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Chapter 1.—COMMODITY EXCHANGES

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§ 1. Short title.

This chapter may be cited as the "Commodity Exchange Act." (Sept. 21, 1922, ch. 369, § 1, 42 Stat. 998; June 15, 1936, ch. 545, § 1, 49 Stat. 1491.)

AMENDMENTS

1936—Act June 15, 1936, substituted "Commodity Exchange Act" for "The Grain Futures Act."

EFFECTIVE DATE OF 1936 AMENDMENT

Section 13 of act June 15, 1936, provided that all provisions of that act authorizing the registration of futures commission merchants and floor brokers, the fixing of fees and charges therefor, the promulgation of rules, regulations and orders, and the holding of hearings precedent to such promulgation should be effective June 15, 1936, and that all other provisions of that act should take effect ninety days after June 15, 1936.

PRIOR LAW

This chapter superseded act Aug. 24, 1921, ch. 86, 42 Stat. 187, known as "The Future Trading Act," which act was declared unconstitutional, at least in part, in *Hill v. Wallace*, Ill. 1922, 42 S. Ct. 453, 259 U. S. 44, 66 L. Ed. 822. Section 3 of that act was found unconstitutional as imposing a penalty in *Trusler v. Crooks*, Mo. 1926, 46 S. Ct. 165, 269 U. S. 475, 70 L. Ed. 365.

CROSS REFERENCES

Power of Congress to regulate interstate commerce, see Const. Art. 1, § 8, cl. 3.

§ 2. Definitions.

For the purposes of this chapter "contract of sale" shall be held to include sales, agreements of sale, and agreements to sell. The word "person" shall be construed to import the plural or singular, and shall include individuals, associations, partnerships, corporations, and trusts. The word "commodity" shall mean wheat, cotton, rice, corn, oats, barley, rye, flaxseed, grain sorghums, mill feeds, butter, eggs, onions, *Solanum tuberosum* (Irish potatoes), wool, wool tops, fats and oils (including lard, tallow, cottonseed oil, peanut oil, soybean oil and all other fats and oils), cottonseed meal, cottonseed, peanuts, soybeans and soybean meal. The term "future delivery", as used in this chapter, shall not include any sale of any cash commodity for deferred shipment or delivery. The words "board of trade" shall be held to include

and mean any exchange or association, whether incorporated or unincorporated, of persons who shall be engaged in the business of buying or selling commodity or receiving the same for sale on consignment. The words "interstate commerce" shall be construed to mean 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. The words "cooperative association of producers" shall mean any cooperative association, corporate or otherwise, not less than 75 per centum in good faith owned or controlled, directly or indirectly, by producers of agricultural products and otherwise complying with sections 291 and 292 of this title, including any organization acting for a group of such associations and owned or controlled by such associations, provided that business done for or with the United States of America, or any agency thereof, shall not be considered either member or nonmember business in determining the compliance of any such association with said sections. The words "member of a contract market" shall mean and include individuals, associations, partnerships, corporations, and trusts owning or holding membership in, or admitted to membership representation on, a contract market or given members' trading privileges thereon. The words "futures commission merchant" shall mean and include individuals, associations, partnerships, corporations, and trusts engaged in soliciting or in accepting orders for the purchase or sale of any commodity for future delivery on or subject to the rules of any contract market and that, in or in connection with such solicitation or acceptance of orders, accepts any money, securities, or property (or extends credit in lieu thereof) to margin, guarantee, or secure any trades or contracts that result or may result therefrom. The words "floor broker" shall mean any person who, in or surrounding any "pit," "ring," "post," or other place provided by a contract market for the meeting of persons similarly engaged, shall engage in executing for others any order for the purchase or sale of any commodity for future delivery on or subject to the rules of any contract market, and who for such services receives or accepts any commission or other compensation. The words "the commission" shall mean the Commodity Exchange Commission, consisting of the Secretary of Agriculture, the Secretary of Commerce, and the Attorney General. (Sept. 21, 1922, ch. 369, § 2 (a), 42 Stat. 998; June 15, 1936, ch. 545, §§ 2, 3, 49 Stat. 1491; Apr. 7, 1938, ch. 108, 52 Stat. 205; Oct. 9, 1940, ch. 786, § 1, 54 Stat. 1059; Aug. 28, 1954, ch. 1041, title VII, § 710 (a), 68 Stat. 913; July 26, 1955, ch. 382, § 1, 69 Stat. 375.)

CODIFICATION

Section constitutes part of subsec. (a) of section 2 of act Sept. 21, 1922. Remainder of such subsec. (a) is classified to section 4 and subsec. (b) of such section 2 is classified to section 3 of this title.

AMENDMENTS

1955—Act July 26, 1955, extended "commodity" to onions.

1954—Act Aug. 28, 1954, extended "commodity" to wool.

1940—Act Oct. 9, 1940, extended "commodity" to "fats and oils (including lard, tallow, cottonseed oil, peanut oil, soybean oil, and all other fats and oils), cottonseed meal, cottonseed, peanuts, soybeans and soybean meal."

1938—Act Apr. 7, 1938, extended "commodity" to "wool tops."

1936—Act June 15, 1936, substituted "commodity", "any commodity", or "commodities" for "grain" wherever appearing, and "any cash commodity" for "cash grain", and added definitions of "cooperative association of producers," "member of a contract market", "futures commission merchant", "floor broker" and "the commission."

EFFECTIVE DATE OF 1955 AMENDMENT

Section 2 of act July 26, 1955, provided that the amendment to this section by that act shall become effective 60 days after July 26, 1955.

EFFECTIVE DATE OF 1954 AMENDMENT

Section 710 (b) of act Aug. 28, 1954, provided that the amendment of this section shall become effective 60 days after Aug. 28, 1954.

EFFECTIVE DATE OF 1940 AMENDMENT

Section 2 of act Oct. 9, 1940, provided that the amendment of this section shall become effective 60 days after October 9, 1940.

EFFECTIVE DATE OF 1936 AMENDMENT

Amendment effective 90 days after June 15, 1936, see note under section 1 of this title.

TRANSFER OF FUNCTIONS

All functions of all officers, agencies, and employees of the Department of Agriculture were transferred, with certain exceptions, to the Secretary of Agriculture by 1953 Reorg. Plan No. 2, § 1, eff. June 4, 1953, 18 F. R. 3219, 67 Stat. 633, set out as a note under section 511 of Title 5, Executive Departments and Government Officers and Employees.

CROSS REFERENCES

Onion futures transactions, definitions applicable, see section 13-1 of this title.

Transaction in interstate commerce, see section 3 of this title.

§ 3. Transaction in interstate commerce; State; defined.

For the purposes of this chapter (but not in any wise limiting the definition of interstate commerce in section 2 of this title) a transaction in respect to any article shall be considered to be in interstate commerce if such article is part of that current of commerce usual in the commodity trade whereby commodity and commodity products and by-products thereof are sent from one State, with the expectation that they will end their transit, after purchase, in another, including in addition to cases within the above general description, all cases where purchase or sale is either for shipment to another State, or for manufacture within the State and the shipment outside the State of the products resulting from such manufacture. Articles normally in such current of commerce shall not be considered out of such commerce through resort being had to any means or device intended to remove transactions in respect thereto from the provisions of this chapter. For the purpose of this section the word "State" includes Territory, the District of Columbia, possession of the United States, and foreign nation. (Sept. 21, 1922, ch. 369, § 2 (b), 42 Stat. 998; June 15, 1936, ch. 545, § 2, 49 Stat. 1491.)

CODIFICATION

Section constitutes subsec. (b) of section 2 of act Sept. 21, 1922. Part of subsec. (a) of such section 2 is classified to section 2 and the remainder of such subsec. (a) is classified to section 4 of this title.

AMENDMENTS

1936—Act June 15, 1936, substituted "commodity" for "grain" throughout.

EFFECTIVE DATE OF 1936 AMENDMENT

Amendment effective 90 days after June 15, 1936, see note under section 1 of this title.

CROSS REFERENCES

Interstate commerce defined, see section 2 of this title. Power of Congress to regulate interstate commerce, see Const. Art. 1, § 8, cl. 3.

