

LBMA PLATINUM AND LBMA PALLADIUM PRICES REGULATIONS

("LPP PRICES REGULATIONS")

1. BACKGROUND

1.1 General

- (a) LME provides a facility for Participants to enter Orders for bilateral trades in unallocated loco London platinum and palladium in order to effect trades in such metals through auctions. As a consequence of such trading, the facility enables the discovery of prices for platinum and palladium known as the LBMA Platinum Price and LBMA Palladium Price ("**LPP Prices**"). LME operates this process and will publish the LPP Prices in accordance with, and subject to, these LPP Prices Regulations.
- (b) These LPP Prices Regulations set out the rights and obligations of Participants and operate as a stand-alone set of rules to which all Member Participants and certain Client Participants must agree by entering into a Participant Agreement. Member Participants must ensure their Clients comply with equivalent obligations, where it is necessary to enable the Member Participant to comply with its obligations under the LPP Prices Regulations. For the avoidance of doubt, Clients who are not Category 1 or Category 3 Client Participants (as defined in Regulation 4.1) will not be required enter a Participant Agreement.
- (c) A Participant will either be a Member Participant or a Client Participant. A Member Participant must be able to meet the criteria in Regulation 3.1 of these LPP Prices Regulations. Member Participants facilitate Client Participants' entry of Orders. Member Participants may also enter Orders for its own Clients that are not Client Participants.
- (d) There are four categories of Client Participant in accordance with Regulation 4.1 of these LPP Prices Regulation. Each Client Participant will be associated with a Member Participant. A Client Participant will either be a:
 - (i) Category 1 Client Participant, as a Participant who may enter Orders directly into LMEbullion and will be supervised by LME;
 - (ii) Category 2 Client Participant, as a Participant who may enter Orders directly into LMEbullion and will be supervised by a Member Participant;
 - (iii) Category 3 Client Participant, as a Participant who requires a Member Participant to enter Orders on their behalf into LMEbullion, and is supervised by LME; or
 - (iv) Category 4 Client Participant, as a Participant who requires a Member Participant to enter Orders on their behalf into LMEbullion, and is supervised by a Member Participant.

Only Member Participants, Category 1 Client Participants and Category 3 Client Participants will be required to enter into a Participant Agreement.

1.2 Application of the BMR

- (a) The LPP Prices constitute "benchmarks" for the purposes of the BMR.

- (b) The LPP Prices are derived from input data comprising the Opening Price, Orders entered by Participants when participating in the LPP auctions (the process for which is described more fully in the LPP Prices Discovery Process), and the Proposed Price. For the avoidance of doubt, the entry of Orders into the LPP auctions shall not constitute “contribution of input data” under the BMR in respect of the LPP Prices Discovery Process, notwithstanding that the LME shall utilise Orders as an input into the determination of the LBMA Platinum Prices and the LBMA Palladium Prices in the way set out in the LPP Prices Discovery Process.
- (c) The LPP Prices are a family of benchmarks and so LME considers it sufficient that the LPP Prices Discovery Process should apply equally to the discovery of both the Platinum Price and the Palladium Price.
- (d)
- (e) The LPP Prices Discovery Process comprises the methodology for the determination of the LPP Prices for the purposes of the BMR.

2. DEFINITIONS AND INTERPRETATION

- 2.1 In these LPP Prices Regulations, the following words and expressions when used with initial capital letters shall have the meanings set out below (unless the context requires otherwise):

"Administrator" shall have the meaning ascribed to it in article 3(1)(6) of the BMR and in the context of the LPP Prices Regulations, shall refer to the LME;

"Affiliate" shall mean, with respect to a specified person, any person which directly or indirectly Controls, is Controlled by, or is under common Control with the specified person;

"Alternative LPP Prices Discovery Process" shall mean the alternative process for discovering the LPP Prices, set out in Part B of Schedule 1 of these LPP Prices Regulations;

"Applicant" has the meaning given to it in Regulation 3.3;

"Applications" has the meaning given to it in Regulation 3.3;

"Benchmark Oversight Function" means the team established by LME and having the roles and responsibilities set out in paragraph 2 of Schedule 5 (*Oversight Function*);

"Benchmark Pricing Function" means the team established by LME and having the roles and responsibilities set out in paragraph 1 of Schedule 5 (*Oversight Function*);

"BMR" means Regulation (EU) 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 and amending Directives 2008/48/EC and 2014/17/EC and Regulation (EU) No 596/2014, as from time to time amended;

"Business Day" means any day except Saturday, Sunday or any public or bank holiday in England;

"Client" means either (a) a Client Participant, or (b) any other client of a Member Participant, who has been accepted through the usual take-on procedures of the Member Participant (including ‘Client Due Diligence’ requirements), and whose business may from time-to-time be netted:

- (i) with the Member Participant's own business; or
- (ii) the business of the Member Participant's other clients,

(for the avoidance of doubt, the use of the term client is not intended to imply any fiduciary or other duties on the part of a Member Participant to such client);

"Client Participant" means a client of a Member Participant who can enter orders on a gross and disaggregated basis into LMEbullion, either itself directly or through its Member Participant, through adherence to these LPP Prices Regulations in accordance with Regulation 4.1;

"Commencement Date" means 1 December 2014;

"Confidential Information" has the meaning given to it in Regulation 17.13 (*Confidentiality Obligations*);

"Control" in relation to a body corporate, means the power of a person to secure:

- (a) by means of the holding of shares or the possession of voting power in or in relation to that or any other body corporate; or
- (b) by virtue of any powers conferred by the articles of association or other document regulating that or any other body corporate,

that the affairs of that body corporate are conducted in accordance with the wishes of that person;

"Disclosing Party" has the meaning given to it in Regulation 17.13 (*Confidentiality Obligations*);

"Disorderly Market Act" means any action that prolongs, or appears as an attempt to prolong, a Pricing Discovery Event that is not driven by the underlying order for a Client or for the Participant's house account;

"Documentation" means the instruction manuals, user guides and other information made available to Participants by LME in either printed or electronic form;

"Force Majeure Event" means an event beyond the reasonable control of LME that may affect, limit, prohibit or prevent the performance of LME's obligations (including its affiliates or subcontractors), which could not be prevented or circumnavigated by LME taking reasonable precautions, including acts of God, fire, flood, war, acts of terrorism, riot, explosion, civil commotion, rebellion, nationalisation, expropriation, currency restrictions, interruption, loss or malfunction of utilities, communications or computer (software or hardware) services, suspension or termination of the normal procedures and practices of any securities market or securities system by a third party, governmental actions or labour disputes;

"Intellectual Property Rights" means all intellectual property rights, including patents, utility models, trade and service marks, trade names, domain names, right in designs, copyrights, moral rights, topography rights, rights in databases, trade secrets and know-how, in all cases whether or not registered or registerable and including registrations and applications for registration of any of these and rights to apply for the same and all rights and forms of protection of a similar nature or having equivalent or similar effect to any of these anywhere in the world;

"**LME**" means The London Metal Exchange;

"**LMEbullion**" is LME's system (as such system is updated, modified, amended or replaced by LME from time-to-time) for trading precious metals via an auction and for matching trades in spot contracts between Participants, and is used by the LME to facilitate the LPP Prices Discovery Process;

"**Losses**" means all losses, claims, liabilities, costs, charges, expenses and damages of any kind including pure economic loss, or like loss, irrespective of whether they were reasonably foreseeable or avoidable and whether they arose directly or indirectly;

"**LPP Prices**" has the meaning given to it in Regulation 1.1(a);

"**LPP Prices Discovery Process**" means the process for discovering the LPP Prices in accordance with Schedule 1 and any references in these LPP Prices Regulations to Participants participating in the LPP Prices Discovery Process shall refer to Participants entering Orders solely for trading purposes, where such auction process is described more fully within the LPP Prices Discovery Process;

"**LPP Prices Regulations**" means these regulations;

"**Manager**" means a natural person who is a member of staff of a Participant with line manager responsibility for the User;

"**Material Change**" shall have the meaning given to it in Regulation 19.3;

"**Member Participants**" are those persons entitled to participate on its own account or on behalf of its clients, in the LPP Prices Discovery Process as determined by LME and as set out in Schedule 2 and from time to time as published by LME on its website;

"**Member Participant Net Interest**" means the net position of all Orders entered into LMEbullion during a Pricing Discovery Event by a Member Participant and all Client Participants associated with that Member Participant;

"**Non-Facing Determination**" means a determination:

- (a) made by a Member Participant; and
- (b) notified by that Member Participant to the LME in writing,

that the Member Participant does not have in place adequate credit arrangements with one or more other Member Participants.

"**Order**" or "**Orders**" means the entry by a User of a buying or selling price and the quantity bid or offered at that price during an LPP auction;

"**Oversight Committee**" means the committee established by LME and having the roles and responsibilities set out in paragraph 3 of Schedule 5 (*Oversight Function*);

"**Participant**" means a Member Participant or a Client Participant;

"**Participant Agreement**" means the agreement between LME and each relevant Participant pursuant to which they have agreed to be bound by the LPP Prices Regulations, as amended from time to time;

"**Participant Effective Date**" means, in respect of a Participant, the date of execution by it of a Participant Agreement or as otherwise agreed in writing between the Participant and LME;

"**Participant Terms**" has the meaning given to it in Regulation 22.1;

"**PP Trade**" means a transaction for the buying or selling of unallocated loco London platinum or palladium between two Member Participants;

"**Pricing Discovery Event**" means each instance of the online process in respect of platinum and palladium occurring at the times set out in Schedule 1 Part A (*Discovery Process*);

"**Proposed Price**" has the meaning given to it in Schedule 1 Part A (*Discovery Process*);

"**Receiving Party**" has the meaning given to it in Regulation 17.13 (*Confidentiality Obligations*);

"**Stand-In Arrangement**" means an arrangement:

- (a) agreed by three Member Participants;
- (b) notified to the LME in writing by each of the relevant Member Participants;
- (c) acknowledged by the LME in writing to each of the Member Participants, with such acknowledgement to include the date on which such Stand-In Arrangement shall become effective (the "**Stand-In Arrangement Start Date**"),

following which the LME shall amend the algorithms within LMEbullion to ensure that from the Stand-In Arrangement Start Date:

- (i) a Market Participant ("**Participant A**") that has notified the LME that it is subject to a Non-Facing Determination will not be allocated PP Trades with another Market Participant ("**Participant B**") because Participant A does not have adequate credit arrangements with Participant B; and
- (ii) the other relevant Market Participant ("**Participant C**") agrees to act as counterparty to Participant A in respect of any PP Trades that would otherwise have been allocated between Participant A and Market Participant B.

For the avoidance of doubt, a Member Participant may at the absolute discretion of the LME enter into more than one Stand-In Arrangement;

"**Stand-In Arrangement Start Date**" has the meaning given to it in the definition of "Stand-In Arrangement" above;

"**Terminate**" means a Participant ceasing to use the LPP Prices Discovery Process and ceasing to be bound by the LPP Prices Regulations; and

"**User**" means any member of the staff of a Member Participant or Client Participant that has direct access to LMEbullion, or other representative of the Participant agreed with LME, and whose role includes participating in the Pricing Discovery Event on behalf of that Participant.

2.2 In these LPP Prices Regulations, unless the context requires otherwise, any reference to:

- (a) these LPP Prices Regulations includes the LPP Prices Regulations, the Schedules and any Participant Agreement;
- (b) a Regulation or a Schedule is to a regulation of or a schedule to these Regulations and a paragraph of a Schedule is to a paragraph of that Schedule;

- (c) Client Participant shall be read in accordance with the table of applicable regulations set out in Regulation 4.1;
- (d) a company is to any company, corporation or other body corporate wherever and however incorporated or established;
- (e) the masculine, feminine or neuter gender respectively includes the other genders and any reference to the singular includes the plural (and vice versa);
- (f) including means "including without limitation" (with related words being construed accordingly), in particular means "in particular but without limitation" and other general words shall not be given a restrictive interpretation by reason of their being preceded or followed by words indicating a particular class of acts, matters or things;
- (g) a party or the parties is to a party or the parties (as the case may be) to the Participant Agreement and shall include any permitted assignees of a party;
- (h) a person includes any individual, firm, company, corporation, government, state or agency of state or any association, trust or partnership (whether or not having a separate legal personality);
- (i) a statute or statutory provision includes any consolidation or re-enactment, modification or replacement of the same, any statute or statutory provision of which it is a consolidation, re-enactment, modification or replacement and any subordinate legislation in force under any of the same from time to time;
- (j) a time of the day is to London time and references to a day are to a period of 24 hours running from midnight to midnight; and
- (k) writing shall include any modes of reproducing words in a legible and non-transitory form.

2.3 In the event of any conflict between the LPP Prices Regulations (excluding the Schedules) and any provisions of the Schedules, the LPP Prices Regulations (excluding the Schedules) shall prevail.

3. **MEMBER PARTICIPANTS**

3.1 Member Participants must at all times meet the following criteria:

- (a) they are acceptable to LME in its capacity as the Administrator of the LPP Prices Discovery Process; and
- (b) except in relation to any Market Participant who has made a Non-Facing Determination regarding the Member Participant and in respect of which a Stand-In Arrangement is valid and continuing:
 - (i) have successfully passed through the account opening procedures and Client Due Diligence checks of all Member Participants;
 - (ii) have entered into appropriate trading documentation (for the spot trades required between Member Participants) with each Member Participant in a form acceptable to the relevant Member Participants;
 - (iii) each Market Participant shall have in place adequate direct credit arrangements with each other and every other Member Participant in a form acceptable to that Member Participant.

3.2 A list of Member Participants, as at the Commencement Date, is set out in Schedule 2. Such list may be published on LME's website and any updates to it from time to time may be made by publication on LME's website.

3.3 A person who meets the criteria in Regulation 3.1 may apply to become a Member Participant (an "**Applicant**") by written application to LME (the "**Application**"). LME shall comply with the procedure in Schedule 3 when deciding whether or not to grant or refuse an Application.

