



This Agreement is entered into on the between the **EASTERN AFRICA GRAIN COUNCIL**, a company established under the Laws of the Republic of Kenya and whose address for the purposes hereof shall be care of P.O. Box 218 00606 Nairobi (hereinafter referred to as “EAGC” which expression shall where the context so allows include its successors and assigns) of the first part; and a person or such other legal entity duly authorized to operate a grain house and engage in the business of storing grain under the Laws of the Republic of Kenya and whose warehouse has been duly certified by “EAGC”, and whose address for the purposes hereof is (hereinafter referred to as the “Warehouse Operator” which expression shall where the context so allows include the Warehouse Operator’s successors and assigns) of the second part.

These rules and regulations apply to all persons who are engaged issuing EAGC warehouse receipts. These rules and regulations are subject to change and modifications as the EAGC may from time to time deem advisable and to such exceptions as may be considered just and reasonable in individual cases.

The neuter gender throughout this Agreement shall include all genders and the singular and the plural.

The term warehouse throughout this Agreement shall include silos and bins

Unless one of these rules and regulations states to the contrary all rules and regulations in the warehouse engagement contract apply. Unless otherwise stated a warehouse receipt shall be handled in the same manner as a Goods Received Note in terms of care of the commodity, handling, sampling, weighing etc laid out in the EAGC warehousing agreement.

DEFINITIONS

Bin shall mean a bin, tank, interstice, or other container in a warehouse in which bulk grain may be stored.

Certified warehouse shall mean a warehouse that has been certified by the EAGC

Certified Silo shall mean a silo that has been certified by the EAGC in which bulk grain may be stored.

Commingled (grain) shall mean commodity of the same type, variety (if appropriate) and grade deposited by two or more depositors and held together in storage so that any part of the common deposit may be issued in delivery against a warehouse receipt, irrespective of the original depositor.

Depositor shall mean a person to whom a GRN for storage of grain has been issued

EAGC shall mean Eastern Africa Grain Council

Grain shall mean products commonly classed as grain, such as but not limited to maize, wheat, barley, sorghum, paddy and milled rice, sunflower seeds, beans, pulses and lentils, soybeans and such other products as are ordinarily stored in grain warehouses, subject to approval by the EAGC.

Grader shall mean a person in the employ or contracted by the warehouse operator to grade the commodity to be deposited or in store according to the methods and grades laid out by the EAGC

Grades shall mean standards approved by the EAGC for use in grading or classifying grain or grain products received or stored in warehouses.

Goods received note (GRN) shall mean a grain storage receipt giving evidence of a quantity of grain deposited, grade and other information.

Identity preserved (grain) shall mean commodity deposited by one depositor and held in storage so that it will remain attributable to that depositor which may or may not be of a recognizable grade but must meet storage criteria.

Inspector shall mean any person appointed by the EAGC to inspect all aspects detailed by this contract.

Key system shall mean a method for the safe stacking of sacks in a warehouse

Lot shall mean the total quantity deposited and registered on one GRN

Person shall include individuals, corporations, partnerships and all associations of two (2) or more persons have a joint or common interest

Private warehouse shall mean a warehouse not accepting deposits from whosoever wishes to deposit.

Public warehouse shall mean a warehouse accepting deposits from whosoever wishes to deposit.

Sampler shall mean a person in the employ or contracted by the warehouse operator to sample the commodity to be deposited or in store according to the procedures laid out by the EAGC

Shelf-life shall mean the period of time that a commodity, following grading, will retain the grade assigned to it as specified by the EAGC

Silo shall mean a bin, tank, interstice, or other container in a warehouse in which bulk grain may be stored.

Station shall mean two or more warehouse structures which do not exceed 8 kilometers in distance operated by one (1) company or person.

Transport shall mean any type of vehicle that carries freight

Warehouse shall mean any building, structure or other protected enclosure used for the purpose of storing grain for a consideration and certified by the EAGC

Warehouse operator shall mean any person who operates a grain warehouse as herein defined.

