

13.2 Marketplaces

13.2.1 TSX – Housekeeping Amendments to the TSX Company Manual – Notice of Housekeeping Rule Amendments

TORONTO STOCK EXCHANGE
NOTICE OF HOUSEKEEPING RULE AMENDMENTS
HOUSEKEEPING AMENDMENTS TO
THE TORONTO STOCK EXCHANGE (“TSX”) COMPANY MANUAL

Introduction

In accordance with the Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 (the “Protocol”), TSX has adopted, and the Ontario Securities Commission has approved, amendments (the “Amendments”) to Appendix D – Toronto Stock Exchange Evidence of Security Ownership (“Appendix D”) of the TSX Company Manual (the “Manual”). The Amendments are Housekeeping Rules under the Protocol and therefore have not been published for comment. The Ontario Securities Commission has not disagreed with the categorization of the Amendments as Housekeeping Rules.

Reasons for the Amendments

TSX requirements regarding security certificates can be found in Appendix D. Appendix D contains two sets of customized security certificate requirements that apply to TSX issuers listed under the following categories: (i) Exempt Industrial Companies (“Exempt Certificate Requirements”) and (ii) Mining, Oil & Gas and Non-Exempt Companies (“Non-Exempt Certificate Requirements”). The Amendments remove the Exempt Certificate Requirements from Appendix D.

Exempt Certificate Requirements have additional security features compared with Non-Exempt Certificate Requirements. Most notably, Exempt Industrial Companies are required to have customized security certificates with the following security features, in addition to the Non-Exempt Certificate Requirements:

- a vignette, which shall: i) be at least 3.1 square inches (20 square centimeters) in area, and shall display a wide range of tonal quality from very light to very heavy lines, with ample content of middle tones and graduating shades; ii) consist of lines of differing vertical dimensions, some of which shall measure 25 microns perpendicular to the normal plane of paper; and iii) not consist of a monogram, trade mark or other company symbol only, but shall include some plainly discernible features of at least a part of the human form;
- a printed underlay in colour other than black in the area of the general or promissory text;
- an intaglio printing in black made of the vignette, the general or promissory text and the corporate name;
- an intaglio printing made of wording or an abridgement of words in micro lettering of a size below normal readable limits, and in repetition; and
- the general or promissory text produced from line engravings in “script” style lettering.

TSX notes that generic certificates are supported by the Securities Transfer Association of Canada and are accepted by TSX. Generic certificates are not required to have the security features specific to the Exempt Certificate Requirements, including intaglio printing, outlined above. Additionally, CDS has committed to eliminating physical security certificates for both existing issues with CDS’s vaults and the issuance of new securities to improve the efficiency and cost effectiveness of the Canadian capital markets.

Summary of the Amendments

On May 21, 2015, TSX published a public consultation seeking feedback on whether it should apply the Non-Exempt Certificate Requirements to all listed issuers and eliminate the Exempt Certificate Requirements (the “Public Consultation”). TSX received three (3) comment letters from two commenters in response to the Public Consultation. A summary of the comments submitted, together with TSX’s response, is attached as **Appendix A**. TSX appreciates the value public input provides and thanks the commenters for their submissions.

Based on comments received from the Public Consultation, TSX understands that applying the Non-Exempt Certificate Requirements to all listed issuers will reduce the costs of producing customized security certificates for Exempt Industrial Companies. The primary difference between the Exempt Certificate Requirements and the Non-Exempt Certificate Requirements is the amount of intaglio printing that is required. While the Exempt Certificate Requirements require more square inches of intaglio content by requiring intaglio printing of the vignette, general promissory text and open throat area, the Non-

Exempt Certificate Requirements require intaglio printing of the border or panel portions of the certificate and the denomination counter. TSX understands that the additional intaglio printing results in higher printing costs for issuers.

Additionally, TSX understands that the rules of the New York Stock Exchange do not require security certificates to have security features comparable to the Exempt Certificate Requirements¹ and that NASDAQ does not have requirements regarding the form of security certificates. Similarly, TSX understands that other Canadian stock exchanges do not have requirements for security certificates equivalent to the Exempt Certificate Requirements.

Therefore, based on comments received, TSX is amending Appendix D by removing the Exempt Certificate Requirements.

TSX will monitor Canadian and international industry initiatives in this space, including the possible introduction of a shortened settlement cycle (T+2), and if necessary, review TSX's security certificate requirements in light of any such developments.

Text of the Amendments

The Amendments to the Manual are set out as blacklined text at **Appendix B**. For ease of reference, a clean version of the Amendments to the Manual is set out at **Appendix C**.

Timing and Transition

The Amendments become effective today, **February 11, 2016**.

¹ See Section 5 – Certificates of the New York Stock Exchange Listed Company Manual.

