

DIAMOND CHARTER

INTRODUCTION

The Diamond, Gem & Jewellery Industry (hereinafter referred to as “**the Industry**”) is one of the oldest businesses worldwide which is still ongoing on the strong foundations of trust and moral values leading to long lasting business ethics over the years. However, with the growth of the industry, serious concerns have been raised from time to time as to ethics of doing the business. Each diamond out in the open market has to pass through many tests scrutinizing its quality and authenticity for which various laboratories like the Gemological Institute of India, International Gemmological Institute, HRD, GSI, Gemological Institute of America and others. The laboratories issue certificates of quality and authenticity once the diamond is tested.

To protect the consumer confidence and transparency and to try and prevent any malpractices in the diamond and gem and jeweller industry, various bourses, trade bodies and laboratories of the Industry have put together a charter hereinafter referred to as the “**Diamond Charter**” to regularize the process of sale, trade, testing, certificate issue, etc. with the objective of maintaining public confidence and protecting the larger trade and the industry and for increasing the goodwill of the Industry, which would help to project a better image of the Indian Diamond and Gem and Jewellery Industry globally.

PURPOSE

Bharat Diamond Bourse (BDB), the Gem & Jewellery Export Promotion Council (GJEPC), the Surat Diamond Bourse (SDB), the Mumbai Diamond Merchants Association (MDMA) (hereinafter referred as “the Association”), the Gemmological Institute of India (GII), the International Gemological Institute (IGI), HRD, GSI and the Gemological Institute of America (GIA) (hereinafter referred as “the Laboratories”) globally represent and are spokes of the wheel of the Indian and global diamond Industry today.

Each of the above entities has agreed to set into place, a protocol / charter in the manner as set out hereunder to help provide for a systematic process and to help establish good business practices through the diamond and gem and jewellery industry in India.

The Charter is to be adopted by all the entities and shall be applicable to them and their respective members. Breach of the charter, if found valid, shall lead to punishment and penalties.

The authorized representatives and office bearers of the entities after discussions and deliberations of the various challenges faced by the industry above have unanimously decided to establish and form a Committee to deal with the same (including but not limited to passing restrictive measures and other measures on its members violating the rules).

Accordingly, the entities have independently as per their respective Articles, rules and regulations passed the necessary resolutions, so as to that the decisions and actions of the Committee established herein shall be binding on the entities and its members.

A. CHARTERS:

1. The Laboratories:

GII, IGI, GIA, European Gemological Laboratories – India (EGL India), GGTL Laboratories – Switzerland, Gemological Science International (GSI), HRD, Indian Diamond Institute-Surat (IDI), etc. and other laboratories shall ensure that the following protocols /charters are followed:

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- a. The laboratories shall furnish for each diamond, an individual unique identification number, at the time the diamond / precious gems are sent for certification;
- b. The unique identification number shall be laser inscribed by the laboratories on the diamond/ precious stones for which the certification has been undertaken;
- c. The results along with the details of the certificate i.e. certificate number, grade, etc. issued by the laboratory against the ID of the diamond shall be archived such that it is easily accessible online / through their respective websites;
- d. All the laboratories shall use their unique diamond ID number to all natural diamonds and precious stones and shall immediately update the information on their respective archives.
- e. The laboratories endeavour to make suitable arrangements to have common archive / server / database to host all unique ID numbers so as to make the process of verification of the authenticity of the product easy and efficient;
- f. All Laboratories shall have verification facilities at major centres. Service of verification shall be made free;
- g. All Laboratories shall ensure that KYC documents provided by their customers to the Laboratories are updated annually and the Laboratories shall take such undertaking or declaration, as may be required by the Laboratories from time to time.

- h. On complaints / discrepancies / frauds being detected, laboratories shall furnish details of the discrepancies the committee established under this Charter or to the relevant Association as the case may be;

2. The Bourses:

1. KYC compliances:

The managing committee of the bourses shall ensure that their members i.e. including but not limited to brokers, CAs, angadias, etc. duly submit their KYC documents and comply with the KYC requirements. The managing committee shall ensure that all the members are in compliance of their KYC formalities every year as prescribed under the applicable law and as may be required for the record of the bourse.

