

**Bylaws and Rules  
of  
The International Cotton Association Limited**

This Rule Book was approved by our Members on 9 December 2010 to come into force on 1 January 2011.

The Bylaws and Rules in this book supersede all previous Bylaws and Rules, except in relation to any Bylaw or Rule in Section 2 (trading terms) which conflicts with any contract term agreed before the Book came into force.



## **Section 1**

### **Definitions and General Bylaws**



# **Section 1**

## **Definitions and General Bylaws**

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# **Section 1**

## **Definitions and General Bylaws**

### **Part 1: Definitions**

#### **Bylaw 100**

In our Bylaws and Rules, and in any contract made under our Bylaws and Rules, the following expressions will have the meanings given unless their context clearly shows them to have a different use:

#### **Administrative terms**

- 1 'Articles' means our Articles of Association and any changes to them which are in force.
- 2 'Bylaws' and 'Rules' mean all our bylaws and rules which are in force.
- 3 'Director' means any of our Directors, whether Ordinary or Associate, and includes the President, First Vice-President, Second Vice-President, Treasurer and immediate past President.  
  
'Associate Director' means a Director invited each year by the Directors and approved by the Members to serve the common interests of the industry.  
  
'Ordinary Director' means a Director elected by the Individual Members. It does not include the President, First Vice-President, Second Vice-President, Treasurer or immediate Past President.  
  
"Immediate Past President" does not include a President who is removed pursuant to Article 86 or ceases to be a Director pursuant to Article 94.
- 4 'Firm' means any partnership, un-incorporated body or company carrying out business.
- 5 'General Meeting' means a meeting of our Individual Members called under our articles.
- 6 'Individual Member' means a person elected to be an Individual Member of the Association under our articles.
- 7 'Member Firm' means a Principal Firm, an Association Member Firm, an Affiliate Industry Firm or a Related Company
- 8 'Registered Firm' means all Principal Firms, Affiliate Industry Firms, Related Companies, Affiliated Associations and Association Member Firms, details of which are entered in the Register of Registered Firms.
- 9 'Principal Firm' means a firm or company registered as such under our articles and Bylaws.
- 10 'Affiliate Industry Firm' means any firm or organisation registered as such under our Bylaws.
- 11 "Related Company" means a company related to a Principal Firm or an Affiliate Industry Firm. In the case of a Principal Firm, Related Companies will be registered either as "Independent" Related Companies or "Dependent" Related Companies in reliance on the information provided to the Association.

- 12 'Non-member' means any person who is not an Individual Member.
- 13 'Non-registered firm' means any firm that is not a Registered Firm.
- 14 'Individual Members' Committee' means any committee elected by the Individual Members. Committee members will include anyone eligible, appointed or nominated to serve under our articles.
- 15 'Month' means a calendar month.
- 16 'Our' means whatever is owned by us or issued by us.
- 17 'President' includes the First Vice-President or Second Vice-President or anyone appointed by the Directors under our articles to carry out the duties of an absent President.
- 18 'Place of business' of any Individual Member or Registered Firm means an office where the Directors consider an Individual Member or Registered Firm carries out business.
- 19 'Registered' means registered or re-registered and 'Registration' means registering or re-registering.
- 20 For the purposes of these Bylaws and Rules, 'Register of Registered Firms' means our list of Principal Firms, Affiliate Industry Firms, Related Companies, Affiliated Associations and Association Member Firms.
- 21 'Registered Firm', means any firm listed in our register of Registered Firms as defined in our articles.
- 22 The 'Rule Book' means the book in which we publish our Bylaws and Rules.
- 23 The 'Secretary' means the person the Directors have appointed to act as Secretary. An Alternate Secretary appointed by the Directors may act in place of the Secretary.
- 24 'We', 'us' and 'ICA' mean The International Cotton Association Limited.
- 25 'In writing' and 'written' include printing and other ways of reproducing words on paper or on a screen. Written correspondence can be delivered by post, hand or fax, by telex, e-mail and so on.
- 26 'ICA List of Unfulfilled Awards' (also known as the 'ICA Default List') means the list of unfulfilled awards circulated by the Association at the request of reporting parties.
- 27 'Approved panel' means the list of individuals, approved annually by the Board of Directors, from which the Directors will appoint the Preliminary Investigation Committee. The list will comprise nine elected Individual Members of the Association, who shall have held office as President, First Vice-President, Second Vice-President, Treasurer or as an Ordinary Director of the Association, but shall have ceased to hold such office, the Associate Directors, nominees from other Member-Associations of the Committee for International Cooperation between Cotton Associations and independent individuals from outside the cotton and allied textile trades.



## General trading terms

- 30 'American cotton' means all cotton grown anywhere within the contiguous states of the United States of America, including cotton known as Upland, Gulf or Texas cotton, but not including the Sea Island or Pima varieties.
- 31 'Cotton waste' or 'cotton linters' will be treated as cotton if it has been included in contracts which are subject to our Bylaws and Rules.
- 32 'Country damage' is the damage or deterioration of the fibre caused by the absorption of excessive moisture, dust or sand from the exterior because it has been:
- exposed to the weather; or
  - stored on wet or contaminated surfaces,
- prior to loading to containers or the vessel.
- Country damage does not include:
- any internal damage; or
  - any other contamination; or
  - any damage which takes place after loading to containers or vessel.
- 33 'Date of arrival' will, depending on the context, have one of the following meanings:
- For break bulk shipments, it will mean the date the vessel arrives in the port of destination named in the bill of lading. But, if the vessel is diverted or the cotton is moved to another ship, it will be the date the cotton arrives in the port stated in the bill of lading or in another port acceptable to the buyer.
  - For cotton shipped in containers, it will be the date the cotton arrives in the port of destination named in the bill of lading or the combined transport document. But, if the carrying vessel is diverted or the containers are moved to another ship, it will be the date the containers arrive in the port stated in the bill of lading or in another port acceptable to the buyer.
  - For other means of transport it will be the date each delivery is made to the place stated in the contract.
- 34 'Dispute' or 'difference' relating to a contract will include any argument, disagreement or question about how to interpret the contract, or the rights or responsibilities of anyone bound by the contract.
- 35 'False packed bale' is a bale containing:
- Substances which are not cotton;
  - damaged cotton;
  - good cotton on the outside and inferior cotton on the inside; or
  - pickings or linters instead of cotton.

- 36 'Far East cotton' means cotton grown in Bangladesh, Burma, China, India or Pakistan.
- 37 'Foreign matter' means anything that is not part of the cotton plant.
- 38 'Immediately' in the case of a shipment, sailing, delivery or tender of cotton means within three days of the date on which the contract is signed.
- 39 'Institute Cargo Clauses' and 'Institute Commodity Trades Clauses' mean the clauses of the Institute of London Underwriters.
- 40 'Internal moisture' or 'Moisture regain' mean the weight of moisture in the cotton expressed as a percentage of the weight of the fibre when totally dry.
- 41 'Lot' is a number of bales placed under one mark.
- 42 'Mixed packed bale' is a bale containing many different grades of colour or staple.
- 43 'Marine cargo insurance' and 'transit insurance' mean insurance against the risks covered by the Marine Policy Form (MAR form) used in conjunction with the Institute Cargo Clauses, or covered by similar first-class policies in other insurance markets.
- 44 'On-board bill of lading' means a bill which is signed by the captain or his agent when the cotton has been loaded on the ship.
- 45 'Plated bale' is a bale in which a layer of very different quality cotton appears on the outside of at least one side.
- 46 'Prompt' in the case of a shipment, sailing, delivery or tender of cotton means within 14 days (two weeks) of the date on which the contract is signed.
- 47 'Shipment' means the loading of cotton onto any means of transport for delivery from the seller or his agent to the buyer, or to a carrier who can provide a bill of lading or a combined transport document.
- 48 'Shipping' or 'shipped' means loading or loaded for shipment.
- 49 'Shipping documents' means the document of title showing how the cotton is to be shipped under the contract.
- 50 'Strikes, riots and civil commotions insurance' means insurance against the risks set out in the Institute Strikes Clauses (Cargo) or Institute Strikes Clauses (Commodity Trades), or similar clauses of other first-class insurance markets.
- 51 'Tare' means the weight of wrapping, bands, ropes or wires used to cover cotton bales.
- 52 'War risks insurance' means insurance against the risks set out in the Institute War Clauses (Cargo) or Institute War Clauses (Commodity Trades), or similar clauses of other first-class insurance markets.

### **Special terms, when associated with Instrument Testing**

- 60 'Certified laboratory' means a laboratory that is on an approved list issued by us.
- 61 'Control limit' means the variation in readings taken on different instruments, using the same cotton.
- 62 'NCL' means that no control limit is allowed.
- 63 'Usual control limit' and 'UCL' mean the variation allowed in readings to account for the normal variation expected from different instruments, even if the same cotton is used.
- 64 'Percentage allowance' means a percentage of the invoice price.
- 65 'Micronaire' means a measurement of the combination of fineness and maturity of raw cotton fibre.

## Special terms associated with container operations

*(Please read Rule 204)*

- 70 'Container freight station, 'CFS' and 'container base' mean a place where the carrier or his agent loads or unloads containers under their control.
- 71 'Combined transport', 'intermodal transport' and 'multimodal transport' mean delivering cotton from one place to another using at least two different means of transport.
- 72 'Combined transport document' means a bill of lading or other document of title produced by a shipping company, combined transport operator or agent covering cotton being moved by combined transport, intermodal transport or multimodal transport.
- 73 'Combined transport operator' means a person or firm which produces a combined transport document.
- 74 'Container yard' and 'CY' mean a place where containers can be parked, picked up or delivered, full or empty. A container yard or CY may also be a place where containers are loaded (or stuffed) or unloaded (or de-vanned).
- 75 'Full container load' and 'FCL' mean an arrangement which uses all the space in a container.
- 'Less than container load' and 'LCL' mean a parcel of cotton which is too small to fill a container and which is grouped by the carrier at the container freight station with similar cargo going to the same destination.
- 76 'House to', 'container yard to' and 'door to' mean loading controlled by the shipper at the place (house, CY or door) of his choice. Whoever books the freight must pay all costs beyond the point of loading and the cost of providing the containers at the house, CY or door.
- 77 'Pier to', 'container freight station to' and 'container base to' mean that the carrier controls the loading. The cotton must be delivered to the carrier at the pier, container freight station or container base.
- 78 'Point of destination' means the exact place where the cotton is delivered to the person who has ordered it, or is delivered to his agent, and where the carrier's responsibility ends.
- 79 'Point of origin' means the exact place where the carrier or his agent receives the cotton and where the carrier's responsibility begins.
- 80 'Shipper's load and count' means the shipper is responsible for the contents of the container.
- 81 'To house', 'to container yard' and 'to door' mean delivery to the warehouse or mill selected by the person who booked the freight.
- 82 'To pier', 'to container freight station' and 'to container base' mean that the carrier will unload (de-van) at his warehouse in the port of destination, in a container freight station or container base.

## **Section 1**

### **Part 2: General Bylaws**

#### **Bylaw 101**

These Bylaws and Rules apply to all Individual Members, to Registered Firms and to parties contracting under our Bylaws and Rules.

#### **Bylaw 102**

- 1 If a contract is made under our Bylaws and Rules:
  - all of the Bylaws in this book will apply to the contract and no amendment by the buyer and seller is allowed; but
  - the buyer and seller can agree terms in their contract which are different to any of the Rules.
- 2 If we change any of the Bylaws or Rules in Section 2 of this book after the date of the contract, the change will not apply to the contract unless the buyer and seller agree otherwise.
- 3 All other changes will apply when we say so.

#### **Bylaw 103**

- 1 These Bylaws and Rules must not be translated into any other language unless the Directors have agreed.
- 2 If there is a doubt or difference in the meaning between any translation and the English, the Bylaws and Rules in English will apply.
- 3 We are not responsible for any mistakes in any version of the Rule Book.

#### **Bylaw 104**

The powers which the Bylaws and Rules give to the President are also given to the First Vice-President, Second Vice-President and any Acting President.

#### **Bylaw 105**

A Registered Firm which the Directors order to be suspended will be treated as a non-registered firm while it is suspended.

#### **Bylaw 106**

In these Bylaws and Rules:

- If something must be done within a fixed number of days of an event, the number of days will not include the day of the event itself. Days allowed will run continuously.
- Unless the buyer and seller agree otherwise, a kilogram will equal 2.2046 pound weight (lb).
- 'He', 'him' and 'his' mean 'she', 'her' and 'hers' if necessary.

- Words referring to people can also refer to firms if necessary.
- Words in the singular also cover the plural. Words in the plural also cover the singular.
- Time is expressed in terms of the 24 hour clock. All times are given in Universal Time (Greenwich Mean Time).

**Section 2**  
**International Trading on Cost Insurance and Freight (CIF),  
Cost and Freight (CFR), Free on Board (FOB) and other  
similar terms**





## Section 2

### International Trading on Cost Insurance and Freight (CIF), Cost and Freight (CFR), Free on Board (FOB) and other similar terms

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## **Appendix A**

International Shipment Contract Form  
(Contract Form 1)

## **Appendix B**

Container Trade Rules Agreement  
between  
The International Cotton Association Limited  
and the  
American Cotton Shippers Association

## **Section 2**

### **International Trading on Cost Insurance and Freight (CIF), Cost and Freight (CFR), Free on Board (FOB) and other similar terms**

#### **Bylaws**

##### **Part 1: General**

###### **Bylaw 200**

Every contract made under our Bylaws and Rules will be deemed to be a contract made in England and governed by English law.

###### **Bylaw 201**

1 Subject to Bylaws 302 and 318, the following clauses will apply to every contract made under our Bylaws and Rules, or containing words to similar effect:

- The contract will incorporate the Bylaws and Rules of The International Cotton Association Limited as they were when the contract was agreed.
- If any contract has not been, or will not be performed, it will not be treated as cancelled. It will be closed by being invoiced back to the seller under our Rules in force at the date of the contract.
- All disputes relating to the contract will be resolved through arbitration in accordance with the Bylaws of The International Cotton Association Limited. This agreement incorporates the Bylaws which set out the Association's arbitration procedure; and
- Neither party will take legal action over a dispute suitable for arbitration, other than to obtain security for any claim, unless they have first obtained an arbitration award from The International Cotton Association Limited and exhausted all means of appeal allowed by the Association's Bylaws.

The words 'all disputes' can be changed to read 'quality disputes' or 'technical disputes'. But if nothing else is agreed, the words 'all disputes' will apply.

2 Attention is drawn to Bylaws 302 and 318 which allow the Directors to deny arbitration, if, on the day before the date of the contract giving rise to the dispute, either party has its name circulated on the ICA List of Unfulfilled Awards in accordance with Bylaws 315 and 354.

- 3 This Bylaw will apply even if:
- the contract is held to be invalid or ineffective, or was not concluded; or
  - the recommended form of contract set out in Appendix A has not been used.

#### **Bylaw 202**

Unless the buyer and seller agree otherwise, the provisions of the following will not apply to contracts made under our Bylaws and Rules:

- the Uniform Law on International Sales Act (1967); and
- the 1980 Vienna Convention on Contracts for the International Sale of Goods.

### **Part 2: Closing contracts in special cases**

#### **Bylaw 203**

- 1 If a buyer or seller (in circumstances not covered by other regulations):
- suspends payment;
  - enters into an arrangement with his creditors;
  - has a receiver or administrator appointed to run his business;
  - is asked to wind up the company through a petition; or
  - is judged by the Directors to be unable to continue to manage his affairs (or dies);

either party may give the President full written details and ask for the contract to be closed. The President may then appoint a tribunal to decide whether it should be closed. The President will fix a fee for the arbitrators which must be paid by the party who asked the President to take action. If the party paying the fee is not a Principal Firm, they must pay us an extra fee set by the Directors.

- 2 If the arbitrators decide the contract should be closed, they will fix the prices and terms for closing. Either party can appeal to the Directors against the arbitrators' decisions. But they must do so in writing to the Secretary within seven days (one week).

## **Rules**

### **Part 1: Shipment and delivery**

#### **Rule 200**

A signed bill of lading will be evidence of the date of shipment.

#### **Rule 201**

- 1 The seller must provide an invoice or full and correct details of marks, ships' names and other facts contained in the bill of lading within the time set out in the contract. If the seller does not do so, the buyer can close all or part of the contract covered in the bill of lading and invoice it back to the seller as laid down in our Rules. The buyer must do this within 14 days (two weeks) of the deadline set out in the contract. If the seller provides the invoice or details after the deadline, and the buyer intends to close the contract or any part of it, he must let the seller know within three days.
- 2 If there is no time limit set in the contract and the seller does not provide the invoice or details within 21 days (three weeks) of the date of the bill of lading, the above will apply.
- 3 Shipping Instructions and Letters of Credit must be issued for the full value of the quantity of the shipment, notwithstanding the allowed variation in weight of the shipment. (Please see Rule 219).
- 4 In the event that Letters of Credit are opened late, or Shipments have not been made as stipulated in the contract, then both parties may agree to extend the shipment period. If the parties cannot agree to extend the shipment period, then Rule 225 and Rule 226 apply.
- 5 Slight differences in marks will not be relevant.