§ 4. Liability of principal for act of agent.

For the purpose of this chapter the act, omission, or failure of any official, agent, or other person acting for any individual, association, partnership, corporation, or trust within the scope of his employment or office shall be deemed the act, omission, or failure of such individual, association, partnership, corporation, or trust, as well as of such official, agent, or other person. (Sept. 21, 1922, ch. 369, § 2 (a), 42 Stat. 998.)

CODIFICATION

Section constitutes part of subsec. (a) of section 2 of act Sept. 21, 1922. Remainder of such subsec. (a) is classified to section 2 of this title and subsec. (b) is classified to section 3 of this title.

§ 5. Resolution declaring dangerous tendency of dealings in commodity futures.

Transactions in commodity involving the sale thereof for future delivery as commonly conducted on boards of trade and known as "futures" are affected with a national public interest; such transactions are carried on in large volume by the public generally and by persons engaged in the business of buying and selling commodity and the products and byproducts thereof in interstate commerce; the prices involved in such transactions are generally quoted and disseminated throughout the United States and in foreign countries as a basis for determining the prices to the producer and the consumer of commodity and the products and byproducts thereof and to facilitate the movements thereof in interstate commerce; such transactions are utilized by shippers, dealers, millers, and others engaged in handling commodity and the products and byproducts thereof in interstate commerce as a means of hedging themselves against possible loss through fluctuations in price; the transactions and prices of commodity on such boards of trade are susceptible to speculation, manipulation, and control, and sudden or unreasonable fluctuations in the prices thereof frequently occur as a result of such speculation, manipulation, or control, which are detrimental to the producer or the consumer and the persons handling commodity and products and byproducts thereof in interstate commerce, and such fluctuations in prices are an obstruction to and a burden upon interstate commerce in commodity and the products and byproducts thereof and render regulation imperative for the protection of such commerce and the national public interest therein. (Sept. 21, 1922, ch. 369, § 3, 42 Stat. 999; June 15, 1936, ch. 545, § 2, 49 Stat. 1491.)

AMENDMENTS

1936—Act June 15, 1936, substituted "commodity" for "grain" throughout.

EFFECTIVE DATE OF 1936 AMENDMENT

Amendment effective 90 days after June 15, 1936, see note under section 1 of this title.

§6. Prohibition against dealings in commodity futures; exceptions.

It shall be unlawful for any person to deliver for transmission through the mails or in interstate commerce by telegraph, telephone, wireless, or other means of communication any offer to make or execute, or any confirmation of the execution of, or any quotation or report of the price of, any contract of sale of commodity for future delivery on or subject to the rules of any board of trade in the United States, or for any person to make or execute such contract of sale, which is or may be used for (a) hedging any transaction in interstate commerce in commodity or the products or by-products thereof, or (b) determining the price basis of any such transaction in interstate commerce, or (c) delivering commodity sold, shipped, or received in interstate commerce for the fulfillment thereof, except, in any of the foregoing cases, where such contract is made by or through a member of a board of trade which has been designated by the Secretary of Agriculture as a "contract market," as hereinafter provided in this chapter, and if such contract is evidenced by a record in writing which shows the date, the parties to such contract and their addresses, the property covered and its price, and the terms of delivery: *Provided*, That each board member shall keep such record for a period of three years from the date thereof, or for a longer period if the Secretary of Agriculture shall so direct, which record shall at all times be open to the inspection of any representative of the United States Department of Agriculture or the United States Department of Justice (Sept. 21, 1922, ch. 369, § 4, 42 Stat. 999; June 15, 1936, ch. 545, §§ 2, 4, 49 Stat. 1491, 1492.)

AMENDMENTS

1936—Act June 15, 1936, § 2, substituted the word "commodity" for "grain" throughout.

Act June 15, 1936, § 4, struck out former par. (a) and combined former par. (b) with first paragraph.

EFFECTIVE DATE OF 1936 AMENDMENT

Amendment effective 90 days after June 15, 1936, see note under section 1 of this title.

CROSS REFERENCES

Punishment for violating the provisions of this section and for failure to evidence any contract mentioned in this section by a record in writing, see section 13 of this title.

§6a. Excessive speculation as burden on interstate commerce; trading limits; hedging transactions; application of section.

(1) Excessive speculation in any commodity under contracts of sale of such commodity for future delivery made on or subject to the rules of contract markets causing sudden or unreasonable fluctuations or unwarranted changes in the price of such commodity, is an undue and unnecessary burden on interstate commerce in such commodity. For the purpose of diminishing, eliminating, or preventing such burden, the commission shall, from time to time after due notice and opportunity for hearing, by order, proclaim and fix such limits on the amount of trading under contracts of sale of such commodity for future delivery on or subject to the rules of any

contract market which may be done by any person as the commission finds is necessary to diminish, eliminate, or prevent such burden. Nothing in this section shall be construed to prohibit the commission from fixing different trading limits for different commodities, markets, futures, or delivery months, or different trading limits for buying and selling operations, or different limits for the purposes of subparagraphs (A) and (B) of this section, or from exempting transactions commonly known to the trade as "spreads" or "straddles" or from fixing trading limits applying to such transactions different from trading limits fixed for other transactions.

(2) The commission shall, in such order, fix a reasonable time (not to exceed ten days) after the order's promulgation; after which, and until such order is suspended, modified, or revoked, it shall be unlawful for any person—

(A) directly or indirectly to buy or sell, or agree to buy or sell, under contracts of sale of such commodity for future delivery on or subject to the rules of the contract market or markets to which the order applies, any amount of such commodity during any one business day in excess of any trading limit fixed for one business day by the commission in such order for or with respect to such commodity; or

(B) directly or indirectly to buy or sell, or agree to buy or sell, under contracts of sale of such commodity for future delivery on or subject to the rules of any contract market, any amount of such commodity that shall result in giving such person a net long or net short position at any one time in or with respect to any such commodity in excess of any trading limit fixed by the commission for net long or net short position in such order for or with respect to such commodity.

(3) No order issued under paragraph (1) of this section shall apply to transactions which are shown to be bona fide hedging transactions. For the purposes of this paragraph, bona fide hedging transactions shall mean sales of any commodity for future delivery on or subject to the rules of any board of trade to the extent that such sales are offset in quantity by the ownership or purchase of the same cash commodity or, conversely, purchases of any commodity for future delivery on or subject to the rules of any board of trade to the extent that such purchases are offset by sales of the same cash commodity. There shall be included in the amount of any commodity which may be hedged by any person—

(A) the amount of such commodity such person is raising, or in good faith intends or expects to raise, within the next twelve months, on land (in the United States or its Territories) which such person owns or leases;

(B) an amount of such commodity the sale of which for future delivery would be a reasonable hedge against the products or byproducts of such commodity owned or purchased by such person, or the purchase of which for future delivery would be a reasonable hedge against the sale of any product or byproduct of such commodity by such person.

(C) an amount of such commodity the purchase of which for future delivery shall not exceed such person's unfilled anticipated requirements for processing or manufacturing during a specified operating period not in excess of one year: *Provided*, That such purchase is made and liquidated in an orderly manner and in accordance with sound commercial practice in conformity with such regulations as the Secretary of Agriculture may prescribe.

(4) This section shall apply to a person that is registered as a futures commission merchant or as floor broker under authority of this chapter only to the extent that transactions made by such person are made on behalf of or for the account or benefit of such person. This section shall not apply to transactions made by, or on behalf of, or at the direction of, the United States, or a duly authorized agency thereof. (Sept. 21, 1922, ch. 369, § 4a, as added June 15, 1936, ch. 545, § 5, 49 Stat. 1492, and amended July 24, 1956, ch. 690, § 1, 70 Stat. 630.)

AMENDMENTS

1956—Par. (3). Act July 24, 1956 added clause (C).

EFFECTIVE DATE OF 1956 AMENDMENT

Section 2 of act July 24, 1956, provided that: "This Act [adding par. (3) (C)] shall take effect sixty days after the date of its enactment [July 24, 1956]."

EFFECTIVE DATE

See note under section 1 of this title.

CROSS REFERENCES

Power of Congress to regulate interstate commerce, see Const. Art. 1, § 8, cl. 3.

