

Chapter 7

Listing and Trading

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701. Products

701.1 The Exchange may, from time to time and in its discretion, determine the categories of Products for any Market.

702. Listing of Products

702.1 The Exchange may, from time to time and in its discretion, list any Product in any Market on and from the Listing Date. Products to be listed are for trading at Spot Prices and are intended for physical delivery.

702.2 Without prejudice to Rule 702.1, Products of the same category may only be listed in the Market intended for such category (and not Markets for other Product categories). For instance, "Product A" shall not be listed on the Market intended for "Product B" and "Product B" shall not be listed on the Market intended for "Product A". The Exchange may prescribe additional restrictions on listing of specified Products on specified Markets.

702.3 The Exchange shall, prior to the listing of a Product, issue such Product Specifications as it may in its discretion determine, and notify the Members of the same.

702.4 An Approved Supplier who wishes to make available a particular type of Physical Diamond for trading on the Exchange Trading System where the specifications of such Physical Diamond do not conform to any of the already issued Product Specifications, may make an application to the Exchange for the approval of such Physical Diamond to be listed in the form of a new Product for trading on the Exchange Trading System. The Exchange may require such further documents, records and information from the Approved Supplier as the Exchange deems necessary to process the application and the Exchange may in its absolute discretion, approve or reject such application. Where the application is approved, the Exchange shall notify the Members of such new Product Specifications in accordance with Rule 702.3.

702.5 The Exchange may from time to time amend or modify the Product Specifications of any Product by notifying Members of the amendment or modification, which amendment or modification will take effect on the day specified by the Exchange.

703. Delisting of Products

703.1 The Exchange may, from time to time and in its discretion, delist any Product or category of Product. Any Member holding any delisted Product must physically recall and/or withdraw the relevant Physical Diamonds from its Depository Account within 30 days of the delisting in accordance with the Depository Account Rules and such processes and procedures as may be prescribed by the Book Depository from time to time.

704. Dormant Products

704.1 The Exchange may, from time to time and in its discretion, designate any Products as dormant Products based on such criteria as the Exchange may determine in its discretion, including but not limited to the illiquidity of the Product for such period of time as the Exchange deems fit in its discretion. Dormant Products will not be available for trading on the Markets but may be reinstated for trading at a future date.

705. Contract

- 705.1 A Member enters a Contract in accordance with these Rules. A Member must honour all Contracts entered by it or purported to be entered by it on the Exchange Trading System.
- 705.2 Each Contract shall be governed by these Rules.

706. Acts as Principal

- 706.1 A Member acts as principal and is responsible and deals as principal only in relation to the other Member which is the contracting party to the Original Contract entered by such Member or purported to be entered by such Member on the Exchange Trading System. Notwithstanding any references elsewhere in these Rules to the Broker Member placing or executing orders, acting as broker or performing or doing any act, for the benefit of the Customer, or to warranties or obligations of the Broker Member in relation to the Customer, each Broker Member confirms and agrees that each Order placed in the Exchange Trading System, and Original Contract, is entered into by the Broker Member as principal only vis-à-vis the other Member and that the Broker Member shall be responsible for such Order and Original Contract vis-à-vis the other Member as principal.

707. Eligibility for Trading

- 707.1 Only Products which are Consigned in the form of a Product and Immobilised and reflected in the "Available Balance" in a Depository Account may be eligible for trading on the Exchange Trading System.
- 707.2 Physical Diamonds in respect of which a recall or withdrawal notice shall have been received by the Book Depository, or that have been recalled or withdrawn from, and debited from, the Members' Depository Account held with the Book Depository are not eligible for trading unless and until these have been Consigned in the form of a Product and Immobilised and reflected in the "Available Balance" in a Depository Account in accordance with the Depository Account Rules.

708. Trading Hours, Opening and Closing Routines

- 708.1 Trades in Products and Markets may only be executed on the Exchange Trading System during the hours prescribed by the Exchange from time to time (each such session a "**Trading Period**") as hours during which the Exchange Trading System is open for trading. The Exchange may determine at its discretion for each Product and/or Market:
- (c) the duration of trading sessions;
 - (d) the opening and closing routines; and
 - (e) the opening and closing range.

