



November 21, 2006

Reference number: IFA 2006-0004

XXX

Dear XXX:

Re: *International Financial Activity Act*

As discussed during our meeting on XXX, the following letter addresses whether a hypothetical situation would qualify as an international financial activity under paragraph 2(2)(q.2) of the *International Financial Activity Act* (the "IFA Act").

Your hypothetical situation consists of the following facts:

1. A registered corporation's entire revenue is attributed to one invention;
2. The only additional items that form a component of the commercially marketed invention are ancillary in nature;
3. All revenue is sourced from selling to a non-resident; and
4. At least one patent for the invention is owned by the registered corporation.

It is also assumed that the corporation would meet the requirements for registration under the IFA Act.

We confirm that if the above-noted facts applied to a corporation, the activities of that corporation would, subject to audit, qualify as an international financial activity under paragraph 2(2)(q.2) of the IFA Act.

We trust that the above comments are of assistance to you.

Yours truly,

Jeffrey S. Krasnick
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