



THE INVESTMENT FUNDS INSTITUTE OF CANADA  
L'INSTITUT DES FONDS D'INVESTISSEMENT DU CANADA  
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**BY COURIER**

August 10, 2006

Canada Revenue Agency  
22nd Floor, Place de Ville,  
Tower A,  
Ottawa, Ontario  
K1A 0L5

**Attn: Mr. Richard Montroy**  
**Director General**  
**Policy and Planning, Legislative Policy Directorate**

Dear Sir:

**Re: Information Slip Reporting For Mutual Funds**

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We are writing to request confirmation that the following industry practices for preparation of certain Information Slips in respect of distributions from mutual funds, and dispositions of mutual funds, are acceptable to the Canada Revenue Agency.

The motivation for this request is a lack of detail in the Income Tax Regulations governing the preparation of T3, T5, NR4 and T5008 Information Returns where a mutual fund unit/share is held in a nominee account at a broker dealer. In particular, it is not clearly specified in such Regulations whether the issuer, the broker/dealer, or both are obligated to prepare the Information Return for the beneficial owner. This has resulted in some instances of duplication in the preparation of these Information Returns. This may result in the reassessment of the mutual fund unit/share owner.

The following industry practice, where the mutual fund unit/share is held in a nominee account at a broker/dealer is supported by not only the Investment Funds Institute of Canada, but also by the Investment Dealers Association.

**1. Traditional Mutual Funds**

- (a) Distributions by a mutual fund are reported on Forms T3, T5 and NR4 which is prepared by the manager or administrator of the mutual fund and not the broker/dealer with whom the mutual fund unit/share is held.
- (b) Dispositions of mutual fund unit/shares are reported on Form T5008 which is prepared by the manager or administrator of the mutual fund in respect of mutual

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fund units/shares held in the unitholder's name and by the broker/dealer in respect of mutual fund units/shares held in the name of a nominee.

## **2. Exchange Traded Funds**

All information slip reporting (T3, T5, NR4, T5008) is prepared by the broker/dealer.

Please confirm to the undersigned that these arrangements are satisfactory to the Canada Revenue Agency and more specifically, that penalties will not be imposed on mutual funds, their managers or administrators for failure to file Form T5008 information to the Canada Revenue Agency in respect of dispositions of mutual fund units/shares held in nominee accounts.

Thank you in advance for your attention in this matter. Please contact the undersigned (at [jparker@ific.ca](mailto:jparker@ific.ca) or 416-363-2150 x 249) should you have any questions.

Yours truly,

**THE INVESTMENT FUNDS INSTITUTE OF CANADA**

*“ORIGINAL SIGNED BY JOHN PARKER”*

By: John Parker  
Vice President, Finance & Administration

cc: Mr. Andre Gauthier  
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and:  
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