

PART 200 [RESERVED]

PART 201—ADMINISTERING THE PACKERS AND STOCKYARDS ACT

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AUTHORITY: 7 U.S.C. 181–229c.

Subpart A—Definitions

§ 201.1 Meaning of words.

Words used in this part in the singular form shall be deemed to import the plural, and vice versa, as the case may demand.

[19 FR 4524, July 22, 1954]

§ 201.2 Terms defined.

The definitions of terms contained in the Act shall apply to such terms when used in Administering the Packers and Stockyards Act, 9 CFR part 201; Rules of Practice Governing Proceedings Under the Packers and Stockyards Act, 9 CFR part 202; and Statements of General Policy Under the Packers and Stockyards Act, 9 CFR part 203. In ad-

dition, the following terms used in these parts shall be construed to mean:

Act means the Packers and Stockyards Act, 1921, as amended and supplemented (7 U.S.C. 181 *et seq.*).

Additional capital investment means a combined amount of \$12,500 or more per structure paid by a poultry grower or swine production contract grower over the life of the poultry growing arrangement or swine production contract beyond the initial investment for facilities used to grow, raise, and care for poultry or swine. Such term includes the total cost of upgrades to the structure, upgrades of equipment located in and around each structure, and goods and professional services that are directly attributable to the additional capital investment. The term does not include costs of maintenance or repair.

Administrator or *agency head* means the Administrator of the Agricultural Marketing Service or any person authorized to act for the Administrator.

Agency means the Agricultural Marketing Service of the United States Department of Agriculture.

Breeder facility identifier means the identification that a live poultry dealer permanently assigns to distinguish among breeder facilities supplying eggs for the poultry placed at the poultry grower's facility.

Breeder flock age means the age in weeks of the egg-laying flock that is the source of poultry placed at the poultry grower's facility.

Broiler means any chicken raised for meat production.

Broiler grower means a poultry grower engaged in the production of broilers.

Broiler growing arrangement means a poultry growing arrangement pertaining to the production of broilers.

Commerce means commerce between any State, Territory, or possession, or the District of Columbia, and any place outside thereof; or between points within the same State, Territory, or possession, or the District of Columbia, but through any place outside thereof; or within any Territory or possession, or the District of Columbia.

Complex means a group of local facilities under the common management of a live poultry dealer. A complex may include, but not be limited to, one or

more hatcheries, feed mills, slaughtering facilities, or poultry processing facilities.

Custom feedlot means any facility which is used in its entirety or in part for the purpose of feeding livestock for the accounts of others, but does not include feeding incidental to the sale or transportation of livestock.

Department means the United States Department of Agriculture.

Gross payments are the total compensation a poultry grower receives from the live poultry dealer, including, but not limited to, base payments, new housing allowances, energy allowances, square footage payments, extended layout time payments, equipment allowances, bonus payments, additional capital investment payments, poultry litter payments, etc., before deductions or assignments are made.

Grower variable costs means those costs related to poultry production that may be borne by the poultry grower, which may include, but are not limited to, utilities, fuel, water, labor, repairs and maintenance, and liability insurance.

Housing specifications means a description of—or a document relating to—a list of equipment, products, systems, and other technical poultry housing components required by a live poultry dealer for the production of live poultry.

Inputs means the various contributions to be made by the live poultry dealer and the poultry grower as agreed upon by both under a poultry growing arrangement. Such inputs may include, but are not limited to, animals, feed, veterinary services, medicines, labor, utilities, and fuel.

Letter of intent means a document that expresses a preliminary commitment from a live poultry dealer to engage in a business relationship with a prospective poultry grower and that includes the chief terms of the agreement.

Live poultry dealer means any person engaged in the business of obtaining live poultry by purchase or under a poultry growing arrangement for the purpose of either slaughtering it or selling it for slaughter by another, if poultry is obtained by such person in commerce, or if poultry obtained by

such person is sold or shipped in commerce, or if poultry products from poultry obtained by such person are sold or shipped in commerce.

Live Poultry Dealer Disclosure Document means the complete set of disclosures and statements that the live poultry dealer must provide to the poultry grower.

Minimum number of placements means the least number of flocks of poultry the live poultry dealer will deliver to the grower for growout annually under the terms of the poultry growing arrangement.

Minimum stocking density means the ratio that reflects the minimum weight of poultry per facility square foot the live poultry dealer intends to harvest from the grower following each growout.

Number of placements means the number of flocks of poultry the live poultry dealer will deliver to the grower for growout during each year of the poultry growing arrangement period.

Original capital investment means the initial financial investment for facilities used to grow, raise, and care for poultry or swine.

Packers and Stockyards Division (PSD) means the Packers and Stockyards Division of the Fair Trade Practices Program (FTPP), Agricultural Marketing Service.

Person means individuals, partnerships, corporations, and associations.

Placement means delivery of a poultry flock to the poultry grower for growout in accordance with the terms of a poultry growing arrangement.

Poultry grower means any person engaged in the business of raising and caring for live poultry for slaughter by another, whether the poultry is owned by such person or by another, but not an employee of the owner of such poultry.

Poultry grower ranking system means a system where the contract between the live poultry dealer and the poultry grower provides for payment to the poultry grower based upon a grouping, ranking, or comparison of poultry growers delivering poultry during a specified period.

Poultry growing arrangement means any growout contract, marketing agreement, or other arrangement

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under which a poultry grower raises and cares for live poultry for delivery, in accord with another's instructions, for slaughter.

Poultry growout means the process of raising and caring for poultry in anticipation of slaughter.

Poultry growout period means the period of time between placement of poultry at a grower's facility and the harvest or delivery of such animals for slaughter, during which the feeding and care of such poultry are under the control of the grower.

Principal part of performance means the raising of and caring for livestock or poultry, when used in connection with a livestock or poultry production contract.

Prospective broiler grower means a person or entity with whom the live poultry dealer is considering entering into a broiler growing arrangement.

Prospective poultry grower means a person or entity with whom the live poultry dealer is considering entering into a poultry growing arrangement.

Regional director means the regional director of the Packers and Stockyards Division (PSD) for a given region or any person authorized to act for the regional director.

Registrant means any person registered pursuant to the provisions of the Act and the regulations in this part.

Schedule means a tariff of rates and charges filed by stockyard owners and market agencies.

Secretary means the Secretary of Agriculture of the United States, or any officer or employee of the Department authorized to act for the Secretary.

Stocking density means the ratio that reflects the number of birds in a placement, expressed as the number of poultry per facility square foot.

Stockyard means a livestock market which has received notice under section 302(b) of the Act that it has been determined by the Secretary to come within the definition of "stockyard" under section 302(a) of the Act.

[88 FR 83290, Nov. 28, 2023]

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Subpart B—Administration

§ 201.3 Applicability of regulations in this part.

The regulations in this part, when governing or affecting contracts, shall apply to any poultry growing arrangement, swine production contract, or any other livestock or poultry contract entered into, amended, altered, modified, renewed or extended after February 7, 2012.

[76 FR 76889, Dec. 9, 2011, as amended at 80 FR 6430, Feb. 5, 2015]

§ 201.4 Authority.

The Administrator shall perform such duties as the Secretary may require in enforcing the provisions of the act and the regulations in this part.

[19 FR 4524, July 22, 1954. Redesignated at 76 FR 76889, Dec. 9, 2011]

Subpart C—Applicability of Industry Rules

§ 201.5 Bylaws, rules and regulations, and requirements of exchanges, associations, or other organizations; applicability, establishment.

(a) The regulations in this part shall not prevent the legitimate application or enforcement of any valid bylaw, rule or regulation, or requirement of any exchange, association, or other organization, or any other valid law, rule or regulation, or requirement to which any packer, stockyard owner, market agency, or dealer shall be subject which is not inconsistent or in conflict with the act and the regulations in this part.

(b) Market agencies selling livestock on commission shall not, in carrying out the statutory duty imposed upon them by section 307 of title III of the act, permit dealers, packers, or others representing interests which conflict with those of consignors, to participate, directly or indirectly, in determination of the need for, or in the establishment of, regulations governing,

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or practices relating to, the responsibilities, duties, or obligations of such market agencies to their consignors.

(7 U.S.C. 181 *et seq.*)

[19 FR 4524, July 22, 1954, as amended at 44 FR 45361, Aug. 2, 1979. Redesignated at 76 FR 76889, Dec. 9, 2011]

Subpart D—Registration

§ 201.10 Requirements and procedures.

(a) Every person operating or desiring to operate as a market agency or dealer as defined in section 301 of the Act (7 U.S.C. 201) must apply for registration. To apply, such persons must file a properly executed application for registration on a form furnished by the Agency. Each applicant must file an application for registration with the regional office for the region where the applicant has his or her primary place of business, and file and maintain a bond as required in §§201.27 through 201.34 (9 CFR 201.27 through 201.34).

(b) If, upon review of an application, the Administrator has reason to believe the applicant is unfit to engage in the activity for which application has been made, a proceeding shall be instituted promptly affording the applicant the opportunity for a full hearing, in accordance with the Department's Rule of Practice Governing Formal Adjudicatory Proceedings (7 CFR Subpart H), to show cause why the application for registration should not be denied. If after the hearing the application is denied, as soon as the issue(s) that formed the basis of the denial have been remedied, the applicant may file a new application for registration.

(c) Any person regularly employed on salary, or other comparable method of compensation, by a packer to buy livestock for such packer is subject to the regulation requirements of this section. Such person must be registered as a dealer to purchase livestock for slaughter on behalf of the packer.

(d) Every person clearing or desiring to clear the buying operations of other registrants must apply for registration as a market agency providing clearing services by filing a properly executed application on a form furnished by the Agency, and file and maintain a bond as required in §§201.27 through 201.34.

(e) If an application for registration is granted, a market agency or dealer receives an acceptance letter from the Agency that issues the registration number and the effective date of the registration. Each registration issued in accordance with this section will not expire, provided that the registrant timely files its annual report with the Agency as required in section 201.97. Failure of a registrant to file an annual report by the date required in section 201.97 will result in the issuance of a default notice. Thirty days after receipt of the default notice, the registration will expire if the Agency does not receive an annual report from the registrant. A registrant who fails to renew its registration in a timely manner, and continues to operate, will be engaged in business subject to the Act without a valid registration in violation of section 303 of the Act (7 U.S.C. 203).

(f) Registrations that expire during a period of suspension imposed as a result of an order or injunction may be renewed, but the renewal will not be effective until the specified suspension period terminates.

(Approved by the Office of Management and Budget under control number 0580-0015)

(7 U.S.C. 203, 204, 207, 217a, 222 and 228)

[49 FR 33003, Aug. 20, 1984, as amended at 54 FR 37094, Sept. 7, 1989; 56 FR 2127, Jan. 22, 1991; 68 FR 75388, Dec. 31, 2003; 75 FR 6300, Feb. 9, 2010]

§ 201.11 Suspended registrants; officers, agents, and employees.

Any person whose registration has been suspended, or any person who was responsible for or participated in the violation on which the order of suspension was based, may not register in his own name or in any other manner within the period during which the order of suspension is in effect, and no partnership or corporation in which any such person has a substantial financial interest or exercises management responsibility or control may be registered during such period.

(7 U.S.C. 203, 204, 207, 217a and 228)

[49 FR 33003, Aug. 20, 1984]

Subpart E—Schedules of Rates and Charges

§ 201.17 Requirements for filing tariffs.

(a) *Schedules of rate changes for stockyard services.* Each stockyard owner and market agency operating at a posted stockyard shall file with the Regional Director for the region in which they operate a signed copy of all schedules of rates and charges, supplements and amendments thereto. The schedules, supplements and amendments must be conspicuously posted for public inspection at the stockyard, and filed with the Regional Director, at least 10 days before their effective dates, except as provided in paragraphs (b) and (c) of this section. Each schedule, supplement and amendment shall set forth its effective date, a description of the stockyard services rendered, the stockyard at which it applies, the name and address of the stockyard owner or market agency, the kind of livestock covered by it, and any rules or regulations which affect any rate or charge contained therein. Each schedule of rates and charges filed shall be designated by successive numbers. Each supplement and amendment to such schedule shall be numbered and shall designate the number of the schedule which it supplements or amends.

(b) *Feed charges.* When the schedule in effect provides for feed charges to be based on an average cost plus a specified margin, the 10-day filing and notice provision contained in section 306(c) of the Act is waived. A schedule of the current feed charges based on average feed cost and showing the effective date shall be conspicuously posted at the stockyard at all times. Changes in feed charges may become effective 2 days after the change is posted at the stockyard.

(c) *Professional veterinary services.* The 10-day filing and notice provision contained in section 306(a) of the Act is waived for a schedule of charges for professional veterinary services. A schedule of charges for professional veterinary services rendered by a veterinarian at a posted stockyard shall be conspicuously posted at the stockyard at all times. The schedule of charges and any supplement or amend-

ment thereto may become effective 2 days after the schedule, supplement, or amendment is posted at the stockyard.

(d) *Joint schedules.* If the same schedule is to be observed by more than one market agency operating at any one stockyard, one schedule will suffice for such market agencies. The names and business addresses of those market agencies adhering to such schedule must appear on the schedule.

(Approved by the Office of Management and Budget under control number 0580–0015)

(7 U.S.C. 203, 204, 207, 217a, 222 and 228)

[49 FR 33003, Aug. 20, 1984, as amended at 68 FR 75388, Dec. 31, 2003; 88 FR 62695, Sept. 13, 2023]

Subpart F—Bonding

§ 201.27 Underwriter; equivalent in lieu of bonds; standard forms.

(a) The surety on bonds maintained under the regulations in this part shall be a surety company which is currently approved by the United States Treasury Department for bonds executed to the United States; and which has not failed or refused to satisfy its legal obligations under bonds issued under said regulations.

(b) Any packer, market agency, or dealer required to maintain a surety bond under these regulations may elect to maintain, in whole or partial substitution for such surety bond, a bond equivalent as provided below. The total amount of any such surety bond, equivalent, or combination thereof, must be the total amount of the surety bond otherwise required under these regulations. Any such bond equivalent must be in the form of:

(1) A trust fund agreement governing funds actually deposited or invested in fully negotiable obligations of the United States or Federally-insured deposits or accounts in the name of and readily convertible to currency by a trustee as provided in § 201.32, or

(2) A trust agreement governing funds which may be drawn by a trustee as provided in § 201.32, under one or more irrevocable, transferrable, standby letters of credit, issued by a Federally-insured bank or institution and physically received and retained by such trustee.

