



# The LME Statement of Compliance with the UK Benchmarks Regulation and Independent Assurance



## Introduction

The London Metal Exchange (**LME**) is a world centre for the trading of industrial metals and provides pricing, risk and terminal market services to the global physical metals industry. The LME publishes various prices that fall within the definition of ‘benchmark’ pursuant to the **UK Benchmarks Regulation** (as defined below) and as such was authorised and is regulated by the Financial Conduct Authority in respect of its benchmark administration activities.

The relevant benchmark regulation requirements for the Statement of Compliance and independent assurance by Ernst & Young LLP (**EY**) are the applicable requirements in the UK Benchmarks Regulation<sup>1</sup> (**BMR**), being Regulation (EU) No 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, to the extent that such have been incorporated in UK law pursuant to the European Union (Withdrawal) Act 2018 and as modified by UK Statutory Instruments<sup>2</sup>, following the UK’s exit from the European Union.

This **BMR Statement of Compliance** is published pursuant to Annex II (18) of the BMR in respect of the audit requirement for the LME’s adherence to its stated methodology criteria and with the requirements of the BMR. In this BMR Statement of Compliance, the LME describes the relevant control objectives and procedures for the period from 1 January 2023 until 31 December 2023 (**Period Under Review**) relevant to five families of benchmarks, namely the Official Prices, Closing Prices, Monthly Average Settlement Prices (**MASPs**), Notional Average Prices (**NAPs**)<sup>3</sup>, and LBMA Platinum and LBMA Palladium (**LPP**) Prices (collectively the **Benchmarks**) administered by the LME during the Period Under Review. A list of the Benchmarks and each Benchmark Family to which those Benchmarks belong can be found in Appendix A.

The LME appointed EY to provide independent assurance regarding the LME’s BMR Statement of Compliance and that the control procedures relating to the applicable requirements of the BMR, and the published benchmark methodologies have been adhered to in respect of the Benchmarks. EY have concluded that in all material respects, except for the matters described in the Basis for qualified conclusion section of the Independent practitioner’s assurance report, based on the control objectives described in the BMR Statement of Compliance in respect of the Benchmarks which were designed to fulfil the LME’s compliance with the applicable BMR requirements and adherence to published benchmark methodologies (the **Control Objectives**):

- the LME’s BMR Statement of Compliance describes fairly the LME’s control procedures that relate to the control objectives which were in place throughout the Period Under Review;
- the control procedures are suitably designed such that there is reasonable, but not absolute, assurance that the related control objectives would have been achieved if the described control procedures had been in place and were complied with satisfactorily throughout the Period Under Review; and
- the control procedures that were tested, as set out in the BMR Statement of Compliance, were operating with sufficient effectiveness for EY to obtain reasonable, but not absolute, assurance that the related control objectives were achieved throughout the Period Under Review.

## Key Terms

This BMR Statement of Compliance should be read in conjunction with the LME Benchmark Defined Terms (**Definitions**) and other BMR related documents, for example, benchmark methodologies and benchmark statements (the **BMR Documents**) available on the LME’s website. Any capitalised terms not

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<sup>1</sup> Including the Financial Services Act 2021 paragraph 19 which became applicable on 1 July 2021 amending the UK Benchmark Regulation.

<sup>2</sup> Including but not limited to, The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019).

<sup>3</sup> As per LME Notice 23/057 and with effect from 2 May 2023, the NAPs were no longer treated as benchmarks under the UK BMR and accordingly our review covers NAPs between 1 January 2023 and 28 April 2023.



specifically defined in this BMR Statement of Compliance shall have the meaning given to them in the Definitions and BMR Documents.

## Further Information

If any interested parties have any questions or requests for further clarification regarding this BMR Statement of Compliance, please contact the LME at [benchmarks@lme.com](mailto:benchmarks@lme.com).

Further details about the LME, the Benchmarks or other services can be found at [www.lme.com](http://www.lme.com).

## Disclaimer

© The LME, 2024. The London Metal Exchange logo is a registered trademark of The London Metal Exchange. All rights reserved. The LME is authorised and regulated by the Financial Conduct Authority in respect of its benchmark administration activities under the BMR. The London Metal Exchange is also a recognised investment exchange under Part XVIII of the Financial Services and Markets Act 2000 (FSMA) and a regulated market pursuant to the Markets in Financial Instruments Directive. The LME is an exempt person for the purposes of FSMA in respect of its exchange activities.

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## Executives' Statement

We are responsible for the identification of the control objectives for our business and the design and operation of the LME's control framework to effectively address the provisions of the BMR and in compliance with the published benchmark methodologies for the Benchmarks.

In our attached BMR Statement of Compliance, we set out a description of the relevant frameworks and control procedures together with the related control objectives and BMR requirements for the period from 1 January 2023 to 31 December 2023 (**Period Under Review**) and confirm that, except for the matters noted in the Independent practitioner's assurance report:

- i. The BMR Statement of Compliance fairly describes the control procedures which were in place throughout the Period Under Review;
- ii. The control procedures are suitably designed such that the specified control objectives, including the provisions of the BMR and benchmark methodologies, can be achieved and to our knowledge and belief the described control procedures were complied with; and
- iii. The control procedures were operating with sufficient effectiveness to achieve related control objectives throughout the Period Under Review.

Signed by Matthew Chamberlain for and on behalf of The London Metal Exchange,

A handwritten signature in black ink, appearing to read 'Matthew Chamberlain', is positioned below the text.

**Matthew Chamberlain, Chief Executive Officer and Board Director**

22 February 2024

**Independent practitioner’s assurance report to the directors of The London Metal Exchange (the ‘Company’) in respect of the Company’s statement of compliance (the ‘BMR Statement of Compliance’) with the applicable requirements of the Benchmarks Regulation (EU) 2016/1011 as onshored into domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as amended by, including but not limited to, The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019) (‘BMR’) and adherence to its published benchmark methodologies, with regards to their administration and calculation of five ‘families of benchmarks’ for the period from 1 January 2023 to 31 December 2023.**

## **Use of the report**

This report is produced in accordance with the terms of our engagement letter dated 31 October 2023 (the ‘Engagement Letter’) for the purpose of reporting to the Directors of The London Metal Exchange (the ‘Company’) in connection with the reasonable assurance engagement over the description, design and operating effectiveness of the control procedures stated in the Company’s BMR Statement of Compliance (the ‘Company’s control procedures’ or ‘Subject Matter’), that relate to the control objectives (the ‘Company’s control objectives or ‘Criteria’) with regards to the Company’s compliance with the applicable requirements of the Benchmarks Regulation (EU) 2016/1011 as onshored into domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as amended by, including but not limited to, The Benchmarks (Amendment and Transitional Provision) (EU Exit) Regulations 2019) (‘BMR’) Articles 10, 19, 27.1 to 27.2, 28.1 and Annex II (collectively the ‘applicable BMR requirements’) and the Company’s adherence to its published benchmark methodologies with regards to its administration of five families of benchmarks, namely:

- Official Prices,
- Closing Prices,
- Notional Average Prices<sup>4</sup>,
- Monthly Average Settlement Prices, and
- LPP Prices

(collectively the ‘Benchmarks’) throughout the period 1 January 2023 to 31 December 2023.

This report is made solely to the directors, as a body, of the Company, and solely for the purpose of reporting on the Company’s compliance with the applicable BMR requirements and published benchmark methodologies, as described in the BMR Statement of Compliance and in accordance with the Engagement Letter. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s directors as a body, for our examination, for this report, or for the opinions we have formed.

Our work has been undertaken so that we might report to the directors those matters that we have agreed to state to them in this report and for no other purpose. Our report must not be recited or referred to in whole or in part in any other document nor made available, copied or recited to any other party, in any circumstances, without our express prior written permission.

## **Responsibilities of the Company**

As Directors of the Company, you are responsible for ensuring that the Company designs, implements and monitors compliance with policies and procedures that comply with the applicable BMR requirements and with published benchmark methodologies, and that the BMR Statement of Compliance has been compiled in accordance with the applicable BMR requirements. The Company’s directors remain solely

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<sup>4</sup> As per LME Notice 23/057 and with effect from 2 May 2023, the Notional Average Prices (NAPs) were no longer treated as benchmarks under the UK BMR and accordingly our opinion on NAPs is expressed between 1 January 2023 and 28 April 2023.

responsible for preparing the BMR Statement of Compliance which includes the control objectives and related control procedures.

The Company's directors are responsible for selecting the criteria, and for presenting the subject matter in accordance with that criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

### **Responsibilities of Ernst & Young LLP**

Our responsibilities for this engagement are to form an independent conclusion, based on the work carried out in relation to the control procedures related to compliance with the applicable BMR requirements and adherence to its published benchmark methodologies in respect of the Benchmarks and the evidence we have obtained, as described in the Company's BMR Statement of Compliance and report this to you as the directors of the Company.

### **Our approach**

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) (UK) 3000 (July 2020) Assurance Engagements other than audits or reviews of historical financial information ('ISAE (UK) 3000 (July 2020)') as promulgated by the Financial Reporting Council (FRC) and the Institute of Chartered Accountants in England and Wales' Technical Release (Tech 02/14FSF) Assurance Reports on Benchmark and Indices.

For the purpose of the engagement, we have been provided by the directors with the BMR Statement of Compliance. The Directors of the company remain solely responsible for the preparation of the BMR Statement of Compliance.

The criteria against which the control procedures were evaluated are the control objectives as set out within TECH 02/14 FSF and identified by the Company's directors as relevant control objectives to fulfil the Company's compliance with the applicable BMR requirements and adherence to its published benchmark methodologies. We performed a reasonable assurance engagement as defined in ISAE (UK) 3000 (July 2020).

In performing this engagement, we have applied International Standard on Quality Management (ISQM) 1 and the independence and other ethical requirements of the Institute of Chartered Accountants of England and Wales (ICAEW) Code of Ethics (which includes the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA)).

We have performed the procedures agreed with you and set out in our Engagement Letter.

The objective of a reasonable assurance engagement is to perform such procedures on a sample basis as to obtain information and explanations which we consider necessary in order to provide us with sufficient appropriate evidence to express a positive conclusion on the BMR Statement of Compliance.

### **Inherent limitations**

Our conclusion is based on historical information and the projection of any information or conclusions in the attached report to any future periods would be inappropriate. Our examination excludes audit procedures such as verification of all assets, liabilities and transactions and is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the information.

A benchmark, price or index is not an indicator of the validity or functioning of the underlying market and we express no assurance over the validity or functioning of the underlying market. The validity and reliability of benchmarks is dependent on (i) underlying data, market information, or inputs used in the Company's benchmark administration and (ii) the procedures performed by the Company to analyse that information. Our opinion does not provide assurance on any controls over the completeness and accuracy of underlying data, market information, or inputs used in the Company's benchmark administration activities, nor on any such underlying data, market information or inputs itself. We performed no procedures on, and express no assurance over the underlying data, market information, or inputs used by the Company for the purpose of determining a benchmark.