4. **CLIENTS**

4.1 **Categories of Client Participant**

(a) There are 4 categories of Client Participant as set out in the table below:

CLIENT PARTICIPANT CATEGORY	ACCESS TO LMEBULLION	PRIMARY SUPERVISOR	PROVISIONS OF THESE LPP PRICES REGULATIONS WHERE REFERENCES TO CLIENT PARTICIPANT DO NOT APPLY
Category 1	Direct Access	LME-Supervised	-
Category 2	Direct Access	Member Participant Supervised	9.1(c), 16.2(e), 23.2, 23.10 and Schedule 6
Category 3	Non-Direct Access	LME-Supervised	8.2, 11.1, 11.2(c), 11.4, 11.5 and 11.6
Category 4	Non-Direct Access	Member Participant Supervised	8.2, 9.1(c), 11.1, 11.2(c), 11.4, 11.5, 11.6, 16.2(e), 23.2, 23.10 and Schedule 6

(b) All Client Participants will be associated to a Member Participant. All Client Participant orders are entered on a gross and disaggregated basis into LMEbullion. This is done directly by Category 1 and Category 2 Client Participants, or by associated Member Participants on behalf of Category 3 and Category 4 Client Participants. For the avoidance of doubt, a Member Participant may choose to have no Client Participants.

(c) References to Client Participant in these LPP Prices Regulations means to all categories of Client Participant save as otherwise set out in the table above.

4.2 **Direct Access Client Participants**

(a) Member Participants may elect for their clients to become Category 1 or Category 2 Client Participants in order to access LMEbullion for the purposes of entering Orders. Such election may be made on first becoming a Member Participant (at least 10 Business Days before clients would become Client Participants) and thereafter on the provision of 30 Business Days' notice to LME.

(b) Member Participants shall determine a suitable limit for the entering of Orders for each Category 1 or Category 2 Client Participant and shall notify LME of such limit, through LMEbullion.

4.3 **LME Supervised Client Participants**

Category 1 and Category 3 Client Participants shall enter into a Participant Agreement prior to such Client Participant participating in the LPP Prices Discovery Process.

4.4 **Member Participant Supervised Client Participants**

Member Participants shall procure that Category 2 and Category 4 Client Participants comply with these LPP Prices Regulations to the extent applicable.

4.5 **Client Participant List**

To the extent reasonably required LME may make available to stakeholders or regulatory authorities a list of Client Participants from time to time and each Client Participant agrees to such disclosure.

4.6 **Other Clients**

- (a) Member Participants may have other Clients who are not Client Participants and whose orders may be entered into LMEbullion on a net basis with either:
 - (i) the Member Participant's own business and that of the Member Participant's other Clients. For the avoidance of doubt, while a Member Participant may nominate more than one User, under this model only one User may participate in the Pricing Discovery Event, who would enter all business on a netted basis; or
 - (ii) the business of the Member Participant's other Clients. For the avoidance of doubt, under this model, the Member Participant would be expected to nominate a first User to participate in the Pricing Discovery Event to enter the Member Participant's own business, and a second (and potentially additional) User(s) to participate in the Pricing Discovery Event to enter Client business on a netted basis.
- (b) Each Member Participant shall select either (i) or (ii) in Regulation 4.6(a) above and shall notify LME of its selection.
- (c) Where a Client of a Member Participant is not a Client Participant, that Client will not be directly bound by these LPP Prices Regulations. Member Participants must ensure that such Clients comply with appropriate obligations owed to the Member Participant to ensure that the Member Participants can comply with these LPP Prices Regulations.

5. **LPP PRICES DISCOVERY PROCESS**

5.1 LME shall operate and manage the LPP Prices Discovery Process in accordance with Part A of Schedule 1.

5.2 The LPP Prices Discovery Process shall, subject to Regulation 5.6, take place through a Pricing Discovery Event.

5.3 Subject to Regulations 5.4 and 5.5 below, Member Participants' participation in Pricing Discovery Events pursuant to these LPP Prices Regulations shall be voluntary. However, where a Member Participant chooses to so participate, such Member Participant must participate in the entire Pricing Discovery Event (for both the platinum and palladium Price). In the event that the quorum set out in paragraph 2.3 of Schedule 1, Part A is not achieved

because the required number of Member Participants have not logged-in to LMEbullion, the Benchmark Pricing Function shall use its expert judgement to determine the LPP Prices with reference to the most recent previously established price, adjusted for known recent or related transactions, known market events, and any other available data, information or known factors reasonably deemed relevant by the Benchmark Pricing Function in its expert judgment.

- 5.4 In the event that the quorum set out in paragraph 2.3 of Schedule 1, Part A is not achieved on any one Pricing Discovery Event for two (2) or more consecutive Business Days because the required number of Member Participants have not logged-in to LMEbullion, the LME shall until further notice, in its sole and absolute discretion, upon giving five (5) Business Days' notice to the Member Participants, be entitled to require the mandatory participation of Member Participants in each Pricing Discovery Event.
- 5.5 If, for a consecutive period of three Business Days on which Pricing Discovery Events take place, fewer than three Member Participants log-in to LMEbullion during any one Pricing Discovery Event on each of those days, and the LME considers in its sole and absolute discretion that this indicates a greater likelihood that future Pricing Discovery Events will not be quorate in accordance with paragraph 2.3 of Schedule 1 under a voluntary participation model, the LME shall, until further notice, in its sole and absolute discretion, upon giving five (5) Business Days' notice to the Member Participants, be entitled to require the mandatory participation of Member Participants in each Pricing Discovery Event.
- 5.6 In the event that LME determines, in its sole and absolute discretion, that the LPP Prices Discovery Process cannot take place for any reason, including the existence of a Force Majeure Event, the LPP Prices shall be determined in accordance with the Alternative LPP Prices Discovery Process.
- 5.7 LME may, at its sole discretion, delay the LPP Prices Discovery Process in the event of a Force Majeure Event or if LME has a reasonable suspicion of any irregularity or non-compliance with these LPP Prices Regulations.
- 5.8 Each Participant should maintain a clear and consistent process for recording orders and for Member Participants, this should include orders entered by its Clients alongside the Member Participant's proprietary positions. The framework adopted by the Participant should be documented. Participants who have access to LMEbullion may wish to utilise the LMEbullion functionality as part of their record keeping arrangements.
- 5.9 As part of its existing disaster recovery and business continuity systems and controls, a Participant should, as far as possible, maintain arrangements to ensure that its participation in the Pricing Discovery Event is consistent and timely and to avoid material interruption due to human or technical failure. In particular the Participant should have controls that will help prevent system and process failures, or identify them to rectify problems promptly. The Participant should consider:
 - (a) arrangements for the continuity of entry of Orders in the event that a significant process or system becomes unavailable or is destroyed; and
 - (b) arrangements for the recovery of relevant electronic communications and records to a site used for disaster recovery and/or business continuity purposes.
- 5.10 Opening Prices, Orders and Proposed Prices shall, in the ordinary LPP Prices Discovery Process, be the only type of input data used by LME to determine the LPP Prices. The use of judgement by the Benchmark Pricing Function, in accordance with the Alternative LPP

Prices Discovery Process, is a contingency measure that shall be used only in the circumstances described in Regulation 5.6.

6. **DISSEMINATION OF PRICE**

- 6.1 LME shall distribute the LPP Prices to such persons and in such manner as it determines from time to time. In particular, the LPP Prices shall be made available as part of the auction commentary on its website known as www.lmebullion.com/login (or a replacement website operated by LME or any alternative).
- 6.2 LME shall determine the LPP Prices in US Dollars per troy ounce of the relevant metal. LME may convert the LPP Prices from US Dollars to Euros and Sterling, or such different currencies as LME determines. LME will disclose to Member Participants the reference rate of exchange and any alternate reference rates that it intends to use prior to, or at the time of, publishing the converted LPP Prices.
- 6.3 Unless otherwise agreed by LME, or otherwise made public by LME, the LPP Prices shall be Confidential Information to LME and Participants shall not distribute such LPP Prices to any third party except in accordance with Regulation 17 or with the express written consent of LME. LME, acting reasonably, has the right to charge a fee for its written consent to the distribution of the LPP Prices.
- 6.4 Notwithstanding Regulation 6.3, LME will not charge a fee for use of the LPP Price in relation to a Member Participant's or its Affiliates' contract(s) in which the LPP Price is used as a benchmark or reference price.

7. **PP TRADES**

- 7.1 All Orders entered by a Client Participant shall:
- (a) be for the account of, and allocated to, the relevant Member Participant; and
 - (b) be netted against the orders of the relevant Member Participant and all orders of such Member Participants' Clients (resulting in the Member Participant Net Interest).
- 7.2 Member Participant Net Interest may result in PP Trades, which are Member Participant to Member Participant transactions. Each Member Participant and its Client Participants must enter into their own arrangements for the execution and settlement of any order placed by a Client Participant. Member Participants are solely responsible for the allocation of PP Trades and the fulfilment of their Clients' orders.
- 7.3 PP Trades that are matched (as set out in the LPP Prices Discovery Process) shall be executed between the relevant Member Participants whether or not a Member Participant has logged into LMEbullion during a particular Pricing Discovery Event, and subsequently settled, in accordance with the applicable contractual terms.

8. **ONLINE PLATFORM**

- 8.1 Subject to Regulation 5.6, the LPP Prices Discovery Process shall be facilitated through LMEbullion. LMEbullion shall have the specification and functionality set out in Schedule 1 Part A (*Discovery Process*).
- 8.2 Member Participants and Client Participants who are to have direct access to LMEbullion shall nominate Users. Users shall provide such information as LME may reasonably require to register them as a User and shall be required to accept the terms and conditions which appear when LMEbullion is first accessed, in the form set out in Schedule 4 (the "**User**

Terms"). Participants shall, and shall procure their Users shall, comply with the User Terms.

- 8.3 No representation, warranty, condition or term, whether express or implied, is made or given by LME that access to and use of LMEbullion will be uninterrupted or error free, that defects will be corrected or that LMEbullion or the server through which it is available or any connected system is free of viruses or other harmful components. No indemnity in respect of third party claims arising from the access to and use of LMEbullion is given by LME.
- 8.4 Subject to Regulation 20.4, LME shall not be liable for any Losses incurred or suffered by a Participant or Users directly or indirectly in connection with:
- (a) their access to or use of LMEbullion; or
 - (b) their inability for whatever reason to access or use LMEbullion (whether in whole or in part); or
 - (c) any delay in or failure of the transmission or the receipt of any communications, including PP Trades, sent via LMEbullion; or
 - (d) any information or records being lost, corrupted or inaccurate (whether in their delivery, receipt or storage, by LMEbullion, or otherwise); or
 - (e) the acts or omissions of the Participants, Users or any third parties.

9. PARTICIPANT REPRESENTATIONS

9.1 Each Participant represents and warrants that:

- (a) in respect of Member Participants, it complies with the criteria for Member Participants set out in Regulation 3.1;
- (b) it has full capacity and authority to enter into and to perform its obligations under these LPP Prices Regulations;
- (c) where a Participant Agreement is entered into, the Participant Agreement has been executed by a duly authorised representative of the Participant with full power and authority to bind the Participant;
- (d) it takes such steps as are reasonably necessary to ensure that it and its personnel comply with these LPP Prices Regulations;
- (e) it is solvent and no resolution, step or legal proceedings have been taken in relation to the Participant for its winding up or dissolution, or for the appointment of a liquidator, receiver, administrative receiver or similar officer in respect of all or substantially all of its assets; and
- (f) its entry into the LPP Prices Regulations and its performance of its obligations hereto are compliant with all applicable laws, enactments, orders and regulations.

9.2 The representations in this section shall be deemed to be repeated each time the Participant participates in the LPP Prices Discovery Process.

10. COMPLIANCE AND MONITORING

Compliance with Rules, Law and Market Standards

10.1 Each Participant shall:

- (a) comply with all applicable law relevant to its participation in the LPP Prices Discovery Process and co-operate with any relevant regulatory authority or government body with jurisdiction over the operation of the LPP Prices Discovery Process;
- (b) comply with its obligations under the LPP Prices Discovery Process;
- (c) act in a professional and responsible manner by observing high standards of integrity and fair dealing and observing high standards of market conduct;
- (d) not manipulate or attempt to manipulate the LPP Prices Discovery Process or LPP Prices, nor engage in a Disorderly Market Act nor assist its clients, or any other person, to do so; and
- (e) disclose to LME any relevant information requested by the Benchmark Oversight Function for the purposes of performing its oversight responsibilities, unless such disclosure would be prohibited by applicable law, regulation or court order.

10.2 Breaches of the LPP Prices Regulations shall be considered and determined in accordance with the disciplinary procedure set out in Schedule 6 (*Disciplinary Procedure*).

Oversight by LME

10.3 LME will conduct such oversight, governance and monitoring of the LPP Prices Discovery Process and Participants' compliance with these LPP Prices Regulations as is consistent with the BMR and, acting reasonably, it may conduct such additional oversight, governance and monitoring as it sees fit. Each Participant shall deal with LME in an open and cooperative manner and in good faith and keep LME promptly informed of anything concerning the Participant (including in the case of Member Participants, its Client Participants) which LME might reasonably be expected to be disclosed to it in performing its oversight functions in this Regulation 10.

10.4 LME shall establish and maintain the:

- (a) Benchmark Pricing Function;
- (b) Benchmark Oversight Function; and
- (c) Oversight Committee,

which together shall form the oversight function for all matters relating to these LPP Prices Regulations. Their respective roles and authorities are set out in Schedule 5 (*Oversight Functions*). Participants acknowledge that any of the oversight functions shall have the authority to report potential anomalous or suspicious activities, as well as any misconduct by Users of which it becomes aware, to any relevant regulatory authorities.

Certification

10.5 Participants shall confirm their adherence to these LPP Prices Regulations at least annually and may also be asked by the Oversight Committee to confirm adherence following any material change to the content of these LPP Prices Regulations. Such confirmations shall be provided on a 'comply or explain' basis.

10.6 A Participant experiencing difficulty in complying with a provision of these LPP Prices Regulations should notify the Oversight Committee, detailing the reasons and providing details of relevant mitigating organisational controls or processes.

