

AN OVERVIEW OF CONTRACT CHANGES

North American Export Grain Association Free on Board (FOB) Contract No. 2



Clause 4: Quantity

Clarifies quantity delivery terms to: “If Seller’s first delivery ... Seller has met its quantity obligations ... completes Seller’s quantity obligation under this contract.”



Clause 7: Quality

Paragraph 2 adds the term “Lake Ports” to clarify inspections at U.S. Lake Ports inspected by U.S. FGIS, trans-shipped through Canadian ports.



Clause 8: Delivery and Preadvice

This clause was renamed. Paragraph 1 adds “and vessel” to improve understanding that it is tonnage to the buyer’s vessel and includes the previous Clause 9, “Days.” Paragraph 2 requires the nomination of self-trimming bulk carriers and defines “Preadvice” and “Preadvice Period.”

The vessel substitution paragraph is moved to new Clause 9.



Clause 9: Vessel Substitution

Changes to this clause bring clarity and greater visibility to an important provision and further defines suitable vessels under the contract. The new language states: “buyer may make one substitution of a vessel, provided the substituting vessel is of the same type, date of estimated time of arrival, plus or minus one day, and approximate size.”



Clause 10: Price

Paragraph 2 addresses regulatory and industry practice considerations. It replaces the current language to read: “on the day before the First Notice Day (FND) of the applicable futures month” and adds a reference to being “subject to exchange rules.”



Clause 11: Payment

Paragraph b updates the language for payment obligations pursuant to electronic communications.



Clause 12: Shipping Documents

Clause 12 adds “on-board” to describe bills of lading and includes new language to clarify when the Seller releases the original mates receipt and any additional documents or logs.



Clause 13: Notice of Delivery

Clarifies that while the notice of delivery may be subject to correction, it cannot be withdrawn.



Clause 15: Notices

Clause 15 was changed from “Communications” to “Notices” and includes updated language related to electronic communications.



Clause 16: Circles

This paragraph is updated to clarify a “circle” and better align with other commercial contracts.



Clause 17: U.S./Canadian Government Rules and Regulations

These changes are intended to provide a more robust clause related to sanctions while incorporating reference to rights and remedies in Clauses 21 and 22.



Clause 19: Carrying Charges

Changes remove the reference to “bushels,” leaving a blank to insert “bushels,” “tons” or “tonnes.”



Clause 20: Prevention or Delay of Delivery

Changes to the text were made to improve the buyer’s and seller’s understanding of the Clause. The new text clarifies the events included as eligible for invocation under the Clause and the underlying definitions, rights, obligations, and processes for certifying the validity and duration of causes under the Clause.



Clause 21: Prohibition

Add a new provision obligating NAEGA to publish Clause 21 Guidance, reviewed annually by the board of directors.



Clause 23: Insolvency

Clarifies provisions entitling termination on grounds of insolvency.



Clause 30: Arbitration

The new clause includes a reference to the International Centre for Dispute Resolution (ICDR), the arm of the American Arbitration Association that manages the NAEGA 2 arbitration process. It also streamlines text related to the selection of arbitrators.