Southwest Grain
Hedge-To- Arrive
Policy on Rolling and Canceling

Effective Date: November 1, 2018

Rolling

Rolling a contract to a forward delivery will not be allowed.

Cancellation

Seller has an obligation to deliver the agricultural commodity described in the agreed upon Hedge-To-Arrive contract. Seller has to make every possible effort to deliver. Southwest Grain will require all production to apply to contract before the balance of the contract can be cancelled.

It is not Southwest Grain's desire to have a Hedge-To-Arrive contract cancellation policy, but due to circumstances beyond anyone's control a procedure needs to be in place to offset Hedge-To-Arrive contracts against the corresponding future month before the first notice date. Southwest Grain will require a copy of the crop insurance adjustment report and may ask for farm acreage verification from the Farm Service Agency before determining that the undelivered balance of the contract be eligible for cancellation.

Cancellation of a Hedge-To-Arrive contact: Service charge of $.10 a bushel plus or minus the futures differential against the same month /year will be assessed. The offsetting future price will be agreed upon collectively between both parties during Southwest Grain's business hours coinciding with futures exchange(s) trading hours.

Cancellation approval

Regional Manager or Grain Division Manager must approve all contract cancellation.

Other

It is the seller's responsibility to monitor this contract and market conditions. If a seller doesn't establish a basis by the contract's final pricing date Southwest Grain will establish a basis off of the then-cash bid. Seller will be obligated to deliver the cash contract.