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TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

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**Legend:**

- Company M            =
- Trustee N            =
- Trust T                =
- Custodian C         =
- State A                =
- City B                 =
- City D                 =
- City E                 =
- City F                 =
- Country G            =
- Country H            =
- Stock Exchange X   =
- Company O            =
- Company P            =
- Bank Q                =

Dear :

This is in response to a request for a private letter ruling dated August 1, 2006, as supplemented by correspondence dated January 31, 2007, submitted on your behalf by your authorized representatives. You request a ruling that the acquisition of shares in Trust T by an individual retirement account described in section 408(a) of the Internal Revenue Code (the "Code"), or by an individually-directed account maintained under a plan qualified under section 401(a) of the Code, will not constitute the acquisition of a collectible within the meaning of section 408(m) of the Code and will not be treated as a distribution under section 408(m)(1) of the Code.

The following facts and representations were submitted by your authorized representatives.

Trust T was established pursuant to a trust indenture between Company M and Trustee N and was structured to qualify for treatment as an "investment trust" under section 301.7701-4(c)(1) of the Income Tax Regulations (the "Regulations"). Shares of Trust T will be sold as part of an offering of securities to the public pursuant to an effective registration statement under the Securities Act of 1933 and those shares have been or will be registered under the Securities Exchange Act of 1934 within 120 days (or such longer time as may be allowed by the Securities and Exchange Commission) after the end of the fiscal year of the issuer during which the offering of such securities to the public occurred. Shares of Trust T trade on Stock Exchange X.

Counsel to Trust T has provided an opinion to Trust T that it will be treated for Federal tax purposes as a grantor trust, so that investors investing in Trust T will be treated as owning a fractional interest in each of the assets held by Trust T.

Trust T is designed to allow investors, including individual retirement accounts and individually-directed accounts maintained under plans qualified under section 401(a) of the Code, who wish to gain investment exposure to the gold market to do so by purchasing and holding publicly traded, exchange-listed securities in the form of shares of Trust T.

Shares of Trust T are expected to be very closely correlated with the price of gold in the physical gold market while avoiding the inconvenience and comparatively greater level of costs (i.e., expenses of buying, storing, insuring and selling gold) that otherwise would be incurred by acquiring physical gold directly.

Individual certificates are not issued for shares in Trust T. Instead, a global certificate is signed by Trustee N on behalf of Trust T, registered in the name of Company P, as nominee for Company O. Shares of Trust T may be transferred only through Company O's book-entry system. The ownership of shares by an individual retirement account or individually-directed account will be evidenced only on the books and records of the broker-dealer through which the shares are purchased.

Trust T accepts deposits of gold bullion only from certain registered broker-dealers ("Authorized Participants") who are participants in Company O and who enter into an "Authorized Participation Agreement" with Company M and Trustee N. Shares in Trust T are issued by Trust T only to Authorized Participants, only in lots of 50,000 shares (referred to as "creation baskets"), and only in exchange for deposits of gold bullion and not other property or cash.

Authorized Participants generally offer shares in Trust T for sale to investors in the secondary securities trading market. These shares are generally offered in quantities smaller than a creation basket. Thus, investors, including individual retirement accounts and individually-directed accounts under a qualified plan, normally would purchase shares of Trust T through a broker-dealer, as they would any other security.

The only gold bullion that Trust T will accept is bullion with a minimum fineness equal to the minimum fineness of at least 995 parts per 1,000, which is equal to the minimum fineness required to meet the physical delivery standards for gold bullion futures contract transactions under the rules of the COMEX division of the New York Mercantile Exchange. There may be extraordinary situations where Trust T will unexpectedly hold cash (e.g., proceeds of a litigation or insurance claim); however, in that case, no additional deposits of gold would be accepted until after the record date for the distribution of the cash.

In accordance with procedures set forth in the trust instrument and the Authorized Participation Agreement, an Authorized Participant may request redemption of shares in Trust T of which it is the beneficial owner, or of shares owned by other holders who are not Authorized Participants. All redemptions are made only in kind. Only Authorized Participants may place an order for the redemption of shares, and shares may be redeemed only in one or more "baskets," each consisting of 50,000 shares.

Shareholders who are not Authorized Participants have no right to have their shares redeemed by Trust T, in kind or in cash. However, a shareholder who is not an Authorized Participant that owns one or more creation baskets of shares may have any of its baskets redeemed in kind through an Authorized Participant acting on its behalf. It also may be possible for a non-Authorized Participant shareholder that owns less than a full basket of shares to arrange with an Authorized Participant to have its shares combined with shares held by one or more other holders of shares to form a full basket, and to have the Authorized Participant request a redemption in kind of the shares included in that "combined" basket.

Shareholders of shares in Trust T do not have any immediate possessory interest in the bullion represented by the shares. Thus, an individual retirement account or individually-directed account under a qualified plan that holds shares in Trust T would have no unilateral right to obtain possession of the bullion represented by the shares it owns. However, upon termination of Trust T, a registered owner of shares in Trust T

must surrender its shares and will be entitled to receive an amount of Trust T property (including, or exclusively, gold bullion) represented by the surrendered shares.

Shares in Trust T may be sold like other securities over Stock Exchange X.

Trustee N is a banking corporation incorporated under the laws of State A and is a "bank" within the meaning of section 408(n) of the Code. Trustee N is responsible for the administration of Trust T.

Custodian C, a banking association organized under the laws of Country G, a foreign country, serves as custodian for Trust T. Pursuant to the custody agreement between Trust T and Custodian C, Custodian C provides Trust T with custodial and other services needed for the storage and safekeeping of the gold that is deposited in Trust T. Custodian C will maintain physical possession and custody of Trust T's bullion in Custodian C's vaults located in or near Cities B, D, E, and F, or through Custodian C's account at Bank Q's vaults in City F, located in Country H, a foreign country.

