



## The WFDB Charter on Disclosure of Synthetic, Treated Natural and Natural Diamonds

### PREAMBLE:-

**Whereas the World Federation of Diamond Bourses (“WFDB”)** is an association of the world’s accredited diamond bourses (“member bourses”) with enforceable legal authority, derived from its Inner Rules and By-Laws, which includes disciplinary and sanctioning powers;

**And Whereas the WFDB** assumes full responsibility for enforcing agreed industry rules relating to disclosure of natural, synthetic and treated natural diamonds and good practice principles of the trade in diamonds;

**And Whereas the WFDB**, on behalf of its member bourses and other leading diamond industry organizations and stakeholders, has been mandated to protect sales practices of natural diamonds from any unlawful or fraudulent activity relating to disclosure and in particular the infiltration of undisclosed synthetic and treated natural diamonds into the market of natural diamonds;

**And Whereas at the WFDB** Executive Committee meeting held in London on the 20th and 21st of October 2013, it was resolved that the WFDB would investigate practices relating to disclosures in the diamond market with the intention of introducing prescriptive and enforceable measures to be implemented by member bourses of the WFDB;

**And Whereas** at an industry meeting held in Antwerp on 19 November 2013, leading mining companies, gem labs and international traders present resolved that, in light of the powers granted to the WFDB and more specifically the disciplinary measures available to it, the WFDB shall be responsible for leading and coordinating the efforts to apply prescriptive and enforceable measures, including and not limited to publishing a Charter, issuing a declaration to be used on documents relating to the sales of natural diamonds, and enforcing sanctions where applicable;

**And Whereas the Executive Committee of the WFDB** and the diamond industry stakeholders including mining companies, diamond manufacturers, traders and diamond bankers, have agreed that the global diamond and jewellery pipeline is based upon the absolute confidence of retailers and consumers when buying diamonds of natural origin, the WFDB has approved this CHARTER which stipulates and prescribes the rules regarding disclosure of diamonds in whatever form they may be traded.

### Wherefore the CHARTER states:

#### The duties of members of accredited Bourses.

Each and every member of any accredited Member Bourse of the WFDB is obliged to act in a transparent and accountable manner with regards to the trading and the disclosure of diamonds whether natural, synthetic /or treated natural diamonds. **In the first instance, providing a proper description and declaration on every issued invoice attesting to the nature of the diamonds sold** and, reporting immediately through the appropriate Bourse, to any activity that may be in contravention hereof.

#### Specifically:

##### 1) Member’s invoice and memos must state-

In the field “description”:

- “ rough natural diamonds”, or
- “polished natural diamonds”, or
- “polished treated natural diamonds”, or
- “rough synthetic diamonds” or
- “polished synthetic diamonds”.

Every member shall also state on every issued invoice or similar document issued of polished natural diamonds **“The diamonds herein invoiced are exclusively of natural origin and untreated based on personal knowledge and/or written guarantees provided by the supplier of these diamonds.”**

Every member shall state on every memo note- **“The diamonds herein on memo are exclusively of natural origin and untreated based on personal knowledge and/or written, guarantees provided by the supplier of these diamonds.”**

In those cases where a client/retailer insists on every stone being tested and wishes a supporting statement, the following text may be used - **“On behalf of [Supplier name], and with its full authority, I declare by way of this written assurance that the diamonds [invoiced/sent by memo] and contained herein are exclusively natural diamonds meaning that the referenced [parcel/box] contains no synthetic diamonds or diamonds that have been treated.”**

### **Inspections**

The WFDB recommends that unless otherwise agreed to between the parties a 30 day period is granted during which a buyer is assumed to have had the time necessary to conduct any independent testing.

### **Prevailing Law**

The WFDB recognises that all conditions introduced are subject to the local laws of each country and/or subject to any other agreement reached between the seller and buyer.

## **2) Co-operation**

Every member will act responsibly and in a transparent manner in protecting the integrity of their supply chain and will immediately report to their appropriate Bourse authority any incidence of the introduction /appearance of undisclosed synthetic or treated natural diamonds offered as natural diamonds. A member encountering undisclosed synthetic or treated natural diamonds will report this, without delay, to their Bourse and the Bourse will co-ordinate any subsequent actions with the member. There will be immediate recourse to the applicable sanctioning authority

in any case where a member does not cooperate as prescribed herein.

