

**BYLAWS  
OF  
AMERICAN GEM TRADE ASSOCIATION, INC.**

**BACKGROUND**

The Certificate of Incorporation of American Gem Trade Association, Inc. (the “**Corporation**”) was filed on April 6, 1981 with the Department of State of the State of New York (the “**Certificate of Incorporation**”) for the purpose of forming a corporation under Section 402 of the New York Not-for-Profit Corporation Law.

These Bylaws of American Gem Trade Association, Inc. (these “**Bylaws**”) hereby consolidate, amend, restate, replace and supersede in their entirety the Corporation’s existing Bylaws, as previously amended, and the Corporation’s Constitution, as previously amended.

These Bylaws shall have been approved by at least two thirds (66.67%) of the Board of Directors as required by Article II, Section 2 of the existing Bylaws of the Corporation before submitting these Bylaws to the membership for approval. These Bylaws shall become effective immediately upon the execution by the Corporation’s Secretary of the Certificate below, certifying the adoption of these Bylaws by the positive vote of at least two thirds (66.67%) of the Firm Members who voted in person or by proxy at a special meeting of the members of the Corporation conducted for such purpose.

**ARTICLE I**

**Name and Rules**

The name of the Corporation is American Gem Trade Association, Inc. The rules contained in the then current edition of Robert’s Rules of Order Newly Revised shall govern the Corporation in all cases to which they are applicable and in which they are not inconsistent with applicable law, the Certificate of Incorporation, these Bylaws or any special rules of order, which the Corporation may adopt from time to time.

**ARTICLE II**

**Purposes**

**Section 1**

**General Purposes**

This Corporation is a not-for-profit corporation organized under the New York Not-for-Profit Corporation Law for the general purposes provided in the Certificate of Incorporation.

## Section 2

### Specific Purposes

This Corporation is a trade association that *primarily* represents the interests of wholesale dealers of natural colored gemstones, cultured pearls and natural pearls in the United States and Canada, and to further such interests, this Corporation's specific purposes include, but are not limited to, the following:

- A. Increasing volumes of business, enhancing commerce and improving sales of the Corporation's members;
- B. Promoting, maintaining and perpetuate the highest possible ethical standards among the Corporation's members within the natural colored gemstone, cultured pearl and natural pearl industries;
- C. Establishing closer communications among all segments of the natural colored gemstone, cultured pearl and natural pearl industries and related industries;
- D. Educating the Corporation's members of the natural colored gemstone, cultured pearl and natural pearl industries and related industries in order to expand their knowledge of natural colored gemstones, cultured pearls and natural pearls;
- E. Creating a greater awareness and knowledge of natural colored gemstones, cultured pearls and natural pearls and acting as a source of information to the Corporation's members, related industries and consumers; and
- F. In pursuit of the above mentioned purposes, protecting the natural colored gemstone, cultured pearl and natural pearl industries, related industries and the ultimate consumer from fraud, abuse, misrepresentation and deceptive advertising.

## ARTICLE III

### Definitions

As used in these Bylaws, the following terms shall have the following meanings:

A. The term "**Advisory Member**" means any person, including the CEO and the Immediate Past President, who is permitted pursuant to these Bylaws to attend and participate in meetings of the Board of Directors, but who is not entitled to vote in any vote of the Board of Directors. An Advisory Member is not a director.

B. The term "**Affiliate Member-at-Large**" means any individual or Entity (who is not an Affiliate Retail Member or a Student Affiliate Member) *primarily* engaged in the natural colored gemstone, cultured pearl and/or natural pearl industry-related business in the United States or Canada for the period of at least two (2) years

immediately preceding the date on which its Membership Application is submitted to the Corporation.

C. The term “**Affiliate Retail Member**” means any individual or Entity primarily engaged in retailing mounted or un-mounted natural colored gemstones or in an industry-related business in the United States or Canada for the period of at least two (2) years immediately preceding the date on which its Membership Application is submitted to the Corporation.

D. The term “**Board of Directors**” means the board of directors of the Corporation.

E. The term “**Charter Member**” means an Entity whose membership was accepted at the organizational meetings of the Corporation held in Tucson, Arizona, during February 1981. Each Charter Member is a Firm Member and shall have all rights and privileges of a Firm Member.

F. The term “**CEO**” means the chief executive officer employed by the Corporation, as described in Article VII herein.

G. The term “**Entity**” means any partnership, joint venture, limited partnership, corporation, professional corporation, professional association, limited liability company, limited liability partnership, trust, unincorporated organization or association.

H. The term “**Financial Interest**” means an actual or potential ownership or investment interest or compensation arrangement, which a person has, directly or indirectly, through business, investment or family, in any Entity with which the Corporation is considering a transaction or arrangement.

I. The term “**Firm Member**” means an Entity who has been recognized by the Corporation as a Firm Member or a Charter Member. In order to be recognized as a Firm Member, the Firm Member must have been engaged in the natural colored gemstone, cultured pearl and/or natural pearl industry in the United States or Canada (i) for a period of at least five (5) years; AND (ii) specifically during the period of at least two (2) years immediately preceding the date on which its Membership Application is submitted to the Corporation, the Entity both (a) has maintained a permanent office of its own in the United States or Canada for purposes of conducting commerce; AND (b) has had at least fifty percent (50%) percent of its sales (in U.S. dollars) in un-mounted natural colored gemstones, cultured pearls and natural pearls at the wholesale level. Unless otherwise provided herein, each reference in these Bylaws to Firm Members shall additionally include Charter Members.

J. The term “**gemstone**” means a naturally occurring mineral possessing the qualities of beauty, rarity and durability and the chemical composition and physical properties of a specific mineral species.

K. The term “**Honorary Member**” means any person, selected by the Board of Directors, who has made a meaningful contribution to the growth and/or improvement of the natural colored gemstone industry. The Board of Directors shall not select more than two (2) Honorary Members in any calendar year.

L. The term “**Independent Director**” means any director who (i) has not been an employee of the Corporation or an affiliate of the Corporation in the preceding three (3) years and has no Relative who has been an employee of the Corporation or an affiliate of the Corporation in the preceding three (3) years; (ii) has not received (and has no Relatives who have received) in the preceding three (3) years more than \$10,000 in compensation from the Corporation or an affiliate of the Corporation (other than reimbursable expenses or reasonable compensation for director services); and (iii) is not a current employee of or does not have a substantial financial interest in (and does not have a Relative who is a current employee of or has a substantial financial interest in) any entity that has made payments (not including charitable contributions) to or received payments (not including charitable contributions) from the Corporation or an affiliate of the Corporation for property or services in an amount which, in the preceding three (3) fiscal years, exceeds the lesser of \$25,000 or two percent (2%) of the Corporation’s consolidated gross revenues.

M. The term “**Interested Person**” means any of the following persons or Entities, which have a direct or indirect financial interest in a transaction or arrangement under consideration by the Corporation: (i) any Officer, director or committee member of the Corporation; (ii) the CEO or any other employee of the Corporation; (iii) any Relative of any Officer, director or committee member of the Corporation, the CEO or any other employee of the Corporation; or (iv) any Entity in which any person described in clauses (i), (ii) or (iii) of this definition has a thirty-five percent (35%) or greater ownership or beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of five percent (5%).

N. The term “**Internal Revenue Code**” means the Internal Revenue Code of 1986, as amended from time to time, or to corresponding provisions of any future Federal tax code.

O. The term “**Membership Application**” means an application for membership in the Corporation in a form prescribed from time to time by the Membership Committee.

P. The term “**natural**” means material found in or on the earth formed completely by nature, without human intervention, except cutting, carving and/or polishing. If it has been enhanced in any other manner by human action including, but not limited to, color and/or clarity enhancement, such treatment shall not affect its classification of natural origin; provided, however, that such treatment must be fully and properly disclosed.

Q. The term “**Relative**” of a person means his or her (i) spouse, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren; and (ii) his or her domestic partner as defined in Section 2994-a(7) of the New York Public Health Law.

R. The term “**retail**” means the sale of goods to the public in relatively small quantities for use or consumption rather than for resale.

S. The term “**Standing Rules**” means the standing rules of the Corporation, as the same are adopted, revised or modified by the Board of Directors from time to time hereafter; provided, however, that notwithstanding the foregoing, (i) such rules relate to the administration of the Corporation rather than parliamentary procedure; and (ii) while such rules are not intended to conflict with these Bylaws, in case of any conflict, whether actual or perceived, between a standing rule and a provision contained in these Bylaws, the provision contained in these Bylaws shall govern and control for all purposes.

T. The term “**Student Affiliate Member**” means any person involved in a, formal study of gemology including natural colored gemstones, cultured pearls and natural pearls.

U. The term “**wholesale**” means the business of selling things in quantity to other businesses (rather than to consumers or end users) usually for resale.

## **ARTICLE IV**

### **Membership**

The Corporation shall have members. A prospective member shall submit to the Membership Committee (defined below) a signed application for membership in a form prescribed from time to time by the Membership Committee. The signed membership application shall be processed as provided herein.

#### **Section 1**

##### **Classes and Qualifications of Membership**

The Corporation has the following six (6) classes of membership:

- A. Charter Member;
- B. Firm Member;
- C. Affiliate Retail Member;
- D. Affiliate Member-at-Large;

- E. Honorary Member; and
- F. Student Affiliate Member.

The Board of Directors shall from time to time prescribe qualifications, protocols and requirements for membership in the Corporation, including requirements for the admission of new members and for the revocation or loss of membership for members who do not remain in good standing. Such membership qualifications, protocols and requirements shall be specified in the Standing Rules, as amended from time to time.

## **Section 2**

### **Benefits of Membership**

The Board of Directors shall from time to time prescribe the benefits, if any, of members of the Corporation.

## **Section 3**

### **Election of New Members**

After receiving the advice and recommendation of the Membership Committee, the Board of Directors shall vote on the qualified applicants for membership in the Corporation. In order to be elected as a new member of the Corporation, an applicant must receive the positive vote of at least a majority of a quorum of the Board of Directors. Upon an applicant's election as a new member of the Corporation, the Board of Directors shall specify the new member's membership class.

