

**The Seam, LLC**

**DOMESTIC (U.S.)  
RULES AND TERMS**

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*Note: Headings for these rules are for convenience and do not limit the content thereof.*

# THE SEAM, LLC DOMESTIC (U.S.) RULES AND TERMS

These rules and terms are promulgated by The Seam, LLC and shall be a part of each transaction made on The Seam system. These rules and terms are subject to change. On the date of any subject transaction the then current version of these rules and terms will apply.

## 1. Definitions:

“Access codes” is defined in Paragraph 6(A) of the Participation Agreement.

“Access persons” is defined in Paragraph 7 of the Participation Agreement.

“Agreed price” is defined in Paragraph 1(D) of the Participation Agreement.

“Agreement” is defined in Paragraph 1(B) of the Participation Agreement.

“Agreement to buy and sell” is defined in Paragraph 1(D) of the Participation Agreement.

“ATPLC”, Agreement to Purchase Loan Cotton, is defined in Rules 50 through 52

“Basis Pricing” and related “Exchange of Futures for Physicals” is defined in Rule 56 (A).

“G2B Basis Pricing” is defined in Rule 56 (B).

“Buyer” is defined in Paragraph 1(A) of the Participation Agreement.

“Calculated Number of contracts” is defined in Rule 56.

“Cash Rules” are defined as trading and settlement procedures used with transactions (agreements) that are not ATPLC.

“Confidential Information” is defined in Paragraph 7 of the Participation Agreement.

“Content” means, collectively, any information, data, text, software, music, sound, photographs, graphics, video, messages or other materials.

“Deferred payment agreement” is defined in Rule 6 of the Rules and Terms.

“Delivery” means transfer of holdership.

“DSO” means Deferred Sale Opportunity pursuant to the DSO system established by The Seam

“Est.” means estimate or estimated

“Estimated FOB Cost” is based on the tariff information provided to The Seam by the warehouse(s) (the tariffs relied on by The Seam can be viewed on The Seam’s Domestic Trading System) plus the stated commissions. The Seam is not responsible for any deviation between the charges stated in those tariffs and actual charges made by the warehouse. Buyer is responsible for verifying actual charges and current tariffs with the warehouse.

“ewrs” means electronic warehouse receipts issued by a warehouse on a USDA approved provider system. However, where appropriate, transactions involving the use of the term “ewr” shall mean ATPLC or documents necessary to transfer the ATPLC. “pwrs” means paper warehouse receipts issued by a warehouse.

“Firm Price” includes prices stated dollars/cents per pound, dollars/cents per bale, and/or basis pricing.

“First handler” means a Participant selling ewrs which have not previously been sold on The Seam system and: (1) who is a gin, broker, or other person who is acting as agent for sale of ewrs

for a person engaged in farming operations; (2) who is a person engaged in farming operations; or (3) who has purchased the cotton or the ewrs from a person engaged in farming operations in a transaction not conducted on The Seam system and who in the good faith opinion of The Seam requires or appears to require any Special Services.

“FOB Cars” is defined in Rule 9 of the Rules and Terms.

“FOB Warehouse Compression to Follow” is defined in Rule 12 of the Rules and Terms.

“FOB Warehouse” is defined in Rule 8 of the Rules and Terms.

“Immediate delivery” is defined in Paragraph 4(A) of the Participation Agreement.

“Invoice ready” means that the Participant is in possession of the ewrs and that the ewrs are Marketable as defined herein.

“LSA” is defined as a Loan Service Agent by the United States Department of Agriculture Farm Service Agency.

“LDP” is defined in Rule 28 of the Rules and Terms.

“MCE” is defined in Rule 17 of the Rules and Terms.

“Marketable” means that the ewrs will pass without objection in the trade and that the ewrs and the underlying cotton will be free and clear of liens, claims and charges (except those electronically disclosed by Seller to The Seam prior to offering the ewrs, and normal warehouse storage charges), that the cotton will conform to its description, that all information provided about the ewrs and the cotton represented thereby will be accurate and complete, and that the electronic warehouse receipt(s) representing the cotton will be valid and negotiable.

“Price” is defined in Paragraph 1(D) of the Participation Agreement.

“Provider” is defined in Paragraph 4(C) of the Participation Agreement.

“Quality information” means all information that is available from AMS, and all warehouse information that is available from the warehouse concerning its charges.

“Retrieval fee” is defined in Rule 2(G) of the Rules and Terms.

“Rule 5” is defined in Rule 7 of the Rules and Terms.

“Rule 5 Plus 30” is defined in Rule 10 of the Rules and Terms.

“Sale” is defined in Paragraph 1(D) of the Participation Agreement.

“Selecting Person” is defined in Rule 19 of Rules and Terms.

“Seller” is defined in Paragraph 1(A) of the Participation Agreement.

“Sold-around fee” is defined in Rule 2(F) of the Rules and Terms.

“Special Services” is defined in Rule 3 of the Rules and Terms.

“Special Services Fee” means that fee set from time to time by The Seam for Special Services.

“Special Servicer” is defined in Rule 3(A) of the Rules and Terms.

“TCA” is defined in Rule 16 of the Rules and Terms.

“The Seam’s Fee” is defined in Rule 2 of the Rules and Terms.

“The Seam system” is defined in Paragraph 1(A) of the Participation Agreement.

“The Seam Web Site” means the web site used in the performance of the transactions contemplated by The Seam system.

“UD Free FOB Warehouse” is defined in Rule 11 of the Rules and Terms.

## 2. Certain Fees.

The Seam will specify the fees and expenses due from a Buyer or Seller in connection with a transaction on the electronic trading system.

- A. The Seam’s fee to a Buyer who purchases ewrs obtained by The Seam from a first handler as defined herein will not exceed \$1.50 per bale, plus any or all of the following other fees if applicable:
  - (1) an agreed fee per ewr for certain services (“Special Services”) as defined in Rule 3 which are provided by The Seam or an approved person or entity (“Special Servicer”) as described in Rule 3.
  - (2) a gin or other third party commission.
- B. The Seam’s fee to a Buyer who is not purchasing ewrs obtained from a First Handler will be \$.75 per ewr.
- C. The Seam’s fee to a Seller who is a First Handler will be \$0.00 per ewr.
- D. The Seam’s fee to any other Seller will be \$.75 per ewr.
- E. When The Seam collects a fee which includes a gin or other third party commission, The Seam will remit that commission to the Special Servicer who shall be responsible for then remitting the commission to the identified gin or third party.
- F. If, after offering ewrs on The Seam but before agreeing to sell pursuant to Paragraph 1(D). of the Participation Agreement, a Special Servicer or First Handler withdraws the ewrs and sells them off-line to a buyer who is a Participant, they will pay The Seam a “sold-around” fee of \$1.00 per ewr.
- G. There will be a retrieval fee of \$0.00 per ewr, plus the Special Services fee, if any, plus a sold-around fee, if any.
- H. Participant assumes responsibility for knowing the warehouse tariff, fees, customs, terms and conditions of warehouses identified as holding cotton traded on The Seam’s system and agrees that location of warehouse determines the trade terms which apply.
- I. Each Participant maintaining a trading account at The Seam will be charged a Subscription Access Fee. Participant will pay an access charge of \$150.00 per month for the first account ID, and \$50.00 per month for each additional account ID. Non-trading accounts accessing real-time sales data will be charged an access fee of \$250.00 per month per user ID.
- J. The Seam will collect a \$1.00 per ewr fee from the buyer when an agreement to purchase loan cotton (“ATPLC”) is purchased pursuant to Rules 47, 48, 49, 50, 51 and 52. A DSO re-sale fee of \$.25 per bale will be charged for PCCA ATPLC resold offers. A DSO transfer fee for all non-PCCA bales of \$1.00 per bale will be charged for bales not resold on The Seam.
- K. For transactions consummated using the B2B Basis Pricing mechanism defined in Rule 56 (A), there will be a fee per contract charged to both the buyer and the seller. For transactions consummated using the G2B Basis Pricing mechanism defined in Rule 56 (B), there will be a fee per contract charged to the buyer. Fees for futures related transactions are published in the Schedule of Fees posted on The Seam’s trading systems.
- L. The failure of The Seam to charge a fee in a given instance shall not be deemed to be a waiver of the right to charge fees in other instances.
- M. Seller receiving funds by wire transfer will be charged \$15.00 per wire transfer.

### **3. Special Services.**

- A. If Participant acts as a Special Servicer, Participant warrants that the Special Services it provides will be accurate, and complete, and the ewrs serviced by it will be Invoice Ready and Marketable. When a Special Servicer acts as a selling agent for another person, the offering of ewrs for sale on The Seam by the Special Servicer shall be a warranty that the ewrs offered will be Invoice Ready and Marketable. When the Special Servicer does not also act as the selling agent, the Special Servicer will electronically certify to The Seam that the cotton is ready to be offered on The Seam and by so certifying, the Special Servicer warrants that the ewrs and the cotton represented thereby are Invoice Ready and Marketable.
- B. Special Services are: obtaining, correction, or assembly of any data about the cotton; calculation of CCC loan and/or CCC loan repayment if any; obtaining, assembly, or correction of payee data; handling split payments (e.g. between landlord and tenant, or between grower and lender); lien searches and taking responsibility to The Seam and the Buyer for good title; boll weevil lien searches; and otherwise taking all steps and having the capacity and ability to make the cotton Invoice Ready and Marketable.