Weigher shall mean a person in the employ or contracted by the warehouse operator to weigh the commodity to be deposited on the weighing devices available at the warehouse

1 General

- 1.1 Immediately upon receipt of the certification to issue EAGC warehouse receipts, the warehouse operator shall keep it posted in a conspicuous place where depositors receive their goods received notes or warehouse receipts.
- 1.2 The warehouse operator shall also be issued with a unique EAGC identification code to be used only in communication on EAGC warehouse receipt issues with the EAGC.
- 1.3 The warehouse or warehouse operator shall only issue warehouse receipts for commodities the warehouse has an EAGC certificate to store.
- 1.4 The certified warehouse or the warehouse operators shall permit any officer or authorized representative of the EAGC to enter and inspect or examine on any business day, during usual business hours, the grain warehouse's business, mode of conducting the same, facilities, equipment, inventories, property, books, records, accounts, papers and minutes of proceedings held at such grain warehouse. The warehouse operator shall provide the necessary assistance required for any examination made in accordance with this provision.
- 1.5 The warehouse receipt certified warehouse shall be inspected at least four times a year by the representative of the EAGC. Additional inspections may be made at any time, at the discretion of the EAGC.
- 1.6 Failure to maintain certification level or failure to abide any of the warehouse engagement rules and regulations or failure to abide by any of this agreements

- rules and regulations is grounds for suspension or cancellation by the EAGC of the EAGC certification of the warehouse and the EAGC certification to issue EAGC warehouse receipts. In the case of such suspension or cancellation of certification, the EAGC may take such action against the party as it may deem appropriate in the circumstances including but not limited to:
- 1.6.1 appointing independent managers to manage the facility at the cost of the warehouse until such time as either the suspension has been lifted or all commodity represented by warehouse receipts has been removed from the warehouse
 - 1.6.2 posting the name of the warehouse and or the warehouse operator and the facts on the EAGC web site,
 - 1.6.3 posting the name of the warehouse and or the warehouse operator and the facts on the EAGC notice board,
 - 1.6.4 publishing the name of the warehouse and or the warehouse operator and the facts in relevant news papers,
 - 1.6.5 circulating the information among the EAGC members and any other organizations the EAGC has involvement with
- 1.7 The warehouse shall apply to the EAGC in writing stating their warehouse receipt certification number for the pre printed books of warehouse receipts and pay the appropriate fee.
 - 1.8 The EAGC shall arrange delivery of the pre printed book of EAGC warehouse receipts to the warehouse operator.
 - 1.9 Upon delivery of the EAGC warehouse receipts to the warehouse the authorized signature of the warehouse shall contact the EAGC both by telephone and in writing by fax or email confirming the receipt of the warehouse receipt book using the warehouse unique identification code.
 - 1.10 The EAGC shall then activate the numbers of the warehouse receipts in the warehouse receipt book.
 - 1.11 The warehouse operator may have additional EAGC warehouse receipt books in stock.
 - 1.12 The warehouse shall at all times ensure that the EAGC warehouse receipt books are kept in a secure safe where access is limited to only authorized personal. The warehouse operator may keep replacement EAGC warehouse receipt books at their local bank subject to the local bank having a secure place of deposit.
 - 1.13 The warehouse shall only issue warehouse receipts against a pre-numbered signed undertaking (contract) with the depositor to store such commodity and such undertaking shall list all costs, and conditions.
 - 1.14 Each warehouse operator shall file with the EAGC the name and specimen signature of each person authorized to sign warehouse receipts for the warehouse operator. Any changes of additions to such authorization shall be immediately brought to the attention of the EAGC by the warehouse operator.
- 2 Conditions covering the quality and quantity of commodity for which warehouse receipts may be issued**
- 2.1 Warehouse receipts may only be issued for those commodities for which the warehouse is certified.
 - 2.2 Warehouse receipts may only be issued for those commodities which have been 100% cleaned by the warehouse operator.
 - 2.3 Warehouse receipts may only be issued for those commodities which have been graded by authorized graders.

