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Dear Sirs/Mesdames:

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

We are providing this letter in response to the Request for Comment of the Canadian Securities Administrators (the “CSA”) on proposed National Policy 41-201 - *Income Trusts and Other Indirect Offerings* (“NP 41-201”), published on October 24, 2003. We are providing comments on selected sections of proposed NP 41-201, which are set out below. Please note that these comments do not necessarily represent the views of any of our firm’s clients.

Part 2(A) – Distributable cash

Section 2.4 contemplates a statement on the cover page of an income trust’s prospectus that would indicate, among other things, that “the pricing of the units has been determined, in part, based on the estimate of distributable cash for the year ended • on page •.” While this may accurately describe the manner in which income trust units are priced in an initial public offering

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(IPO), we suggest that many follow-on offerings by established income trusts are priced primarily with reference to the prevailing market price of the trust units on the exchange on which the units trade. While the trading price may to some extent be a function of estimated distributable cash and/or the market's perception thereof, other factors may also be involved. We suggest that the proposed language may not be appropriate in follow-on offerings by income trusts whose units are already publicly traded.

Part 2(C) – Short-term debt

We assume that the CSA's intention in Section 2.6 is to require disclosure about debt which has a term of five years or less. If this is the case, we suggest referring to debt that has a term of five years or less, rather than to debt obligations that are "renewable" within five years or less.

Part 4 – Prospectus liability

Part 4 outlines a number of the CSA's concerns relating to promoters and vendors who sell their businesses to income trusts. It seems to be implied throughout Part 4, but not expressly stated, that these concerns arise in the IPO context in connection with the initial organization of an income trust. As you know, established income trusts that have already completed an IPO may raise funds in the capital markets from time to time to complete acquisitions or for other purposes. These acquisitions are often purchases from arm's-length third parties, and do not raise the types of concerns identified in Part 4. We suggest that this part of proposed NP 41-201 could benefit from clarification that the proposed requirements relating to vendors and promoters apply only in the context of income trust IPOs.

* * * * *

We appreciate the opportunity to comment on proposed National Policy 41-201. Please contact either Brendan Reay (at 416.863.5273) or Jeff Lloyd (at 416.863.5848) if you would like to discuss these comments.

Yours very truly,

BLAKE, CASSELS & GRAYDON LLP