

NGFA Feed Trade Rules

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Preamble: The following rules shall govern all transactions of a financial, mercantile or commercial character connected with feed, including feed ingredients, as defined by the Association of American Feed Control Officials (AAFCO) as now existing or hereinafter amended, 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.

**The italicized rules contained herein include amendments to the NGFA Feed Trade Rules approved by the NGFA Board of Directors on May 20, 2016 (effective June 19, 2016). These amendments are subject to NGFA membership ratification at the March 2017 annual business meeting.*

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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 for others, at least partially on a commission basis, in negotiating, or facilitating the execution of, contracts relative to property of which he 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 him 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 his principals only to the extent of his 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.

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(E) A broker that, in good faith, negotiates, or facilitates the execution of, a contract in accordance with instructions from both principals; that, at the time of negotiations, or the facilitation, advises each principal the name of the other; and that 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.

(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.