



Ring Dealers Committee

Terms of Reference

Status

- 1.1 The Ring Dealers Committee (the “Committee”) has been established as an advisory committee to The London Metal Exchange (the “Exchange”).
- 1.2 The primary purpose of the Committee is to consider all aspects of trading on the Ring.

Membership

Chair and Vice Chair

- 2.1 The Chair will be appointed by the Exchange.
- 2.2 The Chair may, if considered appropriate, following consultation with the Exchange, appoint one of the other Committee members to act as a vice Chair. Any employee of the Exchange can be appointed as vice Chair for the duration of the meeting.

Membership

- 3.1 The remaining Committee members shall be representatives of each of the Ring Dealing Members of the London Metal Exchange and are appointed by the Exchange upon recommendation from the Committee Chair. If a member appointed is unable to attend a meeting, that person may with prior permission of the Chair, designate an alternative representative from the same Ring Dealing Member.
- 3.2 The Exchange shall be entitled to attend (without a vote) meetings of the Committee and the Exchange Company Secretariat will provide secretarial support as required.
- 3.3 The Exchange may at its sole discretion request that any member of the Committee resign from the Committee at any time, and such person shall comply with such request. No reason or period of notice need be given by the Exchange.
- 3.4 Should a member of the Committee appointed under clause 3.1 subsequently leave the employment of a Ring Dealing Member by which the member of the Committee was nominated, that person shall automatically resign from the Committee. The Ring Dealing Member shall be entitled to appoint an alternative representative in accordance with clause 3.1.
- 3.5 Should a Ring Dealing Member no longer be categorised as a Ring Dealing Member, the employee representative appointed to the Committee under clause 3.1 shall automatically resign from the Committee.
- 3.6 With reference to 3.4 should two or more Committee members become employed by the same employer or the same group as a result of a corporate transaction, then the Exchange in consultation with the Chair of the Committee shall decide which member if applicable should remain on the Committee.

Meetings

- 4.1 The Committee shall meet at least quarterly and more frequently when appropriate, unless otherwise recommended by the Committee Chair and approved by the Exchange.
- 4.2 The Committee Chair in consultation with the Exchange shall agree the agenda for each Committee meeting (taking into account the requirements of 7.3).

- 4.3 Committee meeting dates shall be agreed in advance affording adequate notice for maximum participation. Papers prepared for the Committee may be sent (by post, email or other medium) between meeting dates. Decisions or recommendations may be solicited and received between meetings, (including by email or other appropriate electronic method of communication) where necessary, to avoid delays in the decision-making processes.
- 4.4 Minutes will be taken for all meetings and the activity of the Committee shall be reported to the Exchange at regular intervals.
- 4.5 Subject to paragraph 7.1, the Committee may invite contributions from non-Committee members where appropriate, with the Chair's and the Exchange's prior approval in order to encourage outside contributions, where appropriate. Outside contributors should acknowledge these Terms of Reference and abide by them, and should also abide by any guidance issued by the Exchange in relation to Committee meetings (including, without limitation, any guidance on the prohibition of anti-competitive practices).
- 4.6 To be quorate, the Committee must have at least 50% of its members present at its meeting, including its Chair or vice Chair / acting Chair.
- 4.7 Failure to attend three consecutive Committee meetings will result in the withdrawal of Committee membership, subject to the discretion of the Committee Chair and the Exchange.

Committee Responsibilities

- 5.1 The Committee is responsible for considering all aspects of trading on the Ring in order to make such recommendations to the Exchange to enhance the operation of the Exchange and management of trading on the Ring. In particular, the Committee is responsible for:
- Recommending to the Exchange the authorisation of probationary dealers;
 - Recommending to the Exchange the allocation of booths on the trading floor;
 - Passing on to the Exchange executive relevant complaints;
 - Generally promoting the use of LME products;
 - Making recommendations to the Exchange on Ring trading related policy issues including trading standards and practitioner issues (but for the avoidance of doubt not related to disciplinary matters); and
 - Discharging other duties related to the Ring as determined from time to time by the Exchange.
- 5.2 To constitute a recommendation of the Committee, a proposal must be supported by at least 50% of the Committee (but the Exchange shall take account of any dissenting views, where a recommendation is not unanimous). The Exchange has the right to accept, reject or modify any recommendations made to it. The Exchange should have sufficient confidence that any recommendation made to it by the Committee is capable of endorsement without further detailed review being necessary by the Exchange. Accordingly, it is incumbent upon the Committee to ensure that the quality of analysis, research and supporting paperwork it provides to the Exchange in support of any recommendation is sufficient for the Exchange to ratify such a recommendation without further enquiry being necessary.
- 5.3 In the event that a Committee recommendation is rejected by the Exchange, the Committee Chair has the right to appeal to the Exchange.

Reporting

- 6.1 The Committee shall report to the Exchange on how it has discharged its responsibilities and on any other matters referred to it by the Exchange through the Committee meeting minutes.

Confidentiality and Conflicts of Interest

- 7.1 Committee members must ensure that, unless outside consultation is specifically agreed, all matters discussed and all materials and data made available to them in respect of their Committee-related activities are kept confidential at all times. 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 Chair feels that there may be a conflict of interest in respect of any matter to be discussed at a meeting or that comes under discussion at a Committee meeting and it is appropriate for a Committee member to leave all or part of a meeting, the Chair shall ask the member to leave the meeting. No reason need be given. Members that may have a conflict of interest shall receive minutes of the meeting with the matter in respect of which they may have a conflict of interest redacted from the copy of the minutes they receive.
- 7.2 Without prejudice to paragraphs 3.3 and 7.1, the Exchange may request that a Committee member (including the Chair or the vice Chair) resign from the Committee where the Exchange has reason to believe that such Committee member has an interest or interests of any form which may conflict with the interests of the Company or with any company within the HKEx Group¹, and the Committee member shall comply with such request. No reason need be given.
- 7.3 The Company shall observe the requirements relating to the management of inside information and commercially sensitive as prescribed by the Company 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.

¹ This might include, without limitation, where the Committee member has a relationship with an entity whose interests conflict with the interests of the Company or any member of the HKEX group (including a competitor), such as, without limitation, serving on a board or committee of that entity