- 2.4 The EAGC may for specific depositors waive clause 2.2, the depositor must request the EAGC to inform the warehouse of such a waiver (such a waiver shall only be issued after a number of years credibility having been established).
- 2.5 Warehouse receipts shall only be issued for commodity in bags that meet the EAGC packaging standards.
- 2.6 Warehouse receipts may be issued for commodity stored in bulk.
- 2.7 Warehouse receipts shall only be issued for commodity that has passed across authorize weighing device.
- 2.8 Warehouse receipts shall only be issued for commodity meeting standards and specifications issued by the EAGC.

3 Out-turn guarantee

- 3.1 Upon presentation of a warehouse receipt, and upon payment or tender of all advances and legal charges, the warehouse operator shall deliver to the lawful owner of the warehouse receipt the grain of the grade and quantity named in the warehouse receipt

4 Issuing EAGC warehouse receipts

- 4.1 The minimum tonnage for an EAGC warehouse receipt shall be one hundred (100) metric tons, there is no maximum tonnage for a warehouse receipt.
- 4.2 A warehouse operator shall only issue warehouse receipts upon actual delivery of grain into storage, and against the appropriately issued GRNs.
- 4.3 The warehouse receipt must be issued from the warehouse of storage. When several warehouses are operated by one warehouse operator, each warehouse shall be numbered. This numerical designation shall be on all warehouse receipts. When all warehouse receipts of any one book have been issued, a new book shall be substituted for it. No warehouse receipt shall be issued from a book pertaining to one warehouse for commodities stored in another warehouse.
- 4.4 The depositor of the GRNs shall request the warehouse operator to issue a warehouse receipt replacing the GRNs issued.
- 4.5 The GRNs shall be cancelled when a warehouse receipt is issued. Reference on the cancelled GRNs shall be made of the warehouse receipt number issued.
- 4.6 The warehouse receipt can only represent one grade of commodity therefore if more than one grade was deposited a separate warehouse receipt must be issued for each grade of a commodity.
- 4.7 The warehouse operator shall not issue more than one warehouse receipt for the same lot of grain, except where partial warehouse receipts are desired. The total of the aggregate warehouse receipts of a particular lot shall be no greater than the total of the original lot unless additional grain is deposited.
- 4.8 Warehouse receipts for each warehouse shall be issued in numerical sequence and executed in at least quadruplicate. The first (original) to the depositor, the second (copy) to the depositor, the third (copy) to the EAGC, and the fourth (copy) to be retained in the warehouse receipt book and **not** to be removed there from.
- 4.9 The EAGC copy of the warehouse receipt shall be delivered by reputable courier or authorized personnel to the premises of the EAGC within three (3) calendar days from the issuing date of the warehouse receipt.
- 4.10 The following details shall be included on each warehouse receipt;
 - 4.10.1 Name of depositor
 - 4.10.2 ID of depositor

- 4.10.3 Contact details of depositor
- 4.10.4 Warehouse name, location and EAGC warehouse certification number (pre printed)
- 4.10.5 Date of deposit
- 4.10.6 Commodity deposited
- 4.10.7 Grade deposited
- 4.10.8 Quantity – nett and gross weight
- 4.10.9 Date until which storage has been paid
- 4.11 If the depositor is not an individual, the depositor must give the following documentation; in the case of a company a copy of the certificate of corporation, current company license and details (including official identification details) of the person appointed to release the commodity; in the case of a small scale farmer or trader group a copy of their group registration with the relevant authority, and details (including official identification details) of the person appointed to release the commodity.
- 4.12 The warehouse receipt shall be signed by the warehouse operator's appointed authorized signature.
- 4.13 No information required by a warehouse receipt may be omitted without prior written approval from the EAGC.
- 4.14 Should the depositor desire to consolidate several receipts into one, the warehouse operator may issue a new consolidated receipt, but only after the original warehouse receipts have been returned to the warehouse operator and cancelled. A consolidated receipt shall be issued upon the same terms, subject to the same conditions, and shall have a clear statement referencing the original warehouse receipts; the date of deposit for a consolidated receipt shall be the date of the earliest deposit. The depositor shall be required to provide each warehouse receipt's confidential unique reference issued by the EAGC when the warehouse receipt is issued or transferred from one owner to another owner.
- 4.15 A warehouse operator or his employee shall not issue, cause to be issued, or assist in issuing warehouse receipts for grain that has not been delivered to a warehouse or not under their control as otherwise provided in these rules and regulations. The issuer of such a warehouse receipt and the receiver of such warehouse receipt shall be subject to all penalties provided for under these rules, as well as the Kenyan laws on fraudulent acts.

