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**The Texas Cotton Association Rules S E C T I O N I**

**DUES AND FEES**

# RULE 1 MEMBERSHIP DUES

**Clause 1:** The **membership dues** in the Association, as provided in Article 4, Section 1, of the By-Laws, shall be **one hundred dollars ($200) for Merchant and Primary Marketing members and two hundred dollars ($300) for Associate members** per annum (except as herein-after provided) payable in advance on each August First. Honorary members are not required to pay dues.

# Rule 2 FEES

**Clause 1:** Per **Bale Fees**-In addition to the annual membership dues as provided in Rule 1, each **Merchant Member** of the Association who effects payment for cotton and/or ships cotton in his name, whether for his account or for the account of another, shall pay fees of **(2) two cents per bale** unless such bale fees are paid to another association affiliated with the American Cotton Shippers Association.

1. **On all cotton in the State of Texas** for which any merchant member effects payment or is shipped by him or his representative, including all cotton originated from nonmember sources.
2. **On all cotton** for which any merchant member effects payment or is shipped by him or his representative.
3. **On all cotton** for which any merchant member effects payment on **purchases from governmental agencies** and all cotton released by the Commodity Credit Corporation on purchases of **producers' equities** for which any member effects payment;
4. **On all cotton** for which any merchant member effects payment or ships by **subsidiary firms** owned or controlled by the member firm. Owners of subsidiary firms shall register the names of their subsidiary firms with the Association.

**Clause 2:** Per bale fees shall be due and payable in **calendar quarterly installments**, to-wit: On the First day of January, April, July and October of each year. On August First of each year, all merchant members whose purchases made since the previous August First have not exceeded five thousand (5000) bales shall pay a **minimum per bale fee** equivalent to fees due on five thousand (5000) bales.

**Clause 3:** In addition to annual membership dues as provided in Rule 1**,** each **Primary Marketing Member** shall pay per:

1. Primary Marketing Members shall pay per bales fees as stipulated in Clauses 1 and 2, on any cotton for which they effect payment on purchases in their own names.
2. Primary Marketing Members shall pay per bales fees as stipulated in Clause 1 and 2, on any bales handled regardless of whether payment was effected.

**Clause 4: Associate Members** shall pay annual membership dues as provided in Rule 1.

**Clause 5: New Members** taken in during the year shall pay the pro rata share of the minimum cost of their respective class of membership, based upon the number of months remaining in the current year expiring on August first following. For the purpose of this Rule any part of a month shall be considered as a full month.

**Clause 6:** In addition to the annual membership dues, as provided in Rule 1, any member who requests physical mailing of electronic delivery shall pay an annual mailing fee of fifty ($50) dollars for each **mailing address** requested.

# Rule 3 INDEBTEDNESS

**Clause 1:** To every member becoming **indebted** to the Association for any amount, due notice shall be given by the Secretary, not later than 10 days after due date. If at the expiration of thirty

1. days from the date of the first notification the amount remains unpaid, then the name of such member shall be turned over to the Board of Directors for further action. Failure to receive notice shall not preclude the enforcement of this clause.

**The Texas Cotton Association Rules S E C T I O N II**

**LOCAL RULES**

# RULE 1 CONTRACTS

**Clause 1: Contracts Final**-A contract for the sale of cotton shall be deemed final when the price, quality, quantity, payment terms, time and place or places of delivery have been agreed upon between the buyer and the seller, and no contract can be rescinded, amended or assigned without the mutual consent of both parties thereto. Unless otherwise provided for at the time of sale, merchantable and deliverable cotton, and correct weights shall be understood as guaranteed by the seller.

# RULE 2 FULFILLMENT OF CONTRACTS

## Clause 1: Failure to Complete Contract-

* 1. **Failure to Deliver:** In the event seller fails to deliver cotton within the required time specified under the contract, and if buyer and seller do not mutually agree on a settlement, buyer shall have the option to:
     1. Accept late cotton per contract terms at 25c per bale per day penalty, paid by seller to buyer, until cotton is delivered.
     2. Fill undelivered purchase in the open market and credit or charge the seller for the difference between the price paid in the open market and the original contract price.
  2. **Failure to Receive/Pay**: In the event buyer fails to receive or pay for cotton within the required time specified under the contract, and if buyer and seller do not mutually agree on a settlement, seller shall have the option to:
     1. Collect from buyer 25c per bale per day penalty plus any storage, insurance and interest charges accumulated against the seller in order to deliver the cotton.
     2. Resell the cotton in the open market and credit or charge the buyer for the difference between the price received in the open market and the original contract price.

**Clause 2: Purchases Made on Actual Samples**-When purchases are made on actual samples, the buyer shall have the right to have the bales resampled at the buyer’s expense, by the warehouse or gin yard in which the cotton is stored, and sent directly to him. If upon examination of the resamples it is determined that they are not equal to the original samples, the buyer shall have the following rights:

* + - 1. **To require the seller to replace** failing bales with bales equal to the original samples.

OR

* + - 1. **To reject** the failing bales and the same to be invoiced back at the original contract price, plus spot market differences.
      2. **To take** the failing bales **at a mutually agreed difference,** the seller to immediately reimburse the buyer for such difference. The expense of resampling shall be borne by the buyer on bales found equal the original samples and the seller shall reimburse the buyer for the expense of resampling bales found to be in default and rejected.

**Clause 3: Purchases Made on USDA Class**-When cotton is sold on USDA class for delivery by a specified date, contract shall be considered to be fulfilled if seller deposits in bank, draft for the cotton supported by correct invoice and proper collateral on or before specified delivery date.

**Clause 4: Demurrage**-Demurrage caused by delay or negligence of the seller shall be for seller’s account. Demurrage caused by delay or negligence of the buyer shall be for buyer’s account.

**Clause 5: Payment**-Buyer shall pay for cotton drafts no later than the next business day following presentation of draft to buyer bank. Notification to buyer shall be considered made on the business day the bank acknowledges receipt draft. If buyer fails to pay for draft two (2) business days after date of presentation seller may reclaim his draft, declare the sale void, and debit buyer for any market loss which occurred plus $5.00/bale. If seller elects not to reclaim his overdue draft, or if buyer does not pay for draft on the next business day after presentation to buyer’s bank, the buyer must pay seller interest based on prevailing bank prime rate from the day following presentation to buyer’s bank through the date the draft is actually paid.

**Clause 6: Gin Run –** On purchases made based gin run quality, the term “gin run” shall be understood to mean sequential receipts received at the gin point or warehouse without culling.

**Clause 7: Purchases Made On Electronic Warehouse Receipts** – Cotton shall be invoiced on electronic warehouse receipts based on original warehouse receipt weights. Unless otherwise agreed, payment to be based on clause 5, above.