Control procedures designed to address specified control objectives are subject to inherent limitations and, accordingly, errors or irregularities may occur and not be detected. Such control procedures cannot guarantee protection against (among other things) fraudulent collusion especially on the part of those holding positions of authority or trust.

### **Conclusion**

In our opinion based on the control objectives described in the Company's BMR Statement of Compliance in respect of the Benchmarks, which were designed to fulfil the Company's compliance with the applicable BMR requirements and with the published benchmark methodologies, in all material respects:

- a) The BMR Statement of Compliance describes fairly the Company's control procedures that relate to the control objectives specified above which were in place throughout the period from 1 January 2023 to 31 December 2023;
- b) The control procedures are suitably designed such that there is reasonable, but not absolute, assurance that the related control objectives would have been achieved if the described control procedures had been in place and were complied with satisfactorily throughout the period from 1 January 2023 to 31 December 2023; and
- c) The control procedures that were tested, as set out in the BMR Statement of Compliance, were operating with sufficient effectiveness for us to obtain reasonable, but not absolute, assurance that the related control objectives were achieved throughout the period from 1 January 2023 to 31 December 2023.

*Ernst & Young LLP*

Ernst & Young LLP

London

22 February 2024



## BMR Statement of Compliance

The LME is required to comply with Articles 10, 19(1) to 19(2), 27(1) to 27(2), 28(1) and Annex II of the BMR, in addition to Articles 1, 4, 6 and 7 of the FCA Technical Standards (TS) specifically relating to Commission Delegated Regulation (EU) 2018/1643.

The tables below set out those applicable requirements and how the LME complies with each of those requirements.

TITLE II - BENCHMARK INTEGRITY AND RELIABILITY			
BMR Ref.	BMR Requirement	LME's Control Response	EY Evaluation Procedures
<b>Article 10 Outsourcing</b>			
10(1)	An administrator shall not outsource functions in the provision of a benchmark in such a way as to impair materially the administrator's control over the provision of the benchmark or the ability of the FCA to supervise the benchmark.	<p>The LME performs periodic assessments of the control framework which includes the assessment of whether the LME has any outsourcing arrangements relating to the functions associated with benchmark activities.</p> <p>The LME does not have in place any outsourcing arrangements relating to the functions associated with benchmark activities and the LME retains sole responsibility for all aspects of the provision of the Benchmarks.</p>	<ul style="list-style-type: none"> <li>▶ We obtained evidence of Management's assessment that no outsourced activities take place in the provision of the Benchmarks.</li> <li>▶ We performed walkthroughs of the benchmark provision for each Benchmark Family to evidence that no activities in the provision of the Benchmarks are outsourced externally.</li> </ul>
10(2)	Where an administrator outsources to a service provider functions or any relevant services and activities in the provision of a benchmark, the administrator shall remain fully responsible for discharging all of the administrator's obligations under this Regulation.	Not applicable. Refer to the LME's response to Article 10(1).	<ul style="list-style-type: none"> <li>▶ Refer to response to Article 10(1).</li> </ul>





<b>TITLE II - BENCHMARK INTEGRITY AND RELIABILITY</b>			
<b>BMR Ref.</b>	<b>BMR Requirement</b>	<b>LME's Control Response</b>	<b>EY Evaluation Procedures</b>
10(3)	<p>Where outsourcing takes place, the administrator shall ensure that the following conditions are fulfilled:</p> <ul style="list-style-type: none"> <li>a) the service provider has the ability, capacity, and any authorisation required by law, to perform the outsourced functions, services or activities reliably and professionally;</li> <li>b) the administrator makes available to the FCA the identity and the tasks of the service provider that participates in the benchmark determination process;</li> <li>c) the administrator takes appropriate action if it appears that the service provider may not be carrying out the outsourced functions effectively and in compliance with applicable law and regulatory requirements;</li> <li>d) the administrator retains the necessary expertise to supervise the outsourced functions effectively and to manage the risks associated with the outsourcing;</li> <li>e) the service provider discloses to the administrator any development that may have a material impact on its ability to carry out the outsourced functions effectively and in compliance with applicable law and regulatory requirements;</li> <li>f) the service provider cooperates with the FCA regarding the outsourced activities, and the administrator and the FCA have effective access to data related to the outsourced activities, as well as to the business premises of the service provider, and the FCA is able to exercise those rights of access;</li> <li>g) the administrator is able to terminate the outsourcing arrangements where necessary;</li> <li>h) the administrator takes reasonable steps, including contingency plans, to avoid undue operational risk related to the participation of the service provider in the benchmark determination process.</li> </ul>	<p>Not applicable. Refer to the LME's response to Article 10(1).</p>	<ul style="list-style-type: none"> <li>▶ Refer to response to Article 10(1).</li> </ul>



TITLE III - REQUIREMENTS FOR DIFFERENT TYPES OF BENCHMARKS			
BMR Ref.	BMR Requirement	LME's Response	EY Evaluation Procedures
<b>Article 19 Commodity benchmarks</b>			
19(1)	<p>The specific requirements laid down in Annex II shall apply instead of the requirements of Title II, with the exception of Article 10, to the provision of, and contribution to, commodity benchmarks, unless the benchmark in question is a regulated-data benchmark or is based on submissions by contributors the majority of which are supervised entities.</p> <p>Articles 24, 25 and 26 shall not apply to the provision of, and contribution to, commodity benchmarks.</p>	<p>The Benchmarks are all commodity benchmarks within the meaning of the BMR and are neither regulated-data benchmarks, nor benchmarks based on submissions by contributors the majority of which are supervised entities.</p> <p>Annex II of the BMR shall therefore apply to the Benchmarks instead of the general requirements of Title II (Benchmark Integrity and Reliability).</p> <p>Article 10 of Title II refers to outsourcing. Refer to LME's response to Article 10(1).</p>	<ul style="list-style-type: none"> <li>Refer to responses to Annex II for the specific requirements applied by LME with respect to administration of the Benchmarks, as well as responses to Article 10(1).</li> </ul>
19(2)	<p>Where a commodity benchmark is a critical benchmark and the underlying asset is gold, silver or platinum, the requirements of Title II shall apply instead of Annex II.</p>	<p>None of the Benchmarks are critical benchmarks as defined by the BMR. Annex II of the BMR therefore applies to the Benchmarks instead of the general requirements in Title II.</p>	<ul style="list-style-type: none"> <li>Not applicable.</li> </ul>



TITLE IV - TRANSPARENCY AND CONSUMER PROTECTION			
BMR Ref.	BMR Requirement	LME's Response	EY Evaluation Procedures
<b>Article 27 Benchmark statement</b>			
27(1)	<p>Within two weeks of the inclusion of an administrator in the FCA register, the administrator shall publish, by means that ensure fair and easy access, a benchmark statement for each benchmark or, where applicable, for each family of benchmarks, that may be used in the United Kingdom in accordance with Article 29. Where that administrator begins providing a new benchmark or family of benchmarks that may be used in the United Kingdom in accordance with Article 29, the administrator shall publish, within two weeks and by means that ensure a fair and easy access, a benchmark statement for each new benchmark or, where applicable, family of benchmarks. The administrator shall review and, where necessary, update the benchmark statement for each benchmark or family of benchmarks in the event of any changes to the information to be provided under this Article and at least every two years.</p> <p>The benchmark statement shall:</p> <ol style="list-style-type: none"> <li>clearly and unambiguously define the market or economic reality measured by the benchmark and the circumstances in which such measurement may become unreliable;</li> <li>lay down technical specifications that clearly and unambiguously identify the elements of the calculation of the benchmark in relation to which discretion may be exercised, the criteria applicable to the exercise of such discretion and the position of the persons that can exercise discretion, and how such discretion may be subsequently evaluated;</li> <li>provide notice of the possibility that factors, including external factors beyond the control of the administrator, may necessitate changes to, or the cessation of, the benchmark; and</li> </ol>	<p><u>Control objective</u> The LME publishes a Benchmark Statement in accordance with BMR Article 27 for each Benchmark Family.</p> <p>Each Benchmark Statement should be read in conjunction with the applicable Benchmark Methodology.</p> <p><u>Control procedures</u> Benchmark Statements for each Benchmark Family are reviewed and approved by the Pricing and Valuation Committee (PVC), and in respect of the LPP Prices by the LPP Prices Oversight Committee (LPPOC), prior to them being published on the LME's website.</p> <p>The LME reviews the Benchmark Statements at least annually to ensure ongoing compliance with the requirement of this Article 27 and in particular consideration to changes to, and cessation of Benchmarks.</p>	<ul style="list-style-type: none"> <li>▶ We obtained the Benchmark Statement for each of the Benchmarks published on the LME's website and inspected for evidence of compliance with Article 27(1) and 27(2).</li> <li>▶ We obtained the terms of reference for both the PVC and LPPOC for evidence of the periodic review of the Benchmark Statement as part of the committee's responsibilities.</li> <li>▶ We obtained the LME Benchmark Changes and Cessation Procedure and LBMA Platinum and LBMA Palladium Prices Regulations (the LPP Regulations) from the LME's website and inspected for evidence of procedures in the event of changes to, or the cessation of the Benchmarks, as described in the LME's response.</li> <li>▶ We obtained minutes from meetings of the PVC and LPPOC during the Period Under Review and, on a sample basis, inspected for the evidence of reviews and approvals of the Benchmark Statements from the members of the relevant governance committee.</li> </ul>



TITLE IV - TRANSPARENCY AND CONSUMER PROTECTION			
BMR Ref.	BMR Requirement	LME's Response	EY Evaluation Procedures
	d) advise users that changes to, or the cessation of, the benchmark may have an impact upon the financial contracts and financial instruments that reference the benchmark or the measurement of the performance of investment funds.		
27(2)	<p>A benchmark statement shall contain at least:</p> <ul style="list-style-type: none"> <li>a) the definitions for all key terms relating to the benchmark;</li> <li>b) the rationale for adopting the benchmark methodology and procedures for the review and approval of the methodology;</li> <li>c) the criteria and procedures used to determine the benchmark, including a description of the input data, the priority given to different types of input data, the minimum data needed to determine a benchmark, the use of any models or methods of extrapolation and any procedure for rebalancing the constituents of a benchmark's index;</li> <li>d) the controls and rules that govern any exercise of judgement or discretion by the administrator or any contributors, to ensure consistency in the use of such judgement or discretion;</li> <li>e) the procedures which govern the determination of the benchmark in periods of stress or periods where transaction data sources may be insufficient, inaccurate or unreliable and the potential limitations of the benchmark in such periods;</li> <li>f) the procedures for dealing with errors in input data or in the determination of the benchmark, including when a re- determination of the benchmark is required; and</li> <li>g) the identification of potential limitations of the benchmark, including its operation in illiquid or</li> </ul>	Refer to the LME's response to Article 27(1).	<ul style="list-style-type: none"> <li>▶ Refer to EY's procedures in response to Article 27(1).</li> </ul>



