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Dear :

This letter is in response to a letter dated March 5, 2008, submitted on behalf of X, requesting a ruling that X is not a publicly traded partnership for purposes of § 7704 of the Internal Revenue Code.

FACTS

X was originally organized as an Entity 1 under the laws of Country 1. A, a Country 2 entity, acquired all of the outstanding ordinary shares of X on Date 1 and continues to own all of X's ordinary shares. Prior to Date 3, X was a per se corporation within the meaning of § 301.7701-2(b)(8)(i) of the Procedure and Administration Regulations. On Date 3, X re-registered as an Entity 2 under the laws of Country 1. Subsequently, X filed an election on Form 8832, Entity Classification Election, to be treated as a partnership for federal tax purposes effective Date 5. The election was part of a larger restructuring undertaken by A and related entities.

In addition to its ordinary shares, X has outstanding B shares, which are non-voting, non-cumulative preference shares that are widely held. Prior to Date 2, the B shares were listed and traded on Stock Exchange. On Date 2, X de-listed its B shares from Stock Exchange. Holders of B shares have the right to sell their shares to X for y per B share on or around Date 6 of each year from Year 1 to Year 2. Additionally, on Date 4, X implemented an off-market repurchase program pursuant to which the owners of the B shares may sell their shares to X twice per month for y per B share. X has the right to repurchase all outstanding B shares without the consent of the B shareholders in Year 2 for y per B share. X intends to exercise this right to redeem all of the B shares in Year 2. Other than these rights described, there is no right or obligation on the part of either X or the B shareholders to redeem or sell the B shares.

X represents that no B shares have been issued since the initial offering of B shares, and that X will not issue any interests on or after Date 5 other than ordinary shares issued to A. X further represents that no partner or person related to any partner (within the meaning of § 267(b) or 707(b)(1)) provides contemporaneous opportunities to acquire interests in similar or related partnerships that represent substantially identical investments. Finally, X represents that no person regularly makes available to the public bid or offer quotes with respect to interests in X and no person stands ready to effectuate buy or sell transactions at the quoted prices.

LAW AND ANALYSIS

Section 7704(a) provides that, except as provided in § 7704(c), a publicly traded partnership will be treated as a corporation.

Section 7704(b) provides that, for purposes of § 7704, the term "publicly traded partnership" means any partnership if (1) interests in such partnership are traded on an established securities market, or (2) interests in such partnership are readily tradable on a secondary market (or the substantial equivalent thereof).

Section 1.7704-1(e)(1)(viii) provides that transfers pursuant to a closed end redemption plan are disregarded in determining whether interests in a partnership are readily tradable on a secondary market or the substantial equivalent thereof.

Section 1.7704-1(e)(4) provides that for purposes of § 1.7704-1(e)(1)(viii), a redemption or repurchase agreement (as defined in § 1.7704-1(e)(3)) is a closed end redemption plan only if (i) the partnership does not issue any interest after the initial offering (other than the issuance of additional interests prior to August 5, 1988); and (ii) no partner or person related to any partner (within the meaning of § 267(b) or 707(b)(1)) provides contemporaneous opportunities to acquire interests in similar or related partnerships that represent substantially identical investments.

Section 1.7704-1(e)(3) provides that, for purposes of § 7704(b) and § 1.7704-1, a redemption or repurchase agreement means a plan of redemption or repurchase maintained by a partnership whereby the partners may tender their partnership interests for purchase by the partnership, another partner, or a person related to another partner (within the meaning of § 267(b) or 707(b)(1)).

No interests in X are traded on an established securities market. The repurchase program described above, and the rights of B shareholders to sell their B shares to X on or around Date 6 each year from Year 1 to Year 2, qualify as closed end redemption plans within the meaning of § 1.7704-1(e)(4). Therefore, redemptions of B shares by X pursuant to those plans should be disregarded in determining whether interests in X are readily tradable on a secondary market or the substantial equivalent thereof.

CONCLUSIONS

Based solely on the facts submitted and the representations made, we conclude that X is not a publicly traded partnership within the within the meaning of § 7704(b).

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representatives.

Sincerely,

Dianna K. Miosi

Dianna K. Miosi
Chief, Branch 1
Office of the Associate Chief Counsel
(Passthroughs & Special Industries)

Enclosures (2)
Copy of this letter
Copy for § 6110 purposes