



BREMER BAUMWOLLBÖRSE

Bremen Cotton Exchange

BY-LAWS



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BY-LAWS OF THE BREMER BAUMWOLLBÖRSE

I. GENERAL

Article 1 Name and Purpose

The BREMER BAUMWOLLBÖRSE is a commercial association with legal capacity under German law. Its purpose is to maintain and promote the interests of all those involved in the cotton trade and in the processing and finishing of cotton and cotton products, as well as stakeholders in other textile fibres and textile fibre products.

Article 2 Registered Office and Business Year

- (1) The Association has its registered office in the City of Bremen.
- (2) The business year is the calendar year.

Article 3 Institutions

- (1) The institutions of the Bremer Baumwollbörse are:
 - a) the General Assembly;
 - b) the Board of Directors;
 - c) the Committees, according to Art. 25;
 - d) the Managing Director.
- (2) The legal representatives of the Bremer Baumwollbörse, both in court and in all other business, are the President or a Vice-President.

II. MEMBERSHIP

Article 4 Ordinary Members

- (1) Ordinary Members of the Bremer Baumwollbörse may be:
- a) those firms which are registered in a commercial register or comparable register (registered firm) which are involved in the trade of cotton, other textile fibres and the products thereof or otherwise involved in the textile value chain;
 - b) registered firms involved in the processing and finishing of cotton and other cotton products, as well as other textile fibres and textile fibre products;
 - c) legal representatives of an Ordinary Member of the Bremer Baumwollbörse (Personal Members). A Personal Member may remain a Personal Member even if he is no longer a legal representative; this also applies where the firm ceases to be an Ordinary Member of the Bremer Baumwollbörse.
 - d) Associations which aim, among other things, to promote the textile value chain.

Article 5 Admission to Membership

- (1) Applications for membership are to be submitted in writing to the President. The application must be supported by three Ordinary Members.

(2) The Board of Directors decides on admission to membership.

Article 6 Membership Fee

Members pay an annual fee which is fixed yearly by the General Assembly .

Article 7 Members' Duties

Members are bound by these By-Laws and shall use their best endeavours to promote the aims pursued by the Bremer Baumwollbörse.

Article 8 Expiry of Membership

The Membership expires:

- a) on the death of a Personal Member or on the dissolution of a Member Firm;
- b) on voluntary termination of membership; notice must be given to the President in writing; the membership fee for the remainder of that year remains payable in full;
- c) by exclusion (see Articles 10, 11);
- d) where, despite notice, the membership fee has not been paid up to the end of the current year. The Board of Directors is entitled to grant an extension for payment where requested.

Article 9 Suspension of Membership

Membership shall also expire where insolvency proceedings or similar proceedings have been opened over the assets of a member or a petition for opening such proceedings has been rejected because of lack of assets, unless the Board of Directors opts for interim suspension of membership having regard to restructuring efforts.

Article 10 Penalties

- (1) The Board of Directors is entitled to exclude a Member where an important reason exists.
- (2) An important reason exists in particular where the Member refuses to abide by a duly executed award of a technical arbitration or a quality arbitration of the Bremer Baumwollbörse or of another member organization of CICCA (Committee for International Cooperation between Cotton Associations).
- (3) The Board of Directors is entitled to impose the following sanctions on Members who are shown to have entered into contracts with firms listed on a Default List of a member organization of CICCA:

warning, payment of a fine not exceeding EURO 25,000.00, suspension or expulsion from Membership.

- (4) Prior to imposing penalties in terms of clause (3), the Board of Directors may appoint a board of inquiry in order to ascertain the facts and submit its written comments. The board of inquiry is composed of two Board Members, the Managing

Director and the Legal Adviser, and where necessary, up to two further Members, two delegates of CICCA and two external merchants, nominated from a list conducted by the Committee for Nomination of Appeal Judges, Umpires and Experts.

- (5) Decisions of the Board of Directors made according to para (1) and para (3) require a three quarters majority of its voting members. The Member is to be given the opportunity to state his case prior to the Board of Directors' decision.
- (6) The decision on exclusion is to be served upon the Member against acknowledgement of receipt.

