



BY-LAWS AND INNER RULES

Contents

By-Laws	p. 1 - 8
Inner Rules	p. 9 - 18

JULY 2008

WORLD FEDERATION OF DIAMOND BOURSES (WFDB)

BY-LAWS

SEAT

Article 1 :

The seat of the World Federation of Diamond Bourses will be in Antwerp.

The seat of the elected President will be in the country where the elected President resides.

The seat of the Secretariat and the offices of the Secretary-General will be in the country where the Secretary-General resides.

OBJECT

Article 2 :

The purpose of the WFDB is to protect the interests of the affiliated Bourses and their individual members, and to further the amicable settlement or arbitration of differences and disputes between the individual members of the affiliated Bourses and between the affiliated Bourses.

An individual member is not allowed to sue the Board of Directors of another Bourse without the prior consent of his own Board of Directors.

The object of the WFDB is to promote understanding and closer cooperation between people all over the world who earn their livelihood in the diamond trade.

In the furtherance of this object it is the aim of the WFDB to participate in the promotion of World Trade and to encourage the establishment of Bourses, with a view to eventual affiliation in all centres where diamonds are actively traded.

AUTONOMY

Article 3 :

The affiliated Bourses keep their autonomy in everything related to their internal matters.

The constituents agree to take all measures necessary to ensure compliance by their own individual members with the decisions taken by the Congress of the WFDB under the present rules or under those which could subsequently be introduced. If no provision for this aim exists in their own By-Laws, Rules, Regulations or Constitutions, they will take all measures necessary to have such provisions introduced at the earliest opportunity or at least at their own next General Meeting.

DELEGATES

Article 4 :

- a) Each affiliated Bourse is represented at the Congress of the WFDB by a maximum of three members, thereto duly empowered. The President of each Bourse is by right one of the three delegates.
- b) When a delegate is elected an Executive Officer of the World Federation of Diamond Bourses either as President, Vice-President, Secretary-General, Treasurer-General, his Bourse may appoint an additional delegate, in order to have the full complement of three delegates.
- c) Where the word President is used in these by-laws and Inner Rules to mean the President of a Bourse, this shall mean and include the Chairman of a Bourse if such office exists.

Article 5 :

The delegates of the Bourses affiliated to the WFDB shall meet every two years in a Congress under the direction of the President.

Under exceptional circumstances, the Executive Committee may decide, when it deems it necessary, to hold a Congress in the alternate year.

Only the Congress is entitled to :

- a) amend the By-Laws and/or Inner Rules of the WFDB upon one month's notice prior to Congress.
- b) decide upon the admission of new members
- c) elect the Executive Officers of the WFDB.
- d) nominate the Honorary Officers of the WFDB.
- e) decide upon the place where the next Congress shall be held
- f) determine the amount of the yearly contribution payable by each Bourse to the Treasurer-General not later than January 1st each year.

Article 6 :

The delegates are only entitled to make binding agreements within the limits of these Articles.

No decision or resolution of the WFDB shall be binding on any affiliated Bourse if it should be in contravention of the laws of the country where this Bourse is established.

SPECIAL MEETINGS

Article 7 :

Each affiliated Bourse has the right to petition for a special Presidents' Meeting clearly stating its reasons.

The decision as to whether or not the requested meeting will be convened and the time and place thereof, will be taken by the Executive Committee.

In the event that five or more affiliated Bourses from five different countries request a special Presidents' Meeting, such a meeting must be convened by the Secretary-General within one month's time, from the date of notification of such request.

VOTING RIGHTS FOR CONGRESS AND PRESIDENTS' MEETING

Article 8 :

Each affiliated Bourse is entitled to one vote. Except for the elections provided for in Article 10, every motion must be adopted by 2/3rds of the votes.

Article 9 :

The Presidents shall meet at least once a year. Except for the items provided in Article 5, Presidents' Meetings shall be empowered to take decisions on behalf of the WFDB provided that such matters shall have been placed on the Agenda. In case of absence the President of each Bourse may be represented by his Deputy.

EXECUTIVE COMMITTEE

Article 10 :

- a) The Executive Committee shall consist of the President, the Vice-President, the Secretary-General, the Treasurer-General and six additional executive members, all of whom shall be nominated at least three months before the date of Congress. When a bourse nominates a candidate, that nomination shall be signed by a minimum of two members of the Board of Directors of that bourse. Such nominations shall be communicated to all Bourses.

Where a bourse nominates a candidate for the function of President, Vice-President, Secretary-General, Treasurer-General or executive member 3 months before the date of the Congress, and such candidate no longer remains – for whatever reasons – member of the Board of his bourse, such bourse shall have the right to nominate a replacement candidate up to the commencement of the Congress.