5 Lost receipts

- 5.1 In the case of lost or destroyed warehouse receipt, a new warehouse receipt upon the same terms, subject to the same conditions, and bearing on its face the number and date of the original warehouse receipt in instead of which it is issued and a plain and conspicuous statement that it is a duplicate receipt issued in replacement of a lost or destroyed warehouse receipt, may be issued upon compliance with this regulation.
- 5.2 Before issuing a new or duplicate warehouse receipt the warehouse operator shall require the depositor or other person applying therefore to make and file with him an affidavit showing that the applicant is lawfully entitled to the possession of the original warehouse receipt (this document shall include the confidential unique reference issued by the EAGC), that he has not negotiated or assigned it, how the original warehouse receipt was lost or destroyed, and if lost that diligent effort has been made to find the warehouse receipt without success.

- 5.3 Upon receipt of such an affidavit, the warehouse operator shall send copies thereof to the EAGC and request the EAGC to check the status of the 'lost or damaged' warehouse receipt and that all reference details are correct.
- 5.4 Upon confirmation from the EAGC that there is no registered lien on the warehouse receipt, and upon careful checking on the part of the warehouse, the warehouse operator may issue a new warehouse receipt.
- 5.5 The original affidavit shall be retained by the warehouse operator not fewer than two (2) years after the duplicate receipt is cancelled.
- 5.6 If at a later date the original lost warehouse receipt is found it shall be immediately returned to the warehouse operator and the warehouse operator shall immediately inform the EAGC.

6 Inventory checking

- 6.1 The warehouse operator shall perform periodic spot checks to determine the location of the commodity is as reflected on the stock records
- 6.2 The warehouse operator shall perform periodic inventories
- 6.3 The warehouse operator shall perform periodic spot checks to verify the quantity and condition of the commodity indicated on the stock record

7 Duties of the warehouse operator

- 7.1 Each grain warehouse shall employ, during all regular business hours, a grain weigher and a grain sampler and or grain grader who shall be responsible for the accuracy of weights and grades noted on all warehouse receipts or GRN.
- 7.2 The warehouse shall be kept open for the purposes of receiving grain for storage and delivery out of storage every business day.
- 7.3 The warehouse operator shall post in a conspicuous place in his office and warehouse a notice stating the days of the week and the hours of each business day that he will remain open.
- 7.4 The warehouse operator shall display in a conspicuous place the schedule of storage rates which shall include any fumigation cost. Before making any changes in the schedule of rates, the warehouse operator shall submit to the EAGC in writing the proposed changes and shall post in a conspicuous place close to the operating schedule of rates at least 30 days in advance of such change.
- 7.5 The warehouse operator shall immediately give written notice to the EAGC upon the occurrence of any of the following;
 - 7.5.1 Loss or damage to stored grain or certified storage facilities
 - 7.5.2 Loss or damage to stored blank warehouse receipts
 - 7.5.3 The death or legal incapacity of an individual or any member of a partnership operating a certified warehouse
 - 7.5.4 Change of ownership of a certified warehouse, including a change in the members of a partnership, firm or association
 - 7.5.5 Change in shareholders or the relative amount of stock held by stockholders where the certified operator is a corporation with twenty (20) or fewer share holders
 - 7.5.6 Change in name under which a certified warehouse is operated
 - 7.5.7 Any major structural change to a bin or storage facility licensed for storage
 - 7.5.8 The termination of a lease on a certified warehouse the destruction or removal of storage facilities, or the leasing of such a facility to any other person.

