

From: Ben Miller
Sent: Tuesday, December 2, 2014
Subject: Re: FW: MTC UDITPA Section 1 Regulation Work Group

Most of these terms arise from various California cases/ Cal Supreme Microsoft and General Motors Treasury function

Appellate decision General Mills hedging

There are probably some Cal B of E cases and superior court decisions as well. Nothing citable

I think there were some decisions on foreign currency hedging before the B of E but probably not published.

Then there is Cal's regulation under 25137 on the treasury function and picking up only the net gains.

From: Sheldon Laskin
Sent: Tuesday, December 2, 2014
Subject: FW: MTC UDITPA Section 1 Regulation Work Group

Ben,

I wonder if you have any thoughts pertaining to the questions Steve raises in the first paragraph of his email. Thanks.

From: Steve Wynn
Sent: Wednesday, November 26, 2014
Subject: MTC UDITPA Section 1 Regulation Work Group

In looking at the Art. IV(1)(g) definition of receipts and the language contained within the California R&TC 25120, I would be interested in obtaining a better understanding of such terms, concepts, or phrases like "hedging transaction," "maturity, redemption, sale, exchange, loan or other disposition of cash or securities," "treasury function," "trading function," "futures," and "options." Additionally, the proposed California regulation 25136-2(b)(5) defining "Marketable Securities" and regulation 25136-(2)(b)(6) defining a "securities dealer," and "commodities dealer" has been introduced to the working group.

At the appropriate time, and if there is time to do so, would there be any benefit to the working group to have someone from:

1. California that is familiar with the aforementioned California statute and proposed regulations provide the working group with a presentation of why California chose that specific language.

2. The securities industry or education field to come in and provide the working group with a presentation on what is a hedging transaction, future, option, forward contract versus a futures contract, derivative, hedging versus speculating, broker, dealer, trader, and any other securities related term the members of the working group may want input on that may be relevant to our task.

If a member of the working group or the MTC has significant knowledge regarding the securities business, maybe they would be willing to put on a presentation. Regardless, my personal preference would be for the working group to meet in-person rather than over the telephone to listen to any such presentation and interact with the presenters. Hopefully someone at the MTC or one of its member states may have a contact within the securities industry or education field that would be willing to provide a presentation.

Thanks

Steve Wynn • Tax Policy Specialist