



CANADIAN OILSEED PROCESSORS ASSOCIATION

**TRADING RULES FOR
THE NORTH AMERICAN SALE OF
CANOLA OIL
Amended July 2016***

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APPLICATION OF TRADING RULES

These Trading Rules are to serve as a guide only for transactions. It is understood that the parties to such transactions are free to adopt, modify or disregard any or all of these Trading Rules. The parties to North American transactions hereby acknowledge familiarity with the text of the North American Trading Rules of the Canadian Oilseed Processors Association, while the parties to offshore export transactions acknowledge familiarity with the text of the Offshore Export Trading Rules of the Canadian Oilseed Processors Association.

GOVERNING LAW

Subject to any express provisions to the contrary contained in these Trading Rules, or in any contract into which these Trading Rules are incorporated, the said contracts and these Trading Rules and the construction, validity and performance thereof shall be governed by and construed in accordance with the laws of the Province in which the head office of the Seller is located (including such laws of the Dominion of Canada as may be applicable), irrespective of the domicile or residence of the Buyer.

RULE 1 - GRADES AND QUALITY

Section 1 - STANDARD OF QUALITY

- (a) The standard fair average quality shall be the designated type of Canola Oil which must conform to the standard specifications of the Canadian Oilseed Processors Association in effect at the time of sale.
- (b) The standard specifications are subject to modification from time to time as conditions may warrant, upon recommendation of the COPA Oil Trading Rules Committee.

Section 2 - STANDARD DEFINITION

Canola Oil shall be the oil produced from the low erucic acid oil-bearing seeds of varieties derived from *Brassica napus*, *Brassica rapa* and/or *Brassica juncea* species. The grades of Canola Oil covered by these Trading Rules shall be of the following types:

- (a) Type I, otherwise known as Crude Super Degummed Canola Oil
- (b) Type II, otherwise known as Crude Degummed Canola Oil
- (c) Type III, otherwise known as Crude Canola Oil

Other Canola Oils, including refined and specialty oils, may be traded under these Canola Oil Trading Rules with the specifications for these oils being agreed to by the Buyer and the Seller.

Section 3 - STANDARD SPECIFICATIONS

Canola Oils of the types (a), (b) and (c) referred to in Section 2 shall conform to the following specifications:

	Type I Crude Super <u>Degummed</u>	Type II Crude <u>Degummed</u>	Type III <u>Crude</u>
Free fatty acid (as oleic acid), maximum % by mass	1.0	1.0	2.0
Moisture & volatile matter & impurities, maximum % by mass	0.3	0.3	0.5
Flashpoint (typical), minimum °C	150	150	150
Chlorophyll content, maximum parts per million ¹	30	30	30
Neutral oil (typical), minimum % by mass	98.5	98.5	98.0
Loss (typical), maximum % by mass	1.5	1.5	2.0
Phosphorus content, maximum parts per million	50	200	n/a ²
Erucic acid, maximum % by mass	2.0	2.0	2.0
Sulfur (typical), parts per million	25	25	Indeterminate

¹ May be amended as a result of variations as outlined on page 5.

² Not applicable.

RULE 1 - GRADES AND QUALITY (CONT'D)

Section 4 - METHODS OF ANALYSIS

Analytical methods shall be those of the American Oil Chemists' Society, except as otherwise specified.

<u>Analysis</u>	<u>Referee Method</u>
Free fatty acid	AOCS Ca 5a-40
Moisture & volatile matter & insoluble impurities	M & V AOCS Ca 2d-25 or Ca 2b-38 or Ca 2c-25 I.I. AOCS Ca 3a-46
Flashpoint	AOCS Cc 9b-55 or Cc 9c-95
Chlorophyll content	AOCS Cc 13d-55
Neutral oil, minimum	AOCS Ca 9f-57
Loss, maximum	AOCS Ca 9a-52 or Ca 9f-57
Phosphorus content	AOCS Ca 20-99
Erucic acid	Association of Official Analytical Chemists 996.06; 17 th Edition
Sulfur	AOCS Ca 17-01

See Rule 1, Section 6.