### **4. Participant Non-Performance / Damages.**

- A. After agreeing to buy pursuant to Paragraph 1(D) of the Participation Agreement, if Buyer fails to timely pay The Seam for ewrs purchased on The Seam system, The Seam may wait for Buyer to perform or may resell the ewrs to a third party, and in either case, Buyer will be responsible for any loss, including but not limited to market loss of subject ewrs, warehouse charges accrued during any period of delay, damage, costs, attorney's fees, and Buyer will pay The Seam ten cents (\$.10) per ewr per day on the invoice balance from date of default until payment. The Seam may, but will not be required to, provide a cure period of up to ten (10) days, and if so, Buyer will be responsible for any loss incurred during that period, including but not limited to any further market loss of subject ewrs. If Buyer fails to cure its default immediately or within such period as may be established by The Seam, Buyer will, in addition to the costs and expenses listed above, pay The Seam \$5.00 per ewr.
- B. After agreeing to sell pursuant to Paragraph 1(D) of the Participation Agreement, should Seller default by failing to transfer ewrs to The Seam in a timely manner as required by this Agreement, or commit an anticipatory default such as by notifying The Seam prior to the time for transfer that Seller will not be transferring the ewrs, Seller will be required to compensate The Seam for the amount of any and all losses including but not limited to replacement cost of subject ewrs as reasonably estimated by The Seam, plus \$5.00 per ewr, attorneys' fees, and all other damages, costs and expenses of The Seam and/or the Buyer, warehouse charges, and ten cents (\$.10) per ewr per day on the balance due during any period of delayed delivery or delayed payment. The Seam may, but will not be required to, provide a cure period of up to ten (10) business days, and if so, Seller will be responsible for such charges and costs during that time, including but not limited to further market loss of subject ewrs.
- C. Notwithstanding any claimed discrepancy in invoicing, Buyer will not be relieved from the requirement of timely payment, and Buyer shall pay the invoice amount before the deadline established by Paragraph 5(A) of the Participation Agreement, and Seller will not be relieved from the requirement of timely delivery, and shall deliver the ewrs before the deadline established in Paragraph 4(A) of the Participation Agreement. In case of claimed discrepancy, the Participant claiming the discrepancy shall separately invoice the Seam for the amount it claims as a result of the discrepancy, together with documentation of the amount. The Seam will immediately investigate, and if there was a discrepancy The Seam will pay the amount due because of the discrepancy within

three days of receipt of the discrepancy invoice, and the Participant who received the benefit of the discrepancy shall reimburse The Seam within the same period. Warehouse charges will be computed as of the date of invoice, regardless of whether there was a delay in resolving an invoicing discrepancy issue.

- D. Participants must strictly conform to the requirements of the Participation Agreement and Rules and Terms, including requirements for timely delivery of the ewrs (in the case of sellers) and timely payment (in the case of buyers). Participants agree that their obligation to The Seam if they fail to perform on time includes, but is not limited to, payment to The Seam of a fee of \$0.50 per ewr, and prompt payment of The Seam's good faith estimate of market differences if such market differences have caused a loss to The Seam. If the Participant fails to perform on time, Participant will pay interest at the highest rate allowed by Tennessee law each day that performance is not completed. These remedies do not limit other remedies available under the terms of the Participation Agreement.

## **5. Participant Qualification, Classification And Approval.**

The Seam may, in its sole discretion, qualify and approve Participants, First Handlers, and Special Servicers, determine whether a Participant requires or appears to require Special Services, set transaction limits for Participant, and/or determine if a given Participant can and will perform its obligations to a given Participant or a given transaction. The Seam may designate a third party or parties to perform any or all of these functions. So long as The Seam or its designee acts in good faith in performing these functions neither The Seam nor its designee will have any liability in connection therewith, including, but not limited to, liability for errors in judgment, negligence, and/or gross negligence. In exercising discretion, The Seam and its designee(s) may look beyond corporate and entity formalities.

## **6. Deferred Payment Agreement.**

If Seller and The Seam agree, The Seam will pay Seller for ewrs sold subject to this provision in January of the calendar year following the calendar year of sale, or as otherwise agreed.

## **7. "Rule 5" The Seam Terms Code 01**

(Used In Arkansas, Georgia, Louisiana, Missouri, Tennessee, Mississippi, Alabama, North Carolina, South Carolina, and Virginia).

Based on Rule 5 of the Memphis Cotton Exchange, As Modified Herein To-Wit:

- A. The Gross invoice amount is calculated based on the agreed purchase price multiplied by the original warehouse net weight per ewr.
- B. The following charges should be credited to the buyer or prepaid to the warehouse by the seller:
  - 1. Compression.
  - 2. Receiving.
  - 3. Storage.
    - a. Calculated from the original warehouse storage date through the invoice date.
    - b. ewr title transfer is made by The Seam to buyer on invoice date.
  - 4. Delivery (Loading).
  - 5. Sampling.
  - 6. Stenciling fee, five (5) letter mark on bale (Marking).

- 7. Any Warehouse Surcharge.
- 8. Accrued Taxes (Mississippi Warehouses).
- 9. Weight Penalties.
  - a. 325 to 399 pounds net weight \$20.00/ewr
  - b. 400 to 429 pounds net weight \$6.00/ewr
  - c. 430 to 463 pounds net weight \$3.00/ewr
  - d. 464 to 650 pounds net weight No Penalty (unless the warehouse charges a penalty or other fee)
  - e. 324 pounds net weight or less Ineligible
  - f. 651 pounds net weight or greater Ineligible
  - g. Weight penalty exception:
    - i. If the invoice average net weight per ewr is 485 pounds or more, the penalties described above will not be assessed.
- 10. Classing Fees if applicable.
- C. If any charges listed in Rule 7(B) above have not been prepaid by the seller, then the buyer is to receive credit from the seller on the cotton invoice.
- D. The buyer may be charged a gin commission which varies by gin point.
- E. Other posted fees may be deducted by The Seam.

## 8. “FOB Warehouse” The Seam Terms 03

(Used In South Texas and Central Texas)

Based on Rules of the Texas Cotton Association (TCA), As Modified Herein To-Wit:

- A. The Gross invoice amount is calculated based on the agreed purchase price multiplied by the original warehouse net weight per ewr.
- B. The following charges should be credited to the buyer or prepaid to the warehouse by the seller.
  - 1. Receiving.
  - 2. Storage.
    - a. Storage begins on the original warehouse storage date.
    - b. Storage ends on the invoice date plus five (5) free days (TCA Rule 9).
      - i. In the case of a warehouse which does not stop storage charges until a specified number of days after receipt of a shipping order, Buyer will also receive credit for the specified number of days.
      - ii. If warehouse has no storage cut-off policy, then Rule 8(B)2.b and Rule 8(B)2.b.i do not apply, and 21 total days storage is charged to Seller.
  - 3. Weight penalties.
    - a. 325 to 329 pounds net weight \$10.00/ewr
    - b. 330 to 379 pounds net weight \$5.00/ewr
    - c. 380 to 650 pounds net weight No Penalty (unless the warehouse charges a penalty or other fee)
    - d. 324 pounds or less net weight Ineligible
    - e. 651 pounds or more net weight Ineligible

- C. If any charges listed in Rule 8(B) above have not been prepaid by the seller, then the buyer is to receive credit from the seller on the cotton invoice.
- D. The buyer may be charged a gin commission which varies by gin point.
- E. Other posted fees may be deducted by The Seam.
- F. If seller has pre-paid the compression charges on one or more bales and it's offered on The Seam, The Seam discloses that this will be a reimbursement charge. Buyer will reimburse seller for the prepaid compression charges on the cotton invoice.

## 9. "FOB Cars" The Seam Terms 02

(Used In West Texas, Oklahoma, and Kansas).

Based on Rules of the Texas Cotton Association (TCA), As Modified Herein To-Wit:

- A. The Gross invoice amount is calculated based on the agreed purchase price multiplied by the original warehouse net weight per ewr.
- B. The following charges should be credited to the buyer or prepaid to the warehouse by the seller.
  - 1. Receiving.
  - 2. Storage.
    - a. Storage begins on the original warehouse storage date.
    - b. Storage ends on the invoice date plus five (5) free days (TCA Rule 9).
      - i. In the case of a warehouse which does not stop storage charges until a specified number of days after receipt of a shipping order, Buyer will also receive credit for the specified number of days.
      - ii. If warehouse has no storage cut-off policy, then Rule 9(B)2.b and 9(B)2.b.i do not apply, and 21 total days storage is charged to Seller.
  - 3. Delivery (Loading).
  - 4. Weight penalties.
 

a. 325 to 329 pounds net weight	\$10.00/ewr
b. 330 to 379 pounds net weight	\$5.00/ewr
c. 380 to 650 pounds net weight	No Penalty (unless the
warehouse charges a penalty or other fee)	
d. 324 pounds or less net weight	Ineligible
e. 651 pounds or more net weight	Ineligible
- C. If any charges listed in Rule 9(B) above have not been prepaid by the seller, then the buyer is to receive credit from the seller on the cotton invoice.
- D. The buyer may be charged a gin commission which varies by gin point.
- E. Other posted fees may be deducted by The Seam.
- F. If seller has pre-paid the compression charges on one or more bales and it's offered on The Seam, The Seam discloses that this will be a reimbursement charge. Buyer will reimburse seller for the prepaid compression charges on the cotton invoice.

## 10. "Georgia 30 Days" The Seam Terms 04

(Used In Georgia at Seller's Option)

Based on Rule 5 of the Memphis Cotton Exchange, As Modified Herein To-Wit:

- A. The Gross invoice amount is calculated based on the agreed purchase price multiplied by the original warehouse net weight per ewr.
- B. The following charges should be credited to the buyer or prepaid to the warehouse by the seller:
  - 1. Compression.
  - 2. Receiving.
  - 3. Storage.
    - a. Calculated from the original warehouse storage date through the invoice date plus 30 days.
    - b. ewr title transfer is made by The Seam to buyer on invoice date.
  - 4. Delivery (Loading).
  - 5. Sampling.
  - 6. Any Warehouse Surcharge.
  - 7. Accrued Taxes (Mississippi Warehouses).
  - 8. Weight Penalties.
    - a. 325 to 399 pounds net weight \$20.00/ewr
    - b. 400 to 429 pounds net weight \$6.00/ewr
    - c. 430 to 463 pounds net weight \$3.00/ewr
    - d. 464 to 650 pounds net weight No Penalty (unless the warehouse charges a penalty or other fee)
    - e. 324 pounds net weight or less Ineligible
    - f. 651 pounds net weight or greater Ineligible
    - g. Weight penalty exception:
      - i. If the invoice average net weight per ewr is 485 pounds or more, the penalties described above will not be assessed.
  - 9. Classing Fees if applicable.
- C. If any charges listed in Rule 10(B) above have not been prepaid by the seller, then the buyer is to receive credit from the seller on the cotton invoice.
- D. The buyer may be charged a gin commission which varies by gin point.
- E. Other posted fees may be deducted by The Seam.