TITLE IV - TRANSPARENCY AND CONSUMER PROTECTION			
BMR Ref.	BMR Requirement	LME's Response	EY Evaluation Procedures
	fragmented markets and the possible concentration of inputs.		
27(2a)	<p>By 30 April 2020, for each of the requirements referred to in paragraph 2, the benchmark statement shall contain an explanation of how ESG factors are reflected in each benchmark or family of benchmarks provided and published. For those benchmarks or families of benchmarks that do not pursue ESG objectives, it shall be sufficient for benchmark administrators to clearly state in the benchmark statement that they do not pursue such objectives.</p> <p>Where no UK Climate Transition Benchmark or UK Paris-aligned Benchmark is available in the portfolio of that individual benchmark administrator, or the individual benchmark administrator has no benchmarks that pursue ESG objectives or take into account ESG factors, this shall be stated in the benchmark statements of all benchmarks provided by that administrator. For significant equity and bond benchmarks, as well as for UK Climate Transition Benchmarks or UK Paris-aligned Benchmarks, benchmark administrators shall disclose in their benchmark statements details on whether or not and to what extent a degree of overall alignment with the target of reducing carbon emissions or the attainment of the objectives of the Paris Agreement is ensured.</p> <p>By 31 December 2021, benchmark administrators shall, for each benchmark or, where applicable, each family of benchmarks, with the exception of interest rate and foreign exchange benchmarks, include in their benchmark statement an explanation of how their methodology aligns with the target of carbon emission reductions or attains the objectives of the Paris Agreement.</p>	<p>By 30 April 2020, the LME had included the necessary disclosures in the Benchmark Statement for each Benchmark Family to set out that for each Benchmark Family <i>"The Benchmarks referred to in this Benchmark Statement are not intended to pursue Environmental, Social and Governance (ESG) objectives, including decarbonisation and/or the objectives of the Paris Agreement."</i></p> <p>The disclosures for each Benchmark Family also set out that the Benchmarks do not intend on aligning with the target of reducing carbon emissions or the attainment of the objectives of the Paris Agreement.</p>	<ul style="list-style-type: none"> <li>▶ We obtained the Benchmark Statements and inspected that these include the disclosure as described in the LME's response.</li> </ul>



TITLE IV - TRANSPARENCY AND CONSUMER PROTECTION			
BMR Ref.	BMR Requirement	LME's Response	EY Evaluation Procedures
27(2b)	The Treasury may make regulations to supplement this Regulation by further specifying the information to be provided in the benchmark statement pursuant to paragraph 2a of this Article, as well as the standard format to be used for references to ESG factors to enable market participants to make well-informed choices and to ensure the technical feasibility of compliance with that paragraph.	Refer to the LME's response to Article 27(2a).	<ul style="list-style-type: none"> <li>▶ This provision is not applicable to Benchmark Administrators; therefore, no work was performed by EY over this provision.</li> </ul>
27(3)	<p>The FCA may make technical standards to specify further the contents of a benchmark statement and the cases in which an update of such statement is required.</p> <p>The FCA shall distinguish between the different types of benchmarks and sectors as set out in this Regulation and shall take into account the principle of proportionality.</p>	Refer to the LME's response to the Commission Delegated Regulation (EU) 2018/1643 set out below.	<ul style="list-style-type: none"> <li>▶ Refer to EY's procedures in response to the Commission Delegated Regulation (EU) 2018/1643 section set out below.</li> </ul>
<b>Article 28 Changes to and cessation of a benchmark</b>			
28(1)	<p>An administrator shall publish a robust procedure concerning the actions to be taken by the administrator in the event of changes to or the cessation of a benchmark which may be used in the United Kingdom in accordance with Article 29(1). The procedure may be drafted, where applicable, for families of benchmarks.</p> <p>The procedure described in paragraph 1 -</p> <p>(a) must be published with the benchmark statement for the benchmark when that statement is published in accordance with the first or second subparagraph of Article 27(1), and</p> <p>(b) must be updated and published whenever a material change occurs.</p>	<p><u>Control objective</u> To ensure that users are aware of the factors that would be taken into consideration by the LME when changing or ceasing to provide any of the Benchmarks.</p> <p><u>Control procedures</u> The LME may, from time to time, seek to make changes to or cease providing any of the Benchmarks on a temporary or permanent basis. A change or cessation, or a proposal to make such a change or cessation, may arise for a number of reasons, including (on a non-exhaustive basis):</p> <ul style="list-style-type: none"> <li>• as a result of the LME's periodic review of its Benchmark Methodologies;</li> <li>• in the light of feedback from a Benchmark's users on the operation of the Benchmark;</li> <li>• in light of industry or regulatory developments; or</li> </ul>	<ul style="list-style-type: none"> <li>▶ We obtained the LME Benchmark Changes and Cessation Procedure and the LPP Regulations from the LME's website. We inspected these documents for evidence of the procedures as described in LME's response in the event of changes to, or the cessation of a Benchmark.</li> <li>▶ We obtained evidence of reviews and approval of the LME Benchmark Changes and Cessation Procedure document and LBMA Platinum and LBMA Palladium Prices Regulations document from the relevant governance committee members.</li> <li>▶ We obtained evidence of review and approval of the following changes or</li> </ul>



TITLE IV - TRANSPARENCY AND CONSUMER PROTECTION			
BMR Ref.	BMR Requirement	LME's Response	EY Evaluation Procedures
		<ul style="list-style-type: none"> <li>in response to actions taken by the LME that it considered necessary to comply with its regulatory obligations as the operator of a trading venue, including the requirement to ensure the orderly functioning of its markets.</li> </ul> <p>Along with the Benchmark Statement for each Benchmark Family, the LME published the procedures setting out the processes that would be followed when changes to a Benchmark or cessation of a Benchmark were being considered and these shall be updated and published whenever a material change occurs.</p> <p>The procedures set out the considerations that the LME might take into account when considering the materiality of any changes and the requirements for consultation, review and approval by the relevant governance committees.</p> <p>Prior to implementation of a methodology change, approval is required to ensure appropriate testing has been performed.</p> <p><b>Changes during the Period Under Review:</b> On 3 April 2023, the LME issued Notice 23/057 setting out its intention to re-categorise the Notional Average Prices (NAPs) under the BMR. The LME received no responses during the one month notice period and following publication on 28 April 2023, the LME no longer permits use of the NAPs for any purpose that amounts to “use of a benchmark” under the BMR.</p> <p>In March 2023, the LME announced a two-year programme of change to strengthen and enhance its markets. As part of the programme, the LME disclosed its intention to continue its market</p>	<p>cessation notices from the relevant governance committees prior to publication of the notices during the Period Under Review:</p> <ul style="list-style-type: none"> <li>We obtained and inspected the LME Notice 23/057 relating to the Re-categorisation of Notional Average Prices under the UK Benchmarks Regulation. The notice captured the rationale for the LME's intention to re-categorise the NAPs and provided opportunity to discuss any matters with the LME during the 1-month notice period in line with the LME Benchmark Changes and Cessation Procedure. We obtained confirmation from Management that they did not receive any feedback during the notice period.</li> <li>We obtained and inspected the LME's Trading Consultation 23/091 relating to LME's proposal to update the Closing Price methodology. The notice captured the rationale for the LME's intention to make changes to the Closing Prices methodology and provided opportunity to discuss any matters with the LME during the 1-month consultation period in line with the LME Benchmark Changes and Cessation Procedure.</li> </ul>



TITLE IV - TRANSPARENCY AND CONSUMER PROTECTION			
BMR Ref.	BMR Requirement	LME's Response	EY Evaluation Procedures
		<p>structure modernisation, starting with Closing Price methodology evolution.</p> <p>On 31 May 2023, the LME published Trading Consultation 23/091 to consult on the LME's intention to evolve the Closing Price methodology to determine prices for Cash, 3-month and the first four third-Wednesday monthly contracts in aluminium, copper, lead, nickel and zinc using a VWAP methodology. It also proposed certain amendments to the "Last Price" methodology where it continues to be used to price other contracts.</p> <p>Following consultation, the LME published Decision Notice 23/168 setting out a summary of responses received and the LME's response and decision to proceed with the evolution of the Closing Price methodology with a phase approached starting from 22 January 2024.</p>	<p>Following the consultation period, on 14 September 2023, the LME published Decision Notice 23/168 setting out the LME's decisions in relation to the matters consulted on in Trading Consultation 23/091. This notice set out the LME's decision to apply the new Closing Price methodology, subject to certain amendments, and update the Last Price methodology in the form set out in the consultation. The decision notice also contained a summary of responses received, details on the changes that would be implemented and the timelines for when the changes would come into effect.</p>





ANNEX II - COMMODITY BENCHMARKS			
BMR Ref.	BMR Requirement	LME's Response	EY Evaluation Procedures
<b>Methodology</b>			
Annex II (1)	<p>The administrator of a commodity benchmark shall formalise, document, and make public any methodology that the administrator uses for a benchmark calculation. At a minimum, such methodology shall contain and describe the following:</p> <p>(a) all criteria and procedures that are used to develop the benchmark, including how the administrator uses input data including the specific volume, concluded and reported transactions, bids, offers and any other market information in its assessment or assessment time periods or windows, why a specific reference unit is used, how the administrator collects such input data, the guidelines that control the exercise of judgement by assessors and any other information, such as assumptions, models or extrapolation from collected data that are considered in making an assessment;</p> <p>(b) procedures and practices that are designed to ensure consistency between its assessors in exercising their judgement;</p> <p>(c) the relative importance that shall be assigned to each criterion used in benchmark calculation, in particular the type of input data used, and the type of criterion used to guide judgement so as to ensure the quality and integrity of the benchmark calculation;</p> <p>(d) criteria that identify the minimum amount of transaction data required for a particular benchmark calculation. If no such threshold is provided for, the reasons why a minimum threshold is not established shall be explained, including setting out the procedures to be used where no transaction data exist;</p>	<p><u>Control objective:</u> The LME publishes a Benchmark Methodology in accordance with Annex II (1) for each Benchmark Family.</p> <p>For the LPP Prices, Schedule 1 of the LPP Regulations constitutes the Benchmark Methodology.</p> <p>Each Benchmark Methodology should be read in conjunction with the applicable Benchmark Statement.</p> <p><u>Control procedures:</u> Benchmark Methodologies for each Benchmark Family are reviewed and approved by the relevant governance committee prior to them being published on the LME's website.</p> <p>With reference to specific points in Annex II (1):</p> <p>(a) The LME's published Benchmark Methodologies contain and describe the criteria and procedures used for the determination of the benchmarks, including, but not limited to, the collection of input data such as bids and offers, transactions, quotes and other market information.</p> <p>(b) For those Benchmarks determined with elements of discretion or Expert Judgement, the Benchmark Methodologies contain and describe how and when Expert Judgment may be applied by its Assessors. The LME has established internal procedures to provide guidance and regular assessment of its</p>	<ul style="list-style-type: none"> <li>▶ We obtained all the applicable versions of the Benchmark Methodologies and the notices which supplement the Benchmark Methodologies during the Period Under Review from the LME's website and inspected them for evidence of the elements as described in the LME's response.</li> <li>▶ We obtained the business continuity policies for all the Benchmarks and inspected them for alternative arrangements to ensure publication process continues in compliance with the BMR requirements and methodology.</li> </ul> <p><b>Other matters:</b></p> <ul style="list-style-type: none"> <li>▶ We noted that on 26 October 2023, there was an interruption to the Ring Official Price discovery due to the activation of a fire alarm. This caused a 30-minute delay for the price discovery of Lead, Zinc, Aluminium, Nickel &amp; Aluminium Premiums Official Prices. In line with the LME Official Prices benchmark methodology and supporting procedures and supporting procedures, the users were notified of the interruption to the Ring session and of the revised times for price discovery. We were informed by Management that the prices were published at 13:35. We therefore note that this is not an exception or</li> </ul>



