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BY ELECTRONIC TRANSMISSION

Submission No. 24-92
July 18, 2024

Mr. Christopher J. Kirkpatrick
Secretary of the Commission
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

**Re: Amendments to Canola Rules 12.19 and 12.17
Submission pursuant to Section 5c(c)(1) of the Act and Regulation 40.6(a)**

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended, and Commodity Futures Trading Commission (“CFTC” or “Commission”) Regulation 40.6(a), ICE Futures U.S., Inc. (“Exchange”) self-certifies the amendments to Exchange Rules 12.19 and 12.17 as set forth in Exhibit A. The amendments address certain provisions on shipment applicable to Canola contracts and other clarifications to the Rules, as discussed below.

I. Amendments to Rules 12.19c. and 12.19d.(10)

a. Background

At the expiration of a Canola contract, a commercial participant that holds a short futures position and wishes to make delivery must generate an electronic Warrant in the Exchange’s delivery system. After validation of the Warrant, the Exchange will subsequently issue a Delivery Certificate in a corresponding quantity to the holder(s) of a long futures position. Actual physical loadout of canola is initiated by the Delivery Certificate Holder (the “Holder”), at a time of their choosing, by entering a loadout request into the Exchange’s delivery system.

When a loadout request is entered, the system matches the request against the oldest outstanding Warrant and notifies the relevant Warrant Issuer of the request; the Warrant Issuer must timely respond in the delivery system by nominating a specific registered elevator at which the canola will be loaded out; and the Holder must timely accept or reject that nomination in the delivery system.

If the nomination is accepted the two parties communicate directly with one another to manage the loadout to completion.¹ After the loadout is completed, each party must confirm

¹ If the nomination is rejected the respective positions of the Holder and Warrant Issuer are restored to what they were before the loadout request was submitted.

the completion of loadout in the delivery system, at which point both the Delivery Certificate and the Warrant are retired.

During the process outlined above, the Holder has the right to determine whether physical loadout will be made via truck or rail. If truck is elected, the Holder is responsible for arranging the trucks; if rail is elected, the Warrant Issuer is responsible for arranging the rail. And since the Warrant Issuer nominates the location at which loadout will occur, the Holder is not required to elect truck or rail until after such nomination by the Warrant Issuer.

Finally, the contract Rules include a deadline by which truck loadout is expected to be completed following acceptance of a nomination by the Holder, but they do not include any deadline for rail loadout because the timing of rail availability is not under the control of either the Holder or the Warrant Issuer—this control sits with the rail service providers.

b. Amendments to Rule 12.19c.

The Exchange is amending Rule 12.19c. [amending subrules (1) through (3) and adding new subrules (4) through (6)] to give the Holder the unilateral right (without the Warrant Issuer's agreement) to do one of the following:

- (1) switch a rail loadout to truck; or
- (2) amend the destination of the shipment; or
- (3) reject the shipment if either the initial date that the railcars were scheduled to become available at the shipping location is more than four weeks after the Acceptance Date or the Holder is notified of a delay to the previously scheduled arrival of railcars.

The amendments further require the Holder to make such an election by the close of business on the second Business Day following receipt of the information from the Warrant Issuer triggering the Holder's right to make such an election.

The amended language, however, retains the provision that if the Holder does not make an election to switch to truck, or change the destination, or reject the shipment within the specified timeframe, it is deemed to accept the originally scheduled or revised delayed railcar schedule.

Lastly, the amendments explicitly provide that the Holder's right to make an election under the proposed new provisions is triggered each time there is a change to the previously provided scheduled start of rail loadout.

These amendments were recommended by the Exchange's Canola Committee (the "Canola Committee") which believed that the new provisions would provide appropriate relief to a Holder who has accepted a nomination for rail loadout and subsequently learns of either an unduly late start of scheduled loading (defined as more than four weeks from the nomination acceptance date) or a delay to the originally provided schedule, while preserving the Warrant Issuer's ability to nominate a rail shipment location in instances where the Holder has not specified truck loading at the time a demand for shipment is made.

c. Adoption of new Rule 12.19d.(10)

The Exchange is adopting new Rule 12.19d.(10), which requires the Holder to reimburse the Warrant Issuer for any rail charges that result from the Holder's election to change a nomination from rail to truck or to cancel the nomination under the new provisions, if the Warrant Issuer has provided the approximate expected amount of such charges prior to the expiration of the Holder's right to make such an election under the new provisions.