709. Accounts

- 709.1 Each Member shall:
- (a) prior to placing any Order or executing any trades on the Exchange Trading System, establish the following settlement account(s) from which monies would be paid to and/or received by the Book Depository in accordance with these Rules:

- (i) Approved Suppliers shall establish a house settlement account for the settlement of trades undertaken for the Approved Supplier's House Depository Account.
- (ii) Broker Members shall establish a house settlement account (for the settlement of trades undertaken for the House Depository Account) and a customer settlement account (for the settlement of trades undertaken for the Customer Depository Account).
- (iii) Proprietary Trading Members shall establish a house settlement account for the settlement of trades undertaken for the Proprietary Trading Member's House Depository Account.

The settlement accounts shall either be held by the Member directly with the Settlement Bank, or held on trust by the Book Depository with the Settlement Bank, to be determined by the Book Depository in its discretion on such conditions as may be prescribed to a Member from time to time;

- (b) prior to placing a buy Order or executing any buy trades on the Exchange Trading System, place a Security Deposit to be held by the Book Depository in accordance with Rule 710 and the Exchange shall set a Net Trading Limit for the Member in accordance with Rule 711; and
- (c) for each trade undertaken on the Exchange Trading System, nominate a Depository Account for settlement.

709.2 Each Member agrees that the Book Depository shall have recourse pursuant to the provisions of these Rules against moneys held on trust by the Book Depository for such Member with the Settlement Bank.

709.3 The money and/or assets in the Customer Accounts shall not be available, and the Exchange and the Book Depository shall not apply, appropriate or otherwise utilize any such moneys and/or assets in the Customer Accounts, for payment of the obligations and/or liabilities in connection with, arising out of and/or accruing in respect of the House Accounts.

710. Security Deposit

710.1 A Member shall be required to place a security deposit (the "**Security Deposit**") with the Book Depository in an amount equal to the value of such percentage of the Member's Net Trading Limit as the Book Depository may prescribe from time to time (the "**Prescribed Percentage**"). The Security Deposit shall only comprise of the Member's own moneys and/or an unconditional, on-demand bank guarantee in favour of the Book Depository in the form prescribed by the Book Depository to be issued by a licensed bank in Singapore acceptable to the Book Depository ("**SD Bank Guarantee**"). The Book Depository may from time to time prescribe a minimum amount of any Security Deposit to be maintained by Members, and of the maximum amount of Security Deposit that may be in the form of a SD Bank Guarantee. Within 2 Business Days of the receipt by the Book Depository of the Security Deposit (provided in the form of moneys) from a Member, the Book Depository shall deposit such money received into an account maintained with a Settlement Bank (the "**SD Trust Account**"), where the SD Trust Account is held by the Book Depository in trust for Members. The Book Depository shall not commingle moneys in the SD Trust Account with its own moneys. Security Deposit amounts received by the Book Depository on account of the Members may be commingled and deposited in the same SD Trust Account.

- 710.2 Before opening the SD Trust Account, the Book Depository shall inform the Settlement Bank that:
- (a) the amounts deposited in the SD Trust Account are held on trust by the Book Depository for the Members and the Settlement Bank cannot exercise any right of set-off against the moneys for any debt owed by the Book Depository to the Settlement Bank; and
 - (b) the account is designated as a trust account and is maintained separately from any other account that the Book Depository deposits its own moneys.
- 710.3 The full amount of the required Security Deposit shall be placed with and/or provided to the Book Depository prior to the Member placing any buy Order or executing any buy trades on the Exchange Trading System. The Security Deposit shall be in US Dollars. At no time shall a Member use Customer moneys towards satisfying all or any part of the Security Deposit requirements in these Rules.
- 710.4 The SD Trust Account shall not be overdrawn and is not interest-bearing.
- 710.5 Notwithstanding any provision in these Rules (including but not limited to Rule 710.8), the Member shall have no entitlement to and shall have no right to withdrawal, payment, use or receipt whatsoever in relation to all or any part of the Security Deposit in the SD Trust Account and the Member shall have no right to withdraw, cancel or reduce any SD Bank Guarantee until and unless, and any right of the Member shall be subject to the following condition precedents:
- (a) the Member has fully settled and made provision for all and any Obligations (including Liabilities). "**Liabilities**" shall mean all and any sums, fees, charges, expenses, which are or at any time may be or become due from or owing to the Book Depository and/or the Exchange, or which the Member has covenanted to pay or discharge whether actually or contingently under or in connection with these Rules and/or under any Contract, and all liabilities and moneys which now or at any time may become due from or owing by or incurred by the Member to the Book Depository and/or the Exchange whether alone, jointly or jointly and severally, whether current or otherwise, and whether present, future, actual or contingent, primary or collateral, including but not limited to the aggregate of the Net Debit Amounts payable, the amount payable under Rule 901.2(c) and all other liabilities incurred for any outstanding Contracts;
 - (b) there are no Adverse Events that have occurred; and
 - (c) there are no default settlement arrangements (as set out in Chapter 9) in respect of the Member that have been commenced and are not yet fully completed.
- 710.6 The Member shall not reduce the amount of Security Deposit (howsoever provided, whether moneys or a SD Bank Guarantee) below its Aggregate Settlement Risk Position. The Member shall also observe any further restrictions or limitations set out in the Circulars, Guidance Notes or Manuals.
- 710.7 Any reduction of the amount of Security Deposit (for whatever reason) (whether by withdrawal of moneys or cancellation or reduction of the SD Bank Guarantee) will automatically reduce the Net Trading Limit in accordance with Rule 711.2.
- 710.8 Subject to Rules 710.5 to 710.7 above, the Member may increase the amount of Security Deposit by placing more of its own monies to be held as Security Deposit or by providing an additional SD Bank Guarantee or may give instructions to the Book Depository to reduce the amount of Security Deposit by reducing the amount of Security Deposit in the SD Trust Account or by requesting for the cancellation or reduction of the SD Bank Guarantee.

