

TALISMAN

E N E R G Y

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John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 800, Box 55
Toronto, Ontario
M5H 3S8
Fax : (416) 593-2318
E-mail : jstevenson@osc.gov.on.ca

E-MAIL

To: British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities Commission
The Manitoba Securities Commission
Ontario Securities Commission
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Re: Proposed Amendment to and Restatement of National Instrument 55-101

The following comments are provided by Talisman Energy Inc. ("Talisman") in response to the CSA's notice and request for comment regarding the proposed amendment to and restatement of National Instrument 55-101 *Exemption from Certain Insider Reporting Requirements*.

Talisman is a large, independent, Canada-based oil and gas producer. Talisman's common shares trade on the Toronto Stock Exchange and on the New York Stock Exchange. Talisman's operations and related business activities are conducted in Canada and around the world both directly and through more than a hundred subsidiary companies.

Talisman Supports Changes to Exempted Insiders

Currently, insider reporting requirements apply to a number of individuals who fall within the definition of senior officer of several of Talisman's subsidiaries but who do not in the ordinary course receive or have access to information as to material facts or material changes concerning Talisman. Accordingly, Talisman supports the CSA's initiative to better focus the insider reporting requirements on meaningful information that is important to the market.

Talisman Strongly Objects to New Requirement to Monitor and Restrict Insider Trading

Talisman is very concerned with one aspect of proposed NI 55-101, s. 4.1(c), which would impose a new legal requirement on reporting issuers to monitor and restrict the trading activities of insiders and other persons with access to material undisclosed information.

Currently, there is no legal requirement for reporting issuers in Canada to either monitor or restrict the trading of insiders. Section 6.11 of National Policy 51-201 currently recommends as a "best practice" that reporting issuers "adopt an insider trading policy that provides for a senior officer to approve and monitor the trading activity of all of our insiders, officers and senior employees". Talisman submits that the "best practices" approach taken by NP 51-201 is more appropriate than the legally mandated approach taken in the proposed amendments to NI 55-101 for the reasons set forth below.

Talisman submits that the following considerations support a continuation of the "best practices" approach:

1. Such an approach is more consistent with the general approach to corporate governance taken by Canadian securities regulators;
2. Such an approach would maintain more consistency between Canadian and US securities laws, as US securities laws do not require registrants to maintain policies that monitor and restrict insider trading; and
3. Such an approach would permit reporting issuers to craft policies and procedures that best fit their organizations, without risk of second-guessing by securities regulators as to whether their policies are "reasonable" or not.

Thank you for the opportunity to comment on the proposed amendments to NI 55-101.

Yours truly,

M. Jacqueline Sheppard
Executive Vice-President,
Corporate and Legal