

The Government of Canada has announced amendments to the Income Tax Act in its June 6, 2011 Budget. These proposed changes included:

- 1) Recognition of swap transactions as advantages subject to existing tax penalties under the Income Tax Act.
- 2) Proposal that the existing prohibited investments rules for TFSAs will be adopted for RRSPs and RRIFs.

Both of these proposed changes affect transactions of assets held within a Canadian Western Trust ("CWT") account. CWT has interpreted these changes as follows:

- These proposed changes are awaiting parliamentary approval. However, some of the proposed tax amendments are intended to have retroactive effect to March 22, 2011.
- Prohibition of swaps of property held within any registered account is intended to apply as of July 2011. As such, CWT will only accept directions for swap transactions until June 30, 2011.

In some cases, securities previously permitted in an RRSP or RRIF will be considered prohibited investments under these proposed changes. Examples may include exempt market products or private company shares. A swap transaction undertaken only to remove an advantaged or prohibited investment will be permitted until the end of 2012.

- The retroactive effect of the amendments could also be changed and the implementation timetable for these amendments is complex.

CWT does not provide any direction or advice regarding any investments held within the accounts. You are strongly encouraged to consult with an appropriate advisor to discuss the impact of the proposed amendments on the investments held within a CWT account.

For purchases and transfers of exempt market products held within a CWT account, the revised version of the Investment Instructions form reflecting the above proposed changes to the Income Tax Act will be available and applied by CWT as of June 21, 2011.

Details of the 2011 Budget are available at: <http://www.budget.gc.ca/>

If you have any questions about securities transactions within a CWT account, please email [securities.inquiry@cw.com](mailto:securities.inquiry@cw.com) or call our Client Service Team at 1 (800) 663-1124.