Punishment for violating the provisions of this section, see section 13 of this title.

§ 6b. Contracts designed to defraud or mislead; bucketing orders; buying and selling orders for cotton.

It shall be unlawful for any member of a contract market, or for any correspondent, agent, or employee of any member, in or in connection with any order to make, or the making of (1) any contract of sale of any commodity in interstate commerce, or (2) any contract of sale of any commodity for future delivery made, or to be made, on or subject to the rules of any contract market for or on behalf of any person if such contract for future delivery is or may be used for (a) hedging any transaction in interstate commerce in such commodity or the products or byproducts thereof, or (b) determining the price basis of any transaction in interstate commerce in such commodity, or (c) delivering any such commodity sold, shipped, or received in interstate commerce for the fulfillment thereof—

(A) to cheat or defraud or attempt to cheat or defraud such person;

(B) willfully to make or cause to be made to such person any false report or statement thereof, or willfully to enter or cause to be entered for such person any false record thereof;

(C) willfully to deceive or attempt to deceive such person by any means whatsoever in regard to any such order or contract or the disposition or execution of any such order or contract, or in regard to any act of agency performed with respect to such order or contract for such person; or

(D) to bucket such order, or to fill such order by offset against the order or orders of any other person, or willfully and knowingly and without the prior consent of such person to become the buyer in respect to any selling order of such person, or become the seller in respect to any buying order of such person.

Nothing in this section or in any other section of this chapter shall be construed to prevent a futures commission merchant or floor broker who shall have in hand, simultaneously, buying and selling orders at the market for different principals for a like quantity of cotton for future delivery in the same month, from executing such buying and selling orders at the market price: *Provided*, That any such execution shall take place on the floor of the exchange where such orders are to be executed at public outcry across the ring and shall be duly reported, recorded, and cleared in the same manner as other orders executed on such exchange. (Sept. 21, 1922, ch. 369, § 4b, as added June 15, 1936, ch. 545, § 5, 49 Stat. 1493.)

EFFECTIVE DATE

See note under section 1 of this title.

CROSS REFERENCES

Construction of section not to impair any State law applicable to any transaction enumerated or described in this section, see section 6c of this title.

Punishment for violating the provisions of this section, see section 13 of this title.

§ 6c. Wash sales; cross trades; fictitious sales; privileges; offers; puts; calls; guaranties.

It shall be unlawful for any person to offer to enter into, enter into, or confirm the execution of, any transaction involving any commodity, which is or may be used for (1) hedging any transaction in interstate commerce in such commodity or the products or byproducts thereof, or (2) determining the price basis of any such transaction in interstate commerce in such commodity, or (3) delivering any such commodity sold, shipped, or received in interstate commerce for the fulfillment thereof—

(A) if such transaction is, is of the character of, or is commonly known to the trade as, a "wash sale," "cross trade," or "accommodation trade," or is a fictitious sale;

(B) if such transaction is, is of the character of, or is commonly known to the trade as, a "privilege," "indemnity," "bid," "offer," "put," "call," "advance guaranty," or "decline guaranty," or

(C) if such transaction is used to cause any price to be reported, registered, or recorded which is not a true and bona fide price.

Nothing in this section shall be construed to prevent the exchange of futures in connection with cash commodity transactions or of futures for cash commodities, or of transfer trades or office trades if made in accordance with board of trade rules applying to such transactions and such rules shall not have been disapproved by the Secretary of Agriculture. Nothing in this section or section 6b of this title shall be construed to impair any State law applicable to any transaction enumerated or described in such sections. (Sept. 21, 1922, ch. 369, § 4c, as added June 15, 1936, ch. 545, § 5, 49 Stat. 1494.)

EFFECTIVE DATE

See note under section 1 of this title.

CROSS REFERENCES

Punishment for violating the provisions of this section, see section 13 of this title.

§ 6d. Futures commission merchants, dealing by unregistered merchants prohibited; moneys and securities of customers, care and use.

It shall be unlawful for any person to engage as futures commission merchant in soliciting orders or accepting orders for the purchase or sale of any commodity for future delivery, or involving any contracts of sale of any commodity for future delivery, on or subject to the rules of any contract market unless—

(1) such person shall have registered, under this chapter, with the Secretary of Agriculture as such futures commission merchant and such registration shall not have expired nor been suspended nor revoked; and

(2) such person shall, whether a member or nonmember of a contract market, treat and deal with all money, securities, and property received by such person to margin, guarantee, or secure the trades or contracts of any customer of such person, or accruing to such customer as the result of such trades or contracts, as belonging to such customer. Such money, securities, and property shall be separately accounted for and shall not be commingled with the funds of such commission merchant or be used to margin or guarantee the trades or contracts, or to secure or extend the credit, of any customer or person other than the one for whom the same are held: *Provided, however,* That such money, securities, and property of the customers of such futures commission merchant may, for convenience, be commingled and deposited in the same account or accounts with any bank or trust company or with the clearing house organization of such contract market, and that such share thereof as in the normal course of business shall be necessary to margin, guarantee, secure, transfer, adjust, or settle the contracts or trades of such customers, or resulting market positions, with the clearing-house organization of such contract market or with any member of such contract market, may be withdrawn and applied to such purposes, including the payment of commissions, brokerage, interest, taxes, storage, and other charges, lawfully accruing in connection with such contracts and trades: *Provided further,* That such money may be invested in obligations of the United States, in general obligations of any State or of any political subdivision thereof, in obligations fully guaranteed as to principal and interest by the United States, and in "investment securities" as defined in and under authority of section 24 of Title 12 and, subject to approval by the Secretary of Agriculture, may be loaned on the security of negotiable warehouse receipts conveying or securing title to readily marketable commodities to the extent of the current loan value of such receipts, such investments and loans to be made in accordance with such rules and regulations and subject to such conditions as the Secretary of Agriculture may prescribe.

(Sept. 21, 1922, ch. 369, § 4d, as added June 15, 1936, ch. 545, § 5, 49 Stat. 1494.)

EFFECTIVE DATE

See note under section 1 of this title.

CROSS REFERENCES

Punishment for violating the provisions of this section, see section 13 of this title.

§ 6e. Floor brokers; dealings by unregistered broker prohibited.

It shall be unlawful for any person to act as floor broker in executing any orders for the purchase or sale of any commodity for future delivery, or involving any contracts of sale of any commodity for future delivery, on or subject to the rules of any contract market unless such person shall have registered, under this chapter, with the Secretary of Agriculture as such floor broker and such registration shall not have expired nor been suspended nor revoked. (Sept. 21, 1922, ch. 369, § 4e, as added June 15, 1936, ch. 545, § 5, 49 Stat. 1495.)

EFFECTIVE DATE

See note under section 1 of this title.

CROSS REFERENCES

Punishment for violating the provisions of this section, see section 13 of this title.

§ 6f. Registration of commission merchants and brokers; posting registration.

(1) Any person desiring to register as futures commission merchant or as floor broker under this section shall be registered upon application to the Secretary of Agriculture, which application shall be made in form and manner to be prescribed by the Secretary of Agriculture, giving such information and facts as the Secretary of Agriculture may deem necessary concerning the business in which the applicant is or will be engaged, including, in the case of applications of futures commission merchants, the names and addresses of the managers of all branch offices and of all correspondents and agents engaged in soliciting or accepting on behalf of such applicant any orders for the purchase or sale of any commodity for future delivery on or subject to the rules of any board of trade, and including also the names of its officers and partners, if a partnership, and of its officers, directors, and stockholders, as the Secretary of Agriculture may direct, if a corporation. Such person, when registered under this section, shall likewise continue to report and furnish to the Secretary of Agriculture the above-mentioned information and such other information pertaining to his business as the Secretary of Agriculture may require. All registrations shall expire on the 31st day of December of the year for which issued, and shall be renewed upon application therefor unless the registration has been suspended (and the period of such suspension has not expired) or revoked after notice and hearing as prescribed in section 6g of this title.