- b) The President, the Vice-President and the six additional executive members shall be Presidents of their own Bourses, and the Secretary-General and the Treasurer-General shall be members of the Board of Directors of their own Bourses. No country may have more than two seats on the Executive Committee. The President and the Vice-President shall not be elected for more than three consecutive terms of office.
- c) A Deputy-Secretary-General and a Deputy-Treasurer-General shall be elected by the Congress. They shall be members of their respective Boards.
- d) The four major manufacturing and trading centres: Antwerp, Tel Aviv, New York and Mumbai shall each nominate the President of one of its Bourses for membership in the Executive Committee at the next Congress. Each of these four designated centres shall be represented on the Executive Committee at all times.
- e) Vacancies:
 - I) If the President is not re-elected as President of his own Bourse or if he is unable to continue in office, the Vice-President shall become President and act as such until the next Congress. Should the past President have been a nominee from one of the four designated centres such centre shall nominate another President to complete the Executive Committee.
 - II) If the Secretary-General or the Treasurer-General is not re-elected Director of his own Bourse he shall nevertheless be entitled to remain in office until the following Congress. If he is unable to continue in office for any other reason, his Deputy shall succeed him.
 - III) If the Vice-President or an additional Executive Member is not re-elected as President of his own Bourse or if he is unable to continue in office, the incoming President of that Bourse shall replace him on the Executive Committee which may elect a new Vice-President to serve until the next Congress.

If the Vice-President or an additional Executive Member was designated by one of the four major centres, then such centre shall appoint a President to the Executive Committee which may elect a new Vice-President to serve until the next Congress.

If the acting President is not re-elected as President of his Bourse or fails to continue in office and there is no Vice-President, the Executive Committee shall elect an Acting President from their own members until the next Congress.

IV) Notwithstanding any of the other provisions in Article 10 of the WFDB By-Laws, if a President is prevented from standing for re-election as President of his own Bourse at the end of his term of office due to provisions of his own Bourse's rules, he shall nevertheless serve for the full term of his office as President of the WFDB.

f) A simple majority is required for any election under this article. If more than two candidates compete for an office and no one obtains a majority after the first round, then the two candidates who obtained the most votes will compete.

g) Powers and duties of the Executive Committee:

The Executive Committee shall be required to give effect to decisions of the Congress and the Presidents' Meetings. It shall administer the affairs of the WFDB and shall be empowered to take decisions by majority vote. It may authorize the President and/or the representatives from the four designated centres to represent the WFDB. It shall meet at every Congress and Presidents' Meeting and at the special request of three members of the Committee.

APPLICATIONS FOR MEMBERSHIP

Article 11 :

Bourses whose members deal in diamonds, precious stones or jewellery shall be entitled to apply for membership of the WFDB provided they have been established for at least one full year under a written Constitution, have a clearly designated and representative governing body, and are able to prove their means of subsistence.

The Constitution shall contain the principal commercial and business rules and procedures in use in the diamond trade. Applications have to be submitted with a certified copy of the Constitution, translated into English and shall state readiness to accept the By-Laws and Inner Rules of the WFDB, and to comply with their provisions and with the resolutions of the Congresses of the WFDB.

Applications shall be submitted for decision to the next Congress.

Applications are to be sent to the Secretary-General of the WFDB, at least six months before the date of the Congress. They shall at once be communicated to each affiliated Bourse.

The Bourse which makes the application for membership to the World Federation of Diamond Bourses shall commit itself and its members not to restrict any trade with the countries where the affiliated Bourses are situated.

The Bourse which makes the application for membership to the World Federation of Diamond Bourses shall file with the WFDB a certified copy of its Regulations applicable to arbitrations.

Changes to these Regulations should also be notified to the World Federation of Diamond Bourses.

If the original texts are in a different language, English translations shall be added.

Article 12 :

The acceptance of new constituents shall require the agreement of 2/3rds of the affiliated Bourses.

Article 12 a) :

An approved Bourse which complies with the By-Laws as set out in Article 11 shall be required to pay an entrance fee, as decided upon from time to time by the Congress as a condition of such membership.

RESIGNATION OF MEMBERSHIP

Article 13 :

Any affiliated Bourse wishing to resign its membership of the World Federation of Diamond Bourses shall submit to the President and to the Secretary-General of the WFDB a letter of resignation, sent by registered air-mail, receipt of which must be acknowledged immediately by the Secretary-General.

