational risk standards to tax structuring
- Hear the latest practices in identifying and bifurcating complex, hidden financial instruments
- Avoid tax traps in planning for the use of financial products
- Look at the tax implications of using default derivatives

FACULTY

COURSE LEADER

JOHN J. TOBIN

John Tobin is a partner in Torys' Tax Department. His practice focuses on tax and structured finance and his experience includes representation of international and domestic banks, financial institutions, mutual funds and government agencies in domestic and cross-border financial products, lending and securitizations, income funds, managed asset structures, leasing and investments. He has extensive experience in the areas of federal and provincial income tax, tax controversy, withholding tax, capital tax, sales and use tax and goods and services tax.

CO-LECTURERS

HUGH CHASMAR

Hugh Chasmar is a tax partner with Deloitte & Touche, Toronto. He is a lawyer and a chartered accountant. He provides tax planning and compliance services principally to clients in the financial services industry, with particular emphasis on investment funds, investment dealers, banks and financial products. He is a member of the Taxation Working Group of the Investment Funds Institute of Canada.

VINCENT F. IMERTI

Vince F. Imerti is a partner with Gowling's National Tax Group. His primary focus is on Canadian and international corporate, trust and partnership tax matters. He has been involved in the structuring of numerous acquisitions of assets, shares, trust interests, partnership interests and real estate. He has also been involved in a number of mergers, reorganizations, debt restructurings, financings and derivative transactions. He has also provided tax advice in respect of the establishment of various investment vehicles and structures for taxable and exempt domestic and international corporations, trusts, partnerships and pension corporations. He has extensive experience in structuring Canadian real estate investment structures for both domestic and international clients.

RICHARD MARCOVITZ

Richard Marcovitz is a Partner in the Toronto - Royal Trust office of PricewaterhouseCoopers. He is a member of the Financial Services group. He advises banks, leasing and financing companies and brokerage firms on domestic and international tax issues. He joined PricewaterhouseCoopers in 1994 and was admitted to the partnership in 2001.

CARMELA PALLOTTO

Carmela Pallotto is a partner in the Financial Institutions and Real Estate group of KPMG LLP based in the Toronto office and provides a broad range of tax advisory and compliance services to a diversity of bank, investment dealer, investment fund, leasing and other clients. She regularly advises clients on the tax implications of capital market transactions.

CHRIS VAN LOAN

Chris Van Loan practises income taxation law and provides tax advice on a variety of domestic and cross-border transactions, including financings, corporate reorganizations, acquisitions and divestitures, particularly those involving foreign affiliates and outbound structures. He has also acted for numerous domestic and foreign financial institutions with respect to the taxation of global trading, derivatives, securities lending and other capital markets transactions.

COURSE PROGRAM

BASIC INSTRUMENTS USED IN DEVELOPING FINANCIAL PRODUCTS

In recent years, financial products and derivatives have become a mainstay of financial markets. Corporations and financial institutions are using these products to hedge risks or gain certain financial or economic benefits. This session will provide a detailed understanding of what these products are and provide an overview of what is happening in the capital markets.

- Basic instruments used in developing financial products
- What are the economics of these instruments?
- What is the taxation of these instruments?
- Special rules for business hedges: hedging strategies
- Mark-to-market taxation

TAXATION OF STRUCTURED PRODUCTS & DERIVATIVES: IMPACT OF CASE LAW & RECENT TAX RULES

The rapid pace of development of financial products and derivatives has challenged regulatory, accounting, legal and tax frameworks. This session will help attendees understand recent tax structures and identify key tax issues and challenges that arise in the design of structured products. The session will also provide a review of recent case law as well as legislative and tax administrative positions affecting the tax treatment of structured products and derivatives.