- 710.9 The Security Deposit shall only be applied in accordance with these Rules and in relation to default arrangements (as set out in Chapter 9) as well as such other procedures that may be prescribed by the Exchange and the Book Depository from time to time.
- 710.10 Any changes to the form and/or amount of the Security Deposit shall be made by a Member by way of a request to the Exchange and the Book Depository in accordance with such procedure as may be prescribed from time to time by the Exchange and the Book Depository.
- 710.11 In addition to any rights that the Book Depository may be entitled to by law or otherwise, the Book Depository shall have a right of appropriation and/or set-off which shall include a continuing right at any time and without any prior notice or demand forthwith to transfer, debit, appropriate and set-off all or any part of any Security Deposits and to apply the same in or towards payment or satisfaction of all of the Member's Obligations. The Member agrees that the authorisation given in this Rule is irrevocable so long as any Obligations are due from the Member. The application by the Book Depository of any sum under this Rule shall not be deemed to be a payment of the amount due except to the extent of any amount applied towards satisfaction of any Obligations.

711. Net Trading Limit

- 711.1 Prior to any Member entering any buy Order on the Exchange Trading System, it shall be required to set a net trading limit on the Exchange Trading System for each of its Accounts (the "**Account Trading Limit**"). The Exchange shall set a net trading limit for each Member ("**Net Trading Limit**") across all of its Accounts based on the Security Deposit placed by the Member.
- 711.2 The Net Trading Limit of a Member at any time shall not exceed the value of such percentage as may be prescribed by the Exchange from time to time (the "**Prescribed SD Percentage**") of the Security Deposit provided or to be provided by the Member at that time. If the amount of the Security Deposit provided to and/or maintained with the Book Depository is reduced for any reason, the Net Trading Limit shall be automatically correspondingly reduced to the value of the Prescribed SD Percentage of the Security Deposit provided to and/or maintained with the Book Depository for the time being. In no event may the Member reduce its Security Deposit such that, or its Net Trading Limit such that, the revised Net Trading Limit will be below the Aggregate Settlement Risk Position. The Member shall also observe any further restrictions and limitations set out in the Circulars, Guidance Notes or Manuals.
- 711.3 In the case of a Proprietary Trading Member or an Approved Supplier, if the Net Trading Limit prescribed in Rule 711.1 and Rule 711.2 above is higher than the outstanding balance in the settlement account of a Proprietary Trading Member or an Approved Supplier, the Net Trading Limit for such Proprietary Trading Member or Approved Supplier shall automatically and correspondingly be reduced to the amount of the outstanding balance. For the purposes of this Rule, the "**outstanding balance**" shall mean the available balance standing to the credit of the Proprietary Trading Member's or Approved Supplier's settlement account less the Aggregate Settlement Risk Position (as defined in Rule 711.5).
- 711.4 Any changes to the Net Trading Limit shall be made by a Member by way of a request to the Exchange and the Book Depository in accordance with such procedure as may be prescribed from time to time by the Exchange.
- 711.5 At all times, the Member shall ensure that its Aggregate Settlement Risk Position shall not exceed its Net Trading Limit. The "**Aggregate Settlement Risk Position**" shall mean the aggregate purchase consideration for all outstanding Buying Member Transactions regardless