11. INTERNAL SYSTEMS AND CONTROLS

- 11.1 Participants shall maintain adequate and effective organisational and governance arrangements around the input of that Participant's Users to the LPP Prices Discovery Process, including in relation to the participation of Users in the Pricing Discovery Event and to ensure compliance by Users with these LPP Prices Regulations.
- 11.2 Governance arrangements should be within the context of a risk management and control framework that reflects appropriate senior management supervision and awareness of the LPP Prices Discovery Process. Arrangements should be appropriate and proportionate to the size and complexity of the Participant. When reviewing these governance arrangements Participants should consider whether policies and procedures adequately cover the following areas:
- (a) policies and operating procedures for the aggregation of trades entered by Clients as part of a Member Participant's proprietary position and the entry of Orders;
 - (b) oversight and monitoring arrangements, including the provision of timely and relevant management information;
 - (c) User training; and
 - (d) documented risk based review process for policies and procedures related to participation in the LPP Prices Discovery Process.
- 11.3 The Participant should allocate to appropriately senior individuals the responsibility for overseeing that Participant's participation in the LPP Prices Discovery Process, the related policies and procedures of the Participant, and for receiving and assessing any relevant internal reports. In some Participants this may require a formal group to be established but in others this oversight function may be exercised within the framework of the Participant's existing compliance or risk management framework. Different functions and lines of defence at a Participant may be involved in different aspects of the oversight of the Participant's participation in the LPP Prices Discovery Process.
- 11.4 Each User should be formally designated and documented as such within the Participant's organisation. The designation documentation should include the person's reporting line and a description of that individual's involvement in Pricing Discovery Event.
- 11.5 Each User should acknowledge his/her appointment to this role and confirm that he/she understands and will comply with these LPP Prices Regulations and all relevant internal policies and procedures of the Participant which relate to participation in the LPP Prices Discovery Process.
- 11.6 Each Participant should provide a list of their Users to LME. Additions to this list of Users should be confirmed to LME at least 10 Business Days prior to that User being involved in a Pricing Discovery Event for the first time. It is recognised that in exceptional or contingency situations, it may be necessary for an individual who has not been named on the list of Users to perform the User role on a short term basis to cover unforeseen absences.
- 11.7 A Participant should develop documented policies and procedures for participation in the Pricing Discovery Event. These procedures and policies should be reviewed periodically. All such policies should be updated as necessary in particular to reflect any changes in these LPP Prices Regulations.

11.8 A Participant should maintain written policies and procedures for the timely handling of complaints from internal or third parties in respect of their role as a Participant and their participation in the LPP Prices Discovery Process. When reviewing these procedures and policies Participants are encouraged to consider whether they adequately cover the following areas:

- (a) the appropriate allocation of responsibility for the review of complaints;
- (b) processes to record complaints;
- (c) compliance with any external reporting obligations (if appropriate); and
- (d) escalation, tracking and resolution of complaints.

12. **RECORD KEEPING**

12.1 Each Participant should keep for a minimum of five years:

- (a) records of its Orders and key details of its Users participating in the LPP Prices Discovery Process, including the User's name and job title, and the underlying client and proprietary trading orders relating to the Orders which are entered by the User;
- (b) (subject to applicable law) records of any material complaints or disclosures from whistleblowers; and
- (c) the findings of compliance reviews and any internal or external audits of processes and procedures associated with the Participant's participation in the LPP Prices Discovery Process.

12.2 Participants may also wish to keep records of the Pricing Discovery Event, the outcome of the Pricing Discovery Event including the LPP Prices, and the transactions concluded between the various Member Participants at the conclusion of the Pricing Discovery Event.

12.3 In relation to the records described at Regulation 12.1 above, the Participant should ensure that those records are kept in an appropriate form to enable the Participant to respond to queries and requests from relevant regulatory authorities, LME and/or an external auditor in relation to the Participant's compliance with the requirements of these LPP Prices Regulations. Such records should be subject to appropriate security measures so that the records cannot be altered.

12.4 Where required by the LME, Participants shall grant LME access to such records for the purpose of conducting its oversight function referred to in Regulation 10.3 above, unless such access or disclosure would be prohibited by applicable law or regulation.

12.5 LMEbullion provides record keeping functionality which Participants may wish to use as part of their record keeping arrangements.

13. **AUDIT**

13.1 Each Participant should conduct periodic reviews and/or internal audits of its Orders, and its control framework in relation to such Orders. Reports produced as a result of such reviews and/or audits should be communicated to appropriately senior managers of the Participant.

13.2 Senior managers of the Participant should also be notified of any significant issues which are identified for decision on the appropriate actions to be taken and those senior managers

should then consider whether any such issues can and should appropriately be reported to LME so that any lessons learned can be reflected in these LPP Prices Regulations.

- 13.3 Each Participant may also wish to consider whether it would be appropriate to commission a periodic review of its control framework by an independent third party. That review might be conducted by the Participant's appointed external auditor or another party with sufficient knowledge of the LPP Prices Discovery Process. Reports produced as a result of such reviews and/or audits should be communicated to appropriately senior managers of the Participant.
- 13.4 LME has an internal audit function which will conduct internal audits of LME on a periodic basis and where required, or where the LME otherwise determines it to be appropriate, will instruct independent external assurance providers.

14. **CONFLICTS OF INTEREST**

- 14.1 Each Participant must maintain, operate and periodically review organisational and administrative arrangements to enable it to identify and manage effectively any conflicts of interest that may arise in connection with its participation in the LPP Prices Discovery Process, including through disclosure if considered appropriate.
- 14.2 In particular, Participants must recognise, manage and as far as possible mitigate any risks of actual, potential or perceived conflicts of interest arising out of the combination of roles of entering Orders and transacting with or for clients and counterparties in products that reference the LPP Prices.
- 14.3 Participants should remain vigilant to the possibility of actual, potential or perceived conflicts of interest arising from, for example, changes in the structure of the firm's business, changes to the responsibilities of particular individuals, and the introduction or development of new products referencing the LPP Prices.
- 14.4 In order to identify, address and mitigate conflicts of interest, a Participant should have a conflicts of interest policy. Such a policy may incorporate mechanisms which address the following objectives in relation to participation in the LPP Prices Discovery Process:
- (a) the identification of circumstances that constitute or may give rise to a conflict of interest in connection with that Participant's participation in the LPP Prices Discovery Process and articulates an approach for managing any such conflicts;
 - (b) establishment of effective controls to manage conflicts of interest between those parts of its business participating in the LPP Prices Discovery Process and those parts of its business which may use or have an interest in the LPP Prices; and
 - (c) establishment of effective measures to prevent or limit any individual from exercising inappropriate influence over the activity of the Users or their Managers.
- 14.5 As far as possible, a User or a Manager at a Participant should not have parallel responsibility for any derivatives trading which references the LPP Prices; if this is unavoidable for structural or resourcing reasons, the Participant must recognise the risks associated with those parallel responsibilities and take steps to implement enhanced monitoring and oversight of those activities.
- 14.6 A Participant should design the remuneration policy for Users and Managers so as to reduce any incentive to behave inappropriately in connection with the LPP Prices Discovery Process. Specifically, direct links between the remuneration of such employees and the

performance and compensation of units engaged in other activities from which a conflict of interest might arise should, as far as possible, be removed.

- 14.7 Internal controls and procedures should make clear that Users should not in any circumstances allow their Orders to be influenced inappropriately by any information, opinion, request, instruction or other communication.

15. WHISTLEBLOWING

- 15.1 Each Participant should maintain a whistleblowing policy so that its staff have a means by which to raise concerns regarding unlawful or inappropriate practices related to the LPP Prices Discovery Process. Each Participant's whistleblowing policy should contemplate the hearing and assessment of whistleblowing disclosures that have been redirected from LME to the Participant. Participants may wish to have regard to LME's own whistleblowing policy.

16. STAFF TRAINING AND EXPERIENCE

- 16.1 Each Participant shall ensure that Users and Managers have relevant experience in the platinum and palladium market or in a comparable market to ensure that they are capable of performing their functions in relation to the LPP Prices Discovery Process effectively and efficiently. The level of experience required to be demonstrated should, as far as possible, be appropriate to the responsibilities of the function performed, in the context of the depth of the market concerned.

- 16.2 Each User and Manager shall receive training on responsibilities, processes, systems and controls associated with the LPP Prices Discovery Process, and the Pricing Discovery Event in particular. Training should cover at a minimum:

- (a) these LPP Prices Regulations;
- (b) internal policies and procedures related to the Pricing Discovery Event;
- (c) the impropriety of attempting to influence the determination of inputs, and the need to report any such attempts;
- (d) the importance of conducting all business entered into for the purpose of buying or selling platinum or palladium via the LPP Prices Discovery Process on recorded telephone and electronic communication systems and not on personal telephones or other personal electronic devices; and
- (e) the disciplinary consequences if employees act unlawfully or improperly in connection with the LPP Prices Discovery Process.

- 16.3 All traders at the Participant who deal in products that reference the LPP Prices should, as far as possible, receive training to ensure familiarity with the responsibilities, systems and controls associated with being a Participant.

- 16.4 Completion of training by all the Users, Managers and relevant traders shall be documented. Training shall be refreshed at reasonable intervals and updates provided if there are material changes to these LPP Prices Regulations or applicable regulatory requirements.

- 16.5 Intentional non-compliance with internal policies and procedures implementing these LPP Prices Regulations shall be a disciplinary matter which may be dealt with in accordance with the Participant's existing staff disciplinary procedures.

17. **CONFIDENTIALITY**

17.1 LME and the Participants acknowledge that the integrity of the LPP Prices Discovery Process will be driven by the ability of the market in general to view the operation of the formation of the LPP Prices. Accordingly, the LME intends to:

- (a) make the LPP Prices available through data vendors and/or on its website (whether on a live, delayed or historic basis);
- (b) make the LPP Prices available as part of the auction commentary on its website known as www.lmebullion.com (or a replacement website operated by LME or any alternative);
- (c) publish through data vendors and/or on its website:
 - (i) anonymised bids and offers, and the Proposed Prices, in real time (with the possibility of a slight delay) during Pricing Discovery Event; and
 - (ii) anonymised final buy/sell volumes figures after the conclusion of a Pricing Discovery Event.

17.2 Therefore:

- (a) a Member Participant may disseminate to its Clients information received by the Member Participant by virtue of its participation in that Pricing Discovery Event except any communications from the Benchmark Pricing Function or Benchmark Oversight Function; and
- (b) Member Participants may use the LPP Prices in discussions with any other counterparty to a trade or contract in which the LPP Price will be or is used as a benchmark or reference price.

17.3 Each Participant acknowledges and agrees that information received by a Participant solely as a result of being a Participant, and not otherwise available, constitutes "**Confidential Information**" of the party which discloses it ("**Disclosing Party**"), and that protection thereof by the receiving Participant ("**Receiving Party**") is essential to these LPP Prices Regulations and a condition to the Receiving Party's use and possession thereof.

Exceptions

17.4 The Receiving Party shall be relieved of the obligations of Regulations 17.3 and 17.5 with respect to Confidential Information that:

- (a) is disclosed pursuant to Regulation 17.2;
- (b) was in the public domain at the time it was disclosed or has become in the public domain through no fault of the Receiving Party;
- (c) was known to the Receiving Party, without restriction, at the time of disclosure as shown by the records of the Receiving Party in existence at the time of disclosure;
- (d) was independently developed by the Receiving Party without any use of the Disclosing Party's Confidential Information and by employees or other agents of the Receiving Party who have not had access to any of the Disclosing Party's Confidential Information; or

- (e) became known to the Receiving Party, without restriction, from a source other than the Disclosing Party without breach of these LPP Prices Regulations by the Receiving Party and otherwise not in violation of the Disclosing Party's rights.

Confidentiality obligations

17.5 The Receiving Party:

- (a) shall retain the Confidential Information of the Disclosing Party in strict confidence (except that it may be disclosed to its officers, directors, and employees, contractors and Affiliates, and officers, directors, employees and contractors of its Affiliates, auditors, solicitors or as otherwise permitted in accordance with these LPP Prices Regulations);
- (b) shall not use it for any purpose other than as permitted under these LPP Prices Regulations, including but not limited to Regulations 17.2 and 18.2;
- (c) subject to the foregoing shall not disclose it to any third party (except as otherwise authorised by these LPP Prices Regulations) without the Disclosing Party's express written consent; and
- (d) shall not disclose to any other Participant (except in the case of Client Participants disclosing to their Member Participant) any action, entry, or other information regarding any Client's orders at any time.

Required disclosure

17.6 If the Receiving Party is required by any applicable law, or required or requested by any legitimate regulatory authority, to which the Receiving Party is subject to disclose Confidential Information of the Disclosing Party, the Receiving Party may disclose such Confidential Information; provided that the Receiving Party shall (to the extent permitted by law or by the relevant regulatory authority):

- (a) give the Disclosing Party as much notice as reasonably practicable of the requirement for such disclosure; and
- (b) limit disclosure of the Disclosing Party's Confidential Information to that required to be disclosed.

17.7 LME may disclose to any third party the identity of the Participants, the LPP Prices Discovery Process and the LPP Prices.

Return or dissemination of Confidential Information

All tangible forms of the Confidential Information, including, without limitation, all summaries, copies, excerpts of any Confidential Information whether prepared by the Disclosing Party or not, shall be the sole property of the Disclosing Party, and shall be immediately delivered by the Receiving Party to the Disclosing Party upon the Disclosing Party's request. In lieu of immediate delivery, and subject to the obligation to maintain records in accordance with Regulation 12, the Receiving Party may destroy the Confidential Information where it is reasonably possible to do so and shall confirm such destruction to the Disclosing Party.

18. INTELLECTUAL PROPERTY RIGHTS

- 18.1 As between LME and the Participant, the Intellectual Property Rights in connection with the LPP Prices Discovery Process, LMEbullion and the LPP Prices shall be and shall remain vested in LME. No rights or licences with respect to the LPP Prices Discovery Process, LMEbullion, the LPP Prices or any other Intellectual Property Rights of LME in connection with the same are granted to the Participant, other than those specified in the User terms set out in Schedule 4, any other rights or licences expressly granted in these LPP Prices Regulations and such other written agreements as may have been or may be entered into and which are in effect between LME and any Member Participant.
- 18.2 The Participant may only use the LPP Prices for internal purposes, including but not limited to market analysis and supervision of activity across the LPP Prices Discovery Process, unless the Participant has obtained the express written consent of LME in accordance with Regulation 6.3.

19. AMENDMENTS

19.1 LME may amend:

- (a) the LPP Prices Discovery Process by giving notice in writing to Member Participants and Client Participants who have direct access to LMEbullion; and
- (b) these LPP Prices Regulations or any part thereof (other than the LPP Prices Discovery Process) for any reason by giving notice in writing to Participants, provided LME acts reasonably in doing so.