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(c) The provisions of §§ 201.27 through 201.34 shall be applicable to the trust fund agreements, trust agreements and letters of credit authorized in paragraph (b) of this section.

(d) Bonds, trust fund agreements, letters of credit and trust agreements shall be filed on forms approved by the Administrator.

(Approved by the Office of Management and Budget under control number 0580-0015)

[56 FR 2128, Jan. 22, 1991, as amended at 61 FR 36279, July 10, 1996; 62 FR 11759, Mar. 13, 1997; 68 FR 75388, Dec. 31, 2003]

§ 201.28 Duplicates of bonds or equivalents to be filed with Regional Directors.

Fully executed duplicates of bonds, trust fund agreements, and trust agreements maintained under the regulations in this part, and fully executed duplicates of all endorsements, amendments, riders, indemnity agreements, and other attachments thereto, and photographically reproduced copies of any letter of credit or amendment thereto, shall be filed with the Regional Director for the region in which the registrant, packer, or person applying for registration resides, or in the case of a corporation, where the corporation has its home office: *Provided*, that if such registrant, packer, or person does not engage in business in such area, the foregoing documents shall be filed with the Regional Director for the region in which the place of business of the registrant or packer or person is located.

(Approved by the Office of Management and Budget under control number 0580-0015)

[56 FR 2128, Jan. 22, 1991, as amended at 68 FR 75388, Dec. 31, 2003; 88 FR 62696, Sept. 13, 2023]

Subpart G—Market Agency, Dealer, and Packer Bonds

§ 201.29 Market agencies, packers and dealers required to file and maintain bonds.

(a) Every market agency, packer, and dealer, except as provided in paragraph (d) of this section, and except packer buyers registered as dealers to purchase livestock for slaughter only, shall execute and maintain a reason-

able bond on forms approved by the Administrator containing the appropriate condition clauses, as set forth in § 201.31 of the regulations, applicable to the activity or activities in which the person or persons propose to engage, to secure the performance of obligations incurred by such market agency, packer, or dealer. No market agency, packer, or dealer required to maintain a bond shall conduct his operations unless there is on file and in effect a bond complying with the regulations in this part.

(b) Every market agency buying on a commission basis and every dealer buying for his own account or for the accounts of others shall file and maintain a bond. If a registrant operates as both a market agency buying on a commission basis and as a dealer, only one bond to cover both buying operations need be filed. Any person operating as a market agency selling on a commission basis and as a market agency buying on a commission basis or as a dealer shall file and maintain separate bonds to cover his selling and buying operations.

(c) Each market agency and dealer whose buying operations are cleared by another market agency shall be named as cleegee in the bond filed and maintained by the market agency registered to provide clearing services. Each market agency selling livestock on a commission basis shall file and maintain its own bond.

(d) Every packer purchasing livestock, directly or through an affiliate or employee or a wholly-owned subsidiary, except those packers whose annual purchases do not exceed \$500,000, shall file and maintain a reasonable bond. In the event a packer maintains a wholly-owned subsidiary or affiliate to conduct its livestock buying, the wholly-owned subsidiary or affiliate shall be registered as a packer buyer for its parent packer firm, and the required bond shall be maintained by the parent packer firm.

(7 U.S.C. 204, 228(a))

[48 FR 8806, Mar. 2, 1983]

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§ 201.30 Amount of market agency, dealer and packer bonds.

(a) *Market agency selling livestock on commission.* To compute the required amount of bond coverage, divide the dollar value of livestock sold during the preceding business year, or the substantial part of that business year, in which the market agency did business, by the actual number of days on which livestock was sold. The divisor (the number of days on which livestock was sold) shall not exceed 130. The amount of bond coverage must be the next multiple of \$5,000 above the amount so determined. When the computation exceeds \$50,000, the amount of bond coverage need not exceed \$50,000 plus 10 percent of the excess over \$50,000, raised to the next \$5,000 multiple. In no case shall the amount of bond coverage for a market agency selling on commission be less than \$10,000 or such higher amount as required to comply with any State law.

(b) *Market agency buying on commission or dealer.* The amount of bond coverage must be based on the average amount of livestock purchased by the dealer or market agency during a period equivalent to 2 business days. To compute the required amount of bond coverage, divide the total dollar value of livestock purchased during the preceding business year, or substantial part of that business year, in which the dealer or market agency or both did business, by one-half the number of days on which business was conducted. The number of days in any business year, for purposes of this regulation, shall not exceed 260. Therefore, the divisor (one-half the number of days on which business was conducted) shall not exceed 130. The amount of the bond coverage must be the next multiple of \$5,000 above the amount so determined. When the computation exceeds \$75,000, the amount of bond coverage need not exceed \$75,000 plus 10 percent of the excess over \$75,000, raised to the next \$5,000 multiple. In no case shall the amount of bond coverage be less than \$10,000 or such higher amount as required to comply with any State law.

(c) *Market agency acting as clearing agency.* The amount of bond coverage must be based on the average amount of livestock purchased by all persons

for whom the market agency served as a clearor during a period equivalent to 2 business days. To compute the required amount of bond coverage, divide the total dollar value of livestock purchased by all persons for whom the market agency served as a clearor during the preceding business year, or substantial part of that business year, in which the market agency acting as clearing agency did business, by one-half the number of days on which business was conducted. The number of days in any business year, for purposes of this regulation, shall not exceed 260. Therefore, the divisor (one-half the number of days on which business was conducted) shall not exceed 130. The amount of bond coverage must be the next multiple of \$5,000 above the amount so determined. When the computation exceeds \$75,000, the amount of bond coverage need not exceed \$75,000 plus 10 percent of the excess over \$75,000, raised to the next \$5,000 multiple. In no case shall the amount of bond coverage be less than \$10,000 or such higher amount as required to comply with any State law.

(d) *Packer.* The amount of bond coverage must be based on the average amount of livestock purchased by the packer during a period equivalent to 2 business days. To compute the required amount of bond coverage, divide the total dollar value of livestock purchased during the preceding business year, or substantial part of that business year, in which the packer did business, by one-half the number of days on which business was conducted. The number of days in any business year, for purposes of this regulation, shall not exceed 260. Therefore, the divisor (one-half the number of days on which business was conducted) shall not exceed 130. The amount of the bond coverage must be the next multiple of \$5,000 above the amount so determined. In no case shall the amount of bond coverage for a packer be less than \$10,000.

(e) If a person applying for registration as a market agency or dealer has been engaged in the business of handling livestock before the date of the application, the value of the livestock handled, if representative of future operations, must be used in computing

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the required amount of bond coverage. If the applicant for registration is a successor in business to a registrant formerly subject to these regulations, the amount of bond coverage of the applicant must be at least that amount required of the prior registrant, unless otherwise determined by the Administrator. If a packer becomes subject to these regulations, the value of livestock purchased, if representative of future operations, must be used in computing the required amount of bond coverage. If a packer is a successor in business to a packer formerly subject to these regulations, the amount of bond coverage of the successor must be at least that amount required of the prior packer, unless otherwise determined by the Administrator.

(f) Whenever the Administrator has reason to believe that a bond is inadequate to secure the performance of the obligations of the market agency, dealer or packer covered thereby, the Administrator shall notify such person to adjust the bond to meet the requirements the Administrator determines to be reasonable.

(7 U.S.C. 204, 228(a))

[48 FR 8806, Mar. 2, 1983]

§ 201.31 Conditions in market agency, dealer and packer bonds.

Each market agency, dealer and packer bond shall contain conditions applicable to the activity or activities in which the person or persons named as principal or clearees in the bond propose to engage, which conditions shall be as follows or in terms to provide equivalent protection:

(a) *Condition Clause No. 1: When the principal sells livestock for the accounts of others.* If the said principal shall pay when due to the person or persons entitled thereto the gross amount, less lawful charges, for which all livestock is sold for the accounts of others by said principal.

(b) *Condition Clause No. 2: When the principal buys livestock for his own account or for the accounts of others.* If the said principal shall pay when due to the person or persons entitled thereto the purchase price of all livestock purchased by said principal for his own ac-

count or for the accounts of others, and if the said principal shall safely keep and properly disburse all funds, if any, which come into his hands for the purpose of paying for livestock purchased for the accounts of others.

(c) *Condition Clause No. 3: When the principal clears other registrants buying livestock and thus is responsible for the obligations of such other registrants.* If the said principal, acting as a clearing agency responsible for the financial obligations of other registrants engaged in buying livestock, viz: (Insert here the names of such other registrants as they appear in the application for registration), or if such other registrants, shall (1) pay when due to the person or persons entitled thereto the purchase price of all livestock purchased by such other registrants for their own account or for the accounts of others; and (2) safely keep and properly disburse all funds coming into the hands of such principal or such other registrants for the purpose of paying for livestock purchased for the accounts of others.

(d) *Condition Clause No. 4: When the principal buys livestock for his own account as a packer.* If the said principal shall pay when due to the person or persons entitled thereto the purchase price of all livestock purchased by said principal for his own account.

[47 FR 32695, July 29, 1982]

§ 201.32 Trustee in market agency, dealer and packer bonds.

Bonds may be in favor of a trustee who shall be a financially responsible, disinterested person satisfactory to the Administrator. State officials, secretaries or other officers of livestock exchanges or of similar trade associations, attorneys at law, banks and trust companies, or their officers, are deemed suitable trustees. If a trustee is not designated in the bond and action is taken to recover damages for breach of any condition thereof, the Administrator shall designate a person to act as trustee. In those States in which a State official is required by statute to act or has agreed to act as trustee, such official shall be designated by the

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Administrator as trustee when a designation by the Administrator becomes necessary.

[41 FR 53774, Dec. 9, 1976]

§ 201.33 Persons damaged may maintain suit; filing and notification of claims; time limitations; legal expenses.

Each bond and each bond equivalent filed pursuant to the regulations in this part shall contain provisions that:

(a) Any person damaged by failure of the principal to comply with any condition clause of the bond or bond equivalent may maintain suit to recover on the bond or bond equivalent even though such person is not a party named in the bond or bond equivalent;

(b) Any claim for recovery on the bond or bond equivalent must be filed in writing with either the surety, if any, or the trustee, if any, or the Administrator, and whichever of these parties receives such a claim shall notify the other such party or parties at the earliest practical date;

(c) The Administrator is authorized to designate a trustee pursuant to § 201.32;

(d) The surety on the bond, or the trustee on the bond equivalent, as the case may be, shall not be liable to pay any claim if it is not filed in writing within 60 days from the date of the transaction on which the claim is based or if suit thereon is commenced less than 120 days or more than 547 days from the date of the transaction on which the claim is based;

(e) The proceeds of the bond or bond equivalent, as the case may be, shall not be used to pay fees, salaries, or expenses for legal representation of the surety or the principal.

[56 FR 2128, Jan. 22, 1991]

§ 201.34 Termination of market agency, dealer and packer bonds.

(a) Each bond shall contain a provision requiring that, prior to terminating such bond, at least 30 days notice in writing shall be given to the Administrator, Agricultural Marketing Service (AMS), U.S. Department of Agriculture, Washington, DC 20250, by the party terminating the bond. Such provision may state that in the event the surety named therein writes a replace-

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ment bond for the same principal, the 30-day notice requirement may be waived and the bond will be terminated as of the effective date of the replacement bond.

(b) Each bond filed by a market agency who clears other registrants who are named in the bond shall contain a provision requiring that, prior to terminating the bond coverage of any clearee named therein, at least 30 days notice in writing shall be given to the Administrator, Agricultural Marketing Service (AMS), U.S. Department of Agriculture, Washington, DC 20250, by the surety. Such written notice shall be in the form of a rider or endorsement to be attached to the bond of the clearing agency.

(c) Each trust fund agreement and trust agreement shall contain a provision requiring that, prior to terminating such agreement, at least 30 days notice in writing shall be given to the Administrator, Agricultural Marketing Service, U.S. Department of Agriculture, Washington, DC 20250, by the party terminating the agreement. Such provision shall state that in the event the principal named therein files an acceptable bond or bond equivalent to replace the agreement, the 30-day notice requirement may be waived and the agreement will be terminated as of the effective date of the replacement bond or bond equivalent.

(Approved by the Office of Management and Budget under control number 0580-0015)

[47 FR 32695, July 29, 1982, as amended at 54 FR 26349, June 23, 1989; 61 FR 36279, July 10, 1996; 68 FR 75388, Dec. 31, 2003; 84 FR 45647, Aug. 30, 2019]

Subpart H—Proceeds of Sale

§ 201.39 Payment to be made to consignor or shipper by market agencies; exceptions.

(a) No market agency shall, except as provided in paragraph (b) of this section, pay the net proceeds or any part thereof, arising from the sale of livestock consigned to it for sale, to any person other than the consignor or shipper of such livestock except upon an order from the Secretary or a court of competent jurisdiction, unless (1) such market agency has reason to believe that such person is the owner of

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the livestock, (2) such person holds a valid, unsatisfied mortgage or lien upon the particular livestock, or (3) such person holds a written order authorizing such payment executed by the owner at the time of or immediately following the consignment of such livestock: *Provided*, That this paragraph shall not apply to deductions made from sales proceeds for the purpose of financing promotion and research activities, including educational activities, relating to livestock, meat, and other products covered by the Act, carried out by producer-sponsored organizations.

(b) The net proceeds arising from the sale of livestock, the ownership of which has been questioned by a market agency duly authorized to inspect brands, marks, and other identifying characteristics of livestock may be paid in accordance with the directions of such brand inspection agency if the laws of the State from which such livestock originated or was shipped to market make provision for payment of the proceeds in the manner directed by the brand inspection agency and if the market agency to which the livestock was consigned, and the consignor or consignors concerned, are unable to establish the ownership of the livestock within a reasonable period of time, not to exceed 60 days after sale.

(7 U.S.C. 181 *et seq.*)

[19 FR 4528, July 22, 1954, as amended at 28 FR 7218, July 13, 1963; 44 FR 45361, Aug. 2, 1979]

§ 201.42 Custodial accounts for trust funds.

(a) *Payments for livestock are trust funds.* Each payment that a livestock buyer makes to a market agency selling on commission is a trust fund. Funds deposited in custodial accounts are also trust funds.

(b) *Custodial accounts for shippers' proceeds.* Every market agency engaged in selling livestock on a commission or agency basis shall establish and maintain a separate bank account designated as "Custodial Account for Shippers' Proceeds," or some similar identifying designation, to disclose that the depositor is acting as a fiduciary and that the funds in the account are trust funds.