Section 5 - SAMPLING AND ADJUSTMENT PROCEDURES

(a) The Official Sample

The official sample shall be held by the Seller, and shall be taken at the point of origin in accordance with section C 1-47 of the official standards of analysis of the American Oil Chemists' Society. The sample shall be a minimum of one (1) litre in quantity, and shall be packed in a clean and dry container, consisting of either a tinned metal container or a high density polyethylene bottle fitted with a cap. The official sample shall be retained by the Seller for thirty (30) calendar days and shall be identified by:

- (i) car number and/or appropriate vehicle identification number; and
- (ii) shipping date exit plant of origin.

RULE 1 - GRADES AND QUALITY (CONT'D)

(b) Adjustment Procedures

Canola Oil not meeting the specifications of the type of oil contracted within the sales agreement shall be subject to the following procedures:

(1) Free fatty acid - allowances for oils with excess fatty acid content shall be at the rate of:

Type I - Crude Super Degummed and

Type II - Crude Degummed:

0.5% of contract price	1.01 - 1.30%
1.0% of contract price	1.31 - 1.50%
1.5% of contract price	1.51 - 2.00%
subject to rejection	> 2.00%

Type III - Crude:

0.5% of contract price	2.01 - 2.30%
1.0% of contract price	2.31 - 2.50%
1.5% of contract price	2.51 - 3.00%
subject to rejection	> 3.00%

(2) Moisture and impurities

Type I - Crude Super Degummed and

Type II - Crude Degummed:

0.5% of contract price	0.31 - 0.39%
1.0% of contract price	0.40 - 0.49%
subject to rejection	0.50%

Type III - Crude:

0.5% of contract price	0.51 - 0.59%
1.0% of contract price	0.60 - 0.69%
subject to rejection	0.70%

(3) Chlorophyll - allowance for excess chlorophyll shall be at the rate of:

1.0% of contract price	31 - 35 ppm
2.0% of contract price	36 - 40 ppm
2.5% of contract price	41 - 45 ppm
3.0% of contract price	46 - 50 ppm
Subject to rejection	> 50 ppm

RULE 1 - GRADES AND QUALITY (CONT'D)

(4) Phosphorus content

For Type I Canola Oil, allowance for excess phosphorus shall be at the rate of:

0.5% of contract price	51 - 75 ppm
1.0% of contract price	76 - 100 ppm
2.0% of contract price	101 - 200 ppm
additional discounts as per Type II Canola Oil	> 200 ppm

For Type II Canola Oil, allowance for excess phosphorus shall be at the rate of:

0.2% of contract price	201 - 240 ppm
0.4% of contract price	241 - 260 ppm
0.6% of contract price	261 - 280 ppm
0.8% of contract price	281 - 300 ppm
subject to rejection	> 300 ppm

(5) In some years, adverse climatic conditions may inhibit the ability of processors to control specification limits. Under these circumstances, other acceptable tolerance limits may be the subject of negotiation between the Buyer and the Seller.

Section 6 - OFFICIAL REFEREE LABORATORIES

- (a) If the Seller's and the Buyer's analyses differ and an agreement cannot be reached, the dispute shall be settled by the Official Referee Laboratories, the cost of which shall be paid by the unsuccessful party.
- (b) To qualify the Official Referee Laboratory must be a mutually agreeable AOCS accredited North American laboratory of which the accreditation body is a signatory to the International Laboratory Accreditation Cooperative (ILAC) and based in North America.

Scope of accreditation is the International Organization for Standardization (ISO)/ International Electrotechnical Commission (IEC) 17025.

