



# Executive Committee Terms of Reference

*Please respond to:*

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**Chief Executive Officer**

**THE LONDON METAL EXCHANGE**

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## 1 Status

The LME Executive Committee (the “**Committee**”) is the primary committee for the Chief Executive Officer to assist them in the discharge of certain of their duties as delegated to them in their Remits of Responsibility (the “**RoR**”).

## 2 Purpose/Role

The role of the Committee is to assist the decision making of the Chief Executive Officer on various areas of the business of the LME as detailed in paragraph 4.

## 3 Administrative Structure

### 3.1 Composition/Membership

Committee members will be recommended by the Chief Executive Officer for approval by the LME board (the “**Board**”).

The Chief Executive Officer reserves the right to invite appropriate individuals to attend where appropriate or desirable.

The Company Secretary or their appointed representative shall act as secretary of the Committee.

Any Board member may attend meetings providing prior notification is given to the Chief Executive Officer.

### 3.2 Chair & Escalation

The Chair of the Committee will be the Chief Executive. In the absence of the Chief Executive Officer, the Chief Operating Officer will act as Chair. The Chief Executive Officer has delegated authority to the Chief Operating Officer to make decisions in his absence.

Decisions shall be made by the Committee Chair in accordance with their delegated authority as set out in their RoR and decisions requiring higher authority shall be escalated to the LME Board.

### 3.3 Reporting Procedures and Frequency of Meetings

The Committee shall meet at least twice monthly or more frequently if so required and members are permitted to attend via conference call or videoconference (or such other means of communication where all members can communicate clearly) and provide advice and input via e-mail if appropriate.

Minutes will be taken for all meetings and shall be made available to the LME Board and the Financial Conduct Authority upon request.

The Committee Chair shall report formally to the LME Board in their Chief Executive report prior to each LME Board meeting.

### 3.4 Quorum

Three Committee members, one of whom must be the Chief Executive Officer, or the Chief Operating Officer shall constitute a quorum.



### 3.5 Review

At least once a year, the Committee Chair will review the Committee's performance, constitution and terms of reference to ensure it is operating at an appropriate level of effectiveness and recommend any changes they consider necessary to the LME Board for consideration and if appropriate approval by the Chair of the Board.

## 4 Area of Responsibility

The Chief Executive Officer is responsible for overseeing the day-to-day business of the LME.

Therefore, the Committee has specific responsibility for assisting the Chief Executive Officer in the following matters:

Area of Duty / Responsibility	
<b>Strategy</b>	<ul style="list-style-type: none"> <li>- Implementation of the Board's approved strategies and policies.</li> <li>- Control over marketing strategy, procurement policy, external relations, staffing matters and internal organisation and communication, within any budget or strategic considerations set by the board.</li> <li>- Taking account of the HKEX Group strategy, making recommendations to the Board in respect of strategy.</li> <li>- Ensuring consistency of the Company's activities with the objectives and strategy of the Company as determined by the Board.</li> <li>- Introducing, suspending and/or amending any programmes designed to encourage trading and enhance liquidity, and the management of such programmes, including onboarding and approving rebates.</li> </ul>
<b>Oversight of Management and Operations</b>	<ul style="list-style-type: none"> <li>- All management of the LME not specifically reserved to the LME Board, within any limits set by the LME Board.</li> <li>- Delivery of projects within budgetary limits.</li> <li>- Recruitment of staff within budget in accordance with the Group Expenditure Authorisation and Control Policy as amended from time to time.</li> <li>- Tracking the apportionment of resources as between LME Clear Limited ("LME Clear") and the LME through the any intra-group services agreement in place from time to time and ensuring that the LME has sufficient resources to perform its regulatory obligations and its obligations under such agreement.</li> <li>- Making any necessary amendments to any intra-group services agreement in place from time to time.</li> <li>- Management of the Business Continuity Plan in accordance with the Business Continuity Policy and Plan and oversight of operational resilience.</li> </ul>
<b>Structure &amp; Capital</b>	<ul style="list-style-type: none"> <li>- Recommending any changes to the Company's capital structure / shares / corporate structure / management and control structure or</li> </ul>



