

Trade Rules

Report to the Board of Directors

March 2025

Ratified Amendments to the Trade Rules

Last year, the NGFA membership ratified amendments to the Trade Rules, which had been approved by the NGFA Board based upon the recommendation of the Trade Rules Committee. These amendments related to 1) the removal of gender-specific terms (i.e., he/him/his) throughout the rules; and 2) updating provisions in the Secondary Rail Freight Trading Rules and making them consistent with the Grain and Feed Trade Rules.

Trade Rules-Related Activities

■ Opening of the Mid-Mississippi

Last year, pursuant to NGFA Barge Freight Trading Rule 18(J), the special committee officially declared the opening of the Mid-Mississippi River for navigation as of 7 a.m. on March 12, after the *MV Philip M. Pfeffer* reached Dubuque at 2:27 a.m. on March 12. At the time this report was written, no information or expectations are known related to this year's opening. Serving on the committee are Jeff Webb, Chair (Cargill); Jake Brodbeck (ADM) and Matt Tomayko (Ingram).

■ Specially-assigned task force review

Barge Digital Transformation (BDT) platform: This task force addresses BDT issues within the structure of the Trade Rules Committee. It helped develop the platform, crafted "BDT Best Practices" and is currently prioritizing new development and enhancements for BDT.

Secondary Rail Freight Trading Rules: This task force has monitored contracting and trading issues for this subset of rules since their adoption in 2007. In February 2025, the group conducted its annual call and noted no issues or concerns arising out of the secondary rail freight trading sector that related to the rules.

Containers Trading Rules: This 11-member task force that reviews the rules for issues related to container trading was consulted earlier this year. No issues were reported, and it's noted that no major disputes or disruptions in that marketplace had surfaced since the rules were adopted.

The reports of the task forces will be presented to the full committee when they meet at convention.

■ Trade Rules and Arbitration Seminar

NGFA conducted its renowned biennial Trade Rules and Arbitration Seminar last year in St. Louis. On all accounts, the program was considered highly successful. Plans will begin this year for the next installation of the program in May 2026.

■ **Web-Based Rules Programming**

Registration for the online program featuring the Grain Trade Rules, which was launched in 2017 and updated in 2022, continues at a steady pace. The Feed Trade Rules program, which originally launched in 2022, has experienced technical issues but is expected to be online again later this year.

Future Activities and Rules under Review

■ **AAFCO-related provisions:** The Feed Trade Rules Subcommittee has discussed and developed proposals for the rules that refer to the Association of American Feed Control Officials (AAFCO). The subcommittee determined that changes in the AAFCO process for approval of feed ingredients do not warrant amendments related to the rules; however, other reasons were identified to change the rules, including that various commodities traded under the rules are not specifically listed by AAFCO. The group noted that the commodities for which AAFCO provides definitions may not be broad enough, and there are other feeds traded for which parties may wish to have the rules applied. The subcommittee's findings and recommendations for amendments to the rules will be presented to the full committee when it meets during convention.

■ The Grain Trade Rules Subcommittee's findings also will be presented to the full committee during convention on various topics:

-- **Electronic contracting** – with increased fraudulent email activity and corresponding awareness and security, there are concerns about the impact on electronic contracting. Examples include email confirmations blocked or caught in spam filters and reluctance by recipients of emails about opening attachments.

-- **Adequate assurances** – under the UCC and as common practice in the grain industry, when reasonable grounds for insecurity arise about the performance of a party to a contract, the other party may demand adequate assurance of due performance and until provided such assurance may suspend its own performance on the contract. There is no relevant provision in the trade rules.

-- **Damages claims by a defaulting party** – the rules do not provide for damages to a defaulting party for any gains realized by the non-defaulting party due to shifts in market prices. Questions arise about a party's ability to voluntarily wash out contracts, but the rule does not prevent such voluntary actions, it merely precludes a defaulting party from using the rules as the basis for a claim.

■ **Rail shipments** – the Grain Trade Rules Subcommittee deferred on another matter to a subgroup, which met twice to consider whether the terms for rail shipments under Grain Trade Rule 18 should match the Secondary Rail Freight Trade Rules. The conclusions and recommendations of this subgroup will be presented to the full committee when it meets during convention.