

CENTRAL  
**STOCKYARDS**  
FED CATTLE EXCHANGE

**FORWARD CONTRACT AUCTION – TERMS & CONDITIONS**

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- I. All flat price fed cattle forward contract listings are subject the standard Central Stockyards terms and conditions referenced in a different document on this website at <https://centralstockyards.com/terms-and-conditions/>
- II. Payment terms: Buyer shall pay for cattle before the close of business on the day following the determination of the purchase price by electronic means or by depositing a check in the U.S. mail addressed to the Seller or its Agent. Payment, at Buyer's option, to either Seller or its Agent shall constitute full and complete payment hereunder. No payment will be made until all pricing is complete and total settlement due has been determined.
- III. Liens: As part of the payment process, Buyer will perform a lien review of the Seller (Payee) to comply with the Federal Foods Security Act. If a lien (whether, or not perfected) is found through this review, such lienholder(s) will become an addition payee on the settlement payment. Seller authorizes Buyer to make settlement jointly with the Seller and such lienholders.
- IV. This Central Stockyards Fed Cattle Exchange forward contract is subject to the Additional Terms and Conditions, which are incorporated herein by reference.**
  1. All cattle shall be delivered in good and merchantable condition and suitable for immediate slaughter to produce meat for human consumption. All death loss, railers, and condemners shall be the responsibility of Seller. Title and risk of loss shall pass to Buyer after final grading. If Seller fails to deliver cattle during the delivery period, regardless of the reason for failure, and losses and/or expenses incurred by Buyer as a result of the failure to deliver (including, without limitation, the amount by which the prevailing market price on the date the cattle should have been delivered exceeds the contract price for such undelivered cattle plus expenses of collection, including attorney's fees incurred by Buyer) shall be for Seller's account and reimbursed to Buyer by Seller.
  2. A minimum fed cattle contract head count is 30 head. A shortage of up to 1 % of the head count on any contract will be acceptable for contracts written for 100 head or more. A shortage of 1 head will be acceptable for contracts written for 99 head or less.
  3. Cattle cannot be priced until they are in the finishing feedyard.
  4. Seller shall price all basis price cattle by notifying Buyer prior to the first day of the \*(CME live cattle futures contract month) applicable to the transaction, or the day the cattle are delivered to Buyer, whichever is earlier. If Seller fails to set the CME live cattle futures price, Buyer will set the price on the last day of the \*\*(Pricing Period) by executing a trade within the closing trade range on the CME.
    - a. \*CME Live Cattle Futures Contract month (Feb, Apr, Jun, Aug, Oct, and Dec) means the month for live cattle trading on the CME used to establish pricing.
    - b. \*\* Pricing Period (Jan, Mar, May, Jul, Sep, and Nov) means the month prior to CME Live Cattle Futures Contract month, all contracts must be priced on or before the last business day of the Pricing Period.

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5. In the event Buyer is unable to execute trades because of locked limit situation at the CME close, the price will be set on the next opportunity for Buyer to execute enough trades necessary to price all outstanding live cattle futures contracts. The average of these executed trades will be used to price the outstanding basis contracts.
6. To guarantee a fill, the market must trade through price requested by the Seller.
7. Payment will not be made until the entire head count on the contract is priced. If there are multiple prices, the average of all prices will be used as the average contract price. This average contract price will be used for payment calculations.
8. Approval or rejection of the purchase will be made within twenty (20) days of the date of receipt of the executed contract by Buyer.
9. This contract (i) contains the entire agreement between the parties; (ii) shall supersede any forms used by Seller; (iii) cannot be amended or varied except by mutual written agreement; and (iv) shall be binding on heirs, successors and assigns of the parties.
10. Definitions - as used herein, the following terms shall have the meaning as set forth below:
  - a. Live weight - the weight of the live cattle purchased at point of delivery under normal weighing conditions.
  - b. Hot carcass yield percent - a guaranteed carcass yield percentage as designated herein.
  - c. Dressed price - the price computed by dividing the live price per cwt. by the hot carcass weight.
  - d. Hot carcass weight - the weight of the hot carcass after slaughter final inspection.
  - e. Choice grade/select grade - shall include, without limitation to, USDA classifications and grades based on composite evaluation of the conformation and quality of carcasses (i.e. no roll, heiferette, stag, etc.).
  - f. Yield grade - identification of carcasses for differences in cutability or yield of boneless, closely trimmed retail cuts from the round, loin, rib, and chuck.
  - g. Carcass yield - the yield is computed by dividing the hot carcass weight by the live weight.
  - h. CME - Chicago Mercantile Exchange, an American financial and commodity derivative exchange.
  - i. Live cattle futures price - the price of the CME live cattle futures contracts for a given delivery month.
  - j. Rainers - cattle which are not merchantable.
  - k. Adjusted contract price - live cattle futures contract price plus/minus the Basis Price and the Discount.

**Effective date: January 1, 2022**