

**VOLUNTARY CODE OF CONDUCT FOR  
AUTHENTICATING CANADIAN DIAMOND CLAIMS**

**CANADIAN DIAMOND CODE COMMITTEE  
(CDCC)  
STANDARD OPERATING PROCEDURES**

**Revised April 2014**

## Table of Contents

1. CDCC Board of Directors .....	4
1.1 CDCC Structure .....	4
1.2 Board of Directors.....	4
1.3 Board Non-voting participants.....	4
1.4 Trade Associations.....	4
1.5 Consumer Representative .....	5
1.6 Responsibilities of the CDCC.....	5
1.7 CDCC Directors Selection Process.....	5
1.8 CDCC Directors.....	5
1.9 Associate Signatories (Non-voting).....	7
1.10 Advisory members (non-voting) .....	7
1.11 Observer Members (Non-voting) .....	7
1.12 Executive Roles and Responsibilities.....	7
1.13 CDCC Directors .....	8
1.14 Meetings .....	8
1.15 Quorum.....	9
1.16 Participating Directors Meetings by Electronic Means.....	9
1.17 Committees.....	9
1.18 Indemnities to Directors and Others and Insurance.....	9
2. Meeting of Members .....	10
2.1 Persons Entitled to be Present.....	10
2.2 Calling and Place of Members' Meetings.....	10
2.3 Waiving Notice .....	11
2.4 Chair of the Meeting .....	11
2.5 Votes to Govern .....	11
2.6 Show of Hands.....	11
2.7 Ballots .....	11
3. Corporate Seal .....	12
4. Financial Reporting .....	12
4.1 Monthly Financial Reports .....	12
4.2 Annual Financial Report.....	12
4.3 Signing Authorities .....	12
5. Code Signatory Registry.....	12
6. Trade Complaint Procedure.....	13
6.1 Acceptance of Complaints by the CDCC .....	13
6.2 Procedure for Accepted Complaints .....	13
6.3 Corrective Action.....	14
7. Consumer Complaint Procedure.....	14
7.1 Acceptance of complaints by the CDCC .....	14
7.2 Procedure for Accepted Complaints .....	15
7.3 Corrective Action.....	16

8. Canadian Diamond Authentication Process .....	16
8.1 Information Required.....	16
8.2 Cost-recovery for Request .....	16
8.3 Time Limit for Making a Request .....	16
8.4 Request Response Time.....	16
8.5 Failure to Authenticate a Canadian Diamond Representation.....	17
8.6 General.....	17
8.7 Typical Steps.....	17

# **1. CDCC Board of Directors**

## **1.1 CDCC Structure**

1.1.1 The CDCC was incorporated on June 26th 2013. It is governed by a board of directors that will ideally consist of representatives from all the segments of the diamond pipeline. The board of directors is to work on the basis of consensus.

## **1.2 Board of Directors**

1.2.1 The CDCC should have a minimum of 8 directors but not more than 18 directors. Should a vote be required, a simple majority defined as 50% of the directors present plus one will be sufficient. Directors will come from the following segments of the Canadian diamond industry:

1.2.1.1 Mining

1.2.1.2 Rough diamonds

1.2.1.3 Cutters and polishers

1.2.1.4 Polished diamond traders

1.2.1.5 Jewellery manufacturers

1.2.1.6 Trade associations

1.2.1.7 Retailers – chains

1.2.1.8 Retailers – independent

1.2.1.9 Retailers – dot-com

1.2.1.10 Consumer representative

1.2.1.11 Other diamond industry stakeholders as approved by the CDCC (consultants, bankers, etc.)

## **1.3 Board Non-voting participants**

1.3.1 At the Board of Directors' meetings the following participants are non-voting:

1.3.1.1 Code signatories when invited

1.3.1.2 Associate signatories when invited

1.3.1.3 Advisors as determined by the Board from time to time

1.3.1.4 Observers as determined by the Board from time to time

## **1.4 Trade Associations**

1.4.1 Representatives of the jewellery trade associations can be directors of the CDCC. They are not required to be a signatory of the Code.

