NGFA®
Trade Rules
and
Arbitration Rules

Amended October 25, 2026

National Grain and Feed Association
1400 Crystal Drive, Suite 260
Arlington, VA 22202
(202) 289-0873 | www.ngfa.org

Code of Ethics

We declare it to be the strong belief of the National Grain and Feed Association that the best interests of the country, the public, and all levels of American agriculture and the free enterprise system are served by a strong competitive market. Therefore, the Membership of this Association dedicates itself to encouraging and vigorously defending political and economic circumstances which foster and encourage the viability, health and expansion of free markets. The Association further commits itself to the promulgation and implementation of necessary rules and standards which will foster and sustain public trust and confidence. Accordingly, upon becoming a member of the Association each member shall exert every reasonable effort:

- *To comply with the laws and regulations relating to the merchandising, inspection, grading, weighing, storing, and handling and shipment of grain.*
- *To maintain and promote the highest ethical and honest procedures in the transaction of business by members of this Association.*
- *To hold of primary importance the concepts of free enterprise and service to the public, and to continually strive to gain and maintain respect for the industry locally, nationally and internationally.*
- *To engage in sales and purchasing methods, promotional practices and other transactions, giving consideration to the best interests of the agricultural industry as well as the public.*
- *To encourage research and development of new methods and practices which would improve the efficiency and future of the grain and feed industry.*

NGFA® Trade Rules, Arbitration Rules, Rail Arbitration Rules and Rail Mediation Rules©

Contents

General Explanation of NGFA Trade Rules and Arbitration System 2

NGFA Grain Trade Rules 4

NGFA Feed Trade Rules 20

NGFA Barge Trade Rules 34

NGFA Barge Freight Trading Rules 40

NGFA Secondary Rail Freight Trading Rules 49

NGFA Arbitration Rules 55

NGFA Rail Arbitration Rules 63

NGFA Rail Mediation Rules Governing Certain Rate Disputes 68

The NGFA rules contained herein are amended periodically pursuant to the NGFA Bylaws. Current copies of the rules are available to the general public by contacting NGFA or through the NGFA website. Only NGFA members are ensured access to the NGFA Arbitration System.

© Copyright 2026. National Grain and Feed Association (NGFA), 1400 Crystal Dr., Suite 260, Arlington, VA 22202. All Rights Reserved. No portion of this booklet may be reproduced or transmitted in any form or by any means without prior written permission from NGFA.

General Explanation of NGFA Trade Rules and Arbitration System

There are five sets of Trade Rules established and maintained by the National Grain and Feed Association:

- **Grain Trade Rules**: Adopted in 1902, these rules govern all transactions of a financial, mercantile or commercial character connected with grains and oilseeds.

- **Feed Trade Rules**: Adopted in 1921, these rules govern transactions of a financial, mercantile or commercial character connected with feed and feedstuffs.

- **Barge Trade Rules:** Adopted in 1964, these rules supplement the Grain Trade Rules and Feed Trade Rules whenever such shipments are designated by contract to be transported by barge.

- **Barge Freight Trading Rules** (affreightment): Adopted in 1981, these rules govern all disputes of a financial, mercantile or commercial character involving transactions in the purchase and/or sale of barge transportation.

- **Secondary Rail Freight Trading Rules**: Adopted in 2007, these rules govern all disputes of a financial, mercantile or commercial character involving transactions between non-railroad parties in the purchase and/or sale of secondary rail freight transportation.

NGFA's Trade Rules Committee formulates and recommends rule changes to the NGFA membership. Rules are proposed that reflect trade practice and facilitate trade between NGFA members specifically, as well as between all firms in the grain, feed and processing industry generally.

The Trade Rules Committee consists of four subcommittees — Grain Trade Rules, Feed Trade Rules, Barge Trade Rules and Barge Freight Trading Rules — with a general chairman and four subcommittee chairpersons. The subcommittees annually, or more frequently if needed, review the rules to ensure they reflect current trade practices.

Pursuant to the NGFA Bylaws, NGFA members receive 30 days notice of proposed changes to the Trade Rules. Approval is by a two-thirds majority vote of the membership at the annual business meeting. The NGFA Bylaws also provide that changes to the Trade Rules may be approved by the Board of Directors, subject to affirmation by the membership at the next annual meeting. Amendments to the Trade Rules become effective 30 days after the date of adoption by the board.

General Explanation

Formally established in 1901, NGFA's Arbitration System has operated in some form since the formation of the Association on November 9, 1896. It is believed to be North America's oldest industry-based arbitration system.

The Arbitration System provides a fair, cost-effective and timely way to resolve disputes involving grain, feed, barge, barge freight and secondary rail freight transactions. Its use is compulsory for resolution of disputes between Active members under NGFA's Bylaws. The Arbitration System is also available for resolving disputes with and between Allied or Transportation members if the Arbitration Rules are referenced in the underlying contractual agreement or the parties otherwise consent. The Arbitration System is kept current through the amendment process at NGFA's annual business meeting.

The Rail Arbitration Rules, first adopted on Aug. 24, 1998, supplement the Arbitration Rules. The Rail Arbitration Rules are applicable to disputes between railroads and their customers using the NGFA Arbitration System.

NGFA-member railroads and their customers can use the NGFA Arbitration System to resolve any type of dispute where both agree. All NGFA Active, Transportation and Allied members are covered by, and have access to, NGFA rail arbitration unless they notify NGFA of their desire to withdraw from the Rail Arbitration System within 30 days of membership approval. Thereafter, an Active, Transportation or Allied member may withdraw from the Rail Arbitration System after providing 90-days advance notice to the NGFA Secretary. A list of any NGFA-member rail carrier(s) or Active member(s) electing to withdraw from the Rail Arbitration System is posted on the NGFA Web Site at: www.ngfa.org.

In addition, all Class I railroads and some shortline and regional railroads have agreed to enter confidential mediation on certain rate-related issues upon request by a NGFA Active or Allied member. The text of these agreements is set forth in this publication.

Arbitration cases are presented and prepared by the parties involved. Decisions are based upon evidence submitted by the parties.

Cases are considered by an Arbitration Committee comprised of three persons selected by the NGFA Secretary. Arbitrators are employees, active partners, principals, officers, or directors of Active, Allied and Transportation members. Arbitrators generally are selected based upon their personal experience in the type of trade practices or questions involved in the case. Arbitrators must have no commercial interest in the case.

Parties involved in an arbitration case may appeal the decision of the Arbitration Committee to an Arbitration Appeals Committee, typically consisting of a permanent chairman and four others selected from a standing Arbitration Appeals Panel appointed by the NGFA chairman.

Either party may elect an oral hearing before the Arbitration Committee or the Arbitration Appeals Committee.

Arbitration committees endeavor to decide cases as soon as reasonably possible after receipt of papers and documentary evidence pertaining to the case. Each award under the Arbitration System subsequently is published as an Arbitration Decision. New decisions are also posted on the NGFA web site at: www.ngfa.org.

Further information about NGFA's Trade Rules and Arbitration System is available through the NGFA website and by contacting NGFA at (202) 289-0873.

NGFA Grain Trade Rules

Adopted Oct. 03, 1902
Amended Oct. 08, 1903
Amended Jan. 01, 1906
Amended June 05, 1906
Amended Oct. 12, 1910
Amended Oct. 02, 1912
Amended Oct. 14, 1914
Amended Oct. 13, 1915
Amended Sept. 26, 1917
Amended Sept. 25, 1918
Amended Oct. 15, 1919
Amended Oct. 13, 1920
Amended Oct. 05, 1921
Amended Oct. 03, 1922
Amended Oct. 03, 1923
Amended Sept. 24, 1924
Amended Oct. 13, 1925
Amended Oct. 13, 1931
Amended Sept. 21, 1932
Amended Sept. 20, 1933
Amended Oct. 13, 1937
Amended Nov. 26, 1942
Amended Sept. 16, 1947
Amended Sept. 30, 1948
Amended Oct. 11, 1949
Amended Sept. 26, 1950
Amended Sept. 11, 1951
Amended Sept. 20, 1954
Amended Sept. 09, 1957
Amended Sept. 14, 1959
Amended March 08, 1960
Amended March 23, 1962
Amended March 14, 1963
Amended March 06, 1964
Amended March 19, 1965
Amended March 23, 1966
Amended March 24, 1966
Amended March 27, 1969
Amended March 12, 1970
Amended March 25, 1971
Amended March 23, 1972
Amended March 01, 1973
Amended March 14, 1974
Amended March 20, 1975
Amended March 25, 1976
Amended March 23, 1977
Amended March 31, 1978
Amended March 08, 1979
Amended March 20, 1980
Amended March 26, 1981
Amended March 23, 1982
Amended March 15, 1983
Amended March 13, 1984
Amended March 14, 1989
Amended March 27, 1990
Amended March 12, 1991
Amended March 24, 1992
Amended March 23, 1993
Amended March 21, 1994
Amended March 13, 1995
Amended March 15, 1996
Amended March 21, 1997
Amended March 10, 1998
Amended March 23, 1999
Amended March 31, 2000
Amended March 16, 2001
Amended March 19, 2002
Amended March 20, 2007
Amended March 28, 2008
Amended March 31, 2009
Amended March 05, 2010
Amended March 15, 2011
Amended March 20, 2012
Amended March 19, 2013
Amended March 17, 2015
Amended March 15, 2016
Amended March 21, 2017
Amended March 20, 2018
Amended March 10, 2020
Amended March 31, 2021
Amended March 02, 2023
Amended March 01, 2024

Table of Rules

Preamble

Rule 1. Trade

Rule 2. Brokers

Rule 3. Confirmation of Contracts

Rule 4. Alteration of Contract

Rule 5. Electronic Communication

Rule 6. Passing of Title as Well as Risk of Loss and/or Damage

Rule 7. Net Bushels

Rule 8. Sample Grain

Rule 9. Unpriced Contracts

Rule 10. Inspection

Rule 11. Grade Inspections

Rule 12. Grades Outside of Contract Terms

Rule 13. Condition Guaranteed on Arrival of Rail Cars

Rule 14. Weights

Rule 15. Rail Weight Settlements

Rule 16. Rail Loading Weight Requirements

Rule 17. Billing Instructions

Rule 18. Time of Shipment or Delivery

Rule 19. Routing of Rail Grain

Rule 20. Bills of Lading

Rule 21. Drafts

Rule 22. Payment That Is Conditioned on Presentation of Original Drafts and/or Invoices

Rule 23. Overfill and Underfill Grain on Bushel Contracts

Rule 24. Balances

Rule 25. Grain In Transit or In Store

Rule 26. Contracts Made Subject to "Embargoes," "Strikes" or "Cars"

Rule 27. Loss and Damage Claims

Rule 28. Failure to Perform

Rule 29. Arbitration

Rule 30. Definitions

NGFA Grain Trade Rules

Preamble: The following rules shall govern all transactions of a financial, mercantile, or commercial character connected with grains and oilseeds arising between Active members of the National Grain and Feed Association and other parties using these rules unless otherwise and specifically agreed to at the time of the trade or subsequent thereto.

All Active members and other parties using these rules are free to agree upon any contractual provisions, which they deem appropriate, and these rules apply only to the extent that the parties to a contract have not altered the terms of the rules, or the contract is silent as to a matter dealt with by the pertinent rule.

Rule 1. Trade

Both the Buyer and the Seller shall include in their original articles of trade, whether entered into orally or in writing the following specifications, if applicable:

(A) Date of contract
(B) Quantity
(C) Kind and grade of grain including type, class and quality characteristics (if any)
(D) Price or pricing method
(E) Type of inspection
(F) Type of weights
(G) Applicable Trade Rules
(H) Transportation specifications:
- (1) Type of conveyance
- (2) Type of billing
  - (a) Export
  - (b) Multi-car specifications
- (3) Point of origin or delivery or rate basing point
- (4) Loading weight requirements
- (5) Time of shipment or delivery
- (6) Route
- (7) Responsibility for freight increases or decreases
- (8) Buyer's or Seller's conveyance
- (9) Type of bill of lading
- (10) Length of time permitted for loading or unloading
- (11) Mechanical seals

(I) Payment terms
(J) Other terms

If the Buyer and Seller have been trading on agreed terms and conditions, the use of the phrase "usual terms" in the confirmation shall mean that such terms and conditions that governed previous trades of a like character shall apply instead of the specifications required above.

Rule 2. Brokers

(A) A broker is a person, firm, or electronic trading platform that is engaged on behalf of others, at least partially on a commission basis, to negotiate or facilitate the formation of contracts for goods of which the broker has no actual or constructive custody.

(B) A person, firm, or electronic trading platform is not a broker:

(1) who has possession and absolute control of merchandise shipped to them to sell and collect the price (Therefore, a commission merchant to whom grain is consigned for sale is not a broker.)

(2) who receives a salary instead of a commission or brokerage.

(3) who acts for one principal to the exclusion of all others.

(C) A broker has the power to bind the principals only to the extent of the broker's instructions. The principals are not liable for any acts of the broker in excess of such instructions.

(D) A broker who, in good faith or otherwise, exceeds the broker's authority is liable for any resulting damages.

(E) A broker that, in good faith, negotiates, or facilitates the formation of a contract in accordance with instructions from both principals; identifies the principals to each other at the time of negotiations or facilitation, and completes such negotiations or facilitation in accordance with the rules and customs governing such transaction, thereby fulfills all obligations and has no further liability to either principal. The contract so negotiated or facilitated is valid and binding between the Buyer and Seller as if it had been negotiated or facilitated directly between them.

(F) Brokerage shall be credited when shipments are invoiced or when contract is otherwise consummated or terminated.

Rule 3. Confirmation of Contracts

(A) Both the Buyer and Seller shall send a written confirmation, each to the other, not later than the close of the business day following the date of trade, or an agreed amendment, setting forth the specifications as agreed upon in the original articles of trade, or an agreed amendment. Upon receipt of said confirmation, the parties shall carefully check all specifications therein and, upon finding any differences, shall immediately notify the other party to the contract by rapid written communication, or by telephone confirmed by subsequent written communication.

(B) If either the Buyer or the Seller fails to send a confirmation, the confirmation sent by the other party will be binding upon both parties, unless the confirming party has been immediately notified by the non-confirming party, as described in Rule 3(A), of any disagreement with the confirmation received.

(C) When a trade is made through a broker, it shall be the duty of the broker to send a written confirmation not later than the close of the business day following the date of trade to each of the principals setting forth the specifications of the trade. Upon receipt of said confirmation, the parties shall carefully check all specifications therein, and upon finding any differences, shall immediately give notice to the other party to the contract and to the broker. If either party fails to give such notice, the terms and specifications contained in the confirmation issued by the broker shall govern the contract.

(D) A document or record otherwise complying with this rule shall be effective even though it fails to use the term "confirmation."

Rule 4. Alteration of Contract

The specifications of a contract cannot be altered or amended without the express consent of both the Buyer and the Seller. Any alteration mutually agreed upon between Buyer and Seller must be immediately confirmed by written communication by both parties.

Rule 5. Electronic Communication

These rules may be applied to trades that occur by electronic methods in lieu of conventional paper-based documents. A party to a trade may, in lieu of paper-based documents, transmit or receive from the other party an electronic communication, and such electronic communication shall suffice in lieu of a paper-based document. An exchange of communications between the parties by electronic means constitutes acknowledgement of that means as a viable method of contractual communication.

Rule 6. Passing of Title as Well as Risk of Loss and/or Damage

Title, as well as risk of loss and/or damage, passes to the Buyer as follows:

(A) On f.o.b. origin or f.o.b. basing point contracts, at the time and place of shipment. The time of shipment is the moment that the carrier accepts the appropriate shipping document.

(B) On delivered contracts:

(1) By rail, when the conveyance is constructively placed or otherwise made available at the Buyer's original destination.

(2) By truck, upon arrival at the Buyer's final destination.

(3) By container: On container yard contracts upon return of the container at the Buyer's designated destination.

(C) On in-store contracts, at the time of contract, transfer, or sending of documents, unless, and to the extent that the warehouse tariff, warehouse receipt, and/or storage contract assumes the risk of loss and/or damage.

Rule 7. Net Bushels

If grain is sold subject to dockage and/or foreign material in accordance with the U.S. Grain Standards Act, the trade shall be executed on the basis of the net weight. The Seller shall pay the freight charges on the gross weight to the price-basing point.

Rule 8. Sample Grain

If grain is sold on the basis of samples, it shall be the duty of the Seller to furnish grain fully up to sample. The term "sample" used in this context shall mean a portion of the shipment, or of the lot, from which the shipment is to be made, and must represent the identical grain shipped or to be shipped. The phrase "type sample" shall mean a sample of like character but not necessarily identical in all respects to the grain shipped or to be shipped.

Shipments rejected because of quality discrepancies shall be compared with the sale sample by either the inspection committee or some other duly authorized or agreed committee of the market in which such rejection is made, and the finding of said committee shall be final. If the finding is in favor of the Buyer, the Buyer shall at once notify the Seller by telephone. It shall then be the duty of the Seller to make satisfactory adjustment with the Buyer not later than 12 p.m. of the following business day. If not adjusted within this time frame, the shipment shall be subject to the order of the Seller and the Buyer shall buy-in for the account of the Seller, cancel, or extend the defaulted contract and notify the Seller of the Buyer's action.

If the Buyer and the Seller fail to arrive at a basis for adjustment that enables the Buyer to handle such grain not up to sample, and should the grain be finally rejected, the Seller shall promptly reimburse the Buyer for the full amount of money advanced on the rejected shipment.

Rule 9. Unpriced Contracts

All unpriced contracts shall be priced within the trading day's price range at Buyer's option while futures markets are open and tradable. Pricing shall not go beyond the contracted date of shipment, the date of actual shipment, or the day before the first notice day of the contract futures month involved, whichever comes first.

Rule 10. Inspection

(A) Official Inspections

(1) **Class A Official Inspection** (white certificate) is an inspection and certification by an official inspector employed by an official inspection agency of an official sample taken by an official sampler employed by an official inspection agency.

(2) **Class B Official Inspection** (yellow certificate) is an inspection and certification by an official inspector employed by an official inspection agency of an official sample taken by a grain elevator or warehouse employee licensed under the U.S. Grain Standards Act.

(3) **Class C Official Inspection** (pink certificate) is an inspection and certification by an official inspector employed by an official inspection agency of any submitted sample.

(4) **Class D Official Commercial Inspection** (green certificate) is an inspection and certification (if requested) by an official inspector employed by an official inspection agency of a sample-lot of grain obtained by an official sampler employed by an official agency in accordance with the procedures mutually agreed to between the person requesting the service and the official agency.

(5) **Class E Official Commercial Inspection** (blue certificate) is an inspection and certification (if requested) by an official inspector employed by an official inspection agency of any submitted sample in accordance with the procedures mutually agreed to between the person requesting the service and the official agency.

(B) An unofficial inspection is any inspection performed by an unofficial inspector that results in the issuance of a scale ticket or other document attesting to the quality of the grain.

(C) The term "official inspection" without specifying class shall mean Class A Official Inspection.

(D) Official Inspection shall include only official grading factors that are included in the U.S. Grain Standards Act.

Rule 11. Grade Inspections

(A) **Rail**

(1) If grain is sold basis official origin inspection, the Seller shall furnish the Buyer an inspection certificate as specified in the contract. The Seller shall send such certificate directly to the Buyer within five (5) days of the date of inspection.

If the Seller fails to send the inspection certificate to the Buyer within the above time limits, the Buyer has the right to delay payment of invoice or draft until the Seller has complied, or else to make prompt settlement based on an inspection en route or at destination. At the time of such final settlement, the Buyer shall send the Seller a Class A, Class B, or Class C official inspection, whichever is available, as described in Rule 10.

(2) If grain is sold basis official destination inspection and the Buyer and Seller agree that payment is to be net cash upon unload, the Buyer shall, except for rail at export terminals, make final settlement to the Seller on each shipment within ten (10) calendar days after the date of unload, or after the identity of the Seller is known, whichever is later. This is considered to be the normal time to clear the paperwork involved.

For grain which is unloaded at export terminals, the unloading Buyer shall notify the original shipper or designated agent of the official destination inspection by telephone or rapid written communication within two (2) business days of unload. The unloading Buyer shall send the original inspection certificate or duplicate copy thereof to the original shipper or designated agent within five (5) business days of the date of inspection. A Class A, Class B, or Class C official inspection certificate, whichever is specified by the contract, and as defined by Rule 10 shall accompany such final settlements.

For grain that is sold basis official destination grades, shipments may not be diverted by the Buyer to a destination where an official inspection of the class specified by the contract is not available without the permission of the Seller. Such diversion agreement must be confirmed in writing and shall describe what type of alternative inspection certificate was agreed upon for final settlement.

(3) If grain is sold basis destination inspection, and the Buyer, by the terms of the contract, has the option of selecting the destination, settlement shall be based upon inspection at the first contractually acceptable inspection point to which the grain is shipped.

(B) **Truck and Container**

(1) House Grade grain is unofficially sampled, inspected and graded.

(2) Submit Grade grain is unofficially sampled and submitted to official personnel for unofficial inspection and grading.

(3) Official Grade grain is officially sampled, inspected and graded.

Rule 12. Grades Outside of Contract Terms

(A) Rail Shipments

(1) Destination Grades

(a) It shall be the duty of all Buyers to exercise due diligence in seeing that cars are promptly inspected on arrival. The Buyer shall notify the Seller of any cars which fail to grade according to the contract terms no later than 12 p.m. of the next business day after the date of official inspection by rapid written communication, or by telephone confirmed by subsequent written

communication. This notice shall contain the grade of grain and the Buyer's rejection of the shipment or acceptance of the shipment with a discount. It shall then be the duty of the Seller receiving such notice to agree upon the discount with the Buyer or to give disposition instructions for the car(s) at once.

(b) Off grade grain sold for the account of shippers shall not apply on contract.

(c) Replacement of shipments rejected under this rule shall be shipped within ten (10) calendar days.

(d) When mechanical samplers are used for unload grades, prevailing discounts will apply.

(2) Origin Grades

Grain that is sold for delivery, origin inspection, shall be covered by an inspection certificate of the grade contracted. If the Seller wishes to apply grain that is not in accordance with the contract specifications, the Seller shall notify the Buyer by rapid written communication, or by telephone confirmed by subsequent written communication. The Buyer shall immediately notify the Seller if the Buyer will accept the grain and at what discount.

