

Chapter 30

Cash Trading

Application Of Rules

3000.00	Contracts Subject To Rules.....	3005
3001.00	"Kansas City Terms".....	3005

Time And Place

3005.00	Time Of Trading.....	3005
3006.00	Place Of Trading.....	3005
3007.00	Change Of Time And Place.....	3005

Trading Practices

3010.00	Display Samples.....	3005
3011.00	Disposition.....	3006
3012.00	Reporting Cash Sales.....	3006
3013.00	Fixing Price On Cash Sales Basis Futures.....	3006
3014.00	Principal; Who May Be Names.....	3006
3015.00	Principal; Contracts For Shipment Or Export.....	3006
3016.00	Members May Not Be Both Principal And Agent.....	3006
3017.00	Penalties.....	3006
3018.00	Give Up Name Of Principal.....	3007
3019.00	Only Actual Trades Allowed.....	3007
3020.00	Confirmation.....	3007

Definitions

3025.00	Definition Of Terms.....	3007
3025.01	"Kansas City Market".....	3007
3025.02	"Official".....	3007
3025.03	Kansas City Official Inspection.....	3008
3025.04	Official Laboratories.....	3008
3025.05	Time Of Shipment.....	3008
	a. Immediate, Quick, Prompt	
	b. Ten Days' Shipment	
	c. First Half, Last Half	
3025.06	Contracts Maturing On Saturday, Sunday, Or Holidays.....	3008
3025.07	Inspection Good For Forty-Eight Hours.....	3008
3025.08	Shipments; Boxcars.....	3008
3025.09	Carload Amounts.....	3008
	a. 100,000 Pound Capacity	
	b. 80,000 Pound Capacity	
	c. Spot Grain	
3025.10	Carload Amounts; Adjustments On Default.....	3009
	a. 100,000 Pound Capacity	
	b. 80,000 Pound Capacity	
	c. Adjustment	

Purchases On The Floor

3030.00	Sample And Grade.....	3009
3031.00	Tender; Kansas City Official Inspection Certificate.....	3009
3032.00	Reinspection Or Federal Appeal.....	3009
3032.01	Who May Call For Reinspection Or Federal Appeal.....	3009
3032.02	Notice.....	3009
3032.03	Waiver Of Reinspection Or Federal Appeal; Charges.....	3009
3032.04	Settlement.....	3010
3032.05	Grain Delivered From Elevators.....	3010
3032.06	Federal Appeal; Time.....	3010
3032.07	Rejection.....	3010
3032.08	Expenses; Who Pays.....	3010
	a. Buyer Pays	
	b. Seller Pays	
3033.00	Protein Tests; Certificates.....	3010
3033.01	Recheck Test; Time.....	3010
3033.02	Recheck Test; Expenses.....	3010
	a. Seller Pays	
	b. Buyer Pays	
	c. Other Charges	
3033.03	Appeal — Check Test.....	3011
3033.04	Fresh Sample.....	3011
3033.05	Results.....	3011
3033.06	Second Appeal — Check Test.....	3011
3033.07	Appeal — Check Test; Expenses.....	3011
3034.00	Official Weights.....	3011
3034.01†	Destination Weights Authorized.....	3011
3034.02	Destination Weights; Spot Grain.....	3011
	a. Interest	
	b. Freight	
	c. Overload	
	d. Carload Less Than Minimum Weight	
3035.00	Track Grain; When Title Passes.....	3012
3036.00	Elevators Responsible; When.....	3012
3037.00	Property Sold In Store.....	3012
3038.00	Fixing Price In Disputes.....	3012
3039.00	Rights Of Persons Who Advance Money Against Grain.....	3012

Payment

3045.00	Spot Sales; Time For Payment.....	3013
3046.00	Carload Grain; Time For Payment.....	3013
3046.01	Freight Charges.....	3013
3047.00	Track Grain; Advances.....	3013
	a. On Track At Kansas City	
	b. On Track At Interior Inspection Points	
3048.00	Failure To Give Disposition; Track Grain.....	3013
3049.00	Failure To Give Disposition; Spot Grain And Grain To Arrive.....	3013
3050.00	Bill Of Lading; Deliver.....	3014
3050.01	Seller Liable.....	3014
3050.02	Receipt.....	3014

Grain To Arrive

3055.00	Tender.....	3014
3055.01†	Application Of To Arrive Grain.....	3014
3055.02	Reinspection Or Federal Appeal.....	3014
3055.03	Waiver Of Reinspection Or Federal Appeal.....	3014
3055.04	Rejection.....	3014
3056.00	Grain To Arrive; When Not Applicable On Contracts.....	3015
3057.00	Purchases And Sales To Arrive.....	3015
3058.00	Overload; Transfer Expense.....	3015

Incomplete Delivery

3060.00	Seller; Notice.....	3015
3060.01	Failure To Notify Buyer.....	3015

Prohibited Transactions

3070.00	Wash, Cross, Accommodation, Or Fictitious Trades.....	3015
3071.00	False Price.....	3016
3072.00	Detrimental Acts.....	3016
3073.00	Other Prohibited Activities.....	3016
	a. Not Cheat	
	b. No False Report	
	c. Not Willfully Deceive	
	d. Not Bucket	
	e. Not Extort	
	f. Not Manipulate	
	g. No False Business Reports	
	h. No False Market Reports	
3074.00	Prohibitions.....	3016
	a. Report False Sales	
	b. Accounting Contrary To Commission Rules	
	c. Consideration To Influence Shipments	
3075.00	Advertising.....	3017

Margins

3080.00	Right To Margins.....	3017
3081.00	Form Of Contracts.....	3017
3082.00	Deposits; How Made.....	3018
3082.01	Status Of Deposit.....	3018
3082.02	Time Of Deposit.....	3018
3083.00	Margin Call; Failure To Deposit.....	3018
3083.01	Notices.....	3018
3084.00	Return Of Deposits.....	3018
3085.00	Disputes.....	3018
3086.00	Reduction Of Deposits.....	3019
3087.00	Values; How Determined.....	3019

Commission Charges

3088.00	Discretion On Fees.....	3019
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Chapter 30 – Cash Trading

3089.00	Classes Of Trades.....	3019
3089.01	Broker; Defined.....	3019
3090.00	Commissions.....	3019
	a. Commissions On Consignments	
	b. Commissions On Diversions	
	c. Carlots To Storage Facility	
3091.00	Brokerage Business.....	3020
3091.01	Seller To Pay Brokerage.....	3020
3091.02	Prohibition; Exception.....	3020
3092.00	Interest On Advances.....	3020
3093.00	Charges.....	3020
3093.01	Grain Sold.....	3020
3093.02	Grain Bought.....	3020
3093.03	Additional Charges.....	3021
	a. Documents	
	b. Later Sale	
3094.00	Traveling Men.....	3021

Resolutions

RES 30-3010.00-1 Cash Trading; Display Samples
RES 30-3046.00-1 Cash Trading; Freight Charges
RES 30-3092.00-1 Cash Trading; Interest

Interpretations

INTRP 30-3012.00-1 Cash Trading; Reporting Cash Sales
INTRP 30-3025.09-1 Cash Trading; Carload Amounts, Adjustments
INTRP 30-3032.00-1 Cash Trading; Reinspection Or Federal Appeal
INTRP 30-3032.00-2 Cash Trading; Reinspection Or Federal Appeal
INTRP 30-3032.00-3 Cash Trading; Reinspection Or Federal Appeal
INTRP 30-3032.08-1 Cash Trading; Expense (Reinspection)
INTRP 30-3046.00-1 Cash Trading; Carload Grain, Time Of Payment
INTRP 30-3047.00-1 Cash Trading; Track Grain, Advances
INTRP 30-3092.00-1 Cash Trading; Interest

Arbitrations

ARB 30-3032.03-1 Final Sale; Kansas City Grades, Liability
ARB 30-3057.00-1 Contract Terms; "Market Scale" Discounts Or "Market Discounts Lower Grades"

Chapter 30

Cash Trading

Application Of Rules

3000.00 Contracts Subject To Rules. All contracts of a member, a firm having a member as a general partner, or a corporation having a membership representation for the purchase and sale of grain or transactions incident to the cash grain business proper, are contracts subject to the rules of the KCBT.