## **1.5 Consumer Representative**

- 1.5.1 It is desirable that one of the directors of the CDCC be a consumer representative. The consumer representative shall come from a nationally recognised consumer group. The Consumer representative can be a voting CDCC director but is not required to be a signatory of the Code.

## **1.6 Responsibilities of the CDCC**

- 1.6.1 The CDCC directors are responsible for the following:
- 1.6.1.1 Administering the Code office and authentication process.
  - 1.6.1.2 Creating stakeholder awareness regarding their responsibilities under the Code.
  - 1.6.1.3 Recommend changes to the Code.
  - 1.6.1.4 Promotion of the Code

## **1.7 CDCC Directors Selection Process**

### **1.7.1 Executive**

- 1.7.1.1 The Executive is composed of three directors with the support of one administrative assistant.

- 1.7.1.1.1 President
- 1.7.1.1.2 Secretary
- 1.7.1.1.3 Treasurer

- 1.7.1.2 The term of office is two years.

- 1.7.1.3 Every two years the positions are voted at a Board meeting of the CDCC as follows:

- 1.7.1.3.1.1 The election is advised and nominations called for by the president at least two weeks prior to the meeting.
- 1.7.1.3.1.2 The President, Secretary and Treasurer have to have been a director of the CDCC for one year to provide continuity
- 1.7.1.3.1.3 At the following meeting each of the positions is voted for.
- 1.7.1.3.1.4 The vote is a simple majority open vote of the CDCC directors present.

## **1.8 CDCC Directors**

- 1.8.1 The CDCC will attempt to have one but not more than two directors to represent the interests of each of the following segments of the diamond industry:

- 1.8.1.1 Mining
- 1.8.1.2 Rough diamond traders
- 1.8.1.3 Cutters and polishers
- 1.8.1.4 Polished diamond traders
- 1.8.1.5 Jewellery manufacturers
- 1.8.1.6 Trade associations
- 1.8.1.7 Retailers – chains
- 1.8.1.8 Retailers – independent
- 1.8.1.9 Retailers – dot-com
- 1.8.1.10 Consumer representative
- 1.8.1.11 Other diamond industry stakeholders as approved by the CDCC (consultants, bankers, etc.)

1.8.2 The term of office of directors is four years. Each with a maximum of two consecutive terms as per By-Law Article 5.1. Each director's term of office shall commence as of the date of the CDCC Annual General Meeting (AGM) where such directors are elected and continue for a period of four years. Any director wishing to withdraw or resign from the CDCC prior to expiry of his/her elected term may do so upon notice in writing (including email) to the Secretary. If through resignation, removal or other causes the size of the CDCC Board of Directors is reduced to less than eight (8) directors, excluding any non-voting participants, the Board of Directors shall, by a majority vote, appoint sufficient members to return the Board of Directors to a minimum of eight (8) directors. The term of such appointment shall end at the AGM of the CDCC. Efforts should be made in order to stagger the appointment of directors to avoid too many leaving at the same time in order to maintain continuity and some degree of corporate knowledge.

1.8.3 When a segment has no representative, all CDCC members from that segment are invited to volunteer to represent their segment. The Board will advise those members about the vote six weeks prior to the vote. All submissions must be made three weeks prior to the AGM. Volunteers must meet the following criteria:

- 1.8.3.1 Be a member in good standing.
- 1.8.3.2 Have access to the Internet and email.
- 1.8.3.3 Be willing to provide their time and effort at no cost.
- 1.8.3.4 Be willing to attend AGM usually held in Ottawa or Toronto.
- 1.8.3.5 Respect the confidentiality agreement signed upon joining the CDCC.
- 1.8.3.6 Declare any conflict of interest that may arise at any time.
- 1.8.3.7 Familiarize themselves with the Code and any issues surrounding the Code.
- 1.8.3.8 Seek prior approval of the President for any public or media representation of the Code or CDCC.