## **11. "UD Free FOB Warehouse" The Seam Terms 05**

(Used In California)

- A. The Gross invoice amount is calculated based on the agreed upon purchase price multiplied by the original warehouse net weight per ewr.
- B. The following charges should be credited to the buyer or prepaid to the warehouse by the seller.
  - 1. Compression.
  - 2. Receiving.
  - 3. Storage.

- a. Calculated on a daily basis from the original warehouse storage date through the date of the invoice.
- C. No weight penalties (unless the warehouse charges a penalty or other fee), however:
  - 1. 324 pounds net weight and below Ineligible
  - 2. 626 pounds net weight and above Ineligible
- D. If any charges listed in 11(B) above have not been prepaid by the seller, then the buyer is to receive credit from the seller on the cotton invoice.
- E. The buyer may be charged a gin commission which varies by ginpoint.
- F. Other posted fees may be deducted by The Seam.

## 12. “FOB Warehouse Compression To Follow” The Seam Terms 06

(Used In Arizona)

- A. The Gross invoice amount is calculated based on the agreed upon purchase price multiplied by the original warehouse net weight per ewr.
- B. The following charges should be credited to the buyer or prepaid to the warehouse by the seller.
  - 1. Receiving.
  - 2. Storage.
    - a. Calculated on a daily basis from the original warehouse storage date through the date of the invoice.
- C. No weight penalties (unless the warehouse charges a penalty or other fee), however:
  - 1. 324 pounds net weight and below Ineligible
  - 2. 626 pounds net weight and above Ineligible
- D. If any charges listed in 12(B) above have not been prepaid by the seller, then the buyer is to receive credit from the seller on the cotton invoice.
- E. The buyer may be charged a gin commission which varies by ginpoint
- F. Other posted fees may be deducted by The Seam.

## 13. “FOB Warehouse: Receiving, Storage Prepaid” The Seam Terms 07

Used on forfeited loan cotton (ewrs may not be marked as prepaid)

EWRs sold directly from USDA to Buyer will be invoiced as follows:

- A. The Gross invoice amount is calculated based on the agreed upon purchase price multiplied by the original warehouse net weight per ewr.
- B. The following charges are prepaid to the warehouse by the seller.
  - 1. Receiving.
  - 2. Classing.
  - 3. Storage.
    - a. Prepaid by CCC through date of invoice
  - 4. No weight penalties (unless the warehouse charges a penalty or other fee), however:
    - a. 324 pounds net weight and below Ineligible

- C. Other buyer fees may be assigned by The Seam.
- D. The buyer is responsible for any charges incurred or assessed after the sale is completed thus bidders should check with the storing warehouse operator regarding the location of the cotton, applicable tariff terms, loadout rates, and scheduling for delivery.

Forfeited EWR(s) previously purchased from CCC and resold will be invoiced as follows:

- A. The Gross invoice amount is calculated based on the agreed upon purchase price multiplied by the original warehouse net weight per ewr.
- B. The following charges are prepaid to the warehouse by the seller:
  - a. Receiving
  - b. Classing
  - c. Storage
    - 1. Prepaid by CCC through the original CCC invoice date (invoice date when forfeited ewr(s) was first sold from CCC). Storage is then calculated on a daily basis until the ewr(s) storage rollover date is reached. Once the storage rollover date is reached then storage calculations will be made according to the warehouse tariff storage rate.
- C. No weight penalties, however:
  - a. 324 pounds net weight and below: Cannot be offered on The Seam.
  - b. Other buyer fees may be assigned by The Seam.
- D. The buyer is responsible for any charges incurred or assessed after the sale is completed thus bidders should check with the storing warehouse operator regarding the location of the cotton, applicable tariff terms, loadout rates, and scheduling for delivery.

## 14. Certificated Stocks Bales The Seam Terms 08

(Used with cotton approved by the USDA, Agricultural Marketing Service for tender at the Intercontinental Exchange(ICE) that has not been de-certificated.)

**Means All Charges Paid through invoice date; and, certificated electronic warehouse receipts must be marked as tenderable**

- A. The Gross invoice amount is calculated based on the agreed purchase price multiplied by the certificated warehouse net weight per ewr.
- B. The following charges will be credited to the buyer by the seller based on the electronic warehouse receipt record. These charges follow the bale to shipping.
  - 1. Compression.
  - 2. Receiving.
    - a. Storage.
    - b. Calculated daily from the certificated warehouse storage date through the Invoice date.
    - c. ewr title transfer is made by The Seam to buyer on invoice date.
  - 3. Delivery (Loading).
  - 4. Any Warehouse Surcharge.
  - 5. Accrued Taxes (Mississippi Warehouses).
  - 6. Weight Eligibility
    - a. 651 pounds net weight or greater: Cannot be offered on The Seam
    - b. 399 pounds net weight or less: Cannot be offered on The Seam
- C. If any charges listed in (B) above have not been prepaid by the seller, then the buyer is to receive credit from the seller on the cotton invoice.

D. Certificated stocks means cotton approved for tender at the Intercontinental Exchange (ICE) that has not been de-certificated. These stocks are classed by the United States Department of Agriculture, Agricultural Marketing Service.

E. Certificated ewrs must conform to rules for Registration as Tenderable and must be designated Certificated Cotton by ICE. Exchange fees for inspection and certification must be paid prior to offering on The Seam.

F. Other posted fees may be deducted by The Seam.

## 15. **Certificated Class Bales The Seam Terms 09**

Used with cotton submitted to the USDA, Agricultural Marketing Service for tender against the Intercontinental Exchange (ICE). These bales may include de-certified stocks or bales not tenderable.

**Means All Charges Paid through invoice date, Smith-Doxey Class may not be available:**

- A. The Gross invoice amount is calculated based on the agreed purchase price multiplied by the certificated warehouse net weight per ewr.
- B. The following charges will be credited to the buyer by the seller based on the electronic warehouse receipt record. These charges follow the bale to shipping.
  - 1. Compression.
  - 2. Receiving.
  - 3. Storage.
    - a. Calculated from the certificated warehouse storage date through the Invoice date.
    - b. Ewr title transfer is made by The Seam to buyer on invoice date.
  - 4. Delivery (Loading).
  - 5. Sampling.
  - 6. Stenciling fee, five (5) letter mark on bale (Marking).
  - 7. Any Warehouse Surcharge.
  - 8. Accrued Taxes (Mississippi Warehouses).
  - 9. Weight Penalties
    - a. 400 to 429 pounds net weight: \$6.00/ewr
    - b. 430 to 463 pounds net weight: \$3.00/ewr
    - c. 464 to 650 pounds net weight: No Penalty (unless the warehouse charges a penalty or other fee)
    - d. 651 pounds net weight or greater: Cannot be offered on The Seam
    - e. 399 pounds net weight or less: Cannot be offered on The Seam
    - f. Weight penalty exception:
      - 1. If invoice average net weight per ewr is 485 pounds or more, the penalties described above will not be assessed.
  - 10. Classing Fees if applicable.
- C. If any charges listed in (B) above have not been prepaid by the seller, then the buyer is to receive credit from the seller on the cotton invoice.
- D. Certificated class means cotton submitted for classing for tender at the Intercontinental Exchange (ICE). These stocks are classed by the United States Department of Agriculture, Agricultural Marketing Service. Classing data may not be consistent with the data originally submitted under the Smith-Doxey Act. Certification Review data supersedes any available

Smith-Doxey data. Permanent Bale Identification (PBI) numbers may not be available for these bales.

- E. Other posted fees may be deducted by The Seam.

## **16. Texas Cotton Association (“TCA”).**

A transaction made “TCA” shall be incorporate by reference the rules of the Texas Cotton Association, except that The Seam’s Agreement shall supersede the Texas Cotton Association provisions when in conflict.

## **17. Memphis Cotton Exchange (“MCE”).**

A transaction made “MCE” shall be subject to the rules of the Memphis Cotton Exchange, except that The Seam’s Agreement shall supersede the Memphis Cotton Exchange provisions when in conflict.

## **18. Special Reporting.**

Should a Participant desire The Seam to provide special reports on Participant’s activities, The Seam will provide such reports for a fee based upon the nature of the report. Contact The Seam’s office.

## **19. Disputes / Arbitration.**

- A. All parties agree to resolve their disputes by binding arbitration. All disputes and controversies of any kind arising pursuant to or in connection with this Agreement, the electronic cotton marketing system of The Seam, LLC, and/or the sale, resale, delivery, and/or payment for ewrs or cotton or other products offered or marketed pursuant to The Seam system, shall be resolved by final binding arbitration and judgment may be entered on the arbitration award.
- B. If the arbitration concerns an international sale, the parties agree to arbitration pursuant to the ICA rules and bylaws provided the ICA accepts jurisdiction of the dispute and of all parties to the dispute. In such event the ICA shall be the Selecting Person. If the ICA does not accept jurisdiction, another Selecting Person shall be chosen. As used herein, “International Sale” means a sale which requires international shipment and delivery of physical cotton (as opposed to mere delivery of ewrs).
- C. Hearings and proceedings may be conducted in any places as may be designated by the arbitrators. The parties agree to non-exclusive venue in Memphis, Tennessee for purposes of enforcement of the award. The parties agree that the award shall be deemed to have been made in Memphis, Tennessee for purposes of non-exclusive venue under the U.S. Arbitration Act.
- D. The arbitrating parties shall equally advance the expected expenses, costs and fees of the arbitrators, as estimated by the arbitrators. The arbitrators may employ counsel to assist them and include such costs in their expenses. In the event that a party subject to arbitration refuses to advance its share of the arbitration fees, costs and expenses, the other party or parties may advance those, subject to reallocation in the arbitration decision. The arbitration decision may reallocate the expenses, costs and fees.
- E. Arbitrations will be conducted before three (3) arbitrators selected by mutual agreement by the arbitrating parties or from The Seam “Panel” of qualified arbitrators. Failing mutual agreement on selection by the parties, The Seam’s chief executive officer shall select a third party to act as the “Selecting Person”, and the Selecting Person shall

select the arbitrators. If The Seam is a party to the arbitration, the President of the American Cotton Shippers Association shall select the arbitrators or select an association or a company providing arbitration services to conduct the arbitration.

