

## Chapter 13

# SROs, Marketplaces, Clearing Agencies and Trade Repositories

---

### 13.2 Marketplaces

#### 13.2.1 Toronto Stock Exchange – Request for Comments – Public Consultation on Requirements Respecting Customized Share Certificates

##### TORONTO STOCK EXCHANGE

##### REQUEST FOR COMMENTS

##### PUBLIC CONSULTATION ON REQUIREMENTS RESPECTING CUSTOMIZED SHARE CERTIFICATES

#### Introduction

Toronto Stock Exchange (“TSX” or the “Exchange”) is seeking comments on the requirements for customized security certificates set out in Appendix D – Toronto Stock Exchange Policies and Forms – Requirements Respecting Share Certificates (“Appendix D”) of the TSX Company Manual (the “Manual”).

TSX invites the public to submit their comments to the Exchange by June 22, 2015. Please refer to the section entitled “Submission of Comments” for details. At the conclusion of the consultation period, TSX will review the comments and assess whether to amend Appendix D. If TSX proposes amendments to Appendix D, it is expected that they will be Housekeeping Rules under the Process for the Review and Approval of Rules and the Information Contained in Form 21-101F1 and will be effective when published.

#### Background

There are currently two sets of security certificate requirements that apply to TSX listed issuers under the following categories: (i) Exempt Industrial Companies (“Exempt Certificate Requirements”) and (ii) Mining, Oil & Gas and Non-Exempt Companies (“Non-Exempt Certificate Requirements”). Exempt Certificate Requirements have additional security features compared with Non-Exempt Certificate Requirements. Most notably, Exempt Industrial Companies are required to have certificates with the following security features, in addition to 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.

The Non-Exempt Certificate Requirements include the following security features:

- printed by a recognized bank note company approved by TSX for this purpose, using dies rolls, plates and other engravings that are at all times in the possession of the bank note company and printed on paper produced exclusively for use by the bank note company containing a multi-toned and multi-directional watermark design acceptable to TSX;
- be 12” x 8” (30.48 cm x 20.32) in size;

- a “title” or corporate name of the issuer;
- a general or promissory text;
- a colour panel or panels, or a colour border in a lathe pattern, of not less than 10 square inches in total area;
- a space to indicate ownership and denomination, generally referred to as the “open throat” area with a printed underlay in black or in colour in the area of the “open throat”;
- a CUSIP number;
- a prominent indication of the class of shares to which the certificate refers;
- a denomination “counter” separate and distinct from the “open throat” area;
- a transferability clause, indicating where the certificates are transferable;
- the names of the transfer agent(s) and registrar(s), if other than the issuing company;
- original or facsimile signatures of one or more officers of the issuer;
- a document control or serial number;
- the name of the bank note company producing the certificate;
- the denomination of the share certificate indicated (i) in the upper right-hand quadrant of the certificate in an area bearing an underlay of fine intaglio lines (x) in the case of a board lot certificate by printing in numerical form; or (y) in the case of a certificate for less than 100 shares by computer printing or typewriting using a penetrating ink ribbon or by a process of paper maceration in numerical form; and (ii) in the “open throat” area (x) by computer printing or typewriting using a penetrating ink ribbon in alphabetized form or (y) by a process of paper maceration in numerical form;
- where a single denomination certificate is issued it shall be completed in accordance with the above requirements using a penetrating ink ribbon and the denomination shall be indicated 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;
- an intaglio printing in colour other than black of the border or panel portions of the design, and of an underlying tint in the denomination “counter”;
- where a company has two or more classes of stock listed, the certificates representing the different classes shall be substantially different in colour, as produced by the intaglio printing; and
- a form of assignment printed legibly on the back of each certificate in a colour other than black.

TSX has received requests from bank note companies to amend its security certificate requirements so that Non-Exempt Certificate Requirements would apply to all TSX-listed issuers. We understand that adopting Non-Exempt Certificate Requirements for all listed issuers would reduce the costs of producing customized certificates for Exempt Industrial Companies. These requests are also being made in light of the requirements for generic certificates that are supported by the Securities Transfer Association of Canada as well as the growing dematerialization of security ownership. Given the technical nature of these requirements, TSX is seeking industry feedback prior to marking any proposal to amend its security certificate requirements. In particular, we are soliciting feedback from industry participants and law enforcement agencies to determine whether it is advisable to apply the Non-Exempt Certificate Requirements to all listed issuers and eliminate the Exempt Certificate Requirements.

### **Submission of Comments**

We invite market participants to submit their written comments to TSX by June 22, 2015.

Submissions should be sent by email to:

Catherine De Giusti  
Legal Counsel, Regulatory Affairs  
Toronto Stock Exchange  
The Exchange Tower  
130 King Street West  
Toronto, Ontario M5X 1J2  
Fax: (416) 947-4461  
Email: [tsxrequestforcomments@tsx.com](mailto:tsxrequestforcomments@tsx.com)

Comments may be made publicly available unless confidentiality is requested.