(c) *Deposits in custodial accounts.* The market agency shall deposit in its custodial account before the close of the next business day (the next day on which banks are customarily open for business whether or not the market agency does business on that day) after livestock is sold (1) the proceeds from the sale of livestock that have been collected, and (2) an amount equal to the proceeds receivable from the sale of livestock that are due from (i) the market agency, (ii) any owner, officer, or employee of the market agency, and (iii) any buyer to whom the market agency has extended credit. The market agency shall thereafter deposit in the custodial account all proceeds collected until the account has been reimbursed in full, and shall, before the close of the seventh day following the sale of livestock, deposit an amount equal to all the remaining proceeds receivable whether or not the proceeds have been collected by the market agency.

(d) *Withdrawals from custodial accounts.* The custodial account for shippers' proceeds shall be drawn on only for payment of (1) the net proceeds to the consignor or shipper, or to any person that the market agency knows is entitled to payment, (2) to pay lawful charges against the consignment of livestock which the market agency shall, in its capacity as agent, be required to pay, and (3) to obtain any sums due the market agency as compensation for its services.

(e) *Accounts and records.* Each market agency shall keep such accounts and records as will disclose at all times the handling of funds in such custodial accounts for shippers' proceeds. Accounts and records must at all times disclose the name of the consignors and the amount due and payable to each from funds in the custodial account for shippers' proceeds.

(f) *Insured banks.* Such custodial accounts for shippers' proceeds must be established and maintained in banks whose deposits are insured by the Federal Deposit Insurance Corporation.

(g) *Certificates of deposit and/or savings accounts.* Funds in a custodial account for shippers' proceeds may be maintained in an interest-bearing savings account and/or invested in one or more

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certificates of deposit, to the extent that such deposit or investment does not impair the ability of the market agency to meet its obligations to its consignors. The savings account must be properly designated as a part of the custodial account of the market agency in its fiduciary capacity as trustee of the custodial funds and maintained in the same bank as the custodial account. The certificates of deposit, as property of the custodial account, must be issued by the bank in which the custodial account is kept and must be made payable to the market agency in its fiduciary capacity as trustee of the custodial funds.

(Approved by the Office of Management and Budget under control number 0580-0015)

[47 FR 32696, July 29, 1982, as amended at 54 FR 26349, June 23, 1989; 68 FR 75388, Dec. 31, 2003; 88 FR 62696, Sept. 13, 2023]

Subpart I—Accounts and Records

§ 201.43 Payment and accounting for livestock and live poultry.

(a) *Market agencies to make prompt accounting and transmittal of net proceeds.* Each market agency shall, before the close of the next business day following the sale of any livestock consigned to it for sale, transmit or deliver to the consignor or shipper of the livestock, or the duly authorized agent, in the absence of any knowledge that any other person, or persons, has any interest in the livestock, the net proceeds received from the sale and a true written account of such sale, showing the number, weight, and price of each kind of animal sold, the date of sale, the commission, yardage, and other lawful charges, and such other facts as may be necessary to complete the account and show fully the true nature of the transaction.

(b) *Prompt payment for livestock and live poultry—terms and conditions.* (1) No packer, market agency, or dealer shall purchase livestock for which payment is made by a draft which is not a check, unless the seller expressly agrees in writing before the transaction that payment may be made by such a draft. (In cases of packers whose average annual purchases exceed \$500,000, and market agencies and deal-

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ers acting as agents for such packers, see also § 201.200).

(2)(i) No packer, market agency, or dealer purchasing livestock for cash and not on credit, whether for slaughter or not for slaughter, shall mail a check in payment for the livestock unless the check is placed in an envelope with proper first class postage prepaid and properly addressed to the seller or such person as he may direct, in a post office, letter box, or other receptacle regularly used for the deposit of mail for delivery, from which such envelope is scheduled to be collected (A) before the close of the next business day following the purchase of livestock and transfer of possession thereof, or (B) in the case of a purchase on a “carcass” or “grade and yield” basis, before the close of the first business day following determination of the purchase price.

(ii) No packer, market agency, or dealer purchasing livestock for slaughter, shall mail a check in payment for the livestock unless (A) the check is made available for actual delivery and the seller or his duly authorized representative is not present to receive payment, at the point of transfer of possession of such livestock, on or before the close of the next business day following the purchase of the livestock and transfer of possession thereof, or, in the case of a purchase on a “carcass” or “grade and yield” basis, on or before the close of the first business day following determination of the purchase price; or unless (B) the seller expressly agrees in writing before the transaction that payment may be made by such mailing of a check.

(3) Any agreement referred to in paragraph (b) (1) or (2) of this section shall be disclosed in the records of any market agency or dealer selling such livestock, and in the records of the packer, market agency, or dealer purchasing such livestock, and retained by such person for such time as is required by any law, or by written notice served on such person by the Administrator, but not less than two calendar years from the date of expiration thereof.

(4) No packer, live poultry dealer, market agency, or livestock dealer shall as a condition to its purchase of livestock or poultry, impose, demand, compel or dictate the terms or manner

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of payment, or attempt to obtain a payment agreement from a seller through any threat of retaliation or other form of intimidation.

(c) *Purchaser to promptly reimburse agents.* Each packer, market agency, or dealer who utilizes or employs an agent to purchase livestock for him, shall, in transactions where such agent uses his own funds to pay for livestock purchased on order, transmit or deliver to such agent the full amount of the purchase price before the close of the next business day following receipt of notification of the payment of such purchase price, unless otherwise expressly agreed between the parties before the purchase of the livestock. Any such agreement shall be disclosed in the records of the principal and in the records of any market agency or dealer acting as such agent.

(Approved by the Office of Management and Budget under control number 0580-0015)

(7 U.S.C. 228, 7 U.S.C. 222, and 15 U.S.C. 46)

[49 FR 6083, Feb. 17, 1984, as amended at 49 FR 8235, Mar. 6, 1984; 54 FR 16355, Apr. 24, 1989; 68 FR 75388, Dec. 31, 2003]

§ 201.44 Market agencies to render prompt accounting for purchases on order.

Each market agency shall, promptly following the purchase of livestock on a commission or agency basis, transmit or deliver to the person for whose account such purchase was made, or the duly authorized agent, a true written account of the purchase showing the number, weight, and price of each kind of animal purchased, the names of the persons from whom purchased, the date of purchase, the commission and other lawful charges, and such other facts as may be necessary to complete the account and show fully the true nature of the transaction.

(Approved by the Office of Management and Budget under control number 0580-0015)

(7 U.S.C. 181 *et seq.*)

[44 FR 45360, Aug. 2, 1979, as amended at 54 FR 26349, June 23, 1989; 68 FR 75388, Dec. 31, 2003]

§ 201.45 Market agencies to make records available for inspection by owners, consignors, and purchasers.

Each market agency engaged in the business of selling or buying livestock on a commission or agency basis shall, on request from an owner, consignor, or purchaser, make available copies of bills covering charges paid by such market agency for and on behalf of the owner, consignor, or purchaser which were deducted from the gross proceeds of the sale of livestock or added to the purchase price thereof when accounting for the sale or purchase.

(Approved by the Office of Management and Budget under control number 0580-0015)

(7 U.S.C. 181 *et seq.*; Pub. L. 96-511, 94 Stat. 2812 (44 U.S.C. 3501 *et seq.*)

[19 FR 4528, July 22, 1954, as amended at 44 FR 45361, Aug. 2, 1979; 47 FR 746, Jan. 7, 1982; 54 FR 26349, June 23, 1989; 68 FR 75388, Dec. 31, 2003]

§ 201.49 Requirements regarding scale tickets evidencing weighing of livestock, live poultry, and feed.

(a) When livestock, poultry or feed is weighed for the purpose of purchase, sale, acquisition, or settlement, a scale ticket must be issued which must be serially numbered and used in numerical sequence. Sufficient copies must be executed and provided to all parties to the transaction. Unused and partially executed scale tickets must not be left exposed or accessible to other parties and, except in feed mills, must be kept under lock when the weigher is not at the scale. In instances where the weight values are automatically recorded directly on the account of purchase, account of sale, or other basic transaction record, this record may serve in place of a scale ticket.

(b) *Livestock.* When livestock is weighed for the purpose of purchase or sale, or when livestock is purchased on a carcass weight or carcass grade and weight basis, the live or hot carcass weights must be recorded using a scale equipped with a printing device, and such printed weights must be retained as part of the person or firm's business records to substantiate settlement on each transaction. In instances where

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the weight values are automatically recorded directly on the account of purchase, account of sale, or other basic transaction record, this record may serve in place of a scale ticket. Scale tickets or other basic transaction records issued under this section must show:

(1) The name and location of the agency performing the weighing service;

(2) The date of the weighing;

(3) The name of the buyer and seller or consignor, or a designation by which they may be readily identified;

(4) The number of head;

(5) Kind of livestock;

(6) Actual weight of each draft of livestock; and

(7) The name, initials, or identification number of the person who weighed the livestock, or if required by State law, the signature of the weigher, except for an automated weighing system where a weigher is not stationed at the scale.

(c) *Poultry.* When live poultry is weighed for the purpose of purchase, sale, acquisition, or settlement by a live poultry dealer, the scale ticket or other basic transaction record must show:

(1) The name of the agency performing the weighing service;

(2) The name of the live poultry dealer;

(3) The name and address of the grower or seller, and purchaser, or a designation by which they may be readily identified;

(4) The name, initials, or identification number of the person who weighed the poultry, or if required by State law, the signature of the weigher;

(5) The city and state in which the scale is located, and, if more than one scale is used to obtain the weight of poultry within the same facility, the identity of the scale;

(6) The zero balance for both the gross weight and tare weight;

(7) The date and time zero balance was determined;

(8) The gross weight, tare weight, and net weight;

(9) The date and time gross weight and tare weight are determined;

(10) The number of poultry weighed;

(11) The weather conditions;

(12) Whether the driver was on or off the truck at the time of weighing, if applicable; and

(13) The license number or other identification numbers on the truck and trailer, if weighed together, or trailer if only the trailer is weighed; *provided*, that when live poultry is weighed on a scale other than a vehicle scale, the scale ticket or other basic transaction record need not show the information specified in paragraphs (c)(11) and (c)(12) of this section.

(d) *Feed.* Whenever feed is weighed and the weight of the feed is a factor in determining payment or settlement to a livestock producer or poultry grower, the scale ticket or other basic transaction record must show:

(1) The name of the agency performing the weighing service, or the name and location of the firm responsible for supplying the feed;

(2) The name and address of the livestock producer or poultry grower, or a designation by which they may be readily identified;

(3) The name, initials or identification number of the person who weighed the feed, or if required by State law, the signature of the weigher;

(4) The city and state in which the scale is located, and, if a facility has more than one scale on which feed is weighed, the identity of the scale;

(5) The zero balance; *provided* that when using a vehicle scale to weigh feed for more than one producer or grower on the same multi-compartment truck, the preceding producer's or grower's gross weight can be used for the next producer's or grower's tare weight without printing a zero balance, and repeated until the unit is full;

(6) The date and time zero balance was determined;

(7) The gross weight, tare weight, and net weight of each lot assigned to an individual producer or grower, if applicable;

(8) The date and time gross weight and, if applicable, tare weight, are determined;

(9) The identification of each lot assigned to an individual producer or grower by vehicle or trailer compartment number and seal number, if applicable;

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(10) Whether the driver was on or off the truck at the time of weighing, if applicable; and

(11) The license number or other identification numbers on the truck and trailer, if weighed together, or trailer if only the trailer is weighed, if applicable.

[78 FR 51663, Aug. 21, 2013]

Subpart J—Trade Practices

§ 201.53 Persons subject to the Act not to circulate misleading reports about market conditions or prices.

No packer, swine contractor, live poultry dealer, stockyard owner, market agency, or dealer shall knowingly make, issue, or circulate any false or misleading reports, records, or representation concerning the market conditions or the prices or sale of any livestock, meat, or live poultry.

[73 FR 62440, Oct. 21, 2008]

§ 201.55 Purchases, sales, acquisitions, payments and settlements to be made on actual weights.

(a) Except as provided in paragraph (b) of this section, whenever livestock or live poultry is bought, sold, acquired, paid, or settled on a weight basis, or whenever the weight of feed is a factor in determining payment or settlement to a livestock grower or poultry grower by a stockyard owner, market agency, dealer, packer, or live poultry dealer when livestock or poultry is produced under a growing arrangement, payment or settlement shall be on the basis of the actual weight of the livestock, live poultry, and/or feed shown on the scale ticket. If the actual weight used is not obtained on the date and at the place of transfer of possession, this information shall be disclosed with the date and location of the weighing on the accountings, bills, or statements issued. Any adjustment to the actual weight shall be fully and accurately explained on the accountings, bills, or statements issued, and records shall be maintained to support such adjustment.

(b) Whenever the weight of feed is a factor in determining payment or settlement to such livestock grower or poultry grower when the livestock or

poultry is produced under a livestock or poultry growing arrangement, any feed that is picked up from or returned by a livestock grower or poultry grower must be weighed or its weight must be reasonably determined. When feed is picked up or returned and not weighed, the stockyard owner, market agency, dealer, packer, or live poultry dealer must document that the method used reasonably determines weight and is mutually acceptable to it and the livestock grower or poultry grower. The stockyard owner, market agency, dealer, packer, or live poultry dealer must document and account for the picked up or returned feed weight.

(Approved by the Office of Management and Budget under control number 0580-0015)

[65 FR 17762, Apr. 5, 2000]

§ 201.56 Market agencies selling on commission; purchases from consignment.

(a) *Livestock to be sold openly at highest available bid.* Every market agency engaged in the business of selling livestock on a commission or agency basis shall sell the livestock consigned to it openly, at the highest available bid, and in such a manner as to best promote the interest of each consignor.

(b) *Purchases from consignment.* No market agency engaged in the business of selling livestock on a commission basis shall purchase livestock from consignments, and no such market agency shall permit its owners, officers, agents, employees or any firm in which such market agency or its owners, officers, agents, or employees have an ownership or financial interest to purchase livestock consigned to such market agency, without first offering the livestock for sale in an open and competitive manner to other available buyers, and then only at a price higher than the highest available bid on such livestock.

(c) *Key employees not to purchase livestock out of consignments.* No market agency engaged in selling livestock on commission shall permit its auctioneers, weighmasters, or salesmen to purchase livestock out of consignment for any purpose for their own account, either directly or indirectly.

(d) *Purchase from consignments; disclosure required.* When a market agency

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purchases consigned livestock or sells consigned livestock to any owner, officer, agent, employee, or any business in which such market agency, owner, officer, agent, or employee has an ownership or financial interest, the market agency shall disclose on the account of sale the name of the buyer and the nature of the relationship existing between the market agency and the buyer.