- F. The Selecting Person may be an individual, or may be an association or a company providing arbitration services, including but not limited, to the American Arbitration Association (AAA), the Memphis Cotton Exchange (MCE), the International Cotton Association (ICA), and the American Cotton Shippers Association (ACSA). If AAA, ICA, ACSA, MCE or other arbitration association or company is selected as the Selecting Person, the arbitration shall be conducted under the respective rules and bylaws of the AAA, ICA or ACSA, or other selected arbitration association or company, whichever is selected. The parties to the arbitration shall pay the fees and expenses of the arbitrators and of the association or company which conducts the arbitration. If The Seam, LLC is a party to the arbitration, ICA shall not be the selecting person.
- G. Since the parties desire to have experienced and knowledgeable arbitrators, and in the cotton industry most firms do business with one another, it shall not be a basis for disqualification of an arbitrator on grounds of conflict of interest if the arbitrator or his or her company or the Selecting Person has done or will do business with any of the disputing parties. An arbitrator or Selecting Person may be selected even though he or she is employed by a company owning an interest in The Seam, provided the company owns less than a ten percent (10%) interest in The Seam.
- H. If the AAA is the Selecting Person, the parties agree to the Commercial Arbitration Rules of the American Arbitration Association. If the ICA is designated as the Selecting Person, the parties agree to the ICA Rules and Bylaws. If ACSA arbitration is designated, the parties agree to ACSA arbitration rules. If MCE is designated, the parties agree to MCE arbitration rules. If another arbitration association or company is designated, the parties agree to the arbitration rules of that association or company.
- I. The written decision of a majority of the arbitrators shall be final and binding. Following the rendering of a written arbitration decision, any party may apply to an appropriate court and obtain judgment on the award. Notwithstanding the foregoing, if preliminary, temporary, or permanent injunctive relief is appropriate; nothing in this Rule 19 shall prevent action in an appropriate court for such extraordinary relief.
- J. These provisions are agreed to even if The Seam is a party to the arbitration.

## **20. "Panel" Of Qualified Arbitrators.**

The Seam's "Panel" of Qualified Arbitrators shall include: (i) persons with at least ten (10) years experience in the cotton industry; (ii) persons chosen by agreement of the arbitrating parties; or (iii) in cases where the American Arbitration Association or the American Cotton Shippers Association or the International Cotton Association or other arbitration association or company is chosen to be the Selecting Person, the Panel includes the Memphis Cotton Exchange persons considered by such selected association or company to be qualified arbitrators.

## **21. Use Of Proprietary Information.**

Participant acknowledges and agrees that The Seam owns the site to which access is granted under the Participation Agreement. The site contains proprietary and confidential information that is protected by intellectual property laws, including those related to patent, copyright, trade secret, trade name, trademark and service marks. Neither the site nor its contents may be copied, reproduced, modified or used for derivative works. Third party provided advertising and

content are also protected by copyrights, trademarks, service marks, patents or other proprietary rights and laws.

The site may be used for the purposes described in the Participation Agreement or these Rules and Terms, as modified from time to time, and any other use is strictly prohibited.

The Seam grants Participant a personal, non-transferable and non-exclusive right and license to use the object code of its Software. Participant may not, without The Seam's prior written consent resell its license. Participant may not access The Seam by any means other than through the interface that is provided by The Seam for use in accessing the service.

## **22. COPYRIGHT The Seam, LLC 2000-2014. ALL RIGHTS RESERVED.**

All materials appearing on this site are Copyright The Seam, LLC 2000-2013 and such notice is deemed to be included as required under the Digital Millennium Copyright Act.

## **23. Copyright Policy.**

If Participant has reason to believe that content on the site constitutes copyright infringement, please provide our Copyright Agent with the following information: an electronic or physical signature of the person authorized to act on behalf of the owner of the copyright interest; a description of the copyrighted work that is alleged to have been infringed; where on the site such material is located; the address, telephone number and e-mail address of the person making the claim; a statement that such a claim is made in good faith that the disputed use is not authorized by the copyright owner, its agent or the law; a statement, made under penalty of perjury that the above information in the notice is accurate and that the person making the claim is the copyright owner or authorized agent. The Seam's Copyright Agent for Notice of claims of copyright infringement can be reached as follows: John McQuiston, II, Stokes Bartholomew Evans & Petree, P.A., 1000 Ridgeway Loop Road, Suite 200, Memphis, TN 38117.

## **24. Modifications To Service.**

The Seam reserves the right at any time and from time to time to modify or discontinue, temporarily or permanently, The Seam system or The Seam's Web Site (or any part thereof) with or without notice. Participant agrees that The Seam shall not be liable to Participant or to any third party for any modification, suspension or discontinuance of The Seam system or The Seam's Web Site.

## **25. Official Language.**

It is the expressed will of the parties that these Rules and Terms, Participation Agreement and all related documents have been written in English. (C'est la volonté expresse de parties que la présente convention ainsi que les documents qui s'y rattachent soient rédigés en anglais.)

## **26. New Products And Services.**

The Seam reserves the right to add other products and services on the system, to provide links to other sites and advertisements, to charge preannounced fees for selected services, and to receive compensation and commissions therefore from third parties. The Seam shall not be responsible for delivery or performance of products or services from or by other persons or sites. The Seam may change the programs or products mentioned at any time without notice.

## **27. Acknowledgment Of The Seam's Ownership.**

Participant acknowledges The Seam's exclusive ownership of its trademarks "The Seam," The Seam's system, The Seam's website, The Seam's domain names "The Seam.com", "The Seam.org", "The Seam.ws", and "The Seam.net", and the associated URL <http://www.TheSeam.com> (or any successor URL designated by The Seam in its reasonable discretion) and, to the extent unique and/or proprietary to The Seam or its licensors, all text, images, graphics, sounds, files, video, designs, animation, layout, color schemes, adaptations, logos, designs, ideas, concepts, methods, techniques, and processes relating to the design, development, operation, content and identification of The Seam system and web site, and all patent, copyright, trade secret, trade name, trademark, and service mark rights and all other intellectual property rights associated therewith.

## **28. Loan Deficiency Payment ("LDP").**

Notwithstanding anything to the contrary herein, in order to allow Seller to apply for loan deficiency payments, if any, from the Farm Service Agency of the United States Department of Agriculture the following provisions will apply to any transaction in which a Seller makes an LDP application after establishing an agreed price with a Buyer. Title, risk of loss to, and beneficial interest in, the cotton shall remain in the Seller until the Seller transfers the ewrs to The Seam. This is intended to provide the Seller a time period in which it may, by fax or otherwise, make its application for loan deficiency payments. If Seller intends to file an LDP application with the USDA after making an agreement to sell pursuant to Paragraph 1(D) of the Participation Agreement Seller should do so before delivery of the ewrs to The Seam. Seller acknowledges that after the ewrs are delivered to The Seam, Seller's cotton may no longer be eligible for loan deficiency payments or other benefits under farm programs requiring Seller to retain beneficial interest.

## **29. Accurate Participant Information.**

In consideration of Participant's access to The Seam's Web Site, Participant agrees to: (i) provide true, accurate, current and complete information (the "Registration Data") about Participant as prompted by The Seam's Web Site's registration form and (ii) maintain and promptly update the Registration Data to keep it true, accurate, current and complete. If Participant provides any information that is untrue, inaccurate, not current or incomplete, or The Seam has reasonable grounds to suspect that such information is untrue, inaccurate, not current or incomplete, The Seam has the right to suspend or terminate Participant's account and refuse any and all current or future use of The Seam's Web Site (or any portion thereof).

## **30. Account Terminations.**

The Seam, in its sole discretion, may terminate Participant's password, account (or any part thereof) or use of The Seam system or The Seam's Web Site, and remove and discard any Content within The Seam system or The Seam's Web Site, for any reason, including, without limitation, for lack of use or if The Seam believes that Participant has violated or acted inconsistently with the letter or spirit of the Participant Agreement or these Rules and Terms. The Seam may also in its sole discretion and at any time discontinue permitting Participant's access to The Seam system or The Seam's Web Site, or any part thereof, with or without notice. Participant agrees that any termination of Participant's access to The Seam system or The Seam's Web Site under any provision of these Rules and Terms may be effected without prior notice. Participant acknowledges and agrees that The Seam may immediately deactivate or delete Participant's account and all related information and files in Participant's account and/or bar any further access to such files, The Seam system or The Seam's Web Site. Further, Participant agrees

that The Seam shall not be liable to Participant or any third-party for any termination of Participant's access to The Seam system or The Seam's Web Site.

### **31. Limits On The Seam's Responsibility For Third Party Information.**

- A. The Seam shall not be responsible for the accuracy of market, weather, or other information provided by third parties for display on or through The Seam system. Although The Seam will attempt to provide accurate information on this web site as a Web Site to its users, The Seam assumes no responsibility for, and makes no representations with respect to, the accuracy of the information. Mention of non-The Seam products or web sites is for information purposes only and constitutes neither an endorsement nor a recommendation. In particular, The Seam may from time to time advertise or market modules and accessories manufactured by other companies ("Third Party Products"), either on The Seam's site or through links to third party and/or co-branded sites. In doing so, The Seam is not endorsing or making any representations concerning such Third Party Products, and each manufacturer is solely responsible for the quality, performance, functionality and rights to produce and distribute its products. The Seam makes no representation that third-party products, either alone or in combination with other products, web sites, processes, or technologies, do not infringe any patents or other intellectual property rights that may be held by others. Each manufacturer, as well as each user, is solely responsible for ensuring that the systems and processes that it makes, uses, and sells do not infringe the rights of others. The Seam's Web Site may provide, or third parties may provide, links to other World Wide Web sites or resources.
- B. The Seam's Web Site may provide, or third parties may provide, links to other World Wide Web sites or resources. Because The Seam has no control over such sites and resources, Participant acknowledges and agrees that The Seam (i) is not responsible for the availability of such external sites or resources, and (ii) does not endorse and is not responsible or liable for any Content, advertising, products, or other materials on or available from such sites or resources. Participant further acknowledges and agrees that The Seam shall not be responsible or liable, directly or indirectly, for any damage or loss caused or alleged to be caused by or in connection with use of or reliance on any such Content, goods or web sites available on or through any such site or resource. Participant acknowledges and agrees that The Seam system and The Seam's Web Site and any necessary software ("Software") used in connection with the The Seam system or The Seam's Web Site contain proprietary and confidential information that is protected by applicable intellectual property and other laws. Participant further acknowledges and agrees that Content contained in sponsor advertisements or information presented to Participant through The Seam system or The Seam's Web Site or advertisers is protected by copyrights, trademarks, Web Site marks, patents or other proprietary rights and laws. Except as expressly authorized by The Seam or advertisers, Participant shall not modify, rent, lease, loan, sell, distribute or create derivative works based on The Seam system or The Seam's Web Site or the Software, in whole or in part.

