



## Nickel Board Steering Committee

### Terms of Reference



**THE LONDON METAL EXCHANGE AND LME CLEAR LIMITED**  
(together referred to as the “**LME Group**”)

**NICKEL BOARD STEERING COMMITTEE**

**TERMS OF REFERENCE**

**1. Status**

- 1.1 The Nickel Board Steering Committee (the “**Committee**”) is constituted by the boards of directors (together referred to as the “**Boards**” and each a “**Board**”) of The London Metal Exchange (“**LME**”) and LME Clear Limited (“**LME Clear**”) (together referred to as “**LME Group**”).
- 1.2 The Committee is to oversee the progress and effective completion of the independent review commissioned by the Boards following the events of 7 and 8 March 2022 in the LME nickel market (the “**Independent Review**”), and to act as a focal point for communication between the Boards, Executives, independent external reviewer (“**Independent Reviewer**”) and the Nickel Working Group comprising LME Group personnel and constituted to support the Committee in the discharge of its functions, as regards their duties relating to the Independent Review. Further, the Committee shall be entitled to receive reports from the Working Group in relation to matters not within the scope of, but relevant to, the Independent Review.
- 1.3 The Committee is to assist the Boards in fulfilling their respective responsibilities by providing review and supervision of the Independent Review including by satisfying themselves as to the effectiveness of delivery plans, delivery assurance and risk mitigation activities and by making recommendations to the Boards with respect to remedial actions to mitigate the risk of the events of 7 and 8 March 2022 reoccurring on the LME’s markets.
- 1.4 The Boards have delegated the responsibilities set out in paragraph 5 below to the Committee.

**2. Membership and Attendance**

**2.1 Membership**

- (a) The Committee shall be composed of the following:

- Tony Stuart (LME and LME Clear Board member – Chair of Committee)
- Marco Strimer (LME Clear Board Chairman)
- Nicolas Aguzin (HKEX CEO and LME Board member)
- John Williamson (LME Board)
- Stephen Yiu (LME and LMEC Board member)
- Gavin Prentice (User Committee Chairman)
- Adrian Farnham (LMEC CEO and LMEC Board member)
- Matt Chamberlain (LME CEO and LME and LMEC Board member)
- Chris Jones (LME Group CRO)
- Richard Wise (HKEX Group CRO),

and in any event will comprise at least ten members, with each Board entitled to appoint at least five Committee members.

- (b) Gay Huey Evans (LME Board Chairman) shall be invited to attend all Steering Committee meetings in the capacity of an observer.
- (c) Subject to (a), the Boards shall be permitted to remove members from the Committee at their discretion.



- (d) Independent advisers may be appointed to advise the Committee from time to time, subject to the approval of a simple majority of Committee members.
- (e) Members of the Committee will collectively have appropriate knowledge, expertise and professional experience concerning derivatives trading, markets and market structure.
- (f) Committee membership shall be reviewed on a regular basis, by or in consultation with, the Nomination Committees of the Boards where required.

## 2.2 Chairman

- (a) The chairman of the Committee (the "**Chairman**") will be appointed by the Boards jointly.
- (b) In the absence of the Chairman at any meeting, the Committee will choose from their own number a member to act as chairman of that meeting.
- (c) The Chairman's role requires:
  - (i) fostering an open, inclusive and where appropriate, challenging discussion;
  - (ii) ensuring that the Committee receives the information necessary to discharge its responsibilities;
  - (iii) facilitating the running of the Committee to assist it in providing independent oversight of executive decisions; and
  - (iv) reporting to the Boards on the Committee's activities.
- (d) The Chairman may appoint a delegate to discharge their responsibilities.

## 3. Meetings

- 3.1. The Committee shall meet with such frequency and at such times as it may determine.
- 3.2. Meetings of the Committee will be convened by the secretary of the Committee (the "**Committee Secretary**") or by the respective Company Secretary, in either case, at the request of the Chairman or Committee members.
- 3.3. Four (4) Committee members shall constitute a quorum, with at least one such member being a member of the LME Board and one member being a member of the LME Clear Board. For the avoidance of doubt, an individual who is a member of both the LME and LME Clear boards shall not be counted twice for quorum purposes. A duly convened Committee meeting at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions invested in or exercisable by the Committee.
- 3.4. Decisions shall be determined by simple majority and, in the event of a tie, the Chairman shall have a casting vote.
- 3.5. Only members of the Committee have a right to attend meetings; however, members of the Boards, LME Group senior management, other relevant LME Group personnel and relevant external third parties may be invited to attend, as appropriate.
- 3.6. The Company Secretary or his or her delegate will act as the Committee Secretary.