If the Seller submits an inspection certificate of a lower grade to apply on a contract for a higher grade without notifying the Buyer in accordance with the above, the Buyer shall have the authority to reject or sell the grain represented by such certificate for the account of whom it may concern, and proceed to buy-in, extend or cancel the affected portion of the contract for the account of the Seller. The Buyer shall notify the Seller on the same business day of such action.

(B) Truck Shipments

(1) Destination Grades

(a) The Buyer must exercise due diligence to ensure that the contents of the load are inspected on arrival. The Buyer shall then notify the Seller or the vehicle driver of any load which Buyer rejects for failing to grade or comply with quality specifications according to the contract terms, stating the reason for rejection. The Buyer and Seller subsequently may agree upon the terms of any acceptance of the load.

(b) Any rejected load sold for the account of the Seller shall not apply on contract.

(c) Replacement of any load rejected under this rule shall be shipped within the contract period.

(2) Origin Grades

Grain that is sold for delivery, origin inspection, shall be covered by an inspection certificate of the grade contracted. The Seller shall notify the Buyer by telephone prior to delivery if the Seller wishes to apply grain that is not in accordance with the contract specifications. The Buyer and Seller subsequently may agree upon the terms of any acceptance of the load.

Rule 13. Condition Guaranteed on Arrival of Rail Cars

(A) If grain is sold with condition guaranteed on arrival at destination, and the destination is provided in the billing instructions, the Buyer shall ascertain the condition and official grade of the grain. The Buyer shall report the condition and official grade to the shipper by a telephone call placed not later than 12 p.m. of the next business day after arrival of the car of grain at the destination.

If the Buyer fails to ascertain and report the condition and official grade as provided above, the Buyer shall waive all rights under the guarantee for that portion of the contract. Diversion of the shipment by the Buyer to a point beyond the original destination shall constitute an acceptance of the grain and a waiver of the guarantee.

(B) If grain is sold for shipment to specified rate group or rate basis points, with condition guaranteed on arrival at destination and the shipment is ordered billed to a blind billing or diversion point, the Buyer shall file diversion orders with the carrier within the free time permitted by the carrier's rules at such diversion point. The Buyer shall send a copy of such notice of diversion to the shipper. The Buyer shall assume all expenses incident to, or caused by, such diversion.

If the Buyer fails to notify the carrier within the time limit named, the Seller's liability under the guarantee shall cease at such diversion point. Only one diversion shall be permitted under the guarantee. The Seller's liability shall not continue to points taking a higher rate than the rate basis on which the grain is sold.

(C) If the Buyer receives a shipment that is out of condition on arrival, and the Buyer has given notice in accordance with (A) or (B) above, the Seller may request the Buyer to unload, recondition, and salvage the grain to the best advantage of the Seller.

If the Buyer is unable to unload, recondition and salvage the grain as requested by the Seller, the Buyer shall immediately notify the Seller of this fact. The Seller shall then dispose of the shipment. The Buyer shall then elect either to cancel the affected portion of the contract or request a replacement shipment.

(1) If the Buyer elects to cancel the affected portion of the contract, the cancellation shall be at the fair market price. The Buyer shall reimburse the Seller for any market loss suffered through cancellation and the Seller shall reimburse the Buyer for any market gain received through cancellation.

(2) If the Buyer requests replacement, the Seller shall be obligated to make a replacement, and the Buyer shall be obligated to accept such a replacement. The replacement shipment must be made within ten (10) calendar days from the date of the Buyer's request.

Rule 14. Weights

(A) **Official Weights**

(1) **U.S. Official Weights**

(a) U.S. Class X Weights: An official Class X weight shall be any weight that meets the requirements specified by the U.S. Department of Agriculture in its regulations implementing the U.S. Grain Standards Act.

(b) U.S. Class Y Weights: An official Class Y weight shall be a partially supervised weight that meets the requirements specified by the U.S. Department of Agriculture in its regulations implementing the U.S. Grain Standards Act.

(2) **Canadian Official Weights:** An official weight shall be any weight that meets the requirements specified by the Canadian Grain Commission in its regulations implementing the Weights and Measures Act.

(B) **Other Weights**

(1) **U.S. Certified Weights**: A certified weight shall be any weight that is obtained by a licensed weigher, using a certified scale. A scale shall be considered certified when it meets the requirements specified in the current edition of Handbook 44 (published by the National Institute of Standards and Technology) and has successfully passed inspection, at least annually, by the U.S. Department of Agriculture or its approved agent, a State Board of Weights and Measures, or its approved agent. A scale, to remain certified, must be tested and pass inspection a minimum of once every twelve months or more frequently when required by the governing regulatory authority.

(a) Class I: A weight documented by a weight certificate obtained by a licensed weigher using a certified scale under 100% supervision of a disinterested third party.

(b) Class II: A weight documented by a weight certificate obtained by a licensed weigher using a certified scale under a minimum of 25% supervision of a disinterested third party.

(c) Class III (or Certified House Weights): A weight documented by a weight certificate obtained by an unsupervised licensed weigher using a certified scale.

(2) **Canadian Certified Weights:** A certified weight shall be any weight on an approved scale meeting the requirements specified by the Weights and Measures Act and Regulations of Canada. A qualified representative of the company (in-house weight) issuing a certified weight certificate shall supervise weighing.

(3) **Affidavit Weights:** Affidavit weights are those obtained by a weigher on any scale not inspected for certification within the past twelve months.

Rule 15. Rail Weight Settlements

(A) Multiple Cars and Unit Trains: Official and certified weights for multiple cars and unit train shipments billed on one bill of lading may be batch weights.

(B) On rail grain shipments, truck weights shall not apply.

(C) If grain is sold basis official or certified origin weights, the Seller shall furnish the Buyer a weight certificate meeting the qualifications of Rule 14(A), (B)(1), or (B)(2).

The Seller shall send the weight certificate directly to the Buyer within three (3) days of the date of shipment, unless attached to a subsequent draft and/or invoice, but no later than five (5) calendar days after weighing.

If the Seller fails to send the weight certificate to the Buyer within the above time limits, the Buyer has the right in accordance with Rule 22 to delay payment of the invoice or draft until the Seller has complied, or else to make prompt settlement on official or other destination weight, if possible, or on railroad track scale weight. At the time of such final settlement, the Buyer shall send the Seller a weight certificate meeting the requirements of Rule 14(A), (B)(1) or (B)(2) or a weight certificate or freight bill from the railroad to document a railroad track scale weight.

(D) If grain is sold basis official or certified destination weights, the Buyer shall furnish billing instructions to a destination where official or certified weights are available, as described in Rule 14(A), (B)(1) or (B)(2). Grain that is sold basis official or certified destination weights may not be diverted by the Buyer to a destination where official or certified weights are not available except with the permission of the Seller. Such diversion agreement must be confirmed in writing, and shall specify the type of alternative weights that were agreed upon for final settlement.

If the Buyer and Seller agree that payment is to be net cash upon unload the Buyer shall, except for rail at export terminals, make final settlement to the Seller on each shipment within ten (10) calendar days after date of unload, or after identity of the Seller is known, whichever is later.

For rail grain which is unloaded at export terminals, the unloading Buyer shall notify the original shipper or, at shipper's option, the shipper's designated agent of the final unload weights by telephone or rapid written communication within two (2) business days of unload. The unloading Buyer shall send the original weight certificate or duplicate copy thereof to the original shipper or designated agent within five (5) business days of unload, accompanied by a statement covering the cost of weighing charges. The original shipper or designated agent shall make final settlement with the original weight certificate or duplicate copy. All invoices are due and payable upon presentation.

Application of each shipment shall contain the telephone number of the original shipper or designated agent and the loading elevator.

(E) If grain is sold basis other than official or certified loading weights, the Seller shall furnish to the Buyer a weight certificate meeting the requirements of Rule 14(B)(3). The Seller shall send such certificate directly to the Buyer within three (3) days of the date of shipment, unless attached to a subsequent draft and/or invoice, but in no case later than five (5) calendar days after weighing.

If the Seller fails to send the weight certificate to the Buyer within the above time limits, the Buyer has the right, in accordance with Rule 22, to delay payment of the invoice or draft until Seller has complied, or else to make prompt settlement on official or certified destination weight, if possible, or on railroad track scale weight. At the time of such final settlement, the Buyer shall send the Seller a weight certificate meeting the requirements of Rule 14(B)(3) or a weight certificate or freight bill from the railroad to document a railroad track scale weight.

(F) If grain is sold basis destination weights and the Buyer and Seller agree that payment is to be net cash upon unload, the Buyer, except for rail at export terminals, shall make final settlement to the Seller on each Shipment within ten (10) calendar days after date of unload, or after the identity of the Seller is known, whichever is later. This is considered to be the normal Time to clear the paperwork involved.

If grain is sold basis destination weights at export terminals, notification and settlement procedures will be in accordance with section (D) above. Certificates meeting requirements of Rule 14(A), (B)(1) or (B)(2) shall accompany such final settlements.

(G) For grain sold on specific destination weights, shipments may not be diverted by the Buyer to any other destination without the permission of the Seller. Such diversion agreement must be confirmed in writing, and shall describe what kind of alternative weights were agreed upon for final settlement.

Rule 16. Rail Loading Weight Requirements

(A) **FOB Contracts**

If grain is sold other than loaded, the Seller shall request loading weight instructions from the Buyer prior to the loading of cars. If the Buyer fails to give such instructions in a timely manner, the Seller shall load the cars to their full visible capacity without exceeding a maximum of 263,000 pounds gross weight. This provision shall not require the Seller to load more or less grain than set forth in the contract.

(B) **Delivered Contracts**

(1) For grain which is sold basis delivered to a specific destination, the Seller shall load cars in accordance with the applicable carrier(s) rule(s) and/or federal law in effect on the date of shipment, and shall assume any loss resulting from noncompliance with such rules. In the event the weight prescribed by the applicable carrier(s) rule(s) and/or federal law is changed between the date of sale and date of shipment, the Seller shall deliver grain in accordance with the weight requirements in effect on date of shipment. Any resulting variance from the original contract shall be settled at the market price on the date of shipment.

(2) For grain which is sold delivered to a price basing point, the Seller shall request loading weight instructions from the Buyer prior to the loading of cars. If the Buyer fails to give such instructions in a timely manner, the Seller shall load the cars to their full visible capacity in accordance with the applicable carrier(s) rule(s) and/or federal law in effect on the date of shipment to that price basing point, and shall assume any loss resulting from noncompliance with such rules. In the event the weight prescribed by the applicable carrier(s) rule(s) and/or federal law is changed between the date of sale and date of shipment, the Seller shall deliver grain in accordance with the weight requirements in effect on date of shipment. Any resulting variance from the original contract shall be settled at the market price on the date of shipment.

(C) Open top rail cars (covered or not) and boxcars are not applicable to grain contracts.

Rule 17. Billing Instructions

(A) If grain is sold "loaded" by truck, the Buyer shall furnish the Seller billing instructions to a named destination at the time of the trade.

(B) If grain is sold by truck, with shipment at Buyer's call, Buyer shall give Seller a minimum of one (1) business day's pre-advice of delivery schedule and billing instructions.

(C) If grain is sold by truck with shipment at Seller's option, billing instructions shall be given by the Buyer to the Seller no later than the end of the business day before the beginning of the contract shipping period.

(D) If grain is sold "loaded" by rail, the Buyer shall furnish the Seller billing instructions to a named destination at the time of the trade or by 4 p.m., whichever is later.

(E) If grain is sold other than "loaded" and the Seller notifies the Buyer by 12 p.m., that the cars are ready for loading and billing that day, the Buyer must furnish billing instructions to a named destination by 4 p.m. on that day. If the Seller makes notification between 12 p.m. and 4 p.m. the Buyer must furnish billing instructions to a named destination by 10 a.m. the following day. Notices and billing instructions may not be given on Saturdays, Sundays and legal holidays.

(F) If Unit Trains are sold for other than loaded shipment and the seller notifies the Buyer by 12 p.m. that the unit will be ready for billing within twenty-four (24) hours, the Buyer must furnish billing to a named destination by 4 p.m. that day.

If the Seller notifies the Buyer between 12 p.m. and 4 p.m., the Buyer must furnish billing instructions to a named destination by 10 a.m. the following day. Notices and billing instructions may not be given on Saturdays, Sundays and legal holidays.

If the Seller notifies the Buyer by 12 p.m. on a Friday or a day preceding a holiday that a unit will be ready for billing on a Saturday, Sunday or legal holiday within the shipment period, the Buyer must furnish billing instructions to a named destination by 4 p.m. the same day. The notification date need not be within the shipment period.

(G) If the Buyer fails to furnish billing instructions as specified in (A), (B), (C), (D), (E), or (F) above, the Seller shall have the right to either:

(1) agree with the Buyer to extend the time allowed; or

(2) after having given notice, sell the affected portion of the contract for the account of the Buyer; or

(3) after having given notice, cancel the affected portion of the contract at fair market value.

(H) Where rail sales are made "Buyer's Option," the Seller shall be entitled to five (5) calendar days after receipt of billing instructions in which to make shipment.

(I) If sales are made on a carrying-charge basis, such charges are to cease on the day the grain is loaded. In no case shall carrying charges be assessed against the Buyer for shipments made more than ten (10) calendar days after the requested shipping date.

Rule 18. Time of Shipment or Delivery

Contracts shall state a specific time within which shipment or delivery is to be made.

A specific number of days shall mean calendar days, excluding the date of sale in which to load and ship grain to apply on a contract for shipment, or to deliver at the agreed destination grain to apply on a contract for delivery.

Grain to apply on a contract for shipment must be billed within the shipment or delivery period of the contract, as evidenced by a bill of lading.

In terminal markets where the loading is made on a railroad line other than the one which will perform the road haul, and the line haul carrier will not sign a bill of lading until the car is received at its rails, a switching order carrying full shipping instructions, given to and duly signed and dated by the authorized agent of the carrier on whose line the car is loaded shall be evidence that the car is billed within the shipment or delivery period of the contract.

For rail shipments, when the last day of the contract falls on Saturday, Sunday or a legal holiday, shipment may be made on the next business day.

A certificate of inspection shall not predate the bill of lading date by more than three (3) calendar days. For unit trains, certificates of inspection shall not predate the bill of lading date by more than five (5) calendar days.

When the terms "immediate," "quick" and "prompt" are used to specify the shipment or delivery time, they shall have the following meanings:

"Immediate," three (3) days;
"Quick," five (5) days;
"Prompt," ten (10) days.

Where no specifications for the time of shipment or delivery are enumerated in the contract, "prompt" shipment or delivery shall be implied.

First half of the month shipment shall mean the first fifteen (15) days, including February, and the last half of the month shipment shall mean the remaining days.

First week in . . . . . .; second week in . . . . . .; etc., shall mean:
First to seventh day inclusive.
Eighth to fourteenth day inclusive.

Fifteenth to twenty-first day inclusive.
Twenty-second to last day of month inclusive.
The fourth week in any month may consist of
from seven to ten days.

First calendar week in . . . . .; second calendar week in . . . . . ; etc., shall mean the respective weeks as shown on the calendar. A calendar week begins on a Monday. The first calendar week begins on the first Monday of the month, and the last calendar week may consist of from one to seven days.

Rule 19. Routing of Rail Grain

(A) Grain that is sold delivered shall be deliverable via any railroad at the discretion of the Seller, unless otherwise agreed at the time of sale. If such shipments are routed by the Buyer, the carrier becomes the Buyer's agent, and the Seller's liability for routing ceases when the Seller furnishes bill of lading in accordance with the Buyer's instructions.

(B) Grain that is sold track or f.o.b. the original point of shipment shall be routed in accordance with the billing instructions furnished by the Buyer.

Rule 20. Bills of Lading

(A) Order bills of lading shall be original and negotiable, and conform to the specifications of the contract on which the shipment is to apply. Any errant party shall pay any loss that is caused by incorrect bills of lading.

The Seller shall be liable for any demurrage and/or additional charges accruing on grain billed to "shipper's order," when such charges are attributable to the inability of the Buyer to obtain rightful possession of the bill of lading whenever said bill of lading is necessary to furnish disposition, provided that the Buyer notifies the Seller upon the date of arrival.

(B) Straight bills of lading shall be original and conform to the specifications of the contract on which the shipment is to apply. Any errant party shall pay any loss that is caused by incorrect bills of lading.

(C) Electronic Data Interchange (EDI) bills of lading shall be signed or unsigned and conform to the specifications of the contract on which the shipment is to apply. These bills of lading do not waive any of the terms and conditions of the applicable uniform domestic straight bill of lading set forth in the uniform freight classification, including those terms and conditions on the back of the bills of lading.

Rule 21. Drafts

(A) Margins

If sales are made on destination terms, the Seller shall leave ample margin in the Seller's drafts to provide for possible variations in weights, grades or other quality factors.

(B) Overdrafts

If an overdraft has been made on a grain shipment, and has been discovered before the draft is paid, the Buyer shall elect either to pay the overdraft for account of the Seller, or to request the Seller to reduce the Seller's draft to the proper amount.

If the Buyer elects to pay the overdraft for account of the Seller, or if drafts are paid and an overdraft is not discovered until final accounting is rendered, the Seller shall reimburse the Buyer on demand for the full amount of said overdrafts.

Rule 22. Payment That Is Conditioned on Presentation of Original Drafts and/or Invoices

If payment is conditioned on presentation of original drafts or invoices, the Seller shall provide to the Buyer, or other such consignee as may have been previously designated by the Buyer, an invoice giving the conveyance identification, kind and grade of grain, actual or estimated weight (state which applies), price, contract on which shipment is to apply, date of contract, date of shipment, point of origin, amount of invoice, and complete railroad routing, if applicable.

Sight drafts or invoices are subject to payment on presentation to the Buyer or the Buyer's designated agent, when properly documented and substantiated by the original bill of lading, and/or delivery order and, if applicable, original weight and inspection certificate(s).

Rule 23. Overfill and Underfill Grain on Bushel Contracts

(A) Truck

Any overfill on truck grain shall be priced by the Buyer at the afternoon closing market price at the close of the business day that the truck grain is unloaded. An overfill on truck grain shall be the balance of the load that fills the contract.

(B) Rail

Any underfill or overfill on rail grain shall be settled at the market value at the close of the first business day following the date of load or unload of the last car in fulfillment of the contract, whichever weight is applicable.

(1) Market Value: For rail overfills and underfills, "market value" shall mean the basis at the close of the first business day following date of load or unload, whichever weight is applicable. The flat price shall be established at the time the overfill or underfill becomes known by both parties to the contract.

Overfills and underfills shall be settled on a basis over or under the futures month currently used for the majority of cash trades. To convert the basis the business day after the last load or unload to a basis relative to the futures month currently used for the majority of cash trades, the futures spread of the business day after last load or unload shall be used.

(2) Tolerance for Rail Shipments: On bushel contracts, a total tolerance of 5% more or less than the mean quantity up to a maximum of 15,000 bushels shall be permissible in the fulfillment of the contract. An overfill or underfill of 5% or 1,000 bushels, whichever is less, shall apply at contract price. If the total overfill or underfill is in excess of the lesser of 5% of the mean quantity or 1,000 bushels the entire overfill or underfill shall be settled at the market value.

If bushel contracts are for more than one multi-car shipment, each multi-car shipment must be within the lesser of 5% or 1,000 bushels of the contract quantity divided by the number of shipments. Any resulting overfill or underfill on each multi-car shipment shall be settled in accordance with (B) above.

(C) Container

Any underfill or overfill on container grain shall be settled at the market value at the close of the first business day following the date of load or unload of the last container in fulfillment of the contract, whichever weight is applicable.

(1) Market Value: For container overfills and underfills, "market value" shall mean the basis at the close of the first business day following date of load or unload, whichever weight is applicable. The flat price shall be established at the time the overfill or underfill becomes known by both parties to the contract.

Overfills and underfills shall be settled on a basis over or under the futures month currently used for the majority of cash trades. To convert the basis the business day after the last load or unload to a basis relative to the futures month currently used for the majority of cash trades, the futures spread of the business day after last load or unload shall be used.

(2) Tolerance for Container Shipments: On bushel contracts, a total tolerance of 10% more or less than the mean quantity up to a maximum of 5,000 bushels shall be permissible in the fulfillment of the contract. An overfill or underfill of 10% or 1,000 bushels, whichever is less, shall apply at contract price. If the total overfill or underfill is in excess of the lesser of 10% of the mean quantity or 1,000 bushels, the entire overfill or underfill shall be settled at the market value.

Rule 24. Balances

If the Buyer and Seller agree that payment is to be net cash upon unload, any cash balances accruing to the Seller on a shipment shall be remitted on a prompt basis to the Seller after the date of unload. If more than one Seller is involved in a shipment, each must process the papers and make quick remittance.

Rule 25. Grain In Transit or In Store

Grain that is shipped prior to the date of sale or grain in-store at destination shall not be applicable on contract.

Rule 26. Contracts Made Subject to "Embargoes," "Strikes" or "Cars"

(A) If a contract is made "subject to no penalty on account of embargoes" and an embargo is placed, the final shipment or delivery date of the contract shall be extended for the duration of the embargo plus the number of days remaining in the contract shipment or delivery period at the commencement of the embargo.

(B) If a contract is made "subject to no penalty on account of strikes" and a strike takes place, the final shipment or delivery date of the contract shall be extended for the duration of the strike plus the number of days remaining in the contract shipment or delivery period at the commencement of the strike.

(C) If a contract is made "subject to no penalty on account of inability to secure cars," the Seller must use due diligence in ordering and obtaining empty cars from the carrier. The Seller must, to the extent possible, ship all contracts in the order in which the sales are made and shipping instructions are received for each shipment or delivery period.

(D) The burden of proof shall be upon the Seller to show that the conditions specified in section (A), (B), or (C) above prevented shipment or delivery within the contractual specifications.

(E) It shall be the duty of the Seller to notify the Buyer by rapid written communication, or by telephone confirmed by subsequent written communication, on or before the expiration of the contract, of the Seller's inability to make the shipment or delivery within the contractual specifications. If the Seller fails to notify the Buyer as above, the embargo, strike and/or car clause shall be void.