of the Settlement Date (expressed as a positive number), after netting off the aggregate sale consideration for all outstanding Selling Member Transactions regardless of the Settlement Date (expressed as a negative number), entered into by a Member whether for transactions in a House Account or Customer Account, and if the Exchange and Book Depository so permit, after including such amount of pay-in (if any) (expressed as a negative number) in such amount and in such manner and/or at such time as may be prescribed from time to time by the Exchange and Book Depository.

- 711.6 The Member shall not be permitted to trade if its Aggregate Settlement Risk Position (if a positive number) exceeds its Net Trading Limit. Any Order entered into the Exchange Trading System by a Member, which will cause the Net Trading Limit of such Member to be exceeded will be rejected by the Exchange Trading System.

712. Orders / Trades

- 712.1 A Member may only enter an Order or trade on the Exchange Trading System through its Registered Operator.
- 712.2 All Orders or trades to be entered into the Exchange Trading System shall be entered in such form and within such time as may be prescribed by the Exchange from time to time. A Broker Member must, in respect of each Order or trade that it enters into the Exchange Trading System, specify to which Depository Account the resulting Contract should be allocated. It is the sole responsibility of the Broker Member to ensure that any Order, trade or Contract that is to be allocated to a House Depository Account or a Customer Depository Account, whether such Accounts are held on an omnibus basis or an individual segregated basis, is so allocated through the entry of the relevant information into the Exchange Trading System.
- 712.3 **Manipulation of Prices:** Without prejudice to Chapter 6, all Vendors and Purchasers hereby agree not to manipulate the prices of any Product and not to interfere with other Members' trades or orders. Vendors and Purchasers acknowledge that manipulation or interference may amount to legal deception or fraud leading to legal proceedings and liability. Price manipulation includes practices known as shilling (whether by manual or automatic means) and bid shielding. In no circumstances shall Vendor enter an Order to buy a Listed Product that it has entered an Order to sell. Purchasers may not contact or attempt to contact any other Purchasers of the same Listed Product.
- 712.4 **Taxes:** All Vendors and Purchasers are responsible for determining if there are any taxes payable upon their transactions and agree to collect, report and remit the payable tax to the appropriate tax authority. The Exchange and/or the Book Depository is/are not responsible for determining whether any taxes are payable and is/are not responsible to collect, report or remit any taxes arising from transactions between Members nor shall the Exchange and the Book Depository be liable to bear any taxes in respect of Members' transactions and/or the transactions of any Member.

713. Matching of Orders / Trades

- 713.1 The following mode of transaction shall apply in respect of trading:
- (a) Entering Orders: A Member may enter an Order for the relevant Listed Product on the Exchange Trading System. Each such Member shall be responsible for ensuring the accuracy of the Order. For so long as a "Match" has not yet occurred, the Member may amend or cancel the Order at any time during a Trading Period, in such manner

as may be provided within the Exchange Trading System or such procedures as the Exchange may prescribe from time to time, if any.

- (b) **Matching:** Orders shall be matched on the Exchange Trading System in accordance with a trade matching algorithm determined by the Exchange, as more particularly described in Attachment A, which may be revised from time to time by the Exchange. Once the Orders have been "*Matched*" on the Exchange Trading System, a contract shall arise between the relevant Vendor and Purchaser ("**Original Contract**") for the sale by the Vendor and the purchase by the Purchaser of the Product which is the subject matter of the underlying Orders. The Original Contract shall be governed by the terms set out in Attachment B, and the relevant Vendor and Purchaser shall be bound by such terms as the parties to the Original Contract.

714. Information provided to the Book Depository for Clearing and Settlement

- 714.1 Information on transactions which have been confirmed as matched by the Exchange Trading System shall be provided by the Exchange to the Book Depository for clearing and settlement.

715. Price Limits and Cooling Off

- 715.1 The Exchange may prescribe limits and/or ranges on price fluctuations for any Business Day or trading session and may prescribe cooling off periods ("**Cooling Off Periods**") during which time, Orders may only be input within the prescribed limits and/or ranges on price fluctuations for certain Products (such prescribed limits and/or ranges to be referred to as "**Price Limits**"). Such limits and/or ranges on price fluctuations and Cooling Off Periods shall be as prescribed by the Exchange from time to time.