Note: Contracts subject to the rules of the KCBT include all contracts entered into on the floor of the KCBT and all other contracts entered into by members in which the parties mutually agree to be so bound. See INTRP 1-185.00-1.

3001.00 "Kansas City Terms." All sales made for shipment from this market subject to "Kansas City Terms" shall be subject in all respects to the rules and regulations of the KCBT.

Time And Place

3005.00 Time Of Trading. The hours for cash trading shall be between 9:30 A.M. and 1:15 P.M. on all regular trading days.

3006.00 Place Of Trading. The place of cash trading shall be the Cash Section of the KCBT floor.

3007.00 Change Of Time And Place. The time and place of trading may be changed by resolution of the Board of Directors.

Note: See Rules 233.01 m, Holidays; 233.01 f, Trading Time And Place; 234.00, War Powers; and 235.00, Other Emergency Powers.

Trading Practices

3010.00 Display Samples. All carlot samples of grain for sale must be displayed on the trading floor, except for late inspections.

Notes: 1. See RES 30-3010.00-1.
2. By custom cars to be sold on the floor based on inspection at origin or in route, may be sold without samples displayed, provided the inspection certificate is available for inspection.

3011.00 Disposition. All cars of grain sold on this market must be ordered for disposition on the day the grain is sold unless otherwise agreed by the parties.

3012.00 Report Cash Sales. All sales of inbound track grain, seeds, or millfeed made on the KCBT floor must be reported in writing to the Cash Market Reports Committee by the member making the sale within fifteen (15) minutes after sale is made. All sales of cash grain made after the closing hour must be reported in writing to the Cash Market Reports Committee by the seller within fifteen (15) minutes after the opening hour on the next succeeding business day. Any violation of this rule will be subject to a fine of \$5.00 for the first offense, and \$10.00 for the second or any succeeding offense pursuant to chapter 33.

- Notes:
1. See INTRP 30-3012.00-1 for spot sales which must be reported.
 2. See Rule 249.00, Market Reports Committee; see RES 2-249.00-1.

3013.00 Fixing Price On Cash Sales Basis Futures. The price on all purchases of cash grain to arrive or sold spot on the trading floor, when sold basis the futures, must be fixed by the close of the market on the next business day following the date of the contract.

3014.00 Principal; Who May Be Named. In no case shall a member, for such member's own account or through any other person acting in such member's behalf, use or give as a principal on any trade or contract, the name of any person not a member, the name of any firm unless one of the general partners is a member, or the name of any corporation unless one of the executive officers is a member.

3015.00 Principal; Contracts For Shipment Or Export. On contracts for grain for shipment or for export made by a member through a broker in accordance with the rules governing brokerage transactions, such broker so contracting may, if desired, give up to the member for whose account the contract has been made, the name the principal even though such principal is not a member, provided that such principal is acceptable to the member.

3016.00 Members May Not Be Both Principal And Agent. No member is allowed under any circumstances, knowingly and willfully, to be both principal and agent in any transaction in any of the commodities dealt in under the rules of the KCBT (except when futures are exchanged for cash property). Furthermore, no members in any transaction in any of the commodities dealt in under the rules of the KCBT shall allow themselves knowingly and willfully, directly or indirectly, either by such member's own act or by the act of an employee, or of a broker or other member to be placed in the position of agent for both seller and buyer (except when futures are exchanged for cash property).

- Notes:
1. The selling of consigned grain to a party having a joint account with the seller of the grain is regarded as a violation of this rule (June 22, 1922, Notice To Membership).
 2. Consignments of grain to this market must be offered on the open market and sold at the best price obtainable for the shipper. It is a violation of these rules to use consigned grain in endeavoring to secure controllable for the shipper. It is a violation of these rules to use consigned grain in endeavoring to secure concessions for outbound shipments of other grain or for any other purpose. This covers either exchange of cash grain for cash or cash grain for futures, unless the transaction is made only for one party (May 6, 1943).

3017.00 Penalties. On conviction by the Business Conduct Committee of any member, firm, or corporation of the violation of Rule 3016.00, such member shall be subject to disciplinary action at the discretion of the Business Conduct Committee after a fair hearing of all the facts presented in the case.

Note: See Chapter 33 for disciplinary procedure and appeal which may be taken to the Board of Directors.

3018.00 Give Up Name Of Principal. Any person claiming to act as a broker shall be required to name such member's principal during the session at which the trade was made, or at the time the trade was made if demanded. A broker failing to do so shall be held responsible for such trade at the option of the party with whom the trade has been made, and the broker shall also be liable for the acceptance of such trade by the principal.

Note: See Rule 3089.00, Brokers; Defined.

3019.00 Only Actual Trades Allowed. Only actual trades shall be allowed to be made, and no arrangements for the purchase or sale of commodities shall be entered into except where it is intended there shall be an actual receipt or delivery of the property so bought or sold. Any member entering into any arrangement in which it is understood that there shall be no actual receipt or delivery, but that only the difference shall be settled between the parties, reporting any false or fictitious sales, making any such sales, giving out any fictitious reports concerning the state of the market, or otherwise violating the provisions of this rule, shall, upon conviction, be subject to disciplinary action pursuant to Chapter 33.

3020.00 Confirmation. Whenever a member acting on his or her own behalf or as the representative of a firm or corporation shall have made a purchase or sale for another party for future delivery of contract grades of commodities dealt in on the KCBT, such member, or the firm or corporation of which the member is the representative, as the case may be, shall notify the party for whom such purchase or sale was made of the price, the name and address of the party with whom such purchase or sale was made, if requested, and the date, the commodity, and the terms of delivery. Such notice must be in writing and must be given the day of the purchase or sale. Noncompliance with the requirements of this rule shall be deemed uncommercial conduct and subject to the disciplinary procedures set forth in Chapter 33.

Definitions

3025.00 Definitions Of Terms. These definitions will apply whenever used in these rules and shall apply to all contracts subject to the rules of the KCBT unless altered by mutual agreement of the parties.

3025.01 "Kansas City Market." The term "Kansas City Market" shall mean all points and places within the Kansas City switching district as described in railroad tariffs lawfully on file with the Interstate Commerce Commission.

3025.02 "Official." Whenever the word "official" appears in connection with a required weight or grade certificate within the rules of the KCBT, such term shall be deemed to mean:

- a. An official certificate issued by or under the authority of the Federal Grain Inspection Service; or
- b. A weight or grade certificate issued by or under the authority of a recognized supervising authority such as a state agency.

The phrase "Kansas City Official" shall include a weight or grade certificate issued by the Federal Grain Inspection Service, the State of Kansas, or the State of Missouri.

Note: This rule shall become applicable May 1, 1981, or on such later date as the Federal Grain Inspection Service may ban

the use of the word "official" except as specified by regulation.

