



LONDON METAL EXCHANGE

----- **From: Deputy Chief Executive**

To: Category 1 & 2 Members
Ref: 09/352 : A344
Date: 1 October 2009
Subject: **DISTRIBUTION OF LMEselect DATA**

Summary

1 This notice sets out a change to the LME policy on the distribution by members of LMEselect data to their clients.

Background

2 A category 1 or category 2 member is permitted to distribute LMEselect data to its clients provided that the member enters into a sub-licence agreement and accompanying side letter (the "Sublicence Agreement") with the Exchange. One of the conditions in the Sublicence Agreement is that the member must have a written agreement with each relevant client that prohibits the client from re-distributing that LMEselect data.

New Policy

3 The LME Board has agreed that category 1 & 2 members may vary the Sublicence Agreement in order to permit a client to re-distribute LMEselect data subject to the member applying to the Exchange and executing a standard form amendment to the Sublicence Agreement.

4 The amendment to the Sublicence Agreement will contain terms and conditions, the most significant of which will cover the following points:-

- (a) the member will be obliged to notify the Exchange of the identity of each relevant client and must use the client identification functionality in LMEselect to identify all orders received from that client;
- (b) the member must undertake that it will at all times be in compliance with all local, legal and regulatory requirements regarding the arrangements that it has with each client that it permits to become a re-distributor of LMEselect data;

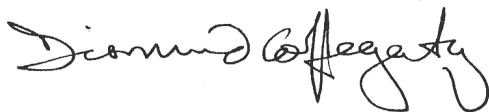
- (c) the member must pay to the Exchange the prevailing LMEselect data distribution fee in respect of each person to whom its client re-distributes LMEselect data;
- (d) the member must have a written agreement with its client that includes the following provisions:-
 - (i) an undertaking that the client will have in place agreements with the persons to whom it re-distributes LMEselect data that prohibit those persons from re-distributing LMEselect data to any other person;
 - (ii) a clear statement that only LME broker members may issue LME registered client contracts; and
 - (iii) a confirmation from the client that, if it trades with sub-clients, those sub-clients have been made to understand that they do not receive LME registered client contracts.

5 Condition 4(a) above refers to the use of client identification functionality in LMEselect. With effect from 29 January 2010, each category 1 & 2 member will be required to populate the LMEselect client field (tag58) with a code produced by the member's own systems in order to identify the house or client account that generates an LMEselect order via the API (see LME notice 09/346). Members may need to implement this requirement early in order to comply with condition 4(a).

6 Members are reminded that the applicable fees for LMEselect data distributed to clients will be increased with effect from 1 January 2010.

Procedure

7 Category 1 & 2 members who wish to amend their Sublicence Agreement in order to avail of the new policy should apply to the LMEselect helpdesk by email to lmehelpdesk@lme.com or by phone on 020 7488 2500.



Diarmuid O'Hegarty

cc: Board directors