## **Section 4**

### **No Discrimination**

Membership in the Corporation shall not be denied because of race, creed, sex, color or religious belief.

## **Section 5**

### **Voting Rights**

Only Firm Members possess voting rights. Each Firm Member shall cast no more than one (1) vote on any given issue. No members of any membership class other than Firm Member shall have any voting rights or be entitled to vote, except that a member of any membership class who is serving on a committee of the Corporation shall be entitled to vote on any action required or permitted to be taken by such committee.

## **Section 6**

### **Membership Dues**

Annual dues for all classes of membership shall be in such amount as may be specified from time to time by the Board of Directors. The annual dues shall be payable in accordance with the payment schedule provided in the Standing Rules. The Secretary shall revoke in writing the membership of any member who does not timely pay its annual dues in accordance with such payment schedule. If a member's membership is revoked for not timely paying its annual dues, then such member may reapply for membership in the Corporation after payment of all amounts due to the Corporation. A new member who is elected as a member after January 1 of any year shall pay prorated annual membership dues for such partial year based on the actual number of days from the date such member was elected through December 31 of such year or as otherwise provided in the Standing Rules as then in effect.

## **Section 7**

### **Resignation by Member**

Any member may resign from the Corporation by giving thirty (30) days written notice of resignation addressed to the Corporation's current address. A member shall be considered as having resigned in good standing if all financial obligations owed by the member to the Corporation have been paid and there are no pending ethical complaints against the member which have not been resolved. No dues previously paid by the member to the Corporation shall be refunded to the member if the member resigns from the Corporation.

## **Section 8**

### **Expulsion of Member**

Provided that not less than three-fourths (75%) of all fifteen (15) directors (less any director vacancies) are present at the meeting, the Board of Directors may by the positive vote of at least two thirds (66.67%) of the directors who are present, either acting upon the recommendation of a committee or on the Board of Directors own initiative, terminate the membership of and expel a member who is deemed to be detrimental to the best interest of the Corporation. No vote taken pursuant to this Section 8 of Article IV shall be by secret ballot. The votes cast by each director in any vote taken pursuant to this Section 8 of Article IV shall be specifically recorded in the minutes of the meeting of the Board of Directors. If such vote to expel the member passes, then the Corporation shall give the member a written expulsion notice, which shall be addressed to the member at its most recent address shown in the Corporation's records and delivered no less than thirty (30) days prior to the effective date of expulsion. The expulsion notice shall be accompanied by a statement that the expulsion is for cause and specifying the cause and the effective date of the expulsion. The member's expulsion shall occur on the effective date specified in the expulsion notice unless the expelled member, prior to such effective date of expulsion, delivers to the President a written request for a hearing before the Board of Directors. Such hearing request must be in writing, signed by the member and

delivered by certified mail addressed to the President and received by the President no later than the effective date of expulsion. Upon receipt of the member's request for a hearing, the President shall schedule the hearing for the next regularly scheduled meeting of the Board of Directors and notify the member and the Board of Directors of the date, time and place of the hearing. The member's failure to appear at the scheduled hearing shall be considered sufficient grounds to uphold the expulsion, which shall thereupon become final, binding and conclusive. A member who requests a hearing shall continue to be entitled to exercise all membership privileges until the hearing occurs and the matter is resolved by the Board of Directors. A member who has been expelled shall not be relieved of any financial obligations owed by the member to the Corporation. To overturn and rescind a previous vote to expel a member, not less than three-fourths (75%) of all fifteen (15) directors (less any director vacancies) must be present and at least two thirds (66.67%) of the directors who are present must vote to rescind the expulsion vote and to reinstate the membership of the member who was the subject of the prior expulsion vote.

## **Section 9**

### **Membership Is Nonassessable**

Membership in the Corporation shall be considered nonassessable.

## **Section 10**

### **Original Rights and Privileges**

No amendment to these Bylaws, which amends or modifies any of the requirements, criteria, definitions or classes of membership in the Corporation shall affect, limit or modify the membership rights of any person or Entity, who is a member in good standing at the time such amendment or modification was adopted. An existing member in good standing of the Corporation shall continue to enjoy the benefits and privileges of the class of membership in which such person or Entity became a member as long as such member continues to meet the membership requirements, criteria and definitions of such class, which were in effect on the date such person or Entity became a member of such class.

## **Section 11**

### **Transfer or Other Disposition of Membership**

The Standing Rules shall specify all requirements, restrictions and prohibitions applicable to any sale, transfer, assignment or other disposition, whether voluntary or involuntary, of any member's membership in the Corporation, whether during an individual member's lifetime or upon or after his or her death, including, but not limited to, any transfer, assignment or other disposition (i) by operation of law; (ii) upon the death, disability or divorce of any individual member; (iii) merger or consolidation of an Entity member with or into another Entity; (iv) bankruptcy, termination, dissolution or business cessation of an Entity member; (v) by court order; or (vi) by judicial process. The Corporation shall waive the requirement that an Entity



applying for membership as a Firm Member must, during the period of at least two (2) years immediately preceding the date on which its Membership Application is submitted to the Corporation, maintain a permanent office of its own in the United States or Canada for purposes of conducting commerce and have had at least fifty percent (50%) percent of its sales (in U.S. dollars) in un-mounted natural colored gemstones, cultured pearls and natural pearls at the wholesale level if the Entity applying for membership arose or resulted from the division or separation by the equity owners of an existing Entity (which is already a Firm Member), provided such existing Entity is in existence and its membership in the Corporation is in good standing and in full force and effect. No member shall assign, transfer or otherwise dispose of all or any part of its membership without the prior written consent of the Board of Directors, which consent may be withheld or conditioned for any reason, stated or unstated, in the sole and absolute discretion of the Board of Directors.

## **ARTICLE V**

### **Officers**

#### **Section 1**

##### **Officers and Compensation**

The officers of this Corporation (collectively, the “**Officers**”) shall be the President, the First Vice-President, the Second Vice-President, the Secretary and the Treasurer. Each of the Officers, including the President, must be a Firm Member. All Officers shall serve without compensation.

#### **Section 2**

##### **Election and Term of President**

The President shall be elected by the vote of the Firm Members. If the President is elected to the office of President and at the time of such election is not a director of this Corporation, then in such case the President shall serve as a director *ex officio*. The term of office of the President shall be three (3) consecutive years or until the President’s successor is duly elected. The President shall not serve more than two (2) consecutive terms of three (3) years each, except that if the President is elected to serve the remaining term of the Immediate Past President, then nothing contained herein shall restrict or prohibit such President from serving two (2) consecutive three (3) year terms in addition to the remaining term of the Immediate Past President. The President shall not also be an employee of the Corporation. In case of the death, disability, resignation or expulsion of the President, the Board of Directors shall immediately take necessary steps to conduct an election of a new President by the vote of the Firm Members.

#### **Section 3**

##### **Election and Term of Officers other than President**

In order to be elected as an Officer (other than the President), the Officer must be a director. Each Officer other than the President shall be elected from within the Board of Directors at its annual February meeting for a one (1) year term. The President shall present a slate of nominees for Officers (other than President) at the annual February meeting of the Board of Directors meeting. In addition thereto, at such annual February meeting any director shall be entitled to nominate for election as an Officer (other than President) either (i) himself or herself; or (ii) one (1) other director who has not already been at such annual February meeting elected and seated as an Officer. No individual can be elected to, or serve as, both the President and Secretary at the same time. Each Officer (other than the President) shall be elected by a majority vote of the directors at the annual February meeting provided a quorum is present. The election of Officers shall be by secret ballot. If there are two (2) or more persons nominated for election as an Officer (other than President), then the nominee receiving the highest number of votes shall be declared the winner and seated immediately. The President shall be entitled to vote in the election of Officers. In case of a vacancy in any office (other than President), the President shall nominate a director, who is not then serving as an Officer, to fill the vacancy. If the President's nominee is approved by a majority vote of the directors at which a quorum is present, then such nominee shall thereupon hold such office until such Officer's successor is duly elected by the directors at the next annual February meeting of the Board of Directors.

## **Section 4**

### **Duties of Officers**

A. President: The President shall serve as Chair of the Board of Directors. The President shall preside at all meetings of the members of the Corporation. The President shall call the meetings of the Board of Directors. The President shall call the meetings of the members of the Corporation. The President shall serve as a member *ex officio* of all committees of the Corporation other than the Nominations Committee. The President shall NOT be a member of the Nominations Committee. In addition to the duties specified above, the President shall perform such other duties as are incident thereto.

B. First Vice-President: The First Vice-President shall serve as the Vice Chair of the Board of Directors. The First Vice-President shall assume the duties of the President at any meeting of the Board of Directors or the members of the Corporation at which the President is absent. The First Vice-President shall, following the death, disability, resignation or expulsion of the President, serve as the acting President, with all rights and powers of the office of President, until a new President shall be elected by the vote of the Firm Members. In addition to the duties specified above, the First Vice-President shall perform such other duties as are incident thereto.

C. Second Vice President: The Second Vice-President shall assume the duties of the First Vice-President at any meeting of the Board of Directors or the members of the Corporation at which the First Vice-President is absent. The Second Vice-President shall, following the death, disability, resignation or expulsion of the First

Vice-President, serve as the acting First Vice-President, with all rights and powers of the office of First Vice-President, until a new First-Vice President shall be elected by the vote of the Board of Directors. In addition to the duties specified above, the Second Vice-President shall perform such other duties as are incident thereto.

D. Secretary: The Secretary shall keep and maintain minutes of the meetings of the Board of Directors and minutes of the meetings of the members of the Corporation. In addition to the duties specified above, the Secretary shall perform such other duties as are incident thereto.

E. Treasurer: The Treasurer shall supervise and control the keeping of all accounts and books of the Corporation and its business, financial statements and financial affairs. The Treasurer shall cause such accounts and books to be summarized and presented to the Board of Directors and to the members of the Corporation at least once each year. The Treasurer shall at all reasonable times make available to the Officers and Board of Directors all of the Corporation's accounts, books and financial statements for inspection and copying. In addition to the duties specified above, the Treasurer shall perform such other duties as are incident thereto.