# RULE 3 FRAUD

**Prosecution of Fraud**-Whenever cotton is discovered by any member of the Association to be fraudulently packed, or where substitution shall have been made by changing marks or otherwise, it shall be his duty to report the same promptly to the Board of Directors, whose duty is shall then be to take measures to discover the guilty parties and to assist in prosecuting the same to conviction.

# RULE 4

**MERCHANTABLE AND DELIVERABLE COTTON**

**Clause 1: Qualifications**-Cotton which is merchantable and deliverable under the rules of this Association must conform to the following qualifications, in the absence of anything in the contract to the contrary:

1. **Qualities**-All qualities that are eligible for the US Government Loan, the low side of the bale to govern.
2. **USDA Classification**-Where cotton is bought or sold on USDA classification, any bale’s classification including “Remarks” and /or “Extraneous Matter” of any kind may be rejected unless bought as such.
3. **Condition**-The cotton shall be free from damage, sand and dust and must be in condition for immediate shipment.
4. **Bagging**-Bales tendered in fulfillment of contracts under these rules must be fully covered in acceptable bagging and ties to properly protect their contents and have at least two (2) marking spaces on each side of the bale that will retain the shipping marks. Any bales tendered that do not conform shall be put in proper condition for immediate shipment at the expense of the seller.
5. **Patches**-All bales carrying patches which have been treated with paint or any other chemical or foreign substance may be rejected.
6. Cotton offered for sale is to be Gin Universal Density, current crop, unless otherwise specified by the Seller.

**Clause 2: Rejection of Un-merchantable Cotton**-The buyer shall have the right to reject, unless bought as such, and so stated in contracts between buyer and seller, reginned cotton, rebaled, plated, fraudulently or false-packed or mixed packed bales, cotton of perished staple less than 13/16 inch , badly gin cut, scorched, smoky, damaged, water packed, seedy, sandy, dusty, or oily cotton un-merchantable or any bales containing moisture in excess of 7.5% when received at its original warehouse. Bales not in proper condition for immediate shipment may also be rejected by the buyer. The seller shall be held liable for all losses, penalties and costs arising from any un-merchantable bales characteristics accruing against the buyer if such un- merchantable bales characteristics were known to seller or should have been known to seller or occurred as a result of actions by seller.

**Clause 3: Country Damage, Weather Damage or External Damage,** is any damage to a bale or deterioration of the fiber caused by exposure to the weather, improper handling of the bale or improper storage practices. Claims for country, weather, or external damage shall be made in a commercially reasonable time after the damage is discovered. The seller shall be held liable for all losses, penalties, and costs arising from any claims for country, weather or external damage accruing against the buyer if such country, weather, or external damage was known or should have been known to seller or occurred as a result of action by sellers.

# RULE 5 PACKAGE AND TARE

**Clause 1: Package**-The cotton shall be gin universal density, wrapped in acceptable bagging and ties as approved by the Commodity Credit Corporation and the Joint Industry Bale Packaging Committee.

**Clause 2: Penalties, Gin Box Dimensions**-Any bale pressed in a gin box that has not been made or modified to produce a bale of true gin universal density dimensions may be penalized or rejected at buyer’s option. The amount of any penalty is subject to negotiation between buyer and seller. A bale of such dimensions that can be compressed to true gin universal density dimensions with outside pressure at the gin or other pressing point will be accepted without penalty, provide bale is received in merchantable condition and seller pays for such pressing costs.

# RULE 6 WEIGHTS

**Clause 1: Weight**-All contracts for sales and deliveries of cotton (Upland and American Pima) are based total net weight of fifty thousand (50,000) pounds per one hundred (100) bale contract with three (3) percent variance permitted. This rule applies in the same ratio to cotton sold in all other lot sizes. Should the total weight of the number of bales contracted exceed the allowance of three (3) percent either way, the buyer shall be entitled to the difference in the market on such excess weight or short weight, said difference to be the difference between the contract price and the spot quotation value of the cotton on the last day of the delivery period. However, on all spot transactions, the number of bales contracted shall be delivered regardless of weight.

**Clause 2: Lightweight and Overweight Bales** - In the net weight delivery of cotton under these rules, bales weighing less than four hundred (400) pounds (net weight) may be penalized, or rejected at buyer’s option. Bales weighing more than six hundred fifty (650) pounds (net weight) may be penalized or rejected at buyer’s option. The amount of any bale weight penalty is subject to negotiation between buyer and seller.

**Clause 3: Gin Yard Weights**-When Gin Yard Weights are specified in a contract and unless otherwise agreed, correct weights shall always be understood as guaranteed by the seller, and the buyer shall have the option of either accepting original gin yard weights, provided the cotton has not been removed from said gin yard, or reweighing the cotton. In the event of such reweights being unsatisfactory to the seller, it shall be seller’s privilege to engage, at his own expense, a disinterested weigher, acceptable to the buyer, to weigh and determine the weight on which payment shall be made.

**Clause 4: Warehouse Weights**-When Warehouse Weights are specified in a contract, and unless otherwise agreed, the weights shown by the warehouse upon receipt of the cotton at the warehouse shall apply. The buyer shall have the privilege to demand reweights at the time of delivery, in which case the expense of reweighing shall be borne by the buyer.

**Clause 5: Buyer Reweight**-it is expressly understood that the buyer shall have the option at his expense, to receive his purchases on the reweights of a recognized third party controller.

**Clause 6: Seller Reweights**-If seller wishes reweights, he must so state at time of trading and specify in his contract of sale, in which case the expense of reweighing shall be borne by the seller, and performed by recognized third party controller.

**Clause 7: Texas Mill Weights**- Southern mill rules to govern for all issues involving bale weights on cotton sent to Texas mills.

# RULE 7 LANDED TERMS

**Clause 1: Landed Terms**-"Landed” as used in this rule shall mean that the cotton must be delivered by the seller to the destination designated by the buyer at time of sale free of all charges incurred prior to arrival. Seller shall not be responsible for any charges incurred after arrival of cotton at the agreed destination. It is expressly understood that the actual freight rate charged by the carrier, as well as any detention penalties and increases due to the application of higher rates, shall be for the account of the seller.

# RULE 8

# DELIVERY AND SHIPMENT

**Clause 1: Delivery**-"Delivery" shall mean tender at warehouse or gin yard.

**Clause 2: Shipment**-"Shipment" shall mean that the cotton be placed under bill of lading.

**Clause 3: Prompt Delivery or Shipment**-When no time for delivery or shipment shall have been specified at the time of sale, "Prompt" delivery or shipment shall be understood. "Prompt" shall mean within five (5) business day after date of contract. Business days mean all days except Saturday, Sunday, and Bank holidays.

**Clause 4: Immediate Delivery or Shipment**-the terms "Immediate Delivery" or "Immediate Shipment" shall mean delivery or shipment within two (2) business days after the date of contract. Business days mean all days except Saturday, Sunday, and Bank holidays.