#### **Rule 202**

If the buyer can prove that the details set out in the bill of lading are incorrect or do not meet the terms of the contract, he can take the matter to arbitration. The arbitrators will decide whether the buyer should accept the cotton with an allowance or have a chance to close out the contract. For shipments over land, the buyer must apply for arbitration within 42 days (six weeks) of receiving the details. For shipments by sea, he must apply within 28 days (four weeks) of receiving the details.

#### **Rule 203**

The contract will not be closed if the cotton, or part of it, is shut out from the named ship, as long as the bill of lading is correct and fits the definition given in Bylaw 100. This only applies to contracts for shipment, not to contracts for sailing or clearance.

#### **Rule 204**

If there is a dispute over a contract for the shipment of American cotton in containers from US ports it will be settled under the 'Container Trade Rules' set out in Appendix B of our Rule Book.

## Part 2: Insurance

### Rule 205

When a buyer or seller takes out insurance on a shipment of cotton under a contract made under our Bylaws and Rules, the insurance must include:

- 'Marine cargo insurance' and 'transit insurance' in line with the Institute Cargo Clauses (A) or Institute Commodity Trades Clauses (A);
- 'War Risks Insurance' in line with the Institute War Clauses (Cargo) or the Institute War Clauses (Commodity Trades);
- 'strikes, riots and civil commotions insurance' in line with the Institute Strikes, Clauses (Cargo) or Institute Strikes Clauses (Commodity Trades),

and cover the invoice value of the shipment plus 10%.

### Rule 206

Unless otherwise agreed between the parties, the seller shall be responsible for country damage, subject to the limitations detailed in Rule 208 b.

### Rule 207

The following conditions apply to contracts where the seller is responsible for providing marine cargo insurance, transit insurance and country damage insurance:

- a There must be a policy document or certificate of insurance. This document or certificate must be produced as one of the shipping documents.
- b If the cotton is country-damaged when it arrives, the buyer must separate the damaged bales and must make a claim against the seller within seven days (one week) of weighing or devanning, whichever is later, notwithstanding that the claim must be made within 42 days (six weeks) of arrival of the cotton. The parties must try to agree on an allowance. If they cannot do so, a Lloyd's Agent, or a qualified surveyor recognised by the insurance company shall be appointed to inspect the damaged cotton. The cost of the survey shall be for buyer's account in the first instance. If the survey confirms country damage, the seller's insurance shall be called upon to pay:
  - the buyer for the market value of any country damaged cotton removed from the bales as set out in the surveyor's report, plus any reasonable charges incurred in the separation of the country damaged cotton,
  - the cost of the survey.
- c If a charge is made for collecting the insurance claim and the buyer pays it, the seller must refund the buyer. If the loss is not covered by seller's insurance the seller must pay.

## Rule 208

The following conditions apply to contracts where the buyer is responsible for providing marine cargo insurance or transit insurance, and the seller responsible for providing country damage insurance:

- a So that the buyer can arrange insurance, the seller must give the buyer the necessary details of each shipment.
- b If the cotton is country-damaged, the buyer must separate the damaged bales and must make a claim against the seller within seven days (one week) of weighing or devanning, whichever is later notwithstanding that the claim must be made within 42 days (six weeks) of arrival of the cotton. The parties must try to agree on an allowance. If they cannot do so, a Lloyd's Agent, or a qualified surveyor recognised by the insurance company shall be appointed to inspect the damaged cotton. The cost of the survey shall be for buyer's account in the first instance. If the survey confirms country damage and that the damage is greater than 1.0% (one percent) of the total weight of the shipment, subject to a minimum claim of US\$ 500.00, the seller's insurance shall be called upon to pay:
  - the buyer, for the market value of any country damaged cotton removed from the bales as set out in the surveyor's report, plus any reasonable charges incurred in the separation of the country damaged cotton,
  - the cost of the survey.
- c If a charge is made for collecting the insurance claim and the buyer pays it, the seller must refund the buyer. If the loss is not covered by the seller's insurance the seller must pay.

## Rule 209

- 1 The seller must refund the buyer any extra charge or premium which the buyer has to pay if:
  - the buyer is responsible for marine insurance;
  - the seller is responsible for booking the freight;
  - the seller books the freight on a different ship from the one the buyer has asked for; and
  - the ship is subject to an additional premium under the terms of the Institute Classification clause of the Institute of London Underwriters or another similar clause in force when the buyer learns the name of the ship.
- 2 The buyer must pay the seller any extra charge or premium if:
  - the seller is responsible for marine insurance;
  - the buyer is responsible for booking the freight;
  - the buyer books the freight on a different ship from the one the seller has asked for; and

- the ship is subject to an additional premium under the terms of the Institute Classification clause of the Institute of London Underwriters or another similar clause in force when the seller learns the name of the ship.

### **Part 3: Sampling (other than for moisture)**

#### **Rule 210**

- 1 Sampling must take place at the point of delivery or other location as determined between buyer and seller. The buyer's and seller's representatives must supervise the sampling. The seller must give the name of his representative to the buyer:

before sending the buyer an invoice; or

with the invoice

- 2 Samples for arbitration must be drawn, sealed and marked in the presence of both the buyer and seller and/or their respective representatives.

*(Please read Bylaw 325)*

#### **Rule 211**

- 1 A sample from a bale of cotton should weigh about 150 grams.
- 2 For manual classification and/or arbitration American and Australian cotton must be sampled 100%. Unless otherwise agreed, other cottons need only be sampled on the basis of 10% representative samples from each lot or mark as defined on the seller's commercial invoice.
- 3 Samples may be drawn from part lots and/or shipments, however, a claim may only be made on the number of bales available at the time of sampling.
- 4 For instrument testing and/or arbitration a claim may only be made on individual bales specified by the party applying for instrument testing. For arbitration 100% of the bales claimed must be sampled.
- 5 If the buyer or seller believes that the cotton or cotton waste is false packed, mixed packed or in plated bales, every bale must be sampled, and samples must be drawn from each side of the bale.
- 6 In the event that a quality arbitration award is made, the cost of drawing and dispatch of samples shall be;
  - for the party whose final written offer for amicable settlement is furthest from the quality arbitration award.
  - for the buyer if the quality award is less than the seller's final offer for amicable settlement.
  - shared in equal proportions if neither party has made a written offer for amicable settlement.

#### **Rule 212**

The buyer must not sample the bales before weighing without the seller's permission.



**Rule 213**

If the seller takes a set of samples, he must pay for them at the contract price of the cotton.

**Part 4: Tare****Rule 214**

- 1 Unless the seller declares and guarantees otherwise, all cotton must be sold on actual tare.
- 2 The buyer can insist that the actual tare be established at the time of delivery. The actual tare must be measured within 42 days (six weeks) of the date of arrival of the cotton and must be carried out by the buyer under the supervision of the seller's representatives. This will then be the measurement of tare applied to the weight adjustment.
- 3 If the buyer insists that the tare be measured and it proves to be not more than the allowance given in the contract or invoice, the buyer will have to pay the costs of taring. Otherwise, the seller must pay these costs.

**Rule 215**

- 1 To calculate actual tare, a minimum of 5% of the bales, subject to a maximum of 10 bales of each type of tare composed in any one lot or mark must be checked.
- 2 Actual tare is established by ascertaining the average weight of the wrapping, bands, ropes or wires from each type of the different tares comprising the lot or mark and multiplying the average weight of each type of tare by the total number of bales in the shipment.
- 3 Repaired bales must be tared separately.

**Part 5: Weight****Rule 216**

All cotton must be weighed 'gross weight' on a bale by bale basis unless otherwise agreed. The tare is to be deducted from the gross weight.

**Rule 217**

- 1 Gross Shipping Weights – must be established by an independent weighing organisation or other organisation as determined in writing between the buyer and seller within 28 days (four weeks), or any other time period as agreed between buyer and seller, before shipment.
- 2 Gross Landing Weights –  
  
All cotton must be weighed by the buyer, for buyer's account, under the supervision of the seller's representatives (for seller's cost) at the agreed point of delivery or other location as determined by the buyer and seller, in any event within 28 days (four weeks) of the date of arrival of the cotton. If the cotton has already been sampled, a weight allowance must be made for the samples taken.

- 3 Both the buyer and the seller can appoint representatives at their own cost to supervise any weighing. The party arranging the weighing must advise the other party where and when it will take place, allowing a reasonable time to enable the representative to attend.

(Please read Rule 216).

#### **Rule 218**

- 1 The weight of bales which are condemned, short-landed, burst, wrongly marked or not marked will be calculated according to the average gross weight of the landed bales, as long as at least 25% of the lot has been landed in good condition. If less than 25% is in good condition, the weight of these bales will be calculated according to the average invoice weight.
- 2 If the buyer accepts bales which are wrongly marked or not marked, those bales will be weighed, and the weights shown separately.
- 3 If the buyer does not weigh the total shipment within 28 days (four weeks) of the date of the arrival of the cotton, the unweighed bales will be calculated according to the average gross weight of the weighed bales, as long as at least 90% of the lot has been weighed. If less than 90% of the lot has been weighed, the weight of the unweighed bales will be calculated according to the average invoice weight.
- 4 If the shipment is by container and all the containers are loaded onto one ship, the 25% referred to in paragraph 1 of this Rule will apply to the total number of bales delivered.
- 5 If the shipment is by container and the containers are loaded onto more than one ship, the 25% referred to in paragraph 1 of this Rule will apply to the number of bales delivered in each ship.

#### **Rule 219**

When contracts are made for shipments or deliveries of specified quantities during various shipment/delivery periods, each shipment or delivery should fall within the allowed variation. Each month's shipment or delivery shall form one weight settlement, even if shipped or arriving by more than one conveyance.

Proof of any variation in weight, must be sent to the other party within 49 days (seven weeks) of the date of arrival of the cotton. Compensation for variation in weight will normally be based on the invoice price. But, if the variation is more than the amount allowed for in the contract, the buyer may then demand compensation for the market difference over that amount of variation, based on the market value of the cotton on the date of arrival of the cotton. If the contract does not specify an allowable variation, the variation allowed will be 3%.

### **Part 6: Invoicing and payment**

#### **Rule 220**

When the shipment arrives, the payment must be made on arrival or within 49 days (seven weeks) of the date on the bill of lading or shipping documents, whichever is earlier.

Upon first presentation of the contracted shipping documents, the payment must be made within three working days unless otherwise agreed by the parties.

### **Rule 221**

Claims that are made in accordance with the terms of the contract must be paid within 21 days (three weeks) of the claim date. If the party responsible for the payment does not do so, they will also have to pay interest on the final amount of the claim at a rate agreed by both parties. If the parties cannot agree, the claim amount and interest rate will be fixed by arbitration under our Bylaws.

### **Rule 222**

Claims for clerical errors in invoices will be accepted if there is good enough proof.

### **Rule 223**

The price of cotton set out in the contract will not include any Value Added Tax due, unless the contract says that it does.

## **Part 7: Sales 'on call'**

### **Rule 224**

1 On buyer's call:

i For sales on call New York Board of Trade Cotton No. 2 Futures:

\*The final price of cotton sold on call will be fixed based on the New York Board of Trade No. 2 Cotton Futures contract month specified in the sales contract.

\*The buyer should communicate to the seller an executable fixation instruction.

Unless agreed otherwise by the parties:

\*Cotton must be fixed no later than the New York Board of Trade Cotton No. 2 Futures close of business on the day prior to first notice day for the futures contract month specified in the sales contract.

\*If cotton has not been fixed by this time the final price shall be based on the New York Board of Trade Cotton No. 2 Futures closing price:

on the day prior to first notice day of the futures contract month specified in the sales contract.

ii For sales on call with reference to products other than the New York Board of Trade Cotton No. 2 Futures Market:

\*The final price of cotton sold on call will be fixed based on the quotation of the product specified in the sales contract.

\*The buyer should communicate to the seller an executable fixation instruction.

Unless agreed otherwise by the parties:

\*Cotton must be fixed prior to the expiration of the product.

\*If cotton has not been fixed prior to the expiration of the product then the fixation shall be based on the last published quotation of the product, or if no expiration date then on the date of shipment.

- 2 On seller's call, the roles of the buyer and seller are reversed.

## **Part 8: Closing contracts**

### **Rule 225**

- (i) If for any reason a contract or part of a contract has not been, or will not be, performed (whether due to a breach of the contract by either party or due to any other reason whatsoever) it will not be cancelled.
- (ii) The contract or part of a contract shall in all instances be closed by being invoiced back to the seller in accordance with our Rules in force at the date of the contract.

### **Rule 226**

Where a contract or part of a contract is to be closed by being invoiced back to the seller, then the following provisions will apply:

- (i) If the parties cannot agree upon the price at which the contract is to be invoiced back to the seller, then that price will be determined by arbitration, and if necessary, appeal.
- (ii) The date of closure is the date when both parties knew, or should have known, that the contract would not be performed. In determining that date the arbitrators or appeal committee will take into account:
  - a the terms of the contract;
  - b the conduct of the parties;
  - c any written notice of closure; and
  - d any other matter which the arbitrators or appeal committee consider to be relevant.
- (iii) In determining the invoicing back price, the Arbitrators or Technical Appeal Committee shall have regard to the following:
  - a the date of closure of the contract as determined in (ii) above;
  - b the terms of the contract; and
  - c the available market price of the cotton which is the subject of the contract, or such like quality, on the date of closure.
- (iv) The settlement payable on an invoicing back will be limited to the difference (if any) between the contract price and the available market price at the date of closure.
- (v) Any settlement due and payable on an invoicing back of a contract closed in accordance with Rules 225 and 226 will be calculated and shall be paid regardless of whether the party receiving or making the payment is

considered to be responsible for the non-performance and/or breach of the contract.

#### **Other claims and losses**

- (vi) Any other losses or claims expressly agreed between the parties as recoverable will not be included in an invoicing back price. Such losses or claims should be settled by amicable settlement, or claimed at arbitration or appeal.

#### **Rule 227**

- 1 The arbitrators will set the invoicing back weight if:
- the seller has not provided an invoice;
  - no actual weights are available; or
- the parties cannot agree the weight.
- 2 For the purpose of determining the invoicing back weight, when part of the contract has already been fulfilled, weight tolerances will not apply to the balance.

### **Part 9: Quality of the cotton delivered**

#### **Rule 228**

Unless 'average' has been stated in the contract, when cotton is sold on the description of grade, the cotton must be equal to or better than contracted quality.

#### **Rule 229**

- 1 The buyer and seller can say in the contract what the grade, length, micronaire, strength and other fibre characteristics of the delivered cotton must be. The contract can also lay down what allowances, differences, limits and so on apply, and, where applicable, what type of instruments must be used to establish the characteristics in the event of a dispute (Please read Bylaw 333).
- 2 If the buyer and seller disagree about a claim, the dispute will be settled by arbitration under our Bylaws.

### **Part 10: Claims for false packed, mixed bales and so on**

#### **Rule 230**

- 1 The buyer must claim for false packed, mixed packed or plated bales within six months (26 weeks) of the date of arrival of the cotton. If the seller tells the buyer within 14 days (two weeks) of the claim being proved that he intends to take back this cotton, he has the right to do so. If the buyer has already paid for the cotton, the seller must buy it back at the market value of good cotton on the date the claim is proved and repay the buyer his expenses.
- 2 If the seller does not take back the cotton, the claim must be settled based on the market value of good cotton on the date the claim is proved to the seller. The seller must also repay the buyer his expenses.

- 3 The buyer must claim for unmerchantable cotton within six months (26 weeks) of the date of arrival of the cotton. The bales must be set aside for inspection for a further 56 days (eight weeks) and the inspection must be done by an agreed expert. The buyer will be able to claim reasonable expenses from the seller for putting the bales into a merchantable condition. The buyer can also claim the value of any damaged cotton removed from the bales. The value must be based on the market value of the good cotton on the date the claim is proved to the seller. Any bales damaged as the result of fire can be invoiced back to the seller. This paragraph does not apply to country damage or damage caused by salt water or any accident during shipping.
- 4 The buyer must claim for foreign matter in the cotton within six months (26 weeks) of the date of arrival of the cotton. The bales must be set aside for inspection for 56 days (eight weeks) after the claim is made and the inspection must be done by an agreed expert. The buyer will be able to claim reasonable expenses from the seller for removal of the foreign matter.