The adoption of the new Rule follows the Canola Committee's determination that it is appropriate to ensure the Warrant Issuer is not unduly penalized if the Holder's election to convert a nomination to truck or cancel it under the new provisions of the Rule results in a charge to the Warrant Issuer for what the rail provider considers a late cancellation of previously arranged rail service.

IV. Additional clarifying amendments

The Exchange is amending the following:

- (1) Rule 12.17e. by removing references to any time deadline for the start or completion of rail loadout. The Canola Committee determined that the Canola Rules do not include any such deadline for rail shipments, the current language of this Rule implies a deadline that does not exist, and that eliminating such an implication provides greater clarity to the Rule. (The amendment does not impact the provisions of this Rule regarding Truck Shipment, as there is a deadline for completion of Truck Shipment in Rule 12.18.)
- (2) Rule 12.19a.(1)(i) by deleting subparagraph A entirely. The Canola Committee determined that because the Rules already contemplate the mutual agreement between the Holder and Warrant Issuer to complete loadout in a manner that is different than is prescribed in the Rules, the provisions of the Subparagraph are unnecessary.
- (3) Rule 12.19a.(3) by explicitly including the first date upon or week during which the railway expects to make rail cars available in the information the Warrant Issuer must provide to the Holder in the loadout process. The Canola Committee determined that including an explicit callout of this information provides clarity to the Rule.

Each of the foregoing amendments was reviewed by the Canola Committee. The Canola Committee's vote to recommend adoption of these amendments to Rules 12.19 and 12.17 was unanimous, and the Canola Committee's vote to recommend implementation of the amendments with an effective date as early as is possible following filing with the Commission was also unanimous.

Certifications

The Exchange certifies that the amendments to Exchange Rules 12.19 and 12.17 comply with the requirements of the Act and the rules and regulations promulgated thereunder. The Exchange has reviewed the designated contract market core principles ("Core Principles") as set forth in the Act and has determined that the amendments comply with the following relevant Core Principles:

COMPLIANCE WITH RULES: Trading on Canola contracts is subject to all relevant Exchange rules, which are enforced by the Market Regulation Department.

CONTRACTS NOT READILY SUBJECT TO MANIPULATION: The Exchange's Canola contracts are not readily subject to manipulation as they are based on established and liquid underlying cash markets and derivative contracts traded at other designated contract markets, in compliance with CFTC Regulation 38.200. In addition, trading of the contracts will be monitored by the Market Regulation Department. Consistent with Appendix C to Part 38 of the Commission's Regulations, the amendments to the Canola Rules clarify the responsibilities of the deliverer and receiver and seek to minimize the impact of any delays or other impediments that may be caused by rail delivery to help ensure that the futures contract functions appropriately.

AVAILABILITY OF GENERAL INFORMATION: The Exchange will issue a notice and post the amended Canola Rules to ensure that market participants are aware of the amendments.

PROTECTION OF MARKETS AND MARKET PARTICIPANTS: The amendments to the above-referenced Exchange Rules comply with Core Principle 12 and CFTC Regulation 38.650, as the rules are provided in furtherance of the Exchange's promotion of fair and equitable trading and to protect markets and market participants from abusive practices by any market participant and their agents.

FINANCIAL INTEGRITY OF CONTRACTS: The Exchange's Canola contracts will continue to be cleared by ICE Clear U.S., a registered derivatives clearing organization subject to Commission regulation, and carried by registered futures commission merchants qualified to handle customer business.

The Exchange is not aware of any substantive opposing views expressed by members or others with respect to the amended Exchange Rules, and certifies that, concurrent with this filing, a copy of this submission was posted on the Exchange's website and may be accessed at <https://www.ice.com/futures-us/regulation>.

If you have any questions or need further information, please contact me at (312) 836-6748 or frances.mendieta@ice.com.

Sincerely,



Frances M. Mendieta
Director, Enforcement Counsel
Market Regulation

cc: Division of Market Oversight
New York Regional Office

EXHIBIT A

(in the text of the amendment below, additions are underscored and deletions are bracketed and lined through.)