## **Section 5**

### **Removal of Officer other than President**

Provided that not less than three-fourths (75%) of all fifteen (15) directors (less any director vacancies) are present at the meeting, the Board of Directors may by the positive vote of at least two thirds (66.67%) of the directors who are present, remove from office, with or without cause, any Officer other than the President. No vote taken pursuant to this Section 5 of Article V shall be by secret ballot. The votes cast by each director in any vote taken pursuant to this Section 5 of Article V shall be specifically recorded in the minutes of the meeting of the Board of Directors. If the vote to remove such Officer from office passes, then the Board of Directors shall give such Officer a written removal notice, which shall be addressed to such Officer's most recent address shown in the Corporation's records and delivered no less than thirty (30) days prior to the effective date of the removal from office. The removal notice shall be accompanied by a statement that the removal from office is for cause and specifying the cause and the effective date of the removal from office. The removal of such Officer from office shall occur on the effective date specified in the expulsion notice unless the Officer, prior to such effective date of the removal, delivers to the President a written request for a hearing before the Board of Directors. Such hearing request must be in writing, signed by the Officer and delivered by certified mail addressed to the President and received by the President no later than the effective date of the removal. Upon receipt of the Officer's request for a hearing, the President shall schedule the hearing for the next regularly scheduled meeting of the Board of Directors and notify the Officer and the Board of Directors of the date, time and place of the hearing. The Officer's failure to appear at the scheduled hearing shall be considered sufficient grounds to uphold the removal from office, which shall thereupon become final, binding and conclusive. Following a hearing, in order to overturn and rescind a previous vote to remove such Officer from officer, not less than three-fourths (75%) of all fifteen (15) directors (less any director

vacancies) must be present and at least two thirds (66.67%) of the directors who are present must vote to rescind the removal vote and to reinstate the Officer to the office from which he or she was removed.

## **Section 6**

### **Removal of President**

Provided that all fifteen (15) directors (less any director vacancies) are present at the meeting of the Board of Directors, the Board of Directors, after discussing the removal of the President, may by the positive vote of at least three-fourths (3/4ths) of the directors who are present, authorize and direct the CEO to prepare a proxy statement to be delivered to all Firm Members who are in good standing and call a special meeting of the members of the Corporation to vote on the removal of the President from office. In connection with any proposed removal of the President from office, the Board of Directors shall assure that the President is afforded due process rights, such as notice and an opportunity to be heard before the vote on the removal of the President by the Board of Directors, to the extent such rights are required by the applicable law of the State of New York. The proxy statement shall contain sufficient information to allow the Firm Members to make an informed vote on such removal at a special meeting of the members conducted for such purpose. The proxy statement shall include the date, time and place of the meeting of the members and information on the revocability of a proxy, voting procedures and any other details relevant to the removal vote. The special meeting shall pertain solely to the vote to remove the President from office and/or the vote to simultaneously remove the President as a director from the Board of Directors and no other business shall be considered or conducted at the special meeting. The proxy statement shall not include any proposition, proposal or referendum. The Board of Directors may, but shall not be obligated to, require the CEO to include with the proxy statement a written explanation approved by a majority vote of the directors at a Board of Directors meeting at which a quorum is present explaining the reason for removing the President from office. Following the approval of the proxy statement by a majority vote of the Board of Directors, the CEO shall promptly mail the proxy statement and the call for the special meeting to all members of the Corporation. Following the collection of the votes cast at the special meeting by Firm Members and the proxy holders thereof, the CEO shall, in the presence of at least two (2) Firm Members, count such votes. Any vote not cast at the special meeting by Firm Members and the proxy holders thereof shall be ineligible, null and void and shall not be counted or considered for any purpose. The removal of the President from office specified in the proxy statement must be approved at the special meeting by the positive vote of the Firm Members and the proxy holders thereof of at least a majority of the Firm Members who voted at the special meeting. After the votes have been counted, the CEO shall certify in writing to the Board of Directors the results of the vote, whereupon the Board of Directors shall authorize the CEO to announce the results to the members of the Corporation. If the requisite majority of the Firm Members and the proxy holders thereof vote to remove the President, then the removal shall be effective as of the date on which the CEO certifies the results of the vote to the Board of Directors, and the Secretary or the CEO shall promptly give the President a written notice of removal addressed to his or her most recent address shown in the Corporation's records.

A. If the President was elected to the office of President and was not already serving as a director, then in such case the President is serving as a director *ex officio*, and provided that the removal vote is approved by the requisite majority of Firm Members, then a vote to remove the President from office shall also automatically remove the President as the director *ex officio* from the Board of Directors and he or she shall thereupon no longer be entitled serve as the director *ex officio*.

B. If the President was elected to the office of President while already serving as a director, and provided that the removal vote is approved by the requisite majority of Firm Members, then a vote solely to remove the President from office shall not remove or be deemed or construed to remove the President as a director from the Board of Directors and he or she shall continue to serve as a director until the end of his or her term as a director; provided, however, that nothing contained in this Section 6.B of Article V shall restrict or prohibit the Firm Members from voting not only to remove the President from office, but also to remove the individual as a director from the Board of Directors.

## **ARTICLE VI**

### **Board of Directors**

The Board of Directors of the Corporation shall consist of either (i) fifteen (15) directors elected as provided herein, if the President was elected to the office of President while already serving as a director; or (ii) fourteen (14) directors elected as provided herein and the President, serving as a director *ex officio*, if at the time the President was elected to the office of President, the President was not a director of this Corporation. In addition, the CEO and the Immediate Past President shall serve as Advisory Members. At the request of the President, one (1) or more other Past Presidents may also serve as Advisory Members.

### **Section 1**

#### **Election of Directors and Term Limits**

Directors shall be elected by the Firm Members from a list of nominees as provided herein. At least three (3) directors shall be elected each year at the annual meeting of the members of the Corporation on the second Tuesday of September; provided, however, that notwithstanding the foregoing, if these Bylaws are adopted by the positive vote of at least two thirds (66.67%) of the Firm Members voting in person or by proxy at a special meeting of the members of the Corporation conducted in 2014 for such purpose, then the 2014 annual meeting of the members of the Corporation to elect directors shall be conducted on a date, which is not less than thirty (30) days and not more than fifty (50) days after the date on which the CEO certifies to the Board of Directors the results of such vote on these Bylaws as required pursuant to Article XII hereof and thereafter, beginning in 2015, the annual meeting of the members of the Corporation to elect directors shall be conducted on the second Tuesday of September of each year. The term of office of a director shall commence at the annual February meeting of the Board of Directors immediately following the date on which the director was elected and continue for a period of three (3) consecutive years.

A. A director shall not serve more than three (3) consecutive terms of three (3) years each, except that if a director is elected to serve the remaining term of a previously elected director, then nothing contained herein shall restrict or prohibit such director from serving three (3) consecutive three (3) year terms in addition to the remaining term of the previously elected director.

B. After a director has been elected for and served three (3) consecutive terms of three (3) years, as permitted pursuant to these Bylaws, such person shall be automatically disqualified and ineligible to serve as a director for a period of two (2) consecutive years.

C. If a director, who is otherwise qualified and eligible to serve another consecutive term as a director, chooses not to be nominated for or stand for election as a director, then such person shall be automatically disqualified and ineligible to serve as a director for a period of two (2) consecutive years.

D. If a director, who is otherwise qualified and eligible to serve another consecutive term as a director, is nominated for election as a director, but is not elected, then such person shall be automatically disqualified and ineligible to serve as a director for a period of two (2) consecutive years.

In case of a vacancy of a director on the Board of Directors, the President shall nominate a Firm Member, who is not then serving as a director, to fill the vacancy. If the President's nominee is approved by a majority vote of the directors at a meeting of the Board of Directors at which a quorum is present, then such nominee shall thereupon serve as a director until his or her successor is duly elected in the next election of directors by the Firm Members.

## **Section 2**

### **Meetings of the Board of Directors**

A. Regular meetings of the Board of Directors shall be held at least twice each year, one of which meetings shall be the annual February meeting and the other of which shall be the annual June meeting. In addition to regular meetings, special meetings may be called at any time by (i) the President; (ii) a majority vote of the Executive Committee at any meeting of the Executive Committee at which a quorum is present; or (iii) any three (3) directors.

B. Unless otherwise restricted by the Certificate of Incorporation, any action required or permitted to be taken by the Board of Directors may be taken without a meeting if all directors consent to the adoption of a resolution authorizing the action. Such consent may be written or electronic. If the consent is written, the consent must be executed by the director by either executing such consent or causing the director's signature to be affixed to such consent by any reasonable means including, but not limited to, facsimile signature. If the consent is electronic, the transmission of the

consent must be sent by electronic mail and set forth, or be submitted with, information from which it can reasonably be determined that the transmission was authorized by the director. The resolution and the written consents thereto by the directors shall be filed with the minutes of the proceedings of the Board of Directors.

C. Unless otherwise restricted by the Certificate of Incorporation, any one or more directors who are not physically present at a meeting of the Board of Directors may participate by means of a conference telephone or similar communications equipment or by electronic video screen communication. Participation by such means shall constitute presence in person at a meeting as long as all persons participating in the meeting can hear each other at the same time and each director can participate in all matters before the Board of Directors including, but not limited to, the ability to propose, object to, and vote on a specific action to be taken by the Board of Directors.

D. Regular meetings of the Board of Directors may be held without notice if the time and place of such meetings are fixed by these Bylaws or by the Board of Directors. Special meetings of the Board of Directors shall be held upon notice to the directors. The Secretary or the CEO shall send to all directors, including directors and the Advisory Members, written notice of the date, time and place of each regular or special meeting at least ten (10) days prior to the date of any regular meeting and at least two (2) business days prior to the date of any special meeting. The notice of any meeting shall be addressed to the director at its most recent address shown in the Corporation's records. A notice, or waiver of notice, need not specify the purpose of any regular meeting or special meeting of the Board of Directors, provided that to the extent reasonably practicable under the circumstances, the notice of any regular or special meeting shall include a written agenda specifying the business to be conducted during the Board of Directors meeting. Notice of a meeting of the Board of Directors need not be given to any director who submits a waiver of notice (whether before or after the meeting) or who attends the meeting without protesting (prior thereto or at the meeting's commencement) the lack of notice to him. Such waiver of notice may be written or electronic. If written, the waiver of notice must be executed by the director either executing such waiver or causing his or her signature to be affixed to such waiver by any reasonable means, including, but not limited to, facsimile signature. If electronic, the transmission of the waiver of notice must be sent by electronic mail and set forth, or be submitted with, information from which it can reasonably be determined that the transmission was authorized by the director.