(Approved by the Office of Management and Budget under control number 0580-0015)

(7 U.S.C. 228, 7 U.S.C. 222, and 15 U.S.C. 46)

[49 FR 6084, Feb. 17, 1984, as amended at 49 FR 13003, Apr. 2, 1984; 58 FR 52886, Oct. 13, 1993; 68 FR 75388, Dec. 31, 2003]

§ 201.61 Market agencies selling or purchasing livestock on commission; relationships with dealers.

(a) *Market agencies selling on commission.* No market agency selling consigned livestock shall enter into any agreement, relationship or association with dealers or other buyers which has a tendency to lessen the loyalty of the market agency to its consignors or impair the quality of the market agency's selling services. No market agency selling livestock on commission shall provide clearing services for any independent dealer who purchases livestock from consignment to such market agency without disclosing, on the account of sale to the consignor, the name of the buyer and the nature of the financial relationship between the buyer and the market agency.

(b) *Market agencies buying on commission.* No market agency purchasing livestock on commission shall enter into any agreement, relationship, or association with dealers or others which will impair the quality of the buying services furnished to its principals. No market agency purchasing livestock on commission shall, in filling orders, purchase livestock from a dealer whose operations it clears or finances without disclosing the relationship between the market agency and

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dealer to its principals on the accountings furnished to the principals.

(Approved by the Office of Management and Budget under control number 0580-0015)

(7 U.S.C. 228, 7 U.S.C. 222, and 15 U.S.C. 46)

[49 FR 6085, Feb. 17, 1984, as amended at 60 FR 42779, Aug. 17, 1995; 68 FR 75388, Dec. 31, 2003]

§ 201.67 Packers not to own or finance selling agencies.

No packer subject to the Act shall have an ownership interest in, finance, or participate in the management or operation of a market agency selling livestock on a commission basis, nor shall such a market agency permit a packer to have an ownership interest in, finance, or participate in the management or operation of such market agency.

(7 U.S.C. 228, 228b, 222, 15 U.S.C. 46)

[49 FR 32844, Aug. 17, 1984]

§ 201.69 Furnishing information to competitor buyers.

No packer, dealer, or market agency, in connection with transactions subject to the provisions of the act, shall, in person, or through employed buyers, for the purpose of restricting or limiting competition, manipulating livestock prices, or controlling the movement of livestock, prior to, or during the conduct of, his buying operations: (a) Furnish competitor packers, dealers, market agencies, or their buyers or representatives, similarly engaged in buying livestock, with information concerning his proposed buying operations, such as the species, classes, volume of livestock to be purchased, or prices to be paid; or (b) furnish any other buying information to competitor buyers.

[19 FR 4531, July 22, 1954, as amended at 24 FR 3183, Apr. 24, 1959]

§ 201.70 Restriction or limitation of competition between packers and dealers prohibited.

Each packer and dealer engaged in purchasing livestock, in person or

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through employed buyers, shall conduct his buying operations in competition with, and independently of, other packers and dealers similarly engaged.

[24 FR 3183, Apr. 24, 1959]

Subpart K—Services

§ 201.71 Scales and or Electronic Evaluation Devices or Systems; accurate weights and measures, repairs, adjustments or replacements after inspection.

(a) All scales used by stockyard owners, swine contractors, market agencies, dealers, packers, and live poultry dealers to weigh livestock, livestock carcasses, live poultry, or feed for the purposes of purchase, sale, acquisition, payment, or settlement shall be installed, maintained, and operated to ensure accurate weights. All electronic evaluation devices or systems for measuring the composition or quality constituents of live animals, livestock and poultry carcasses, and individual cuts of meat or a combination thereof for the purpose of determining value shall be installed, maintained, and operated to ensure accuracy. Such scales or electronic evaluation devices or systems shall meet applicable requirements contained in the General Code, Scales Code, Weights Code, and Electronic Livestock, Meat, and Poultry Evaluation Systems and/or Devices Code of the NIST Handbook 44. The 2013 edition of the National Institute of Standards and Technology (NIST) Handbook 44, “Specifications, Tolerances, and Other Technical Requirements for Weighing and Measuring Devices” is hereby incorporated by reference and was approved by the Director of the Federal Register in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. These materials are incorporated as they exist on the date of approval and a notice of any change in these materials will be published in the FEDERAL REGISTER. All approved material is available for inspection at USDA, AMS, Packers and Stockyards Division, 1400 Independence Avenue SW, Washington, DC 20250, telephone 202-720-7051, and is for sale by the National Conference of Weights and Measures (NCWM), 1135 M Street, Suite 110, Lincoln, Nebraska, 68508. Information

on this material may be obtained from NCWM by calling 402-434-4880, by emailing info@ncwm.net, or on the Internet at <http://www.nist.gov/owm>. It is also available for inspection at the National Archives and Records Administration (NARA). For more information on the availability of this material at NARA, call 202-741-6030 or go to http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html.

(b) All scales used by stockyard owners, swine contractors, market agencies, dealers, packers, and live poultry dealers to weigh livestock, livestock carcasses, live poultry, or feed for the purpose of purchase, sale, acquisition, payment, or settlement of livestock or live poultry and all scales used for the purchase, sale acquisition, payment, or settlement of livestock on a carcass weight basis shall be equipped with a printing device which shall record weight values on a scale ticket or other document.

(c) All vehicle scales used to weigh livestock, live poultry, or feed for purposes of purchase, sale, acquisition, payment, or settlement of livestock or live poultry shall be of sufficient length and capacity to weigh the entire vehicle as a unit: Provided, That a trailer may be uncoupled from the tractor and weighed as a single unit.

(d) No scales shall be operated or used by any stockyard owners, swine contractors, market agencies, dealers, packers, or live poultry dealers to weigh livestock, livestock carcasses, live poultry, or feed for the purposes of purchase, sale, acquisition, payment, or settlement of livestock, livestock carcasses or live poultry unless it has been found upon test and inspection, as specified in § 201.72, to be in a condition to give accurate weight. If a scale is inspected or tested and adjustments or replacements are made to a scale, it shall not be used until it has been inspected and tested and determined to meet all accuracy requirements specified in the regulations in this section.

[65 FR 17763, Apr. 5, 2000, as amended at 69 FR 18803, Apr. 9, 2004; 74 FR 53640, Oct. 20, 2009; 79 FR 23893, Apr. 29, 2014; 79 FR 32859, June 9, 2014; 84 FR 45647, Aug. 30, 2019]

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§ 201.72 Scales; testing of.

(a) As a stockyard owner, swine contractor, market agency, dealer, packer, or live poultry dealer who weighs livestock, live poultry, or feed for purposes of purchase, sale, acquisition, payment, or settlement of livestock or live poultry, or who weighs livestock carcasses for the purpose of purchase on a carcass weight basis, or who furnishes scales for such purposes, you must have your scales tested by competent persons at least twice during each calendar year. You must complete the first of the two scale tests between January 1 and June 30 of the calendar year. The remaining scale test must be completed between July 1 and December 31 of the calendar year. You must have a minimum period of 120 days between these two tests. More frequent testing will be required in cases where the scale does not maintain accuracy between tests. *Except that* if scales are used on a limited seasonal basis (during any continuous 8-month period) for purposes of purchase, sale, acquisition, payment or settlement, the stockyard owner, swine contractor, market agency, dealer, live poultry dealer, or packer using such scales may use the scales within a 8-month period following each test.

(b) As a stockyard owner, swine contractor, market agency, dealer, packer, or live poultry dealer who weighs livestock, livestock carcasses, live poultry, or feed for purposes of purchase, sale, acquisition, payment, or settlement of livestock, livestock carcasses or live poultry, you must furnish reports of tests and inspections on forms approved by the Administrator. You must retain one copy of the test and inspection report for yourself, and file a second copy with the PSD regional office for the geographical region where the scale is located.

(c) When scales used for weighing livestock, livestock carcasses, live poultry, or feed are tested and inspected by a State agency, municipality, or other governmental subdivision, the forms used by such agency for reporting such scale tests and inspections may be accepted in lieu of the forms approved for this same purpose by the Administrator if the forms con-

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tain substantially the same information.

[76 FR 3487, Jan. 20, 2011; 76 FR 50881, Aug. 17, 2011; 88 FR 62696, Sept. 13, 2023]

§ 201.73 Scale operators to be qualified.

Stockyard owners, market agencies, dealers, packers, and live poultry dealers shall employ qualified persons to operate scales for weighing livestock, livestock carcasses, live poultry, or feed for the purposes of purchase, sale, acquisition, payment, or settlement of livestock, livestock carcasses, or live poultry, and they shall require such employees to operate the scales in accordance with the regulations in this part.

[65 FR 17763, Apr. 5, 2000]

§ 201.73–1 Instructions for weighing livestock.

Stockyard operators, market agencies, dealers, and packers who operate scales on which livestock is weighed in purchase or sales transactions are responsible for the accurate weighing of such livestock. They shall supply copies of the instructions in this section to all persons who perform weighing operations for them and direct such person to familiarize themselves with the instructions and to comply with them at all times. This section shall also apply to any additional weighers who are employed at any time. Weighers must acknowledge their receipt of these instructions and agree to comply with them, by signing in duplicate, Form PSD 4000 provided by the Packers and Stockyards Division. One copy of the form is to be filed with a regional office of the Packers and Stockyards Division and the other retained by the agency employing the weighers.

(a) *Balancing the empty scale.* (1) The empty scale shall be balanced each day before weighing begins, and maintained in correct balance which weighing operations continue. The zero balance shall be verified at intervals of not more than 15 drafts or 15 minutes, whichever is completed first. In addition, the zero balance of the scale shall be verified whenever a weigher resumes weighing duties after an absence from

the scale and also whenever a load exceeding half the scale capacity or 10,000 pounds (whichever is less) has been weighed and is followed by a load of less than 1,000 pounds, verification to occur before the weighing of the load of less than 1,000 pounds.

(2) The time at which the empty scale is balanced or its zero balance verified shall be recorded on scale tickets or other permanent records. Balance tickets must be filed with other scale tickets issued on that date.

(3) Before balancing the empty scale, the weigher shall assure himself that the scale gates are closed and that no persons or animals are on the scale platform or in contact with the stock rack, gates, or platform. If the scale is balanced with persons on the scale platform, the zero balance shall be verified whenever there is a change in such persons. When the scale is properly balanced and ready for weighing, the weigher shall so indicate by an appropriate signal.

(4) Weighbeam scales shall be balanced by first seating each poise securely in its zero notch and then moving the balance ball to such position that a correct zero balance is obtained. A scale equipped with a balance indicator is correctly balanced when the pointer comes to rest at zero. A scale not equipped with a balance indicator is correctly balanced if the weighbeam, when released at the top or bottom of the trig loop, swings freely in the trig loop in such manner that it will come to rest at the center of the trig loop.

(5) Dial scales shall be balanced by releasing all drop weights and operating the balance ball or other balancing device to obtain a correct zero balance. The indicator must visually indicate zero on the dial and the ticket printer must record a correct zero balance.

(6) Electronic digital scales should be properly warmed up before use. In most cases, it is advisable to leave the electric power on continuously. The zero load balance shall be verified by recording the zero balance on a scale ticket. The main indicating element and the remote visual weight display shall indicate zero when the balance is verified. The proper procedure for balancing this type of scale will vary ac-

ording to the manufacturer. Refer to the operator's manual for specific instructions.

(b) *Weighing the load.* (1) Before weighing a draft of livestock, the weigher shall assure himself that the entire draft is on the scale platform with the gates closed and that no persons or animals off the scale are in contact with the platform, gates, or stock rack.

(i) On a weighbeam scale with a balance indicator, the weight of a draft shall be determined by seating the poises at such positions that the pointer will come to rest within the central target area or within $\frac{1}{4}$ (0.25) inch of the zero mark.

(ii) On a weighbeam scale without a balance indicator, the weight shall be determined by seating the poises at such positions that the weighbeam, when released from the top or bottom of the trig loop, will swing freely and come to rest at the approximate center of the trig loop.

(iii) On a dial scale, the weight is indicated automatically when the indicator moves around the dial face and comes to rest.

(iv) On an electronic digital scale, the weight of a draft is indicated automatically when the weight value indicated stabilized.

(2) The correct weight of a livestock draft is the value in pounds indicated when a correct load balance is obtained. The weigher should always concentrate his attention upon the beam tip, balance indicator or dial indicator while weighing and not concern himself with reading the visible weight indications until correct load balance is obtained. On electronic digital scales, the weigher should concentrate on the pulsing or flickering of weight values to assure that the unit indicates a stable weight before activating the print button.

(c) *Recording the weight.* (1) The weight of each draft shall be recorded immediately after the load balance is obtained and before any poises are moved or the load is removed from the scale platform. The weigher shall make certain that the printed weight record agrees with the weight value visually indicated when correct load balance is obtained. He shall also assure himself

that the printed weight value is distinct and legible.

(2) The weight printing device on a scale shall be operated only to produce a printed or impressed record of the weight value while the livestock load is on the scale and correctly balanced. If the weight value is not printed clearly and correctly, the ticket shall be marked void and a new one printed before the livestock is removed from the scale.

(d) *Scale tickets.* (1) Scale tickets used to record the weight values of livestock in purchase or sales transactions shall be used, at any given scale, in the order of their consecutive serial numbers unless otherwise marked to show the order of their use. All tickets shall show the date of the weighing and the name or initials of the weigher performing the weighing service.

(2) No scale tickets shall be destroyed or otherwise disposed of because they are soiled, damaged, incorrectly executed, or voided. They shall be preserved and filed to comprise a complete serial number sequence.

(3) No scale ticket shall be used to record the weight of a livestock draft for "catch-weight," inventory, transportation charge or other nonsale purposes unless the ticket is clearly marked to show why the weight was determined.

(4) When weight values are recorded by means of automatic recording equipment directly on the accounts of sale or other basic records, such record may serve in lieu of a scale ticket.

(e) *Weigher's responsibilities.* (1) The primary responsibility of a weigher is to determine and accurately record the weight of livestock drafts without prejudice or favor to any person or agency and without regard for livestock ownership, price, condition, fill, shrink, or other considerations. A weigher shall not permit the representations or attitudes of any persons or agencies to influence his judgment or action in performing his duties.

(2) Unused scale tickets, or those which are partially executed but without a printed weight value, shall not be left exposed or accessible to unauthorized personnel. All such tickets shall be kept under lock when the weigher is not at his duty station.

