

Chapter 3

Members and Registered Persons

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301. Membership

- 301.1 The three categories of Membership of the Exchange and the Book Depository are Proprietary Trading Member, Approved Supplier and Broker Member.
- 301.2 The Exchange and the Book Depository may grant admission to Membership in accordance with these Rules. To be eligible to Membership, an applicant must satisfy the eligibility criteria specified from time to time for the category of Membership for which the applicant is applying.

302. Application for Membership

- 302.1 An application for Membership must be made in writing on the applicable forms prescribed by the Exchange and the Book Depository. A submitted application for Membership must be fully complete and accompanied by the prescribed fees. Uncompleted application forms will not be processed.
- 302.2 Each of the Exchange and the Book Depository may require such further documents, records and information from the applicant as it deems necessary to process the application. Each of the Exchange and the Book Depository may institute such investigations as it deems necessary to verify the documents, records and information provided by the applicant.
- 302.3 Each of the Exchange and the Book Depository has the absolute discretion to approve or reject an application for Membership.
- 302.4 Each of the Exchange and the Book Depository may, in respect of any approval of an application, in its discretion grant the applicant certain privileges (including privileges in relation to fees) and/or impose such conditions and restrictions as it may in its absolute discretion deem fit (the “**Approval Conditions**”). Each of the Exchange and the Book Depository may designate certain Members as “Pioneer Members” to accord such Pioneer Members such privileges as it may determine in its discretion. Each of the Exchange and the Book Depository may at any time in its absolute discretion, impose, vary or withdraw any Approval Conditions as it deems fit. The Exchange and the Book Depository shall notify the applicant (or Member) in writing of any imposition, variation or withdrawal of any Approval Conditions. A breach of any Approval Conditions shall constitute a breach of these Rules.
- 302.5 Where each of the Exchange and the Book Depository decide(s) to approve an application and admit an applicant to Membership, the Exchange and the Book Depository shall notify an applicant in writing, and shall stipulate in such notice the date when admission to Membership is to become effective. Notice of the decision to admit an applicant will be given to Members.
- 302.6 The Exchange and the Book Depository shall, upon the effective date of admission of an applicant to Membership, enter its name in the Register of Members.
- 302.7 The Exchange and the Book Depository may reject an application for Membership notwithstanding that the applicant may have met the admission criteria in Rules 303, 304 or 304A.
- 302.8 Where the Exchange and the Book Depository decide to reject an application for Membership, the Exchange and the Book Depository shall notify the unsuccessful applicant in writing. The

Exchange and the Book Depository may but shall not be obliged to provide reasons for the rejection.

303. Approved Supplier

303.1 Criteria for Admission

An applicant for membership as an Approved Supplier of the Exchange and the Book Depository must satisfy the following criteria:

- (a) It must be a corporation or a partnership.
- (b) It, and its related corporations and/or entities, must be financially strong (as determined by the Exchange and the Book Depository in their discretion) and where it is an operating entity, must each be a reputable entity that has an established track record.
- (c) It meets the minimum capital and financial requirement as may be prescribed by the Exchange and the Book Depository from time to time.
- (d) It must satisfy the Exchange and the Book Depository that it has an active commercial interest in the sourcing, production, supply, sale or trading of diamonds to be traded on the Exchange.
- (e) It must satisfy the Exchange and the Book Depository that (i) it will only Consign diamonds in respect of which it has legal and beneficial ownership to transfer to the Purchaser by the time a transaction it has entered into for the sale of such diamonds on the Exchange Trading System is settled; (ii) it has the right to sell such diamonds; (iii) it has good title to such diamonds, or will have good title to such diamonds to transfer to the Purchaser by the time a transaction it has entered into for the sale of such diamonds on the Exchange Trading System is settled; (iv) it will be able to transfer good title to such diamonds to the Purchaser upon settlement of a transaction it has entered into for the sale of such diamonds on the Exchange Trading System; and (v) any and all such diamonds are free and clear of and are not and will not at any time be subject to any mortgage, charge, lien, encumbrance, security interest or any other right, interest or claim of any third party, whether permitted or created by the Member or a third party, and upon settlement of the transactions in the diamonds being effected under these Rules, the Purchaser shall acquire good, clean and marketable title to such Physical Diamonds without or free from any encumbrances.
- (f) It must, if requested, provide the Exchange and the Book Depository with written documentation of its sources of supply of diamonds, and its process of sourcing of diamonds that it will, as an Approved Supplier, Consign and agree to subject such process to be inspected and/or audited by any or each of the Exchange and the Book Depository or a person appointed by the Exchange and/or the Book Depository prior to or after admission as an Approved Supplier.
- (g) It and its officers, partners, employees, Registered Persons, representatives and substantial shareholders must satisfy the Fit and Proper Criteria (as set out in Attachment A of this Chapter).

- (h) It must have such equipment, systems, connectivity, facilities, resources and staff to comply with these Rules, operate properly, ensure orderly and fair trading, and have adequate and scaleable capacity.
- (i) It satisfies any and all other criteria for Membership as an Approved Supplier which the Exchange and the Book Depository may from time to time prescribe.
- (j) If it intends to trade in Products and enter into Contracts as buyer solely for its own account, the Approved Supplier must meet the definition of Expert Investor and confirm and agree that it has and will at all times maintain sufficient funds in its settlement account to meet its Obligations.

