

Southwest Grain
Basis Fixed Grain Purchase Contract
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 Basis Fixed 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 Basis Fixed contract cancellation policy, but due to circumstances beyond anyone's control a procedure needs to be in place to offset Basis Fixed contracts against the corresponding local cash bid for the same delivery timeframe. 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 Basis Fixed contract: Service charge of \$.10 a bushel plus or minus the basis differential against the same time period the original contract was written for. The offsetting basis price will be agreed upon collectively between both parties during Southwest Grain's business 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 futures by the contracts final pricing date Southwest Grain will establish a futures price off of the closing futures on the last day established on the contract. Seller will be obligated to deliver the cash contract.