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On Track

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WHAT IS On Track

On track is a type of [commodity](#) delivery for futures contracts that is deferred and priced according to the seller's location. It also refers to a physical commodity that is loaded on railroad cars or trucks and ready for delivery.

BREAKING DOWN On Track

In an on track delivery contract, the buyer of the [futures contract](#) is agreeing to pay all associated freight costs for receiving the underlying commodity. Commodities on track are ready to be transported to the necessary locations for the fulfillment of the contract obligations.

On track and commodity deliveries

Futures exchanges work with industry to develop standardized quantities, qualities, sizes, grades and locations for delivery of a physical commodity. The delivery mechanism differs for each commodity, and all exchanges have detailed information about the process available on their websites. Because commodities have different characteristics, the delivery process often includes [premiums](#) and [discounts](#) for varying grades and distribution points for specific raw materials. The exchange designates warehouse and delivery locations for many commodities. The exchange also sets the rules and regulations for the delivery period which can vary depending upon the particular product. When delivery takes place, a warrant or bearer receipt that represents a certain quantity and quality of a commodity in a specific