### **32. Password Confidentiality.**

Participant will receive a password and account designation upon completing The Seam's Web Site's registration process. Participant is responsible for maintaining the confidentiality of the password and account. Participant agrees to (i) immediately notify The Seam of any unauthorized use of Participant's password or account or any other breach of security, and (ii) ensure that Participant exits from Participant's account at the end of each session.

### **33. Participant's Liability For Content.**

Participant understands that all Content, whether publicly posted or privately transmitted, is the sole responsibility of the person from which such Content originated. Participant, and not The Seam, is entirely responsible for all Content that Participant may upload, post, email or otherwise transmit via The Seam system or The Seam's Web Site. The Seam does not control the Content posted via The Seam system or The Seam's Web Site and, as such, does not guarantee the accuracy, integrity or quality of such Content. Participant understands that by using The Seam system or The Seam's Web Site, Participant may be exposed to Content that is offensive, indecent or objectionable. Under no circumstances will The Seam be liable in any way for any Content, including, but not limited to, for any errors or omissions in any Content, or for any loss or damage of any kind incurred as a result of the use of any Content posted, emailed or otherwise transmitted via The Seam system or The Seam's Web Site.

### **34. Certain Limitations On Use By Participant.**

Participant agrees to not use The Seam system or The Seam's Web Site to:

- A. Upload, post, email or otherwise transmit any Content that is unlawful, harmful, threatening, abusive, harassing, tortious, defamatory, vulgar, obscene, libelous, invasive of another's privacy, hateful, or racially, ethnically or otherwise objectionable;
- B. Harm minors in any way;
- C. Impersonate any person or entity, including, but not limited to, an official of The Seam, or falsely state or otherwise misrepresent Participant's affiliation with a person or entity;
- D. Forge headers or otherwise manipulate identifiers in order to disguise the origin of any Content transmitted through The Seam system or The Seam's Web Site;
- E. Upload, post, email or otherwise transmit any Content that Participant does not have a right to transmit under any law or under contractual or fiduciary relationships (such as inside information, proprietary and confidential information learned or disclosed as part of employment relationships or under nondisclosure agreements);
- F. Upload, post, email or otherwise transmit any Content that infringes any patent, trademark, trade secret, copyright or other proprietary rights ("Rights") of any party;
- G. Upload, post, email or otherwise transmit any unsolicited or unauthorized advertising, promotional materials, "junk mail," "spam," "chain letters," "pyramid schemes";
- H. Upload, post, email or otherwise transmit any material that contains software viruses or any other computer code, files or programs designed to interrupt, destroy or limit the functionality of any computer software or hardware or telecommunications equipment;
- I. Disrupt the normal flow of dialogue, cause a screen to "scroll" faster than other users of The Seam system or The Seam's Web Site are able to type, or otherwise act in a manner that negatively affects other users' ability to engage in real time exchanges;
- J. Interfere with or disrupt The Seam system or The Seam's Web Site or servers or networks connected to The Seam system or The Seam's Web Site, or disobey any requirements, procedures, policies or regulations of networks connected to The Seam system or The Seam's Web Site;
- K. Intentionally or unintentionally violate any applicable local, state, national or international law, including, but not limited to, regulations promulgated by the U.S. Commodities Futures Trading Commission, U.S. Securities and Exchange Commission, any rules of any national or other securities exchange, including, without limitation, the New York Stock Exchange, the American Stock Exchange or the NASDAQ, and any regulations having the force of law;

- L. "Stalk" or otherwise harass another; or
- M. Collect or store personal data about other users.
- N. Monitor or copy our web, our system, or the content contained therein using any robot, spider, other automatic device, or manual process without the prior written permission of The Seam.

### **35. Certain Content Provisions.**

Participant acknowledges that The Seam does not pre-screen Content, but that The Seam and its designees shall have the right (but not the obligation) in The Seam's sole discretion to refuse or move any Content that is available via The Seam system or The Seam's Web Site. Without limiting the foregoing, The Seam and its designees shall have the right to remove any Content that violates these Rules and Terms or is otherwise objectionable. Participant must evaluate, and bear all risks associated with, the use of any Content, including any reliance on the accuracy, completeness, or usefulness of such Content. In this regard, Participant may not rely on any Content created by The Seam or submitted to The Seam. The Seam may preserve Content and may also disclose Content if required to do so by law or in the good faith belief that such preservation or disclosure is reasonably necessary to: (i) comply with legal process; (ii) enforce these Rules and Terms; (iii) respond to claims that any Content violates the rights of third-parties; or (iv) protect the rights, property, or personal safety of The Seam, its users and the public.

### **36. Certain Technical Factors.**

Participant understands that the technical processing and transmission of The Seam system and The Seam's Web Site, including Participant's Content, may involve (i) transmissions over various networks; and (ii) changes to conform and adapt to technical requirements of connecting networks or devices.

### **37. Public Content Posted To The Seam.**

- A. For purposes of these Rules and Terms, "publicly accessible areas of The Seam system or The Seam's Web Site" are those accessible by the general public.
- B. With respect to all other Content Participant may elect from time to time to post to other publicly accessible areas of The Seam's Web Site, Participant grants to The Seam a royalty-free, perpetual, irrevocable, non-exclusive and fully sub licensable right and license to use, reproduce, modify, adapt, publish, translate, create derivative works from, distribute, perform and display such Content (in whole or part) worldwide and/or to incorporate it in other works in any form, media, or technology now known or later developed.

### **38. Indemnity By Participant.**

Participant shall indemnify and hold The Seam, and its subsidiaries, affiliates, officers, agents, co-branders or other partners, and employees, harmless from any claim or demand, including reasonable attorneys' fees, made by any third party or participant due to or arising out of:

- A. Content Participant may at any time submit, post to or transmit through The Seam system or The Seam's Web Site,
- B. Participant's use of The Seam system or The Seam's Web Site,
- C. Participant's connection to The Seam system or The Seam's Web Site,
- D. Participant's violation of these Rules and Terms, or
- E. Participant's violation of any rights of another.

### **39. No reproduction, etc. of The Seam Website.**

Participant shall not to reproduce, duplicate, copy, sell, resell or exploit for any commercial purposes, any portion of The Seam system or The Seam's Web Site, use of The Seam system or The Seam's Web Site, or access to The Seam system or The Seam's Web Site.

The website provided by The Seam, LLC gives you access to services, information, text, content, photographs, video, audio, graphics, and/or interactive features which have been provided by or through and/or specially designed by The Seam, LLC to perform certain functions in The Seam's designed format and appearance (collectively "The Seam's features and/or its Look and Feel"). You agree that you will not copy, reproduce, or retransmit The Seam's features and/or its Look and Feel, or any part thereof.

### **40. Limits On Use of System; No Responsibility for Storage of Data; Permission to Record Communications.**

Participant acknowledges that The Seam may establish general practices and limits concerning use of The Seam system or The Seam's Web Site, including without limitation the maximum disk space that will be allotted on The Seam's servers on Participant's behalf, and the maximum number of times (and the maximum duration for which) Participant may access The Seam system or The Seam's Web Site in a given period of time. Participant agrees that The Seam may record communications to or from participant, including both verbal and electronic communications. However, The Seam has no responsibility or liability for the deletion or failure to store any messages or other communications or other Content maintained or transmitted by, to, from, or via The Seam system or The Seam's Web Site. Participant acknowledges that The Seam reserves the right to log off accounts that are inactive for an extended period of time. Participant further acknowledges that The Seam reserves the right to change these general practices and limits at any time, in its sole discretion, with or without notice.

### **41. CERTAIN DISCLAIMERS.**

PARTICIPANT'S USE OF THE SEAM SYSTEM AND THE SEAM'S WEB SITE IS AT PARTICIPANT'S SOLE RISK. THE SEAM PROVIDES THE SEAM SYSTEM AND THE SEAM'S WEB SITE ON AN "AS IS" AND "AS AVAILABLE" BASIS. THE SEAM MAKES NO WARRANTY THAT

- A. THE SEAM SYSTEM OR THE SEAM'S WEB SITE WILL MEET PARTICIPANT'S REQUIREMENTS,
- B. THE SEAM SYSTEM OR THE SEAM'S WEB SITE WILL BE UNINTERRUPTED, TIMELY, SECURE, OR ERROR-FREE,
- C. THE RESULTS THAT MAY BE OBTAINED FROM THE USE OF THE SEAM SYSTEM OR THE SEAM'S WEB SITE WILL BE ACCURATE OR RELIABLE,
- D. THE QUALITY OF ANY PRODUCTS, WEB SITES, INFORMATION, OR OTHER MATERIAL PURCHASED OR OBTAINED BY PARTICIPANT THROUGH THE SEAM SYSTEM OR THE SEAM'S WEB SITE WILL MEET PARTICIPANT'S EXPECTATIONS, AND
- E. ANY ERRORS IN THE SOFTWARE WILL BE CORRECTED.
- F. THE COTTON (EWRS) SOLD ON THE SEAM PURSUANT TO RULES 50, 51 OR 52 IS ELIGIBLE FOR ALL CCC LOAN BENEFITS, FULL STORAGE CREDITS (THIS INCLUDES NO REDUCTION FOR COTTON STORED OUTSIDE), AND OTHER USDA OR CCC CREDITS, SUBSIDIES, AND BENEFITS INCLUDING BUT NOT LIMITED TO MARKETING LOAN GAINS, OR THAT THE SELLER IS ELIGIBLE FOR ALL SUCH BENEFITS, SUBSIDIES, AND CREDITS (see Rule 65 for the Seller's warranties).