303.2 Membership Rights

Subject to all and any rights and remedies of the Exchange and the Book Depository under these Rules and to any Approval Conditions that the Exchange and the Book Depository may impose, upon admission as an Approved Supplier, the Approved Supplier may in accordance with and subject to these Rules:

- (a) Consign Physical Diamond in accordance with and subject to the provisions of these Rules and Depository Account Rules including but not limited to the requirements that the Physical Diamond shall comply with the Kimberley Process Certification Scheme, shall have been certified and sealed by the GIA or such other Laboratory as may be prescribed by the Exchange and/or the Book Depository from time to time, and that the Physical Diamond shall conform with a specified category of Product Specifications.
- (b) recall any Consigned Physical Diamond that has not been traded on the Exchange which immediately prior to the recall is standing to its credit in its House Account as reflected in the Book Depository Register, subject to the Approved Supplier maintaining such minimum value and/or minimum quantity of Physical Diamonds as may be prescribed from time to time by the Exchange and/or the Book Depository to an Approved Supplier.
- (c) have trading access via the Exchange Trading System to the Markets established or operated by the Exchange unless such access is otherwise restricted by the Exchange and/or the Book Depository.
- (d) only trade in Products and enter into Contracts as seller as principal solely for its own account. An Approved Supplier may not trade for and on behalf of any other person.
- (e) only trade in Products and enter into Contracts as buyer as principal solely for its own account, provided that it satisfies the criteria set out in Rule 303.1(j), and shall furnish the requisite Security Deposit and be subject to all Rules in the same way as any other Member for the purchase of Products via the Exchange Trading System.
- (f) for the purpose of settling Contracts concluded on the Exchange Trading System, receive cash payments for its House Account. Where the Approved Supplier enters into Contracts as buyer for its own account, the Approved Supplier may, for the purpose of settling Contracts concluded on the Exchange Trading System, make cash payments for its House Account (including making sufficient advanced cash payments

from time to time to prevent the account from being under-funded or the occurrence of a Payment Default).

- (g) withdraw any Physical Diamond, which immediately prior to the withdrawal is not a Product that is the subject matter of a Contract due for settlement, and is standing to its credit in the available balance of its House Account as recorded in the Book Depository Register, subject to the Approved Supplier maintaining such minimum value and/or minimum quantity of Physical Diamonds as may be prescribed from time to time by the Exchange and/or the Book Depository for an Approved Supplier.

304. Broker Member

304.1 Criteria for Admission

Unless otherwise stated, a Remote Broker Member shall comply with all Rules applicable to a Broker Member. An applicant for membership as a Broker Member of the Exchange and the Book Depository must satisfy the following criteria:

- (a) It must be a corporation or a partnership.
- (b) A Broker Member in Singapore must hold a capital markets services licence and/or a spot commodity broker's licence. A Remote Broker Member and a Broker Member outside Singapore must hold all relevant licences, consents, registrations, approvals authorisations, or be otherwise appropriately regulated or exempted in the jurisdiction of its operations to engage in trading in and settlement of Products on the Exchange and the Book Depository for its own account or on account of its related persons or on the account of its Customers, which in the opinion of the Exchange and the Book Depository, is comparable to a capital markets services licence or a spot commodity broker's licence.
- (c) It, and its operating related corporations and/or entities, must each be a reputable entity that has an established track record.
- (d) It meets the minimum capital and financial requirement as may be prescribed by the Exchange and the Book Depository from time to time.
- (e) A Broker Member must maintain and operate out of a physical office in Singapore unless it is a Remote Broker Member.
- (f) The applicant, its officers, partners, employees, Registered Persons, representatives and substantial shareholders must satisfy the Fit and Proper Criteria (as set out in Attachment A of this Chapter). For purposes only of evaluating an application for membership, where the Broker Member is a holder of a capital markets services licence under the SFA or a spot commodity broker's licence under the Commodity Trading Act, the Fit and Proper Criteria shall be deemed to be satisfied for the applicant, its officers, employees, Registered Persons, representatives and substantial shareholders as at the time of the application.

- (g) It may only act as broker to Customers who are Accredited Investors or Expert Investors or such other class of investors as the Exchange and the Book Depository may prescribe as "Customers" for purposes of these Rules. For the purposes of this Rule, "**Customers**" shall include Persons (other than the Broker Member itself) for whose benefit the House Depository Account has been opened.
- (h) It must have such equipment, systems, connectivity, facilities, resources and staff to comply with these Rules, operate properly, ensure orderly and fair trading, and have adequate and scaleable capacity.
- (i) It must have policies and procedures in place to identify and verify its Customers, undertake ongoing monitoring of its Customers and their transactions and maintain proper records from an anti-money laundering and/or countering the financing of terrorism perspective. Such policies and procedures shall be in line with and shall be at least of the standards set by the Monetary Authority of Singapore for capital markets services licence holders. For the purposes of this Rule, "**Customers**" shall include Persons (other than the Broker Member itself) for whose benefit the House Depository Account has been opened.
- (j) It satisfies any and all other criteria for Membership as a Broker Member which the Exchange and the Book Depository may from time to time prescribe.

304.2 **Membership Rights**

Subject to all and any rights and remedies of the Exchange and the Book Depository under these Rules and to any Approval Conditions that the Exchange and the Book Depository may impose, upon admission as a Broker Member, the Broker Member may, in accordance with and subject to these Rules:

- (a) have trading access via the Exchange Trading System to the Markets established or operated by the Exchange unless such access is otherwise restricted by the Exchange and the Book Depository in writing.
- (b) trade in Products and enter into Contracts for its House Accounts or Customer Accounts.
- (c) for the purpose of settling Contracts concluded on the Exchange Trading System, make and receive cash payments for Products traded by it on the Exchange Trading System.
- (d) withdraw any Physical Diamond, which immediately prior to the withdrawal is not a Product that is the subject matter of a Contract due for settlement, and is standing to the credit of the available balance of its House Depository Account or its Customer Depository Account (as the case may be) in the Book Depository Register.

For the avoidance of doubt, the Exchange and the Book Depository may impose as an Approval Condition on a Broker Member that the Broker Member may only open and maintain House Accounts and House Depository Accounts, and that the Broker Member may not open and maintain Customer Accounts and Customer Depository Accounts.