# RULE 9 FOB TERMS

**Clause 1: FOB Warehouse** -FOB Warehouse shall mean that seller is to pay all charges assessed by the warehouse except marking, patching, shipping and/or picking out by tag number and compression. Charges for the seller shall include receiving, storage, and any warehouse tariff charges for heavy or light weight bales. Seller shall furnish buyer warehouse receipts. Seller shall allow the buyer five (5) days time free of any storage charge starting with the day after the date seller deposits his draft in a bank for collection, or from date of payment to seller by buyer, whichever is earlier. In the case of warehouse which states in its tariff that storage shall not be stopped until a specified number of days after receipt of shipping order, seller shall allow the buyer this specified number of days in addition to five (5) days free of any storage as set forth in the preceding sentence.

**Clause 2: FOB Cars/Trucks at Warehouse** shall mean that seller is to pay all charges assessed by the warehouse except compression, patching, and special services order by the buyer. Charges for the seller shall include receiving, storage, any surcharge, all taxes, stenciling one-line 5 letter mark, selecting by tag number and loading into or onto railcars, trucks including but not limiting to vans, flatbeds, or containers. Seller shall furnish buyer signed railroad or truck bill of lading or warehouse receipts. If cotton is invoiced on warehouse receipt, seller shall allow the buyer five (5) days time free of any storage charge starting with the day after the date seller deposits his draft in a bank for collection, or from date of payment to seller by buyer, whichever is earlier. In the case of a warehouse which state in its tariff that storage shall not be stopped until a specified number of days after receipt of shipping order, seller shall allow the buyer this specified number of days in addition to five (5) days free of any storage as set forth in the preceding sentence.

**Clause 3: FOB CARS/TRUCKS All Charges Paid** shall mean that seller is to pay all charges assessed by the warehouse except patching and any special services ordered by the buyer.

Charges for the seller shall include compression, receiving, storage, any surcharge, all taxes, stenciling one-line 5 letter mark, selecting by tag number and loading into railcars, truck or containers. Seller is to pay for any warehouse tariff charges for heavy or light weight bales. If cotton is invoiced on warehouse receipts, seller shall allow the buyer five (5) days time free of any storage charge starting with the day after the date seller deposits his draft in a bank for collection, or from date of payment to seller by buyer, whichever is earlier. In the case of a warehouse which states in its tariff that storage shall not be stopped until a specified number of days after receipt of shipping order, seller shall allow the buyer this specified number of days in addition to five (5) days free of any storage as set forth in the preceding sentence.

## Clause 4: FOB CARS/TRUCKS Not Specified – FOB CARS/TRUCKS shall be understood to reference clause 2 of this Rule unless specifically stated otherwise. FOB CARS/TRUCKS Rule 5 Terms or Rule 5 Terms shall be understood to reference Clause 3 of this Rule.

**Clause 5: Warehouse Liens**-For transactions (including contracts) entered into on or after April 1, 1991, the warehouse receipts shall contain no language asserting a lien for unpaid charges or expenses for cotton previously deposited and shipped by the holder of the receipt. Should such language be printed on the receipt, buyer has the option to cancel sale or require at seller's expense that cotton be moved to warehouse location issuing receipts on which language asserting lien is not printed, and that such receipts be issued for said cotton.

# RULE 10

**ON CALL TRADE-SELLER'S CALL**

## Clause 1: When under these rules spot cotton is bought and/or sold on seller's call, it shall be understood that:

1. **The price must be fixed on or before delivery and/or shipment of the cotton**, but in any case not later than the day preceding the first notice day of the month on which the contract is based. If this day should fall on Saturday, Sunday or on a Holiday the price shall be fixed on the preceding trading day unless by mutual agreement the fixation is postponed beyond this date. If the fixation has not been postponed by mutual agreement, the buyer shall have the right to fix the price on the close of the market on the day preceding the first notice day of the month on which the contract is based, or shall have the option of transferring the call to the following active trading month at the difference prevailing at the close of the market on the day prior to first notice day. The seller shall be charged with futures commission.

It is understood that the right of fixation contemplates the ability of the buyer to execute futures. In cases where the market has declined or advanced the daily limit and the buyer is unable to execute futures, the seller, after giving due notice to the buyer, shall have the right to wire a non-merchant handler of his choice and execute the order, if possible, for the account of the buyer, giving up the contract to a futures house designated by the buyer.

1. **If by mutual agreement the price has not been fixed at the time of delivery or shipment**, the cotton shall be invoiced provisionally and the buyer shall retain as original margin five (5) cents/lb. In the absence of special arrangement to the contrary, it shall be understood that mutual margin call of three (3) cents/lb. shall apply.
2. **If the call is transferred to a later month by mutual consent or at the option of buyer**, as provided under Section A, either party shall have the right to call for margins at the time of transfer, and also afterwards at any time they desire to meet advances or declines from the price at which the cotton was transferred, provided always that the buyer shall retain a minimum margin of three (3) cents/lb of invoice value per bale. Both parties shall remit margins immediately. The minimum cost of transfer shall be the nonmember rate of commission as specified by the Exchange on which the contract is based.
3. **Whenever and as often as the original margin has been impaired by decline in the market from the price at which the cotton was invoiced**, the buyer shall have the right to demand of the seller such monies as may be necessary to restore said original margin. Where such margin is not received, as specified, then without any further notice, the buyer shall have the option at any time thereafter to fix the price at the market as though the seller had ordered the price fixed, and an immediate settlement shall thereupon be had between the parties accordingly.
4. **The seller shall have the right to demand of the buyer the return of any accumulated margin** in excess of the original margin.
5. It is specifically agreed by the seller, however, that the **buyer shall have the right to apply margin funds to the payment of any indebtedness due the buyer by the seller**, provided that no such margin funds may be so applied during the life of the call cotton contract or until price fixing has been completed and contract closed.

# Rule 11

**ON CALL TRADES-BUYER'S CALL**

## Clause 1: When under these rules spot cotton is bought and/or sold on buyer's call, it shall be understood that:

* 1. **The price must be fixed on or before delivery and/or shipment of the cotton**, but in any case not later than the day preceding the first notice day of the month on which the contract is based. If this day should fall on Saturday, Sunday or on a Holiday, the price shall be fixed on the preceding trading day unless by mutual agreement the fixation is postponed beyond this date. If the fixation has not been postponed by mutual agreement, the seller shall have the right to fix the price on the close of the market on the day preceding the first notice day of the month on which the contract is based, or shall have the option of transferring the call to the following active trading month at the difference prevailing at the close of the market on the day prior to first notice day. The buyer shall be charged with futures commission.

It is understood that the right of fixation contemplates the ability of the seller to execute futures. In cases where the market has declined or advanced the daily limit and the seller is unable to execute futures, the buyer, after giving due notice to the seller, shall have the right to wire a non-merchant handler of his choice and execute the order, if possible, for the account of the seller, giving up the contract to a futures house designated by the seller.