Area of Duty / Responsibility	
	incorporation of any subsidiary and change of the Company's name or trading name.
<b>Financial</b>	<ul style="list-style-type: none"> <li>- Management of planned financial and operating results and explanation of variances.</li> <li>- Endorsing annual report and accounts for consideration by the LME Board.</li> <li>- Making recommendations on dividend policy for consideration by the LME Board.</li> <li>- Making recommendations for interim and final dividends for consideration by the LME Board.</li> <li>- Making recommendations for changes in accounting policies and practices for consideration by the Audit and Risk Committee, and the LME Board.</li> <li>- Making recommendations on the LME's budget for consideration by the LME Board.</li> <li>- Review of management accounts each month.</li> <li>- Approval of all fees not explicitly reserved to the LME Board.</li> <li>- Management of banking arrangements, loans, facility agreements etc not explicitly reserved to the LME Board.</li> <li>- Ensuring and overseeing compliance with all applicable financial regulatory, legal and tax filings and requirements.</li> <li>- Approval of expenditure within budget in accordance with the Group Expenditure Authorisation and Control Policy as amended from time to time.</li> <li>- Approval of items of unbudgeted expenditure in accordance with the Group Expenditure Authorisation and Control Policy as amended from time to time.</li> <li>- Note - individual members of the Executive Committee (and certain other members of staff) have responsibility for approval of all expenditures and contracts within limits as set out in the Group Expenditure Authorisation and Control Policy and in accordance with the Contract Management Procedure as each is amended from time to time, in accordance with any strategy set by the LME Board.</li> </ul>
<b>Contracts</b>	<ul style="list-style-type: none"> <li>- Approval of all expenditures and contracts within limits as set out in the Group Expenditure Authorisation and Control Policy and the Contract Management Procedure as each is amended from time to time.</li> <li>- Note - individual members of the Executive Committee (and certain other members of staff) have responsibility for approval of all expenditures and contracts within limits as set out in the Group Expenditure Authorisation and Control Policy and in accordance with the Contract Management Procedure as each is amended from time to time, in accordance with any strategy set by the LME Board.</li> </ul>

Area of Duty / Responsibility	
<b>Risk, Compliance and Internal Control</b>	<ul style="list-style-type: none"> <li>- Designing and establishing compliance and internal control procedures that mitigate risks to a level within the agreed risk appetite.</li> <li>- Ensuring that risks posed to the Company are duly addressed and that all decisions are taken in line with the Risk Appetite Statement.</li> <li>- Subjecting the internal control procedures to regular review and testing.</li> <li>- Ensuring that sufficient resources are devoted to risk management and compliance.</li> <li>- Day-to-day oversight of the risk control process in line with the Risk Appetite Statement.</li> <li>- Receiving and considering reports and recommendations from the Executive Risk Committee and ensuring implementation of relevant recommendations.</li> <li>- Responsibility for identifying material risks facing the Company, for ensuring that appropriate arrangements are in place to control &amp; mitigate those risks effectively and for presenting a profile of the Company's key risks and associated controls to the Board.</li> <li>- Report to the Board on the identification and mitigation of risks at each Board meeting.</li> <li>- Report immediately to the Board breaches of the Risk Appetite Statement which are of strategic importance.</li> <li>- Making recommendations on Risk Appetite Statement for consideration by the Board.</li> <li>-</li> </ul>
<b>Policies</b>	<ul style="list-style-type: none"> <li>- Responsibility for recommending to the LME Board amendments to policies which are reserved for the approval of the LME Board from time to time, as set out in the Appendix within the Matters reserved for the Board document.</li> <li>- Responsibility for approving all policies reserved for approval to the CEO from time to time, as set out in the Appendix within the Matters reserved for the Board document.</li> </ul>
<b>Regulation &amp; Compliance</b>	<ul style="list-style-type: none"> <li>- Ensuring and overseeing the compliance with all applicable laws and regulatory requirements, including supporting the LME Board in the discharge of its responsibilities, and the operation of the Compliance Monitoring Programme.</li> <li>- Ensuring that sufficient resources are devoted to compliance.</li> <li>- Overseeing the liaison with all regulatory authorities and organisations on all matters relating to the LME.</li> <li>- Reporting to the LME Board on compliance with regulatory requirements.</li> <li>- Designing procedures for the detection of fraud, the avoidance of anti-money laundering and the prevention of bribery.</li> </ul>