1.8.4 Directors are voted by the members at the AGM. A Nominating Committee selected by the Board will prepare nominations as required.

1.8.5 The vote is a simple majority open vote of the CDCC members present at the AGM.

### **1.9 Associate Signatories (Non-voting)**

1.9.1 Associate Code signatories are defined as gemmological laboratory stakeholders who have paid their dues and are in compliance with minimum requirements of the Code. This Associate Signatory stakeholder sector may have at least one non-voting representative sit on the CDCC as an advisor as approved by the Board of Directors.

### **1.10 Advisory members (non-voting)**

1.10.1 Advisory members are appointed at the grace of the supportive Ministry. The Board of Directors will endeavour to have a representative from the following departments:

1.10.1.1 Industry Canada (Competition Bureau)

1.10.1.2 Natural Resources Canada

1.10.1.3 The Royal Canadian Mounted Police

1.10.1.4 Others as required

### **1.11 Observer Members (Non-voting)**

1.11.1 The Board of Directors, at its discretion, can allow a representative of a stakeholder group to attend Board of Directors meetings as observers.

### **1.12 Executive Roles and Responsibilities**

1.12.1 The President will:

1.12.1.1 Chair all meetings of the Board.

1.12.1.2 Be the "voice" of the organization.

1.12.1.3 With the advice of the Treasurer, be responsible for the financial management of the CDCC office.

1.12.1.4 With the advice of the Executive be responsible for the day to day administrative running of the CDCC and the CDCC office.

1.12.1.5 Be the media spokesperson of the CDCC.

1.12.2 The Treasurer will:

1.12.2.1 Monitor Code expenditures in line with the approved budget.

1.12.2.2 Maintain along with the CDCC office administrator the books, records and accounts of the CDCC.

1.12.2.3 Work with the President on budget proposals.

1.12.3 The Secretary will:

- 1.12.3.1 Maintain along with the CDCC office administrator the minutes of all meetings.

1.12.4 CDCC Office Administrator will:

- 1.12.4.1 Maintain the books, records and accounts of the CDCC and prepare monthly financial statements.
- 1.12.4.2 Sort and distribute mail, email, etc. and update the website as necessary.
- 1.12.4.3 Maintain the Signatory Registry.
- 1.12.4.4 Ensure records of the CDCC are kept in an orderly fashion.
- 1.12.4.5 Carry out authentication requests with supporting documentation.
- 1.12.4.6 Provide general administration for CDCC.
- 1.12.4.7 Provide consumers and trade with additional information.

**1.13 CDCC Directors**

- 1.13.1 All directors are required to participate in a minimum of 50% of CDCC meetings/conference calls unless provided with leave of absence by the Board. Also if a director is absent from three consecutive board meeting that director could be disqualified in accordance with By-law Number 1, article 5.3 (f) unless provided with leave of absence by the Board.
- 1.13.2 All directors are required to respect the confidentiality agreement signed upon joining the CDCC.
- 1.13.3 All directors are required to declare any conflict of interest that may arise at any time.
- 1.13.4 All directors are expected to familiarize themselves with the Code and any issues surrounding the Code.
- 1.13.5 Any public or media representation of the CDCC by an individual director shall be with prior approval of the President.

**1.14 Meetings**

- 1.14.1 The CDCC Board of Directors will meet on a quarterly basis with at least one face to face meeting per calendar year (normally at the AGM). The other meetings may be by conference call.
- 1.14.2 Additional meetings may be called on the recommendation of the Executive.
- 1.14.3 The CDCC will conduct an Annual General Meeting (AGM) to review the past year, make necessary amendments to the Code, elect directors, review the past year financials and select the accounting firm to produce the Notice to Readers or Financial Review.
- 1.14.4 The President may appoint a director to act as Chair.



## **1.15 Quorum**

- 1.15.1 A majority of the number of directors fixed from time to time to comprise the Board, but in any case not less than a majority of the minimum number of directors required by the Articles, shall constitute a quorum for meetings of the Board.