Copies of these letters must be communicated at once to all affiliated Bourses. The resignation letter must be sent to the WFDB at least six months before the date of the next Congress, to which it must be submitted for consideration.

All dues or subscriptions by the resigning body must be paid to the end of the financial period of the WFDB in the Congress year.

Article 14 :

If a resignation as set out in Article 13 is not accepted by the World Federation of Diamond Bourses in Congress, the resigning body is bound to conform to any decision or penalty reached at that time.

DUTIES OF MEMBERS

Article 15

- a) Members of the affiliated Bourses shall be members of such Bourses as individuals and in their own names.
In the event that this provision contravenes local laws and/or practices, Congress may approve the dispensation of this rule.
- b) A member of a Bourse shall be obliged to use exclusively Bourse arbitration and disciplinary proceedings subject to the provisions of the Inner Rules.

INNER RULES

Article 1. a) :

Access to the premises of the affiliated Bourses is to be granted only to that person who can prove clearly that he is engaged in the trade of diamonds, precious stones or jewellery, in accordance with the legislation of the country of his residence.

Such person's Bourse is to confirm in advance to the Bourse to be visited that such a person is a current member of his own Bourse. Access does not entitle the visitor to trade without complying with local regulations.

Article 1. b) :

Every member of a Bourse affiliated to the World Federation of Diamond Bourses, emigrating to another country and in good standing with his Bourse, will be admitted by the Bourse to which he is applying, after having submitted to the usual procedure of that Bourse.

Article 2 :

Should a member of one of the affiliated Bourses be suspended or expelled as such, for any of the following reasons :

- a) cessation of payments
- b) not fulfilling agreements regularly made in accordance with commercial usage or the concluding of secret agreements
- c) not submitting himself to the judgment of the Bourse or Arbitration Committees
- d) non-payment of dues
- e) prejudicing the moral or material interests of the industry by failure to comply with standards of integrity as laid down by the WFDB.

such facts shall at once be communicated by the Secretary-General to the affiliated Bourses which shall take measures against the member concerned in accordance with the laws of their respective countries.

Article 3 :

Should a member of one of the affiliated Bourses be suspended or expelled for any other reason than those mentioned in the previous article, the Bourse in question shall, through the medium of the Secretary-General, convey information as to the cause of the measure.

Article 4 : ARBITRATION BETWEEN MEMBERS OF DIFFERENT BOURSES

Section A : Submission to Arbitration

Any member of a Bourse affiliated to the WFDB shall submit to exclusive adjudication of a dispute involving a member of a different Bourse affiliated to the WFDB, as set out hereunder. Such dispute shall be related to the diamond, precious stones or jewellery business. He may not take action in another forum, unless authorized by the Bourses concerned.

Whenever members make use of this article each party shall have the option to choose English as a language of arbitration.

Section B: Commencement of Arbitration

- a) The commencement of Arbitration comes into effect when a member of a Bourse files a complaint in writing against a member of another Bourse to his own Bourse. A copy of the complaint must be delivered by the Plaintiff's Bourse to the Defendant's Bourse.

Section C : Jurisdiction

Where a dispute arises between members of different Bourses, the decision relating to jurisdiction shall be as follows:

1. If the dispute arises from a transaction or and incident occurring on the trading floor of a Bourse, that Bourse shall have jurisdiction.

- 2 (a) If the dispute arises from a transaction concluded or an incident occurring not on any trading floor, but in a city where a bourse exists, that bourse shall have jurisdiction. "Transaction" shall be deemed to be the place where the buyer's offer has been or is due to be accepted. If export is involved, this shall mean a direct exportation of goods from one country to a specified buyer in another country.