304A. **Proprietary Trading Member**

304A.1 **Criteria for Admission**

An applicant for membership as a Proprietary Trading Member of the Exchange and the Book Depository must satisfy the following criteria:

- (a) It must be a corporation, a partnership or an individual.
- (b) It meets the definition of Expert Investor.
- (c) It confirms and agrees that it has and will at all times maintain sufficient funds in its settlement account to meet its Obligations.
- (d) It meets the minimum capital and financial requirements as may be prescribed by the Exchange and the Book Depository from time to time.
- (e) It must be financially strong (as determined by the Exchange and the Book Depository in their discretion) and must be a reputable entity that has an established track record as a proprietary trader trading in capital markets products or commodities or a member of a recognized futures or securities exchange.
- (f) The applicant, its officers, partners, employees, Registered Persons, representatives and substantial shareholders must satisfy the Fit and Proper Criteria (as set out in Attachment A of this Chapter).
- (g) It must have such equipment, systems, connectivity, facilities, resources and staff to comply with these Rules, operate properly, ensure orderly and fair trading, and have adequate and scaleable capacity.
- (h) It satisfies any and all other criteria for Membership as a Proprietary Trading Member which the Exchange and the Book Depository may from time to time prescribe.

304A.2 **Membership Rights**

Subject to all and any rights and remedies of the Exchange and the Book Depository under these Rules and to any Approval Conditions that the Exchange and the Book Depository may impose, upon admission as a Proprietary Trading Member, the Proprietary Trading Member may, in accordance with and subject to these Rules:

- (a) have trading access via the Exchange Trading System to the Markets established or operated by the Exchange unless such access is otherwise restricted by the Exchange and the Book Depository in writing.
- (b) trade in Products and enter into Contracts as principal solely for its own account. For avoidance of doubt, a Proprietary Trading Member may not trade for and on behalf of any other person, including its related corporation.
- (c) for the purpose of settling Contracts concluded on the Exchange Trading System, make and receive cash payments for its House Account for Products traded by it on the Exchange Trading System (including making sufficient advanced cash payments from

time to time to prevent the account from being under-funded or the occurrence of a Payment Default).

- (d) withdraw any Physical Diamond, which immediately prior to the withdrawal is not a Product that is the subject matter of a Contract due for settlement, and is standing to the credit of the available balance of its House Depository Account in the Book Depository Register.

305. General Obligations of Members

Compliance

- 305.1 A Member is bound by and must comply with these Rules at all times. A Member is deemed to be bound by these Rules upon approval of the Member's admission as a Member by the Exchange and the Book Depository.
- 305.2 A Member must at all times satisfy the admission criteria applicable to its class of Membership, and any Approval Conditions. For the avoidance of doubt, all Members including but not limited to holders of capital markets services licences under the SFA and spot commodity brokers licences under the Commodity Trading Act and their respective officers, employees, Registered Persons, representatives and substantial shareholders must satisfy the Fit and Proper Criteria (as set out in Attachment A), notwithstanding that such persons would be deemed to satisfy the Fit and Proper Criteria as at the time of application for Membership.

Accounts with the Book Depository

- 305.3 A Member must establish and maintain Depository Accounts with the Book Depository, appointing the Book Depository as bailee for the holding of Physical Diamonds and for the settlement of Products, and a Member must open a House Depository Account for Orders and Contracts booked to a House Account, and Customer Depository Accounts for Orders and Contracts booked to a Customer Account.
- 305.4 A Member is bound by and must comply with the Depository Account Rules at all times.

Accounts with the Settlement Bank

- 305.5 A Member must establish and maintain a settlement account for each type of Account which must either be directly held with a Settlement Bank or held on trust by the Book Depository with the Settlement Bank (as determined by the Book Depository in accordance with Rule 709.1) for the settlement of cash payments. An Approved Supplier and a Proprietary Trading Member will be required to hold a house settlement account for the trades in Products through its House Account. A Broker Member will be required to hold a house settlement account for the trades in Products through its House Accounts and a customer settlement account for the trades in Products through its Customer Accounts.

Change in Ownership

- 305.6 A Member shall notify each of the Exchange and the Book Depository as soon as it becomes aware of:

- (a) any change in circumstances which may or will alter the control of the Member;
- (b) any change in the issued share capital of the Member;
- (c) any agreement or arrangement that may or will alter the legal or beneficial ownership of 20% or more of the voting rights in the Member;
- (d) any changes to the directors or partners of the Member;
- (e) the death or bankruptcy of any director or partner (who is an individual), or the dissolution, winding-up or insolvency of, or the appointment of a liquidator, judicial manager or administrator over, any director or partner (who is not an individual).

The Exchange and the Book Depository may in its discretion upon such notification issue directions to the Member, including directions for such Member to suspend trading in one or more Products or to increase its capital, and the Member shall comply with all such directions.

Constitutional Documents

305.7 A Member must notify each of the Exchange and the Book Depository in writing at least 14 days prior to the effective date of any change to its constitutional documents (including the constitution, partnership deed or partnership agreement).

Fees and Charges

305.8 The Exchange and the Book Depository may prescribe such fees and charges, and a Member shall pay such fees and charges to the Exchange and/or the Book Depository as may be prescribed and imposed from time to time. Each and any of the Exchange and/or the Book Depository has the discretion to waive or reduce any fee or charge for all Members or for any particular Member.

305.9 All fees and charges payable to the Exchange and the Book Depository are exclusive of any applicable GST. If any GST is or becomes chargeable on any supply made by the Exchange and/or the Book Depository to a Member, the Member shall pay to the Exchange and the Book Depository (in addition to, and at the same time as, any other consideration for that supply) an amount equal to such GST.

305.10 All payments to be made by a Member to the Exchange and the Book Depository shall be made in full without any set-off or counterclaim and free from any deduction or withholding unless the deduction or withholding is required by law, in which case the deduction or withholding shall not exceed the minimum amount which is required by law to be deducted or withheld. If a Member making such a payment is required by law to make any such deduction or withholding, the Member shall pay to the Exchange and the Book Depository such additional sum as will, after such deduction or withholding has been made, result in the receipt by the Exchange and the Book Depository of the amount which would have been received by them in the absence of any such requirement to make a deduction or withholding.

Books and Records

305.11 Books and records of a Member must be kept in English and retained for period of at least 6 years.

Notification and Reporting

305.12 A Member must immediately notify each of the Exchange and the Book Depository in writing of the occurrence of any Adverse Event.