12.17 Shipment

- a. Delivery Certificate Holders shall initiate the shipment processes by submitting a Call for Shipment in the Delivery System. Upon submission, the Exchange shall:
- (1) determine the oldest outstanding Warrant(s);
 - (2) notify the Warrant Issuer(s) of such Warrants of its obligation to ship out the canola; and
 - (3) notify the Warrant Issuer(s) who the Delivery Certificate Holder is.

A Call For Shipment received prior to noon on a Business Day will be processed by the Exchange on the Business Day it is received; and a Call For Shipment received after noon on a Business Day (or on a day that is not a Business Day) will be processed by the Exchange the next Business Day.

- b. Shipment shall only be made from elevators registered with the Exchange.
- c. The Warrant Issuer shall complete the Shipment Nomination in the Delivery System within two (2) Business Days (inclusive of the day of the Call for Shipment is entered in the system if the Call for Shipment is entered before noon) and indicate (i) the elevator(s) from which the canola will be shipped and (ii) whether the canola will be commercially clean or non-commercially clean.
- d. The quantity nominated shall not exceed two (2) full car spots at the nominated facility.
- e. When nominating shipping location points, the Warrant Issuer must be able to accommodate ~~[the ordering and placement of railcars, and]~~ the placement of trucks~~[;]~~ at the nominated point, in such a way as to facilitate the shipment within the times prescribed by ~~this~~ these Rules and the ordering of railcars within any railway-imposed limitations, to the best of its knowledge unless the Delivery Certificate Holder has specified truck as the method of conveyance on the Call For Shipment form. ~~[The Warrant Issuer may only nominate locations for which there is a reasonable expectation of rail service that would accommodate the shipment tonnage, unless the Delivery Certificate Holder has specified truck as the method of conveyance on the Call For Shipment form.]~~
- f. At the time the shipping locations are nominated, the Warrant Issuer will enter in Nomination in the Delivery System the railway(s) providing services to the shipping locations, and any known restrictions or limitations related to rail shipment from the shipping locations, or specify truck as the method of conveyance (if shipping by truck has been selected by the Delivery Certificate Holder in accordance with paragraph h. below).
- g. A minimum of eighty (80) metric tonnes shall be nominated from any given point(s), with any odd lots of less than eighty (80) metric tonnes to come from a point already nominated. If the call for shipment is less than eighty (80) metric tonnes, the entire nomination must be from one location. All quantities nominated must be in twenty (20) tonne multiples.
- h. The Delivery Certificate Holder shall enter the following information in the Shipment Nomination Acceptance/Rejection field in the Delivery System within two (2) Business

Days of the completion of the Nomination in the Delivery System by the Warrant Issuer (inclusive of the day of such completion if such completion is made before noon:

- (1) the acceptance or rejection of the shipping locations, in whole or in part, in twenty (20) metric tonne multiples), including the selection of commercially clean or non-commercially clean;
- (2) the amount, in twenty (20) metric tonne multiples, if any, that will be shipped; and/or
- (3) the amount where the nomination is rejected, in twenty (20) metric tonne multiples, if any, that is to be converted back to a new Delivery Certificate(s).

Provided that, if either (1) or (2) is chosen, the Delivery Certificate Holder will also be responsible for nominating whether shipment will be by rail or by truck, and if the shipment is by rail, the Delivery Certificate Holder shall also enter the destination. If the Delivery Certificate Holder specified truck or rail on the Call For Shipment form, they must ship the product by that method of conveyance.

- i. If a shipment is by rail, the Delivery Certificate Holder must have in place all arrangements necessary to complete the shipment, including, but not limited to, accounts and credit with the railway, arrangements with customs and/or with customs brokers, and terminal authorizations.
- j. Rejection of a shipment in whole or in part by the Delivery Certificate Holder will cause a new Delivery Certificate to be issued for the tonnage rejected.
- k. Failure by the Delivery Certificate Holder to enter a properly completed Shipment Nomination and Acceptance in the Delivery System within the time required by these Rules shall be deemed rejection, in whole, of the shipping locations for the amount of canola as represented by the Delivery Certificates.
- l. The date on which a shipment is rejected, in whole or in part, whether deemed or not, will be the date for determining the oldest outstanding Warrant(s) for the purposes of subsequent calls for shipment.

