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WFDB to beef up sanctions clause in inner rules to facilitate integration of WFDB Mark Program

Antwerp, May 2, 2006 — So as to facilitate the introduction of its WFDB Mark program at the 32nd World Diamond Congress, to be held June 26-29 in Tel Aviv, the World Federation plans to amend its inner rules, so that bourse members can be expelled or suspended if they found to be guilty of non-compliance with the WFDB ethical code.

The WFDB Mark is a trademarked logo, which approved members of the 25 WFDB-affiliated diamond exchanges will be able to display to clients and suppliers, to confirm that they abide by the World Federation Code of Principles (WFCOP). The WFCOP is a code of ethical business practices required of diamond exchange members, and it is founded in resolutions passed by the WFDB since 1992, which relate to the various ethical challenges facing the diamond sector.

“What we are doing here is providing the necessary legal foundation for what will be a significant expansion in the role of our organization,” explained WFDB President Shmuel Schnitzer. “What will set the WFDB Mark apart from other ethical business systems is existence is that, through our member-bourses’ judicial systems, the WFDB the ability to audit, monitor and enforce its ethical code. What we are doing by amending the inner rules is to guarantee that the bourses have the teeth to do just that.”

WFDB Secretary-General Michael Vaughan explained that an amendment will be made to Article 2 of the WFDB’s Inner Rules after him having introduced this initiative at last year’s Judicial Committee meeting. “Currently, the first four subsections of Article 2 of the Inner Rules pertain to the relationship between the individual member and his or her bourse, and the sanctions that will be taken in case of non-compliance. With the introduction of a fifth subsection, WFDB bourses will be able to sanction members who have been proven to be of unethical conduct, as described by WFCOP,” Vaughan said.

The amendment new composition of Article 2 of the Inner Rules, which already has been approved by the Presidents at the last Presidents’ Meeting held in Mumbai will be brought before the WFDB General Assembly at the Tel Aviv World Diamond Congress, is as follows (addition, subsection “e” is printed in bold):

Should a member 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.

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