3025.03 Kansas City Official Inspection. Wherever in these rules the term "official inspection" or "Kansas City Official Inspection" occurs, it shall be understood to mean inspection or reinspection by the Kansas State Grain Inspection Department Laboratory, or the Missouri Grain, Feed, and Seed Warehouse Division Laboratory, subject to appeal to the Federal Grain Supervision, U.S. Department of Agriculture. Sampling and grading functions incident thereto shall be performed by these agencies within the confines of the particular delivery location market and evidenced by an "Official Sample-Lot inspection Certificate" as defined in the U.S. Grain Standards Act.

3025.04 Official Laboratories. The Kansas State Grain Inspection Department Laboratory and the Missouri Grain, Feed, and Seed Warehouse Division Laboratory are designated as official laboratories for the purpose of furnishing protein tests of wheat, and all adjustments between buyer and seller shall be made on the basis of official laboratory tests.

3025.05 Time Of Shipment. In making contracts, a specific time in which shipment or delivery is to be made shall be mentioned. Any given number of days shall mean calendar days, excluding date of sale, in which to load and ship grain from the date of the receipt of full shipping directions at point of shipment.

- a. **Immediate, Quick, Prompt.** When the words immediate, quick, or prompt are used to specify time of shipment, the following meanings shall be implied: "Immediate", three (3) days; "Quick", five (5) days; "Prompt", ten (10) days.
- b. **Ten Days' Shipment.** Where no specification as to time of shipment is named in the contract, ten (10) days' shipment shall apply.
- c. **First Half; Last Half.** First half of the month shipment shall be construed as meaning the first fifteen (15) days, including February, and the last half of the month shipment shall mean the remaining days.

3025.06 Contracts Maturing On Saturday, Sunday, Or Holidays. When a contract shall mature on a Saturday, Sunday, or a legal holiday, delivery on such contract shall be made on the preceding business day. No property shall be tendered on any day on which the Board of Trade shall hold no session.

3025.07 Inspection Good For Forty-Eight Hours. No sale of grain on grade or tender of grain sold on grade shall be considered regular after forty-eight (48) hours from time of official inspection (as defined by these rules) of said grain.

3025.08 Shipments; Boxcars. Unless otherwise mutually agreed all shipments shall be made in boxcars.

3025.09 Carload Amounts. When grain is sold by carload, the seller shall have the privilege of loading the amounts shown below:

- a. **100,000 Pound Capacity.** If no size car is specified or a 100,000 pound capacity car is specified, a carload of shelled corn, wheat, sorghum, soybeans, rye, or barley shall be 110,000 pounds to 120,000 pounds, and of oats, 88,000 pounds to 96,000 pounds.
- b. **80,000 Pound Capacity.** If an 80,000 pound capacity car is specified, a carload of shelled corn, wheat, sorghum, soybeans, rye, or barley shall be 88,000 pounds to 96,000 pounds, and of oats, 80,000 pounds to 88,000 pounds.

c. **Spot Grain.** In the case of spot grain, a carload shall consist of the contents of the cars.

Note: See INTRP 30-3025.09-1.

3025.10 Carload Amounts; Adjustments On Default. In case of default, the contract shall be adjusted on the following basis:

- a. **100,000 Pound Capacity.** If no size car is specified or a 100,000 pound capacity car is specified, a carload of shelled corn, wheat, sorghum, soybeans, rye, or barley shall be 110,000 pounds, and of oats, 88,000 pounds.
- b. **80,000 Pound Capacity.** If an 80,000 pound capacity car is specified, a carload of shelled corn, wheat, sorghum, soybeans, rye, or barley shall be 88,000 pounds, and of oats, 80,000 pounds.
- c. **Adjustment.** If the seller loads more or less than the amount specified in Rule 3025.09 in the size car contracted for, the buyer shall accept it on contract and adjust the shortage or surplus between actual weights and the amounts shown in paragraphs a. and b. of this rule, at the current afternoon market price at the close of the day the car is unloaded.

Purchase On The Floor

3030.00 Samples And Grade. Purchasers of commodities sold in carlots on the open board during trading hours, on which samples are exposed, shall be deemed to have purchased by sample and grade.

3031.00 Tender; Kansas City Official Inspection Certificate. Purchasers of commodities bought from members may have the cars tendered as a delivery on such contracts when evidenced by a Kansas City Official Inspection Certificate.

3032.00 Reinspection Or Federal Appeal. Purchasers of carlots shall have the privilege of calling for reinspection or federal appeal by 1:00 P.M. the second succeeding business day after the car is purchased. If on account of loading, or for any other cause, a proper sample cannot be obtained (the certificate of the sampler or inspector to that effect shall be proof sufficient), the purchaser shall so notify the seller by 1:00 P.M. of such second day, and the time for calling reinspection or federal appeal shall then extend to such time as proper sampling can be made, provided the car remains within the jurisdiction of the Board of Trade.

Note: See INTRP 30-3032.00-1; INTRP 30-3032.00-2; and INTRP 30-3032.00-3.

3032.01 Who May Call For Reinspection Or Federal Appeal. In all cases where the buyer questions the grade of a car, either buyer or seller may call for reinspection or federal appeal.

3032.02 Notice. The other party shall be notified at once in all cases of calls for reinspection or federal appeal.

3032.03 Waiver Of Reinspection Or Federal Appeal; Charges. If the car is shipped beyond the jurisdiction of the KCBT before a proper sample (Rule 3032.00) is secured, the purchaser shall be deemed to have waived the right to sampling and readjustment. Any charges accruing on account of inability to secure such sample shall be paid by the seller.

3032.04 Settlement. Whenever reinspection or federal appeal is called for on a purchase and sale, except on grain to arrive (for rule governing grain to arrive, see Rule 3055.02) or on grain to be delivered from Kansas City elevators (Rule 3032.05), such transaction shall be completed on the basis of the reinspection or federal appeal at a price conforming to the average market difference between the original sample and grade and the sample and grade in reinspection or federal appeal inspection.

3032.05 Grain Delivered From Elevators. Purchasers of grain to be delivered from elevators shall receive in fulfillment of such contracts only the grade purchased.

3032.06 Federal Appeal; Time. If either buyer or seller is dissatisfied with the reinspection grade, either party may call for federal appeal. The party desiring federal appeal shall call for same by 2:00 P.M. the same day the parties to the contract view the reinspection, if done so before 12:00 noon that day. If viewed after such time, federal appeal may be called by 12:00 noon the next succeeding business day.

3032.07 Rejection. Any car shall be subject to rejection which is unevenly loaded by having grain of inferior quality so placed in the car as to attempt to conceal such grain. Evidence of such must appear on a federal appeal certificate by the following notation: "This grade is based on a material portion of inferior grain located in...", or words to the same effect. Any car containing fire-burnt grain or carrying a smoke odor shall not be considered merchantable or applicable on any sale under these rules.

3032.08 Expenses; Who Pays. The expenses of reinspection or federal appeal shall be paid as follows:

- a. **Buyer Pays.** If reinspection or federal appeal, when called by the buyer, sustains the original inspection, or if on final inspection a sufficient change is made within the grade to cause a premium to be paid, the reinspection or federal appeal charges and all expenses that may accrue as the result of the call must be paid by the buyer.
- b. **Seller Pays.** If the grade is lowered on final inspection from the original inspection, or if on final inspection a sufficient change is made within the grade to cause a discount in price, the seller must pay such inspection fees and all other expenses that may accrue from the call.

Note: See INTRP 30-3032.08-1.

3033.00 Protein Tests; Certificates. Certificates of protein tests of wheat offered for sale on the open board during trading hours must be exhibited and made part of the trade.