2. Standardization of procedures and formats:

The Diamond Charter Committee shall establish and institute certain procedures and / or formats to be implemented by the trade across all institutions / Bourses as a standard charter for the entire diamond and gem and jewellery trade including the trade of Lab Grown Diamonds, precious gems, etc. The Diamond Charter Committee shall also be entitled to modify and amend the same as they may deem fit for the betterment of the trade / industry.

The Bourses / Institutions shall ensure the compliance of the procedures and / or formats are as may established and instituted by the Diamond Charter Committee and as may be amended from time to time.

3. Members of Bourses/ Trade Bodies:

Members of all Associations will be informed of and shall be made to abide by the following:

- a. Members will be informed formally that trading of a certificate by itself without sale of a diamond is illegal and bad in law and is a punishable offence;

- b. Each invoice being issued by the Vendor to the Purchaser shall always mention the name of the laboratory that has issued the certificate and that a copy of the same has been furnished to the purchaser;
- c. In the event, there are multiple certificates obtained from multiple laboratories and only one certificate has been given to the purchaser at the time of sale of the diamond, it shall be the seller's responsibility to return the remaining certificate/s if any to respective laboratory or destroy or dispose the same within a period of 30 (thirty) in a manner that it cannot be misused.
- d. Any individual / member purchasing a diamond shall first verify the authenticity of the certificate being given with the diamond by verifying the same on the database available by the laboratories.
- e. Ensure the compliances of the procedures and processes stipulated for the betterment of the trade by this Charter.
- f. Other charter will be brought into place basis guidelines that may be issued from time to time and on need basis in keeping with this Charter.

B. COMMITTEE:

Pursuant to discussions between the entitled and resolutions passed as per their respective Articles, rules and regulations, the Committee being "**Diamond Charter Committee**" shall be established comprising of members of the aforesaid entities and shall be governed as per the rules and regulations stated herein (hereinafter referred to as "**DCC**").

C. ADDRESS:

For the purpose of communication, the address of DCC shall be as under:

Diamond Charter Committee
Bharat Diamond Bourse,
Administrative office,
G Block, Bandra Kurla Complex,
Bandra (E), Mumbai - 400051
Telephone: +91 22 33921500

Email:

However, DCC shall be at liberty to decide the venue for the purpose of conducting hearings.

D. MEMBERS OF DIAMOND CHARTER COMMITTEE:

1. Diamond Charter Committee shall consist of maximum of 13 (Thirteen) members.
2. Each of the entities shall nominate members from their respective organization thus aggregating to 13 (thirteen) members. Each entity shall be entitled to nominate such number of members as set out below:

Name of entity	No. of members to be nominated
Bharat Diamond Bourse (BDB)	3
the Gem & Jewellery Export Promotion Council (GJEPC),	3
the Surat Diamond Bourse (SDB),	3
the Mumbai Diamond Merchants Association (MDMA),	1
Laboratories	3

3. IGI and GII shall be entitled to nominate one member each from their respective organisation to represent on the board of DCC and the third member shall be appointed by the remained of the all the Laboratories shall be entitled to collectively nominate any 1 (one) representative to represent them on the board. The representatives of the laboratories shall retire on an annual / yearly basis.
4. None of the nominated committee members of the DCC shall have any pending Complaint or any decision against them in respect of a Complaint made against the member in the past. In effect each of the Member shall have clean track record with respect to its trade practices. In the event of any Complaint made against a Member pursuant to these rules and regulations, then the Member shall till the adjudication of the Complaint not be a part of DCC.
5. No member shall be appointed as committee Member of the DCC, if he/she/they stands disqualified on account of his/her/their:

- (i) having been adjudged / declared (voluntarily or otherwise) an insolvent;
- (ii) having been convicted of an offence which involves moral turpitude;
- (iii) having become physically or mentally incapable of acting as such member;
- (iv) having acquired such financial or other interest as is likely to affect prejudicially his functions as a member;
- (v) having so abused his/her/their position as to render his/her/their continuance in office prejudicial to public interest; and
- (vi) having been guilty of proved misbehaviour

An existing Member can be removed from DCC forthwith on account of the aforesaid disqualifications arising or being discovered

6. The committee members shall be entitled to appoint Advisors to the DCC who shall be senior and reputed persons from the Industry.
7. The life of Committee members shall be one year or till the tenure of the representative in their nominating / respective organization.

E. TENURE OF MEMBERS:

The tenure of the office bearers nominated by the committee shall be of 1 (one) year from the date of appointment. The representatives of the laboratories shall retire on an annual / yearly basis.