## **1.16 Participating Directors Meetings by Electronic Means**

- 1.16.1 If a majority of the directors consents thereto generally or in respect of a particular meeting, a director may participate in a meeting of the Board or of a committee of the Board by means of such conference telephone or other communications facilities to which each director has equal access to permit all persons participating in the meeting to hear and communicate with each other. A director participating in a meeting by such means is deemed to be present at the meeting; provided that, at the outset of each such meeting and whenever votes are required, the chairperson of the meeting shall call roll to establish quorum. If the chairperson of the meeting is not satisfied that the proceedings of the meeting may proceed with adequate security and confidentiality, then, unless a majority of the directors participating in such meeting otherwise require, the chairperson may adjourn the meeting to a pre-determined date, time and place. In such meetings, the secretary of the meeting shall record the results of all votes and communicate the results in a manner so that all persons participating in the meeting shall know the results.

## **1.17 Committees**

- 1.17.1 The Board may from time to time appoint any committee or other advisory body, as it deems necessary or appropriate for such purposes and, subject to the *Canada Not-for-profit Corporations Act*, with such powers as the Board shall see fit. Any such committee may formulate its own rules of procedure, subject to such regulations or directions as the Board may from time to time make. Any committee member may be removed by resolution of the Board.

## **1.18 Indemnities to Directors and Others and Insurance**

### **1.18.1 Indemnities**

- 1.18.1.1 Subject to the limitations contained in the *Act*, but without limiting the right of the Corporation to indemnify any individual to the fullest extent permitted by law, every present and former director and officer of the Corporation and his or her heirs, executors, administrators, or other legal personal representative and his or her estate and effects, respectively, shall from time to time and at all times, be indemnified and saved harmless by the Corporation from and against all costs, charges and expenses including an amount paid to settle an action or satisfy a judgment, reasonably

incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the Corporation or other entity provided the individual to be, indemnified:

- 1.18.1.2 acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the Corporation's request; and
- 1.18.1.3 in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, had reasonable grounds for believing that their conduct was lawful.

#### **1.18.2 Advance of Costs**

- 1.18.2.1 The Corporation may advance money to a director, an officer or other individual for the costs, charges and expenses of a proceeding referred to in Section 7.1. The individual shall repay the money if the individual does not fulfill the conditions of Section 1.

#### **1.18.3 Insurance**

- 1.18.3.1 The Corporation may purchase and maintain insurance for the benefit of an individual referred to in Section 7.1 against any liability incurred by the individual (a) in the individual's capacity as a director or an officer of the Corporation; or (b) in the individual's capacity as a director or an officer, or in a similar capacity, of another entity, if the individual acts or acted in that capacity at the Corporation's request.

## **2. Meeting of Members**

### **2.1 Persons Entitled to be Present**

- 2.1.1 The only persons entitled to be present at a meeting of members shall be those entitled to vote at the meeting, the directors and the public accountant of the Corporation and such other persons who are entitled or required under any provision of the *Act*, Articles or By-laws of the Corporation to be present at the meeting. Any other person may be admitted only on the invitation of the person presiding as chair of the meeting or by ordinary resolution of the members.

### **2.2 Calling and Place of Members' Meetings**

- 2.2.1 The Board or a member of the Executive shall have power to call, at any time, a general meeting of the members of the Corporation. Subject to compliance with section 159 of the *Act*, meetings of the members may be held at any place within

Canada determined by the Board or, if all of the members entitled to vote at such meeting so agree, outside Canada.

### **2.3 Waiving Notice**

2.3.1 A member and any other person entitled to attend a meeting of members may in any manner and at any time, whether before or after the meeting of members in respect of which the waiver is to apply, waive notice of a meeting of members, and attendance of any such person at a meeting of members is a waiver of notice of the meeting, except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

### **2.4 Chair of the Meeting**

2.4.1 The president will chair a meeting of the members. In the event that the president is absent, the members who are present and entitled to vote at the meeting shall choose an individual to chair the meeting. The president, if present at the meeting of members, may choose a non-member instead of himself or herself to be the chair presiding at the meeting.