Article 11 Exclusion from Membership

- (1) The Member may file an appeal against the Board of Directors' decision in terms of Article 10 clause 5.
- (2) The appeal must be received by the Office of the Bremer Baumwollbörse within one month from the date of the acknowledgement of receipt (article 10, clause 6).
- (3) The final decision on the appeal is taken by the General Assembly.

Article 12 Exclusion of Property Claims

Retiring or excluded Members have no claim whatsoever to, or in the property of the Bremer Baumwollbörse.

III. THE GENERAL ASSEMBLY

Article 13 The Ordinary General Assembly

- (1) The Ordinary General Assembly is held within the first six months of each year. It is presided over by the President, or in his absence by a Vice-President, or in his absence, by a chairman elected by the General Assembly.
- (2) The agenda of the General Assembly includes the following topics:
 - a) financial report and annual accounts of the Board of Directors for the past business year;
 - b) decision as to the annual membership fees;
 - c) budget for the following business year;
 - d) appointment of a firm of auditors to audit the annual accounts presented by the Board of Directors;
 - e) election of the Members of the Board of Directors (Art. 19);
 - f) deliberation and resolution on any motions submitted by the Board of Directors or by individual Members.

Article 14 Extraordinary General Assembly

- (1) Extraordinary General Assemblies may be convened where the Board of Directors deems necessary, or where 30 Ordinary Members request the Board of Directors in writing to convene such an assembly, indicating its purpose.

- (2) In the latter case, the Extraordinary General Assembly is to be held within 6 weeks from the date of request.
- (3) Extraordinary General Assemblies may only pass resolutions on the motions for which the meeting has been convened.

Article 15 Convening the General Assembly, Notice

- (1) The General Assembly is convened by the Board of Directors.
- (2) Written notice of meeting is to be given at the latest three weeks prior to the date thereof. The agenda is to be included with the notice.
- (3) The annual accounts for the past business year, the budget for the current business year, as well as any motions and addenda to such motions relating to amendments of the By-Laws and / or of the Rules of the Bremer Baumwollbörse are to be notified to Ordinary Members (see also Article 29). The report of the Board of Directors for the past business year is to be forwarded to the ordinary Members *eight* days prior to the date of the Ordinary General Assembly at the latest.
- (4) The notice is deemed intimated when the written notice is handed over by messenger or delivered to the post office.
- (5) In cases of urgency, the Board of Directors is entitled to convene Extraordinary General Assemblies at shorter notice.

Article 16 Voting Rights

- (1) Only Ordinary Member Firms are entitled to vote at the General Assembly. Each Ordinary Member Firm is entitled to one vote.

- (2) An Ordinary Member Firm may be represented at the General Assembly by any partner, director, board-member, manager, or by any person holding power of attorney in the firm; such partners or other delegates of the firm are entitled to only one vote at the General Assembly.
- (3) For the purpose of voting at the General Assembly, an Ordinary Member Firm is entitled to act as proxy for up to 5 Member Firms. The proxy authorization(s) are to be deposited with the office of the Bremer Baumwollbörse no later than the business-day prior to the General Assembly.

Article 17 Minutes, Voting

- (1) The Legal Adviser (Article 24) is responsible for compiling the minutes.
- (2) The Chairman determines the voting procedure. The vote is by ballot if there are objections to other forms of voting and the objection is supported by ten Ordinary Members personally present. The election of Members of the Board of Directors is, however, to be carried out by ballot where at least one Member entitled to vote so requests.
- (3) A vote is decided by a majority of the ballots cast. In case of a tied vote, the voting is to be repeated; where the second vote again leads to a tied vote, it is decided by drawing lots.
- (4) Motions to amend the By-Laws and/ or the Rules of the Bremer Baumwollbörse require a two-thirds majority of the votes cast.
- (5) A vote may only be challenged up until closure of the meeting.

