

## **RULE 26 - CANOLA TRANSITION RULES**

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## RULE 26 - CANOLA TRANSITION RULES

### In this part:

“**Transitioning Contracts**” means all futures contracts and options on futures contracts listed for trading by the Exchange.

“**Transition Time**” means 9:30 am (CT) (10:30 am ET) on the Monday of the Transition Weekend (or if such day is not a Business Day, the next following Business Day).

“**Transition Weekend**” means the weekend of July 28 and 29, 2018, including Friday July 27, 2018 and Monday July 30, 2018, or such later weekend to which the novation is deferred by the Exchange and ICE Futures U.S., Inc. (IFUS). The Exchange will notify Participants of any such deferral.

### 26.01 Cessation of Trading in Transitioning Contracts

The Exchange will cease to offer trading of Transitioning Contracts as of the close of business on the Friday of the Transition Weekend.

### 26.02 Warrants Issued against the July 2018 canola futures contract

Warrants may only be issued against the July 2018 canola futures contract by entities that are registered with the Exchange in the category of Merchant, Multi-Commodity who have evidenced, in writing, their intention to register with IFUS in a similar capacity. Such evidence of intention shall be in the form determined by the Exchange.

### 26.03 Delivery Certificates issued by the Exchange against the July 2018 canola futures contract

All Delivery Certificates issued by the Exchange against the July 2018 canola futures contract shall be issued in the name of the Clearing Participant of the buyer, and the provisions of these Rules at subsections 15.14 c., d., and e., allowing a Clearing Participant to permit a buyer to have a Delivery Certificate issued in the buyer’s name or to permit a transfer of a Delivery Certificate to another Merchant Participant, shall not be applicable.

### 26.04 Indemnification

Effective with the commencement of Trade Date June 29, 2018, Letters of Credit will not be acceptable collateral for outstanding Warrant obligations and the provisions of these Rules at subsections 15.13 d. (2) and f., shall not be applicable.

### 26.05 Warrants Issued Prior to Transition Weekend

For any Warrants issued prior to the Transition Weekend which have not been matched up for shipment to a Delivery Certificate holder prior to the Friday of the Transition Weekend and for any Warrants referenced in Rule 26.07 b., (collectively the “**Transitioning Warrants**”) and, notwithstanding anything to the contrary in the Rules or the form of Warrant;

Effective as of the Transition Time and without further action of the Clearing Participant, Warrant Issuer, or any other person,

- a. all right, title and interest of the Exchange in the Transition Warrants shall be deemed assigned by the Exchange in favour of IFUS;

- b. Transitioning Warrants, as so assigned, shall be subject to all applicable Rules of IFUS relating to warrants issued in connection with canola futures contracts;
- c. Transitioning Warrants shall be treated as warrants issued under IFUS Rules for all purposes thereunder;
- d. the Warrant Issuer shall comply with the obligations, and be entitled to the benefits, of a warrant issuer under the IFUS Rules with respect to such Transitioning Warrants;
- e. The Warrant Issuer shall enter into any re-documentation of the Transitioning Warrants consistent with the foregoing, as IFUS may request.

#### **26.06 Delivery Certificates Issued prior to the Transition Weekend**

For any Delivery Certificates issued by the Exchange prior to the Transition Weekend for which a Call for Shipment has not been initiated by the Delivery Certificate holder prior to the Friday of the Transition Weekend and for any Delivery Certificates referenced in Rule 26.07 b. (collectively the “**Transitioning Delivery Certificates**”) and, notwithstanding anything to the contrary in the Rules or the form of Delivery Certificate;

Effective as of the Transition Time and pursuant to the provisions of the Double Novation Agreement referenced in Rule 28.08 and without further action of any other person;

- a. all obligations of the Exchange to the Delivery Certificate holder of the Transitioning Delivery Certificates shall be deemed assigned by the Exchange to IFUS;
- b. Transitioning Delivery Certificates, as so assigned, shall be subject to all applicable Rules of IFUS relating to delivery certificates issued in connection with canola futures contracts;
- c. Transitioning Delivery Certificates shall be treated as delivery certificates issued under IFUS Rules for all purposes thereunder;
- d. the Delivery Certificate holder shall comply with the obligations, and be entitled to the benefits, of a delivery certificate holder under the IFUS Rules with respect to such Transitioning Delivery Certificates;
- e. The Delivery Certificate holder shall enter into any re-documentation of the Transitioning Delivery Certificates consistent with the foregoing as IFUS may request.

#### **26.07 Shipments Initiated prior to Friday of the Transition Weekend**

- a. Where a Delivery Certificate holder or its Clearing Participant has initiated the shipment process pursuant to Rule 15.17 on or prior to the Friday of the Transition Weekend, and the Exchange has, in accordance with the Rules, matched up the Delivery Certificate holder with one or more Warrant(s), the Rules of the Exchange shall continue to apply to such shipment, notwithstanding the transition of Transitioning Contracts.
- b. In the event that, after calling for shipment and being matched up with one or more Warrant Issuers, the Delivery Certificate holder rejects some or all of the nominated facilities, the balance of the tonnes rejected will be converted back into Delivery Certificates by the Exchange and dealt with in accordance with Rule 26.06 and Rule 26.08 in the case of the relevant Delivery Certificates, and in accordance with Rule 26.05 in the case of the relevant Warrants.

**26.08 Transition Process for Delivery Certificates**

All outstanding Delivery Certificates (other than Delivery Certificates described in Rule 26.07 a.) shall, as at the Transition Time, be novated to IFUS pursuant to the Double Novation Agreement to be executed and delivered by Clearing Participants in accordance with the Clearinghouse Rules, or as otherwise agreed between the Exchange, IFUS and the holder of the Delivery Certificate.

**26.09 Indemnification Funds transferred to IFUS**

All funds held by IFCA as Indemnification Funds under the provisions of these Rules will be transferred to IFUS by IFCA on or before the Transition Time to serve as indemnification under the IFUS Rules for Transitioning Warrants, without any further action on the part of a Clearing Participant, Warrant Issuer or any other person.

**Approved by the Board June 5, 2018; Effective Trade Date June 15, 2018.**