Area of Duty / Responsibility	
<b>Physical Operations</b>	<ul style="list-style-type: none"> <li>- Responsibility for all matters relating to physical operations and warehouses not explicitly reserved to the LME Board including, without limitation:               <ul style="list-style-type: none"> <li>o Authority to approve matters relating to recommendations made in respect of Good Delivery Points in accordance with the LME's Policy and Guidelines Regarding the Approval of Good Delivery Points as such policy is amended by the LME Board from time to time.</li> <li>o Responsibility for reviewing and approving the listing and delisting of warehouses and for the exercise of all other powers conferred on the LME by the LME's Policy regarding the Approval and Operation of Warehouses as such policy is amended by the LME Board from time to time and by the LME Warehouse Agreement as amended from time to time (except for those matters relating to the LME Warehouse Agreement which are reserved to the Special Committee pursuant to its terms of reference).</li> </ul> </li> </ul>
<b>Markets &amp; Pricing</b>	<ul style="list-style-type: none"> <li>- Responsibility for all matters relating to markets and pricing not explicitly reserved to the LME Board including, without limitation:               <ul style="list-style-type: none"> <li>o Orderly operation of the LME's market, including effective trading, settlement, market surveillance, price dissemination, outsourcing and reporting.</li> <li>o Overall responsibility for the LME's pricing and price discovery and compliance with benchmark requirements (including as detailed in the CEO's Statement of Responsibility regarding benchmark compliance).</li> <li>o Authority for the oversight and management of the administration of the Platinum and Palladium pricing process as defined in the London Platinum Price and London Palladium Prices Regulations ("LPP Prices Regulations").</li> </ul> </li> </ul>
<b>Rules</b>	<ul style="list-style-type: none"> <li>- Responsibility for all matters relating to the Rules &amp; Regulations of the LME (the "Rules") not explicitly reserved to the LME Board including, without limitation, authority to approve changes to the Rules, subject to relevant consultation requirements.</li> </ul>
<b>Membership</b>	<ul style="list-style-type: none"> <li>- Responsibility for all matters relating to membership of the LME not explicitly reserved to the LME Board.</li> <li>- Responsibility for approving membership of the LME.</li> </ul>
<b>Board Composition and Appointments</b>	<ul style="list-style-type: none"> <li>- Making a recommendation to the Board in respect of the appointment of a Company Secretary.</li> <li>- Making a recommendation to the Audit &amp; Risk Committee in respect of the appointment, reappointment or removal of the external auditor.</li> </ul>
<b>Remuneration and Human Resources</b>	<ul style="list-style-type: none"> <li>- Authority for approving remuneration of staff within overall budget of the Company set by the Board.</li> <li>- Implementation of any remuneration policy.</li> <li>- Responsibility for all human resources matters, including long term succession planning, business continuity and creation and implementation of best practice HR initiatives.</li> </ul>