716. Position Limits

- 716.1 The Exchange may establish limits on the positions owned or controlled by any Person or Persons acting in concert with respect to any Product.

717. Concentration Limits

- 717.1 The Exchange may establish concentration limits to prevent any Person or Persons acting in concert from owning positions exceeding a certain percentage of the total number of Products available for trading.

718. Error Trades

- 718.1 In order to ensure the integrity of the Market, it is the responsibility of each Member when placing an Order to ensure that the price entered into the Exchange Trading System is accurate. An error trade occurs when a transaction is effected on the Exchange Trading System as a result of an error in the entry of an Order that is subsequently "*Matched*".
- 718.2 The Exchange may allow the cancellation of an error trade in accordance with its error trade policy. The Exchange will not permit any cancellation unless the Exchange takes the view that its failure to accede to the request for cancellation of a contract will have a detrimental effect on the Exchange or the Market. If such cancellation is not permitted, both Purchaser and Vendor are required to continue to settle the Contract as executed, and if the Member is a

Broker Member, it shall transfer the Contract to the Broker Member's error account in accordance with the error trade policy.

718.3 For avoidance of doubt, the Exchange is not liable for any Losses which may be suffered as a result of the cancellation of an error trade in accordance with this Rule.

719. Trading Halt

719.1 In the event where there has been a major market movement without any apparent economic or fundamental basis for the movement to have occurred, the Exchange may declare a trading halt in the relevant Product, regardless of whether the Price Limits has been reached.

720. Emergencies

720.1 The Exchange may take any steps as it deems fit to deal with any circumstances calling for emergency action in the interest of maintaining a fair, orderly and transparent market.

ATTACHMENT A

MATCHING OF ORDERS / TRADE

- (1) The Exchange may, from time to time and in its discretion, determine one or more of the following trade matching algorithms for each category of Listed Products: (i) Continuous Matching; (ii) Negotiated Matching; and/or (iii) any other relevant trade matching algorithm.
- (2) **Obligations of Vendors:** When a Vendor enters an Order to sell a Listed Product:
 - (i) **In the case of Continuous Matching:** the Vendor shall indicate its Asking Price and Offered Quantity for such Listed Product as part of the Order. Each Vendor agrees and represents that such Order constitutes an offer to all Members during the relevant Trading Period, that it shall sell the Listed Product to any Purchaser whose Bid Price is higher or equal to the Asking Price, at the Asking Price and for such Required Quantity (up to Offered Quantity), as determined by the Continuous Matching Algorithm; and
 - (ii) **In the case of Negotiated Matching:** the Vendor shall indicate its Asking Price for such Listed Product, as part of the Order. Each Vendor agrees and represents that such Order constitutes an offer to all Members during the relevant Trading Period, that it shall sell the Listed Product with the specified GIA certificate to the first Purchaser of the Listed Product with that GIA certificate whose Bid Price is higher or equal to the Asking Price, at the Asking Price (a “*Match*” shall be deemed to have occurred, or the Orders of Vendor and Purchaser are said to have been “*Matched*”).
- (3) **Obligations of Purchasers:** When a Purchaser enters an Order to buy a Listed Product:
 - (i) **In the case of Continuous Matching:** the Purchaser shall indicate its Bid Price and Required Quantity for the Listed Product as part of the Order. Each Purchaser agrees and represents that such Order shall constitute a legally binding acceptance of then-current unfulfilled offer(s) from Vendor(s) whose Asking Prices are lower or equal to the Bid Price (Orders of such Vendors to be referred to as “**Qualified Sell Orders**”), as determined by the Continuous Matching Algorithm, and it agrees to be legally bound to such Vendor(s) to buy the Listed Product at its Asking Price and for such quantity as determined by the Continuous Matching Algorithm.
 - (ii) **In the case of Negotiated Matching:** the Purchaser may, as part of its Order, either: (a) indicate a Bid Price for the Listed Product with a specific GIA certificate (“**Specific Bid**”); or (b) indicate a Bid Price for any Listed Product without specifying any GIA certificate (“**Open Bid**”). The following shall apply accordingly:
 - (X) **In the case of Specific Bid:** the Purchaser agrees and represents that if its Bid Price is the first in time (ranked in order of the receipt of such Orders by the Exchange Trading System) to be higher or equal to the Asking Price for such Listed Product during the Trading Period, its Order shall constitute a legally binding acceptance of the relevant Vendor’s Order and it agrees to be legally bound to such Vendor to buy the Listed Product at such Asking Price (a “*Match*” shall be deemed to have occurred, or the Orders of Vendor and Purchaser are said to have been “*Matched*”); and
 - (Y) **In the case of Open Bid:** each Purchaser agrees to be notified by the Exchange Trading System as and when a Vendor enters an Order of the Listed Product with an Asking Price lower or equal to the Bid Price, and the Purchaser may, at its sole discretion, submit a Specific Bid for such Listed Product at the Asking Price or a revised Bid Price, and Rule (X) above shall then apply.