APPENDIX A

SUMMARY OF COMMENTS AND RESPONSES

List of Commenters:

Securities Transfer Association of Canada (STAC)
Canadian Bank Note Company, Limited (CBN)

Capitalized terms used and not otherwise defined in the Notice of Housekeeping Rule Amendments shall have the meaning in the Public Consultation.

Summarized Comments Received	TSX Response
<p>STAC will undertake an update of its “Policy and Procedures Regarding Generic Certificates” to align with the Public Consultation and TSX’s Notice of Housekeeping Rule Amendments dated May 21, 2015 (the “May Notice”) and will confirm when this has been completed (STAC).</p>	<p>TSX thanks this commenter for updating its policies and procedures.</p>
<p>One commenter submitted that the Direct Registration System (“DRS”) should be a mandatory listing requirement. There has been a continual and accelerating trend towards the dematerialization of security ownership, both locally and globally. The current process used by all STAC members allows for the availability of DRS, but also a certificate upon request, thereby aligning with certain corporate statutes under which holders may require a certificate to evidence their security ownership. DRS offers advantages to issuers and security holders, such as increased timeliness of share transfers, reduced administrative costs and the elimination of certain risk and insurance costs. There are also benefits for the Canadian marketplace from mandated DRS, including paving the way for dematerialization (STAC).</p>	<p>TSX thanks this commenter for its input.</p> <p>Mandating DRS eligibility is outside the scope of the Public Consultation. TSX notes that the amendments to the Manual published in the May Notice confirm that TSX will accept DRS as a form of evidence of security ownership. TSX believes listed issuers should have the choice of the form of evidence of security ownership set out in Appendix D that is appropriate for their circumstances. At this time, TSX will not require that listed issuers make DRS available to their security holders.</p>
<p>One commenter noted that both the Non-Exempt Certificate Requirements and the Exempt Certificate Requirements require extensive intaglio steel engraving, with the difference being that the Exempt Certificate Requirements require additional intaglio printing of the vignette, open throat area and general promissory text. The requirement for intaglio printing of a vignette in the Exempt Certificate Requirements puts CNB at a competitive disadvantage because of the increased production costs to add a vignette. This commenter also provided a comparison of the other security features in the Non-Exempt Certificate Requirements and the Exempt Certificate Requirements that indicated that the Non-Exempt Certificate Requirements require security features that prevent fraud (CBN).</p>	<p>TSX thanks this commenter for its input. TSX acknowledges that the additional intaglio printing required in the Exempt Certificate Requirements results in higher printing costs for issuers. TSX acknowledges that the Non-Exempt Certificate Requirements contain a number of security features, including extensive intaglio printing. TSX has determined to remove the Exempt Certificate Requirements from Appendix D.</p>

APPENDIX B

BLACKLINES OF NON-PUBLIC INTEREST AMENDMENTS

III. Customized Security Certificates

~~Exempt Issuers — Industrial Category~~

General

1. All certificates representing listed securities of ~~Industrial issuers listed on an exempt basis~~ shall be printed in a manner acceptable to TSX by a recognized bank note company (or its affiliates) which has been approved by TSX for this purpose.
2. All security certificates shall be 12" × 8" (30.48 cm. × 20.32 cm.) in size.
3. All dies, rolls, plates and other engravings used in the manufacture of certificates shall, at all times, be and remain in the possession of the producing bank note company.
4. The design of security certificates shall include:
 - ~~a) a vignette;~~
 - a) ~~b)~~ a "title" or legal name of the listed issuer;
 - b) ~~e)~~ a general or promissory text;
 - c) ~~d)~~ a colour panel or panels, or a colour border in lathe pattern, of not less than 10 square inches in total area;
 - d) ~~e)~~ a space to indicate ownership and denomination, generally referred to as the "open throat" area;
 - e) ~~f)~~ a printed underlay in black or in colour in the area of the "open throat";
 - ~~g) a printed underlay in colour other than black in the area of the general or promissory text;~~
 - f) ~~h)~~ a CUSIP number (as provided in Section 350 of the Manual);
 - g) ~~i)~~ a prominent indication of the class of securities to which the certificate refers;
 - h) ~~j)~~ a denomination "counter" separate and distinct from the "open throat" area;
 - i) ~~k)~~ a transferability clause, indicating where certificates are transferable;
 - j) ~~l)~~ the names of the transfer agent(s) and registrar(s), if other than the issuing company;
 - k) ~~m)~~ original or facsimile signatures of one or more officers of the listed issuer;
 - l) ~~n)~~ a document control or serial number; and
 - m) ~~o)~~ the name of the bank note company producing the certificate.
5. Certificates shall provide for transfer and registration in the principal office of, one or more, of the cities of Vancouver, British Columbia; Calgary, Alberta; Toronto, Ontario; Montréal, Québec; or Halifax, Nova Scotia. When securities are transferable in more than one city, the certificates shall be identical in colour and design, except as to the names of the transfer agent and registrar, as the case may be, and shall bear a legend naming all cities where transferable.
6. Where a single denomination certificate is issued, it shall be completed in accordance with the above requirements using a penetrating ink ribbon.
7. The denomination of a security certificate shall be indicated:
 - a) in the upper right-hand quadrant of the certificate in an area bearing an underlay of fine intaglio lines;