ANNEX II - COMMODITY BENCHMARKS			
BMR Ref.	BMR Requirement	LME's Response	EY Evaluation Procedures
	<p>(e) criteria that address the assessment periods where the submitted data fall below the methodology's recommended transaction data threshold or the requisite administrator's quality standards, including any alternative methods of assessment including theoretical estimation models. Those criteria shall explain the procedures to be used where no transaction data exist;</p> <p>(f) criteria for timeliness of contributions of input data and the means for such contributions of input data whether electronically, by telephone or otherwise;</p> <p>(g) criteria and procedures that address assessment periods where one or more contributors submit input data that constitute a significant proportion of the total input data for that benchmark. The administrator shall also define in those criteria and procedures what constitutes a significant proportion for each benchmark calculation;</p> <p>(h) criteria according to which transaction data may be excluded from a benchmark calculation.</p>	<p>Assessors which is designed to ensure judgments are exercised consistently. We note that this is not applicable to the Monthly Average Settlement Prices (MASPs) and Notional Average prices (NAPs) which are determined on the basis of a formulaic mean average calculation. No Expert Judgement or discretion is used in the process of determining the MASPs and NAPs.</p> <p>The LME has established Business Continuity Procedures for establishment of LME Benchmarks to provide guidance and to continue the recovery of the price discovery in case of an event or a disruption where the standard pricing discovery procedures cannot be followed.</p> <p>(c) The Benchmark Methodologies contains and describes the relative importance of benchmark criterion, including type of input data and use of judgement to ensure consistent and reliable benchmark determinations.</p> <p>(d) &amp; (e) The Benchmark Methodologies contain and describe the minimum amount of transaction data required in the determination of the Benchmarks and the assessment period and criteria for which inclusion of input data will be considered. Where 'Minimum Volume Requirement Threshold' (MVR Threshold) form part of the determination, these are defined in the Benchmark Methodologies. Where there is no MVR Threshold, the rationale is also captured in the Benchmark Methodologies.</p>	<p>a finding and have included it to provide further information to users of this report.</p> <ul style="list-style-type: none"> <li>▶ We noted that on 25 July 2023, there was a delay in the publication of the Official Prices for all metals due to failure in workflows that sends prices to downstream systems and to market data vendors. The prices were established in line with the LME Benchmark Methodology for the Official Prices but the failure in workflow caused a delay to the publication of all Official Prices. We obtained the distributor's notice which was sent at 14:22 informing the users that the Official Prices were disseminated at approximately 14:15. Users, including through external vendors, were notified of the delay and on resolution of the publication of the Official Prices. We therefore note that this is not an exception or a finding and have included it to provide further information to users of this report.</li> <li>▶ We performed a walkthrough of the benchmark determination process relevant to the Benchmarks to evidence that the Benchmarks were determined in line with published methodologies.</li> </ul>



ANNEX II - COMMODITY BENCHMARKS			
BMR Ref.	BMR Requirement	LME's Response	EY Evaluation Procedures
		<p>(f) &amp; (g) Not applicable as there are no contributors of input data for any of the Benchmarks.</p> <p>(h) For those Benchmarks that utilise transaction data, the Benchmark Methodologies contain and describe when the exclusion of transaction data is permitted.</p> <p>The LME monitors activity undertaken on its markets using a range of tools, aimed at identifying potentially erroneous input data. Such input data could include, (on a non-exhaustive basis) transaction prices or bids and offers that represent significant and unexplained price moves, as well as potentially manipulative behaviours that may be intended to influence the determination of a Benchmark. Identification of potentially erroneous input data is escalated via reporting of observations or referrals to Market Surveillance team. Where such behaviours or circumstances are identified, the LME may exclude the relevant data from the input data that is used to determine the relevant Benchmark. Any decision to exclude transaction data would be made in accordance with the control set out in the internal procedures.</p> <p>For LPP Prices, these are determined via an auction and not using transaction data.</p> <p>This is also not applicable to the MASPs and NAPs which do not directly use transaction data. However, when determining the Official Prices (including the Official Settlement Prices) and Closing Prices, the LME may elect to exclude certain transaction data from the calculations.</p>	<ul style="list-style-type: none"> <li>▶ For a sample of each of the Official Prices, Closing Prices, Monthly Average Settlement Prices, and Notional Average Prices, we performed a recalculation of the published prices to ensure the methodologies were adhered to.</li> <li>▶ For the LPP Prices, we observed a number of price discovery auctions to ensure the published methodology as set out in the LPP Regulations was adhered to.</li> <li>▶ LPP Prices are discovered within LMEbullion, the application for operating the auction process, and are determined in line with the processes set out in the LPP Regulations. The LPP Regulations lays out the criteria when the minimum number of participants for an auction to be considered quorate is not met, as well as the process when the imbalance thresholds are not met. We obtained evidence that the auction took place throughout the Period Under Review and the imbalance threshold was in line with the published methodology as set out in the LPP Regulations.</li> <li>▶ We obtained the procedural documents detailing the tools available to the LME aimed at identifying potentially erroneous input data. We enquired with Market Surveillance to understand the trade and order review controls performed to identify suspicious transactions.</li> </ul>



ANNEX II - COMMODITY BENCHMARKS			
BMR Ref.	BMR Requirement	LME's Response	EY Evaluation Procedures
			<ul style="list-style-type: none"> <li>▶ For a sample of referrals and observations during the Period Under Review, we obtained and inspected the evidence of the review and analysis of the observations and referrals submitted by members of the Trading Operations team.</li> </ul>
Annex II (2)	The administrator of a commodity benchmark shall publish or make available the key elements of the methodology that the administrator uses for each commodity benchmark provided and published or, when applicable, for each family of benchmarks provided and published.	The Benchmark Methodologies used for the determination of the Benchmarks are published on the LME's website.	<ul style="list-style-type: none"> <li>▶ We inspected and confirmed that the Benchmark Methodologies are available on the LME's website.</li> </ul>
Annex II (3)	<p>Along with the methodology referred to in paragraph 2, the administrator of a commodity benchmark shall also describe and publish all of the following:</p> <p>(a) the rationale for adopting a particular methodology, including any price adjustment techniques and a justification of why the time period or window within which input data is accepted is a reliable indicator of physical market values;</p> <p>(b) the procedure for internal review and approval of a given methodology, as well as the frequency of such review;</p> <p>(c) the procedure for external review of a given methodology, including the procedures to gain market acceptance of the methodology through consultation with users on important changes to their benchmark calculation processes.</p>	<p><u>Control objective:</u> To ensure that the LME uses a robust and transparent methodology for the determination of the Benchmarks.</p> <p>The Benchmark Statements and the Benchmark Methodologies set out the rationale for adopting particular methods for the determination of the Benchmarks. They shall be regularly reviewed to ensure they remain relevant and acceptable to the market through consultation with users on important changes when deemed necessary.</p> <p><u>Control procedures:</u> Benchmark Statements and Benchmark Methodologies for each of the Benchmark Families are reviewed and approved by the appropriate governance committee prior to publication on the LME's website. Amongst others, the responsibility to review and approve methodologies and statements is clearly set out in the terms of reference of those governance committees.</p>	<ul style="list-style-type: none"> <li>▶ We obtained and inspected the Benchmark Statements and Benchmark Methodologies to evidence the LME's response for point (a) and (b).</li> <li>▶ We obtained the terms of reference of the relevant governance committees and inspected for responsibilities of the committee included: <ul style="list-style-type: none"> <li>▶ Formal annual review of the definition and methodology of the Benchmarks;</li> <li>▶ Overseeing any changes to the Benchmark Methodologies; and</li> <li>▶ Overseeing the LME's control framework for the administration of the Benchmarks and the LME's adherence to its published Benchmark Methodologies</li> </ul> </li> <li>▶ We obtained the LME Benchmark Changes and Cessation Procedure and LPP Regulations from the LME's website</li> </ul>



ANNEX II - COMMODITY BENCHMARKS			
BMR Ref.	BMR Requirement	LME's Response	EY Evaluation Procedures
		<p>With reference to specific points in Annex II (3):</p> <p>(a) The LME's published Benchmark Statements include a section on the rationale for the chosen methodology.</p> <p>(b) The LME's published Benchmark Statements and Benchmark Methodologies set out the procedure for internal review, approval and the frequency of such reviews.</p> <p>(c) The LME's Benchmark Changes and Cessation Procedure defines the process where consultation will be considered with Benchmark users in relation to a proposed change to a Benchmark or a proposed cessation of a Benchmark. This procedure is published on the LME's website.</p>	<p>and inspected them for evidence of procedures to be followed in the event there are changes to the Benchmark Methodology including important changes to the calculation, as described in the LME's response. We noted during the Period Under Review there were no changes made to any Benchmark Methodology or the Benchmark Statements that were deemed to be material in nature by the LME.</p>
Annex II (4)	<p>The administrator of a commodity benchmark shall adopt and make public to users explicit procedures and the rationale of any proposed material change in its methodology. Those procedures shall be consistent with the overriding objective that an administrator must ensure the continued integrity of its benchmark calculations and implement changes for good order of the particular market to which such changes relate.</p> <p>Such procedures shall provide:</p> <p>(a) advance notice in a clear time frame that gives users sufficient opportunity to analyse and comment on the impact of such proposed changes, having regard to the administrator's calculation of the overall circumstances;</p> <p>(b) for users' comments, and the administrator's response to those comments, to be made accessible to all market users after any given</p>	<p><u>Control objective:</u> To ensure the integrity of Benchmark determinations and to provide users of those Benchmarks with the appropriate forums to suggest or comment on material changes to the Benchmark Methodologies.</p> <p><u>Control procedures:</u> The LME's Benchmark Changes and Cessation Procedure and Regulation 19 of the LPP Regulations set out the processes for consideration of consultation on any proposed changes to a Benchmark's methodology and the process for review and approval by the relevant governance committee prior to them being adopted and published on the LME's website.</p> <p>With reference to specific points in Annex II (4), where a proposed change is deemed by the LME</p>	<ul style="list-style-type: none"> <li>▶ See response to Annex II (3) above.</li> <li>▶ We noted during the Period Under Review there was no change made to any Benchmark Methodology that was deemed to be material in nature by the LME.</li> <li>▶ Refer to our response to Article 28(1) above.</li> </ul>