305.13 A Member must immediately notify each of the Exchange and the Book Depository in writing if it or any of its officers, partners, Registered Persons, employees, representatives and agents:

- (a) breaches any of these Rules;
- (b) breaches any relevant law, regulation, business rules or code of conduct that may apply to the Member's business;
- (c) is convicted of an offence involving fraud or dishonesty or is convicted of an offence that involves a finding that it or he/she had acted fraudulently or dishonestly whether in Singapore or otherwise;
- (d) has had disciplinary action taken against it or him/her;
- (e) is being investigated for an offence involving fraud or dishonesty, whether in Singapore or otherwise;
- (f) has any civil or criminal proceedings instituted against it or him/her involving an allegation of fraud or dishonesty, whether in Singapore or otherwise;
- (g) is insolvent or wound up or has an insolvency or winding-up application presented, or an order made by a court of competent jurisdiction or a resolution passed for its winding-up, dissolution, judicial management or administration;
- (h) has had any attachment, distress, execution or legal process instituted against any of its assets or has had any liquidator, receiver or any similar person appointed (or an application has been made for the appointment of such person) in respect of any of its assets.

305.14 A Member must immediately notify each of the Exchange and the Book Depository of any other matter that would affect the ability of it or any of its officers, partners, Registered Persons, employees, representatives and substantial shareholders meeting the Fit and Proper Criteria (as set out in Attachment A of this Chapter). For the avoidance of doubt, this Rule applies to all Members, including but not limited to holders of capital markets services licences under the SFA and spot commodity broker licences under the Commodity Trading Act.

Auditors and Risk Management

305.15 A Member must appoint an external auditor accredited or recognized by an accounting body in its country of operation to audit its books and records on an annual basis and to inform each of the Exchange and the Book Depository of the appointment. Any change in the appointment of external auditor must be notified to each of the Exchange and the Book Depository.

305.16 A Member must establish and maintain policies, procedures and systems which are binding on and applicable to any of its officers, partners, Registered Persons, employees, representatives and agents to procure compliance with these Rules and to ensure that any breach of these Rules is prevented.

305.17 A Member must establish and maintain policies and procedures on risk management (including monitoring credit risk, liquidity risk and ensuring adequate internal control systems), commensurate with the nature, scale and complexity of its business, and transactions on the Market.

305.18 A Member must have procedures and systems in place to monitor if the Member is at risk of breaching capital and financial requirements and other prudential limits so as to restrict trading activity, inject additional capital or take such steps as are necessary to prevent such breach.

305.19 A Member must have in place a Business Continuity Plan (BCP) and the BCP documentation and any changes to such documentation must be submitted to each of the Exchange and the Book Depository within such time as the Exchange and/or the Book Depository may prescribe.

Approval

305.20 A Member shall not pass any resolution for, or go into voluntary suspension or liquidation or enter into arrangements for or be dissolved pursuant to a consolidation, amalgamation or merger without the prior approval of each of the Exchange and the Book Depository.

Personnel and Supervision

305.21 A Member must register each Registered Person with the Exchange.

305.22 A Member shall supervise each of its Registered Persons, employees, representatives and agents.

305.23 A Member is responsible for the acts or omissions of its officers, partners, Registered Persons, employees, representatives and agents. Any breach of these Rules by its officers, partners, Registered Persons, employees, representatives and agents is deemed to be a breach of these Rules by the Member.

Conduct

305.24 A Member must, in carrying on its operations and business, observe high standards of integrity and professional standards. A Member shall comply with the Code of Conduct (as set out in Attachment B of this Chapter).

306. Obligations of Approved Supplier

306.1 An Approved Supplier must Consign a minimum value and/or minimum quantity of Physical Diamonds as may be prescribed by the Exchange and the Book Depository from time to time.

- 306.2 An Approved Supplier must ensure that the source of any Physical Diamond that it Consigns is legitimate, is not a “conflict diamond” and is not related to conflict activities or “conflict diamonds”, money laundering, terrorism financing, or any other sanctioned activities. It must maintain written documentation of source of diamonds, its process of sourcing of Physical Diamonds to be Consigned, perform adequate due diligence on the source of such Physical Diamonds, obtain certification via the Kimberley Process Certification Scheme that the Physical Diamonds are “conflict free”, keep proper records of the source of such Physical Diamonds and make available all such documents, records and information to each of the Exchange and the Book Depository.
- 306.3 An Approved Supplier must immediately inform each of the Exchange and the Book Depository if there is any change to its process of sourcing of Physical Diamonds to be Consigned.
- 306.4 An Approved Supplier must, as and when requested by any or each of the Exchange and/or the Book Depository, provide the Exchange and/or the Book Depository (as the case may be) with information in relation to a Contract, a Product or its operations and activities. Such information includes the quantity of Physical Diamonds that the Approved Supplier has in stock or is in production (but which is not yet Consigned) and the quantity of Physical Diamonds that is available for Consignment or is in the process of being Consigned. The Approved Supplier must inform each of the Exchange and the Book Depository immediately in writing if there is any material change to the information provided to the Exchange and/or the Book Depository under this Rule or where any change of such information may affect the trading of Products in the Exchange.
- 306.5 An Approved Supplier must not recall any Physical Diamond it has Consigned unless it has met the conditions of each of the Exchange and the Book Depository on the recall of a Consigned Physical Diamond.

307. Obligations of Broker Member

- 307.1 A Broker Member may only accept Accredited Investors, Expert Investors or such other class of investors as each of the Exchange and the Book Depository may prescribe as Customers.
- 307.2 A Broker Member shall ensure for Customers (other than its related corporations) dealing on a joint account basis, that each of the Customers must be an Accredited Investor or Expert Investor, in respect of transactions (including Contracts) entered into with the Broker Member or through the Broker Member using that joint account.
- 307.3 A Remote Broker Member shall not transact on the Exchange Trading System for any Customer residing in, based in, incorporated or established in, Singapore.
- 307.4 For the purposes of this Rule, “**Customers**” shall include Persons (other than the Broker Member itself) for whose benefit the House Depository Account has been opened.