In the case of amendments in (a) and (b) above, LME shall (subject to Regulation 19.4) give 60 days' prior written notice unless such amendment arises as a result of a change in applicable law or regulatory requirement and it is not reasonably practicable to do so.

- 19.2 LME shall discuss any amendments to the LPP Prices Discovery Process or these LPP Regulations with the Oversight Committee unless such amendment arises as a result of a change in applicable law or regulatory requirement and it is not reasonably practicable to do so. For the avoidance of doubt, any such discussions shall take place prior to the amendments being applied.

Consultation for Material Changes

19.3 A "**Material Change**" to the LPP Price Discovery Process shall comprise any change to the LPP Price Discovery Process that:

- (a) significantly increases the operational burdens imposed on Participants;
- (b) significantly changes the timescales within which the LPP Prices Discovery Process will be conducted;
- (c) significantly changes the methodology for the determination of the LPP Prices; or
- (d) imposes what the LME deems in its absolute discretion to be a significant cost on a Participant or on the LME,

where in each case, the LME shall (acting reasonably) in its absolute discretion determine what shall constitute "significant" in (a) to (d) above.

- 19.4 In the event that the LME determines to make a Material Change, it shall consult with Participants and, where required, with users of the LPP Prices, in accordance with the following process:
- (a) LME shall give notice of such consultation by sending written notice to Member Participants and Client Participants who have direct access to LMEbullion, and shall make such notice public on the LME website;
 - (b) such notice shall:
 - (i) describe the proposed Material Change and the key elements of the LPP Price Discovery Process that will be affected by the change;
 - (ii) set out the rationale for the proposed Material Change; and
 - (iii) specify the period within which feedback may be provided to the LME on the proposed Material Change and the mechanism by which feedback may be provided;
 - (c) LME shall allow a reasonable period for Participants and other interested parties to analyse and comment on the proposed Material Change, having regard to the nature of the proposal and its potential impact on Participants and on users of the LPP Prices, which period shall ordinarily be not less than 45 (forty-five) days unless LME, acting in good faith, considers there to be reasonable grounds for imposing a shorter period;
 - (d) LME shall give due consideration to feedback before adopting the proposed Material Change;
 - (e) following closure of the consultation period:
 - (i) LME shall make publicly available the comments that it has received on the proposed Material Change, and the LME's responses to such comments, except where and to the extent that any respondent has requested that its comments be treated as confidential and not published, even without attribution; and
 - (ii) LME shall provide notice of the final form of the Material Change that shall be implemented by giving written notice of an amendment in accordance with Regulation 19.1 (save that the notice to be provided of such amendment shall be 14 days instead of 60 days) and, where applicable, by publishing such written notice on the LME website.
- 19.5 All amendments in accordance with Regulation 19.1 shall apply and be available equally to all Participants as appropriate (unless this is not possible for legal or regulatory reasons).
- 19.6 In the event that LME proposes amendments in accordance with Regulation 19.1 (including any Material Change on which LME has consulted pursuant to Regulation 19.4), the Participant shall be deemed to have accepted such amendments unless the Participant objects in writing within thirty (30) days from the date of notification of such amendments. If the Participant does not accept the proposed amendments, the Participant shall Terminate on the date the proposed changes are implemented by LME (subject to the survival of certain provisions in accordance with Regulation 23.4).

19.7 Participants acknowledge the possibility that various factors, including external factors beyond the control of LME, might necessitate material changes to the LPP Prices Discovery Process.

20. **LIABILITY**

20.1 Subject to Regulation 20.4, LME and its officers and staff are not liable in damages (whether in contract, tort or otherwise) for anything done or omitted in the discharge of its functions under or in relation to these LPP Prices Regulations unless it is shown that the act or omission was in bad faith.

20.2 Under no circumstances shall LME be liable for any loss of profits, special, indirect, incidental, punitive, exemplary or consequential damages of any kind or nature, including, but not limited to, any loss of data, business interruption, loss of use, loss of revenue or loss of goodwill, even if LME is notified of the possibility of such damages. The limitations and exclusions of liability and disclaimers in these LPP Prices Regulations will survive and apply even if found to have failed of their essential purpose.

20.3 Under no circumstances shall LME be responsible for, or liable for any Losses incurred by Participants as a result of:

- (a) the availability, or otherwise, of counterparties participating in the LPP Prices Discovery Process;
- (b) payment or settlement by counterparties of PP Trades; and/or
- (c) a Force Majeure Event.

20.4 A Participant shall indemnify and hold harmless LME against any and all Losses (whether in contract, tort, warranty, strict liability, trust, breach of statutory duty or any other legal theory) incurred by LME arising directly out of or in connection with such Participant's:

- (a) wrongful acts or omissions, negligence, wilful default, fraud, breach of statutory duty, in each case, in connection with: (i) the LPP Prices Discovery Process; and/or (ii) any conduct in any way linked to the LPP Prices Discovery Process;
- (b) breach of the LPP Prices Regulations, the Participant Agreement, User terms set out in Schedule 4 or any Applicable Law, in connection with: (i) the LPP Prices Discovery Process; and/or (ii) any conduct in any way linked to the LPP Prices Discovery Process; and/or
- (c) failure to settle a PP Trade to which it is a counterparty,

save to the extent that the losses, damages, claims, liabilities, costs or expenses arise as a result of the fraud, fraudulent misrepresentation, negligence, wilful default or bad faith of LME.

20.5 Nothing in these LPP Prices Regulations shall exclude or limit any person's liability for (a) death or personal injury caused by its negligence; or (b) fraud.

21. **COMMENCEMENT, TERMINATION AND SUSPENSION**

Commencement

21.1 These LPP Prices Regulations shall commence and have effect from the Commencement Date. With respect to each Participant, these LPP Prices Regulations shall commence and have effect from the Participant Effective Date.

Termination

21.2 Subject to consulting with Participants and the market more broadly, where applicable, LME may cease to offer the LPP Prices Discovery Process by giving all Participants at least six (6) months' notice in writing. Participants may Terminate by giving LME at least three (3) months' notice in writing.

21.3 On termination, it is intended that the process for setting the LPP Prices will revert and transition to the trade association that acts as the co-ordinator for activities conducted on behalf of its members in the London marketplace for platinum and palladium (or its successors, other market body or other entity nominated by it). LME will notify Participants of any orderly handover procedures that may be agreed to implement such transition.

21.4 LME may suspend or terminate a Participant's participation in the LPP Prices Discovery Process with immediate effect by giving the Participant written notice:

- (a) if the Participant commits a material breach or persistent breaches of any of its obligations under these LPP Prices Regulations, or otherwise fails to regularly participate in the Pricing Discovery Event, where LME has first notified the Participant of the breach or failure and (when the breach or failure is capable of remedy) the Participant has not remedied the breach or failure to LME's satisfaction within thirty (30) days of receipt of such notice;
- (b) if the Participant becomes insolvent, makes a general assignment for the benefit of creditors, suffers or permits the appointment of a receiver for its business or assets, becomes subject to any proceeding under any bankruptcy or insolvency law whether domestic or foreign that, if involuntary, is not dismissed within sixty (60) days, or has wound up or liquidated, voluntarily or otherwise, its business. For the purposes of this Regulation 21.3(b), "**insolvent**" means the inability of an entity to generally pay its material debts as they become due (taking into account any applicable periods for remedy of breach); and
- (c) if LME, acting reasonably, considers in its sole discretion that it is no longer reasonably possible or practicable or financially viable, including in relation to credit arrangements between Participants, to permit the Participant, or a class of Participants, to participate in the LPP Prices Discovery Process, as a result of changes to legal or regulatory requirements.

21.5 LME may suspend the Participant's participation in the LPP Prices Discovery Process with immediate effect and, where appropriate, notify other Participants:

- (a) if the Participant's participation in the LPP Prices Discovery Process has brought, or may bring, the LPP Prices Discovery Process or LME into disrepute;
- (b) where the Benchmark Pricing Function or Benchmark Oversight Function have a reasonable suspicion of a breach of these LPP Regulations.

21.6 On termination of the LPP Prices Discovery Process for any reason:

- (a) the licenses granted by LME to the Participant and its Users shall terminate, including the LMEbullion Licence;

- (b) termination shall not affect the rights of either a Participant or LME accruing or accrued prior to the termination;
- (c) a Participant and LME shall be bound by these LPP Prices Regulations to the extent necessary to give effect to those of its provisions that expressly or impliedly have effect after termination; and
- (d) Participants will provide reasonable assistance to LME in order to implement the transition referred to in Regulation 21.3.

22. REGULATIONS AS BINDING AGREEMENT

22.1 The Participant Terms constitute a binding contract between:

- (a) each Member Participant and LME; and
- (b) each Category 1 or Category 3 Client Participant (as defined in Regulation 4.1) and LME.

For the purposes of these LPP Prices Regulations, "**Participant Terms**" means:

- (i) the LPP Prices Regulations and Participant Agreement and User Terms; and
- (ii) any other document given contractual force pursuant to the LPP Prices Regulations or which is expressed by its terms to form part of the LPP Prices Regulations.

22.2 The Participant Terms are intended to create contractual relations between only LME and the Participants listed in Clause 22.1. None of the provisions of the Participant Terms are intended to, or will, confer a benefit on, or be enforceable by any third party pursuant to the Contracts (Rights of Third Parties) Act 1999 or otherwise. For the avoidance of doubt, this means that Clients who have not entered into a Participant Agreement have no rights to enforce any provision of the Participant Terms.

22.3 Failure by a Participant to comply with any of the LPP Prices Regulations or with any decision of LME made pursuant to the LPP Prices Regulations (otherwise than where such decision is subject to a bona fide dispute or complaint) shall constitute a breach of the LPP Prices Regulations.

22.4 LME and any committee established by LME are authorised to interpret the LPP Prices Regulations, in each case acting reasonably. The interpretation of LME or its committees shall be binding and final. This Regulation shall not apply to the interpretation of an existing dispute between a Participant and LME that has been referred for resolution in accordance with Regulation 23.12.

22.5 LME may publish certain materials relating to matters described in the LPP Prices Regulations in Annexes. For the avoidance of doubt, Annexes, when published, form part of the LPP Prices Regulations and shall constitute Participant Terms. LME shall discuss the publication or amendment of Annexes with the Oversight Committee where reasonably practicable. Any such discussions shall take place prior to the publication or amendment of the Annexes in question.

23. **GENERAL**

Complaints

- 23.1 In the event of a complaint being made to the LME about the conduct of LME or the performance of LME's obligations under these LPP Prices Regulations, the complaint procedures set out in Schedule 7 (*Policy on Complaints and Raising Concerns*) shall apply. For the avoidance of doubt, Schedule 7 shall apply to complaints from both Participants and non-Participant users of the LPP Prices.

Entire agreement

- 23.2 The Participant Terms represent the whole and only agreement between the parties in relation to the subject matter of participation in the LPP Prices Discovery Process and supersede any previous agreement whether written or oral between all or any of the parties in relation to that subject matter. Accordingly, all other terms, conditions, representations, warranties and other statements which would otherwise be implied (by law or otherwise) shall not form part of these LPP Prices Regulations.

No reliance

- 23.3 Each party acknowledges that in agreeing to be bound by these LPP Prices Regulations it places no reliance on any representation, warranty or other statement relating to these LPP Prices Regulations or the subject matter of these LPP Prices Regulations other than as specified in these LPP Prices Regulations or the Documentation.

Survival of LPP Prices Regulations

- 23.4 The following LPP Prices Regulations shall survive suspension or termination of these LPP Prices Regulations for whatever reason: Regulation 12 (*Record Keeping*), Regulation 17 (*Confidentiality*), Regulation 20 (*Liability*), Regulation 23.1 (*Complaints*), and Regulation 23.11, 23.12 and 23.13 (*Governing law, jurisdiction and arbitration*).

Invalidity

- 23.5 If all or any part of any provision of these LPP Prices Regulations shall be or become illegal, invalid or unenforceable in any respect, then the remainder of that provision (if any) and all other provisions of these LPP Prices Regulations shall remain valid and enforceable and the remaining rights, obligations and liabilities of the parties under these LPP Prices Regulations shall not be affected or impaired.

Waivers

- 23.6 No delay in exercising or non-exercise by any Participant or LME of any right, power or remedy provided by law or under or in connection with these LPP Prices Regulations or any other document referred to in it shall impair, or otherwise operate as a waiver or release of, that right, power or remedy.

No partnership

- 23.7 Nothing in these LPP Prices Regulations or any document referred to in them or any arrangement contemplated by it shall be construed as creating a partnership, joint venture, association or other co-operative entity for any purpose whatsoever.

Counterparts

- 23.8 The Participant Agreement may be executed in any number of counterparts (including any sent by electronic means), and by the parties on separate counterparts, but shall not be effective until each of the parties has executed at least one counterpart.

Assignment

- 23.9 A Participant may not assign, sub-contract, sub-license or otherwise dispose of any of its rights under the Participant Terms.

Notices

- 23.10 All communications relating to these LPP Prices Regulations shall be in writing and delivered by hand, sent by email or sent by post to the party concerned at the relevant address shown in the Participant Agreement (or such other address as may be notified from time to time in accordance with this Regulation 23.10 by the relevant party to the other party). Any communication shall take effect if delivered or sent by email, upon delivery; if posted, upon delivery and, if sent by first class registered post, 10.00 a.m. on the second day after posting.

Governing law, jurisdiction and arbitration

- 23.11 These LPP Prices Regulations and any dispute or claim arising out of or in connection with them or their subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with English law.
- 23.12 Any dispute arising out of or in connection with these LPP Prices Regulations between a Participant and LME, or between Participants, shall be referred to and finally resolved by arbitration in accordance with the Rules of Arbitration of the London Court of International Arbitration, which rules are deemed to be incorporated by reference into this clause. The number of arbitrators shall be three. The seat, or legal place, of arbitration shall be London. The language to be used in the arbitral proceedings shall be English.
- 23.13 A Participant may not make a claim or bring proceedings relating to the LPP Prices Regulations or otherwise against any other LME Affiliate or any of LME's subcontractors, members, shareholders, directors, officers, partners, principals or employees. Any complaint or claim made or proceedings brought pursuant to the LPP Prices Regulations or otherwise can only be made against LME.
- 23.14 In the event of a dispute arising out of or in connection with a PP Trade between a Participant and any other Participant, the relevant Participants shall refer such dispute to be resolved through the process for dispute resolution in accordance with the contract governing their PP Trade.