- 2 (b) If more than one affiliated Bourse exists in such city, clause 4 shall apply and failing that clause 5.
3. The Plaintiff shall always have the right to lodge a dispute for arbitration at the Defendant's Bourse.
4. The parties shall always have the right to agree either before or after a dispute arises, which Bourse shall have jurisdiction to hear a possible future dispute or an existing dispute, provided that such Bourse agrees to hear the dispute.
5. If none of the foregoing applies or there remains a dispute or failure to agree as to which Bourse has jurisdiction:
 - a) The governing bodies of the parties' Bourses shall together agree which Bourse shall have jurisdiction, and failing such agreement,
 - b) Either bourse may request the WFDB to arrange that the President, the Vice-President and the Chairman of the Judicial Committee shall decide which Bourse shall have jurisdiction. They may do so or alternatively may designate a disinterested bourse to hear the dispute or may decide in their sole discretion to refer the dispute to International Arbitration in terms of Section F and appoint a disinterested Bourse to hear such dispute. If either the WFDB President, WFDB Vice-President or chairman of the judicial committee is a member where one of the parties is a bourse member the WFDB shall appoint a member of the Executive Committee as a replacement.
- 6 (a) Any Bourse appointed to hear a dispute in terms of clauses 2,3,4 or 5 shall forward all relevant documents to the parties' Bourses and also to the WFDB only if the WFDB has been involved in the appointment of such Bourse. The dispute shall be heard according to the rules and procedures in force at the Bourse and shall bind a non-member in the same manner as if he were a member. Such Bourse shall forthwith on request furnish such non-member with a copy of its arbitration rules, and in English if so desired.
- 6 (b) If any Bourse appointed under clauses 2,3,4, or 5 be unwilling to hear the dispute or be unable to hear the dispute because it contravenes local laws, sub-clause 5 (b) above shall apply.
7. Any party claiming jurisdiction for a Bourse, shall clearly state the grounds under which such jurisdiction is claimed. The other party shall forthwith either admit such jurisdiction or deny it and clearly state his grounds for such denial.

Section D : Procedures

- a) The Secretary-General shall at any stage upon request attempt conciliation or mediation of any such dispute between members of different Bourses. He may in his discretion require the assistance of another Officer of the WFDB or any Officer of any other Bourse towards this purpose.

- b) Once jurisdiction has been finalised the Bourse which will hear the dispute shall arrange that the hearing commences within the following sixty days and be finalised as expeditiously as possible. The Bourse shall notify the opposing party and his Bourse of the date, time and place of the hearing, by certified mail with return receipt requested or by registered mail or by personal delivery, with confirmation to be obtained at least from the Bourse.

Section E : Counterclaims

The Bourse hearing the dispute as well as the International Arbitration Panel referred to hereunder shall be qualified to adjudicate upon any counterclaim or related claim originating from the dispute referred to it.

Section F : International Arbitration

Section F1 .

The International Arbitration Board will consist of the arbitrators and their alternates appointed by their Bourses as follows : Every Bourse shall appoint one arbitrator who has to be the President or suitably appointed member of its Board of Directors or of its Board of Arbitrators and two alternates who must also be members of the Board of Directors or of the Board of Arbitrators.

Every Bourse shall communicate these names to the World Federation of Diamond Bourses at every Congress.

Section F2 .

Any claim or counter-claim or a related claim, originating from the dispute under the provisions of this article between individual members of the affiliated Bourses shall be brought before three arbitrators whose election by ballot shall be supervised by the President and the Secretary-General of the WFDB, or in their absence by two other officials of the Executive Committee. Their election by ballot shall be held by drawing from the names of the International Arbitration Board (excluding the arbitrators from the Bourses whose members are parties to the arbitration), the first three names so drawn being the arbitrators and the next two names first and second alternate respectively.

One refusal on each side will be permitted.

Section F3.

In the performance of their duties and without limitation by the following subsections, the International Arbitration Panel so chosen shall have the following powers and authorities:

- a) To investigate the facts charged in the complaint;
- b) To summon litigants and witnesses;
- c) To compel production of books, documents and records essential to the facts as charged in the complaint (s) and counter-complaint (s);
- d) To impose fines in the event of a refusal or failure of a party or a witness to appear and testify or produce records as set forth herein pertinent to the cause of action;
- e) To punish litigants or witnesses for contemptuous behaviour during the process of hearing, by imposing in each instance a fine. The International Arbitration Panel which will determine the amount of such fine must be unanimous in its decision;
- f) To determine the procedure to act in a manner which, to the best of their conscience and knowledge, shall be most appropriate to the settlement of the dispute;
- g) To designate the place and time of the arbitration along with the Secretary-General, in accordance with Section F4;
- h) To fix the costs and the expenses of the arbitration and, if decided by the arbitrators, to impose them provisionally on the claimant;
- i) To engage the services of experts and make a suitable order as to their costs;
- j) To come to a decision which will be binding on all parties;
- k) To insure that all necessary steps are taken to terminate the arbitration as quickly as possible;
- l) The International Arbitration Panel empowered to hear and determine any complaint may render a decision by a majority vote. Such decision must be rendered within ten (10) days after the last hearing, unless the time to render same shall be extended in writing by all the members of the Panel acting in the case. In the event that no decision is rendered within ten (10) days and no extension is granted for rendering such decision, then the matter shall be directed to a new International Arbitration Panel selected as heretofore set forth;

- m) To transmit a copy of its award to any Bourse whose member is affected thereby or a Bourse against whose member an order has been made and the latter Bourse shall be responsible for the implementation thereof as if it were an order of its own Arbitration Committee.