308. Resignation of Member

- 308.1 A Member must give prior notice in writing to each of the Exchange and the Book Depository of its intended resignation of membership. Unless otherwise approved by any or each of the Exchange and/or the Book Depository, the notice period for:
- (a) an Approved Supplier is 90 days;
 - (b) a Broker Member is 60 days; and
 - (c) a Proprietary Trading Member is 60 days..
- 308.2 Any or each of the Exchange and/or the Book Depository may refuse to accept or postpone the effective date of resignation when there are outstanding obligations that may affect the interest of the Exchange, the Book Depository or the interest of Customers and/or other Members and/or participants on the Exchange.
- 308.3 The Exchange and the Book Depository shall notify the Member of the effective date of resignation, and shall stipulate in such notice the date when the name of such Member shall be removed from the Register of Members. Notice of the decision will be given to Members.
- 308.4 A Member shall act in accordance with directives of the Exchange and the Book Depository in relation to outstanding Contracts that have not been settled and (where applicable) in relation to its handling of Customer funds, including transferring Customer Accounts and Customer funds to another Broker Member. A Member shall not trade through its House Account during the resignation period. For the avoidance of doubt, a resigning Member may undertake proprietary trades or trades for its related or associated corporations or entities, directors, officers, partners, employees, representatives or Registered Persons by opening an Account with another Broker Member.
- 308.5 A Member who is an Approved Supplier shall not make any further Consignments after the acceptance by the Exchange and the Book Depository of its resignation.
- 308.6 Any Physical Diamond that has been Consigned by a resigning Approved Supplier but not traded will be returned to the resigning Approved Supplier after each of the Exchange and the Book Depository has satisfied itself that the resigning Approved Supplier has no outstanding settlement or other obligation to the Exchange and/or the Book Depository.

309. Suspension of Member

- 309.1 A Member may request for a temporary suspension of its Membership (where for the period of suspension such Member will cease all trading and clearing activities) for up to 24 months. It must provide reasons for its request for voluntary suspension. The Exchange and the Book Depository may permit such temporary suspension upon such terms subject to such terms and conditions that the Exchange and the Book Depository may prescribe. For the avoidance of doubt, a Member whose Membership is suspended under this Rule will still be required to comply with these Rules unless a waiver from such compliance has been granted by the Exchange and the Book Depository.

- 309.2 A Member's Membership shall be automatically and immediately suspended (where for the period of suspension such Member's access to the Exchange Systems is suspended in respect of all Products) at the occurrence of the following events:
- (a) suspension of the Member's membership with other exchanges that it is a member of;
or
 - (b) suspension of its activities and/or licence by any authorities or regulatory authorities with respect to any trading or clearing activities.
- 309.3 Each of the Exchange and the Book Depository may, at any time, suspend access by a Member to its Exchange Systems either with regard to a particular Product or to multiple Products or with regard to all Products generally, with immediate effect or with effect from such later time as the Exchange and/or the Book Depository may specify if any Adverse Event (other than an event specified in Rule 309.2 above) has occurred in relation to such Member or any event or circumstance has occurred which would, upon the expiry of a grace period, the giving of notice, the making of any determination under these Rules or any combination of the foregoing, constitute an Adverse Event.
- 309.4 The suspension of a Member pursuant to Rules 309.2 and 309.3 shall continue for so long as the Exchange and the Book Depository shall determine and shall end on such date and on such conditions as the Exchange and the Book Depository shall determine.
- 309.5 Each of the Exchange and the Book Depository may impose such restrictions or conditions as it deem(s) fit as a condition for ending such suspension.
- 309.6 Without prejudice to Rules 309.4 and 309.5, each of the Exchange and the Book Depository may end a suspension if it determines that the reason for the suspension no longer exists.
- 309.7 Each of the Exchange and the Book Depository shall notify the Members of the effective date of suspension of a Member, as well as the ending of such suspension (where applicable).

310. Termination of Membership

- 310.1 A Member's Membership shall be automatically and immediately terminated by each or any of the Exchange and/or the Book Depository at the occurrence of the following event:
- (a) the Member is insolvent or wound up or enters into an arrangement or composition under insolvency laws or has an insolvency or winding-up application presented, or an order made by a court of competent jurisdiction or a resolution passed for its winding-up, dissolution, judicial management or administration
 - (b) revocation of the Member's membership with other exchanges that it is a member of;
or
 - (c) revocation of the Member's licence by any authorities or regulatory bodies with respect to any trading or clearing activities.
- 310.2 Each of the Exchange and the Book Depository may, at any time, terminate the Membership of a Member with immediate effect (or with effect from such later time as it may determine) if any Adverse Event (other than an event specified in Rule 310.1 above) has occurred in relation to such Member, regardless of whether such Member has first been suspended.
- 310.3 The Exchange and the Book Depository shall notify the Member of the effective date of termination, and shall stipulate in such notice the date when the name of such Member has

been or shall be removed from the Register of Members. Notice of the decision will be given to Members.

311. Consequences of Suspension or Termination

- 311.1 Physical Diamonds Consigned by a suspended or terminated Approved Supplier but not traded will be returned to the suspended or terminated Approved Supplier only when each of the Exchange and the Book Depository is satisfied that the suspended or terminated Approved Supplier does not have any outstanding settlement or other obligations to it, and the Book Depository does not have any legal obligation to continue to hold such Physical Diamonds.
- 311.2 A suspended or terminated Member remains liable to each of the Exchange, the Book Depository, other Members and in the case of a Broker Member, its Customers, for any liabilities incurred under these Rules during the period of Membership. It also remains subject to disciplinary actions for any offence committed during the period of Membership.
- 311.3 A suspended or terminated Broker Member shall act in accordance with each and every directive and direction of each or any of the Exchange and/or the Book Depository in relation to outstanding Contracts that have not been settled and in relation to its handling of Customer funds, including transferring Customer Accounts and Customer funds to another Broker Member.
- 311.4 Subject to the approval of each of the Exchange and Book Depository, the outstanding balance standing to the credit of the settlement account of a suspended or terminated Approved Supplier or Proprietary Trading Member may be returned to such Approved Supplier or Proprietary Trading Member provided that all outstanding settlement and/or payment obligations and any and all Liabilities have been satisfied in full.