SCHEDULE 1

LPP Prices Discovery

Part A: Discovery Process

1. DEFINITIONS

1.1 In this Schedule:

"**the Auction**" means the process which describes each price discovery for the LPP Prices;

"**the Board**" means the board of directors of the LME from time to time;

"**the Chair**" means the chair of the Benchmark Pricing Function responsible for the Pricing Discovery Event;

"**the Directors**" means members on the Board of Directors of LME;

"**the Discovered Price**" means the twice-daily price for platinum and / or palladium (as relevant) as determined in accordance with these LPP Prices Regulations;

"**the Opening Price**" means the opening price for platinum or palladium determined and entered by the Chair at the start of each Pricing Discovery Event (for platinum) or shortly after the Discovered Price for platinum has been determined on the Pricing Discovery Event (for palladium); and

"**a Proposed Price**" means a price proposed by the Chair during the Pricing Discovery Event including, for the avoidance of doubt, the Opening Price.

1.2 Words and expressions in this Schedule shall have the meanings given to them in the LPP Prices Regulations unless otherwise specified.

1.3 References in paragraphs 3 to 7 of this Schedule to a Participant refer to a "logged-in" present Participant attending the Pricing Discovery Event.

2. GENERAL

2.1 The Chair of the Pricing Discovery Event shall be a member of the Benchmark Pricing Function who will oversee the establishment of the LPP Prices on the premises of the LME.

2.2 The Pricing Discovery Event shall commence promptly at 9:45 am and at 2:00 pm on each Business Day (other than on 24 December, if a Business Day, and 31 December, if a Business Day, when there shall not be a Pricing Discovery Event at 2:00 pm), save where the Pricing Discovery Event is delayed or the LPP Prices can no longer be discovered or published in accordance with this Schedule 1 Part A on a temporary or permanent basis. On each Pricing Discovery Event, the Discovered Price for platinum shall be determined first, followed by the Discovered Price for palladium.

2.3 The Chair shall, by exercising his judgment in good faith, not commence the Auction for a Pricing Discovery Event until the minimum requirement for the number of Participants logged into LMEbullion has been met. Currently, two Member Participants logged into LMEbullion shall denote the required quorum. Where a Member Participant has different Users for its house and client account in accordance with Regulation 4.6(a)(ii), the house account User and at least one client account User must be logged into LMEbullion in order for the Member Participant to be counted in the quorum.

- 2.4 The circumstances in which the Chair may choose to delay a particular Pricing Discovery Event are set out in the LME's Business Continuity Procedures.
- 2.5 No person shall participate in a Pricing Discovery Event on an unsupervised basis unless they have demonstrated sufficient experience and expertise in relation to the platinum and palladium markets and have received sufficient training in relation to the Auction process using LMEbullion, which at a minimum should mean, other than an exceptional contingency scenario that they have:
- (a) been active in a Pricing Discovery Event as the representative of their Participant on at least five occasions under the supervision of a senior manager who has sufficient experience and expertise; and
 - (b) received training in accordance with the requirements of the LPP Prices Regulations.

3. **PRICE DISCOVERY PROCESS**

3.1 **The Opening Price:**

- (a) The Pricing Discovery Event commences with the Chair determining the Opening Price (which shall be determined in US Dollars per troy ounce of the relevant metal) and submitting this into the administration screen in LMEbullion. The Opening Price shall be determined by the Chair using their discretion and expert judgement to analyse relevant sources and/or data feeds as necessary. The Chair will identify the level of the Opening Price at all times by exercising his/her expert judgment in good faith. This process and the Auction thereafter shall be overseen by at least one other member of the Benchmark Pricing Function.
- (b) The Auction may only proceed if the minimum number of Member Participants are present and logged into LMEbullion to provide a quorum.

3.2 **Entering Orders in LMEbullion**

- (a) When an Opening Price has been entered and at all other prices proposed by the Chair during the establishment of the LPP Prices, all Participants in the Auction must submit in LMEbullion whether they are a buyer or seller and the volume of their orders or have no interest at that Proposed Price. Each Member Participant may net Client orders off together with their principal interest to work out the Member Participant's overall interest. Alternatively, Member Participants may log in as 'House and Client' to segregate orders, or direct access may be granted for Client Participants to enter their own orders.
- (b) All Participants in the Auction must have agreed to abide by the LPP Prices Regulations in accordance with Regulation 4. Orders shall be entered via LMEbullion by all 'logged in' present Participants through their Users providing that the Pricing Discovery Event is quorate and the Chair has entered his/her Opening Price to begin the Auction. Orders are submitted as 'buy,' 'sell,' or 'no interest' with volume entered for 'buy' or 'sell' orders. When all Participants present in the Auction have entered their interest, LMEbullion will enter a 'grace' period of five seconds following which the calculations will take place based on the net of Participant's interest to determine the overall net imbalance of volume, taking into account all entered net Participant interest. The Proposed Price shall either become the Discovered Price or adjusted thereafter dependent on the outcome of these calculations. For the avoidance of doubt, orders can still be amended during the grace period.

- (c) LMEbullion shall calculate the net imbalance of buys and sells (based on the net of Participant's interest) and determine whether the price shall be the Discovered Price at the Proposed Price. The price shall be the Discovered Price at such levels if the imbalance is at 4,000 troy ounces or less. In the event that the imbalance is higher than 4,000 troy ounces then LMEbullion shall recalculate the Proposed Price and adjust the price higher or lower based on the methodology set out in section 5.2 below or at the discretion of the Chair. The new Proposed Price shall form the basis of the next Auction round.
- (d) Member Participants may, at their own risk and without implying any responsibility on the part of LME, communicate the Proposed Price to their Clients during the Pricing Discovery Event. Any fee paid by Clients will be agreed by negotiation between them.

4. DECLARATION OF QUANTITY

- 4.1 All Participants in the Auction must submit their orders in minimum increments of 1 troy ounce of platinum or palladium and such submissions shall be firm buy or sell orders as the case may be.
- 4.2 If at a Proposed Price the quantities of platinum or palladium bid and offered by the Participants are in equilibrium, or the difference between the quantity of platinum or palladium bid and the quantity of offered is 4,000 troy ounces or less, the Proposed Price shall be the Discovered Price.

5. ADJUSTING THE PROPOSED PRICE

- 5.1 If at a Proposed Price the quantities of platinum or palladium bid and offered are not in equilibrium and the difference between quantities bid and offered is more than 4,000 troy ounces, the Chair (with the assistance of an automated algorithm in LMEbullion) shall adjust the Proposed Price higher or lower in an attempt to identify the point at which supply and demand will meet.
- 5.2 LMEbullion shall, when calculating the increments in which to adjust the Proposed Price, consider the level of buying and selling orders submitted in the Auction. Should the net imbalance of buys and sells be:
 - (a) Between 4,001 and 6,000 troy ounces, the price will be adjusted by 1 US Dollar (up or down dependent on net imbalance of buys or sells respectively);
 - (b) Between 6,001 and 10,000 troy ounces, the price will be adjusted by 2 US Dollars (up or down dependent on net imbalance of buys or sells respectively);
 - (c) 10,001 troy ounces and above, the price will be adjusted by 3 US Dollars (up or down dependent on net imbalance of buys or sells respectively).

In all cases the Chair shall have overall discretion and may use expert judgement and all relevant source material to determine Proposed Prices and any adjusted prices thereafter if deemed necessary. The minimum price fluctuation that the Chair may use shall be 0.25 US Dollars.

- 5.3 The Chair shall repeat the price adjustment procedure until he/she is able to declare the price as the Discovered Price in accordance with this Schedule.
- 5.4 In the event that the Proposed Price has changed direction (that is to say, an upwards movement in the Proposed Price to reflect a net buying imbalance above 4,000 troy ounces, followed by a downwards movement in the Proposed Price to reflect a net selling imbalance

above 4,000 troy ounces, or vice versa) on six or more occasions during a single Auction, the Chair may at his/her discretion adjust the Proposed Price by a smaller fraction of 1.00 US Dollar in an attempt to reduce the imbalance to 4,000 or less troy ounces and establish a Discovered Price. In the event that a Discovered Price cannot be established because the Proposed Price continues to change direction (that is to say, an upwards movement in the Proposed Price to reflect a net buying imbalance above 4,000 troy ounces, followed by a downwards movement in the Proposed Price to reflect a net selling imbalance above 4,000 troy ounces, or vice versa) on six or more occasions during a single Auction after a 0.5 US Dollar (50 cents) and/or a 0.25 US Dollar (25 cents) change in the price, the Chair shall adjust the permitted imbalance to 8,000 troy ounces. The Chair may repeat the procedure set out in this section 5.4 until the Discovered Price is determined and may, if necessary in order to establish the Discovered Price, further increase the permitted imbalance to 12,000 troy ounces. Where the Chair has declared the Discovered Price in accordance with this paragraph, Member Participants will be allocated PP Trades pursuant to this Schedule and are required to settle any such PP Trades at the Discovered Price.

- 5.5 In the event that the Proposed Price has been incremented successively on ten or more occasions during a single Auction (or decremented successively on ten or more occasions during a single Auction), and the net imbalance remains greater than 4,000 troy ounces, and there has been no change in the orders submitted by any logged-in Participant as a result of these increments (or decrements), the Chair may declare that the Auction could not be completed, and determine a the Discovered Price using their expert judgement. In this event, no imbalance shall be allocated to any Member Participants.

6. **FLAGS**

- 6.1 If, at any time during the Auction prior to the Chair confirming the price as the Discovered Price, a Member Participant's User requires a short pause to recalculate its interest, that User may use the 'flag' functionality within LMEbullion. This prevents the discovery of the LPP Prices, effectively bringing a temporary halt to the process. To keep such flagged periods as short as possible, LMEbullion is programmed to automatically bring down any raised flag after a set period of 30 seconds. Member Participants' Users should therefore submit their recalculated order as promptly as possible after having called the flag.
- 6.2 The Benchmark Pricing Function may also utilise the flag function to pause an Auction. For the avoidance of doubt, Client Participants will not have use of the flag functionality.
- 6.3 The Chair may not declare the price as discovered during such a pause, although Participants may continue to enter or amend orders.
- 6.4 If a flag is raised while a grace period (referred to at paragraph 3.2(b) above) is running, that grace period will stop. Once all raised flags are lowered, a new grace period will begin.
- 6.5 If a flag is raised otherwise than during a grace period, when all raised flags are subsequently lowered, the process will continue which, if all Participant interest has been entered, will automatically start a grace period running.

7. **CONTRACT MATCHING**

- 7.1 Once the LPP Prices have been discovered by the Chair, buy and sell orders submitted in relation to the Discovered Prices may not be altered or withdrawn by the Participants. LMEbullion will subsequently generate a report stating that the price is the Discovered Price, state the time at which it has been discovered and the final price.

- 7.2 Subject to paragraph 7.3 below, algorithms within LMEbullion shall then match up Member Participant Net Interest and will specify the PP Trades that must then be executed bilaterally between Member Participants. This will be included in the summary report generated (as above) and an email will be generated and sent to all relevant Member Participants confirming the PP Trades to be executed. The algorithm will determine that LMEbullion shall fill the Member Participant Net Interest that is the largest sell order first by matching that order with the Member Participant Net Interest that is the largest buy order, with Member Participant Net Interest then being matched in descending order size. For the avoidance of doubt, Member Participants that are not logged onto LMEbullion to participate in a Pricing Discovery Event may still be allocated an imbalance and therefore be required to execute PP Trades bilaterally and subsequently settle at the Discovered Price.
- 7.3 From a Stand-In Arrangement Start Date and where the relevant Stand-In Arrangement is valid and continuing, the algorithms within LMEbullion shall ensure that any PP Trade that the algorithms initially allocated to Participant A and Participant B as counterparties (the “**Original PP Allocated Trade**”) shall be reallocated such that the algorithms shall allocate:
- (1) a PP Trade to Participant B and Participant C on the same terms as the Original PP Allocated Trade; and
 - (2) a PP Trade to Participant A and Participant C which mirrors the terms of the Original PP Allocated Trade in order that Participant C is net-neutral (has a flat market position) with respect to the PP Trades envisaged by this paragraph 7.3,
- For the purposes of this paragraph 7.3, “**Stand-In Arrangement Start Date**”, “**Participant A**”, “**Participant B**” and “**Participant C**” shall have the meanings given to them in the definition of “Stand-In Arrangement” in Regulation 2.1.
- 7.4 Where all Member Participant Net Interest has been allocated and supply has not exactly matched demand and the price has instead been discovered when the difference between quantities of platinum or palladium bid and offered was 4,000 troy ounces or less, LMEbullion will automatically pro rata the difference between supply and demand between the Member Participants. For example, if there is more buying than selling interest (with two Member Participant buyers and two Member Participant sellers) and the difference is 4,000 troy ounces, the algorithm in LMEbullion will specify that each Member Participant buyer shall reduce their buying interest by 1,000 troy ounces and each Member Participant seller shall increase their selling interest by 1,000 troy ounces. For the avoidance of doubt, Member Participants that are not logged onto LMEbullion to participate in a Pricing Discovery Event may still be allocated an imbalance and therefore be required to execute PP Trades bilaterally and subsequently settle at the Discovered Price.
- 7.5 Once this process has been followed for both platinum and palladium, the Auction and Pricing Discovery Event process will end. Records of the Pricing Discovery Event (including each of the Proposed Prices and the changes in Participants’ interests during the process) shall be fully recorded and an audit trail shall be maintained for all actions from a Participant and Administrator perspective in accordance with LME’s record keeping procedure.
- 7.6 Member Participants shall then execute the PP Trades allocated to them by the Chair. These PP Trades are required to be executed at 0.5 US Dollars above the Discovered Price (known as the seller’s premium). Settlement of these PP Trades will take place two Business Days after the date of the pricing. All aspects of execution/administration of these PP Trades are the responsibility of the Member Participants, notwithstanding that a failure of a Member Participant to perform its contractual obligations in relation to PP Trades may be investigated by the LME in connection with its role in overseeing the LPP Prices Discovery Process and compliance.

7.7 As PP Trades are calculated on the basis of the net position of all Participants, no individual User or Client Participant can be guaranteed the execution of the gross orders entered into LMEbullion. It is the responsibility of Member Participants to enter into separate arrangements with Clients to ensure that Clients' transactions are effected separately to the Pricing Discovery Event.