Qualified ILAC signatories in Canada: Standards Council of Canada (SCC) and Canadian Association for Laboratory Accreditation Inc. (CALA)

Qualified ILAC signatories in the USA: American Association for Laboratory Accreditation (A2LA), National Voluntary Laboratory Accreditation Program (NVLAP), International Accreditation Service, Inc. (IAS), ANSI-ASQ National Accreditation Board and Accreditation Services Bureau (A-S-B)

Qualified ILAC signatory in Mexico: Entidad mexicana de acreditación a.c. (ema)

RULE 1 - GRADES AND QUALITY (CONT'D)

Section 7 - QUALITY CLAIMS

Quality claims relating to Rule 1 shall be filed by electronic mail with acknowledgement of receipt requested no later than five (5) business days (defined for the purpose of these rules as any day the Chicago Board of Trade is open for business other than Saturdays, Sundays and statutory holidays in Canada) from the car unloading date. Quality claims filed after five (5) business days shall not be honoured.

RULE 2 - QUANTITY

Section 1 - UNIT OF WEIGHT

Canola Oil shall be sold on a net weight basis in pounds (avoirdupois pounds) and/or tonnes (1 tonne = 2,204.6226 avoirdupois pounds).

Section 2 - UNIT OF SALE

The unit of sale, by mutual agreement between the Buyer and the Seller and as specified in the contract at the time of sale, may be a jumbo tank car, super jumbo tank car, mega jumbo tank car, tank truck, drum or bulk vessel (quantities as per vessel charter party). If the sale is made in tank cars, the weight of the tank cars shall be specified with a tolerance of $\pm 1 \frac{1}{2}\%$. If the sale is made in tank trucks, the approximate weight of the tank trucks shall be specified. If the sale is made in drums, the approximate tare weight of the drums shall be specified.

Section 3 - CONTRACT DELIVERY

Contracts shall be completed by delivering the exact number of units with the approximate number of pounds in such containers as agreed to at the time of sale or as mutually amended thereafter.

RULE 3 - SUBJECT MATTER OF ALL CONTRACTS

The subject matter of all contracts shall be Canola Oil produced by the Seller at the Seller's plants. With the Buyer's consent, the Seller may purchase Canola Oil from another Seller's plant to fulfil any contract.

RULE 4 - CHANGES

Section 1 - CHANGE IN OIL TYPE

In the event the Seller elects, with the prior approval of the Buyer, to deliver an alternate type of Canola Oil other than that specified in a particular contract, the discount or premium on price to the Buyer shall be subject to negotiation with the Seller.

Section 2 - CHANGE IN DELIVERY POINT

If the Buyer requests shipment to points other than the delivery point specified in the contract, and if the Seller is in mutual agreement, then any increase or decrease in the Seller's cost shall be for the account of the Buyer.

RULE 5 - TERMS AND PAYMENT

Section 1

Unless otherwise specified at the time of sale, terms of payment on Canola Oil are to be net cash (i.e. payable immediately upon receipt of invoice), with the method of payment to be agreed upon between the Buyer and the Seller.

Section 2

The Seller reserves the right to restrict the terms of payment if, in the Seller's judgement, the Buyer's financial responsibility does not warrant shipment on terms originally stated in the contract.

Section 3

Failure of the Buyer to accept delivery of or pay for any portion of a specified quantity of Canola Oil covered by any contract shall, at the Seller's option, release the Seller from making any further deliveries. In case of default in payment of any invoice due, the whole sum owed by the Buyer shall become due and payable at once.

RULE 6 - PRICING

Unless otherwise agreed, all unpriced contracts shall be priced at the Buyer's option within the day's price range, while futures markets are open and tradeable. In no case shall pricing go beyond the date of shipment or the original contracted period, whichever comes first, unless there is specific prior agreement between the Buyer and the Seller. The futures month relative to the contracted delivery month shall be identified on the face of each contract. If any portion of the contract is not priced or spread the day before the expiration day of the contract futures month involved, it shall be priced or spread on the market close of that day unless futures are not tradeable. In this event, the balance of the unpriced contract shall be priced or spread at the first tradeable opportunity.

The Buyer requesting pricing on the date of shipment shall accept pricing as done by the Seller, even if the car does not actually leave on the requested date of shipment due to circumstances beyond the control of the Seller, provided that the car has been loaded.

Cash sales may be priced by exchanging futures at the mutual agreement of the Buyer and the Seller.