- (4) **Continuous Matching Algorithm:** The following process shall be used to determine whether a “*Match*” occurs or not in the case of Continuous Matching (such process to be referred to as the “**Continuous Matching Algorithm**”):
- (i) The Exchange Trading System will endeavour to match, continuously throughout the same Trading Period, unfulfilled Orders of Purchasers (ranked in order of descending Bid Price (where Orders with the highest Bid Price will be ranked first, and where two or more Orders have the same Bid Price, such two or more Orders shall be ranked in order of the receipt of such Orders by the Exchange Trading System) against Qualified Sell Orders for the same Listed Product.
 - (ii) The Qualified Sell Orders shall be ranked in order of ascending Asking Price (where Orders with the lowest Asking Price will be ranked first, and where two or more Orders have the same Asking Price, such two or more Orders shall be ranked in order of the receipt of such Orders by the Exchange Trading System).
 - (iii) For each unfulfilled Order of Purchasers, the following process (“**Quantity Allocation Process**”) shall apply with respect to Qualified Sell Orders:
 - (a) if the Offered Quantity of the then first-ranked Qualified Sell Order is equal to or more than the Required Quantity, a “*Match*” shall be deemed to have occurred (or the Orders of Vendor and Purchaser are said to have been “*Matched*”) for the **Required Quantity** and this Quantity Allocation Process shall be deemed completed, whereupon the Purchaser shall be deemed to have entered into an Original Contract with the Vendor of such Qualified Sell Order for the **Required Quantity**; or
 - (b) if the Offered Quantity of the then first-ranked Qualified Sell Order is less than the Required Quantity, a “*Match*” shall be deemed to have occurred (or the Orders of Vendor and Purchaser are said to have been “*Matched*”) for the **Offered Quantity** and the Purchaser shall be deemed to have entered into an Original Contract with the Vendor of such Qualified Sell Order for the **Offered Quantity**, and this Quantity Allocation Process shall repeat itself for the remaining Required Quantity and the next-ranked Qualified Sell Order, until the complete fulfilment of Required Quantity of such Order of the Purchaser or when there are no more Qualified Sell Orders to be considered.
- Any unfulfilled Orders or any part thereof at the end of any Trading Period, shall be deemed to have expired at the end of the Trading Period and shall be promptly removed from the Exchange Trading System accordingly.
- (5) Orders do not lapse in the event an Order with a higher Bid Price or lower Asking Price (as the case may be) is placed by another Member, and Orders shall be entered only through the Exchange Trading System and accordingly Members shall not submit any order or make any offer for any Listed Product through electronic mail, telephone calls and/or facsimile transmission.
- (6) Each Vendor and Purchaser agrees to be legally bound to honour their respective Order subject to such other terms of sale which may be published on the Exchange Trading System so long as those terms of sale are not in violation of these Rules or are unlawful under any applicable law. Failure to do so could lead to legal proceedings and liability.
- (7) Each Vendor and Purchaser further acknowledges and agrees that:

- (i) the matching of Orders between Vendors and Purchasers as determined by the Exchange Trading System shall be final, and each Member shall not challenge or dispute the validity of such decision and hereby waive any of its rights, if any, to so object; and
- (ii) it shall not be excused from any liability under its respective Order as a consequence of any misinterpretation of any matter or fact relating to the Order or the Physical Diamonds, or the Product Specifications or the GIA certificate.

Although the Exchange and the Book Depository endeavours to ensure that the information set out in the Product Specifications and links to third party websites (such as links to GIA certificates) are accurate, the Exchange and the Book Depository assumes no responsibility and makes no representation or warranty on the accuracy, validity or completeness of such materials or information contained therein. Each Vendor and Purchaser warrants and represents that it has completed all due diligence necessary prior to entering any Order.