It is clarified that in the event of a committee member being a part of any matter pending before the DCC at the time of retirement of the committee member, then such committee member shall continue on the DCC until such matter/s are completed. However, except being part of DCC for the limited purpose of completing the pending matter, such committee member shall not have any other rights.

The committee members of Diamond Charter can only be entitled to represent their entity if they are committee members / directors from their respective entities.

F. ATTENDANCE:

The committee member must attend at least 50% (i.e. ½) of DCC meetings and be available for the meetings.

G. VACANCY:

In the event of vacancy of any of the committee member of DCC, then such vacancy shall be filled immediately. In the event the vacancy is from any of the entities then such entity shall nominate a new member to DCC and in the event if vacancy from any of the invitees then DCC shall nominate such member/s in order to fill the vacancy. However, vacancy shall not affect the functioning and decision making authority of DCC.

H. JURISDICTION:

DCC shall deal with the issues / grievances arising during the trade of certificates as encompassed above. DCC shall specifically not deal with the issues/ grievances which are not in relation to the trade of certificates of gems and diamonds. DCC reserves its right to refuse to deal with any of the grievance if it is of the opinion that the same is beyond their jurisdiction or is otherwise in breach of any of any of the provisions of law.

I. LIMITATION:

The Complaint shall be filed by the Complainant within a period of 30 (thirty) days from the date of which the cause of action arose. In the event the Complaint is filed beyond the period of 30 (thirty) days, then DCC shall be entitled to condone the delay on the basis of a separate application specifying the reason for the delay and DCC being satisfied with the reasons for the delay. Further, in the event there are any complaints pending with any of the entities which are within the jurisdiction of DCC on the date of this Charter coming in force then the Complainant is entitled to refer such Complaints to DCC subject to obtaining no objection from the relevant entities before which such Complaint is pending. Such pending Complaints shall be dealt with afresh by DCC as per this Charter.

J. COMPLAINT:

1. The Complaint can be filed by:
 - (i) members of any of the bourses / trade bodies against members of the Associations that are part of this Diamond Charter;
 - (ii) members of any of the bourses / trade bodies against third parties who are not members of any of the Associations;

2. Complaint cannot be filed by Persons (including Companies, Partnerships, Limited Liability Partnership, Sole Proprietorship, Hindu Undivided Family (**HUF**), Trust or any other organisation) who are not members of any of the bourses / trade bodies. However, the DCC shall be entitled to take cognizance of the complaints and carry out an internal investigation, if it may deem fit, to try and protect and strengthen the larger diamond and gem and jewellery in the long run.
3. The Complaint has to be in relation to issues and disputes arising with regard to the aforesaid purpose of breach of the provisions of this Diamond Charter including but not limited to illegal trading of certificates, trading in Lab Grown Diamonds without following the rules and regulations stipulated in the Diamond Charter. Complaint which is not in relation to the breach of the Diamond Charter, then the same shall be rejected at the inception itself and the decision of DCC shall be final.

K. DISCLOSURE BY THE MEMBER OF DIAMOND CHARTER COMMITTEE:

In the event any committee member is a relative of either of the Party to the Complaint or has a conflict of interest or is interested in the Complaint, then the same shall be disclosed at the first instant itself. Pursuant to the disclosure, in the event the affected Party (i.e. the Party which is not in conflict) does not have any objection of the committee member continuing despite of Conflict of Interest, then the affected Party shall grant its no – objection in writing to the DCC. In the event the affected Party does not furnish it's no objection in writing then such committee member of DCC shall recuse himself/herself from the Complaint.

L. PROCEEDINGS BEFORE DIAMOND CHARTER COMMITTEE:

1. The Complainant shall furnish the entire complaint in writing, within a period of 30 (thirty) days from the knowledge of the breach of these charter, addressed to DCC specifically stating the facts of the matter in detail, jurisdiction and that the complaint is within the period of limitation.
2. Upon receipt of the Complaint, the same shall be placed before the DCC. The DCC shall be deemed to be empowered and authorized with respect to all decisions and actions in regard to the Complaint in accordance with the rules herein. The complaint shall be scrutinized by the DCC with respect to the contents, jurisdiction and limitation. In the event the complaint does not disclose the facts correctly or in detail or there is discrepancy in the complaint in respect

of jurisdiction and limitation then the DCC shall return the complaint and request the Complainant to present the complaint after complying with the form and rules. In the event, the complaint discloses the facts and is within the jurisdiction of DCC and period of limitation, then DCC shall first record the same specifically that the Complaint is within Jurisdiction and limitation. In the event the DCC desires, then it shall be entitled to take assistance of professionals like Advocates, Chartered Accountants, Bankers etc. in order to redress the Complaint. The Cost of such professionals shall be paid by the Complainant.