### **Section 3**

#### **Quorum and Adjournment**

At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business or of any specified item of business; provided, however, that if by reason of any vacancy or vacancies in the directors or otherwise, the quorum of the directors is less than a majority of the fifteen (15) directors, then under no circumstances shall a quorum consist of less than one-third (1/3rd) of such fifteen (15) directors. At any meeting of

the Board of Directors at which a quorum is present, the positive vote of a majority of the directors who are present at such meeting shall be necessary to take action, unless otherwise expressly provided in these Bylaws or applicable law. A majority of the directors present at a meeting of the Board of Directors, whether or not a quorum is present, may adjourn such meeting to another time and place. Unless all directors were present both when any meeting of the Board of Directors was adjourned and when the time and place to which such meeting was adjourned was announced, then notice of any adjournment of a meeting of the Board of Directors to another time or place shall be given to all directors and Advisory Members, including those directors and Advisory Members who were not present at the time of the adjournment.

## **Section 4**

### **Management of Corporation**

The business and affairs of the Corporation shall be managed by the Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by applicable law, the Certificate of Incorporation or these Bylaws directed or required to be exercised and done by the Firm Members. The Board of Directors shall not take any action inconsistent with applicable law, the Certificate of Incorporation or these Bylaws. The Board of Directors shall have the power to authorize the Corporation to incur indebtedness for the purposes for which the Corporation was organized.

## **Section 5**

### **Code of Ethics**

The Board of Directors shall adopt and publish a Code of Ethics for the members of the Corporation. The Board of Directors shall be entitled to amend or modify the Code of Ethics at any time and from time to time by a majority vote of the directors at any Board of Directors meeting at which a quorum is present. The Code of Ethics may include sanctions to be imposed on members of the Corporation for violations thereof, including, but not limited to, the right of the Board of Directors to terminate the membership of and expel a member who is violating the Code of Ethics by a vote taken pursuant to Section 8 of Article IV of these Bylaws; provided, however, that notwithstanding the foregoing, no amendment or modification of the Code of Ethics shall retroactive to a date in the past for the purposes of terminating the membership of and expelling a member who is violating the Code of Ethics or enforcing any other sanctions under the Code of Ethics.

## **Section 6**

### **Removal of Director**

Provided that all fifteen (15) directors (less any director vacancies) are present at the meeting of the Board of Directors, the Board of Directors, after discussing the removal of a Director, with or without cause, may by the positive vote of at least three-fourths (3/4ths) of the directors who are present, authorize and direct the CEO to prepare a proxy statement to be



delivered to all Firm Members who are in good standing and call a special meeting of the members of the Corporation to vote on the removal from office of such Director. In connection with any proposed removal of any Director from office, the Board of Directors shall assure that the individual Director is afforded due process rights, such as notice and an opportunity to be heard before the vote on the removal of the Director by the Board of Directors, to the extent such rights are required by the applicable law of the State of New York. The proxy statement shall contain sufficient information to allow the Firm Members to make an informed vote on such removal at a special meeting of the members conducted for such purpose. The proxy statement shall include the date, time and place of the meeting of the members and information on the revocability of a proxy, voting procedures and any other details relevant to the removal vote. The special meeting shall pertain solely to the vote to remove the Director from office and no other business shall be considered or conducted at the special meeting. The proxy statement shall not include any proposition, proposal or referendum. The Board of Directors may, but shall not be obligated to, require the CEO to include with the proxy statement a written explanation approved by a majority vote of the directors at a Board of Directors meeting at which a quorum is present explaining the reason for removing the Director from office. Following the approval of the proxy statement by a majority vote of the Board of Directors, the CEO shall promptly mail the proxy statement and the call for the special meeting to all members of the Corporation. Following the collection of the votes cast at the special meeting by Firm Members and the proxy holders thereof, the CEO shall, in the presence of at least two (2) Firm Members, count such votes. Any vote not cast at the special meeting by Firm Members and the proxy holders thereof shall be ineligible, null and void and shall not be counted or considered for any purpose. The removal from office of the Director specified in the proxy statement must be approved at the special meeting by the positive vote of the Firm Members and the proxy holders thereof of at least a majority of the Firm Members who voted at the special meeting. After the votes have been counted, the CEO shall certify in writing to the Board of Directors the results of the vote, whereupon the Board of Directors shall authorize the CEO to announce the results to the members of the Corporation. If the requisite majority of the Firm Members and the proxy holders thereof vote to remove the specified Director, then the removal shall be effective as of the date on which the CEO certifies the results of the vote to the Board of Directors, and the Secretary or the CEO shall promptly give the Director who was removed from office a written notice of removal addressed to his or her most recent address shown in the Corporation's records.

## **Section 7**

### **Removal of Advisory Member**

Provided that all fifteen (15) directors (less any director vacancies) are present at the meeting of the Board of Directors, the Board of Directors may by the positive vote of at least three-fourths (3/4ths) of the directors who are present, remove from the Board of Directors any Advisory Member. No vote taken pursuant to this Section 7 of Article VI shall be by secret ballot. The votes cast by each director in any vote taken pursuant to this Section 7 of Article VI shall be specifically recorded in the minutes of the meeting of the Board of Directors. If such vote to remove an Advisory Member passes, then the removal shall be effective immediately and the Advisory Member who was removed shall thereupon excuse himself or herself from the

Board of Directors meeting. After the Board of Directors meeting, the Secretary or the CEO shall promptly give the Advisory Member who was removed a written notice of removal addressed to his or her most recent address shown in the Corporation's records.

## **Section 8**

### **Annual Acknowledgement Statement**

At the annual February meeting of the Board of Directors, after the new directors are seated and commence their terms as directors, each existing and new director shall execute and deliver to the Secretary of the Corporation a statement acknowledging such director's responsibilities and duties to the Corporation, which statement shall include the following: (i) the director shall acknowledge, by serving as a director of the Corporation and executing the statement, that he or she understands the director's role and his or her fiduciary duties and responsibilities and the director's commitment to the Corporation's members, mission and services; (ii) the director pledges, to the best of his or her ability, to diligently fulfill such fiduciary duties and responsibilities including the duties of care, loyalty, and obedience to the Corporation; (iii) the director shall comply, to the best of his or her ability, with the Certificate of Incorporation, these Bylaws, the Standing Rules and the policies adopted by the Corporation, including the Code of Ethics of the members of the Corporation and the conflict of interest policy and the whistleblower policy described in these Bylaws, as adopted and implemented by the Corporation; (iv) the director shall maintain the confidentiality of information so designated by the Corporation and release its content only with the express authorization of the Board of Directors or as required by applicable law; (v) the director shall remain well-informed of developments at the Corporation and within the natural colored gemstone, cultured pearl and natural pearl industries in the United States and Canada; (vi) the director shall make decisions as a fiduciary of the Corporation; (vii) the director shall represent the best interests of the Corporation and its members, irrespective of any special interest or geographic, demographic, or personal constituency; (viii) the director shall be thoughtful and objective in all deliberations of the Board of Directors and any committee of the Corporation or the Board of Directors on which such director serves from time to time; (ix) the director shall keep any differences of opinion or disagreements that arise impersonal; (x) the director shall diligently prepare for and participate in Board of Director meetings and meetings of the committees on which the director serves from time to time; (xi) the director shall fairly and accurately present the positions taken by the Corporation and in any instance in which the director's views differ from those of the Corporation, the director shall take care to accurately identify the Corporation's position while distinguishing it from the director's own position; and (xii) the statement shall provide that it applies throughout the duration of such director's term and/or for so long as such director continues to serve as a director of the Corporation.

## **ARTICLE VII**

### **Administration**

## **Section 1**

### **Chief Executive Officer**

The Corporation shall employ a chief executive officer (the “**CEO**”). The CEO shall be, consistent with applicable law, the Certificate of Incorporation and these Bylaws, generally in charge of the conduct, execution and management of the affairs of the Corporation, subject to (i) any directions and instructions given to the CEO by the Board of Directors; and (ii) the provisions of any written employment agreement between the Corporation, as employer, and the CEO, as employee. Notwithstanding anything to the contrary contained in these Bylaws, the CEO shall not serve as Chair of the Board of Directors or hold any other title with similar responsibilities.

The CEO’s duties and responsibilities shall include, but not be limited to (i) preparing and submitting to the Board of Directors on or before June 15 of each year an annual report and accounting of the business, activities and financial affairs of the Corporation, which accounting shall include a complete copy of the Corporation’s most recent financial statements; (ii) maintaining the permanent business records and files of the Corporation; (iii) mailing to all Firm Members who are in good standing all proxy statements and calls for meetings of the members of the Corporation (whether regular meetings or special meetings), which are authorized or approved by the Board of Directors, counting the votes taken at such meetings and certifying in writing to the Board of Directors the results of such votes; (iv) supervising and managing the publication of the Corporation’s newsletters and such other literature as may be published and distributed by the Corporation from time to time; (v) executing on behalf of the Corporation all written contracts and agreements, which have been reviewed and approved by the Board of Directors; (vi) paying from the Corporation’s available funds Corporation’s current operating expenses, including payroll of the Corporation’s employees; (vii) subject to the advice and consent of the Executive Committee, hiring the Corporation’s other employees, who shall be competent in their respective fields of expertise and capable of performing the duties and responsibilities of their respective job descriptions; (viii) subject to the control and supervision of the Treasurer, taking charge of and maintaining custody of all of the Corporation’s funds; and (ix) unless otherwise instructed by the Board of Directors, attending all meetings of the Board of Directors and the Executive Committee.

