

in this part may be filed in lieu of a new bond.

§ 735.14 Bond required each year.

A continuous form of license shall remain in force for more than one year from its effective date or any subsequent extension thereof, provided that the warehouseman has on file with the Secretary a bond meeting the terms and conditions as outlined in 7 CFR 735.11. Such bond must be in the amount required by the Secretary and approved by him or his designated representative. Failure to provide for or renew a bond shall result in immediate and automatic termination of the warehouseman's license.

[Amdt. 2, 53 FR 27150, July 19, 1988]

§ 735.15 Approval of bond.

No bond, amendment, or continuation thereof shall be accepted for the purposes of the act and the regulations in this part until it has been approved by the Secretary, or his designated representative.

WAREHOUSE RECEIPTS

§ 735.16 Form.

(a) Every receipt, whether negotiable or non-negotiable, issued for cotton stored in a licensed warehouse shall, in addition to complying with the requirements of section 18 of the act, embody within its written or printed terms the following:

(1) The name of the licensed warehouseman and the designation, if any, of the warehouse;

(2) The license number of the warehouse;

(3) A statement whether the warehouseman is incorporated or unincorporated, and, if incorporated, under what laws;

(4) In the event the relationship existing between the warehouseman and any depositor is not that of strictly disinterested custodianship, a statement setting forth the actual relationship;

(5) The tag number given to each bale of cotton in accordance with § 735.31;

(6) A statement conspicuously placed, whether or not the cotton is insured, and if insured, to what extent, by the

warehouseman, against loss or damage by fire, lightning and other risks;

(7) The words "Not Negotiable," or "Negotiable," according to the nature of the receipt, clearly and conspicuously printed or stamped thereon;

(8) A blank space designated for the purpose in which the grade and/or other classification may be stated; and

(9) A statement to the effect that the weight was determined by a weigher licensed under the U.S. Warehouse Act, except that if the weight is not so determined, as permitted in § 735.38, the receipt shall contain a statement to that effect.

(b) Except as to warehouse receipts issued on or before August 30, 1944, or when an expiration date authorized by the Department is shown on the face of the receipt, every negotiable receipt issued for cotton stored in a licensed warehouse shall be effective until surrendered for delivery of the cotton, and every nonnegotiable receipt shall be effective until surrendered for delivery of the cotton or until all cotton covered by the receipt has been delivered in response to proper delivery orders of the person rightfully entitled to the cotton: *Provided*, That nothing contained in this section shall prohibit a warehouseman from legally selling the cotton when his accrued storage and other charges approach the current market value of the cotton.

(c) In addition to complying with paragraphs (a) and (b) of this section, every negotiable receipt issued for cotton stored in a licensed warehouse shall embody within its written or printed terms a statement that the cotton covered by such receipt was classified by a licensed classifier or a board of cotton examiners when such cotton is so classified.

(d) Whenever the grade or other class of the cotton is stated in a receipt issued for cotton stored in a licensed warehouse, such grade or other class shall be determined by a licensed classifier or a board of cotton examiners upon the basis of a sample drawn in accordance with § 735.71, and shall be stated in the receipt in accordance with §§ 735.68 through 735.74.

(e) If a warehouseman issue a receipt omitting the statement of grade on request of the depositor, such receipt