ANNEX II - COMMODITY BENCHMARKS			
BMR Ref.	BMR Requirement	LME's Response	EY Evaluation Procedures
	consultation period, except where the commenter has requested confidentiality.	<p>to be material and where to follow a consultation process would not be inconsistent with the LME's regulatory obligations as the operator of a trading venue:</p> <p>(a) The LME typically adopts a consultation period of four weeks, where practicable for all the Benchmarks except the LPP Prices where the LPP Regulations set out how long participants have to object to any proposed changes to those regulations.</p> <p>(b) The LME, subsequent to the consultation, publishes comments received by users and the response to those comments, except where a commenter has requested confidentiality.</p>	
Annex II (5)	The administrator of a commodity benchmark shall regularly examine its methodologies for the purpose of ensuring that they reliably reflect the physical market under assessment and shall include a process for taking into account the views of relevant users.	Refer to the LME's response to Annex II (3).	<ul style="list-style-type: none"> <li>▶ See response to Annex II (3).</li> </ul>
Annex II (6)	<p>The administrator of a commodity benchmark shall:</p> <p>(a) specify the criteria that define the physical commodity that is the subject of a particular methodology;</p> <p>(b) give priority to input data in the following order, where consistent with its methodologies:</p> <ul style="list-style-type: none"> <li>(i) concluded and reported transactions;</li> <li>(ii) bids and offers;</li> <li>(iii) other information. If concluded and reported transactions are not given priority, the reasons should be explained, as required in point 7(b).</li> </ul>	<p><u>Control objective:</u> To ensure quality and integrity of benchmark calculations for the Benchmarks published by the LME.</p> <p><u>Control procedures:</u> The LME maintains up to date procedure manuals for each of the Benchmarks. These procedure manuals are reviewed and approved by the responsible area of management and governance forums.</p> <p>With reference to specific points in Annex II (6):</p>	<ul style="list-style-type: none"> <li>▶ We obtained each Benchmark Methodology and inspected the benchmark definition for criteria as described in the LME's response.</li> <li>▶ For a sample of each of the Official Prices, Closing Prices, Monthly Average Settlement Prices, and Notional Average Prices we performed a recalculation of the published prices to ensure the methodologies were adhered to.</li> <li>▶ We performed a walkthrough of the benchmark determination process relevant to the Benchmarks to evidence</li> </ul>



ANNEX II - COMMODITY BENCHMARKS			
BMR Ref.	BMR Requirement	LME's Response	EY Evaluation Procedures
	<p>(c) employ sufficient measures designed to use input data submitted and considered in a benchmark calculation which are bona fide, meaning that the parties submitting the input data have executed, or are prepared to execute, transactions generating such input data and the concluded transactions were executed at arms-length from each other and particular attention shall be paid to inter-affiliate transactions;</p> <p>(d) establish and employ procedures to identify anomalous or suspicious transaction data and keep records of decisions to exclude transaction data from the administrator's benchmark calculation process;</p> <p>(e) encourage contributors to submit all of their input data that falls within the administrator's criteria for that calculation. Administrators shall seek, so far as they are able and is reasonable, to ensure that input data submitted is representative of the contributors' actual concluded transactions; and</p> <p>(f) employ a system of appropriate measures to ensure that contributors comply with the administrator's applicable quality and integrity standards for input data.</p>	<p>(a) The LME publishes the criteria that define the physical commodities underlying the Benchmarks in the respective Benchmark Methodology and is available for each metal on the LME website under the appropriate Contract Specifications.</p> <p>(b) The priority given to input data is defined the Benchmark Methodologies and Benchmark Statements. Where this doesn't follow the order specified in Annex II (6)(b), the rationale is provided.</p> <p>(c) Trade information used as input data for the determination of the Benchmarks is sourced from the activity on the Exchange and under the rules set out in the LME Rulebook, accordingly there are no contributors of input data for any of the Benchmarks. Notwithstanding this, the LME have measures in place to ensure that input data used for the determination of the Benchmarks is bona fide.</p> <p>(d) The LME has internal policy for handling potential instances of market abuse, money laundering and/or potential breaches of the LME Rules which includes reporting of observations or referrals to Market Surveillance team who will then carry out the necessary investigations. All exclusion of input data from the determination of the Benchmarks is logged.</p> <p>(e) Not applicable as there are no contributors of the input data for any of the Benchmarks.</p> <p>(f) Not applicable as there are no contributors of the input data for any of the Benchmarks.</p>	<p>that the Benchmarks were determined in line with published methodologies.</p> <ul style="list-style-type: none"> <li>▶ We obtained the Market Surveillance internal procedures to understand the process as described in the LME's response.</li> <li>▶ For a sample of referrals and observations during the Period Under Review we obtained and inspected the evidence of the review and analysis of the observations and referrals submitted by Trading Operations to Market Surveillance.</li> <li>▶ (c), (e) and (f) are not applicable as there is no contribution of input data to the Benchmarks.</li> </ul>



ANNEX II - COMMODITY BENCHMARKS			
BMR Ref.	BMR Requirement	LME's Response	EY Evaluation Procedures
Annex II (7)	<p>The administrator of a commodity benchmark shall describe and publish for each calculation, to the extent reasonable without prejudicing due publication of the benchmark:</p> <p>(a) a concise explanation, sufficient to facilitate a benchmark subscriber's or competent authority's ability to understand how the calculation was developed including, at a minimum, the size and liquidity of the physical market being assessed (such as the number and volume of transactions submitted), the range and average volume and range and average of price, and indicative percentages of each type of input data that have been considered in a calculation; terms referring to the pricing methodology shall be included such as transaction-based, spread-based or interpolated or extrapolated; and</p> <p>(b) a concise explanation of the extent to which, and the basis upon which, any judgement including the exclusions of data which otherwise conformed to the requirements of the relevant methodology for that calculation, basing prices on spreads or interpolation, extrapolation, or weighting bids or offers higher than concluded transactions, if any, was used in any calculation.</p>	<p><u>Control objective:</u> To ensure that the LME publishes information relevant to the Benchmark to enable users to understand how the Benchmarks are produced.</p> <p><u>Control procedures:</u> The LME publishes information relevant to the Benchmark to the extent reasonable without prejudicing due publication of the benchmark and as set out in the Benchmark Methodologies.</p> <p>The Benchmark Methodologies includes all relevant information to ensure a benchmark subscriber or competent authority has the appropriate information to understand how the Benchmarks are determined and where other factors such as the use of discretion or expert judgement are available to the administrator.</p> <p>In addition to the published methodologies, the LME disseminate other market information for each metal for key prompt dates such as: volume, last traded price and traded highs and lows. This gives users additional supplementary information with regards to the input data and in order to ascertain the size and liquidity of the market on which the benchmark determinations are based.</p> <p>All input data, calculations and use of expert judgement in the determination of the Benchmarks is evidenced and logged as part of the LME record retention allowing sufficient audit trails and scrutiny in the event post publication queries are raised by a benchmark subscriber or competent authority.</p>	<ul style="list-style-type: none"> <li>▶ We obtained the Benchmark Methodologies from the LME's website and inspected them for evidence of the elements as described in the LME's response.</li> <li>▶ We obtained evidence that the LME published 'other market information' such as volume, last traded price and traded highs and lows and is published alongside the Benchmarks.</li> </ul>





ANNEX II - COMMODITY BENCHMARKS			
BMR Ref.	BMR Requirement	LME's Response	EY Evaluation Procedures
Annex II (8)	<p>The administrator of a commodity benchmark shall:</p> <ul style="list-style-type: none"> <li>(a) specify the criteria that define who may submit input data to the administrator;</li> <li>(b) have in place quality control procedures to evaluate the identity of a contributor and any submitter who reports input data and the authorisation of such submitter to report input data on behalf of a contributor;</li> <li>(c) specify the criteria applied to employees of a contributor who are permitted to submit input data to an administrator on behalf of a contributor; encourage contributors to submit transaction data from back office functions and seek corroborating data from other sources where transaction data is received directly from a trader; and</li> <li>(d) implement internal controls and written procedures to identify communications between contributors and assessors that attempt to influence a calculation for the benefit of any trading position (whether of the contributor, its employees or any third party), attempt to cause an assessor to violate the administrator's rules or guidelines or identify contributors that engage in a pattern of submitting anomalous or suspicious transaction data. Those procedures shall include, to the extent possible, provision for escalation of the inquiry by the administrator within the contributor's company. Controls shall include cross-checking market indicators to validate submitted information.</li> </ul>	<p>Not applicable as there are no contributors of input data to any of the Benchmarks.</p>	<ul style="list-style-type: none"> <li>▶ Not applicable.</li> </ul>
Annex II (9)	<p>In relation to the role of an assessor, the administrator of a commodity benchmark shall:</p> <ul style="list-style-type: none"> <li>(a) adopt and have in place explicit internal rules and guidelines for selecting assessors, including their minimum level of training, experience and skills, as</li> </ul>	<p>This is applicable to the following families of Benchmarks:</p> <ul style="list-style-type: none"> <li>• Official Prices</li> <li>• Closing Prices</li> <li>• LPP Prices</li> </ul>	<ul style="list-style-type: none"> <li>▶ We obtained and inspected the selection and assessment criteria and procedures, and internal procedures setting out guidelines for the Assessors, and the Benchmark Assessor Tracker to</li> </ul>



ANNEX II - COMMODITY BENCHMARKS			
BMR Ref.	BMR Requirement	LME's Response	EY Evaluation Procedures
	<p>well as the process for periodic review of their competence;</p> <p>(b) have in place arrangements to ensure that calculations can be made on a consistent and regular basis;</p> <p>(c) maintain continuity and succession planning in respect of its assessors in order to ensure that calculations are made consistently and by employees who possess the relevant levels of expertise; and</p> <p>(d) establish internal control procedures to ensure the integrity and reliability of calculations. At a minimum, such internal controls and procedures shall require the ongoing supervision of assessors to ensure that the methodology was properly applied and procedures for internal sign-off by a supervisor prior to releasing prices for dissemination to the market.</p>	<p>This is not applicable to the remaining families of Benchmarks since the construct of the benchmarks does not incorporate assessors.</p> <p><u>Control objective:</u> To ensure quality and integrity of benchmark calculations for the Benchmarks published by the LME where assessors are involved in the production of the Benchmarks.</p> <p><u>Control procedures:</u> The LME maintains up to date procedure manuals for each of the Benchmarks. These procedure manuals are reviewed and approved by the responsible area of management and governance forums.</p> <p>With reference to the specific points in Annex II (6):</p> <p>(a) The LME has put in place selection and assessment criteria and procedures to ensure the Assessors are appropriately skilled to carry out their roles in relation to the Benchmark determinations.</p> <p>(b) Through training and ongoing assessment, the Assessors and their pricing are monitored to ensure consistency in the application of pricing waterfalls and the use of expert judgement to protect the integrity of the benchmarks.</p> <p>(c) The LME has in place internal procedures setting out guidelines for the Assessors to ensure consistent determinations. These procedures also set out information regarding succession planning, and the operation of a Trading Operations rota to ensure there are</p>	<p>evidence the LME's response to (a) to (d).</p> <ul style="list-style-type: none"> <li>▶ We noted during our walkthrough that the LME's response to (c) and (d) were in line with the defined procedures.</li> <li>▶ For a sample of dates during the Period Under Review, we obtained the Trading Operations rota and noted that there was a backup Assessor/Chairman.</li> <li>▶ For a sample of dates during the Period Under Review we performed testing to check that the supervisory sign off process was followed before publication of the relevant Benchmarks.</li> </ul> <p><b>Finding:</b> During the prior period under review, from our sample testing for internal sign-off by a supervisor prior to releasing prices for dissemination to the market, we identified instances where supervisory sign offs were not evidenced in the process as prescribed in the internal control procedures. However, we were able to substantiate, using other supplementary evidence retained by Management, that there was supervision and oversight over the prices prior to dissemination. The process of documenting the supervisory sign-off was implemented in Q2 2023 and accordingly the finding was deemed closed subsequent to the implementation of the enhanced process.</p>



