

13.1.3 CNQ Policy Amendment – Generic Share Certificates

**CNQ Notice 2004-008
December 3, 2004**

POLICY AMENDMENT — GENERIC SHARE CERTIFICATES

On November 9, 2004, the Board of Directors of CNQ approved a policy amendment attached as Appendix “A” that allows CNQ Issuers to use generic share certificates that conform to the standards established by the Security Transfer Association of Canada (“STAC”). Issuers now have a lower-cost alternative to engraved certificates that does not compromise security.

Because the policy amendment removes a cost burden from issuers, does not impose any new requirements and conforms CNQ’s policy to industry standards (all other North American markets allow issuers to use generic certificates), the Board has determined this to be a “housekeeping” amendment to be effective immediately.

Background

Currently, section 5.2 of Policy 4 requires CNQ-listed issuers to have share certificates printed by a recognized bank note company or related security printer unless the issue is totally non-certificated. This leads to considerable expense which may not be warranted as the use of certificates has declined greatly with settlement though a book-based system at the Canadian Depository for Securities.

Recognizing this, the STAC developed standards for generic share certificates, which are printed as needed by the transfer agent. The name of the issuer, the registered holder and the denomination are printed on the certificate using TELP (Tamper Evident Laser Printing) software, which makes any changes to the data evident to a viewer because of the number of times and locations that the data elements would have to be changed.

Policy Amendment

The amendment to section 5.2 of CNQ’s Policy 4 allows issuers to use generic share certificates, provided the issuer’s transfer agent confirms to CNQ in writing that the certificates conform to the STAC standards.

Please direct any questions concerning this notice to Mark Faulkner, Director, Listings & Regulation at 416.572.2000 x2305 (Mark.Faulkner@cnq.ca) or Timothy Baikie, General Counsel & Corporate Secretary at 416.572.2000 x2282 (Timothy.Baikie@cnq.ca).

APPENDIX “A”

BE IT RESOLVED THAT:

5.2 of Policy 4 is hereby amended by adding “(i)” after the words “certificates must” and adding the following after the second reference to “recognized bank note company”:

“; or

- (ii) be generic certificates that conform to the requirements established by the Security Transfer Association of Canada (“STAC”).

If a CNQ Issuer uses generic certificates, it must provide CNQ with a letter from its transfer agent confirming that the certificates fully comply with the STAC requirements.”

PASSED AND ENACTED this 9th day of November, 2004, to be effective immediately.

“Ian Bandeen”
Chairman

“Timothy Baikie”
Secretary

APPENDIX "B"

**SECTION 5.2 OF POLICY 4 BLACKLINED AGAINST
PREVIOUS VERSION**

5.2 All certificates must conform with the requirements of the corporate and securities legislation applicable to the CNQ Issuer. All certificates must

(i) be printed by a recognized bank note company or its affiliate or other security printer which has a contractual affiliation with a recognized bank note company; or

(ii) be generic certificates that conform to the requirements established by the Security Transfer Association of Canada ("STAC").

If a CNQ Issuer uses generic certificates, it must provide CNQ with a letter from its transfer agent confirming that the certificates fully comply with the STAC requirements.