3033.01 Recheck Test; Time. Purchasers of wheat upon the open board on which a protein test certificate is exhibited may call for a recheck test. In such cases, the purchaser must request a recheck test of the seller, in writing, before 1:00 P.M. the second succeeding business day following purchase. The seller shall, when so requested, file an order for a fresh sample of the car with the laboratory which made the original protein test. The laboratory making the check test is to report the result of the protein test to the seller.

3033.02 Recheck Test; Expenses. The expenses of the recheck test shall be paid as follows:

- a. **Seller Pays.** If the recheck test is more than 0.12 of one percent below that of the original test, the

cost of the recheck shall be paid by the seller.

- b. **Buyer Pays.** If the recheck test is within 0.12 of one percent of the original test or higher than the original test, the recheck charge shall be paid by the buyer.
- c. **Other Charges.** Demurrage charges, etc., accruing because of obtaining a recheck test are to be assessed with recheck charges.

3033.03 Appeal — Check Test. The seller or the purchaser may call for an appeal protein test within forty-eight (48) hours from the time the result of a recheck test has been submitted to the purchaser.

3033.04 Fresh Sample. In order to obtain an appeal — check test, the seller may, and on written request by the purchaser shall, file an order for a fresh sample of the car with each of the two (2) official laboratories marked "appeal — check test".

3033.05 Results. The two (2) laboratories shall report the result. If the two (2) tests are within 0.16 of one percent of each other, the average of the two (2) tests will be the appeal — check test.

3033.06 Second Appeal — Check Test. If, on the first samples submitted, the two (2) official tests are not within 0.16 of one percent of each other, then the part of the sample retained by the two (2) official laboratories shall be marked "second appeal — check test" and tested. If again the variation in tests exceeds 0.16 of one percent, the average of the four (4) tests will be the appeal — check test.

3033.07 Appeal — Check Test; Expenses. If the appeal — check test is within 0.12 of one percent of the recheck test, or higher, the charges shall be assessed against the appellant; if more than 0.12 of one percent under the recheck test, the charges shall be assessed against the appellee.

3034.00 Official Weights. All contracts and all spot sales for bill of lading delivery shall be settled on Kansas City Official Grades, and on the Official Weights of this market, except that settlement may be made on shipper's sworn weights when so agreed between purchaser and seller at the time of sale. If settlement is made on shipper's sworn weights, the same shall be furnished to the purchaser at Kansas City within ten (10) business days from date of sale. It will be a violation of this rule to trade on shipper's weights if the seller does not know that shipper's affidavit can be furnished and has so informed the buyer. If in the opinion of the Board of Directors a sufficient emergency exists, the Board of Directors may permit, by resolution, the acceptance of designated destination weights instead of Kansas City Official Weights in fulfillment of contracts.

3034.01† Destination Weights Authorized. Official Weights determined at any destination point may be accepted instead of Kansas City Official Weights in fulfillment of contracts subject to these rules and until further action of the Board of Directors, railroad tack scale weights obtained in the Kansas City switching district and evidenced by a statement in writing by the railroad company obtaining such weights shall be deemed Official Weights of this market in fulfillment of contracts subject to Rule 3034.00 (as adopted by Board of Directors' Resolution, April 11, 1947).

3034.02 Destination Weights; Spot Grain. Whenever the Board of Directors shall permit the acceptance of destination weights, the following terms shall apply to sales of spot grain made subject to such weights:

- a. **Interest.** Interest as provided by Rule 3092.00 shall be charged to the time of payment of the original invoice, as set forth in Rule 3046.00.
- b. **Freight.** Freight charges on dockage shall be paid by the seller to the price basing point.
- c. **Overload.** In case a car of grain contains an amount in excess of that permitted by the applicable carrier's tariff and a transfer of all or part of the load is made at any point short of the final destination because of such overload, the expense incurred by reason of such transfer shall be charged to the seller, unless otherwise agreed.
- d. **Carload Less Than Minimum Weight.** In case a car of grain contains less than the minimum weight provided by the applicable carrier's tariff to protect the lowest applicable rate, the seller shall be responsible to the price basing point for the additional freight assessed because of such underloading; except, if a car is stopped for transit short of the price basing point and unloaded, the minimum weight to apply will be the applicable minimum weight published in the carrier's tariff to protect the transit operator for the use of such tonnage to the original price basing point without penalty.

3035.00 Track Grain; When Title Passes. Title to grain sold on track in carload lots shall remain in the seller until payment has been made therefor. On grain ordered to elevators, mills, or warehouses on which the purchaser has paid seventy-five percent (75%) of the contract price, the seller shall on receipt of said amount, immediately endorse the same as a payment upon any document showing title in some other person, and on failure to do so, the title of said grain shall be deemed to have passed to the purchaser at the time said payment is made.

3036.00 Elevators Responsible; When. Elevators, mills, and warehouses shall be deemed to hold the grain in trust, and shall be responsible for all damages thereto from the time it is placed in such elevator, mill, or warehouse, or on tracks adjacent thereto.

3037.00 Property Sold In Store. On contracts for property sold in store, without special agreement as to the delivery, the property shall be deliverable before 2:30 P.M. the day of the sale, or before 11:00 A.M. the next business day. No property shall be tendered between the hours of 11:00 A.M. and 1:00 P.M. except by special agreement. In case of the tender of property during the temporary absence of the purchaser from the purchaser's place of business, notice of such tender shall be left at that office, and the purchaser shall have the right to call for the same and pay for it within one (1) hour thereafter, provided, such call shall not be made later than 2:30 P.M. the same day.

3038.00 Fixing Price In Disputes. In the event of dispute or controversy involving the sale of grain, grain products, or seeds, within the terminal district of Kansas City, where the parties to the dispute or controversy are unable or fail to agree upon some other method of price fixation, the price shall be determined by a sale of the grain, grain products, or seeds in controversy by the Secretary of the Board of Trade or by whom the Secretary may appoint, at a public auction on the trading floor of the Board of Trade during regular market hours, and after not less than twenty-four (24) hours' written notice or notice by telegraph to the parties involved, of such intended sale. The sale so made shall be final and binding.

3039.00 Rights Of Persons Who Advance Money Against Grain. All persons who may advance any money or have any interest in any grain sold, either on a regular session of the Board of Trade or by private trades, shall notify in writing the persons buying said grain of the nature and extent of their interest in the proceeds of the grain and then look to the buyer for an accounting. If this notice is not given in writing at or before the time the grain is sold and ordered, the buyer shall pay to the person selling the grain the net proceeds of same and shall not be held liable for any advance or lien on said grain from any other parties from any cause whatever.

Payment

3045.00 Spot Sales; Time For Payment. Deliveries on spot sales for shipment shall be made by tender of an invoice accompanied by an expense or due bill, an order or lading for the car, and an inspection certificate. Payments shall be due upon such delivery by 2:15 P.M. the next succeeding business day after the sale provided reinspection is not requested, and in that event, it shall be due by 2:15 P.M. the third business day after the sale.

3046.00 Carload Grain; Time For Payment. Unless otherwise specifically agreed upon, all bills for carload lots of grain, mill feed, or seeds, when accompanied with the proper papers and presented to the purchaser before 10:45 A.M., must be paid that day before 12:30 P.M. Bills presented after 10:45 A.M. must be paid not later than 11:30 A.M. the next following business day. Members, whose offices are in Kansas City located other than at 4800 Main Street, receiving invoices by the morning mail prior to 10:45 A.M., shall pay to the seller on the floor of the KCBT or leave a check for the same at the Office of the Secretary before 12:30 P.M. the day of the receipt of the invoice. The foregoing is to be maintained on a year-round basis.

