

## REITs and Income Funds

DECEMBER 17, 2003

### Limited Liability Legislation for Income Funds

The new Ontario government announced today that it will propose technical legislative changes to clarify that investors in publicly traded trusts will not be liable for the activities of the trust.

This announcement was included as part of the *2003 Ontario Economic Outlook and Fiscal Review* released today by Finance Minister Greg Sorbara. The proposed legislation will be part of the government's initiatives to promote efficiency and competitiveness in Ontario's capital markets.

The adoption of this legislation will clarify that the exposure of unitholders to claims against publicly traded trusts is limited to the amount of their investment in the trust, removing any remaining uncertainty for trust investors. This is expected to enhance demand and liquidity for REITs and other income funds and remove a major obstacle to their inclusion in the S&P/TSX Composite Index.

Limited liability legislation for publicly traded trusts was introduced in May, 2003 pursuant to Schedule L of Bill 41, the *Trust Beneficiaries' Liability Act, 2003*, which was not passed when the Ontario election was called and the legislature closed.

Goodmans has played a leading role in the development of the Canadian income fund sector and welcomes this legislative initiative.

If you would like to discuss this or any other matter relating to REITs or income funds, please contact Stephen Pincus at 416.597.4104 or [spincus@goodmans.ca](mailto:spincus@goodmans.ca) or any other member of the Goodmans REITs and Income Funds Group listed on the next page.

# THE UPDATE

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