312. Transfer of Membership

- 312.1 A Member may, after holding Membership for at least 3 consecutive years, transfer its Membership to another entity, subject to the approval of each of the Exchange and the Book Depository, ***subject to the transferee meeting all criteria applicable to Membership*** and the satisfaction of such terms and conditions as the Exchange and/or the Book Depository may prescribe.

313. Registered Persons

- 313.1 Each individual authorised by a Member to enter an order on the Exchange Trading System must be registered by such Member with the Exchange as a Registered Operator.
- 313.2 Each Sales Representative of a Broker Member must be registered with the Exchange as a Registered Representative.
- 313.3 Each Registered Operator and each Registered Representative shall be regarded as a Registered Person of the Member.

313.4 For an individual to be registered with the Exchange as a Registered Representative or Registered Operator, he /she must satisfy the following criteria:

- (a) shall be at least twenty-one (21) years old;
- (b) shall not have been convicted of any offence involving fraud or dishonesty;
- (c) shall satisfy the Fit and Proper Criteria (as set out in Attachment A of this Chapter). For purposes only of evaluating an application for registration of a Registered Person, where the Broker Member is a holder of a capital markets services licence under the SFA or a spot commodity broker's licence under the Commodity Trading Act, the Fit and Proper Criteria shall be deemed to be satisfied as at the time of the application; and
- (d) shall not be an undischarged bankrupt in Singapore or elsewhere.

313.5 An application by a Member for the registration of a Registered Person must be made in writing on the applicable forms prescribed by the Exchange. A submitted application for registration must be fully complete and accompanied by the prescribed fees. Uncompleted application forms will not be processed. The Exchange may accept or reject an application without providing any reasons. The Exchange shall, upon acceptance of an application, enter the name of the individual in the Register of Registered Persons as a Registered Person of the relevant Member.

313.6 A Registered Person must comply with these Rules, and must observe the Code of Conduct (as set out in Attachment B of this Chapter). A Registered Person is deemed to be bound by these Rules and the Code of Conduct upon approval of the Registered Person's admission as a Registered Person of the Exchange. The Exchange may take disciplinary action against any Registered Person who breaches these Rules or fails to observe the Code of Conduct.

313.7 The Member must provide the Exchange with at least seven days' notice in writing prior to a Registered Person ceasing to act as a Registered Person for that Member. Where less than seven days' notice is provided, the Member must provide the Exchange with the reasons for its delay.

313.8 A Registered Person's registration with the Exchange shall be deemed automatically suspended or terminated when the Membership of the Registered Person's principal is suspended or terminated.

313.9 The Exchange shall upon the cessation of the status of an individual as a Registered Person of a Member under Rule 313.7 or Rule 313.8 above, remove his/her name from the Register of Registered Persons.

314. Representations, Warranties and Undertakings

314.1 The Member represents, warrants and undertakes to the Exchange, the Book Depository and each other Member, on the basis that each of these representations, warranties and undertakings is deemed repeated on a continuing basis for the period of Membership and each time that it enters an Order, executes a Contract, or transacts on the Exchange Trading System, that:

- (a) it is permitted under applicable law to, and has full power and authority to, enter into these Rules, open and establish the Account(s), appoint the Book Depository as bailee, enter an Order, execute a Contract, transact on the Exchange Trading System, and fulfill and perform its obligations under these Rules (including transferring of good, clean and unencumbered title of the relevant Physical Diamonds to the Purchaser upon settlement of the sale of such Physical Diamonds), and that it has obtained all consents, approvals and permissions required from any Person for its entry into, and performance of, the foregoing;
- (b) it is the legal and beneficial owner of any and all Physical Diamonds which it deposits for its own account in the form of Products into its House Depository Account and/or which from time to time stand to the credit of its House Depository Account, and will enter and enters into transactions on the Exchange Trading System as principal for its own account in respect of Orders and Contracts entered into for its own account in the House Account;
- (c) if it is an Approved Supplier, it will only Consign Physical Diamonds in respect of which it has legal and beneficial ownership to transfer to the Purchaser by the time a transaction it has entered into for the sale of such Physical Diamonds on the Exchange Trading System is settled, and will enter and enters into transactions on the Exchange as principal for its own account;
- (d) if the Member is a Broker Member and holds Physical Diamonds in the form of Products in an Account for the benefit of its Customer, it has full and absolute right and consent of each of its Customers to enter into and be bound by these Rules and perform any of its obligations and exercise any of its rights under these Rules and the Member has entered into a legally valid, binding and enforceable agreement containing terms for the holding and trading of Physical Diamonds in the form of Products for the benefit of its Customer. For the purposes of this Rule, "**Customers**" shall include Persons (other than the Broker Member itself) for whose benefit the House Depository Account has been opened;
- (e) (i) it has the right to sell the Physical Diamonds which are the subject matter of a sale on the Exchange Trading System; (ii) it has good title to the Physical Diamonds which are the subject matter of a sale on the Exchange Trading System or will have good title to such Physical Diamonds to transfer to the Purchaser by the time a transaction it has entered into for the sale of such Physical Diamonds on the Exchange Trading System is settled; (iii) it will be able to transfer to the Purchaser good title to such Physical Diamonds upon settlement of a transaction it has entered into for the sale of such Physical Diamonds on the Exchange Trading System; and (iv) any and all Physical Diamonds Consigned, purchased and/or held in the Depository Account and/or which from time to time stand to the credit of its Depository Account are free and clear of and not and will not at any time be subject to any mortgage, charge, lien, encumbrance, security interest or any other right, interest or claim of any third party, whether permitted or created by the Member or a third party and upon settlement of the transactions in the Physical Diamonds being effected under these Rules, the Purchaser shall acquire good, clean and marketable title to such Physical Diamonds without or free from any encumbrances;
- (f) notwithstanding any references elsewhere in the Rules to a Broker Member placing or executing orders, acting as broker or performing or doing any act, for the benefit in any way of a Customer, or to warranties or obligations of a Broker Member in relation to a Customer, it confirms and agrees that it has the full and absolute right and consent to

act as principal, hold and deal with the Physical Diamonds as principal, and that it acts as and shall be responsible as principal for the Physical Diamonds, and that nothing in these Rules shall impose on the Exchange, the Book Depository or any other Member 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 the Exchange, the Book Depository and each other Member shall not be affected with notice of, any trust or other arrangement of the Broker Member;

