financial executives international canada

March 6, 2007

Mr. Kyler Wells
Legal Counsel, Corporate Finance
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario
M5H 3S8

BY E MAIL: kwells@osc.gov.on.ca

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

Dear Mr. Wells:

The Committee on Corporate Reporting of Financial Executives International Canada ("FEI Canada") is writing to provide its views on the Request for Comment on Proposed Amendments to National Policy 41-201 Income Trusts and Other Indirect Offerings issued on January 5, 2007.

FEI Canada is an all-industry professional association of senior financial executives, with eleven chapters across Canada and over 1900 members. Membership is generally restricted to senior financial officers of medium to large corporations, as well as senior financial officers in public sector organizations.

The Committee on Corporate Reporting ("CCR") is one of two national advocacy committees of FEI Canada. CCR comprises more than 20 senior financial executives representing a broad cross-section of the FEI membership and of the Canadian economy who have volunteered their time, experience and knowledge to consider and recommend action on a range of issues related to accounting, corporate reporting and disclosure. In addition to advocacy, CCR is devoted to improving the awareness and educational implications of the issues it addresses, and is focused on continually improving the standards and regulations impacting corporate reporting.

CCR has organized its views and comments on the Request for Comment into the following key areas:

**Discussions with Canadian Performance Reporting Board (CPRB)**

We note and encourage your plan to discuss with the CPRB their proposed guidance on distributable cash disclosures.

We believe in the absence of coordination with the CPRB, issuers could possibly find themselves in a position whereby they would need to prepare calculations and disclosures using methods suggested by both the National Policy 41-201 and the CPRB.

We believe this would cause confusion and therefore not be in the best interests of the intended users and we recommend that the OSC coordinate with the CPRB.

**Yield disclosures**

The yield on a unit of trust is dependent on the distributions paid as well as the unit price of the trust at the point in time the yield calculation is done.

Distributions paid are dependent on the underlying cash flows of the trust and therefore issuers should be able to comment on distributions paid as compared to those levels referred to in sales and marketing materials.

In addition to the underlying cash flows of the trust, the unit price is dependent on a number of factors that issuers may or may not have influence over and in fact they may not even be aware of. This can include trading activity that is reflective of a large investor entering or exiting a position.

As such, we do not believe it appropriate for issuers to be commenting on their unit price in their MD&A.

Therefore, we do not believe it appropriate for issuers to comment on yield figures in their MD&A.

**Valuations**

We believe requiring trust issuers to file the full details of valuations in the context of acquisitions would put them at a competitive disadvantage to non-trust issuers as confidential details on earnings estimates, synergies; etc would be required to be disclosed. In addition, as these valuators reports are typically subject to distribution restrictions, increasing the distribution would result in valuators requiring higher fees. This again would put trust issuers at a competitive disadvantage to non-trust issuers.

When valuations of trusts as a whole are completed, we see no issues in the filing of the valuation documents as it is consistent with current practice for corporate issuers.

**General**

Trusts typically differ from public corporations in two ways:

1. They pay higher distributions than the typical corporation pays in dividends

2. They have a more efficient structure that allows taxes to be paid by the recipient of the distribution (note that proposed new legislation would change this to a certain extent).

We believe it is appropriate to require trust issuers to provide the same level of disclosures that corporate issuers provide about such things as operating cash flows, capital expenditure commitments and capital structure, to name a few. If the various commissions feel that improvements are required in these areas they should be directed to all issuers so that investors across the capital market spectrum can benefit from the suggestions.

CCR hopes that its comments will be useful to the Securities Commissions in its ongoing deliberations. If you have any questions or would like to discuss any of these matters with us, please do not hesitate to call.

Yours very truly,

Alister Cowan
Chair, Committee on Corporate Reporting
FEI Canada