12.19 Shipment by Rail

These provisions pertain to shipment by rail:

- a. The Warrant Issuer is required:
 - (1) To promptly place orders with the applicable railway for sufficient empty railcars to accommodate the shipment of Canola to be delivered to the shipping location(s) at the earliest date(s) the railway ordering schedules and siding space at the accepted location(s) and destination(s) permit, provided that:
 - (i) If both the Warrant Issuer and Delivery Certificate Holder agree:
 - A. ~~Shipment may be scheduled for a future week that begins not more than four (4) weeks from the date that the Shipment Nomination and Acceptance is entered in the Delivery System;~~

- B. Shipment may be made from a location or locations different than the location(s) originally accepted, subject to the provisions of payment of freight charges set out in sub-section d. of this Rule, provided that the new location(s) is entered into the Delivery System and approved by the Warrant Issuer and Delivery Certificate Holder, and/or
 - C. The Delivery Certificate Holder may supply its own railcars for part or all of the shipment, provided that the railcars are scheduled to arrive for a future week that begins not more than four (4) weeks from the date that the Shipment Nomination and Acceptance is entered in the Delivery System.
 - (ii) The Warrant Issuer may include the shipment with a larger block of railcars destined to the same destination or corridor, provided that adding the shipment to a larger block of railcars does not delay the shipment or cause the Delivery Certificate Holder to incur additional rail freight charges.
- (2) To manage all communications with the railway regarding the shipment, until such time as the Delivery Certificate Holder assumes responsibility to the railway for the shipment;
 - (3) To promptly notify the Delivery Certificate Holder of any communications received from the railway regarding railcars ordered and/or shipped, including the first date upon or week in which the railway expects to make railcars available at the shipping location, and promptly notify the Delivery Certificate Holder and the Exchange of any delays as set out in sub-section c. of this Rule;
 - (4) To ensure submission of all information required by the railway to process the shipment;
 - (5) To ensure that information provided to the railway for the bill of lading or other purposes enables the Delivery Certificate Holder to arrange for customs clearance, if applicable;
 - (6) To load and release railcars according to the requirements and schedule of the railway;
 - (7) To load each railcar to its full “visible” capacity, except if the quantity remaining to be loaded is less than the railcar capacity;
 - (8) To properly attach seals to each railcar that the Delivery Certificate Holder has requested seals be attached to, and/or to each railcar that is to be moved to a destination outside Canada;
 - (9) Upon request, to provide evidence to the Exchange that the railcars have been ordered, and copies of all communications with the railway regarding the shipment.
 - (10) If railcars have been received at the nominated location, and these railcars may be shipped into the same corridor as the Delivery Certificate Holder’s shipment,

the railcars must be loaded before any other loading is conducted for shipment into that same corridor.

- (11) To request, from the railway, that the Warrant Issuer's railcar allocation be used for the shipment.

b. The Delivery Certificate Holder is required;

- (1) Upon request, to provide, to the Warrant Issuer and/or to the Exchange, evidence that the shipment will be accepted and unloaded at the destination(s) it has specified for shipment;
- (2) To ensure the destination facility(ies) receive(s) and unload(s) railcars according to the requirements of the railway(s);
- (3) To make all arrangements necessary to complete the shipment, including, but not limited to, customs clearance; and
- (4) To provide to the Warrant Issuer and/or the railway all information required to process the shipment.

c. In the event that the Delivery Certificate Holder is advised that the railcars will not be supplied for the week ordered on the date or during the week originally scheduled and this information was provided to the Delivery Certificate Holder pursuant to Rule 12.19(a)(3) above, [or that the arrival of the railcars will be delayed to a future week,] or that the originally scheduled date provided to the Delivery Certificate Holder is more than four weeks after the date on which the Acceptance of Nomination is entered into the Delivery System, the Delivery Certificate Holder may:

- (1) amend the mode of transport from rail to truck[-, in which case the Delivery Certificate Holder shall provide notice to the Warrant Issuer and the Exchange in writing, by e mail, within one (1) Business day of receiving notice that the railcars will be delayed]; or
- (2) amend the destination of the shipment, in which case the Warrant Issuer shall amend their order(s) with the railway to reflect the updated destination; or
- (3) reject the shipment, in which case all other provisions of nomination rejection set out elsewhere in the Rules shall apply. [The Delivery Certificate Holder must notify the Exchange in writing, by email within one (1) Business Day of receiving notice that the railcars will be delayed.]
- (4) The Delivery Certificate Holder must notify the Exchange and the Warrant Issuer in writing, by email of its election to amend the mode of transport from rail to truck, or to amend the destination of the shipment or to reject the shipment under subparagraphs 1 to 3 above, by the close of business New York time on the second business day after receiving notice of either (1) the expected railcar arrival date is more than 4 weeks after the date on which the Acceptance of Nomination was entered into the Delivery System, or (2) a scheduled date already provided to the Delivery Cert Holder will be delayed.