- i) in the case of a board lot certificate by printing in numerical form; or
 - ii) in the case of a certificate for less than 100 securities by computer printing or typewriting using a penetrating ink ribbon or by a process of paper maceration in numerical form.
- b) in the “open throat” area:
- i) by computer printing or typewriting using a penetrating ink ribbon in alphabetized form; or
 - ii) by a process of paper maceration in numerical form.

Where a single denomination security certificate is issued, the denomination shall be indicated by using a penetrating ink ribbon to express the denomination numerically in the “open throat” area using the matrix concept in which the number is inscribed in successively staggered positions on five consecutive lines or, alternatively, using a process of paper maceration in which the number is inscribed in a single line.

8. Security certificates shall be printed on paper produced exclusively for use by a bank note company, containing a multi-toned and multi-directional watermark design acceptable to TSX.

Intaglio Content

9. Security certificates shall be so printed that:
- a) ~~an intaglio printing in colour other than black is made of the border or panel portions of the design, and of an underlying tint in the denomination “counter”;~~
 - b) ~~an intaglio printing in black is made of the vignette, the general or promissory text and the legal name of the listed issuer;~~
 - c) ~~an intaglio printing is made of wording or an abridgement of words in micro lettering of a size below normal readable limits, and in repetition.~~

For the purpose of these regulations, intaglio printing is defined as that process commonly used in bank note production in which ink is transferred to the paper from line engravings.

10. Where a listed issuer has two or more classes of securities listed, the certificates representing the different classes shall be substantially different in colour, as produced by the intaglio printing.
11. ~~The general or promissory text shall be produced from line engravings in “script” style lettering.~~

Vignettes

12. ~~Vignettes shall be at least 3.1 square inches (20 square centimeters) in area, and shall display a wide range of tonal quality from very light to very heavy lines, with ample content of middle tones and graduating shades. They shall consist of lines of differing vertical dimensions, some of which shall measure 25 microns perpendicular to the normal plane of paper.~~
13. ~~Vignette designs shall not consist of a monogram, trade mark or other listed issuer symbol only, but shall include some plainly discernible features of at least a part of the human form.~~

Miscellaneous

- 11) ~~44.~~ A form of assignment shall be printed legibly on the back of each certificate in a colour other than black.
- 12) ~~45.~~ No impression shall be made on the face of a security certificate by means of a hand stamp, except to inscribe a date or the name of the registered holder.
- 13) ~~46.~~ Temporary or interim security certificates may be used for an emergency only and for a period not exceeding four months, subject to prior approval of TSX. In such circumstances, the promissory text and legal name of the listed issuer may be printed by other than the intaglio process and a vignette maybe omitted, so long as the certificates comply with all other technical requirements for security certificates. All temporary or interim security certificates shall be imprinted with the words “interim” or “temporary” in prominent colour and size at the top of the face.

- 14) ~~17.~~ Any listed issuer changing its name or revising or changing its share capital by redesignating its securities may overprint the security certificates to give effect to such change, preferably by the silvering-over process, subject to prior approval of TSX.
- 15) ~~18.~~ Security certificates containing any additional security features not mentioned above, such as a vignette or latent image, are acceptable to TSX provided the minimum requirements as set out herein are met.

Issuers in the Mining and Oil and Gas Category and Non-Exempt Issuers

- ~~19.~~ All certificates representing listed securities of issuers listed on a non-exempt basis, shall be printed in a manner acceptable to TSX by a recognized bank note company (or its affiliates) which has been approved by TSX for this purpose.
- ~~20.~~ Security certificates shall comply with requirements 2 to 18 inclusive respecting security certificates for exempt issuers in the Industrial category, with the exception that requirements 4(a), 4(g), 9(b), 9(c) and 11 to 13 shall not apply.

Requirements Respecting Certificates for Rights and Security Purchase Warrants

- 16) ~~21.~~ Certificates for rights and security purchase warrants shall be printed in a manner acceptable to TSX by a recognized bank note company (or its affiliates) which has been approved by TSX for this purpose.
17. ~~22.~~ Certificates for rights and security purchase warrants must be of the same size as security certificates and shall meet the same requirements for intaglio printing in colour of the border or panels, including CUSIP numbers. However, under certain circumstances, such as when timing is critical, listed issuers will be permitted to use a true continuous form of lithographed certificate for rights or security purchase warrants only, subject to prior approval of TSX.

