

**VIA EMAIL**

July 27, 2017

British Columbia Securities Commission  
Alberta Securities Commission  
Financial and Consumer Affairs Authority of Saskatchewan  
Manitoba Securities Commission  
Ontario Securities Commission  
Autorité des marchés financiers  
Financial and Consumer Services Commission (New Brunswick)  
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island  
Nova Scotia Securities Commission  
Securities Commission of Newfoundland and Labrador  
Superintendent of Securities, Northwest Territories  
Superintendent of Securities, Yukon  
Superintendent of Securities, Nunavut

**Attention:**

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**Re: Inter Pipeline Ltd. – CSA Consultation Paper 51-404 *Considerations for Reducing Regulatory Burden for Non-Investment Fund Reporting Issuers* (the "CSA Consultation Paper")**

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This letter contains our responses to certain of the questions identified in the CSA Consultation Paper that we believe would presently impact us the most. For ease of reference we have reproduced the questions below that we are responding to. Our responses are set forth below in italicized font.

We are a major petroleum transportation, natural gas liquids processing and bulk liquid storage business based in Calgary, Alberta, Canada. We own and operate energy infrastructure assets in western Canada and Europe. We are a member of the S&P/TSX 60 Index and our common shares trade on the Toronto Stock Exchange under the symbol IPL.

We are very supportive of any initiatives that reduce the regulatory burdens associated with the prospectus rules and offering process, reduce ongoing disclosure requirements, eliminate overlap in regulatory requirements and enhance electronic delivery of documents. In particular, and for the reasons outlined in our responses below, we would encourage the Canadian Securities Administrators to eliminate the requirement for issuers to prepare and include pro forma financial statements in a prospectus or a Business Acquisition Report in connection with significant acquisitions, streamline the short form prospectus disclosure rules to reduce duplicative disclosure contained in other documents incorporated by reference into the prospectus, consolidate the management discussion and analysis and financial statements into one document thereby eliminating the overlap in disclosure between IFRS and Form 51-102F1, permit semi-annual reporting and remove the requirement to print and mail hard copies of documents to investors.

## **2.2 Reducing the regulatory burden associated with the prospectus rules and offering process**

### **b) Streamlining other prospectus requirements**

Should auditor review of interim financial statements continue to be required in a prospectus? Why or why not?

*We believe that auditor review of interim financial statements should continue to be required in a prospectus because it provides the additional assurance to the reader that such statements have been independently reviewed for accuracy of presentation and the consistent treatment of accounting policies.*

Should other prospectus disclosure requirements be removed or modified, and why?

*We believe that the requirement to include pro forma financial statements in a prospectus or a Business Acquisition Report should be eliminated on the basis that they are not only costly and time consuming to prepare but they also provide little to no value to the reader because of the significant assumptions and estimates that are required to be made in order to prepare them. These significant assumptions and estimates coupled with the fact that they are retrospective to a historical and specific point in time reduces the potential accuracy or reasonableness of the pro forma financial statements to a point that they provide limited information to the reader and could be potentially misleading. The preparation of pro forma financial statements can also be time consuming and costly, especially in situations where the target entity is a private issuer (either as a stand-alone entity or a subsidiary of other entity) with different fiscal periods, reporting timing, auditors and accounting policies or rules than the reporting issuer. Also, the prospectus requirement to incorporate by reference any*

*Business Acquisition Report (which includes the financial statements included therein) for acquisitions completed since the beginning of the financial year in respect of the issuer's current AIF is filed until certain limited time exceptions are met increases the costs associated with the required ongoing third party review of the financial statements included therein despite the fact that there is often no change to such financial statements. This requirement should be revisited in an effort to reduce unnecessary auditor review and/or due diligence attendance fees in connection with public offerings.*

**c) Streamlining public offerings for reporting issuers**

Is the current short form prospectus system achieving the appropriate balance (i.e., between facilitating efficient capital raising for reporting issuers and investor protection)? If not, please identify potential short form disclosure requirements which could be eliminated or modified in order to reduce regulatory burden on reporting issuers, without impacting investor protection, including providing specific reasons why such requirements are not necessary.

*We believe that the short form prospectus form requirements (and system in general) could be simplified to require disclosure of only those items that are "material" and not otherwise disclosed in the documents incorporated by reference and only those items that are specific to the offering itself such as use of proceeds, the details of the offering and any specific risk factors relating to the offering. This would eliminate a host of repetitive disclosure (i.e., consolidated capitalization, description of the business, description of authorized share capital, description of prior sales, general risk factors not specific to the offering, etc.) that is contained elsewhere in the public record. We believe that by doing so it would significantly reduce the preparation time and costs and the regulatory review process of offering documents in general. We also think that the general requirement to re-file a new base shelf prospectus every 25 months should be revisited as this is another area in our view that could reduce the regulatory burden on reporting issuers, without impacting investor protection. Rather than re-filing a new base shelf prospectus every 25 months a shelf prospectus supplement could simply be filed to update any new and material information not otherwise included in the original base shelf which could include increasing the total amount to be offered under the base shelf prospectus and the securities that can be offered under the base shelf prospectus from time to time. In our view this would save time and cost and will not compromise the integrity of the "Shelf Distribution" rules.*

**2.3 Reducing ongoing disclosure requirements**

**a) Removing or modifying the criteria to file a BAR**

Does the BAR disclosure, in particular the financial statements of the business acquired and the pro forma financial statements, provide relevant and timely information for an investor to make an investment decision? In what situations does the BAR not provide relevant and timely

information?