(3) Accurate weighing and correct weight recording require that a weigher shall not permit his operations to be hurried to the extent that inaccurate weights or incorrect weight records may result. Each draft of livestock must be weighed accurately to the nearest minimum weight value that can be indicated or recorded. Manual operations connected with balancing, weighing, and recording shall be performed with the care necessary to prevent damage to the accurately machined and adjusted parts of weighbeams, poises, and printing devices.

(4) Livestock owners, buyers, or others having legitimate interest in a livestock draft must be permitted to observe the balancing, weighing, and recording procedures, and a weigher shall not deny them that right or withhold from them any information pertaining to the weight of that draft. He shall check the zero balance of the scale or reweigh a draft of livestock when requested by such parties.

(f) *Sensitivity control.* (1) A scale must be sensitive in response to platform loading if it is to yield accurate weights. It, therefore, is the duty of a weigher to assure himself that interferences, weighbeam friction, or other factors do not impair sensitivity. He should satisfy himself, at least twice each day, that the scale is sufficiently sensitive, and if the following requirements are not met, he should report the facts to his superior or employer immediately.

(2) A weighbeam scale with a balance indicator is sufficiently sensitive if, when the scale is balanced with the pointer at the center of the target, movement of the fractional poise one graduation will change the indicator rest point $\frac{1}{4}$ inch (0.25) or the width of the central target area, whichever is greater.

(3) A weighbeam scale without a balance indicator is sufficiently sensitive if, when the scale is balanced with the weighbeam at the center of the trig loop, movement of the fractional poise two graduations will cause the weighbeam to come to rest at the bottom of the trig loop.

(4) Adjustable damping devices are incorporated in balance indicators and

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in dial scales to absorb the effects of load impact and assist in bringing the indicator to rest. The weigher should be familiar with the location and adjustment of these damping devices and should keep them adjusted so that the pointer will oscillate freely through at least one complete cycle of movement before coming to rest at its original position.

(5) Friction at weighbeam bearings may reduce the sensitivity of the scale, cause sluggish weighbeam action and affect weighing accuracy. A weigher should inspect the weighbeam assembly daily to make certain that there is clearance between the weighbeam and the pivot bearings.

(6) Interferences or binding of the scale platform, stock rack, gates or other "live" parts of the scale are common causes of weighing inaccuracy. A weigher should satisfy himself, at the beginning of each weighing period, that all such "live" parts have sufficient clearance to prevent interferences.

(g) *General precautions.* (1) The poises of weighbeam scales are carefully adjusted and sealed to a definite weight at the factory and any change in that weight seriously affects weighing accuracy. A weigher, therefore, should be certain that poise parts do not become broken, loose or lost and that no material is added to a poise. Balancing or weighing shall not be performed while a scale ticket is in the slot of a weighbeam poise.

(2) Stops are provided on scale weighbeams to prevent movement of poises back of the zero graduation when balancing or weighing. When the stops become worn or broken and allow a poise to be set behind the zero position, this condition should be reported and corrected without delay.

(3) Foreign objects or loose material in the form of nuts, bolts, washers or other material on any part of the weighbeam assembly, including the counter-balance hanger or counter-balance weights, are potential sources of weighing error. Loose balancing material must be enclosed in the shot cup of the counter-balance hanger, and counter-balance weights must not be of the slotted type which can readily be removed.

(4) Whenever for any reason a weigher has reason to believe that a scale is not functioning properly or not yielding correct weight values, he shall discontinue weighing, report the facts to the parties responsible for scale maintenance, and request inspection, test, or repair of the scale.

(5) When a scale has been adjusted, modified, or repaired in any manner which may affect the accuracy of weighing or weight recording, the weigher shall not use the scale until it has been tested and inspected and found to be accurate.

(6) Count-off men, gate men, or others assigned to open or close scale gates or to drive livestock on or off the scale, shall perform those functions as directed by the weigher's signals or spoken instructions. They shall prevent persons or animals off the scale from being in contact with any part of the scale platform, stock rack, or gates while the scale is being balanced or used for weighing. They shall not open gates or remove livestock from the scale until directed by the weigher.

(Approved by the Office of Management and Budget under control number 0580-0015)

(7 U.S.C. 222 and 228 and 15 U.S.C. 46)

[39 FR 40277, Nov. 15, 1974, as amended at 49 FR 39516, Oct. 9, 1984; 61 FR 36282, July 10, 1996; 68 FR 75388, Dec. 31, 2003; 88 FR 62696, Sept. 13, 2023]

§ 201.76 Reweighing.

Stockyard owners, market agencies, dealers, packers, swine contractors and live poultry dealers must reweigh livestock, livestock carcasses, and live poultry or feed on request of any authorized representative of the Secretary.

[78 FR 51664, Aug. 21, 2013]

§ 201.81 Suspended registrants.

No stockyard owner, packer, market agency, or dealer shall employ any person who has been suspended as a registrant to perform activities in connection with livestock transactions subject to the jurisdiction of the Secretary under the Act during the period of such suspension: *Provided*, That the provisions of this section shall not be construed to prohibit the employment of any person who has been suspended as

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a registrant until such time as the person demonstrates solvency or obtains the bond required under the Act and regulations. No such person shall be employed, however, until after the expiration of any specified period of suspension contained in the order of suspension.

(7 U.S.C. 222 and 228 and 15 U.S.C. 46)

[49 FR 37374, Sept. 24, 1984]

§ 201.82 Care and promptness in weighing and handling livestock and live poultry.

(a) Each stockyard owner, market agency, dealer, packer, swine contractor and live poultry dealer must exercise reasonable care and promptness with respect to loading, transporting, holding, yarding, feeding, watering, weighing, or otherwise handling livestock, or live poultry to prevent waste of feed, shrinkage, injury, death or other avoidable loss.

(b) Whenever live poultry is obtained under a poultry growing arrangement and the weight of the live poultry is a factor in calculating payment to the grower, the poultry must be transported promptly after loading. The process of obtaining the gross weight must commence immediately upon arrival at the processing plant, holding yard, or other scale normally used for such purpose. The process of obtaining the gross weight which may include, but is not limited to, fueling, uncoupling the trailer, changing the road tractor to a yard tractor or weighing the trailer only, must be conducted without delay; *specifically*, the time period between arrival and completion of the process of obtaining the gross weight must not exceed thirty (30) minutes.

(c) Live poultry dealers must not place poultry from multiple growers on a single live poultry transport trailer or other live poultry transport equipment, creating what is commonly referred to as a "split load."

[78 FR 51664, Aug. 21, 2013]

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Subpart L—Inspection of Brands

§ 201.86 Brand inspection: Application for authorization, registration and filing of schedules, reciprocal arrangements, and maintenance of identity of consignments.

(a) *Application for authorization.* Any department or agency or duly-organized livestock association of any State in which branding or marking of livestock as a means of establishing ownership prevails by custom or statute, which desires to obtain an authorization to charge and collect a fee for the inspection of brands, marks, and other identifying characteristics of livestock, as provided in section 317 of the Act, shall file with the Administrator an application in writing for such authorization. In case two or more applications for authorization to collect a fee for the inspection of brands, marks, and other identifying characteristics of livestock are received from the same State, a hearing will be held to determine which applicant is best qualified.

(b) *Registration and filing of schedules.* Upon the issuance of an authorization to an agency or an association, said agency or association shall register as a market agency in accordance with the provisions of § 201.10, except that no bond need be filed or maintained, and shall file a schedule of its rates and charges for performing the service in the manner and form prescribed by § 201.17.

(c) *Reciprocal arrangements.* Any authorized agency or association may make arrangements with an association or associations in the same or in another State, where branding or marking livestock prevails by custom or statute, to perform inspection service at stockyards on such terms and conditions as may be approved by the Administrator: *Provided*, That such arrangements will tend to further the purpose of the Act and will not result in duplication of charges or services.

(d) *Maintenance of identity of consignments.* All persons having custody at the stockyard of livestock subject to inspection shall preserve the identity of the consignment until inspection has been completed by the authorized inspection agency. Agencies authorized

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to conduct such inspection shall perform the work as soon after receipt of the livestock as practicable and as rapidly as is reasonably possible in order to prevent delay in marketing, shrinkage in weight, or other avoidable losses.

(Approved by the Office of Management and Budget under control number 0580-0015)

(7 U.S.C. 203, 204, 207, 217a, 222 and 228)

[49 FR 33005, Aug. 20, 1984, as amended at 68 FR 75388, Dec. 31, 2003]

Subpart M—General

§ 201.94 Information as to business; furnishing of by packers, swine contractors, live poultry dealers, stockyard owners, market agencies, and dealers.

Each packer, swine contractor, live poultry dealer, stockyard owner, market agency, and dealer, upon proper request, shall give to the Secretary or his duly authorized representatives in writing or otherwise, and under oath or affirmation if requested by such representatives, any information concerning the business of the packer, swine contractor, live poultry dealer, stockyard owner, market agency, or dealer which may be required in order to carry out the provisions of the Act and regulations in this part within such reasonable time as may be specified in the request for such information.

[73 FR 62440, Oct. 21, 2008]

§ 201.95 Inspection of business records and facilities.

Each stockyard owner, market agency, dealer, packer, swine contractor, and live poultry dealer, upon proper request, shall permit authorized representatives of the Secretary to enter its place of business during normal business hours and to examine records pertaining to its business subject to the Act, to make copies thereof and to inspect the facilities of such persons subject to the Act. Reasonable accommodations shall be made available to authorized representatives of the Secretary by the stockyard owner, market agency, dealer, packer, swine contractor, or live poultry dealer for such

examination of records and inspection of facilities.

[73 FR 62440, Oct. 21, 2008]

§ 201.96 Unauthorized disclosure of business information prohibited.

No agent or employee of the United States shall, without the consent of the stockyard owner, market agency, dealer, packer, swine contractor, or live poultry dealer concerned, divulge or make known in any manner, any facts or information regarding the business of such person acquired through any examination or inspection of the business or records of the stockyard owner, market agency, dealer, packer, swine contractor, or live poultry dealer, or through any information given by the stockyard owner, market agency, dealer, packer, swine contractor, or live poultry dealer pursuant to the Act and regulations, except to such other agents or employees of the United States as may be required to have such knowledge in the regular course of their official duties or except insofar as they may be directed by the Administrator or by a court of competent jurisdiction, or except as they may be otherwise required by law.

[73 FR 62440, Oct. 21, 2008]

§ 201.97 Annual reports.

Every packer, live poultry dealer, stockyard owner, market agency, and dealer (except a packer buyer registered to purchase livestock for slaughter only) shall file annually with the Administration a report on prescribed forms not later than April 15 following the calendar year end or, if the records are kept on a fiscal year basis, not later than 90 days after the close of his fiscal year. The Administrator on good cause shown, or on his own motion, may grant a reasonable extension of the filing date or may waive the filing of such reports in particular cases.

(Approved by the Office of Management and Budget under Control Number 0580-0015)

[54 FR 16356, Apr. 24, 1989, as amended at 68 FR 75388, Dec. 31, 2003]

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§ 201.98 Packers and dealers not to charge, demand, or collect commission, yardage, or other service charges.

No packer or dealer shall, in connection with the purchase of livestock in commerce, charge, demand, or collect from the seller of the livestock any compensation in the form of commission, yardage, or other service charge unless the charge is for services mandated by law or statute and is not inconsistent with the provisions of the Act.

[61 FR 36282, July 10, 1996]

§ 201.99 Purchase of livestock by packers on a carcass grade, carcass weight, or carcass grade and weight basis.

(a) Each packer purchasing livestock on a carcass grade, carcass weight, or carcass grade and weight basis shall, prior to such purchase, make known to the seller, or to his duly authorized agent, the details of the purchase contract. Such details shall include, when applicable, expected date and place of slaughter, carcass price, condemnation terms, description of the carcass trim, grading to be used, accounting, and any special conditions.

(b) Each packer purchasing livestock on a carcass grade, carcass weight, or carcass grade and weight basis, shall maintain the identity of each seller's livestock and the carcasses therefrom and shall, after determination of the amount of the purchase price, transmit or deliver to the seller, or his duly authorized agent, a true written account of such purchase showing the number, weight, and price of the carcasses of each grade (identifying the grade) and of the ungraded carcasses, an explanation of any condemnations, and any other information affecting final accounting. Packers purchasing livestock on such a basis shall maintain sufficient records to substantiate the settlement of each transaction.

(c) When livestock are purchased by a packer on a carcass weight or carcass grade and weight basis, purchase and settlement therefor shall be on the basis of carcass price. This paragraph does not apply to purchases of livestock by a packer on a guaranteed yield basis.

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(d) Settlement and final payment for livestock purchased by a packer on a carcass weight or carcass grade and weight basis shall be on actual hot weights. The hooks, rollers, gambrels or other similar equipment used at a packing establishment in connection with the weighing of carcasses of the same species of livestock shall be uniform in weight. The tare shall include only the weight of such equipment.

(e) Settlement and final payment for livestock purchased by a packer on a USDA carcass grade shall be on an official (final—not preliminary) grade. If settlement and final payment are based upon any grades other than official USDA grades, such other grades shall be set forth in detailed written specifications which shall be made available to the seller or his duly authorized agent. For purposes of settlement and final payment for livestock purchased on a grade or grade and weight basis, carcasses shall be final graded before the close of the second business day following the day the livestock are slaughtered.

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(Pub. L. 96-511, 94 Stat. 2812 (44 U.S.C. 3501 *et seq.*); 7 U.S.C. 222 and 228 and 15 U.S.C. 46)

[33 FR 2762, Feb. 9, 1968, as amended at 33 FR 5401, Apr. 5, 1968; 49 FR 37375, Sept. 24, 1984; 54 FR 37094, Sept. 7, 1989; 68 FR 75388, Dec. 31, 2003]

Subpart N—Packers and Live Poultry Dealers

§ 201.100 Records to be furnished poultry growers and sellers.

(a) *Poultry growing arrangement; timing of disclosure.* A live poultry dealer who offers a poultry growing arrangement to a poultry grower must provide the poultry grower with a true written copy of the offered poultry growing arrangement on the date the dealer provides the poultry grower with poultry housing specifications.

(b) *Right to discuss the terms of poultry growing arrangement offer.* A live poultry dealer, notwithstanding any confidentiality provision in the poultry growing arrangement, may not prohibit a poultry grower or prospective poultry grower from discussing the

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terms of a poultry growing arrangement offer or, if applicable, the accompanying Live Poultry Dealer Disclosure Document described in §201.102 (b) through (d) of this part with any of the following:

- (1) A Federal or State agency.
- (2) The grower's financial advisor or lender.
- (3) The grower's legal advisor.
- (4) An accounting services representative hired by the grower.
- (5) Other growers for the same live poultry dealer.
- (6) A member of the grower's immediate family or a business associate. A business associate is a person not employed by the grower, but with whom the grower has a valid business reason for consulting with when entering into or operating under a poultry growing arrangement.