ANNEX II - COMMODITY BENCHMARKS			
BMR Ref.	BMR Requirement	LME's Response	EY Evaluation Procedures
		<p>appropriate personnel available for each business day in addition to the primary Assessor/Chairman.</p> <p>(d) The internal control procedures set out the ongoing supervision of Assessors and the appropriate sign-off required for Benchmark dissemination.</p>	<p><b>Management Response:</b> Management note that supervisory signoff occurs daily for benchmark determinations. Processes were enhanced to evidence such signoff.</p>
Annex II (10)	<p>The administrator of a commodity benchmark shall have rules and procedures in place to document contemporaneously relevant information, including:</p> <p>(a) all input data;</p> <p>(b) the judgements that are made by assessors in reaching each benchmark calculation;</p> <p>(c) whether a calculation excluded a particular transaction which otherwise conformed to the requirements of the relevant methodology for that calculation, and the rationale for doing so;</p> <p>(d) the identity of each assessor and of any other person who submitted or otherwise generated any of the information in points (a), (b) or (c).</p>	<p><u>Control objective:</u> To ensure the LME maintains an audit trail of benchmark information for at least 5 years.</p> <p><u>Control procedures:</u> The LME maintains an internal policy setting out the relevant retention requirements including those set out in Annex II (10). The policy is reviewed and approved by the responsible area of Management and governance forums.</p>	<ul style="list-style-type: none"> <li>▶ We obtained the LME's internal policy relating to record retention and inspected it for the requirements as described in the LME's response.</li> <li>▶ We obtained the LME's record keeping inventory to identify what and where the contemporaneously relevant information as required in Annex II (10) (a) to (d) are retained.</li> <li>▶ On a sample basis during the Period Under Review, except for the audio and video specifically for the Ring, we tested the back up and disaster recovery procedures as pertained in the record keeping inventory.</li> <li>▶ For the audio and video specifically for the Ring, for a sample of dates Management has evidenced to us that they were able to restore the audio and video files from the archive.</li> </ul>
Annex II (11)	<p>The administrator of a commodity benchmark shall have rules and procedures in place to ensure that an audit trail of relevant information is retained for at least five years in order to document the construction of its calculations.</p>	<p>Refer to the LME's response to Annex II (10).</p>	<ul style="list-style-type: none"> <li>▶ Refer to response to Annex II (10).</li> </ul>



ANNEX II - COMMODITY BENCHMARKS			
BMR Ref.	BMR Requirement	LME's Response	EY Evaluation Procedures
Annex II (12)	<p>The administrator of a commodity benchmark shall establish adequate policies and procedures for the identification, disclosure, management or mitigation and avoidance of any conflict of interest and the protection of integrity and independence of calculations. Those policies and procedures shall be reviewed and updated regularly and shall:</p> <p>(a) ensure that benchmark calculations are not influenced by the existence of, or potential for, a commercial or personal business relationship or interest between the administrator or its affiliates, its personnel, clients, any market participant or persons connected with them;</p> <p>(b) ensure that personal interests and business connections of the administrator's personnel are not permitted to compromise the administrator's functions, including outside employment, travel, and acceptance of entertainment, gifts and hospitality provided by the administrator's clients or other commodity market participants;</p> <p>(c) ensure, in respect of identified conflicts, appropriate segregation of functions within the administrator by way of supervision, compensation, systems access and information flows;</p> <p>(d) protect the confidentiality of information submitted to or produced by the administrator, subject to the disclosure obligations of the administrator;</p> <p>(e) prohibit managers, assessors and other employees of the administrator from contributing to a benchmark calculation by way of engaging in bids, offers and trades on either a personal basis or on behalf of market participants; and</p> <p>(f) effectively address any identified conflict of interest which may exist between the administrator's provision of a benchmark (including all employees</p>	<p><u>Control objective:</u> To ensure the LME manages any actual or perceived conflicts of interest in relation to its benchmark activities appropriately.</p> <p><u>Control procedures:</u> LME Compliance maintains internal policies that describe the arrangements for the identification, management, disclosure and mitigation of conflicts of interests. The policies are reviewed and approved by the responsible area of management.</p> <p>The Group Conflicts of Interest Policy provides a framework for managing all conflicts within the organisation and a central register is maintained of conflicts of interest that have been declared by staff, including staff who have responsibilities with regard to the Benchmarks.</p> <p>The policy sets out (on a non-exhaustive basis):</p> <ul style="list-style-type: none"> <li>• a summary of the relevant requirements;</li> <li>• how conflicts of interest, or perceived conflicts of interest, may arise within the LME Group;</li> <li>• guidance on how employees should conduct outside business interests and employment; and</li> <li>• the way in which conflicts of interest should be disclosed and managed.</li> </ul> <p>The policy is supported by a conflicts of interest register which is reviewed on a periodic basis. In order to assist the PVC and LPPOC (as applicable) in discharging their responsibility to oversee BMR related conflicts of interest, Compliance provides an extract (either annually, or when conflicts are added or removed) from the</p>	<ul style="list-style-type: none"> <li>▶ We obtained the LME Group Conflicts of Interest Policy &amp; Register and inspected it for evidence of the LME's response to Annex II (12).</li> <li>▶ We obtained evidence of the review of the LME conflict of interest mitigation register and the LME BMR conflict of interest register by LME Compliance at least on annual basis during the Period Under Review and the review of identified BMR specific conflicts by the PVC and LPPOC as recorded within meeting minutes.</li> <li>▶ We obtained conflict of interest related training material for the training provided to new joiners by the LME and inspected it for evidence of conflicts of interest as a subject matter within the material.</li> <li>▶ We obtained the LME Operational Risk policy and inspected it for evidence of the three lines of defence model, as described in the LME's response.</li> <li>▶ For a sample of employees involved in the determination of the Benchmarks during the Period Under Review, we obtained and inspected evidence of the attestation to the LME Benchmarks Policy.</li> <li>▶ For a sample of employees involved in the determination of the Benchmarks during the Period Under Review, we obtained and inspected evidence of attestations made by individuals to have</li> </ul>



ANNEX II - COMMODITY BENCHMARKS			
BMR Ref.	BMR Requirement	LME's Response	EY Evaluation Procedures
	<p>who perform or otherwise participate in benchmark calculation responsibilities), and any other business of the administrator.</p>	<p>central register of all staff BMR related conflicts of interest.</p> <p>The Group PAD Policy sets out that staff within the LME Group and their related persons / related entities are not permitted to engage in any transactions involving LME-listed derivatives at any time. Staff are required to request all PAD on LME covered products through a PAD system, allowing Compliance to review staff personal account dealing for any conflict of interest considerations. Staff are required to make their initial PAD disclosures along with an annual attestation. Compliance carry-out periodic monitoring of PAD activities, with particular focus on BMR staff.</p> <p>Upon joining, LME employees receive new starter training and are required to declare conflicts of interest. Employees are also required to make an annual attestation minimising any issues that might arise with regards to conflicts of interest.</p> <p>The LME maintain a Benchmarks Policy which sets out the key obligations that apply to the LME under the BMR and associated FCA Rules in the LME's capacity as a Benchmark Administrator. Staff who perform services in relation to administering the Benchmarks are required to read through the Benchmarks Policy and attest to their understanding of their obligations. This policy, in addition to the BMR training deck provided with it, acts as an additional mechanism to support existing controls and also acts as a reminder of the LME's obligations, including those in relation to conflicts of interest.</p> <p>The LME maintains a BMR-specific register which considers various actual or potential conflicts of</p>	<p>read and understood the LME's Conflict of Interest Policy.</p> <ul style="list-style-type: none"> <li>▶ For a sample of employees involved in the determination of the Benchmarks during the Period Under Review, we obtained and inspected evidence of attestations made by individuals to have read and understood the revised HKEX Group Personal Account Dealing Policy.</li> <li>▶ We obtained Management's confirmation that there was one new joiner to the LME during the Period Under Review who are involved in the determination of the Benchmarks.</li> <li>▶ For this new joiner we obtained evidence from LME Compliance that they completed training under the 'New Starter Induction' program.</li> <li>▶ We obtained the relevant extracts of the minutes of meetings of the LME's Board of Directors and inspected for evidence that the LME Group Conflicts of Interest Policy was subject to annual review and approval by the LME's directors during the Period Under Review.</li> <li>▶ We obtained the LME Group Personal Account Dealing Policy and inspected it for evidence that employees are prohibited from dealing in instruments that refer to the Benchmarks.</li> <li>▶ We obtained Management's confirmation that there have been no policy breaches of the LME Group Personal Account</li> </ul>



ANNEX II - COMMODITY BENCHMARKS			
BMR Ref.	BMR Requirement	LME's Response	EY Evaluation Procedures
		<p>interest and how it seeks to reduce the risk of those conflicts arising. The PVC and the LPPOC are responsible for periodically reviewing, and approving (as applicable), updates made to the register to ensure that it is comprehensive and up to date.</p> <p>The LME has adopted a three lines of defence model for managing risks. The first line is the business lines and support functions managing day-to-day risks including the relevant governance committees. Responsibility for the identification, notification, self-assessment and mitigation of risk rests with business areas and their support functions. The second line provides oversight over the Compliance and Risk framework. The third line is the Internal Audit.</p> <p>The LME has controls in place to manage user access to systems utilised by the LME in the determination of the Benchmarks. These controls restrict access and changes to those systems and the information contained within (including LMElive, LMEbullion and LMEprice) by authorised personnel only.</p>	<p>Dealing Policy, during the Period Under Review.</p> <ul style="list-style-type: none"> <li>▶ We obtained the LME's IT policies and procedures on change management, user access management, and other IT operations and inspected for evidence of the LME's response.</li> <li>▶ We obtained a sample of new user access requests and access change requests during the Period Under Review and inspected for evidence of the relevant approvals as documented in the request ticket and that user access was appropriately granted.</li> <li>▶ We obtained a sample of user access termination requests during the Period Under Review and inspected whether the user's access to the network, applications, operating systems and databases was disabled or revoked in a timely manner per internal policy.</li> </ul>
Annex II (13)	The administrator of a commodity benchmark shall ensure that its other business operations have in place appropriate procedures and mechanisms designed to minimise the likelihood that a conflict of interest will affect the integrity of benchmark calculations.	Refer to the LME's response to Annex II (12).	<ul style="list-style-type: none"> <li>▶ Refer to response to Annex II (2).</li> </ul>
Annex II (14)	The administrator of a commodity benchmark shall ensure that it has in place segregated reporting lines amongst its managers, assessors and other employees and from the managers to the administrator's most senior level management and its board to ensure:	<p><u>Control objective:</u> To have an organisational structure with clear reporting lines and job responsibilities with appropriate segregation of duties.</p>	<ul style="list-style-type: none"> <li>▶ We obtained the LME organisational structure and inspected it for evidence of a clear and well-defined reporting structure separate from LME Clear and the LME Group.</li> </ul>