#### **Rule 231**

The buyer must give notice of any claim for country damage as detailed in Rules 207 or 208 and the survey shall be completed within 14 days (two weeks) of the notice of claim, or within 56 days (eight weeks), of the date of arrival of the cotton, whichever is earlier.

### **Part 11: Internal moisture**

#### **Rule 232**

If the buyer and seller disagree about a claim for internal moisture, the dispute will be settled by arbitration under our Bylaws.

#### **Rule 233**

The following will apply when sampling bales to test for internal moisture:

- Samples of at least 250 grams must be taken from each bale to be sampled. These samples must be taken by the representative of the party who has asked for the test, and in the presence of a representative of the other party (if it appoints one). The samples must be taken at the time of weighing.
- Representative samples must be taken from 5% of the bales in each lot (at least three bales). These bales must be selected at random. Samples must be taken from at least two different parts of each bale from a depth of about 40 centimetres inside the bale. The samples must be placed at once in dry, hermetically-sealed containers and labelled to show the identity of the bale the samples have come from.
- The samples must be sent immediately to a testing laboratory mutually acceptable to both parties.

#### **Rule 234**

- 1 The buyer must:
  - give notice of any claim for internal moisture within 42 days (six weeks); and
  - produce a report from a mutually agreed laboratory and final claim within 63 days (nine weeks),of the date of arrival of the cotton.

- 2 The allowance given to the buyer will be based on the laboratory's report. The allowance will be the difference between:
- the weight of the absolutely dry fibre in the lot plus the percentage of moisture regain set out in the contract; and
  - the total weight of the lot.

This allowance will also be based on the invoice price.

#### **Rule 235**

The party claiming and asking for the moisture test will have to pay the cost of sampling and all related charges. If the claim is proved, sampling, courier and laboratory charges will be reimbursed by the other party.

### **Part 12: Extending time limits**

#### **Rule 236**

A committee appointed by the Directors (Standing Committee A) can extend any time limit stated in Rule 217, 219, 230, 231, 232 or 234, but only if the firm concerned can show that substantial injustice would otherwise be done:

- because it could not reasonably have anticipated the delay; or
- because of the conduct of the other firm.

Applications must be made to us in writing. The committee will take the other firm's comments into account before it makes a decision.

### **Part 13: Instrument testing**

#### **Rule 237**

This Rule applies to all quality disputes regarding testing of cotton samples of any origin by instruments.

- 1 High Volume Instrument testing or classification shall be carried out in accordance with the approved practices and procedures listed in the latest version of the Universal Cotton Standards Agreement between the United States Department of Agriculture and the international signatories.
- 2 At least two tests shall be made on each sample. The average result of the tests shall be the test result.
- 3 If sealed samples have already been taken for manual arbitration in accordance with Rule 210, the same samples can be used for the tests, provided they have been resealed.
- 4 A first set of tests will be done in a laboratory agreed between the buyer and seller. If there is no agreement, the tests will be undertaken in a certified laboratory selected by the party applying for the test.
- 5 The laboratory which does the first test will issue a test report signed and/or stamped by its authorised personnel. The test report will show the results of the test.

The samples will be resealed by the laboratory and retained for up to 35 days (five weeks) in case a second test is called for.

- 6 In the event the first test was undertaken in a certified laboratory it will be final, and no request for a second test will be allowed.
- 7 Subject to sub paragraph (6), either firm can request a second test within 21 days (three weeks) of the first results being dispatched. If no request is lodged, the information on the test report will be final.
- 8 Any request for a second test must apply to the total number of bales in the first test. A second test may only be undertaken in a certified laboratory agreed between the parties. In the event of no agreement, the claimant will indicate the certified laboratory to be used. The tests will be made on samples of cotton drawn from the original resealed samples. The party applying for the second test shall pay for the resealed samples to be dispatched to the certified laboratory designated for the second test.
- 9 The second test report will be issued and signed and/or stamped by the laboratory's authorised personnel. The test report will show the results of the test.
- 10 In the event the parties cannot reach agreement on the allowances to be applied, or the interpretation of the results, arbitrator(s) may be appointed by, or on behalf of, both parties.
- 11 A contract may say how much variation is acceptable in the fibre characteristics determined by the laboratory tests. Control limits should be stipulated in the contract.
- 12 Unless the parties in dispute agree otherwise, arbitration for staple will be on the basis of manual classification.
- 13 For micronaire, unless the parties agree otherwise, the usual control limit of 0.3 will apply.
- 14 For strength, unless the parties agree otherwise, the usual control limit of 2.0 grams/tex or 3000 psi will apply.
- 15 Whichever party asks for the tests must pay the laboratory the whole cost. But, if the buyer pays, the seller must repay the cost of testing every bale which does not come within the control limit set out in the contract or, where the control limit is not stated in the contract, within the UCL specified in sub paragraph (13) and (14) above.
- 16 The costs of tests carried out in our laboratory are laid down in Appendix C of our Rule Book.

### **Micronaire**

#### **Rule 238**

- 1 In any dispute about micronaire, the procedure in Rule 237 will apply unless the parties agree otherwise.
- 2 Unless the buyer and seller agree otherwise:  
  
For American cotton:



For contracts which set out a minimum micronaire value, the allowances for bales which do not reach this minimum will be as follows:

Micronaire value below the control limit by:	Percentage allowance
0.1	0.5
0.2	1.0
0.3	2.0
0.4	3.0
0.5	4.0
0.6	5.0

and so on by 1% for each 0.1 micronaire.

But if the contract sets out a minimum of 3.5 (3.5 NCL or 3.8 UCL) or higher:

- on cotton reading 2.9 to 2.6 inclusive, the percentage allowance will be increased to 3% for each 0.1 micronaire below 3.0; and
- on cotton reading 2.5 or below, the percentage allowance will be increased to 4% for each 0.1 micronaire below 2.6.

For contracts which set out a maximum micronaire value, the allowances for bales which go over this maximum will be as follows:

Micronaire value above the control limit by:	Percentage allowance
0.1	0.5
0.2	1.0
0.3	2.0
0.4	3.0
0.5	4.0
0.6	5.0

and so on by 1% for each 0.1 micronaire.

But if the contract specifies a maximum micronaire reading of 4.9 or lower:

- on cotton reading 5.6 or higher, the percentage allowance will be increased to 3% for each 0.1 micronaire above 5.6.

For non-American cotton:

For contracts which set out a minimum micronaire value, the allowances for bales which do not reach this minimum will be as follows:

Micronaire value below the control limit by:	Percentage allowance
0.1	0.5
0.2	1.0
0.3	2.0
0.4	3.0
0.5	4.0
0.6	5.0

and so on by 1% for each 0.1 micronaire.

But if the contract sets out a minimum of 3.5 (3.5 NCL or 3.8 UCL) or higher:

- on cotton reading 2.9 to 2.6 inclusive, the percentage allowance will be increased to 3% for each 0.1 micronaire below 3.0; and
- on cotton reading 2.5 or below, the percentage allowance will be increased to 4% for each 0.1 micronaire below 2.6.

For contracts which set out a maximum micronaire value, the allowances for bales which go over this maximum will be as follows:

Micronaire value above the control limit by:	Percentage allowance
0.1	0.5
0.2	1.0
0.3	2.0
0.4	3.0
0.5	4.0
0.6	5.0

and so on by 1% for each 0.1 micronaire.

But if the contract specifies a maximum micronaire reading of 4.9 or lower:

- on cotton reading 5.6 or higher, the percentage allowance will be increased to 3% for each 0.1 micronaire above 5.6.

**Rule 239**

- 1 The Rule applies to all disputes relating to micronaire, including disputes relating to American cotton. Its terms are intended to be consistent with a micronaire agreement between us and the American Cotton Shippers Association, but if there is any conflict between the two, the terms of this Rule will take priority after the terms of the contract.
- 2 If the contract states 'micronaire' but does not say whether it should be the 'minimum' or 'maximum', it will be taken to mean 'minimum micronaire'. However, both parties can agree otherwise in writing before they send the samples for testing.
- 3 A contract may say how much variation is acceptable in the other fibre characteristics that can be determined by recognized laboratories.

**Rule 240**

- 1 In any dispute about strength, the procedure in Rule 237 will apply unless the parties agree otherwise.
- 2 Unless the buyer and seller agree otherwise, for contracts which set out a minimum strength value, the allowances for bales which do not reach this minimum will be as follows:

<b>HVI -</b> grams/tex below the control limit by:	between	and	Percentage allowance
	1.1	2.0	1.0
	2.1	3.0	1.5
	3.1	4.0	3.0
	4.1	5.0	5.0
	5.1	6.0	8.0

Plus 4% for each gram/tex below 6

<b>Pressley -</b> psi below the control limit by:	between	and	Percentage allowance
	1050	3000	1.5
	3050	5000	3.0
	5050	7000	5.0
	7050	9000	8.0

Plus 4% for each 2000 psi below 9000



## **Contract Form**

The form of contract approved by us for the shipment of cotton is our International Shipment Contract Form 1. This form covers Cost Insurance and Freight (CIF), Cost and Freight (CFR), Free on Board (FOB) and other similar terms.



**The International Cotton Association Limited**  
**International Shipment Contract Form 1**  
**Cost Insurance and Freight (CIF), Cost and Freight (CFR),**  
**Free on Board (FOB) and other similar terms**



From	To
------	----

Dear Sirs, We have: **B O U G H T** the following from you today  (please tick one box and delete the other statement)  
**S O L D** the following to you today

Contract Number \_\_\_\_\_ Date \_\_\_\_\_  
 Agent \_\_\_\_\_

<b>1 Growth And Quality</b> <i>See Condition 1</i>			
<b>2 Micronaire</b> <i>See Condition 2</i>	Minimum	Maximum	Control limit
<b>3 Strength</b> <i>See Condition 2</i>	Minimum	<ul style="list-style-type: none"> <li>• <input type="checkbox"/> psi 0 gauge Pressley</li> <li>• <input type="checkbox"/> grams/tex <sup>1</sup>/<sub>8</sub> gauge HVI</li> </ul> calibrated with HVI calibration cotton (please tick one box and delete the other statement)	Control limit
<b>4 Quantity</b> <i>See Condition 3</i>	Average weight of each bale		Variation allowed %
<b>5 Price and terms</b>	<b>6 Weight basis</b>		
<b>7 Payment</b>			

<b>8 Shipment</b> <i>See Condition 4</i>			
<b>9 Freight</b>	The current rate is	If it is different at the time of shipment: (please tick one box) • <input type="checkbox"/> you must pay the difference. • <input type="checkbox"/> we will pay the difference.	
<b>10 Export duty or subsidy</b>	of _____ % is included in the price.	If it is different at the time of shipment: (please tick one box) • <input type="checkbox"/> you must pay the difference. • <input type="checkbox"/> we will pay the difference.	
<b>11 Insurance</b>	Insurance will be arranged in line with condition 5a <input type="checkbox"/> 5b <input type="checkbox"/> 5c <input type="checkbox"/> 5d <input type="checkbox"/> on the other side of this form. (please tick one box)		
<b>12 War risk</b>	The current rate is _____ %.	If it is different at the time of shipment: (please tick one box) • <input type="checkbox"/> you must pay the difference. • <input type="checkbox"/> we will pay the difference.	
<b>13 Special clauses</b>			

Continued over the page

## 14 General

- This contract incorporates the Bylaws and Rules of the International Cotton Association Limited as they were when the contract was agreed.
- The conditions below are an integral part of this contract.
- This contract cannot be changed unless we agree in writing.
- This contract cannot be cancelled for any reason.

## 15 Arbitration agreement

- **All disputes** relating to this contract will be resolved through arbitration in accordance with the Bylaws of the International Cotton Association Limited. This agreement incorporates the Bylaws which set out the Association's arbitration procedure.  
*Note: If we agree, the words 'All disputes' can be changed to read 'Quality disputes' or 'Technical disputes'. But if nothing else is agreed, the words 'All disputes' will apply.*
- You must not take legal action against us over a dispute suitable for arbitration, other than to obtain security for any claim, unless you have first obtained an arbitration award from the International Cotton Association Limited and exhausted all means of appeal allowed by the Association's Bylaws. This also applies to us.

Our signature

Your signature

## Contract Conditions

- 1 Growth and quality** All cotton provided must be of even running quality (ICA Rule 228).
- 2 Micronaire and Strength**  
Unless we agree otherwise, any dispute about micronaire will be settled under ICA Rules 238 and 239, and any dispute about strength will be settled under ICA Rule 239. If we have not agreed percentage allowances or the use of market differences, or a control limit, the percentage allowances or control limit in the Bylaws will apply.
- 3 Quantity** Unless we agree otherwise, cotton is to be supplied in high density compressed bales.
- 4 Shipment** The seller must get any export licence necessary.  
The buyer must get any import licence necessary and must tell the seller that he has this licence before the first permitted shipment date.
- 5 Insurance (ICA Rules 205 - 209)**  
According to whichever box is ticked in Section 11 of this form:
  - a The seller must take out marine cargo insurance covering risk to the mill or warehouse, war risks insurance, and strikes, riots and civil commotions insurance for the invoice value plus 10%. The seller must take out this insurance through Lloyd's or another first class insurance company; or
  - b The buyer must take out marine cargo insurance, war risks insurance, and strikes, riots and civil commotions insurance for the invoice value plus 10%. The buyer must take out this insurance through Lloyd's or another first class insurance company; or
  - c The seller will be responsible for insuring the cotton until it is delivered to the shipping company or its agent; or
  - d The seller will be responsible for insuring the cotton for non-containerised shipments only.In the case of (b) and (d), the seller must tell the buyer the ship's name as soon he knows it.  
In the case of (c), the seller must tell the buyer the date of delivery as soon as he knows it.  
The buyer is responsible for marine insurance on any amount over the invoice value plus 10%.
- 6 Quality differences and quality arbitration (ICA arbitration Bylaws, especially Part 2)**  
International Cotton Association official differences will apply unless we agree otherwise. If the quality of the cotton is not as it should be, the seller must pay the buyer an allowance. We will try to agree the amount with you. But if there is no agreement, the dispute must be resolved through quality arbitration under the Bylaws of the International Cotton Association Limited.  
If quality arbitration is required, samples for arbitration must be taken within 42 days (six weeks) of the date of arrival of the cotton. Arbitration must be commenced in line with ICA Bylaw 319 within 49 days (seven weeks) of the date of arrival of the cotton. Samples must be sent off to the place of arbitration within 70 days (ten weeks) of the date of arrival of the cotton (ICA Bylaw 325).  
These deadlines can be extended if we agree, or an application can be made to the International Cotton Association for an extension under Bylaw 325. Each lot will be treated separately for arbitration.
- 7 Shipping documents**  
The seller must give the buyer a detailed invoice within 14 days (two weeks) of the date of the clean onboard bill of lading or other negotiable document of title. The required shipping documents are:
  - a full set of clean on-board bills of lading or other document of title. The document must show the buyer's name and address as the consignee. Otherwise, the consignee must be shown as 'To order' and blank endorsed;
  - a minimum of three copies of the invoice signed by the seller which sets out the total weight, the amount of tare and the total weight less tare; and
  - under CIF terms only, a marine cargo, war, and strikes, riots and civil commotions' insurance risk insurance policy or certificate.
- 8 Weight**  
Provisionally, the cotton will be invoiced on shipping weights. If net landed weights are stipulated, tare must be allowed for. If net landed weights are stipulated and the net landed weight of the cotton is different, the seller must compensate the buyer or the buyer must compensate the seller, as appropriate.
- 9 Tare**  
If the buyer thinks that the seller has not allowed enough for tare in the invoice, the actual tare can be established under Rules 214 and 215. The seller must not use sisal bagging.
- 10 Claims**  
Claims under Rule 230 for false packed, mixed packed or plated bales, for unmerchantable cotton and for foreign matter must be made within six months of the date of arrival of the cotton. Notice of any claim under Rule 231 for country damage must be given in accordance with Rules 206, 207 and 231. Unless we agree otherwise, all claims (including insurance claims) must be settled in the country the cotton is delivered to. Claims must also be settled in the currency of the contract.
- 11 Damage**  
If the cotton arrives country damaged or having damage which appears to have been caused before shipment, we must try to agree on a settlement in accordance with Rule 206 or 207, as appropriate.