(2) Any person registered as futures commission merchant under this section shall post in a conspicuous place in each of the offices maintained by such person in the United States in which orders for the purchase or sale of any commodity for future delivery are solicited or accepted, the original or duplicate copy (issued by the Secretary of Agriculture) of such person's registration certificate as such futures commission merchant. (Sept. 21, 1922, ch. 369, § 4f, as added June 15, 1936, ch. 545, § 5, 49 Stat. 1495.)

EFFECTIVE DATE

See note under section 1 of this title.

CROSS REFERENCES

Punishment for violating the provisions of this section, see section 13 of this title.

§ 6g. Suspension or revocation of registration of commission merchant or broker.

If any person registered under this chapter as futures commission merchant or floor broker shall violate any of the provisions of this chapter, or any of the rules or regulations of the Secretary of Agriculture thereunder, or shall fail or refuse to make any report required by the Secretary of Agriculture regarding the transactions of such person, or the transactions of the customers thereof, in commodities for future delivery on any board of trade in the United States or elsewhere, or shall fail or refuse to keep the books and records pertaining to such transactions in the form and manner required by the Secretary of Agriculture, or shall fail or refuse to keep such books and records open to inspection by any representative of the United States Department of Agriculture or the United States Department of Justice, the registration of such person may be suspended or revoked after notice and hearing in accordance with the procedure and subject to the judicial review provided in sections 9 and 10 of this title. (Sept. 21, 1922, ch. 369, § 4g, as added June 15, 1936, ch. 545, § 5, 49 Stat. 1496.)

REFERENCES IN TEXT

Section 10 of this title, referred to in the text, was repealed by act June 25, 1948, ch. 646, § 39, 62 Stat. 992, and is now covered by section 1254 of Title 28, Judiciary and Judicial Procedure.

EFFECTIVE DATE

See note under section 1 of this title.

CROSS REFERENCES

Expiration and renewal of registration as futures commission merchant or floor broker as affected by the suspension and revocation provisions of this section, see section 6f of this title.

§ 6h. Dealing other than through member of contract market.

It shall be unlawful for any person—

(1) to conduct any office or place of business anywhere in the United States or its territories for the purpose of soliciting or accepting any orders for the purchase or sale of any commodity for future delivery, or for making or offering to make any contracts for the purchase or sale of any commodity for future delivery, or for conducting any dealings in commodities for future delivery, that are or may be used for

(A) hedging any transaction in interstate commerce in such commodity or the products or byproducts thereof, or

(B) determining the price basis of any such transaction in interstate commerce, or

(C) delivering any such commodity sold, shipped, or received in interstate commerce for the fulfillment thereof,

if such orders, contracts, or dealings are executed or consummated otherwise than by or through a member of a contract market; or

(2) falsely to represent such person to be a member of a contract market, or the representative or agent of such member, or to be a futures

commission merchant registered under this chapter, or the agent of such registered futures commission merchant, in soliciting or handling any order or contract for the purchase or sale of any commodity in interstate commerce or for future delivery, or falsely to represent in connection with the handling of any such order or contract that the same is to be or has been executed on, or by or through any member of, any contract market. (Sept. 21, 1922, ch. 369, § 4h, as added June 15, 1936, ch. 545, § 5, 49 Stat. 1496.)

EFFECTIVE DATE

See note under section 1 of this title.

§ 6i. Reports of deals equal to or in excess of trading limits; books and records.

It shall be unlawful for any person to make any contract for the purchase or sale of any commodity for future delivery on or subject to the rules of any contract market unless such person shall report or cause to be reported to the properly designated officer in accordance with the rules and regulations of the Secretary of Agriculture (1) whenever such person shall directly or indirectly make such contracts with respect to any commodity, or any future of such commodity, during any one day in an amount equal to or in excess of such amount as shall be fixed from time to time by the Secretary of Agriculture; and (2) whenever such person shall directly or indirectly have or obtain a long or short position in any commodity or in any future of such commodity, equal to or in excess of such amount as shall be fixed from time to time by the Secretary of Agriculture. Such person shall also keep books and records of transactions coming within the provisions of (1) and (2) hereof, which books and records shall show complete details concerning all such transactions, including the names and addresses of all persons having any interest therein, and shall be open at all times to inspection by any representative of the United States Department of Agriculture or the United States Department of Justice. (Sept. 21, 1922, ch. 369, § 4i, as added June 15, 1936, ch. 545, § 5, 49 Stat. 1496.)

EFFECTIVE DATE

See note under section 1 of this title.

CROSS REFERENCES

Punishment for violating the provisions of this section, see section 13 of this title.

§ 7. Designation of board of trade as "contract market"; conditions and requirements.

The Secretary of Agriculture is authorized and directed to designate any board of trade as a "contract market" when, and only when, such board of trade complies with and carries out the following conditions and requirements:

(a) When located at a terminal market where any cash commodity of the kind specified in the contracts of sale of commodity for future delivery to be executed on such board is sold in sufficient volumes and under such conditions as fairly to reflect the general value of the commodity and the differences in value between the various grades of such commodity, and where there is available to such board of trade, official inspection service approved by the Secretary of Agriculture for the purpose: *Provided*, That any board of trade not so located shall

be designated as a "contract market" if such board of trade provides for the delivery of commodities on such contracts at a delivery point or points and upon terms and conditions approved by the Secretary of Agriculture.

(b) When the governing board thereof provides for the making and filing by the board or any member thereof, as the Secretary of Agriculture may direct, of reports in accordance with the rules and regulations, and in such manner and form and at such times as may be prescribed by the Secretary of Agriculture, showing the details and terms of all transactions entered into by the board, or the members thereof, either in cash transactions consummated at, on, or in a board of trade, or transactions for future delivery, and when such governing board provides, in accordance with such rules and regulations, for the keeping of a record by the board or the members of the board of trade, as the Secretary of Agriculture may direct, showing the details and terms of all cash and future transactions entered into by them, consummated at, on, or in a board of trade, such record to be in permanent form, showing the parties to all such transactions, including the persons for whom made, any assignments or transfers thereof, with the parties thereto, and the manner in which said transactions are fulfilled, discharged, or terminated. Such record shall be required to be kept for a period of three years from the date thereof, or for a longer period if the Secretary of Agriculture shall so direct, and shall at all times be open to the inspection of any representative of the United States Department of Agriculture or United States Department of Justice.

(c) When the governing board thereof provides for the prevention of dissemination by the board or any member thereof of false or misleading or knowingly inaccurate reports concerning crop or market information or conditions that affect or tend to affect the price of commodity in interstate commerce.

(d) When the governing board thereof provides for the prevention of manipulation of prices and the cornering of any commodity by the dealers or operators upon such board.

(e) When the governing board thereof does not exclude from membership in and all privileges on such board of trade any duly authorized representative of any lawfully formed and conducted cooperative association of producers having adequate financial responsibility which is engaged in any cash commodity business, if such association has complied, and agrees to comply, with such terms and conditions as are or may be imposed lawfully on other members of such board: *Provided*, That no rule of a contract market shall forbid or be construed to forbid the return on a patronage basis by such cooperative association to its bona fide members of moneys collected in excess of the expense of conducting the business of such association.

(f) When the governing board provides for making effective the final orders or decisions entered pursuant to the provisions of section 9 of this title. (Sept. 21, 1922, ch. 369, § 5, 42 Stat. 1000; June 15, 1936, ch. 545, §§ 2, 6, 49 Stat. 1491, 1497.)

AMENDMENTS

1936—June 15, 1936, § 2, substituted "commodity" for "grain" throughout.

Act June 15, 1936, added the proviso in par. (a), and substituted "and" for "or" after "prices."

EFFECTIVE DATE OF 1936 AMENDMENT

Amendment effective 90 days after June 15, 1936, see note under section 1 of this title.

CROSS REFERENCES

Showing of compliance with conditions and requirements of this section to accompany application for designation as contract market, see section 8 of this title.

Showing of non-compliance with conditions and requirements of this section as authorizing suspension or revocation of designation as a contract market, see section 8 of this title.

§ 7a. Duties of contract markets.

Each contract market shall—

(1) By-laws, rules, etc.; furnishing copies to Secretary.

Promptly furnish the Secretary of Agriculture copies of all bylaws, rules, regulations, and resolutions made or issued by it or by the governing board thereof or any committee, and of all changes and proposed changes therein;

(2) Access for inspection of books and records.