Rule 27. Loss and Damage Claims

If a party in possession of the necessary papers for use in filing a loss or damage claim against the carrier, is unable or refuses to deliver the papers to other interested parties before the time for filing the claim has expired, the party in possession of the papers shall file a preliminary claim for the account of whom it may concern. Failure to file such a claim will leave the party in possession of the papers responsible for any loss.

Rule 28. Failure to Perform

(A) Seller's Non-Performance

If the Seller finds that the Seller will not be able to complete a contract within the contract specifications, it shall be the Seller's duty at once to give notice of such fact to the Buyer by telephone confirmed by subsequent written communication. The Buyer shall then, at once elect either to:

(1) agree with the Seller upon an extension of the contract; or

(2) buy-in for the account of the Seller, using due diligence, the defaulted portion of the contract; or

(3) cancel the defaulted portion of the contract at fair market value based on the close of the market the next business day.

If the Seller fails to notify the Buyer of the Seller's inability to complete the contract, as provided above, the liability of the Seller shall continue until the Buyer, by the exercise of due diligence, can determine whether the Seller has defaulted. In such case it shall then be the duty of the Buyer, after giving notice to the Seller to complete the contract, at once to:

(1) agree with the Seller upon an extension of the contract; or

(2) buy-in for the account of the Seller, using due diligence, the defaulted portion of the contract; or

(3) cancel the defaulted portion of the contract at fair market value based on the close of the market the next business day.

(B) Buyer's Non-Performance

If the Buyer finds that the Buyer will not be able to complete a contract within the contract specifications, it shall be the Buyer's duty at once to give notice of such fact to the Seller by telephone confirmed by subsequent written communication. The Seller shall then, at once elect either to:

(1) agree with the Buyer upon an extension of the contract; or

(2) sell out for the account of the Buyer, using due diligence, the defaulted portion of the contract; or

(3) cancel the defaulted portion of the contract at fair market value based on the close of the market the next business day.

If the Buyer fails to notify the Seller of the Buyer's inability to complete the contract, as provided above, the liability of the Buyer shall continue until the Seller, by the exercise of due diligence, can determine whether the Buyer has defaulted. In such case it shall then be the duty of the Seller, after giving notice to the Buyer to complete the contract, at once to:

(1) agree with the Buyer upon an extension of the contract; or

(2) sell out for the account of the Buyer, using due diligence, the defaulted portion of the contract; or

(3) cancel the defaulted portion of the contract at fair market value based on the close of the market the next business day.

(C) Failure to perform any of the terms and conditions of a contract shall be grounds only for the refusal of such shipment or shipments, and not for recision of the entire contract or any other contract between the Buyer and the Seller.

(D) This rule does not permit compensation to the defaulting party to a contract.

Rule 29. Arbitration

Where a transaction is made subject to these rules in whole or in part, whether by express contractual reference or by reason of membership in this Association, then the sole remedy for resolution of any and all disagreements or disputes arising under or related to the transaction shall be through arbitration proceedings before the National Grain and Feed Association pursuant to the NGFA® Arbitration Rules; provided, however, that at least one party to the transaction must be a NGFA member entitled to arbitrate disputes under the NGFA Arbitration Rules.

Rule 30. Definitions

(A) **Business Day**

For the purpose of these rules, a "business day" shall be defined as the hours from 8 a.m. to 5 p.m. in Chicago, Illinois, USA excluding Saturday, Sunday and legal holidays. Wherever the term "holiday" or "legal holiday" appears in these rules, or in a contract, it shall mean those scheduled holidays observed by the Chicago Board of Trade, Chicago, Illinois, USA.

(B) **Buying-In**

When the phrase "buy-in" is used in these rules they shall mean an actual purchase of grain of like kind and quantity on the open market; provided, that when this is not feasible or would result in undue penalty to the Seller, the Buyer shall have the privilege of establishing a fair market value for the purpose of determining any loss properly chargeable to the Seller.

(C) **Communications**

(1) Written communication, confirmation or notification shall include those communications sent/received by postal mail, courier, or electronic means. The sender shall be responsible for the correct transmission of the message.

(2) Rapid written communication, confirmation or notification shall mean those communications sent/received by electronic means. The sender shall be responsible for the correct transmission of the message.

(3) Telephone, verbal or voice communication, confirmation, or notification must be confirmed by subsequent written communication.

(D) **Container**

The term "container" when used in these rules refers to an intermodal shipping container commonly used for carrying bulk grain or feedstuffs. Shipping container dimensions and weight loading requirements should be specified in contract confirmations exchanged between parties.

(E) **Delivery**

(1) **Rail and Barge**
The term "delivery" when used in these rules shall mean that the conveyance has been actually or constructively placed to the Buyer.

(2) **Truck**
Truck grain shall be considered to have been delivered at the time and date of unloading as evidenced by a scale ticket or dock receipt issued by the receiving facility.

(F) **Electronic Trading Platform**

The term "Electronic Trading Platform" shall include all systems designed for execution of trades in cash markets on an open, or Internet-based, electronic network.

(G) **Futures**

All references in these rules or contractual documents to futures markets, close of market, futures spread, futures or futures-related pricing, and similar terms shall mean the trading day as defined by the CME Group or, when so designated, the day session of other futures exchanges in North America.

(H) **Mean Quantity**

On bushel contracts, the bushel reference, whether preceded by the term "about" or not, shall be the mean quantity of the contract.

(I) **Mechanical Seals**

For the purposes of these rules, a "mechanical seal" shall be defined as a locking mechanical device, readily identifiable by unique markings or numbers, whose primary purpose is to provide evidence of tampering with the conveyance, and whose type and/or usage may be mutually agreed upon between the Buyer and Seller as part of the contract terms.

(J) **Notice; Furnish**

The terms "notice" and "furnish," or any derivatives of these words, when used in these rules shall mean verbal communication when possible, and in all cases by rapid written communication.

(K) **Rail Arrival**

Arrival of a rail car of grain shall be:

(1) The time of actual physical placement at the billed destination; or

(2) If not physically placed, then 48 hours after the car is constructively placed or reported to the Buyer as available for Buyer's instructions. This period shall exclude Saturdays, Sundays, or legal holidays.

(L) **Shipment – Rail, Barge and Truck**

The term “shipment” when used in these rules shall mean that the shipper has filed shipping instructions with the authorized agent of the carrier.

(M) **Selling-Out**

Where the phrase “sell-out” is used in these rules, it shall mean an actual sale of grain of like kind and quantity on the open market, provided that when this is not feasible or would result in undue penalty to the Buyer, the Seller shall have the privilege of establishing a fair market value for the purpose of determining any loss properly chargeable to the Buyer.

(N) **Time**

When these rules require that an action be taken at or by a specified time of day, then "time" shall mean the official time provided by the U.S. Naval Observatory applicable in Chicago, Illinois, USA.

(O) **Truckload**

If no truck size is specified in the contract, a truckload shall be 50,000 pounds net weight.

(P) **Unit Train**

For the purposes of these rules, a unit train is 25 or more cars for movement as a unit under one bill of lading.

(Q) **Original bill of lading**

The term "original" when used in relation to bills of lading shall mean such a document that is original, complete and, if a negotiated bill of lading, properly endorsed.

NGFA Feed Trade Rules

Adopted Oct. 05, 1921
Amended Oct. 11, 1940
Amended Sept. 30, 1948
Amended Sept. 26, 1950
Amended Nov. 13, 1952
Amended Sept. 13, 1955
Amended Sept. 09, 1957
Amended Sept. 14, 1959
Amended March 08, 1960
Amended March 23, 1962
Amended March 06, 1964
Amended March 19, 1965
Amended March 30, 1967
Amended March 27, 1969
Amended March 12, 1970
Amended March 25, 1971
Amended March 23, 1972
Amended March 01, 1973
Amended March 14, 1974
Amended March 20, 1975
Amended March 25, 1976
Amended March 23, 1977
Amended March 31, 1978
Amended March 08, 1979
Amended March 29, 1980
Amended March 26, 1981
Amended March 13, 1984
Amended March 27, 1990
Amended March 12, 1991
Amended March 24, 1992
Amended March 23, 1993
Amended March 21, 1994
Amended March 13, 1995
Amended March 15, 1996
Amended March 21, 1997
Amended March 23, 1999
Amended March 31, 2000
Amended March 16, 2001
Amended March 19, 2002
Amended March 16, 2004
Amended March 20, 2007
Amended March 28, 2008
Amended March 31, 2009
Amended March 05, 2010
Amended March 15, 2011
Amended March 19, 2013
Amended March 17, 2015
Amended March 15, 2016
Amended March 21, 2017
Amended March 20, 2018
Amended March 10, 2020
Amended March 31, 2021
Amended March 02, 2023
Amended March 01, 2024
Amended Feb. 26, 2026

Table of Rules

Preamble

Rule 1. Trade

Rule 2. Brokers

Rule 3. Confirmation of Contracts

Rule 4. Alteration of Contract

Rule 5. Electronic Communication

Rule 6. Passing of Title as Well as Risk of Loss and/or Damage

Rule 7. Rail Loading Weight Requirements

Rule 8. Bills of Lading

Rule 9. Routing of Rail Feed

Rule 10. Rail Privileges

Rule 11. Time of Shipment

Rule 12. Evidence of Shipping Date

Rule 13. Rail Notice and Billing Instructions

Rule 14. Rail Demurrage and/or Additional Charges

Rule 15. Shortage and/or Damage

Rule 16. Quality Outside of the Contract Terms

Rule 17. Condition Guaranteed Upon Arrival

Rule 18. Refusal of Shipment

Rule 19. Default on the Shipping Schedule and/or the Contract Shipping Period

Rule 20. Production Origin of Feed

Rule 21. Labeling

Rule 22. Weights

Rule 23. Uniform Certificate for Affidavit Weights

Rule 24. Registration

Rule 25. Drafts

Rule 26. Payment That Is Conditioned on Presentation of Original Drafts and/or Invoices

Rule 27. Arbitration

Rule 28. Definitions

Preamble: The following rules shall govern all transactions of a financial, mercantile or commercial character connected with feed and feedstuffs arising between Active members of the National Grain and Feed Association (NGFA) and other parties using these rules, unless otherwise and specifically agreed to at the time of the trade, or subsequent thereto.

All Active members and other parties using these rules are free to agree upon any contractual provisions, which they deem appropriate, and these rules apply only to the extent that the parties to a contract have not altered the terms of the rules, or the contract is silent as to a matter dealt with by the pertinent rule.

NGFA Feed Trade Rules

Rule 1. Trade

Both the Buyer and Seller shall include in their original articles of trade, whether entered into orally or in writing the following specifications, if applicable:

(A) Date of contract and trade date
(B) Quantity
(C) Kind and description (including quality) of feed
(D) Type of weights
(E) Price
(F) Terms of payment
(G) Transportation specifications:
  (1) Type of conveyance
  (2) Applicable Freight Terms
  (3) Type of billing
    Transit (storage or milling)
    Non-transit
    Export
    Multi-car specifications
  (4) Point of origin and/or delivery and/or rate-basing point
  (5) Loading weight requirements
  (6) Time of shipment or delivery
  (7) Route
  (8) Responsibility for freight changes
  (9) Buyer's or Seller's conveyance
  (10) Private or rail system equipment
  (11) Freight prepaid or collect
  (12) Mechanical seals
(H) Production origin of feed
(I) Responsibility for import/export duties
(J) Applicable Trade Rules to apply
(K) Usual Terms:
  The specifications above shall apply except in cases where the Buyer and the Seller have been trading on agreed terms and conditions, in which event it shall be sufficient for the words "usual terms" to be used in confirmation, and the use of said words shall imply that such terms and conditions as governed previous trades of like character shall apply.
(L) Other Terms

Rule 2. Brokers

(A) A broker is a person, firm or electronic trading platform that is engaged on behalf of others, at least partially on a commission basis, to negotiate or facilitate the formation of contracts for goods of which the broker has no actual or constructive custody.

(B) A person, firm, or electronic trading platform is not a broker:

(1) who has possession and absolute control of merchandise shipped to them to sell and collect the price. (Therefore, a commission merchant to whom feed is consigned for sale is not a broker.)

(2) who receives a salary instead of a commission or brokerage.

(3) who acts for one principal to the exclusion of all others.

(C) A broker has the power to bind the principals only to the extent of the broker's instructions. The principals are not liable for any acts of the broker in excess of such instructions.

(D) A broker who, in good faith or otherwise, exceeds the broker's authority is liable for any resulting damages.

(E) A broker that, in good faith, negotiates, or facilitates the formation of a contract in accordance with instructions from both principals; identifies the principals to each other at the time of negotiations or facilitation, and completes such negotiations or facilitation in accordance with the rules and customs governing such transaction, thereby fulfills all obligations and has no further liability to either principal. The contract so negotiated or facilitated is valid and binding between the Buyer and Seller as if it had been negotiated or facilitated directly between them.

(F) Brokerage shall be credited when shipments are invoiced or when contract is otherwise consummated or terminated.

Rule 3. Confirmation of Contracts

(A) Both the Buyer and Seller shall send a written confirmation, each to the other, not later than the close of the business day following the date of trade, or an agreed amendment setting forth the specifications as agreed upon in the original articles of trade, or an agreed amendment. Upon receipt of said confirmation, the parties shall carefully check all specifications therein and, upon finding any differences, shall immediately notify the other party to the contract by rapid written communication, or by telephone confirmed by subsequent written communication.

(B) If either the Buyer or the Seller fails to send a confirmation, the confirmation sent by the other party will be binding upon both parties, unless the confirming party has been immediately notified by the non-confirming party, as described in Rule 3(A), of any disagreement with the confirmation received.

(C) When a trade is made through a broker, it shall be the duty of the broker to send a written confirmation not later than the close of the business day following the date of trade to each of the principals setting forth the specifications of the trade, or an agreed amendment. Upon receipt of said confirmation, the parties shall carefully check all specifications therein, and upon finding any differences, shall immediately give notice to the other party to the contract and to the broker. If either party fails to give such notice, the terms and specifications contained in the confirmation issued by the broker shall govern the contract.

(D) A document or record otherwise complying with this rule shall be effective even though it fails to use the term "confirmation."

Rule 4. Alteration of Contract

The specifications of a contract cannot be altered or amended without the expressed consent of both the Buyer and Seller. Any alteration mutually agreed upon between Buyer and Seller must be confirmed by written communication by both parties by the end of the next business day.

Rule 5. Electronic Communication

These rules may be applied to trades that occur by electronic methods in lieu of conventional paper-based documents. A party to a trade may, in lieu of paper-based documents, transmit or receive from the other party an electronic communication, and such electronic communication shall suffice in lieu of a paper-based document. An exchange of communications between the parties by electronic means constitutes acknowledgement of that means as a viable method of contractual communication.

Rule 6. Passing of Title as Well as Risk of Loss and/or Damage

Title, as well as risk of loss and/or damage, passes to the Buyer as follows:

(A) On f.o.b. origin or f.o.b. basing point contracts, at the time and place of shipment. The time of shipment is the moment that the carrier accepts the appropriate shipping document.

(B) On delivered contracts:

(1) By rail, when the conveyance is constructively placed or otherwise made available at the Buyer's original destination.

(2) By truck, upon delivery at the Buyer's final destination.

(3) By container: On container yard contracts upon return of the container at the Buyer's designated destination.

(C) On in-store contracts, at the time of contract, transfer, or sending of documents, unless and to the extent warehouse tariff, warehouse receipt, and/or storage contract assumes the risk of loss and/or damage.

Rule 7. Rail Loading Weight Requirements

(A) **FOB Contracts**

If feed is sold other than loaded, the Seller shall request loading weight instructions from the Buyer prior to the loading of cars. If the Buyer fails to give such instructions in a timely manner, the Seller shall load the cars to their full visible capacity without exceeding a maximum of 263,000 pounds gross weight. This provision shall not require the Seller to load more or less feed than set forth in the contract.

(B) **Delivered Contracts**

(1) For feed that is sold basis delivered to a specific destination, the Seller shall load cars in accordance with the applicable carrier(s) rule(s) and/or federal law in effect on the date of shipment, and shall assume any loss resulting from noncompliance with such rules. In the event the weight prescribed by the applicable carrier(s) rule(s) and/or federal law is changed between the date of sale and date of shipment, the Seller shall deliver feed in accordance with the weight requirements in effect on date of shipment. Any resulting variance from the original contract shall be settled at the market price on the date of shipment.

(2) For feed that is sold delivered to a price basing point, the Seller shall request loading weight instructions from the Buyer prior to the loading of cars. If the Buyer fails to give such instructions in a timely manner, the Seller shall load the cars to their full visible capacity in accordance with the applicable carrier(s) rule(s) and/or federal law in effect on the date of shipment to that price basing point, and shall assume any loss resulting from noncompliance with such rules. In the event the weight prescribed by the applicable carrier(s) rule(s) and/or federal law is changed between the date of sale and date of shipment, the Seller shall deliver feed in accordance with the weight requirements in effect on date of shipment. Any resulting variance from the original contract shall be settled at the market price on the date of shipment.

(C) Open top rail cars (covered or not) and boxcars are not applicable to feed contracts.

Rule 8. Bills of Lading

(A) Order bills of lading shall be original and negotiable, and conform to the specifications of the contract on which the shipment is to apply. Any errant party shall pay any loss that is caused by incorrect bills of lading.

The Seller shall be liable for any demurrage and/or additional charges accruing on feed billed to "shipper's order," when such charges are attributable to the inability of the Buyer to obtain rightful possession of the bill of lading whenever said bill of lading is necessary to furnish disposition, provided that the Buyer notifies the Seller upon the date of arrival.

(B) Straight bills of lading shall be original and conform to the specifications of the contract on which the shipment is to apply. Any errant party shall pay any loss that is caused by incorrect bills of lading.

(C) Electronic Data Interchange (EDI) bills of lading shall be signed or unsigned and conform to the specifications of the contract on which the shipment is to apply. These bills of lading do not waive any of the terms and conditions of the applicable uniform domestic straight bill of lading set forth in the uniform freight classification, including those terms and conditions on the back of the bills of lading.

Rule 9. Routing of Rail Feed

(A) Feed that is sold delivered shall be deliverable via any railroad at the discretion of the Seller. If such shipments are routed by the Buyer, the carrier becomes the Buyer's agent, and the Seller's liability for routing ceases when the Seller furnishes bill of lading in accordance with the Buyer's instructions.

(B) Feed that is sold track or f.o.b. the original point of shipment shall be routed in accordance with the billing instructions furnished by the Buyer. If the Buyer fails to furnish routing instructions to the Seller along with the billing instructions, unless previously furnished, then the Seller has the discretion to route the shipment via any reasonable route. If available railroad equipment, or other reason, precludes routing as requested, then the Seller has the responsibility of so advising the Buyer.

Rule 10. Rail Privileges

In all delivered sales to any terminal market or rate-basing point, the point specified shall be considered as a rate basis only and not necessarily final destination of goods, and shipment shall be made to any point and via any line open for business designated by the Buyer which is reached by lake, or lake- and rail-lines during the season of navigation, or by all-rail trunk lines at other times, provided shipment is made within contract time, and provided further that such routing is in accord with transit arrangements of the shipper.

Rule 11. Time of Shipment

On the date of contract, the shipping schedule shall be determined by specifying: (1) requested date(s); or (2) frequency of shipment [in days, weeks, or month(s)]; or (3) one of the shipment terms defined below. Also, the contract shipping period shall be specified.

(A) **"Immediate"** means shipment within three (3) calendar days from the date of the trade.

(B) **"Quick"** means shipment within five (5) calendar days from the date of the trade.

(C) **"Prompt"** means shipment within ten (10) calendar days from the date of the trade. When no shipping period is specified, "Prompt" shipment shall apply.

(D) **"Loaded," "spot,"** or **"on-track"** means that the goods are actually loaded and ready for billing, and must be billed on the date of the trade.

(E) **"In transit"** means that the car must have been billed at least one day prior to the date of the trade.

(F) **"Weekly"** means shipment during each calendar week that begins on a Monday and the schedule shall specify the requested Monday date(s).

(G) **"First Half"** of the month means that shipment shall occur during the first fifteen (15) days of the month (including February) and shipment "Last Half" means shipment shall occur in the remaining days of the month.

(H) **"Monthly"** means that shipment shall occur during the period beginning with the first day and ending with the last day of the month.

(I) **"Buyer's Option"** means that the Seller shall have five (5) calendar days after receipt of shipping instructions in which to make shipment.

The contract shipping period is that period of time during which shipment must be made.

When a scheduled ship date or shipping period begins or ends on a Saturday, Sunday, or Legal holiday, shipment shall be made on the next business day.

Rule 12. Evidence of Shipping Date

(A) On carload shipments, the date shown on the railroad expense bill shall be the governing factor as to date of shipments, unless conclusive evidence to the contrary can be shown.

(B) On truckloads, dray tickets or properly executed documents from the Seller to the trucking company shall be accepted as evidence of the date of shipment.

(C) Dray tickets or shipping receipts when dated and signed by railroads in terminal markets shall also be accepted as evidence of shipment.

(D) In terminal markets, where the loading is made on a railroad line other than the one which will perform the road haul, and line haul carrier will not sign lading until the car is received at its rails, a switching order carrying full shipping instructions, given to and duly signed and dated by the authorized agent of the carrier on whose line the car is loaded, shall be evidence that the car is loaded within the life of the contract.

(E) On the last day of shipment under the contract, Seller shall provide car numbers on Buyer's request by 4 p.m.

(F) On delivered ramp containers, the stamped drayage ticket date indicating the container has been returned to the ramp shall be accepted as evidence of shipment.

(G) On FOB containers, the time stamped scale ticket when the container is weighed shall be accepted as evidence of shipment

Rule 13. Rail Notice and Billing Instructions

The words, "notice," "notify," and "notification" mean verbal communication or rapid written communication. Cars shall be billed to a named destination and ordering cars to lines for billing purposes does not constitute billing to a named destination.

Notification(s) and billing instruction(s) shall be provided during the Contract Shipping Period. A change in specifications previously filed with the Seller does not extend any contract except upon mutual agreement at the time such change is requested.

To comply with the "Time of Shipment" (Rule 11) schedule, the Buyer shall notify the Seller and furnish billing instructions as follows:

(A) **Requested Date(s)**: On the date of trade.

(B) **Frequency of shipment [in days, weeks, or month(s)]**: On the date of trade.