*You can buy copies of the International Cotton Association's Bylaws and Rules from the Secretary of the Association at  
6<sup>th</sup> Floor, Walker House, Exchange Flags, Liverpool L2 3YL, UK*



## **Container Trade Rules Agreement**

This agreement is between  
The International Cotton Association Limited  
and the American Cotton Shippers Association  
(Amended 19 November, 1992)



## Agreement

*(Please read Rule 204)*

### Section A: Definitions

In this agreement, unless there be something in the context inconsistent therewith, the following expressions shall have the following meanings:-

- 1 'Container yard' or 'CY' mean a location where containers may be parked, picked-up or delivered full or empty. A container yard may further be a place of loading/stuffing by a shipper or unloading/de-vanning by a receiver of cargo, and/or where water carrier accepts custody and control of cargo at origin.
- 2 'Container freight station' or 'CFS' mean a location where the water carrier and/or its agent is loading or unloading containers under their control.
- 3 'House to', 'container yard to' or 'door to' mean shipper-controlled loading at a location determined by the shipper. All costs beyond point of loading, as well as the cost of providing containers, at House/CY/Door are for the account of the party responsible for freight booking.
- 4 'Pier to' or 'container freight station to' mean carrier-controlled loading where the cargo is delivered to the carrier at a pier or container freight station.
- 5 'To house' or 'to container yard or 'to door' mean deliver to consignee's location (warehouse or mill) upon arrival at port of destination.
- 6 'To pier' or 'to container freight station' mean carrier will de-van container at pier at port of destination or at a container freight station.

Note: Responsibilities of the buyer and seller for the costs and charges relating to Definitions 3 to 6 are given at Annex 1.

- 7 'Mini-bridge' means cargo carried by rail or substitute transportation from US port area to another US port area for onward transportation in containers on water. Intermodal bill of lading is issued by the water carrier at originating port covering transport to the overseas destination.
- 8 'Micro-bridge' means cargo moving directly from interior point by rail or substitute transportation (either in containers or other equipment) to port for onward transportation in containers on water. Intermodal bill of lading is issued by the water carrier at interior loading point covering transport to the overseas destination.
- 9 'Land-bridge' means cargo arriving by water carrier, and moving from one coast to another via rail for onward transportation on water.
- 10 'Free carrier - named point', 'interior point intermodal' or 'IPI' mean the seller fulfils his responsibility when he delivers the cargo into the custody of the water carrier at the named point. If no precise point can be mentioned at the time of contract of sale, the parties should refer to the place or range where the water carrier should take the cargo into his charge.
- 11 'Shippers load and count' means the shipper assumes responsibility for the contents of the container (CY loading).

- 12 'Inter-modal bill of lading' or 'combined transport document' mean a negotiable document issued by a water carrier after receipt of container or cotton on board a rail car or other transport equipment.
- 13 'Bunker adjustment factor', 'BAF', 'fuel adjustment factor' or 'FAF' mean a charge added to the base freight rate to cover extraordinary increases in fuel costs which are beyond the control of the carrier.
- 14 'Currency adjustment factor' or 'CAF' mean a charge, generally expressed as a percentage of base freight, that attempts to compensate for extraordinary fluctuations in currency relationships to the US Dollar which is the 'tariff currency'.
- 15 'Terminal receiving charge', 'TRC', 'terminal handling charge', 'THC', 'Container yard charge' or 'CYC' mean a charge, added to the base freight rate by the carrier, which reflects the costs of handling cotton from place of receipt at the terminal to on board vessel.
- 16 'Origin receiving charge or 'ORC' mean a charge, added to the base freight rate, which reflects the cost of handling cotton from place of receipt at origin to on board intermodal conveyance.

## Section B: Trade Rules

Every contract for the shipment of US cotton in containers from US ports shall, unless there be anything inconsistent therewith explicitly or impliedly stated in the contract or subsequently agreed thereto by the parties to the contract, be deemed to provide that should there be a dispute concerning such contract, it shall be settled between the parties or by arbitration in accordance with the following rules:

- 1 Shipment: Cotton may be shipped by water and/or intermodal transportation at the option of the party responsible for freight booking. All charges imposed by the carrier, whether included in the freight rate, shown as separate item(s) in the bill of lading, or billed separately, are for the account of the party responsible for the freight booking. However if the seller elects to use a CFS facility, then the difference between CFS and CY charges at such location shall be for seller's account.
- 2 Providing containers and transport: The party responsible for freight booking is obliged to provide containers in time for transport and loading within contracted shipping month at the port(s) or point of origin stated in the contract.
- 3 Date of shipment: In case of intermodal transportation, the date of the intermodal bill of lading shall constitute the date of shipment.
- 4 Insurance: In case of FOB/FAS/C&F or "Free Carrier - (Named Point)" sales, buyer's insurance to cover all risks from the time the cotton is shipped or on board or is accepted into the custody and control of the water carrier, whether advised or not.
- 5 Full container load (FCL):
  - a Unless otherwise stated, sales should be based on freight rates for full forty-foot container loads. Any extra charges for overflow bales or minimum charges shall be paid by the party responsible for freight booking.
  - b If quantity is expressed in containers it shall mean:
    - i origin Gulf Area: about 78 bales per forty-foot container;
    - ii origin West Coast: about 83 bales per forty-foot container;Containers other than forty-footers may be substituted for 'house to pier' or 'pier to pier' shipments only.
- 6 Loading and unloading: It shall be seller's choice to load at 'house/CY' or 'pier/CFS', and buyer's choice to unload at 'house/CY' or 'pier/CFS'. However, seller shall 'ship to pier', unless specifically instructed by buyer to 'ship to house'.
- 7 Weighing: Unless otherwise agreed, 'pier to house' and 'house to house' shipment shall be understood to mean 'net certified shipping weights final'.
- 8 Sampling:
  - a Buyer may ask seller to by-load samples, subject to seller's agreement. Any extra charges shall be for the buyer's account.
  - b In case of 'pier to house' or 'house to house' shipments, normal arbitration rules shall apply, except that sampling may take place on

buyer's premises under supervision. Sampling expenses are for the buyer's account.

9 Missing bales: In case of shipper's load and count, seller is liable for the contents of the container. Unless otherwise agreed between buyer and seller, any claim must be supported by certificates issued by seller's controller stating the container serial and seal number and certifying that the seal was intact. However, in shipments involving 'pier to house' or 'house to house' movements and when seals are broken by customs or other authorities at port of entry container must be re-sealed and both the original seal and new seal numbers provided to shipper's controller.

10 Payment:

- a Letter of credit payment: Letter of credit must allow inter-modal bill of lading.
- b Cash against documents on first presentation: Buyer must pay against inter-modal bill of lading.
- c Cash on Arrival: Buyer shall pay against the bill of lading upon arrival of the vessel at the destination named in the bill of lading.

However, if the containers are on-carried by feeder vessels or other means, payment shall be made upon arrival of the feeder vessels or on-carrying conveyance at the final destination named in the contract.

In case of seller's freight booking, if any containers are not on board the vessel named in the bill of lading, buyer shall have the right to claim against the seller for refund of interest until actual arrival of the container(s). This is not applicable if shipment by container vessel is required by buyer subsequent to entering into the contract.

## Delineation of responsibility for cost and performance

## House to house

		FOB		FAS		CIF		C&F	
		Responsibility for		Responsibility for		Responsibility for		Responsibility for	
		Cost	Performance	Cost	Performance	Cost	Performance	Cost	Performance
1	Draying of empty container to point of stuffing	Buyer	Carrier	Buyer	Carrier	Seller	Carrier	Seller	Carrier
2	Stuffing	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
3	Transport of full container to point of loading on railroad or vessel	Buyer	Carrier	Buyer	Carrier	Seller	Carrier	Seller	Carrier
4	Lift on charges	Included in freight							
5	Freight	Buyer	Carrier	Buyer	Carrier	Seller	Carrier	Seller	Carrier
6	Lift off charges to ship's rail	Included in freight							
7	Clearance and port/terminal charges after ship's rail	Buyer	Carrier	Buyer	Carrier	Buyer	Carrier	Buyer	Carrier
8	Transport of container to point of destination	Buyer	Carrier	Buyer	Carrier	Buyer	Carrier	Buyer	Carrier
9	De-vanning	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer

House to pier

		FOB		FAS		CIF		C&F	
		Responsibility for		Responsibility for		Responsibility for		Responsibility for	
		Cost	Performance	Cost	Performance	Cost	Performance	Cost	Performance
1	Draying of empty container to point of stuffing	Buyer	Carrier	Buyer	Carrier	Seller	Carrier	Seller	Carrier
2	Stuffing	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
3	Transport of full container to point of loading on railroad or vessel	Buyer	Carrier	Buyer	Carrier	Seller	Carrier	Seller	Carrier
4	Lift on charges	Included in freight							
5	Freight	Buyer	Carrier	Buyer	Carrier	Seller	Carrier	Seller	Carrier
6	Lift off charges to ship's rail	Included in freight							
7	Clearance and port/terminal charges after ship's rail	Buyer	Carrier	Buyer	Carrier	Buyer	Carrier	Buyer	Carrier
8	De-vanning at point of arrival or CFS	Note 1	Carrier	Note 1	Carrier	Note 1	Carrier	Note 1	Carrier
9	Transport of cotton to warehouse or mill	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer

Note 1: Normally included in freight charge. If not included buyer bears cost.



Pier to pier

		FOB		FAS		CIF		C&F	
		Responsibility for		Responsibility for		Responsibility for		Responsibility for	
		Cost	Performance	Cost	Performance	Cost	Performance	Cost	Performance
1	Delivery of cotton to point of shipment or CFS	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
2	Stuffing	Note 1	Carrier	Note 1	Carrier	Note 1	Carrier	Note 1	Carrier
3	Lift on charges	Included in freight							
4	Freight	Buyer	Carrier	Buyer	Carrier	Seller	Carrier	Seller	Carrier
5	Lift off charges to ship's rail	Included in freight							
6	Clearance and port/terminal charges after ship's rail	Buyer	Carrier	Buyer	Carrier	Buyer	Carrier	Buyer	Carrier
7	De-vanning at point of arrival or CFS	Note 1	Carrier	Note 1	Carrier	Note 1	Carrier	Note 1	Carrier
8	Transport of cotton to warehouse or mill	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer

Note 1: Stuffing and de-vanning charges normally included in freight. If not included, seller bears cost of stuffing, buyer bears cost of de-vanning.

Pier to house

		FOB		FAS		CIF		C&F	
		Responsibility for		Responsibility for		Responsibility for		Responsibility for	
		Cost	Performance	Cost	Performance	Cost	Performance	Cost	Performance
1	Delivery of cotton to point of shipment or CFS	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
2	Stuffing	Note 1	Carrier	Note 1	Carrier	Note 1	Carrier	Note 1	Carrier
3	Lift on charges	Included in freight							
4	Freight	Buyer	Carrier	Buyer	Carrier	Seller	Carrier	Seller	Carrier
5	Lift off charges to ship's rail	Included in freight							
6	Clearance and port/terminal charges after ship's rail	Buyer	Carrier	Buyer	Carrier	Buyer	Carrier	Buyer	Carrier
7	Transport of container to point of destination	Buyer	Carrier	Buyer	Carrier	Buyer	Carrier	Buyer	Carrier
8	De-vanning	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer

Note 1: Normally included in freight charge. If not included seller bears cost.

## **Section 3**

### **Arbitration**



## **Section 3**

### **Arbitration**

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## **Section 3**

### **Bylaws relating to Arbitration**

Any dispute arising out of or in connection with a contract which incorporates and provides for arbitration under these Bylaws shall be referred to arbitration, and arbitrators, an umpire, a technical appeal committee or a quality appeal committee (as the case may be) will determine all matters placed before them in accordance with the following Bylaws.

#### **Introductory**

#### **Bylaw 300**

- 1 We will conduct arbitration in one of two ways:
  - Quality arbitrations will deal with disputes arising from the manual examination of the quality of cotton and/or the quality characteristics which can only be determined by instrument testing. Bylaws especially applicable to quality arbitrations and appeals are set out in Part 2.
  - Technical arbitrations will deal with all other disputes. Bylaws especially applicable to technical arbitrations and appeals are set out in Part 1.
- 2 The mandatory provisions of the Arbitration Act 1996 (the Act) shall apply to every arbitration and/or appeal under these Bylaws. The non-mandatory provisions of the Act shall apply save insofar as such provisions are modified by, or are inconsistent with, these Bylaws.
- 3 The seat of our arbitrations is in England. No one can decide or agree otherwise.
- 4 Disputes shall be settled according to the law of England wherever the domicile, residence or place of business of the parties to the contract may be.
- 5 If parties have agreed to arbitration under our Bylaws, then, subject to Bylaw 300.6 below, they must not use any court at all unless we have no further power to do what is required, or the Act allows, in which case they must apply to the courts in England or Wales.
- 6 A party can apply to a court anywhere to obtain security for its claim while arbitration or an appeal is taking place.
- 7 If a party is prevented from proceeding with an arbitration as a result of the application of the provisions of Bylaw 302.3 or Bylaw 318.1, it is free to apply to any court which is willing to accept jurisdiction.

## **Part 1: Technical Arbitrations**

### **The Tribunal**

#### **Bylaw 301**

Disputes which fall to be determined under these Bylaws shall be heard by a tribunal of three arbitrators or, if both parties agree, by a sole arbitrator who, for the purposes of these Bylaws, shall be deemed to be Chairman. Each party shall appoint one arbitrator and we shall appoint the third arbitrator who shall serve as Chairman of the tribunal. The tribunal shall ensure that the parties are treated with equality and that each party has the right to be heard and is given a fair opportunity to present its case. The tribunal shall conduct the proceedings with a view to expediting the resolution of the dispute. All communications between either party and the tribunal shall be simultaneously copied to the other party.

### **Commencement of Arbitration**

#### **Bylaw 302**

- 1 Any party wishing to commence arbitration under these Bylaws (“the Claimant”) shall send us a written request for arbitration (“the Request”), and we shall copy the Request to the other party (“the Respondent”).
- 2 When sending the request, the Claimant shall also send:
  - the name, address including email address, telephone and facsimile number of the Respondent,
  - a copy of the written arbitration clause together with a copy of the contractual documentation in which the arbitration clause is contained or in respect of which the arbitration arises,
  - the name of their nominated arbitrator, or, if appropriate, the name of the sole arbitrator agreed by the parties,
  - such application fee as may be due under Appendix C of our Rule Book.
- 3 We may refuse arbitration facilities where one of the parties to the dispute has been suspended from the Association or expelled. Arbitration will also be refused where either the name of one of the parties appeared on the Association’s List of Unfulfilled Awards at the time that the contract under dispute was entered into, or the penalty of denial of arbitration services has been imposed on one of the parties pursuant to Article 27 or Bylaw 421; and the contract under dispute was entered into after 4 September 2002.



## Appointment of Arbitrators

### Bylaw 303 (a)

- 1 Upon receipt of a Request made in accordance with Bylaw 302, we shall ask the Respondent to appoint their arbitrator or to agree to the appointment of a sole arbitrator within 14 days (two weeks) and to notify us and the Claimant of the name of their arbitrator. If the Respondent fails to appoint an arbitrator within this timescale, we will appoint an arbitrator and give notice of the name of the arbitrator so appointed to the parties.
- 2 We shall appoint the third arbitrator who shall serve as Chairman of the tribunal within seven days (one week) of the appointment of the second arbitrator, whether appointed by us or the Respondent.
- 3 Arbitrators must be Individual Members of our Association when they are appointed. Arbitrators must additionally be qualified to the standards set by the Directors from time to time before they may accept such appointments.
- 4 If a vacancy arises because any arbitrator dies, resigns, refuses to act, ceases to hold the requisite qualifications or becomes incapable of performing his functions, the vacancy shall be filled by the method set out in paragraph 1 above.
- 5 By accepting appointment (whether by a party or by us) an arbitrator binds himself to the Association to act in accordance with the Bylaws.
- 6 If one firm raises an objection to an arbitrator or any member of a tribunal, it must give its reasons in writing. An objection to an appointment must be made within 14 days (two weeks) of notice being given of the relevant appointment and will only be valid if substantial injustice could be, or will be, caused to either firm.
- 7 If either firm:
  - fails to nominate an arbitrator within 14 days (two weeks) of being requested to do so, or
  - fails to agree on a replacement arbitrator within 14 days (two weeks) of a substantiated and valid objection to a nomination,the other firm can ask the President of the Association to make an appointment on behalf of the firm that has failed to nominate an arbitrator, or failed to agree on a replacement arbitrator within the time allowed.
- 8 The Association will give notice of the President's intention. If the firm in default does not nominate an arbitrator acceptable to the other firm within 14 days (two weeks) of that notice being given, the President may act.
- 9 Either firm can object to the Chairman or any member of a Technical Appeal Committee, but must do so within 14 days (two weeks) of being told their names. Any objection must be in writing and will only be valid if substantial injustice could be, or will be, caused to either firm.
- 10 If an objection is not acted on and not withdrawn, the President must be asked to decide whether it is valid.
- 11 If new evidence comes to light after the normal time limits for raising an objection have expired, an objection may still be raised. The President will decide whether it will be heard and whether it is valid.