- (g) the quantity, quality and description of the Physical Diamonds shall meet all of the following requirements (and in the event of any inconsistency or discrepancy between any of the following, the Physical Diamonds shall meet or exceed the higher of such requirement): (i) comply in all respects with the Product Specifications, (ii) comply in all respects with the description contained in the supporting documents and information and/or (iii) satisfy each of the conditions imposed by the Exchange and/or the Book Depository from time to time;
- (h) it has obtained certification from the Laboratory as prescribed from time to time by the Exchange and the Book Depository and that it will maintain such certification for so long as the relevant Physical Diamond stands in the form of a Product to the credit of its Depository Account. The Member shall provide evidence of such certification to the Book Depository during the term of these Rules;
- (i) it is not and will not be, and no person involved with the Member (including its Customer) is or will be, engaged in any activity relating to “conflict diamonds” or any activity in contravention of any applicable anti-money laundering and/or countering of terrorism financing regulation, proliferation financing and/or sanctions regulations in force in any jurisdiction and all payments made and all Physical Diamonds deposited and/or held in the form of Products are not “conflict diamonds” and do not represent and/or relate to, or facilitate, the retention or control of proceeds, property, funds or investments derived from or used in connection with any conflict activities, money laundering and/or terrorism financing activities, proliferation financing activities and/or sanctioned activities;
- (j) the entry into and performance of obligations under these Rules do not and will not breach any applicable law, its constitutional documents or any agreement binding upon it; and
- (k) the information it has supplied or may from time to time supply in connection with and under these Rules is true, complete, up to date and in full force and effect.

Attachment A

Fit and Proper Criteria

The Fit and Proper Criteria specified herein has been derived from the standards required in the Guidelines on Fit and Proper Criteria (applicable, *inter alia*, to a holder of a capital markets services licence).

- A. The following persons (each a “**Relevant Person**”) are required to meet the fit and proper criteria:
- (a) each Member;
 - (b) the partners / directors / chief executive officer / manager / substantial shareholders of each Member; and
 - (c) the Registered Persons of each Member.
- B. The criteria for considering whether a Relevant Person is fit and proper include, but are not limited to, the following:
- (a) honesty, integrity and reputation;
 - (b) competence and capability;
 - (c) financial soundness.
- C. With respect to a Member, to establish that it is fit and proper, the Member should satisfy the Exchange and the Book Depository that:
- (a) it and each of its directors, partners, shareholders, beneficial owners, chief executive officer and manager satisfies the fit and proper criteria; and
 - (b) it has in place appropriate recruitment policies, adequate internal control systems and procedures that would reasonably ensure that the persons that it employs, authorises or appoints to act on its behalf as its Registered Persons meet the fit and proper criteria.
- D. Where a Relevant Person fails to meet to meet any one of the criteria set out in paragraph B above, or there is any adverse information about such person (including any adverse information in connection with the questions set out below), it is for the Member to satisfy the Exchange and the Book Depository that such person meets the fit and proper criteria.

Honesty, Integrity and Reputation

1. Within the past 10 years, has the Relevant Person, whether the Relevant Person is an individual or a corporation, (including the corporation’s related corporations),

	Yes	No
(a) been licensed, registered or approved under any law in any jurisdiction which requires licensing, registration or approval in relation to any regulated activity (including the trading of commodities or commodity contracts)?		

<p>(b) been licensed, registered or approved under any law in any jurisdiction which requires licensing or registration in relation to trading commodities or commodity contracts?</p>		
<p>(c) been licensed, registered, or otherwise authorised by law to carry on any trade, business (including sole proprietorships and partnerships) or profession (including, accountancy, engineering, law and architecture) in any jurisdiction?</p>		
<p>(d) been a shareholder of any corporation which holds membership of any class or description of any operator of a market or clearing facility in any jurisdiction?</p>		
<p>(e) carried on business under any name other than the name stated in this application in any jurisdiction?</p>		
<p>(f) been refused the right or restricted in its or his right to carry on any trade, business or profession for which a specific licence, registration or other authorisation is required by law in any jurisdiction?</p>		
<p>(g) been issued a prohibition order under any Act administered by the Monetary Authority of Singapore (the "Authority"), IE Singapore or been prohibited from operating in any jurisdiction by any regulatory authority?</p>		
<p>(h) been censured, disciplined, suspended or refused membership or registration by the Authority, IE Singapore, any other regulatory authority, an operator of a market or clearing facility, any professional body or government agency, whether in Singapore or elsewhere?</p>		
<p>(i) been the subject of any complaint made reasonably and in good faith, relating to activities that are regulated by the Authority, IE Singapore or under any law in any jurisdiction?</p>		
<p>(j) been the subject of any proceedings of a disciplinary or criminal nature (including any tax offence) or been notified of any potential proceedings or of any investigation which might lead to those proceedings, under any law in any jurisdiction?</p>		