Note: See INTRP 30-3046.00-1.

3046.01 Freight Charges. On grain, millfeeds, seeds, or soybeans sold on track and ordered to elevators, mills, or warehouses, the seller shall instruct the inbound railroad to collect freight charges from the unloading elevator, mill, or warehouse. The seller shall allow all freight charges except inbound switching charges on the invoice, and the buyer shall promptly furnish the seller a copy of the paid inbound freight bill.

Note: See RES 30-3046.01-1.

3047.00 Track Train; Advances. On all grain sold or applied on contract on track at origin or any inspection point, including Kansas City, the seller may draw an advance of ninety percent (90%) of contract price, less discounts and less unpaid freight charges based on billed weights and on presentation of proper papers as follows:

- a. **On Track At Kansas City.** A railroad notice of arrival showing the billed weight, a duly signed railroad disposition order showing that the car has been properly ordered as directed, and the original Kansas City Inspection Certificate.
- b. **On Track At Inferior Inspection Points.** A duly signed railroad bill of lading showing that the car has been properly ordered as directed, and the original inspection certificate.

Note: See INTRP 30-3047.00-1; INTRP 30-3046.00-1; and INTRP 30-3092.00-1.

3048.00 Failure To Give Disposition; Track Grain. In the event of the purchaser's failure to give disposition of track grain within twenty-four (24) hours after purchase, and on grain bought to arrive within twenty-four (24) hours after notice of inspection by delivery of sample, the seller may demand payment on shipper's or railroad weights, on delivery of the bill of lading properly endorsed, subject to readjustment upon Kansas City Official Weights.

3049.00 Failure To Give Disposition; Spot Grain And Grain To Arrive. If the purchaser of spot grain fails to give the seller disposition by 4:00 P.M. the day the transaction is made, or if a purchaser of grain to arrive, on receipt of proper notification of arrival, fails to order the same before the free time has expired, any additional charges that accrue shall be paid by the purchaser. Any additional charges that accrue on account of a seller holding a car beyond the free time limit before disposing of the same shall be paid by the seller.

3050.00 Bill Of Lading; Delivery. On cars sold for bill of lading delivery, request for the bill of lading must be made by 2:00 P.M. the day of the transaction. When such request has been duly made, it is the duty of the seller to place the bill of lading at the disposal of the buyer by 2:30 P.M. The buyer is then bound to make payment by 2:45 P.M. If buyer desiring the bill of lading delivery fails to request the bill of lading of the seller by 2:00 P.M. of said day, the buyer assuming all charges accruing on account of the delay in requesting the bill of lading of the seller. If, however, for any reason the seller delivers the bill of lading to the buyer after 2:30 P.M., the seller shall be deemed to assume the risk for the value of the bill of lading.

3050.01 Seller Liable. Failure of the seller to deliver the bill of lading or such papers as will enable the buyer to get delivery of the car when proper request has been made for the same, shall make the seller liable for any additional charges and loss that may accrue.

3050.02 Receipt. Purchasers shall, if requested, give a receipt to the seller for such shipment papers or bills of lading as may be delivered to them.

Grain To Arrive

3055.00 Tender. Purchasers of grain by grade to arrive may have the cars tendered as a delivery on such contracts when evidenced by a Kansas City Official Inspection Certificate.

3055.01† Application Of To Arrive Grain. Initial application of to arrive country run grain on contracts subject to the KCBT rules must be made a minimum of one (1) hour prior to expiration of demurrage free time. Subsequent applications of the same car need not be accepted less than thirty (30) minutes prior to the expiration of demurrage free time (as adopted by Board of Directors' Resolution, June 24, 1980).

3055.02 Reinspection Or Federal Appeal. The purchaser may call for reinspection or federal appeal by 1:00 P.M. the second succeeding business day from the time of regular tender. In case of change of grade, the contract price shall be adjusted in accordance with the contract terms, basis the new grade. If on account of loading, or for any other cause, proper sample cannot be made (the certificate of the inspector to that effect shall be proof sufficient), the time for reinspection or federal appeal shall then extend to such time as proper sampling can be made, provided the car remains within the jurisdiction of the KCBT.

Note: See INTRP 30-3032.00-2.

3055.03 Waiver Of Reinspection Or Federal Appeal. If such car is shipped beyond the jurisdiction of the KCBT before such sample is secured, the purchaser shall be deemed to have waived the right to reinspection or federal appeal. Any charges accruing on account of inability to secure such sample shall be paid by the seller.

3055.04 Rejection. Any car shall be subject to rejection which is unevenly loaded by having grain of inferior quality so placed in the car as to attempt to conceal such grain. Evidence of such must appear on a federal appeal certificate by the following notation: "This grade is based on a material portion of inferior grain located in...", or words to the same effect. Any car containing fire-burnt grain or carrying a smoke odor shall not be considered merchantable or applicable on any sale under these rules.

3056.00 Grain To Arrive; When Not Applicable On Contracts. Grain bought to arrive that has been shipped prior to the date of sale, or grain in store at destination, shall not be applicable on contracts except when so specified or with the consent of the buyer.

3057.00 Purchases And Sales To Arrive. On purchases and sales of grain to arrive, the seller shall have the privilege of delivering single cars of such property as they arrive, and such contracts shall be filled within two percent (2%) of the total amount unless otherwise specified by contract at time of sale. Unless otherwise agreed by the parties, the settling price for over or under delivery shall be the market price on the day after the last car is unloaded based upon the official close of the futures market on said day.

Note: This rule applies to priced purchase and sale grain contracts to arrive; however, the parties may agree on another method to settle overfills and underfills of unpriced or basis contracts (August 16, 1977, Membership Circular).

3058.00 Overload; Transfer Expense. In case a car of grain, millfeed, or seeds shipped to this market contains an amount in excess of that permitted by the initial carrier's tariffs and a transfer of part or all of the load is made on account of such overload, the expense incurred shall be charged to the seller, regardless of where such transfer may be made.

Incomplete Delivery

3060.00 Seller; Notice. When the seller finds that completion of a contract for delivery is not possible within the agreed limit, it shall be the duty of the seller at once, to advise the buyer by telephone or telegraph; whereupon it shall be the duty of the buyer at once, to elect either to:

- a. Agree with the seller upon an extension of the contract;
- b. After having given twenty-four (24) hours' notice to the seller to complete the contract, the buyer will buy-in the defaulted portion of the contract within the next business day; or
- c. After having given twenty-four (24) hours' notice to the seller to complete the contract, the buyer will cancel the defaulted portion of the contract within the next business day.

3060.01 Failure To Notify Buyer. If the seller fails to notify the buyer of the inability to complete the contract as provided in Rule 3060.00, the liability of the seller shall continue until the buyer, by the exercise of due diligence, can determine whether the seller has defaulted. The buyer shall immediately:

- a. Agree with the seller on an extension of the contract to cover the deficit;
- b. After having given twenty-four (24) hours' notice to the seller to complete the contract, the buyer will buy-in the defaulted portion of the contract within the next business day; or
- c. After having given twenty-four (24) hours' notice to the seller to complete the contract, the buyer will cancel the defaulted portion of the contract within the next business day.

Prohibited Transactions

3070.00 Wash, Cross, Accommodation, Or Fictitious Trades. It shall be a violation of these rules to enter into

or confirm the execution of any transaction, if such transaction is of the character of, or is commonly known to the trade as a "wash trade", "cross trade", "accommodation trade", or is a fictitious sale.

Note: It is a violation of this rule for a member to give a name and thereby make accommodation trades, offsetting two (2) opposed trades for the purpose of concealing the true nature of the crossed transactions.