- 12 If a firm disagrees with the President's intention or decision it can appeal to the Directors but it must do so within 14 days (two weeks) of notice having been given of the Presidents' decision. The Directors can use any of the powers given to the President at (7) and (8) above.
- 13 If the President should have a possible conflict of interest, he will not appoint arbitrators under these Bylaws. In that situation, the Vice-President or an acting President will have the same powers of appointment as the President.

### **Revoking the authority of an arbitrator or appeal committee member**

#### **Bylaw 303 (b)**

- 1 Once an arbitrator or appeal committee member has been appointed, his authority cannot be revoked by either firm unless both firms agree.
- 2 If an arbitrator, or appeal committee member ceases to be a Member of the International Cotton Association, he cannot continue to act in whatever capacity he was appointed unless the Directors agree.
- 3 The President may revoke an appointment and appoint an alternative:  
if substantial injustice will be caused by him not doing so; or  
if requested to do so by either firm in the following circumstances:
  - if he upholds an objection under Bylaw 303 (a);
  - if an appointed arbitrator dies, refuses or becomes unable to act;
  - if a sole arbitrator does not make an award within 56 days (eight weeks) of having received the final written submissions from the parties; or
  - if the tribunal do not make an award within 56 (eight weeks) of having received the final written submissions from the parties.
- 4 The Association will give notice of the President's intention. If a firm disagrees with the President, it can appeal to the Directors but it must do so within 14 days (two weeks) of notice having been given. The Directors can use any of the powers given to the President.
- 5 The timeframes indicated in subparagraph 3 above shall not be construed so as to undermine or overrule the arbitrators' duty under the Act to allow each party reasonable opportunity to reply to any query or order from the tribunal subsequent to the closure of final written submissions.

### **Association's fees and deposits on account of arbitration fees**

#### **Bylaw 304**

- 1 Arbitrators, including technical appeal committee members, shall be entitled to charge fees which shall be fixed by reference to the total amount of time reasonably devoted by each arbitrator/technical appeal committee member to the arbitration/appeal and shall be in accordance with the following scale or such scale as shall be determined by us from time to time.
  - an hourly rate ranging from £75 to £150 per hour,

- fractions of an hour after the first hour shall be charged pro rata,
  - a minimum fee of £100 shall be payable to each arbitrator.
- 2 The Chairman of the tribunal and the Chairman of a technical appeal committee shall be entitled to vary the above scale, and charge fees at a reasonable rate within their discretion in arbitrations/appeals of extraordinary complexity and/or value.
- 3 Where the tribunal or technical appeal committee find it necessary to obtain legal advice on any matter arising from an arbitration or appeal, reasonable legal fees thereby incurred will be payable by the parties.
- 4 At any time after the receipt by us of the Request and from time to time thereafter, the Chairman of the tribunal may demand that sums of money be deposited with us by any party to the dispute, by way of deposit against any fees, costs or expenses in connection with or arising out of the arbitration. Failure by any party to pay any such sums shall entitle the tribunal to suspend or discontinue the arbitration proceedings until such sums are paid.
- 5 When an Award is presented for stamping in accordance with Bylaw 308, each arbitrator or technical appeal committee member shall invoice us
- for all fees, clearly stating their applicable hourly rate. Arbitrators are required to submit a “Work Report” with a brief description of each activity undertaken and the time spent on each activity.
  - for all claimed expenses, where applicable, which shall be submitted to us in the form of an “Expenses Report”.
- 6 The Work Report, and Expenses Report if applicable, shall be forwarded to both parties by the Secretariat within 14 days (two weeks) of the award being released.
- 7 The payment of fees and expenses to arbitrators and technical appeal committee members is conditional upon the Association's receipt of the Work Report and Expenses Report if applicable.
- 8 Subject to the foregoing, arbitrators and technical appeal committee members shall be entitled to prompt payment of fees and expenses following release of the Award. If, following a review under Bylaw 317 the Directors determine that any fees or expenses are unreasonable, the arbitrators and technical appeal committee members shall act in accordance with the decision of the Directors.

## **Jurisdiction**

### **Bylaw 305**

Without prejudice to the provisions of the Act relating to jurisdiction, the tribunal may rule on its own jurisdiction, that is, as to whether there is a valid arbitration agreement, whether the tribunal is properly constituted and what matters have been submitted to arbitration in accordance with the arbitration agreement.

## **Conduct of the arbitration**

### **Bylaw 306**

- 1 It shall be for the Chairman, having consulted his fellow arbitrators, to decide all procedural and evidential matters, subject to the right of the parties to agree any matter.

- 2 The Chairman shall ensure the prompt progress of the arbitration, where appropriate by the making of Orders.
- 3 As soon as the Chairman has determined a timetable for proceedings, we shall notify the parties.
- 4 The parties have a duty to do all things necessary for the proper and expeditious conduct of the proceedings, including complying without delay with any order or direction of the tribunal as to procedural and evidential matters.
- 5 If either party fails to comply with any procedural order of the tribunal, the tribunal shall have power to proceed with the arbitration and make an Award.
- 6 Decisions, Orders and Awards shall be made by all or a majority of the arbitrators, including the Chairman. The view of the Chairman shall prevail in relation to a decision, order or Award in respect of which there is neither unanimity nor a majority.
- 7 All statements, contracts and documentary evidence must be submitted in the English language. Whenever documentary evidence is submitted in a foreign language, unless otherwise directed by the tribunal, this must be accompanied by an officially certified English translation.

### **Oral hearings**

#### **Bylaw 307**

- 1 Where either party or both parties require an oral hearing, they shall apply in writing to the tribunal. The tribunal may grant or decline the request without giving reasons. Their decision shall be final. If a request is granted, the Chairman, having consulted his fellow arbitrators, shall decide the date, time and place of the hearing and the procedure to be adopted at the hearing.
- 2 The Chairman, having consulted his fellow arbitrators, may, in advance of the hearing, give detailed directions with any appropriate timetable for all further procedural steps in the arbitration, including (but not limited to) the following:
  - written submissions to be advanced by or on behalf of any party,
  - examination of witnesses,
  - disclosure of documents.
- 3 The Chairman may impose time limits on the length of oral submissions and the examination or cross-examination of witnesses.
- 4 Parties may be represented by one of their employees, or by an Individual Member of the Association, but they may not be represented by a solicitor or barrister, or other legally qualified advocate. The parties may instruct a legal representative to prepare written submissions on their behalf. Parties may also be accompanied by a legal representative at any oral hearing. Such legal representative may advise the party but may not address the tribunal.

## Technical Arbitration Awards

### Bylaw 308

- 1 An Award shall be in writing, dated and signed by all members of the tribunal and shall contain sufficient reasons to show why the tribunal has reached the decisions contained in it, unless the parties agree otherwise or the Award is by consent.
- 2 Any Award shall state that the seat of the arbitration is in England and the date by which we must receive notice of appeal.
- 3 All Awards made under our Bylaws will be treated as having been made in England, regardless of where matters were decided, or where the Award was signed, despatched or delivered to the firms in dispute.
- 4 We will stamp every Award in our offices on the date of the Award, and apply the scale of fees laid down in our Bylaws.
- 5 An Award will only become effective and binding when we stamp it.
- 6 After we stamp an Award, we will notify all of the parties concerned.
- 7 The Award will only be released upon payment of the stamping fee and any outstanding fees, costs and expenses.
- 8 The Award must be honoured within 28 days (four weeks) from notification to all of the parties under Bylaw 308(3) above.
- 9 The Association will keep a copy of every Award.

## Interest on Awards

### Bylaw 309

The tribunal and technical appeal committee can award simple or compound interest from such dates and at such rates as they consider meets the justice of the case.

## Costs

### Bylaw 310

- 1 The general principle is that costs follow the event, but subject to the overriding discretion of the tribunal and Appeal Committee as to which party will bear what proportion of the costs of the arbitration.
- 2 In the exercise of that discretion the tribunal shall have regard to all the material circumstances, including such of the following as may be relevant:
  - which of the issues raised in the arbitration has led to the incurring of substantial costs and which party succeeded in respect of such issues,
  - whether any claim which partially succeeded was unreasonably exaggerated,
  - the conduct of the party which succeeded on any claim and any concession made by the other party,
  - the degree of success of each party.

## **Appeals**

### **Bylaw 311**

- 1 If either party disagrees with the tribunal's Award, it can appeal to us within the period specified in the Award. It must send Notice of Appeal to us.
- 2 Upon receipt of the Notice of Appeal we may demand that sums of money be deposited with us by the Appellant, by way of deposit against any fees, costs or expenses in connection with or arising out of the Appeal. Failure to pay within the specified period will result in the Appeal being dismissed.
3. The Directors, or appeal committee if appointed, can extend the time limits in Paragraph 2 above, but only if the firm concerned can show that substantial injustice would otherwise be done and the request for an extension is reasonable in all the circumstances. An extension will only be granted if it can be shown that substantial injustice may result if a request for an extension of time is refused. Any request for an extension should be made in writing and should outline the reasons why substantial injustice may occur if an application is refused.

## **Technical Appeal Committee**

### **Bylaw 312**

- 1 As soon as the Appellant has served its case for appeal and the Respondent has served a response, the Directors shall appoint a Technical Appeal Committee ('appeal committee').
- 2 A Director cannot be involved in any decision about an appeal or be on an appeal committee if he has acted as an arbitrator in the dispute or if substantial injustice could result.
- 3 An Individual Member cannot be on an appeal committee if he has acted as an arbitrator in the dispute, or substantial injustice could result.
- 4 An appeal committee will consist of a Chairman (who must be a Director or ex-director when appointed), and four other people, who must be Individual Members when they are appointed. All Technical Appeal Committee members must additionally be qualified to the standards as set by the Directors from time to time.
- 5 A member of an appeal committee may only attend and vote at committee meetings if he has been present at all previous meetings.
- 6 At any meeting of an appeal committee, a quorum must comprise the Chairman and three, or at the Chairman's discretion, two members. In the event that there is no quorum, the Directors will appoint a new appeal committee. However, the provisions of this paragraph may be varied by the Directors if both parties agree in writing.
- 7 If the Directors appoint an appeal committee, either party can object to the Chairman or any member of the committee but must do so within seven days (one week) of being told their names. Any objection shall be accompanied by the reasons for objection. An objection to an appointment will only be valid if substantial injustice could result.
- 8 If the Directors uphold an objection, they shall immediately nominate a substitute.
- 9 An appeal involves a new hearing of the dispute and the appeal committee can allow new evidence to be put forward. It may confirm, vary, amend or set aside the

award of the first tribunal and make a new award covering all of the matters in dispute.

- 10 The appeal committee will decide the issues by a simple majority vote. Every member, including the Chairman will have one vote. If both sides have the same number of votes, the Chairman will vote again to decide the issue.

### **Appeal timetable**

#### **Bylaw 313**

- 1 The appellant must submit its Notice of Appeal to us within the time specified in the Award. The appellant must then submit its case for appeal within 28 days (four weeks) of the Association receiving its Notice of Appeal.
- 2 If the respondent intends to comment, it should do so within 28 days (four weeks) of receiving a copy of the appellant's case.
- 3 If the respondent replies, the appellant is allowed to make further comment, but must do so within 14 days (two weeks) of receiving a copy of the respondent's reply.
- 4 The respondent is allowed to make final comment, but must do so within 14 days (two weeks) of receiving a copy of the appellant's further comment.
- 5 The Directors, or appeal committee if appointed, can extend these time limits, but only if the firm concerned can show that substantial injustice would otherwise be done and the request for an extension is reasonable in all the circumstances. An extension will only be granted if it can be shown that substantial injustice may result if a request for an extension of time is refused. Any request for an extension should be made in writing and should outline the reasons why substantial injustice may occur if an application is refused.
- 6 Unless there are exceptional reasons, applications for extensions must be made at least seven days (one week) before time limits expire.
- 7 Further submissions may only be allowed if both parties agree, or the appeal committee decides that substantial injustice will be caused by rejecting them; then
- the appellant is allowed to make further comment, but must do so within 14 days (two weeks) of receiving a copy of the respondent's further comments.
  - the respondent is allowed to make final comment, but must do so within 14 days (two weeks) of receiving a copy of the appellant's further comments.
- 8 Unless circumstances otherwise dictate, the Association shall arrange for the appeal to be heard no later than 28 days (four weeks) after final submissions have been received by the Appeal Committee.
- 9 Either party may nominate, in writing, a representative, who must be an Individual Member, to act on their behalf in any matter concerned with an appeal. We will then communicate with them and no-one else.
- 10 All appeal material must be submitted to us by:
- the firms in dispute; or
  - our Individual Members acting as appointed representatives.

- 11 We will not accept submissions directly from legal firms or independent lawyers.

### **Amicable Settlements**

#### **Bylaw 314**

- 1 If firms settle their dispute after arbitration has commenced, they must inform us immediately. The tribunal or appeal committee will not then make any award unless they are asked to record the settlement in the form of an Award, and they agree to do so.
- 2 If they make an Award, it will have the same status and effect as any other award.
- 3 Any outstanding fees and expenses of the tribunal or appeal committee, and any stamping charge set by us must be paid.
- 4 Where money has been deposited with us under Bylaw 304.5 or Bylaw 311.2 by way of deposit against any fees, costs or expenses in connection with or arising out of the arbitration or the appeal (as the case may be), the tribunal or appeal committee shall determine what, if any, proportion shall be refunded. Such determination shall take account of the amount of work undertaken, and/or legal fees incurred by the tribunal or appeal committee at the date they receive notice of the settlement.

### **Defaulters**

#### **Bylaw 315**

#### **Reporting unfulfilled Awards**

- 1 If the Association receives written advice from a party to an Award, (“the Reporting party”) or from their representative that an Award has not been complied with by the other party to the Award (“the alleged defaulter”), the Directors are to be informed.
- 2 Before acting on such advice, the Secretary shall write to the alleged defaulter notifying them of the Directors’ intention to list their name unless, within a period of 14 days (two weeks), the alleged defaulter provides them with compelling reasons not to do so. The Directors shall consider any reasons submitted by the alleged defaulter before deciding whether or not the information received from the Reporting Party should be circulated.
- 3 The Directors may pass on the name of the defaulting party to Individual Members, Member Firms, Member Associations of the Committee for International Co-operation between Cotton Associations (CICCA) or any other organisation or person by any method it chooses, including the listing of the name of the defaulter and appropriate details in the publicly accessible area of the Association’s website.
- 4 If the Directors so decide, this information and any other appropriate information will be circulated on a list of unfulfilled Awards, to be known as the ‘ICA List of Unfulfilled Awards’.

### **Advisory Notices**

- 5 The Directors may also at any time circulate to Individual Members, Member Firms, and Member Associations of the Committee for International Co-operation between Cotton Associations (CICCA), an Advisory Notice advising them of any



entity which appears to be related to, or utilised by a defaulter. Such Advisory Notice shall also be displayed in that area of the Association's website restricted to Individual Members and Member Firms.

- 6
  - a Where the party requesting the issue of an Advisory Notice is not the Reporting party who has provided the advice referred to in paragraph 1 above ("the Advising party") the Secretary will write to the Reporting party notifying them of the request and seeking comments within 7 days (one week).
  - b After receipt of comments, if any, from the Reporting party, the Secretary may write to the defaulter and other parties that it proposes to name in the Advisory Notice, informing them of the proposed contents of the Advisory Notice and asking them to provide evidence to rebut the contents of the same within 14 days (two weeks).
  - c The Directors will consider any comments or evidence received under 6.a and 6.b above and will decide whether or not an Advisory Notice ought to be issued.
- 7 The Reporting party has responsibility for the accuracy of the information supplied directly to the ICA under this Bylaw and shall indemnify and hold harmless the Association and its Directors from and against all liabilities, damages, costs and expenses incurred by them or either of them by reason of any inaccuracy in such information. The reporting party shall inform the Association immediately should the Award be settled to enable the party to be removed from the List of Unfulfilled Awards.
- 8 The Advising party has responsibility for the accuracy of the information supplied directly to the ICA under this Bylaw with regard to paragraphs 5 and 6.a above and shall indemnify and hold harmless the Association and its Directors from and against all liabilities, damages, costs and expenses incurred by them or either of them by reason of any inaccuracy in such information.
- 9 The parties to any arbitration shall be deemed to have consented to the Directors taking the action set out in this Bylaw.

## **Notices**

### **Bylaw 316**

- 1 Notices, documents and any other form of communication may be served by being:
  - addressed to the last known principal place of business or registered office of a party; and
  - sent, pre-paid by post or any other recognised international courier.
- 2 If we consider that a communication, if sent by post, would be unlikely to be received within less than seven days (one week), it shall be sent by a recognised international courier.
- 3 Notices, documents and any other form of communication may also be sent by fax, telex or e-mail, in which case evidence of delivery or receipt should be obtained.
- 4 If something is to be given or paid to us by a set date or within a period, it must arrive on or before 23.59 on the last day it is due. If it is something that is delivered to us by hand, this must be done during our office hours. If money is paid by cheque or

something similar and the bank refuse to pay us the amount due, we will consider that it was not paid on the date it was received by us.