## **Section 2**

### **Other Employees**

The CEO shall, subject to the advice and consent of the Executive Committee, supervise, manage and terminate the employment of the Corporation’s other employees.

## **ARTICLE VIII**

### **Committees**

## **Section 1**

### **Committees of the Board**

The committees of the Board are as follows:

- A. Executive Committee
- B. Audit Committee

The committees of the Board may consist of three (3) or more Directors of the Corporation, and no such committee shall have authority as to the following matters: (i) the submission to Firm Members of any action requiring their approval; (ii) the filling of vacancies in the Board of Directors or any committee; (iii) the fixing of compensation of the directors for serving on the Board of Directors or on any committee; (vi) the amendment or repeal of the Bylaws or adoption of new Bylaws; or (v) the amendment or repeal of any resolution of the Board of Directors, which by its terms shall not be so amendable or repealable.

## **Section 2**

### **Executive Committee**

The Executive Committee is comprised of the five (5) Officers of the Corporation, all of whom shall be entitled to vote on any action required or permitted to be taken by the committee, and the Immediate Past President shall serve as an *ex officio* non-voting advisory member of the Executive Committee. The Executive Committee shall have only the powers articulated herein and shall not have any authority to bind the Board of Directors. The Executive Committee shall consider and make recommendations to the Board of Directors as to the matters over which the Executive Committee has jurisdiction, but is expressly not delegated the authority of the Board of Directors in these Bylaws.

- A. The Executive Committee is responsible for the oversight of the administration and employees of the Corporation.
- B. The Executive Committee shall supervise the Corporation's affairs and committees.
- C. The Executive Committee may conduct audits of the Corporation records as it deems necessary.
- D. The Executive Committee has the authority to make recommendations to the Board of Directors.
- E. The President shall serve as the Chair of the Executive Committee and is entitled to vote in all votes taken by the Executive Committee, including any unanimous consent adopting a resolution approving or authorizing any action required or permitted to be taken by the Executive Committee.

F. The President or any two (2) other members of the Executive Committee shall be entitled to call a meeting of the Executive Committee or the Board of Directors.

G. The Executive Committee is responsible for all legal affairs of the Corporation.

H. The Executive Committee shall conduct an annual review of the CEO and a review of the CEO's employment review process for the Corporation's other employees.

I. During any period of time in which the Corporation does not employ a CEO, then the President shall serve as the acting CEO unless the President does not wish to serve as the acting CEO, in which case the Board of Directors may by the positive vote of at least two thirds (66.67%) of the directors at a Board of Directors meeting at which a quorum is present, either acting upon the recommendation of the Executive Committee or on the Board of Directors own initiative, elect a Director to serve as the acting CEO. The President may not be an employee of the Corporation when acting as the CEO.

### **Section 3**

#### **Audit Committee**

The Board of Directors shall by a majority vote of the directors at a meeting at which a quorum is present designate an audit committee of the Board (the "**Audit Committee**") comprised solely of Independent Directors, which shall oversee the accounting and financial reporting processes of the Corporation and the annual audit of the Corporation's financial statements. The Audit Committee shall annually retain or renew the retention of an independent auditor (which may be an independent certified public accountant or accounting firm) to conduct the audit and upon the completion of the audit, review with the independent auditor the results of the audit, any related management letter, Form 990 to be filed with the Internal Revenue Service, and any audit report required to be furnished by the Corporation to the office of the Attorney General of the State of New York or any other agency or authority of the State of New York. In addition, the Audit Committee shall (i) review with the independent auditor the scope and planning of the audit prior to the audit's commencement; (ii) upon completion of the audit, review and discuss with the independent auditor (a) any material risks and weaknesses in internal controls identified by the auditor; (b) any restrictions on the scope of the auditor's activities or access to requested information; (c) any significant disagreements between the auditor and the CEO or other management; and (d) the adequacy of the Corporation's accounting and financial reporting processes; and (iii) annually consider the performance and independence of the independent auditor; and (iv) so long as the Audit Committee is required to perform the duties required by this Section 3 of Article VIII, a report to the Board of Directors on the Audit Committee's activities. The Audit Committee shall periodically, but no less often than every five (5) years, change the independent auditor conducting the annual audit to assure a fresh look at the Corporation's financial statements, accounting and financial reporting processes, internal controls, etc.

## Section 4

### List of Committees of the Corporation

The committees of the Corporation are as follows:

- A. Bylaws Committee
- B. Ethics and Grievance Committee
- C. Finance Committee
- D. Gemological and Industry Rules Committee
- E. Membership and Security Committee
- F. Nominations Committee
- G. Promotion, Marketing and Education Committee
- H. Spectrum Committee
- I. Trade Shows Committee

## Section 5

### Selection of Members and Officers and Committee Voting Rights

Except as otherwise provided in this Section 2 of Article VIII, all members and officers of the Committees of the Corporation (other than the Nominations Committee) shall be appointed by the President and shall serve at the pleasure of the President. The President shall have the power at any time without cause to remove any member or officer of a committee of the Corporation except for the Chair of the Nominations Committee (who shall be the Immediate Past President of the Corporation) who can be removed only for cause by a majority vote of a quorum of the Board of Directors.

A. The President shall serve as a member *ex officio* of all other committees of the Corporation other than the Nominations Committee. The President shall NOT be a member of the Nominations Committee.

B. The Immediate Past President shall serve as an *ex officio* non-voting advisory member of all committees of the Corporation except for the Nominations Committee. The Immediate Past President shall serve as the Chair of the Nominations Committee and shall be entitled to vote in all votes taken by the Nominations Committee.

C. The CEO is an *ex officio* non-voting advisory member of all committees of the Corporation except for the Nominations Committee. The CEO shall NOT be a member of the Nominations Committee or any committees of the Board.

## **Section 6**

### **Committee Officers and Members**

Excluding the Nominations Committee, each committee of the Corporation shall have (i) a Chair; (ii) at least two (2) other members, one (1) of which shall serve as the secretary of the committee; and (iii) any other members who, pursuant to the provisions of this Article VIII, shall serve as members *ex officio* of the committee. The Chair of a committee shall preside at all meetings of the committee.

## **Section 7**

### **Authority and Recommendations of Committees**

No committee of the Corporation shall have any authority to bind the Board of Directors. Each committee of the Corporation shall consider and make recommendations to the Board of Directors as to the matters over which such committee has jurisdiction.

## **Section 8**

### **Meetings of Committee**

All committees of the Corporation shall hold meetings in connection with the annual meetings of the members of the Corporation, and at such other times as may be necessary, including when a committee meeting is called by the President or the committee's Chair. The secretary of the committee shall keep written minutes of such committee's meetings and forward copies of such minutes to the Secretary of the Corporation. Unless otherwise restricted by the Certificate of Incorporation, any action required or permitted to be taken by any committee of the Corporation may be taken without a meeting if all members of the committee consent to the adoption of a resolution authorizing the action. Such consent may be written or electronic. If the consent is written, the consent must be executed by all committee members by either executing such consent or causing the committee member's signature to be affixed to such consent by any reasonable means including, but not limited to, facsimile signature. If the consent is electronic, the transmission of the consent must be sent by electronic mail and set forth, or be submitted with, information from which it can reasonably be determined that the transmission was authorized by the committee member. The resolution and the written consents thereto by the committee members shall be filed with the minutes of the proceedings of the committee. Unless otherwise restricted by the Certificate of Incorporation, any one or more members of a committee who is not physically present at a meeting of the committee may participate by means of a conference telephone or similar communications equipment or by electronic video screen communication. Participation by such means shall constitute presence in person at a meeting as long as all persons participating in the meeting can hear each other at the same time and each

committee member can participate in all matters before the committee including, but not limited to, the ability to propose, object to, and vote on a specific action to be taken by the committee. Meetings of the committee shall be held upon notice to the committee members. A notice, or waiver of notice, need not specify the purpose of any meeting of the committee. Notice of a meeting of the committee need not be given to any committee member who submits a waiver of notice (whether before or after the meeting) or who attends the meeting without protesting (prior thereto or at the meeting's commencement) the lack of notice to him. Such waiver of notice may be written or electronic. If written, the waiver of notice must be executed by the committee member either executing such waiver or causing his or her signature to be affixed to such waiver by any reasonable means, including, but not limited to, facsimile signature. If electronic, the transmission of the waiver of notice must be sent by electronic mail and set forth, or be submitted with, information from which it can reasonably be determined that the transmission was authorized by the committee member.

## **Section 9**

### **Committee Jurisdiction**

The matters over which each committee of the Corporation has jurisdiction shall be determined from time to time by the Board of Directors.

## **Section 10**

### **Nominations Committee**

The Nominations Committee shall consist of a Chair, who shall be the Immediate Past President of the Corporation and not less than three (3) Firm Members selected by such Chair. If the Immediate Past President is unable or unwilling to serve as the Chair of the Nominations Committee, then the President shall nominate a Firm Member, who is not then serving as an Officer or a director, to fill the vacancy. If the President's nominee is approved by a majority vote of the directors at which a quorum is present, then such nominee shall thereupon be the Chair of the Nominations Committee until such Chair's successor is duly replaced by the next succeeding Immediate Past President. In selecting the members of the Nominations Committee, the Chair shall attempt to assure that the composition of the Nominations Committee fairly represents the different geographical areas of the United States.

A. Nominations for President. The Nominations Committee shall prepare and present to the Board of Directors for review and approval at its annual June meeting preceding the expiration of the current President's term of office a proposed slate of nominees for the office of President. Each nominee must be a Firm Member in good standing and shall not be ineligible or disqualified to stand for election or to serve, if elected, on account of any applicable term limits contained in these Bylaws. The CEO shall be responsible for researching, identifying and reporting to the Board of Directors any applicable term limits that cause a nominee for President to be ineligible or disqualified.



B. Nominations for Director. The Nominations Committee shall prepare and present to the Board of Directors at review and approval its annual June meeting a proposed slate of nominees for director, as needed, to assure that the total number of directors (including the President) seated at the next annual February meeting of the Board of Directors will equal fifteen (15). Each nominee must be a Firm Member in good standing and shall not be ineligible or disqualified to stand for election or to serve, if elected, on account of any applicable term limits contained in these Bylaws. The CEO shall be responsible for researching, identifying and reporting to the Board of Directors any applicable term limits that cause a nominee for director to be ineligible or disqualified.