ANNEX II - COMMODITY BENCHMARKS			
BMR Ref.	BMR Requirement	LME's Response	EY Evaluation Procedures
	<p>(a) that the administrator satisfactorily implements the requirements of this Regulation; and</p> <p>(b) that responsibilities are clearly defined and do not conflict or cause a perception of conflict.</p>	<p><u>Control procedures:</u> The LME has a clear organisational structure setting out reporting lines and responsibilities amongst management and all other LME employees who report directly or indirectly to the CEO of the LME.</p> <p>The reporting lines are separate from LME Clear and the rest of the LME Group.</p> <p>The LME roles and responsibilities are defined in a consistent manner for all persons involved in the provision of the Benchmarks to protect against conflict or perception of conflict across the LME Group.</p>	<ul style="list-style-type: none"> <li>▶ We obtained the job description for the one new joiner to the Trading Operations team involved in the determinations of the Benchmarks and inspected it for evidence of clearly defined roles and responsibilities.</li> </ul>
Annex II (15)	The administrator of a commodity benchmark shall disclose to its users as soon as it becomes aware of a conflict of interest arising from the ownership of the administrator.	<p>The LME Conflicts of Interest Policy considers the ownership of the LME within the LME Group.</p> <p>See also the LME's response to Annex II (14).</p>	<ul style="list-style-type: none"> <li>▶ Refer to response to Annex II (14).</li> </ul>
Annex II (16)	<p>The administrator of a commodity benchmark shall have in place and publish a complaints handling policy setting out procedures for receiving, investigating and retaining records concerning complaints made about an administrator's calculation process. Such complaint mechanisms shall ensure that:</p> <p>(a) subscribers of the benchmark may submit complaints on whether a specific benchmark calculation is representative of market value, proposed benchmark calculation changes, applications of methodology in relation to a specific benchmark calculation and other editorial decisions in relation to the benchmark calculation processes;</p> <p>(b) there is in place a target timetable for the handling of complaints;</p>	<p><u>Control objective:</u> To ensure the LME has effective procedures for handling complaints.</p> <p><u>Control procedures:</u> The LME Complaints Procedures and the Policy on Complaints and Raising Concerns as set out in Schedule 7 of the LPP Regulations are available on the LME's website.</p> <p>These complaint procedures conform to the BMR requirements and cover all areas of complaints regarding the benchmark determination process. The procedures set out the process for registering a complaint, the conduct and timelines for investigation and reporting of the decision to the relevant person/entity who submitted the complaint and other relevant parties.</p>	<ul style="list-style-type: none"> <li>▶ We obtained the LME's Complaints Procedure and Schedule 7 of the LPP Regulations from the LME's website and inspected them for evidence of the requirements described in the LME's response.</li> <li>▶ We obtained Management's confirmation that there have been no complaints to the LME with respect to its Benchmarks published during the Period Under Review that could adversely affect the LME's compliance with the BMR and adherence to benchmark methodologies.</li> </ul>



ANNEX II - COMMODITY BENCHMARKS			
BMR Ref.	BMR Requirement	LME's Response	EY Evaluation Procedures
	<p>(c) formal complaints made against the administrator and its personnel are investigated by that administrator in a timely and fair manner;</p> <p>(d) the inquiry is conducted independently of any personnel who may be involved in the subject of the complaint;</p> <p>(e) the administrator aims to complete its investigation promptly;</p> <p>(f) the administrator advises the complainant and any other relevant parties of the outcome of the investigation in writing and within a reasonable period;</p> <p>(g) there is recourse to an independent third party appointed by the administrator if a complainant is dissatisfied with the way a complaint has been handled by the relevant administrator or the administrator's decision in the situation no later than six months from the time of the original complaint; and</p> <p>(h) all documents relating to a complaint, including those submitted by the complainant as well as an administrator's own record, are retained for a minimum of five years.</p>	<p>Records of complaints and complaints-handling are retained for a minimum of 5 years in line with the LME's record retention policies.</p>	
Annex II (17)	<p>Disputes as to daily pricing determinations, which are not formal complaints, shall be resolved by the administrator of a commodity benchmark with reference to its appropriate standard procedures. If a complaint results in a change in price, the details of that change in price shall be communicated to the market as soon as possible.</p>	<p>The LME Price Dispute Procedure sets out how disputes that are not formal complaints are handled. The procedure covers both objections to provisional prices and price disputes raised in relation to the determination of an LME Benchmark that has been published.</p> <p>For Official Prices and Closing Prices, the LME publishes provisional prices, which provides a window in which Members can object prior to the</p>	<ul style="list-style-type: none"> <li>▶ We performed a walkthrough of the Official Prices and Closing Prices calculation and observed that the objection window is as per the defined methodology for Official Prices &amp; Closing Prices.</li> <li>▶ For a sample of objections, we noted that the objections were responded to the objecting member.</li> </ul>





ANNEX II - COMMODITY BENCHMARKS			
BMR Ref.	BMR Requirement	LME's Response	EY Evaluation Procedures
		<p>Benchmark being finalised and published via the LME's market data channels.</p> <p>Price disputes are those raised in relation to published Benchmarks. If the dispute results in an adjustment to the LME Benchmark, such adjustments would be made in accordance with the LME's error correction process which, in summary, would (where required) involve the LME publishing a notice to the market identifying the affected LME Benchmark and confirming the corrected value as soon as possible.</p>	<ul style="list-style-type: none"> <li>▶ We obtained and inspected the LME Price Dispute Procedure to evidence the LME's response.</li> <li>▶ We obtained Management's confirmation that there were no pricing disputes during the Period Under Review.</li> </ul>
Annex II (18)	The administrator of a commodity benchmark shall appoint an independent external auditor with appropriate experience and capability to review and report on the administrator's adherence to its stated methodology criteria and with the requirements of this Regulation. Audits shall take place annually and be published three months after each audit is completed with further interim audits carried out as appropriate.	The LME has appointed an independent external auditor with appropriate experience and capability to review and report on the LME's adherence to its stated methodology criteria and with the requirements of the BMR. Audits will take place, and be published, in line with the requirements of the BMR.	<ul style="list-style-type: none"> <li>▶ We were appointed by the LME to provide assurance over the LME's compliance with the BMR and adherence with benchmark methodologies for the calculation of Benchmarks for the period from 1 January 2023 until 31 December 2023.</li> </ul>

Commission Delegated Regulation (EU) 2018/1643 - FCA Technical Standard (TS)			
TS Ref.	TS Requirement	LME's Response	EY Evaluation Procedures
<b>TS Article 1 - General Disclosure Requirements</b>			
TS 1(1)	<p>The benchmark statement shall state:</p> <p>(a) the date of publication of the statement and, where applicable, the date of its last update;</p> <p>(b) where available, the international securities identification number (ISIN) of the benchmark or benchmarks; alternatively, for a family of benchmarks, the statement may provide details of</p>	<p>(a) This is included under the General Information section of the Benchmark Statement.</p> <p>(b) Not applicable as the Benchmarks do not have ISINs.</p> <p>(c) This is included under Regulatory Information section of the Benchmark</p>	<ul style="list-style-type: none"> <li>▶ We obtained the Benchmark Statements from the LME's website and inspected for evidence of the LME's response.</li> <li>▶ Please also refer to our responses to Article 27.</li> </ul>



Commission Delegated Regulation (EU) 2018/1643 - FCA Technical Standard (TS)			
TS Ref.	TS Requirement	LME's Response	EY Evaluation Procedures
	<p>where the ISINs are publicly accessible free of charge;</p> <p>(c) whether the benchmark, or any benchmark in the family of benchmarks, is determined using contributions of input data;</p> <p>(d) whether the benchmark or any benchmark in the family of benchmarks qualifies as one of the types of benchmarks listed under Title III of Regulation (EU) 2016/1011, including the specific provision by virtue of which the benchmark qualifies as that type.</p>	<p>Statements stating that the Benchmarks are not determined using contributions.</p> <p>(d) The Benchmarks qualify as “commodity benchmarks” pursuant to Article 19(1) of the BMR. This categorisation is based on the underlying assets falling within the definition of a “commodity” (as referred to in Article 3(1)(23) of the BMR).</p>	
TS 1(2)	<p>In defining the market or economic reality, the benchmark statement shall include at least the following information:</p> <p>(a) a general description of the market or economic reality;</p> <p>(b) the geographical boundaries, if any, of the market or economic reality;</p> <p>(c) any other information that the administrator reasonably considers to be relevant or useful to help users or potential users of the benchmark to understand the relevant features of the market or economic reality, including at least the following elements insofar as reliable data on these elements is available:</p> <ol style="list-style-type: none"> <li>i. information on actual or potential participants in the market;</li> <li>ii. an indication of the size of the market or economic reality.</li> </ol>	<p>The Regulatory Information section of the Benchmark Statements included the market reality of the respective Benchmarks, the geographical boundaries and other information as required under the TS Article 1(2).</p>	<ul style="list-style-type: none"> <li>▶ We obtained the Benchmark Statements from the LME's website and inspected for evidence of the LME's response.</li> <li>▶ Please also refer to our responses to Article 27.</li> </ul>
TS 1(3)	<p>In defining the potential limitations of the benchmark and the circumstances in which the measurement of the market or economic reality may become unreliable, the benchmark statement shall include at least:</p>	<p>The Limitations of the Benchmarks section of the Benchmark Statements included the information as required under the TS Article 1(3) to define the potential limitations of the Benchmarks and other such information, including but not limited to, the</p>	<ul style="list-style-type: none"> <li>▶ We obtained the Benchmark Statements from the LME's website and inspected for evidence of the LME's response.</li> </ul>