RULE 7 - TIME OF DELIVERY AND INTERPRETATIONS

Section 1 - TIME OF DELIVERY

Unless the exact shipping date is agreed upon by the Buyer and the Seller at the time of sale, deliveries sold for a given calendar month delivery shall be interpreted as follows:

- (a) monthly deliveries shall be spread as evenly as possible throughout the month;
- (b) the Buyer shall advise the Seller by electronic mail with acknowledgement of receipt requested no later than the first business day following the day that an empty tank car is billed out to the Seller's location. See Rule 9, Section 1 and Rule 13, Section 4.

Section 2 - INTERPRETATIONS

- (a) The term "first half" of any month shall be construed to mean the period from the first calendar day to the fifteenth calendar day inclusive, and the term "second half" shall be construed to mean the period from the sixteenth calendar day to the last calendar day inclusive.
- (b) The terms "early" or "beginning", "middle", and "end" or "late" in reference to any month shall be construed to mean the period from the first calendar day to the tenth calendar day, from the eleventh calendar day to the twentieth calendar day, and from the twenty-first calendar day to the last calendar day all inclusive, respectively.
- (c) If the last day for shipments/deliveries falls on a Saturday, Sunday or a legal holiday, the time for shipments/deliveries shall be extended until the next business day.
- (d) Washouts, close-outs or defaults shall be basis mean contract quantity without tolerances. If the contract provides for a minimum and maximum quantity, the mean thereof shall apply. Washouts and close-outs will normally be settled fifteen (15) calendar days before the end of the contract period.

RULE 8 - INQUIRIES, QUOTATIONS AND CONFIRMATIONS

Section 1

It shall be the duty of the Seller, not later than the close of the business day following the day of sale, to electronically mail with acknowledgement receipt requested a contract of sale to the Buyer. In addition, the Seller shall provide confirmation of the sale by electronic mail with acknowledgement receipt requested not later than the close of the business day following the day of sale. Upon receipt of said confirmation, the parties shall check carefully all details stated therein and, upon finding any differences, immediately shall notify the other party to the contract by electronic mail with acknowledgement receipt requested. No response by the Buyer to the above mentioned electronic mail with acknowledgement receipt requested within three (3) business days of the receipt by the Buyer shall signify that the contents of the electronic mail with acknowledgement receipt requested are binding on both parties.

Section 2

When a trade is made through a commission agent or broker, it shall be the duty of the said agent or broker, not later than the close of the business day following the day of sale, to send a written confirmation to each of the principals (to the Buyer a confirmation of purchase and to the Seller a confirmation of sale) setting forth the details of the trade as made for their account. Upon receipt of said confirmations, the parties shall check carefully all details stated therein and, upon finding any differences, immediately shall notify the agent or broker by electronic mail with acknowledgement receipt requested.

The application of this Section shall not relieve the Buyer or the Seller from conformance with the requirements of Section 1 of this Rule.

RULE 9 - PERFORMANCE OF CONTRACT AT TIME OF SHIPMENT

Section 1 - DELIVERY INSTRUCTIONS

The Buyer shall furnish instructions for shipment, and tank cars in case the Buyer's tank cars are specified, to the Seller, as specified in Rule 7, to enable the Seller to execute the order within the period or periods specified in the contract. Under no circumstances shall the Seller be expected or required to load all or any part of the oil covered by any specific contract for any specific delivery, unless the Buyer first has furnished proper and complete shipping instructions.

Section 2 - FAILURE TO PROVIDE SHIPPING INSTRUCTIONS AND/OR FAILURE TO SHIP

In the event the Buyer fails to provide shipping instructions and/or accept shipment within the contract period indicated, and unless the Buyer and the Seller can mutually agree upon an extension, the Seller shall have the following options:

- (a) to ship the undelivered oil to the Buyer within five (5) business days after giving notice by electronic mail with acknowledgement receipt requested; or
- (b) to resell Canola Oil in the open market for the Buyer's account, the Buyer to pay the Seller the difference between the contract price and the resale price; or

RULE 9 - PERFORMANCE OF CONTRACT AT TIME OF SHIPMENT

(CONT'D)

- (c) to retain Canola Oil, the Buyer to pay the Seller the difference between the contract price and the market price, if the market price is lower than the contract price; or
- (d) the Seller may elect to carry the Buyer's inventory at the Seller's plant beyond the original contract period, in which case the Seller assesses the Buyer a .25 cents Canadian per pound charge and the defaulted contract period is extended for a mutually agreed upon period, but not exceeding thirty (30) calendar days; or
- (e) to cancel the contract on any unshipped portion thereof.