C. Approval of Nominees by Board of Directors. Provided a quorum is present at the Board of Directors meeting, any nominee on a slate presented by the Nominations Committee can be vetoed by the positive vote of at least three-fourths (3/4ths) of the directors who are present. If any slate presented by the Nominations Committee contains only one (1) nominee, then provided a quorum is present at the Board of Directors meeting, the Board of Directors shall be entitled to require the Nominations Committee to present an additional nominee on such slate by the positive vote of at least three-fourths (3/4ths) of the directors who are present. If the Board of Directors vetoes any nominee on a slate and/or if the Board of Directors votes to require the Nominations Committee to present an additional nominee, as aforesaid, then the Nominations Committee shall promptly submit to the Board of Directors for its review and approval the revised slate(s) containing new or additional nominees, as the case may be, but in no event later than August 1 to afford the CEO sufficient time to prepare the proxy statement to be mailed no later than August 10 to the Firm Members .

D. Conflict of Interest Statement and Announcement of Nominees. Following the approval by the Board of Directors of the Nominations Committee's slates (as revised, if required pursuant to Section 8.C of Article VIII), (i) the CEO shall obtain from the nominees for the President and the nominees for director, the completed and executed written statement required by Section 5 of Article XVI of these Bylaws; and (ii) the Board of Directors shall authorize and direct the CEO to announce the slate(s) of nominees to the members of the Corporation. The CEO shall make such announcement on behalf of the Board of Directors no later than August 1.

E. Additional Nominees. Additional nominees who are Firm Members in good standing and are not be ineligible or disqualified to stand for election or to serve, if elected, on account of any applicable term limits contained in these Bylaws, as determined by the Nominations Committee, will accepted and added to the slate contained in the proxy statement if (i) such nominee is nominated by a written petition duly executed by at least ten percent (10%) of all then current Firm Members who are in good standing; and (ii) the duly executed petition is delivered to the Chair of the Nominations Committee or the CEO no later than August 1. The signature of any Firm Member on a petition shall be invalid and void if such Firm Member executes more than one (1) petition for the office of President or more than one (1) petition for each opening on the Board of Directors for which nominee(s) are being nominated. Any additional

nominees must also complete, execute and return to the CEO the written statement required by Section 5 of Article XVI of these Bylaws.

F. September Meeting to Vote for Directors and President. The CEO shall, no later than August 10, mail to all Firm Members who are in good standing a proxy statement containing the final approved slate of nominees for director and, if applicable, the final approved slate of nominees for the office of President on which they or their proxy holders shall vote at the meeting of the members on the second Tuesday of September and including sufficient information to allow them to authorize a proxy to vote on their behalf at such meeting. The proxy statement shall include the date (the second Tuesday in September), time and place of the meeting of the members, and information on the revocability of a proxy, voting procedures and any other details relevant to the election vote. The members' meeting shall pertain solely to the vote on the final approved slate of nominees for director and, if applicable, the final approved slate of nominees for the office of President, and no other business shall be considered or conducted at the meeting. The proxy statement shall not include any proposition, proposal or referendum. The Board of Directors shall approve the proxy statement by a majority vote of the directors at a Board of Directors meeting at which a quorum is present, whereupon the CEO shall promptly mail the proxy statement and the notice of the meeting to all members of the Corporation.

G. Voting, Counting of Votes and Announcement of Results. At the meeting of the members on the second Tuesday of September, the Firm Members and the proxy holders thereof shall vote on the final approved slate of nominees for director and, if applicable, the final approved slate of nominees for the office of President. If, by way of example, and not by way of limitation, there are four (4) openings on the Board of Directors, then the nominees who receive the four (4) highest numbers of votes shall be the winners and seated as directors at the next annual February meeting of the Board of Directors. If there are two (2) or more nominees for the office of President, then the nominee receiving the highest number of votes shall be the winner and seated as the new President at the next annual February meeting of the Board of Directors. Following the collection of the votes cast at the meeting of the members on the second Tuesday of September by Firm Members and the proxy holders thereof, the CEO shall, in the presence of at least two (2) Firm Members, count such votes. Any vote not cast at the meeting of the members on the second Tuesday of September by Firm Members and the proxy holders thereof shall be ineligible, null and void and shall not be counted or considered for any purpose. After such votes have been counted, the CEO shall certify in writing to the Board of Directors the results of the vote, whereupon the Board of Directors shall authorize the CEO to notify the new directors and, if applicable, the new President and to announce the new directors and, if applicable, the new President to the members of the Corporation.

## **ARTICLE IX**

### **Meetings of Members**

Regular meetings of the members of the Corporation shall be held at least twice each year, one of which meetings shall be the annual February meeting and the other of which shall be the annual meeting held on the second Tuesday of September. In addition to regular meetings, special meetings may be called at any time by (i) the Board of Directors or (ii) a written petition duly executed by at least ten percent (10%) of all then current Firm Members who are in good standing and delivered to the Secretary of the Corporation or the CEO not less than sixty (60) days nor more than ninety (90) days prior to the proposed date of the meeting specified in such petition.

## **Section 1**

### **Notice of Meetings of Members**

The Secretary of the Corporation or, if requested by the Secretary, the CEO shall give all members of the Corporation notice of any meeting of the members, whether annual or special, stating the place, date and hour of the meeting, and, unless it is an annual meeting, indicating that the notice is being issued by or at the direction of the Board of Directors or such other person or persons calling the meeting. The notice of any special meeting of the members shall also state the purpose or purposes for which the meeting is called. Any notice of a meeting of the members shall be given, personally, by mail, or by facsimile telecommunications or by electronic mail to each member entitled to vote at such meeting. If the notice is given personally, by first class mail, or by facsimile telecommunications or by electronic mail, it shall be given not less than ten (10) days and not more than fifty (50) days before the date of the meeting. If the notice is mailed by any other class of mail, it shall be given not less than thirty (30) days and not more than sixty (60) days before such date. If mailed, such notice is given when deposited in the U.S. mail, with postage thereon prepaid, directed to the member at the member's address as it appears on the Corporation's record of members, or, if the member shall have filed with the Secretary a written request that notices to the member be mailed to some other address, then directed to the member at such other address. If sent by facsimile telecommunications or mailed electronically, such notice is given when directed to the member's fax number or electronic email address as it appears on the Corporation's record of members, or, to such fax number or other electronic email address as filed by the member with the Secretary; provided, however, that notwithstanding the foregoing, such notice shall not be deemed to have been given electronically (i) if the Corporation is unable to deliver two (2) consecutive notices to the member by facsimile telecommunication or electronic mail; or (ii) the Corporation otherwise becomes aware that the notice cannot be delivered to the member by facsimile telecommunications or electronic mail. An affidavit of the Secretary, the CEO or other person giving the notice or of a transfer agent of the Corporation that the notice required by this Section 1 of Article IX has been given shall, in the absence of fraud, be prima facie evidence of the facts therein stated. In addition to the foregoing notice, the Corporation shall also prominently post notice of the meeting of the members on the homepage of any website maintained by the Corporation continuously from the date the other forms of notice are delivered through the date of the meeting. The Corporation shall send notice of meetings of the members by first class mail to any member who requests in writing that such notices be delivered by such method.

## **Section 2**

### **Waiver of Notice of Meetings of Members**

Notice of a meeting of the members of the Corporation need not be given to any member who submits a waiver of notice, in person or by proxy, whether before or after the meeting. Waiver of notice may be written or electronic. If written, the waiver must be executed by the member or the member's authorized officer, director, employee or agent by signing such waiver or causing the signature of such member or the member's authorized officer, director, employee or agent to be affixed to such waiver by any reasonable means, including, but not limited to, a facsimile signature. If electronic, the transmission of the waiver must be sent by electronic mail and set forth, or be submitted with, information from which it can reasonably be determined that the transmission was authorized by the member. The attendance of any member at a meeting, in person or by proxy, without protesting prior to the conclusion of the meeting the lack of notice of such meeting, shall constitute waiver of notice by the member.

## **Section 3**

### **Proxy Voting**

A. Every member entitled to vote at a meeting of members or to express consent or dissent without a meeting may authorize another person or persons to act for such member by proxy. No proxy shall be valid after the expiration of eleven (11) months from the date thereof unless otherwise expressly provided in the proxy. Every proxy shall be revocable at the pleasure of the member executing it, except that the authority of the holder of a proxy to act shall not be revoked by the incompetence or death of the member who executed the proxy unless, before the authority is exercised, written notice of an adjudication of such incompetence or of such death is received by Secretary of the Corporation, the CEO or other Officer responsible for maintaining the Corporation's record of members. A member shall not sell his vote or issue a proxy to vote to any person for any sum of money or anything of value. A proxy which is entitled "irrevocable proxy" and which states that it is irrevocable when it is held by another member entitled to vote at a meeting of members (or a nominee thereof) pursuant to a written voting agreement executed by the member executing the irrevocable proxy, the member to whom the proxy was issued, and any other members entitled to vote at a meeting of members proving that in exercising their voting rights as members they shall vote as provided in the voting agreement, or as they may agree, or as determined in accordance with a procedure agreed upon by them; provided, however, that notwithstanding a provision in a proxy, stating that it is irrevocable, the proxy shall become revocable after the voting agreement has terminated.

B. Without limiting the manner in which a member may authorize another person or persons to act for him as proxy pursuant to Section 3.A of this Article IX, the following shall constitute a valid means by which a member may grant such authority: (i) a member may execute a writing authorizing another person or persons to act for him as proxy, and the execution thereof may be accomplished by the member or the member's

authorized officer, director, employee or agent signing such writing or causing his or her signature to be affixed to such writing by any reasonable means including, but not limited to, by facsimile signature; or (ii) a member may authorize another person or persons to act for the member as proxy by providing such authorization by electronic mail to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person, provided that any such authorization by electronic mail shall set forth information from which it can be reasonably determined that the authorization by electronic mail was authorized by the member. If it is determined that such authorization by electronic mail is valid, the inspectors or, if there are no inspectors, such other persons making that determination shall specify the nature of the information upon which they relied.