### **2.5 Votes to Govern**

2.5.1 At any meeting of members every question shall, unless otherwise provided by the Articles or By-laws or the *Act*, be determined by a majority of the votes cast on the question. In case of an equality of votes either on a show of hands or on a ballot or on the results of electronic voting, the question is lost. The chair of the meeting, if otherwise entitled to vote, shall not have a second or casting vote in the case of an equality of votes.

### **2.6 Show of Hands**

2.6.1 Subject to the *Act* and this By-law, except where a ballot is demanded, voting on any question proposed for consideration at a meeting of members shall be by show of hands, and a declaration by the chair of the meeting as to whether or not the question or motion has been carried and an entry to that effect in the minutes of the meeting shall, in the absence of evidence to the contrary, be evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the motion. Those participating by telephone will need to state their vote.

### **2.7 Ballots**

2.7.1 For any question proposed for consideration at a meeting of members, either before or after a vote by show of hands has been taken, the chair of the meeting, or any member may demand a ballot, in which case the ballot shall be taken in such manner as the

chair of the meeting directs and the decision of the members on the question shall be determined by the result of such ballot.

### **3. Corporate Seal**

- 3.1.1 The Corporation may have a corporate seal in the form approved from time to time by the Board. If a corporate seal is approved by the Board, the Code Administrator of the Corporation shall be the custodian of the corporate seal.

### **4. Financial Reporting**

#### **4.1 Monthly Financial Reports**

- 4.1.1 Monthly financial reports will be prepared by the CDCC Office under the guidance of the treasurer. They will be distributed quarterly to the CDCC Board of Directors.

#### **4.2 Annual Financial Report**

- 4.2.1 The CDCC annual financial review will be done by the accountant chosen by the CDCC members at the AGM.
- 4.2.2 The year end is December 31st.
- 4.2.3 The accountant's report will be made available as per the By-Law Number 1, Article 1.4.

#### **4.3 Signing Authorities**

- 4.3.1 Along with the President, Secretary and Treasurer, the Board appoints other signing authorities from the CDCC and the administration office.
- 4.3.2 Two of these authorities must sign all cheques.
- 4.3.3 Any purchase over \$1000.00 must be approved by the Board.

### **5. Code Signatory Registry**

- 5.1.1 Code Signatories agreed to be bound by the minimum requirements outlined in the Code.
- 5.1.2 The Registry of Code Signatories will be maintained in the CDCC Office.
- 5.1.3 Code Signatories may choose whether or not to be posted on the Registry on the Code website at [www.canadiandiamondcodeofconduct.ca](http://www.canadiandiamondcodeofconduct.ca).

## **6. Trade Complaint Procedure**

### **6.1 Acceptance of Complaints by the CDCC**

- 6.1.1 All complaints to the CDCC must be received in writing, either by letter or email.
- 6.1.2 The identity of the Complainant is kept confidential.
- 6.1.3 The complaint (in writing) must contain the following information:
  - 6.1.3.1 The nature of the complaint;
  - 6.1.3.2 Supporting documentation/evidence of non-compliance with the Code;
  - 6.1.3.3 Full name and address of the Signatory in question;
  - 6.1.3.4 Full name, address, telephone number and email address of the Complainant, including the contact name.
- 6.1.4 The Executive will review the received written complaint and assess whether it appears to violate the Code.
- 6.1.5 If the complaint appears to violate the Code, the Board will open a file and proceed as per 6.2.
- 6.1.6 If the complaint appears not to violate the Code, the Board, in writing, will inform the Complainant of their assessment of the complaint.
- 6.1.7 If the Complainant wishes to provide further substantiating evidence of the complaint, the Board will re-assess the complaint upon receipt of such new information in writing.
- 6.1.8 If upon receipt of new information the Board assesses the complaint as valid it will proceed as per 6.2.
- 6.1.9 If upon receipt of new information the Board assesses the complaint as not sufficiently substantiated, the Complainant will be informed in writing of the reasons for the Board's decision.