Allow inspection at all times by any authorized representative of the United States Department of Agriculture or United States Department of Justice of the books, records, and all minutes and journals of proceedings of such contract market, its governing board and all committees, and of all subsidiaries and affiliates of such contract market, which books, records, minutes, and journals of proceedings shall be kept for a period of three years from the date thereof, or for a longer period if the Secretary of Agriculture shall so direct;

(3) Books and records of warehouses; keeping and inspection.

Require the operators of warehouses in which or out of which any commodity is deliverable on any contract for future delivery made on or subject to the rules of such contract market, to make such reports, keep such records, and permit such warehouse visitation as the Secretary of Agriculture may prescribe. Such books and records shall be required to be kept for a period of three years from the date thereof, or for a longer period if the Secretary of Agriculture shall so direct, and such books, records, and warehouses shall be open at all times to inspection by any representative of the United States Department of Agriculture or United States Department of Justice;

(4) Periods of delivery; provisions for.

When so directed by order of the Secretary of Agriculture, provide for a period, after trading in contracts of sale of any commodity for future delivery in a delivery month has ceased, during which contracts of sale of such commodity for future delivery in such month may be satisfied by the delivery of the actual cash commodity. Whenever, after due notice and opportunity for hearing, the Secretary of Agriculture finds that provision for such a period of delivery for any one or more commodities or markets would pre-

vent or tend to prevent "squeezes" and market congestion endangering price stability, he shall, by order, require such period of delivery (which shall be not less than three nor more than ten business days) applicable to such commodities and markets as he finds will prevent or tend to prevent such "squeezes" and market congestion: *Provided, however, That such order shall not apply to then existing contracts;*

(5) Notice of date of intended delivery.

Require the party making delivery of any commodity on any contract of sale of such commodity for future delivery to furnish the party obligated under the contract to accept delivery, written notice of the date of delivery at least one business day prior to such date of delivery. Whenever, after due notice and opportunity for hearing, the Secretary of Agriculture finds that the giving of longer notice of delivery is necessary to prevent or diminish unfair practices in trading in any one or more commodities or markets, he shall by order require such longer notice of delivery (which shall be not more than ten business days) applicable to such commodities and markets as he finds will prevent or diminish such unfair practices: *Provided, however, That such order shall not apply to then existing contracts;*

(6) United States standards; conformity of grades to.

Require that all contracts of sale of any commodity for future delivery on such contract market shall provide for the delivery thereunder of commodities of grades conforming to United States standards, if such standards shall have been officially promulgated; and

(7) Warehouse receipts as satisfaction of futures contract.

Require that receipts issued under the United States Warehouse Act shall be accepted in satisfaction of any futures contract, made on or subject to the rules of such contract market, without discrimination and notwithstanding that the warehouseman issuing such receipts is not also licensed as a warehouseman under the laws of any State or enjoys other or different privileges than under State law: *Provided, however, That such receipts shall be for the kind, quality, and quantity of commodity specified in such contract and that the warehouse in which the commodity is stored meets such reasonable requirements as may be imposed by such contract market on other warehouses as to location, accessibility, and suitability for warehousing and delivery purposes.*

(Sept. 21, 1922, ch. 369, § 5a, as added June 15, 1936, ch. 545, § 7, 49 Stat. 1497.)

REFERENCES IN TEXT

United States Warehouse Act, referred to in subd. (7) of this section, is classified to chapter 10 of this title.

EFFECTIVE DATE

See note under section 1 of this title.

TRANSFER OF FUNCTIONS

All functions of all officers, agencies and employees of the Department of Agriculture were transferred, with certain exceptions, to the Secretary of Agriculture by 1953 Reorg. Plan No. 2, § 1, eff. June 4, 1953, 18 F. R. 3219, 67

Stat. 633, set out as a note under section 511 of Title 5, Executive Departments and Government Officers and Employees.

§ 7b. Suspension or revocation of designation as "contract market."

The failure or refusal of any board of trade to comply with any of the provisions of this chapter, or any of the rules and regulations of the Secretary of Agriculture thereunder, shall be cause for suspending for a period not to exceed six months or revoking the designation of such board of trade as a "contract market" in accordance with the procedure and subject to the judicial review provided in section 8 of this title. (Sept. 21, 1922, ch. 369, § 5b as added June 15, 1936, ch. 545, § 7, 49 Stat. 1498.)

EFFECTIVE DATE

See note under section 1 of this title.

§ 8. Application for designation as "contract market"; suspension or revocation of designation; composition of commission; review by court of appeals.

Any board of trade desiring to be designated a "contract market" shall make application to the Secretary of Agriculture for such designation and accompany the same with a showing that it complies with the conditions of section 7 of this title, and with a sufficient assurance that it will continue to comply with the requirements of such section 7.

A commission composed of the Secretary of Agriculture, the Secretary of Commerce, and the Attorney General is authorized to suspend for a period not to exceed six months or to revoke the designation of any board of trade as a "contract market" upon a showing that such board of trade has failed or is failing to comply with any of the requirements of section 7 of this title or is not enforcing its rules of government made a condition of its designation as set forth in section 7 of this title. Such suspension or revocation shall only be after a notice to the officers of the board of trade affected and upon a hearing: *Provided, That such suspension or revocation shall be final and conclusive unless within fifteen days after such suspension or revocation by the said commission such board of trade appeals to the court of appeals for the circuit in which it has its principal place of business by filing with the clerk of such court a written petition praying that the order of the said commission be set aside or modified in the manner stated in the petition, together with a bond in such sum as the court may determine, conditioned that such board of trade will pay the costs of the proceedings if the court so directs. The clerk of the court in which such a petition is filed shall immediately cause a copy thereof to be delivered to the Secretary of Agriculture, Chairman of said Commission, or any member thereof, and the said Commission shall thereupon file in the court the record in such proceedings, as provided in section 2112 of Title 28. The testimony and evidence taken or submitted before the said Commission, duly filed as aforesaid as a part of the record, shall be considered by the court as the evidence in the case. The proceedings in such cases in the court of appeals shall be made a preferred cause and shall be expedited in every way. Such a court may affirm or set aside the order of the said commission or may direct it to modify its order. No such order of the said commission shall*

be modified or set aside by the court of appeals unless it is shown by the board of trade that the order is unsupported by the weight of the evidence or was issued without due notice and a reasonable opportunity having been afforded to such board of trade for a hearing, or infringes the Constitution of the United States, or is beyond the jurisdiction of said commission: *Provided further*, That if the Secretary of Agriculture shall refuse to designate as a contract market any board of trade that has made application therefor, then such board of trade may appeal from such refusal to the commission described therein, consisting of the Secretary of Agriculture, the Secretary of Commerce, and the Attorney General of the United States, with the right to appeal as provided for in other cases in this section, the decision on such appeal to be final and binding on all parties interested. (Sept. 21, 1922, ch. 369, § 6 (a), 42 Stat. 1001; June 25, 1948, ch. 646, § 32 (a), 62 Stat. 991; May 24, 1949, ch. 139, § 127, 63 Stat. 107; Aug. 28, 1958, Pub. L. 85-791, § 7 (a), 72 Stat. 944.)

CODIFICATION

Section is composed of subsection (a) of section 6 of act Sept. 21, 1922. Subsection (b) of section 6 is set out as sections 9 and 15 of this title.

AMENDMENTS

1958—Pub. L. 85-791 substituted "thereupon file in the court the record in such proceedings, as provided in section 2112 of Title 28" for "forthwith prepare, certify, and file in the court a full and accurate transcript of the record in such proceedings including the notice to the board of trade, a copy of the charges, the evidence, and the report and order" in the third notice, and eliminated "certified and" following "duly" in the fourth sentence.

CHANGE OF NAME

Act June 25, 1948, as amended by act May 24, 1949, substituted "court of appeals" for "circuit court of appeals" wherever appearing in this section.

CROSS REFERENCES

Cease and desist order; review of, see section 13a of this title.

Orders with respect to exclusion from boards of trade of cooperative associations and corporations, review of under the procedure provided in this section, see section 10a of this title.

