



## LONDON METAL EXCHANGE

*From Executive Director: Regulation and Compliance*

To: ALL MEMBERS  
Ref: 03/304 : A303  
Date: 7 October 2003  
Subject: **OMNIBUS ACCOUNTS AND LME CLIENT CONTRACTS**

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Members are reminded that an LME client contract is a bilateral contract between an LME category 1, 2 or 4 member ("broker member") and a client. Each LME client contract is separate and creates an obligation whereby the broker member and the client undertake between them that one will buy and the other will sell metal for delivery on the relevant prompt date. The broker member or the client may use an intermediary to bring about the LME client contract but that intermediary cannot have any rights under the LME client contract.

A broker member may, for internal purposes, choose to group together a number of clients who use the same intermediary. However, if those clients are to receive LME client contracts, the broker member must recognise that each client is the broker's counterparty for each LME client contract.

The Exchange recognises that a broker member may deal with an intermediary where either (a) the intermediary's clients are undisclosed, or (b) the intermediary's clients are disclosed but the broker only recognises the intermediary as its client. In those circumstances the broker member must take reasonable steps to ensure that the intermediary makes clear to any of its underlying customers that they cannot be counterparties to LME client contracts. The broker member should ensure that all client and give up agreements clearly reflect this.

A handwritten signature in black ink, reading "Alan Whiting". The signature is written in a cursive style with a long, sweeping tail on the letter 'g'.

**A WHITING**

cc: Board directors