### **6.2 Procedure for Accepted Complaints**

- 6.2.1 Once a file has been opened, the Code Administrator will inform the Signatory in question in writing that a complaint has been made to the Board. The letter will include the nature of the complaint.
- 6.2.2 In the letter the Board will request an explanation or evidence to the contrary showing compliance with the Code. The letter will be sent Priority Courier/Registered mail.
- 6.2.3 The Signatory will be given three weeks (15 business days) to respond. This response must also be written.
- 6.2.4 The signatory will be warned in the letter that if a written response is not received within 15 business days, he or she will be removed from the Code Registry and a formal complaint may be filed with the Competition Bureau.
- 6.2.5 All subsequent pertinent information, including phone calls and emails, will be documented and put in the file.
- 6.2.6 If a written response has not been received within 15 business days the Board will remove the Signatory in question from the Code Registry and from the Code web site

- and may file a formal complaint with the Competition Bureau. The Board will send a letter to the Code Signatory requesting that they remove all Code marketing and point of sale material from their premises and return it to the CDCC.
- 6.2.7 Upon receipt of a response from the Signatory in question, the Board will assess the information provided and either, inform the Signatory in writing the file has been closed or, that their submission is insufficient to show compliance with the Code and seek further corrective measure(s). All letters will be sent Priority Courier.
  - 6.2.8 If the initial Signatory's submission was insufficient and the Signatory has provided further evidence of compliance, the Board will evaluate the additional information provided it is received within 15 business days of the date on the letter from the Board.
  - 6.2.9 Upon written receipt of additional evidence, the Board will assess the compliance to the Code and either inform the Signatory, in writing, the file has been closed or that the evidence is insufficient and that therefore they have been suspended from the Code Registry and a formal complaint may be laid by the Board with the Competition Bureau.
  - 6.2.10 If other Signatories or consumers inquire regarding the status of the Signatory in question during the investigation, the Code office will inform them that this Signatory is under investigation.
  - 6.2.11 Following the investigation, if other Signatories or consumers inquire regarding the status of the Signatory, the Code office will inform them of the Signatory's status.
  - 6.2.12 The Complainant will be informed in writing of the outcome of their complaint.

### **6.3 Corrective Action**

- 6.3.1 If the Signatory in question is found in non-compliance, and therefore suspended from the Code Registry, they may reapply to the Board in writing showing their non-compliance was not deliberate and demonstrating the corrective action they have taken to rectify the situation and prevent its re-occurrence.

## **7. Consumer Complaint Procedure**

### **7.1 Acceptance of complaints by the CDCC**

- 7.1.1 All complaints to the CDCC must be received in writing, either by letter or email.
- 7.1.2 The complaint (in writing) must contain the following information:
  - 7.1.2.1 the nature of the complaint;
  - 7.1.2.2 supporting documentation/evidence of non-compliance with the Code;
  - 7.1.2.3 full name and address of the Signatory in question;
  - 7.1.2.4 full name, address, telephone number and email address of the consumer.
- 7.1.3 The Executive will review the received written complaint and assess whether it appears to violate the Code.

- 7.1.4 If the complaint appears to violate the Code, the Board will open a file and proceed as per 7.2.
- 7.1.5 If the complaint appears not to violate the Code, the Board, in writing, will inform the consumer of their assessment of the complaint.
- 7.1.6 If the consumer wishes to provide further substantiating evidence of the complaint, the Board will re-assess the complaint upon receipt of such new information in writing.
- 7.1.7 If upon receipt of new information the Board assesses the complaint as valid it will proceed as per 7.2.
- 7.1.8 If upon receipt of new information the Board assesses the complaint as not sufficiently substantiated, the consumer will be informed in writing of the reasons for the Board's decision.

