

**ASOCIACIÓN NACIONAL DE FABRICANTES DE
ALCOHOLES Y LICORES (ANFAL)¹**

WHEREAS,

On April 21, 2009, Asociación Nacional de Fabricantes de Alcoholes y Licores filed at the Intellectual Property Registry of Guatemala the appellation of origin application for *Ron de Guatemala*², identified with application number 2009-2442; and

WHEREAS,

On September 24, 2009, the Intellectual Property Registry accepted for process the appellation of origin application for Ron de Guatemala, which was published in the Official Gazette *Diario de Centro América* on October 13, 2009. The term for any interested party to file his observations on said application expired; and

WHEREAS,

No observation or opposition to the aforementioned application was filed; accordingly, the Intellectual Property Registry issued resolution dated April 21, 2010, approving the appellation of origin *Ron de Guatemala*; the aforesaid resolution was published on the above-mentioned official gazette on June 15, 2010; and

WHEREAS,

According to article 87 of the Industrial Property Law, Decree of Congress of the Republic 57-2000, the appellation of origin applicants shall submit to the Intellectual Property Registry the regulations for use and management of the appellation of origin Ron de Guatemala.

NOW, THEREFORE,

In compliance with article 87 of the Industrial Property Law, Asociación Nacional de Fabricantes de Alcoholes y Licores hereby submits the following,

REGULATIONS FOR USE AND MANAGEMENT OF THE APPELLATION OF ORIGIN

RON DE GUATEMALA

CHAPTER I

GENERAL PROVISIONS

ARTICLE 1. INTRODUCTION. These Regulations for Use and Management are applicable to the appellation of origin *Ron de Guatemala*, which includes all rums fulfilling the characteristics and requirements according to these regulations and the laws in force in Guatemala applicable to rum.

ARTICLE 2. SCOPE OF APPLICATION. The appellation of origin extends to the name of the appellation and all types and names it protects, including any translation into another language. The protection extends to all processes and activities relating to the production of the raw material, aging, bottling, marketing, and all practices appertaining to the alcoholic beverage rum.

¹ National Association of Producers of Spirits and Liquors [ANFAL by its Acronym in Spanish].

² Guatemalan Rum

It is prohibited to use in other rums names, designations, trademarks, or any sign that may be graphically, phonetically, or ideologically similar to the protected appellation of origin, including the use of terms or expressions such as “kind,” “type,” “style,” “imitation,” or the like.

ARTICLE 3. HOLDER OF THE APPELLATION OF ORIGIN. The holder of the appellation of origin is the state of Guatemala.

ARTICLE 4. RULES TO BE COMPLY. For rums whereon the appellation of origin is used, in addition to the requirements and characteristics set forth herein, the laws, rules, and all other regulations in force in the Republic of Guatemala or their successors shall be complied with; these include, inter alia:

- 4.1. Alcohol and Alcoholic and Fermented Beverage Law, Decree of Congress of the Republic 536.
- 4.2. Regulations of the Alcohol and Alcoholic and Fermented Beverage Law, Agreement dated January 17, 1949.
- 4.3. Regulations COGUANOR³ NGO⁴ 33 011. Distilled Alcoholic Beverages. Rum. Government Agreement 479-2003.
- 4.4. Regulations COGUANOR ON LABELING NGO 33 002.

ARTICLE 5. DEFINITIONS. For the purposes hereof, the following definitions shall be applicable:

ANFAL: Asociación Nacional de Fabricantes de Alcoholes y Licores

Natural Aging: Slow transformation process of the freshly distilled and diluted product; this process enables the product to acquire the sensory attributes typical of rum, due to chemical and physical processes taking place naturally while it is stored in white or holm oak containers.

Members: All natural persons and legal entities persons having lawfully joined ANFAL according to its by-laws, as amended.

Administrative Board: Board hereby established and organized to regulate the use and management of the appellation of origin.

Appellation of Origin: The appellation of origin *Ron de Guatemala* and its logo.



MAGA: Ministry of Agriculture, Livestock, and Food [Ministerio de Agricultura, Ganadería y Alimentación].

³ Guatemalan Commission for Rules [COGUANOR by its acronym in Spanish]

⁴ Guatemalan Mandatory Rule [NGO by its acronym in Spanish]

MCD: Ministry of Culture and Sports [Ministerio de Cultura y Deportes].

Regulations for use and Management: Regulations for Use and Management of the Appellation of Origin *Ron de Guatemala*.

RPI: Intellectual Property Registry of Guatemala [Registro de la Propiedad Intelectual de Guatemala].

Registries: All registers that shall be maintained by the Administrative Board, including: Registry of plantations, registry of sugar mills, registry of distilleries, registry of aging facilities, registry of bottling plants, and registry of distinctive signs of the users.

Solera System of *Ron de Guatemala*: Dynamic aging process where young rums are blended with old rums of different ages; the new blend is stored in barrels to continue aging. This process may take place as many times as required depending on the type of rum. White or holm oak barrels previously used to age other types of alcoholic beverages are used for aging.

Users: Natural persons or legal entities authorized to use the appellation of origin.

CHAPTER II

THE PRODUCT AND ITS RELATION TO THE GEOGRAPHICAL AREA

ARTICLE 6. HISTORICAL RELATION. Guatemalan rum production is related to sugar cane cultivation, which the Dominicans introduced in San Jerónimo valley and the Verapaces in the sixteenth century. Sugar cane rum production origin dates back to 1806, when Friar Sebastián García de Goyena obtained a license to manufacture tafia with the obligation to pay to the Royal Treasury 15 pesos per month. Later, in 1811, he was authorized to produce rum spirit on condition that the appertaining taxes were paid and the rum was sent to the capital city and other places. After the Dominicans were expatriated from Guatemala, sugar production moved to Guatemala's Southern Coast, where today the raw material for Guatemalan rums is produced.

ARTICLE 7. RELATION AMONG THE APPELLATION OF ORIGIN, THE PRODUCT, AND THE TERRITORY. Guatemalan rums are the result of a combination of multiple factors derived not only from the agroecological conditions of the sugar cane planting area, but also from the aging area, as set forth herein.

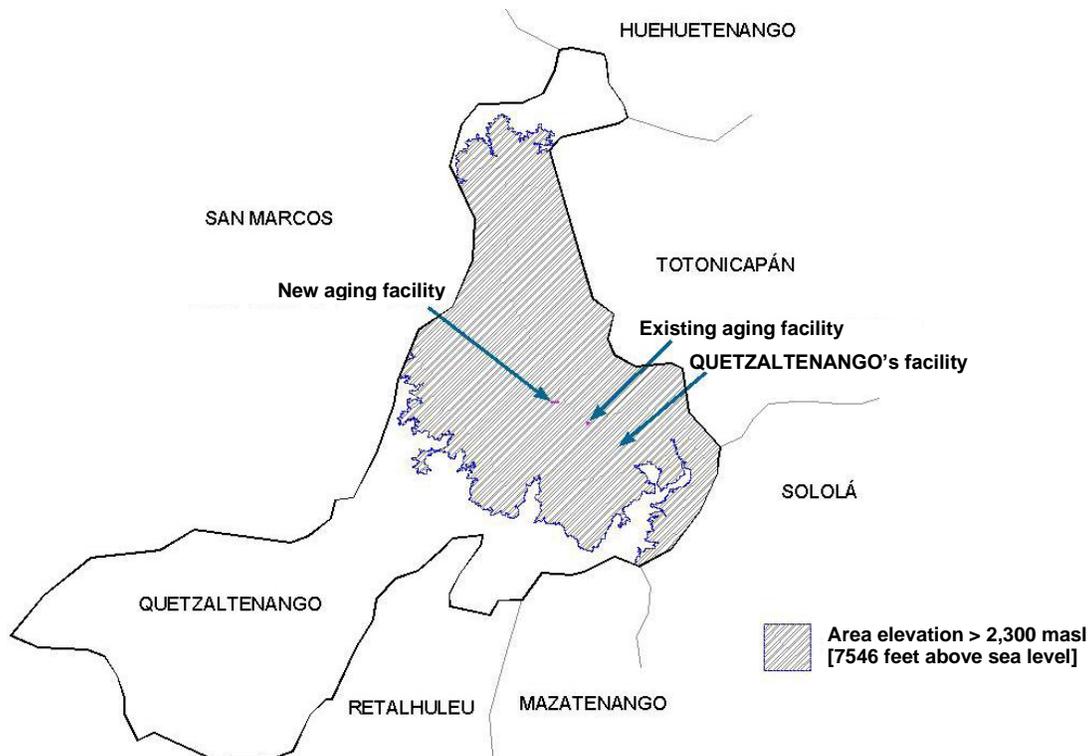
ARTICLE 8. GEOGRAPHICAL AREAS. The geographical area shall be individualized on one hand by the production area of the raw material for the rums and the distillation, and on the other hand by the aging area.

ARTICLE 9. GEOGRAPHICAL PRODUCTION AREA OF THE RAW MATERIAL. The cultivation area of rum production-destined sugar cane, defined on the following map, is located in the departments [territorial divisions] of Retalhuleu and Suchitepéquez.

Vertisols: These are soils with high granular compaction, which have high water retention due to their clay content limiting water movement within the profile. They are low in organic matter. They form wide deep cracks in the dry season. These soils are well suited to producing cane with total sugars.

Inceptisols: These are soils characterized by having an organically rich surface; therefore, their cane production potential is high. Nonetheless, their deepest layers are clay-textured; accordingly, these soils have high humidity retention.

ARTICLE 11. GEOGRAPHICAL AREA OF AGING. The geographical area of rum aging, defined on the following map, is located in the department of Quetzaltenango.



ARTICLE 12. NATURAL FACTORS OF THE GEOGRAPHICAL AREA OF AGING. The geographical area of rum aging is characterized by the following natural factors:

Climate. It is a cold and dry climate having an annual mean temperature of 14.79 °C, with a 0.09 °C standard deviation. The area absolute minimum and maximum temperatures are -10.50 °C and 29.00 °C respectively. The aging area annual average relative humidity is 72.12%, with 25.00% absolute minimum relative humidity and 100.00% absolute maximum relative humidity. Furthermore, there are a dry season and a rainy season in the aging area. The dry season begins in November, with an average monthly rainfall of 16.46 mm [0.65 in], and ends in April, with an average monthly rainfall of 26.41 mm [1.04 in]. The rainy season commences in May with heavy rains, with an average monthly rainfall of 103.68 mm [4.08 in]; rain decreases during a break spell, called *canícula* in Spanish, in July, with an average monthly rainfall of 96.73 mm [3.81 in]. This season ends in October, with an average monthly rainfall of 82.85 mm [3.26 in].

Topography. The aging area is located in the department of Quetzaltenango, in regions being more than 2,400 masl [7,874 feet above sea level].

CHAPTER III

THE PRODUCT AND ITS CHARACTERISTICS

ARTICLE 13. PHYSICOCHEMICAL CHARACTERISTICS OF THE RUMS. For rums whereto the appellation of origin is applied, the physicochemical characteristics summarized in the following table shall be complied with:

Chemical Requirement	Parameters
<i>Ron de Guatemala</i> alcoholic strength, in percent by volume at 20 °C.	37.5% vol. to 50% vol.
Total sum of congeners (acetaldehyde, acetic acid, ethyl acetate, and higher alcohols, among others) expressed in milligrams per 100 ml of ethyl alcohol anhydrous.	Higher than or equal to 50

ARTICLE 14. ORGANOLEPTIC CHARACTERISTICS. Compliance with the following organoleptic characteristics shall be required for rums wherefor the appellation of origin is used:

Appearance. The appearance of rums shall be clear and clean, with hues that may range from amber, through gold, reddish, golden, and mahogany, among others; they shall have liquid consistency and a dense body, with no haze or foreign particles.

Color. Rum color shall be determined by age; in addition, the longer the aging time, the more intense it shall be. It shall display hues or highlights that may range from amber, through gold, to reddish.

Aroma. The primary aromas of the rums shall stem from virgin sugar cane honey, the raw material used for their manufacture. Among their secondary aromas, which develop during the alcoholic fermentation, fruity aromas shall stand out, due to aldehydes, esters, acids, and other alcohols. The tertiary aromas unfold during the aging process. Among them, wood, toasty, vanilla, almond, chocolate, and spice aromas stand out. Perceptible aromas of the rums include honey, vanilla, chocolate, caramel, banana, pineapple, raspberries, cherries, wood, plums, nuts, almonds, figs, coffee, anise, peaches, orange, apple, mint, and raisins, among many others.

Flavor. The rums shall impart a generous and smooth flavor that may range from sweet to dry; they shall be rums with character, long persistence, and excellent finish.

ARTICLE 15. SUGAR CANE VARIETIES. Without detriment to other sugar cane varieties as may hereafter be added, the varieties used for the rum manufacture are mainly as follows:

- CP 73-1547 (early maturing)
- CP 72-2086 (mid maturing)
- CP 88-1165 (mid maturing)
- MEX 69-290 (late maturing)
- MEX 68-P 23 (late maturing)
- CG 98-78 (mid maturing)

ARTICLE 16. CHARACTERISTICS FOR THE EXPORT MARKET. Practices for the appellation of origin-protected rums for the export market to meet the characteristics required by the destination country's legislation may be adopted, provided that compliance with the physicochemical and organoleptic characteristics of the product, as set forth herein, is ensured and the Administrative Body authorizes such adoption.

ARTICLE 17. RUM CATEGORIES. Guatemalan rums comprise different categories, as shown below, according to the aging time and the combination of other factors.

Solera. Rum made from virgin sugar cane honey, aged at altitude in white oak casks.

Solera Añejo [Aged Solera]. Blend of rums made from virgin sugar cane honeys, aged at altitude in white oak casks, and obtained by blending soleras before bottling.

Solera Reserva [Solera Reserve]. Blend of rums made from virgin sugar cane honeys, aged at altitude in white oak casks seasoned by previous use for other products.

Solera Gran Reserva [Solera Great Reserve]. Blend of rums made from virgin sugar cane honeys, aged at altitude in at least two types of white oak casks seasoned by previous use for different products.

Solera Gran Reserva Especial [Solera Great Special Reserve]. Blend of rums made from virgin sugar cane honeys, aged at altitude in at least three types of white oak casks seasoned by previous use for different products.

CHAPTER IV

PRODUCTION STAGES

ARTICLE 18. PRODUCTION STAGES. Rum production shall comprise the following stages:

- a. Sugar cane planting
- b. Sugar cane harvest
- c. Virgin sugar cane honey production
- d. Fermentation
- e. Distillation
- f. Aging
- g. Assemblage
- h. Bottling

ARTICLE 19. SUGAR CANE PLANTING. The raw material used for the rum manufacture is sugar cane, which becomes physiologically mature at 12 months of age, with juice Brix (higher than or equal to 20 degrees), sucrose percentage or pol (higher than or equal to 14%), apparent purity (higher than or equal to 90%), and

reducing sugar content (lower than 0.7%), being the indicators of the optimum time to harvest sugar cane. A sugar cane planting yields 5-6 harvests before replanting.

ARTICLE 20. SUGAR CANE HARVEST. Sugar cane harvest takes place late in the rainy season, from November to May, in a logical sequence of cane maturing. The cane for Guatemalan rums shall be hand-harvested with the use of Australian sugar cane knives and shall be collected mechanically.

Once the sugar cane is cut, it shall be taken to the mill immediately so that it is pressed therein within a maximum of 36 hours after cutting to prevent any bacterial contamination. Sugar cane shall only be taken to mills located in the geographical area defined for the raw material production and authorized by the Administrative Board.

ARTICLE 21. VIRGIN SUGAR CANE HONEY. Virgin sugar cane honey, the main rum manufacture element, shall be obtained from sugar cane. This honey shall be the result of shredding and mill crushing processes; the obtained juice shall undergo evaporation to remove water and thus concentrate the sugar content.

ARTICLE 22. FERMENTATION. Fermentation requires adding yeast base to the resulting juice. *Saccharomyces Cerevisae*, stemming from pineapple, shall be the yeast used for fermentation purposes. The fermentation process shall be slow, with an approximate 100-hour duration.

ARTICLE 23. DISTILLATION. The raw rum used for the production of rum with appellation of origin shall be obtained from the distillation process. Distillation shall be continuous, in columns. Fermented must shall be heated by steam until reaching a point when the alcohol evaporates; then, the alcoholic vapor shall pass through condensers where it will be liquefied. This will yield the raw rum.

ARTICLE 24. AGING. The aging process of the appellation of origin-protected rums shall be slow and natural, with the use of the solera system.

For the aging process, the alcoholic strength of the raw rum may be brought down to the legal limit of 60° by adding water. According to the type of rum being produced and authorized by the Administrative Board, American and European white oak barrels or barrels that have previously stored bourbons, cognacs, or sherries, among others, shall be used for aging purposes.

Aging barrels-charring may be used for the degradation of the wood components to provide aromas and flavors to the rum. Barrels shall be kept in not hermetically closed warehouses.

ARTICLE 25. ASSEMBLAGE. Assemblage consists in the final blending of rums, alcoholic strength and color adjustment of the rums, and filtering thereof to remove remaining impurities.

After this stage, the production of aged rum is complete and it is ready for bottling.

ARTICLE 26. BOTTLING. The rums may be bottled at origin or destination according to the authorization of the Administrative Board, as this stage does not influence the physicochemical characteristics of the appellation of origin-protected rums. Nonetheless, rums shall only be bottled in Administrative Board-authorized bottling plants.

CHAPTER V

REGISTERS

ARTICLE 27. REGISTERS. For appellation of origin use control purposes, the Administrative Board shall keep the following registers:

- a. Plantation Register
- b. Mill Register
- c. Distillery Register
- d. Aging Facility Register
- e. Bottling Plant Register
- f. User Register
- g. User's Distinctive Sign Register

Registers may be maintained either electronically or manually, as determined by the Administrative Board.

ARTICLE 28. PLANTATION REGISTER. All plantations producing rum manufacture-destined sugar cane shall be recorded in the Plantation Register. Only plantations located in the geographical production area of the raw material, as defined herein, may be recorded in the aforementioned register, where evidence that, at the discretion of the Administrative Board, bears out they meet all required conditions has been furnished.

In this register, all the plantation identification data, such as the following, shall be entered:

- a. Name of the natural or juridical person owning, holding, or leasing the plantation;
- b. Plantation name;
- c. Geographical area where the plantation is located;
- d. Production area;
- e. Soil classification;
- f. Sugar cane varieties grown;
- g. Evidence of the number of years that sugar cane varieties used for the appellation of origin have been grown;
- h. Any other information as may be required by the Administrative Board.

ARTICLE 29. MILL REGISTER. All mills producing virgin sugar cane honey for the rum manufacture shall be recorded in the Mill Register. Only mills located in the geographical area herein defined may be recorded in the aforementioned register, where evidence that, at the discretion of the Administrative Board, bears out they meet all required conditions has been furnished.

In this register, all the mill identification data, such as the following, shall be entered:

- a. Name of the natural or juridical person owning, holding, or leasing the mill;
- b. Mill name;
- c. Geographical area where the mill is located;
- d. Evidence of sugar cane harvesting by hand;
- e. Description of the virgin sugar cane honey production processes;
- f. Evidence of the number of years that virgin sugar cane honey has been produced;
- g. Any other information as may be required by the Administrative Board.

ARTICLE 30. DISTILLERY REGISTER. All distilleries producing raw rum for the rum production shall be recorded in the Distillery Register. Only distilleries located in the geographical area herein defined may be recorded in the aforementioned register, where evidence that, at the discretion of the Administrative Board, bears out they meet all required conditions has been furnished.

In this register, all the distillery identification data, such as the following, shall be entered:

- a. Name of the natural or juridical person owning, holding, or leasing the distillery;
- b. Distillery name;
- c. Geographical area where the distillery is located;
- d. Description of the distillation processes to obtain the raw rum;
- e. Evidence of the number of years to produce raw rum as herein provided;
- f. Any other information as may be required by the Administrative Board.

ARTICLE 31. AGING FACILITY REGISTER. All aging facilities where the rums are aged shall be recorded in the Aging Facility Register. Only aging facilities located in the geographical area herein defined for rum aging may be recorded in the aforementioned register, where evidence that, at the discretion of the Administrative Board, bears out they meet all required conditions has been furnished.

In this register, all the aging facility identification data, such as the following, shall be entered:

- a. Name of the natural or juridical person owning, holding, or leasing the aging facility;
- b. Aging facility name;
- c. Geographical area where the aging facility is located;
- d. Aging facility altitude evidence;
- e. Aging warehouse conditions;
- f. Aging cask evidence;
- g. Evidence of sufficient stock to ensure compliance with the aging time herein provided, for each type of rum;
- h. Any other information as may be required by the Administrative Board.

ARTICLE 32. BOTTLING PLANT REGISTER. All rum bottling plants authorized by the Administrative Board shall be recorded in the Bottling Plant Register.

In this register, all the bottling plant identification data, such as the following, shall be entered:

- a. Name of the natural or juridical person owning or leasing the bottling plant;
- b. Bottling plant name;
- c. Bottling plant location;
- d. Facilities and used machinery description;
- e. Bottling plant area and capacity description;
- f. Evidence of the number of years that rum has been bottled;
- g. Any other information as may be required by the Administrative Board.

ARTICLE 33. USER REGISTER. All persons authorized by the Administrative Board to use the appellation of origin shall be recorded in the User Register.

In this register, the user identification data, such as the following, shall be entered:

- a. Name of the natural or juridical person authorized to use the appellation of origin;
- b. Evidence of compliance with article 38 herein or as therein detailed, as applicable;
- c. Authorized appellation of origin use term;
- d. Any other information as may be required by the Administrative Board.

ARTICLE 34. USER'S DISTINCTIVE SIGN REGISTER. All trademarks, commercial names, or any other distinctive signs which are used on the products protected by the appellation of origin and used by authorized users shall be registered in the Distinctive Sign Register.

The register above mentioned shall record the following:

- a. Registration data of the trademark or distinctive sign with which the rum wherefor the appellation of origin will be used will be marketed;
- b. Name of the holder of the trademark or distinctive sign;

- c. Labels that will be used for marketing purposes;
- d. Authorized sanitary registrations;
- e. Any other information required by the Administrative Body.

ARTICLE 35. VALIDITY OF THE REGISTRATIONS. To maintain the validity of the registrations in the registers, it shall be essential to fulfill at all times the requirements herein provided. Any change or variation of these requirements shall be communicated immediately to the Administrative Board.

The Administrative Board may suspend or annul registrations when the holders of the same fail to meet said requirements. For such effect, the Administrative Board may carry out the periodical inspections that it considers appropriate to prove compliance with the provisions of the present chapter and is authorized for adopting the necessary steps for their fulfillment.

The term of validity and renewal of the registrations in the registers shall be determined in each case by the Administrative Board.

CHAPTER VI

USERS OF THE APPELLATION OF ORIGIN

ARTICLE 36. AUTHORIZED PERSONS. The appellation of origin shall only be used by the natural or juridical persons authorized by the Administrative Board that comply with the requirements provided for in these Regulations for Use and Management.

Those persons fulfilling the requirements set forth in these Regulations for Use and Management and any applicable laws, rules, or legal regulations may be appellation of origin users.

ARTICLE 37. APPLICATION FOR AUTHORIZATION TO USE THE APPELLATION OF ORIGIN. Any party that has an interest in using the appellation of origin shall file a written application with the Administrative Board.

The application shall contain the information the Administrative Board may determine, with fulfillment of the requirements provided for in these Regulations for Use and Management.

The Administrative Board shall examine the application, with verification of all the requirements set forth in these Regulations for Use and Management and in any laws, rules, or other regulations that may be applicable to the appellation of origin. If the Administrative Board considers that the application does not fulfill the requirements or their compliance is inadequate, it shall ask the applicant to provide the required information or documents and set a period to complete de application.

Once the fixed period for completing the application is expired, the Administrative Board shall decide about the authorization for using the appellation of origin.

ARTICLE 38. REQUIREMENTS FOR USING THE APPELLATION OF ORIGIN. The authorization for using the appellation of origin shall be granted by the Administrative Board only if the following requirements are fulfilled:

- a. To carry out activities of sugar cane planting, virgin sugar cane honey production, alcohol distilling, rum aging, or rum bottling;
- b. To provide evidence of having performed any of the activities mentioned in the preceding paragraph, for a minimum period of five years, except as provided herein for natural or juridical persons that have been users of the collective mark *Rones de Guatemala*;

- c. In the case of sugar cane plantations, to provide evidence at least that:
 - i. The plantations are within the geographical production area of the raw material, as herein defined;
 - ii. The soils meet the qualities set forth herein;
 - iii. The varieties of sugar cane correspond to the ones herein stated.
- d. In the case of mills, to provide evidence at least that:
 - i. The mill is within the geographical production area of the raw material, as herein defined;
 - ii. The sugar cane is hand-harvested;
 - iii. The necessary production processes to obtain virgin sugar cane honey are fulfilled with high standards of quality;
- e. In the case of distilleries, to provide evidence at least of the following:
 - i. The distillery's being within the geographical production area of the raw material, as herein defined;
 - ii. The distillation processes for obtaining the raw rum;
- d. In the case of aging facilities, to provide evidence at least as follows:
 - i. The aging facility's being within the geographical area of aging, as herein defined;
 - ii. The aging facility's using of warehouses which are not hermetically closed;
 - iii. The aging warehouse conditions;
 - iv. The kinds of casks that are used for aging;
 - v. The cask inventory.
- e. In the case of bottling plants, to provide evidence as follows:
 - i. The kind of machinery and facilities of the bottling plant;
 - ii. The description of the area and capacity of the bottling plant.
- f. To be registered in the corresponding registers according to the carried out activity, as herein provided;
- g. To pay the registration fees and any other fees determined by the Administrative Board.

ARTICLE 39. USE AND RENEWAL PERIOD. The authorization for the use of the appellation of origin shall be granted by the Administrative Board for a period it deems convenient, which in no case shall exceed a ten-year period. The authorized use period may be renewed by the Administrative Board upon request of the user, provided that all the requirements set forth herein are fulfilled.

ARTICLE 40. USE OF THE APPELLATION OF ORIGIN. The appellation of origin shall only be applied to those rums produced and manufactured according to the rules herein provided and meeting the required characteristics.

ARTICLE 41. RIGHTS AND OBLIGATIONS OF THE USERS. The rights and obligations of the users of the appellation of origin are the following:

- a. Compliance with these Regulations for Use and Management and with all other regulations applicable to the appellation of origin;
- b. Registration in the registers as determined in these Regulations for Use and Management;
- c. Use of the appellation of origin only by the relevant authorized person;
- d. Use of the appellation of origin only for those rums which meet the characteristics provided for in these Regulations for Use and Management;
- e. Registration with the Administrative Body of trademarks and distinctive signs that will be used with the appellation of origin;
- f. Report to the Administrative Body of any user's address- trademark-, commercial name-, or distinctive sign-related change or modification or any change or modification of any circumstance that may be relevant to the appellation of origin use;
- g. Use of the appellation of origin in advertising and documents, on labels, boxes, and packaging, in magnetic or electronic media, as well as on any surface or means currently known of or subsequently developed;
- h. Use of the appellation of origin only with the user's trademarks or distinctive signs, as authorized and registered by the Administrative Board;
- i. Any other right or obligation provided for in these Regulations for Use and Management or in any laws, rules, or other regulations applicable to the appellation of origin.

CHAPTER VII

ADMINISTRATIVE BODY

ARTICLE 42. ADMINISTRATIVE BOARD. The responsible for the management and use of the appellation of origin shall also be responsible for the management, control, and supervision in respect of the appellation of origin. This body shall enforce fulfillment of what is set forth in these Regulations for Use and Management.

ARTICLE 43. ADMINISTRATIVE BOARD STRUCTURE. The appellation of origin Administrative Board shall consist of the following members:

- a. One regular and one alternate representative of the registered plantations, who may speak and vote;
- b. A regular and an alternate representative of the registered mills, who may speak and vote;
- c. One regular and one alternate representative of the registered distilleries, who may speak and vote;
- d. One regular and one alternate representative of the registered aging facilities, who may speak and vote;
- e. One regular and one alternate representative of the registered bottling plants, who may speak and vote;
- f. One regular and one alternate representative of the users of the appellation of origin, who may speak and vote;
- g. One regular and one alternate representative of the MAGA, who may speak and vote;

- h. One regular and one alternate representative of the MCD, who may speak and vote;
- i. One regular and one alternate representative of the RPI, who may speak and vote.

Alternate representatives may participate in the meetings of the Administrative Board only when they are acting as regular representatives.

The Administrative Board shall elect among its members a vice chairman, a secretary, and other members it may deem convenient. Furthermore, it may designate specific permanent commissions, made up by two or more representatives of the Administrative Board or of the users of the appellation of origin, for specific affairs, for processes, or for any other matter said board may deem convenient.

ARTICLE 44. DUTIES OF THE ADMINISTRATIVE BOARD. The Administrative Body shall have the following duties:

- a. Its competence is defined as follows:
 - i. In relation to the territory, in respect of the raw material production area and the aging area;
 - ii. In relation to the products, in respect of the rums protected by the appellation of origin, during all production stages;
 - iii. In relation to natural or juridical persons, in respect of those registered in the registers kept by the Administrative Board;
- b. It shall enforce fulfillment of the provisions hereof;
- c. It shall be in charge of authorizing the use of the appellation of origin;
- d. It shall exercise control and supervision of the use of the appellation of origin and is authorized to require any document or information necessary to determine the appropriate appellation of origin use;
- e. It shall supervise and control the quality of the rums in all the stages of production;
- f. It shall begin the necessary actions for the preservation of the reputation of the appellation of origin;
- g. It shall maintain all necessary registers, according hereto;
- h. It shall look after the reputation of the appellation of origin in and out of Guatemala;
- i. It shall decide on the modification or amendment hereto;
- j. It shall discuss and approve the annual budget;
- k. It shall determine the fees that shall be paid for the use of the appellation of origin;
- l. It shall decide on and apply for the protection of the appellation of origin in other countries;
- m. It shall register trademarks and distinctive signs of authorized users;
- n. It shall impose the appertaining penalties in the cases provided for by these regulations;
- o. It shall perform any other duty within its competence according to these Use and Management Regulations or any other law applicable to the appellation of origin.

ARTICLE 45. TERM OF OFFICE. The members of the Administrative Board shall hold office for three years and may be re-elected. If any vacancy occurs in said board, the relevant alternate member shall be designated to exercise the duties of the regular member until expiration of the term wherefor he was elected.

ARTICLE 46. ADMINISTRATIVE BODY'S MEETINGS. The Administrative Body shall meet on a periodical basis as it may consider necessary and at least once a year, within four months following each anniversary of its constitution. Administrative Board's meetings shall be called a week before the date of their holding. In any case, a meeting of the Administrative Board shall be duly constituted when all of its members are present and have agreed to hold the meeting.

ARTICLE 47. QUORUM AND MAJORITY. To consider a meeting of the Administrative Board constituted, at least half plus one of its members with right to vote shall be gathered. Its decisions shall be made by majority of votes of present members.

ARTICLE 48. DUTIES OF THE CHAIRMAN OF THE ADMINISTRATIVE BODY. The duties of the chairman of the Administrative Board are the following:

- a. To exercise the legal representation of the Administrative Body; the legal representation may also be exercised according to what is set forth in article 53 of these Regulations for Use and Management;
- b. To enforce the provisions of these Regulations for Use and Management;
- c. To preside at Administrative Board's meetings;
- d. To call for Administrative Board's meetings and propose the agenda;
- e. To hire the personnel that will work for the Administrative Body;
- f. To issue the management policy;
- g. To manage the budget;
- h. To sign the authorizations for using the appellation of origin;
- i. To keep statistics and records of marketing and export of rums;
- j. To propose to the Administrative Board defense, control, and supervision mechanisms in respect of the appellation of origin;
- k. To perform any other duty that may be determined by the Administrative Body or by the applicable law in Guatemala.

ARTICLE 49. DUTIES OF THE VICE CHAIRMAN OF THE ADMINISTRATIVE BOARD. The vice chairman of the Administrative Board shall assist the chairman in the fulfillment of his duties according to these Use and Management Regulations. The vice chairman shall replace the chairman in all his duties in the case of temporary absence.

ARTICLE 50. DUTIES OF THE SECRETARY OF THE ADMINISTRATIVE BODY. The secretary of the Administrative Board shall have the following duties:

- a. To maintain the Minutes of Administrative Board's Meeting Book;

- b. To sign along with the chairman the minutes of the meetings of the Administrative Board;
- c. To send the notices of meeting;
- d. To sign along with the chairman any authorization for using the appellation of origin;
- e. To issue certifications of relevant resolutions;
- f. To perform any other duties that may be established by the Administrative Board or by the applicable law in Guatemala.

ARTICLE 51. DUTIES OF OTHER MEMBERS OF THE ADMINISTRATIVE BOARD. The other members shall cooperate in the performance of the duties of the Administrative Body and shall have the authorities the chairman or the Administrative Board, these Use and Management Regulations, and any applicable legal provision assigns them.

ARTICLE 52. ASSETS OF THE ADMINISTRATIVE BOARD. The assets of the Administrative Body shall be composed of:

- a. The fees the users of the appellation of origin shall pay, which shall be determined by the Administrative Board;
- b. Inheritances, legacies, or donations it may receive;
- c. Any amount that may be received as compensation for damages caused to the Administrative Body or the interests it represents;
- d. Any tangible or intangibly property to which it may legally be entitled.

The Administrative Board shall be responsible for the management of its assets and the determination of the economic policy.

ARTICLE 53. LEGAL REPRESENTATION. The legal representation of the Administrative Board may be exercised by the chairman of the Administrative Board or by any other natural or juridical person designated by the Administrative Board or by the users of the appellation of origin. The users or the Administrative Board may designate attorneys or representatives to exercise any administrative or legal action, enter into contracts, or appear in any proceedings, in which the legal representation is necessary.

CHAPTER VIII

INFRINGEMENTS, PENALTIES, AND PROCEDURE

ARTICLE 54. INFRINGEMENT. Without prejudice to any provision in any laws, rules, or regulations applicable to the appellation of origin and without the following list being limitative in nature, infringement shall be understood as any use that is contrary to the provisions hereof:

- a. The appellation of origin is used for products not in compliance with the characteristics herein defined;
- b. The appellation of origin is used for products mixed or derived from the ones authorized for its use;
- c. The appellation of origin is used on products when the characteristics of said products have been altered and they have been disqualified by the Administrative Board;

- d. The authorized user grants license or permission to a third party in order to use the appellation of origin;
- e. The authorized user assigns his rights to use the appellation of origin;
- f. The appellation of origin is used with a logo different from the one authorized herein;
- g. The appellation of origin is used in any prejudicing or tarnishing form;
- h. The Appellation of origin is used with trademarks or distinctive signs not authorized by the Administrative Board;
- i. Trademarks or distinctive signs that, due to their identity or graphic, phonetic, or ideological similarity with the names protected by the appellation of origin or with its characteristic signs, may lead to confusion about the nature or origin of the products are used;
- j. The appellation of origin or any of its characteristic signs are used on other rums, although they are preceded by terms or expressions such as “kind,” “type,” “style,” “imitation,” or the like.
- k. Any information relating to the appellation of origin, the Administrative Body, or any of its members and considered confidential is disclosed;
- l. Any marketing, promotion, or advertising activity that is contrary to the provisions hereof and that may harm, damage, or prejudice in any way the appellation of origin is carried out;
- m. Any other act that may adversely affect the appellation of origin is performed.

ARTICLE 55. PENALTIES. Infringements of the provisions herein shall be penalized by the Administrative Board, with a warning, a fine, the temporary or permanent withdrawal of the authorization for the use of the appellation of origin, or the striking off the Registers.

For the imposition of penalties the seriousness and importance of the infringement, recidivism, and all other circumstances of each case shall be taken into account.

The Administrative Board may impose the following penalties:

- a. Warning:** The warning shall be in writing and be explained by the Administrative Board.
- b. Fine:** The fine shall be set by the Administrative Board, according to the significance of the infringement. Fines shall be paid at the latest within 15 days following the date of notification to the affected party.
- c. Temporary Withdrawal:** The Administrative Board may temporarily withdraw the authorization for the use of the appellation of origin; should that be the case, said board shall set a period so that the user can remove the causes leading to the penalty. The temporary withdrawal shall be effective immediately after the affected party has been notified thereof.
- d. Permanent Withdrawal:** This penalty shall be applicable if there is recurrence of an infringement on the part of the affected user.
- e. Striking off the Registers:** The resolution which determines removal from any of the registers shall be effective from the date of notification to the affected party.

Any user that has been penalized with a warning, a fine, or the temporary withdrawal of the authorization for the use of the appellation of origin and does not comply with the imposed penalty within the period set by the Administrative Board shall lose immediately and permanently the right to use the appellation of origin.

ARTICLE 56. PROCEDURE FOR THE IMPOSITION OF PENALTIES. If, at the discretion of the Administrative Board, there are any causes to impose any penalty stated in these Regulations for Use and Management, a record stating the facts constituting infringement shall be drawn up, with notification to the affected party and the setting of 8 calendar days for him to submit an explanation of the reasons for his actions as well as the arguments and evidence for his defense.

Upon the above term expiration with or without submission of the statement of the affected party, the Administrative Board shall resolve what is convenient according to its judgment. Any resulting penalty imposed according to these Use and Management Regulations shall be effective immediately after the resolution-affected party has been notified thereof.

The resolution by the Administrative Board shall be appealable in a sole instance, before the meeting of the users of the appellation of origin.

The Administrative Board shall draw up records in all those cases penalties are justified, with creation of the relevant file.

ARTICLE 57. RECOVERY OF THE RIGHT TO USE THE APPELLATION OF ORIGIN. Once the penalty-related period imposed by the Administrative Board has expired and the user has complied with the penalty, he shall automatically recover all the rights that were suspended due to the penalty imposed.

CHAPTER IX

MODIFICATIONS TO THE REGULATIONS FOR USE AND MANAGEMENT

ARTICLE 58. MODIFICATIONS TO THE REGULATIONS FOR USE AND MANAGEMENT. The Administrative Board shall be submitted any request to modify these Use and Management Regulations; this request shall come before the users for discussion and approval.

ARTICLE 59. PARTIES ENTITLED TO REQUEST MODIFICATIONS TO THE ADMINISTRATIVE BODY. The request to modify the Use and Management Regulations may be made by:

- a. The users of the appellation of origin, as long as they represent at least half plus one of the users;
- b. The members of the Administrative Board.

ARTICLE 60. PROCEDURE TO REQUEST MODIFICATIONS. If a modification to the Regulations for Use and Management is requested, the Administrative Board shall examine the request and shall inform thereof to the users for its discussion and analysis. If the majority thereof agrees on the modification to the Regulations for Use and Management, the Administrative Board may request to the Registry to make the modification to the Regulations for Use and Management, with observance of what is provided for such purpose in the Industrial Property Law and its regulations.

CHAPTER X

TRANSITORY PROVISIONS

ARTICLE 61. REGISTRATION IN REGISTERS. Sugar cane plantations, mills, distilleries, aging facilities, and bottling plants that for more than one year have been authorized to use the collective mark *Rones de Guatemala* and fulfill all other requirements herein determined may be registered in the relevant registers, within 30 days following the entry into force hereof.

ARTICLE 62. EFFECTIVENESS. These Use and Management Regulations shall enter into effect after 8 days of their publication in the Official Gazette.