8. PUBLICATION OF THE LPP PRICES

8.1 Price information relating to Proposed Prices and cumulative buy/sell volumes shall be published as live data to licensed vendors as the Pricing Discovery Event are in process. The Discovered Price shall then be displayed following the end of the Auction. This will include all relevant time stamps.

8.2 LMEbullion shall display a running public commentary of Proposed Prices, buy/sell orders (on an anonymised basis) and the Discovered Prices with relevant time stamps. This data shall be available to those registered with LMEbullion on either a real-time or delayed data basis, such delay being at the discretion of LME.

8.3 An email will be sent to each Member Participant following the discovery of the LPP Prices confirming the prices, the time that the prices were discovered and the PP Trades that will be executed by the Member Participant (as mentioned above).

Part B – Alternative LPP Prices Discovery Process

1. PURPOSE

- 1.1 This policy applies to the activities of LME in operating the LPP Prices Discovery Process.
- 1.2 The objective of this policy is to set out LME's policies and procedures in the event that the Pricing Discovery Event is delayed or that the prices can no longer be discovered or published on a temporary or permanent basis.

2. CONTINGENCY MEASURES

- 2.1 If the Chair of the Pricing Discovery Event is unable to attend, an alternate shall be selected from the Benchmark Pricing Function.
- 2.2 In the event that the minimum quorum requirement has not been met at the start of any Pricing Discovery Event for any reason other than a system outage (in which the case procedure set out in paragraph 2.3 below shall be followed), the Benchmark Pricing Function shall use its expert judgement to determine the LPP Prices with reference to the most recent previously established price, adjusted for known recent or related transactions, known market events, and any other available data, information or known factors reasonably deemed relevant by the Benchmark Pricing Function in its expert judgment.
- 2.3 If a system outage results in Participants being unable to login to LMEbullion and subsequently the required quorum is not met, the Chair may promptly initiate the Pricing Discovery Event through a secure Process telephone call with the Participants gaining access through their pre-agreed secure dial in codes. Participants shall submit orders verbally with the Chair confirming each submission. The Chair shall determine the individual LPP Price for platinum and palladium through separate Auctions, calculating the net imbalance of buys and/or sells and adjusting the price accordingly in line with standard procedure.
- 2.3 In the event that a Pricing Discovery Event cannot be conducted and the LPP Price cannot otherwise be determined under this Schedule 1B, a "no-fix" shall be declared.
- 2.4 LME will use best endeavours to publish the LPP Prices in accordance with paragraph 8 of Schedule 1A (*Publication of the LPP Prices*) where such means of publication are available and otherwise on the internet, by email or any other communication LME may determine reasonable in the circumstances.

3. RESPONSIBILITIES IN RESPECT OF THE POLICY

- 3.1 This policy is owned by the Oversight Committee and is subject to annual review and sign off. It will also be reviewed in line with business changes and changes to applicable law and regulation, and such review shall be subject to the process set out in Regulation 19.
- 3.2 This policy will be communicated upon each change in policy and will be published on the LME's website.

4. QUERIES

- 4.1 Any questions about this policy should be addressed to the Oversight Committee.

SCHEDULE 2

List of Member Participants

BASF Metals Ltd
Goldman Sachs International
HSBC Bank USA NA
Johnson Matthey plc
ICBC Standard Bank plc

SCHEDULE 3

Applications

The following procedure shall be followed in the case of an Application by an Applicant:

- (a) LME shall consider the Application in good faith.
- (b) Within 20 Business Days, LME shall make a preliminary decision at its absolute discretion as to whether or not the Applicant meets the criteria in Regulation 3.1 to be a Member Participant (the "**Preliminary Decision**").
- (c) If this Preliminary Decision is that the Application should be granted, LME shall send a written notification (which may be by email) to all existing Member Participants stating this, and also stating LME's key reasons for the Preliminary Decision.
- (d) Each Member Participant shall then have 10 Business Days from the date on which this notification is received in which to notify LME that the Applicant has not met the criteria in Regulation 3.1 in respect of such Member Participant and therefore that the Member Participant objects to the inclusion of the Applicant as a Member Participant. If there are no such objections, LME shall grant the Application to become a Member Participant subject to the Applicant entering into a Participant Agreement.
- (e) In the event LME receives objections pursuant to paragraph (d) above, LME will work with the Member Participant and Applicant, and these parties will cooperate in good faith, with a view to reaching a resolution that is agreed by those parties, acting reasonably.
- (f) LME shall promptly notify the Applicant of the outcome of its Application.

SCHEDULE 4

User Terms

LMEbullion – Portal Access Licence

1. The London Metal Exchange (the "**LME**") has developed LMEbullion for the entering of orders by Users, during a Pricing Discovery Event, to discover the LPP Prices in accordance with the LPP Prices Regulations.
1. Access to the LMEbullion online platform, as updated and modified from time to time ("**LMEbullion**") is granted to you, the User, in accordance with the terms set out in the LPP Prices ("**LPP Prices Regulations**").
2. Unless otherwise defined herein, the defined terms in this LMEbullion Portal Access Licence ("**PAL**") shall have the meaning attributed to them in the LPP Prices Regulations. "**Participant**" (as defined in the LPP Prices Regulations) means a Member Participant or a Client Participant. "**User**" (as defined in the LPP Prices Regulations) means any member of the staff of a Member Participant or Client Participant that has direct access to LMEbullion, or other representative of the Participant agreed with LME, and whose role includes participating in the Pricing Discovery Event on behalf of that Participant.
3. You, the User, warrant and represent that you enter into this PAL on behalf of the Participant that employs you and that you have the legal authority to do so.
4. The LME hereby grants to the User a non-exclusive, non-assignable and non-transferable limited licence to access and use LMEbullion solely in connection with the entering of orders, during a Pricing Discovery Event, in order to discover the LPP Prices in accordance with the LPP Prices Regulations. This licence shall continue until such time as the Participant on whose behalf you are accessing LMEbullion ceases to be a Participant.
5. With respect to the use of LMEbullion, each User and Participant separately warrants and represents that it shall:
 - (a) comply with all applicable law relevant to its participation in the LPP Prices Discovery Process and co-operate with any relevant regulatory authority or government body with jurisdiction over the User's or Participant's participation in the LPP Prices Discovery Process;
 - (b) comply with its obligations under the LPP Prices Discovery Process;
 - (c) act in a professional and responsible manner by observing high standards of integrity and fair dealing and observing high standards of market conduct;
 - (d) not manipulate or attempt to manipulate the LPP Prices Discovery Process or LPP Prices, nor engage in a Disorderly Market Act (as defined in the LPP Prices Regulations) nor assist its clients, or any other person, to do so; and
 - (e) disclose to LME any relevant information requested by the Benchmark Oversight Function for the purposes of performing its oversight responsibilities, unless such disclosure would be prohibited by applicable law, regulation or court order.

The representations and warranties in this clause of the PAL shall be deemed to be repeated each time the Participant participates in the Pricing Discovery Event.

6. The User shall not, whether inadvertently or otherwise, upload material of any kind onto LMEbullion that contains any software, virus, Trojan horse, spyware, adware, malware, bot, time bomb, worm, or other harmful or malicious code, which or might overburden, impair, disable, disrupt or enable unauthorised access to LMEbullion or the servers connected to LMEbullion. Furthermore, the User shall not, whether inadvertently or otherwise, use LMEbullion in a way that might restrict or inhibit any other User's access to, and use of, LMEbullion.
7. The access to or use of LMEbullion or any part of LMEbullion for purposes other than those set out in the LPP Prices Regulations is not permitted. LMEbullion may not be copied, reproduced, merged, modified, adapted, altered, decompiled, reverse assembled or reverse engineered in any manner by the User or Participant, and both the User and Participant separately represent and warrant that they shall use LMEbullion strictly in accordance with the terms of LPP Prices Regulations.
8. Neither the User, nor Participant shall obtain any right of ownership or title to LMEbullion, or any part of it, by virtue of accessing or using LMEbullion.
9. Neither the User, nor Participant shall licence or otherwise transfer or assign the licence or disclose or otherwise make all or any part of LMEbullion available to any third party or use or permit the use of LMEbullion for any purpose other than those set out in LPP Prices Regulations.
10. The Participant shall be entitled to use LMEbullion for record keeping purposes, in accordance with the terms set out in the LPP Prices Regulations.
11. Any trademarks or service marks applied to LMEbullion screen layouts or to any documentation issued by the LME may not be removed or altered in any way by the User or Participant.
12. In the event LME has reason to believe that a User or Participant is in breach of any of the provisions of this PAL (which is not otherwise a breach of the LPP Prices Regulations), the LME shall notify the Participant in question in a written notice setting out the details of the alleged breach and the duration for which that breach has occurred and the Participant will promptly following receipt of such notice, provide a written response refuting or explaining the allegation of breach.
13. In the event that the User or Participant fails or neglects to perform or observe any of its obligations under the provisions set out in this PAL or the LPP Prices Regulations and fails to remedy the same within thirty (30) days following receipt of a written notice from LME of a demand to cure a breach, LME shall be entitled to recover from the Participant (but not the User) damages and all costs and expenses incurred in connection therewith, including legal and court costs incurred by the LME, except to the extent that such damages, costs or expenses have been successfully recovered pursuant to the LPP Prices Regulations. LME's entitlement, as stipulated in this clause of the PAL, shall survive the termination of the licence in the event that the Participant ceases to be a Participant, for whatever cause.
14. LME may suspend or terminate a User's access to and use of LMEbullion with immediate effect by giving the Participant written notice (save where it is impractical to do so):
 - (a) if the User or Participant commits a material breach or persistent breaches of any of its obligations under this PAL or the LPP Prices Regulations, or otherwise fails to regularly participate in the Pricing Discovery Event, where LME has first notified the Participant of the breach or failure and (when the breach or failure is capable of

remedy) the Participant has not remedied the breach or failure to LME's satisfaction within thirty (30) days of receipt of such notice;

- (b) if the Participant becomes insolvent, makes a general assignment for the benefit of creditors, suffers or permits the appointment of a receiver for its business or assets, becomes subject to any proceeding under any bankruptcy or insolvency law whether domestic or foreign that, if involuntary, is not dismissed within sixty (60) days, or has wound up or liquidated, voluntarily or otherwise, its business. For the purposes of this clause 15(b) of the PAL, "insolvent" means the inability of an entity to generally pay its material debts as they become due (taking into account any applicable periods for remedy of breach);
 - (c) if LME, acting reasonably, considers in its sole discretion that it is no longer reasonably possible or practicable or financially viable to permit the Participant, or a class of Participants to participate in the LPP Prices Discovery Process, as a result of changes to legal or regulatory requirements;
 - (d) to protect the security of LMEbullion; and/or
 - (e) to protect the integrity of the Pricing Discovery Process.
15. The User and Participant shall take all proper and reasonable steps to keep LMEbullion confidential and any documentation/material provided with LMEbullion ("**Confidential Information**") and will make no use of such Confidential Information except under the terms of this PAL or as permitted by the LPP Prices Regulations. The User and/or Participant may disclose the Confidential Information only to Participant's employees on a "need-to-know" basis in connection with the exercise of the licence rights granted under this PAL. The User and Participant shall apply the same security measures and degree of care in relation to the Confidential Information as the Participant does in relation to its own confidential or proprietary information and which the Participant warrants as providing adequate protection of such information from unauthorised disclosure, copying or use. The User's and Participant's confidentiality obligations, as stipulated in this clause of the PAL, shall survive the termination of the licence for whatever cause.
16. Access to LMEbullion requires each User to have: (i) a username; and (ii) a password. Each User shall ensure that its username and password are kept confidential and not disclosed to any other individual. Each User shall promptly report any suspected or actual unauthorised disclosure of its username and/or password to the Participant that employs them.
17. Other than to the extent set out in the LPP Prices Regulations, the LME shall not be liable in contract, tort (including negligence and breach of a statutory duty) or otherwise to the User or the Participant for any direct, indirect or consequential loss, damage, loss of profit, business revenue, goodwill or other cost or expense arising in any way in connection with:
- (a) their access to or use of LMEbullion; or
 - (b) their inability for whatever reason to access or use LMEbullion (whether in whole or in part); or
 - (c) any delay in or failure of the transmission or the receipt of any data, information or communications, including PP Trades, sent via LMEbullion; or
 - (d) any information or records being lost, corrupted or inaccurate (whether in their delivery, receipt or storage, by LMEbullion, or otherwise); or

- (e) the acts or omissions of the Participants, Users or any third parties.
18. LME may conduct such oversight, governance and monitoring of the LPP Prices Discovery Process and Users' or Participants' compliance with the LPP Prices Regulations as it sees fit. Each User and Participant shall deal with LME in an open and cooperative manner and in good faith and keep LME promptly informed of anything which LME might reasonably be expected to be disclosed to it in performing its oversight functions.
 19. Each party acknowledges that it has not, in using LMEbullion, relied on any representation, warranty or undertaking not expressly incorporated in this PAL or the LPP Prices Regulations. Nothing in this clause of the PAL shall exclude any liability for fraud.
 20. Each Participant agrees and acknowledges that it will be responsible to the LME, for a breach of any term of this PAL in respect of the use of LMEbullion by a User employed by it or otherwise accessing or using LMEbullion on its behalf, as if such breach was committed by the Participant.
 21. The LME shall treat all Personal Data provided by a User or Participant in accordance with the LME Privacy Statement which can be found on the LME website at <https://www.lme.com/en-gb/about-us/legal-disclaimer/privacy-policy/>. For the purposes of this PAL, "**Personal Data**" shall mean personal data as defined in the General Data Protection Regulation (EU 2016/679) ("**GDPR**").
 22. In addition, the Participant agrees that:
 - (a) it has provided a privacy notice (which is compliant with the GDPR) to all individuals whose Personal Data is provided to the LME;
 - (b) that the privacy notice includes sufficient information about the sharing of personal data with third party recipients so as to cover the disclosure to the LME; and
 - (c) if an individual requests further information about the disclosure of their Personal Data to the LME, the Participant will direct them to the LME Privacy Statement.
 23. These terms and conditions of this PAL shall be governed by and construed in accordance with the laws of England and Wales. Any dispute arising under these terms and conditions shall be subject to the exclusive jurisdiction of the courts of England and Wales.