- (5) If the Delivery Certificate Holder does not elect one of the above options by the relevant time deadline specified above, it will be deemed to have accepted the original~~[by scheduled]~~ or the delayed railcar schedule.
 - (6) The provisions of this Rule apply to each instance in which a Delivery Certificate Holder receives notice of a change to a previously scheduled date by which rail service is expected to be provided.
- d. Payment of freight and other charges:
- (1) The Delivery Certificate Holder will pay freight charges to the railway, except that:
 - (i) For shipments to destinations within Canada, it will be the Warrant Issuer's choice as to whether it will pay freight charges to the railway or whether the Delivery Certificate Holder will pay the freight charges to the railway; and
 - (ii) For shipments to destinations outside Canada, the Warrant Issuer may pay freight charges to the railway only if the Delivery Certificate Holder agrees.
 - (2) When the Warrant Issuer pays freight charges to the railway, the Delivery Certificate Holder will pay to the Warrant Issuer all charges published in the applicable railway tariffs for the shipment of single railcars on the shipment route for which the Warrant Issuer paid freight charges to the railway. If the Warrant Issuer ships railcars for a total cost that is lower than the published tariff cost applicable to the shipment of single cars, the discount shall be retained by the Warrant Issuer.
 - (3) When the Delivery Certificate Holder pays freight charges to the railway, the Delivery Certificate Holder will pay to the Warrant Issuer any discount or reduced rate or rebate received from the railway due to shipment of railcars in a multi-car block at a rate that is lower than the single car tariff rate, provided that if a shipment is made using any method of invoicing where charges relating to different parts of the shipment route are paid separately to different railways or freight carriers, including what is commonly referred to as "Rule 11" invoicing, the Delivery Certificate Holder will pay to the Warrant Issuer only the discount applicable on freight charges paid for the part of the shipment from the delivery location to the first invoicing junction point or gateway located outside of the provinces of Manitoba, Saskatchewan, and/or Alberta.
 - (4) When the Delivery Certificate Holder supplies its own railcars and pays freight charges directly to the railway, the Delivery Certificate Holder will not make any payment to the Warrant Issuer for any discount or reduced rate or rebate received from the railway.
 - (5) When the shipment is made from a location other than the location(s) originally accepted, then the Delivery Certificate Holder will pay the lesser of:
 - (i) The freight rate from the location(s) originally accepted, plus or minus the regional premium / discount for that location, or

- (ii) The freight rate from the location actually shipped from, plus or minus the regional premium / discount for that location.

And the amount noted above shall serve as the total amount owing for freight and any regional premium or discount.

- (6) The Delivery Certificate Holder will pay to the Warrant Issuer all charges related to the shipment that are incurred by the Warrant Issuer, including penalties, due to the unload of railcars at the destination.
- (7) The Warrant Issuer will invoice the Delivery Certificate Holder promptly upon completion of shipment, for all freight costs and charges as specified in the Rules.
- (8) The Delivery Certificate Holder will pay to the Warrant Issuer, within five (5) Business Days of receipt of the invoice, all freight costs and charges as specified in the Rules.
- (9) Upon request, the Warrant Issuer will provide the Exchange with documentation and full details on all of the shipping costs it has invoiced to the Delivery Certificate Holder.
- (10) In the event that the Delivery Certificate Holder's election under the provisions of paragraph (c) of this Rule incurs railway charges to the Warrant Issuer due to late cancellation of scheduled rail service for the Delivery Certificate Holder's nomination, the Delivery Certificate Holder shall pay these costs to the Warrant Issuer, provided the Warrant Issuer has provided the approximate amount of such costs to the Delivery Certificate Holder prior to the expiration of the Delivery Certificate Holder's time to make such election under the provisions of paragraph (c)(4) of this Rule. In such an instance the Warrant Issuer shall provide commercial documentation of the actual costs to the Delivery Certificate Holder.