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Please note that the following document, although believed to be correct at the time of issue, may not represent the current position of the CCRA.  
Prenez note que ce document, bien qu'exact au moment émis, peut ne pas représenter la position actuelle de l'ADRC.

PRINCIPAL ISSUES:

Can an RRSP hold deposits of foreign currency as qualified investments?

POSITION:

Yes.

REASONS:

Legislation enacted June 14, 2001 retroactive to June 27, 1999.

Signed on October 12, 2001

XXXXXXXXXX

Dear Colleague:

Thank you for your letter of August 20, 2001, on behalf of your constituent, XXXXXXXXXXXX, concerning registered retirement income funds (RRIF). Although you requested that a reply be sent directly to your constituent, no mailing address was provided. I trust that you will forward my comments to XXXXXXXXXXXX.

I understand that officials of the Department of Finance previously advised XXXXXXXXXXXX that legislation was being drafted which would allow an RRSP or an RRIF to hold deposits of foreign currency, but at the time it had not yet been passed into law by Parliament. I am pleased to advise that the legislation was enacted on June 14, 2001.

Under the new law, which applies retroactively to June 27, 1999:

- a) money denominated in any currency (except money whose fair market value exceeds its stated value as legal tender in its country of issue or that is held for its numismatic value) will be a qualified investment for an RRSP or an RRIF as will deposits of such money standing to the credit of the RRSP or RRIF;

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b) before 2003, the deposits referred to in (a) must be deposits within the meaning assigned by the Canada Deposit Insurance Corporation Act or with a bank listed in Schedule I or II to the Bank Act or with a branch in Canada of an authorized foreign bank; and

c) after 2002, the deposits referred to in (a) will be qualified investments for an RRSP or an RRIF only if they are deposits within the meaning assigned by the Canada Deposit Insurance Corporation Act or with a branch in Canada of a bank.

Since the relevant legislation is now law, taxpayers may now approach a financial institution and request that dividends paid in United States dollars to an RRIF be held in that currency.

I trust my comments are helpful in replying to XXXXXXXXXXXX .

Yours sincerely,

Martin Cauchon

C. C. Minister's Office  
Political Assistant

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957-8971  
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