- 7.6 Upon the change of management, cessation of operations, change of partners in a partnership, change of corporate structure of a corporation, or sale, the EAGC may suspend or withdraw a warehouse certification. It is the duty of the warehouse operator to inform the EAGC of such change, and if directed by the EAGC, to deliver his certificate along with a statement of all deposits and the setting forth the arrangements made with depositors for final disposition of the grain in storage and for fulfilling the obligations of the retiring warehouse operator.
- 7.7 When there is a change of management or cessation of operations, the EAGC, when deemed appropriate, may cause an audit and examination to be made. The cost of such audit or examination shall be charged to the warehouse operator.
- 7.8 If certification is evoked for any reason the EAGC shall endeavor to notify depositors whether directly or through the media that the warehouse no longer is certified by the EAGC.

8 Records and reporting

- 8.1 The warehouse operator shall maintain at each certified warehouse facility current and complete records with respect to all agricultural commodities delivered to, withdrawn from, and received, stored, or processed by, the warehouse operator for each such certified warehouse facility. Records shall be filed numerically and shall include but not be limited to the following;
- 8.1.1 A perpetual inventory showing the total quantity of each kind and grade of grain received in and loaded out and the quantity of each kind and grade of grain remaining in the warehouse and the total storage obligations for each kind and grade of grain. This record shall be kept current as of the close of each business day, provided that if no transaction takes place during the business day a record showing the actual status as to quantity and storage obligations as of the close of the preceding business day during which recordable transaction occurred shall be deemed to be current.
- 8.1.2 A rail and or transport register (including truck or rail registration markings and the truck drivers identification details etc)
- 8.1.3 Pre numbered goods received notes which shall include the name, complete address and contact number of the owner or owners of stored grain.
- 8.1.4 Pre numbered warehouse receipts including all details specified in 4.10
- 8.1.5 Pre numbered scale tickets which shall include the name, complete address and contact number of the owner or owners of stored grain.
- 8.1.6 Pre numbered storage contracts
- 8.1.7 A current copy of the periodic insurance report submitted to the insurer
- 8.2 On or before the tenth (10th) day of each month, the warehouse operator shall send to the EAGC copies of the following;
- 8.2.1 The perpetual inventory for the last business day of the preceding month
- 8.2.2 The monthly report to the warehouse operator insurance company
- 8.2.3 A periodic statement in a format prescribed by the EAGC, which may include but is not limited to a schedule of all warehouse receipts and all GRNs issued or cancelled by the warehouse operator, prepared as of close of business at the end of that period. If required, a statement must be filed for a calendar month regardless of whether or not the warehouse operator has commodities in storage.

- 8.3 All records shall be kept for not less than five (5) years after the close of the period for which such record was required.

9 Shipping grain covered by a warehouse receipt

- 9.1 The holder of the warehouse receipt shall delivery such warehouse receipt to the appropriate warehouse with written instructions requesting the grain to be delivered to him or to his transporter.
- 9.2 The warehouse may choose to check details with the EAGC before releasing grain and may request additional proofs from the warehouse receipt holder (such as the confidential unique EAGC reference) .
- 9.3 Before the warehouse operator releases the grain represented by the relevant warehouse receipts all storage charges and any other charges incurred and stipulated in the contract must be paid to the warehouse operator in full.
- 9.4 The grain must be delivered in the quantity and grade as designated on the warehouse receipt.
- 9.5 When grain is delivered from storage the warehouse receipts must be cancelled, CANCELLED and date cancelled and shall be so marked across the face of the warehouse receipt.
- 9.6 The warehouse operator must inform the EAGC within one (1) working days of all cancelled warehouse receipts on that date.
- 9.7 Grain shall not be loaded unless the warehouse receipt has been returned to the warehouse operator.
- 9.8 Unless depositor is present when commodity is loaded, the warehouse operator must receive in writing instructions to load the transport at least 24 hours before the arrival of the transport, these instructions shall include but shall not be limited to; name of depositor and a copy of the depositor's ID, warehouse receipt number, transport registration markings, if applicable truck driver's name and ID number and the approximate gross / nett weight to be loaded.
- 9.9 The warehouse operator shall have a certified sampler and or grader take a sample from each lot or truckload of grain (which ever is smaller) so delivered and shall grade it or have it graded by a certified grader.
- 9.10 Warehouse receipts voided by the warehouse operator for any reason shall be so marked, signed and dated, all copies of voided warehouse receipts shall be held in the same manner and the same period as are cancelled warehouse receipts.