In the event the Seller fails to ship any portion of Canola Oil during the contract period, providing shipping instructions and transport equipment shall have been received in time to execute orders, and unless the Buyer and the Seller can mutually agree upon an extension, the Buyer shall have the following discretionary options:

- (a) to cancel that part of the contract upon which there has been default; or
- (b) to have the Seller buy in the open market a like quantity and quality of Canola Oil for the Seller's account; or
- (c) should the particular type of Canola Oil agreed upon in a contract not be available in the open market, the Buyer may exercise its option, with the prior approval of the Seller, to accept delivery of another type of Canola Oil at the prevailing discounts or premiums as specified in Rule 4, Section 1, or may await availability of the particular type of Canola Oil;
- (d) in the event the contract is cancelled, the Seller shall pay the difference between the contract price and the market price, if the market price is higher than the contract price.

Section 3 - FAILURE TO DELIVER

Failure on the part of the Seller due to uncontrollable circumstances (Force Majeure as defined in Rule 16) to deliver any instalment of Canola Oil shall not be a breach of the entire contract.

RULE 10 - WEIGHTS

Section 1 - GOVERNING WEIGHTS

The Seller's official weights are to govern.

Section 2 - OFFICIAL WEIGHT CERTIFICATES

In order to be approved for official weighing status or to issue official weights, a Seller of Canola Oil shall have weight measures that are approved by Measurement Canada under the *Weights and Measures Act*.

Section 3 - WEIGHT CLAIMS DUE TO DAMAGE OR TAMPERING IN TRANSIT

Where a weight discrepancy arises, no allowance for shortage or damage will be made by the Seller unless the Buyer furnishes complete evidence, including a railroad inspection report, so as to enable the Seller to present a complete claim to the carrier. Weight claims shall be filed as soon as possible, but not later than five (5) business days from the car unloading date. Weight claims filed after five (5) business days shall not be honoured. The Seller's liability shall be limited to the maximum of that which is recoverable from the carrier.

RULE 11 - FREIGHT RATES, TAXES, DUTIES AND RAIL CHARGES

Section 1 - FREIGHT RATES

Any increases or decreases in the published rail freight charges, truck freight charges and/or any fuel surcharges that become effective after the sales contract is negotiated shall be for the account of the Buyer.

Section 2 - TAXES AND DUTIES

Any taxes, duties or other government charges imposed by the Government of Canada or any other taxing body, foreign or domestic, upon the production, sale, shipment, delivery, import or export of Canola Oil, now or after the sales contract is negotiated, shall be for the account of the Buyer.

Section 3 - RAIL CHARGES

- (a) Demurrage and Storage - Demurrage and/or storage charges at destination shall be the Buyer's responsibility. Destination shall be actual or constructive destination in the event the Buyer, for any reason, is unable to take delivery of the railway car. The Buyer shall also be responsible for any demurrage and/or storage charges assessed as a result of the Buyer's or railway's staging of the railway car movement to destination or staging provided as a result of the Buyer's inability, for any reason, to take delivery of the railway car at destination.
- (b) Other Rail Ancillary Charges – The Buyer shall be responsible for other ancillary charges assessed by a railway company at destination or which arise as a result of the Buyer's acts or omissions.

RULE 12 - ROUTING

Section 1 - BUYER'S TANK CARS

When the Buyer furnishes tank cars, the Buyer shall have the right to specify routing, provided such routing does not involve additional freight expense to the Seller over the lowest rate in the tariff to the same destination.

