

To: All Members and other interested parties

Ref: 16/166:R006

Date: 29 April 2016

Subject: **INTRODUCTION OF ACCOUNTABILITY LEVELS FOR LME CONTRACTS**

## **Summary**

1. Following a Member consultation, the LME is today announcing that it will be implementing Accountability Levels for certain LME contracts with effect from Monday 4 July 2016.

## **Defined Terms**

2. Capitalised terms not otherwise defined herein shall have the meaning ascribed to them in the rules and regulations of the LME (the “Rules”).

## **Background**

3. On 17 March 2016, LME Notice No. 16/100 : A097 consulted on a proposal to introduce Accountability Levels for LME contracts (the “Proposal”).

## **Consultation Feedback**

4. A table detailing the feedback to the Proposal, together with the LME’s responses to such feedback, is contained in Appendix 1 to this Notice.

## **Amendments to the Proposal**

5. In response to the feedback received, the LME has amended the Proposal as follows:
  - i. Removed the automatic requirement for Members to report positions that are in excess of the relevant Accountability Levels; instead, for such positions, the LME may request that further information be provided, by either the Member or their Client, as appropriate (see paragraphs 1, 3, 5 and 6 and the deleted paragraph 9);
  - ii. Clarified that the Single Prompt Accountability Levels shall be calculated for each Member or Client (as relevant) on a net basis in respect of each relevant



- prompt date, and that the All Prompt Accountability Levels shall be calculated for each member or Client (as relevant) on a net basis in respect of all relevant prompt dates (see paragraph 7);
- iii. Revised upwards the Accountability Levels for Copper, both Single Prompt and All Prompts (see paragraph 7);
  - iv. Clarified that the Accountability Levels will apply to end-of-day positions – i.e. they will not apply intra-day (see paragraph 8);
  - v. Re-emphasised that Clients may provide the information requested to the LME directly, and that in such cases the relevant Member will be deemed to have met the necessary reporting obligations (see paragraph 9);
  - vi. Linked the requirements relating to confidentiality to the relevant provisions in the LME Rulebook (see paragraph 9); and
  - vii. Amended paragraph 12 to state that failure by a Member or Client to comply with “the requirements of this document” or a direction issued by the Exchange shall constitute a breach of the LME Rules which may result in disciplinary action.
6. A blackline of the Accountability Levels policy, showing the changes against the original Proposal, is attached to this Notice as Appendix 2. A clean copy of the Accountability Levels policy is attached to this Notice as Appendix 3.

### **Implementation**

7. In order to allow Members sufficient time to implement appropriate processes and procedures, Accountability Levels shall take effect from Monday 4 July, 2016 onwards.

**Andrew Dodsworth**  
**Head of Market Operations**

cc: Board of Directors  
Trading Committee  
Ring Dealers Committee