## **7.2 Procedure for Accepted Complaints**

- 7.2.1 Once a file has been opened, the Board will notify the Signatory in question in writing that a complaint has been made to the Board. The letter will include a summary of the consumer's complaint.
- 7.2.2 The Board will also acknowledge the consumer complaint in writing and copy the consumer on all correspondence to the Signatory.
- 7.2.3 In the letter the Board will request an explanation or evidence to the contrary showing compliance with the Code. The letter will be sent Priority Courier/Registered mail.
- 7.2.4 The Signatory will be given three weeks (15 business days) to respond.
- 7.2.5 This response must also be written. The signatory will be warned in the letter that if a written response is not received within 15 business days, he or she will be removed from the Code Registry and a formal complaint may be filed with the Competition Bureau.
- 7.2.6 All subsequent pertinent information, including phone calls and emails, will be documented and put in the file.
- 7.2.7 If a written response has not been received within 15 business days the Board will remove the Signatory in question from the Code Registry and from the Code web site and may file a formal complaint with the Competition Bureau.
- 7.2.8 Upon receipt of a response from the Signatory in question, the Board will assess the information provided and either, inform the Signatory in writing the file has been closed or, that their submission is insufficient to show compliance with the Code and seek further corrective measure(s). All letters will be sent Priority Courier.
- 7.2.9 If the initial Signatory's submission was insufficient and the Signatory has provided further evidence of compliance, the Board will evaluate the additional information provided it is received within 15 business days of the date on the letter from the Board.
- 7.2.10 Upon written receipt of additional evidence, the Board will assess the compliance to the Code and either inform the Signatory, in writing, the file has been closed or that the evidence is insufficient therefore they have been suspended from the Code Registry and a formal complaint may be laid by the CDCC with the Competition Bureau. The Board will send a letter to the Code Signatory requesting that they

- remove all Code marketing and point of sale material from their premises and return it to the CDCC.
- 7.2.11 If other Signatories or consumers inquire regarding the status of the Signatory in question during the investigation, the Code office will inform them that this Signatory is under investigation.
  - 7.2.12 Following the investigation, if other Signatories or consumers inquire regarding the status of the Signatory, the Code office will inform them of the Signatory's status.
  - 7.2.13 The consumer will be informed in writing of the outcome of their complaint.

### **7.3 Corrective Action**

- 7.3.1 If the Signatory in question is found in non-compliance, and therefore suspended from the Code Registry, they may reapply to the Board in writing showing their non-compliance was not deliberate and demonstrating the corrective action they have taken to rectify the situation and prevent its re-occurrence.

## **8. Canadian Diamond Authentication Process**

### **8.1 Information Required**

- 8.1.1 A person may request an authentication of a Canadian diamond claim by calling the toll-free Canadian Diamond Authentication hotline number.
- 8.1.2 The person must provide the following:
  - 8.1.2.1 the Diamond Identification Number (DIN);
  - 8.1.2.2 if available, the name and address of the retailer where the diamond/jewellery was purchased, the retailer's invoice number and the date of the invoice;
  - 8.1.2.3 the polished diamond description;
  - 8.1.2.4 the name and contact details of the person requesting authentication, and payment of a cost-recovery fee.

### **8.2 Cost-recovery for Request**

- 8.2.1 A cost-recovery fee for this authentication process will be payable by the person making the request.

### **8.3 Time Limit for Making a Request**

- 8.3.1 A request for authentication should be made within five years of purchasing the diamond.

### **8.4 Request Response Time**



- 8.4.1 A person making the request should receive an answer to his/her request within thirty days. If not, a letter or email must be sent to the requesting person advising him/her of the extension.

## **8.5 Failure to Authenticate a Canadian Diamond Representation**

- 8.5.1 If an authentication request cannot be fulfilled because the origin of the diamond(s) cannot be traced to a Canadian mine, the Executive may refer the matter to the Competition Bureau.

## **8.6 General**

- 8.6.1 There are a number of parties involved between the retailer of jewellery containing diamonds and the mines where the diamonds came from. The number of parties will vary depending on the nature of those parties. Some companies buy directly from mines, cut and polish the diamonds and set them into their own lines of jewellery. Others deal through a number of brokers and/or distributors.