(c) *Contracts; contents.* Each live poultry dealer that enters into a poultry growing arrangement with a poultry grower shall furnish the grower with a true written copy of the poultry growing arrangement, which shall clearly specify:

- (1) The duration of the contract and conditions for the termination of the contract by each of the parties;
- (2) All terms relating to the payment to be made to the poultry grower, including among others, where applicable, the following:
 - (i) The party liable for condemnations, including those resulting from plant errors;
 - (ii) The method for figuring feed conversion ratios;
 - (iii) The formula or method used to convert condemnations to live weight;
 - (iv) The per unit charges for feed and other inputs furnished by each party; and
 - (v) The factors to be used when grouping or ranking poultry growers; and
- (3) Whether a performance improvement plan exists for that grower, and if so specify any performance improvement plan guidelines, including the following:
 - (i) The factors considered when placing a poultry grower on a performance improvement plan;

(ii) The guidance and support provided to a poultry grower while on a performance improvement plan; and

(iii) The factors considered to determine if and when a poultry grower is removed from the performance improvement plan and placed back in good standing, or when the poultry growing arrangement will be terminated.

(d) *Settlement sheets; contents; supporting documents.* Each live poultry dealer, who acquires poultry pursuant to a contract with a poultry grower, shall prepare a true and accurate settlement sheet (final accounting) and furnish a copy thereof to the poultry grower at the time of settlement. The settlement sheet shall contain all information necessary to compute the payment due the poultry grower. For all such arrangements in which the weight of birds affects payment, the settlement sheet shall show, among other things, the number of live birds marketed, the total weight and the average weight of the birds, and the payment per pound.

(e) *Condemnation and grading certificates.* Each live poultry dealer, who acquires poultry pursuant to a contract with a poultry grower which provides that official U.S. Department of Agriculture condemnations or grades, or both, are a consideration affecting payment to the grower, shall obtain an official U.S. Department of Agriculture condemnation or grading certificate, or both, for the poultry and furnish a copy thereof to the poultry grower prior to or at the time of settlement.

(f) *Grouping or ranking sheets.* Where the contract between the live poultry dealer and the poultry grower provides for payment to the poultry grower based upon a grouping or ranking of poultry growers delivering poultry during a specified period, the live poultry dealer shall furnish the poultry grower, at the time of settlement, a copy of a grouping or ranking sheet which shows the grower's precise position in the grouping or ranking sheet for that period. The grouping or ranking sheet need not show the names of other growers, but shall show the actual figures upon which the grouping or ranking is based for each grower grouped or ranked during the specified period.

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(g) *Live poultry purchases.* Each live poultry dealer who purchases live poultry shall prepare and deliver a purchase invoice to the seller at time of settlement. The purchase invoice shall contain all information necessary to compute payment due the seller. When U.S. Department of Agriculture condemnations or U.S. Department of Agriculture grades, or both, of poultry purchased affect final payment, copies of official U.S. Department of Agriculture condemnation certificates or grading certificates, or both, shall be furnished to the seller at or prior to the time of settlement.

(h) *Written termination notice; furnishing, contents.* (1) A live poultry dealer that ends a poultry growing arrangement with a poultry grower due to a termination, non-renewal, or expiration and subsequent non-replacement of a poultry growing arrangement shall provide the poultry grower with a written termination notice at least 90 days prior to the termination of the poultry growing arrangement. Written notice issued to a poultry grower by a live poultry dealer regarding termination shall contain the following:

- (i) The reason(s) for termination;
- (ii) When the termination is effective; and
- (iii) Appeal rights, if any, that a poultry grower may have with the live poultry dealer.

(2) A live poultry dealer's poultry growing arrangement with a poultry grower shall also provide the poultry grower with the opportunity to terminate its poultry growing arrangement in writing at least 90 days prior to the termination of the poultry growing arrangement.

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[54 FR 16356, Apr. 24, 1989; 54 FR 18713, May 2, 1989, as amended at 68 FR 75388, Dec. 31, 2003; 74 FR 63277, Dec. 3, 2009; 88 FR 83291, Nov. 28, 2023]

§ 201.102 Disclosures for broiler production.

(a) *Obligation to furnish information and documents.* In addition to the requirements of § 201.100 of this part, a live poultry dealer engaged in the production of broilers must provide the documents described in this section to

the prospective or current broiler grower.

(1) Except as provided in paragraph (e) of this section, when a live poultry dealer seeks to renew, revise, or replace an existing broiler growing arrangement, or to establish a new broiler growing arrangement that does not contemplate modifications to the existing housing specifications, the live poultry dealer must provide the following documents at least 14 calendar days before the live poultry dealer executes the broiler growing arrangement (provided that the grower may waive up to 7 calendar days of that time period):

(i) A true, written copy of the renewed, revised, replacement, or new broiler growing arrangement.

(ii) The Live Poultry Dealer Disclosure Document, as described in paragraphs (b), (c), and (d) of this section.

(2) When a live poultry dealer seeks to enter a broiler growing arrangement with a broiler grower or prospective broiler grower that will require an original capital investment, the live poultry dealer must provide the following to the broiler grower or prospective broiler grower simultaneously with the housing specifications:

(i) A copy of the broiler growing arrangement that is affiliated with the current housing specifications.

(ii) The Live Poultry Dealer Disclosure Document, as described in paragraphs (b), (c), and (d) of this section.

(iii) A letter of intent that can be relied upon to obtain financing for the original capital investment.

(3) When a live poultry dealer seeks to offer or impose modifications to existing housing specifications that could reasonably require a broiler grower or prospective broiler grower to make an additional capital investment, the live poultry dealer must provide the following to the broiler grower or prospective broiler grower simultaneously with the modified housing specifications:

(i) A copy of the broiler growing arrangement that is affiliated with the modified housing specifications.

(ii) The Live Poultry Dealer Disclosure Document, as described in paragraphs (b), (c), and (d) of this section.

(iii) A letter of intent that can be relied upon to obtain financing for the additional capital investment.

(b) *Prominent Disclosures.* The Live Poultry Dealer Disclosure Document must include a cover page followed by the disclosures as required in paragraphs (c) and (d) of this section. The order, form, and content of the cover page shall be and include:

(1) The title "LIVE POULTRY DEALER DISCLOSURE DOCUMENT" in capital letters and bold type.

(2) The live poultry dealer's name, type of business organization, principal business address, telephone number, email address, and, if applicable, primary internet website address.

(3) The length of the term of the broiler growing arrangement.

(4) The following statement: "The income from your poultry farm may be significantly affected by the number of flocks the poultry company places on your farm each year, the density or number of birds placed with each flock, and the target weight at which poultry is caught. The poultry company may have full discretion and control over these and other factors. Please carefully review the information in this document."

(5) The following minimums established under the terms of the broiler growing arrangement:

(i) The minimum number of placements on the broiler grower's farm annually.

(ii) The minimum stocking density for each flock to be placed on the broiler grower's farm.

(6) The applicable of the following two statements:

(i) "This disclosure document summarizes certain provisions of your broiler growing arrangement and other information. You have the right to read this disclosure document and all accompanying documents carefully. At least 14 calendar days before the live poultry dealer executes the broiler growing arrangement (provided that the grower may waive up to 7 calendar days of that time period), the poultry company is required to provide you with: (1) this disclosure document, and (2) a copy of the broiler growing arrangement." or

(ii) "This disclosure document summarizes certain provisions of your broiler growing arrangement and other information. You have the right to read this disclosure document and all accompanying documents carefully. The live poultry dealer is required to provide this disclosure document to you simultaneously with (a) a copy of the broiler growing arrangement, (b) any new or modified housing specifications that would require you to make an original or additional capital investment, and (c) a letter of intent."

(7) The following statement: "Even if the broiler growing arrangement contains a confidentiality provision, by law you still retain the right to discuss the terms of the broiler growing arrangement and the Live Poultry Dealer Disclosure Document with a Federal or State agency, your financial advisor or lender, your legal advisor, your accounting services representative, other growers for the same live poultry dealer, and your immediate family or business associates. A business associate is a person not employed by you but with whom you have a valid business reason for consulting when entering into or operating under a broiler growing arrangement."

(8) The following statement in bold type: "Note that USDA has not verified the information contained in this document. If this disclosure by the live poultry dealer contains any false or misleading statement or a material omission, a violation of Federal and/or State law may have occurred."

(c) *Required disclosures following the cover page.* The live poultry dealer shall disclose, in the Live Poultry Dealer Disclosure Document following the cover page, the following information:

(1) A summary of litigation over the prior 5 years between the live poultry dealer and any broiler grower, including the nature of the litigation, its location, the initiating party, a brief description of the controversy, and any resolution.

(2) A summary of all bankruptcy filings in the prior 5 years by the live poultry dealer and any parent, subsidiary, or related entity of the live poultry dealer.

(3) A statement that describes the live poultry dealer's policies and procedures regarding the potential sale of the broiler grower's facility or assignment of the broiler growing arrangement to another party, including the circumstances under which the live poultry dealer will offer the successive buyer a broiler growing arrangement.

(4) A statement describing the live poultry dealer's policies and procedures, as well as any appeal rights arising from the following events described in paragraphs (c)(4)(i) through (c)(4)(vi) of this section. If no policy or procedure exists, the live poultry dealer will acknowledge "no policy exists" relating to the items in paragraphs (c)(4)(i) through (c)(4)(vi) of this section.

(i) Increased lay-out time.

(ii) Sick, diseased, and high early-mortality flocks.

(iii) Natural disasters, weather events, or other events adversely affecting the physical infrastructure of the local complex or the grower facility.

(iv) Other events potentially resulting in massive depopulation of flocks, affecting grower payments.

(v) Feed outages, including outage times.

(vi) Grower complaints relating to feed quality, formulation, or suitability.

(5) A table showing the average annual broiler grower turnover rates for the previous calendar year and the average of the 5 previous calendar years at a company level and at a local complex level.

(d) *Financial Disclosures.* The live poultry dealer must include in the Live Poultry Dealer Disclosure Document the following information:

(1) Tables showing average annual gross payments to broiler growers at the local complex for each of the 5 previous years. The tables must express average payments in U.S. dollars per farm facility square foot. The tables must be organized to present the following elements:

(i) Year.

(ii) Housing specification tier (lowest to highest).

(iii) Distribution of payments, specifically either—

(A) Quintile (lowest to highest), for a local complex comprising 10 or more growers, or

(B) Mean and one standard deviation from the mean, for a local complex comprising 9 or fewer growers.

(2) If poultry housing specifications for broiler growers under contract with the complex are modified such that an additional capital investment may be required, or if the 5-year averages provided under paragraph (d)(1) of this section do not accurately represent projected grower gross annual payments under the terms of the applicable broiler growing arrangement for any reason, the live poultry dealer must provide the following information:

(i) Tables providing projections of average annual gross payments to broiler growers under contract with the complex with the same housing specifications for the term of the broiler growing arrangement at five quintile levels or by mean and standard deviation expressed as dollars per farm facility square foot.

(ii) An explanation of why the annual gross payment averages for the previous 5 years, as provided under paragraph (d)(1) of this section, do not provide an accurate representation of projected future payments, including the basic assumptions underlying the projections provided under paragraph (d)(2)(i) of this section.

(3) A summary of information the live poultry dealer collects or maintains relating to grower variable costs inherent in broiler production.

(4) Current contact information for the State university extension service office or the county farm advisor's office that can provide relevant information about broiler grower costs and broiler farm financial management in the broiler grower's geographic area.

(e) *Small Live Poultry Dealer Financial Disclosures.* A live poultry dealer engaged in the production of broilers is exempt from the requirements in paragraph (a)(1) of this section if the live poultry dealer, together with all companies controlled by or under common control with the live poultry dealer, slaughters fewer than 2 million live pounds of broilers weekly (104 million pounds annually).

(f) *Governance and Certification.* (1) The live poultry dealer engaged in the production of broilers must establish, maintain, and enforce a governance framework that is reasonably designed to:

(i) Audit the accuracy and completeness of the disclosures required under paragraphs (a) through (d) of this section.

(ii) Ensure compliance with all obligations under the Packers and Stockyards Act and regulations thereunder.

(2) The principal executive officer or officers, or persons performing similar functions, must certify in the Live Poultry Dealer Disclosure Document that the live poultry dealer has established, maintains, and enforces the governance framework and that, based on the officer's knowledge, the Live Poultry Dealer Disclosure Document does not contain any untrue statement of a material fact or omit to state a material fact which would render it misleading.

(g) *Receipt by Growers.* (1) The Live Poultry Dealer Disclosure Document must include a broiler grower's signature page that contains the following statement: "If the live poultry dealer does not deliver this disclosure document within the timeframe specified herein, or if this disclosure document contains any false or misleading statement or a material omission (including any discrepancy with other oral or written statements made in connection with the broiler growing arrangement), a violation of Federal and State law may have occurred. Violations of Federal and State laws may be determined to be unfair, unjustly discriminatory, or deceptive and unlawful under the Packers and Stockyards Act, as amended. You may file a complaint at farmerfairness.gov or call 1-833-DIAL-PSD (1-833-342-5773) if you suspect a violation of the Packers and Stockyards Act or any other Federal law governing fair and competitive marketing, including contract growing, of livestock and poultry. Additional information on rights and responsibilities under the Packers and Stockyards Act may be found at www.ams.usda.gov."

(2) The live poultry dealer must obtain the broiler grower's or prospective broiler grower's dated signature on the

broiler grower's signature page in paragraph (g)(1) of this section as evidence of receipt or obtain alternative documentation to evidence delivery and that best efforts were used to obtain grower receipt. The live poultry dealer must provide a copy of the dated signature page or alternative documentation to the broiler grower or prospective broiler grower and must retain a copy of the dated signature page or alternative documentation in the dealer's records for 3 years following expiration, termination, or non-renewal of the broiler growing arrangement.

(3) Information in the Live Poultry Dealer Disclosure Document must be presented in a clear, concise, and understandable manner for growers. Live poultry dealers may refer to Form PSD 6100 for further instructions on the presentation of information and certain calculations.