Section 2 - SELLER'S TANK CARS

When the Seller furnishes tank cars, the Seller shall have the right to specify routing with the exception of the delivering carrier which shall be at the option of the Buyer.

RULE 13 - TANK CARS AND/OR TANK TRUCKS

Section 1 - BUYER'S OR SELLER'S TANK CARS

At the time of sale, it shall be specified whether the Buyer's or the Seller's tank cars are to be used. If this is not specified, the Buyer's tank cars shall be provided and used.

Section 2 - INSPECTION OF TANK CARS AND/OR TANK TRUCKS

All tank cars or tank trucks shall be inspected by the Seller before loading as to cleanliness and condition of the cars, and shall be sealed at the dome and the outlet valve when so equipped before being shipped. The Seller shall inspect the Buyer's tank cars or tank trucks before loading and, if found unsatisfactory, shall notify the Buyer by electronic mail with acknowledgement receipt requested.

In the event tank trucks cannot be effectively inspected, they shall not be loaded until the Buyer has been notified by electronic mail with acknowledgement receipt requested and the Buyer specifically has authorized such loading. The Buyer shall have the option of replacing the tank cars or tank trucks.

In the case of tank cars or tank trucks which can be effectively inspected, the Buyer may request the Seller to clean the tank cars or tank trucks at the Buyer's expense, or the Buyer shall accept responsibility for the condition of the Canola Oil. Any necessary cleaning and repairing shall be performed at the expense of the Buyer on the basis of actual cost. Failure by the Seller to observe the foregoing shall constitute negligence on Seller's part, and shall relieve the Buyer of responsibility for any and all loss or damage resulting therefrom.

If a Seller's loaded tank car or tank truck is delivered to the Buyer in faulty condition, the Buyer immediately shall request an inspection by the Seller. The Seller thereupon either shall make such inspection, or shall arrange with the Buyer to correct such faulty condition, in which event the Seller shall be liable only to the extent of the expense incurred in correcting the faulty condition.

All openings that could provide access to the interior of the rail tank car, whether loaded or empty, must be sealed with a numbered, durable, tamper evident seal whenever such car is outside the full control of either the Seller or the Buyer. Responsibility for ensuring the seals are applied and recording the numbers of such seals lies with the party last in control of the car.

RULE 13 - TANK CARS AND/OR TANK TRUCKS (CONT'D)

If the Seller or the Buyer is found negligent of their duties due to the improper sealing and/or recording of seal numbers then that party will be held responsible for all costs, damages and/or consequences incurred to bring the truck(s) or tank car(s) back to a merchantable status suitable to the trade.

Section 3 - RECONSIGNMENT

The Buyer and the Seller shall not divert or reassign tank cars without mutual consent. Any expense incidental to reassignment or diversion shall be for the account of the party responsible.

Section 4 - UNLOADING TIME

The Buyer agrees to empty the Seller's tank cars promptly upon arrival and to return same empty as per the Seller's instructions. Forty-eight (48) hours free time will be allowed for unloading. Charges thereafter will be at \$75.00 Canadian per calendar day non pro rata. These penalties are independent of any demurrage due the railroad by the Buyer.

In the absence of instructions for return routing, the Buyer shall electronically mail with acknowledgement receipt requested the Seller for same, and, in case of delayed answer, demurrage and delay shall be for the Seller's account. The Buyer cannot be held responsible for failure of carrier to set cars as ordered.

The Seller agrees to load the Buyer's tank cars promptly upon arrival, provided cars have not been received at the Seller's plant prior to scheduled loading dates. Forty-eight (48) hours free time will be allowed for loading after scheduled loading dates. Standard railroad demurrage rates shall be paid by the Seller to the Buyer as penalty for delay in loading tank cars. This penalty is independent of any demurrage due the railroad by the Seller. The Seller cannot be held responsible for failure of carrier to set cars as ordered.

RULE 14 - COMMISSION OR BROKERAGE

Unless otherwise specifically agreed upon at the time of sale, the Seller shall pay the selling commission or brokerage to the agent or broker consummating the sale.