By logging on to LMEbullion, the User accepts the terms and conditions above on behalf of the User and the Participant.

SCHEDULE 5

Oversight Functions

1. BENCHMARK PRICING FUNCTION

The Benchmark Pricing Function is a team for monitoring the day to day running of the Pricing Discovery Event and LPP Prices Discovery Process.

For the purposes of Regulation 22.5, the Benchmark Pricing Function may issue Annexes on behalf of LME.

2. BENCHMARK OVERSIGHT FUNCTION

The Benchmark Oversight Function is responsible for the operation of the LME's internal policies and procedures for monitoring the LPP Prices Discovery Process and Participants and may receive referrals and observations from the Benchmark Pricing Function for these purposes.

For the purposes of Regulation 22.5, the Benchmark Oversight Function may issue Annexes on behalf of LME.

3. OVERSIGHT COMMITTEE

The Oversight Committee will perform oversight and governance in respect of all matters set out in these LPP Prices Regulations.

TERMS OF REFERENCE FOR THE OVERSIGHT COMMITTEE

1. COMPOSITION OF THE OVERSIGHT COMMITTEE

1.1 The Oversight Committee shall be composed of at least: (i) two senior individuals from LME to serve as LME members on the Oversight Committee; and (ii) two independent individuals. These individuals will be appointed by LME's Executive Committee.

1.2 Each Member Participant may, but will not be obliged, by notice in writing to LME to nominate a qualified individual to act as a representative on the Oversight Committee. The nominee (and any alternate) may be, but shall not need to be, a member of the staff of the Member Participant (and such members and alternates are described in these Terms of Reference as "**Participant Representatives**"). Once nominated, nominees shall be appointed to the Oversight Committee by a decision of the Executive Committee of LME, and LME shall approve the appointment provided that the nominee meets the criteria specified below.

1.3 No person shall be qualified to serve as a member of the Oversight Committee (or, as the case may be, as an alternate for a member of the Oversight Committee) if he/she currently, or has at any time in the year preceding the commencement of his/her appointment to the Oversight Committee, performed for a Member Participant any function relating to the LPP Prices Discovery Process or sales or trading activity relating to the platinum and palladium markets on a more than de minimis basis. Such functions would include, but are not limited to, running or overseeing a platinum or palladium trading book.

1.4 The Oversight Committee shall appoint a chairperson from among its LME members (the "**Chairperson**").

- 1.5 Members of the Oversight Committee shall ordinarily serve for a term of three years unless otherwise agreed by LME, but this term will be renewable at the discretion of LME.
- 1.6 All members of the Oversight Committee shall be required to perform their role with appropriate independence and impartiality. To that end, each member and alternate must submit and sign a declaration when appointed to the Oversight Committee, and promptly after each anniversary of his/her appointment, confirming that he/she will:
- (a) promptly declare to the Chairperson the existence of any other appointments or arrangements that conflict or may conflict with his/her position as an Oversight Committee member providing sufficient detail to enable the nature of the conflict to be understood;
 - (b) maintain the confidentiality of information that comes into his/her possession through his/her position as an Oversight Committee member; and
 - (c) in respect of any other role or function they perform, comply with any policy on conflicts of interest from time to time binding on them.
- 1.7 LME may at its discretion revoke the appointment of any member of the Oversight Committee, or any alternate of a member. The revocation of the appointment of a member shall automatically result in the revocation of the appointment of the alternate for that member. If a Participant Representative ceases to be a member of the Oversight Committee for any reason before the expiry of his or her term, the Participant Representative shall be entitled to nominate a replacement (and, if applicable, an alternate) to serve on the Oversight Committee.
- 1.8 The list of members of the Oversight Committee shall be made publicly available together with any declarations of conflicts of interest given by those members.

2. PROCEEDINGS OF THE OVERSIGHT COMMITTEE

- 2.1 A meeting of the Oversight Committee may be called by any member of the Oversight Committee, or his/her alternate, on reasonable notice as required but must take place at such intervals as the Oversight Committee considers appropriate.
- 2.2 Meetings can be attended in person or by telephone or video conference facility.
- 2.3 No business shall be transacted at any meeting of the Oversight Committee unless a quorum of members or alternates is present. A member and his/her alternate may attend any meeting together but shall only be counted as a single person for the purposes of determining whether a quorum has been achieved. The quorum for Oversight Committee meetings may be fixed from time to time by a decision of the members of the Oversight Committee, but it must never be less than three, and unless otherwise fixed it shall be three.
- 2.4 If the Oversight Committee needs to consider and determine any matter relating to a Member Participant:
- (a) any Participant Representative of that Member Participant serving on the Oversight Committee shall excuse him/herself from participating in the discussion and determination of that matter. In the event that two or more Participant Representatives serving on the Oversight Committee are required to excuse themselves from participation in the discussion and determination of a matter, the Oversight Committee shall notify LME and LME shall appoint an independent third party to consider and determine the matter in question;

- (b) the Chairperson shall, as appropriate, determine the information concerning the Member Participant concerned that must be disclosed to Participant Representatives serving on the Oversight Committee, having regard to the interests of that Participant in preserving confidentiality with respect to its affairs and should consider to what extent confidentiality can appropriately be respected through the involvement of the independent members (if any); and
 - (c) the Oversight Committee shall, unless it would be inappropriate to do so, engage with the compliance officer of the Member Participant concerned.
- 2.5 LME shall provide the Oversight Committee with access to such additional resources (including external resources) as may reasonably be required to fulfil its duties, and the Participants should provide such reasonable cooperation as is practicable in the particular circumstances.
- 2.6 The Oversight Committee shall maintain a record of its meetings and such records should be stored securely by or on behalf of LME after having been approved by the Chairperson.
- 2.7 On matters for which a vote of members of the Oversight Committee is called for, each such member shall have one vote. Decisions of the Oversight Committee will be taken by majority.

3. THE RESPONSIBILITIES AND AUTHORITIES OF THE OVERSIGHT COMMITTEE

Oversight of the LPP Prices Discovery Process

- 3.1 The Oversight Committee shall devise a process for reviewing the conduct of the LPP Prices Discovery Process including, but not limited to, the use of expert judgement, a process for overseeing LME's adherence to the LPP Prices Regulations and its published policies, utilising such analytical means as are considered appropriate and expedient, with the objective of ensuring that the LPP Prices remain accurate, robust and reliable. This may include the implementation of internal and external audits and the oversight of any remedial actions arising from such audits.
- 3.2 The Oversight Committee shall seek to promote the observance and implementation of the LPP Prices Regulations, and shall devise a process for overseeing and enforcing Participants' compliance with the LPP Prices Regulations including by requiring Participants to confirm adherence to the LPP Prices Regulations on an annual basis. LME will publish an annual notice once each Participant has provided such confirmation to LME.
- 3.3 The Oversight Committee shall notify LME promptly if it identifies any material irregularity in relation to the conduct of one or more Pricing Discovery Event, or any actual or potential material breach of the LPP Prices Regulations.

Oversight of the governance and control framework for the LPP Prices Discovery Process

- 3.4 The Oversight Committee shall review and make recommendations as it considers appropriate to LME in relation to the control framework for the LPP Prices Discovery Process (which shall include, without limitation, the LPP Prices Regulations and other policies and procedures of LME) with the objective of ensuring its continued effectiveness and appropriateness. Such recommendations may include recommendations for:
- (a) amendments to the existing control framework;
 - (b) the adoption of new policies and procedures; and

- (c) for any internal or external reviews that might be commissioned by LME, including any review that may be necessary to confirm continued compliance with the BMR.
- 3.5 Where the Oversight Committee makes such recommendations, it shall as far as possible support the implementation of any action points that may be adopted or approved by LME as a result.
- 3.6 The Oversight Committee shall prepare and publish a summary of the framework as adopted by LME so that it is accessible by relevant market users and regulatory authorities. If updates or revisions to the control framework are adopted by LME, the Oversight Committee should take steps to ensure that any such updates or revisions are appropriately publicised.
- 3.7 The Oversight Committee shall devise a process for overseeing the conduct of any third party contractors of the LME relating to the operation and/or oversight of the LPP Prices Discovery Process.
- 3.8 The Oversight Committee shall review at least annually the number and representativeness of the Participants participating in the LPP Prices Discovery Process in light of market developments and any other relevant external factors and report to LME on any considerations or recommendations identified as a result.

Methodology of the LPP Prices Discovery Process

- 3.9 The Oversight Committee shall take steps to ensure that at least a summary of the methodology of the LPP Prices Discovery Process remains accessible to relevant market users and regulatory authorities.
- 3.10 The Oversight Committee shall keep itself informed about issues and risks to the LPP Prices and keep under review the methodology of the LPP Prices Discovery Process to determine whether any updates or revisions to the LPP Prices Regulations become necessary or appropriate. The Oversight Committee shall be responsible for ensuring that the LME, where required, consults on updates or revisions to the LPP Prices Regulations, and that such consultations are undertaken in accordance with Regulation 19. Following the completion of the consultation, if updates or revisions to the methodology are considered necessary or appropriate, the Oversight Committee shall make such recommendations as it considers appropriate to LME.
- 3.11 If updates or revisions are adopted by LME, the Oversight Committee should retain oversight of the implementation of such updates or revisions and take steps to ensure that any such updates or revisions are appropriately publicised.
- 3.12 The Oversight Committee shall formally review the methodology of the LPP Price Discovery Process, and other key BMR documentation (including, but not limited to, the LPP Prices BMR benchmark statement):
 - (a) on an annual basis in order to identify whether any changes are required to ensure that the process operates in a manner consistent with the requirements of the BMR; or
 - (b) in the event of any changes in any applicable legal or regulatory requirement; or
 - (c) in the event of any reasonable request for a change made by a Member Participant.

- 3.13 Any formal reviews of the LPP Prices Discovery Process shall be undertaken by the Benchmarks Pricing Function and the Oversight Committee. Any changes to the LPP Prices Discovery Process must be approved by the Oversight Committee.

Assessment and management of conflicts of interest

- 3.14 Oversight Committee members must ensure that unless outside consultation is agreed, they maintain confidentiality with regard to all matters discussed and all materials and data made available to them in respect of their Oversight Committee-related activities. Further, Oversight Committee members must not abuse their Oversight Committee status and must set aside any potential conflict of interest in their decision-making processes. Where Oversight Committee members find themselves in a position of conflict of interest in relation to any matter to be discussed at an Oversight Committee meeting, they should consider whether it is appropriate for them to absent themselves from the part of the meeting at which that matter is discussed. Further, where the Chairperson feels that there will be a conflict of interest in respect of any matter to be discussed at a meeting and it is appropriate for an Oversight Committee member to leave all or part of a meeting, the Chairperson is empowered to ask the member to leave the meeting. No reason need be given. The Chairperson is empowered to ask any Oversight Committee member to resign from the Oversight Committee if he or she feels their continued involvement is no longer appropriate. No reason need be given.

Complaints and expressions of concern

- 3.15 The Oversight Committee is responsible for hearing, assessing and determining complaints and other concerns that may be raised with the LME in accordance with the Policy on Complaints and Raising Concerns (set out in Schedule 7).
- 3.16 The Oversight Committee shall be entitled to delegate some or all aspects of the day-to-day administration of its procedure for handling complaints, and as it considers appropriate to draw on external resources to assist it with the hearing and/or assessment of complaints, and other concerns provided that the Oversight Committee shall retain responsibility for the substantive determination of complaints and concerns.
- 3.17 If as a result of any complaint or other disclosure having been received and considered the Oversight Committee considers that any remedial, disciplinary or preventative action which should be taken in response cannot in fact be taken by the Oversight Committee on its own initiative, the Oversight Committee shall submit a recommendation to LME explaining the reason why such action is appropriate.

4. ANNUAL REVIEW OF TERMS

- 4.1 These Terms of Reference are subject to annual review and sign off by LME and may be amended at any time by LME.

SCHEDULE 6

Disciplinary Procedure

LME Enforcement and Disciplinary Procedures applicable to Member Participants and Client Participants in accordance with Regulation 4

1. STATUS AND DEFINITIONS

1.1 In this Schedule, the following expressions shall have the following meanings unless otherwise stated:

"**Charges**" means a document served on a Participant setting out the alleged Act or Acts of Misconduct;

"**Complainant**" means any third party who alleges misconduct on the part of a Participant;

"**Disciplinary Panel**" and "**Appeal Panel**" means the disciplinary panel and the appeal panel set up under the LME rules and regulations;

"**Enforcement Committee**" means the enforcement committee set up under the LME rules and regulations;

"**Notice of Appeal**" means a document setting out the grounds of the appeal and containing a brief statement of all matters relied upon by the appellant;

"**Appeal Committee**" means a committee nominated by the chairman of the Appeal Panel consisting of three persons from the Appeal Panel;

"**Disciplinary Committee**" means a committee nominated by the chairman of the Disciplinary Panel consisting of three persons from the Disciplinary Panel;

1.2 Other words and expressions used in this Schedule shall, unless the context otherwise requires, have the same meanings as set out in Regulation 2 of the LPP Prices Regulations.

2. OBLIGATION TO COMPLY

2.1 Each Participant shall:-

- (a) comply with the requirements of the Participant Terms; and
- (b) not commit any Act of Misconduct (within the meaning of paragraph 2.2).

2.2 "**Act of Misconduct**" shall mean:-

- (a) any breach of the Participant Terms;
- (b) failure to pay an automatic fine or a fine or order for costs imposed by a Disciplinary Committee that has not been overturned by an Appeal Committee;
- (c) any conduct which has brought or may be likely to bring LME or the LPP Prices Discovery Process into disrepute;
- (d) provision to LME of information which is false, misleading or inaccurate in a material particular;

- (e) any other matter of which the LME may, from time to time, notify all Participants through administrative notices.