C. Any copy, facsimile telecommunication or other reliable reproduction of the writing or electronic mail created pursuant to Section 3.B of this Article IX may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

## **ARTICLE X**

### **Recommendations of Board of Directors**

The Board of Directors may from time to time, if approved by majority vote of the directors at any Board of Directors meeting at which a quorum is present, make recommendations, which it encourages the Corporation's members to follow or observe in the best interests of the Corporation and the furtherance of its goals; provided, however, that such recommendations shall not constitute or be deemed or construed to amend or modify these Bylaws and shall not be binding or mandatory on the members.

## **ARTICLE XI**

### **Seal**

The Corporation shall have a common seal, consisting of the words "The American Gem Trade Association Incorporated 1981, New York". A failure to affix the seal to corporate instruments shall not affect their validity or enforceability.

## **ARTICLE XII**

### **Amendment of Bylaws or New Bylaws**

These Bylaws can be amended or new Bylaws can be adopted only by a vote of the Firm Members voting in person or by proxy at a meeting of the members of the Corporation where the notice for the meeting has specified that proposed amendments to the Bylaws will be voted upon.

A. Any proposed amendment of these Bylaws or any new Bylaws shall be drafted in detail in consultation with the Corporation's General Counsel and/or Co-Counsel and discussed at one or more regular meetings of the Board of Directors. Any proposed amendments or new Bylaws shall comply with all applicable laws.

B. If approved by a majority vote of the directors at any Board of Directors meeting at which a quorum is present the Board of Directors shall authorize and direct the CEO to prepare a proxy statement to be delivered to all Firm Members who are in good standing and call a meeting of the members of the Corporation at which a vote on the proposed amendment of these Bylaws or any new Bylaws shall be held. The proxy statement shall contain sufficient information to allow the Firm Members to make an informed vote on the proposed amendment of these Bylaws or any new Bylaws. The proxy statement shall include the date, time and place of the meeting of the members and information on the revocability of a proxy, voting procedures and any other relevant details. The Board of Directors may, but shall not be obligated to, require the CEO to include with the proxy statement a written explanation approved by a majority vote of the directors at any Board of Directors meeting at which a quorum is present explaining proposed amendment of these Bylaws or any new Bylaws and recommending the approval thereof. The proxy statement shall not include any proposition, proposal or referendum. Following the approval of the proxy statement by a majority vote of the Board of Directors, the CEO shall promptly mail the proxy statement and the call for the special meeting to all members of the Corporation.

C. At the meeting of the members on the date specified in the proxy statement, the Firm Members and the proxy holders thereof shall vote on the proposed amendment of these Bylaws or the new Bylaws. Following the collection of the votes cast at the meeting by Firm Members and the proxy holders thereof, the CEO shall, in the presence of at least two (2) Firm Members, count such votes. Any vote not cast at the meeting by Firm Members and the proxy holders thereof shall be ineligible, null and void and shall not be counted or considered for any purpose. The proposed amendment of these Bylaws or any new Bylaws must be approved at the meeting by the positive vote of at least two thirds (66.67%) of the Firm Members who voted in person or by proxy at such special meeting. After such votes have been counted, the CEO shall certify in writing to the Board of Directors the results of the vote, whereupon the Board of Directors shall authorize the CEO to announce the results to the members of the Corporation. If the requisite majority of the Firm Members and the proxy holders thereof vote to approve the proposed amendment of these Bylaws or the new Bylaws, then such amendment or new Bylaws shall be effective as of the date on which the CEO certifies the results of the vote to the Board of Directors, and the CEO shall promptly post a true and correct copy of these Bylaws, as so amended, or the new Bylaws, as the case may be, on any website maintained by the Corporation.

## **ARTICLE XIII**

### **Distribution of Remaining Assets on Dissolution**

In the event of the dissolution of the Corporation, the remaining assets shall be distributed to one or more state education institutions and/or non-profit organizations provided that such organizations exist for the furtherance of education in gemstones or for the elevation or maintenance of the ethics among dealers in gemstones. Such distribution shall be made in such proportions and in the manner as may be determined by a majority vote of the Board of Directors and approved by a two-thirds vote of the Firm Members.

## **ARTICLE XIV**

### **Indemnification**

#### **Section 1**

##### **Mandatory Indemnification**

The Corporation shall indemnify any person who was, is or is threatened to be made a named defendant or respondent in any investigation, action, suit or proceeding, civil or criminal (a "**Proceeding**"), because such person, or a person of whom such person is the legal representative, (i) is or was an Officer, or director of the Corporation; or (ii) while an Officer, or director of the Corporation, is or was serving at the request of the Corporation as a director, officer, agent or employee of another corporation or organization, to the fullest extent that a nonprofit corporation may grant indemnification to such a person under applicable law, without subjecting the Corporation to any income or excise tax under the Internal Revenue Code of 1986, as amended, or any subsequent United States Internal Revenue law or laws.

#### **Section 2**

##### **Advancement of Expenses**

Any right to indemnification under this Article XIV shall be a contract right and shall include the right to be paid by the Corporation expenses incurred in defending such Proceeding in advance of its final disposition to the maximum extent permitted under applicable law; provided, however, that the Corporation's payment of expenses in advance of the final disposition shall be made only upon receipt of an undertaking by or on behalf of the person seeking indemnification to repay all amounts advanced if it should be ultimately determined that such person is not entitled to be indemnified under this Article XIV or otherwise. Any person who has requested an advance of expenses under this Article XIV and has not received such advance within thirty (30) days of such request, may thereafter bring suit against the Corporation to recover the unpaid amount of such claim and, if successful in whole or to a material extent, shall be entitled to be paid also the expense of prosecuting such claim. In any such action, the burden of proof shall be on the Corporation to prove the claimant is not entitled to such payment.

#### **Section 3**

##### **Permissive Indemnification**

The Corporation may, as determined by the Board of Directors on a case by case basis, indemnify, hold harmless and advance expenses to any present or former employee or agent of the Corporation, or any other person serving at the request of the Corporation, to the same extent that the Corporation is required to indemnify, hold harmless and advance expenses to the persons described in Section 1 of this Article XIV.

#### **Section 4**

#### **Construction of Article XIV**

The provisions of this Article XIV shall be deemed cumulative of and in addition to any other limitation of liability or right of indemnity to which the Corporation's Officers, directors, committee members, employees or agents may be entitled under any statute, bylaw, agreement, vote of the Board of Directors, principle of law or otherwise. If this Article XIV should be invalid or ineffective in any respect, the validity and effect of this Article XIV in all other respects shall not be affected.

### **ARTICLE XV**

#### **Finance and Records**

##### **Section 1**

##### **Fiscal Year**

The fiscal year of the Corporation will be prescribed by the Board of Directors.

##### **Section 2**

##### **Bonding**

The appropriate bonding securities shall be furnished by the Corporation for the employees designated by the Board of Directors as official signatories for any financial transactions or fiduciary responsibilities.

##### **Section 3**

##### **Budget**

The Board of Directors shall prior to each fiscal year of the Corporation adopt an annual operating budget covering the Corporation's activities and services and identifying the corresponding revenue sources. The annual operating budget shall be accompanied by a written plan of the overall goals and objectives of the Corporation for such year, which plan shall detail the allocation of funds and staff resources to the programs and services offered and provided by the Corporation.



## **Section 4**

### **Maintenance of Corporate Records**

The Corporation shall maintain at its principal place of business:

A. The written minutes of all meetings of the Board of Directors and the written minutes of the meetings of all committees of the Corporation;

B. Adequate and correct written records of account, including books, records and accounts of the Corporation's business transactions and its property, investments, assets, liabilities, receipts, disbursements, gains and losses;

C. A copy of the Certificate of Incorporation and the Bylaws, as then in effect, which shall be open to inspection at all reasonable times by the Board of Directors and all other persons authorized by the Board of Directors;

D. Copies of the annual statements executed by the President, each director, the CEO and each committee member of the Corporation as required pursuant to Section 5 of Article XVI of these Bylaws; and

E. Copies of the Corporation's exempt organization determination letter from the Internal Revenue Service, the Corporation's application filed with the Internal Revenue Service for such tax exempt status and related correspondence, and the various Forms 990 filed with the Internal Revenue Service for at least the previous three (3) fiscal years, which shall be open to inspection at all reasonable times by the public.

## **ARTICLE XVI**

### **Conflict of Interest Policy**

The Corporation shall adopt a conflict of interest policy consistent with this Article XVI. The Audit Committee shall oversee the implementation of and compliance with the Corporation's conflict of interest policy. Only a committee of the Board of Directors comprised solely of Independent Directors shall perform the functions of the Audit Committee.

## **Section 1**

### **Duty to Disclose**

An Interested Person must promptly disclose in writing to the Board of Directors or the relevant committee of the Corporation the existence of any Financial Interest, which such Interested Person may have or possess with respect to a transaction or arrangement that is being considered by the Corporation, whereupon the Interested Person shall be given the opportunity to disclose and shall disclose all material facts regarding the Financial Interest.

## **Section 2**

### **Determination Whether to Enter Transaction or Arrangement**

An Interested Person may make a presentation at a meeting of the Board of Directors or the relevant committee of the Corporation, but following such presentation the Interested Person shall leave the meeting during the discussion of, and any vote on, the transaction or arrangement under consideration by the Corporation. If appropriate, the Board of Directors or the relevant committee may appoint one or more disinterested persons to investigate alternatives to the proposed transaction or arrangement. After exercising reasonable due diligence, the Board of Directors or the relevant committee shall determine by a majority vote of the disinterested directors or disinterested committee members, as the case may be, whether the transaction or arrangement under consideration is in the best interest of the Corporation and for its own benefit and whether such transaction or arrangement is fair and reasonable to the Corporation and following such vote, the Board of Directors or the relevant committee shall make its decision in conformity with such vote whether or not to enter into the transaction or arrangement. No vote taken pursuant to this Section 2 of Article XVI shall be by secret ballot. The votes cast by each disinterested director or disinterested committee member in any vote taken pursuant to this Section 2 of Article XVI shall be specifically recorded in the minutes of the meeting of the Board of Directors or the relevant committee, as the case may be. Nothing contained herein shall prevent, restrict or prohibit any committee of the Corporation by a majority vote of the disinterested committee members from referring the existence of a Financial Interest to the Board of Directors for further discussion and investigation and its determination whether or not to enter into the transaction or arrangement.