Commission will not be earned or paid when shipment is prevented by an act of any governmental body or by Force Majeure as defined in Rule 16. Commission or brokerage shall not be considered due until delivery has been made, or the contract otherwise disposed of.

RULE 15 - ARBITRATION

In the event of any dispute or difference arising out of or in any way relating to any contract to which the within Rules apply or the Rules themselves, including, without limitation, any dispute or difference as to the terms or conditions, breach, performance or interpretation of such contract or these Rules, then the same shall be settled by arbitration as follows.

Section 1 – SUBMISSION TO ARBITRATION

Either party may submit the dispute to arbitration by giving written notice of its request to arbitrate to the other party.

Section 2 - APPOINTMENT OF ARBITRATION COMMITTEE

Within thirty (30) calendar days after the notice is given, each shall appoint a single representative to serve as a member of an Arbitration Committee to consist of three members. The two representatives so appointed, within forty (40) calendar days from the date of notice, jointly shall select a third member, who shall be a duly qualified barrister and solicitor, to act as Chairman of the Arbitration Committee.

In the event the Arbitration Committee is not constituted as aforesaid, the following provisions shall apply:

- (a) In the event the Buyer fails, neglects, refuses or is unable to appoint a representative within the aforesaid thirty (30) day period, then the Seller may apply to the Court of Queen's Bench (or equivalent court of superior jurisdiction) in the Province in which the Seller's head office is located to make the required appointment;
- (b) In the event the Seller fails, neglects, refuses or is unable to appoint a representative within the aforesaid thirty (30) day period, then the representative of the Seller shall be deemed to be, and the Seller shall conclusively be deemed to have appointed, such individual person as may from time to time be designated by the Canadian Oilseed Processors Association as their "designated arbitration representative"; and
- (c) In the event the two appointed representatives fail, neglect, refuse or are unable to select a Chairman within the aforesaid forty (40) day period, then either of the Buyer or the Seller may apply to the Court of Queen's Bench (or equivalent court of superior jurisdiction) in the Province in which the Seller's head office is located to appoint such Chairman.

Section 3 - MATTERS INTENDED TO BE REFERRED

Within sixty (60) calendar days after the appointment of the Arbitration Committee as provided in Section 2 hereof, the party who initiated the arbitration process (the "claimant") shall provide a statement in writing to the Arbitration Committee setting out all the matters which it intends to refer to the Arbitration Committee and all information on which the claimant intends to rely in the arbitration. A copy of the written statement must be provided to the other party (the "respondent") at the same time.

RULE 15 - ARBITRATION (CONT'D)

Within ten (10) calendar days after receipt of the claimant's written statement, the respondent shall provide to the Arbitration Committee and to the claimant a written statement in response setting out any matter which it intends to refer to the Arbitration Committee and all information on which the respondent intends to rely in the arbitration.

Only those matters which are included in or covered by the respective statements shall be considered by the Arbitration Committee.

Section 4 - HEARING

Within fifteen (15) calendar days after the receipt by the Arbitration Committee of the written statements of the parties, the Arbitration Committee may convene a hearing of the matters referred to arbitration, or, as determined by the Arbitration Committee at its sole discretion, may accept written submissions of the parties. In the event the Arbitration Committee commences a hearing of the matters referred, it shall be at such time and place and under such conditions as may be prescribed by the Arbitration Committee, and each party shall have the right to submit evidence in support of its position.

Section 5 – CONDUCT OF ARBITRATION

Subject to this Rule, the Arbitration Committee may conduct the arbitration in the manner it considers appropriate.

The Arbitration Committee is not bound by the formal rules of evidence, but may hear, receive and consider any evidence which it may consider relevant.

Unless otherwise authorized by this Rule, a party communicating with the Arbitration Committee regarding the arbitration must do so in the presence of the other party or, if the communication is in writing, must provide a copy to the other party at the same time.

Each of the parties shall produce before the Arbitration Committee all relevant books, documents, papers, accounts, vouchers, entries, memoranda, plans and writings in their possession, power or control which the Arbitration Committee may require.