- 8.6.2 Although it is impossible to describe in exact detail the route followed by diamonds, the following list illustrates the many possible steps involved:

- 8.6.2.1 a mine produces the rough diamonds;
- 8.6.2.2 the rough diamonds are sold to core customers through a marketing agent;
- 8.6.2.3 the core customers sell to rough diamonds brokers and manufacturers;
- 8.6.2.4 the brokers sell rough diamonds to manufacturers;
- 8.6.2.5 the manufacturers sell polished diamonds to polished diamonds brokers;
- 8.6.2.6 the polished diamond brokers sell to jewellery manufacturers;
- 8.6.2.7 the jewellery manufacturers sell to international distributors of jewellery;
- 8.6.2.8 the international distributors sell to regional distributors;
- 8.6.2.9 the regional distributors sell to retailers;
- 8.6.2.10 the retailers sell to customers.

- 8.6.3 Additional steps could be involved if the diamonds are sent to be cleaned by a specialist, cut, partly polished, laser engraved, etc. In tracing the paper trail of a particular piece of jewellery, the Board will need to exercise common sense to ensure an unbroken trail back to the mine of origin.

## **8.7 Typical Steps**

- 8.7.1 Each authentication request will receive a file number assigned by the Code office in which a paper trail will be kept of all steps in the authentication process.
- 8.7.2 The following describes the typical steps that would be followed to authenticate Canadian diamond claims:

- 8.7.3 Step 1. The consumer contacts the Code Office by utilizing the 1-800 number.
- 8.7.4 Step 2. The consumer is asked to provide the description of all laser markings and the four C's supplied by the retailer. This includes the carat weight, colour, clarity, and any proportion information (cutting grade), as well as the shape of the diamond. The description must delineate which diamond grading system (i.e. GIA, AGS, HRD) was used. The detail of the retailer's dated and numbered invoice to the consumer should also be provided if available.
- 8.7.5 Step 3. The Code Office contacts the retailer to determine the source of the piece of jewellery or diamond. The Code Office contacts the source of the jewellery or diamond to confirm that indeed the piece in question was sold to the retailer and that it meets the minimum standard of the Code. The source of jewellery is asked to provide his source of the jewellery or diamond.
- 8.7.6 Step 4. The Code Office contacts the participant that has pre-registered the associated laser-marking scheme. The Code participant confirms the diamond description, and provides to the Code Office the name of the cutter/polisher that cut and polished the diamond, the production number assigned to the diamond, the invoice number of the cutter/polisher and the date of purchase. The Code participant (if not a retail merchant who has registered a trademark with the Code Office) also provides the Code Office with the details of the merchant who purchased that diamond.
- 8.7.7 Step 5. The Code Office contacts the cutter and polisher (manufacturer) providing either the laser markings from step number 2 and/or the production number from step number 4. The four C's acquired from the Consumer are withheld. The Manufacturer provides the Code Office with the four C's supplied to the retailer, which confirms the stone. For the purposes of this step of the process, 'cut' would refer to shape of the cut and polished diamond. The Manufacturer provides additional information as follows: who they purchased the rough from, the parcel description, the invoice number and date of purchase and the unique parcel number from which the rough diamond crystal came.
- 8.7.8 Step 6. The Code Office contacts the Marketing Facility confirming the unique parcel number for the rough diamond, the invoice number and date of sale of the rough diamond and the name of the purchasing client. The Marketing Facility also provides the Code Office with the mining company's official shipment documentation information.
- 8.7.9 Step 7. The Code Office contacts the Mining Operator and confirms the official documentation information from step number 6, the date of sale and name of the purchasing client.

8.7.10 Step 8. The Code Office will confirm or not confirm by letter to the consumer or the laboratory the authentication request.

**NOTE:** There will be instances when the Marketing Agent and the Producer are one and the same or when the Cutter and Polisher and the laser marking registrant are one and the same. The information being acquired and confirmed will be the same although fewer contacts will be required. It is anticipated that most authentications will determine that the Code is being followed and therefore should often only require the main steps outlined above.