

Spectra Energy Income Fund
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March 30, 2007

By email

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
Nova Scotia Securities Commission
New Brunswick Securities Commission

c/o Patricia Leeson, Co-Chair of the CSA's Prospectus Systems Committee
Alberta Securities Commission
4th Floor, 300 – 5th Avenue S.W.
Calgary, Alberta T2P 3C4

-and-

c/o Heidi Franken, Co-Chair of the CSA's Prospectus Systems Committee
Ontario Securities Commission
20 Queen Street West, Suite 1903, Box 55
Toronto, Ontario M5H 3S8

-and-

c/o Anne-Marie Beaudoin, Directrice du secretariat
Autorité des marchés financiers
Tour de la Bourse
800, square Victoria
C.P. 246, 22e étage
Montréal, Québec H4Z 1G3

Dear Sirs/Mesdames:

**Re: Proposed National Instrument 41-101 *General Prospectus Requirements* and
Companion Policy 44-101CP *General Prospectus Requirements***

The following comments are provided by Spectra Energy Facilities Management Inc. as the general partner for and on behalf of Spectra Energy Facilities Management LP, the

administrator of Spectra Energy Income Fund, in response to the Canadian Securities Administrators' request for comments in connection with proposed National Instrument 41-101 *General Prospectus Requirements* ("**Proposed NI 41-101**") and Companion Policy 44-101CP *General Prospectus Requirements* (the "**Companion Policy**").

We support the efforts of the Canadian Securities Administrators to harmonize the long-form prospectus requirements in Canada. However, we do not support the inclusion of a new certificate for "substantial beneficiaries of the offering" (the "**Certification Proposal**").

We believe that the addition of the Certification Proposal is not appropriate for the following reasons:

- (a) Requiring substantial beneficiaries of the offering to sign a certificate and assume liability for any misrepresentation in a prospectus will have a material adverse effect on an issuer's ability to compete for acquisitions with other non-public potential acquirors, such as private equity firms, pension funds and closely-held issuers that do not require access to the public capital markets to fund acquisitions as vendors in such transactions with non-public purchasers would not be required to sign a prospectus certificate.
- (b) A vendor may also favour a transaction with an issuer that does not need to raise all or a significant portion of the purchase price by way of a public offering in order to avoid the cost of conducting full due diligence on the issuer, particularly when the sale may only represent a small portion of the vendor's business. The effect of this is that large issuers will be in a more favourable position to make acquisitions because they may have more financing options.
- (c) Similarly, small vendors may have their options limited to selling only to non-public issuers in light of the significant costs of the due diligence necessary in connection with signing a prospectus certificate.
- (d) A potential further complication from the vendor's perspective may arise where the vendor is itself a public issuer and must comply with internal and disclosure control policies in connection with signing a certificate to a prospectus.
- (e) The Certification Proposal could potentially have the effect of distorting an issuer's ability to make commercially reasonable business decisions in connection with an acquisition by providing it with an incentive to fund acquisitions by way of an exempt offering or credit facility when the prudent course of action may be to fund the acquisition by way of a prospectus offering.
- (f) The Certification Proposal seems to be premised on the assumption that (i) vendors and purchasers do not act in a commercially reasonable manner and do not appropriately allocate risk between them contractually notwithstanding that this is a fundamental component of commercial transactions; and (ii) any

risks to the issuer that funds the acquisition through a public offering cannot be fully and properly set out in the related prospectus. Neither of these assumptions is, in our view, accurate or consistent with market practise.

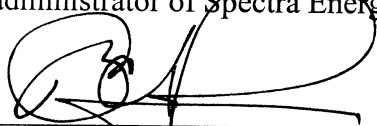
Liability for misrepresentations in a prospectus that are based on information provided by vendors can effectively be dealt with contractually between the vendor and the issuer and, to the extent necessary, through disclosure in the relevant prospectus. We believe that this is a more efficient way to ensure a level playing field between a purchaser that is a public issuer and the competing buyers who are not as noted above.

- (g) An issuer can ensure that its prospectus contains full, true and plain disclosure regarding a significant acquisition by undertaking a thorough due diligence process. The due diligence role of the underwriters in the offering process also serves to accomplish this goal.
- (h) We suspect that the Certification Proposal may arise from the concerns identified in Part 4 of National Policy 41-201 *Income Trusts and Other Indirect Offerings* ("NP 41-201"). We do not believe that the concerns identified in NP 41-201 are necessarily applicable to a majority of income trust or other issuers or are addressed by virtue of having promoters sign a certificate to a prospectus. We are not aware of any demonstrable deficiencies under the existing certification regime.
- (i) We understand that there is no analogous requirement imposed by applicable securities laws in the United States. While we recognize the importance of and support the harmonization of Canadian prospectus requirements, it is also important that capital markets participants in Canada and the United States have a level of consistency as a practical matter.

If you have any questions with respect to our comments, please feel free to contact the undersigned.

Yours truly,

SPECTRA ENERGY INCOME FUND by
SPECTRA ENERGY FACILITIES MANAGEMENT
INC., as general partner for and on behalf of
SPECTRA ENERGY FACILITIES MANAGEMENT
LP, administrator of Spectra Energy Income Fund.



Bruce E. Pydee
Vice President, Government Relations
and General Counsel