(4) The live poultry dealer must make reasonable efforts to ensure that growers are aware of their right to request translation assistance, and to assist the grower in translating the Disclosure Document at least 14 calendar days before the live poultry dealer executes the broiler growing arrangement that does not contemplate modifications to the existing housing specifications (provided that the grower may waive up to 7 calendar days of that time period) or where modifications to the existing housing specifications are contemplated when the live poultry dealer provides the grower with the Disclosure Document. Reasonable efforts include but are not limited to providing current contact information for professional translation service providers, trade associations with translator resources, relevant community groups, or any other person or organization that provides translation services in the broiler grower's geographic area. A live poultry dealer may not restrict a broiler grower or prospective broiler grower from discussing or sharing the Disclosure Document for purposes of translation with a person or organization that provides language translation services.

(h) *Contract terms.* A live poultry dealer engaged in the production of

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broilers must specify in the true written copy of the broiler growing arrangement the following:

(1) The minimum number of placements of poultry at the broiler grower's facility annually.

(2) The minimum stocking density for each flock placed with the broiler grower under the broiler growing arrangement.

[88 FR 83292, Nov. 28, 2023]

§ 201.104 Disclosures for broiler grower ranking system payments.

(a) *Poultry grower ranking system records.* If a live poultry dealer engaged in the production of broilers uses a poultry grower ranking system to calculate broiler grower payments, the live poultry dealer must produce records in accordance with paragraphs (b) and (c) of this section. The live poultry dealer must maintain these records for 5 years.

(b) *Placement Disclosure.* Within 24 hours of flock delivery to a broiler grower's facility, the live poultry dealer must provide all the following information to the broiler grower regarding the placement:

(1) The stocking density of the placement.

(2) Names and all ratios of breeds of the poultry delivered.

(3) If the live poultry dealer has determined the sex of the birds, all ratios of male and female poultry delivered.

(4) The breeder facility identifier.

(5) The breeder flock age.

(6) Information regarding any known health impairments of the breeder flock or of the poultry delivered.

(7) Adjustments, if any, that the live poultry dealer may make to the calculation of the grower's pay based on the inputs in paragraphs (b)(1) through (b)(6) of this section.

(c) *Poultry grower ranking system settlement documents.* In addition to the requirements of § 201.100 of this part, a live poultry dealer must provide disclosures to all broiler growers on the grouping or ranking sheets as described in paragraphs (c)(1) and (c)(2) of this section. The disclosures need not show the names of other growers.

(1) Live poultry dealers must disclose the housing specification for each

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broiler grower grouped or ranked during the specified period.

(2) Live poultry dealers must disclose all the following information to each broiler grower participant ranked under a poultry grower ranking system:

(i) The stocking density for each placement in the ranking.

(ii) The names and all ratios of breeds of the poultry for each placement in the ranking.

(iii) If the live poultry dealer has determined the sex of the birds, all ratios of male and female poultry for each placement in the ranking.

(iv) All breeder facility identifiers for each placement in the ranking.

(v) The breeder flock age(s) for each placement in the ranking.

(vi) The number of feed disruptions each ranked broiler grower endured during the growout period where the grower was completely out of feed for 12 hours or more.

[88 FR 83294, Nov. 28, 2023]

§ 201.108–1 Instructions for weighing live poultry or feed.

Live poultry dealers who operate scales on which live poultry or feed is weighed for purposes of purchase, sale, acquisition, or settlement are responsible for the accurate weighing of such poultry or feed. They shall supply copies of the instructions in this section to all persons who perform weighing operations for them and direct such persons to familiarize themselves with the instructions and to comply with them at all times. This section shall also apply to any additional weighers who are employed at any time. Weighers must acknowledge their receipt of these instructions and agree to comply with them by signing in duplicate, a form provided by the Packers and Stockyards Division, Agricultural Marketing Service. One copy of this form is to be filed with a regional office of the Packers and Stockyards Division, Agricultural Marketing Service and the other copy retained by the Agency employing the weighers. The following instructions shall be applicable to the weighing of live poultry on all scales, except that paragraph (c)(1) of this section is only applicable to the weighing of live poultry on vehicle scales.

(a) *Balancing the empty scale.* (1) The scale must be maintained in zero balance at all times. The empty scale must be balanced each day before weighing begins and thereafter the scale must be balanced; and the zero balance, the time and date the empty scale was balanced must be mechanically printed on the scale ticket or other basic transaction record before any poultry or feed is weighed. In addition, the zero balance of the scale must be verified whenever a weigher resumes weighing duties after an absence from the scale.

(2) Before balancing the empty scale, the weigher shall notify parties outside the scale house of his/her intention and shall be assured that no persons or vehicles are in contact with the platform. When the empty scale is balanced and ready for weighing, the weigher shall so indicate by appropriate signal.

(3) Weighbeam scales shall be balanced by first seating each poise securely in its zero notch and then moving the balance ball to such position that a correct zero balance is obtained. A scale equipped with a balance indicator is correctly balanced when the indicator comes to rest in the center of the target area. A scale not equipped with a balance indicator is correctly balanced if the weighbeam, when released at the top or bottom of the trig loop, swings freely in the trig loop in such manner that it will come to rest at the center of the trig loop.

(4) Dial scales shall be balanced by releasing all drop weights and operating the balance ball or other balancing device to obtain a correct zero balance. The indicator must visibly indicate zero on the dial reading face and the ticket printer must record a correct zero balance. "Balance tickets" shall be filed with other scale tickets issued on that date.

(5) Electronic digital scales should be properly warmed up before use. In most cases it is advisable to leave the electric power on continuously. The zero balance shall be verified by recording the zero balance on a scale ticket. The main indicating element and the remote visual weight display shall indicate zero when the balance is verified. The proper procedure for balancing this type of scale will vary according to the

manufacturer. Refer to the operator's manual for specific instructions.

(6) A balance ball or other balancing device shall be operated only when balancing the empty scale and shall not be operated at any time or for any other purpose.

(b) *Sensitivity control.* (1) A scale must be sensitive in response to platform loading if it is to yield accurate weights. It, therefore, is the duty of a weigher to assure himself that interferences, weighbeam friction, or other factors do not impair sensitivity. He shall satisfy himself, at least twice each day, that the scale is sufficiently sensitive, and, if the following requirements are not met, he must report the facts to his superior or employer immediately.

(2) A weighbeam scale with a balance indicator is sufficiently sensitive if, when the scale is balanced with the indicator at the center of the target, movement of the fractional poise one graduation will change the indicator rest point ($\frac{1}{4}$ inch (0.25) or the width of the central target area, whichever is greater.

(3) A weighbeam scale without a balance indicator is sufficiently sensitive if, when the scale is balanced with the weighbeam at the center of the trig loop, movement of the fractional poise two graduations will cause the weighbeam to come to rest at the bottom of the trig loop.

(4) Adjustable damping devices are incorporated in balance indicators and in dial scales to absorb the effects of load impact and to bring the indicator to rest. The weigher must be familiar with the location and adjustment of these damping devices and keep them so adjusted that when the indicator is displaced from a position of rest, it will oscillate freely through at least one complete cycle of movement before coming to rest at its original position.

(5) Friction at weighbeam bearings may reduce the sensitiveness of the scale, cause sluggish weighbeam action and affect weighing accuracy. A weigher must inspect the weighbeam assembly daily to make certain that there is clearance between the weighbeam and the pivot bearings.

(6) Interferences or binding of the scale platform, or other "live" parts of

the scale, are common causes of weighing inaccuracy. A weigher shall satisfy himself, at the beginning of each weighing period, that all such "live" parts have sufficient clearance to prevent interference.

(c) *Weighing the load.* (1) Vehicle scales used to weigh live poultry shall be of sufficient length and capacity to weigh an entire vehicle as a unit; provided, that a trailer may be uncoupled from a tractor and weighed as a single unit. Before weighing a vehicle, either coupled or uncoupled, the weigher shall be assured that the entire vehicle is on the scale platform and that no persons are on the scale platform.

(i) On a weighbeam scale with a balance indicator the weight of a vehicle shall be determined by moving the poises to such positions that the indicator will come to rest within the central target area.

(ii) On a weighbeam scale without a balance indicator the weight shall be determined by moving the poises to such positions that the weighbeam, when released from the top or bottom of the trig loop, will swing freely in the trig loop and come to rest at the approximate center of the trig loop.

(iii) On a dial scale the weight of a vehicle is indicated automatically when the indicator revolves around the dial face and comes to rest.

(iv) On an electronic digital scale the weight of a vehicle is indicated automatically when the weight value indicated is stable.

(v) A feed hopper attached to an electronic digital scale must be empty of feed and the electronic digital scale must be balanced at zero prior to first weighing for each grower or per truckload, whichever is applicable. The date and time that the empty hopper scale is balanced with proof of the zero balance must be mechanically printed on the scale ticket or other permanent record that must be attached to the grower's copy of the scale ticket.

(vi) An onboard weighing system must be level and locked in position and zero balanced prior to weighing. The date and time the onboard scale is balanced with proof of the zero balance must be mechanically printed on the scale ticket or other permanent record that must be attached to the grower's

copy of the scale ticket. When more than one grower's feed is weighed, the preceding grower's gross weight can be used for the next grower's tare weight, and can be repeated until the unit is full.

(2) The correct weight is the value in pounds indicated by a weighbeam, dial or digital scale when a stable load balance is obtained. In any case, the weigher should concentrate on the beam tip, balance indicator, dial or digital indicator while weighing and not be concerned with reading the visible weight indications until a stable load balance is obtained. On electronic digital scales, the weigher should concentrate on the pulsing or flickering of weight values to assure that the unit indicates a stable weight before activating the print button.

(d) *Recording the weight.* (1) The gross or tare weight shall be recorded immediately after the load balance is obtained and before any poises are moved or load removed from the scale platform. The weigher shall make certain that the printed weight record agrees with the weight value visibly indicated on the weighbeam, dial or digital indicator when correct load balance is obtained. The weigher shall also assure that the printed weight value is sufficiently distinct and legible.

(2) The weight printing device on a scale shall be operated only to produce a printed or impressed record of the weight while the load is on the scale and correctly balanced. If the weight is not printed clearly and correctly, the ticket shall be marked void and a new one printed before the load is removed from the scale.

(3) When returned feed from a contract poultry grower is picked up and weighed on an onboard weighing system, the weight of the feed must be recorded and a ticket printed. That weight must be used as the tare weight when feed from another contract poultry grower is picked up on the same load. The procedure must be followed each time another grower's feed is added to the load.

(e) *Weigher's responsibilities.* (1) The primary responsibility of a weigher is to determine and record the true weight of live poultry without prejudice or favor to any person or agency

and without regard for poultry ownership, price, condition, shrink, or other considerations. A weigher shall not permit the representations or attitudes of any persons or agencies to influence their judgment or action in performing his/her duties.

(2) Accurate weighing and weight recording require that a weigher shall not permit operations to be hurried to the extent that inaccurate weights or incorrect weight records may result. The gross, tare and net weights must be determined accurately to the nearest minimum graduation. Manual operations connected with balancing, weighing, and recording shall be performed with the care necessary to prevent damage to the accurately machined and adjusted parts of weighbeams, poises, and printing devices. Rough handling of these parts shall be avoided.

(3) Poultry growers, live poultry dealers, sellers, or others having legitimate interest in a load of poultry are entitled to observe the balancing, weighing, and recording procedures. A weigher shall not deny such persons that right or withhold from them any information pertaining to the weight. The weigher shall check the zero balance of the scale or reweigh a load of poultry when requested by such parties or duly authorized representatives of the administrator.

(f) *General precautions.* (1) The poises of weighbeam scales are carefully adjusted and sealed to a definite weight at the factory and any change in that weight seriously affects weighing accuracy. A weigher, therefore, shall observe if poise parts are broken, loose or lost or if material is added to a poise and shall report any such condition to his/her superior or employer. Balancing or weighing shall not be performed while a scale ticket is in the slot of a weighbeam poise.

(2) Stops are provided on scale weighbeams to prevent movement of poises back of the zero graduation when balancing or weighing. When the stops become worn or broken and allow a poise to be set behind the zero position, this condition must be reported by the weigher to their superior or employer and corrected without delay.

(3) Motion detection circuits are a part of electronic scales. They are designed to prevent the printing of weight values if the load has not stabilized within prescribed limits. The weighmaster's duty is to print the actual weight of the load within these limits. This requires printing the actual weight of the load, not one of the other weights that may be within the motion detection limits.

(4) Foreign objects or loose material in the form of nuts, bolts, washers, or other material on any part of the weighbeam assembly, including the counter-balance hanger or counter-balance weights, are potential sources of weighing error. Loose balancing material must be enclosed in the shot cup of the counter-balance hanger and counter-balance weights must not be of the slotted type which can readily be removed.

(5) Whenever, for any reason, a weigher has reason to believe that a scale is not functioning properly or not yielding correct weight values, the weigher shall discontinue weighing, report the facts to the parties responsible for scale maintenance and request inspection, test or repair of the scale.

(6) When a scale has been adjusted, modified, or repaired in any manner which can affect the accuracy of weighing or weight recording, the weigher shall not use the scale until it has been tested and inspected and found to be accurate.

(Approved by the Office of Management and Budget under control number 0580-0015)

[37 FR 4955, Mar. 8, 1972, as amended at 61 FR 36282, July 10, 1996; 68 FR 75388, Dec. 31, 2003; 78 FR 51664, Aug. 21, 2013; 84 FR 45647, Aug. 30, 2019; 84 FR 56678, Oct. 23, 2019; 88 FR 62696, Sept. 13, 2023]

§ 201.200 Sale of livestock on credit.

(a) No packer whose average annual purchases of livestock exceed \$500,000 shall purchase livestock on credit, and no dealer or market agency acting as an agent for such a packer shall purchase livestock on credit, unless: (1) Before purchasing such livestock the packer obtains from the seller a written acknowledgment as follows:

On this date I am entering into a written agreement for the sale of livestock on credit

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to _____, a packer, and I understand that in doing so I will have no rights under the trust provisions of section 206 of the Packers and Stockyards Act, 1921, as amended (7 U.S.C. 196, Pub. L. 94-410), with respect to any such credit sale. The written agreement for such selling on credit

Covers a single sale.

Provides that it will remain in effect until (date).

Provides that it will remain in effect until canceled in writing by either party.

(Omit the provisions not applicable.)

Date _____

Signature _____

(2) Such packer retains such acknowledgment, together with all other documents, if any, setting forth the terms of such credit sales on which the purchaser and seller have agreed, and such dealer or market agency retains a copy thereof, in his records for such time as is required by any law, or by written notice served on such person by the Administrator, but not less than two calendar years from the date of expiration of the written agreement referred to in such acknowledgment; and

(3) Such seller receives a copy of such acknowledgment.