* 1. **If by mutual agreement the price has not been fixed at the time of delivery or shipment**, the cotton shall be invoiced provisionally and the seller shall retain as original margin five (5) cents/lb. In the absence of special arrangement to the contrary, it shall be understood that maintenance margin of three (3) cents/lb shall apply.
  2. **If the call is transferred to a later month by mutual consent or at the option of seller**, as provided under Section A, either party shall have the right to call for margins at the time of transfer, and also afterwards at any time they desire to meet advances or declines from the price at which the cotton was transferred, provided always that the seller shall retain a minimum margin of three (3) cents /lb. invoice value per bale. Both parties shall remit margins immediately. The minimum cost of transfer shall be the nonmember rate of commission as specified by the Exchange on which the contract is based.
  3. **Whenever and as often as the original margin has been impaired by increase in the market from the price at which the cotton was invoiced**, the seller shall have the right to demand of the buyer such monies as may be necessary to restore said original margin. Where such margin is not received, as specified, then without any further notice, the seller shall have the option at any time thereafter to fix the price at the market as though the buyer had ordered the price fixed, and an immediate settlement shall thereupon be had between the parties accordingly.
  4. **The buyer shall have the right to demand of the seller the return of any accumulated margin** in excess of the original margin.
  5. It is specifically agreed by the buyer, however, that the **seller shall have the right to apply margin funds to the payment of any indebtedness due the seller by the buyer**, provided that no such margin funds may be so applied during the life of the call cotton contract or until price fixing has been completed and contract closed.

# RULE 12 OFFSETTING MARGINS

**Clause 1 On cotton sold for forward shipment, buyer's or seller's call, and the price has been fixed but the cotton has not been shipped**, with a variation in the market of one (1) cent

/lb either way, it is the privilege of either the buyer or the seller to call for margins to offset.

# RULE 13 CLAIMS

**Clause 1:** All contracts made under these rules are made with the understanding and agreement that **all claims for loss in weight, class and/or failure to fulfill contracts, are payable** in the State of Texas.

**Clause 2: Attorney's Fees**-It is specifically agreed by the buyer and seller, if any claim accruing under a contract made subject to these rules is placed in the hands of an attorney for collection or is collected by suit through the courts, that actual attorney’s fees shall be awarded as part of the claim provided they are not included in the original settlement.

**S E C T I O N III GENERAL RULES**

# RULE 1 FRAUDULENT PRACTICES

## Unless specified and described as such in the contract the following are declared to be a fraudulent practices in violation of the rules of this Association:

**Clause 1: Foreign Cotton**-The shipment of non USA cotton against any contract specifying USA.

**Clause 2: Reginned, Blended or Recleaned Cotton**-The shipment of reginned, blended or recleaned cotton, which reginning, blending or recleaning shall have taken place after original pressing.

**Clause 3: Irrigated or Rain Grown Cotton**-The shipment of rain grown cotton against a contract for irrigated cotton or of irrigated cotton against a contract for rain grown. Cotton should be described by specific territories of growth, but as used herein and where the terms "rain grown" or "irrigated" are used without more detailed growth specification, the first shall be interpreted to mean all cotton of USA growth other than that grown in California, Arizona, New Mexico (excepting cotton grown Lea County, New Mexico,) and the Pecos and El Paso Valleys of Texas, which shall be regarded as irrigated.

**Clause 4: Removal of Bale Identification** -The removal of any bale identification indicating origin or growth, the failure to replace any such identification on recovered bales and the failure to report to the Board a request to remove identification or otherwise to obscure origin or growth.

**Clause 5: Penalties**-Upon request of the buyer, the seller shall immediately supply to the Fair Practices Committee of American Cotton Shippers Association all evidence available that the cotton was not shipped in violation of Clauses 1, 2, 3, and 4. Unless the committee shall find that no such rule has been violated, the buyer shall be awarded a penalty of two (2) cents per pound in addition to any other rights he may have or damages he may recover under arbitration

.

**Clause 6: Responsibility of Seller**- It is understood and agreed that the seller shall be responsible to the buyer for any penalties, damages or arbitration claims that arise from such violation, to apply to each sale of cotton regardless of subsequent sales for that same cotton.

**Clause 7: A member shall be fully responsible for any violation of these rules** by any intermediary of any kind acting for or at the request of such member or financed by such member, whether such intermediary is an active member or not.

# RULE 2

**GUARANTEED THROUGH TERMS-DOMESTIC AND FOREIGN**

**Clause 1: Under "Guaranteed Through" terms** the seller assumes all the terms of the contract under the rules and regulations of the market or landing port to which the cotton is destined.

**Clause 2: For the filing of claims,** the time limit as stipulated by the rules of the market at point of landing shall govern, but in order to enable buyer to obtain the necessary papers, buyer shall be allowed an additional thirty (30) days time to present claims to the seller except in cases of cotton going to the Far East, on which buyer shall be allowed forty-five (45) days additional time.

**Clause 3:** The buyer shall, on demand, **furnish the seller shipping instructions** on the first day of the period of "shipment" or "sailing" specified in the contract. In the event of the buyer's failure to so furnish shipping instructions, the seller shall have the right to charge the buyer with carrying charges commencing on the day following until the day received, inclusive. Further, if the seller has not received shipping instructions by the end of the period specified in the contract, then the seller shall have the right, after giving the buyer twenty-four (24) hours notice (electronic mail may be acceptable means of notification), to resell the cotton in the open market and shall charge or credit the buyer with the difference between the price received in the open market and the original contract price and in addition the seller shall be allowed all other losses incurred as a result of buyer’s failure to furnish shipping instructions.

**Clause 4:** It is expressly understood that the **seller must obtain consent of buyer to substitute name of shipper** on a "guaranteed through" contract.

**Clause 5: When cotton is bought and/or sold "on call"** all provisions of Rule 10 or 11 shall apply, depending on whether contract is buyer’s or seller’s call.

# RULE 3 CONTRACT TO SUPERSEDE

**Clause 1:** Exceptions to these rules, excluding fraudulent practices, can be made by mutual agreement at time of sale.

**The Texas Cotton Association Rules**

**S E C T I O N IV**

**PRIMARY MARKETING RULES**

# RULE 1 RESPONSIBILITY

**Clause 1: Primary Marketing Members**, whether members or not, if they trade under TCA Rules shall be subject to these Rules, Arbitrations and Appeals. Unless written contracts or confirmations, signed by both buyer and seller, state that TCA Rules apply, this clause is not enforceable against non-members.

**Clause 2: Agreements for a Primary Marketing Member** to represent a mill, merchant, shipper, or other principal should be in writing and should state the term of the agreement, the basic responsibilities and the commission or fee to be paid for those services. If no written agreement exists, it shall be understood that verbal agreements are, for the purposes of these Rules, for the current season only. At all times the Primary Marketing buyer must act in the best interests of the principal he represents.