3. In the event, the DCC is not convinced that the Complaint is within its Jurisdiction and Limitation then it shall record such a finding and first call upon the Complainant to satisfy the DCC only on the issue with respect to Jurisdiction and Limitation. Upon the DCC being satisfied with the Jurisdiction and limitation it shall accordingly record the same before proceeding with the matter. In the event, the Complainant has not prima facie satisfied that the Complaint is within its Jurisdiction and/or within the period of limitation then it is entitled to reject the complaint.
4. After recording that the complaint is within Jurisdiction and Limitation, the DCC shall send the complaint alongwith all the supporting documents if any to the Respondent, calling upon his/her/their/its response on the Complaint.
5. The Respondent shall furnish his/her/their/its reply to the complaint in writing along with all the supporting documents if any within a period of 10 (ten) days from the date of receipt of the complaint.
6. Upon the receipt of the reply of the Respondent the same shall be recorded and forwarded to the Complainant for his rejoinder to the same, if any. The Complainant shall file its rejoinder if any within a period of 10 (ten) days from the date of receipt of the Reply.
7. Upon receipt of the rejoinder of the Complainant, the same shall be recorded and forwarded to the Respondent for his Sur-Rejoinder if any. The Respondent shall file its Sur-Rejoinder if any within a period of 5 (five) days from the date of receipt of the Rejoinder.

8. In the event the Parties fail to file their respective pleadings within the prescribed period or the extended period if any granted, then the DCC shall presume that it does not desire to file the same and proceed without such pleadings.
9. In the event the Respondent in his/her/their/its Reply has raised the issue of Jurisdiction and/or Limitation then this issue shall be dealt with first by the Respondent before proceeding on the merits of the Compliant.
10. After the pleadings of the parties are complete, then the DCC shall fix a date of hearing of the complaint.
11. The Complaint shall be decided only on the basis of the pleadings and documents placed before the DCC.
12. In the event, either the Complainant or Respondent desires to produce any witnesses, then a formal application is to be made in this regard and the DCC shall decide upon the application. In the event, application is allowed then the witness shall file his/her statement before the DCC and thereafter also be available for cross – examination by the Respondent.
13. In the event either of the Parties desire, they can file their written submissions in the matter within a period of 7 days/ weeks from the date of final hearing of the matter.
14. Neither of the parties shall be permitted to make oral applications. All applications shall be in writing addressed to the DCC.

M. DECISIONS WITH RESPECT TO PROCESS:

In the event of any deviation from the above process or any act which is not defined or enumerated herein then the same shall be taken by the majority members of DCC and recorded accordingly.

N. DECISION OF THE DIAMOND CHARTER COMMITTEE:

On the basis of the pleadings and documents submitted by the parties, the DCC shall give a decision on the Complaint. The decision of DCC shall be by way of majority.

In the event of an Application to pass an interim decision, then DCC shall be entitled to decide upon the same in the similar manner as stated herein and give an interim decision.

Such decision of DCC shall be final and there shall be no appeal or revision of the same.

O. COMMUNICATION OF DECISION OF DIAMOND CHARTER COMMITTEE:

The decision of the DCC shall be communicated to all the entities and the same shall be valid and binding upon them. The entities shall in line with the direction of the DCC implement the decision without any objection or demur. In the event any of the entities fail to take action as per the direction of the DCC, then other entities of DCC shall take such action against the defaulting entities as it deems fit. In the event of decision against a third person and the third person being a foreign resident and a member of any of the trade organizations in the country of his/her/its residence then DCC shall also intimate its decision to such organization.

P. SUO MOTO ACTION:

In the event any act of any person is brought to the notice of DCC or the same is noticed by DCC, then the same is to be placed before DCC. DCC shall decide upon the same as to whether the same is to be taken up by DCC. In the event, DCC decides to take up the complaint, then the process as stated above it to be followed.

