

**MEMO# 4666**

April 5, 1993

## **APRIL 20, 1993 MEETING ON VALUATION OF COMPLEX SECURITIES UNDER THE DIVERSIFICATION TEST OF SECTION 851(B)(4)**

April 5, 1993 TO: TAX COMMITTEE NO. 19-93 ACCOUNTING/TREASURERS COMMITTEE NO. 18-93 RE: APRIL 20, 1993 MEETING ON VALUATION OF COMPLEX SECURITIES UNDER THE DIVERSIFICATION TEST OF SECTION 851(B)(4)

\_\_\_\_\_ As we previously informed you, the Internal Revenue Service proposed in its 1993 Business Plan to issue a revenue ruling on the proper valuation of various financial products for purposes of the diversification test of Internal Revenue Code section 851(b)(4). (See Institute Memorandum to Tax Committee No. 7-93 and to Accounting/Treasurers Committee No. 5-93, dated January 21, 1993.) At the April 1, 1993 Tax Committee meeting, members indicated a desire to devote a meeting to the discussion of this issue. A meeting therefore will be held on Tuesday, April 20, 1993 to discuss current industry practice in valuing and identifying the issuer of various financial instruments. The meeting will begin at 1:30 p.m., and a lunch will be served before the meeting, beginning at 12:30 p.m. Please call Cindy Lutes no later than Friday, April 16, 1993, if you will be attending. In addition, please send the undersigned suggestions no later than Monday, April 12, 1993 as to the types of financial instruments which should be discussed. The Institute will prepare a list of securities to be discussed and distribute it by April 16, 1993, to Committee members who have indicated that they will be attending the April 20, 1993 meeting, so that the attendees can be prepared to discuss their current treatment of these instruments. We will keep you informed of further developments. David J. Mangefrida Jr. Assistant Counsel - Tax