Suspension or revocation of designation as contract market in accordance with procedure and subject to judicial review provided in this section, see section 7b of this title.

§ 9. Exclusion of persons from privilege of "contract markets"; procedure for exclusion; review by court of appeals.

If the Secretary of Agriculture has reason to believe that any person (other than a contract market) is violating or has violated any of the provisions of this chapter, or any of the rules and regulations made pursuant to its requirements, or has manipulated or is attempting to manipulate the market price of any commodity, in interstate commerce, or for future delivery on or subject to the rules of any board of trade, he may serve upon such person a complaint stating his charges in that respect, to which complaint shall be attached or contained therein a notice of hearing, specifying a day and place not less than three days after the service thereof, requiring such person to show cause why an order should not be made directing that all contract markets until further notice of the Secretary of Agri-

culture refuse all trading privileges to such person, and to show cause why the registration of such person, if registered as futures commission merchant or as floor broker under this chapter, should not be suspended or revoked. Said hearing may be held in Washington, District of Columbia, or elsewhere, before the Secretary of Agriculture, or before a referee designated by the Secretary of Agriculture, which referee shall cause all evidence to be reduced to writing and forthwith transmit the same to the Secretary of Agriculture. Upon evidence received, the Secretary of Agriculture may require all contract markets to refuse such person all trading privileges thereon for such period as may be specified in the order, and, if such person is registered as futures commission merchant or as floor broker under this chapter, may suspend, for a period not to exceed six months, or revoke, the registration of such person. Notice of such order shall be sent forthwith by registered mail or by certified mail or delivered to the offending person and to the governing boards of said contract markets.

After the issuance of the order by the Secretary of Agriculture, the person against whom it is issued may obtain a review of such order or such other equitable relief as to the court may seem just by filing in the United States court of appeals of the circuit in which the petitioner is doing business a written petition praying that the order of the Secretary of Agriculture be set aside. A copy of such petition shall be forthwith transmitted by the clerk of the court to the Secretary of Agriculture and thereupon the Secretary of Agriculture shall file in the court and record thereof made, as provided in section 2112 of Title 28. Upon the filing of the petition the court shall have jurisdiction to affirm, to set aside, or modify the order of the Secretary of Agriculture, and the findings of the Secretary of Agriculture as to the facts, if supported by the weight of evidence, shall in like manner be conclusive. (Sept. 21, 1922, ch. 369, § 6(b), 42 Stat. 1001; June 15, 1936, ch. 545, § 8(a)—(d), (h)—(j), 49 Stat. 1498, 1499; June 25, 1948, ch. 646, § 32(a), 62 Stat. 991; May 24, 1949, ch. 139, § 127, 63 Stat. 107; Aug. 28, 1958, Pub. L. 85-791, § 7(b), 72 Stat. 944; June 11, 1960, Pub. L. 86-507, § 1(2), 74 Stat. 200.)

CODIFICATION

Section is composed of part of subsection (b) of section 6 of act Sept. 21, 1922. A further provision of subsection (b) is contained in section 15 of this title. Subsection (a) of section 6 is set out as section 8 of this title.

AMENDMENTS

1960—Pub. L. 86-507 inserted "or by certified mail" following "registered mail."

1958—Pub. L. 85-791 substituted "transmitted by the clerk of the court to the Secretary of Agriculture and thereupon the Secretary of Agriculture shall file in the court the record thereof made, as provided in section 2112 of Title 28" for "served upon the Secretary of Agriculture by delivering such copy to him and thereupon the Secretary of Agriculture shall forthwith certify and file in the court a transcript of the record thereof made, including evidence received" in the seventh sentence, and substituted "petition" for "transcript" in the eighth sentence.

1936—Act June 15, 1936, among other changes, amended section by adding provisions relating to the service of complaints and penalties for violations of this chapter.

EFFECTIVE DATE OF 1936 AMENDMENT

Amendment effective 90 days after June 15, 1936, see note under section 1 of this title.

CHANGE OF NAME

Act June 25, 1948, as amended by act May 24, 1949, substituted "court of appeals" for "circuit court of appeals" wherever appearing in this section.

CROSS REFERENCES

Conditional requirements for designation of board of trade as "contract market", see section 7 of this title.

Suspension or revocation of registration as futures commission merchant for accepting orders from person denied trading privileges pursuant to order under provisions of this section, see section 12a of this title.

Suspension or revocation of registration as futures commission merchant or floor broker after notice and hearing in accordance with procedure and subject to judicial review provided in this section, see section 6g of this title.

§ 10. Repealed. June 25, 1948, ch. 616, § 39, 62 Stat. 992, eff. Sept. 1, 1948.

Section, acts Sept. 21, 1922, ch. 369, § 6 (b), 42 Stat. 1001; June 15, 1936, ch. 545, § 8 (k), 49 Stat. 1499, related to review by Supreme Court on certiorari, and is now covered by section 1254 of Title 28, Judiciary and Judicial Procedure.

§ 10a. Cooperative associations and corporations, exclusion from board of trade; rules of board inapplicable to payment of compensation by association.

(1) No board of trade which has been designated as a "contract market" shall exclude from membership in, and all privileges on, such board of trade, any association or corporation engaged in cash commodity business having adequate financial responsibility which is organized under the cooperative laws of any State, or which has been recognized as a cooperative association of producers by the United States Government or by any agency thereof, if such association or corporation complies and agrees to comply with such terms and conditions as are or may be imposed lawfully upon other members of such board, and as are or may be imposed lawfully upon a cooperative association of producers engaged in cash commodity business, unless such board of trade is authorized by the commission to exclude such association or corporation from membership and privileges after hearing held upon at least three days' notice subsequent to the filing of complaint by the board of trade: *Provided, however*, That if any such association or corporation shall fail to meet its obligations with any established clearing house or clearing agency of any contract market, such association or corporation shall be ipso facto debarred from further trading on such contract market, except such trading as may be necessary to close open trades and to discharge existing contracts in accordance with the rules of such contract market applicable in such cases. Such commission may prescribe that such association or corporation shall have and retain membership and privileges, with or without imposing conditions, or it may permit such board of trade immediately to bar such association or corporation from membership and privileges. Any order of said commission entered hereunder shall be reviewable by the court of appeals for the circuit in which such association or corporation, or such board of trade, has its principal place of business, on written petition either of such association or corporation, or of such

board of trade, under the procedure provided in section 8 of this title, but such order shall not be stayed by the court pending review.

(2) No rule of any board of trade designated as a contract market shall forbid or be construed to forbid the payment of compensation on a commodity-unit basis, or otherwise, by any federated cooperative association to its regional member-associations for services rendered or to be rendered in connection with any organization work, educational activity, or procurement of patronage, provided no part of any such compensation is returned to patrons (whether members or nonmembers) of such cooperative association, or of its regional or local member-associations, otherwise than as a dividend on capital stock or as a patronage dividend out of the net earnings or surplus of such federated cooperative association. (Sept. 21, 1922, ch. 369, § 6a, as added June 15, 1936, ch. 545, § 9, 49 Stat. 1499, and amended June 25, 1948, ch. 646, § 32 (a), 62 Stat. 991; May 24, 1949, ch. 139, § 127, 63 Stat. 107.)

CHANGE OF NAME

Act June 25, 1948, as amended by act May 24, 1949, substituted "court of appeals" for "circuit court of appeals" wherever appearing in this section.

EFFECTIVE DATE

See note set out under section 1 of this title.

§ 11. Vacation on request of designation as "contract market"; redesignation.

Any board of trade that has been designated a contract market in the manner provided in this chapter may have such designation vacated and set aside by giving notice in writing to the Secretary of Agriculture requesting that its designation as a contract market be vacated, which notice shall be served at least ninety days prior to the date named therein as the date when the vacation of designation shall take effect. Upon receipt of such notice the Secretary of Agriculture shall forthwith order the vacation of the designation of such board of trade as a contract market, effective upon the day named in the notice, and shall forthwith send a copy of the notice and his order to all other contract markets. From and after the date upon which the vacation became effective the said board of trade can thereafter be designated again a contract market by making application to the Secretary of Agriculture in the manner in this chapter provided for an original application. (Sept. 21, 1922, ch. 369, § 7, 42 Stat. 1002.)