10 Warehouse receipt Transfer

- 10.1 Transfer of ownership of a warehouse receipt shall be handled by the EAGC through application to the EAGC with the accompanying duly filled out forms, and ID information.

Dividing warehouse receipt

- 10.2 A warehouse receipt may be divided into two or more warehouse receipts for a smaller tonnage as long as the tonnage for each warehouse receipt still meets the minimum requirement laid out in clause 4.1,.
- 10.3 The warehouse receipt shall be returned to the warehouse, the warehouse operator shall cancel the original warehouse receipt and issue the appropriate new warehouse receipts. The new warehouse receipts shall be issued upon the same terms, subject to the same conditions, with the original date of deposit and

- a plain and conspicuous statement that it represents grain which was previously covered by the original warehouse receipt and quoting the number thereof.
- 10.4 If additional storage has been paid the date until storage has been paid shall be amended on any new warehouse receipts.
 - 10.5 The warehouse operator shall inform the EAGC within one (1) working days of such cancelled warehouse receipts and forward copies of the new receipts no later than within 3 calendar days from the date of the issued receipts.
 - 10.6 If only a portion of the quantity represented by a warehouse receipt is to be delivered the holder of the warehouse receipt may request a new warehouse receipt to be issued subject to clause 4.1 covering the balance or undelivered portion of the commodity upon the same terms, subject to the same conditions, with the original date of deposit and a plain and conspicuous statement that it represents grain which was previously covered by the original warehouse receipt and quoting the number thereof with an alternation of the date until storage has been paid being amended if applicable.
 - 10.7 Where the balance to deliver is less than the minimum warehouse receipt requirement laid out in clause 4.1 the warehouse operator shall issue the GRN in terms laid out in the EAGC warehouse engagement contract.

11 Security

- 11.1 At all times the warehouse operator is responsible for the safe keeping of blank warehouse receipts.
- 11.2 Blank warehouse receipts shall only be handled by those authorized to sign the warehouse receipts.
- 11.3 The blank warehouse receipts shall be at least kept in a locked secure cupboard during working hours and in a metal safe outside of working hours.

12 Personnel

- 12.1 Personnel shall be qualified to perform their assigned functions.
- 12.2 All personnel involved in warehouse receipts (whether issuing the receipt, managing the receipts, or maintaining care of the commodity represented by the receipts) shall receive EAGC authorized training in warehouse receipt management.
- 12.3 All procedures (both admin and procedural) shall be in writing, available to members of staff and available for inspection.

13 Equipment maintenance

- 13.1 The warehouse operator is responsible to keep all equipment used in the handling of grain in working order
- 13.2 The warehouse operator shall run a regular maintenance program for such equipment, and shall keep records of such maintenance up to date and available for inspection.
- 13.3 In the case of a break down of vital grain handling equipment the warehouse operator shall immediately inform the EAGC and any depositor who has informed the warehouse that they will be delivering or removing grain from the warehouse, such notice shall indicate the problem and the estimated time the warehouse shall be operating such equipment again.
- 13.4 The warehouse operator shall ensure that all government regulations with regards to weighing devices are observed at all times.
- 13.5 The warehouse operator shall ensure that all grading equipment is at all times in working order.