3071.00 False Price. It shall be a violation of these rules to enter into or confirm the execution of any transaction if such transaction is used to cause any price to be reported, registered, or recorded which is not a true and bona fide price.

3072.00 Detrimental Acts. It shall be a violation of these rules if a member is or has engaged in conduct that is detrimental to the best interest of the KCBT, impairs the good name of the KCBT, or is inconsistent with just and equitable principles of trade.

Note: See Rule 408.02†

3073.00 Other Prohibited Activities. No member in connection with any order or contract for or on behalf of any person shall:

- a. **Not Cheat.** Cheat, defraud, or attempt to cheat or defraud such person;
- b. **No False Report.** Willfully make or cause to be made to such person any false report or statement thereof, or willfully to enter or cause to be entered for such person any false record thereof;
- c. **Not Willfully Deceive.** Willfully deceive or attempt to deceive such person by any means whatsoever in regard to any such order or contract, the disposition of or execution of any such order or contract, or in regard to any act of agency performed with respect to such order or contract for such person;
- d. **Not Bucket.** Bucket such order, fill such order by offset against the order(s) of any other person, willfully and knowingly become the buyer in respect to any selling order of such person, become the seller in respect to any buying order of such person, or knowingly trade with or be associated with persons engaged in such activities;
- e. **Not Extort.** Be guilty of any extortion or attempted extortion, or of any fraudulent, corrupt, uncommercial, or dishonest practices in any business dealings with members or others;
- f. **Not Manipulate.** Attempt to manipulate the prices of grain or other commodities, or corner or attempt to corner any grain or other commodities;
- g. **No False Business Reports.** Be guilty of making or circulating any false or slanderous reports relative to the business affairs of other members, or relative to the officers, appointees, and committees of the KCBT, or the general management of the market; and
- h. **No False Market Reports.** Knowingly disseminate any false, misleading, or inaccurate report concerning crop or market information or conditions that affect or tend to affect the price of any commodities in interstate commerce or otherwise.

3074.00 Prohibitions. Every member of the Board of Trade, and every person, firm, or corporation admitted to trade or to do business on the KCBT shall not:

- a. **Report False Sales.** Make or report any false or fictitious sales or purchases; or
- b. **Accounting Contrary To Commission Rules.** Resort to any method of accounting, directly or indirectly, in violation of or contrary in purpose and effect to a strict adherence to regular established rules of the Board of Trade; or
- c. **Consideration To Influence Shipments.** With intent to evade the rules directly or indirectly, pay or give, or offer to do so, any money or other consideration of whatsoever nature to any person to procure or influence shipments or consignments of grain.

Note: Violation of this rule is subject to disciplinary action in accordance with Chapter 33.

3075.00 Advertising. It is a violation of these rules for a member, directly or indirectly, to present or give, during any one (1) calendar year, any article which has a retail value in excess of \$5.00.

Margins

3080.00 Right To Margins. On time contracts, purchasers shall have the right to require of sellers, as security, ten percent (10%) margins, based upon the contract price of the property bought, and further security, from time to time, to the extent of any advance in the market value above said price. Sellers shall have the right to require as security from buyers ten percent (10%) margins on the contract price of the property sold, and in addition, any difference that may exist or occur between the estimated value of any such property and the price of sale.

3081.00 Form Of Contracts. On purchase or sale of commodities for which shipment or delivery extends beyond ten (10) days from date of contract, said contract shall state that either buyer or seller may call for margins to the market value, and release such margins to the market until final adjustment has been made. All such contracts shall contain the following:

It is agreed that either party to this contract may call for a marginal deposit to the market, same to be released when market justifies. In cases wherein more than one contract has been made, deposit call and subsequent calls for the releasing of same shall not exceed the net aggregate difference owing by one party to the other on all contracts open and subject to this rule.

Said margin shall be deposited with the Treasurer of the Board of Trade and shall be subject to the rules of The Board of Trade of Kansas City, Missouri, Inc., governing the depositing and releasing of margins. Margins must be deposited within 24 hours as herein provided; legal holidays in either buyer's or seller's place of business shall not be counted. Non-residents of Kansas City, Missouri, may remit by telegraphic transfer, or by mail remittance if preceded by telegraphic notification from (his or their) local bank that such remittance has been made.

In case marginal deposit call to the market is not deposited and official notice of same is not received within 24 hours, as hereinbefore provided, the party thus calling shall have the privilege to cancel all contracts covered by such margin call at the general market value, or to resell or rebuy, at his or their option, under prompt telegraphic advice, charging difference or loss to the defaulting party, said amount to be due and payable at once.

All margins shall be immediately released upon faithful performance of the contract.

A committee of three shall be appointed by the chairman, to whom all disputes as to a proper marginal price, or any other feature connected with cash margins shall be referred.

3082.00 Deposits; How Made. All such margins shall be deposited with the Treasurer who shall issue certificates in duplicate, not transferable, for all such deposits. Said certificate shall state by whom the deposit was made, for whose security the same is held, that the deposit has been made under the rules of the Board of Trade, and is payable upon the return of the certificate or its duplicate duly endorsed by the parties to the contract(s) (Rule 3084.00), or on the order of the Chairman of the Board of Trade, as provided by Rule 3085.00.

3082.01 Status Of Deposit. All deposits so made shall be held to have been made as security for the faithful fulfillment of any contracts made or to be made between the parties during the time the deposit shall remain unpaid. Either party to a contract may demand that the certificate shall express the particular contract upon which the deposit shall have been made and, in such case, the deposit shall be applicable only to the settlement of that contract.

3082.02 Time Of Deposit. The party depositing securities or margins shall, within one (1) hour from the time such deposit shall be called, deposit with the Treasurer, or with the party calling for such deposit, the duplicate certificate for the same in the form as provided for in Rule 3082.00.

3083.00 Margin Call; Failure To Deposit. Should any party called on fail to deposit security or margin called within the next banking hour after the call, the party making the call shall have the right, if the seller, to sell the property for the account of the delinquent. Such resale shall be for the same delivery as was named in the original contract. If the party making the call is the buyer, the buyer shall have the right to repurchase the property for the account of the delinquent, deliverable at the time named in the original purchase. In either case, the party making the call shall at once communicate to the delinquent the action taken, and all losses or damages on such defaulted contracts shall be at once due and payable the same as though said contract had fully matured. The party so calling may, however, elect to permit the contract to stand, in which case no notice to that effect shall be necessary to the delinquent.

3083.01 Notices. All notices for the call of margin, or of the closing of contracts under Rule 3083.00, may be served on the party called either in person, by leaving a written notice at the party's place of business, or may be served in person upon the party's authorized representative. In case the party called upon shall not be known to have a regular place of business, a written notice left in the Office of the Secretary shall be deemed sufficient.

3084.00 Return Of Deposits. On the fulfillment or settlement of any contract, or on the closing of any contract under the provision of Rule 3083.00 on which deposits have been made when the full adjustment of all differences relating to the same shall have been affected, the deposits shall then be payable to the party depositing the same. The joint endorsement of both parties upon the certificate shall be sufficient authority to the Treasurer to pay the same to the holder of the certificate.

3085.00 Disputes. In case of failure between the contracting parties to adjust and settle their respective claims on the deposit within three (3) business days after the maturity of all contracts on which the deposit is applicable, the matter in dispute shall on the application of either party be submitted to the Compliance Committee. The Committee shall without unnecessary delay summon the parties before them and hear such evidence under oath as either may wish to submit concerning their claims to the deposit. The Committee shall be a majority decide and report to the Chairman, in writing, in what manner and to whom the deposit is payable, either wholly or in part. The Chairman shall endorse on either original or duplicate certificate an order for the payment of such deposit in accordance with the decision of said Committee. Such order shall be sufficient warrant to the Treasurer to pay the same in accordance with such order.