**Clause 3: Primary marketing members shall** keep both parties to the contract duly informed of all conditions and terms affecting the transaction and they shall be responsible for any misrepresentations made to either buyer or seller. All sales shall be confirmed in writing as promptly as possible.

**Clause 4: Bids and offers made through Primary Marketing Members**, shall be valid for reply by five o'clock (5:00 PM) central time, of the same day, unless otherwise specified.

**Clause 5: A sale shall not be deemed completed** until buyers and sellers' names are mutually approved.

# RULE 2 COMMISSIONS

**Clause 1: Primary Marketing Members** shall be allowed to charge a commission:

* + 1. On all sales they negotiate.
    2. If they initiate a trade between buyers and sellers, even though the final transaction is negotiated directly between the contracting parties, but only if the sale is made within five (5) days of such initiative advice.

**Clause 2: Commissions shall not be due if the transaction is not fulfilled on account of a mistake of the Primary Marketing Member** or on default of the party not represented by the Primary Marketing Member.

**Clause 3: If a trade is canceled between the original buyer and seller for any reason whatsoever**, with or without the assistance of the original Primary Marketing Member, the Primary Marketing Member shall be entitled to full commission from the party he represents.

**Clause 4:** Unless otherwise specified in their agreement with their principals, **Primary Marketing Members** shall be entitled to collect commissions promptly upon delivery of the cotton against the sale negotiated. Commissions on partial deliveries may be charged monthly.

**Clause 5: Primary marketing members** acting as commission buyers shall be governed by Rule 2 and the above clauses by substituting the word "purchase" where "sale" is used.

**The Texas Cotton Association Rules**

**S E C T I O N V**

**RULES GOVERNING ARBITRATION AND APPEALS**

# RULE 1

**THE ARBITRATION SYSTEM**

Rule1: The arbitrations of The Texas Cotton Association shall be conducted by panels of three members and an Arbitration Appeals Committee. These committees will be formed as provided in Rule 4. The administrative work in connection with arbitration shall be handled by the Executive Vice President or his/her designate. The purpose of arbitration in this Association is to reduce friction among its members and those with whom they deal, avoid litigation, prevent misunderstandings and adjust unsatisfactory conditions.

# RULE 2

**MATTERS TO BE ARBITRATED**

Rule 2: The term dispute as used, herein, shall be deemed to cover the original complaint as filed, and also any cross complaint, counterclaim, or offset as set forth by the defendant, but in no case shall the matters submitted by the defendant be any other than those related to the transaction on which the original complaint is made.

# RULE 3 JURISDICTION

Rule 3:

1. An Arbitration Committee may properly consider a case involving a dispute between or among any of the following:
   1. Active members of this Association;
   2. Members of this Association and non-members by consent of both parties, between non-members when stipulated in their contract or by separate agreement, or by court order enforcing a previously existing arbitration agreement. In the absence of a court order a case between a member and a nonmember may not be properly considered by an Arbitration Committee without the written consent of both parties. If the contract in dispute between a member and nonmember provides for arbitration pursuant to these Arbitration Rules, the parties to the contract shall be deemed to have consented to arbitration under these Arbitration Rules.
2. All other decisions shall be in accordance with the Bylaws and or the Rules of this Association, and all definitions included in the Rules shall apply under these Arbitration Rules, likewise.
3. The original complaint in connection with any disputed matter proposed for arbitration must be filed within one year after the discovery of the breach or the expiration date for performance of the contract or contracts involved, whichever is later. For cases between a member and nonmember arbitrated pursuant to court order, the complaint must be filed by either or both parties within 30 days of issuance of court order.
4. The term member(s) as used in these Arbitration Rules shall mean Active member. The term nonmember(s) shall mean any individual or firm that is not an Active member.

# RULE 4

# FORMATION OF COMMITTEES

Rule 4:

1. Each Arbitration Committee of three arbitrators shall be selected by the Executive Vice-President with respect to each case to be referred to said committee.
2. These arbitrators shall be selected from the membership, retired members, and others with relevant experience as determined by the Executive Vice-President to qualify as an arbitrator, or as an arbitration appeals committee member, a person should be commercially disinterested with respect to the particular dispute intended to be presented to him for judgment.
3. Each Arbitration Appeals Committee shall consist of ***three*** persons selected by the Executive Vice-President, not to include any members of the original arbitration committee.
4. In the event of the absence, resignation, refusal to act or disqualification of a regular member of an Arbitration Committee, the Executive Vice-President shall fill the vacancy with any eligible person who will consent to serve, and said appointee shall have the same power and duties as such regular member. The acts of a committee so formed shall be of the same effect as the acts of a regular committee.

# RULE 5

**PROCEDURE FOR INSTITUTING CASES**

Rule 5:

1. To commence a case, a complaint must be submitted to the Executive Vice President. This complaint should state specifically the nature of the dispute; including the defendant's name and address, applicable contract numbers, date of incident giving rise

to the dispute, and the amount of damages claimed.

1. The Executive Vice President then will prepare and submit to the disputants a contract for arbitration, to be signed by a responsible officer of each firm which is party to the dispute. This contract shall provide that the disputants will agree to abide by the award of the Arbitration Committee or of the Arbitration Appeals Committee, if the original verdict is appealed by one or more of them; and to release the Association and the members of said committee(s) from all responsibility for any errors in judgment that may occur in any respect whatsoever, and from any damage or loss resulting from their acts. Should either party refuse to sign the contract for arbitration or refuse to participate in the arbitration, the party refusing shall be deemed to have waived the right to offer evidence or argument and the Executive Vice-President shall appoint an Arbitration Committee who shall proceed with the arbitration "ex parte." In such event, the parties shall be deemed to have agreed to the provisions of the contract described in this subsection, and the decision of the Arbitration Committee shall be binding on both parties to the controversy.
2. The party requesting arbitration shall submit to the Executive Vice President with the complaint a filing fee of $3000.00 and the defendant shall submit a filing fee of $3000.00 with its response to the complaint.
3. It shall be the duty of both parties to complete the contract for arbitration within fifteen (15) days from the date the party receives the contract from the Executive Vice President.
4. In the event a party against whom a complaint has been filed desires to file a cross- complaint, counterclaim, or offset, arising out of the same transaction upon which the complaint is based, he shall be permitted to do so, and same shall be passed upon by the Arbitration Committee, all with the same force and effect as though the cross-complaint was the original complaint. The cross-complaint shall be heard as one case.
5. The scope of discovery in any matter submitted pursuant to these rules shall be subject to the discretion of the arbitrators.
6. In addition to the filing fees set forth in section 5(c), an amount may be required to compensate the arbitrators for their time and reimburse them for expenses (including travel and legal counsel), if any. If the Executive Vice-President or the arbitrators determine that such additional amount is necessary or desirable, the Executive Vice-President shall notify the parties of the fees and expenses, and they shall be paid equally by the parties. The amount shall be deposited with the Executive Vice-President prior to the hearing. Any such amount assessed which is not used shall be returned.
7. The filing fee of the substantially prevailing party will be returned at the conclusion of the case. The filing fee of the other party will not be returned.
8. In cases of proven financial hardship the fees and expenses required by these rules may be waived or reduced by the Executive Vice-President. Except in cases of proven financial hardship, a party refusing to pay its share of fees or expenses shall forfeit its right to offer evidence or appear and be heard. In such cases the Executive Vice-President shall give written notice to the refusing party of the time and date for commencement of the hearing, and the hearing shall be conducted to conclusion without the refusing party’s participation.
9. The arbitrators may, in their decision and award, provide for payment by one party to the other of all or any part of fees and expenses incurred.
10. By agreement of the Parties, or in the discretion of the Executive Vice-President in cases estimated to involve less $100,000.00, a single arbitrator may be appointed instead of three.