<p>(k) been convicted of any offence (including any tax offence), served any term of imprisonment or is being subject to any pending proceedings which may lead to a conviction of any offence (including any tax offence), under any law in any jurisdiction?</p>		
<p>(l) had any civil penalty enforcement action taken against it or him by the Authority, IE Singapore or any other regulatory authority (including any tax authority) under any law in any jurisdiction?</p>		
<p>(m) contravened or abetted another person in breach of any laws or regulations (including any tax law or regulation), business rules or codes of conduct, whether in Singapore or elsewhere?</p>		
<p>(n) been the subject of any investigations (including any tax-related investigation) or disciplinary proceedings or been issued a warning or reprimand by the Authority, IE Singapore, any other regulatory authority (including any tax authority), an operator of a market or clearing facility, any professional body or government agency, whether in Singapore or elsewhere?</p>		
<p>(o) been refused a fidelity or surety bond, whether in Singapore or elsewhere?</p>		
<p>(p) been or is a director, partner, substantial shareholder or concerned in the management of a business that has been censured, disciplined, prosecuted or convicted of a criminal offence (including any tax offence), or been the subject of any disciplinary or criminal investigation or proceeding (including any tax-related investigation or proceeding), whether in Singapore or elsewhere, in relation to any matter that took place while he was a director, partner, substantial shareholder or concerned in the management of the business?</p>		
<p>(q) been or is a director, partner, substantial shareholder or concerned in the management of a business that has been suspended or refused membership or registration by the Authority, IE Singapore, any other regulatory authority, an operator of a market or clearing facility, any professional body or government agency,</p>		

	whether in Singapore or elsewhere?		
(r)	been a director, partner, substantial shareholder or concerned in the management of a business that has gone into insolvency, liquidation or administration during the period when, or within a period of one year after, he was a director, partner, substantial shareholder or concerned in the management of the business, whether in Singapore or elsewhere?		
(s)	been dismissed or asked to resign from office, employment, a position of trust, or a fiduciary appointment or similar position, whether in Singapore or elsewhere?		
(t)	been or is subject to disciplinary proceedings by his current or former employer(s), whether in Singapore or elsewhere?		
(u)	been disqualified from acting as a director or disqualified from acting in any managerial capacity, whether in Singapore or elsewhere?		
(v)	been an officer found liable for an offence (including any tax offence) committed by a body corporate as a result of the offence having proved to have been committed with the consent or connivance of, or neglect attributable to, the officer, whether in Singapore or elsewhere?		

2. Has the Relevant Person, whether the Relevant Person is an individual or a corporation, (including the corporation's related corporations),

	Yes	No
(a) had any judgment (in particular, that associated with a finding of fraud, misrepresentation or dishonesty) entered against it or him in any civil proceedings or is a party to any pending proceedings which may lead to such a judgment, under any law in any jurisdiction?		
(b) accepted civil liability for fraud, misrepresentation or dishonesty under any law in any jurisdiction?		

Financial Soundness

3. Within the past 10 years, has the Relevant Person, whether the Relevant Person is an individual or a corporation, (including the corporation's related corporations),

	Yes	No
(a) been or is unable to fulfill any of its or his financial obligations, whether in Singapore or elsewhere?		
(b) entered into a compromise or scheme of arrangement (including a debt repayment scheme) with its or his creditors, or made an assignment for the benefit of its or his creditors, being a compromise, scheme of arrangement or assignment that is still in operation, whether in Singapore or elsewhere?		
(c) been or is subject to a judgment debt which is unsatisfied, either in whole or in part, whether in Singapore or elsewhere?		
(d) been or is the subject of a bankruptcy petition, whether in Singapore or elsewhere?		
(e) been adjudicated a bankrupt and the bankruptcy is undischarged, whether in Singapore or elsewhere?		
(f) been or is the subject of a winding up petition, whether in Singapore or elsewhere?		
(g) been dissolved or is in the course of being wound-up, whether in Singapore or elsewhere?		
(h) been or is a corporation where a receiver, receiver and manager, judicial manager, or such other person having the powers and duties of a receiver, receiver and manager, or judicial manager, has been appointed in relation to, or in respect of any property of, the corporation, whether in Singapore or elsewhere?		
(i) been or is subject to any other process outside Singapore that is similar to those referred to in (d)-(h)?		

Attachment B

Code of Conduct

- A. The following persons are required to comply with the Code of Conduct:
- (a) each Member; and
 - (b) each Registered Person.
- B. A Member or Registered Person shall not:
- (a) use the Member's facilities or Membership privileges (or permit such use by another person (including another Member or Registered Person)) in a manner that impairs the dignity of the Exchange and the Book Depository or otherwise brings the Exchange and the Book Depository into disrepute, or creates a market or other situation detrimental to the Exchange and the Book Depository, or effectuates or attempts market manipulations or market misconduct;
 - (b) engage in any conduct (whether by action or omission) which impairs the dignity of the Exchange and the Book Depository or otherwise brings the Exchange and the Book Depository into disrepute;
 - (c) engage in any conduct (whether by action or omission) which is substantially detrimental to the interest of the Exchange and the Book Depository;
 - (d) refuse to comply with an order of the Exchange and the Book Depository, the Disciplinary Committee or the Appeals Committee made under these Rules;
 - (e) fail to investigate or address Customers' complaints promptly, effectively and independently and/or to ensure that such complaints are resolved fairly and reasonably;
 - (f) in its dealings with the Exchange, the Book Depository, the Disciplinary Committee, the Appeals Committee or other Members, commit any fraudulent or dishonest act or any act of bad faith;
 - (g) act in a dishonourable or uncommercial manner;
 - (h) provide any information, record or document to the Exchange, the Book Depository, the Disciplinary Committee or the Appeals Committee which is false or misleading in a material particular, or does not use due care to ensure that the information, record or document is not false or misleading in a material particular.
 - (i) make, or cause to be made, a false or misleading entry in any books, records, reports, slips, documents or statements relating to the business, affairs, transactions, conditions, assets or accounts of the Member;
 - (j) omit from making a material entry in any books, records, reports, slips, documents or statements relating to the business, affairs, transactions, conditions, assets or accounts of the Member or causes such entry to be omitted;

- (k) alter, abstract, conceal or destroy any books, records, reports, slips, documents or statements relating to the business, affairs, transactions, conditions, assets or accounts of the Member, or any entry in the same;
- (l) make use of or disclose any confidential information obtained by reason of participating in any investigative proceeding or hearing under these Rules without obtaining written consent from the Exchange, the Book Depository, the Disciplinary Committee or the Appeals Committee (as the case may be);
- (m) refuse to appear before the Exchange, the Book Depository, the Disciplinary Committee or the Appeals Committee at a duly convened hearing or in connection with any investigation under these Rules; or
- (n) refuse to fully answer all questions or produce all relevant information, books, records or documents in relation to any audit, hearing or investigation by the Exchange, the Book Depository, the Disciplinary Committee or the Appeals Committee.