## **3) Legal**

Each Bourse in every jurisdiction must verify the prevailing national laws with relation to the undisclosed offering and/or sale of synthetic diamonds and treated natural diamonds offered and/or sold as natural diamonds. In any event, in any case of proven failure to disclose, the responsible Bourse will consider this to be an offense under the governing laws of the host country and will seek application of the legal authority of the country concerned to prosecute offenders with the full force of national law.

Each Bourse will proceed to execute its Bourse regulations, observing the letter and spirit of this Charter.

The WFDB, through its member Bourses, shall petition the relevant authorities to identify and classify a failure to provide the correct disclosure descriptions on any document provided for purposes of export and import and trading of diamonds as fraud. The WFDB shall petition all clearing exchanges and Government offices to only clear diamonds that are specifically described as either:

- “rough natural diamonds”, or
- “polished natural diamonds”, or
- “polished treated natural diamonds”, or
- “rough synthetic diamonds”, or
- “polished synthetic diamonds”; or
- “synthetic polished diamonds (or any other terminology approved by the International Diamond Council) or synthetic unpolished diamonds” (or any other terminology approved by the International Diamond Council).

## **4) Sanctions**

### **Fraud**

In any case where the Bourse has decided there has been an infraction by a Member, albeit by gross neglect or purposefully, the responsible Bourse will have immediate recourse to its

disciplinary Bourse procedures which it will implement with the full force of its authority. Subject to due process, this may include expulsion, notification to the local market, notification to all Bourses around the world through the WFDB, and notification to police and investigating authorities in relevant jurisdictions.

### **Innocent Infraction**

Any member of a Bourse found to be unknowingly selling an undisclosed synthetic or treated natural diamond as a diamond of natural origin, shall be investigated. In the event that the member can substantiate, with full supporting documentation that he/she abided by the applicable rules for buying and selling diamonds of natural origin with full disclosure, the person may be cautioned: If any party cannot substantiate with supporting documentation that he/she abided by the requirements of the declaration, then this Charter's policy will be implemented with appropriate disciplinary action.

## **5) Due Diligence**

Every member will be required to implement adequate control systems with regards to monitoring trading in diamonds so as to provide appropriate assurances that their supply chain is protected from breaches of disclosure. These systems may be internal processes or provided by external screening services or a combination of both.

The WFDB will continue to monitor the diamond market in terms of evolving technology and detection methods, to be in a position to recommend appropriate strategy and actions.

## **6) Responsible Conduct and Reporting**

Every member of a Bourse affiliated to the WFDB shall cooperate fully with the Bourse authorities to trace where any infiltration of non-natural and/or treated natural diamonds into the trading of diamonds of natural origin may occur.

Each Bourse shall act responsibly and proactively in monitoring any reports, complaints or submissions in relation to breaches of disclosure.

This Charter seeks to provide the global trade in diamonds of natural origin with a robust, reliable and effective system for protecting the consumer and the trade of natural diamonds

from undisclosed synthetic and –treated natural diamonds.

For the industry to prevail, each stakeholder must assume and execute its responsibilities. Each Bourse shall maintain comprehensive and constant vigilance as to any issues or reports regarding disclosure practices. Ensuring proper disclosure practice regarding natural, synthetic and treated natural diamonds is a priority responsibility of the Secretariat and Directors of every Bourse accredited to the World Federation of Diamond Bourses and of the Secretariat of the Head Office of the World Federation of Diamond Bourses.

## **7) Dissemination Of Information**

This Charter shall be integrated into the Code of Conduct of each Bourse and shall be a condition of Bourse membership. The Charter will be disseminated to each member of every Bourse who will be made fully aware and cognizant of their responsibility. All the Bourses are mandated to use all means at their disposal to publicize this CHARTER to their members and to ensure that their members adhere to all points in the Charter.

## **8) Reporting**

Until further notice, every Bourse shall provide the WFDB Secretariat with a monthly written summary of any reports of breaches of Members' conduct concerning the offering and trade of undisclosed synthetic and treated natural diamonds. Should there be any serious offences, reports of incidents or relevant news, full details must be supplied together with an account of the actions taken by the local Bourse.

## **9) Amendments**

This Charter may, depending on changing circumstances and upon the approval of the President, the Chairman of the Judicial Committee and the Secretary General be amended.