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**Claude Lamoureux**  
President and Chief Executive Officer  
416-730-5352

December 5, 2003

Ontario Securities Commission  
Alberta Securities Commission  
British Columbia Securities Commission  
Commission des valeurs mobilières du Québec  
Saskatchewan Financial Services Commission  
The Manitoba Securities Commission

*Via Courier*

in care of:

Ilana Singer  
Legal Counsel, Corporate Finance  
Ontario Securities Commission  
20 Queen Street West  
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Toronto, Ontario M5H 3S8  
E-mail: [isinger@osc.gov.on.ca](mailto:isinger@osc.gov.on.ca)

Denise Brosseau, Secretary  
Commission des valeurs mobilières du  
Québec  
800, Square Victoria, 22<sup>nd</sup> Floor  
Tour de la Bourse  
P.O. Box 246  
Montréal, Québec  
E-mail: [consultation-en-cours@cvmq.com](mailto:consultation-en-cours@cvmq.com)

Dear Ms. Singer and Ms. Brosseau:

**Re: Request for Comments**  
**Proposed National Policy 41-201**  
**Income Trusts and Other Indirect Offerings**

The Ontario Teachers' Pension Plan (OTPP) appreciates the effort made by the CSA to improve income trust disclosure and other requirements under National Policy 41-201. OTPP cares very strongly about corporate governance practice. As income trust investors and as advocates of good corporate governance we agree that current standards for trusts have room for improvement. Along these lines, we would like to comment on National Policy 41-201.

Furthermore, we would like to highlight the importance of good governance within income trusts. Governance initiatives complement the direction of the CSA's mandate by addressing issues outside of the scope of National Policy 41-201 that are important to trust investors. These issues include independence and composition of directors, adequate trustee supervision, voting subordination and potential related-party conflicts amongst the elements of a trust structure. OTPP has an extensive governance framework, details of which can be found on our Web site at <http://www.otpp.com>. We plan to apply a

supplemented version of our corporate governance framework to income trust structures as we feel that major tenets of this framework are applicable. In this regard, we have taken your lead to look past the legal structure of the issuer and focus on core principles. Details of our approach will be brought to your attention via the National Policy 41-201 commentary process.

However, of great and immediate concern to OTPP are the efforts of the Ontario Legislature to grant limited liability to trust structures through Bill 41, the Trust Beneficiaries' Liability Act, introduced May 22, 2003 but not passed. We strongly believe that your commentary period and the concerns of those who wish to comment are important and should not be superseded by the government's actions in this area. We are concerned that there is a rush to apply the concept of limited liability to income trusts without first clearly defining their structure through the National Policy process. We intend to bring our concerns to the attention of the new Ontario Legislature for their consideration before any action is taken to reintroduce and pass a similar Bill.

OTPP is of the opinion that the promotion of good corporate governance practice is essential if income trusts and other indirect offerings of this country are to compete in a global market. We urge you to intervene if such legislation is reintroduced and subject to approval before The CSA commentary period is complete. I would be more than happy to meet with you to discuss this concern at any time.

Sincerely,

A handwritten signature in cursive script, appearing to read "C. Lamoureux".

Claude Lamoureux,  
President and Chief Executive Officer



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Honourable Mr. Gregory Sorbara  
Minister of Finance  
Government of Ontario  
MPP, Vaughan - King - Aurora  
7 Queen's Park Crescent – 7<sup>th</sup> Floor  
Toronto, Ontario  
M7A 1Y7

*Via Courier*

**Re: Bill 41, the Trust Beneficiaries' Liability Act,  
and Proposed National Policy 41-201  
Income Trusts and Other Indirect Offerings**

Dear Mr. Sorbara:

The Ontario Teachers' Pension Plan (OTPP) is one of the largest pension fund managers in Canada. All teachers and taxpayers of the province have an interest in the success of OTPP. We care strongly about corporate governance practice in Canada. We are writing to welcome you to your new position and to wish you many years of success with your portfolio in the service of the Province of Ontario. We are also writing you to bring to your attention the current state of a piece of legislation that we feel has been overlooked by the previous provincial government.

As income trust investors and as advocates of good corporate governance, we are currently working with the Canadian Securities Administrators (CSA) to suggest improvements to income trust disclosure and other requirements under National Policy 41-201. OTPP is of the opinion that current income trust reporting and governance standards are below corporate standards in many areas and several key issues are unresolved. Despite notable deficiencies, billions of dollars of new income trust product is issued each year in Ontario to retail and institutional investors.

The CSA, under National Policy 41-201, is asking for commentary on prospectus disclosure, continuous disclosure about the operating entity of the trust, insider reporting and other issues that describe and clarify risks unique to income trusts.

OTPP as well as other members of the Canadian Coalition for Good Governance are working on policies regarding independence and composition of directors, adequate trustee supervision, voting subordination and potential related-party conflicts amongst the elements of a trust structure. We have an extensive governance framework, details of which can be found on our Web site at <http://www.otpp.com>. We plan to apply a supplemented version of our corporate governance framework to income trust structures as we feel that major principles of this framework are applicable.

Of great and immediate concern to OTPP has been the rushed efforts of the previous Ontario Legislature to grant limited liability to trust structures through Bill 41, the Trust Beneficiaries' Liability Act, introduced May 22, 2003 but not passed.

We strongly believe that the commentary period and a summary of findings from the CSA should at a minimum conclude before any legislation with the intent of granting limited liability to income trust structures be reintroduced. We urge you to intervene. Should you require more information or feedback, I would be more than happy to meet with you to discuss this concern.

Sincerely,



Claude Lamoureux  
President and Chief Executive Officer

cc: Ilana Singer  
Legal Counsel, Corporate Finance  
Ontario Securities Commission

Denise Brosseau, Secretary  
Commission des valeurs mobilières du Québec

Mr. David Brown,  
Chair, Ontario Securities Commission