Commission Delegated Regulation (EU) 2018/1643 - FCA Technical Standard (TS)			
TS Ref.	TS Requirement	LME's Response	EY Evaluation Procedures
	<p>(a) a description of the circumstances in which the administrator would lack sufficient input data to determine the benchmark in accordance with the methodology;</p> <p>(b) where relevant, a description of instances when the accuracy and reliability of the methodology used for determining the benchmark can no longer be ensured, such as when the administrator deems the liquidity in the underlying market as insufficient;</p> <p>(c) any other information that the administrator reasonably considers to be relevant or useful to help users and potential users to understand the circumstances in which the measurement of the market or economic reality may become unreliable, including a description of what might constitute an exceptional market event.</p>	<p>circumstances in which the measurement of the market or economic reality may become unreliable</p>	<ul style="list-style-type: none"> <li>▶ Please also refer to our responses to Article 27.</li> </ul>
TS 1(4)	<p>In specifying the controls and rules that govern any exercise of judgement or discretion by the administrator or any contributors in calculating the benchmark or benchmarks, the benchmark statement shall include an outline of each step of the process for any ex post evaluation of the use of discretion, together with a clear indication of the position of any person(s) responsible for carrying out the evaluations.</p>	<p>The Benchmark Methodology section of the Benchmark Statements included the information as required under the TS Article 1(4) setting out the controls and rules that govern any exercise of judgement or discretion by the LME.</p> <p>The LME, through the operations team and Quotations Committee, is permitted to exercise Expert Judgement in the determination of the Benchmarks. The Benchmark Methodology and supporting internal policies and procedures that underpin the determination of the Benchmarks, are structured with the intent of minimising, as far as feasible whilst ensuring that Benchmark determinations are reflective, the need for Expert Judgement.</p> <p>As part of the LME's BMR control framework and governance arrangements, the relevant governance committee periodically receives data</p>	<ul style="list-style-type: none"> <li>▶ We obtained the Benchmark Statements from the LME's website and inspected for evidence of the LME's response.</li> <li>▶ Please also refer to our responses to Article 27.</li> </ul>



Commission Delegated Regulation (EU) 2018/1643 - FCA Technical Standard (TS)			
TS Ref.	TS Requirement	LME's Response	EY Evaluation Procedures
		and trend analysis on the frequency, nature of, and extent to which, Expert Judgement is used in relation to Benchmark determinations.	
TS 1(5)	In specifying the procedures for review of the methodology, the benchmark statement shall at least outline the procedures for public consultation on any material changes to the methodology.	<p>The 'Changes to, and Cessation of, a Benchmark' section of the Benchmark Statements included the information as required under the TS Article 1(5) outlining the procedures for review of the methodology and public consultation on any material changes to the methodology.</p> <p>The LME Benchmark Changes and Cessation Procedure, which details the LME's arrangements for consulting on proposed changes and cessations (where applicable), is also published on the LME's website.</p>	<ul style="list-style-type: none"> <li>▶ We obtained the Benchmark Statements from the LME's website and inspected for evidence of the LME's response.</li> <li>▶ Please also refer to our responses to Article 27.</li> </ul>
TS 1(6)	<p>Point (c) of paragraph 3, and paragraph 5, shall not apply to the benchmark statement:</p> <p>(a) for a significant benchmark; or</p> <p>(b) for a family of benchmarks that does not include any critical benchmarks and does not consist solely of non-significant benchmarks.</p>	The Benchmarks are non-critical commodity benchmarks. They are not regulated-data benchmarks nor are they based on submissions by contributors. Therefore, pursuant to the eligibility criteria in Article 19(1) of the BMR, Annex II of the BMR applies to the Benchmarks. This is highlighted in the Regulatory Information – Classification section of the Benchmark Statements.	<ul style="list-style-type: none"> <li>▶ We obtained the Benchmark Statements from the LME's website and inspected for evidence of the LME's response.</li> <li>▶ Please also refer to our responses to Article 27.</li> </ul>
TS 1(7)	<p>In the case of a benchmark statement for a non-significant benchmark or for a family of benchmarks that consists solely of non-significant benchmarks:</p> <p>(a) the following provisions of this Article shall not apply:</p> <ol style="list-style-type: none"> <li>i. point (c) of paragraph 2;</li> <li>ii. points (b) and (c) of paragraph 3,</li> <li>iii. paragraphs 4 and 5; and</li> </ol> <p>(b) the requirements of points (a) and (b) of paragraph 2 may be satisfied alternatively by including a clear</p>	Refer to the LME's response to TS Article 1(6) General Disclose Requirements.	<ul style="list-style-type: none"> <li>▶ We obtained the Benchmark Statements from the LME's website and inspected for evidence of the LME's response.</li> <li>▶ Please also refer to our responses to Article 27.</li> </ul>



Commission Delegated Regulation (EU) 2018/1643 - FCA Technical Standard (TS)			
TS Ref.	TS Requirement	LME's Response	EY Evaluation Procedures
	reference in the benchmark statement to a published document that includes the same information and is accessible free of charge.		
TS 1(8)	Administrators may include additional information at the end of their benchmark statements provided that, if this is done by referring to a published document containing the information, the document shall be one that is accessible free of charge.	Any additional information that the LME published as part of the Benchmark Statements are accessible via the LME Website and are thus free of charge.	<ul style="list-style-type: none"> <li>▶ We obtained the Benchmark Statements from the LME's website and inspected for evidence of the LME's response.</li> <li>▶ Please also refer to our responses to Article 27.</li> </ul>
Article 4 - Specific disclosure requirements for commodity benchmarks			
TS 4(1)	<p>In addition to the information to be included pursuant to Article 1, for a commodity benchmark or, where applicable, family of commodity benchmarks, the benchmark statement shall at least:</p> <p>(a) indicate whether the requirements of Title II of, or Annex II to, Regulation (EU) 2016/1011 apply to the benchmark, or family of benchmarks as prescribed by Article 19 of that Regulation;</p> <p>(b) include an explanation as to why Title II of or, as the case may be, Annex II to that Regulation applies;</p> <p>(c) include in the definitions of key terms a concise description of the criteria that define the relevant underlying physical commodity;</p> <p>(d) where applicable, indicate where the explanations are published that the administrator is required to publish under paragraph 7 of Annex II to that Regulation.</p>	<p>(a,b,d) The Benchmarks are non-critical commodity benchmarks. They are not regulated-data benchmarks nor are they based on submissions by contributors. Therefore, pursuant to the eligibility criteria in Article 19(1) of the BMR, Annex II of the BMR applies to the Benchmarks. This is highlighted in the Regulatory Information – Classification section of the Benchmark Statements.</p> <p>(c) This is included in the General Information section of the Benchmark Statements which refers to the Benchmark Administration – Definitions document available on the LME's website.</p>	<ul style="list-style-type: none"> <li>▶ We obtained the Benchmark Statements from the LME's website and inspected for evidence of the LME's response.</li> <li>▶ Please also refer to our responses to Article 27.</li> </ul>



Commission Delegated Regulation (EU) 2018/1643 - FCA Technical Standard (TS)			
TS Ref.	TS Requirement	LME's Response	EY Evaluation Procedures
<b>TS Article 6 - Updates</b>			
TS 6(1)	<p>In addition to the cases referred to in the third subparagraph of Article 27(1) of Regulation (EU) 2016/1011, an update of the benchmark statement shall be required whenever the information contained in the statement ceases to be correct or sufficiently precise, and including in any event in the following cases:</p> <p>(a) whenever there is a change in the type of the benchmark;</p> <p>(b) whenever there is a material change in the methodology used for determining the benchmark or, if the benchmark statement is for a family of benchmarks, in the methodology used for determining any benchmark within the family of benchmarks.</p>	<p>The General Information – Review of Benchmark Statements section of the Benchmark Statements outlines when an update shall be required.</p> <p>Benchmark Statements are subject to annual review by the relevant governance committees.</p> <p>Additionally, this Benchmark Statement will be reviewed and updated whenever there are material changes to the information set out in it, or in the corresponding Benchmark Methodology.</p>	<ul style="list-style-type: none"> <li>▶ We obtained the Benchmark Statements from the LME's website and inspected for evidence of the LME's response.</li> <li>▶ Please also refer to our responses to Article 27.</li> </ul>
<b>TS Article 7 – Entry into force and application</b>			
TS 7(1)	<p>This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union. It shall apply from 25 January 2019.</p>	<p>No response required by the LME.</p>	<ul style="list-style-type: none"> <li>▶ Not applicable.</li> </ul>



## Appendix A: The Benchmarks

Benchmark Family	Metals	Prompt Dates	Currency
<b>Official Prices</b>	Aluminium Official Price	Cash, 3M, 3WD1, 3WD2, 3WD3	USD
	Aluminium Alloy Official Price	Cash, 3M, 3WD1	
	Aluminium US Premium Official Price	3WM1, 3WM4 and 3WM15	
	Aluminium West-Europe Premium Official Price	3WM1, 3WM4 and 3WM15	
	Aluminium East-Asia Premium Official Price	3WM1, 3WM4 and 3WM15	
	Aluminium South-East Asia Premium Official Price	3WM1, 3WM4 and 3WM15	
	Cobalt Official Price	Cash, 3M, 15M	
	Copper Official Price	Cash, 3M, 3WD1, 3WD2, 3WD3	
	NASAAC Official Price	Cash, 3M, 3WD1	
	Nickel Official Price	Cash, 3M, 3WD1, 3WD2, 3WD3	
	Lead Official Price	Cash, 3M, 3WD1, 3WD2, 3WD3	
	Tin Official Price	Cash, 3M, 15M	
	Zinc Official Price	Cash, 3M, 3WD1, 3WD2, 3WD3	
	Official Settlement Price for all metals (except Aluminium Premiums)	Cash	
Official Settlement Price for Aluminium Premiums	3WM1		



Benchmark Family	Metals	Prompt Dates	Currency
<b>Closing Prices</b>	Aluminium Aluminium Alloy Aluminium US Premium Aluminium West-Europe Premium Aluminium East-Asia Premium Aluminium South-East Asia Premium Cobalt Copper NASAAC Nickel Lead Tin Zinc	Cash, 3M, 3WM1 – 3WM24 inclusive Cash, 3M, 3WM1 – 3WM24 inclusive 3WM1-3WM15 inclusive 3WM1-3WM15 inclusive 3WM1-3WM15 inclusive 3WM1-3WM15 inclusive Cash, 3M, 3WM1-3WM15 Cash, 3M, 3WM1-3WM24 Cash, 3M, 3WM1-3WM24 Cash, 3M, 3WM1-3WM24 Cash, 3M, 3WM1-3WM24 Cash, 3M, 3WM1-3WM15 Cash, 3M, 3WM1-3WM24	USD
<b>Notional Average Prices<sup>5</sup></b>	Aluminium Aluminium Alloy Copper NASAAC Nickel Lead Tin Zinc	M1 – M64 M1 – M28 M1 – M64 M1 – M28 M1 – M28 M1 – M16 M1 – M16 M1 – M28	USD

<sup>5</sup> As per LME Notice 23/057 and with effect from 2 May 2023, the NAPs were no longer treated as benchmarks under the UK BMR.





Benchmark Family	Metals	Prompt Dates	Currency
<b>Monthly Average Settlement Prices</b>	Aluminium	Cash	USD
	Aluminium Alloy	Cash	
	Cobalt	Cash	
	Copper	Cash	
	NASAAC	Cash	
	Nickel	Cash	
	Lead	Cash	
	Tin	Cash	
Zinc	Cash		
<b>LPP Prices</b>	LBMA Platinum – AM/PM	Daily	USD
	LBMA Palladium – AM/PM	Daily	