## **42. ADDITIONAL DISCLAIMERS.**

NO ADVICE OR INFORMATION, WHETHER ORAL OR WRITTEN, OBTAINED BY PARTICIPANT FROM THE SEAM OR THROUGH OR FROM THE SEAM SYSTEM OR THE SEAM'S WEB SITE SHALL CREATE ANY WARRANTY NOT EXPRESSLY STATED IN THESE RULES AND TERMS. ANY MATERIAL DOWNLOADED OR OTHERWISE OBTAINED THROUGH THE USE OF THE SEAM SYSTEM OR THE SEAM'S WEB SITE IS DONE AT PARTICIPANT'S OWN DISCRETION AND RISK; PARTICIPANT WILL BE SOLELY RESPONSIBLE FOR ANY DAMAGE TO PARTICIPANT'S COMPUTER SYSTEM OR LOSS OF DATA THAT RESULTS FROM THE DOWNLOAD OF ANY SUCH MATERIAL.

## **43. NO LIABILITY.**

PARTICIPANT EXPRESSLY UNDERSTANDS AND AGREES THAT THE SEAM SHALL NOT BE LIABLE FOR ANY DAMAGES OR LOSSES RESULTING FROM:

- A. THE USE OR THE INABILITY TO USE THE SEAM SYSTEM OR THE SEAM'S WEB SITE;
- B. THE COST OF PROCUREMENT OF SUBSTITUTE GOODS RESULTING FROM ANY GOODS, DATA, OR INFORMATION PURCHASED OR OBTAINED OR MESSAGES RECEIVED OR TRANSACTIONS ENTERED INTO THROUGH OR FROM THE SEAM SYSTEM OR THE SEAM'S WEB SITE;
- C. UNAUTHORIZED ACCESS TO OR ALTERATION OF PARTICIPANT'S TRANSMISSIONS OR DATA;
- D. STATEMENTS OR CONDUCT OF ANY THIRD PARTY ON THE SEAM SYSTEM OR THE SEAM'S WEB SITE; OR
- E. ANY OTHER MATTER RELATING TO THE SEAM SYSTEM OR THE SEAM'S WEB SITE.
- F. THE CONDITION OF, OR LOSS OF, OR DAMAGE TO (CONCEALED OR OTHERWISE) THE COTTON REPRESENTED BY THE EWRS.
- G. ERRORS OR OMISSIONS IN QUOTE INFORMATION (LIVE OR DELAYED).

## **44. Certain International Warnings.**

Because international information is provided at this web site, not all products or programs mentioned will be available in Participant's country. Please contact Participant's local sales representative for information as to products and Web Sites available in Participant's country. Recognizing the global nature of the Internet, Participant agrees to comply with all local rules regarding online conduct and acceptable Content. Specifically, Participant agrees to comply with all applicable laws regarding the transmission of technical data exported from the United States or the country in which Participant resides.

## **45. Nonsigning Users.**

Should any person directly or through an agent engage in any transaction on The Seam system without first executing an Agreement for Participation in The Seam, LLC Electronic Marketing System (the "Agreement"), such person will, by so acting, have agreed to the terms of the Agreement in effect at the time of such transaction.

## **46. Special Servicers, Sellers, and The Seam.**

It is the intention and effect of the Agreement that as between The Seam and the Seller, the Seller will be responsible to The Seam, and that as between The Seam and a Special Servicer, the Special Servicer will be responsible to The Seam (the parties agree that The Seam will not be

required to elect remedies between the two before it is fully paid). It is further agreed that as between the Special Servicer and the Seller, the Seller will be responsible to the Special Servicer.

#### **47. Special Servicer – Intended Third Party Beneficiary.**

The Special Servicer is an intended third party beneficiary of all provisions of this Agreement in which the Seller has obligations to the Special Servicer.

#### **48. Priority**

In case of any conflict between this Agreement and any trade rules or customs, this Agreement will govern.

#### **49. Sample Availability**

All Sellers, other than First Handlers, will state in the appropriate field provided by The Seam for such purpose whether the Seller has received the samples for the cotton offered for sale.

#### **50. ATPLC Terms—Sales by Form G Sellers and LSA Sellers (PCCA and Telmark) Subject to Superseding Agreements.**

- A. All ATPLC transactions on The Seam system are subject to Rule 50, Rule 51, or Rule 52.
- B. When cotton identified on the recap as being in the loan is the subject of a transaction, if Buyer does not elect to purchase an ATPLC, Seller will, immediately after Buyer and Seller have agreed on the price, redeem the cotton from the loan, and the transaction will proceed under the other applicable Rules, Terms, and conditions [cash transaction rules]. When loan cotton is offered for sale by an LSA or cooperative (Form G Seller) the LSA or Form G Seller responsible for redemption will be identified in the recap information.
- C. When the transaction is to purchase and/or sell an ATPLC, if “Seller” is either a Form G Seller or a Loan Servicing Agent of the USDA (“LSA”) and the parties have entered into a superseding agreement, this Rule 50 will apply. Under this Rule 50 “Buyer” will mean the buyer of the right to redeem loan cotton, pursuant to the terms of a written preexisting agreement (“Superseding Agreement”) between a Form G Seller (a cooperative) or LSA Seller, and the Buyer
- D. No Buyer of an ATPLC may purchase an ATPLC from a Seller which is an LSA of Form G Seller unless the Buyer previously has in effect a Superseding Agreement with the Form G Seller or LSA Seller
- E. In the event of a conflict between the Superseding Agreement and any terms of the Participation Agreement and/or in the Rules and Terms the Superseding Agreement shall govern except that any dispute between or among Buyer, Seller, and/or The Seam shall be subject to arbitration as provided in The Seam Rules and Terms.
- F. Any party offering to buy an ATPLC on Rule 50 terms, represents and warrants to the Seller and to The Seam that it has previously executed a Superseding Agreement with the Form G Seller or LSA Seller which is selling such agreement. If no agreement exists, sale will revert back to cash at the discretion of the Form G/LSA seller.
- G. The ATPLC Seller warrants to the ATPLC Buyer and The Seam that the producer and the cotton to be offered, sold, or delivered under ATPLC terms meet all eligibility requirements for the CCC price support loan, that such cotton was in such CCC Loan at

the time of the offer and sale of the ATPLC, and that if there is an exercise of the ATPLC the ewrs delivered to Buyer upon redemption will be marketable.

- H. After an agreement to buy and sell the ATPLC has been reached:
  - 1. Seller will transfer the right to redeem loan cotton to The Seam by 9:00 a.m. CT the next business day after Buyer and Seller reach agreement on the price, and The Seam will immediately pay the Seller the price less The Seam's fee to Seller. The Seam will invoice Buyer for the price plus The Seam's fee. The Buyer will pay The Seam no later than 1:00 p.m. CT on the date the Buyer is invoiced. Upon receipt of payment, The Seam will transfer the ATPLC to the Buyer.
  - 2. From and after the time of agreeing on an ATPLC price, provided Seller is timely paid the ATPLC price, Seller will thereafter hold such right in trust for said Buyer (or The Seam, if Buyer defaults) and Seller will not provide any other party with such right to exercise the ATPLC without authorization from the Buyer (or The Seam, if the Buyer defaults).
- I. All redemptions involving the ATPLC shall be handled directly between the Buyer and the Form G or LSA Seller. All accrued compress charges will follow the ewrs.
- J. The producer which placed the cotton in the CCC Loan retains the risk of loss or damage to the cotton and shall retain control of, and title to the ewrs representing the cotton until delivery. Such producer has the exclusive authority to redeem or authorize the redemption of the ewrs to be sold hereunder from the CCC loan. Notwithstanding any other provision of the ATPLC, title, risk of loss, and beneficial interest in the cotton, as specified in 7 CFR Part 1427 shall remain with the producer which placed the ewrs in the CCC Loan until the Buyer exercises the right to redeem the ewrs. The right to redeem shall expire, notwithstanding any action or inaction by either the producer which placed the ewrs in the CCC Loan or the Buyer, at the earlier of: (i) the maturity of any CCC price support loan which is secured by such ewrs; (ii) the date the CCC claims title to such ewrs; or (ii) such other date as provided in the ATPLC.
- K. The parties acknowledge that the USDA imposes payment limitations upon USDA Farm Program entitlements, payments, and benefits, and that the price to be paid by Buyer does not take into consideration such limitations. In the event a producer's payment limitation causes Buyer to pay the USDA/CCC in excess of the Adjusted World Price ("AWP") to obtain redemption, then Seller will promptly reimburse Buyer for Buyer's redemption cost in excess of AWP. It is intended that Buyer's redemption price shall not exceed AWP, and that any redemption cost in excess of AWP shall be for Seller's account. If a Seller is acting as agent for a producer, Seller will look to said producer for reimbursement of such amount.
- L. The Buyer must elect immediate redemption and delivery if Buyer purchases the ATPLC during the last month of eligibility for redemption.

## **51. ATPLC Terms—Transactions Not Subject to Superseding Agreements.**

- A. All ATPLC transactions on The Seam system are subject to Rule 50, Rule 51, or Rule 52.
- B. When cotton identified on the recap as being in the loan is the subject of a transaction, if Buyer does not elect to purchase an ATPLC, Seller will redeem the cotton from the loan, and the transaction will proceed under the other applicable Rules, Terms, and conditions [cash transaction rules]. ATPLC bales entered into CCC loan at FSA county offices may not be available for immediate redemption by The Seam on Thursday unless Electronic Agent Designation (EAD) has been executed. ATPLC bales entered into CCC

loan by Form G and approved LSAs will be available for immediate redemption by The Seam. Immediate redemption bales traded under Rule 51 must be designated prior to 3:30 PM CT. Exceptions to this time may occur if trading closes early. Redemption orders for ATPLC purchases under Rule 51 must be submitted by 12:15 CT.