IV. THE BOARD OF DIRECTORS

Article 18 Composition of the Board of Directors

- (1) The Board of Directors consists of a maximum of fourteen current or former legal representatives of the Members in terms of Article 4. Former legal representatives of a Member Firm are not to constitute the majority within the Board of Directors and are only eligible insofar as they are Personal Members as defined in Article 4, clause c).
- (2) A board member who loses his position as a legal representative of a member company during his term of office must resign from the Board at the following Ordinary General Assembly.
- (3) The Board of Directors can also nominate associations involved in the textile value chain, who may each send a representative as a member of the Board of Directors in an advisory capacity. This applies in particular to the associations of the cotton industry in Austria and Switzerland.

Article 19 Election of the Board of Directors

- (1) The Members of the Board of Directors are elected by the General Assembly.
- (2) Every year the two longest serving members of the Board of Directors shall resign at the Ordinary General Assembly, with the exception of the President and the members of the Executive Committee. If board members have been in office for an equal length of time, the members to retire shall be determined by drawing lots. The number of members to retire

on account of their term of office is reduced by the number of Board Members that have retired from office in the course of the year.

Article 20 Election of the Executive Committee

- (1) At its first meeting after the Ordinary General Assembly, the Board of Directors elects annually with an absolute majority
 - the President and several Vice Presidents from among the Members of the Board of Directors according to Article 18 (1). Specific areas of responsibility may be assigned to the Vice Presidents.
 - Former legal representatives of a company member cannot be elected
- (2) A member of the Board of Directors may not hold the office of President for more than two years without interruption.

Article 21 Voting by Proxy of the Members of the Board of Directors

- (1) Members of the Board of Directors are entitled to assign their vote to other Members of the Board of Directors by proxy. However, a Member of the Board of Directors holds a maximum number of four votes, including his own.
- (2) Proxies are to present proof of their eligibility to vote at the meeting of the Board of Directors by a written power of attorney.

Article 22 Invitation, Minutes

- (1) The Members of the Board of Directors are invited to attend Board Meetings, and the notice is to include the agenda.
- (2) The Legal Adviser (Article 24) is responsible for compiling the minutes of each meeting.
- (3) The minutes are to be submitted to the Members of the Board of Directors.

Article 23 Duties of the Board of Directors, Voting

- (1) In addition to the duties laid down in these By-Laws and the Rules of the Bremen Cotton Exchange, the Board represents the interests of all those involved in the trade and processing of textile fibres, with special regard to the interests of cotton and the Bremen cotton market (see Article 1).
- (2) It shall furthermore be the duty of the Board of Directors to establish the Standing Rules of the Board of Directors, to nominate the Managing Director, to appoint a lawyer as Legal Advisor of the Bremer Baumwollbörse, to compile a list of appeal-judges for the Appeal Board (quality arbitration), and to resolve on all matters to be settled in accordance with its Standing Rules.
- (3) Unless otherwise regulated in the By-Laws or the Board of Directors' Standing Rules, all resolutions of the Board of Directors are decided by a majority of the votes cast.
- (4) Resolutions may be passed by written procedure, unless a Board Member objects.

Article 24 The Legal Adviser

- (1) The Legal Adviser is paid a fixed yearly salary.
- (2) He advises the Board of Directors and the Managing Director as they may request, and compiles the minutes at General Assemblies and meetings of the Board of Directors.
- (3) In his absence, the Board of Directors appoints a suitable substitute.

Article 25 Committees

- (1) The Board of Directors appoints the following committees:
 - a) Finance Committee of the Bremer Baumwollbörse to support the Presidency and to prepare decisions of the Board of Directors on financial and economic matters,
 - b) Committee for Nomination of Appeal Judges, Umpires and Experts,
 - c) Committee for Amendment of the Rules,
 - d) Committee for Standards and Determination of Value Differences and Price Quotations,
 - e) Committee for Transport and Insurance.
- (2) The Board of Directors is represented in the Finance Committee by the Presidency, and in the other committees, the Board of Directors should, as far as possible, be represented by one of its members.