- 5 If we give notice that something must be done within a set period, the period begins the day when it is deemed that the relevant notice has been received. The days allowed will run continuously.
- 6 For the purposes of the Bylaws relating to technical arbitration, and subject always to paragraph 7 below, all notices, documents and any other form of communication shall be deemed to have been received –
  - if sent by first class prepaid post from and to an address within the United Kingdom, within two working days; and
  - if sent by prepaid post from and/or to an address outside the United Kingdom, within 10 calendar days.
- 7 If a communication falls within the terms of Bylaw 316.2 above, it shall not be deemed to be validly served unless sent by a recognised international courier, in which event it shall be served when delivered by such courier as evidenced by the delivery confirmation produced by such courier.

## **Fees**

### **Bylaw 317**

- 1 If, once an award is released, a firm considers that the fees and expenses charged by the tribunal or appeal committee are unreasonable, then it can ask the Directors to review the amounts. The Directors will decide how much is to be paid.
- 2 We must receive notice of a request under this Bylaw within 21 days (three weeks) of the award being released.

## Part 2: Quality Arbitrations, manual and instrument based

### Bylaw 318

- 1 If firms agree to quality arbitration under our Bylaws, our Individual Members can arbitrate and hear appeals. We will assist with the arbitral process. This applies to both registered and non-registered firms subject to the following:
  - Non-registered firms must apply for arbitration. We can refuse to accept such applications. The applicant has a right of appeal to the Directors. Their decision is final.
  - If a firm was not registered on the date of the contract giving rise to the dispute, an application fee may be due. Details are set out in Appendix C.
  - If, on the day before the date of the contract giving rise to the dispute, either party has its name circulated on the ICA List of Unfulfilled Awards in accordance with Bylaw 354, application for arbitration must be made to the Association. If the applicant is a non-registered firm, we will refuse to accept such applications. The applicant has a right of appeal to the Directors. Their decision is final.
  - A registered firm of the Association which has entered into a contract with a party whose name appeared on the day before the date of the contract on the ICA List of Unfulfilled Awards will be subject to the provisions of Bylaw 421, or, if applicable, the provisions and procedures laid down in the Association's Memorandum and Articles of Association.
  - If a firm has been suspended or expelled, or has been refused re-registration, we will not accept an application for arbitration from it.
- 2 If an application for arbitration is required under this Bylaw, no Individual Member can act as an arbitrator until informed that the application has been accepted and any fee due has been paid.

### Commencing arbitration

### Bylaw 319

If an application is required, it must be accepted by us before arbitration can commence. If that is done or if an application is not required, arbitration will commence when one firm tells the other in writing that it intends to go to arbitration and:

- asks the other firm to agree to use a sole arbitrator and suggests the name of an arbitrator; or
- names his arbitrator and asks the other firm to do the same.

## Arbitrators

### Bylaw 320

- 1 Quality arbitration will be conducted by two arbitrators unless the firms in dispute agree that one arbitrator is sufficient.
- 2 If two arbitrators are appointed and they cannot agree, an umpire will make a decision.
- 3 Arbitrators and umpires must be Individual Members of our Association when they are appointed.
- 4 Either firm can ask the President of the Association to appoint an arbitrator on its behalf.

## Appointment procedures

### Bylaw 321

- 1 If one firm commences arbitration in line with Bylaw 319 and asks the other firm to agree to a sole arbitrator, then within 14 days (two weeks) the other firm must:
  - either
    - accept the name of the suggested arbitrator; or
    - agree the name of another sole arbitrator:
  - or
    - say that it does not agree to using a sole arbitrator;
    - name its own arbitrator; and may
    - object to the arbitrator named by the first firm.
- 2 If the second firm names its own arbitrator, the first firm must object to the nomination within seven days (one week) or it will be considered to have been accepted.
- 3 If the second firm does not respond, the arbitration cannot proceed with a sole arbitrator. Arbitrators must be appointed by or on behalf of both firms.

### Bylaw 322

If one firm commences arbitration in line with Bylaw 319 but does not ask the other firm to agree to a sole arbitrator, the other firm must nominate its arbitrator in writing within 14 days (two weeks). Unless an objection is raised within 7 days (one week) any arbitrator nominated by either firm will be considered to have been accepted by the other.

### Bylaw 323

Once the arbitrator or arbitrators have been nominated and the periods allowed for objections have expired, and any objections dealt with, the arbitrator or arbitrators will be considered to have been appointed. Firms must then allow arbitrators to act independently and in accordance with the law.

## Failure of the appointment procedures

### Bylaw 324

- 1 If one firm raises an objection to an arbitrator nominated by the other firm it must give its reasons in writing. An objection to an appointment must be made within 7 days (one week) of notice being given of the relevant appointment and will only be valid if substantial injustice could be, or will be, caused to either firm.
- 2 If either firm:
  - fails to nominate an arbitrator within 14 days (two weeks) or being requested to do so, or
  - fails to agree on a replacement arbitrator within 14 days (two weeks) of a substantiated and valid objection to a nomination,

the other firm can ask the President of the Association to make an appointment on behalf of the firm that has failed to nominate an arbitrator, or failed to agree on a replacement arbitrator within the time allowed.
- 3 The Association will give notice of the President's intention. If the firm in default does not nominate an arbitrator acceptable to the other firm within 14 days (two weeks) of that notice being given, the President may act.
- 4 Either firm can object to the Chairman, Deputy Chairman or any member of a Quality Appeal Committee, but must do so within 7 days (one week) of being advised their names. Any objection must be in writing and will only be valid if substantial injustice could be, or will be, caused to either firm.
- 5 If an objection is not acted on and not withdrawn, the President must be asked to decide whether it is valid.
- 6 If new evidence comes to light after the normal time limits for raising an objection have expired, an objection may still be raised. The President will decide whether it will be heard and whether it is valid.
- 7 If a firm disagrees with the President's intention or decision it can appeal to the Directors but it must do so within 14 days (two weeks) of notice having been given. The Directors can use any of the powers given to the President at (3) and (5) above.
- 8 If the President should have a possible conflict of interest, he will not appoint arbitrators under these Bylaws. In that situation, the Vice-President or an acting President will have the same powers of appointment as the President.

## Timetables

### Bylaw 325

- 1 In manual quality arbitrations, unless both firms agree otherwise:
  - Samples to be used must be taken within 42 days (six weeks) of the date of arrival of the cotton;
  - Arbitration must be commenced in line with Bylaw 319 within 49 days (seven weeks) of the date of arrival of the cotton; and
  - Samples must be sent to the place of arbitration within 70 days (10 weeks) of the date of arrival of the cotton.

- 2 In instrument test based arbitrations,
  - Samples to be used must be taken within 42 days (six weeks) of the date of arrival of the cotton;
  - Samples must be sent to the place of testing within 70 days (10 weeks) of the date of arrival of the cotton; and
  - Arbitration must be commenced within 21 days (three weeks) of the date the test results are published.
- 3 A committee appointed by the Directors (Standing Committee A) can extend these limits, but only if the firm concerned can show that substantial injustice would otherwise be done and that the request for an extension is reasonable in all the circumstances. Applications must be made to us in writing. The committee will take the other firm's comments into account before it makes a decision.

### **The place of arbitration**

#### **Bylaw 326**

- 1 Manual Quality arbitrations can be held anywhere by agreement between the firms in dispute. If the firms cannot agree on the location for manual arbitration, such manual quality arbitrations will be held in our arbitration room.
- 2 In the event of an appeal on manual arbitration, the Directors will decide where the manual appeal will be heard.
- 3 We will stamp arbitration and appeal Awards and make them effective in Liverpool, without regard to where the arbitration or appeal takes place.

### **Submissions and representation**

#### **Bylaw 327**

- 1 Manual quality arbitrations will be conducted on the basis of samples and decided by manual examination.
- 2 Instrument testing arbitrations will be conducted on the basis of test reports. The information on the test reports will be final. The arbitrators may make an award if either of the parties fails to;
  - agree on the allowances to be applied
  - agree on the interpretation of the test report as applicable to the contract
  - pay an agreed allowance within 14 days (two weeks) of the test report being issued.
- 3 Bylaws 335, 336, 337 do not apply for instrument testing arbitrations.
- 4 Either firm can appeal against an Award given by the arbitrator, arbitrators or umpire in line with Bylaw 349, but no further instrument tests will be conducted.

## Jurisdiction

### Bylaw 328

Without prejudice to the provisions of the Act relating to jurisdiction, the arbitrators and umpire may rule on their own jurisdiction, that is, as to whether there is a valid arbitration agreement, whether the tribunal is properly constituted and what matters have been submitted to arbitration in accordance with the arbitration agreement.

### Bylaw 329

- 1 If one firm commences a quality arbitration and the other firm disputes jurisdiction or the terms of the contract regarding quality, there will be a technical arbitration unless the firms agree otherwise. The technical Award will say:
  - whether we have jurisdiction,
  - what matters are subject to quality arbitration; and
  - what contract terms apply with regard to quality.
- 2 A firm can challenge this Award by appeal to the Directors in the normal way.
- 3 A quality arbitration may then take place providing the technical arbitration or appeal finds that:
  - there is a valid arbitration agreement; and
  - our Bylaws apply.

## **Revoking the authority of an arbitrator, umpire or appeal committee member**

### **Bylaw 330**

- 1 Once an arbitrator, umpire or appeal committee member has been appointed, his authority cannot be revoked by either firm unless both firms agree.
- 2 If an arbitrator, umpire or appeal committee member ceases to be a Member of the International Cotton Association, he cannot continue to act in whatever capacity he was appointed unless the Directors agree.
- 3 The President may revoke an appointment and appoint an alternative:
  - if substantial injustice will be caused by him not doing so; or
  - if requested to do so by either firm in the following circumstances:
  - if he upholds an objection under Bylaw 324;
  - if an appointed arbitrator dies, refuses or becomes unable to act;
  - if a sole arbitrator does not make an award within 21 days (3 weeks) of having been appointed or the arrival of the samples at the place of arbitration, whichever is the later;
  - if the two arbitrators do not make an award or appoint an umpire within 21 days (three weeks) of both having been appointed or the arrival of the samples at the place of arbitration, whichever is the later; or
  - if the umpire does not make an award within 7 days (one week) of the date of his appointment.
- 4 The Association will give notice of the President's intention. If a firm disagrees with the President, it can appeal to the Directors but it must do so within 14 days (two weeks) of notice having been given. The Directors can use any of the powers given to the President.

## **Standards**

### **Bylaw 331**

- 1 When we refer to any of the 'Universal Standards' for quality, we mean the Universal Standards for colour and leaf grade, adopted under the Universal Cotton Standards Agreement existing between us and the United States Department of Agriculture.
- 2 The Secretary will hold a complete set of 'Universal Standards'. Individual Members can inspect them during our office hours. They may be used in settling arbitrations and appeals.
- 3 The Standards will be available for regular inspection by the Quality Appeal Panel. If they ever consider that any standard has changed, the Panel will take action.



### **Bylaw 332**

- 1 'ICA Official Standards' are those that have been approved by the Directors and confirmed by the Association.
- 2 The Secretary will hold the standards. Individual Members can inspect them during our office hours. They may be used in settling arbitrations and appeals.
- 3 The Standards will be available for regular inspection by the Quality Appeal Panel. If they ever consider that any standard has changed, the Panel will take action.
- 4 The Directors will approve changes to the standards after considering comments of the Quality Appeal Panel. We will give each Individual Member 14 days (two weeks) written notice of proposed changes. We will then confirm the changes. The new standards will come into effect the day after they have been confirmed. They will apply to contracts made on or after that date.
- 5 New standards for growths or grades of cotton will be used as soon as we have confirmed them.

### **Use of value differences**

### **Bylaw 333**

- 1 Unless Bylaw 338 or Bylaw 351 applies, or the firms in dispute agree otherwise, quality arbitration Awards will be based on the differences in value fixed by the Value Differences Committee.
  - In the case of CIF and CFR contracts, the value difference that will apply will be the difference on the date of arrival of the cotton.
  - In the case of FOB contracts, the value difference that will apply will be the difference on the date of the bill of lading or other document of title.
  - In all other cases, the value difference that will apply will be the difference on the day the buyer receives title to the cotton.
- 2 Value differences take effect from the start of the day after they are published.
- 3 If differences are not fixed, Awards will be based on the differences in value in a market appropriate to the contract. The arbitrator or arbitrators, or umpire, or Quality Appeal Committee will decide the appropriate differences.
- 4 The above methods will be used to calculate an Award.

### **Bylaw 334**

- 1 In quality arbitrations, Awards can be shown as cash amounts or they may be shown as fractions of the appropriate currency for the weight specified in the contract.
- 2 In CIF and similar contracts, the Awards for grade and staple length will be shown separately. This does not apply to contracts for cotton linters or cotton waste.

## **'Compensating grades'**

### **Bylaw 335**

Unless the buyer and seller agree otherwise:

- Better grade bales may be offset against inferior grade bales. But, the seller will only get credit for a quarter grade and only 15% of the total can be offset. The inferior bales must not be more than half a grade below the quality specified;
- When 'Universal Standards' are used, the seller will only get credit for a half grade and only 15% of the total can be offset. The inferior bales must not be more than a full grade below the quality specified.

## **'Average grade'**

### **Bylaw 336**

- 1 Arbitration on cotton sold as average for any particular grade will be settled by classing the different lots. Grades or fractions of grades will be sorted into those above and below the grade's standard. Whatever turns out to be average will be passed. An allowance will be made on the rest.
- 2 This will apply unless the buyer and the seller agree otherwise.

## **Classification**

### **Bylaw 337**

- 1 If a firm appeals against a quality arbitration Award and pays the extra set fee, the Quality Appeal Committee will issue a certificate showing the true classification for grade, colour or staple length.
- 2 American Upland Cotton  

The colour and leaf grade of American Upland cotton will be classified under the 'Universal Standards'.

American Pima Cotton

The grade and colour of American Pima cotton will be classified under the official cotton standards of the USA.

In both cases, staple length will be classified under the terms of the United States Department of Agriculture standards.
- 3 Non-American Cotton  

In the case of a growth for which we have 'ICA Standards', grade will be classified by those standards. Staple length will be classified under the terms of the United States Department of Agriculture standards.
- 4 Anyone who wants cotton to be classified must ask at the same time as they apply for an appeal.
- 5 Classification will only refer to the bales sampled.

## **Cotton which is outside the normal quality range**

### **Bylaw 338**

- 1 In arbitrations and appeals on cotton which is outside the normal quality range of its relevant growth, the intrinsic value of the cotton will be established. That value will be taken into account in arriving at an Award. In cases where the value cannot be determined, arbitration will be based on the contract price.
- 2 In arbitrations and appeals on cotton waste, linters, pickings and so on, arbitration will be based on the known value. Arbitration will be based on the contract price if the actual value cannot be established.
- 3 The arbitrator or arbitrators, or umpire and an appointed Quality Appeal Committee can take advice or evidence from firms or individuals who are connected with the cotton trade and are experts in cotton waste, linters, pickings and so on.

### **Bylaw 339**

DELETED

### **Bylaw 340**

DELETED

### **Bylaw 341**

DELETED

### **Bylaw 342**

DELETED

## **Custody of cotton**

### **Bylaw 343**

- 1 If we hold any cotton for any reason, it will be entirely at the owners' risk. This applies if the cotton is held by us, or anyone acting on our behalf.
- 2 We, our employees and agents accept no responsibility or liability if any cotton held is damaged, destroyed or lost.
- 3 We, our employees and agents accept no responsibility or liability for any resulting direct or indirect loss, damage, delay or expense. This applies to any sample, piece, or bale, and it applies if the cotton is held by us, or anyone acting on our behalf.
- 4 This Bylaw applies whosoever suffers loss, damage, delay or expense, and whether caused by negligence or otherwise.

## **Anonymous arbitration**

### **Bylaw 344**

- 1 Anonymous quality arbitration means that we will not disclose the names of the firms in dispute, or the arbitrators' and umpire's names.

