



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

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

201446030

AUG 18 2014

Uniform Issue List: 0408.06-00

SE:T:EP:RA:T1

Attention:

LEGEND:

Sponsor M =

Trustee N =

Company O =

Company P =

Custodian S =

Trust T =

Company U =

State A =

Trust Agreement B =

201446030

Stock Exchange X =

City Y =

Country Z =

Dear :

This is in response to a request for a private letter ruling dated December 17, 2013, as supplemented by additional correspondence received on May 14, May 21, July 17, and July 31, 2014, submitted on your behalf by your authorized representative. You request rulings under section 408(m) of the Internal Revenue Code (the "Code") regarding the acquisition of shares in Trust T by the trustee or custodian of an individual retirement account described in section 408(a) or an individually directed account maintained by a plan qualified under section 401(a) ("Account").

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

Sponsor M established Trust T under the laws of State A pursuant to Trust Agreement B between itself and Trustee N. Trust T has been structured to: (1) qualify for classification as a trust under section 301.7701-4(a) of the federal Income Tax Regulations ("Regulations"), and (2) be treated as a grantor trust under sections 671 through 679 of the Code. Trust T is structured so as not to be an investment trust under section 301.7701-4(c)(1) or a business entity under section 301.7701-2. Trust T is an "emerging growth company" as defined by the Jumpstart Our Business Startups Act of 2012, P.L. No. 112-106.

Trust T from time to time issues units ("Shares"), each representing an undivided, fractional beneficial interest in and ownership of Trust T's net assets and having no par (i.e., minimum) value. The Shares are being sold as part of an offering of securities to the public pursuant to an effective registration statement under the Securities Act of 1933, as amended. The Shares are registered under Section 12(b) of the Securities Exchange Act of 1934, as amended. The Shares are traded on Stock Exchange X.

Trust T is not registered as an investment company under the Investment Company Act of 1940, as amended. Trust T will not hold or trade in commodity futures contracts regulated by the Commodity Exchange Act of 1936, as amended. Sponsor M represents that the Shares are "widely held" and "freely transferable" within the meaning of sections 2510.3-101(b)(2) and (3) of the Department of Labor Regulations.

Trust T's primary objective is to provide investors with an opportunity to invest in gold through the Shares and be able to take delivery of physical gold bullion in exchange for their Shares. Trust T's secondary objective is for the Shares to reflect the performance of the price of gold less the expenses of its operations. Trust T differs from other exchange-traded vehicles that are based on the price of gold in that every Shareholder has the right to request a conversion of Shares to physical gold, provided that the number of Shares corresponds to at least one Fine Ounce of physical gold and has a minimum dollar value as specified by Sponsor M. Trust Agreement B defines "Fine Ounce" to mean an Ounce of ~~100~~ percent pure gold, and it defines "Ounce" to mean one troy ounce, as described more fully therein.

Trust T's assets consist principally of physical gold bullion held on its behalf in one or more financial institutions for safekeeping (initially, Custodian S). Trust T holds ~~London~~ Bars, which must satisfy the ~~London~~ Good Delivery Standards. These standards specify the fineness or purity of the gold bars, as established by the ~~London~~ Bullion Market Association ("LBMA"). Trust T will also hold other gold bars and coins, without numismatic value, with a minimum fineness (or purity) of ~~995~~ parts per ~~1,000 (99.5)~~ percent) or American Gold Eagle gold coins with a minimum fineness of ~~94.67~~ percent. However, neither Trustee N nor Custodian S confirms or warrants the fineness of the gold allocated to Trust T, which are provided by the LBMA standards in the case of ~~London~~ Bars and by the precious metals dealer in the case of other physical gold. Trustee N will engage in over-the-counter transactions with precious metals dealers, such as Company U, to exchange Trust T's gold for gold of different specifications for delivery to investors (collectively, "Gold").