APPENDIX C

NON-PUBLIC INTEREST AMENDMENTS

III. Customized Security Certificates

General

1. All certificates representing listed securities of issuers shall be printed in a manner acceptable to TSX by a recognized bank note company (or its affiliates) which has been approved by TSX for this purpose.
2. All security certificates shall be 12" × 8" (30.48 cm. × 20.32 cm.) in size.
3. All dies, rolls, plates and other engravings used in the manufacture of certificates shall, at all times, be and remain in the possession of the producing bank note company.
4. The design of security certificates shall include:
 - a) a "title" or legal name of the listed issuer;
 - b) a general or promissory text;
 - c) a colour panel or panels, or a colour border in lathe pattern, of not less than 10 square inches in total area;
 - d) a space to indicate ownership and denomination, generally referred to as the "open throat" area;
 - e) a printed underlay in black or in colour in the area of the "open throat";
 - f) a CUSIP number (as provided in Section 350 of the Manual);
 - g) a prominent indication of the class of securities to which the certificate refers;
 - h) a denomination "counter" separate and distinct from the "open throat" area;
 - i) a transferability clause, indicating where certificates are transferable;
 - j) the names of the transfer agent(s) and registrar(s), if other than the issuing company;
 - k) original or facsimile signatures of one or more officers of the listed issuer;
 - l) a document control or serial number; and
 - m) the name of the bank note company producing the certificate.
5. Certificates shall provide for transfer and registration in the principal office of, one or more, of the cities of Vancouver, British Columbia; Calgary, Alberta; Toronto, Ontario; Montréal, Québec; or Halifax, Nova Scotia. When securities are transferable in more than one city, the certificates shall be identical in colour and design, except as to the names of the transfer agent and registrar, as the case may be, and shall bear a legend naming all cities where transferable.
6. Where a single denomination certificate is issued, it shall be completed in accordance with the above requirements using a penetrating ink ribbon.
7. The denomination of a security certificate shall be indicated:
 - a) in the upper right-hand quadrant of the certificate in an area bearing an underlay of fine intaglio lines;
 - i) in the case of a board lot certificate by printing in numerical form; or
 - ii) in the case of a certificate for less than 100 securities by computer printing or typewriting using a penetrating ink ribbon or by a process of paper maceration in numerical form.

- b) in the “open throat” area:
 - i) by computer printing or typewriting using a penetrating ink ribbon in alphabetized form; or
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Where a single denomination security certificate is issued, the denomination shall be indicated by using a penetrating ink ribbon to express the denomination numerically in the “open throat” area using the matrix concept in which the number is inscribed in successively staggered positions on five consecutive lines or, alternatively, using a process of paper maceration in which the number is inscribed in a single line.

- 8. Security certificates shall be printed on paper produced exclusively for use by a bank note company, containing a multi-toned and multi-directional watermark design acceptable to TSX.

Intaglio Content

- 9. Security certificates shall be so printed that an intaglio printing in colour other than black is made of the border or panel portions of the design, and of an underlying tint in the denomination “counter”.

For the purpose of these regulations, intaglio printing is defined as that process commonly used in bank note production in which ink is transferred to the paper from line engravings.

- 10. Where a listed issuer has two or more classes of securities listed, the certificates representing the different classes shall be substantially different in colour, as produced by the intaglio printing.

Miscellaneous

- 11. A form of assignment shall be printed legibly on the back of each certificate in a colour other than black.
- 12. No impression shall be made on the face of a security certificate by means of a hand stamp, except to inscribe a date or the name of the registered holder.
- 13. Temporary or interim security certificates may be used for an emergency only and for a period not exceeding four months, subject to prior approval of TSX. In such circumstances, the promissory text and legal name of the listed issuer may be printed by other than the intaglio process and a vignette maybe omitted, so long as the certificates comply with all other technical requirements for security certificates. All temporary or interim security certificates shall be imprinted with the words “interim” or “temporary” in prominent colour and size at the top of the face.
- 14. Any listed issuer changing its name or revising or changing its share capital by redesignating its securities may overprint the security certificates to give effect to such change, preferably by the silvering-over process, subject to prior approval of TSX.
- 15. Security certificates containing any additional security features not mentioned above, such as a vignette or latent image, are acceptable to TSX provided the minimum requirements as set out herein are met.

Requirements Respecting Certificates for Rights and Security Purchase Warrants

- 16. Certificates for rights and security purchase warrants shall be printed in a manner acceptable to TSX by a recognized bank note company (or its affiliates) which has been approved by TSX for this purpose.
- 17. Certificates for rights and security purchase warrants must be of the same size as security certificates and shall meet the same requirements for intaglio printing in colour of the border or panels, including CUSIP numbers. However, under certain circumstances, such as when timing is critical, listed issuers will be permitted to use a true continuous form of lithographed certificate for rights or security purchase warrants only, subject to prior approval of TSX.