Section F4.

The Secretary-General in consultation with the President or in his absence with two other officials of the Executive Committee, shall designate the place and time of the hearings. He shall be charged with ensuring that each party receive a copy of all claims filed and shall collect an arbitration filing fee which shall be paid by the plaintiff in each international arbitration case.

The amount of this filing fee will be determined by the Secretary-General.

Further arbitration fees covering the costs and expenses of the arbitration including but not limited to airfare and hotel accommodations of the arbitrators and alternates, shall be decided by the arbitrators during the course of the arbitration, according to Article 4, Section F3 (h).

Where a party unduly delays the proceedings before or after the first hearing, fines and/or suspension shall be meted out by the Secretary-General of the World Federation of Diamond Bourses in consultation with the President or in his absence with two other officials of the Executive Committee.

Notice of such fine or suspension shall be sent to the delaying party's Bourse who shall be charged with its enforcement.

If a litigant was called to appear before the International Arbitration Panel and does not do so, without having applied for a postponement, then the said Panel may continue with the hearings in his absence, and adopt a final decision in the arbitration, which will be binding on all parties.

No appeal will be permitted on a decision reached by the International Arbitration Panel which shall be final.

Section G.

No member of any International Arbitration Panel shall be held responsible, in any matter, for any of his acts in his official capacity or be subject to any legal suits whatsoever for any decision rendered.

Section H.

A copy of all decisions of the International Arbitration Panel shall be forwarded to the President and the Secretary-General of the WFDB, and to the respective Bourses of each party who shall be charged with the duty of taking the necessary action to enforce such decisions strictly in accordance with the wording of each decision.

Section I.

Section Ia.

Failure to comply with International Arbitration Panel decisions or decisions rendered by a Bourse shall result in the party's immediate suspension from all Bourses affiliated to the WFDB and which may lead to the party's permanent expulsion. Notice of such failure to comply shall be made to the offices of the World Federation of Diamond Bourses' Secretary-General and President, and to the non-complying party's Bourse informing them of such non-compliance and requesting an immediate suspension of said party from all Bourses affiliated to the WFDB.

Section Ib.

- a) When a final arbitration decision is rendered in accordance with due process between members of different Bourses or results from an international arbitration, this decision must be communicated in writing by the Bourses where the decision was rendered by registered mail to :
1. the parties to the arbitration
 - 2 the parent Bourse
 3. the Secretary-General of the WFDB.
- b) The parent Bourse, within 30 days of receipt of the decision, shall take all measures required under its own By-Laws and Rules to ensure that the decision shall be complied with by its member.

In the event the parent Bourse fails to act in accordance with the above, the Bourse of which the affected party is a member has the right to complain in writing to the President and the Secretary-General of the WFDB.

The WFDB shall give the Bourse concerned the opportunity to be heard in connection with the complaint.

In the event the WFDB finds said Bourse to be in default, the WFDB shall be required:

1. to admonish such a bourse and request it to comply with the provisions of this article and/or
2. to fine such a Bourse in the amount of one dollar and/or

3. to suspend the defaulting Bourse from the WFDB until such time as it shall have complied with the provisions of this section.

- c) The provisions stated herein shall not be applicable in the event the laws of the country in which the defaulting Bourse is located, do not permit it to act in accordance with the provisions contained herein.

Section J.

The international arbitration shall be heard by the three elected arbitrators, save that should an arbitrator prior to the commencement of the arbitration be unable to act, his place shall automatically be filled by the alternate appointed by his Bourse. Should any arbitrator during the hearing of the matter be unable to continue presiding, his place shall be taken by the first alternate or second alternate as the case may be. Such arbitrators and alternates shall continue to act until the conclusion of the hearing notwithstanding their subsequent non-reappointment to the International Arbitration Board by their Bourses.

Section K1.

Any procedural question which may arise, not specifically covered by these regulations, shall be decided by the President and the Secretary-General of the World Federation of Diamond Bourses or in their absence by two other officials of the Executive Committee.

Section K2.

The Executive Committee or its duly appointed committee may establish rules and regulations from time to time for the conduct and processing of arbitration claims which are consistent with these By-Laws. All such rules shall be submitted to the Board of Directors of each member Bourse for approval and shall be posted in all World Federation of Diamond Bourses' Bourse rooms for at least 15 days before they are effective.

Sections K1 and K2 are to be read independently of one another.

Article 5 :

Any change of the Inner Rules shall require the agreement of 2/3rds of the affiliated Bourses.

Article 6 :

English shall be the only official language of correspondence between affiliated Bourses.