- (8) Each Vendor and Purchaser warrants that it has the full right and/or authority to make the respective offer and to enter into the Original Contract as principal only, and that it acts as and shall be responsible as principal only for the respective Order, offer and Original Contract. Each Vendor and Purchaser agrees that nothing in these Rules shall impose on it any responsibility or notice of any trust (express, implied or constructive) or other arrangement, and agrees that no liabilities shall be affected by anything done in pursuance of these Rules by reason of, and neither the Vendor nor Purchaser shall be affected with notice of, any trust or other arrangement of the other party. Each Vendor and Purchaser agrees that it shall only have rights against the other as principal.
- (9) Each Vendor and Purchaser warrants that it has and shall observe and comply with the applicable laws, regulations and orders and any requirements of any governmental authority in the applicable jurisdiction including all applicable licensing, approvals, customs and trade regulations and laws, whether or not in Singapore.

ATTACHMENT B

CONDITIONS OF ORIGINAL CONTRACT

The terms and conditions set out below contain the agreement between the relevant Purchaser and Vendor for the sale by the Vendor and the purchase by the Purchaser, of the product in the quantities specified in the Orders which have been "Matched" on the Exchange Trading System in accordance with the Rules (the "**Product**"), on these terms and conditions (such agreement, an "**Original Contract**"). All capitalised terms in this Original Contract shall have the meaning as set out within the Rules, unless otherwise defined in this Original Contract. References to "price" in relation to the Product shall mean the full purchase consideration payable to purchase the Product.

1. Price and Payment

- 1.1 The price for the Product shall be determined in accordance with Chapter 7 of the Exchange Rules, and the Purchaser shall make, and the Vendor shall receive, payment of the price for the Product, in accordance with Chapter 8 of the Exchange Rules.

2. Title and Risk

- 2.1 Title, property, rights, interest and risk of loss and damage to the Product shall pass to the Purchaser in accordance with Chapter 8 of the Exchange Rules.

2.1.1 Where the Product is a Single Stone or a specific Diamond Basket, the Purchaser shall, upon the Book Depository recording the transfer of title, property, rights and interest to the Product by means of a book-entry in the Register, become the owner of the Product in place of the Vendor.

2.1.2 Where the Product is a specified quantity of Diamond Baskets representing an undivided share in a Pool, the Purchaser shall, upon the Book Depository recording the transfer of title, property, rights and interest to the Product by means of a book-entry in the Register, become an owner in common of an undivided share in such Pool, such share being the proportion that the quantity of Diamond Baskets sold to the Purchaser bears to the total quantity of Diamond Baskets recorded by the Book Depository as forming the Pool for the time being.

3. Delivery

- 3.1 The Purchaser and the Vendor agrees that the Vendor shall be deemed to have delivered and the Purchaser shall be deemed to have taken delivery of the Product, upon the Book Depository's recording of the transfer of title, property, rights and interest to the Product by means of a book-entry in the Register in accordance with Chapter 8 of the Exchange Rules.

4. Warranties, Undertakings and Conditions

- 4.1 The Vendor warrants and undertakes to and for the benefit of the Purchaser that:

4.1.1 the Vendor will have on the Settlement Date, the right to sell the Product to the Purchaser;

4.1.2 the Product conforms in all respects to the Product Specifications issued in respect of the Product;