- C. When an agreement to purchase and/or sell is an ATPLC and Buyer and Seller have not entered into a Superseding Agreement (see Rule 50), this Rule 51 or Rule 52 will apply.
- D. Notwithstanding any other provision of the Participation Agreement or these Rules and Terms, when a Rule 51 ATPLC is the subject of an offer, sale, or other transaction any terms of the Participation Agreement and/or in the Rules and Terms inconsistent with this Rule 51 shall be deemed to have been superseded by this Rule 51.
- E. The Seller warrants to the Buyer that the producer and the cotton to be offered, sold, or delivered under ATPLC terms meet all eligibility requirements for the CCC price support loan, that such cotton was in such CCC Loan at the time of the offer and sale of the ATPLC, and that if there is an exercise of the right to redeem loan cotton, the ewrs delivered to Buyer upon redemption will be marketable. A Seller of Form A ATPLC bales [FSA county office cotton] warrants to The Seam that Electronic Agent Designation (EAD) will be executed if requested by The Seam prior to an ATPLC transaction. The Seam reserves the right to require Electronic Agent Designation (EAD) on all ATPLC bales.
- F. After an agreement to buy and sell the ATPLC has been reached:
  - 1. Seller will transfer the ATPLC to The Seam by 9:00 a.m. CT the next business day after Buyer and Seller reach agreement on the price, and The Seam will immediately pay the Seller the price less The Seam's fee to Seller. The Seam will invoice Buyer for the price plus The Seam's fee. The Buyer will pay The Seam no later than 1:00 p.m. CST on the date the Buyer is invoiced. Upon receipt of payment, The Seam will transfer the ATPLC to the Buyer.
  - 2. From and after the time of agreeing on a price, provided Seller is timely paid the price, Seller will thereafter hold such right in trust for said Buyer (or The Seam, if Buyer defaults) and Seller will not provide any other party with such right to redeem loan cotton without authorization from the Buyer (or The Seam, if the Buyer defaults).
- G. All redemptions involving the ATPLC shall be handled between the Buyer and The Seam. All accrued compress charges will follow the ewrs.
- H. The producer which placed the cotton in the CCC Loan retains the risk of loss or damage to the cotton and shall retain control of, and title to the ewrs representing the cotton until delivery. Such producer has the exclusive authority to redeem or authorize the redemption of the ewrs to be sold hereunder from the CCC loan. Notwithstanding any other provision of the ATPLC, title, risk of loss, and beneficial interest in the cotton, as specified in 7 CFR Part 1427 shall remain with the producer which placed the cotton in the CCC Loan until the Buyer exercises the right to redeem loan cotton. The right to redeem shall expire, notwithstanding any action or inaction by either the producer which placed the cotton in the CCC Loan or the Buyer, at the earlier of: (i) the maturity of any CCC price support loan which is secured by such cotton; (ii) the date the CCC claims title to such cotton; or (iii) such other date as provided in the ATPLC.
- I. The Form G or LSA ATPLC Seller will cause the redemption of the ewrs representing the cotton from the CCC Loan and will deliver them to the buyer upon: (a) Timely notification of the Buyer's intent to exercise the right to redeem. Timely notification under Rule 51. I. is defined as 12:15 CT each business day; (b) Timely receipt of the price and of all sums required to redeem the bale of cotton from the CCC loan, including, but not necessarily limited to, all accrued interest, storage, CCC reconcentration charges,

bank draft charges and other charges due CCC, if any, from the loan and/or storage date. The Seam may, at its sole discretion, require payment prior to the execution of a redemption order through its DSO system; (c) Provided however, that the Seller is only obligated to make delivery of the ewrs if notification of the Buyer's intent to exercise the right to redeem and all required payments have been made no later than one (1) business day preceding the maturity date of the CCC loan. The right to redeem shall expire if it is not timely and properly executed so as to allow the Seller sufficient time in the normal course of business to redeem the cotton from the CCC loan prior to the CCC Maturity Date.

- J. In the event the right to redeem expires and the loan collateral cotton is acquired by the CCC, the Buyer agrees upon demand to reimburse Seller or the producer for whom the Seller is acting as agent, for all receiving, storage, and any other charges which may be assessed against producer by the CCC as a result of Buyer's failure to timely exercise the right to redeem.
- K. The parties acknowledge that the USDA imposes payment limitations upon USDA Farm Program entitlements, payments, and benefits, and that the price to be paid by Buyer does not take into consideration such limitations. In the event a producer's payment limitation causes Buyer to pay the USDA/CCC in excess of the Adjusted World Price ("AWP") to obtain redemption, then Seller will promptly reimburse Buyer for Buyer's redemption cost in excess of AWP. It is intended that Buyer's redemption price shall not exceed AWP, and that any redemption cost in excess of AWP shall be for Seller's account.
- L. If in The Seam's judgment, market conditions or potential market present a risk that the Seller's liability under the above subparagraph K may be triggered, The Seam may withhold funds that would otherwise go to Seller pending redemption and settlement. The Seam's failure to exercise this discretionary option will impose no liability on The Seam nor will it release the parties from their obligations, including their obligations in the above sub paragraph K.

## **52. ATPLC Terms— (CCC Form 605 Sales).**

- A. All ATPLC transactions on The Seam system are subject to Rule 50, Rule 51, or Rule 52.
- B. In order to offer an ATPLC on The Seam other than pursuant to Rule 50 or Rule 51 Seller warrants to The Seam that all parties who must sign a CCC Form 605 in order to make it transferable to a subsequent buyer of the underlying ATPLC have done so and have executed a FSA Form 237 and have filed it Commodity Credit Corporation ("CCC") or CCC's agent.
- C. The Seller warrants to the Buyer and The Seam:
  - 1. that Buyer will, if Buyer elects to do so, be able to redeem said cotton by complying with the applicable USDA requirements for redemption;
  - 2. that the producer and the cotton to be offered, sold, or delivered under ATPLC terms meet all eligibility requirements for the CCC price support loan, that such cotton was in such CCC Loan at the time of the offer and sale of the right to redeem;
  - 3. that if there is an exercise of the right to redeem the ewrs delivered to Buyer upon redemption will be marketable;
  - 4. that Buyer shall be provided with a valid CCC Form 605 authorizing Buyer to redeem the cotton described in the ATPLC. Seller further agrees to transfer a

valid CCC-605 by 9:00 AM CT the following business day after the trade or on request, facilitate redemption of the loan cotton for the benefit of the Buyer;

5. that Buyer shall be provided with identification of the appropriate county office or LSA at which the cotton was pledged (and therefore must be redeemed);
  6. that all information provided by Seller is accurate.
- D. When a Buyer and Seller reach agreement for the sale of an ATPLC subject to this Rule 52, Seller must transmit via fax to The Seam a properly endorsed , valid CCC-605 by 9:00 AM CT the following business day after the trade or on request, facilitate redemption of the loan cotton for the benefit of the Buyer. The Seam will invoice the Buyer for price, plus The Seam's fee within one (1) day following the agreement to buy and sell. The Buyer will pay The Seam no later than 1:00 p.m. CST on the date Buyer is invoiced. Upon receipt of payment, The Seam will transfer via fax the CCC Form 605 to the Buyer endorsed in blank or to the Buyer. The Seam will also remit the agreed price to the Seller less The Seam's fee. In such case subsequent redemption will be arranged directly between the Buyer and the appropriate county office or LSA.
- E. All accrued compress charges will follow the ewrs. The producer which placed the cotton in the CCC Loan retains the risk of loss or damage to the cotton and shall retain control of, and title to the ewrs representing the cotton until delivery. Such producer has the exclusive authority to redeem or authorize the redemption of the ewrs to be sold hereunder from the CCC loan. Notwithstanding any other provision of the ATPLC, title, risk of loss, and beneficial interest in the cotton, as specified in 7 CFR Part 1427 shall remain with the producer which placed the cotton in the CCC Loan until the Buyer exercises the right to redeem the cotton. The right to redeem shall expire, notwithstanding any action or inaction by either the producer which placed the cotton in the CCC Loan or the Buyer, at the earlier of: (i) the maturity of any CCC price support loan which is secured by such cotton; (ii) the date the CCC claims title to such cotton; or (iii) such other date as provided in the ATPLC.
- F. Notwithstanding any other provision of the Participation Agreement or these Rules and Terms, when a Rule 52 ATPLC is the subject of an offer, sale, or other transaction any terms of the Participation Agreement and/or in the Rules and Terms inconsistent with this Rule 51 shall be deemed to have been superseded by this Rule 52.
- G. In the event the right to redeem expires and the loan collateral cotton is acquired by the CCC, the Buyer agrees upon demand to reimburse the producer for whom the Seller was acting as agent, for all receiving, storage, and any other charges which may be assessed against producer by the CCC as a result of Buyer's failure to timely exercise the right to redeem.
- H. The parties acknowledge that the USDA imposes payment limitations upon USDA Farm Program entitlements, payments, and benefits, and that the price to be paid by Buyer does not take into consideration such limitations. In the event a producer's payment limitation causes Buyer to pay the USDA/CCC in excess of the Adjusted World Price ("AWP") to obtain redemption, then Seller will promptly reimburse Buyer for Buyer's redemption cost in excess of AWP. It is intended that Buyer's redemption price shall not exceed AWP, and that any redemption cost in excess of AWP shall be for Seller's account. If a Seller is acting as agent for a producer, Seller will look to said producer for reimbursement of such amount.
- I. Seller will not be allowed to sell an ATPLC after the twenty-first (21<sup>st</sup>) day of the last month of eligibility for redemption.

- J. All redemptions involving the ATPLC shall be handled off line between the Buyer and the county office or LSA. (Note: On-line redemption services may be offered as a convenience by third parties via Web-LSA).
- K. If in The Seam’s judgment, market conditions or potential market present a risk that the Seller’s liability under the above subparagraph H may be triggered, The Seam may withhold funds that would otherwise go to Seller pending redemption and settlement. The Seam’s failure to exercise this discretionary option will impose no liability on The Seam nor will it release the parties from their obligations, including their obligations in the above sub paragraph H.

### **53. Headings**

Headings for these rules are for convenience and do not limit the content thereof.

### **54. Scope of the Seam's Responsibility for Quality.**

The Seam may provide a comparison of bale quality data uploaded by the seller to data from USDA’s Agricultural Marketing Service (AMS). Bale quality data from AMS is intended solely for purposes of marketing cotton on The Seam. Any other use of AMS data obtained through The Seam is prohibited. As between the Seam and the Buyer:

- A. If the Seller provides classing data which conflicts with the AMS classing data in whole or in part, Buyer assumes the risk of the quality of those bales affected by the conflict;
- B. If AMS classing data is incomplete in whole or in part, Buyer assumes the risk of the quality of the bales for which there was incomplete AMS classing data;
- C. If Buyer purchases before completing online verification of the AMS classing data, Buyer assumes the risk of the quality of the bales not verified.

