Brokerage

Scheme Year 2012

Gafta Promoting international trade

Code of Practice for Brokers

Effective from: 1st September 2012

GTAS Brokerage Manual.
Published by Gafta: GTAS © Version 5.0 effective from 01 09 2012

Contents

	Page No.
Introduction	2
Scope	2
Definitions	2
Code of Practice for Brokers	
• Confirmation of Contract	2
• Notices	2
• Brokerage Commission	3
• General Standards	3
• Arbitration	3
Appendix A – Specimen agreement for Brokerage	4

A	**Introduction** This Code of Practice is for Brokers and their clients engaged in the trading of combinable crops and animal feed materials. It sets out the procedures that must be followed. Failure to comply with the Code does not in itself invalidate a contract or agreement between two contracting parties.
B	**Scope** This Code of Practice is for the use of Brokers who have negotiated the confirmation terms of a contract between sellers and buyers using as a basis and incorporating the appropriate standard contract terms. Where there is one Broker to a transaction he is deemed to be acting on behalf of both sellers and buyers; referred to here as the 'Principals'. Where there are two Brokers to a transaction, they are each deemed to be acting for and on behalf of the principal to the contract by whom they were engaged.
C	**Definitions** "Definitions" relating to this Manual are set out in the Scheme Overview or are available separately in Part 3 of the scheme documentation.
1.0	**Code of Practice for Brokers**
1.1	**Confirmation Of Contract** Following the unconditional acceptance of an offer a contract exists between the Buyer and the Seller (Principals). The Broker may confirm by a method of rapid communication such as telex, or letter if delivered by hand on the date of writing, or telefax, or email or other electronic means (not later than the next business day unless otherwise agreed), confirmation of acceptance of this contract.
1.2 K	In any event the Broker should provide a full and accurate written contract confirmation of the business so agreed between the Principals.
1.3	Any special conditions which are not covered by an agreed standard contract form, such as the Gafta Standard Contract forms, should be specifically negotiated and confirmed in writing at this time.
1.4 K	In the case of a sole Broker; when a contract confirmation is drafted by him it should be sent to both Principals for signature.
1.5	In the case of two Brokers; unless otherwise agreed it shall be the duty of the Sellers' Broker to raise the contract confirmation and to send it to the other Broker. The Brokers should exchange the terms between them, and drafts should continue to be exchanged between them, until such time as they are identical and agreed, before they are sent to their Principals for signature. Both Brokers should be named on the contract.
1.6	Failure by a party to sign a contract confirmation does not necessarily invalidate it but their signatures provide certainty, particularly at a later stage if there is a dispute.
2.0	**Notices**
2.1	All notices required to be served on the contracting parties should be communicated rapidly in legible form. Where Gafta contracts apply, the acceptable methods of rapid communication are defined in the Gafta Notices clause as either telex, or letter if delivered by hand on the date of writing, or telefax, or email or other electronic means, always subject to the proviso that if receipt of any notice is contested by the addressee the burden of proof of transmission shall be on the sender who shall, in the case of dispute, establish, to the satisfaction of the arbitrators or board of appeal that the notice was actually transmitted to the addressee.
2.2	Notices for the appropriation clauses of Gafta Contracts provide for the despatch of a notice either direct to a principal, or to a Broker/agent, which is then deemed to have been received.
2.3	A notice to a Broker or agent under the parties' contracts terms is deemed to be a 'Notice' under the contract.
2.4	When a notice is received by a Broker he has a duty to pass it on as quickly as possible in accordance with the contract terms. Failure to do so could result in a breach of contract by one of the Principals.

3.0	**Brokerage Commission**
3.1	Rates of commission are negotiated between Brokers and their Principals direct, and are not subject to a scale or agreement by any organisation or association.
3.2	The Brokerage Clause in Gafta Contracts is the agreement between the Principals with regard to the payment by them of the brokerage agreed. A Broker is not a party to that agreement.
3.3	A Broker is not a party to his Principals' contract and does not fall under any of their terms with particular regard but not limited to, the fulfillment or default of a contract, nor its domicile or jurisdiction clause.
3.4	A Broker and/or his Principal may wish to enter into an agreement for brokerage and may use the specimen form attached at Annex A.
4.0	**General Standards**
4.1	Professional Indemnity Insurance Brokers are advised to take out Professional Indemnity Insurance.
4.2 K	Brokers must comply with all statutes, statutory instruments and regulations applicable in the country in which they operate and, where applicable, are authorised to operate as Brokers.
4.3 K	A Broker must not act as a principal, professionally or privately in the physical commodity or related paper market in which they are broking.
4.4 K	A Broker must not act as an agent for any company and must remain free from any commercial ties that could prejudice any advice given to a client.
4.5 K	Brokers must not at any time exchange monies with an employee of any company acting as a Principal in a contract in which the Broker has an involvement.
4.6	Brokers should at all times give best and impartial advice and should not knowingly mislead a client.
5.0	**Arbitration** In the event of a dispute between a Broker and his Principal, the use of the attached specimen agreement at Annex A, will provide for settlement by arbitration in accordance with Gafta Simple Dispute Arbitration Rules No 126, in force at the date of the agreement.

APPENDIX A

Specimen Agreement for Brokerage

DATE: Commencement: Expiry:

We (Name) ("PRINCIPAL")

(Address)

Telephone No: Fax No:

E-Mail:

HEREBY AGREE with

Broker's Name: ("BROKER")

Address:

Telephone No: Fax No:

Telex No:

E-Mail:

to pay to you Brokerage Commission at

on all Contracts entered into with other parties introduced through you as Broker, whether or not such Contracts are afterwards cancelled, broken or otherwise terminated before fulfilment. All such Brokerage Commission is to be paid within 30 days of invoicing.

Arbitration: **Any dispute arising out of this Agreement shall be referred to arbitration in accordance with the Simple Dispute Arbitration Rules No 126. of The Grain and Feed Trade Association in the edition current at the date of this Agreement.**

Domicile: For the purpose of proceedings either legal or for arbitration this Agreement is deemed to have been made in and the Law of shall apply.

Sellers **Brokers**

Gafta Promoting international trade

LONDON
9 Lincoln's Inn Fields
London
WC2A 3BP
United Kingdom

T: +44 20 7814 9666
F: +44 20 7814 8383
E: post@gafta.com
W: www.gafta.com

BEIJING
Leading International Center,
No.1 Guang Qu Men Nan Xiao Jie
ChongWen District, 100061,
Beijing China

T: +86 10 6712 1741
F: +86 10 6712 1742
E: beijing@gafta.com
W: www.gafta.com.cn

GENEVA
8 Rue de la Cloche
1201 Geneva
Switzerland

T: +41 22 715 24 30
F: +41 22 731 72 79
E: geneva@gafta.com
W: www.gafta.com

KIEV
8 Saperno Slobidska Street
Kiev
03039
Ukraine

T: +380 44 524 0329
F: +380 44 524 0231
E: kiev@gafta.com
W: www.gaftakyiv.com