(C) **Shipment Terms:** If any one of the following shipment terms is specified on the date of trade, the Buyer shall notify the Seller and furnish billing instructions as follows:

(1) **Immediate, Quick, Loaded, Spot, On-Track, and/or In Transit:** On the date of trade.

(2) **Weekly:** By Wednesday of the shipping week.

(3) **First or Last Half:** By the seventh business day of the shipping period.

(4) **Monthly:** By the seventh calendar day before the end of the month. If that day falls on a weekend or legal holiday, the preceding business day applies

(5) **Prompt:** Within seven calendar days of the date of trade.

(6) **Buyer's Option:** By the fifth business date before expiration of the contract shipping period.

During the Contract Shipping Period (excluding Buyer's Option), if the Buyer has not yet provided billing instructions, the Seller may notify the Buyer regarding applicable car number(s) and request suitable billing instructions. The Buyer shall be responsible for all charges that accrue after 4 p.m. that day. The Seller's liability for deterioration of quality, due to delay in shipment, ceases 72 hours after notification, if the cars have not yet been billed.

Any time during the contract shipping period, the Seller may demand billing instructions (excluding Buyer's Option) and the Buyer shall provide them by the third business day after such demand. For monthly shipment terms, the Seller has seven days to ship the car(s) from receipt of billing instructions, if so demanded. Failure, by the Buyer, to provide billing instructions shall constitute "Default on Shipping Period" (Rule 19).

If the Seller fails to demand billing instructions and the Buyer fails to provide billing instructions, the contract shall remain in force until such time that either the Seller does demand billing instructions or the Buyer does provide billing instructions.

If the Buyer is late in providing billing instructions, the Seller may extend the time of shipment by an equivalent amount of time, except for monthly shipment terms where the Seller has seven days to ship the car(s) from the receipt of billing instructions. The Seller shall have the same amount of time to make shipment, after late receipt of the billing instructions, as was originally specified in the contract.

Rule 14. Rail Demurrage and/or Additional Charges

The Seller shall be liable for any demurrage and/or additional charges accruing on feed billed to "shipper's order" or "delivery order" when such charges can be shown to have accrued by reason of the inability of the Buyer, through act of the Seller or the Seller's agent, to get possession of the bill of lading and/or other documents necessary to furnish disposition and also providing Buyer notifies Seller on date of arrival that such documents are unavailable to Buyer.

Rule 15. Shortage and/or Damage

(A) **Rail Shipments**

All claims for shortage and/or damage shall be made by the receiver within thirty (30) days after arrival, and must be accompanied by paid expense bill together with railroad agent's written report as to condition of car, contents, damages and/or shortages as well as listing of seal numbers with a copy of bill of lading and invoice, or in case of truck shipment, driver's or receiver's agent's notation on delivery and/or truck bill of lading.

(B) **Truck Shipments**

All claims for shortage and/or damage shall be made by the receiver within thirty (30) days after arrival and must be accompanied by driver's or receiver's agent's notation on delivery and/or truck bill of lading.

Rule 16. Quality Outside of the Contract Terms

(A) Rail Shipments

(1) When the Seller becomes aware that the quality of the shipment does not comply with the contract terms, the Seller is obligated to notify the Buyer not later than 12 p.m. the next business day by rapid written communication, or by telephone confirmed by subsequent written communication. The Buyer and Seller subsequently may agree upon the terms of any acceptance of the shipment.

(2) The Buyer must exercise due diligence to ascertain by inspection and report if the shipment does not comply with contract terms to the Seller not later than 12 p.m. of the second business day after arrival at final destination, otherwise the Seller's liability ceases at the expiration of such time.

(B) Truck Shipments

(1) When the Seller becomes aware that the quality of the shipment does not comply with the contract terms, the Seller is obligated to notify the Buyer not later than 12 p.m. the next business day by rapid written communication, or by telephone confirmed by subsequent written communication. The Buyer and Seller subsequently may agree upon the terms of any acceptance of the load.

(2) The Buyer must exercise due diligence to ascertain by inspection and report if the shipment does not comply with the contract terms to the Seller or the vehicle driver.

(C) Container Shipments

(1) When the Seller becomes aware that the quality of the shipment does not comply with the contract terms, the Seller is obligated to notify the Buyer not later than 12 p.m. the next business day by rapid written communication, or by telephone confirmed by subsequent written communication. The Buyer and Seller subsequently may agree upon the terms of any acceptance of the shipment.

(2) The Buyer must exercise due diligence to ascertain by inspection and report to the Seller if the shipment does not comply with the contract terms.

Rule 17. Condition Guaranteed Upon Arrival

(A) The Seller shall guarantee shipments to arrive at final destination in a condition, cool, sound and sweet, free of objectionable extraneous material and dischargeable from the conveyance without excessive or unsafe action, with the following exception: When shipments are ordered to a reconsignment point, the Seller shall not be responsible for condition at final destination unless shipments are ordered forward from such reconsignment points within 48 hours after arrival, and the Seller shall not be responsible for condition at final destination if a second reconsignment or diversion is made.

(B) **(1) Rail Shipments**

It shall be the duty of the Buyer to ascertain by inspection or other means and report the condition of the shipment not later than 12 p.m. of the second business day after arrival at final destination, otherwise the Seller's liability ceases at the expiration of such time.

(2) Truck Shipments

The Buyer must exercise due diligence to ascertain by inspection and report the condition of the shipment to the Seller or the vehicle driver.

(C) A Buyer receiving a shipment that is out of condition on arrival, and handled as outlined in preceding paragraphs, shall upon Seller's request, unload, recondition, and salvage to best advantage of the Seller whenever practical to do so.

If the Buyer is unable to handle as requested, it shall be the Buyer's duty to notify the Seller of this fact at the time the Buyer notifies the Seller of the shipment's condition and the Seller shall dispose of the shipment and shall, at the Buyer's option, either cancel the affected portion of the contract or make a replacement shipment.

(1) In the event the Buyer elects to cancel the affected portion of the contract, then the contract shall be cancelled at the fair market price on the date the shipment is rejected and the Buyer shall reimburse the Seller for any market loss suffered through cancellation and the Seller shall pay to the Buyer any market gain received through cancellation.

(2) In the event the Buyer requests replacement, then the Seller shall be obligated to make replacement, and the Buyer shall be obligated to accept such replacement, which must be made by a new shipment within four (4) calendar days (excluding Saturday, Sunday, and legal holidays) from the date of refusal by the Buyer.

Rule 18. Refusal of Shipment

Failure to make any shipment in keeping with the terms and conditions of a contract shall be grounds for the refusal only of such shipment or shipments, and not for the rescission of the entire contract or any other contract between the Buyer and Seller.

Rule 19. Default on the Shipping Schedule and/or the Contract Shipping Period

(A) Default by the Seller: When the Seller finds the Seller to be in default on the shipping schedule, and/or the contract shipping period, the Seller shall notify the Buyer at once by telephone confirmed by subsequent written communication.

Upon receipt of such notice, the Buyer shall, within twenty-four (24) hours thereafter, advise the Seller by telephone confirmed by subsequent written communication which of the following options the Buyer elects to exercise:

(1) agree to extend the shipping period; or

(2) buy-in, for the Seller's account, the defaulted portion of the shipments; or

(3) cancel the defaulted portion of the shipments at fair market value based on the day this option is exercised.

If the Seller fails to notify the Buyer of the Seller's default, the liability remains in force until the Buyer, by the exercise of due diligence, can determine whether the Seller has defaulted. The Buyer shall notify the Seller at once by telephone confirmed by subsequent written communication and within twenty-four (24) hours thereafter, advise the Seller by telephone confirmed by subsequent written communication, which of the options (1) or (2) or (3) above the Buyer elects to exercise.

If the Seller defaults on the contract, the Seller is liable for all reasonable costs and expenses as shall have been incurred to and including the day the Buyer elects one of the three options.

(B) Default by the Buyer: When the Buyer finds the Buyer to be in default on the shipping schedule and/or the contract shipping period, the Buyer shall notify the Seller at once by telephone confirmed by subsequent written communication.

Upon receipt of such notice, the Seller shall, within twenty-four (24) hours thereafter, advise the Buyer by telephone confirmed by subsequent written communication which of the following options the Seller elects to exercise:

(1) agree to extend the shipping period; or

(2) sell-out, for the Buyer's account, the defaulted portion of the shipments; or

(3) cancel the defaulted portion of the shipments at fair market value based on the day this option is exercised.

If the Buyer fails to notify the Seller of the Buyer's default, the liability remains in force until the Seller, by the exercise of due diligence, can determine whether the Buyer has defaulted. The Seller shall notify the Buyer at once by telephone confirmed by subsequent written communication and within twenty-four (24) hours thereafter, advise the Buyer by telephone confirmed by subsequent written communication which of the options (1) or (2) or (3) above the Seller elects to exercise.

If the Buyer defaults on the contract, the Buyer shall be liable for all the reasonable costs and expenses as shall have been incurred to and including the day the Seller elects one of the three options.

(C) This rule does not permit compensation to the defaulting party to a contract.

Rule 20. Production Origin of Feed

A sale of feedstuffs must be for a product of United States origin unless otherwise specified at time of sale. If the contracting parties designate a specific non-U.S. origin as the shipment point, then it shall be presumed that the feedstuff was produced in that country unless otherwise specified at the time of sale.

Rule 21. Labeling

Bagged feed must bear a complete label, either stenciled upon the bag or on a tag attached thereto, indicating the net weight, name brand or trademark, minimum percent of protein and fat, and maximum percent of crude fiber, the specific name of each ingredient, expressed in its common or usual term, together with name and address of the manufacturer. On bulk shipments, either the analysis tag is to be attached to invoice or analysis is to be stamped or typed on all invoice papers. Labels, where used, must be clear and distinct, in type of sufficient size to be easily read, and must conform to applicable state law or the uniform label adopted by the Association of American Feed Control Officials where a specific state law is not applicable.

Rule 22. Weights

On the date of trade, the Seller and Buyer shall agree on the market where the weights will be obtained and the rules governing that market shall apply. When feed is shipped in bulk, the following type weights may be specified:

NGFA Feed Trade Rules

(A) **Official Weights**

(1) **U.S. Official Weights**

(a) U.S. Class X Weights: An official Class X weight shall be any weight that meets the requirements specified by the U.S. Department of Agriculture in its regulations implementing the U.S. Grain Standards Act.

(b) U.S. Class Y Weights: An official Class Y weight shall be a partially supervised weight that meets the requirements specified by the U.S. Department of Agriculture in its regulations implementing the U.S. Grain Standards Act.

(2) **Canadian Official Weights**: An official weight shall be any weight that meets the requirements specified by the Canadian Grain Commission in its regulations implementing the Weights and Measures Act.

(B) **Other Weights**

(1) **U.S. Certified Weights:** A certified weight shall be any weight that is obtained by a licensed weigher, using a certified scale. A scale shall be considered certified when it meets the requirements specified in the current edition of Handbook 44 (published by the National Institute of Standards and Technology) and has successfully passed inspection, at least annually, by the U.S. Department of Agriculture or its approved agent, a State Board of Weights and Measures, or its approved agent. A scale, to remain certified, must be tested and pass inspection a minimum of once every twelve months or more frequently when required by the governing regulatory authority.

(a) Class I: A weight documented by a weight certificate obtained by a licensed weigher using a certified scale under 100% supervision of a disinterested third party.

(b) Class II: A weight documented by a weight certificate obtained by a licensed weigher using a certified scale under a minimum of 25% supervision of a disinterested third party.

(c) Class III (or Certified House Weights): A weight documented by a weight certificate obtained by an unsupervised licensed weigher using a certified scale.

(2) **Canadian Certified Weights:** A certified weight shall be any weight on an approved scale meeting the requirements specified by the Weights and Measures Act and Regulations of Canada. A qualified representative of the company (in-house weight) issuing a certified weight certificate shall supervise weighing.

(3) **Affidavit Weights:** Affidavit weights are those obtained by a weigher on any scale not inspected for certification within the past twelve months.

(4) **Railroad Weights**: Railroad weights shall be weights obtained by a rail carrier using track scales to obtain a gross weight less rail car marked tare weight to determine a net weight.

(C) **Weight Settlements**

(1) If weight terms have not been specified in the contract, then the Seller's weight shall govern if it is a U.S. or Canadian Official, Canadian Certified, or U.S. Certified Class I or II weight as defined in this rule.

(2) If weight terms have not been specified in the contract and the Seller cannot furnish a U.S. or Canadian Official, Canadian Certified, or U.S. Certified Class I or II weight as defined in this rule, then the Buyer's U.S. or Canadian Official, Canadian Certified, or U.S. Certified Class I or II weight shall govern.

(3) If weight terms have not been specified in the contract, and neither Buyer nor Seller can furnish a U.S. or Canadian Official, Canadian Certified, or U.S. Certified Class I or II weight as defined by this rule, then the first weight supplied by either the Seller or Buyer which meets the requirements of this rule for a U.S. Certified Class III weight shall govern. If neither the Buyer nor Seller can furnish a U.S. Certified Class III weight, then the first Affidavit weight supplied

by either Buyer or Seller shall govern. If neither the Buyer nor Seller can furnish any weight meeting any of the foregoing requirements, then the first Railroad weight supplied by either Buyer or Seller shall govern.

Rule 23. Uniform Certificate for Affidavit Weights

When a shipper or receiver furnishes an affidavit weight, the certificate shall show the following information:

(1)Car number and date of loading . . . . . .
(2) Seal numbers . . . .
(3) Type of scale used:
Hopper Scale . . . .
Track Scale . . . . . .

If Hopper Scale:
(a) Size of dump . . . .
(b) Number of dumps . . . . . .
(c) Partial dump . . . . . .
(d) Total Weight . . . . . .
This Hopper Scale was last tested by. . .

If Track Scale:
(a) Private or Railroad (state which). . . .
(b) Gross Weight. . . . . .
(c) Marked Tare (whether or not used) .
(d) Net Weight. . . . . .
(e) Actual Tare (unless railroad scale). . .

If private Track Scale:
This Track Scale was last tested . . . . . .
by. . . . . .
Signature. . . . . .

Rule 24. Registration

On sales of feedstuffs, the Seller guarantees that the feedstuffs shall comply with the laws of the state into which it is sold, including registration and tax, if any.

Rule 25. Drafts

(A) Margins

If sales are made on destination terms, the Seller shall leave ample margin in the Seller's drafts to provide for possible variations in weights, grades or other quality factors.

(B) Overdrafts

If an overdraft has been made on a feed shipment, and has been discovered before the draft is paid, the Buyer shall elect either to pay the overdraft for account of the Seller, or to request the Seller to reduce the Seller's draft to the proper amount.

If the Buyer elects to pay the overdraft for account of the Seller, or if drafts are paid and an overdraft is not discovered until final accounting is rendered, the Seller shall reimburse the Buyer on demand for the full amount of said overdrafts.

Rule 26. Payment That Is Conditioned on Presentation of Original Drafts and/or Invoices

If payment is conditioned on presentation of original drafts or invoices, the Seller shall provide to the Buyer, or other such consignee as may have been previously designated by the Buyer, an invoice giving the conveyance identification, kind and type of feed, actual or estimated weight (state which applies), price, contract on which shipment is to apply, date of contract, date of shipment, point of origin, amount of invoice, and complete railroad routing, if applicable.

Sight drafts or invoices are subject to payment on presentation to the Buyer or the Buyer's designated agent, when properly documented and substantiated by the original bill of lading, and/or delivery order and, if applicable, original weight and inspection certificate(s).

Rule 27. Arbitration

Where a transaction is made subject to these rules in whole or in part, whether by express contractual reference or by reason of membership in this Association, then the sole remedy for resolution of any and all disagreements or disputes arising under or related to the transaction shall be through arbitration proceedings before the National Grain and Feed Association pursuant to the NGFA® Arbitration Rules; provided, however, that at least one party to the transaction must be a NGFA member entitled to arbitrate disputes under the NGFA Arbitration Rules.

Rule 28. Definitions

(A) **Business Day**

For the purpose of these rules, a "business day" shall be defined as the hours from 8 a.m. to 5 p.m. in Chicago, Illinois, USA excluding Saturday, Sunday and legal holidays. Wherever the term "holiday" or "legal holiday" appears in these rules, or in a contract, it shall mean those scheduled holidays observed by the Chicago Board of Trade, Chicago, Illinois, USA.

(B) **Buying-In**

When the phrase "buy-in" is used in these rules it shall mean an actual purchase of feed of like kind and quantity on the open market; provided, that when this is not feasible or would result in undue penalty to the Seller, the Buyer shall have the privilege of establishing a fair market value for the purpose of determining any loss properly chargeable to the Seller.

(C) **Communications**

(1) Written communication, confirmation or notification shall include those communications sent/received by postal mail, courier, or electronic means. The sender shall be responsible for the correct transmission of the message.

(2) Rapid written communication, confirmation or notification shall mean those communications sent/received by electronic means. The sender shall be responsible for the correct transmission of the message.

(3) Telephone, verbal or voice communication, confirmation, or notification must be confirmed by subsequent written communication.

(D) **Container**

The term "container" when used in these rules refers to an intermodal shipping container commonly used for carrying bulk grain or feedstuffs. Shipping container dimensions and weight loading requirements should be specified in contract confirmations exchanged between parties.

(E) **Delivery**

(1) Rail and Barge

The term "delivery" when used in these rules shall mean that the conveyance has been actually or constructively placed to the Buyer.

(2) Truck

Truck feed shall be considered to have been delivered at the time and date of unloading as evidenced by a scale ticket or dock receipt issued by the receiving facility.

(F) **Electronic Trading Platform**

The term "Electronic Trading Platform" shall include all systems designed for execution of trades in cash markets on an open, or Internet-based, electronic network.

(G) **Feed or Feedstuffs**

The definitions of "feed" or "feedstuffs" shall be material consumed or intended to be consumed by animals other than humans that contributes nutrition, taste, or aroma or has a technical effect on the consumed material. This includes raw materials, ingredients, and finished product.

(H) **Futures**

All references in these rules or contractual documents to futures markets, close of market, futures spread, futures or futures-related pricing, and similar terms shall mean the trading day as defined by the CME Group or, when so designated, the day session of other futures exchanges in North America.

(I) **Mechanical Seals**

For the purposes of these rules, a "mechanical seal" shall be defined as a locking mechanical device, readily identifiable by unique markings or numbers, whose primary purpose is to provide evidence of tampering with the conveyance, and whose type and/or usage may be mutually agreed upon between the Buyer and Seller as part of the contract terms.

(J) **Notice; Furnish**

The terms "notice" and "furnish," or any derivatives of these words, when used in these rules shall mean verbal communication when possible, and in all cases by rapid written communication.

(K) **Packaging**

(1)(a) It shall be understood that all feedstuffs when sold in sacks shall be packed in new bags, unless otherwise agreed at time of trade; and (b) Shipments shall be in even weight packages and the weight of packages shall be net when packed, two thousand (2,000) pounds net shall constitute a ton and two thousand two hundred four and 6/10 (2,204.6) pounds shall constitute a metric tonne.

(2) Shipments in totes, and supersacks may be shipped in clean reusable containers, with net weights per container or by shipment designated.

(L) **Rail and Truck Arrival**

(1) **Rail.** Arrival of a car of feed shall be:

(a) The time of actual physical placement at the billed destination; or

(b) If not physically placed, then 48 hours after the car is constructively placed or reported to the Buyer as available for Buyer's instructions. This period shall exclude Saturdays, Sundays, or legal holidays.

(2) **Trucks.** *T*rucks shall be considered to have arrived at the time and date of unloading as evidenced by a scale ticket or dock receipt at the receiving facility. Where such evidence is not available, other routine business records may be used to show arrival time and date.

(M) **Shipment–Rail and Barge**

The term "shipment" when used in these rules shall mean that the shipper has filed shipping instructions with the authorized agent of the carrier.

(N) **Selling-Out**

Where the phrase "sell-out" is used in these rules, it shall mean an actual sale of feed of like kind and quantity on the open market, provided that when this is not feasible or would result in undue penalty to the Buyer, the Seller shall have the privilege of establishing a fair market value for the purpose of determining any loss properly chargeable to the Buyer.

(O) **Time**

When these rules require that an action be taken at or by a specified time of day, then “time” shall mean the official time provided by the U. S. Naval Observatory applicable in Chicago, Illinois, USA.

(P) **Trains**

For the purposes of these rules:

(1) a Multi is any group of cars of less than 25 for movement as one unit and under one bill of lading.

(2) a Unit Train is a group of 25 or more cars for movement as one unit under one bill of lading.

(Q) **Truckload**

If no truck size is specified in the contract, a truckload shall be 50,000 pounds net weight.

(R) **Original bill of lading**

The term "original" when used in relation to bills of lading shall mean such a document that is complete and, if a negotiated order bill of lading, properly endorsed.

NGFA Barge Trade Rules

Adopted March 06, 1964
Amended March 19, 1965
Amended March 30, 1967
Amended March 27, 1969
Amended March 25, 1971
Amended March 23, 1972
Amended March 01, 1973
Amended March 14, 1974
Amended Sept. 12, 1974
Amended March 25, 1976
Amended March 23, 1977
Amended March 31, 1978
Amended March 08, 1979
Amended March 20, 1980
Amended March 26, 1981
Amended March 23, 1982
Amended March 15, 1983
Amended March 13, 1984
Amended Sept. 11, 1985
Amended March 27, 1990
Amended March 12, 1991
Amended March 24, 1992
Amended March 21, 1994
Amended March 31, 2000
Amended March 16, 2001
Amended March 28, 2008
Amended March 31, 2009
Amended March 17, 2015
Amended March 15, 2016
Amended March 21, 2017
Amended March 10, 2020
Amended March 31, 2021
Amended June 04, 2021
Amended March 02, 2023
Amended March 01, 2024

Table of Rules

Preamble

Rule 1. Applicable Equipment/Barge

Rule 2. Passing of Title as Well as Risk of Loss and/or Damage

Rule 3. Inspection

Rule 4. Destination Inspections, Quality and Condition Guaranteed on Arrival

Rule 5 Feedstuffs-Analysis

Rule 6. Weights

Rule 7 Weight Settlements

Rule 8. Time of Shipment

Rule 9. Applicability/Application

Rule 10. Billing Instructions

Rule 11. Reconsignment/Diversion

Rule 12. Payment of Original Drafts and/or Invoices

Rule 13. Demurrage

Rule 14. Overfill and Underfill on Bushel/Tons Contracts

Rule 15. Definitions

Preamble: The following rules amend and are a supplement to the Grain Trade Rules and Feed Trade Rules so that such rules so amended apply to shipments of grain, oilseeds, hay and all feedstuffs, including mill products or byproducts, hereinafter referred to as "feedstuffs" whenever such shipments are designated by contract to be shipped by barge.