Except for a small amount of bullion which Custodian C will hold for Trust T in unallocated form, gold bullion deposited in Trust T will be held by Custodian C in an "allocated" account which Custodian C will establish and maintain in the name of Trustee N in its capacity as trustee of Trust T. The gold bullion held in this account will consist of specific bars of gold that will be accounted for by Custodian C in an itemized daily record with adequate information to uniquely identify each bar of gold in the account. In its books and records, Custodian C will segregate the specific bars of gold credited to Trust T in this account from any gold it owns or holds for others and will identify Trust T as the owner thereof. Custodian C will not be permitted to loan, hypothecate, pledge, or otherwise encumber any of the bars in this account without Trustee N's written permission.

Under the terms of the custody agreement, Custodian C will receive and hold gold that is deposited for the account of Trust T, and Custodian C will only release gold from Trust T when instructed in writing by Trustee N. The custody agreement specifically requires Custodian C to act only on instructions furnished to it on behalf of Trust T by Trustee N or its authorized representatives. In turn, under the terms of the trust indenture, Trustee N is permitted to instruct Custodian C to transfer or deliver any gold it holds for Trust T only (a) in the case of a sale of the bullion (in those specified circumstances where sales of gold are permitted under the terms of the trust indenture, e.g., to defray expenses of Trust T) to purchasers of the bullion, and (b) in the case of requests for in-kind redemptions of Trust T shares to the Authorized Participants who request them (either for themselves as beneficial owners of shares or for holders of record of shares on whose behalf they are acting), but in the case of redemptions, gold may be delivered only if the shares to be redeemed are surrendered to Trustee N for cancellation.

Custodian C may appoint one or more subcustodians to provide custodial, storage and safekeeping services with respect to any of the gold bullion held for Trust T.

Custodian C has agreed that, other than Bank Q, it will retain only those subcustodians that agree to grant Trustee N and the independent accountants of Trust T access to the records and inspection rights similar to those granted to Trustee N by Custodian C.

Holders of three-fourths of the outstanding shares of Trust T will be entitled to call for and vote upon the removal of Trustee N and the termination and liquidation of Trust T. In the event of the termination of Trust T, all of the gold bullion held in Trust T will be distributed to the holders of shares of Trust T in cancellation of their shares. The holders of shares will not otherwise have voting rights, will not be entitled to participate to any extent in the management of the operation of Trust T, and will not have, with respect to the shares, any of the other statutory rights normally associated with ownership of shares in a corporation.

Based on the above facts and representations, you request a ruling that the acquisition of shares in Trust T by the trustee or custodian of an individual retirement account described in section 408(a) of the Code, or by an individually-directed account maintained under a plan qualified under section 401(a) of the Code, will not constitute the acquisition of a collectible within the meaning of section 408(m) of the Code, so that the individual retirement account or individually-directed account owning shares of Trust T will not be treated as having made a distribution under section 408(m)(1) of the Code by virtue of owning such shares.

Section 408(m)(1) of the Code provides that the acquisition of any collectible by an individual retirement account or by an individually-directed account under a plan described in section 401(a) shall be treated as a distribution from such account in an amount equal to the cost to such account of such collectible.

Section 408(m)(2) of the Code provides that, for purposes of section 408(m), the term "collectible" means: (A) any work of art, (B) any rug or antique, (C) any metal or gem, (D) any stamp or coin, (E) any alcoholic beverage, or (F) any other tangible personal property specified by the Secretary for purposes of section 408(m).

Section 408(m)(3) of the Code provides that for purposes of section 408(m), the term "collectible" shall not include (A) any coin which is (i) a gold coin described in paragraph (7), (8), (9), or (10) of section 5112(a) of title 31, United States Code, (ii) a silver coin described in section 5112(e) of title 31, United States Code, (iii) a platinum coin described in section 5112(k) of title 31, United States Code, or (iv) a coin issued under the laws of any State, or (B) any gold, silver, platinum or palladium bullion of a fineness equal to or exceeding the minimum fineness that a contract market (as described in section 7 of the Commodity Exchange Act, 7 U.S.C. 7) requires for metals which may be delivered in satisfaction of a regulated futures contract, if such bullion is in the physical possession of a trustee described in section 408(a).

With respect to your ruling request, we conclude, based on the information submitted and the representations contained herein, that the acquisition of shares in Trust T by an individual retirement account or an individually-directed account

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maintained under a plan qualified under section 401(a) of the Code, will not constitute the acquisition of a collectible within the meaning of section 408(m) of the Code, and thus the individual retirement account or individually-directed account owning shares of Trust T will not be treated as having made a distribution under section 408(m)(1) of the Code by virtue of owning such shares. However, in the event of a redemption of shares that results in the distribution of gold bullion to an individual retirement account or individually-directed account maintained under a plan qualified under section 401(a) of the Code, such distribution would constitute the acquisition of a collectible for purposes of section 408(m) of the Code except to the extent section 408(m)(3) of the Code is satisfied.

No opinion is expressed as to the tax treatment of the transaction described herein under the provisions of any other section of either the Code or Regulations that may be applicable thereto.

This letter is directed only to the taxpayer who requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

Pursuant to a power of attorney on file with the Service, copies of this letter ruling are being sent to your authorized representatives.

If you wish to inquire about this ruling, please contact \_\_\_\_\_ at \_\_\_\_\_  
Please address all correspondence to SE:T:EP:RA:T4.

Sincerely yours,



Donzell H. Littlejohn, Manager,  
Employee Plans Technical Group 4

Enclosures:

- Deleted copy of ruling letter
- Notice of Intention to Disclose, Notice 437