# RULE 6

**PROCEDURE FOR PREPARING A CASE**

Rule 6:

1. In preparing either side of a case for submission to an Arbitration Committee a party will be expected to furnish:
   1. A concise and clear statement of all that is claimed. Parties to the arbitration are responsible for clearly presenting all aspects of their case (the Executive Vice President and the Arbitration panel are not responsible for undertaking fact-finding searches or discovery);
   2. The contract or contracts, if any, including all written evidence, letters, faxes and telexes, tending to establish the terms and conditions (or photo static or verified copies thereof).

The contract is the basis of most of the cases in dispute between cotton firms and special care should be exercised to establish the terms and conditions of it in the preparation of a case for arbitration. An offer by one party to buy or sell, and the acceptance of the offer by the other party, may constitute the contract. The confirmation of the contract may be essential in determining what the agreement was, and should always be included. It is all-important that the contract, when there is one, should be clearly and definitely established;

* 1. Number of Bales or Pounds;
  2. Quality Specifications;
  3. Payment Terms;
  4. Delivery Terms;

1. Applicable Trade, Exchange, and/or Arbitration Rules;
2. Proof of market difference when there is any probability of the market difference affecting the rights of the parties to the case: either because of discounts for grade, delays in shipment, or non-fulfillment of contract. The proof of market difference might be the AMS reported spot market price of the market in which the cotton in question was purchased, or the New York Futures price at the expected time of delivery on which the price is to be established; but in case it is necessary to establish such difference in a market where no price is regularly issued, affidavits by disinterested persons should be furnished.
3. All evidence should be arranged in chronological order to present a clear history of the case.
4. Evidence and argument must be submitted by all parties.
5. When the original papers concerning the case cannot be supplied and copies are substituted, a statement should be made under oath that the original papers have been lost or are beyond the control of the party offering copies as evidence and that the copies, so offered, are true copies.
6. All papers should be fastened together securely to avoid loss.
7. Samples should not be submitted in evidence as the arbitrators will not act as inspectors or compare samples. If the grade or quality of the cotton is in dispute, inspection certificates or other documentary evidence must be submitted.
8. Upon written request of a party, the Arbitration Committee may mandate the attendance of witnesses and the production of books, records, documents and other evidence. The Arbitration Committee may, upon request of a party, execute appropriate subpoenas to compel production of evidence and witnesses, but the party requesting a subpoena shall be responsible for preparing it, giving notice of its request to the other party, and serving it.

# RULE 7

**PROCEDURE FOR HANDLING A CASE**

**PRIOR TO COMMITTEE**

Rule 7:

1. Each case shall be filed in writing with the Executive Vice President, and shall include all the evidence and a set of pleadings as described above.
2. The plaintiff shall submit his initial first argument when the case is filed.
3. Upon receipt of the first papers from the plaintiff, the Executive Vice President shall within ten (10) days thereafter forward to the defendant a duplicate copy of all papers filed by the plaintiff.
4. The defendant shall have twenty (20) days to forward its answer from the date it receives the plaintiff's pleadings and evidence from the Executive Vice President and to submit a cross complaint or counterclaim.
5. Upon receipt of such answer and of the cross pleadings, if any, of the defendant, the Executive Vice President shall forthwith and within five (5) days forward a copy of same to the plaintiff, who shall have ten (10) days after receipt thereof to file a rebuttal.
6. Upon receipt of the rebuttal the Executive Vice President shall forthwith and within five (5) days of receipt thereof forward a copy to the defendant, who shall have ten (10) days after receipt to file a surrebuttal with the Executive Vice President.
7. Upon receipt of the surrebuttal the Executive Vice President shall within five (5) days of receipt thereof forward a copy to the plaintiff.
8. Where a party has failed to file arbitration papers in accordance with the time limits specified in this Section, the delinquent party shall be deemed to be in default, except there is no obligation to file a rebuttal or surrebuttal. The Executive Vice President may for good cause shown extend the time limits specified herein for a period no longer than twenty (20) days from the end of the specified time period. Requests for extension of time must be made prior to expiration of the specified time period. Any extension so granted must be in writing and a copy thereof sent to both parties.
9. The Arbitration Committee may allow additional briefing.

**RULE 8**

**PROCEDURE IN COMMITTEE AND ANNOUCING AWARDS**

Rule 8:

