

8. Notwithstanding the provisions of paragraph 2, dividends arising in a Contracting State and paid to a pension or retirement plan of the other Contracting State shall be exempt from tax in the first-mentioned State if:

- (a) the pension or retirement plan is the beneficial owner of the shares on which the dividends are paid and holds those shares as an investment;
- (b) the pension or retirement plan does not own directly or indirectly more than 5 per cent of the capital or 5 per cent of the voting stock of the company paying the dividends; and
- (c) the class of shares of the company on which the dividends are paid is regularly traded on an approved stock exchange.

9. For the purposes of paragraph 8,

- (a) the term "approved stock exchange" means:
 - (i) in the case of dividends arising in Canada, a Canadian stock exchange prescribed or designated for the purposes of the *Income Tax Act*;
 - (ii) in the case of dividends arising in Spain, a regulated market referred to in Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments; and
 - (iii) any other stock exchange agreed to in letters exchanged between the competent authorities of the Contracting States;
- (b) the term "pension or retirement plan" means:
 - (i) in Canada, a trust, a company, organisation or other arrangement that was constituted and is operated in Canada exclusively to administer or provide pension or retirement benefits and is generally exempt from income taxation in a taxable year in Canada; and
 - (ii) in Spain, any scheme, fund, mutual benefit institution or other entity established and operated in Spain exclusively to manage the right of its beneficiaries to receive income or capital upon retirement, survivorship, widowhood, orphanhood, or disability, and contributions to which are eligible for tax benefits in the form of reductions in the taxable base of personal taxes."