### **55. Cotton Board Fees.**

The Seam will not be responsible for collecting or paying Cotton Board fees.

### **56. Basis Pricing and Related Matters**

- A. The Seam shall from time to time specify on The Seam System the contract month or months available for basis trading on The Seam System. When an Agreement to buy and sell on the B2B system is reached using a Basis Price, Buyer and Seller agree as follows:

The “Basis Price” shall be established when Buyer and Seller negotiate the sale of ewrs with a specified difference on or off of the agreed month of the Intercontinental Exchange, Inc. (ICE) #2 cotton futures contract. The Basis Price shall be converted to a fixed price based upon the official closing price for the agreed futures contract month on ICE on the business day the Agreement is made, *unless* Agreement is made on a day the ICE is closed or is made within forty-five (45) minutes of closing on a day that the ICE is open, in which cases the Basis Price shall be converted to a fixed price based upon the official closing price on the next business day after the day of the Agreement on which the ICE is open.

Delivery and payment for ewrs: The ewrs shall be delivered and paid for as provided in the Seam Participation Agreement and Rules.

EFP: On the day the Basis Price is converted to a fixed price, Buyer shall transfer and deliver to the Seam’s designated futures commission merchant the Calculated Number of long ICE #2 cotton futures contracts for the agreed month. The Calculated Number of contracts shall be determined by dividing the

total number of bales in the Agreement by 100 and then rounding to the nearest whole number of contracts (e.g., 15.5 contracts means 16, and if the basis trade is for 49 bales or less, there will be no exchange of futures). The Seam's designated futures commission merchant shall transfer and deliver those long contracts to the Seller via Seller's designated futures commission merchant, and Seller agrees to accept the transferred long contracts.

Should either party default in its obligations hereunder with regard to the exchange of futures for physicals, the non-defaulting party shall mitigate its damage, if any, as soon as possible on the ICE, and invoice The Seam for the resulting market loss, if any, and The Seam shall pay for that loss. The Seam shall not be liable for any damages other than the market loss established by prompt mitigation on the ICE (or which would have been so established if the non-defaulting party failed to promptly mitigate). If the Seam is required to pay the non-defaulting party for such loss, the defaulting party shall promptly repay the Seam plus \$500.00 per futures contract. If the defaulting party fails to promptly reimburse the Seam, it shall also become liable for the Seam's legal fees and expenses.

- B. The G2B basis price shall be established when Buyer and Seller agree on The Seam for the sale of a specified number of ewrs with a difference (basis) applied on or off the agreed month of the ICE #2 cotton futures contract. The G2B Basis Price shall be converted to a fixed price based upon the weighted average of the actual executed futures order price for the trade placed by The Seam by dividing the total number of bales in the agreement by 100 and then by rounding to the nearest whole number of contracts (e.g. 15.5 contracts means 16). G2B offers of 49 bales or less are not eligible for basis trading. The buyer and seller expressly agree that The Seam has their authority to enter a futures order on behalf of the buyer, whereby this order shall be used to calculate their fixed market price. The futures order will be submitted by The Seam within reasonable time after buyer and seller agree on The Seam's system to the basis difference. Executed futures will be "given up" to the buyer's futures account. The Buyer agrees that The Seam is authorized to sell futures on his behalf and the buyer is responsible for notifying his agent or broker to expect the "give up." The Buyer and Seller will be bound by the fixation level reported by The Seam. The Seam will have no liability for futures executions and will have no liability for errors, negligence, misconduct, miscommunication, or any other cause of poor executions by the broker, clearing broker, or trader.

The G2B basis trading will remain open for bidding during the same hours and days as The Seam's B2B trading platform. The Buyer and Seller will be able to enter in to a basis agreement from the opening of the trading period for the ICE Cotton #2 contract until 5 minutes before the closing of the ICE Cotton #2 contract. In the event for any reason a futures sale fails to be executed the same day of a G2B basis agreement, then the futures order will be entered for the open of the ICE Cotton #2 contract on the following ICE business day.

If for any reason either party should default in its obligation hereunder, The Seam shall be entitled to recover any loss sustained. The defaulting party shall promptly repay The Seam for any loss, cost, expense, or damage plus attorney's fees and \$500.00 per futures contract.

## **57. Participant's Responsibility to Check Calculations and Data.**

The Seam provides calculations for Participants and manipulates Participant data in various ways. Human error, software instability, and programming error are always a possibility. Accordingly, by using The Seam, Participants agree that they shall have final responsibility for verifying the

accuracy of calculations and data. Participants agree to notify The Seam immediately if there is any error.

## **58. Authority to Obtain, Provide and Post Bale Information.**

A Participant from time to time may sell cotton (ewrs) on The Seam, LLC, and a Participant from time to time may sell ATPLCs to purchase ewrs which have been placed in the Commodity Credit Corporation (“CCC”) loan. From time to time a Participant may offer to sell ewrs which are pledged as collateral with a lending institution, as to which Participant holds equitable title. While the CCC or other lending institution is the holder of ewrs representing the cotton which a Participant wishes to sell, a Participant may be designated by the CCC or lending institution as the subholder of the ewr. In order to market a Participant’s interest in such ewrs it is necessary to post on The Seam the bale data for such ewrs, and in order to facilitate the process of marketing and to assure The Seam, LLC and EWR, Inc. of their authority to take the following actions, all Participants provide the following authority regarding the bale data information for those ewrs of which they are the holders or subholders:

- A. When a holder or a subholder of ewrs provides to The Seam, LLC an electronic communication listing bale numbers for ewrs or ATPLCs which it wishes to market on The Seam, The Seam is authorized to request the bale data information from EWR, Inc. for such bales; and
- B. When EWR, Inc. receives a request for bale data from The Seam, LLC and the request contains bale identification numbers and the name of the holder of the subholder of those bales, upon verification by EWR, Inc. that the records of EWR, Inc. show that the identified subholder is in fact the subholder for the bales listed, EWR, Inc. is authorized to provide bale data information to The Seam, LLC for those bales; and
- C. The Seam, LLC is authorized to receive such bale data and to post it on its system for purposes of marketing.
- D. If a provider of electronic warehouse receipt transfer services other than EWR, Inc. is used by Participant, that provider and The Seam, LLC are granted the same authority as is granted above to The Seam, LLC and EWR, Inc.

## **59. Peanut “In-store” The Seam Terms 20**

(U.S. Domestic Unrestricted Peanut Sales).

- A. The Gross invoice amount is calculated based on the agreed purchase rice multiplied by the original warehouse net weight per ewr/pwr.
- B. The fees of The Seam shall be deducted from the gross invoice amount. Other posted fees may be deducted by The Seam.

## **60. Peanut “In-store Export Only” The Seam Terms 21**

(U.S. Domestic Restricted Use Peanut Sales).

- A. The Gross invoice amount is calculated based on the agreed purchase price multiplied by the original warehouse net weight per ewr/pwr.
- B. The fees of The Seam shall be deducted from the gross invoice amount. Other posted fees may be deducted by The Seam.
- C. Peanuts purchased under this terms code are restricted to export market only. Buyer agrees to verification if requested.

## **61. Peanut “In-store Crush Only” The Seam Terms 22**

(U.S. Domestic Restricted Use Peanut Sales).

- A. The Gross invoice amount is calculated based on the agreed purchase price multiplied by the original warehouse net weight per ewr/pwr.
- B. The fees of The Seam shall be deducted from the gross invoice amount. Other posted fees may be deducted by The Seam.
- C. Peanuts purchased under this terms code are restricted to crush market only. Buyer agrees to verification if requested.

## **62. Peanut Receipt Terms**

Buyers, sellers and special servicers of electronic and paper warehouse receipts shall independently investigate the terms of receipts of the issuing warehouses. By conducting business on The Seam, buyers, sellers and special servicers represent to The Seam and other parties to any transaction that they are fully familiar with the terms of peanut warehouse receipts issued by the identified warehouses.

## **63. Peanut Arbitration**

The arbitration procedures set forth in rules 19 and 20 shall apply to disputes regarding peanuts, except that any reference to “cotton” in rules 19 and 20 shall be a reference to “peanuts”.

## **64. Claims for Quality, Misdescription, Concealed Damage, etc.**

The parties understand and acknowledge that The Seam does not inspect the bales. The Seam will not be responsible for concealed damage in the bales represented by the ewrs (or concealed in bales represented by paper warehouse receipts if they are used in the transaction), nor will The Seam be liable for misdescription of such bales. Participants understand that millions of bales of cotton are traded on The Seam System, and The Seam does not originate descriptions or verify descriptions of the cotton, its quality, or its condition. Buyers using The Seam agree that The Seam will not be liable if the cotton has been misdescribed, does not have the quality represented, or has damage (concealed or otherwise). The Seam’s sole obligation to the Buyer in such instances is to assign to the Buyer whatever rights it has against the Participant Seller and other person originating information about the cotton.

## **65. Eligibility for CCC Loan Benefits**

All cotton (EWRs) sold on The Seam pursuant to Rules 50, 51 or 52 is warranted by Seller to be eligible for all CCC loan benefits, full storage credits (this includes no reduction for cotton stored outside), and other USDA or CCC credits, subsidies, and benefits including but not limited to marketing loan gains, and the seller warrants that it is eligible for all such benefits, subsidies, and credits.

## **66. Disputes Concerning CCC or USDA**

Because the Commodity Credit Corporation and the USDA and their programs are significant to many of the transactions on The Seam, because the CCC and the USDA have not agreed to arbitration, and because the CCC can only be sued in the Court of Claims if a claim is more than \$10,000.00, upon the determination by The Seam that a dispute has arisen in which it is necessary or desirable for the Commodity Credit Corporation and/or the USDA to be a party to the dispute, the arbitration provisions otherwise applicable shall be of no effect.

## **67. Privacy Notice**

The Seam's Privacy Notice is continuously posted on its website and may be reviewed by clicking [here](#) or clicking the Privacy Policy link on The Seam's public website. Participant acknowledges receiving the notice.