Gold may be allocated or unallocated, but the amount of unallocated Gold is limited as described in Trust Agreement B. Gold other than the ~~London~~ Bars will be held solely for delivery to investors who apply to take delivery of Gold in exchange for their Shares. However, a holder of Shares, including an Account, will not have an immediate possessory interest in, or unilateral right to take possession of, the physical Gold represented by the Shares it holds.

Sponsor M will enter into over-the-counter transactions with Company U for purposes of delivering Gold other than ~~London~~ Bars to investors. Sponsor M represents that the precious metals dealer is responsible to Trust T for any deficiency in the amount or quality of physical Gold under a Transaction and Shipping Agreement between Sponsor M and Company U.

The Shares provide investors with the opportunity to access the Gold market through a traditional brokerage account. Sponsor M believes that the Shares will allow investors to more effectively implement investment strategies that use Gold than would be the case if they purchased, held, and traded Gold directly. Trust T will not use derivatives, and Trust T's allocated Gold will not be subject to the

risks of borrowing arrangements with third parties. The value of Trust T's Gold is reported on its web site on a daily basis.

Trust T issues Shares in blocks of ~~50,000~~ Shares ("Baskets") in exchange for physical Gold bullion from an "Authorized Participant." An Authorized Participant is a person that at the time of an order to purchase or redeem one or more Baskets: (1) is a registered broker-dealer or other securities market participant, such as a bank or other financial institution that but for an exclusion from registration, would be required to register as a broker-dealer to engage in securities transactions; (2) is a participant in Company O, such as a bank, broker, dealer, or trust company; (3) enters into an Authorized Participant Agreement among Trustee N, Sponsor M and other persons described in Trust Agreement B; and (4) has established an unallocated account with Custodian S or another LBMA-approved gold-clearing bank ("Unallocated Account"). Sponsor M, on prior written notice to Trustee N, may increase or decrease the number of Shares comprising a Basket.

Trust T does not issue or redeem individual Shares but rather the Shares are be listed and traded on Stock Exchange X, which allows trading by authorized broker-dealers. Thus, investors, including Accounts, normally would purchase Shares through a broker-dealer, as they would any other security, and the Account's ownership is evidenced only on the books and records of the broker-dealer through which the Shares are purchased. Shares are offered to the public from time to time at their net asset value which reflects the price of Trust T's holdings of Gold (minus fees and expenses), and they trade on Stock Exchange X at a trading price that does not necessarily reflect the per Share net asset value of Trust T.

In exchange for the initial deposit of Gold, Trustee N issued a global certificate to Company O. When the initial registration statement for the sale of Shares became effective, Trustee N directed Company O to credit the initial depositor of Gold with a corresponding number of Baskets. Trustee N applied to Company O for acceptance of the Shares in its book-entry system. Shares deposited with Company O are evidenced by one or more global certificates that will be registered in the name of Company P, as nominee for Company O.

Any owner of a beneficial interest in Shares, other than an Authorized Participant, who wishes to surrender Shares in exchange for physical Gold in the amount represented by those Shares ("Delivery Applicant") must submit a document in a form satisfactory to Sponsor M ("Delivery Application"). The number of Shares to be delivered by the Delivery Applicant must correspond in Fine Ounces to the Fine Ounce content of the Gold requested. Sponsor M may decline to approve a Delivery Application for any reason.

Sponsor M oversees the performance of Trustee N and Trust T's principal service providers but does not exercise day-to-day oversight of them. Sponsor M

performs many functions, including: (1) engages in over-the-counter transactions with a precious metals dealer to exchange Trust T's Gold for Gold of different specifications as requested by a Delivery Applicant, (2) requests Trustee N to order an audit of Custodian S to the extent permitted under the agreement with Custodian S, and (3) reviews Delivery Applications. Under certain circumstances, Sponsor M can remove Trustee N and appoint a successor trustee.