Where no distinction is made in the text of a rule among products covered by these rules, the rule applies to all grains, oilseeds and feedstuffs; otherwise the rule or subpart, wherein a distinction is made, covers only the product(s) mentioned.

All Active members and other parties using these rules are free to agree upon any contractual provisions, which they deem appropriate, and these rules apply only to the extent that the parties to a contract have not altered the terms of the rules, or the contract is silent as to a matter dealt with by the pertinent rule.

NGFA Barge Trade Rules

Rule 1. Applicable Equipment/Barge

Only single compartment barges or equipment that can be unloaded by a marine leg and that are 195/200 by 35 feet shall be tendered on contract except by mutual agreement of both the Buyer and Seller.

Rule 2. Passing of Title as Well as Risk of Loss and/or Damage

Title as well as risk of loss and/or damage, passes to the Buyer as follows:

(A) **Grain:**

(1) On f.o.b. origin contracts title and risk of loss shall pass from the Seller to the Buyer at the time and place of shipment. The time is the moment when the Seller notifies the Buyer that the barge is loaded.

(2) On c.i.f. contracts title and risk of loss shall pass from the Seller to the Buyer at the time and place of shipment. The time is the moment of either:

(a) the issuance of the bill of lading by the carrier or the carrier's agent in accordance with Seller's instructions; or

(b) transmittal by written communications of shipping instructions by the Seller to the carrier in accordance with Buyer's instructions.

(B) **Feedstuffs:**

(1) Title and risk of loss or damage caused by other than by going out of condition shall pass as provided in Rule 2(A), but the original shipper shall be responsible for the condition of the feedstuffs up to (a) five (5) calendar days subsequent to the arrival of the barge at destination; or (b) commencement of unloading of the barge, whichever occurs first.

(2) If the barge is sold after reaching its destination, the first Seller and each subsequent Seller will be responsible for the condition of the feedstuffs for five (5) calendar days following the date of each reconsignment.

(3) The Buyer shall have until 4 p.m. on the fifth calendar day following the date of arrival of the barge at destination to notify the Seller of any out of condition cargo. If the fifth (5) calendar day falls on a Saturday, Sunday or holiday, the following business day shall be considered the fifth calendar day.

(4) If the Buyer under the provisions of Rule 2(B) (1), (2) and (3) above declares a barge of feedstuffs to be infested, the Buyer shall notify the Seller of the cost of fumigation. The Buyer will assume the responsibility to fumigate the barge and charge the mutually agreed expense to the Seller. Alternatively, the Seller has the right to fumigate the barge within twenty-four (24) hours at the Seller's expense. If, in the latter case, the Seller has not fumigated the barge within twenty-four (24) hours, the Buyer may arrange for fumigation at the reasonable expense of the Seller. The barge cannot be rejected on account of infestation, and demurrage incurred shall continue for the account of the Buyer.

Rule 3. Inspection

Inspection as defined in Grain Trade Rule 10.

Rule 4. Destination Inspections, Quality and Condition Guaranteed on Arrival:

If barge grain is sold basis destination inspection, or guaranteed condition on arrival, it shall be the obligation of the Buyer to obtain an inspection or condition check within five (5) calendar days of the date of arrival of the barge. If the barge cannot be opened for inspection or condition check away from the unload berth because of faulty equipment on the barge, it shall be the obligation of the Buyer to notify the Seller within the period specified herein.

Rule 5. Feedstuffs-Analysis

(A) **Specific Analysis:** If the contract requires a specific analysis on the feedstuffs being shipped, the contract must specify whether a certificate of analysis is required, and if so, the certificate of analysis must specify the name of the laboratory issuing the certificate, the method of sampling used, when and where the sample was taken, and the percentage of each factor for which there is a contractual requirement.

(B) **Origin Analysis:** If feedstuffs are sold basis origin analysis, the last Buyer in the string to whom a barge has been applied may inquire of the original shipper as to its analysis provided at least five (5) business days have elapsed since the origin bill of lading date.

Rule 6. Weights

(A) Official Weights: Official Weights shall be those weights described in Grain Trade Rule 14 A(1) or Feed Trade Rule 22 A(1).

(B) Certified Weights: Certified Weights shall be those weights described in Grain Trade Rule 14 B(1) or Feed Trade Rule 22 B(1).

(C) If weights other than Official or Certified Weights are provided for in the contract of purchase and sale, the weighing party shall on request of the other party indicate the method of obtaining weights and such other information on the weighing process as the other party may reasonably request, including copies of supporting documentation.

(D) Cargo transferred by truck or rail car to the loading barge after weighing in the elevator, or cargo weighed after the transfer to the elevator by truck or railroad from the barge being unloaded, shall not be considered official or certified weights.

(E) Every official or certified barge unload weight certificate shall include either a statement that no cargo was left in the barge or a statement specifying the estimated quantity of cargo left in the barge.

(F) In the event any portion of the barge cargo is not unloaded at the receiving elevator or at the receiving point, the unloading Buyer must notify the Seller and the shipper within twenty-four (24) hours, or as soon thereafter as practicable.

(G) Grain: If the contract is based on destination weights, the unloading Buyer shall notify the original shipper and the barge operator of the final unload weights by telephone or rapid written communication within two (2) business days of unload, confirmed by mailing the original weight certificate to the original shipper and a copy to the Barge Operator within five (5) business days of unload, accompanied by a statement of the cost of weighing charges, if applicable.

Rule 7. Weight Settlements

(A) **Grain:** The original shipper shall issue an invoice and initiate final settlement with the attached original weight certificate, or a duplicate copy thereof. If the Buyer and Seller agree that payment is to be net cash upon receipt of invoice, the invoice shall be due and payable within five (5) business days, which is considered to be the normal time to clear the paperwork involved.

(B) **Feedstuffs**: The ultimate Buyer shall make final settlements of weight and quality with the original weight certificates, or duplicate copy thereof within five (5) business days of unload. If the Buyer and Seller agree that payment is to be net cash, all intermediate parties shall make final settlement with the original weight certificate, or a duplicate copy thereof, within five (5) business days of receipt, which is considered to be the normal time to clear the paperwork involved.

Rule 8. Time of Shipment

The date of the original barge bill of lading consigning the shipment to the destination specified by the contract shall be evidence of shipment and the determining date for establishing time of shipment on contract. The time of shipment must always fall within the contract period unless otherwise mutually agreed upon by Buyer and Seller.

Rule 9. Applicability/Application

(A) Application of a barge is the exchange from Seller to Buyer of the following information:

(1) Barge number;
(2) Barge operator;
(3) Loading elevator;
(4) Original shipper;
(5) Bill of lading date;
(6) Quantity in barge (bushels, tons);
(7) In the case of grain, the type of inspection (e.g., state or federal), numerical grade, and all factors.

(B) The bill of lading shall not predate notification of application by more than five (5) calendar days. (Example: Bill of Lading Date 4-7-21 — last applicable date 4-12-21 at 11 a.m. except for corn, which must be applied by 10:50 a.m.)

(C) Certificate(s) of inspection for grain barges shall not predate their corresponding bill of lading date(s) by more than three (3) calendar days.

(D) If grain transactions are made on the basis of origin official weights, the weight certificate shall not predate the bill of lading date by more than three (3) calendar days.

(E) Barges must be applied on contract verbally by telephone (written confirmation per Grain Trade Rule 30(C)(3) does not apply) on business days, holidays excepted, between the hours of 8 a.m. and 4 p.m., except for corn, which must be applied by 3:50 p.m. When the CBOT agricultural grain and oilseed contracts have a scheduled shortened session, applications must be made between the hours of 8 a.m. and 1 p.m., except for corn, which must be applied by 12:50 p.m. Last day application barges must be applied by 11 a.m. except for corn, which must be applied by 10:50 a.m.

(F) Application of grain barges may be made with the type of inspection certificate stipulated in the contract. If a subsequent federal appeal inspection does not meet contract requirements, the Buyer may reject application.

Rule 10. Billing Instructions

The Buyer shall furnish billing instructions to the Seller not later than 4:30 p.m. on the day of application. When the CBOT agricultural grain and oilseed contracts have a scheduled shortened session, the Buyer shall furnish billing instructions to the Seller not later than 1:30 p.m. on the day of application.

Rule 11. Reconsignment/Diversion

The Seller's only obligation with respect to destination on a c.i.f. or delivered sale in the Seller's barges is to furnish the Buyer the bill of lading ordering the barge to the rate point specified in the contract. Nothing in this rule shall be construed as preventing the Buyer from seeking to divert the barge to other than the specified destination.

Rule 12. Payment of Original Drafts and/or Invoices

Sight drafts or invoices are subject to payment on presentation to the Buyer or the Buyer's designated agent, when properly documented and substantiated by the original bill of lading, a certificate of cargo insurance where applicable, and any other loading documents required by the contract.

Drafting or invoicing may be made with the type of inspection certificate stipulated in the contract. If a federal appeal inspection was requested and the federal appeal inspection does not meet the requirements of the contract, the Buyer may reject the application. If the Buyer has not paid the draft or invoice, the Buyer may reject it. If the Buyer has paid the draft or invoice, the Seller shall reimburse the Buyer on demand for the full amount paid on the draft or invoice.

Rule 13. Demurrage

For barges applied before or after arrival at the destination specified by the contract, the buyer is entitled to such free time and demurrage terms as specified by the contract. Free time shall commence the first 7 a.m. following: (A) arrival of the barge at the destination specified by the contract; or (B) following notification of application if application is made after arrival of the barge.

Rule 14. Overfill and Underfill on Bushel/Tons Contracts

(A) **Grain:** Any underfill or overfill on barge grain shall be settled at the market value at the close of the first business day following the date of load or unload of the last barge in fulfillment of the contract, whichever weight is applicable.

(1) **Market Value:** "Market value" shall mean the basis at the close of the first business day following date of load or unload, whichever weight is applicable. The flat price shall be established at the time the overfill or underfill becomes known by both parties to the contract.

Overfills and underfills shall be settled on a basis over or under the futures month currently used for the majority of cash trades. To convert the basis the business day after the last load or unload to a basis relative to the futures month currently used for the majority of cash trades, the futures spread of the business day after last load or unload shall be used.

(2) **Tolerance:** On bushel contracts, a total tolerance of 10% more or less than the mean quantity up to a maximum of 30,000 bushels shall be permissible in the fulfillment of the contract. An overfill or underfill of 10% or 1,000 bushels, whichever is less, shall apply at contract price. If the total overfill or underfill is in excess of the lesser of 10% of the mean quantity or 1,000 bushels the entire overfill or underfill shall be settled at the market value.

(B) Settlements: Overfills and Underfills — Feedstuffs

Overfills and underfills within 5% of contract quantity shall be settled at the contract price. If the overfill or underfill is in excess of 5% of the contract quantity, the entire overfill or underfill shall be settled basis the fair market value at the close of the first business day following the date of load or unload of the last barge in fulfillment of the contract. If the contract calls for specific barge quantities, each barge shall be settled individually.

Rule 15. Definitions

(A) **Barge**

The word "barge" shall mean a covered barge commonly used for carrying bulk grain or feedstuffs. Weight or quantity requirements should be specified in contracts.

(B) **Cargo Insurance or Cargo Insured Bill of Lading**

The terms "Cargo Insurance" or "Cargo Insured" bill of lading as used in these rules shall mean protection afforded to the holder of title of not less than that described as follows: For all physical loss and/or damage to the cargo for any and all risks or perils (including but not limited to all Acts of God); provided that, there need not be protection for 1) shrinkage, expansion or other change to sound grain due to natural causes on sound grain; 2) loss, damage or deterioration resulting from delay in the delivery of the shipment and/or moisture content of the cargo itself; 3) any inherent vice or defect in the cargo; 4) improper stowage, or the physical act of loading or unloading, when not performed by carrier; 5) the authority of law, including without limitation, quarantine and embargo; or 6) the acts of the public enemy, hostilities, or war-like operations, whether or not there be a declaration of war.

It shall be the obligation of the Seller to furnish cargo insurance or a cargo insured bill of lading with respect to barges furnished by the seller involving CIF or delivered contracts. It shall be the obligation of Buyer to furnish cargo insurance with respect to barges furnished by the Buyer involving FOB contracts.

(C) **c.i.f.**

For purposes of barge contracts, the term c.i.f. or "delivered," followed by a destination point shall mean f.o.b. origin, but the price includes the cost of the cargo f.o.b. origin point, plus cargo insurance, plus barge freight to the destination rate point.

(D) **f.o.b.**

For purposes of barge contracts, the term f.o.b. means free of charge on board barge at point of origin.

(E) **Original bill of lading**

The term "original" when used in relation to bills of lading shall mean such a document that is original, complete and, if a negotiated order bill of lading, properly endorsed.

NGFA Barge Freight Trading Rules (Affreightment)

Adopted March 26, 1981
Amended March 23, 1982
Amended Sept. 11, 1985
Amended Sept. 12, 1986
Amended March 14, 1989
Amended March 27, 1990
Amended March 12, 1991
Amended March 24, 1992
Amended March 21, 1994
Amended March 15, 1996
Amended March 21, 1997
Amended March 10, 1998
Amended March 23, 1999
Amended March 31, 2000
Amended March 16, 2001
Amended March 28, 2003
Amended April 01, 2005
Amended March 31, 2009
Amended March 05, 2010
Amended March 15, 2011
Amended March 19, 2013
Amended March 17, 2015
Amended March 10, 2020
Amended March 31, 2021
Amended March 02, 2023
Amended March 01, 2024

Table of Rules

Preamble
Rule 1. Trade
Rule 2. Applicable Equipment/Barge
Rule 3. Brokers
Rule 4. Confirmation of Contracts
Rule 5. Alteration of Contract
Rule 6. Electronic Communication
Rule 7. Weights
Rule 8. Advice of Schedules
Rule 9. Placement of Barges (Origin and Destination)
Rule 10. Release Instructions
Rule 11. Billing Instructions
Rule 12. Issuance of Bill of Lading
Rule 13. Weight Settlements
Rule 14. Failure to Perform
Rule 15. Reconsignment
Rule 16. Payment of Invoice
Rule 17. Arbitration
Rule 18. Definitions

Preamble: The following rules shall govern all transactions of a financial, mercantile or commercial character connected with the purchase and/or sale of barge transportation and in the carriage of bulk commodities by barge, arising between Active members of the National Grain and Feed Association and other parties using these rules, unless otherwise and specifically agreed to at the time of the trade, or subsequent thereto.

All active members and other parties using these rules are free to agree upon any contractual provisions, which they deem appropriate, and these rules apply only to the extent that the parties to a contract have not altered the terms of the rules, or the contract is silent as to a matter dealt with by the pertinent rule.

NGFA Barge Freight Trading Rules (Affreightment)

Rule 1. Trade

Both the Buyer and the Seller shall include in their original articles of trade, whether entered into orally or in writing the following specifications, if applicable:

(A) Date of contract
(B) Number of barges
(C) Type(s) of commodities to be carried
(D) Rate(s)
(E) Governing weights
(F) Applicable Trade Rules
(G) Contract placement period(s)
(H) Placement point(s) or area(s)
(I) For Other than Weekly Contracts: Advice on placement schedules and origin point declarations
(J) Destination point(s) or area(s)
(K) Minimum loading requirements
(L) Free Time (which commences at 0700 hours)
(M) Origin/destination demurrage terms (which commences 0700 hours after Free Time)
(N) Cargo insurance coverage
(O) Terms of payment

Rule 2. Applicable Equipment/Barge

Only single compartment barges or equipment that can be unloaded by a marine leg and that are 195/200 by 35 feet shall be tendered on contract except by mutual agreement of both the Buyer and Seller.

Rule 3. Brokers

(A) A broker is a person, firm or electronic trading platform that is engaged on behalf of others, at least partially on a commission basis, to negotiate or facilitate the formation of contracts for goods of which the broker has no actual or constructive custody.

(B) A person, firm, or electronic trading platform is not a broker:

(1) who has possession and absolute control of merchandise shipped to them to sell and collect the price. (Therefore, a commission merchant to whom freight is consigned for sale is not a broker.)

(2) who receives a salary instead of a commission or brokerage.

(3) who acts for one principal to the exclusion of all others.

(C) A broker has the power to bind his principals only to the extent of the broker's instructions. The principals are not liable for any acts of the broker in excess of such instructions.

(D) A broker who, in good faith or otherwise, exceeds the broker's authority is liable for any resulting damages.

(E) A broker that, in good faith, negotiates, or facilitates the formation of a contract in accordance with instructions from both principals; identifies the principals to each other at the time of negotiations or facilitation; and completes such negotiations or facilitation in accordance with the rules and customs governing such transaction, thereby fulfills all obligations and has no further liability to either principal. The contract so negotiated or facilitated is valid and binding between the Buyer and Seller as if it had been negotiated or facilitated directly between them.

Rule 4. Confirmation of Contracts

(A) Both the Buyer and Seller shall send a written confirmation, each to the other, not later than the close of the business day following the date of trade or an agreed amendment, setting forth the specifications as agreed upon in the original articles of trade, or an agreed amendment. Upon receipt of said confirmation, the parties shall carefully check all specifications therein and, upon finding any differences, shall immediately notify the other party to the contract by rapid written

communication, or by telephone confirmed by subsequent written communication.

(B) If either the Buyer or the Seller fails to send a confirmation, the confirmation sent by the other party will be binding upon both parties, unless the confirming party has been immediately notified by the non-confirming party, as described in Rule 4(A), of any disagreement with the confirmation received.

(C) When a trade is made through a broker, it shall be the duty of the broker to send a written confirmation not later than the close of the business day following the date of trade to each of the principals setting forth the specifications of the trade. Upon receipt of said confirmation, the parties shall carefully check all specifications therein, and upon finding any differences, shall immediately give notice to the other party to the contract and to the broker. If either party fails to give such notice, the terms and specifications contained in the confirmation issued by the broker shall govern the contract.

(D) A document or record otherwise complying with this rule shall be effective even though it fails to use the term "confirmation."

Rule 5. Alteration of Contract

The specifications of a contract cannot be altered or amended without the express consent of both the Buyer and the Seller. Any alteration mutually agreed upon between Buyer and Seller must be immediately confirmed by written communication by both parties.

Rule 6. Electronic Communication

These rules may be applied to trades that occur by electronic methods in lieu of conventional paper-based documents. A party to a trade may, in lieu of paper-based documents, transmit or receive from the other party an electronic communication, and such electronic communication shall suffice in lieu of a paper-based document. An exchange of communications between the parties by electronic means constitutes acknowledgement of that means as a viable method of contractual communication.

Rule 7. Weights

(A) **Official Weights**

(1) **U.S. Official Weights**

(a) U.S. Class X Weights: An official Class X weight shall be any weight that meets the requirements specified by the U.S. Department of Agriculture in its regulations implementing the U.S. Grain Standards Act.

(b) U.S. Class Y Weights: An official Class Y weight shall be a partially supervised weight that meets the requirements specified by the U.S. Department of Agriculture in its regulations implementing the U.S. Grain Standards Act.

(2) **Canadian Official Weights:** An official weight shall be any weight on an approved scale meeting the requirements specified by the Weights and Measures Act and Regulations of Canada, and the weighing is 100% supervised by a licensed Canadian Grain Commission Weigher.

(B) **Other Weights**

(1) **U.S. Certified Weights:** A certified weight shall be any weight that is obtained by a licensed weigher, using a certified scale. A scale shall be considered certified when it meets the requirements specified in the current edition of Handbook 44 (published by the National Institute of Standards and Technology) and has successfully passed inspection, at least annually, by the U.S. Department of Agriculture or its approved agent, a State Board of Weights and Measures, or its approved agent. A scale, to remain certified, must be tested and pass inspection a minimum of once every twelve months or more frequently when required by the governing regulatory authority.

(a) Class I: A weight documented by a weight certificate obtained by a licensed weigher using a certified scale under 100% supervision of a disinterested third party.

(b) Class II: A weight documented by a weight certificate obtained by a licensed weigher using a certified scale under a minimum of 25% supervision of a disinterested third party.

(c) Class III (or Certified House Weights): A weight documented by a weight certificate obtained by an unsupervised licensed weigher using a certified scale.

(2) **Canadian Certified Weights:** A certified weight shall be any weight on an approved scale meeting the requirements specified by the Weights and Measures Act and Regulations of Canada. A qualified representative of the company (in-house weight) issuing a certified weight certificate shall supervise weighing.

(3) **Affidavit Weights:** Affidavit weights are those obtained by a weigher on any scale not inspected for certification within the past twelve months.

Rule 8. Advice of Schedules

(A) **Placement of Barge Freight for Weekly Contracts**

(1) The Buyer shall furnish the Seller a specific river on multi-river contracts by 1600 hours two (2) business days preceding the contract placement period.

(2) The Seller can provide the Buyer a boat schedule no sooner than during the last business day preceding the contract period. The Buyer shall furnish the Seller a named origin point(s) based on the timing of said schedule.

(3) When a boat schedule has not been provided by the Seller to the Buyer, the Buyer shall furnish the Seller named origin point(s) no later than the second business day of the contract period.

(B) **Schedules Arriving before Contract Period**

(1) Should a barge arrive at origin point prior to commencement of the contract period, constructive placement will be effective the first 0700 hours of the contract period.

(2) Should the Buyer commence loading the barge prior to the contract period, placement will be effective the day loading commences.

(C) **Substitution of Schedule(s)**

The Seller may substitute a barge or schedule provided placement is no later than the timing of the original schedule. If substitute placement is earlier than the original schedule, constructive placement will occur no earlier than the timing of the original schedule

Rule 9. Placement of Barges (Origin and Destination)

(A) (1) Actual placement is made when a barge is placed in accordance with instructions of the Buyer or the Consignee at the facility in the port specified by the contract or bill of lading destination.