*We believe that the requirement to include pro forma financial statements in the BAR disclosure should be eliminated on the basis that there are a number of significant assumptions and estimates required to be made in order to prepare them, rendering them not necessarily reliable or relevant for the reader. It can also be challenging to obtain the necessary information from the target in order to prepare pro forma financial statements as well as to gain an understanding of a target's accounting policies, which might be a different form of GAAP (i.e., US GAAP as compared to IFRS).*

**b) Reducing disclosure requirements in annual and interim filings**

Are there disclosure requirements for annual and interim filing documents that are overly burdensome for reporting issuers to prepare? Would the removal of these requirements deprive investors of any relevant information required to make an investment decision? Why or why not?

*The contractual obligations and capital spending profile disclosures are quite burdensome to prepare as they require a significant internal review and sign off process. These disclosures in our view should be discretionary and are better suited to be included in periodic press releases as in our experience that is where investors look to receive management guidance with respect to capital spending levels and related timing of such expenditures that may be relevant in making investment decisions.*

**c) Permitting semi-annual reporting**

What are the benefits of quarterly reporting for reporting issuers? What are the potential problems, concerns or burdens associated with quarterly reporting?

*Quarterly reporting provides frequent operating and financial updates to the readers, which may assist them in understanding how a company is performing. A major problem with quarterly reporting is the repetition of information already required to be disclosed in the financial statements relating to accounting. Quarterly reporting also increases the volume of disclosure which can be overwhelming to readers, and distracts from the ongoing periodic updates which are, in our view, more important for investment decision making purposes. In addition, as quarterly reporting is done on a consolidated basis there maybe unintended disclosure consequences given the additional assumptions required to be made on a consolidated basis. For instance, this type of reporting may have the unintended consequence of making a business appear to be more volatile than it actually is, especially in the case where foreign currency exchange rates for particular business fluctuates more frequently than other businesses within the same entity.*

Should semi-annual reporting be an option provided to reporting issuers and if so under what circumstances? Should this option be limited to smaller reporting issuers?

*Semi-annual reporting should be an option for all issuers., However, quarterly highlights and a related news release of material quarterly financial and operational information should be provided on a quarterly basis. In our view this would provide investors and Analysts with the information they may require in order to make an investment decision.*

Would semi-annual reporting provide sufficiently frequent disclosure to investors and analysts who may prefer to receive more timely information?

*Yes, please see above.*

Similar to venture issuers, should non-venture issuers have the option to replace interim MD&A with quarterly highlights?

*Yes, all issuers should have the option of providing quarterly highlights and report on a semi-annual basis.*

## **2.4 Eliminating overlap in regulatory requirements**

Would modifying any of the above areas in MD&A form requirements result in a loss of significant information to an investor? Why or why not?

*We are in full support of removing duplicative disclosure and do not believe that modifying or removing any duplication would result in a loss of significant information to the investor. We believe combining financial reporting into one document comprised of the financial statements and MD&A would facilitate this approach and the risk of an investor not referring to relevant information contained in a separate document would be reduced.*

Are there other areas where the MD&A form requirements overlap with existing IFRS requirements?

*Areas of overlap with IFRS requirements include updates on financial instruments and risk management, liquidity, transactions between related parties and future changes in accounting policies including initial adoptions and critical accounting estimates. We believe that these items are best disclosed in the financial statements as required by IFRS and should not be required to be disclosed in the MD&A as well.*

Should we consolidate the MD&A, AIF (if applicable) and financial statements into one document? Why or why not?

*Consolidating the MD&A and financial statements into one document reduces the need for duplication and creates clarity for readers regarding where to obtain financial*

*related information. These documents are very closely linked, going hand in hand for readers to utilize for investment decision making. Consideration should be given to whether the AIF should also be combined with this document as it may result in a document that becomes too broad in scope or overwhelming for readers. We believe that an AIF should be separate and limited solely to focus on qualitative based operational disclosure (i.e. the specific businesses an issuer conducts and the regions in which the businesses are conducted). Anything financial orientated should be contained in the financial statements or MD&A rather than an AIF. The AIF disclosure could also be streamlined to remove duplicative director and officer related information, security trading history and prior sales and credit rating descriptions, all of which are available in other documents on websites that investors can readily access or obtain.*

Are there other areas of overlap in continuous disclosure rules? Please indicate how we could remove overlap while ensuring that disclosure is complete, relevant, clear, and understandable for investors.

*See our response above. We believe that consolidating the MD&A and financial statements into one document would greatly reduce the overlap in the continuous disclosure rules.*

## **2.5 Enhancing electronic delivery of documents**

Are there other ways electronic delivery of documents could be further enhanced through securities legislation?

*We believe that securities legislation should deem that the posting of documents required to be sent to investors on SEDAR shall constitute evidence of good and proper delivery of such document to them thereby reducing the requirement for commercial printing and bulk mail outs and the associated cost therewith. In conjunction with quarterly updates described above, readers could then be reminded periodically of the recent documents posted to SEDAR and encouraged to review them on SEDAR.*

Thank you for your consideration and please do not hesitate to contact us if you would like to discuss any of our responses.

Yours truly,

**INTER PIPELINE LTD.**

Anita Dusevic Oliva  
Vice President, Legal