Q. INSPECTION OF RECORD AND SUPPLY OF COPIES:

1. Only the Parties to the proceedings upon a written application shall be entitled to the inspection of record and copies of the proceedings upon payment of charges in respect thereof.
2. Notwithstanding anything stated above, there shall be no obligation to give any information or copies of documents that would impede the process herein or be detrimental thereto.

R. LANGUAGE:

The pleading and proceedings can be either in English, Gujarati or Hindi language. However, the decision shall be passed in English Language alone.

S. REVIEW:

1. Any person aggrieved by an order of the DCC, may, upon the discovery of new and important matter or evidence which, after the exercise of due diligence, was not within his knowledge or could not be produced by him at the time when the decision was passed or on account of some mistake or error apparent from the face of the record, may apply for a review of such decision, within 15 (fifteen) days of the date of the decision, as the case may be.
2. An application for such review shall clearly state the matter or evidence which, after the exercise of due diligence, was not within his knowledge or could not be produced by him at the time when the decision was passed or the mistake or error apparent from the face of the record. The application shall be accompanied by such documents, supporting data and statements as the parties may determine.
3. When it appears to the DCC that there is no sufficient ground for review, the DCC shall reject such review application. Provided that no application shall be rejected unless the applicant has been given an opportunity of being heard.
4. When the DCC is of the opinion that the review application should be granted, it shall grant the same provided that no such application will be granted without previous notice to the Respondent or party to enable him to appear and to be heard in support of the order, the review of which is applied for.

T. INDEMNITY:

Both the Parties shall provide an Indemnity to the Committee, all its members and bourses / trade bourses that they shall not make any allegations or accusations of any nature whatsoever on the Committee, all its members and bourses / trade bourses. In the event either Party fails to furnish the Indemnity then the Committee shall accordingly intimate about the same to the concerned organization and request them to take appropriate action against such Party. It is clarified that the DCC shall be entitled to proceed with the hearing of the Complaint without such Indemnity at its own discretion. In the event any allegations or accusations are made then the DCC shall be entitled to enforce the Indemnity and also initiate SUO MOTO action against such party.

U. RECORD OF THE PROCEEDINGS:

The records of the proceedings shall be confidential nature and shall not be disclosed by DCC to any third parties.

V. AMEND AND ALTER:

The DCC, after following due process, is entitled to add, amend, alter and delete any of the above rules and regulations as long as the same is agreed to by 100% majority of members of DCC.

W. NOTICE:

Notice sent by the DCC by email to the Complainant or Respondent to the email address as furnished in their respective pleading shall once addressed to such email address shall be deemed to have been validly and legally served upon the Complainant / Respondent as the case may be.

X. OPTIONAL MEDIATION:

The Parties pending the Complaint may opt for mediation and request the DCC to settle their dispute through Mediation. Such request for mediation shall be made in writing and signed by both the Parties. The Mediation process shall be non-binding and the DCC shall not impose its decision on the Parties and will attempt to present a solution that is acceptable to both the Parties. However, once the parties have mutually settled the disputes then such settlement shall be binding on the Parties. It is clarified that in the event Mediation has failed then the same shall not affect the right of the member of the entities to file Complaint before DCC and in the event Mediation is pending a Complaint and has failed then the Complaint shall automatically be resumed.

Y. WAIVER OF RULES:

A party who knows that any provision of the rules or requirement under the Rules has not been complied with, but the proceeds with the proceedings before the DCC without promptly stating an objection in writing thereto, shall be deemed to have waived the right to object.

Z. EXPENSES:

The expenses for the proceedings as may be decided by DCC shall ordinarily be borne and paid by both the Parties in equal proportion. The DCC may however decide to the contrary.

All administrative and general costs, charges and expenses in respect of the proceedings shall be shared by all the entities in equal proportion.

AA. GENERAL:

1. In all matters not expressly provided in these Rules, DCC and the parties shall act in the spirit of these Rules and shall make every reasonable effort to ensure that the decision is legally enforceable.
2. These Rules shall govern the DCC except where any of them is in conflict with a provision of the law applicable to the procedure of this rules from which parties cannot derogate, then such provision shall prevail.

BB. EXCLUSION OF LIABILITY:

1. Neither DCC shall be liable for any act or omission in connection with any proceedings conducted under these rules.
2. No party shall bring or prosecute any suit or proceedings whatsoever against DCC and/or any of its member thereof, for or in respect of any matter or thing purporting to be done under these rules.