3086.00 Reduction Of Deposits. In case it should occur, that by reason of changes in the market, or of delivery

on, or settlement of a portion of contracts on which margins or securities have been deposited, that a larger sum remains on deposit than is contemplated by Rule 3080.00 on then existing, unadjusted contracts between the parties, and either party to such contract should refuse to release such excess of the deposit, the Chairman is authorized, on a representation of the fact, and admission or proof that such excess ought to be released, to order such release and payment to be made to the party to whom it rightfully belongs. The Chairman shall endorse an order to that effect on either the original or duplicate certificate(s) issued for such deposits. In case of such disagreement, no surrender of the deposits shall be ordered until the Board of Directors shall have first estimated and determined the value of the property covered by any contract on which the deposit has been made and on which a default has occurred, on the day of such default, in case either party shall request such decision. No surrender shall be ordered pending any arbitration concerning the rights of the parties to the said contract(s), or in case the party refusing to adjust the dispute shall signify willingness to submit the matter to arbitration.

3087.00 Values; How Determined. In determining the value of property under these rules, its value in other markets, or for manufacturing or consumptive purposes in this market, together with such other facts as may justly enter into the determination of its value, shall be considered, irrespective of any fictitious price it may at the time be selling for in this market. Such value, for marginal purposes, in case of disagreement shall be determined by the Cash Margin Committee who shall communicate their decision to the parties in interest through the Chairman and Secretary.

Commission Charges

3088.00 Discretion On Fees. Commissions or charges permitted to be charged by these rules shall be in such amounts as the members shall charge in their discretion. The imposition of commissions or charges shall not violate these rules.

3089.00 Classes Of Trades. For the purpose of making charges for services performed by members, there shall be but three (3) classes of trades:

- a. Trades between members;
- b. Trades between members where at least one (1) of the members is acting as the agent of another member; and
- c. Trades between members and non-members.

3089.01 Broker; Defined. A cash broker is defined to be a member who buys and sells grain, not for the broker's own account, but as the agent of another member, who is actively engaged in business on the KCBT, where the names of the principals are announced on the making of the contract, and the broker at no stage of the transaction becomes the actual owner of the grain.

3090.00 Commissions. Commissions are chargeable on the following:

- a. **Commissions On Consignments.** Commissions shall be charged on grain sold on consignment on this market.
- b. **Commissions On Diversions.** On all shipments of incoming grain against which money has been

advanced by a member directly or indirectly, either upon draft or for inspection fees, freight, or other incidental charges, then in the event the member is instructed to turn over the grain to another party, or to divert it to some other point, the member shall be entitled to a fee for services rendered together with interest on the money advanced from date of the advance until reimbursement; provided however, that where such grain is shipped on contract and refused by the buyer, and the buyer is instructed to turn the grain over to another member to be sold as a consignment, then the diversion commission shall be waived and the shipper shall be charged only a regular selling commission.

c. **Carlots To Storage Facility.** On carlots of grain shipped direct to a storing facility, the shipper shall designate the resident member firm to handle the shipment.

3091.00 Brokerage Business. Purchases of grain in the country by any member for the account of any other member, or for any firm or corporation who may be represented by membership, may be considered as brokerage business.

3091.01 Seller To Pay Brokerage. In the absence of any agreement to the contrary, the seller shall pay brokerage.

3091.02 Prohibition; Exception. Buying or selling on brokerage of sample track grain for shipment is prohibited, and the buying and selling on salary of sample track grain for shipment is also prohibited, unless both employer and employee are members.

3092.00 Interest On Advances. On all grain consigned to any member, or to any firm or corporation duly represented in its membership, or bought by any member thereof, or by any such firm or corporation, and shipped to Kansas City, subject to either Kansas City Weights or Inspection, or both Kansas City Weights and Inspection, the receiver or purchaser, as the case may be, shall charge interest on any sum advanced on such consignments or purchases to the time of contract application, sale, or reimbursement.

Note: See RES 30-3092.00-1; INTRP 30-3092.00-1.

3093.00 Charges. Charges other than commissions shall include the charges set forth in Rules 3093.01 through 3093.03.

3093.01 Grain Sold. On grain sold for a commission charge, in addition to the commission, all legitimate expenses, such as demurrage, sampling, weighing, inspection, storage, insurance, exchange, interest, elevation, etc., incurred in the handling of and caring for such grain shall be charged to the party(s) for whom the property is handled; it being the intent of this rule that the net amount received for performing the service shall be the commission.

3093.02 Grain Bought. On grain bought for a commission charge, in addition to the commission, the expense incurred for transferring such grain shall be charged to the party(s) for whom the grain is handled. On all grain bought by any member, any firm, or corporation duly represented in its membership and shipped to Kansas City, subject to either Kansas City Weights or Inspection, or both Kansas City Weights and Inspection, all legitimate expenses such as weighing, inspection, etc., incurred in handling and caring for the grain shall be charged to the seller.

3093.03 Additional Charges. Additional charges which may be assessed include:

- a. **Documents.** If a shipper of grain requests the preparation of necessary documents, including the issuance of warehouse receipt(s) as a basis for loans, an additional fee may be charged.
- b. **Later Sale.** If stored grain or any part thereof is later sold through a member firm, a full consignment commission may be charged at the member's discretion.

3094.00 Traveling Men. Rule 3074.00 shall not prevent the regular employment by members of traveling men, but shall prohibit a division of commission with traveling men who are not members.

Resolutions

RES 30-3010.00-1 Cash Trading; Display Samples

Transit Notation

The seller, on all grain sold on the trading floor, shall advise the buyer by notation on the pan ticket or otherwise of any previous transit. If the seller fails to do so, the buyer shall be entitled to assume that the grain purchased is country-run grain which has not previously had any transit privilege. If the seller shall advise the buyer that grain has had a certain number of previous transit stops, the buyer shall be entitled to rely on such representation (August 22, 1940).

RES 30-3046.01-1 Cash Trading; Freight Charges

Interstate Rates

In order to secure a uniform trading basis and to protect the integrity of proportional and transit billing and because of the present lack of uniformity between interstate and local, or intrastate billing, all floor purchases of cash grain or grain products, and all purchases of cash grain or grain products to arrive, subject to the rules of this Board of Trade, and all other cash grain transactions made under the rules of this Board of Trade, shall be on the basis of interstate rates. This means that the seller shall allow to the buyer charges including full legal interstate rates as published by the carrier and on file with the Interstate Commerce Commission, except that where it is conclusively shown that grain or its products move wholly within the State of Kansas, or wholly within the State of Missouri, and are not reshipped on proportional or transit billing, then the transaction may be on the basis of the state rates (August 26, 1920).

RES 30-3092.00-1 Cash Trading; Interest

Rate Of Interest

Until further action of the Board of Directors, the rate of interest that shall be charged on sums advanced on consignments and purchases subject to Rules 3090.00b., 3092.00, 3093.01, and 3093.02 or to finance grain taken on delivery for customers shall be one (1) per centum per annum higher than the existing prime rate charged by major Kansas City banks (March 18, 1969).

Interpretations

INTRP 30-3012.00-1 Cash Trading; Reporting Cash Sales

Question: Does Rule 3012.00 require the posting of "spot sales" made on cars of grain physically located at different inspection points outside Kansas City as well as cars actually located in the Kansas City inspection market?