(2) Constructive placement may be made when actual placement is not possible by placing or holding a barge at a point of the Barge Operator's choice near the actual delivery point. In making any subsequent placement of the barge, no additional free time will be allowed. **Exception**: If a Barge Operator is initially prevented from actual placement or constructive placement because of a condition of the navigation channel, the provision for placement will not be applicable until the condition has been alleviated.

(3) Placement for loading is effective the first 0700 hours after a barge is actually or constructively placed provided the Seller has notified the Buyer of such placement by 1100 hours that same day by rapid written communication, or by telephone confirmed by subsequent written communication. Confirmation is to include the name of the Barge Operator. The Seller must receive confirmation of receipt of placement from the Buyer by telephone or rapid written communication no later than the 1100 hours of the barge placement date.

(4) Placement at the unloading port is effective the first 0700 hours after a barge is actually or constructively placed, provided the Barge Operator has notified Consignee or Consignee's designated agent of such placement by 1100 hours that same day by rapid written communication, or by telephone confirmed by subsequent written communication.

(B) **Bad Order or Dirty Equipment/Barge:**

(1) Placement is voided when a barge is found to be unfit ("bad order," "dirty") for loading if the Buyer/Shipper notifies the Seller on a business day or the Barge Operator on a Saturday, Sunday or legal holiday of the barge's condition by 1600 hours of the day immediately following the effective placement date. The Seller shall have a barge ready for loading no later than 0700 hours of the third business day following Buyer's notification. If notice is given on a Thursday, Friday, or Saturday the barge operator shall have a barge ready for loading no later than the close of the first business day of the following week.

(2) Placement is interrupted when a barge is found to be unfit ("bad order," "dirty") for loading if the Buyer/Shipper notifies the Seller on a business day or the Barge Operator on a Saturday, Sunday, or legal holiday of the barge's condition after 1600 hours of the day immediately following the effective placement date. Placement resumes the following 0700 hours after the barge is made ready for loading. The Seller shall have a barge ready for loading no later than 0700 hours of the third business day following Buyer's notification. If notice is given on a Thursday, Friday or Saturday the barge operator shall have a barge ready for loading no later than the close of the first business day of the following week.

Rule 10. Release Instructions

(A) Notice of Release after Loading:

(1) The Buyer shall give the Seller notice of release that same day by rapid written communication, or by telephone confirmed by subsequent written communication, when a barge is loaded and ready to be picked up. The Buyer must receive confirmation of receipt of release from the Seller by telephone or rapid written communication no later than 1100 hours of the barge release date.

(2) For Saturday, Sunday and legal holiday loading, barges shall not be considered to be released unless:

(a) The Buyer gives the Seller pre-advice no later than the preceding business day. If the Seller is unavailable, the Buyer will notify the Barge Operator. The Buyer shall confirm said release to the Seller in writing by the end of the next business day, or

(b) The Buyer contacts the Seller or Barge Operator (if the seller is unavailable) by telephone or rapid written communication on a Saturday, Sunday or legal holiday and releases the barge(s) by 1100 hours. The Buyer must receive confirmation of receipt of release from the Seller or Barge Operator by telephone or rapid written communication no later than 1100 hours of the barge release date.

(B) Notice of Release after Unloading:

(1) The Consignee or the Consignee's agent shall give the Barge Operator or the Barge Operator's agent notice of release by telephone, confirmed to the Barge Operator in writing by the end of the next business day, when a barge is unloaded and ready to be picked up. In order to release a barge as of 0700 hours the barge must be unloaded prior to 0700 hours and notice of release be given by 1100 hours.

(2) For Saturday, Sunday and legal holiday unloading, barges shall not be considered to be released unless:

(a) the Consignee or the Consignee's agent gives the Barge Operator or the Barge Operator's agent pre-advice on the preceding business day, or

(b) the Consignee or the Consignee's agent contacts the Barge Operator or the Barge Operator's agent by telephone on a Saturday, Sunday or legal holiday and releases the barge(s) by 1100 hours that day, confirmed to the Barge Operator in writing by the end of the next business day.

Rule 11. Billing Instructions

The Buyer shall give the Seller billing instructions (1) by the close of the fifth calendar day following the release date or (2) before the barge reaches mile 230 on the Lower Mississippi River regardless of the release date, whichever occurs first. Billing given not in accordance with this rule may result in Barge Operator's reconsignment charges for the Buyer. These instructions shall be confirmed in writing. Billing instructions shall include:

(1) Barge number
(2) Commodity
(3) Loading port, facility and shipper
(4) Tonnage
(5) Consignee
(6) Notify party
(7) Bill of lading date
(8) Destination
(9) Applicable weights

Rule 12. Issuance of Bill of Lading

The barge operator shall cause a bill of lading to be issued on the same date as billing instructions are given provided those instructions are received before 1500 hours. Any billing instructions given to the barge operator after 1500 hours or on weekends or legal holidays may be issued on a bill of lading no later than the next business day.

Rule 13. Weight Settlements

(A) If the contract is based on destination weights, the unload Buyer shall notify the Original Shipper and the Barge Operator of the final unload weight(s) by telephone or rapid written communication within two (2) business days of unload, confirmed by mailing the original weight certificate to the Original Shipper and a copy to the Barge Operator within five (5) business days.

(B) If the contract is based on origin weights, the Consignor shall notify the Barge Operator of the loading weight(s) by telephone or rapid written communication within two (2) business days of unload, confirmed by mailing a copy of the original weight certificate to the Barge Operator within five (5) business days.

Rule 14. Failure to Perform

(A) Seller's Non-Performance

If the Seller finds the Seller will not be able to complete a contract within the contract specifications, it shall be the Seller's duty at once to give notice of such fact to the Buyer by telephone confirmed by subsequent written communication. The Buyer shall then at once elect to:

(1) agree with the Seller upon an extension of the contract (a) at contract price, or (b) at fair market value for adjustment of a previously priced contract or to determine the spread from the contract period to another period of time; or

(2) buy-in for the account of the Seller, using due diligence, the defaulted portion of the contract; or

(3) cancel the defaulted portion of the contract at fair market value based on the close of the market that day.

If the Seller fails to tender an applicable schedule or placement by 1400 hours on the last business day of the contract placement period, the Buyer after giving notice to the Seller to complete the contract, shall then elect to:

(1) agree with the Seller upon an extension of the contract (a) at contract price or (b) at fair market value for adjustment of a previously priced contract or to determine the spread from the contract period to another period of time; or

(2) buy-in for the account of the Seller, using due diligence, the defaulted portion of the contract; or

(3) cancel the defaulted portion of the contract at fair market value based on the close of the market that day.

(B) Buyer's Non-Performance

If the Buyer finds that the Buyer will not be able to complete a contract within the contract specifications, it shall be the Buyer's duty at once to give notice of such fact to the Seller by telephone confirmed by subsequent written communication. The Seller shall then at once elect to:

(1) agree with the Buyer upon an extension of the contract (a) at contract price, or (b) at fair market value for adjustment of a previously priced contract or to determine the spread from the contract period to another period of time; or

(2) sell-out for the account of the Buyer, using due diligence, the defaulted portion of the contract; or

(3) cancel the defaulted portion of the contract at fair market value based on the close of the market that day.

If the Buyer fails to notify the Seller of the Buyer's inability to complete the contract, as provided above, the liability of the Buyer shall continue until the Seller, by the exercise of due diligence, can determine whether the Buyer has defaulted. In such case it shall then be the duty of the Seller, after giving notice to the Buyer to complete the contract, at once to:

(1) agree with the Seller upon an extension of the contract, (a) at contract price or (b) at fair market value for adjustment of a previously priced contract or to determine the spread from the contract period to another period of time; or

(2) sell-out for the account of the Seller, using due diligence, the defaulted portion of the contract; or

(3) cancel the defaulted portion of the contract at fair market value based on the close of the market that day.

(C) This rule does not permit compensation to the defaulting party to a contract.

Rule 15. Reconsignment

(A) Reconsignment for Gulf (Baton Rouge/Myrtle Grove) Destinations: A barge may only be reconsigned by mutual agreement of the Cargo Owner and Barge Operator. The terms and conditions of the reconsignment must be confirmed in writing by both parties the next business day.

(B) Reconsignment other than Gulf (Baton Rouge/Myrtle Grove) Destinations: A barge may only be reconsigned by mutual agreement of all parties involved in the freight chain. A reconsignment request shall be made verbally by telephone or rapid written communication by the owner of the cargo to the Seller who in turn, if applicable, continues such requests through the freight chain until the Barge Operator is finally contacted. If all parties in the freight chain agree to the reconsignment and the Cargo Owner elects to reconsign, then the Cargo Owner shall confirm the reconsignment verbally by telephone or rapid written communication to the Barge Operator. The terms and conditions of the reconsignment must then be confirmed in writing between each contracting party within two (2) business days of the day of reconsignment.

Rule 16. Payment of Invoice

If the Buyer and Seller agree that payment is to be net cash upon receipt, the invoice shall be due and payable within five (5) business days of receipt, which is considered to be the normal time to clear the paperwork involved.

NGFA Barge Freight Trading Rules (Affreightment)

Rule 17. Arbitration

Where a transaction is made subject to these rules in whole or in part, whether by express contractual reference or by reason of membership in this Association, then the sole remedy for resolution of any and all disagreements or disputes arising under or related to the transaction shall be through arbitration proceedings before the National Grain and Feed Association pursuant to the NGFA® Arbitration Rules; provided, however, that at least one party to the transaction must be a NGFA member entitled to arbitrate disputes under the NGFA Arbitration Rules.

Rule 18. Definitions

(A) **Barge**

The word "barge" shall mean a covered barge commonly used for carrying bulk grain or feedstuffs, which without any weight or quantity reference shall have no quantitative meaning insofar as these rules apply.

(B) **Bulk Commodity**

A commodity which, in accordance with the existing custom of the trade, is loose and is received and delivered by the Barge Operator without transportation mark or count.

(C) **Business Day**

For the purpose of these rules, a "business day" shall be defined as the hours from 0800 to 1700 hours in Chicago, Illinois, USA, excluding Saturday, Sunday and legal holidays.

(D) **Buying-In**

When the phrase "buy-in" is used in these rules it shall mean an actual purchase of freight of like kind on the open market; provided, that when this is not feasible or would result in undue penalty to the Seller, the Buyer shall have the privilege of establishing a fair market value for the purpose of determining any loss properly chargeable to the Seller.

(E) **Commencement of Contract Placement Periods**

(1) **Weekly Contracts:** The contract placement/delivery period commences at 0001 hours on Sunday.

(2) **Monthly Contracts:** The contract placement/delivery period commences at 0001 hours on the first day of the month.

(3) **Semi-Monthly Contracts:** The contract placement/delivery period commences at 0001 hours on the first and sixteenth days of the month.

(F) **Communications**

(1) Written communication, confirmation or notification shall include those communications sent/received by postal mail, courier, or electronic means. The sender shall be responsible for the correct transmission of the message.

(2) Rapid written communication, confirmation or notification shall include those communications sent/received by electronic means. The sender shall be responsible for the correct transmission of the message.

(3) Telephone, verbal or voice communication, confirmation, or notification must be confirmed by subsequent written communication.

(G) **Electronic Trading Platform**

The term "Electronic Trading Platform" shall include all systems designed for execution of trades in cash markets on an open, or Internet-based, electronic network.

(H) **Legal Holidays or Holidays**

Wherever the term "holiday" or "legal holiday" appears in these rules, it shall mean any one of the following days: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. When such holidays fall on Sunday, the following Monday will be considered the holiday.

(I) **Notice; Furnish**

The terms "notice" and "furnish," or any derivatives of these words, when used in these rules shall mean verbal communication when possible, and in all cases by rapid written communication.

(J) **Opening of the Mid-Mississippi**

The Dubuque and South (Mid-Mississippi) opening commences the first 07:00 hours of the first business day after the first empty dry cargo covered barge suitable for loading, originating at or below Winfield, MO, reaches Dubuque, Iowa.

The Mid-Miss opening shall be determined by a majority vote of a three person committee appointed by the NGFA Chairman and shall be announced by publishing the committee's confirmation of the opening on the NGFA web site.

(K) **Selling-Out**

Where the phrase "sell-out" is used in these rules, it shall mean an actual sale of freight of like kind on the open market, provided that when this is not feasible or would result in undue penalty to the Buyer, the Seller shall have the privilege of establishing a fair market value for the purpose of determining any loss properly chargeable to the Buyer.

(L) **Time**

When these rules require that an action be taken at or by a specified time of day, then time shall mean the official time provided by the U.S. Naval Observatory applicable in Chicago, Illinois, USA.

NGFA Secondary Rail Freight Trading Rules (Affreightment)

Adopted March 20, 2007
Amended March 31, 2009
Amended March 05, 2010
Amended March 15, 2011
Amended March 19, 2013
Amended March 10, 2020
Amended March 02, 2023
Amended March 01, 2024

Table of Rules

Preamble

Rule 1. Trade

Rule 2. Brokers

Rule 3. Confirmation of Contracts

Rule 4. Alteration of Contract

Rule 5. Electronic Communication

Rule 6. Advice of Schedules

Rule 7. Placement

Rule 8. Issuance of Bill of Lading

Rule 9. Failure to Perform

Rule 10. Payment of Invoice

Rule 11. Arbitration

Rule 12. Definitions

Preamble: The following rules shall govern all transactions of a financial, mercantile or commercial character connected with the purchase and/or sale of secondary rail freight transportation (any subsequent transfer of freight ownership and obligations as defined by each individual rail carrier), arising between Active members of the National Grain and Feed Association and other non-railroad parties using these rules, unless otherwise and specifically agreed to at the time of the trade, or subsequent thereto.

All Active members and other parties using these rules are free to agree upon any contractual provisions, which they deem appropriate, and these rules apply only to the extent that the parties to a contract have not altered the terms of the rules, or the contract is silent as to a matter dealt with by the pertinent rule.

NGFA Secondary Rail Freight Trading Rules (Affreightment)

Rule 1. Trade

Both the Buyer and the Seller shall include in their original articles of trade, whether entered into orally or in writing the following specifications, if applicable:

(A) Date of contract
(B) Number of rail cars, units, shuttles
(C) Type(s) of equipment
(D) Price to be paid
(E) Applicable Trade Rules
(F) Contract placement period(s)
(G) Destination restriction(s)
(H) Terms of payment
(I) Other terms

If the Buyer and Seller have been trading on agreed terms and conditions, the use of the phrase "usual terms" in the confirmation shall mean that such terms and conditions that governed previous trades of a like character shall apply instead of the specifications required above.

Rule 2. Brokers

(A) A broker is a person, firm or electronic trading platform that is engaged on behalf of others, at least partially on a commission basis, to negotiate or facilitate the execution of contracts for goods of which the broker has no actual or constructive custody.

(B) A person, firm, or electronic trading platform is not a broker:

(1) who has possession and absolute control of merchandise shipped to them to sell and collect the price. (Therefore, a commission merchant to whom freight is consigned for sale is not a broker.)

(2) who receives a salary instead of a commission or brokerage.

(3) who acts for one principal to the exclusion of all others.

(C) A broker has the power to bind the principals only to the extent of the broker's instructions. The principals are not liable for any acts of the broker in excess of such instructions.

(D) A broker who, in good faith or otherwise, exceeds his authority is liable for any resulting damages.

(E) A broker that, in good faith, negotiates, or facilitates the formation of a contract in accordance with instructions from both principals; identifies the principals to each other at the time of negotiations, or facilitation; and completes such negotiations or facilitation in accordance with the rules and customs governing such transaction, thereby fulfills all obligations and has no further liability to either principal. The contract so negotiated or facilitated is valid and binding between the Buyer and Seller as if it had been negotiated or facilitated directly between them.

Rule 3. Confirmation of Contracts

(A) Both the Buyer and Seller shall send a written confirmation, each to the other, not later than the close of the business day following the date of trade or an agreed amendment, setting forth the specifications as agreed upon in the original articles of trade, or an agreed amendment. Upon receipt of said confirmation, the parties shall carefully check all specifications therein and, upon finding any differences, shall immediately notify the other party to the contract by rapid written communication, or by telephone confirmed by subsequent written communication

(B) If either the Buyer of the Seller fails to send a confirmation, the confirmation sent by the other party will be binding upon both parties, unless the confirming party has been immediately notified by the non-confirming party, as described in Rule 3(A), of any disagreement with the confirmation received.

(C) When a trade is make through a broker, it shall be the duty of the broker to send a written confirmation not later than the close of the business day following the date of trade to each of the principals setting forth the specifications of the trade. Upon receipt of said confirmation, the parties shall carefully check all specifications therein, and upon finding any differences, shall immediately give notice to the other party to the contract and to the broker. If either party fails to give such notice, the terms and specifications issued by the broker shall govern the contract.

(D) A document or record otherwise complying with this rule shall be effective even though it fails to use the term "confirmation."

Rule 4. Alteration of Contract

The specifications of a contract cannot be altered or amended without the express consent of both the Buyer and the Seller. Any alteration mutually agreed upon between Buyer and Seller must be immediately confirmed by written communication by both parties.

Rule 5. Electronic Communication

These rules may be applied to trades that occur by electronic methods in lieu of conventional paper-based documents. A party to a trade may, in lieu of paper-based documents, transmit or receive from the other party an electronic communication, and such electronic communication shall suffice in lieu of a paper-based document. An exchange of communications between the parties by electronic means constitutes acknowledgement of that means as a viable method of contractual communication.

Rule 6. Advice of Schedules

(A) Application of Shuttle Freight:

(1) The Seller shall furnish the identifying number(s) and identity of the shuttle trip owner to the Buyer for the unit/freight by 12 p.m. Application including all pertinent shuttle information is defined as a phone call from the Seller to the Buyer. The Buyer shall notify the Seller of acceptance or rejection of application by 2 p.m. In the case of rejection, the last Buyer shall also notify the shuttle trip owner by 2 p.m. Acceptance shall be defined as transfer of shuttle trip ownership or naming of a loading origin. Application may not be given on Saturdays, Sundays and legal holidays.

(2) First day of pre-advice is defined as day of accepted application. For pre-advice, a day is defined as a calendar day, including weekends and holidays.

(B) Application Process for Non-Shuttle Freight:

(1) The Buyer, by verbal communication, shall furnish car placement order information to the Seller no later than 2 p.m.

(2) For applicable freight types (e.g. pool) controlled by the seller, it is the responsibility of seller to provide the buyer in a "timely manner" the railroad permit number corresponding with the order or notification that the order has been rejected by the railroad.

(3) For applicable freight types (e.g. cot/voucher), if specific railroad rules assign responsibility to order transfers of freight ownership to the seller, the seller's responsibility ceases at the time of verbal acceptance by the buyer of the specific freight's railroad identification number.

Rule 7. Placement

(A) **Shuttles**

(1) Actual placement is made when a unit is placed at the facility in accordance with instructions of the Buyer.

(2) When actual placement is not possible due to the loading facility's inability to accept the shuttle upon arrival, the Seller's obligation is met.

(3) In the event of equipment substitution by the rail carrier, any new placement times shall be by agreement of the shuttle loader, shuttle trip owner, rail carrier, and primary shuttle owner.

(B) **Non-Shuttle Freight**

The seller is not responsible for actual placement of non-shuttle equipment in the contracted time of shipment. (See failure to perform)

Rule 8. Issuance of Bill of Lading

The shuttle trip owner shall provide a copy of the bill of lading to the Seller and primary shuttle owner within two business days of date of bill of lading.

Rule 9. Failure to Perform

(A) Seller's Non-Performance

If the Seller finds that the Seller will not be able to complete a contract within the contract specifications, it shall be the Seller's duty at once to give notice of such fact to the Buyer by telephone confirmed by subsequent written communication. The Buyer shall then, at once elect either to:

(1) agree with the Seller upon an extension of the contract; or

(2) buy-in for the account of the Seller, using due diligence, the defaulted portion of the contract; or

(3) cancel the defaulted portion of the contract at fair market value based on the close of the market the next business day.

If the Seller fails to notify the Buyer of the Seller's inability to complete the contract, as provided above, the liability of the Seller shall continue until the Buyer, by the exercise of due diligence, can determine whether the Seller has defaulted. In such case it shall then be the duty of the Buyer, after giving notice to the Seller to complete the contract, at once to:

(1) agree with the Seller upon an extension of the contract; or

(2) buy-in for the account of the Seller, using due diligence, the defaulted portion of the contract; or

(3) cancel the defaulted portion of the contract at fair market value based on the close of the market the next business day.

(B) Buyer's Non-Performance

If the Buyer finds that the Buyer will not be able to complete a contract within the contract specifications, it shall be the Buyer's duty at once to give notice of such fact to the Seller by telephone confirmed by subsequent written communication. The Seller shall then, at once elect either to:

(1) agree with the Buyer upon an extension of the contract; or

(2) sell out for the account of the Buyer, using due diligence, the defaulted portion of the contract; or

(3) cancel the defaulted portion of the contract at fair market value based on the close of the market the next business day.

If the Buyer fails to notify the Seller of the Buyer's inability to complete the contract, as provided above, the liability of the Buyer shall continue until the Seller, by the exercise of due diligence, can determine whether the Buyer has defaulted. In such case it shall then be the duty of the Seller, after giving notice to the Buyer to complete the contract, at once to:

(1) agree with the Buyer upon an extension of the contract; or

(2) sell out for the account of the Buyer, using due diligence, the defaulted portion of the contract; or

(3) cancel the defaulted portion of the contract at fair market value based on the close of the market the next business day.

(C) Failure to perform any of the terms and conditions of a contract shall be grounds only for the refusal of such shipment or shipments, and not for recision of the entire contract or any other contract between the Buyer and the Seller.

(D) Railroad Non-Performance for Non Shuttle Freight

For non-shuttle freight failure by the railroad to perform does not constitute a breach of the secondary market contract. In this instance the buyer may seek restitution from the seller through the specific carrier rules addressing non-performance penalties.

(E) This rule does not permit compensation to the defaulting party to a contract.

Rule 10. Payment of Invoice

(A) If the Buyer and Seller agree that payment is to be net cash upon receipt, the invoice shall be due and payable within five (5) business days of receipt, which is considered to be the normal time to clear the paperwork involved.

(B) For shuttle freight, a copy of the bill of lading must accompany the invoice. Payment will be based on the number of cars on the bill of lading.

(C) For non-shuttle freight, payment will be based on the number of cars contracted.

