

General Directions to Staff of ICE Futures Canada, Inc. Respecting an Audit of Elevator(s)

1. Audits are to be done on an as-needed basis for compliance purposes in the course of an investigation. They are not to be done on a “random” or “spot” basis.
2. It is intended that audits will be done where there is a serious concern by the compliance department that there are insufficient stocks in store to support outstanding warrants.
3. Where possible, the staff of the Regulatory Division should attempt to satisfy itself by other means that there are or are not sufficient stocks in store. For example, if stocks reports submitted by the company show insufficient stocks to cover the issued and outstanding warrants, there should be correspondence between the Regulatory Division and the company to ensure that the reports were not misstated. The fact that the company advises that the mistake was due to a clerical error will not, in and of itself, be deemed to be satisfaction of the mistake. Where possible there should be communication with both the Authorized Representative and the Country Operations Manager. Where the Authorized Representative is not the company’s marketing manager, attempts should also be made to speak to the marketing manager.
4. If staff of the Regulatory Division determines that an audit is required it is to provide written notice of same to at least one of the following: the country operations manager, the marketing manager, and the Authorized Representative.
5. Where possible, the Regulatory Division will provide 48 hours notice.
6. SGS Canada Inc. (“SGS”) is the company that will be retained by the Exchange to do any audits.
7. Any audits conducted should be full audits; that is the bins should be completely run through with the contents weighed and graded.
8. Representatives of the firm being audited may be on site to view (not participate in or hinder) the audit as it is being done.
9. Any dispute on grade shall be submitted to the Canadian Grain Commission who will conduct an independent grade inspection. The determination of the CGC as to grade shall be determinative.
10. Audit results may be used at a hearing, if required.
11. If the company has a concern about an audit to be conducted, they are entitled to request, on short notice, a hearing by the Special Regulatory Committee. Both the company and staff of the Regulatory Division will be required to address the Special Regulatory Committee whose decision on the matter shall be final. The company must provide a letter to ICE Futures Canada, Inc., Attention: Regulatory Division, within 8 business hours of receiving notice that an audit will be performed if they intend to seek a hearing before the Special Regulatory Committee.