1. When a case is fully prepared and ready to be assigned for hearing, the Executive Vice-President shall assign it to one or another qualified committee as he may deem advisable for the expeditious handling of the case by the Association. A member of the committee shall disclose to the Executive Vice President any circumstances likely to affect his or her impartiality, including any bias or any financial or personal interest in the result of the arbitration. Upon receipt of any such information from a committee member, the Executive Vice President shall transmit such information to both parties and the President shall replace said member if either party requests such action within five (5) days from receipt of such information or after the voluntary withdrawal of such committee member. Upon assigning a case as herein provided, the Executive Vice President shall notify each party of the names and addresses of the chairman and members of the Arbitration Committee processing said case. Upon receipt of such notice, either party to the case may challenge the appointment of a member of the Committee for prejudicial or other causes within five (5) days of receipt of this notice. Upon determination that such challenge is valid the President shall replace such member.
2. The Chairman of an Arbitration Committee may choose for his committee to determine its awards, or otherwise dispose of the cases submitted to it by one or more of the methods hereinafter set out provided however, that if either disputant requests an oral hearing same must be held:
   1. By passing the papers from one to another by mail;
   2. By calling a meeting of the members of a Committee;
   3. By calling a meeting of members of the Committee to hear oral argument;
   4. By such other means as the Chairman may deem necessary, including by telephone, and video.
3. A decision of the members of an Arbitration Committee shall be by majority vote.
4. A Committee cannot be called together more than once each calendar month, except by the consent of every member of a Committee.
5. A Committee cannot act at a meeting thereof, unless all members are present in person or by telephone or by video. .
6. ) When either party to an arbitration requests an oral hearing, the same must be held. Such written request must be made to the Executive Vice President on or before the filing of the defendant's surrebuttal.
7. Upon request of a party, the Arbitration Committee will require witnesses to testify under oath administered by any duly qualified person. Upon request of a party the Arbitration Committee shall require witnesses, other than a party or other essential person, to testify out of the presence of any other witnesses.
8. The party requesting an oral hearing must pay whatever amounts, in addition to 5(c), as shall be necessary to cover the additional expenses of the Committee for the hearing. The amount of such additional expenses shall be determined and fixed by the Committee including, if necessary and appropriate, payment of all legal and attorney fees of the committee. In the event the party requesting an oral hearing is a nonmember, said party shall advance the amount determined necessary to cover approximately the additional hearing expenses, including a stenographic record or a transcribed audio tape record or, if necessary and appropriate any legal or attorney fees of the Committee and travel expenses as set forth in 8(k) below. The Executive Vice President shall notify the requesting nonmember within ten (10) days after receipt of an oral hearing request what the approximate expenses of the hearing will be. If both parties request an oral hearing, the amount to be paid by each in advance shall not exceed one-half of the estimated amount. The amount specified by the Executive Vice President shall be advanced no later than fifteen (15) days before the date set for the hearing. Failure to advance expenses may be grounds for denying a request for an oral hearing or rendering the non-complying party in default. After the Committee determines and fixes the actual amount of additional expense incurred, the difference between the amount advanced and actual costs shall be refunded or billed by the Executive Vice-President for the difference between the amount advanced and actual costs.
9. In the event of an oral hearing, the Executive Vice President shall make the necessary arrangements for the taking of an official stenographic record of the hearing. The party or parties requesting the oral hearing shall pay the cost of such record and any another legal expenses including attorney fees directly to the Executive Vice President in accordance with the normal procedure for paying the hearing costs. The Executive Vice President shall pay the reporting agency in accordance with their agreement. The stenographic or transcribed audio tape record shall be made a part of the official transcript of the case.
10. When a case is to be considered as in 8(b) (3) above, the Chairman of the Committee shall fix a time and a place for its hearing, and shall give the Executive Vice President fifteen (15) days notice of the date and the place so fixed, so as to enable the Executive Vice President to give the parties to the arbitration ten (10) days notification of the date and the place of the hearing. In the event of a nonmember request for oral hearing, the date so fixed shall be no sooner than fifteen (15) days from the date the amount advanced for approximate expenses is received by the Executive Vice President. Neither party shall seek to postpone the hearing of a case longer than ten (10) days after such date has been set, unless good cause, satisfactory to the Committee, can be shown therefore. Requests for postponement must be received by the Chairman of the Arbitration Committee at least five (5) days prior to the date set for hearing.
11. The members of the Arbitration Committee, the Executive Vice President, and the Association's legal counsel shall receive the amount of their actual traveling and hotel expenses when attending meetings to consider a case or to hear oral testimony.
12. The Arbitration Committee shall act promptly on all cases submitted, and shall endeavor to make their report within thirty (30) days after receipt of final papers from the Executive Vice President. The awards of the Arbitration Committee shall be dated on the day they are received at the office of the Executive Vice President, and copies of said awards shall be mailed by the Executive Vice President to the parties to the arbitration within five (5) days after receipt thereof. Each award shall contain a concise statement of the pertinent facts and the conclusions of the Arbitration Committee and the reasons therefore. The parties to the arbitration shall file a notice of appeal, or comply with the terms of the Arbitration Committee's Award within fifteen (15) days from the receipt of said award.
13. All money received by the Executive Vice President for account of arbitration shall be placed with the general funds of the Association, and the expenses of said arbitration shall be paid out of said general fund.
14. The arbitration decisions shall be available to the parties. They shall also be available to members and third parties unless the Arbitration Committee or the Appeal Committee or the Board of Directors determines that the decision should be confidential. A bulletin shall be published as frequently as is necessary to give the details, as hereinafter provided, of all cases arbitrated, awards made, and any other information relative to the subject of arbitration which may be deemed of interest to the members of the Association. Copies of the bulletin shall be mailed to all active members of the Association and to the American Cotton Shippers Association and to all Federated Member Associations of the American Cotton Shippers Association. Said bulletin shall set forth:
15. The full text of all arbitration decisions, excluding the names of the plaintiff and the defendant, the nature of the case and the amount involved, the award and such other information as may be of interest to the members;
16. Notice of failures to comply with the terms of awards, giving a record of each case;
17. Notice of refusals to arbitrate, giving a record of each case, and any reasons offered for said refusals;
18. Notice of failures to answer the correspondence of the Executive Vice President relative to arbitration.

RULE 9

MOTION TO CORRECT THE AWARD

If the final arbitration award contains a typographical error, a computational error, or other apparently inadvertent error, within ten (10) business days of the date of the final arbitration decision either party may file a motion with the original Arbitration Committee to correct the award, with copies to the Executive Vice-President and to the other party. The other party shall have five (5) business days to respond to the motion. A motion to correct can only be filed once by a given party. If within thirty (30) days after the date of the arbitration decision, the Committee fails to either rule on the motion or fails to notify the parties in writing that it is considering the motion, its failure to act shall be deemed a denial of the motion as of the said 30th day. If the Committee notifies the parties that it is considering the motion, it must rule within sixty (60) days of the date of the arbitration decision, and its failure to rule within that time shall be a denial of the motion as of the 60th day. If a motion to correct is timely filed, the time for filing a notice of appeal shall begin to run at the time the motion to correct is granted in whole or in part or is denied.

RULE 10

APPEAL PROCEDURE

Rule 10:

* + 1. A decision of the Arbitration Committee shall be final unless appealed by either party. If timely and properly appealed, the case shall be reviewed by the Arbitration Appeals Committee and affirmed, modified or reversed. There shall be no appeal under these rules from the decision of the Arbitration Appeals Committee. The party or parties to the appeal shall comply with the terms of the Arbitration Appeals Committee award within fifteen (15) days from the receipt of said award. Arguments on Appeal shall be confined only to the facts contained in the record of the case. Any new evidence submitted in violation of this rule may be removed from the argument upon request of either party.
    2. Any decision of the Arbitration Appeals Committee must be unanimous. A failure to reach a unanimous decision shall be an affirmation of the decision of the Arbitration Committee.
    3. The appeal fee, payable only by the appellant, shall be $5,000.00. The fee shall be deposited with the Executive Vice-President by the appellant before the case will be considered. Said appeal fee shall be deposited at the time notice of appeal is given. If not deposited, the award of the Arbitration Committee shall be affirmed or the appeal dismissed. Any overage of the deposit above actual costs shall revert to the general treasury of the Association.
    4. Notice of appeal from an award of an Arbitration Committee accompanied by a statement of the reasons therefore shall be filed with the Executive Vice President within twenty (20) days from the date of receipt of the said award. The said notice of appeal shall be accompanied by ten (10) copies of a brief of this case with each argument keyed to facts contained in the record of the case, with the appellant's appeal fee and his or her certified check for the amount of the Arbitration Committee's award in dollars and cents, if any, payable to the adverse party, to be held by the Executive Vice President pending the decision of the Arbitration Appeals Committee.
    5. Within ten (10) days from the receipt of a notice of appeal and brief at his office, the Executive Vice President shall forward to the appellee, by registered or certified mail, a copy of the appellant's statement of reasons and brief. Thereafter, the appellee shall have twenty (20) days from the date of receipt in which to file his r. brief, in the same form and number as the appellant’s brief.
    6. Upon receipt of the appellee’s brief, the Executive Vice President shall send a copy to the appellant. At such time the Executive Vice President shall assemble a record of the case, including the aforementioned appeal briefs and any other paper he deems pertinent to the case and shall submit the compete file of papers to the Arbitration Appeals Committee.