§ 12. Investigations and reports by Secretary.

For the efficient execution of the provisions of this chapter, and in order to provide information for the use of Congress, the Secretary of Agriculture may make such investigations as he may deem necessary to ascertain the facts regarding the operations of boards of trade, whether prior or subsequent to the enactment of this chapter, and may publish from time to time, in his discretion, the result of such investigation and such statistical information gathered therefrom as he may deem of interest to the public, except data and information which would separately disclose the business transactions of any person and trade secrets or names of customers: *Provided*, That nothing in this section shall be construed to prohibit the Secretary of Agriculture from making or issuing

such reports as he may deem necessary relative to the conduct of any board of trade or of the transactions of any person found guilty of violating the provisions of this chapter under the proceedings prescribed in sections 8, 9 and 15 of this title: *Provided further*, That the Secretary of Agriculture in any report may include the facts as to any actual transaction. The Secretary of Agriculture, upon his own initiative or in cooperation with existing governmental agencies, shall investigate marketing conditions of commodity and commodity products and byproducts, including supply and demand for these commodities, cost to the consumer, and handling and transportation charges. He shall likewise compile and furnish to producers, consumers, and distributors, by means of regular or special reports, or by such methods as he may deem most effective, information respecting the commodity markets, together with information on supply, demand, prices, and other conditions in this and other countries that affect the markets. (Sept. 21, 1922, ch. 369, § 8, 42 Stat. 1003; June 15, 1936, ch. 545, § 2, 49 Stat. 1491.)

CODIFICATION

Section is first paragraph of section 8 of act Sept. 21, 1922. Second paragraph of section 8 is classified to section 12-1 of this title.

AMENDMENTS

1936—Act June 15, 1936, substituted "commodity" for "grain" throughout.

EFFECTIVE DATE OF 1936 AMENDMENT

Amendment effective 90 days after June 15, 1936, see note under section 1 of this title.

CROSS REFERENCES

Publication of harmful acts notwithstanding the provisions of this section, see section 12a of this title.

§ 12-1. Disclosure of names of traders on the commodity markets by Secretary of Agriculture.

Notwithstanding the provisions of section 12 of this title or of any other law, the Secretary of Agriculture may, in his discretion, from time to time disclose and make public the names and addresses of all traders on the boards of trade on the commodity markets with respect to whom the Secretary has information, and any other information in the possession of the Department of Agriculture relating to the amount of commodities purchased or sold by each such trader; and when requested by any committee of either House of Congress, acting within the scope of its jurisdiction, shall furnish to such committee and make public the names and addresses of all traders on such boards of trade with respect to whom the Secretary has information, and any other information in the possession of the Department of Agriculture relating to the amounts of commodities purchased or sold by each such trader. (Sept. 21, 1922, ch. 369, § 8, 42 Stat. 1003; Dec. 19, 1947, ch. 523, 61 Stat. 941.)

CODIFICATION

Section is second paragraph of section 8 of act Sept. 21, 1922. First paragraph of section 8 is classified to section 12 of this title.

AMENDMENTS

1947—Act Dec. 19, 1947, added this section. See Codification note under this section.

§ 12a. Registration of commission merchants and brokers; fees; rules and regulations; publication of harmful acts.

The Secretary of Agriculture is authorized—

(1) to register futures commission merchants and floor brokers upon application in accordance with rules and regulations and in form and manner to be prescribed by the Secretary of Agriculture; and

(2) to refuse to register any person if such person has violated any of the provisions of this chapter or any of the rules or regulations promulgated by the Secretary of Agriculture hereunder for which the registration of such person has been suspended (and the period of such suspension shall not have expired) or has been revoked; and

(3) to suspend or revoke the registration of any futures commission merchant who shall knowingly accept any order for the purchase or sale of any commodity for future delivery on or subject to the rules of any contract market from any person if such person has been denied trading privileges on any contract market by order of the Secretary of Agriculture under the provisions of section 9 of this title and the period of denial specified in such order shall not have expired; and

(4) to fix and establish from time to time reasonable fees and charges for registrations and renewals thereof and for copies of registration certificates; and

(5) to make and promulgate such rules and regulations as, in the judgment of the Secretary of Agriculture, are reasonably necessary to effectuate any of the provisions or to accomplish any of the purposes of this chapter; and

(6) to communicate to the proper committee or officer of any contract market and to publish, notwithstanding the provisions of section 12 of this title, the full facts concerning any transaction or market operation, including the names of parties thereto, which in the judgment of the Secretary¹ of Agriculture disrupts or tends to disrupt any market or is otherwise harmful or against the best interests of producers and consumers.

(Sept. 21, 1922, ch. 369, § 8a, as added June 15, 1936, ch. 545, § 10, 49 Stat. 1500, and amended Aug. 5, 1955, ch. 574, 69 Stat. 535.)

AMENDMENTS

1955—Par. (4). Act Aug. 5, 1955, authorized the Secretary to fix and establish reasonable fees for registrations and renewals, and eliminated provisions which set the fee for each registration and renewal at not more than \$10.

EFFECTIVE DATE

See note under section 1 of this title.

§ 13. Violations generally; false reports; punishment.

Any person who shall violate the provisions of sections 6—6e, 6h, or 6i of this title, or who shall manipulate or attempt to manipulate the price of any commodity in interstate commerce, or for future delivery on or subject to the rules of any board of trade, or who shall corner or attempt to corner any such commodity, or who shall fail to evi-

¹ So in original.

dence any contract mentioned in section 6 of this title by a record in writing as therein required, or who shall knowingly or carelessly deliver or cause to be delivered for transmission through the mails or in interstate commerce by telegraph, telephone, wireless, or other means of communication false or misleading or knowingly inaccurate reports concerning crop or market information or conditions that affect or tend to affect the price of commodity in interstate commerce, shall be deemed guilty of a misdemeanor, and upon conviction thereof be fined not more than \$10,000 or imprisoned for not more than one year; or both, together with the costs of prosecution. (Sept. 21, 1922, ch. 369, § 9, 42 Stat. 1003; June 15 1936, ch. 545, §§ 2, 11, 49 Stat. 1491, 1501.)

AMENDMENTS

1936—Act June 15, 1936, amended section generally and provided that price manipulations of commodities in interstate commerce was a violation.

EFFECTIVE DATE OF 1936 AMENDMENT

Amendment effective 90 days after June 15, 1936, see note under section 1 of this title.

CROSS REFERENCES

Misdemeanor defined, see section 1 of Title 18, Crimes and Criminal Procedure.

§ 13-I. Violations, prohibition against dealings in onion futures; punishment.

(a) No contract for the sale of onions for future delivery shall be made on or subject to the rules of any board of trade in the United States. The terms used in this section shall have the same meaning as when used in this chapter.

(b) Any person who shall violate the provisions of this section shall be deemed guilty of a misdemeanor and upon conviction thereof be fined not more than \$5,000. (Pub. L. 85-839, § 1, Aug. 28, 1958, 72 Stat. 1013.)

CODIFICATION

Section was not enacted as part of the Commodity Exchange Act which comprises this chapter.

EFFECTIVE DATE

Section 2 of Pub. L. 85-839 provided that: "This Act [this section] shall take effect thirty days after its enactment [Aug. 28, 1958]."

§ 13a. Violations, orders to desist; penalty for refusal to obey order.

If any board of trade, or any director, officer, agent, or employee of any board of trade is violating or has violated any of the provisions of this chapter or any of the rules or regulations of the Secretary of Agriculture thereunder, or any order issued by the commission pursuant to any provision of this chapter, the commission, in lieu of revoking the designation of such board of trade as a "contract market" may, upon notice and hearing and subject to appeal as in other cases provided for in section 8 of this title, make and enter an order directing that such board of trade, director, officer, agent, or employee shall cease and desist from such violation or violations, and if such board of trade, director, officer, agent, or employee, thereafter and after the lapse of the period allowed for appeal of such order or after the affirmation of such order, shall fail or refuse to obey or comply with such order, such board of trade, director, officer, agent, or employee shall be guilty of a misdemeanor and, upon conviction thereof, shall be fined

not less than \$500 nor more than \$10,000 or imprisoned for not less than six months nor more than one year, or both. Each day during which such failure or refusal to obey such order continues shall be deemed a separate offense. (Sept. 21, 1922, ch. 369, § 6b, as added June 15, 1936, ch. 545, § 9, 49 Stat. 1500.)