Each of the parties shall do all acts and things as are necessary to enable the Arbitration Committee to make proper findings respecting the matters in dispute, and neither of the parties shall obstruct, delay or prevent the Arbitration Committee from proceeding with the reference or from making its award.

The Arbitration Committee may postpone a hearing at the request of a party who satisfies the Arbitration Committee that there is a good and sufficient reason to do so.

RULE 15 - ARBITRATION (CONT'D)

Section 6 – NON-ATTENDANCE BY A PARTY

The Arbitration Committee may proceed with the hearing in the absence of any party who fails to attend the hearing and does not obtain a postponement in advance, provided that the absent party was properly notified of the time and place of the hearing.

Section 7 - AWARD

Within sixty (60) calendar days of the receipt by the Arbitration Committee of all evidence which it may consider relevant, the Arbitration Committee shall deliver its award by notice in writing to the Buyer and the Seller which notice shall be sufficient if given or delivered to the head offices of the Buyer and the Seller, respectively.

Section 8 - COMMENCEMENT OF LEGAL PROCEEDINGS

No action or legal proceedings shall be commenced or prosecuted by either of the parties against the other party relating to any of the matters in dispute, unless the party to be made defendant to such action or proceeding shall have refused or neglected to refer such matters to arbitration pursuant to the provisions of this Rule, or unless the time limited for making the award as aforesaid shall have expired without any such award being made.

Section 9 - PARTIES TO ABIDE BY AWARD

The award of the Arbitration Committee shall be binding in all respects upon the parties, subject to the right of either party to appeal the award of the Arbitration Committee to any court of competent jurisdiction on a question of law or jurisdiction.

Section 10 – COSTS OF ARBITRATION

Unless otherwise determined by the Arbitration Committee in its sole discretion, the costs of the arbitration, award and the costs of the parties in connection therewith shall be borne by the unsuccessful party to the reference. The Arbitration Committee in its sole discretion may determine liability for costs, apportion cost between the parties, set the amount of costs and give directions as to the manner in which costs are to be paid.

Section 11 - ARBITRATION ACT

Except as otherwise provided in this Rule, arbitrations shall be governed by the provisions of the *Arbitration Act* (or other legislation governing domestic commercial arbitration) in force in the Province in which the head office of the Seller is located. Where any provisions of such legislation and this Rule conflict, the provisions of this Rule shall govern.

RULE 16 - FORCE MAJEURE

The Seller shall not be liable for any delay or failure to make delivery of all or any part of the Canola Oil under these Rules in the event such delay or failure is due to Force Majeure and the Seller is unable to acquire sufficient goods to complete the contract.

The Buyer shall not be liable for any delay or failure to take delivery of all or any part of the Canola Oil under these Rules in the event such delay or failure is due to Force Majeure and the Buyer is prevented from taking delivery of the product.

The term "Force Majeure" shall include, but shall not be limited to, any fire, flood, drought, war, insurrection, riot, strike, lockout, breakdown of machinery, government embargo, railroad and shipping embargo, act of government, act of God or any other cause not within the control of the party affected.

Any dispute as to the existence of conditions constituting the claimed Force Majeure shall be adjudicated by arbitration in accordance with the arbitration provisions prescribed by these Rules.

The party declaring Force Majeure shall give notice to the other party by electronic mail with acknowledgement receipt requested within seven (7) calendar days of the commencement of the Force Majeure condition or not less than twenty-one (21) calendar days before the commencement of the contract period, whichever is later.

The party affected by the Force Majeure may defer delivery while delivery is prevented by the Force Majeure condition for a period not to exceed sixty (60) calendar days following the date the Force Majeure condition commenced.

If delivery is delayed for more than sixty (60) calendar days, either party shall have the option of cancelling the delayed portion of the contract, without any claims or damages against either party.

In the event of a dispute, there shall be no claim against either party for or arising from delay or failure caused by Force Majeure, provided the legitimate existence of conditions constituting Force Majeure are declared.

Notwithstanding any of the provisions of this Rule, both parties shall take all responsible measures to fulfil the terms of the contract.