(b) No dealer whose average annual purchases of livestock exceed \$100,000 shall purchase livestock on credit unless:

(1) Before purchasing livestock on credit, the dealer obtains from the seller a written acknowledgement that includes the information described in this paragraph (b)(1).

(i) The following statement:

On this date I am entering into a written agreement for the sale of livestock on credit to _____, a dealer, and I understand that in doing so I will have no rights under the trust provisions of section 318 of the Packers and Stockyards Act, 1921, as amended (7 U.S.C. 217b), with respect to any such credit sale.

(ii) A statement about whether the credit sales agreement covers a single sale; covers multiple sales and remains in effect through a certain date and states the date; or remains in effect until canceled in writing by either party.

(iii) The date the seller signed the agreement.

(iv) The seller's signature.

(2) The dealer retains the written acknowledgment, together with all other documents, if any, setting forth the terms of credit sales on which the pur-

chaser and seller have agreed, and the dealer retains a copy thereof, in their records for such time as is required by any law, or by written notice served on the dealer by the Administrator, but not less than two calendar years from the date of expiration of the written agreement referred to in the acknowledgment.

(3) The dealer provides a copy of the acknowledgment to the seller.

(c) Purchasing livestock for which payment is to be made by a draft which is not a check shall constitute purchasing such livestock on credit within the meaning of paragraphs (a) and (b) of this section. (See also §201.43(b)(1).)

(d) The provisions of this section shall not be construed to permit any transaction prohibited by §201.61(a) relating to financing by market agencies selling on a commission basis.

(Approved by the Office of Management and Budget under control number 0580-0015)

[42 FR 49929, Sept. 8, 1977, as amended at 49 FR 39516, Oct. 9, 1984; 54 FR 37094, Sept. 7, 1989; 68 FR 75388, Dec. 31, 2003; 88 FR 41022, June 23, 2023]

§ 201.211 Undue or unreasonable preferences or advantages.

The Secretary will consider the following criteria, and may consider additional criteria, when determining whether a packer, swine contractor, or live poultry dealer has made or given any undue or unreasonable preference or advantage to any particular person or locality in any respect in violation of section 202(b) of the Act. The criteria include whether the preference or advantage under consideration:

(a) Cannot be justified on the basis of a cost savings related to dealing with different producers, sellers, or growers;

(b) Cannot be justified on the basis of meeting a competitor's prices;

(c) Cannot be justified on the basis of meeting other terms offered by a competitor; and

(d) Cannot be justified as a reasonable business decision.

[85 FR 79802, Dec. 11, 2020]

§§ 201.213–201.214 [Reserved]

§ 201.215 Suspension of delivery of birds.

The Secretary may consider various criteria when determining whether or not reasonable notice has been given by a live poultry dealer to a poultry grower for suspension of delivery of birds. These criteria include, but are not limited to:

(a) Whether the written notice adequately states the reason for the suspension of delivery, the length of the suspension of delivery, and the anticipated date the delivery of birds will resume; and

(b) Whether a catastrophic or natural disaster, or other emergency, such as an unforeseen bankruptcy, has occurred that has prevented a live poultry dealer from providing reasonable notice.

[76 FR 76889, Dec. 9, 2011, as amended at 80 FR 6430, Feb. 5, 2015]

§ 201.216 Additional capital investments criteria.

The Secretary may consider various criteria in determining whether a requirement that a poultry grower or swine production contract grower make additional capital investments over the life of a production contract or growing arrangement constitutes a violation of the Act. These criteria include, but are not limited to:

(a) Whether a packer, swine contractor or live poultry dealer failed to give a poultry grower or swine production contract grower discretion to decide against the additional capital investment requirement;

(b) Whether the additional capital investment is the result of coercion, retaliation or threats of coercion or retaliation by the packer, swine contractor or live poultry dealer;

(c) Whether the packer, swine contractor or live poultry dealer intends or does substantially reduce or end operations at the slaughter plant or processing facility or intends or does substantially reduce or end production operations within 12 months of requiring the additional capital investment, absent the occurrence of a catastrophic or natural disaster, or other emergency, such as unforeseen bankruptcy;

(d) Whether the packer, swine contractor, or live poultry dealer required some poultry growers or swine production contract growers to make additional capital investments, but did not require other similarly situated poultry growers or swine production contract growers to make the same additional capital investments;

(e) The age and number of recent upgrades to, or capital investments in, the poultry grower's or swine production contract grower's operations;

(f) Whether the cost of the required additional capital investments can reasonably be expected to be recouped by the poultry grower or swine production contract grower;

(g) Whether a reasonable time period to implement the required additional capital investments is provided to the poultry grower or swine production contract grower; and

(h) Whether equipment changes are required with respect to equipment previously approved and accepted by the packer, swine contractor, or live poultry dealer, if existing equipment is functioning as it was intended to function unless the packer, swine contractor, or live poultry dealer provides adequate compensation incentives to the poultry grower or swine production contract grower.

[76 FR 76889, Dec. 9, 2011]

§ 201.217 Reasonable period of time to remedy a breach of contract.

The Secretary may consider various criteria when determining whether a packer, swine contractor or live poultry dealer has provided a poultry grower or swine production contract grower a reasonable period of time to remedy a breach of contract that could lead to contract termination. These criteria do not limit a packer, swine contractor or live poultry dealer's rights under a contract or agreement where food safety or animal welfare is concerned. These criteria, include, but are not limited to:

(a) Whether the packer, swine contractor or live poultry dealer provided written notice of the breach of contract to the poultry grower or swine production contract grower upon initial discovery of that breach of contract if the packer, swine contractor or

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live poultry dealer intends to take an adverse action, including termination of a contract, against the poultry grower or swine production contract grower based on that breach of contract by the poultry grower or swine production contract grower;

(b) Whether the notice in paragraph (a) of this section includes the following:

(1) A description of the act or omission believed to constitute a breach of contract, including identification of the section of the contract believed to have been breached;

(2) The date of the breach;

(3) The means by which the poultry grower or swine production contract grower can satisfactorily remedy the breach, if possible, based on the nature of the breach; and

(4) A date that provides a reasonable time, based on the nature of the breach, by which the breach must be remedied.

(c) Whether the packer, swine contractor or live poultry dealer took into account the poultry grower's or swine production contract grower's ongoing responsibilities related to the raising and handling of the poultry or swine under their care when establishing the date by which a breach should be remedied; and

(d) Whether the poultry grower or swine production contract grower was afforded adequate time from the date of the notice of the alleged breach to rebut the allegation of a breach.

[76 FR 76889, Dec. 9, 2011]

§ 201.218 Arbitration.

(a) In any livestock or poultry production contract that requires the use of arbitration the following language must appear on the signature page of the contract in bold conspicuous print: *“Right to Decline Arbitration.* A poultry grower, livestock producer or swine production contract grower has the right to decline to be bound by the arbitration provisions set forth in this agreement. A poultry grower, livestock producer or swine production contract grower shall indicate whether or not it desires to be bound by the arbitration provisions by signing one of the following statements; failure to choose an option will be treated as if the poultry

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grower, livestock producer or swine production contract grower declined to be bound by the arbitration provisions set forth in this Agreement:

I decline to be bound by the arbitration provisions set forth in this Agreement

I accept the arbitration provisions as set forth in this Agreement

(b) The Secretary may consider various criteria when determining whether the arbitration process provided in a production contract provides a meaningful opportunity for the poultry grower, livestock producer, or swine production contract grower to participate fully in the arbitration process. These criteria include, but are not limited to:

(1) Whether the contract discloses sufficient information in bold, conspicuous print describing all the costs of arbitration to be paid by the poultry grower, swine production contract grower, or livestock producer, and the arbitration process and any limitations on legal rights and remedies in such a manner as to allow the poultry grower, livestock producer or swine production contract grower to make an informed decision on whether to elect arbitration for dispute resolution;

(2) Whether provisions in the entire arbitration process governing the costs and time limits are reasonable;

(3) Whether the poultry grower, livestock producer, or swine production contract grower is provided access to and opportunity to engage in reasonable discovery of information held by the packer, swine contractor or live poultry dealer;

(4) Whether arbitration is required to be used to resolve only disputes relevant to the contractual obligations of the parties; and

(5) Whether a reasoned, written opinion based on applicable law, legal principles and precedent for the award is required to be provided to the parties.

[76 FR 76889, Dec. 9, 2011]

Subpart O—Competition and Market Integrity

SOURCE: 89 FR 16198, Mar. 6, 2024, unless otherwise noted.

Agricultural Marketing Service, USDA

§ 201.304

§§ 201.300–201.301 [Reserved]

§ 201.302 Definitions.

For purposes of this subpart, the following definitions apply:

Covered producer means a livestock producer as defined in this section or a swine production contract grower or poultry grower as defined in section 2(a) of the Act (7 U.S.C. 182(8), (14)).

Livestock producer means any person, except an employee of the livestock owner, engaged in the raising of and caring for livestock.

Regulated entity means a swine contractor or live poultry dealer as defined in section 2(a) of the Act (7 U.S.C. 182(8)) or a packer as defined in section 201 of the Act (7 U.S.C. 191).

§ 201.303 [Reserved]

§ 201.304 Undue prejudices or disadvantages and unjust discriminatory practices.

(a) *Prohibited bases.* (1) Except as provided in paragraph (a)(3) of this section, a regulated entity may not prejudice, disadvantage, inhibit market access, or otherwise take an adverse action against a covered producer with respect to livestock, meats, meat food products, livestock products in unmanufactured form, or live poultry based upon the following characteristics:

(i) On the basis of the covered producer's race, color, religion, national origin, sex (including sexual orientation and gender identity), disability, marital status, or age.

(ii) On the basis of the covered producer's status as a cooperative.

(2) Actions that prejudice, disadvantage, inhibit market access, or are otherwise adverse under paragraph (a)(1) of this section are as follows:

(i) Offering contract terms that are less favorable than those generally or ordinarily offered to similarly situated covered producers.

(ii) Refusing to deal with a covered producer on terms generally or ordinarily offered to similarly situated covered producers.

(iii) Performing under or enforcing a contract differently than with similarly situated covered producers.

(iv) Requiring a contract modification or renewal on terms less favorable than similarly situated covered producers.

(v) Terminating or not renewing a contract.

(vi) Any other action that a reasonable covered producer would find materially adverse.

(3) The following actions by a regulated entity do not prejudice, disadvantage, inhibit market access, or constitute adverse action under paragraph (a)(1) of this section:

(i) Fulfilling a religious commitment relating to livestock, meats, meat food products, livestock products in unmanufactured form, or live poultry.

(ii) A Federally recognized Tribe, including its wholly or majority-owned entities, corporations, or Tribal organizations, performing its Tribal governmental functions.

(b) *Retaliation prohibited.* (1) A regulated entity may not retaliate or otherwise take an adverse action against a covered producer based upon the covered producer's participation in an activity described in paragraph (b)(2) of this section.

(2) The following activities by covered producers are protected under paragraph (b)(1) of this section unless otherwise prohibited by Federal, Tribal, or State law, including antitrust laws:

(i) Communicating with a government entity or official or petitioning a government entity or official for redress of grievances with respect to livestock, meats, meat food products, livestock products in unmanufactured form, or live poultry.

(ii) Refusing a request of the regulated entity to engage in a communication with a government entity or official that is not required by law.

(iii) Asserting the right to form or join, or to refuse to form or join, a producer or grower association or organization, or cooperative or to collectively process, prepare for market, handle, or market livestock or poultry.

(iv) Communicating or cooperating with a person for the purposes of improving production or marketing of livestock or poultry.

(v) Communicating, negotiating, or contracting with a regulated entity,

§ 201.305

another covered producer, or with a commercial entity or consultant, for the purpose of exploring or entering into a business relationship.

(vi) Supporting or participating as a witness in any proceeding under the Act, or any proceeding that relates to an alleged violation of any law by a regulated entity.

(vii) Asserting any of the rights granted under Act or this part, or asserting contract rights.

(3) The following actions are considered retaliation or an otherwise adverse action under paragraph (b)(1) of this section:

(i) Terminating or not renewing a contract.

(ii) Performing under or enforcing a contract differently than with similarly situated covered producers.

(iii) Requiring a contract modification or a renewal on terms less favorable than similarly situated covered producers.

(iv) Refusing to deal with a covered producer on terms generally or ordinarily offered to similarly situated covered producers.

(v) Interfering in a farm real estate transaction or a contract with third parties.

(vi) Any other action that a reasonable covered producer would find materially adverse.

(c) *Recordkeeping of compliance practices.* (1) The regulated entity shall retain all records relevant to its compliance with paragraphs (a) and (b) of this section for no less than 5 years from the date of record creation.

(2) Relevant records to paragraph (c)(1) of this section may include: policies and procedures, staff training materials, materials informing covered producers regarding reporting mechanisms and protections, compliance testing, board of directors' oversight materials, and the number and nature of complaints received relevant to this section.

§ 201.305 [Reserved]

§ 201.306 Deceptive practices.

(a) *Prohibited practices.* A regulated entity may not engage in the deceptive practices in paragraphs (b) through (e) of this section with respect to live-

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stock, meats, meat food products, live-stock products in unmanufactured form, or live poultry.

(b) *Contract formation.* A regulated entity may not make or modify a contract with a covered producer by employing a false or misleading statement, or omission of material information necessary to make a statement not false or misleading.

(c) *Contract performance.* A regulated entity may not perform under or enforce a contract with a covered producer by employing a false or misleading statement, or omission of material information necessary to make a statement not false or misleading.

(d) *Contract termination.* A regulated entity may not terminate a contract with a covered producer by employing a false or misleading statement, or omission of material information necessary to make a statement not false or misleading.

(e) *Contract refusal.* A regulated entity may not provide false or misleading information to a covered producer or association of covered producers concerning a refusal to contract.

§§ 201.307-201.308 [Reserved]

§ 201.389 [Reserved]

§ 201.390 Severability.

If any provision of this subpart, or any component of any provision, is declared invalid or the applicability thereof to any person or circumstances is held invalid, it is the Agricultural Marketing Service's intention that the validity of the remainder of this subpart or the applicability thereof to other persons or circumstances shall not be affected thereby with the remaining provision, or component of any provision, to continue in effect.

PART 202—RULES OF PRACTICE GOVERNING PROCEEDINGS UNDER THE PACKERS AND STOCKYARDS ACT

RULES OF PRACTICE APPLICABLE TO RATE PROCEEDINGS

- Sec.
- 202.1 Applicability of other rules.
- 202.2 Definitions.
- 202.3 Institution of proceedings.