- 4.1.3 where the Product comprises Single Stones, the Single Stones bear the relevant certificates specified in the Product Specifications issued in respect of the Product;
- 4.1.4 where the Vendor is not Consigning the Product which is the subject matter of this Original Contract (a “**Non-Consigning Vendor**”), the Product will be standing to the credit of the Delivery Account on the Settlement Date;
- 4.1.5 where the Vendor is a Consigning Approved Supplier:
- (i) on the date this Original Contract is made, the Product is Consigned in a Vault, and the Vendor will deliver such Product into the Singapore Vault to be received by the Physical Depository no later than the second Business Day after the date this Original Contract is made or such other time as may be prescribed by the Exchange and/or the Book Depository, in accordance with the Depository Account Rules; and
 - (ii) such Product is Immobilised in the Singapore Vault on or by the second Business Day after the date this Original Contract is made.
- 4.2 It is a condition of this Original Contract that the Vendor shall have the right to sell the Product on the Settlement Date.
- 4.3 Save as expressly set out in this Original Contract, all warranties, conditions and other terms implied by statute or common law are, subject to mandatory law, expressly excluded, and no condition is made or to be implied nor is any warranty given or to be implied as to the quality or condition of the Product or that the Product will be suitable for any particular purpose or use under any specific conditions, notwithstanding that such purpose or conditions may be known or made known to the Vendor.
- 5. Non-Conformity to Product Specifications or Defects in Title**
- 5.1 In the event that there is any dispute as to the conformity of a Product with the Product Specifications or a defect in title of the Product, the Purchaser shall notify the Exchange and the Book Depository in accordance with Chapter 9 of the Exchange Rules. Any such dispute shall be resolved in such manner as may be prescribed by the Exchange and/or the Book Depository from time to time.
- 6. Payment Default**
- 6.1 Where the Purchaser fails to make payment for the Product in accordance with Chapter 8 of the Exchange Rules, such failure shall be regarded as a Payment Default under the Exchange Rules, and this Original Contract shall be settled in accordance with the default settlement arrangements set out in Chapter 9 of the Exchange Rules.
- 7. Delivery Default**
- 7.1 Where the Vendor purports to enter into this Original Contract for a sale of a Product which (in the case where the Vendor is a Non-Consigning Vendor) is or will not be standing to the credit of its Delivery Account on the Settlement Date, or (in the case where the Vendor is a Consigning Approved Supplier) is or will not be Immobilised in the Singapore Vault on the second Trading Day after the date this Original Contract is made, in accordance with the Depository Account

Rules, the Vendor shall be deemed to be in default of its obligations under the Exchange Rules, and such default shall be regarded as a Delivery Default under the Exchange Rules.

7.2 In the event of a Delivery Default by the Vendor, the default settlement arrangements set out in Chapter 9 of the Exchange Rules shall apply.

8. Risk Factors

8.1 The Vendor acknowledge that the Vendor has read and understood, and the Purchaser acknowledge that the Purchaser has read and understood, Rule 21 (Risk Factors) of the Depository Account Rules, the terms of which are expressly incorporated by reference in this Clause 8.

9. Governing Law

9.1 This Original Contract shall be interpreted, construed and governed in all respects by the laws of the Republic of Singapore.

9.2 The terms of the United Nations Convention on Contracts for the International Sale of Goods are hereby excluded.

10. Dispute Resolution

10.1 The Purchaser and the Vendor agree that any dispute arising out of or in connection with this Original Contract, including any question regarding the existence, validity or termination of this Original Contract, shall be referred to and finally resolved by arbitration in Singapore administered by the Singapore International Arbitration Centre ("**SIAC**") in accordance with the Arbitration Rules of the Singapore International Arbitration Centre ("**SIAC Rules**") for the time being in force, which rules are deemed to be incorporated by reference in this Clause 10.1.

10.2 Following the commencement of arbitration, the Purchaser and the Vendor will attempt in good faith to resolve such dispute through mediation at the Singapore International Mediation Centre ("**SIMC**"), in accordance with the SIAC-SIMC Arb-Med-Arb Protocol for the time being in force. Any settlement reached in the course of the mediation shall be referred to the arbitral tribunal appointed by SIAC and may be made a consent award on agreed terms.

10.3 No arbitration shall be commenced in accordance with Clause 10.2 unless (a) the party who has commenced arbitration proceedings has served on the other party to the dispute a written invitation to settle such dispute through good faith negotiations and such dispute is not settled within 3 months of the date of the service of such written invitation or (b) an application for emergency interim relief is being made concurrently with the commencement of arbitration or will be made immediately thereafter.

11. General

11.1 In case any provision in this Original Contract shall be, or at any time shall become invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not in any way affect or impair any other provision of this Original Contract but this Original Contract shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

- 11.2** Any and all previous course of dealings, understanding, discussions, representations, correspondence and communications between the parties, whether written or oral, relating to the matters covered by this Original Contract are hereby superseded.
- 11.3** A person who is not a party to this Original Contract shall have no rights under the Contracts (Rights of Third Parties) Act (Chapter 53B) to enforce any of the terms of this Original Contract.
- 11.4** To the extent relevant to, and not inconsistent with the terms of this Original Contract governing the sale and purchase of the Product, the Rules shall apply.