Rule 11. Arbitration

Where a transaction is made subject to these rules in whole or in part, whether by express contractual reference or by reason of membership in this Association, then the sole remedy for resolution of any and all disagreements or disputes arising under or related to the transaction shall be through arbitration proceedings before the National Grain and Feed Association pursuant to the NGFA®Arbitration Rules; provided, however, that at least one party to the transaction must be a NGFA member entitled to arbitrate disputes under the NGFA Arbitration Rules.

Rule 12. Definitions

(A) Business Day

(1) For the purpose of these rules, a "business day" shall be defined as the hours from 8 a.m. to 5 p.m. in Chicago, Illinois, USA excluding Saturday, Sunday and legal holidays. Wherever the term "holiday" or "legal holiday" appears in these rules, or in a contract, it shall mean those scheduled holidays observed by the Chicago Board of Trade, Chicago, Illinois, USA.

(B) **Buying-In**

When the phrase "buy-in" is used in these rules it shall mean an actual purchase of freight of like kind on the open market; provided, that when this is not feasible or would result in undue penalty to the Seller, the Buyer shall have the privilege of establishing a fair market value for the purpose of determining any loss properly chargeable to the Seller.

(C) **Communications**

(1) Written communication, confirmation or notification shall include those communications sent/received by postal mail, courier, or electronic means. The sender shall be responsible for the correct transmission of the message.

(2) Rapid written communication, confirmation or notification shall include those communications sent/received by electronic means. The sender shall be responsible for the correct transmission of the message.

(3) Telephone, verbal or voice communication, confirmation or notification must be confirmed by subsequent written communication.

(D) **Electronic Trading Platform**

The term "Electronic Trading Platform" shall include all systems designed for execution of trades in cash markets on an open, or Internet-based, electronic network.

(E) **Notice; Furnish**

The terms "notice" and "furnish," or any derivatives of these words, when used in these rules shall mean verbal communication when possible, and in all cases by rapid written communication.

(F) **Selling-Out**

Where the phrase "sell-out" is used in these rules, it shall mean an actual sale of freight of like kind on the open market, provided that when this is not feasible or would result in undue penalty to the Buyer, the Seller shall have the privilege of establishing a fair market value for the purpose of determining any loss properly chargeable to the Buyer.

(G) **Time**

When these rules require that an action be taken at or by a specified time of day, then time shall mean the official time provided by the U.S. Naval Observatory applicable in Chicago, Illinois, USA.

(H) **Primary Shuttle Owner**

The owner of the original freight obligation with the rail carrier.

(I) **Shuttle Trip Owner**

The owner of the current shuttle trip.

(J) **Shuttle Loader**

The rail carrier-approved party and/or facility loading the current shuttle trip.

(K) **Railroad Rules**

(1) Shuttle: rules established in tariff form by a specific carrier governing its shuttle freight program.

(2) Non-shuttle: rules established in tariff form by a specific carrier governing its non-shuttle freight program.

NGFA Arbitration Rules

Adopted Oct. 03, 1901
Amended Jan. 01, 1906
Amended Oct. 17, 1908
Amended Oct. 12, 1910
Amended Oct. 16, 1913
Amended Sept. 27, 1916
Amended Sept. 25, 1918
Amended Oct. 15, 1919
Amended Oct. 13, 1920
Amended Oct. 05, 1921
Amended Oct. 03, 1922
Amended Oct. 03, 1923
Amended Oct. 20, 1926
Amended Sept. 26, 1928
Amended Oct. 15, 1940
Amended Sept. 16, 1947
Amended Oct. 11, 1949
Amended Sept. 26, 1950
Amended Sept. 22, 1953
Amended March 14, 1963
Amended March 25, 1971
Amended March 20, 1975
Amended March 23, 1977
Amended March 31, 1978
Amended March 08, 1979
Amended March 23, 1982
Amended March 13, 1984
Amended Sept. 12, 1986
Amended March 27, 1990
Amended March 12, 1991
Amended March 24, 1992
Amended March 23, 1993
Amended March 21, 1994
Amended Sept. 15, 1996
Amended Sept. 08, 1997
Amended Aug. 24, 1998
Amended March 23, 1999
Amended March 31, 2000
Amended March 19, 2002
Amended March 16, 2004
Amended April 01, 2005
Amended March 07, 2006
Amended March 20, 2007
Amended March 28, 2008
Amended March 31, 2009
Amended March 17, 2015
Amended March 15, 2016
Amended March 21, 2017
Amended March 19, 2019
Amended March 31, 2021
Amended March 02, 2023
Amended Feb. 13, 2025
Amended Feb. 26, 2026
Amended Oct. 25, 2026*

Table of Rules

Preamble

Rule 1. Jurisdiction and Scope

Rule 2. Commencing an Arbitration Case

Rule 3. Preparing an Arbitration Case

Rule 4. Timelines Governing the Filing of Arbitration Arguments

Rule 5. Formation of Arbitration Committees

Rule 6. Arbitration Committee Procedures

Rule 7. Appealing an Arbitration Decision

Rule 8. Oral Hearings

Rule 9. Exclusion of Liability; Judicial Proceedings

Rule 10. General Provisions

Preamble

The following Arbitration Rules of the National Grain and Feed Association (NGFA) shall govern the resolution of disputes among its members and those nonmembers subject to these rules. The NGFA Arbitration System provides a fair, cost-effective, and timely way to resolve disputes. These rules are kept current through the review and amendment process specified in the NGFA Bylaws.

Arbitration cases are prepared by the parties involved. Arbitration decisions are based upon evidence and arguments submitted by the parties. Cases are considered by a committee of three arbitrators who have experience in the issues involved and who have no commercial interest in the case.

**The italicized rules contained herein include amendments to the NGFA Arbitration Rules approved by the NGFA Board of Directors on September 25, 2026 (effective October 25, 2026). These amendments are subject to ratification by the NGFA membership pursuant to the NGFA Bylaws.*

NGFA Arbitration Rules

Rule 1. Jurisdiction and Scope

(A) The NGFA Secretary may accept a case involving a dispute between or among the following:

(1) Active members of NGFA (for which arbitration is compulsory under the NGFA Bylaws). For purposes of compulsory arbitration, the term "dispute" shall mean issues involving the storage, processing, manufacturing, merchandising, financing, transportation, or distribution of grain, feed, or feed ingredients within or between the United States, Mexico or Canada; or any issue involving the NGFA Trade Rules.

(2) An Active, Allied, or Transportation member of NGFA and another party, by consent of both parties or by court order. If the contract in dispute provides for arbitration by NGFA or under the NGFA Arbitration Rules, the parties to the contract are deemed to have consented to arbitration under these rules.

(3) Other classes of members accorded arbitration rights under the NGFA Bylaws.

(B) In all cases, at least one party must have been a member of NGFA (pursuant to paragraph A above) at the time the arbitration complaint is filed and when the underlying contract or transaction was agreed upon or formed.

(C) NGFA shall not, except by consent of both parties, assume jurisdiction over (1) transactions between members of the same commodity exchange when such transactions are subject to the terms of such commodity exchange; or (2) transactions subject to the dispute resolution terms in the contracts of the North American Export Grain Association.

(D) Parties subject to these rules shall be deemed to have consented to confirmation and enforcement of arbitration awards in any federal or state court having jurisdiction thereof. This provision shall not be construed to limit confirmation or enforcement of arbitration awards in foreign jurisdictions also having such jurisdiction.

(E) Contract Interpretation: The following general rules of contract interpretation apply in arbitration cases:

(1) Between NGFA Active members, the NGFA Trade Rules apply unless specifically excluded or inconsistent with the express contract terms governing a transaction.

(2) Where the parties have expressly provided for the trade rules of another entity to apply to a transaction in lieu of the NGFA Trade Rules, the other entity's rules will be used to decide the case.

(3) If a contract between a member and nonmember references NGFA Arbitration but does not also reference the NGFA Trade Rules, the NGFA Trade Rules do not expressly govern the transaction but they may reflect general customs and practices of the trade.

(4) A general reference to NGFA rules is deemed to incorporate all rules of NGFA, including the Trade Rules and Arbitration Rules.

(F) The original arbitration complaint must be received by the NGFA Secretary within 12 months after a claim arises, or within 12 months after the expiration date for performance of the contract(s) involved, whichever occurs last.

In cases between a member and nonmember arbitrated pursuant to a court order, the complaint must be filed within 30 days of issuance of the court order, or within 12 months after a claim arises, or within 12 months after the expiration date for performance of the contract(s), whichever occurs last.

Rule 2. Commencing an Arbitration Case

(A) To commence a case, a complaint must be submitted by the plaintiff to the NGFA Secretary using the form available from NGFA. The completed complaint form must state specifically the nature of the dispute, the parties' names and addresses, applicable contract numbers and contract dates, date of incident giving rise to the dispute, and the amount of damages claimed in U.S. dollars. The plaintiff is also to provide a copy of any contracts in dispute and applicable court order. No other documents are to be submitted with the complaint form.

The case shall incorporate the claims in the original complaint as well as any crossclaim, counterclaim, third-party claim, or offset, provided that any matters submitted by crossclaim, counterclaim, or third-party claim must be directly related to the claims in the original complaint. Any such crossclaim, counterclaim, or third-party claim shall be heard as one case with the original complaint. Any crossclaim, counterclaim, or third-party claim must be filed by the defendant at the same time the defendant's answer is due.

(B) The NGFA Secretary will submit to the parties an arbitration services contract, to be signed by an official representative of each party. This contract shall provide that the parties agree to abide by the award of the Arbitration Committee or the Arbitration Appeals Committee; and to release NGFA and the members of said committee(s) from any liability, damage, or loss resulting from their decision or related to the arbitration case.

(C) Upon signing the arbitration services contract, each party must pay an arbitration service fee of 2.5% of the amount of the plaintiff's claims. The NGFA Secretary may assess additional fees later in the case based upon the increased claims (including crossclaims, counterclaims, and third-party claims) by the parties. The minimum arbitration service fee is US$2,500. The maximum arbitration service fee is US$40,000.

If a case is settled prior to the request to the plaintiff for the first argument, the parties may be eligible for a refund of up to 50% of the previously submitted arbitration fees. If a case is settled prior to the request to the plaintiff for the rebuttal, the parties may be eligible for a refund of up to 25% of the previously submitted arbitration fees. In all cases, the NGFA Secretary may reduce refunds by direct or indirect costs incurred by NGFA. For cases settled following submission of the rebuttal, fees are non-refundable. In string trades or other multi-party cases treated as a single arbitration, a party is not required to pay more than a maximum of two arbitration service fees.

(D) Each party must return the completed arbitration services contract within 15 days from the date the party receives it from the NGFA Secretary.

(E) Where a party fails to execute the arbitration services contract or pay the arbitration service fee, the NGFA Secretary may without further submissions by the parties enter a default judgment or such other relief as the NGFA Secretary deems appropriate.

A party against whom a default judgment has been entered under this rule may apply to vacate the default judgment within 15 days of entry of the default judgment by providing:

(1) a verified statement explaining the failure to respond to the complaint and the specific grounds for defense that the defaulting party would present to an Arbitration Committee.

(2) the arbitration service fee in the form of a certified money order, cashier's check, or by wire transfer or other comparable payment mechanism payable to NGFA. Failure to tender the required fee will result in denial of the relief sought by the defaulting party.

(3) the executed arbitration services contract.

The NGFA Secretary may vacate the default judgment based on the defaulting party's submission within 30 days of receipt. A timely request to vacate a default judgment shall stay the time for appeal under Rule 7 of these rules. A judgment entered by the NGFA Secretary shall have the same effect as a judgment entered by an Arbitration Committee.

(F) If all parties to a string trade (a trade in which the same shipment is applied sequentially to multiple contracts by different parties) consent to abide by the ultimate decision, the original plaintiff and ultimate defendant will be permitted to release the parties in the middle of the string from the case.

Rule 3. Preparing an Arbitration Case

(A) In preparing a case for submission to an Arbitration Committee the plaintiff in its first argument and the defendant in its answer are to submit:

(1) A timeline of the facts and circumstances relevant to the dispute.

(2) A concise and clear statement of all claims. The parties are responsible for clearly presenting all aspects of their case. The NGFA Secretary and the Arbitration Committee are not responsible for undertaking fact-finding searches or discovery.

(3) The contract(s), if applicable, including all written evidence, letters, communications, and other supporting documents (including but not limited to shipping directions, bills of lading, affidavits, inspection certificates, etc.) relied upon by a party to establish the terms and conditions related to the dispute.

(4) Proof of market difference when there is a probability of the market difference affecting the parties' claims, for example, because of discounts for grafe, delay in shipment, or non-fulfillment of contract. Proof of market difference may be the price bulletin of the market in question for the date on which the price is to be established. If it is necessary to establish such difference in a market where no price bulletin is regularly issued, other forms of proof should be furnished such as affidavits by disinterested persons.

(B) All evidence and arguments must be clearly presented and organized, including arrangement in chronological order to present a clear history of the case.

(C) The plaintiff's first argument and defendant's answer shall not exceed 15 pages in length, and the plaintiff's rebuttal and defendant's surrebuttal shall not exceed 10 pages (single-sided, double-spaced, 12-point font, excluding exhibits).

(D) Any exhibits included as attachments must be organized with appropriate use of tabbing and should be judicioulsy limited to only what is essential for supporting the parties' arguments.

(E) Six copies of the parties' arguments must be filed with the NGFA Secretary. All papers should be fastened together securely to avoid loss.

Rule 4. Timelines Governing the Filing of Arbitration Arguments

(A) The plaintiff shall have 20 days from the date it receives notification from the NGFA Secretary to file its first argument.

(B) Upon receipt of the first argument from the plaintiff, the NGFA Secretary shall have 20 days to forward to the defendant a copy of plaintiff's first argument.

(C) The defendant shall have 20 days to file its answer (and any crossclaim, counterclaim, or third-party claim) from the date it receives the plaintiff's first argument from the NGFA Secretary.

(D) Upon receipt of such answer (and any crossclaim, counterclaim, or third-party claim) from the defendant, the NGFA Secretary shall have 20 days to forward a copy of same to the plaintiff, who has 10 days from receipt to file a rebuttal to the defendant's answer (and any crossclaim or counterclaim). The plaintiff is not obligated to file a rebuttal.

(E) Upon receipt of any rebuttal, the NGFA Secretary shall have 20 days to forward a copy to the defendant, who has 10 days from date of receipt to file a surrebuttal. The defendant is not obligated to file a surrebuttal.

(F) Upon receipt of any surrebuttal, the NGFA Secretary shall have 20 days to forward a copy to the plaintiff. There shall be no additional arguments filed by the parties related to the claims between the plaintiff and defendant.

(G) In cases involving more than two parties, the NGFA Secretary may adjust the procedure and time periods for filing written pleadings. The NGFA Secretary may, for good cause shown, extend the time limits specified herein for a period no longer than 20 days. Requests for extension of time must be made prior to expiration of the specified time period. Any extension so granted must be in writing, and a copy thereof sent to both parties.

(H) For cases involving a string trade, the time limits established in these rules may be amended by the NGFA Secretary to permit the exchange of arguments between original plaintiff and ultimate defendant.

(I) In addition to default judgments issued pursuant to Rule 2(E), where a plaintiff fails to file its first argument or a defendant fails to file its answer in accordance with the time limits specified in this rule or by the NGFA Secretary, the NGFA secretary may enter a default judgment against the delinquent party.

A party against whom a default judgment has been entered under this rule may apply to vacate the default judgment within 15 days of entry of the default judgment by providing:

(1) a verified statement explaining the failure to timely file the first argument or answer.

(2) the first argument or answer.

The NGFA Secretary may vacate the default judgment based on the defaulting party's submission within 30 days of receipt. A timely request to vacate a default judgment shall stay the time for appeal under Rule 7 of these rules. A judgment entered by the NGFA Secretary shall have the same effect as a judgment entered by an Arbitration Committee.

Rule 5. Formation of Arbitration Committees

(A) Each Arbitration Committee shall consist of three arbitrators selected by the NGFA Secretary.

(B) Each Arbitration Appeals Committee shall consist of five persons selected by the NGFA Secretary from the Arbitration Appeals Panel, which is appointed pursuant to the NGFA Bylaws.

(C) To qualify for appointment as an arbitrator, an individual must be:

(1) an employee, or active partner, principal, officer or director of a NGFA member eligible to arbitrate disputes under these rules. In the event of the absence, resignation, refusal to act or disqualification of an arbitrator, the NGFA Secretary shall fill the vacancy with an eligible member; and

(2) commercially disinterested with respect to the particular dispute. If an arbitrator changes employment or affiliation from one member to another member, the arbitrator must continue to be commercially disinterested or be replaced.

(D) Arbitrators also shall be selected with a view to forming arbitration committees experienced in the type of trade or transaction involved in the case.

Rule 6. Arbitration Committee Procedures

(A) Upon assigning a case to an Arbitration Committee, the NGFA Secretary shall notify each party of the chair and members of the committee. Either party may challenge the appointment of a member of the committee for prejudicial or other causes within 5 days of receipt of this notice. Upon determination that such challenge is valid, the NGFA Secretary will replace such member.

(B) A member of the Arbitration Committee shall disclose to the NGFA Secretary any circumstances that subsequently arise or become known affecting the arbitrator's impartiality, including any bias or financial or personal interest in the case. Upon receipt of any such information from a committee member, the NGFA Secretary shall transmit such information to both parties and replace said member if either party requests such action within 5 days from receipt of such information or after the voluntary withdrawal of such committee member.

(C) The chair of the Arbitration Committee may choose for the Committee to proceed with the case by such means as the chair deems necessary.

(D) A decision of the Arbitration Committee shall be by majority vote.

(E) The Arbitration Committee shall act promptly on all cases submitted. The NGFA Secretary shall transmit the decision of the Arbitration Committee to the parties promptly. Each decision shall contain a concise statement of the pertinent facts and the conclusions of the Arbitration Committee, including the names of the parties involved, the nature of the case, the claims involved, the names of the arbitrators and their reasoning, the award (if any), and such other information as may be of interest.

(F) The Arbitration Committee and/or the Arbitration Appeals Committee may include interest in an award. If the committee elects to award interest, the applicable rates of interest shall not exceed the Prime Rate as published by the Wall Street Journal over the course of the dispute; and the committee shall decide when accrual of interest is to begin and end.

(G) The parties to the arbitration shall file a notice of appeal or comply with the terms of the Arbitration Committee's decision within 15 days from the receipt of said decision.

(H) NGFA shall publish all decisions of Arbitration Committees and/or Arbitration Appeals Committees, as well as default judgments, following conclusion of the appeal process (if applicable). Copies of all NGFA Arbitration decisions are transmitted to the NGFA membership and are accessible to the public through the NGFA website.

Rule 7. Appealing an Arbitration Decision

(A) A decision of the Arbitration Committee or a judgment of default or dismissal issued by the NGFA Secretary shall be final unless appealed by either party. If timely and properly appealed, the case shall be reviewed by an Arbitration Appeals Committee, which may then affirm, modify, or reverse the decision or remand the decision for reconsideration back to the original Arbitration Committee or the NGFA Secretary.

(B) Notice of appeal of a decision of an Arbitration Committee or the NGFA Secretary shall be filed with the NGFA Secretary within 15 days from the date of receipt of the decision. Such notice must be accompanied by:

(1) a statement of reasons for the appeal (6 copies);

(2) a non-refundable appeal fee, payable only by the appellant, that shall be double the amount of the arbitration service fee assessed under Rule 2(C) for the filing of the original case. Unless said fee is deposited, the award of the Arbitration Committee shall be affirmed or the appeal dismissed.

(3) when appealing an award of damages, the appellant shall also include full payment of the award in U.S. dollars by certified, cashier's check, or by wire transfer or other comparable payment mechanism payable to the NGFA.

(C) NGFA shall deposit the appellant's payment of the award received pursuant to Rule 7(B)(3) in an interest-bearing account pending the decision of the Arbitration Appeals Committee or other resolution of the case. Interest accrued (less any deposit-related costs or charges incurred by NGFA) on any arbitration award deposits shall be paid to the party entitled to the principal based upon the decision of the Arbitration Appeals Committee or other resolution of the case.

The party responsible for payment of an award to an adverse party shall remain responsible for any difference between the rate of interest earned while on deposit with NGFA and the rate of interest set forth in a decision by the Arbitration Appeals Committee or other resolution of the case. For example, if the deposit earns a net interest rate of 4% per annum and the rate awarded by the Arbitration Appeals Committee is 9%, then the responsible party shall remain liable for the difference. NGFA shall not have any obligation to the parties regarding the rate of interest earned on any such deposits.

(D) Briefs filed in appeal cases shall be confined only to the facts, documents and evidence contained in the record of the case. Any new documents, testimony or other form of evidence submitted in violation of this rule may be removed from the brief by the NGFA Secretary upon request by a party, and the chairman of the Arbitration Appeals Committee shall instruct the committee to disregard any newly asserted facts, documents or evidence.

(E) The following timeline applies to Arbitration Appeals:

(1) Within 20 days from the receipt of a notice of appeal, the NGFA Secretary shall forward to the appellee, by registered or certified mail, a copy of the appellant's statement of reasons.

(2) Within 20 days from the receipt of said statement of reasons, the appellee shall file a response with the NGFA Secretary.

(3) Upon receipt of the appellee's response, the NGFA Secretary shall assemble a record of the case, indexed and with pages numbered consecutively, including the aforementioned statements of appeal and answer and any other papers deemed pertinent to the case. The NGFA Secretary subsequently shall submit the record of the case to the parties.

(4) Within 10 days of receipt of the record of the case, the appellant shall file 10 copies of a brief of its case with the NGFA Secretary, each argument keyed to facts contained in the record of the case.

(5) Within 7 days of receipt of the appellant's brief from the NGFA Secretary, the appellee shall file its brief, in the same form and number as the appellant's brief.

(6) Upon receipt of the appellee's brief, the NGFA Secretary shall send a copy to the appellant. There shall be no additional briefs or arguments filed by the parties.

(7) The NGFA Secretary may, for good cause shown, extend the time limits specified for the filing of the appellant's and appellee's briefs for a period of no longer than 20 days. Requests for extension of these time limits must be made prior to expiration of the specified time period. Any extension so granted must be in writing, and a copy thereof sent to the parties.

