



# Special Committee

Terms of Reference

## Status

- 1.1 The Special Committee (“the Committee”) is a sub-committee of the London Metal Exchange (referred to herein as the “LME”, “the Exchange” and “the Company”) Board (“the Board”) to which the Board has delegated:
- a) Certain emergency and other powers under the Exchange’s Rules and Regulations (the “Rulebook”);
  - b) Oversight of, and responsibility for, the imposition of additional load-out requirements on a warehouse pursuant to sub-clause 9.3.6 of the LME Warehouse Agreement (the “Warehouse Agreement”); and
  - c) Consideration and appropriate management of challenges to the charge caps in accordance with sub-clause 5.3.6 of the Warehouse Agreement.

## Purpose

- 2.1 The Committee is granted certain emergency powers under the Rulebook and the Committee shall exercise such powers in accordance with these Terms of Reference.
- 2.2 The Committee shall have oversight of, and responsibility for, the imposition of additional load-out requirements on a warehouse pursuant to sub-clause 9.3.6 of the Warehouse Agreement.
- 2.3 The Committee shall consider and appropriately manage challenges to the Charge Caps in accordance with sub-clause 5.3.6 of the Warehouse Agreement.
- 2.4 The Committee shall be given sufficient resources and information to enable it to perform its functions including, where appropriate, the ability to seek independent legal and/or professional advice. The Committee shall also have access to the Company Secretary (or his/her nominee) for advice and assistance as required.



## Composition

- 3.1 The Board shall appoint to the Committee persons who have no material interest in the contracts traded on the Exchange and who may include one or more of the Independent Non-Executive Directors of the Board, and of the LME Clear Limited Board, and also industry specialists.
- 3.2 The members of the Committee shall appoint a chair from amongst their number (“the Chair”).
- 3.3 The Company Secretary or his/her nominee shall be the Secretary of the Committee, and shall be entitled to attend meetings of the Committee. Members of the LME Executive shall be entitled to attend meetings of the Committee as required.
- 3.4 The Committee will, where required, consult with LME Clear in accordance with the LME Rulebook prior to undertaking any action, and appropriate members of the LME Clear executive shall also be invited to meetings of the Committee such that they may be consulted.

## Frequency of Meetings

- 4.1 The Committee shall meet quarterly and more frequently when required.
- 4.2 Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee Chair; any of its members; or members of the the LME Executive who regularly attend Committee meetings in which case, insofar as is feasible, the approval of the Committee Chair shall firstly be obtained.
- 4.3 The Committee may meet for dispatch of business, adjourn and otherwise regulate its proceedings as members deem fit.



- 4.4 Committee meeting dates shall – where possible - be agreed in advance affording adequate notice for maximum participation, however it may on occasion be necessary to convene ad hoc Committee meetings at short notice.
- 4.5 The meeting agenda will be agreed with the Chair in advance (where possible) and, unless otherwise agreed, shall be forwarded to each member of the Committee, and, as appropriate, any other individual required to attend the Committee meeting, together with supporting papers, where possible, no later than five working days before the date of the meeting.
- 4.6 Papers prepared for the Committee may be sent (by post, email or other medium) between meeting dates and decisions or recommendations may be solicited and received between meetings (including by email or other appropriate electronic methods of communication), where necessary, to avoid delays in the decision-making processes.
- 4.7 Minutes, which shall include the recording of the names of those present and in attendance at Committee meetings, will be taken for all meetings by the Secretary of the Committee or his / her nominee and minutes of the preceding meeting shall be approved by the Committee at each meeting. Once approved, the minutes will be authenticated by the Chair as a conclusive record of the Committee proceedings and as having captured the decisions made by the Committee pursuant to the powers of the Committee.

## Quorum

- 5.1 In respect of the matters set out in paragraph 2.1 above, two members shall constitute a quorum,
- 5.2 In respect of the matters set out in paragraphs 2.2 and 2.3 above, at least half of the members, or in the case of uneven number of Committee members, a simple majority, including at least two members drawn from either a) the Independent Non-Executive Directors of the LME or Independent Non-Executive Directors of LME Clear Limited or b) members who are not directors, officers, or employees of any HKEX group company, shall constitute a quorum.



- 5.3 Should any decisions be required these will be taken by consensus. If no consensus can be reached then the topic shall be put to a vote. In the event that a vote is required, decisions shall be determined by simple majority with all Committee members entitled to one vote each and in the event of a tie, the Chair shall have the casting vote.

## Reporting

- 6.1 Following any meeting of the Committee and as appropriate, the Company Secretary (or his/her nominee) shall, on behalf of the Chair, promptly report any decision made to the Board.
- 6.2 Further to sub-clause 6.1 above, a report shall be presented to the Board in each Board meeting cycle, should a Committee meeting have taken place since the previous Board meeting, summarising any Committee meeting discussions that have taken place between Board meetings.

## Regulatory Compliance

### 7.1 Confidentiality

- 7.1.1 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.

### 7.2 Management of Conflicts of Interest

Committee members must not abuse their Committee status and must not be involved in any recommendations where they may have a conflict of interest.

- 7.2.2 A conflict of interests could arise where a Member's responsibilities are affected by a professional interest, personal interest, personal association, or interest or association of their close family. 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.

7.2.3 Further, where the Chair 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 Chair shall ask the member to leave the meeting. No reason need be given.

7.2.4 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.

7.2.5 Without prejudice to sub-clause 7.2.4, the Board may request that a Committee member (including the Chair) resign from the Committee where the Board 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 group, or if the Board believes the Committee member's involvement in the Committee is no longer appropriate, and the Committee member shall comply with such request. No reason need be given.

**7.3 Inside information and commercially sensitive information** The LME shall observe the requirements relating to the management of inside information and commercially sensitive information as prescribed by the LME and notified to the Committee from time to time.

7.3.2 In practice, this may mean that consideration of certain items which may be inside information or commercially sensitive information shall be withheld from meetings of the Committee until such information is within the public domain.

**7.4 Anti-trust and competition laws** Committee members must ensure that all matters discussed in respect of their Committee - related activities are not in breach of anti-trust or competition laws.

7.4.2 Competition law prohibits anticompetitive arrangements that may affect trade, and which have as their object or effect the prevention, restriction or



distortion of competition. Arrangements can be informal or verbal, and there does not need to be a physical meeting.

7.4.3 The type of arrangements which are restrictive of competition, and which constitute a serious competition law infringement include:

- 7.4.3.1 Price fixing;
- 7.4.3.2 market sharing;
- 7.4.3.3 information sharing, including:

- (a) price information
- (b) non-price information

### Other matters

- 8 The Committee shall annually review its own performance, constitution and terms of reference to ensure it is operating effectively and shall recommend any changes to the Board for approval.

## Document Distribution

Name	Title	Role	Date of Approval
Hayley Nunn		Review	
Tom Hine		Review	

EXCOM		Review	
Board		Review and Approve	
Special Committee		Review and recommend for approval – annual review	25 April 2023
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