Area of Duty / Responsibility	
<b>Authority</b>	<ul style="list-style-type: none"> <li>- Making recommendations in respect of the matters reserved for consideration by the LME Board.</li> <li>- Exercise all LME Rulebook powers and discretions which are reserved to the LME Chief Executive Officer through the Rulebook Responsibilities Tracker.</li> <li>- Exercise any delegated authority (on an ongoing or ad hoc basis) granted to the LME Chief Executive Officer by the LME Board, any committee or subcommittee of the LME.</li> </ul>
<b>Delegation of Authority</b>	<ul style="list-style-type: none"> <li>- Making recommendations in respect of Board committees for consideration by the LME Board.</li> <li>- Authority to approve all matters relating to the following sub-committees:               <ul style="list-style-type: none"> <li>o Aluminium Committee</li> <li>o Cobalt Committee</li> <li>o Copper Committee</li> <li>o Lead and Zinc Committee</li> <li>o Lithium Committee</li> <li>o Nickel Committee</li> <li>o Ring Dealers' Committee</li> <li>o Steel Committee</li> <li>o Tin Committee</li> <li>o Traded Options Committee</li> <li>o Warehousing Committee</li> </ul> </li> </ul>
<b>Corporate Governance Matters</b>	<ul style="list-style-type: none"> <li>- All matters of corporate governance not specifically reserved to the Board.</li> </ul>
<b>Reporting</b>	<ul style="list-style-type: none"> <li>- Reporting to the LME Board on a timely basis matters relating to the LME of which the LME Board should be aware, including, without limitation, material projects, strategic developments, and other matters. Note - items related to risk are reported to the Board, or other relevant governance committee (A&amp;R Committee etc) by the CRO through the CRO Report.</li> <li>- Designing and agreeing with the LME Board an appropriate reporting structure from time to time.</li> </ul>
<b>Culture</b>	<ul style="list-style-type: none"> <li>- Sponsorship and promotion of a corporate culture that is competence and performance driven, promotes equity and fairness for its employees, and strives to achieve (as far as is reasonably practical) a balanced and diverse workforce.</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>- Conduct of all litigation or arbitration matters not explicitly reserved to the LME Board.</li> <li>- Management of all insurance matters not explicitly reserved to the LME Board.</li> <li>- Management of LME's pension matters.</li> </ul>

**Area of Duty /  
Responsibility**

- Escalation to the LME Board where a decision is required that may have a material impact on the LME.
- Responsibility for sustainability strategy.
- Management of all facilities matters for LME premises.
- Responsibility for media relations, strategic and internal communications.
- Responsibility for all IT-related matters. Including IT service management, information security, innovation, infrastructure operations & engineering and new technologies.
- Conduct of all whistleblowing matters not explicitly reserved to the LME Board.

**5 Confidentiality and Conflicts of Interests**

Committee members must ensure that, unless outside consultation is specifically agreed, all matters discussed, and all materials and data made available to them in respect of their Committee-related activities are kept confidential at all times. Further, Committee members must not abuse their Committee status and must not be involved in any decision-making processes in respect of which they may have a conflict of interest. Where Committee members think they may have a conflict of interest in relation to any matter to be discussed at a Committee meeting or that comes under discussion at a Committee meeting, they must absent themselves from the part of the meeting at which that matter is discussed and the minutes of the meeting must record the absence. Further, where the Committee Chair feels that there may be a conflict of interest in respect of any matter to be discussed at a meeting or that comes under discussion at a Committee meeting and it is appropriate for a Committee member to leave all or part of a meeting, the Committee Chair shall ask the member to leave the meeting. No reason need be given. Members that may have a conflict of interest shall receive minutes of the meeting with the matter in respect of which they may have a conflict of interest redacted from the copy of the minutes they receive.





## 6 Document Control

### 6.1 Document Change History

Date	Version	Author	Summary of Changes
01.04.2019	1.1	Company Secretarial & Legal	Initial Draft
24.04.2019	1.2	Company Secretarial & Legal	Changes recommended by the Board
01.03.2021	1.3	EY, Company Secretariat & Legal	Updated in line with 2020 governance project
09.03.2022	1.4	Company Secretariat	Annual review of ToR – minor changes to align with Remit of Responsibility of the CEO.

### 6.2 Document Distribution

Name	Title	Role	Date of Approval
Executive Committee		Review	01/04/2019
Board		Review and Approve	16/04/2019
Board		Review and Approve	22/02/2021
Executive Committee		Review and Approve	22/03/2021
Executive Committee		Review and Approve	09.03.2022