Answer: The reporting of cash sales provided in Rule 3012.00 applies only to cars of inbound grain, seed, or millfeed physically located in the switching limits of Kansas City and which are displayed and sold on the trading floor of the Board of Trade (June 28, 1977).

INTRP 30-3025.09-1 Cash Trading; Carload Amounts, Adjustments

Question: Company A sold Company B 56,000 bushels of 2 yellow corn at a price basis Kansas City freight with current 11¢ shrink balance basis Fort Smith, Arkansas. Company A's contract stated first official weights and grades and Company B's contract stated official grades and official or railroad weights. The cars were to be billed to Kansas City.

The Western Truck Line tariff 330 has a minimum weight if diverted to Fort Smith of 90,000# per car. However, if unloaded in Kansas City, this minimum weight does not apply. Two (2) of the cars applied were less than 90,000#, and Company B took bill of lading delivery and diverted them south of Kansas City. Company B billed Company A back for freight on 90,000# minimum

The Interpretation of Rules Committee was asked to rule whether Company A should be forced to pay the freight on 90,000# minimum, since had the cars unloaded in Kansas City, the shrink billing would have applied even though the cars were below the minimum.

Answer: In the situation described, the seller is liable for the freight difference in question. That is, the seller is liable for the minimum freight to Kansas City (February 1, 1974).

INTRP 30-3032.00-1 Cash Trading; Reinspection Or Federal Appeal

Question: An interpretation of Rule 3032.00 was requested pertaining to calling for reinspection or federal appeal when the car is ordered to the industry on a date following purchase.

Answer: Rule 3032.00 is specific in stating that such reinspection or federal appeal may be called "by 1:00 P.M. of the second succeeding business day after the car is purchased." The date of the order does not extend this time limit in any manner. Therefore, the time limit would expire at 1:00 P.M. of the second business day after purchase (May 11, 1960).

Interpretations

INTRP 30-3032.00-2 Cash Trading; Reinspection Or Federal appeal

Question: Do Rules 3032.00 and 3055.02 pertaining to reinspection or federal appeal within forty-eight (48) hours apply to hopper cars with plastic or other type covers?

Answer: When a buyer accepts delivery of a hopper with plastic or other cover on contract, the buyer is bound by the forty-eight (48) hour limitations of Rules 3032.00 and 3055.02 (November 15, 1966).

INTRP 30-3032.00-3 Cash Trading; Reinspection Or Federal Appeal

Question: May a buyer be protected by obtaining reinspection or federal appeal at the buyer's unloading facility in Kansas City? This usually involves a car of grain sold on the floor which is of questionable quality and in danger of further deterioration, where the buyer is seeking protection.

Answer: Such reinspection or federal appeal may be accomplished within Rule 3032.00. The rule provides that if the buyer actually calls for a reinspection or federal appeal at the time of sale or within the time permitted in the rule, the buyer may designate the place where the sampling is to occur. Under the rule if a sample cannot be obtained due to loading transit delays, "or for any other cause", the time for calling is extended, and the actual sampling may occur after the car is placed and is at the buyer's facility (February 10, 1976).

INTRP 30-3032.08-1 Cash Trading; Expense (Reinspection)

Question: A ruling was requested on the following situation:

A carload of soybeans arrived in Kansas City trading #2 Yellow Soybeans, 55.5# test, 13.8% moisture, 0.5% damage, 1.0% FM, 8.0% splits.

The buyer of the car called a reinspection. The reinspection grade is #2 Yellow Soybeans, 56# test, 14% moisture, 2.0% damage, 2.0% FM, 8.0% splits.

The buyer then called a federal appeal. The federal grade is #2 Yellow Soybeans, 56# test, 13.8% moisture, 1.6% damage, 1.8% FM, 9.0% splits.

Who should pay the cost of the reinspection or federal appeal?

Answer: Whenever in a reinspection official certificate or a federal appeal certificate the only change in the grade certified to is an increase of FM and no other discount factor, the increase of FM is considered a reduction of the total amount payable for the respective carload which is considered as a price discount. As such, reinspection or federal appeal inspection charges are to be paid by seller (April 29, 1969).

Interpretations

INTRP 30-3046.00-1 Cash Trading; Carload Grain, Time Of Payment

Question: 1. Does Rule 3046.00 apply to the retainage of a specific car, or cars when advances have been paid under Rule 3047.00 at the stated requirement?
2. If it is decided that Rule 3046.00 applies to Question 1, what constitutes "proper papers" in this instance? Specifically referring to weight certificates, the question was asked if a contracting party is entitled to originals of all documents, or just those copies that a particular party can supply?

Answer: 1. Time of payment set forth in Rule 3046.00 applies both to advances and final payment.
2. Proper papers include copies or originals of weight certificates, copies or originals of grade certificates, but the original of the shipper's order bill of lading must be presented (January 15, 1979).

INTRP 30-3047.00-1 Cash Trading; Track Grain, Advances

Question: An interpretation was requested on the following language, "the seller may draw an advance up to eighty percent (80%) of the contract price," of Rule 3047.00 prior to its amendment changing the amount to ninety percent (90%). The question was directed specifically to grain purchased on a Gulf basis.

Answer: An allowable advance of eighty percent (80%) of the delivered contract price less applicable freight charges, if any, is proper. If Gulf freight is prepaid, then an eighty percent (80%) advance of the delivered Gulf price is in order. If freight is not prepaid, then the eighty percent (80%) advance applies to the delivered contract price less freight from origin to the Gulf (October 26, 1976).

Note: This Interpretation applies to Rule 3047.00 after amendment increasing the amount of the advance to ninety percent (90%).

INTRP 30-3092.00-1 Cash Grain; Interest

To clarify Rule 3047.00 covering advances on track grain and Rule 3092.00 involving interest charges and to promote uniformity and speedy adjustment of business disputes, the following interpretation is rendered:

1. No interest shall be charged on money paid on the purchase of a spot cash commodity transaction.
2. Interest shall be charged on advances made on carlots of commodities purchased by contract until cars are applied on contract with an official inspection in accordance with the contract terms. No interest shall be charged after such application.
3. Interest shall be charged on advances paid on consignments until the time of reimbursement to the consignee (November 15, 1966).

Arbitrations

ARB 30-3032.03-1 Final Sale; Kansas City Grades, Liability

- Issues:
1. Is a car of spot grain in Kansas City with Official grades that is sold on this grade and diverted out of town, a final sale or not?
 2. If the Kansas City grade is not final, what is the liability of the seller in disposing of a car of grain that appears to be out of condition at destination? (Did seller handle the car at the least possible cost when he disposed of it?)

- Findings:
1. Unless there is a contractual agreement to the contrary between the buyer and seller, all cars diverted from Kansas City spot market are sold with Kansas City grades as final.
 2. In this instance, the buyer made no attempt to handle the car on any other basis, help find a buyer or in any way reduce seller's expenses.

The seller appears to have moved the car and disposed of it in what he felt was the best possible way under the circumstances. The seller's difficulties appear in part to have been caused by the buyer's wrongful rejection. The seller's judgment and the resulting costs cannot be questioned (February 15, 1977).

ARB 30-3057.00-1 Contract Terms; "Market Scale" Discounts or "Market Discounts Lower Grades"

Issue: What do the terms "market scale" or "market discounts lower grades" mean?

Finding: These terms or similar terms on any contract cannot be construed as the basis for adjusting the base price of a contract. These terms only apply to the individual grading factors as defined by the USDA standards. This scale of discounts can only be determined on the floor of the Kansas City Board of Trade on any given day (March 13, 1975).