3. INVESTIGATIONS

- 3.1 Allegations of an Act or Acts of Misconduct by a Participant may be brought either by LME or by a Complainant. The investigation into an alleged Act or Acts of Misconduct must be authorised by the Head of Enforcement.
- 3.2 In the course of conducting an investigation, LME may appoint any external advisor as it thinks fit. Any external advisor appointed by LME shall be required to treat all information obtained in the course of the investigation as confidential and to disclose it only to LME.
- 3.3 LME shall issue a Notice of Investigation ("**Nol**") notifying the Participant that an investigation has been commenced. The Nol shall be in writing and sent to the contact name for the Participant and shall contain a brief description of the matter under investigation.
- 3.4 Participants shall co-operate fully with all investigations (whether or not they are the Participant under investigation). In particular, and without limitation, Participants shall:-
 - (a) make available for interview such of their officers, employees or agents as may be reasonably requested in order that they may answer questions and explain any matter that LME considers relevant to the investigation;
 - (b) comply fully with their obligation to provide information in accordance with the LPP Prices Regulations;
 - (c) permit an authorised representative of LME to visit their offices at any time, for the purpose of the investigation.
- 3.5 A report detailing the findings of the investigation shall be passed for review to the Head of Enforcement who, if it believes that there is reasonable evidence to support an allegation of an Act or Acts of Misconduct, must pass the report to the Enforcement Committee for consideration.

4. INSTITUTION OF PROCEEDINGS

Where the Enforcement Committee decides to institute disciplinary proceedings in respect of an alleged Act or Acts of Misconduct against a Participant, Charges together with a summary of facts supporting the Charges shall be served on the Participant concerned.

5. DEFENCE

- 5.1 The Participant has twenty working days from the service of the Charges in which to serve a statement of defence ("**Defence**") responding to all or any of the allegations, stating its intended plea and what admissions of fact, if any, it makes.
- 5.2 Where no Defence has been served pursuant to paragraph 5.1, and no settlement under paragraph 11 has been reached, the Participant will be deemed to have accepted the facts and matters alleged in the Charges.
- 5.3 Having seen and considered the Defence, the Enforcement Committee, if it deems it appropriate, may choose either to discontinue disciplinary proceedings or to ask the chairman of the Disciplinary Panel to set up a Disciplinary Committee to consider the matter.

6. THE HEARING

- 6.1 The hearing before a Disciplinary Committee shall take place no later than twenty Business Days after service of the Defence, or on such other date as the Disciplinary Committee shall require.
- 6.2 Representatives of the Participant shall be given the opportunity, and may be required by the Disciplinary Committee to attend. The Complainant may be required by the Disciplinary Committee to attend. The Disciplinary Committee may require any other person to attend the hearing.
- 6.3 Unless required by the Disciplinary Committee to attend, the Participant may opt for the matter to be considered on paper.
- 6.4 All parties attending the hearing, including witnesses to be called by either party, shall be given reasonable notice (which shall be not less than ten Business Days' notice) of the date, time, venue and subject of the proceedings.
- 6.5 The Disciplinary Committee shall elect a chairman and shall determine the procedure to be followed at the hearing having regard to the following:-
- (a) LME to open the case;
 - (b) LME to adduce evidence and to call witnesses whom the Participant may cross-examine, LME may re-examine, and who may be asked questions by the Disciplinary Committee;
 - (c) the Participant to adduce evidence and to call witnesses whom LME may cross-examine, the Participant may re-examine and who may be asked questions by the Disciplinary Committee;
 - (d) LME to address the Disciplinary Committee;
 - (e) the Participant to address the Disciplinary Committee.

7. THE DETERMINATION

- 7.1 The Disciplinary Committee shall announce its findings to the parties as soon as practicable.
- 7.2 Where the Disciplinary Committee is satisfied that the Participant has committed an Act or Acts of Misconduct it shall provide the parties with an opportunity to make representations before determining the penalty to be imposed.
- 7.3 The Disciplinary Committee shall announce the penalty to be imposed as soon as practicable.
- 7.4 Any penalty imposed shall take into account any representations made by the parties, all the circumstances of the offence and may take into account any previous disciplinary record before deciding the penalty to be imposed and the costs to be ordered.
- 7.5 Within twenty Business Days of announcing its findings the Disciplinary Committee shall serve on the parties a written decision comprising its findings of fact, its findings as to whether any charges not admitted are proved, the reason for its decision and any penalties to be imposed.

7.6 Subject to appeal, and unless the Disciplinary Committee determines otherwise, any penalty imposed shall take effect ten business days after service of the written decision.

8. **THE PENALTIES**

8.1 The Disciplinary Committee may impose one or more of the following penalties:-

- (a) a warning or reprimand;
- (b) a fine;
- (c) a requirement to comply with such terms and conditions as appropriate;
- (d) the withdrawal, either temporarily or permanently, of a Participant's status;
- (e) such other penalty as the Disciplinary Committee shall think fit, including a fine or other sanction conditional upon the Participant not remedying a default within a given period.

8.2 Only where the Act or Acts of Misconduct are serious may the Disciplinary Committee withdraw a Participant's status permanently.

8.3 The powers of the Disciplinary Committee shall be without prejudice to the other powers of LME under the Participant Terms, provided that (for the avoidance of doubt) a Participant may be disciplined by LME under the Participant Terms alone.

9. **COSTS**

Costs are at the discretion of the Disciplinary Committee. It may order any party to pay such costs as it thinks appropriate, including but not limited to, administration costs, costs incurred in the investigation, preparation and presentation of the case.

10. **APPEAL**

10.1 Within ten Business Days of service of the Disciplinary Committee's decision, the Participant may appeal by serving a Notice of Appeal on the chairman of the Appeal Panel and LME.

10.2 Within ten Business Days of service of the Disciplinary Committee's decision, LME may appeal by serving a Notice of Appeal on the chairman of the Appeal Panel and the Participant.

10.3 The grounds of the appeal may be one or more of the following:-

- (a) the Disciplinary Committee misdirected itself;
- (b) the Disciplinary Committee's decision was:
 - (i) one which no reasonable Disciplinary Committee could have reached;
 - (ii) unsupported by the evidence or was against the weight of the evidence;
 - (iii) based on an error of law, or misinterpretation of the LPP Prices Regulations.
- (c) the penalty imposed by the Disciplinary Committee was either excessive or insufficient;

- (d) new evidence is available and that, had it been adduced, the Disciplinary Committee could reasonably have come to a different decision provided that this will not apply if the evidence could have been adduced before the Disciplinary Committee by the exercise of reasonable diligence.
- 10.4 The chairman of the Appeal Panel shall set up an Appeal Committee consisting of three persons from the Appeal Panel. The Appeal Committee shall determine the procedure at the appeal.
- 10.5 The Appeal Committee shall announce its decision to the parties as soon as practicable.
- 10.6 The Appeal Committee may dismiss or allow the appeal and may increase or decrease the penalty imposed upon such terms and conditions as it considers appropriate.
- 10.7 Within twenty Business Days of the conclusion of the hearing, the Appeal Committee shall serve on the parties a written decision setting out its reasons.
- 10.8 Costs of the appeal are at the discretion of the Appeal Committee.
- 11. SETTLEMENTS**
- 11.1 LME and the Participant may agree a settlement of disciplinary proceedings at any time up to the commencement of the disciplinary hearing.
- 11.2 A Participant wishing to enter into settlement negotiations must submit written proposals for settlement to LME.
- 11.3 Settlement negotiations shall proceed on a without prejudice basis.
- 11.4 Any settlement agreement shall be submitted to the Enforcement Committee for ratification. The Enforcement Committee may ratify or refuse to ratify any settlement agreement. A settlement agreement shall not take effect unless ratified by the Enforcement Committee. A settlement agreement so ratified shall have the same status as a decision by a Disciplinary Committee.
- 11.5 Once the hearing has commenced, LME and the Participant may reach an agreed finding. Any agreed finding shall be submitted to the Disciplinary Committee.
- 11.6 The Disciplinary Committee may ratify or refuse to ratify the agreed finding. An agreed finding shall not take effect unless ratified by the Disciplinary Committee. Where the Disciplinary Committee refuses to ratify the agreed finding, the hearing shall proceed as if no agreed finding was reached.
- 12. PUBLICATION OF FINDINGS AND PENALTIES**
- 12.1 Subject to appeal, where the Disciplinary Committee finds that there has been an Act or Acts of Misconduct, notification of such findings and of any sanction shall be made (once the same has taken effect) by means of a notice to the relevant parties.
- 12.2 Where disciplinary proceedings have been concluded by way of settlement ratified by the Enforcement Committee or an agreed finding ratified by the Disciplinary Committee, notification of the settlement or agreed finding shall be made by means of a notice to the relevant parties. Such notice to be drafted by LME in consultation with the Participant.
- 12.3 Relevant parties in this context shall mean:-
- (a) the Participant;

- (b) the Complainant;
- (c) all members of LME, Participants and their Users and agents;
- (d) the appropriate regulatory or other authorities, as LME deems appropriate;
- (e) any other person whom the Disciplinary Committee, or in the case of an appeal the Appeal Committee deems appropriate.

12.4 Where no Act or Acts of Misconduct have been substantiated, such notification shall only be given if the Participant so requests.

12.5 The outcome of disciplinary proceedings being notified to all Participants and shall also be made public by such means as LME shall think fit.

12.6 Where the Appeal Committee upholds the finding of the Disciplinary Committee the above rules on publication shall apply.

13. **PROCEDURAL PROVISIONS**

13.1 No person shall be eligible to serve as a member of a Disciplinary Committee if he is a member of the Enforcement Committee.

13.2 No person shall be eligible to serve as a member of a Disciplinary Committee or an Appeal Committee in relation to any particular case if he has any financial interest in the matter under investigation either personally or through any company with which he may be connected.

14. **LEGAL ADVISER**

14.1 A legal adviser, who shall be a barrister or solicitor, may be appointed by the Disciplinary Committee or the Appeal Committee to sit throughout the hearing and provide legal advice to the committee.

14.2 The same legal adviser may not be appointed to advise the Disciplinary Committee and the Appeal Committee on the same case.

15. **HEARINGS IN PRIVATE**

Disciplinary Committee hearings and Appeal Committee hearings shall be held in private, unless the Participant elects to hold the hearing in public.

16. **REPRESENTATION**

16.1 Parties to disciplinary proceedings may be represented.

16.2 A Participant may be represented by one of its officers, employees, its England and Wales agent or may be legally represented.

16.3 LME may be represented by one of its officers, employees or may be legally represented.

16.4 The availability of a particular legal representative shall not be conclusive when fixing a date for a committee hearing.

17. **FAILURE TO ATTEND**

If either party fails to attend, the hearing may proceed in its absence.

18. **RECORD OF HEARING**

A record shall be made of the hearing electronically or otherwise. The Participant shall be entitled to a transcription or copy of the record on payment of costs.

19. **BURDEN AND STANDARD OF PROOF**

The burden of proof shall be on LME. The Disciplinary Committee shall not find a charge proved unless it is satisfied on the balance of probability.

20. **EVIDENCE**

The Disciplinary Committee may admit evidence whether oral or written, whether direct or hearsay and whether or not the same would be admissible in a court of law.

21. **NOTICE PERIODS**

Any notice periods specified in this Schedule may be amended by agreement in writing between LME and the Participant, unless such notice periods have been set by the Disciplinary Committee or the Appeal Committee.

SCHEDULE 7

Policy on Complaints and Raising Concerns

1. COMPLAINTS

- 1.1 This complaints handling policy sets out the LME's procedures for receiving, investigating and retaining records concerning formal complaints made about the calculation process for the LPP Prices. Disputes as to daily pricing determinations, which are not formal complaints, shall be resolved by the LME with reference to its standard internal 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.
- 1.2 Subscribers of the LPP Prices 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
- 1.3 The LME shall be under no obligation to investigate complaints about the LPP Prices not falling within the scope of 1.2 above.

Registering a Complaint

- 1.4 A complaint must be made in writing and be identified as a formal complaint. In the event that it is made by a company, it should be signed by a director or equivalent officer.
- 1.5 It should include sufficient information to allow LME to properly identify the activity complained of, and establish how the complaint falls within the scope of paragraph 1.2 above. If insufficient information is provided, LME may request further information.
- 1.6 Any information with the complaint or obtained from the complainant in the course of a subsequent investigation may be disclosed to third parties such as other regulatory authorities as LME considers appropriate subject to the LPP Prices Regulations.
- 1.7 The complaint may be sent to:-

The Complaints Officer
The London Metal Exchange Limited
10 Finsbury Square
London EC2A 1AJ
Marked "LPP Complaint"
- or by email to:
complaints@lme.com (with the subject line marked "LPP Complaint").
- 1.8 There is no filing fee.
- 1.9 The complaint will be investigated by the Head of Enforcement who may act in conjunction with others as appropriate. The investigation may involve other staff at LME or outside professional assistance as appropriate.
- 1.10 The inquiry will be conducted independently of any LME personnel who may be involved in the subject of the complaint.
- 1.11 A complaint will be acknowledged and investigated in a fair and timely manner by the LME.

- 1.12 The LME will aim to complete its investigation promptly – generally this shall mean within 3 months, or within such other period as the scope of the complaint would reasonably demand, taking into account (amongst other things) the circumstances of the complaint and the complexity of any investigation into it.
- 1.13 LME will, insofar as it is consistent with applicable law, its functions under these LPP Prices Regulations and its duties of confidentiality to Participants, advise the complainant and any other relevant parties, in writing and within a reasonable period of the conclusion of the LME's investigation, of the investigation's outcome, and in particular whether it considers that there are good grounds for complaint. LME will also advise the complainant of recommended action arising from the investigation of the complaint.
- 1.14 As a result of the investigation, disciplinary proceedings may be instituted in accordance with Schedule 6.
- 1.15 If the complainant is dissatisfied with the investigation of the complaint or with the reported outcome of the investigation, he may request, no later than six months from the date on which the LME responded to the original complaint in accordance with paragraph 1.13, that the complaint is referred to the LME's independent Complaints Commissioner.
- 1.16 The LME's independent Complaints Commissioner has the following powers:-
- (a) to call on all appropriate documentation from all involved parties to form a view on the complaint;
 - (b) to permit and/or request the complainant and LME to provide written submissions in relation to any specific matters that arise;
 - (c) to make further requests of all relevant parties and/or take whatever action is considered appropriate which might assist in considering the complaint;
 - (d) to conduct the consideration of the issues as is seen fit;
 - (e) to report on the result of his investigation to LME and the complainant;
 - (f) to require LME to inform the Oversight Committee and the complainant of the steps which it proposes to take in response to his report; and
 - (g) to require LME to publish the whole or a specified part of its response to the Oversight Committee.
- 1.17 All documents relating to a complaint, including those submitted by the complainant as well as the Administrator's own record, shall be retained in accordance with the LME's internal policies and for a minimum of five years.