- Taxation of derivatives and synthetic financial products
- The basic tax character of the transaction
- The use of derivatives for hedging and the implications on the reporting of derivative use
- Key tax issues and challenges arising in structured products
- Qualified investment issues
- Foreign investment entity rules
- Case law update

TAXATION OF CROSS-BORDER FINANCING AND INVESTMENT

As North American markets continue to be volatile, the need for senior level, up-to-date tax information is critical. Tax agencies are becomingly increasingly aggressive in this climate as they target new tax planning devices and challenge existing strategies. This session will highlight the taxation and related financial accounting implications of a wide range of U.S.-Canadian financing and investment structures, with an emphasis on how to analyze the tax consequences of cross-border financing techniques and financial products.

- Tax implications of cross-border financing and investment structures
- How the Canadian and U.S. tax regimes interact
- Hedging and foreign currency translation issues
- Surplus account and repatriation issues
- Dually incorporated entities
- Effect of recent administrative guidance and proposed legislation on cross-border structures

TAX STRUCTURED INSTRUMENTS AND REPUTATIONAL RISK

Recently, the issue of using structured products and derivatives to achieve tax results has become increasingly questionable. The challenge of navigating this issue is key to tax practitioners working in this area. This discussion will address the following topics:

- Parameters of reputational risk
- Documentation requirements
- Guidelines in applying reputational risk standards to tax structuring
- Risks of opportunistic tax arbitration
- The purpose of a structured investment

TAXATION OF DEBT INSTRUMENTS

This session will explore the taxation of debt instruments from the perspectives of both the issuer and the holder. Specific areas to be discussed include: taxation of debt instruments (including convertibles and contingent convertibles), reissuance of debt instruments by reason of post-issuance changes and certain secondary market transactions in debt instruments.

- Participating debt: recent court cases and CRA policies
- Converting ordinary income to capital gains
- REOP rules and where they stand
- Current issues regarding interest deductibility
- Structured and non-principal protected debt instruments
- OID and computed interest
- Income participating securities

EMBEDDED DERIVATIVES

An embedded derivative can arise from deliberate financial engineering and intentional shifting of certain risks between parties. However, many embedded derivatives arise inadvertently through market practices and common contracting arrangements. What are the new accounting requirements for embedded derivatives and what must be accounted for separately at fair value? This presentation looks at the latest practices in identifying and bifurcating complex, hidden financial instruments.

- Implications of failing to account for embedded derivatives at fair value
- Standard business agreements or business terms that could be an embedded derivative
- How to conduct an enterprise-wide inventory of embedded derivatives: legal, treasury and accounting roles
- Issues in the fair valuation of embedded derivatives
- Looking at specific examples of embedded derivatives

TAX TRAPS AND HOW TO AVOID THEM

This session will focus on how to avoid tax traps in planning for the use of financial products. This session will include a discussion of the taxable preferred share rules and dividend-related rules such as the term preferred share rules, dividend rental arrangement rules and dividend stop-loss rules.

- Taxable preferred share rules
- Dividend-related rules
- Term preferred share rules
- Dividend rental arrangement rules
- Dividend stop-loss rules

FORWARDS, FUTURES AND CURRENCY SWAPS TAX CONSIDERATIONS

This presentation will explore the tax implications, advantages and disadvantages of using forwards, futures and currency swaps. You will learn about various rulings and court decisions that affect the taxation of these products.

- Income tax treatment of gains or losses in respect of futures, forwards and foreign exchange transactions
- Income versus capital treatment
- Use of the funds hedged by a currency swap
- Historical and proactive tax planning
- Examples of tax planning for options and futures contracts
- Strategic use of margins and speculation
- Revenue planning and charges and inventory or long-term asset products

INCOME TAX ANALYSIS OF DEFAULT DERIVATIVES

Default derivatives are financial instruments that permit a lender to transfer credit risk, market risk or price risk to another person without disposing of those assets. This presentation will look at the tax implications of using default derivatives.

- Fees received or receivable
- Fees paid or payable: an alternative approach
- Default amounts as contingent liabilities and contingent receivables
- Withholding tax considerations
- Federal and provincial insurance taxes

TAXATION OF OPTIONS

Options can be used to minimize risk associated with investments, to raise capital, to speculate or, as in the case of stock options, as part of an employee compensation program. An option is not included in the definition of Canadian security in subsection 39(6) and consequently, it is not covered by a taxpayer election under subsection 39(4) to treat any gain arising on disposition of a "Canadian security" as a capital gain. Therefore, whether option transactions are on account of income or capital is a question of fact.