(F) When a case is assigned to an Arbitration Appeals Committee, the NGFA Secretary shall inform the parties of the names of the appeal arbitrators and give notice that a challenge for prejudicial or other causes would be entertained for 5 days from receipt of such notice. Upon a valid challenge being made, the NGFA Secretary must immediately name a replacement to the committee.

(G) The Arbitration Appeals Committee chair shall proceed with the case by such means as the chair deems necessary. On request of either party, the Arbitration Appeals Committee shall hear oral argument but no new evidence shall be heard in the appeal of any case.

(H) There shall be no appeal under these rules from the decision of an Arbitration Appeals Committee. The party or parties to the appeal shall comply with the terms of the Arbitration Appeals Committee decision within 15 days from the receipt of said decision.

(I) Any decision of the Arbitration Appeals Committee must be signed by a majority of the members thereof.

Rule 8. Oral Hearings

(A) Either party may request an oral hearing by prominent and separate written request to the NGFA Secretary within 10 days after receipt by plaintiff of the defendant's surrebuttal in a non-appeal case, and within 10 days after receipt by the appellant of the appellee's brief in an appeal case.

(B) In addition to the standard service fee paid at the outset of the case under Rule 2(C), a party requesting an oral hearing must pay a non-refundable fee in the amount of US$2,500. This fee shall be paid by each requesting party no later than 10 days after the notification from the NGFA Secretary. Failure to do so may be grounds for denying a request for an oral hearing.

(C) The party or parties requesting an oral hearing also must pay the expenses of the Committee and NGFA for the hearing.

(1) The NGFA Secretary shall estimate the amount of such expenses (including a stenographic record and travel and hotel expenses of the arbitrators, NGFA staff, and NGFA's legal counsel) and notify the requesting party in a timely manner.

(2) The party or parties requesting an oral hearing shall advance the amount estimated to cover the hearing expenses. If multiple parties request an oral hearing in the same case, the amount to be paid by each in advance for the estimated expenses shall be split equally among them, but if any of them withdraws its request before paying its share of the estimated expenses, the other(s) shall be responsible for advancing payment of the full amount.

(3) The amount specified shall be advanced by the requesting party or parties no later than 10 days after notification from the NGFA Secretary. Failure to advance expenses may be grounds for denying a request for an oral hearing.

(4) After the committee establishes the actual amount of expenses incurred, the party or parties shall be refunded or billed by the NGFA Secretary for the difference between the amount advanced and actual costs.

(D) The NGFA Secretary shall make the necessary arrangements for the taking of the official stenographic record of the hearing. The stenographic record shall be made a part of the official transcript of the case.

(E) The chair of the committee shall determine a time and a place for the hearing, and the NGFA Secretary shall notify the parties of the date and place selected. Neither party shall seek to postpone the hearing 10 days after such date has been set, unless good cause, satisfactory to the committee, can be shown. In special circumstances when the party or parties requesting an oral hearing fail to respond or cooperate in the planning of the hearing, the chair of the committee and the NGFA Secretary have discretion to cancel the hearing.

(F) For appeal hearings, the appellant shall have one hour for opening statement; appellee shall have one hour and 15 minutes for argument; and the appellant shall have 15 minutes confined to rebuttal argument.

(G) For non-appeal hearings, the chair of the committee shall determine timing of the proceedings.

(H) The introduction of new documents or written evidence at an oral hearing is not permitted.

Rule. 9 Exclusion of Liability; Judicial Proceedings

The parties to an arbitration under these rules release from liability and waive any right to pursue any action or claim against NGFA, NGFA arbitrators, the NGFA Secretary and NGFA's employees and non-employee directors and officers for any act or omission related to any proceeding, conduct or activity in connection with these rules, the arbitration, administration of the arbitration process or the arbitration award. The parties also agree that no party shall seek to make the NGFA Secretary, NGFA arbitrators or NGFA's employees or non-employee directors or officers a party or witness in any judicial or other proceeding related to any arbitration under these rules.

Rule 10. General Provisions

(A) The NGFA Secretary is authorized to make such decisions as are necessary to execute these rules.

(B) Whenever any papers, documents, or pleadings are required to be filed, there should be filed with the NGFA Secretary 6 copies thereof. One copy shall be mailed by the NGFA Secretary to the adverse party. In cases involving more than two parties, the NGFA Secretary may adjust the number of copies required to be filed. This rule shall apply with equal force and effect to the petition, complaint, exhibits, answers, and cross-complaints, and any and all other papers that either party desires to or may be required to file.

(C) In computing time, the first day shall be excluded and the last day included. If, however, the first or last day falls on a Saturday, Sunday, or a national legal holiday, then the next business day shall be considered the first or last day. The final date for filing required documents or papers in any proceedings under these rules shall be midnight of the stated final day.

(D) Registered, Certified or express receipts shall be used to determine the timeliness of any filing in accordance with the several periods of time specified in these rules. As used throughout these rules, the term "filing" shall mean the time at which the document is sent by a recognized trackable delivery service. No extension of time shall be granted for filing a notice of appeal. All time limits placed on the NGFA Secretary shall begin on the date the NGFA Secretary receives the document or request which triggers the obligation.

NGFA Rail Arbitration Rules

These Rail Arbitration Rules were originally adopted by the Association of American Railroads and the National Grain and Feed Association (NGFA) in 1998. Rail Arbitration is not intended to replace private negotiation and resolution of disputes by parties. In all cases, rail users and railroads are encouraged to make reasonable efforts to resolve matters before pursuing formal dispute resolution procedures.

Adopted Aug. 24, 1998
(Effective Oct. 01, 1998)
Amended March 23, 1999
Amended July 13, 1999
Amended March 28, 2003
Amended April 01, 2005
Amended March 20, 2007
Amended March 31, 2009
Amended March 15, 2011
Amended March 19, 2013
Amended April 01, 2014
Amended March 21, 2017
Amended March 19, 2019
Amended March 01, 2024
Amended Feb. 26, 2026

Table of Rules

Rule 1.	Description and Purpose	Rule 4.	Real Estate Leases
Rule 2.	Matters to be Arbitrated	Rule 5.	Amendments
Rule 3.	Substantive Law Unaffected	Rule 6.	Arbitration Services Fees

Rule 1. Description and Purpose

These Rail Arbitration Rules amend and supplement the NGFA Arbitration Rules, which along with these supplementary rules, shall constitute the rules applicable to arbitration of disputes involving the transportation of grain, oilseeds, feedstuffs and/or products derived from grain or oilseeds and designated in Rule 2(D) by a railroad in North America when one or more of the parties to the dispute is a railroad. These Rules and their application shall be enforceable under the provisions of the Federal Arbitration Act at 9 U.S.C. §2, as now existing or hereinafter amended.

Rule 2. Matters to be Arbitrated

(A) A railroad and a rail user may agree to submit any dispute to arbitration before NGFA where at least one party to the dispute is a NGFA member.

(B) Unless either NGFA member that is involved in a dispute has elected to withdraw from these Rail Arbitration Rules, as provided for in Article III, Section D(3) of the NGFA Bylaws, NGFA members shall arbitrate the following disputes arising between railroads and rail users involving rail transportation in the United States upon the filing of a complaint with the NGFA Secretary:

(1) disputes involving the application of a railroad's demurrage rule(s) or term(s);

(2) disputes involving the misrouting of loaded rail cars or locomotives;

(3) disputes arising under receipts and bills of lading governed by 49 U.S.C. §11706 (e.g., Carmack disputes such as loss and damage claims, etc.);

(4) except as otherwise mutually agreed, disputes arising from a contract between the parties for transportation between one or more rail carriers with one or more purchasers of rail services that has become effective under 49 U.S.C.§ 10709;

(5) disputes involving the application of a railroad's special car or equipment program rules (e.g., certificates of transportation, vouchers, pool contracts, etc.);

(6) disputes involving the application of a railroad's general car distribution rules;

(7) disputes involving the mishandling of private cars or locomotives;

(8) disputes involving a lease by a rail user of real property owned by a railroad or railroad affiliate, subject to the limitations set forth in Rule 4;

(9) disputes involving property damage claims arising under or related to a rail sidetrack agreement, whether the sidetrack is owned and/or operated by a rail user member of the NGFA, a railroad or third party. The arbitrators shall decide such a case based upon the express terms of such sidetrack agreement between the parties unless the arbitrators find that the relevant liability provision(s) in such agreement is/are commercially unreasonable. In that event, the arbitrators may decide the case based upon what they find to be commercially reasonable under the facts of the particular case;

(10) (a) Except as provided in paragraph (C) of this rule, specific railroad-rail user disputes involving the reasonableness of a railroad's published rules and practices as applied in the particular circumstances of the dispute on matters related to transportation or service (including demurrage), that otherwise would be subject to the unreasonable practice jurisdiction of the Federal Surface Transportation Board under 49 U.S.C. §10702(2).

(b) In determining whether the application of a particular rule or practice is reasonable, the arbitrators should consider, among other things, (i) the practical effects on the operation of both the railroad and rail user involved, and (ii) whether the rule or practice, or its absence, has a disparate negative impact on either the rail user or the railroad.

(C) Disputes involving the establishment or modification of the following are not subject to arbitration hereunder: (i) a railroad's rates or charges, including rate levels and rate spreads, (ii) whether an industry or station is or should be open or closed to reciprocal switching, (iii) a railroad's credit terms, or (iv) a railroad's car allocation/distribution rules or practices.

(D) The disputes for which a party to the "Agreement on Predispute Consent to NGFA Arbitration" is obligated to arbitrate under paragraph (B) above shall be limited to those involving grain, oilseeds, feedstuffs and/or products derived from grain or oilseeds and designated by the following Standard Transportation Commodity Code (STCC) definitions:

STCC	Description
01 131	Barley
01 132	Corn
01 133	Oats
01 134	Rough Rice
01 135	Rye
01 136	Sorghum Grains
01 137	Wheat
01 139	Grain, NEC
01 141	Cottonseeds
01 142	Flaxseeds
01 144	Soybeans
01 149	Oil Kernels, Nuts or Seeds
01 152	Popcorn
01 159	Seeds
01 191	Fodder Hay or Roughage
01 341	Beans, Dry Ripe
01 342	Peas, Dry
01 343	Cowpeas, Lentils or Lupines
01 992	Alfalfa Meal
20 139 45	Grease, Animal, NEC
20 143	Grease/Inedible Tallow
20 144	Animal Protein Products
20 411	Wheat Flour
20 412	Wheat Bran, Middlings
20 412 90	Mill Run
20 413	Corn Meal or Flour

STCC	Description
20 414	Rye flour
20 416 10	Oat flour
20 418	Grain Mill By-Products
20 419	Flour or Other Grain Mill Products, NEC
20 421	Prepared Feeds
20 442 15	Rice Flour
20 442 20	Rice Bran
20 449	Milled Rice, Rice By-Products, Etc.
20 461	Corn Syrup
20 462	Corn Starch
20 463	Corn Sugar
20 464	Dextrine, Corn, Tapioca or Other
20 465	Corn Oil
20 466	Other Starch
20 467	Wet Process Corn or Similar Mill By-Products
20 469	Wet Process Corn Milling or By-Products
20 471 10	Bird Food or Seed, Domestic
20 511	Bakery Products/Sweepings
20 616 25	Molasses
20 619	Beet Pulp Pellets
20 823	Spent Grains
20 831	Malt
20 832	Malt Flour or Sprouts

NGFA Rail Arbitration Rules

STCC	Description	STCC	Description
20 839	Malt Products	28 126 30	Limestone (for feed use only)
20 859	Distillers By-Products	28 184 19	Ethanol (grain and products derived from grain) [also 28 184 45; 28 184 46; 28 184 47]
20 911 10	Cottonseed Oil		
20 914	Cottonseed Meal or By-Products		
20 921	Soybean Oil	28 184 91	Biodiesel (grain and products derived from grain) [also 28 994 15; 28 994 16; 28 994 25; 28 994 40]
20 923	Soybean Meal and Hulls		
20 923 36	Soapstock (for feed use only)		
20 933	Nut or Vegetable Oils		
20 933	Rice Oil	28 185	Glycerin
20 939	Oil Seed Meals and By-Products, NEC	28 199 10	Dical and Monocal Phosphate
		28 991 12	Salt (for feed use only)
20 939 17	Peanut Meal	28 994	Distillate (fatty acids)
20 942	Fish Meal	37 422	Freight Cars Moving on Own-Wheels
20 961 31	Used Cooking Oil		

The 5-digit STCC categories listed above shall be deemed to include all commodities with codes derived from the 5-digit categories. For example, the STCC 20-939 shall be deemed to include STCC 20-939-39 (Rapeseed or Canola Meal).

(E) A party against whom a complaint has been filed may file a counterclaim or offset, and assert any defense it may have against the plaintiff arising out of the same transaction upon which the complaint is based so long as such claim or defense is one of the issues included in paragraph (B). The NGFA Secretary may, upon application of one of the parties, stay an arbitration pending the resolution of non-arbitrable issues if the NGFA Secretary is satisfied that such a stay will not unfairly prejudice the other party and provided that the applicant is not in default in the arbitration proceedings.

(F) A party shall not be obligated to arbitrate claims seeking more than $600,000 per occurrence, exclusive of interest and legal costs. A party shall not be obligated to arbitrate personal injury claims.

(G) The original complaint in connection with any disputed matter proposed for arbitration under these Rail Arbitration Rules must be filed with the NGFA Secretary within 12 months after the claim arises, or within 90 days after a claim is first rejected by the railroad, whichever occurs last; provided, however, in no event shall arbitration be brought more than 15 months after a claim arises.

Rule 3. Substantive Law Unaffected

These rules do not change substantive law and thus shall not be construed as either creating or limiting the general or specific substantive law applicable to disputes arising between parties to an arbitration case. All decisions rendered pursuant to these rules shall be binding upon the parties as provided for in the NGFA Arbitration Rules, subject to vacation only on such grounds as are set forth in the Federal Arbitration Act at 9 U.S.C.§ 10, as now existing or hereinafter amended.

Rule 4. Real Estate Leases

Real estate leases subject to arbitration under Rule 2(B)(8) of these rules and the standards and limitations applicable to arbitration of such disputes, are as follows:

(A) A dispute involving the application of a lease of real property owned by a railroad or railroad affiliate ("Rail Lessor"), on the one hand, and leased by a rail user member of NGFA which operates a grain elevator, feed mill, processing plant or other agricultural facility, receiving or entitled to receive rail service as provided herein, on the leased premises ("Facility Lessee"), on the other, except for specific disputes arising under Chapter 109, 111 or 113 of Subtitle IV, Part A, Title 49 U.S.C. The arbitrators shall have no authority to modify or refuse to apply the existing terms of a lease in resolving such disputes. Railroad affiliate means any person which succeeds to the real property interest of a Rail Lessor after this provision takes effect if that person continues to provide rail service to a Facility Lessee which is subject to Subtitle IV, Title 49 U.S.C.

(B) A dispute involving termination, expiration or renewal of a lease of real property owned by a Rail Lessor and leased by a Facility Lessee, except for specific disputes arising under Chapter 109, 111, or 113 of Subtitle IV, Part A, Title 49 U.S.C., subject to the following:

(1) The arbitrators shall have no authority to resolve a dispute concerning such termination, expiration, or renewal where:

(a) The lease covers real property which the Facility Lessee has not used to receive or forward rail shipments for a continuous period of 12 months or more, unless such disuse has been caused by any act of force majeure or unwillingness or inability of the serving railroad to provide rail service when reasonably requested to do so;

(b) Notwithstanding the provisions of Rule 4(B)(1)(d), the Facility Lessee is in material default under the terms of the lease, and such default either has not been cured after reasonable notice, or as required by the lease. (This, however, does not preclude the arbitration of the question of whether the Facility Lessee is in material default);

(c) The Rail Lessor's title to the leased premises is reversionary and the reversion has occurred;

(d) The dispute involves a matter other than rental or liability terms;

(e) The Rail Lessor provides an affidavit verifying that it intends to use the premises for rail or rail-related operations that justify non-renewal or termination of the lease; or

(f) The Rail Lessor sells the premises on terms that are the same or more favorable to the Rail Lessor than sale terms presented in writing by the Rail Lessor to the Facility Lessee and not accepted in writing by the Facility Lessee within 30 days.

(2) In the event a Rail Lessor and a Facility Lessee are unable to agree on the rental rate for renewal of a lease of real property, the arbitrators may establish the rental rate. However, the arbitrators may not require the Rail Lessor to accept a rental rate which is less than the fair market rental value of the leased premises based on the highest and best use, but not including the separate value of tenant improvements attributable to the current tenant.

(3) In the event the parties fail to agree to the liability terms proposed for renewal of a lease of real property, either party may submit the liability terms proposed for review to NGFA arbitration. The arbitrators may reject and revise the terms proposed to the extent that they are commercially unreasonable (giving consideration, but not limited, to the nature of the Facility Lessee's operations, the rental rate relative to potential liabilities assumed by each of the parties, and customary commercial real estate practices), or unconscionable. The arbitrators shall not require a party to bear any liability for environmental contamination caused by the other party.

(4) The arbitrators may not require renewal or extension of a lease of real property for a term exceeding 5 years. If, at the expiration of such lease, the Rail Lessor and Facility Lessee are unable to agree on the rental or liability terms for renewal or continuation of the lease, either party may seek prescription of such terms under this paragraph (B) of Rule 4.

(5) The arbitrators in making a decision on the renewal or extension of a lease of real property shall consider whether the Rail Lessor has demonstrated other uses for the property which justify a refusal by a Rail Lessor to renew or extend a lease.

Rule 5. Amendments

The NGFA chairman shall appoint a Rail Arbitration Rules Committee comprised of up to 18 persons who are officers, partners or employees of NGFA-member railroads and rail users. At least one-half of the members of the committee shall be representatives of railroads. It shall be the duty of the committee to consider amendments to the Rail Arbitration Rules and report its recommendations to the membership at any annual meeting or to the NGFA Board of Directors. Changes to these rules shall be approved by the Rail Arbitration Rules Committee before being considered for approval by the NGFA Board or the membership. All Transportation railroad members of the association shall be entitled to vote on changes to the Rail Arbitration Rules at any annual meeting considering the adoption, ratification or amendment of such rules.

NGFA Rail Arbitration Rules

Rule 6. Arbitration Service Fees

The arbitration service fees paid by a disputant under these Rail Arbitration Rules shall be the same as those set forth in the NGFA Arbitration Rules, except that the fees paid by nonmembers under these rules shall be 150% of the fees paid by NGFA members.

Rail Mediation Rules of the National Grain and Feed Association Governing Rate Disputes

1. These rules were originally adopted by the Association of American Railroads and the National Grain and Feed Association in August 1998, and first became effective October 1, 1998. Signatory railroads commit to mediation of certain rate issues with NGFA members, unless such commitment is voluntarily withdrawn.

2. Unless the railroad Associate/Trading member has elected to withdraw from these Rail Mediation Rules as provided for in Article II, Section 3 (f) of the Bylaws, NGFA railroad Associate/Trading members consent to confidential mediation with NGFA Active or NGFA Associate/Trading members who are rail users when a dispute arises regarding the following issues involving the rail transportation of agricultural commodities designated by the Standard Transportation Commodity Code (STCC) definitions referenced in Section 2(c) of the Rail Arbitration Rules of the National Grain and Feed Association:

   a) a dispute involving an allegation of unreasonable discrimination by a rail carrier as to rates charged a rail shipper or receiver for rail transportation;

   b) a dispute involving an allegation that the switching rates, rules or practices of carriers unreasonably bar access of a rail shipper or receiver to markets.

3. The following shall apply to all mediations conducted pursuant to this agreement:

   a) The mediation and any statements made in the mediation process shall be treated as confidential;

   b) All statements made in such a mediation are privileged against use in any other proceeding relating to the dispute, even in cross-examination;

   c) Notes taken by any person at the mediation must be destroyed at the conclusion of the mediation, except for the notes of any final agreement reached by the parties;

   d) Any person(s) serving as a mediator will not be called as a witness or be otherwise involved in any ongoing arbitration or litigation, should the mediation not result in a settlement.

4. **Procedure for Initiating Mediation**: A NGFA Active or Associate/Trading member may initiate a request for mediation on one or more of the issues set forth above by filing a request with the NGFA Secretary. Mediation shall mean an informal, nonbinding conference or conferences between the parties in which a mediator will seek to guide the parties to a resolution of the dispute.

5. **Selection of Mediators:** The parties to a mediation may select any mutually agreeable panel member from the list of mediators maintained by NGFA. If the parties cannot agree or have no particular choice of a mediator, then the names and resumes of three (3) available mediators shall be sent to each of the parties, each of whom may strike up to two (2) names from the list. If more than one (1) name remains after each party acts, then the NGFA Secretary shall select the mediator from the remaining names.

6. **Duration of Mediation**: The mediation process shall continue until the case is resolved or the mediator makes a finding that there is no possibility of settlement through mediation or either party chooses not to continue further.

7. **Costs of Mediation**: The party requesting mediation shall pay a fee of $500 to the National Grain and Feed Association, which shall accompany the request to mediate. Thereafter, each party shall pay their own expenses plus one-half (1/2) of the expenses of the mediation including the mediator's fees. The mediator selected for the mediation shall disclose the basis for calculating his/her fees and expenses upon request by the NGFA Secretary or any party to a mediation.

8. **Limitations of Actions**: Except as otherwise agreed by the parties, the commencement of a mediation under these rules shall not be deemed to toll the statute of limitations as to the claims being mediated.

9. **Term of Agreement:** This agreement is effective for all mediation requests filed on or after October 1, 1998, for those carriers who have voluntarily agreed. A current list of railroad signatories (as of November 1, 2002) is shown below. This agreement shall continue in effect until terminated by the voluntary withdrawal of individual carriers. Railroads may withdraw from this agreement by giving ninety (90) days notice of such withdrawal. Such withdrawal shall become effective ninety (90) days after receipt by NGFA. The following railroads are signatory to the agreement as of November 1, 2002.

Burlington Northern Santa Fe Railway Co.
Canadian National-Illinois Central Railroads
Iowa Interstate Ltd.
Kansas City Southern Railway
Norfolk Southern Corp.
Ohio Central Railroad System
Red River Valley & Western Railroad
Union Pacific Railroad
WATCO Transportation Services