- 2 If a dispute about quality arises and both firms agree that it should go to anonymous quality arbitration, the following paragraphs are exceptions to the general arbitration procedure.
- 3 Either firm can apply for anonymous arbitration by writing to the Secretary. They must explain the point at issue and give proof that the other firm is in agreement with the request.
- 4 Those asking for the arbitration must give information about the status of the firms to the Secretary, to enable fees and charges to be set.
- 5 When the President receives the proof, he will appoint two Individual Members as arbitrators. If the arbitrators cannot agree on an Award within 21 days (three weeks) of being appointed, the President will appoint an umpire.
- 6 The President can appoint a new arbitrator, or arbitrators or umpire in either of the following situations:
  - if an arbitrator or umpire dies during the arbitration process, refuses or becomes unable to act; or
  - if an umpire does not give his written decision on any matter referred to him by the arbitrators within seven days (one week) of him being asked to do so by either of them.
- 7 The arbitrators and umpire will not be given the names of the firms in dispute, and the firms will not be given the arbitrators' and umpire's names.
- 8 The Secretary will be responsible for giving any relevant selling type and samples, or the test results, and contract extracts to the arbitrators and umpire. The extracts will only be those which refer to quality. For manual arbitration he will replace the seller's type and samples identification marks with numbers before they go to the arbitrators and umpire.
- 9 Awards must be made on special forms. If all fees and expenses have been paid, we will send the Award to the firms in dispute.

### **Amicable settlements**

#### **Bylaw 345**

- 1 If firms settle their dispute after arbitration has commenced, they must say so. The arbitrator or arbitrators, umpire, or appeal committee will not then make any Award unless they are asked to record the settlement in the form of an Award, and they agree to do so.
- 2 If they make an Award, it will have the same status and effect as any other Award.
- 3 Any outstanding fees and expenses of the arbitrator or arbitrators, umpire, or appeal committee, and any application fee or stamping charge set by us must be paid.

## Quality Arbitration Awards

### Bylaw 346

- 1 Every Award relating to quality made under our Bylaws must be made in writing on our official form and signed by the arbitrator or both arbitrators, or the umpire if there is one. The Chairman or Deputy Chairman and the Secretary of the appeal committee must sign an appeal Award.
- 2 A quality Award will not contain reasons for the Award.
- 3 Any Award shall state that the seat of the arbitration is in England and the date by which we must receive notice of appeal.
- 4 All Awards made under our Bylaws will be treated as having been made in England, regardless of where matters were decided, or where the Award was signed, despatched or delivered to the firms in dispute.
- 5 We will stamp every Award in our offices on the date of the Award, and apply the scale of fees laid down in our Bylaws.
- 6 An Award will only become effective and binding when we stamp it.
- 7 After we stamp an Award, we will notify all of the parties concerned.
- 8 The Award will only be released upon payment of the stamping fee and any outstanding fees, costs and expenses.
- 9 In quality arbitrations the Award will give the date by which we must receive notice of appeal.
- 10 The Association will keep a copy of every Award.

## Interest on Awards

### Bylaw 347

The arbitrators, umpire or Quality Appeal Committee can award simple or compound interest from such dates and at such rates as they consider meets the justice of the case.

## Costs

### Bylaw 348

- 1 The general principle is that costs follow the event but subject to the overriding discretion of the tribunal and Appeal Committee as to which party will bear what proportion of the costs of the arbitration.
- 2 In the exercise of that discretion the tribunal shall have regard to all the material circumstances, including such of the following as may be relevant:
  - which of the issues raised in the arbitration has led to the incurring of substantial costs and which party succeeded in respect of such issues,
  - whether any claim which partially succeeded was unreasonably exaggerated,

- the conduct of the party which succeeded on any claim and any concession made by the other party,
- the degree of success of each party.

## **Appeals**

### **Bylaw 349**

- 1 If either firm disagrees with an arbitrator's or arbitrators', or umpire's Award, it can appeal within the period allowed in the Award. It must send notice of appeal to us. The reasons for appeal must be given when the appeal is made. The Chairman or Deputy Chairman of the Appeal Committee will then set the dates by which any further reasons or responses must be received.
- 2 We can demand an application fee set by the Directors. Details are laid down in Part 3. We must receive these amounts within 14 days (two weeks) of the date of our invoice or the appeal will be dismissed.
- 3 The appeal committee can allow new evidence to be put forward covering all of the matters in dispute, unless the appeal refers to an instrument test arbitration, in which case the information contained in the last test report will be final.
- 4 This Bylaw does not apply to disputes over the costs of arbitration.
- 5 The committee will not hear an appeal before the end of the period allowed to appeal unless both firms agree, or both have appealed.
- 6 The appeal will be heard by a Quality Appeal Committee to be selected from the Quality Appeal Panel elected annually. The members of the Quality Appeal Panel will select a Chairman and Deputy Chairman. The Chairman and Deputy Chairman will select from the panel no less than two and no more than four of the members who are considered most qualified to judge the growth concerned to form a Quality Appeal Committee.
- 7 The committee will decide the issues by a simple majority vote. Every member, including the Chairman and Deputy Chairman will have one vote. If both sides have the same number of votes, the Chairman will vote again to decide the issue.
- 8 A Director cannot be involved in any decision about an appeal or be on an appeal committee if he has acted as an arbitrator or umpire in the dispute, or substantial injustice could result.
- 9 An Individual Member cannot be on an appeal committee if he has acted as an arbitrator or umpire in the dispute, or substantial injustice could result.

### **Bylaw 350**

- 1 Before it refers to the decision of the arbitrators, a Quality Appeal Committee must conduct an assessment of the cotton, or, in the case of instrument testing, the test report, and form an opinion. But, before making its final decision, the committee must refer to the arbitration Award.
- 2 If new arguments are offered to do with jurisdiction or the terms of the contract regarding quality, which have not been the subject of a technical arbitration or appeal, the committee will reach a decision and make an Award based on the evidence.

- 3 However, in appeals against Awards under Bylaw 344:
- the names of the parties to the contract and the parties appealing will not be disclosed to the Quality Appeal Committee at any stage;
  - if either party presents a previous appeal Award, or arbitration Award if there has been no appeal, there must also be a letter with it guaranteeing that the lot which is the subject of the appeal to us, is the lot, bale for bale, which the previous Award was for; and
  - the committee can refer to the arbitration or appeal decision before giving its Award, but will not be bound by them.

### **Appeals on arbitrations done elsewhere**

#### **Bylaw 351**

- 1 If a manual quality arbitration was conducted under the rules of another Association, an appeal can still go to the Quality Appeal Panel. However, this must be agreed in writing by the firms in dispute.
- 2 The appeal Award will be based on the value differences used for the arbitration Award, but the cotton will be judged against the appropriate 'Universal Standards' or 'ICA Standards'. If no other value differences are available, our differences will apply.
- 3 Appeals must be lodged within the time limits laid down in the rules of the Association under which the arbitration was held.
- 4 The samples for the appeal must be the same samples that were used in the arbitration. They must be sealed as the authentic samples and they must be signed as being so. The samples must then be sent to us. They must come with a statement saying whether the arbitration was held under natural or artificial light.
- 5 If an instrument test arbitration was conducted under the rules of another Association, an appeal can still go to the Quality Appeal Panel. However, this must be agreed in writing by the firms in dispute. Bylaw 349 will then apply.

### **Disputes about fees and expenses**

#### **Bylaw 352**

- 1 If a firm considers that the fees and expenses charged by the arbitrator or arbitrators, umpire or appeal committee are unreasonable then it can ask the Directors to review the amounts. The Directors will decide how much is to be paid.
- 2 We must receive notice of a request under this Bylaw within 14 days (two weeks) of notice of fees and expenses being given or the Award being released, whichever is the earlier.

#### **Bylaw 353**

Even if an appeal is made to the Directors against costs, the Award can still be withheld unless full amount due is deposited with us whilst a decision is made by the Directors.

## Defaulters

### Bylaw 354

#### Reporting unfulfilled Awards

- 1 If the Association receives written advice from a party to an Award, (“the Reporting party”) or from their representative that an Award has not been complied with by the other party to the Award (“the alleged defaulter”), the Directors are to be informed.
- 2 Before acting on such advice, the Secretary shall write to the alleged defaulter notifying them of the Directors’ intention to list their name unless, within a period of 14 days (two weeks), the alleged defaulter provides them with compelling reasons not to do so. The Directors shall consider any reasons submitted by the alleged defaulter before deciding whether or not the information received from the Reporting Party should be circulated.
- 3 The Directors may pass on the name of the defaulting party to Individual Members, Member Firms, Member Associations of the Committee for International Co-operation between Cotton Associations (CICCA) or any other organisation or person by any method it chooses, including the listing of the name of the defaulter and appropriate details in the publicly accessible area of the Association’s website.
- 4 If the Directors so decide, this information and any other appropriate information will be circulated on a list of unfulfilled Awards, to be known as the “ICA List of Unfulfilled Awards”.

#### Advisory Notices

- 5 The Directors may also at any time circulate to Individual Members, Member Firms and Member Associations of the Committee for International Co-operation between Cotton Associations (CICCA), an Advisory Notice advising them of any entity which appears to be related to, or utilised by a defaulter. Such Advisory Notice shall also be displayed in that area of the Association’s website restricted to Individual Members and Member Firms.
- 6
  - a Where the party requesting the issue of an Advisory Notice is not the Reporting party who has provided the advice referred to in paragraph 1 above (“the Advising party”) the Secretary will write to the Reporting party notifying them of the request and seeking comments within 7 days (one week).
  - b After receipt of comments, if any, from the Reporting party, the Secretary may write to the defaulter and other parties that it proposes to name in the Advisory Notice, informing them of the proposed contents of the Advisory Notice and asking them to provide evidence to rebut the contents of the same within 14 days (two weeks).
  - c The Directors will consider any comments or evidence received under 6.a and 6.b above and will decide whether or not an Advisory Notice ought to be issued.
- 7 The Reporting party has responsibility for the accuracy of the information supplied directly to the ICA under this Bylaw and shall indemnify and hold harmless the Association and its Directors from and against all liabilities, damages, costs and expenses incurred by them or either of them by reason of any inaccuracy in such information. The reporting party shall inform the Association immediately should the Award be settled to enable the party to be removed from the List of Unfulfilled Awards.



- 8 The Advising party has responsibility for the accuracy of the information supplied directly to the ICA under this Bylaw with regard to paragraphs 5 and 6.a above and shall indemnify and hold harmless the Association and its Directors from and against all liabilities, damages, costs and expenses incurred by them or either of them by reason of any inaccuracy in such information.
- 9 The parties to any arbitration shall be deemed to have consented to the Directors taking the action set out in this Bylaw.

## Notices

### Bylaw 355

- 1 Notices, documents and any other form of communication may be served by being:
- addressed to the last known principal place of business or registered office of a party; and
  - sent, pre-paid by post or any other recognised international courier.
- 2 If we consider that a communication, if sent by post, would be unlikely to be received within less than seven days (one week), it shall be sent by a recognised international courier.
- 3 Notices, documents and any other form of communication may also be sent by fax, telex or e-mail, in which case evidence of delivery or receipt should be obtained.
- 4 If something is to be given or paid to us by a set date or within a period, it must arrive on or before 23.59 on the last day it is due. If it is something that is delivered to us by hand, this must be done during our office hours. If money is paid by cheque or something similar and the bank refuse to pay us the amount due, we will consider that it was not paid on the date it was received by us.
- 5 If we give notice that something must be done within a set period, the period begins the day when it is deemed that the relevant notice has been received. The days allowed will run continuously.
- 6 For the purposes of the Bylaws relating to technical arbitration, and subject always to paragraph 7 below, all notices, documents and any other form of communication shall be deemed to have been received:
- if sent by first class prepaid post from and to an address within the United Kingdom, within two working days; and
  - if sent by prepaid post from and/or to an address outside the United Kingdom, within 10 calendar days.
- 7 If a communication falls within the terms of Bylaw 355.2 above, it shall not be deemed to be validly served unless sent by a recognised international courier, in which event it shall be served when delivered by such courier as evidenced by the delivery confirmation produced by such courier.

## **Part 3: Fees**

### **Application fees for arbitrations**

#### **Bylaw 356**

- 1 The application fees set by the Directors for arbitrations are laid down in Appendix C of our Rule Book.
- 2 A dispute may cover more than one contract, but a firm will have to pay us a separate application fee for each arbitration.

### **Application fees for appeals**

#### **Bylaw 357**

- 1 The application fees set by the Directors for appeals are laid down in Appendix C of our Rule Book.
- 2 If they think it is appropriate, the Directors can reduce the amount of the application fee, or refund all or part of it.

### **Other arbitration and appeal fees**

#### **Bylaw 358**

- 1 Quality arbitrations
  - The lowest fees for quality arbitrations are laid down in Appendix C. The arbitrators may charge more.
  - Both firms are liable to pay a fee but the arbitrators will apportion the fees payable by each firm.
- 2 Quality appeals
  - The lowest fees for quality appeals are laid down in Appendix C. The appeal committee may charge more.
  - Each firm appealing will be liable to pay a fee. The appeal committee will apportion the fees payable by each firm.
- 3 Cotton waste, linters and pickings

The quality arbitration and appeal fees on cotton waste, linters and pickings are the same as the fees for quality arbitration and appeals on cotton.
- 4 Classifications

The fee for classification under Bylaw 337 is laid down in Appendix C of our Rule Book. Only the firm asking for the classification will have to pay the fee.

## Stamping charges

### Bylaw 359

1 The stamping charges are laid down in Appendix C of our Rule Book. The rate to be paid will be in line with the firm's registration status on the date of the contract giving rise to the dispute. If a firm has been suspended or expelled from registration, or has been refused re-registration since arbitration was commenced, it must pay the non-registered rate.

2 Quality arbitrations and appeals

In a quality arbitration both firms will be liable to pay a stamping charge but the arbitrators will apportion the charge payable by each firm.

In a quality appeal under Bylaw 351 each firm appealing will be liable to pay any stamping charge but the appeal committee will apportion the charge payable by each firm.

## Liability

### Bylaw 360

If a Principal Firm appoints an arbitrator or umpire for a firm that is not a registered firm and the non-registered firm fails to pay, the Principal Firm will be liable for any arbitration, umpire and stamp fees due.

### Bylaw 361

1 If an umpire is appointed in a quality arbitration, he will receive an amount equal to 50% of the lowest fee to be paid for quality arbitration by a Principal Firm.

2 The arbitrator who disagrees most with the umpire's Award will pay the umpire out of his fee. If there is equal disagreement, each arbitrator will pay half. In a quality appeal, the appeal committee will decide which arbitrator has to pay the umpire.



## **A summary of our fees and charges**

These fees and charges are effective from the day this Rule Book comes into force until we say otherwise.



## Fees and charges for arbitrations and appeals

Please read Bylaws 356-359

Please note that the amount to be paid in each case will be in line with the firm's registration status on the date of the contract giving rise to the dispute.

### Application fees for arbitrations

Please read Bylaw 356

Technical Arbitration	For each application
Principal Firms and Related Companies paying a turnover fee	No fee
Principal Firms and Related Companies but not registered on the date of the contract	£500.00
Association Member Firm	£2,500.00
For Principal Firms and Related Companies who have not paid outstanding tonnage fees a penalty of £1,250.00 will be applied.	
<b>Non-Registered firms must pay a fee as follows:</b>	
Firm not registered but applying for registration at the time of applying for arbitration	Annual registration fee + £500.00
If you do not apply for registration with us at the time of applying for arbitration, or if your application for registration is refused	£10,000.00
<b>Quality Arbitration</b>	No fee

## Application fees for appeals

*Please read Bylaw 357*

### Technical Appeal

### For each application

Principal Firms and their Related Companies	No fee
Non-registered firms	£2,000.00
Association Member Firms	£500.00

For Principal Firms and Related Companies who have not paid outstanding tonnage fees a penalty of £1,250.00 will be applied.

### Quality Appeal

### For each application

Registered firms	No fee
Non-registered firms	No fee

## Other arbitration and appeal fees

*Please read Bylaw 358*

### Technical arbitration

The arbitrators will decide the fees.

### Technical appeal

The chairman of the appeal committee will decide the fees.

The Association will charge as its fees 25% of the appeal committee's total fees.

### Quality arbitration, appeal and classification

The lowest amount the arbitrators or appeal committee will charge for every bale represented by the samples provided is given below. They may charge more. If the samples provided represent less than 50 bales, they will charge for 50 bales.

### Quality arbitration

Registered firms	£0.35
Non-registered firms	£1.00

### Quality appeal

Registered firms`	£0.65
Non-registered firms	£1.95

### Classification for

grade, colour and staple	£1.00
grade and colour only	£0.65
staple only	£0.65



## Stamping charges

*Please read Bylaw 359*

### Technical arbitration awards

Principal Firms and their Related Companies	£400.00
Association Member Firm	£600.00
Non-registered firms	£800.00

### Technical appeal awards

No charge

### All quality arbitration awards and those quality appeal awards conducted in line with Bylaw 351

The amount we will charge both firms for every bale represented by the samples provided is given below. If the samples provided represent less than 50 bales, we will charge for 50 bales.