Trustee N is a bank within the meaning of section 408(n) of the Code. Trustee N is responsible for the day-to-day administration of Trust T such as processing orders from Authorized Participants for the creation and redemption of Baskets; coordinating with Custodian S the receipt of unallocated Gold transferred to Trust T in exchange for Baskets; holding Trust T's cash and other financial assets, if any; and making distributions of cash or other property to investors. Neither Sponsor M nor Trustee N assumes any obligation or liability to owners of Shares, including liability with respect to the worth of Trust T's property, except that each agrees to perform in good faith the obligations assigned to it as specifically set forth in Trust Agreement B.

Custodian S will serve as the custodian of Trust T's assets unless and until a successor or additional custodian or custodians are appointed by Trustee N at the direction of or as approved by Sponsor M. Custodian S is a banking institution, whose principal place of business is in City Y of foreign Country Z. Custodian S is subject to the laws of Country Z. Custodian S holds Trust T's allocated Gold, receives and converts allocated and unallocated Gold on Trust T's behalf, supplies inventory information to Trustee N and Sponsor M, and facilitates the transfer of Gold into and out of Trust T. When physical Gold is allocated to Trust T, no more than ~~400~~ Fine Ounces of unallocated Gold (the maximum weight corresponding to a London Bar) may remain in Trust T's Unallocated Account at the end of each business day.

Trustee N, Custodian S, Company U, and other service providers engaged by Trust T may or may not have insurance that is adequate to recover any losses incurred (such as those incurred as a result of damage, theft or fraud).

Trust T will terminate on the occurrence of various events, including: the Shares are delisted from a national securities exchange and not approved for listing on another national securities exchange; registered owners of Shares holding at least ~~5~~ percent of the outstanding Shares elect to terminate Trust T; Sponsor M determines that termination is advisable because Trust T fails to qualify as a grantor trust under the Code; Company O ceases to act as a depository with respect to the Shares and a replacement depository has not been found; or the United States Securities and Exchange Commission ("SEC") determines that Trust T is an investment company under the Investment Company Act of 1940, as amended, and Trustee N has actual knowledge of the SEC's determination.

On the termination of Trust T, Trustee N will sell the property of Trust T pursuant to Sponsor M's direction, or, if Sponsor M fails to provide direction, as Trustee N determines. Trustee N may thereafter hold the net proceeds of any such sale, together with any other cash, uninvested, for the pro rata benefit of the persons in whose name the Shares are registered on the books of Trustee N. After the sale of the property of Trust T, Trustee N is obligated to deliver to persons surrendering their Shares and to Company O their pro rata portion of the net proceeds and other cash held by Trustee N. The owners of Shares will not receive any of the physical Gold held by Trust T on its termination.

Based on the above facts and representations, you request rulings that (1) the acquisition of Shares by the custodian or trustee of an Account will not constitute the acquisition of a collectible under section 408(m) of the Code and thus (2) an Account will not be treated as having made a distribution under section 408(m)(1) 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).

Based on the facts and representations submitted, we conclude, with respect to your ruling request, that the acquisition of Shares by the trustee or custodian of an Account will not constitute the acquisition of a collectible within the meaning of section 408(m) of the Code, and thus an Account owning Shares of Trust T will not be treated as having made a distribution under section 408(m)(1) solely by virtue of owning such Shares. However, in the event any Shares held in an Account are exchanged for Gold, such exchange would constitute the

acquisition of a collectible for purposes of section 408(m)(2), and therefore a distribution from the Account, except to the extent the Gold acquired by the Account satisfies section 408(m)(3).

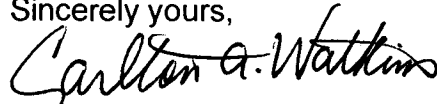
No opinion is expressed as to the tax treatment of the transaction described herein under any other provisions of the Code or regulations, which may be applicable thereto.

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.

A copy of this letter has been sent to your authorized representative in accordance with a power of attorney on file with this office.

Should you have any concerns regarding this ruling, please contact

Sincerely yours,



Carlton A. Watkins, Manager
Employee Plans Technical Group 1

Enclosures:

Deleted copy of letter ruling
Notice 437

cc: