



Ring Dealers Committee

Terms of Reference

Status

- 1.1 The Ring Dealers Committee (the “Committee”) has been established as an advisory committee to The London Metal Exchange.
- 1.2 The primary purpose of the Committee is to consider all aspects of trading on the Ring.

Membership

Chairman

- 2.1 The chairman will be a member of the Exchange executive appointed by the Executive Committee (“EXCOM”).
- 2.2 A vice chairman will be appointed by the Committee chairman in consultation with EXCOM if appropriate. Any member of the Exchange executive can be appointed as vice chairman.
- 2.3 In the event of the absence of the chairman or vice chairman any member of the Exchange executive can be appointed as chairman for the duration of the meeting.

Membership

- 3.1 The remaining Committee members shall be representatives of each of the Ring Dealing Members of the Exchange appointed and reappointed by EXCOM upon recommendation from the Committee chairman. If a member appointed is unable to attend a meeting, that person may with prior permission of the chairman, designate an alternative representative from the same Ring Dealing Member.
- 3.2 The Exchange executive shall be entitled to attend (without a vote) meetings of the Committee and will provide secretarial and administrative support as required.
- 3.3 EXCOM may at its sole discretion request that any member of the Committee resign from the Committee at any time, and such person shall comply with such request. No reason or period of notice need be given by EXCOM.
- 3.4 Should a member of the Committee appointed under clause 3.1 subsequently leave the employment of a Ring Dealing Member by which the member of the Committee was nominated, that person shall automatically resign from the Committee. The Ring Dealing Member shall be entitled to appoint an alternative representative in accordance with clause 3.1.
- 3.5 Should a Ring Dealing Member no longer be categorised as a Ring Dealing Member, the employee representative appointed to the Committee under clause 3.1 shall automatically resign from the Committee.

- 3.7 With reference to 3.4 should two or more Committee members become employed by the same employer or the same group as a result of a corporate transaction, then EXCOM in consultation with the chairman of the Committee shall decide which member if applicable should remain on the Committee.

Meetings

- 4.1 The Committee shall meet at least quarterly and more frequently when appropriate, unless otherwise recommended by the Committee chairman and approved by EXCOM.
- 4.2 The Committee chairman shall agree in consultation with the Exchange executive the agenda for each committee meeting (taking into account the requirements of 7.3).
- 4.3 Committee meeting dates shall be agreed in advance affording adequate notice for maximum participation. Papers prepared for the Committee may be sent (by post, email or other medium) between meeting dates. Decisions or recommendations may be solicited and received between meetings, where necessary, to avoid delays in the decision-making processes.
- 4.4 Minutes will be taken for all meetings and will be included in EXCOM papers at regular intervals.
- 4.5 The Committee shall be at liberty to publicise forthcoming agenda items with the chairman's and the Exchange executive's prior approval in order to encourage outside contributions, where appropriate.
- 4.6 To be quorate, the Committee must have at least 50% of its members present at its meeting, including its chairman or vice chairman (acting chairman).
- 4.7 Failure to attend three consecutive Committee meetings will result in the withdrawal of Committee membership, subject to the discretion of the Committee chairman and EXCOM.

Committee Recommendations

- 5.1 The Committee is responsible for considering all aspects of trading on the Ring in order to make such recommendations to EXCOM to enhance the operation of the Exchange and management of trading on the Ring. In particular, the Committee is responsible for:
- Recommending to EXCOM the authorisation of probationary dealers.
 - Recommending to EXCOM the allocation of booths on the trading floor.
 - Passing on to the Exchange executive relevant complaints.
 - Generally promoting the use of LME products.
 - Making recommendations to EXCOM on Ring trading related policy issues including trading standards and practitioner issues (but for the avoidance of

doubt not related to disciplinary matters).

- Discharging other duties related to the Ring as determined from time to time by EXCOM.

- 5.2 EXCOM has the right to accept, reject or modify any recommendations made to it. EXCOM should have sufficient confidence that any recommendation made to it by the Committee is capable of endorsement without further detailed review being necessary by EXCOM members. Accordingly, it is incumbent upon the Committee to ensure that the quality of analysis, research and supporting paperwork it provides to EXCOM in support of any recommendation is sufficient for EXCOM to ratify such a recommendation without further enquiry being necessary.
- 5.3 In the event that a Committee recommendation is rejected by EXCOM, the Committee chairman has the right to appeal.

Reporting

- 6.1 The Committee shall report to EXCOM on how it has discharged its responsibilities and on any other matters referred to it by EXCOM.

Confidentiality and Conflicts of Interest

- 7.1 Committee members must ensure that, unless outside consultation is specifically agreed, all matters discussed and all materials and data made available to them in respect of their Committee-related activities are kept confidential at all times. Further, Committee members must not abuse their Committee status and must not be involved in any decision-making processes in respect of which they may have a conflict of interest. Where Committee members think they may have a conflict of interest in relation to any matter to be discussed at a Committee meeting or that comes under discussion at a Committee meeting, they must absent themselves from the part of the meeting at which that matter is discussed and the minutes of the meeting must record the absence. Further, where the chairman feels that there may be a conflict of interest in respect of any matter to be discussed at a meeting or that comes under discussion at a Committee meeting and it is appropriate for a Committee member to leave all or part of a meeting, the chairman shall ask the member to leave the meeting. No reason need be given. Members that may have a conflict of interest shall receive minutes of the meeting with the matter in respect of which they may have a conflict of interest redacted from the copy of the minutes they receive.
- 7.2 Without prejudice to paragraphs 3.3 and 7.1, EXCOM may request that a Committee member (including the chairman or the vice chairman) resign from the Committee where EXCOM has reason to believe that such Committee member has an interest or interests of any form which may conflict with the interests of the Company or with any company within the HKEx group¹, and the Committee member shall comply with such request. No reason need be given.

7.3 The Company shall observe the requirements relating to the management of inside information and commercially sensitive as prescribed by the Company and notified to the Committee from time to time. In practice, this may mean that consideration of certain items which may be considered to be inside information or commercially sensitive information shall be withheld from meetings of the Committee until such information is within the public domain.

¹ This might include, without limitation, where the Committee member has a relationship with an entity whose interests conflict with the interests of the Company or any member of the HKEX group (including a competitor), such as, without limitation, serving on a board or committee of that entity