- 3.7. The Committee Secretary shall take minutes of meetings of the Committee and retain copies of papers presented at or considered at Committee meetings. Minutes of the preceding meeting shall be approved by the Committee at each meeting. Once approved, the minutes will be authenticated by the Chairman or the chairman of the meeting as a conclusive record of Committee proceedings at that meeting.
- 3.8. The Committee may meet for dispatch of business, adjourn and otherwise regulate its proceedings as its members deem fit. Without limiting the generality of the foregoing, any member may participate in a meeting of the Committee by way of telephone, computer or any other electronic means of communication, provided that each person participating in the meeting is able to hear and speak. The meeting is deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the Chairman or chairman of the meeting is located.

#### **4. Reporting**

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

#### **5. Authority and Specific Responsibilities**

- 5.1. The Committee operates under delegated authority from the Boards.
- 5.2. The Committee has authority to investigate any matter relating to the LME Group that falls within the scope of its remit under these terms of reference.
- 5.3. The specific duties of the Committee shall cover the areas and responsibilities outlined below.
- (a) approve the appointment of an Independent Reviewer with relevant input from an appropriately constituted tender evaluation team;
  - (b) approve the scope of the Independent Review proposed by the Nickel Working Group and the tender evaluation team;
  - (c) receive reports from the LME and LME Clear Executive Committees and from the Nickel Working Group on the progress of the Independent Review and further, receive reports from the Working Group in relation to matters not within the scope of, but relevant to, the Independent Review;
  - (d) seek to ensure that, with input from the Independent Reviewer, and with regard to, and arising out of, the scope of the Independent Review, management has identified material risks facing the LME Group and that appropriate arrangements are in place to control and mitigate those risks effectively;
  - (e) report on Committee business to the Boards and advise the Boards on the recommendations proposed by the Nickel Working Group;
  - (f) on an ongoing basis, monitor the adequacy of financial and personnel resources allocated to the Independent Review;
  - (g) take appropriate steps to enable it to discharge any powers and functions conferred on it by the Boards; and
  - (h) conform to any requirement, direction, and regulation that may from time to time be prescribed by the Boards or contained in the respective constitutions of the LME Group



or imposed by applicable legislation or regulation.

- 5.4. Notwithstanding the foregoing, the Committee shall not have authority to approve any decision that could have a significant impact on the risk profile of the LME Group. Any such decision shall be referred to the Boards for approval.

## **6. Other matters**

- 6.1. The Committee shall:

- (a) have access to sufficient resources and training in order to carry out its duties;
- (b) have access to members of management and legal counsel at any meeting if necessary; and
- (c) periodically review its own performance, constitution and terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the Boards for approval.

- 6.2. The Committee is authorised to appoint, at the LME Group's expense, consultants in respect of any matter within its terms of reference.

## **7. Confidentiality and conflicts of interest**

- 7.1. Other than where outside consultation is specifically contemplated by these Terms of Reference, Committee members must ensure that, unless outside consultation is specifically agreed by the Committee, and subject to the involvement of external counsel and third parties as permitted by these Terms of Reference, all matters discussed and all materials and data made available to them in respect of their Committee-related activities are kept confidential at all times.
- 7.2. Further, Committee members must not abuse their Committee member 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 Chair feels there may be a conflict of interest in respect of a matter to be discussed at a meeting or that comes under discussion at a meeting, and it is appropriate for a Committee member to leave all or part of a meeting, the Chair shall ask the member to leave the meeting; no reason need be given. Members that may have a conflict of interest shall receive minutes of the meeting but the matters in respect of which they may have a conflict of interest will be redacted from the copy of the meeting notes they receive.
- 7.3. The Committee shall observe the requirements relating to the management of inside information and commercially sensitive information, as prescribed by either party and notified to the Committee from time to time. In practice, this may mean that consideration of certain items which may be considered to be inside information or commercially sensitive information shall be withheld from meetings of the Committee until such information is within the public domain.



**Document Change History**

Date	Version	Author	Summary of Changes
8 April 2022	1.0	Keti Tano	Initial draft for LME and LME Clear Excoms' consideration.
12 April 2022	1.1	Keti Tano	Reflecting comments from external counsel.
13 April 2022	1.2	Keti Tano	Reflecting internal stakeholder comments.
21 April 2022	1.3	Keti Tano and Matt Phillips	Reflecting comments following LME and LMEC joint Board meeting on 21 April 2022.
05 May 2022	1.4	Matt Phillips	Adding a new member to the SteerCo