- (3) The members of the Finance Committee shall be elected for a period of five years, the members of the other committees shall be appointed for a period of one year and this at the first meeting of the Board of Directors after the General Assembly.
- (4) The President of the Bremer Baumwollbörse is Chairman of the Finance Committee; the other Committees appoint their own chairman.
- (5) In the event of a committee member being unavailable or having a conflict of interest, the President shall be entitled to nominate a substitute.

V. ARBITRATION ROOM

Article 26 Supervision and Management of the Arbitration Room

- (1) The Managing Director exercises the supervision and management of the Arbitration Room. He attends the General Assembly and the Board of Directors' meetings in an advisory capacity.
- (2) The Board of Directors shall supervise the management of the Arbitration Room.

Article 27 Duties: Classification and Arbitrating

- (1) The Arbitration Room takes care of the orderly preparation of the samples and of the classification and arbitrating of the cotton.

- (2) For this purpose, the Board of Directors, in cooperation with the Managing Director, appoints classers who are sworn in to perform their duties conscientiously and impartially.

Article 28 Tasks: Sampling, Determination of Weight, Tare, Damage and Moisture

- (1) For the purpose of impartial sampling, the determination of weight and tare, as well as moisture and damage to cotton and other textile fibres, the Board, together with the Director, appoints experts of the Bremen Cotton Exchange, who are sworn in to perform their duties conscientiously and impartially.
- (2) The experts are obliged to make assessments upon instruction of the Managing Director.

VI. AMENDMENT OF THE RULES AND BY-LAWS OF THE BREMER BAUMWOLLBÖRSE

Article 29 Rules of the Bremer Baumwollbörse

- (1) The 'Rules of the Bremer Baumwollbörse' reflect the trade practices on the Bremen cotton market, and comprise regulations which are in the common interests of the cotton trade and of the first stage of cotton processing.
- (2) Amendments or addenda become valid only if passed by resolution of the General Assembly.
- (3) Motions for amendments of the Rules are to be submitted in writing to the Board of Directors, by December 31st of the year

preceding the General Assembly at the latest, if such motions are to be considered at the next General Assembly.

- (4) The Committee for the Amendment of the Rules discusses such motions and delivers its comments thereon to the Board of Directors.
- (5) The Board of Directors notifies the Members of such motions and of its own comments thereon, eight weeks prior to the General Assembly at the latest. Supplementary motions are to be submitted to the Board of Directors within a period of two weeks of the date of the notification by the Board of Directors.
- (6) Supplementary motions submitted after dispatch of the invitation to the General Assembly (Article 15) are inadmissible.
- (7) Amendments and supplements duly adopted are to be notified in writing to the Members.

Article 30 Amendment of the By-Laws of the Bremer Baumwollbörse

- (1) Motions to amend the By-Laws of the Bremer Baumwollbörse are subject to the provisions of Article 29 (2-7).
- (2) The Board of Directors is authorized to undertake any editorial corrections of these By-Laws as is deemed necessary by the Senate of Bremen, an official authority, or by the Board of Directors, without calling a General Assembly of the Members.

VII. DISSOLUTION OF THE BREMER BAUMWOLLBÖRSE

Article 31 Dissolution of the Bremer Baumwollbörse

- (1) The dissolution of the Bremer Baumwollbörse may only take place if it has been decided by three-quarters of the Members present at two General Assemblies held at least eight days and no longer than four weeks apart, and only if at least half of the Ordinary Members are present at both meetings.
- (2) At the same time, a three quarter majority of the Members present at such meetings shall decide on the disposition of the assets of the Bremer Baumwollbörse remaining after all liabilities, including any retirement pension annuities, have been met.
- (3) The distribution of the remaining assets among the members of the Bremer Baumwollbörse is excluded, whereby this provision may be lifted by an unanimous decision.

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Approved by the Senator for Interior Affairs of the Free Hanseatic City of Bremen in accordance with Article 33 (2) of the German Civil Code (BGB) and to Article 163 of the Introductory Law to the BGB on January 23, 1954

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