At this time the Executive Vice President shall inform the appellant and appellee the names of the members of the Arbitration Appeals Committee and give them notice that a challenge of prejudicial or other causes would be entertained for five (5) days from receipt of such notice. Upon a valid challenge being made, the Executive Vice President must immediately name a replacement or replacements to the Committee.

* + 1. The Arbitration Appeals Committee shall meet at the call of the chairman, at a place to be designated by him, at which meeting the Committee shall consider and decide such cases as are properly pending before the committee; provided, however, that the chairman may submit any such cases to members of the committee by mail, for their decision by mail as he may consider proper. On request of either disputant the Arbitration Appeals Committee shall hear oral argument, but no new evidence shall be heard in the appeal of any case.
    2. Request for oral argument may be made at any time from filing of the notice of appeal until the appellee files his answer. Except when a nonmember has requested an oral hearing, the chairman of the Arbitration Appeals Committee shall set the date for oral argument as soon as practical. In the event of a nonmember request for oral argument, the time limits in the preceding sentence shall not commence until after the requesting party has advanced the approximate expenses of the meeting as provided for in 9(i) below. Appellant shall have one hour for opening statement; appellee shall have one hour and fifteen minutes for his argument; and the appellant shall have fifteen minutes confined to rebuttal argument.
    3. All expenses including legal or attorney fees or incurred incident to a telephone conference call meeting or a meeting held to hear oral argument by the Arbitration Appeals Committee shall be met by the party or parties appealing the decision of the Arbitration Committee. In the event a party requesting oral argument is a nonmember said disputant shall be required to advance the amount necessary to cover the approximate expenses of the meeting, including all legal and attorney fees and a stenographic record as set forth in 9(j) below and the travel expenses as set forth in 8(k) above. Within ten (10) days of receipt of a nonmember's request for oral argument the Executive Vice President shall notify said nonmember of the approximate expenses thereof. The amount specified shall be advanced by the requesting nonmember no later than ten (10) days after notification from the Executive Vice President. If both parties request oral argument, the amount paid in advance by one party shall not exceed one-half of the estimated amount. Failure to advance approximate expenses required hereunder may be grounds for dismissal or affirmance of the appeal. After the committee determines and fixes the actual amount of additional expense incurred the nonmember advancing expenses hereunder shall be given a refund or billed by the Executive Vice President for the difference between the approximate amounts advanced and actual costs.
    4. In the event of oral argument, the Executive Vice President shall make the necessary arrangements for the taking of an official stenographic record of the appeal arguments. The party or parties requesting the oral argument shall pay the cost of such record and all legal and attorney fees directly to the Executive Vice President in accordance with the normal procedure for paying the hearing costs. The Executive Vice President shall pay the reporting agency in accordance with their agreement. The stenographic record shall be made a part of the official transcript of the case.
    5. Where a party has failed to file appeals papers in accordance with the time limits specified in this section that party shall be deemed in default except that the Executive Vice President may for good cause shown extend the time limits specified herein for a period no longer than twenty (20) days from the end of the specified time period. Requests for extension of time must be made prior to expiration of the specified time period. No extension of time shall be granted for filing of a notice of appeal. Any extension so granted must be in writing, and a copy thereof sent to both parties.

# RULE 11 MISCELLANEOUS

Rule 11:

1. Whenever any papers, documents, or pleadings are required to be filed, there should be filed with the Executive Vice President ten (10) copies thereof, which said copies shall be disposed of as follows: the original shall be retained by the Executive Vice President; one copy shall be mailed to each of the members of the Arbitration Committee; one copy shall be mailed to the adverse party; five copies shall be retained by the Secretary, and if an appeal be taken from the award of the Arbitration Committee, said five copies shall be mailed to the members of the Arbitration Appeals Committee. This rule shall apply with equal force and effect to the petition, complaint, exhibits, answers, and cross complaints, and any and all other papers that either party desires to or may be required to file.
2. In computing time, the first day shall be excluded and the last day included. If, however, the first or last day falls on a Saturday, Sunday, or a national legal holiday, then the next business day shall be considered the first or last day. The final date for filing required documents or papers in any proceedings under these rules shall be midnight of the stated final day.
3. Registered, certified or express receipts shall be used to determine the timeliness of any filing in accordance with the several periods of time specified in these Arbitration Rules. As used throughout these Rules, the term "filing" shall mean the time at which the document is mailed, first class mail, postage prepaid, or by a recognized overnight delivery service. No extension of time shall be granted for filing a notice of appeal. All time limits placed on the Executive Vice President shall begin on the date the Executive Vice President receives the document or request which triggers his obligation.
4. Notwithstanding any provision to the contrary, time limits set forth in these rules, except the time limit for filing the original complaint and the time limit for filing an appeal, may be extended by agreement of the parties and the Executive Vice-President.
5. References such as “his” or “its” shall be interpreted to refer to the appropriate party or person(s), and singular may refer to plural. Ambiguities or incongruities in these rules shall be brought to the attention of the Executive Vice-President and his interpretation thereof shall be final and binding.

# THE TEXAS COTTON ASSOCIATION

# CONTRACT FOR ARBITRATION

For the purpose of avoiding litigation and in consideration of saving time and expense, we the undersigned parties, hereby agree to submit the following controversy to arbitration by the Texas Cotton Association for its decision and award in writing.

(Insert description of the case here)

We agree that we will comply with all of the Association Rules, including, but not limited to those rules requiring nonmembers of the Association to approximate expenses in advance when an oral hearing is requested by a nonmember. We understand that noncompliance with the rules may result in a default judgment.

We further agree that we will abide by the decision of said committee, and that its decision shall be final, subject to the Association Arbitration Rules.

We hereby release all members of the committee (including any appeals committee) from any responsibility for error in judgment in any respect whatsoever and from any damage or loss allegedly suffered by reason of their acts. In case any member of the regularly constituted committee cannot take part in the hearing of this case, the Association in compliance with the Arbitration Rules may appoint another person to so act; and in that event all the terms of this agreement shall be binding on us as though all the members of the regular committee had taken a part in the hearing of this case. Even in such a case compliance with the award shall be in accordance with the rules of the Association applicable thereto.