- Factors that would be considered in the income or capital determination
- Determining whether all possible areas of intervention were taken into account in developing a financial strategy using options and futures contracts

MULTIMEDIA PRESENTATIONS

Register for Taxation of Financial Products & Derivatives and we will give you free of charge a CD-ROM comprising the following virtual presentations from recent Federated Press courses and conferences. Presented in their entirety with complete audio and accompanying PowerPoint slides totaling 703 minutes of expert learning, these presentations are an added bonus to this year's course. Bear in mind that these presenters are not necessarily those that you will see and hear at this year's course.

Basic Instruments Used in Developing Financial Products and Their Taxation
Peter Blessing,
Shearman & Sterling LLP;
Bruce Sinclair,
Borden Ladner Gervais LLP
Time: 131 Slides: 55

Tax Structured Instruments and Reputational Risk
Peter Blessing,
Shearman & Sterling LLP;
Bruce Sinclair,
Borden Ladner Gervais LLP
Time: 52 Slides: 19

Tax Traps and How to Avoid Them
Bruce R. Sinclair,
Borden Ladner Gervais LLP
Time: 50 Slides: 30

Accounting for income taxes - Financial Instruments
Pamela Zabarylo,
KPMG LLP
Time: 54 Slides: 48

Taxation of Cross-Border Financing and Investment
Elinore J. Richardson,
Borden Ladner Gervais LLP;
Peter H. Blessing,
Shearman & Sterling LLP
Time: 69

Income tax analysis of default derivatives
Alan R. Kester,
KPMG LLP
Time: 30 Slides: 27

Taxation of Innovative Investment Strategies
Lynn McGrade/Craig J. Webster,
Borden Ladner Gervais LLP
Time: 78

Embedded Derivatives
Timothy Hughes,
Osler, Hoskin & Harcourt LLP
Time: 34 Slides: 46

Capital Gains vs. Income and taxation of options
Robert Kepes,
Morris & Morris LLP
Time: 41 Slides: 10

Taxation of debt instruments
Brad Rowse,
Bank of Nova Scotia
Time: 33 Slides: 14

Private equity financial accounting
Steven Bloom,
Brightspark Capital
Time: 54

Venture capital tax incentives
Steven Bloom,
Brightspark Capital
Time: 49

Audio/Video segments clickable slide by slide
Papers and overheads also included
Print any of the material for your own use

Registration: To reserve your place, call Federated Press toll-free at 1-800-363-0722. In Toronto, call (416) 665-6868 or fax to (416) 665-7733. Then mail your payment along with the registration form. Places are limited. Your reservation will be confirmed before the course.

Location: Courtyard by Marriott Downtown Toronto, 475 Yonge Street, Toronto, ON, M4Y 1X7

Cost: The attendance fee for the course is $1825 per person and covers attendance for one person and the lecturers' presentation material. The fee further includes lunch on the first day, morning coffee on both days and refreshments during all breaks. You may purchase a Proceedings CD-ROM containing edited actual proceedings and materials from the course.

Time: Course registration begins at 8:00 a.m. The morning sessions start promptly at 9:00. The second day ends at noon.

Payment must be received prior to September 14, 2009

Cancellation: Please note that non-attendance at the course does not entitle the registrant to a refund. In the event that a registrant becomes unable to attend following the deadline for cancellation, a substitute attendee may be delegated. Please notify Federated Press of any changes as soon as possible. Federated Press assumes no liability for changes in program content or speakers. A full refund of the attendance fee will be provided upon cancellation in writing received prior to September 8, 2009. No refunds will be issued after this date. Please note that a 15% service charge will be held in case of a cancellation.

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Name ______

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Approving Manager Name ______

Approving Manager Title ______

Organization ______

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