



December 22, 2003

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

via e-mail

In care of:

Hana Singer
Legal Counsel, Corporate Finance
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario M5H 3S8
E-mail: isinger@osc.gov.ca

Denise Brosseau, Secretary
Commission des valeurs mobilières du
Québec
800, Square Victoria, 22nd Floor
Tour de la Bourse
P.O. Box 246
Montréal, Québec
E-mail: 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**

Gluskin Sheff + Associates Inc. is an investment counseling firm specializing in North American equity securities and income trusts. In general, we are pleased with the recommendations proposed in NP 41-201. Increased disclosure is appreciated by investors and many of the disclosure requirements proposed in NP 41-201 for income trusts should also apply to common stocks. We recognize that the security commissions must balance our need for increased disclosure with the cost of providing the information and that disclosure rules should be applied in a fair and unbiased manner relative to common stocks.

In addition, we have two specific concerns with regard to NP 41-201:

Stability Ratings

The private enterprises that produce stability ratings are not unlike investment management firms - both analyze income trusts in an attempt to determine if the distributions are sustainable. In our opinion, the individuals producing stability ratings are as prone to error as investment managers. As private enterprises, being paid to produce stability ratings by the income trust under scrutiny, we believe that NP 41-201 will place undue pressure on income trusts to purchase a product that has dubious value to both the income trust and the investing public. Income trusts are equity investments with all of the associated risks and rewards; institutionalizing stability ratings will only serve to confuse investors by conferring an image of income trusts as bonds. We believe that it should not be a requirement to publish a stability rating on the prospectus cover and that income trusts should not have to disclose the reasons for not pursuing a stability rating.

Definition of Operating Entity

We would like to see more clarity in this definition. For income funds that receive cash flows from a royalty agreement, we believe that it is imperative for investors to receive quarterly financial statements of the underlying entity that is collecting and paying the royalty to the income fund. Although these income funds are sold as low risk, "top line" royalty funds, ultimately these cash flows have to be generated out of the "bottom line" of the private operating entity. After accounting for operating costs, maintenance capital, and royalty payments paid to the income fund, these private entities may have little or no remaining cash flow. The underlying private entity should also be required to disclose executive compensation and to provide estimates of average annual maintenance capital requirements so that investors can better assess the ability of the underlying entity to 1) provide services to individual franchisees 2) collect royalties in payment for those services and 3) to meet its obligations to the income fund.

Sincerely,

Brad Dunkley
Gluskin Sheff + Associates Inc.

Bd/tg