Principal Firms and their Related Companies	£0.03
Non-registered firms	£0.24

### Notarisation of Awards

All Firms	£300.00
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## Other charges

**Extending time limits** *Please read Bylaw 420.* No fee

**ICA Rule Book** and amendments for 3 years: each copy

Registered Firms	English language versions	£70.00
	Foreign language versions	£70.00
Non-registered firms	English language versions	£130.00
	Foreign language versions	£130.00
Further amendments (amount to be paid every three years)		£55.00

*Please note that one copy of the Rule Book is given free to each registered firm. Amendments are also provided free to registered firms. The Rule Book is also available free to download on the Association's web site.*

**ICA Articles of Association:** each copy £50.00

## Mechanical Tests

	Registered Firms	Non-registered firms
• High Volume Instrument Testing - HVI Spectrum		
Fee for each sample	£2.60	£3.60
The lowest charge will be:	£15.00	£20.00
• High Volume Instrument Testing - HVI Spectrum (including maturity index)		
Fee for each sample	£5.20	£6.20
The lowest charge will be:	£15.00	£20.00
• Nep Test		
Fee for each sample	£5.20	£6.20
The lowest charge will be:	£15.00	£20.00
• Chemical Sugar Test		
Fee for each sample	£17.50	£22.50
The lowest charge will be:	£25.00	£30.00
• Shirley Fibre Fineness and Maturity Tests		
Fee for each sample	£10.00	£15.00
The lowest charge will be:	£15.00	£20.00
• Trash Separation		
Fee for each sample	£30.00	£35.00
• Micronaire Tests		
Fee for each sample	£0.85	£1.50
The lowest charge will be:	£15.00	£20.00
• Moisture Tests		
Fee for each sample	£7.50	£10.50
The lowest charge will be:	£200.00	£250.00



## **Section 4**

### **General Administration**



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**General Administration**  
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## **Section 4**

### **General Administration**

#### **Part 1: Membership and registration**

##### **Bylaw 400**

Individual Members and Registered Firms must write to the Secretary at once if any of the information presented to the Association in their application changes. If the Secretary asks an Individual Member or Registered Firm to confirm that the information they gave in their application is still correct, they must reply immediately.

##### **Bylaw 401**

Applications for membership must be made on forms approved by the Directors. The forms are available from the Secretary.

##### **Bylaw 402**

If the Directors suspend a Registered Firm, we will treat it as a non-registered firm during the time it is suspended.

##### **Bylaw 403**

The conditions for registration are laid down in the Articles of Association.

##### **Bylaw 404**

**(not used)**

##### **Bylaw 405**

- 1 Any firm or organisation that provides a service to the cotton trade can apply to be registered as an Affiliate Industry Firm. The firm must apply in writing to the Directors. They will decide whether the firm can be registered as such. Applications for registration of Affiliate Industry Firms must be proposed and seconded by Individual Members of the Association.
- 2 Each year Member Firms will pay the registration fee set by the Directors.
- 3 All Member Firms are entitled to receive a current copy of our Bylaws and Rules and all later amendments.
- 4 The Directors may cancel the registration of a Member Firm but will refund the registration fee paid, proportionate to the unexpired period in the year in which cancellation is effected.

## **Bylaw 406**

- 1 Principal Firms may apply to register any of their related companies as either an Independent Related Company or a Dependent Related Company. The Directors will lay down the annual fee to be paid by Related Companies which may differ between Independent Related Companies and Dependent Related Companies. There is no limit on the number of related companies a Principal Firm may register, but no more than five will pay the fee set by the Directors. The relationship between Principal Firms and Related Companies will be kept confidential. The Directors must approve the applications.
- 2 Affiliate Industry Firms may apply to register any of their related companies as a Related Company. The Directors will lay down the annual fee to be paid by Related Companies. There is no limit on the number of related companies an Affiliate Industry Firm may register, but no more than five will pay the fee set by the Directors. The relationship between Affiliated Industry Firms and Related Companies will be kept confidential. The Directors must approve the applications.

## **Bylaw 407**

- 1 An Individual Member, Principal Firm, Related Company or Associate Member Firm cannot resign if:
  - he or it is involved in arbitration arising out of a contract governed by International Cotton Association Bylaws or Rules or ICA arbitration; or
  - there is an unfulfilled quality or technical arbitration or appeal award against them, made under our Bylaws.
- 2 Paragraph 1 does not take away the Directors' right to suspend or expel:
  - an Individual Member or Principal Firm found guilty of an offence at any time under the articles;
  - an Affiliate Industry Firm, Related Company or Associate Member
- 3 The Directors may cancel the registration of an Individual Member and may refund the registration fee paid, proportionate to the unexpired period in the year in which cancellation is effected.
- 4 If any Individual Member or Registered Firm resigns, but the Directors do not accept the resignation, the Individual Member or Registered Firm will lose all rights and privileges that they get from membership or registration. They will not be able to withdraw from or avoid arbitration arising from contracts they have entered into.
- 5 The loss of rights and privileges will not prevent another firm seeking arbitration on claims arising out of existing contracts.

## Part 2: Elections

### General

#### Bylaw 408

Each year there will be an election for President, First Vice-President, Second Vice-President, Ordinary Directors and committees. The procedure is as follows:

- 1 A notice of the election will be sent to each Individual Member who is entitled to vote at least 35 days (five weeks) before the Annual General Meeting. Nominations must be sent to the President within 14 days (two weeks) of the notice going out.
- 2 Individual Members who are entitled to vote can put names forward to be elected as President, First Vice-President, Second Vice-President or as an Ordinary Director. The names must be put forward in writing by a proposer and seconder. Before any candidates are put forward, they must give their permission and be willing to serve.
- 3 Individual Members who have held office as President, First Vice-President, Second Vice-President, Treasurer or as an Ordinary Director of the Association, but have ceased to hold such office, may put their names forward to be elected as a member of the approved panel from which the Directors will appoint as necessary a Committee to be known as the Preliminary Investigation Committee which is charged with investigation alleged offences under Bylaw 421 or the Articles of Association.
- 4 Individual Members who are entitled to do so can put their own names forward to serve on Members' Committees. They do not need to be proposed or seconded.
- 5 If there are as many candidates as vacancies, those candidates will be taken as being elected.
- 6 Voting lists will be sent out at least 21 days (three weeks) before the Annual General Meeting. They will give the candidates', proposer's and seconder's names. They will go to each Individual Member entitled to vote. Voting is done by putting the voter's initials against chosen names. The lists must be sent to the President. This must be done within 14 days (two weeks) of the lists going out.
- 7 Individual Members must vote for at least two thirds of the vacancies.
- 8 Any vote not made according to these instructions will not count.
- 9 The President and Secretary will determine the result of the voting. The President's decision will be final.
- 10 If two or more candidates get the same numbers of votes, the President will make a deciding vote.
- 11 The President has the final say on:
  - the validity of nominations;
  - the number of votes; and
  - all questions or disputes relating to the election.
- 12 If more candidates apply than there are vacancies, those with the highest number of votes will be elected.

- 13 If there are not enough candidates, the Directors can appoint qualified Individual Members to fill the vacancies. Those appointed by the Directors will hold office for the same time and as if they had been elected.
- 14 The Secretary will put up the results in the Members' Room.
- 15 Newly elected Officers, Ordinary Directors and committee members will take office from the time the results are announced at the Annual General Meeting. Until then, the retiring Officers, Ordinary Directors and Members will stay in office.
- 16 Membership of committees will only last for one year. When members retire, they can be elected or appointed again.
- 17 All Officers, Directors and committee members in office when these Rules are adopted will be recognised as elected and constituted under these Rules. They will stay in office until they retire under the election Rules.
- 18 The representative of the American Cotton Shippers Association, appointed under Article 105.2, does not need to be elected. But, he cannot be Chairman or Deputy Chairman of a committee.
- 19 Representatives of CICCAs Member-Associations appointed to the Rules Committee under Article 105.3 do not need to be elected. But, they cannot be Chairman or Deputy Chairman of the Committee unless they are an Individual Member of the ICA.
- 19 The President, First Vice-President and Second Vice-President will automatically be members of Members' Committees. This does not apply to the Preliminary Investigation Committee or to a Quality Appeal Committee.

### **Casual vacancies on the Board of Directors and Members' Committees**

#### **Bylaw 409**

If, between Annual General Meetings, we are short of a Director or Quality Appeal Panel member, we will hold an election as described in Bylaw 408. The Directors will say when the notice of election is to be given and when the voting list is to go out and be returned.

#### **Bylaw 410**

A casual vacancy in any Members' Committee, except the Quality Appeal Panel, can be filled by the committee with the vacancy, as long as the Directors approve.

#### **Bylaw 411**

The replacement Individual Member elected to fill a vacancy on the Board of Directors will only stay in office for as long as the original would have done. This also applies if an Individual Member fills a vacancy on a committee.

## Part 3: Committees

### General

#### Bylaw 412

Committees must act efficiently but can run in any way they choose. This includes:

- meetings;
- telephone discussions;
- teleconferences; and
- videoconferences.

#### Bylaw 413

The committees below will comprise the number of persons stipulated in the table below. A quorum is the lowest number of members of the committee needed to be present before any valid business can be done.

		Elected Individual Members	Appointed members	Persons needed to form a quorum
1	Value Differences Committee	8	8	5
2	Quality Appeal Panel: (See Note 3)	6	no limit	3
3	Rules Committee (See Note 4)	6	6	5
4	Preliminary Investigation Committee		See Bylaw 414	

#### Notes

- 1 Except when a casual vacancy occurs, the Directors will appoint the appointed members after the other members of each committee have been elected.
- 2 As long as the Chairman approves, members of the Value Differences Committee can ask an alternate to attend. The alternate:
  - must be from the same firm as the member;
  - may be an Individual Member or a person other than an Individual Member; and
  - can vote at committee meetings.
- 3 Each firm cannot have more than one vote at any of the Quality Appeal Committee meetings. A representative of the American Cotton Shippers Association may be appointed to serve on Quality Appeal Committees whenever "American Cotton", American/Pima varieties, or other cotton which has been traded by a member of the

American Cotton Shippers Association is concerned. The terms that control the appointment are described in Article 105.2 and in Bylaw 408.

- 4 Representatives of CICCAs Member-Associations may be appointed to serve on the Rules Committee whenever common regulations are under consideration. The terms that control the appointments are described in Article 105.3 and Bylaw 408.
- 5 The Directors will appoint the Chairman of the Preliminary Investigation Committee who will be a Past President of the Association.
- 6 The Directors will annually appoint the Chairman and Deputy Chairman of the Rules Committee from the elected and appointed members.

### **Preliminary Investigation Committee**

#### **Bylaw 414**

The Preliminary Investigation Committee will be constituted and its proceedings regulated according to the following provisions:

- (a) The Committee will be appointed by the Directors, from an approved panel. The approved panel will comprise:
  - nine Individual Members of the Association. The Individual Members shall have held office as a President, First Vice-President, Second Vice-President, Treasurer or Ordinary Director of the Association, but shall have ceased to hold such office, and any member of the said panel who shall be elected or re-elected to any such office, shall, ipso facto, cease to be a member of the said panel. They will be elected by the Individual Members of the Association at any Annual General or other General Meeting or as otherwise determined by the Directors,
  - up to eight Associate Directors of the Association,
  - up to two nominees of other Member-Associations of the Committee for International Cooperation between Cotton Associations (CICCAs) who have held or hold office as a director of their Association,
  - up to three independent individuals from outside the cotton and allied textile trades, who shall be appointed by the Directors.
- (b) The Directors will appoint a Committee comprising:
  - a Chairman, who shall be an Individual Member of the Association and shall have held office as President of the Association,
  - up to six individuals from the approved panel, including an independent individual.

A majority of the members of the Committee must be Individual Members of the Association.

- (c) The Directors will have power at any time and from time to time to appoint any qualified person as a member of the panel to fill any casual vacancy among the

elected Individual Members, but any member of the said panel so appointed shall hold office only until the next following Annual General Meeting of the Association, and shall then be eligible for election.

### **Value Differences Committee**

#### **Bylaw 415**

The Value Differences Committee can agree to add Individual Members, Associate Members or non-Members to the committee. The people they appoint will have the same voting rights as elected members.

#### **Bylaw 416**

The Value Differences Committee will consult at least once in each four-week period. The Chairman can call meetings more often.

### **Quality Appeal Panel**

#### **Bylaw 417**

- 1 A Quality Appeal Committee can agree to add any Individual Member to the committee to advise them on cotton submitted to them. The person drafted on will be seen as a committee member when judging that case.
- 2 This Bylaw does not apply to contracts for the shipment of American cotton from any place in the United States of America.

#### **Bylaw 418**

No more than two members of the same firm may be appointed from the Quality Appeal Panel to any one Quality Appeal Committee.

#### **Bylaw 419**

Candidates for membership of the Quality Appeal Panel must work in the cotton trade.

### **Standing Committee A**

#### **Bylaw 420**

- 1 Applications to extend time limits go to a committee appointed by the Directors called Standing Committee A. The committee will be made up of:
  - a Chairman and a Deputy Chairman who must be Directors; and
  - five other people who must be Individual Members. Two or more must be, or have been, Directors.
- 2 If the Chairman and Deputy Chairman are away or disqualified, the committee can appoint a Director as the Chairman. If no Director is available, the committee can appoint someone who has been a Director.
- 3 At any committee meeting, at least:
  - the Chairman, Deputy Chairman or Appointed Chairman must be present;

- three members, in all, must attend and vote; and
  - half of those present must be, or have been, Directors.
- 4 The committee will decide issues by a simple majority vote. Every member, including the Chairman, Deputy Chairman or Appointed Chairman, will have one vote. If both sides have the same number of votes, the Chairman, Deputy Chairman or Appointed Chairman will decide the issue.
- 5 The committee may charge a fee for each application that it receives. The highest fee that it can charge will be decided by the Directors and laid down in Appendix C of our Rule Book.

## **Part 4: Disciplinary Procedures**

### **Bylaw 421**

- 1 A Registered Firm that enters into a contract for the purchase or sale of raw cotton with an individual, firm or company listed on the ICA List of Unfulfilled Awards (that contract being concluded on or after the day following notification of the listing of the company) or entering into a contract for the purchase or sale of raw cotton with the intention of circumventing the ICA List of Unfulfilled Awards, shall be liable to a penalty of:
- a denial of arbitration services
  - b caution
  - c censure
  - d payment of a fine, not exceeding £25,000
  - e suspension
  - f expulsion
- or any combination thereof, as the Preliminary Investigation Committee or Directors shall decide.
- 2 Individual Members and Registered Firms will be subject to the provisions and procedures laid down in the Association's Memorandum and Articles of Association.
- 3 Other Registered Firms that enter into a contract with a party whose name, on the day before the contract, appears on the ICA List of Unfulfilled Awards will have the circumstances investigated by the Preliminary Investigation Committee.
- 4 If a Registered Firm wishes to trade with a party against whom it has an outstanding award listed on the ICA List of Unfulfilled Awards with the sole purpose of settling that award, then that Registered Firm will be required to advise the Directors in writing of that intention. Within seven days (one week) of entering into a contract or contracts for that purpose, the Registered Firm shall provide the Directors with the date, reference number and estimated date of fulfilment of that contract which shall not exceed 12 months. Subject to compliance with the above, the provisions of paragraph (1) of this Bylaw shall not apply to that contract or contracts.
- 5 Any Registered Firm whose conduct is the subject of the investigation by the Preliminary Investigation Committee shall be entitled at his, its or their own expense to



- a give evidence personally;
  - b obtain any professional or expert assistance and for that purpose to have any legal representative, accountant or expert present at the hearing but without any right of audience;
  - c call any accountants or experts as witnesses;
  - d call any witness or witnesses and to produce any books or documents which he or it may consider material to the case;
  - e appoint any Individual Member of the Association, who shall be willing so to act, to assist him or it in his or its case, to examine witnesses and to address the Directors on his or its behalf.
- 6 If a Registered Firm disagrees with the decision of the Preliminary Investigation Committee it can appeal to the Directors but it must do so within 14 days (2 weeks) of the decision having been notified. There is no further right of appeal for Affiliate Industry Firms or Related Companies should they disagree with the decision of the Directors. Individual Members and Principal Firms may appeal any decision of the Directors before Individual Members and shall be entitled at his, its or their own expense to the rights set out in paragraph 5 of this Bylaw.
- 7 The said Committee and the Directors hearing an appeal shall be at liberty to have their Solicitor present at the investigation for the purpose of advising them on legal or technical matters and to assist them in drawing up their decision in writing.
- 8 No Director who has participated in a Committee investigating a case shall take any part in an investigation by the Directors relating to that case or in any appeal hearing pertaining to that case.
- 9 The Preliminary Investigation Committee will determine by whom the costs of the investigation are to be borne.



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