## **Section 3**

### **Violations of Conflict of Interest Policy**

If the Board of Directors or the relevant committee of the Corporation has reasonable cause to believe that any Officer, director or committee member of the Corporation, the Corporation's CEO, or any employee of the Corporation has failed to disclose an actual or possible Financial Interest in accordance with this conflict of interest policy, it shall inform such person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose. If, after hearing the person's response and making such further investigation as the Board of Directors or the relevant committee reasonably believes to be warranted under the circumstances, the Board of Directors or the relevant committee determines that the person has in fact failed to comply with this policy, it shall take appropriate disciplinary and corrective action.

## **Section 4**

### **Records of Conflicts of Interest**

The written minutes of the Board of Directors and any relevant committee of the Corporation shall contain (i) the name of any Interested Person who disclosed or otherwise was

found to have a Financial Interest in connection with an arrangement or transaction under consideration by the Corporation; (ii) the nature and scope of the Financial Interest; (iii) the decision made by the Board of Directors or the committee regarding the transaction or arrangement under consideration; (iv) the names of the persons who were present during discussions and votes pertaining to such transaction or arrangement; and (v) the content of such discussions and the record of any votes taken in connection therewith, including how each person voted.

## **Section 5**

### **Annual Statement by President, Directors, CEO and Committee Members**

This conflict of interest policy requires that, prior to the initial election of the President or any director, and annually thereafter, such director shall complete, execute and submit to the Secretary of the Corporation a written statement (i) identifying, to the best of the director's knowledge, any entity of which such director is an officer, director, trustee, member, owner (either as a sole proprietor or a partner), or employee and with which the Corporation has a relationship, and any transaction in which the Corporation is a participant and in which the director might have a conflicting interest; and (ii) affirming that the director (a) has read and understands this conflicts of interest policy; and (b) agrees with the policy. In addition, the CEO and each committee member of the Corporation shall annually complete, execute and submit to the Secretary of the Corporation such written statement. The Secretary shall provide a copy of all annual completed and executed statements to the Chair of the Audit Committee prior to the date on which the independent auditor commences the annual audit of the Corporation's financial statements.

## **ARTICLE XVII**

### **Tax Exempt Provisions**

#### **Section 1**

##### **Limitations on Activities**

No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, except as otherwise permitted pursuant to an election under Section 501(h) of the Internal Revenue Code, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of, or in opposition to, any candidate for public office. Notwithstanding any other provisions of the Bylaws, the Corporation shall not carry on any activities not permitted to be carried on (i) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code; or (ii) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code.

#### **Section 2**

## **Prohibition Against Private Inurement**

No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, its Officers, directors, committee members, CEO or employees or other persons; provided, however, that the Corporation shall be authorized to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes of the Corporation.

## **ARTICLE XVIII**

### **Execution of Instruments, Deposits and Funds**

#### **Section 1**

##### **Execution of Instruments**

Except as otherwise provided in these Bylaws, the Board of Directors may authorize any Officer or agent of the Corporation to enter into any written contract or to execute and deliver any instrument on behalf of the Corporation, and such authority may be general or confined to specific instances. The CEO shall enter into a written contract or execute and deliver an instrument on behalf of the Corporation if the Board of Directors has authorized the entering into of such written contract or the execution and delivery of such instrument without designating an Officer or agent to act on behalf of the Corporation for such purpose. Except as authorized by these Bylaws or by a written resolution of the Board of Directors, neither the CEO nor any Officer or agent of the Corporation shall have the authority to bind the Corporation by any contract or pledge the Corporation's credit or render it liable for any purpose.

#### **Section 2**

##### **Checks and Notes**

Except as otherwise determined by a written resolution of the Board of Directors, checks, promissory notes and other evidence of indebtedness shall be signed by the CEO.

#### **Section 3**

##### **Deposits**

All funds of the Corporation shall be deposited to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may from time to time designate.

#### **Section 4**

##### **Limitations on Expenditures**

The Board of Directors shall from time to time establish financial guidelines and limitations for the approval of the Corporation's expenditure of funds and shall notify the CEO of such guidelines and limitations.

## **Section 5**

### **Gifts**

The Board of Directors may accept on behalf of the Corporation any contribution, gift, bequest or devise for the nonprofit purposes of the Corporation.

## **ARTICLE XIX**

### **Whistleblower Policy**

The Corporation shall adopt a whistleblower policy consistent with this Article XIX. The Audit Committee shall oversee the implementation of and compliance with the whistleblower policy described in this Article XIX to protect from retaliation persons who report suspect improper conduct. Only the Audit Committee or another committee designated by the Board of Directors and comprised solely of Independent Directors shall perform the foregoing functions. The whistleblower policy shall provide that no director, Officer, employee or volunteer of the Corporation who in good faith reports any action or suspected action taken by or within the Corporation that is illegal, fraudulent or in violation of these Bylaws or any adopted policy of the Corporation shall suffer intimidation, harassment, discrimination or other retaliation or, in the case of employees, adverse employment consequences. The whistleblower policy to be implemented by the Audit Committee shall include (i) procedures for the reporting of violations or suspected violations of laws, these Bylaws or corporate policies, including procedures for preserving the confidentiality of reported information; (ii) a requirement that an employee, Officer or director of the Corporation be designated to administer the whistleblower policy and to report to the Audit Committee or other committee comprised solely of Independent Directors, which is designated by the Board of Directors; and (iii) a requirement that the CEO distribute a copy of the whistleblower policy to all directors, Officers, employees and volunteers who provide substantial services to the Corporation. Nothing contained in the whistleblower policy shall relieve the Corporation from any additional requirements in relation to internal compliance, retaliation or document retention required by applicable law.

## **ARTICLE XX**

### **Related Party Transactions**

#### **Section 1**

#### **Definitions**

***A related party transaction is any transaction, agreement or any other arrangement in which a related party has a financial interest and in***

***which the Corporation or any affiliate of the Corporation is a participant. A related party is (i) any Trustee, Officer or key employee of the Corporation or any of its affiliates; (ii) the spouse, ancestor, sibling, child, grandchild, great-grandchild, spouse of a sibling, child, grandchild, or great-grandchild, or domestic partner of an individual defined in (i) above; or (iii) an entity in which any of the above individuals has a thirty-five percent or greater ownership or beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of five percent. A substantial financial interest is one that, based on all the facts and circumstances, is determined by the Corporation to be significant to the related party.***

## ***Section 2***

### ***Procedures for Related Party Transactions***

***Before the Corporation may enter into any related party transaction:***

A. Any Trustee, Officer, or key employee who has an interest in a related party transaction shall disclose that interest in good faith to the Board or an authorized committee thereof, the material facts concerning such interest.

B. No related party may participate in deliberations or voting relating to the approval of a related party transaction.

C. The Board or authorized committee thereof must determine that the transaction is fair, reasonable, and in the Corporation's best interest.

## ***Section 3***

### ***Procedures for Substantial Related Party Transactions***

***Before the Corporation may enter into any related party transaction in which a related party has a substantial financial interest:***

A. Any Trustee, Officer, or key employee who has a substantial financial interest in a related party transaction shall disclose that interest in good faith to the Board or an authorized committee thereof, the material facts concerning such interest.

B. No related party may participate in deliberations or voting relating to the approval of a related party transaction.

C. The Board or authorized committee thereof must consider alternative transactions to the extent available, determine that the transaction is fair, reasonable, and in the Corporation's best interest, and approve the transaction by not less than a majority vote of the directors or committee members present at the meeting.

D. Contemporaneously document in writing the basis for the board or authorized committee's approval, including its consideration of any alternative transactions.

## **ARTICLE XXI**

### **Miscellaneous Provisions**

#### **Section 1**

##### **Contractual Services**

The Corporation's staff is authorized to solicit and develop written contracts consistent with the applicable budget of the Corporation for services or products deemed necessary to fulfill the programs and activities of the Corporation; provided, however, that notwithstanding the foregoing, no such contract shall be binding or enforceable against the Corporation unless such contract has been reviewed, approved and signed by the CEO.

#### **Section 2**

##### **General Counsel**

For the purpose of legal representation and counsel the Executive Committee shall recommend for approval by the Board of Directors one or more licensed attorneys to serve as the Corporation's General Counsel or Co-Counsel. The scope of work for basic services shall be at the discretion of the Executive Committee and the CEO. The Corporation's General Counsel or Co-Counsel will act as the primary legal advisor for the Corporation and the Board of Directors in all matters including administrative matters.

### Section 3

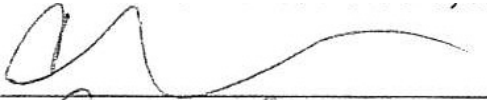
#### Construction of Bylaws

If there is any conflict between the provisions of these Bylaws and the provisions of the Certificate of Incorporation, as in effect from time to time, the provisions of the Certificate of Incorporation shall govern and control for all purposes. Should any provision of these Bylaws be deemed, construed or held to be invalid, illegal or unenforceable for any reason, the remaining provisions of these Bylaws shall be unaffected thereby and shall be valid and enforceable.

#### CERTIFICATE

I HEREBY CERTIFY that the foregoing is a true, complete and correct copy of the Bylaws of American Gem Trade Association, Inc. as adopted by the positive vote of at least two thirds (66.67%) of the Firm Members who voted in person or by proxy at a special meeting of the members of the Corporation held for such purpose.

IN WITNESS WHEREOF, I hereunto set my hand and affix the seal of the Corporation on August 15, 2014.

A handwritten signature in black ink, appearing to read 'Cynthia Renee', is written over a horizontal line.

*(signature)*

CYNTHIA RENEE, Secretary