EFFECTIVE DATE

See note set out under section 1 of this title.

CROSS REFERENCES

Misdemeanor defined, see section 1 of Title 18, Crimes and Criminal Procedure.

§ 14. Violations prior to November 1, 1922, not punishable.

CODIFICATION

Section, act Sept. 21, 1922, ch. 369, § 11, 42 Stat. 1003, which provided that violations of this chapter occurring before Nov. 1, 1922, should not be punishable, has been omitted as obsolete.

§ 15. Provisions of Interstate Commerce Act made applicable.

For the purpose of securing effective enforcement of the provisions of this chapter, and for the purpose of any investigation or proceeding under this chapter, the provisions, including penalties, of sections 12 and 46-48 of Title 49, as amended and supplemented, relating to the attendance and testimony of witnesses, the production of documentary evidence, and the immunity of witnesses, are made applicable to the power, jurisdiction, and authority of the Secretary of Agriculture (or any person designated by him), the commission, and any referee designated pursuant to the provisions of this chapter, and to any person subject thereto. (Sept. 21, 1922, ch. 369, § 6 (b), 42 Stat. 1001; June 15, 1936, ch. 545, § 8 (e)-(g), 49 Stat. 1499; June 16, 1955, ch. 151, 69 Stat. 160.)

REFERENCES IN TEXT

This chapter, referred to in the text, was in the original a reference to this Act, meaning the Commodity Exchange Act. The sections of this chapter, with the exception of section 13-1, were enacted as part of the Commodity Exchange Act.

CODIFICATION

Section 9 of this title was derived from subsection (b) of section 6 of the Grain Futures Act as originally enacted, act Sept. 21, 1922, ch. 369. This subsection (b) prior to its incorporation into the Code contained a provision as to finality of judgments and review by the Supreme Court and is now covered by section 1254 of Title 28, Judiciary and Judicial Procedure. A further provision of subsection (b) is contained in this section.

AMENDMENTS

1955—Act June 16, 1955, extended subpoena power to investigations.

1936—Act June 15, 1936, § 8 (e), (f), substituted "sections 12 and 46-48 of Title 49" for "section 12 of Title 49".

Act June 15, 1936, § 8(g), substituted "and" for "or" following "commission"

EFFECTIVE DATE OF 1936 AMENDMENT

Amendment effective 90 days after June 15, 1936, see note under section 1 of this title.

§ 16. Cooperation by Secretary with other agencies, Government, State, etc.; appointment, removal, and compensation of officers and agents; expenses; appropriation.

The Secretary of Agriculture may cooperate with any department or agency of the Government, any

State, Territory, District, or possession, or department, agency, or political subdivision thereof, or any person; and shall have the power to appoint, remove, and fix the compensation of such officers and employees, not in conflict with existing law, and make such expenditures for rent outside the District of Columbia, printing, telegrams, telephones, law books, books of reference, periodicals, furniture, stationery, office equipment, travel, and other supplies and expenses as shall be necessary to the administration of this chapter in the District of Columbia and elsewhere; and there are authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary for such purposes. (Sept. 21, 1922, ch. 369, § 12, 42 Stat. 1003.)

§ 17. Separability of provisions.

If any provision of this chapter or the application thereof to any person or circumstances is held invalid, the validity of the remainder of the chapter and of the application of such provision to other persons and circumstances shall not be affected thereby. (Sept. 21, 1922, ch. 369, § 10, 42 Stat. 1003.)

§ 17a. Separability of 1936 amendment.

If any provision of the act of June 15, 1936, ch. 545, 49 Stat. 1491, which amends this chapter, or the application thereof to any person or circumstances is held invalid, the provisions of the section of this chapter which is amended by such provision of said act shall apply to such person or circumstances. No proceeding shall be abated by reason of any amendment to this chapter made by said act but shall be disposed of pursuant to said act. (June 15, 1936, ch. 545, § 12, 49 Stat. 1501.)

CODIFICATION

Section is not part of the Commodity Exchange Act which comprises this chapter.

EFFECTIVE DATE

See note set out under section 1 of this title.

Chapter 2.—COTTON STANDARDS

Sec

- 51. Short title.
- 51a. Extension of classification facilities to cotton growers.
- 51a-1. Contracts with cooperatives furnishing classers; amount and type of payment.
- 51b. Licensing samplers; revocation and suspension of license.
- 52. Use of nonofficial standards prohibited; sales by sample excepted.
- 53. Licensing classifiers; revocation and suspension of license.
- 54. Classification by Department of Agriculture; certification thereof; effect of certificate; regulations for classification.
- 55. Charges for licenses and classifications; disposition of moneys.
- 56. Establishment of cotton standards; furnishing copies of established standards sold.
- 57. Disposition of proceeds of sale of cotton and of copies of standards.
- 57a. Agreements with cotton associations, etc., in foreign countries to establish cotton standards.
- 58. General inspection and sampling of cotton.
- 59. Offenses in relation to cotton standards.
- 60. Penalties for violations.
- 61. General regulations, investigations, tests, etc., by Secretary.
- 62. Definitions.
- 63. Liability of principal for act of agent.

Sec.

- 64. Appropriation for expenses; appointment by Secretary of officers and agents; compensation.
- 65. Separability of provisions.

§ 51. Short title.

This chapter shall be known by the short title of "United States Cotton Standards Act." (Mar. 4, 1923, ch. 288, § 1, 42 Stat. 1517.)

EFFECTIVE DATE

Section 14 of act Mar. 4, 1923, provided that the United States Cotton Standards Act shall become effective Aug. 1, 1923.

§ 51a. Extension of classification facilities to cotton growers.

The Secretary of Agriculture is requested to extend to cotton growers facilities for the classification of cotton authorized in this chapter, with such supervision of licensed classifiers as he shall deem necessary under authority of the United States Cotton Futures Act. (Mar. 4, 1933, ch. 284, § 1, 47 Stat. 1621.)

REFERENCES IN TEXT

The United States Cotton Futures Act, act Aug. 11, 1916, ch. 313, 39 Stat. 476, as amended, referred to in the text, was repealed by section 4 of act Feb. 10, 1939, ch. 2, 53 Stat. 1. See sections 4851—4876 of Title 26, Internal Revenue Code, 1954.

CODIFICATION

This section was not enacted as a part of the United States Cotton Standards Act, which constitutes this chapter.

§ 51a-1. Contracts with cooperatives furnishing classers; amount and type of payment.

On and after July 5, 1952 the Secretary may contract with cooperatives furnishing classers and other facilities for classing cotton and may pay for such services in amount, some part of which may be in kind, not in excess of the value of the samples. (July 5, 1952, ch. 574, title I, § 101, 66 Stat. 349.)

CODIFICATION

Section was enacted as a part of the Department of Agriculture Appropriation Act, 1953, and not as a part of the United States Cotton Standards Act, which constitutes this chapter.

§ 51b. Licensing samplers; revocation and suspension of license.

Further to carry out the purposes of this chapter the Secretary of Agriculture is authorized to issue to any qualified person, upon presentation of satisfactory evidence of competency, a license to sample cotton. Any such license may be suspended or revoked by the Secretary of Agriculture whenever he is satisfied that such licensee is incompetent or has knowingly or carelessly sampled cotton improperly, or has violated any provision of this chapter or the regulations thereunder so far as the same may relate to him, or has used his license, or allowed it to be used, for any improper purpose. The Secretary of Agriculture may prescribe by regulation the conditions under which licenses may be issued hereunder, and may require any licensed sampler to give bond for the faithful performance of his duties and for the protection of persons affected thereby and may prescribe the conditions under which cotton shall be sampled by licensed samplers for the purpose of classification by officers of the Department of Agriculture, or by licensed cotton classifiers. (Mar. 4, 1933, ch. 284, § 2, 47 Stat. 1621.)