

## Internal Revenue Service

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Department of the Treasury

Washington, DC 20224

Third Party Communication: None

Date of Communication: Not Applicable

Person To Contact:

, ID No.

Telephone Number:

Refer Reply To:

CC:FIP:B2

PLR-132656-16

Date:

January 18, 2017

### Legend

Fund A =

Fund B =

Fund C =

Fund D =

Fund E =

Fund F =

Dear \_\_\_\_\_ :

This letter revokes a part of PLR 201034011 (PLR-147697-09<sup>1</sup>) issued to Funds A, B, C, D, E, and F (the “Funds”) on April 23, 2010, and, in response to a request from your authorized representative dated December 22, 2016, limits the retroactive effect of such revocation pursuant to section 7805(b) of the Internal Revenue Code.

In PLR 201034011, the Internal Revenue Service (the “Service”) issued rulings that (i) income and gain from certain commodity-linked notes constitute qualifying income under section 851(b)(2) (the “CLN Ruling”), and (ii) subpart F income of the Subsidiaries attributable to the Funds is other income derived from the Funds’ businesses of investing in stock, securities, or currencies and, therefore, constitutes qualifying income under section 851(b)(2) (the “Subpart F Ruling”). In a letter dated September 29, 2016, the Service notified the Funds that it was considering revoking the CLN Ruling. On December 22, 2016, the Funds requested that the Service exercise its discretionary authority under section 7805(b) to limit the retroactive effect of any revocation.

Since issuing PLR 201034011, the Service has determined that having provided a private letter ruling on the issue in the CLN Ruling is not in accord with the current views of the Service. See Rev. Proc. 2016-50, 2016-43 I.R.B. 522, superseded by Rev. Proc. 2017-3, 2017-1 I.R.B.130, 140 (section 4.01(44)); see also REG-123600-16, 81 Fed. Reg. 66576-77 (Sept. 28, 2016). Section 11.04 of Rev. Proc. 2017-1, 2017-1 I.R.B. 1, 61, provides, in part, that unless it was part of a closing agreement, a letter ruling found to be in error or not in accordance with the current views of the Service may be revoked or modified. Accordingly, the CLN Ruling in PLR 201034011 is revoked. The Subpart F Ruling is not revoked and that portion of PLR 201034011 remains in effect at this time.

Section 11.04 of Rev. Proc. 2017-1 also provides that, if a letter ruling is revoked, the revocation applies to all years open under the statute of limitations on assessment unless the Service uses its discretionary authority under section 7805(b) to limit the retroactive effect of the revocation. In accordance with the Funds’ request, the Service has decided to grant relief under section 7805(b). The revocation of the CLN Ruling in PLR 201034011 will apply prospectively only to commodity-linked notes acquired by the Funds after June 30, 2017.

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<sup>1</sup> PLR-147697-09 is the controlling PLR number for a multi-filer private letter ruling. Each of Funds A, B, C, D, E, and F were assigned a separate PLR number. This letter refers to the controlling PLR number, but applies equally to the rulings issued to all of the Funds under their respective, separately assigned PLR numbers.

We are sending a copy of this letter to the appropriate operating division.

Sincerely,

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Jason G. Kurth  
Assistant to the Branch Chief, Branch 1  
Office of Associate Chief Counsel  
(Financial Institutions and Products)

cc: