

MARCH 2019

**REVISIONS TO THE LOOSE-LEAF RULEBOOK
OF THE LONDON METAL EXCHANGE**

Release No 104

Enclosed are replacement pages of the LME Rulebook affected by recent revisions.

Updates comprise:-

Part 1 – replace the whole of Part 1 including the contents page

Part 2 – replace the contents page and pages 2-14 to 2-44

Part 3 – replace the contents page and pages 3-2, 3-5, 3-7, 3-25, 3-28, 3-29, 3-37 to 3-62

Part 4 – replace the contents page and pages 4-5 to 4-11

Part 6 – replace pages 6-11 and 6-12

Part 8 – replace pages 8-1 and 8-11

Part 10 – replace the contents page

Part 13 – replace the contents page and pages 13B-3 and 13B-4

Details of the substantive changes are below:

19/087	DECISION NOTICE – CONSULTATION ON PROPOSED AMENDMENTS TO THE LME AND LME CLEAR RULEBOOKS – EU WITHDRAWAL, INDIRECT CLEARING, WARRANTS AS COLLATERAL ENHANCEMENTS AND OTHER MISCELLANEOUS CHANGES
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PART 1
DEFINITIONS AND GENERAL RULES

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CONTENTS

Section		Page
1	Definitions	1-1
2	General	1-41

PART 1: DEFINITIONS AND GENERAL RULES

1. DEFINITIONS

1.1 In these Rules, the following words and expressions shall, unless the context otherwise requires, bear the meanings set opposite them:-

"Account Holder"	the Clearing House and any person admitted as an Account Holder by the Exchange, and which has not withdrawn or ceased to be an Account Holder, under Regulation 2 of the LMEsword Regulations;
"Acceptance Criteria"	the criteria to be satisfied under the Clearing House Rules in order for a Cleared Contract to come into effect in respect of the relevant Agreed Trade;
"Administrative Procedure" or "Notice"	a notice sent to such class or classes of Member to whom they apply, containing a procedure for implementing the Rules or any part thereof. In the case of LME Select this may also be posted on the market messages screen;
"Affiliate"	in relation to a person, another person in the same Group;
"Agreed Trade"	the particulars of a transaction in a Contract agreed between two parties (or otherwise instructed by one or more Member(s) and confirmed within LME Select), as further specified in Trading Regulation 2.2.3;
"Algorithmic Trading"	trading in financial instruments (as such term is defined in Article 4(1)(15) of the MiFID II Directive) where a computer algorithm automatically determines individual parameters of orders such as whether to initiate the order, the timing, price or quantity of the order or how to manage the order after its submission, with limited or no human intervention, but excluding any system that is only used for the purpose of routing orders to one or more trading venues (as such term is defined in Article 4(1)(24) of the MiFID II Directive) or for the processing of orders involving no determination of any trading parameters or for the confirmation of orders or the post-trade processing of executed transactions;
"Aluminium Premium Contract"	a Premium Contract for aluminium having the characteristics set out in the Premium Contract Regulations (and a "type" of Aluminium Premium Contract shall mean one of the classes of such Contracts distinguished by its applicable Premium

	Warrant Jurisdiction);
"Appeal Committee"	a committee appointed pursuant to Regulation 11 of the Membership Regulations;
"Appeal Panel"	a panel appointed pursuant to Regulation 14.57 of the Membership Regulations;
"Application"	means any application (including a code for each application) receiving LME Information for Non-Display Usage;
"Arbitration Regulations"	the regulations set out in Part 8 of the Rules;
"Articles"	the Articles of Association for the time being of the Company;
"At the Money"	in relation to an LMEprecious Option, that on the Expiry Day, the Exercise Reference Price for the LMEprecious Option is equal to the Strike Price;
"Average Price Call Option"	a Traded Average Price Option pursuant to which the Granter gives the Taker the right to buy from the Granter;
"Average Price Put Option"	a Traded Average Price Option pursuant to which the Granter gives the Taker the right to sell to the Granter;
"Business Day"	any day except Saturday, Sunday or any public or bank holiday in England or a day during which trade on the Exchange has been suspended by or under the authority of any enactment or a day which the Exchange declares not to be a Business Day;
"B Shares"	class B shares in LME Holdings having a nominal value of 1p each;
"Call Option"	an Option Contract pursuant to which the Granter gives the Taker the right to buy from the Granter or, in the case of an Index Option, a notional right to buy, to be cash settled;
"a Candidate"	a candidate for Membership of the Exchange;
"Capital Requirements Regulation"	Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms as from time to time amended;
"Carry"	(a) in respect of a Metal Future, Premium Contract, LMEmini Future or LMEprecious Future for the purchase or sale of a specific

	<p>number of Lots for one Prompt Date coupled with one or more Futures Contracts of the same type for the sale or, as the case may be, purchase comprising in aggregate the same number of Lots between the same parties for a more distant Prompt Date or Prompt Dates; or</p> <p>(b) in respect of a Monthly Average Future, a Contract for the purchase or sale of a specific number of Lots for one Prompt Date for a specified metal coupled with one or more Contracts for the sale or, as the case may be, purchase comprising in aggregate the same number of Lots for the same metal between the same parties for a more distant Prompt Date or Prompt Dates;</p>
"Cash"	in relation to the period between 19.31 hours on one Business Day and 19.30 hours on the next Business Day and Contracts entered into in that period, the first Settlement Business Day which falls after the next following Business Day (also referred to as " SPOT ");
"Cash-Settled Future Daily Settlement Price"	in respect of each Cash-Settled Future, the relevant price determined for margining and daily settlement purposes of such Cash-Settled Future as determined in accordance with Regulation 5.7 of the Trading Regulations;
"Cash-Settled Future Final Settlement Price"	in respect of each Cash-Settled Future, the relevant price determined for final settlement purposes of such Cash-Settled Future as determined in accordance with Regulation 5.7.3 of the Trading Regulations;
"Cash-Settled Future"	a cash-settled Exchange-traded futures contract pursuant to which the buyer and seller agree to pay or receive in cash the difference between the level of the relevant Cash-Settled Future Final Settlement Price on the Prompt Date and the level agreed in the Contract, multiplied by the Contract size, settled on the relevant Settlement Business Day specified in the relevant Special Contract Rules Cash-Settled Futures and subject to daily marking to market in accordance with the Clearing House Rules and conforming to the other specifications prescribed by the Exchange, including the specific features for the relevant type of Contract set out in the relevant Special Contract

	Rules for Cash-Settled Futures (and not including, for the avoidance of doubt, an LMEmini Future or an Index Future);
"Cash-Settled Future Index"	in respect of each Cash-Settled Future, the relevant index (or indices, as applicable) or other reference-value specified for the specific type of Cash-Settled Future in the relevant Special Contract Rules for Cash-Settled Futures;
"Cash-Settled Future Last Trading Time"	in respect of each Cash-Settled Future, the last time on the Last Trading Day for such Cash-Settled Future as specified in the relevant Special Contract Rules for Cash-Settled Futures, or as otherwise prescribed by the Exchange from time to time;
"Cash Today"	in relation to Contracts entered into in the period between 19.31 hours on one Business Day and 12.30 hours on the next Business Day, the first Settlement Business Day after the latter Business Day save that there will be no Prompt Date for Cash Today where Cash Today is a Business Day but not a Settlement Business Day (also referred to as " TOM " or " tomorrow ");
"Category 1 Member"	a Member who is: <ul style="list-style-type: none"> (a) authorised by the Directors to trade in the Ring; (b) a member of the Clearing House; (c) authorised by the Directors to clear Cleared LME Base Contracts; (d) authorised by the Directors to issue Client LME Base Contracts; and (e) granted Category 1 Membership by the Directors;
"Category 2 Member"	a Member who is: <ul style="list-style-type: none"> (a) not authorised by the Directors to trade in the Ring; (b) a member of the Clearing House; (c) authorised by the Directors to clear Cleared LME Base Contracts; (d) authorised by the Directors to issue Client LME Base Contracts; and

- (e) granted Category 2 Membership by the Directors;
- "Category 3 Member"
- a Member who is:
- (a) not authorised by the Directors to trade in the Ring;
 - (b) a member of the Clearing House;
 - (c) authorised by the Directors to clear Cleared LME Base Contracts;
 - (d) not authorised by the Directors to issue Client LME Base Contracts; and
 - (e) granted Category 3 Membership by the Directors;
- "Category 4 Member"
- a Member who is:
- (a) not authorised by the Directors to trade in the Ring;
 - (b) not authorised by the Directors to clear Cleared LME Base Contracts;
 - (c) authorised by the Directors to issue Client LME Base Contracts; and
 - (d) granted Category 4 Membership by the Directors;
- "Category 5 Member"
- a Member who is:
- (a) not authorised by the Directors to trade in the Ring;
 - (b) not authorised by the Directors to clear Cleared Contracts;
 - (c) not authorised by the Directors to issue Client Contracts; and
 - (d) granted Category 5 Membership by the Directors;
- "Category 6 Member"
- a Member who is:
- (a) not authorised by the Directors to trade in the Ring;
 - (b) not authorised by the Directors to clear Cleared Contracts;

	(c) not authorised by the Directors to issue Client Contracts;
	(d) not an Undertaking or a member of an Undertaking; and
	(e) granted Category 6 Membership by the Directors;
"Category 7 Member"	a Member who is granted honorary Membership of the Exchange by the Directors;
"Chief Executive"	the chief executive officer of the Company, including the "Deputy Chief Executive" and any other person for the time being appointed to perform the duties of Chief Executive of the Company;
"Chief Operating Officer"	the chief operating officer of the Company, including the "Deputy Operating Officer" and any other person for the time being appointed to perform the duties of the Chief Operating Officer of the Company;
"Claimant"	the person commencing an arbitration by serving a Notice to Arbitrate;
"Cleared Cash-Settled Future"	a Cleared Contract which is a Cash-Settled Future;
"Cleared Contract"	(a) the Contract or Contracts which may result from the process of acceptance set out in the Clearing House Rules, upon or following Execution;
	(b) any other Contract or Contracts which may be created between the Clearing House and a Clearing Member in relation to an Agreed Trade by operation of the Clearing House Rules, including, without limitation, any Contract that results from any process under the Clearing House Rules that varies, modifies, transfers, replaces, novates or ports any Contracts within (a) above or any Contract that results from any netting or settlement-to-market process under the Clearing House Rules;
"Cleared Index Contract"	a Cleared Contract which is an Index Contract;
"Cleared Index Future"	a Cleared Contract which is an Index Future;
"Cleared Index Option"	a Cleared Contract which is an Index Option;

"Cleared LME Base Contract"	a Cleared Contract which is not a Cleared LMEprecious Contract;
"Cleared LMEmini Future"	a Cleared Contract which is an LMEmini Future;
"Cleared LMEprecious Contract"	a Cleared Contract which is an LMEprecious Contract;
"Cleared LMEprecious Future"	a Cleared Contract which is an LMEprecious Future;
"Cleared LMEprecious Option"	a Cleared Contract which is an LMEprecious Option;
"Cleared Metal Contract"	a Cleared Contract which is a Metal Contract;
"Cleared Metal Future"	a Cleared Contract which is a Metal Future;
"Cleared Metal Option"	a Cleared Contract which is a Metal Option;
"Cleared Monthly Average Future "	a Cleared Contract which is a Monthly Average Future;
"Cleared Option Contract"	a Cleared Contract which is an Option Contract;
"Cleared Premium Contract"	a Cleared Contract which is a Premium Contract;
"the Clearing House"	such Clearing-house for the time being appointed by the Exchange to clear Contracts;
"the Clearing House Rules"	the rules of the Clearing House that are binding on Clearing Members, as for the time being in force in relation to the Exchange, and the procedures of the Clearing House with respect thereto;
"Clearing Member"	a Member that is permitted by the Clearing House to clear Cleared Contracts, being: <ul style="list-style-type: none"> (a) in respect of the LME Base Service, a Category 1, 2 or 3 Member; or (b) in respect of the LMEprecious Service, an LMEprecious General Clearing Member or an LMEprecious Individual Clearing Member;
"Clearing Member Transferee"	means a Clearing Member to whom a Client-Related Cleared Contract is transferred in accordance with the Clearing House Rules;
"Clearing Member Transferor"	means a Clearing Member from whom a Client-Related Cleared Contract is transferred in accordance with the Clearing House Rules, being the Clearing Member that was the counterparty to

the Clearing House under such Cleared Contract immediately prior to the time of such transfer;

"Client"

a person who:

- (a) is or may be a party to a Client Contract, other than the person who issues the Client Contract; or
- (b) otherwise has a client relationship with a Member in relation to any transaction represented by a Contract;

"Client Cash-Settled Future"

a Client Contract which is a Cash-Settled Future;

"Client Contract"

- (a) in respect of the LME Base Service, each of:
 - (i) an LME Base Contract between a Category 1 or 2 Member and a Category 4 Member; or
 - (ii) an LME Base Contract between a Category 1, 2 or 4 Member and any other person (as a Client); or
 - (iii) a Post-Compression Client Contract that is an LME Base Contract; or
 - (iv) any Contract formed pursuant to the application of a netting, aggregation and/or settlement to market process, applied to any Contract in (i), (ii) or (iii) above,

in each case that is not a Cleared Contract; and

- (b) in respect of the LMEprecious Service:
 - (i) an LMEprecious Contract between an LMEprecious General Clearing Member and an LMEprecious Non-Clearing Member; or
 - (ii) an LMEprecious Contract between an LMEprecious General Clearing Member or LMEprecious Non-Clearing Member and any other person (as a Client); or
 - (iii) any Contract formed pursuant to the application of a netting, aggregation and/or settlement to market process, applied to any Contract in (i) or (ii)

	above,
	in each case that is not a Cleared Contract;
"Client Index Contract"	a Client Contract which is an Index Contract;
"Client Index Future"	a Client Contract which is an Index Future;
"Client Index Option"	a Client Contract which is an Index Option;
"Client LME Base Contract"	a Client Contract which is not a Client LMEprecious Contract;
"Client LMEmini Future"	a Client Contract which is an LMEmini Future;
"Client LMEprecious Contract"	a Client Contract which is an LMEprecious Contract";
"Client LMEprecious Future"	a Client Contract which is an LMEprecious Future;
"Client LMEprecious Option"	a Client Contract which is an LMEprecious Option;
"Client Metal Contract"	a Client Contract which is a Metal Contract;
"Client Monthly Average Future"	a Client Contract which is a Monthly Average Future;
"Client Option Contract"	a Client Contract which is an Option Contract;
"Client Premium Contract"	a Client Contract which is a Premium Contract;
"Client-Related Cleared Contract"	means a Cleared Contract that came into effect between the Clearing House and a Clearing Member pursuant to the Execution of an Agreed Trade, and which corresponds to a Client Contract that came into effect under these Rules at the same time as such Cleared Contract came into effect (and including any Post-Compression Cleared Contracts that may arise following Compression at the Clearing House of any such Cleared Contract);
"Client Traded Average Price Option"	a Traded Average Price Option where either Granter or Taker or each of them is not a Clearing Member;
"Close of Pleadings"	the end of a period of 28 days after the time for submission of the points of reply, unless otherwise ordered by the Tribunal;
"Closing Prices"	the prices determined for margining purposes on each Business Day by the Quotations Committee in accordance with Regulation 6.1 of the Trading Regulations or by the Clearing House in accordance with Regulation 15 of the Trading

	Regulations;
"the Company" or "the LME"	the London Metal Exchange, a company registered in England and Wales under company number 02128666;
"Compression"	<p>means the replacement of multiple Contracts between the same two parties with a smaller number of Contracts by the aggregation of Contracts having the same direction, together with the netting of Contracts having opposite directions, and which may occur, as the context requires:</p> <p>(a) "at the Clearing House", in relation to Cleared Contracts, subject to and in accordance with the Clearing House Rules; and</p> <p>(b) "under the Exchange Rules", in relation to Underlying Client Contracts that relate to such Cleared Contracts, subject to and in accordance with Regulation 14 of the Contract Regulations,</p> <p>and the terms "same direction" and "opposite direction" shall be construed in accordance with Regulation 1.5 of this Part 1;</p>
"Constituent Metals"	the metals underlying the Index, being copper, lead, nickel, primary aluminium, tin and zinc;
"Contingent Agreement to Trade"	an agreement between two parties to an Agreed Trade made in the inter-office market, having the characteristics specified in Regulation 2.10 of the Trading Regulations;
"Contract"	<p>(a) a contract for the purchase and sale of one or more Lots of a metal for the time being dealt in on the Exchange in respect of which:</p> <p>(1) either the buyer or the seller or each of them is a Category 1, 2, 3 or 4 Member; and</p> <p>(2) the delivery date is a Prompt Date for the time being permitted by the Rules; and</p> <p>(3) the price is expressed in a currency for the time being permitted by the Rules; and</p>

- (4) the quality and other characteristics of the metal concerned are expressly or impliedly to be as prescribed by the Exchange; or
 - (b) a Metal Option or Traded Average Price Option which has the characteristics prescribed by or pursuant to the Metal Options Regulations or, as the case may be, the Traded Average Price Options Regulations to enter into a contract falling within (a) above; or
 - (c) an Index Future or an Index Option which has the characteristics prescribed by the Rules and, as the case may be, the Index Option Regulations; or
 - (d) an LMEmini Contract which has the characteristics prescribed by the Rules; or
 - (e) a Monthly Average Future which has the characteristics prescribed by the Rules;
 - (f) a Cash-Settled Future which has the characteristics prescribed by the Rules;
 - (g) a Premium Contract which has the characteristics prescribed by the Rules;
 - (h) an LMEprecious Future which has the characteristics prescribed by the Rules and, as the case may be, the LMEprecious Future Regulations;
 - (i) an LMEprecious Option which has the characteristics prescribed by the Rules and, as the case may be, the LMEprecious Option Regulations,
- but
- (j) shall not include any contract which, by virtue of provisions agreed between the parties at or before the time they enter into the contract as to delivery or otherwise, is clearly intended to be performed otherwise than as prescribed by the Rules;

"Contract Regulations"

the Regulations set out in Part 4 of the Rules;

"Counterparty"

in relation to a party to a Contract, the other party

	to the same Contract;
"Counter Notice"	a notice served by the Respondent pursuant to Regulation 2.5 of Part 8 of the Rules;
"Daily Settling Client Contract"	has the meaning set out in Regulation 9.7.1 of the Trading Regulations;
"Dealer"	a person duly authorised to trade on behalf of a Category 1 Member or in respect of LME Select, a person permitted to deal on LME Select on behalf of an LME Select Participant;
"Dealing Area"	the Ring and surrounding area and corridors (not including booth offices sublet to Category 1 Members) on the relevant floor of the Exchange's premises;
"Dealing Offences"	has the meaning set out in Regulation 11.2.3 of the Trading Regulations;
"Dealing On Own Account"	trading against proprietary capital resulting in the conclusion of transactions in one or more Contracts on the Exchange;
"Declaration Day"	in relation to a Traded Average Price Option for a particular month, the last Business Day in that month;
"Defaulter"	a person whom the Exchange has determined, in accordance with Regulation 2 of the Default Regulations, to be a defaulter;
"Default Notice"	notice of a determination by the Exchange issued pursuant to Regulation 4.1 of the Default Regulations;
"Default Regulations"	the Regulations contained in Part 9 of the Regulations;
"Default Settlement Amount"	the amount payable by one party to the other in respect of an Unsettled Contract to which a Defaulter is a party which is settled under or pursuant to the Default Regulations;
"Default Settlement Price"	(a) in relation to a Metal Future or a Premium Contract or an LMEmini Future, the Settlement Price or Unofficial Closing Price for the relevant metal and Prompt Date published next after the time of issue of the Default Notice (determined where necessary by reference to the Settlement Price or Unofficial Closing Price so published for

- other Prompt Dates); or
- (b) in relation to an Index Future, the Index Futures Closing Price for the Prompt Date published next after the time of issue of the Default Notice (determined where necessary by reference to the Index Futures Closing Price so published for other Prompt Dates); or
 - (c) in relation to a Metal Option which is not, and is not deemed to be, exercised pursuant to the Default Regulations, the value of such Option determined, pursuant to Regulation 5.8 of the Trading Regulations next after the time of issue of the Default Notice; or
 - (d) in relation to a Traded Average Price Option Contract which is not, and is not deemed to be, exercised pursuant to the Default Regulations, the value of such Option Contract determined, pursuant to Regulation 5.8 of the Trading Regulations next after the time of issue of the Default Notice; or
 - (e) in relation to an Index Option which is not, and is not deemed to be, exercised pursuant to the Default Regulations, the value of such Option determined pursuant to Regulation 5.8 of the Trading Regulations next after the time of issue of the Default Notice; or
 - (f) in relation to a Monthly Average Future, the difference between the Monthly Average Settlement Price for the relevant tradeable month for the relevant underlying metal as published after the time of issue of the Default Notice, and the fixed price agreed between the buyer and the seller in the Contract multiplied by the Contract size; or
 - (g) in relation to a Cash-Settled Future, the Cash-Settled Future Daily Settlement Price for the Business Day next after the time of issue of the Default Notice (determined where necessary by reference to the Cash-Settled Future Daily Settlement Price(s) so determined for other relevant Business Days within the prompt month); or
 - (h) in relation to an LMEprecious Future, the LMEprecious Daily Settlement Price for the

Business Day next after the time of issue of the Default Notice (determined where necessary by reference to the LMEprecious Daily Settlement Price(s) so determined for other relevant Business Days within the prompt month); or

- (i) in relation to an LMEprecious Option which is not, and is not deemed to be, exercised pursuant to the Default Regulations, the value of such Option determined pursuant to Regulation 5.8 of the Trading Regulations next after the time of issue of the Default Notice;
- (j) such other price or prices as the Exchange may, in its absolute discretion, determine;

"Defence"	has the meaning set out in Regulation 14.4 of the Membership Regulations;
"Delta Hedged Strategy"	has the meaning set out in Regulation 2.14.2 of the Trading Regulations;
"Delivery Point"	a specific geographic area within which warehouses may be listed and approved by the Exchange for the issue of Warrants;
"Deposit"	such sum as may be specified by Administrative Procedure from time to time;
"Designated Non-Member"	a person (other than a Member) designated from time to time by the Exchange as a person in respect of whom action may be taken under the Default Regulations or a person (other than a Member) falling within a description of persons so designated;
"Direct Electronic Access"	an arrangement where a Member permits a Client to use its trading code so the Client can electronically transmit orders relating to a financial instrument (as such term is defined in Article 4(1)(15) of the MiFID II Directive) directly to the Exchange;
"the Directors"	each person who is a director of the Company;
"Disciplinary Committee"	a committee appointed pursuant to Regulation 14 of the Membership Regulations;
"Disciplinary Notice"	has the meaning set out in Regulation 14.3 of the Membership Regulations;

"EMIR"	means Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, as from time to time amended;
"EMIR Level 2 (Indirect Clearing) Regulation"	means Commission Delegated Regulation (EU) No 149/2013 of 19 December 2012 supplementing the EMIR Level 1 Regulation with regard to regulatory technical standards on indirect clearing arrangements, the clearing obligation, the public register, access to a trading venue, non-financial counterparties, risk mitigation for OTC derivatives contracts not cleared by a CCP, as amended from time to time (including, for the avoidance of doubt, as amended by Commission Delegated Regulation (EU) 2017/2155 of 22 September 2017);
"Enforcement Committee"	shall comprise four members chosen from the Directors of the LME, appointed by the Exchange in consultation with the Chairman. The quorum for the Enforcement Committee shall be three members. The Enforcement Committee shall not be quorate unless there is at least one independent Director present;
"ESMA"	the European Securities and Markets Authority;
"EU Withdrawal Date"	the later of: (i) the date from which the UK ceases to be a member of the European Union; and (ii) the date of expiry of any transitional period under which European Union laws in respect of financial services cease to have direct effect in the UK;
"Event of Default"	any of the events set out in Regulation 1 of the Default Regulations;
"the Executive" or "Executive Committee" or "EXCOM"	is a sub-committee of the board of directors of the Company, to which the board may from time to time delegate certain powers and responsibilities as it sees fit;
"Expiry Day"	in relation to an LMEprecious Option, the Business Day on which the Contract shall automatically exercise or be abandoned, as specified in the LMEprecious Option Regulations;
"the Exchange"	according to context, the London Metal Exchange administered by the Company, or the premises where Ring trading is conducted;
"Exchange Messaging Policy"	means the electronic messaging functionality

	within the Exchange's systems, as established by Notice;
"Exchange Traded Average Price Option"	a Traded Average Price Option where both Granter and Taker are Clearing Members;
"Execution"	the execution of an Agreed Trade, being the point at which the transaction represented by the Agreed Trade is concluded, resulting in the formation of one or more Contracts (and " Executed " shall be interpreted accordingly);
"Execution Time"	the time at which Execution occurs, as specified for each Execution Venue in Regulation 2.3, 2.4, 2.5 or 2.11.2 (as applicable) of the Trading Regulations (and such time being the "Acceptance Time" for the purposes of the Clearing House Rules);
"Execution Venue"	has the meaning set out in Regulation 2.2.2 of the Trading Regulations;
"Exercise Reference Price"	the price by reference to which an LMEprecious Option shall be exercised on its Expiry Day;
"FCA"	The Financial Conduct Authority;
"Ferrous Future"	a Cash-Settled Future, the Cash-Settled Final Settlement Price for which is determined by reference to a ferrous metal-based index or indices or other reference-value, and which has the features specified in the relevant Special Contract Rules for Cash-Settled Futures - Ferrous;
"Financial OTC Booking Fee Policy"	means the policy of the Exchange specifying the basis on which Members and other persons shall be required to report to the Exchange certain transactions in financial instruments that are executed outside the facilities of the Exchange, and to pay to the Exchange fees in respect of such transactions, subject to, and in accordance with, the requirements of such policy, as such policy may be updated by the Exchange from time to time in accordance with the requirements and processes set out therein;
"Firm Quote"	an order or quote that under these Rules can be matched against an opposite order or quote;
"Former Member"	has the meaning set out in Regulation 10.5 of the Membership Regulations;
"FSMA"	the Financial Services and Markets Act 2000, as

	from time to time amended;
"Futures Contract"	a Metal Future, Premium Contract, LMEmini Future, Index Future, Cash-Settled Future or LMEprecious Future;
"Global Legal Entity Identifier System"	the global system operated under the oversight of the LEI ROC to register legal entities and assign legal entity identifiers to such entities;
"Gold"	Loco London Fine Gold held in London and complying with standards relating to good delivery and fineness acceptable to the Precious Metal Clearer of the Clearing House for the purpose of effecting settlement with the Clearing House, as such standards are in effect from time to time;
"Granter"	the seller under a Traded Option;
"Grounds of Appeal"	a document prepared by a Dealer or Member Representative and served on the Disciplinary Committee and the Exchange in relation to a Ring Appeal and which meets the requirements set out in Regulations 14.17-14.19 of the Membership Regulations;
"Group"	in relation to any company, any company that is a "group undertaking" of that company, as defined in section 1161 of the Companies Act 2006;
"Head of Enforcement"	the Head of Enforcement and any other person within the Exchange for the time being appointed to perform the duties of the Head of Enforcement;
"Head of Market Surveillance"	the Head of Market Surveillance and any other person within the Market Surveillance division of the Exchange for the time being appointed to perform the duties of the Head of Market Surveillance;
"In The Money"	<p>(a) in relation to a Metal Option, that the Strike Price is, in the case of a Put Option, above or, in the case of a Call Option, below the last published Settlement Price at the relevant time for the relevant metal and Prompt Date; or</p> <p>(b) in relation to a Traded Average Price Option, that the Strike Price is, in the case of an Average Price Put Option, above or, in the case of an Average Price Call Option, below the last published Moving Monthly Average Settlement Price or Monthly Average</p>

	Settlement Price at the relevant time for the relevant metal and Prompt Date; or
	(c) in relation to an Index Option, that the Strike Price is, in the case of a Put Option, above or, in the case of a Call Option, below the Settlement Price or last published Closing Price at the relevant time for the relevant Index Option and Prompt Date;
	(d) in relation to an LMEprecious Option, that the Strike Price is, in the case of a Put Option, above or, in the case of a Call Option, below the Exercise Reference Price at the relevant time for the relevant LMEprecious Option and Expiry Day;
"Incentive Programme"	has the meaning set out in Regulation 22.2 of the Membership Regulations;
"Incentive Programme Benefits"	has the meaning set out in Regulation 22.3 of the Membership Regulations;
"Incentive Programme Requirements"	has the meaning set out in Regulation 22.3 of the Membership Regulations;
"Index"	an index denominated in US dollars the level of which is determined in accordance with the Special Contract Rules for the Construction of the Index;
"Index Contract"	an Index Future or an Index Option;
"Index Future"	a cash-settled Exchange-traded futures contract pursuant to which the buyer and seller agree to pay or receive in cash the difference between the level of the Index on the Prompt Date and the level agreed in the Contract, multiplied by the Contract size, settled on the Settlement Business Day next following the Prompt Date and subject to daily marking to market in accordance with the Clearing House Rules and conforming to the other specifications prescribed by the Exchange;
"Index Futures Closing Price"	the Closing Price of an Index Future as determined in accordance with Regulation 6 of the Trading Regulations;
"Index Option"	a cash-settled Exchange-traded option contract over the Index pursuant to which the Granter grants the Taker a right to receive in cash from the Granter the difference between the level of the Index on the Prompt Date and the Strike Price, multiplied by the Contract size, settled on the Settlement Business

	Day next following the Prompt Date and conforming to the other specifications prescribed by the Exchange;
"Index Options Regulations"	the Regulations set out in Part 5C of the Rules;
"Indirect Clearing Arrangement"	means an "indirect clearing arrangement" within the meaning of the Indirect Clearing Regulations;
"Indirect Clearing Regulations"	means the EMIR Level 2 (Indirect Clearing) Regulation or the MiFID II Level 2 (Indirect Clearing) Regulation, as applicable, and any successor legislation amending or incorporating the requirements thereto in any relevant jurisdiction from time to time;
"Indirect Client"	means an indirect Client of a Clearing Member, being a Client of a Category 4 Member, where such Category 4 Member is a Client of the Clearing Member;
"Indirect Client Account"	means a segregated account maintained by a Clearing Member in respect of the Client business of a single Category 4 Member, such that it records positions only in respect of Client-Related Cleared Contracts that have been created pursuant to the registration of Client Contracts relating to one or more Clients of that Category 4 Member (such Clients being Indirect Clients of the Clearing Member);
"Initial Margin"	<p>(a) in relation to a Cleared Contract, the sum of money fixed by the Clearing House in consultation with the Exchange and in respect of which Members may be required to provide to the Clearing House cover in accordance with the Clearing House Rules;</p> <p>(b) in relation to a Client Contract, such sum as may be agreed between the parties provided that such sum is equal to or greater than the amount in (a) above;</p>
"Intellectual Property Rights"	patents, trade marks, rights in logos, get-up, trade names, internet domain names, rights in designs, copyright (including rights in computer software) and moral rights, database rights, rights of confidentiality, semi-conductor topography rights, utility models, trade secrets, inventions, rights in know-how and other intellectual property or proprietary rights, in each case whether registered or unregistered and including applications for

	registration, and all rights or forms of protection having equivalent or similar effect to the foregoing which may now or in the future subsist in, apply to or are enforceable in, any jurisdiction in the world;
"Invoicing Back"	the procedure so described in the Clearing House Rules;
"Last Declaration Day"	<p>(a) in relation to a Metal Option for a particular month, the first Wednesday in that month or, if that is not a Business Day, the next day which is a Business Day;</p> <p>(b) in relation to an Index Option for a particular month, up to 16.35 hours on the second Wednesday in that month or, if that is not a Business Day, the next day which is a Business Day;</p>
"Last Trading Day"	<p>(a) in relation to a Metal Option, the Business Day preceding the Last Declaration Day for that Option;</p> <p>(b) in relation to a Traded Average Price Option, the Business Day preceding the Declaration Day of the relevant month for that Traded Average Price Option;</p> <p>(c) in relation to an Index Option, the Last Declaration Day for that Index Option;</p> <p>(d) in relation to an LMEmini Future, the Business Day which is two Business Days before the Prompt Date;</p> <p>(e) in relation to a Monthly Average Future, the last Business Day of the relevant tradeable month;</p> <p>(f) in relation to a Cash-Settled Future, the day specified as the relevant "Last Trading Day" in the Special Contract Rules for Cash-Settled Futures;</p> <p>(g) in relation to a Premium Contract, the Business Day which is two Business Days before the Prompt Date; or</p> <p>(h) in relation to an LMEprecious Future, the Business Day which is one Business Day before the Prompt Date;</p>

	(i) in relation to an LMEprecious Option, the Business Day which is one Business Day before the Expiry Day;
"LEI ROC"	the Legal Entity Identifier Regulatory Oversight Committee;
"Lending Rules"	paragraph 13.24 of Market Aberrations: The Way Forward, published by the Exchange in October 1998, setting out the behaviour required of the holders of dominant long positions in the Exchange's markets, including any clarification, revision or explanation of that behaviour issued by the Exchange from time to time;
"LME Base Contract"	a Contract that is not an LMEprecious Contract;
"LME Base Member"	a Category 1 Member, Category 2 Member, Category 3 Member, Category 4 Member, Category 5 Member or Category 6 Member;
"LME Base Service"	the availability of the facilities of the Exchange for the trading of LME Base Contracts;
"LME Data"	all data relating to trading on the Exchange, including, without limitation, data relating to Closing Prices, Contracts, Default Settlement Amounts, Default Settlement Prices, Indexes, Official Prices, Settlement Prices, Strike Prices, Unofficial Closing Prices, Warrants and Weightings;
"LME Holdings"	LME Holdings Limited, a company registered in England and Wales under company number 4081219, being the sole member of the Company;
"LME Information"	means any information or data (including LME Data) made available by the Exchange to Members, Member API Clients and/or Member API Sub-Clients via the API from the Exchange's systems;
"LMEmini Contract"	an LMEmini Future;
"LMEmini Future"	a cash-settled Exchange-traded futures contract pursuant to which the buyer and seller agree to pay or to receive in cash the difference between the Settlement Price of the underlying metal on the Prompt Date and the price of the underlying metal agreed in the Contract, multiplied by the Contract size, settled on the Prompt Date and subject to daily marking to market in accordance with the Clearing House Rules and conforming to the other

	specifications prescribed by the Exchange;
"LMEmini Futures Closing Price"	the Closing Price of the relevant underlying Metal Future as determined in accordance with Regulation 6 of the Trading Regulations;
"LMEmini Last Trading Time"	the last trading time on the Last Trading Day for LMEmini Contracts as specified in the Special Contract Rules for LMEmini Contracts or as otherwise prescribed by the Exchange from time to time;
"LMEprecious Clearing Member"	an LMEprecious General Clearing Member or an LMEprecious Individual Clearing Member;
"LMEprecious Contract"	a Contract that is: <ul style="list-style-type: none"> (a) an LMEprecious Future; or (b) an LMEprecious Option, and any other type of Exchange-traded derivative contract having Precious Metal as its underlying instrument, that the Exchange may specify from time to time;
"LMEprecious Daily Settlement Price"	the price determined for margining and daily settlement purposes of an LMEprecious Future as determined in accordance with Regulation 5.7 of the Trading Regulations;
"LMEprecious Final Settlement Price"	the price determined for final settlement purposes of an LMEprecious Future as determined in accordance with Regulation 5.7.5 of the Trading Regulations;
"LMEprecious Future"	a physically settling Exchange-traded futures contract pursuant to which the seller agrees to sell to the buyer one or more Lots of Precious Metal for delivery on a specified Prompt Date, and conforming with the other specifications prescribed by the Exchange;
"LMEprecious Future Regulations"	the regulations set out in Part 13A of the Rules;
"LMEprecious General Clearing Member"	a Member that is: <ul style="list-style-type: none"> (a) a member of the Clearing House; (b) authorised by the Directors to clear Cleared LMEprecious Contracts;

	(c) authorised by the Directors to issue Client LMEprecious Contracts; and
	(d) granted LMEprecious Membership, with the categorisation as an LMEprecious General Clearing Member;
"LMEprecious Individual Clearing Member"	a Member that is: <ul style="list-style-type: none"> (a) a member of the Clearing House; (b) authorised by the Directors to clear Cleared LMEprecious Contracts; (c) not authorised by the Directors to issue Client LMEprecious Contracts; and (d) granted LMEprecious Membership, with the categorisation as an LMEprecious Individual Clearing Member;
"LMEprecious Member"	an LMEprecious General Clearing Member, LMEprecious Individual Clearing Member or LMEprecious Non-Clearing Member;
"LMEprecious Non-Clearing Member"	a Member that is: <ul style="list-style-type: none"> (a) not authorised by the Directors to clear Cleared LMEprecious Contracts; (b) authorised by the Directors to issue Client LMEprecious Contracts; and (c) granted LMEprecious Membership, with the categorisation as an LMEprecious Non-Clearing Member;
"LMEprecious Option"	an Exchange-traded, European-style option contract pursuant to which the Granter grants to the Taker the right to buy from or sell to the Granter a Lot of a Precious Metal at a specified Strike Price in a specified month;
"LMEprecious Option Regulations"	the regulations set out in Part 13B of the Rules;
"LMEprecious Regulations"	the regulations set out in Part 13 of the Rules, and comprising the LMEprecious Future Regulations and the LMEprecious Option Regulations;
"LMEprecious Service"	the availability of the facilities of the Exchange for the trading of LMEprecious Contracts;

"LME Select"	a system provided by the Exchange to enable the anonymous electronic trading of Contracts by LME Select Participants in accordance with the Rules and any Administrative Procedures issued by the Exchange from time to time;
"LME Select API"	a FIX protocol application approved by the Exchange which enables LME Select Participants and their Clients to connect to LME Select for the purpose of facilitating the electronic trading of Contracts;
"LME Select Participant"	a Trading Member who is permitted to use LME Select;
"LMEsword"	the system for, inter alia, the electronic transfer of title to Warrants governed and constituted by the LMEsword Regulations;
"LMEsword Regulations"	the regulations governing the operation of LMEsword issued by the Exchange as amended from time to time in accordance with the terms thereof and forming Part 10 of the Rules;
"Lot"	<ul style="list-style-type: none"> (a) in relation to a metal (that is not covered by another type of Contract specified below), the standard unit of quantity thereof, specified in the Special Contract Rules for that metal, by reference to which settlement is to be made; or (b) in relation to the Index, the standard value per point movement for that Index, specified in the Special Contract Rules for the Construction of the Index, by reference to which settlement is made; or (c) in relation to an LMEmini Contract, the standard unit of quantity thereof, specified in the Special Contract Rules for LMEmini Contracts, by reference to which settlement is made; or (d) in relation to a Monthly Average Future, the standard unit of quantity thereof, specified in the Monthly Average Future Regulations, by reference to which settlement is made; or (e) in relation to a Cash-Settled Future, the standard unit of quantity thereof, specified in respect of the specific Cash-Settled Future in the relevant Special Contract Rules for Cash-

	Settled Futures, by reference to which settlement is made;
	(f) in relation to a Premium Contract, the standard unit of quantity thereof, specified in the Premium Contract Regulations, by reference to which settlement is made; or
	(g) in relation to an LMEprecious Future, the standard unit of quantity of Precious Metal specified in the LMEprecious Regulations, by reference to which settlement is to be made;
"LPMCL"	London Precious Metals Clearing Limited, a company registered in England and Wales under company number 04195299;
"Major Currency"	in respect of a metal, the currency in which the Settlement Price and Closing Price are to be determined;
"Market Making Strategy"	a strategy performed by a Member or Client, when Dealing On Own Account, that involves posting Firm Quotes that are simultaneous two-way quotes of comparable size and at competitive prices relating to one or more Contracts, with the result of providing liquidity on a regular and frequent basis to the overall market;
"Matching Period"	a period prescribed pursuant to Regulation 3.4 of the Trading Regulations;
"Matching Rules"	means the LME's matching rules governing the use of the Matching System as published by the LME, by Notice from time to time;
"Matching System"	the system operated by or on behalf of the Exchange for the matching and confirmation of Contracts, or such other system as may from time to time be adopted by the Exchange for such purposes;
"Matching System RIB Screens"	means the RIB-specific sub-screens of the Matching System, which are accessible to (i) Members, for the purposes of RIB permissioning and management of RIB-arranged trades; and (ii) RIBs, for the purposes of inputting the details of Agreed Trades into the Matching System;
"Member"	an Undertaking or individual admitted to Membership of the Exchange in accordance with

	the Rules;
"Member API Client"	means any Client or Affiliate of a Member to which the Member provides access to LME Information via the LME Select API;
"Member API Sub-Clients"	means any Client or Affiliate of a Member LME Select API Client;
"Membership"	(a) the state of being a Member; (b) having the status of a Member; and/or (c) the total body of Members, as the context of the Rules requires.
"Membership Regulations"	the Regulations set out in Part 2 of the Rules;
"Member Representative"	means any person other than a Dealer on Exchange premises working for or on behalf of a Ring Dealing Member;
"Metal Contract"	a Metal Future or Metal Option;
"Metal Future"	an Exchange-traded futures contract pursuant to which the seller agrees to sell to the buyer one or more Lots of metal for delivery on a specified Prompt Date (excluding any Cash-Settled Future, Premium Contract or LMEprecious Contract);
"Metal Option"	an Exchange-traded option contract pursuant to which the Granter grants to the Taker the right to buy from or sell to the Granter a Lot of a specified metal at a specified Strike Price in a specified month (excluding any LMEprecious Option);
"Metal Options Regulations"	the Regulations set out in Part 5A of the Rules;
"MiFID"	Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, as from time to time amended;
"MiFID II"	the package of legislative measures comprising (a) Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments; (b) Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial

instruments and amending EMIR; and

- (c) any delegated regulations made by the European Commission thereunder including, without limitation, the MiFID II (Indirect Clearing) Regulation,

as from time to time amended;

"MiFID II (Indirect Clearing) Regulation"

means Commission Delegated Regulation (EU) 2017/2154 of 22 September 2017 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards on indirect clearing arrangements;

"Minor Offences"

has the meaning set out in Regulation 11.2.3 of the Trading Regulations;

"Monthly Average Future"

a cash-settled Exchange-traded contract pursuant to which the buyer and seller agree to pay or to receive in cash the difference between (i) the Monthly Average Settlement Price for a specified metal and for a specified tradeable month and (ii) the fixed price agreed between the buyer and the seller in the Contract, multiplied by the Contract size, settled on the Prompt Date and subject to daily marking to market in accordance with the Clearing House Rules and conforming to the other specifications prescribed by the Exchange;

"Monthly Average Future Regulations"

the Regulations set out in Part 11 of the Rules;

"Monthly Average Settlement Price"

- (a) in relation to an Average Price Call Option, the price at which the Taker will sell to the Granter if the Traded Average Price Option is declared;
- (b) in relation to an Average Price Put Option, the price at which the Taker will buy from the Granter if the Traded Average Price Option is declared;
- (c) in relation to a Monthly Average Future for a particular tradeable month, the aggregate of the Settlement Prices for the relevant metal for every Business Day in the relevant tradeable month divided by the number of Business Days for that month and which is calculated and published by the Exchange; and

	(d) in relation to a Traded Average Price Option for a particular month, the aggregate of the Settlement Prices for the relevant metal for every Business Day in the relevant tradeable month divided by the number of Business Days for that month and which is calculated and published by the Exchange.
"Moving Monthly Average Settlement Price"	in relation to a Traded Average Price Option or a Monthly Average Future for a particular month, the aggregate of the Settlement Prices for the relevant metal for every Business Day to date in the relevant tradeable month divided by the number of Business Days to date for that month and which is calculated and published by the Exchange;
"New Contract"	has the meaning set out in Regulation 15.1 of the Contract Regulations;
"Non-Clearing Member"	(a) a Category 4 Member; or (b) an LMEprecious Non-Clearing Member, as the context of the Rules requires;
"Non-Display Usage"	means any use of LME Information in electronic trading systems for the purpose of generating orders or executing transactions in an automated and/or semi-automated manner without the display of the original LME Data, including, for example, the use of LME Data for algorithmic trading, program trading or the automatic monitoring of trading activities;
"Non-Ferrous Future"	a Cash-Settled Future, the Cash-Settled Final Settlement Price for which is determined by reference to non-ferrous metal-based index (or indices, as applicable) or other reference-value, and which has the features specified in the relevant Special Contract Rules for Cash-Settled Futures - Non-Ferrous;
"Non-LME Multi Dealer Trading System"	means: (a) an exchange or other trading venue which is not operated by the Exchange or its Affiliates; or (b) any other system, granting access to more than one trading party, to facilitate the arrangement and/or execution of bilateral contracts between such parties, outside the trading venue or systems operated by the

	Exchange or its Affiliates,
	but shall not include a Single Dealer to Client Platform;
"Non-LME Platform Contract"	means any contract or product that is traded on, executed on, or otherwise arranged or agreed via a Non-LME Multi Dealer Trading System;
"Non-Material Amendment"	has the meaning set out in Regulation 15.1 of the Contract Regulations;
"Notice"	an Administrative Procedure;
"Notice of Appeal"	a document prepared by either (i) a Member, Dealer or Member Representative, or (ii) the Exchange, and served on the Chairman of the Appeal Panel and the other party in relation to an appeal of a Disciplinary Committee's decision and which meets the requirements set out in Regulations 14.36-14.39 of the Membership Regulations;
"Notice to Arbitrate"	a notice served by the Claimant pursuant to Regulation 2.1 of Part 8 of the Rules;
"Notional Average Price"	in relation to each metal for a particular month, the aggregate of the Settlement Prices for Cash and, where no Settlement Prices for Cash have been established, the Closing Prices established by the Exchange for each Business Day in a month, divided by the number of Business Days in that month. Where a Business Day in a month is not a valid Prompt Date the Exchange will use a linear interpolation to derive a price for that Business Day;
"Offence" or "Offences"	has the meaning set out in Regulation 11.2.3 of the Trading Regulations;
"Official Prices"	the prices determined in accordance with Regulation 5 of the Trading Regulations;
"Opening Hours"	means the hours on each Business Day during which the Matching System is open and able to receive information regarding Agreed Trades, as specified by the Exchange by Administrative Procedures from time to time;
"Operating Procedures"	the manual issued by the Exchange pursuant to the LMEsword Regulations setting out detailed procedures and information relating to the

	operation of LMEsword;
"Option Contract"	a Metal Option or an Index Option or an LMEprecious Option;
"Overseas Undertaking"	an undertaking which is a body corporate incorporated outside of the United Kingdom or if not itself a body corporate, its principal or managing member is a body corporate incorporated outside of the United Kingdom;
"Panel"	the Arbitration Panel of the Company;
"Panel Committee"	a committee appointed by the Directors to oversee the conduct of arbitrations pursuant to the Arbitration Regulations, and in particular to perform the functions and powers referred to in the Arbitration Regulations;
"Parent Undertaking"	the same meaning as set out in section 1162 of the Companies Act 2006;
"Position Limits"	the position limits applied by the Exchange on any Contract or Contracts from time to time in accordance with requirements specified by the Exchange by Notice sent to the Members;
"Position Netting"	<p>means the netting of multiple Contracts between the same two parties to a smaller number of Contracts (which may take effect through the netting of long and short positions or the aggregation of long positions and short positions respectively) and/or the close out by netting of multiple Contracts, (in each case) in accordance with such process as may be specified in the Clearing House Rules, and which may occur, as the context requires:</p> <ul style="list-style-type: none"> (a) "at the Clearing House", in relation to Cleared Contracts, subject to and in accordance with the Clearing House Rules; and (b) "under the Exchange Rules", in relation to Underlying Client Contracts that relate to such Cleared Contracts, subject to and in accordance with Regulation 9.7.7 of the Trading Regulations;
"Post-Compression Cleared Contract"	a Cleared Contract that comes into effect between the Clearing House and a Clearing Member upon Compression at the Clearing House, which represents the positions under pre-Compressed

	Cleared Contracts, as compressed by the Clearing House in accordance with the Clearing House Rules;
"Post-Compression Client Contract"	a Client Contract that comes into effect upon Compression under the Exchange Rules, in accordance with Regulation 14 of the Contract Regulations, which shall replace the Client Contracts that were subject to such Compression and which shall come into effect between the same parties as were parties to such original Client Contracts;
"Precious Metal"	Gold or Silver;
"Precious Metal Clearer"	a member of LPMCL (or any successor company or association) that is an "Approved Delivery Facility" for the purposes of the Clearing House Rules;
"Precious Metal Clearing System"	the system operated by LPMCL (or any successor company or association), or any successor system, for the electronic settlement of unallocated Precious Metal between Precious Metal Clearers);
"Pre-Execution Checks"	the checks applied to an Agreed Trade within the systems of the Exchange and the Clearing House prior to confirmation that the Agreed Trade may be Executed, as specified in Regulation 2.8 of the Trading Regulations;
"Premium Contract"	an Exchange-traded futures contract having the features described in the Premium Contract Regulations;
"Premium Contract Closing Price"	the Closing Price for each Premium Contract;
"Premium Contract Last Trading Time"	the last trading time on the Last Trading Day for Premium Contracts as specified in the Premium Contract Regulations or as otherwise prescribed by the Exchange from time to time;
"Premium Contract Price"	the cash consideration payable under a Premium Contract, as agreed at the time of formation of the Premium Contract;
"Premium Contract Regulations"	the Regulations set out in Part 12 of the Rules;
"Premium Warrant"	a Warrant issued by a Qualifying Premium Warrant Warehouse;
"Premium Warrant Jurisdiction"	a geographical jurisdiction specified as such in the

	Premium Contract Regulations;
"Product Specifications"	means the specifications, features and/or terms of any Contract listed for trading on the Exchange, as described in the Rules and Administrative Procedures;
"Prompt Date"	<p>(a) in relation to a Metal Future, LMEmini Future, Premium Contract or a Monthly Average Future, the Business Day on which, having regard where relevant to Regulation 8 of the Trading Regulations, the Contract is to be settled;</p> <p>(b) in relation to an Index Contract, the Business Day on which, having regard where relevant to Regulation 8 of the Trading Regulations, the Settlement Price of the Index is determined, with settlement of the Contract on the next Settlement Business Day;</p> <p>(c) in relation to a Cash-Settled Future, the date specified as the relevant "Prompt Date" in the Special Contract Rules for Cash-Settled Futures;</p> <p>(d) in relation to an LMEprecious Future, the Business Day on which, having regard where relevant to Regulation 8 of the Trading Regulations and the LMEprecious Regulations, the Contract is to be settled; or</p> <p>(e) in relation to an LMEprecious Option, the Prompt Date of the underlying LMEprecious Future, as determined in accordance with the LMEprecious Option Regulations, and comprising the Business Day on which such LMEprecious Future is to be settled;</p>
"Put Option"	an Option Contract pursuant to which the Granter gives the Taker the right to sell to the Granter or in the case of an Index Option, the notional right to sell to be cash settled;
"Qualifying Premium Warrant Warehouse"	a listed warehouse for the storage of metal which satisfies the criteria specified by the Exchange from time to time and which is located in a Premium Warrant Jurisdiction;
"Quotations Committee"	a committee authorised by the Directors to be responsible for determining Closing Prices and Settlement Prices;

"RAO"	means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544), as amended from time to time and any successor legislation thereto;
"REC"	the FCA's Recognition Requirements Sourcebook, as amended from time to time, and any successor regulations thereto;
"RDC Decision"	means a finding by the Ring Disciplinary Committee regarding Dealing Offences and Minor Offences made in accordance with either: (i) Regulation 11.6.3 or (ii) Regulations 11.6.5-11.6.7 of the Trading Regulations;
"RDC Warning"	means a written warning given to a Dealer or Member Representative by the Ring Disciplinary Committee in their absolute discretion for a Minor Offence or a Dealing Offence in accordance with Regulation 11.6.3 of the Trading Regulations and which is a RDC Decision;
"Recognition Requirements Regulations"	The Financial Services and Markets Act 2000 (Recognition Requirements for Investment Exchanges, Clearing Houses and Central Securities Depositories) Regulations 2001 (SI 2001/995), as amended from time to time, and any successor legislation thereto;
"Registered Intermediating Broker" or "RIB"	a Member that is: <ul style="list-style-type: none"> (a) authorised by the Directors to arrange Agreed Trades in Contracts between Clients, and to input the details of such Agreed Trades into the Matching System on behalf of the Member(s) that will, upon Execution, become party to the resulting Contracts; and (b) granted Registered Intermediating Broker Membership by the Directors;
"Regulator"	in relation to any person, any regulatory body that has responsibility for regulating the conduct of that person's business and/or which has the power to impose regulatory requirements upon a person's business (and including, where applicable, the FCA or ESMA);
"Relevant Daily Settlement Price"	has the meaning set out in Regulation 9.7.4 of the Trading Regulations;

"Relevant Office Holder"	has the meaning attributed thereto by section 189 of the Companies Act 1989;
"Respondent"	the person receiving a Notice to Arbitrate served by the Claimant;
"RIB Product"	a Contract that is a RIB Tier 1 Product or a RIB Tier 2 Product;
"RIB Scope of Authority"	has the meaning set out in Regulation 2.12.5(b)(ii) of the Trading Regulations;
"RIB Tier 1 Member"	a Registered Intermediating Broker that is authorised by the Directors to arrange Agreed Trades in both RIB Tier 1 Products and RIB Tier 2 Products;
"RIB Tier 1 Product"	a Contract determined to be a RIB Tier 1 Product, and specified as such, by the Exchange from time to time by way of Notice;
"RIB Tier 2 Member"	a Registered Intermediating Broker that is authorised by the Directors to arrange Agreed Trades in only RIB Tier 2 Products;
"RIB Tier 2 Product"	a Contract determined to be a RIB Tier 2 Product, and specified as such, by the Exchange from time to time by way of Notice;
"Ring"	an Exchange open-outcry trading session in a type of Contract, of such duration and at such times as are laid down by the Directors, or the ring area of the Exchange as the context requires;
"Ring Appeal"	an appeal of an RDC Decision lodged in accordance with Regulation 11.6.8(a) of the Trading Regulations;
"Ring Committee"	a committee appointed by the Directors to oversee trading in the Ring;
"Ring Disciplinary Committee"	a committee appointed by the Directors to enforce discipline on the premises of the Exchange;
"Ring Notice of Appeal"	a letter sent by any Dealer or Member Representative to the Chairman of the Enforcement Committee notifying the Chairman of the Enforcement Committee that they wish to lodge a Ring Appeal of an RDC Decision in accordance with Regulation 11.6.8(a) of the Trading Regulations;
"Rules"	means these rules and regulations as the same may

	be amended in accordance with the Articles;
"Sanctions"	any applicable law executing foreign policy, security, sanction, trade embargo, boycott, export control, foreign trade control, non-proliferation or anti-terrorism objectives or similar restrictions on any business with a sanctioned jurisdiction, certain types of business or activity, or specified persons that is imposed, administered or enforced from time to time by: (i) the European Union; (ii) the United Kingdom; (iii) the United States of America; (iv) the United Nations Security Council; or (v) any of their respective successors;
"Secretary"	any person appointed to perform the duties of Secretary of the Company, and for the purpose only of Part 8 of the Rules, any person to whom the functions and powers of the Secretary referred to therein may be delegated from time to time;
"Serious Offences"	has the meaning set out in Regulation 11.2.3 of the Trading Regulations;
"Service Agent"	has the meaning set out in Regulation Error! Reference source not found. of Part 2;
"Settlement Business Day"	a Business Day on which commercial banks are open in New York City for the settlement of international transactions in US dollars;
"Settlement Price"	the Cash offered price or other settlement price determined: <ul style="list-style-type: none"> (a) by the Quotations Committee in accordance with Regulation 5.1.1 of the Trading Regulations and in the circumstances specified in Regulation 5.3 of the Trading Regulations (in respect of Metal Contracts), or Regulation 5.6 of the Trading Regulations (in respect of Index Contracts); or (b) in accordance with Regulation 5.1.2 of the Trading Regulations (in respect of Premium Contracts); or (c) in accordance with Regulation 5.7 of the Trading Regulations (in respect of Cash-Settled Futures and LMEprecious Futures); or (d) in accordance with Regulation 5.8 of the Trading Regulations (in respect of Metal

	Options, Traded Average Price Options, Index Options and, for the purposes of daily settlement and margining, LMEprecious Options); or
	(e) in accordance with the LMEprecious Option Regulations, for the purpose of determining the Exercise Reference Price for LMEprecious Options; or
	(f) by the Clearing House in accordance with Regulation 15 of the Trading Regulations;
"Silver"	Loco London Fine Silver held in London and complying with standards relating to good delivery and fineness acceptable to the Precious Metal Clearer of the Clearing House for the purpose of effecting settlement with the Clearing House, as such standards are in effect from time to time;
"Single Dealer to Client Platform"	means any system operated by a Member for the purpose of arranging bilateral contracts between: (i) such Member; and (ii) its customers by means of either a "Request For Quote" or continual price streaming from the Member to customers, but not including a system operating an order book where one customer may trade against another customer's price or order;
"Special Committee"	the Committee to whom the Directors have delegated the emergency powers under Regulation 17 of Part 3 as permitted by the Articles;
"Special Contract Rules for Cash-Settled Futures"	(a) in relation to Ferrous Futures, the Special Contract Rules for Cash-Settled Futures – Ferrous; and (b) in relation to Non-Ferrous Futures, the Special Contract Rules for Cash-Settled Futures – Non-Ferrous;
"Special Contract Rules for Cash-Settled Futures - Ferrous"	the Regulations set out in Part 6C of the Rules;
"Special Contract Rules for Cash-Settled Futures - Non-Ferrous"	the Regulations set out in Part 6D of the Rules;
"Special Contract Rules for LMEmini Contracts"	the Regulations set out in Part 6B of the Rules;
"Special Contract Rules for Metals"	the Regulations set out in Part 6 of the Rules;

"Special Contract Rules for the Construction of the Index"	the Regulations set out in Part 6A of the Rules;
"Standard Warrant"	a Warrant that is not a Premium Warrant;
"Strike Price"	<ul style="list-style-type: none"> (a) in relation to a Call Option which is a Metal Option, the price at which the Taker will buy from the Granter if the Option is declared; (b) in relation to a Put Option which is a Metal Option, the price at which the Taker will sell to the Granter if the Option is declared; (c) in relation to an Average Price Call Option, the price at which the Taker will buy from the Granter if the Traded Average Price Option is declared; (d) in relation to an Average Price Put Option, the price at which the Taker will sell to the Granter if the Traded Average Price Option is declared; (e) in relation to an Option Contract which is an Index Option, the agreed level of the Index which shall be compared with the Settlement Price of the Index on the Prompt Date to determine the amount payable to the Taker (if any); (f) in relation to a Call Option which is an LMEprecious Option, the price at which the Taker will buy from the Granter if the Option is automatically exercised; (g) in relation to a Put Option which is a LMEprecious Option, the price at which the Taker will sell to the Granter if the Option is automatically exercised;
"Subsidiary Undertaking"	the same meaning as set out in section 1162 of the Companies Act 2006;
"Taker"	the buyer under a Traded Option;
"Terminal"	means a terminal through which a Member API Client and/or Member API Sub-Client has access to LME Information from a Member via an API; and
"Trade Mark"	means any trade mark (i) belonging to or used by the Company from time to time; or (ii) that the Company may register or apply to register from

	time to time;
"Traded Average Price Option"	an Exchange-traded option contract pursuant to which the Granter grants to the Taker the right to buy from the Granter a Lot of a specified metal at a specified Strike Price in a specified month and to sell to the Granter a Lot of a specified metal at the Monthly Average Settlement Price in that same specified month, or vice versa, the declaration of which will take place automatically if the Monthly Average Settlement Price is, in the case of an Average Price Call Option, greater than the Strike Price or, in the case of an Average Price Put Option, less than the Strike Price for the relevant tradeable month;
"Traded Option"	an Option Contract or a Traded Average Price Option;
"Traded Options Committee"	the committee appointed by the Directors for the purpose of administering trading in Traded Options;
"Traded Options Regulations"	the Regulations set out in Part 5 of the Rules in relation to Metal Options, Traded Average Price Options and Index Options;
"Trading-Only Member"	a Trading Member that is not a Clearing Member;
"Trading Member"	a Member permitted to trade in Contracts, being: <ul style="list-style-type: none"> (a) in respect of the LME Base Service, a Category 1, 2, 3 or 4 Member; or (b) in respect of the LMEprecious Service, any LMEprecious Member;
"Trading Regulations"	the regulations set out in Part 3 of the Rules;
"Tribunal"	the tribunal of one, two or three arbitrators appointed in accordance with Regulation 3 of Part 8 of the Rules;
"Unallocated Precious Metal Account"	an account maintained with a Precious Metal Clearer for the settlement of unallocated Precious Metal through the Precious Metal Clearing System;
"Undertaking"	the same meaning as set out in section 1161 of the Companies Act 2006;
"Underlying Client Contract"	means (as the context requires):

- (a) the Client Contract that has resulted from the Execution of an Agreed Trade and that, upon such Execution, resulted in the formation of a Client-Related Cleared Contract pursuant to the Clearing House Rules; and/or
- (b) a contract between a Client and an Indirect Client, or between any other persons participating in an Indirect Clearing Arrangement, that is formed under contractual terms between the parties and that results from the Execution of an Agreed Trade described in (a) above; and/or
- (c) any Post-Compression Client Contract that may arise upon Compression under the Exchange Rules of any Underlying Client Contract,

and any reference to "the Underlying Client Contract" in the context of any reference to a Cleared Contract means the Underlying Client Contract that, upon Execution, resulted in the formation of such Cleared Contract, or any Post-Compression Client Contract relating to such Cleared Contract;

"Unofficial Closing Price"	a price determined by the Quotations Committee in accordance with Regulation 5.5 of the Trading Regulations;
"Unsettled Contract"	a Contract in respect of which the obligations of the parties have not been discharged whether by performance, set-off or otherwise;
"User"	means a user at a Member API Client and/or Member API Sub-Client who has access to LME Information from a Member via a graphical user interface (GUI).
"Variation Margin"	<ul style="list-style-type: none"> (a) in relation to a Cleared Contract, the sum of money determined by the Clearing House under the Clearing House Rules; (b) in relation to a Client Contract, the sum of money determined by the relevant Category 1 or Category 2 Member or LMEprecious Clearing Member (or, where no such Member is a party, by the relevant Category 4 Member or LMEprecious Non-Clearing Member) representing the amount of variation margin called by the Clearing

House in respect of the Client-Related Cleared Contract that corresponds to such Client Contract or such larger sum as may be agreed between the parties;

"Warrant"	a warehouse warrant for the storage of metal, issued by a listed warehouse and in a form approved by the Exchange;
"Weighting"	the factor determined by the Exchange from time to time which, when multiplied by the Settlement Price of a Constituent Metal, determines the contribution to the Index of that Constituent Metal;
"Working Day"	any weekday, Monday to Friday inclusive, which is not a public holiday in England and Wales.

1.2 In Part 8 and Part 10 of these Rules, the additional definitions set out therein shall apply for the purpose of construing the relevant words and expression in those Parts.

1.3 Words importing the singular shall, where the context permits, include the plural and vice versa. Words importing gender shall include each gender. Words importing persons shall, where the context permits or requires, include partnerships and corporations.

1.4 Where reference is made to a Regulation in any Part of the Rules it shall be deemed to be a reference to a Regulation in that Part unless the context otherwise requires.

1.5 Where reference is made in these Rules to the "direction" of a Contract, such term shall be construed as follows:

- (a) multiple Contracts have the "same direction" where, under each such Contract (i) the same party is the buyer; and (ii) the same party is the seller; and
- (b) multiple Contracts have the "opposite direction" where the buyer under one Contract is the seller under the other Contract.

1.6 Any reference in the Rules or in any Administrative Procedure issued pursuant to the Rules to any European Union Regulation or Directive or any EU-level rules or legislation made pursuant to any such Regulation or Directive (or any provision thereof) shall be construed to include:

- (a) the European Union law provision; and/or
- (b) any applicable law in the UK from time to time that substantially incorporates such provision into UK law; and/or
- (c) any national law or regulation made in the United Kingdom that replaces or supersedes such Regulation, Directive, rule or legislation,

as the context requires, having regard to which provision applies to the relevant person or context. For the avoidance of doubt, this rule of interpretation shall apply to the definitions of, and any references to, the Capital Requirements Regulation, EMIR and MiFID II.

1.7 For the avoidance of doubt, the Directors may delegate any powers and responsibilities under the Rules to EXCOM; EXCOM may then delegate any such powers and responsibilities from the Directors to employees and/or representatives of the Company as appropriate in the circumstances.

2. GENERAL

2.1 The Rules are made and subject as provided by law may be altered by the Directors in accordance with the powers conferred on them by the Articles.

2.2 Administrative Procedures may be issued by (a) the Chief Executive, or those empowered by him for this purpose, in relation to commercial matters, and (b) by the Chief Operating Officer, or those empowered by him for this purpose, in relation to regulatory and compliance matters, and shall have the same force as Rules.

2.3 Where any Administrative Procedure refers to any Rule then:

(a) where such Rule has been amended subsequent to the issuance of such Administrative Procedure, the Administrative Procedure shall, to the extent possible, be construed in a manner consistent with the amended Rule (so that, by way of example, where a specific Rule referred to in an Administrative Procedure is later numbered differently, or contained in a different section or Part of the Rulebook, or has been updated, the Administrative Procedure shall be deemed to refer to the current Rule); and

(b) where the effect of the amendment of such Rule is to render any aspect of an Administrative Procedure to be redundant or manifestly inconsistent with the Rule, such aspects of the Administrative Procedure shall be deemed to have been repealed to the extent of such redundancy or manifest inconsistency, subject that (a) or (b) shall not apply where and to the extent that the Exchange amends, replaces or repeals any Administrative Procedure in order to address any inconsistency between the Rules and the Administrative Procedure.

2.4 Administrative Procedures shall be sent to such class or classes of Member to whom they apply.

2.5 The Rules and Administrative Procedures shall be binding on all Members. Failure to comply with any of them or with any decision of the Directors or direction of the Exchange made pursuant to them shall constitute a breach of the Rules for the purposes of disciplinary procedures.

2.6 The Directors or the Chief Executive or the Chief Operating Officer may grant to a Member a waiver of particular requirements of these Rules in such circumstances and subject to such conditions as either think fit, provided that the Directors or the Chief Executive or the Chief Operating Officer are satisfied that compliance with the relevant requirements would be unduly burdensome to the Member and that the waiver would not create unacceptable risks for the Exchange, or the market generally, and would not result in unreasonable or inequitable discrimination between Members. Waivers granted by the Chief Executive or the Chief Operating Officer shall be subsequently notified to the next meeting of the Directors.

2.7 Unless otherwise stated, all times in the Rules refer to London time.

PART 2

MEMBERSHIP, ENFORCEMENT AND DISCIPLINE

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CONTENTS

Section	Page
1 Admission to Membership	2-1
2 Membership of the LME Base Service	2-1
3 Membership of the LMEprecious Service	2-5
3A Registered Intermediating Broker Membership	2-8
4 Common Eligibility Criteria	2-11
5 Applications for Membership	2-12
6 Change in Class or Category of Membership	2-13
7 Requirements of the Financial Services and Markets Act 2000	2-14
8 Change in Ownership of a Member	2-17
9 Designation of Members	2-17
10 Withdrawal from Membership	2-18
11 Committees	2-20
12 Provision of Information and Obligations of Members	2-20
13 Investigation	2-24
14 Discipline	2-24
15 Disqualification and Expulsion	2-35
16 Forfeiture of Rights on Cessation of Membership	2-36
17 Disputes Between Members	2-36
18 Intellectual Property Rights	2-36
19 Financial OTC Booking Fee Policy	2-38
20 Restrictions on use of LME Property or Systems for Non-Exchange Contracts	2-38

21	Confidentiality	2-39
22	Fees & Incentive Programmes	2-41
23	Recording of Telephone Calls	2-44

- (b) he pays any increase in Subscription applicable to his new class or category of Membership. A Member shall pay the full amount of Subscription applicable to his new class or category of Membership, credit being given for the amount of Subscription already paid by the Member in the year of application.

6.2 In deciding whether or not to admit a Member to a different class or category of Membership, the Directors shall determine whether the Member satisfies the criteria for the new class or category of Membership in accordance with Regulations 1 to 4 above (as applicable).

6.3 Any Member having any category of Membership in respect of the LME Base Service may apply to have any category of Membership in respect of the LMEprecious Service (and vice versa), subject in each case to the application of Regulations 6.1 and 6.2 above.

6.4 Regulations 1 to 4 and Regulations 5.2, 5.4 and 5.5 shall apply *mutatis mutandis* to an application under this Regulation 6 save that any reference to a "Candidate" shall be construed as a reference to the relevant applicant Member. Any change of the type described in Regulation 6.1 shall be effective from the date stipulated in the Notice to Members in accordance with Regulation 5.3.

7. **REQUIREMENTS OF THE FINANCIAL SERVICES AND MARKETS ACT 2000**

7.1 No person may apply or continue to be a Trading Member or a Registered Intermediating Broker unless he is:

- (a) an authorised person or exempt person within the meaning of Part III of FSMA; or
- (b) subject to Regulation 7.1A, an authorised investment firm within the meaning of Article 4 of the MiFID II Directive by the competent authority of an EEA State other than the United Kingdom (including a branch established in the United Kingdom of such a firm); or
- (c) subject to Regulation 7.1A, an authorised credit institution within the meaning of Article 4.1(1) of the Capital Requirements Regulation by the competent authority of an EEA State other than the United Kingdom (including a branch established in the United Kingdom of such an institution); or
- (d) a person whose activities in relation to the Exchange as a Member would not constitute regulated activities (as defined in FSMA) on the basis of an appropriate exclusion under the RAO.

In this Regulation 7.1, "competent authority" and "EEA State" have the meanings given to them in the FCA Handbook.

7.1A From EU Withdrawal Date, any person established in the EEA may only qualify for Membership pursuant to Regulation 7.1(b) or (c) where, and to the extent that, (i) such person is not prohibited under any applicable laws or regulations, from performing any activities on, or in connection with, the Exchange, and (ii) the Exchange is not prohibited from providing access to its facilities to such person under any applicable law; and (iii) where such person is, or is applying to be, a Clearing Member, the Clearing House is not prohibited from providing access to its facilities to such person under any applicable law.

7.2 No Member may undertake any regulated activity (as defined in the FSMA) in relation to the Exchange unless the Member is:

- (a) authorised by the FCA to carry on such a regulated activity; or
- (b) a person whose activities in relation to the Exchange as a Member would not constitute regulated activities (as defined in the FSMA) on the basis of an appropriate exclusion under the RAO; or
- (c) permitted, pursuant to its status as an exempt person within the meaning of Part III of FSMA, to carry on such regulated activities.

7.3 No person may enter into a Client Contract unless he or the other party to the Contract is:

- (a) where such Contract is an LME Base Contract, a Category 1 Member, Category 2 Member or Category 4 Member; or
- (b) where such Contract is an LMEprecious Contract, an LMEprecious General Clearing Member or LMEprecious Non-Clearing Member,

in each case that can validly enter into Client Contracts in accordance with the law of the United Kingdom and any other applicable law or regulation.

7.4 A Member must inform the Exchange immediately of:

- (a) any variation or cancellation of permission to carry on a regulated activity, including the withdrawal of the Member's status as an authorised person by the FCA; or
- (b) any change of circumstances that may result in the Member no longer being able to rely upon an appropriate exclusion under the RAO; or
- (c) any change of circumstances of the Member or any other person (such as the Member's principal under any appointed representative arrangement) that may result in the Member no longer being treated as an exempt person for the purposes of Part III of FSMA, or otherwise no longer being able to rely upon its status as an exempt person to perform any regulated activities in relation to the Exchange.

7.5 A person falling within Regulation 7.1(d) or Regulation 7.2(b) (or, from EU Withdrawal Date, Regulation 7.1A) must:

- (a) promptly following a request by the Exchange, provide such information as the Exchange may reasonably request regarding the person's business, regulatory status and the basis on which the person is able to lawfully perform activities in relation to the Exchange in the United Kingdom and any other relevant jurisdictions; and
- (b) where requested by the Exchange, include in that person's application for Membership a reasoned legal opinion from a reputable law firm with demonstrable expertise in United Kingdom financial services regulation that the activities to be performed by that person, taking into account that person's proposed category of Membership, could lawfully be performed by that person under the law of their home jurisdiction and under the law of the United Kingdom, notwithstanding that such person is not an authorised person within the meaning of Part III of the FSMA; and

- (c) following that person's admission to Membership, promptly following a request by the Exchange:
 - (1) (where the person has previously provided a legal opinion pursuant to (b) above) provide to the Exchange an updated reasoned legal opinion, from a law firm meeting the requirements in (b), confirming the continuing validity of the opinion provided under (b); and
 - (2) (where the person has not previously provided a legal opinion pursuant to (b) above) provide to the Exchange a reasoned legal opinion that satisfies the requirements in (b) above.

The Exchange shall be entitled to refuse to accept a legal opinion provided pursuant to this Regulation 7.5 in the event that the Exchange, in its absolute discretion, is not satisfied that the law firm selected by the Candidate or Member has sufficient and appropriate expertise in United Kingdom financial services regulation or where the Exchange, in its absolute discretion, disagrees with the conclusions set out in the legal opinion.

7.6 A person falling within Regulation 7.2(c) must, promptly following a request by the Exchange, provide such information as the Exchange may reasonably request regarding the basis on which the person is able to lawfully perform activities in relation to the Exchange in the United Kingdom and any other relevant jurisdictions, including, where such person is an exempt person pursuant to the maintenance of appointed representative status under section 39 of FSMA:

- (a) the identity and regulatory status of such person's principal (as defined pursuant to section 39 of FSMA);
- (b) a copy of any agreement defining the scope of activities for which such person is permitted to act for its principal within the scope of its agreement with such principal; and
- (c) any limitations of the scope of appointment of such person by such principal.

7.7 Notwithstanding Regulations 7.1, 7.2, 7.5 or 7.6, the Exchange may:

- (a) refuse to admit a Candidate for Membership that is seeking admission on the basis of Regulation 7.1(d) or Regulation 7.2(b) or Regulation 7.2(c) (or, from EU Withdrawal Date, Regulation 7.1A) (as applicable) in the event that:
 - (1) the Exchange is not satisfied that the Candidate has demonstrated beyond all reasonable doubt that it is able to lawfully perform the activities that it may, or may be required to, perform as a Member of the Exchange notwithstanding that it is not an authorised person within the meaning of Part II of the FSMA; or
 - (2) the Exchange has reasonable grounds for concern as to the ability of the Candidate to ensure that the activities that it performs as Member in relation to the Exchange shall always fall within the scope of an appropriate exclusion under the RAO; or

- (3) the Exchange has reasonable grounds for concern as to the ability of the Exchange and/or the Clearing House to continue to provide access to their respective facilities in accordance with applicable law; or
- (b) where a Member is admitted on the basis of Regulations 7.1(d) or 7.2(b) or 7.2(c) or 7.6, suspend or terminate a Member's Membership, or change the category of a Member's Membership in the event that:
 - (1) the Member fails to comply with Regulations 7.4(b) or 7.5(a) or (c) or 7.6; or
 - (2) the Exchange has reasonable grounds to believe that the Member may not be able to lawfully continue to perform the activities that it may, or may be required to, perform as a Member of the Exchange with the Member's category of Membership; or
 - (3) the Exchange has reasonable grounds for concern as to the ability of the Exchange and/or the Clearing House to continue to provide access to their respective facilities in accordance with applicable law.

7.8 Each Member is responsible for ensuring that it and its agents have secured all regulatory approvals needed by them in any jurisdiction in order to perform the activities that the Member may conduct on or in connection with the Exchange and for complying with all applicable laws and regulations applying to such activities.

8. **CHANGE IN OWNERSHIP OF A MEMBER**

8.1.1 A Member which is a body corporate shall notify the Exchange in writing of the name of any person for the time being holding, or having a beneficial interest in, 10% or more of any class of the equity share capital of the Member or of any Parent Undertaking of the Member, and of any change in such a holding or interest, within seven days of the holding or interest, or a change therein, coming to the Member's notice.

8.1.2 The members of a partnership or an unincorporated association who are joint Members shall notify the Exchange in writing of the name of any person who becomes or ceases to be a partner of that partnership or member of that unincorporated association (as the case may be) within seven days of that event coming to that joint Member's notice.

8.2 Upon receipt by the Exchange of any notice from a Member under Regulation 8.1.1 or 8.1.2 the Directors may review the suitability of the Member for Membership of the Exchange. The Directors may require the Member to furnish such additional information as the Directors may from time to time consider material in the course of such review. If upon completion of the review the Directors are not satisfied that the Member continues to satisfy the criteria for Membership of the relevant class they shall consider whether to suspend the rights of the Member.

9. **DESIGNATION OF MEMBERS**

Members may only describe their Membership of the Exchange on any letter heading, advertisements, brochures, or other written material in the following terms:

Type of Member	Description
Category 1 Member	"Ring Dealing Member" or "Category 1 Member" of the London Metal Exchange.
Category 2 Member	"Associate Broker Clearing Member" or "Category 2 Member" of the London Metal Exchange.
Category 3 Member	"Associate Trade Clearing Member" or "Category 3 Member" of the London Metal Exchange.
Category 4 Member	"Associate Broker Member" or "Category 4 Member" of the London Metal Exchange.
Category 5 Member	"Associate Trade Member" or "Category 5 Member" of the London Metal Exchange.
Category 6 Member	"Individual Member" or "Category 6 Member" of the London Metal Exchange.
Category 7 Member	"Honorary Member" or "Category 7 Member" of the London Metal Exchange.
LMEprecious General Clearing Member	"LMEprecious General Clearing Member" of the London Metal Exchange.
LMEprecious Individual Clearing Member	"LMEprecious Individual Clearing Member" of the London Metal Exchange.
LMEprecious Non-Clearing Member	"LMEprecious Non-Clearing Member" of the London Metal Exchange.
RIB Tier 1 Member	"Registered Intermediating Broker Tier 1" or "RIB Tier 1 Member" of the London Metal Exchange.
RIB Tier 2 Member	"Registered Intermediating Broker Tier 2" or "RIB Tier 2 Member" of the London Metal Exchange.

The words London Metal Exchange may be abbreviated to LME.

10. **WITHDRAWAL FROM MEMBERSHIP**

10.1 Subject to Regulation 10.2 to 10.7, a Member may at any time withdraw from Membership of the Exchange and, where the Member (other than a Registered Intermediating Broker) participates in both the LME Base Service and the LMEprecious Service, from any individual service.

10.2 A Member desiring to withdraw from Membership must lodge a notice in writing to that effect (a "**resignation notice**") with the Secretary. If the resignation notice is not received by the Secretary on or before the 30th day of November of the year in which the Member intends his Membership to cease, he will be liable for payment of the subscription for the following year.

- 10.3 A Member who gives the Exchange a resignation notice must provide the Exchange with such information concerning the circumstances of the resignation as, in the opinion of the Directors, is necessary for the Directors to determine whether:
- (a) to accept the resignation;
 - (b) to postpone the effective date of the resignation;
 - (c) without prejudice to the courses of action available to the Directors under subparagraphs (a) and (b) above, any other measures should be taken by the Exchange before or after the resignation takes effect.
- 10.4 The Directors may, in their absolute discretion, refuse to accept a resignation notice given by a Member or may postpone the effective date if they consider it necessary for the protection of Clients, or otherwise in the interests of the market.
- 10.5 A Member who ceases to be a Member by virtue of Regulations 10 or 15 (a "**Former Member**") shall remain subject to the Rules and to the jurisdiction of the Exchange including, inter alia, those Rules relating to the retention of records and provision of information, in respect of acts and omissions while he was a Member and in respect of any investigation or disciplinary proceedings relating thereto (including the payment of any fine or application of any other sanction imposed) as if he were a Member, for the longer of:
- (a) the period of six years from the date on which he ceased to be a Member; or
 - (b) the period during which any disciplinary proceedings continue against him, being proceedings started by the Exchange no later than twelve months after the date on which he ceased to be a Member, subject to any extension of the period under Regulation 10.7; or
 - (c) the period until such time as all his obligations under any Contract entered into by him prior to his ceasing to be a Member shall have been discharged.
- 10.6 Disciplinary proceedings following a Member's resignation may be started by giving notice to the Former Member of an investigation no later than twelve months after the date on which he ceased to be a Member.
- 10.7 In the event that a Disciplinary Committee concludes that there are, or may be additional matters which should be investigated and in respect of which disciplinary proceedings may be taken, the period referred to in Regulation 10.5 shall be extended until such time as such additional disciplinary proceedings are completed (including the payment of any fine or application of any other sanction imposed).
- 10.8 Where a Category 5 or Category 6 Member:
- (a) does not pay any Membership fee due to the Exchange, and such fee remains unpaid for more than sixty (60) calendar days from the date on which the Exchange requests that such fee be paid; or
 - (b) fails to respond, to the satisfaction of the Exchange, within a period of thirty (30) calendar days to a request for information from the Exchange,

the Exchange may, in its absolute discretion, terminate the Member's Membership. The Exchange shall communicate any such decision to terminate the Member's Membership to the Member in writing. Such notification shall confirm the date on which the Member's Membership shall terminate, and the Membership of the relevant Category 5 or Category 6 Member shall terminate on such date.

- 10.9 Where a Member resigns from an individual service, and remains a Member of any other service, Regulations 10.6 and 10.7 shall be construed to apply only in respect of the service from which the Member has resigned.

11. **COMMITTEES**

- 11.1 The Directors shall appoint such committees with such terms of reference as they may from time to time determine.
- 11.2 The persons to serve on committees shall be drawn from Category 7 Members, Category 6 Members, directors and employees of other Members and such other persons with relevant experience as the Directors may select.
- 11.3 No person serving on any committee shall, in the absence of bad faith or wilful default, be under any liability whatsoever whether in contract, in tort or otherwise to any Member for any decision taken or other act or omission of the relevant committee.

12. **PROVISION OF INFORMATION AND OBLIGATIONS OF MEMBERS**

- 12.1 Each Member (other than Category 6 and Category 7 Members) shall provide the following financial and trading information to the Exchange:
- 12.1.1 annual audited accounts (including balance sheet, profit and loss account and cash flow statement) within four months of the end of its financial year and those of its ultimate Parent Undertaking (if any) as soon as they are sent to any person entitled to receive them; and
- 12.1.2 such further information in relation to commercial matters as may be required by the Chief Executive or those empowered by him generally or in any specific case; and
- 12.1.3 such further information in relation to regulatory and compliance matters as may be required by the Chief Executive or the Chief Operating Officer or those empowered by them generally or in any specific case. Where the Chief Executive or the Chief Operating Officer or those empowered by them have cause to suspect the existence or to anticipate the development or likely development of an undesirable situation or undesirable or improper trading practice, the information which may be required shall include information relating to the over-the-counter business of a member or any of its affiliates in metals, including any index thereon, traded on the Exchange.
- 12.2 The Chief Executive in relation to commercial matters and the Chief Operating Officer in relation to regulatory and compliance matters and those empowered by each of them generally or in any specific case may request trading or other information regarding any Clearing Member from the Clearing House and the Clearing House shall provide the same.

- 12.3 The Chief Executive in relation to commercial matters and the Chief Operating Officer in relation to regulatory and compliance matters and those empowered by each of them generally or in any specific case shall be entitled at any time to inspect and take copies of the records, trading information, books of account and other documentation, in whatsoever medium retained, of Members (including, in whatsoever medium retained, any documentation maintained by or in the possession of the Member for any other person) for the purpose of ensuring compliance with the Rules. Where documentation of a Member is maintained for it by a third party, the Member shall procure that access is provided to such documentation as if it were in the possession of the Member.
- 12.4 The Chief Executive in relation to commercial matters and the Chief Operating Officer and those empowered by each of them generally or in any specific case shall be entitled at any time to attend at the premises of any Member for the purpose of inspecting any of the matters referred to in Regulations 12.1 and 12.3 and the Member shall ensure that all cooperation is afforded.
- 12.5 The Chief Executive and the Chief Operating Officer and those empowered by each of them generally or in any specific case may cooperate with any governmental or international agencies, any investment exchanges, any clearing houses and self-regulatory and other regulatory or enforcement organisations in such manner as each of them think fit and shall, in particular, be permitted to divulge to any of the aforesaid persons or bodies any information for the time being in the possession of the Exchange regarding any Member's financial condition or trading activity including any information obtained pursuant to Regulations 12.1 to 12.4.
- 12.6 A Member shall:
- (a) observe high standards of integrity and fair dealing, and observe high standards of market conduct as reflected in the FCA Principles and Guidance Releases as published from time to time;
 - (b) organise and control its internal affairs in a responsible and effective manner, with appropriate and adequate risk management systems;
 - (c) ensure its internal record-keeping is appropriate and adequate;
 - (d) ensure that it has appropriate and adequate business continuity plans;
 - (e) ensure that all of its Dealers, Member Representatives, staff and directors involved in the conduct of business on the Exchange are fit and proper, suitable, appropriately and adequately trained, properly supervised, and, where appropriate, suitably qualified;
 - (f) ensure that any business conducted on the Exchange by it, its Dealers and Member Representatives, complies with the Member's, the Dealers' and the Member Representatives' obligations under the Rules;

- (g) ensure that any business conducted by it, or by or through any of its Dealers or staff or Member Representatives, shall not cause the Member, its Dealers, Member Representatives or the Exchange or Clearing House or any of their respective staff to be in breach of any applicable laws and/or regulations, including without limitation any relevant Sanctions (except to the extent that any obligation or undertaking contemplated by this Regulation 12.6(g) would be in conflict with any applicable laws purporting to nullify or restrict the effect of foreign Sanctions or preventing boycotts);
- (h) ensure that it does not enter orders into or make trades on LME Select in or from a jurisdiction where the Exchange does not have the relevant regulatory licences or approvals (if such regulatory licence or approval is required) if to do so would bring the Exchange into disrepute with the regulatory authority within such jurisdiction or put the Exchange in breach of any legal or regulatory obligations to which it might be subject within that jurisdiction. A Member shall observe the requirements relating to participants from jurisdictions other than the UK, as set out in the document headed "Jurisdictions" which shall be available on the website of the Exchange, as such document is updated from time to time;
- (i) ensure that any hardware, information technology or any online services provided to it, or any of its Dealers or Member Representatives, or made available to it, or any of its Dealers or Member Representatives, pursuant to its Membership of the Exchange shall only be used for the purposes of conducting its business and activities as a Member of the Exchange, in accordance with these Regulations;
- (j) retain all relevant documentation, and provide the Exchange with copies thereof on request, in relation to all Contracts arranged, or entered into, by them and also in relation to all other contracts arranged, or entered into, by them for the purchase and sale of primary aluminium, aluminium alloy, cobalt, copper, lead, molybdenum, nickel, steel, tin, zinc, including:
- any option for the purchase and sale of any such metal; and
 - any contract for difference, swap, or similar contract based on the price of any such metal;
- (k) deal with the Exchange in an open and cooperative manner and keep the Exchange promptly informed of anything concerning the Member which might reasonably be expected to be disclosed to it;
- (l) have, implement and maintain policies and procedures that are adequate to ensure compliance with applicable Sanctions, and, at the request of the Exchange and/or the Clearing House, promptly provide satisfactory evidence of such policies and procedures (including, without limitation, copies thereof) and of the adequate implementation and maintenance of such policies and procedures (except to the extent that any obligation or undertaking contemplated by this Regulation 12.6(l) would be in conflict with any applicable laws purporting to nullify or restrict the effect of foreign Sanctions or preventing boycotts);
- (m) notify the Exchange and the Clearing House as soon as reasonably practicable upon becoming aware of any of the following:

- (i) any Sanctions of which it has become the target;
- (ii) any change to the Member such that it is or becomes incorporated, registered, located, organised, domiciled or resident in any jurisdiction subject to Sanctions;
- (iii) any of its Affiliates, Clients, directors, officers, employees or agents or any of its Affiliates' directors, officers, employees or agents, to its knowledge:
 - (1) being the target of any Sanction;
 - (2) being or becoming incorporated, registered, located, organised, domiciled or resident in any jurisdiction subject to Sanctions,

unless, in any case, the same is permitted pursuant to an exemption or exception in the applicable laws establishing the Sanctions or any regulations thereunder or subject to an applicable license granted by all relevant governmental authorities under that applicable law;

- (iv) details of any order or transaction in metal derivatives which if made on, or reported to, the Exchange, would take place in circumstances where the Member would be in breach of Regulation 12.6(g) above; and
- (n) be responsible for and remain liable for:
 - (i) any failure of a Dealer, Member Representative or member of staff to comply with their obligations under the Rules; and
 - (ii) the failure of a Dealer or Member Representative to pay an automatic fine or order for costs imposed by the Ring Disciplinary Committee, or Disciplinary Committee that has not been overturned by an Appeal Committee.

12.7 No Member shall:

- (a) manipulate or attempt to manipulate the market;
- (b) create or attempt to create a disorderly market; or
- (c) assist its Clients, or any other person, to do either (a) or (b) above.

12.8 Where applicable under Regulation 7.5, a Member shall provide to the Exchange a legal opinion that satisfies the requirements of that Regulation, which shall be updated at such frequency as may be required pursuant to that Regulation.

12.9 Members must notify the Exchange, as applicable:

- (a) on entering into a client relationship with any Client meeting the classification of "retail client", and prior to entering into or (in the case of RIBs) arranging a Contract on behalf of such Client; or
- (b) prior to re-categorising an existing Client that is either a "professional client" or "eligible counterparty" as a retail client,

where the terms "retail client", "professional client" and "eligible counterparty" shall have the meanings ascribed to them in MiFID II.

13. **INVESTIGATION**

- 13.1 Investigation into alleged acts of misconduct must be authorised by the Head of Market Surveillance.
- 13.2 In the context of this Regulation 13 and the following Regulation 14, the expression "the Exchange" shall, where appropriate, be taken to mean the Head of Market Surveillance or any other person or persons being part of the Executive, or otherwise authorised by the Head of Market Surveillance to undertake any of the functions described herein.
- 13.3 In the course of conducting an investigation, the Exchange may appoint professional, legal or accounting advisors to assist, or enlist the assistance of any other external advisor as it thinks fit. Any external adviser appointed by the Exchange shall be required to treat all information obtained in the course of the investigation as confidential and to disclose it only to the Exchange.
- 13.4 The Exchange shall issue a Notice of Investigation (NoI) notifying the Member, Member Representative or the Dealer concerned that an investigation has been commenced. The NoI shall be in writing to the Member's Compliance Officer and where relevant the Dealer or the Member Representative, and shall contain a brief description of the matter under investigation.
- 13.5 Members, Dealers and Member Representatives shall co-operate fully with all investigations (whether or not they are the Member, Dealer or Member Representative under investigation). In particular, and without limitation, Members shall:
- 13.5.1 Make available for interview such of their officers, employees or agents (including Member Representatives and Dealers) as may be reasonably requested in order that they may answer questions and explain any matter that the Exchange considers relevant to the investigation;
- 13.5.2 Comply fully with their obligation to provide information in accordance with Regulation 12;
- 13.5.3 Permit an authorised representative of the Exchange to visit their offices at any time, for the purpose of the investigation.
- 13.6 A report detailing the findings of the investigation shall be passed to the Head of Enforcement who may, or may not, recommend to the Enforcement Committee that disciplinary proceedings should be commenced.
- 13.7 Where some or all of the findings of an investigation may be of relevance to the market in general, the Head of Market Surveillance may publish such findings as he deems appropriate.

14. **DISCIPLINE**

Institution of Proceedings

14.1 The Enforcement Committee may institute disciplinary proceedings against any Member, Dealer or Member Representative in respect of any act of misconduct by a Member or employee thereof or any other person for whom the Enforcement Committee deems the Member, or a Dealer or Member Representative to be responsible. For the purposes of this Regulation, an act of misconduct is:

- (i) any violation or attempted violation of these Rules and Regulations or participation in conduct by a third party which would be a violation or attempted violation of these Rules and Regulations if that third party were subject to these Rules and Regulations;
- (ii) a failure to pay an automatic fine or a fine or order for costs imposed by a Disciplinary Committee that has not been overturned by an Appeal Committee;
- (iii) in the case of a Dealer or Member Representative, failure to pay an automatic fine or order for costs imposed by the Ring Disciplinary Committee, or Disciplinary Committee that has not been overturned by an Appeal Committee;
- (iv) a Serious Offence committed by a Dealer or Member Representative;
- (v) conduct which has brought or may be likely to bring the Exchange or any of its markets into disrepute;
- (vi) provision to the Exchange of information (including information for the purpose of obtaining Membership) which is false, misleading or inaccurate in a material particular;
- (vii) ceasing to meet eligibility criteria for Membership as set out in Regulations 1 to 4 without notifying the Exchange;
- (viii) any other matter of which the Exchange may, from time to time, notify Members and/or Dealers through Notices.

14.2 In accordance with Regulation 11.6.7(a) of the Trading Regulations, the Chairman of the Enforcement Committee may also refer a Ring Appeal to the Chairman of the Disciplinary Panel for determination by a Disciplinary Committee in accordance with these Regulations, including Regulations 14.17-14.23.

Disciplinary Proceedings

14.3 Where the Enforcement Committee decides to institute disciplinary proceedings, a notice, approved by it setting out the alleged act of misconduct together with a summary of the facts relied upon ("the Disciplinary Notice") shall be served on the Member or, with regards to Serious Offences, the Dealer or Member Representative concerned.

Defence

14.4 The Member or Dealer or Member Representative has twenty working days from service of the Disciplinary Notice in which to serve a statement of defence ("the Defence") responding to all or any of the allegations, stating its intended pleas and what admissions of fact, if any, it makes.

- 14.5 Where no defence has been served pursuant to Regulation 14.4, and no settlement has been reached, the Member or Dealer or Member Representative will be deemed to have accepted the facts and matters alleged in the Disciplinary Notice.
- 14.6 Having seen and considered the Defence, the Enforcement Committee, if it deems it appropriate, may choose to discontinue disciplinary proceedings.

Pre-hearing Review

- 14.7 Unless decided otherwise by the Disciplinary Committee, and subject to Regulation 14.8, a pre-hearing review shall be convened not later than twenty working days after service of the Defence.
- 14.8 Unless required by the Disciplinary Committee, the Exchange and the Member or the Dealer or Member Representative and the Exchange can agree in writing to postpone or dispense with a pre-hearing review. In the event that they dispense with the pre-hearing review Regulation 14.11 shall apply.
- 14.9 At the pre-hearing review, the Disciplinary Committee may give all such directions and take such other steps as it considers appropriate for the clarification of the facts and issues and for the just and expeditious determination of the case.
- 14.10 The Exchange and the Member or Dealer or Member Representative shall attend the pre-hearing review and may be legally represented.
- 14.11 Without restriction on its general power to give directions, the Disciplinary Committee may, at the pre-hearing review (or where there is no pre-hearing review, may in writing to the parties):
- 14.11.1 fix a time and place or make arrangements for the hearing;
 - 14.11.2 direct the hearing or any part of the hearing proceed by way of written submissions and written evidence;
 - 14.11.3 direct the Exchange or the Member or the Dealer or Member Representative to disclose and serve copies of any document;
 - 14.11.4 direct the Exchange or the Member or the Dealer or Member Representative to provide the names of all witnesses to be called at the hearing and their statements or an outline of proposed evidence;
 - 14.11.5 make time limits for complying with directions and orders or for any other purpose of the proceedings;
 - 14.11.6 grant leave to the Exchange or the Member or the Dealer or Member Representative to amend any formal documents referred to in these Regulations. Within such period of time of the grant of leave to amend as shall be specified by the Disciplinary Committee, the party granted such leave shall serve the amended document on the other party;
 - 14.11.7 extend or abridge time limits; and/or
 - 14.11.8 make any order for the payment of costs of or in connection with pre-hearing preparation or any pre-hearing review.

- 14.12 In the event that the Member or the Dealer or Member Representative fails to comply with any direction, the Exchange may apply to the Disciplinary Committee for an order that the Member or the Dealer or Member Representative be precluded from contesting the case unless the direction is complied with. In addition, failure by the Member or the Dealer or Member Representative to comply with any direction may be adduced by the Exchange before the Disciplinary Committee for such inferences to be drawn as are proper in all the circumstances. Failure to comply with any direction may render the Member or the Dealer or Member Representative liable for costs, whether or not any charge is found proved.
- 14.13 In the event that the Exchange fails to comply with any direction, the Member or the Dealer or Member Representative may apply to the Disciplinary Committee for an order that the Exchange be precluded from pursuing the case unless the direction is complied with, or an order that the case be dismissed.

The Disciplinary Hearing

- 14.14 The date of the hearing shall be set at the pre-hearing review, where held. Where no pre-hearing review has taken place, the hearing shall take place no later than 20 working days after service of the Defence, or on such other date as the Disciplinary Committee shall require.
- 14.15 All parties attending the hearing, including any witnesses to be called by either party, shall be given reasonable notice of the date, time and venue.
- 14.16 The Disciplinary Committee shall determine the procedure to be followed at the hearing having regard to the following:
- 14.16.1 the Exchange to open the case;
- 14.16.2 the Exchange to adduce evidence and to call witnesses whom the Member or the Dealer or Member Representative may then cross-examine, the Exchange re-examine, and who may be asked questions by the Disciplinary Committee;
- 14.16.3 the Member or the Dealer or Member Representative to adduce evidence and to call witnesses whom the Exchange may cross-examine, the Member re-examine and who may be asked questions by the Disciplinary Committee;
- 14.16.4 the Exchange to address the Disciplinary Committee;
- 14.16.5 the Member or the Dealer or Member Representative to address the Disciplinary Committee.

Ring Appeal Proceedings

- 14.17 Within ten (10) Business Days of the Chairman of the Enforcement Committee receiving the Ring Notice of Appeal, the Dealer or Member Representative lodging the Ring Appeal must serve their Grounds of Appeal on the Disciplinary Committee and the Exchange.
- 14.18 The Grounds of Appeal shall set out the grounds of appeal and shall contain a brief statement of all matters relied upon by the appellant.
- 14.19 The grounds of the Ring Appeal in the Grounds of Appeal may be any one or more of the following:

- (a) the Ring Disciplinary Committee misdirected itself;
 - (b) the Ring Disciplinary Committee's decision was:
 - (i) one which no reasonable Ring Disciplinary Committee could have reached;
 - (ii) unsupported by the evidence or was against the weight of the evidence; or
 - (iii) based on an error of law, or misinterpretation of the Rules;
 - (c) the penalty imposed by the Ring Disciplinary Committee was either excessive or insufficient; or
 - (d) new evidence is available and that, had it been adduced, the Ring Disciplinary Committee could reasonably have come to a different decision provided that this will not apply if the evidence could have been adduced before the Ring Disciplinary Committee by the exercise of reasonable diligence.
- 14.20 The Disciplinary Committee shall determine the procedure at the appeal having regard to the following:
- (a) the appellant will open the appeal;
 - (b) any witnesses called may be cross-examined and re-examined by the parties and questioned by the Disciplinary Committee;
 - (c) the other party may make submissions in response; and
 - (d) the appellant may make closing submissions.
- 14.21 The Disciplinary Committee shall announce its decision to the parties as soon as practicable.
- 14.22 The Disciplinary Committee may dismiss or allow the appeal and may decrease the penalty imposed upon such terms and conditions as it considers appropriate.
- 14.23 Within twenty (20) Business Days of the conclusion of the hearing, the Disciplinary Committee shall serve on the parties a written decision setting out its reasons.

The Determination

- 14.24 The Disciplinary Committee shall announce its findings to the parties as soon as practicable.
- 14.25 Where the Disciplinary Committee is satisfied that the Member or the Dealer or Member Representative has committed an act of misconduct it shall provide the parties with an opportunity to make representations before determining the penalty to be imposed.
- 14.26 The Disciplinary Committee shall announce the penalty to be imposed as soon as possible.
- 14.27 Any penalty imposed shall take into account any representations made by the parties, all the circumstances of the offence and may take into account any previous disciplinary record before deciding the penalty to be imposed and the costs to be ordered.

- 14.28 Within twenty business days of announcing its findings, the Disciplinary Committee shall serve on the parties a written decision comprising its findings of fact, its findings as to whether any charges not admitted are proved, the reasons for its decision and any penalties to be imposed on the Member or the Dealer or Member Representative together with an indication as to whether any part of the penalty is compensatory for the benefit of the market generally or of specified individuals, and what part is purely punitive.
- 14.29 Subject to appeal, and unless the Disciplinary Committee determines otherwise, any penalty imposed shall take effect ten business days after service of the written decision.

Penalties

- 14.30 The Disciplinary Committee may impose one or more of the following penalties:
- 14.30.1 a reprimand;
- 14.30.2 a fine;
- 14.30.3 an order that the Member or the Dealer or Member Representative make restitution to any person when the Member, Dealer or Member Representative has profited from an act of misconduct at that person's expense;
- 14.30.4 an order that the Member or the Dealer or Member Representative forfeit to the LME any gains made as a result of a proven Regulation breach;
- 14.30.5 a requirement to comply with such terms and conditions as appropriate;
- 14.30.6 temporary or permanent withdrawal of Dealer or Member Representative (including Clerk) status and/or withdrawal of a Dealer or Member Representative's admission rights to the Dealing Area;
- 14.30.7 suspension or expulsion from Membership subject to ratification by the Directors.
- 14.31 The Disciplinary Committee may dismiss or allow a Ring Appeal and may decrease any penalty imposed in an RDC Decision upon such terms and conditions as it considers appropriate.

Indicative Penalties

- 14.32 Where appropriate, the Enforcement Committee may submit proposals to the Disciplinary Panel (referred to in Regulation 14.56) for indicative penalties to be attached to certain offences covered by these Regulations. These indicative penalties shall represent the level of penalty the Enforcement Committee considers appropriate for an offence given no aggravating or extenuating circumstances.
- 14.33 Such indicative penalties as are approved by the Disciplinary Panel shall be notified from time to time to all Members, or the Dealers or Member Representatives, and where relevant Warehouse Companies, by way of a Notice.
- 14.34 Penalties so notified shall be indicative only and shall not fetter the discretion of a disciplinary committee or appeal committee to set the penalty it deems appropriate in all the circumstances of the case in question.

Costs

- 14.35 Costs are at the discretion of the Disciplinary Committee. It may order any party to pay such costs as it thinks appropriate, including, but not limited to, administration costs, costs incurred in the investigation, preparation and presentation of the case.

Appeal

- 14.36 Within ten days of service of the Disciplinary Committee's decision, the Member or the Dealer or Member Representative may appeal to the Disciplinary Appeal Committee ("the Appeal Committee") by serving a Notice of Appeal on the Chairman of the Appeal Panel and the Exchange.
- 14.37 Within ten days of service of the Disciplinary Committee's decision, the Exchange may appeal to the Appeal Committee by serving a Notice of Appeal on the Chairman of the Appeal Panel and the Member or the Dealer or Member Representative.
- 14.38 A Notice of Appeal shall set out the grounds of the appeal and shall contain a brief statement of all matters relied upon by the appellant.
- 14.39 The grounds of the appeal in the Notice of Appeal may be any one or more of the following:
- 14.39.1 the Disciplinary Committee misdirected itself;
- 14.39.2 the Disciplinary Committee's decision was
- (a) one which no reasonable Disciplinary Committee could have reached;
 - (b) unsupported by the evidence or was against the weight of the evidence;
 - (c) based on an error of law, or misinterpretation of the Rules.
- 14.39.3 the penalty imposed by the Disciplinary Committee was either excessive or insufficient; or
- 14.39.4 new evidence is available and that, had it been adduced, the Disciplinary Committee could reasonably have come to a different decision provided that this will not apply if the evidence could have been adduced before the Disciplinary Committee by the exercise of reasonable diligence.
- 14.40 The Appeal Committee shall determine the procedure at the appeal having regard to the following:
- 14.40.1 the appellant will open the appeal;
- 14.40.2 any witnesses called may be cross-examined and re-examined by the parties and questioned by the Appeal Committee;
- 14.40.3 the other party may make submissions in response;
- 14.40.4 the appellant may make closing submissions.
- 14.41 The Appeal Committee shall announce its decision to the parties as soon as practicable.

- 14.42 The Appeal Committee may dismiss or allow the appeal and may increase or decrease the penalty imposed upon such terms and conditions as it considers appropriate.
- 14.43 Within 20 Business Days of the conclusion of the hearing, the Appeal Committee shall serve on the parties a written decision setting out its reasons.
- 14.44 Costs are at the discretion of the Appeal Committee. It may order any party to pay such costs as it thinks appropriate, including, but not limited to, administration costs, costs incurred in the investigation, preparation and presentation of the case.

Settlements

- 14.45 The Exchange and the Member or the Dealer or Member Representative may agree a settlement at any time from the issuance of the NoI or the RDC Decision up to the commencement of the disciplinary hearing.
- 14.46 A Member or the Dealer or Member Representative wishing to enter into settlement negotiations must submit written proposals for settlement to the Exchange.
- 14.47 Settlement negotiations shall be on a without prejudice basis.
- 14.48 Any proposed settlement agreement shall be submitted to the Enforcement Committee for ratification. The Enforcement Committee may ratify or refuse to ratify any settlement agreement. A settlement agreement shall not take effect unless ratified by the Enforcement Committee. A settlement agreement so ratified shall have the same status as a decision by a Disciplinary Committee.
- 14.49 Once the hearing has commenced, the Exchange and the Member or the Dealer or Member Representative may reach an agreed finding. Any agreed finding shall be submitted to the Disciplinary Committee for ratification.
- 14.50 The Disciplinary Committee may ratify or refuse to ratify the agreed finding. An agreed finding shall not take effect unless ratified by the Disciplinary Committee. Where the Disciplinary Committee refuses to ratify the agreed finding, the hearing shall proceed as if no agreed finding was reached.

Publication of Findings and Penalties

- 14.51 Subject to appeal, where the Disciplinary Committee:
- (a) finds that there has been an act of misconduct; or
 - (b) following determination of a Ring Appeal, has upheld a decision of the Ring Disciplinary Committee (whether in whole or in part)
- notification of such findings and of any sanction shall be made (once the same has taken effect) by means of a notice to the relevant parties.
- 14.52 Where disciplinary proceedings have been concluded by way of settlement ratified by the Enforcement Committee or an agreed finding ratified by a Disciplinary Committee, notification of the settlement agreement or the agreed finding shall be made by means of notice to the relevant parties. Such notice to be drafted by the Exchange in consultation with the Member or the Dealer or Member Representative.

- 14.53 Relevant parties in this context shall mean:
- 14.53.1 the person or Member or the Dealer or Member Representative found to have committed the act of misconduct;
- 14.53.2 where the misconduct was on the part of a warehouse company or agent thereof, all Members, approved warehouses and their agents;
- 14.53.3 where the misconduct was on the part of any Member or person deemed to be the responsibility of a Member, or the Dealer or Member Representative, to all Members; and
- 14.53.4 in all cases the appropriate regulatory or other authorities, as the Exchange deems appropriate.
- 14.54 The outcome of disciplinary proceedings being notified to all Members shall also be made public by such means as the Exchange shall think fit.
- 14.55 Where the Appeal Committee upholds the finding of the Disciplinary Committee (even in the event that the penalty is altered), the above rules on publication shall apply.

Procedural Provisions applicable to the Exchange Disciplinary Process

Membership of the Disciplinary Committee and the Appeal Committee

- 14.56 The Exchange, in consultation with the Chairman of the Appeal Panel, shall from time to time appoint persons, who may be Directors or other persons, to a panel ("**the Disciplinary Panel**"). A member of the Enforcement Committee cannot be appointed to the Disciplinary Panel. Membership of particular Disciplinary Committees shall be drawn only from the Disciplinary Panel.
- 14.57 The Exchange, in consultation with the Chairman of the Appeal Panel, shall from time to time appoint persons, who shall not be Directors, to a panel ("**the Appeal Panel**"). Membership of particular Appeal Committees shall be drawn only from the Appeal Panel.
- 14.58 Membership of the Disciplinary Panel and the Appeal Panel shall be notified to Members from time to time by means of a Notice.
- 14.59 Membership of the Disciplinary Panel shall be for a period of 5 years (the term) renewable. A member of the Disciplinary Panel may not be removed from the Panel prior to the expiration of the term save in the event that he or she ceases to be a Director of the LME, or in the event that he or she is guilty of conduct which has brought or may be likely to bring the Exchange or any of its markets into disrepute.
- 14.60 Membership of the Appeal Panel shall also be for a period of 5 years (the term) renewable. A member of the Appeal Panel may not be removed from the Panel save in the event that he or she is guilty of conduct which had brought or may be likely to bring the Exchange or any of its markets into disrepute.
- 14.61 The Exchange shall appoint one member of the Disciplinary Panel to be the Chairman of the Disciplinary Panel. The Exchange shall appoint one member of the Appeal Panel to be the Chairman of the Appeal Panel.

- 14.62 No person shall be eligible to serve as a member of the Disciplinary Committee or Appeal Committee in relation to any particular case if he has any material interest in the matter under consideration either personally or through any Undertaking with which he may be concerned.
- 14.63 At least one member of the Appeal Committee must be a qualified lawyer.
- 14.64 At the request of the Head of Market Surveillance the Chairman of the Disciplinary Panel shall nominate three members of the Disciplinary Panel to sit on a Disciplinary Committee and shall notify the Member, or the Dealer or Member Representative, and the Exchange of such nomination. The Chairman may nominate himself. If the Member or the Dealer or Member Representative does not agree to one or more of the nominated Disciplinary Committee, the Chairman, if satisfied that the grounds of objection are reasonable, shall nominate a replacement, or replacements, from the Disciplinary Panel, subject to such replacement, or replacements, being willing and able to sit on that Disciplinary Committee.
- 14.65 On receipt of a Notice of Appeal, the Chairman of the Appeal Panel shall nominate three members of the Appeal Panel to sit on an Appeal Committee and shall notify the Member or the Dealer or Member Representative and the Exchange of such nomination. The Chairman may nominate himself. If the Member or the Dealer or Member Representative does not agree to one or more of the nominated Appeal Committee, the Chairman, if satisfied that the grounds of objection are reasonable, shall nominate a replacement, or replacements, from the Appeal Panel, subject to Regulation 14.63 and subject to such replacement, or replacements, being willing and able to sit on that Appeal Committee.

Composition

- 14.66 The Disciplinary Committee or the Appeal Committee shall appoint one of their number to be the Chairman.
- 14.67 The quorum of a Disciplinary Committee or Appeal Committee shall be three, unless decided otherwise by the Disciplinary Committee or Appeal Committee.
- 14.68 The Disciplinary Committee may decide that any pre-hearing review shall be heard by the Chairman sitting alone.

Legal Adviser

- 14.69 A legal adviser, who shall be a barrister or solicitor, may be appointed by the Disciplinary Committee or the Appeal Committee to sit throughout the hearing (including any pre-hearing review) and provide legal advice to the Committee.
- 14.70 The same legal adviser may not be appointed to advise both the Disciplinary Committee and the Appeal Committee on the same case.

Hearings in private

- 14.71 Disciplinary Committee hearings and Appeal Committee hearings shall be held in private, unless the Member or the Dealer or Member Representative elects to hold the hearing in public.

Representation

- 14.72 Parties to disciplinary proceedings may be represented.

- 14.73 Where disciplinary action is taken against an individual, he or she may represent himself or herself, or may be represented by his or her employer or may be legally represented.
- 14.74 Where disciplinary proceedings are taken against a Member or the Dealer or Member Representative, it may be represented by one of its officers, employees or may be legally represented.
- 14.75 The Exchange may be represented by one of its officers, employees or may be legally represented.
- 14.76 The availability of a particular legal representative shall not be conclusive when fixing a date for a pre-hearing review or a tribunal.

Failure to attend

- 14.77 If either party fails to attend, the hearing may proceed in its absence.

Record of hearing

- 14.78 A record shall be made of the hearing, electronically or otherwise. The Member or the Dealer or Member Representative shall be entitled to a transcription or copy of the record on payment of the costs.

Burden and standard of proof

- 14.79 The burden of proof shall be on the Exchange. The Disciplinary Committee shall not find a charge proved unless it is satisfied on the balance of probability.

Evidence

- 14.80 The Disciplinary Committee may admit any evidence whether oral or written, whether direct or hearsay and whether or not the same would be admissible in a court of law.

Notice periods

- 14.81 Any notice periods specified in these rules may be amended by agreement in writing between the Exchange and the Member or the Dealer or Member Representative, unless such notice periods have been set by the Disciplinary Committee or the Appeal Committee.

Convictions and findings by other authorities

- 14.82 The findings of fact of any court in the United Kingdom or of the Financial Services Tribunal, which have not been set aside on appeal or otherwise shall be conclusive evidence of the facts so found.
- 14.83 A criminal conviction by any court in the United Kingdom which has not been set aside on appeal or otherwise shall be conclusive evidence of the commission of that offence.
- 14.84 The findings of fact of the following bodies, which have not been set aside on appeal or otherwise, shall be prima facie evidence of the facts so found:
- 14.84.1 any court of competent jurisdiction outside the United Kingdom;

- 14.84.2 any committee or tribunal of the Financial Conduct Authority, and self-regulating organisation, recognised professional body, recognised investment exchange or recognised clearing house or any overseas regulatory authority which the Exchange considers to be relevant exercising regulatory or disciplinary functions;
- 14.84.3 the Competition and Markets Authority;
- 14.84.4 any other body exercising a regulatory or disciplinary jurisdiction over any persons engaged in financial services business whether in the United Kingdom or elsewhere; and
- 14.84.5 any successor to any body specified in this Regulation 14.84.

15. **DISQUALIFICATION AND EXPULSION**

- 15.1 The criteria for Membership are continuing requirements and if a Member shall cease at any time to satisfy any of the criteria for Membership of his class the Directors may in their discretion re-categorise his Membership to a class the criteria for which he is able to satisfy or, subject to Regulation 15.4, suspend his Membership until such time as he is able to satisfy the criteria, or may seek to expel him from Membership.
- 15.2 Upon the happening of any of the following events the Directors may resolve, with immediate effect, that the Member concerned be suspended from Membership, and, where appropriate, subject to Regulation 15.5, expelled from Membership:-
 - 15.2.1 a Member pursuant to disciplinary proceedings held in accordance with these Regulations is found to have committed a serious breach or persistent breach of the Regulations and the Disciplinary Committee has suspended or expelled the Member subject to ratification by the Directors, provided that the Disciplinary Committee's decision has been upheld by an Appeal Committee, or the time for lodging an appeal has elapsed and no appeal has been made;
 - 15.2.2 a Member fails to meet his material contractual obligations to another Member and the obligation or the obligations concerned are not being disputed in good faith;
 - 15.2.3 a Member is declared a Defaulter pursuant to the Default Regulations;
 - 15.2.4 an Event of Default (as defined in the Default Regulations) occurs in relation to a Member (other than a Registered Intermediating Broker) and is continuing; or
 - 15.2.5 in relation to a Registered Intermediating Broker, the Exchange becomes aware of any facts or circumstances that indicate that the Registered Intermediating Broker is not a reliable entity to arrange Agreed Trades on behalf of Clients and/or to discharge the obligations of Registered Intermediating Brokers under these Rules. Such facts or circumstances may include, without limitation, any evidence that the Registered Intermediating Broker has input into the Matching System particulars of any Agreed Trade(s) that it did not have the appropriate authorisations to broker (including from its purported Clients, or from any Clearing Member which would become party to any Contract upon Execution of such Agreed Trade).
- 15.3 The Directors shall have the power to suspend a Member where it is considered necessary to ensure an orderly market, or otherwise to enable the Exchange to comply with its statutory obligations.

15.4 Save in the case of Regulation 15.2.1, the power to suspend a Member is subject to a right of appeal by the Member to an Appeal Committee convened pursuant to Regulation 14. The Appeal Committee shall, in such circumstance, have full jurisdiction to review the facts of the case as if it were a Disciplinary Committee. Any appeal shall be heard swiftly.

15.5 Save in the case of Regulation 15.2.1, where the Directors believe expulsion is warranted, they shall request that an Appeal Committee be convened, pursuant to Regulation 14, to consider the case for expulsion. Such an Appeal Committee shall be convened swiftly. The Directors may suspend the Member with immediate effect pending the outcome of the Appeal Committee so convened. The Appeal Committee shall, in such circumstance, have full jurisdiction to review the facts of the case as if it were a Disciplinary Committee. Where the Appeal Committee agrees that expulsion is justified, the Member shall be expelled with immediate effect.

16. **FORFEITURE OF RIGHTS ON CESSATION OF MEMBERSHIP**

16.1 A Member who shall have been expelled or shall otherwise have ceased to be a Member shall not be entitled to any refund of subscription or fees.

16.2 All rights and privileges of being a Member and all Cards of Admission issued to a Member or to a Member's directors or employees on his application and all rights appertaining thereto shall ipso facto be cancelled upon the Member's ceasing for any reason to be a Member or losing in any other way the right of entry to the Exchange.

17. **DISPUTES BETWEEN MEMBERS**

Upon the Secretary receiving a notice in writing from a Member that a dispute exists between him and another Member arising out of or in connection with a Contract, he shall send a Notice to Members to this effect. Such memorandum shall be removed by the Secretary when he shall receive notification in writing by the party or parties reporting the existence of such dispute that it has been settled or has been referred to arbitration in accordance with Part 8 of the Rules or otherwise disposed of.

18. **INTELLECTUAL PROPERTY RIGHTS**

18.1 As between the Members and the Company, all right, title, interest and Intellectual Property Rights in:-

- (a) the Rules and Administrative Procedures; and
- (b) LME Data;

shall be the property of the Company. To the extent a Member acquires any right, title, interest or Intellectual Property Rights in the same it hereby assigns all such right, title, interest and Intellectual Property Rights (including by way of a present assignment of any future copyright or similar rights) to the Company for the full duration of such right, title, interest and Intellectual Property Rights.

18.2 For the avoidance of doubt, the Company hereby expressly reserves any and all rights (including Intellectual Property Rights and any rights of confidentiality), licences and permissions in and to the LME Data, the Trade Marks and the Product Specifications.

18.3 Unless explicitly permitted in writing between the Member and the Company, the Member shall not:

- (a) remove the Trade Marks from the LME Data or alter them (unless not practicable to disply the Trade Marks and LME Data together);
- (b) use the Trade Marks in conjunction with any other mark, name, logo, symbol or device;
- (c) use the Trade Marks other than in relation to:
 - (i) Contracts; or
 - (ii) any contract to which the Financial OTC Booking Fee Policy applies, and in respect of which the Member shall report such contract to the Company in accordance with the Financial OTC Booking Fee Policy;
- (d) use the Trade Marks in such a way as to damage the goodwill or reputation attaching to such Trade Marks or the name of the Company or to otherwise prejudice the validity or enforceability of any such Trade Marks;
- (e) permit access to, distribute, sub-licence or publish the LME Data or Trade Marks to any third party;
- (f) use the LME Data as a Benchmark or in connection with the determination of a Benchmark or pass the Data to an Administrator in connection with the determination of a Benchmark;
- (g) manipulate the LME Data in any way and/or use the LME Data to create any Derived Data;
- (h) use the LME Data or Trade Marks, or any part of them:
 - (i) in breach of these Rules or the Financial OTC Booking Fee Policy or other applicable laws or regulations;
 - (ii) for any unlawful purpose; or
 - (iii) in any way that may in the Company's absolute opinion be considered to bring the Company, its Affiliates, the LME Data and/or the Trade Marks into disrepute.

18.4 Each Member acknowledges and agrees that LME Data may be provided by the Company to any Member and any third party, and may be used by the Company or such other persons for any commercial or other purpose, subject to any restrictions applicable to particular categories of LME Data in Regulation 21 (Confidentiality). The Company may from time to time grant a licence to Members or third parties to use, copy, modify, distribute or otherwise exploit the LME Data, but, subject to Regulation 18.5 below, in the absence of such a licence, Members may not use, copy, modify, distribute or otherwise exploit the LME Data.

18.5 The Company hereby grants to each Member a non-exclusive, worldwide, perpetual, royalty-free licence, with the right to sub-licence, to use, copy, modify, distribute and otherwise exploit the LME Data relating solely to that Member for any commercial or other purpose, subject in each case to the restrictions in Regulation 21 (Confidentiality).

19. **FINANCIAL OTC BOOKING FEE POLICY**

19.1 Each Member shall comply with the Financial OTC Booking Fee Policy. Without prejudice to the generality of the foregoing, each Member shall:

- (a) register with the Exchange, pursuant to the requirements of the Financial OTC Booking Fee Policy;
- (b) report to the Exchange, any trades undertaken by the Member which are required to be reported pursuant to the Financial OTC Booking Fee Policy; and
- (c) pay to the Exchange, any fees due to the Exchange pursuant to the Financial OTC Booking Fee Policy in relation to trades undertaken by the Member.

19.2 Each Member shall procure and otherwise take steps to ensure that their Affiliates comply with the Financial OTC Booking Fee Policy. Where the Affiliate fails to comply with the Financial OTC Booking Fee Policy, whether: (a) registering with the Exchange; (b) reporting any trades undertaken by the Affiliate to the Exchange; or (c) paying to the Exchange, any fees due pursuant to the Financial OTC Booking Fee Policy; or (d) otherwise, the Member shall be liable to the Exchange for any non-compliance by Affiliate with the Financial OTC Booking Fee Policy.

19.3 Without prejudice to any additional rights of the Exchange under the Financial OTC Booking Fee Policy to require information from any Member or its Affiliate, each Member shall, and shall ensure that its Affiliates shall, within 5 Business Days of any request by the Exchange:

- (a) permit the Exchange and its representatives to have access to any records and information maintained by the Member and/or its Affiliates (as the case may be) in respect of any transactions undertaken by the Member or its Affiliates for the purposes of assessing compliance with the Financial OTC Booking Fee Policy; and
- (b) respond to any reasonable questions from the Exchange which are relevant to assessing the compliance by the Member and its Affiliates with the Financial OTC Booking Fee Policy.

19.4 For the avoidance of doubt, a Member or its Affiliate shall only be entitled to benefit from an exemption from compliance with any aspect of the Financial OTC Booking Fee Policy in the event that such exemption has been granted by the Exchange in accordance with the terms of the Financial OTC Booking Fee Policy.

20. **RESTRICTIONS ON USE OF LME PROPERTY OR SYSTEMS FOR NON-EXCHANGE CONTRACTS**

20.1 The facilities of the Exchange may not be used to facilitate the execution, clearing or settlement of any Non-LME Platform Contract. Without limitation to the foregoing:

- (a) no Member may use any LME Data, Product Specifications or any other Intellectual Property Rights of the Exchange, or any part of them for the formation, trading, pricing, clearing or settlement of any Non-LME Platform Contract;
- (b) LME Warrants may not be used for the purpose of settling any Non-LME Platform Contract;

- (c) the Ex-Cleared settlement functionality of LMEsword may not be used to facilitate the settlement of any Non-LME Platform Contract;
- (d) no Member may use the inter-office market to facilitate the submission to the Matching System of any Non-LME Platform Contract as an Agreed Trade; and
- (e) no Member may bring-onto, or allow its Client to bring-onto, the Exchange any Non-LME Platform Contract, including pursuant to the OTC Bring-On category within the Matching Rules, the submission to the Matching System of an Agreed Trade, or otherwise.

20.2 The Exchange may, in its absolute discretion, by Notice dis-apply any of the restrictions specified in this Regulation 20 in respect of Non-LME Platform Contracts traded on, executed on, or otherwise arranged or agreed via any specific Non-LME Multi Dealer Trading System. Such Notice:

- (a) shall specify the identity of the specific Non-LME Multi Dealer Trading System that is approved by the Exchange as a venue for the formation of Agreed Trades that may be brought-onto the Exchange; and
- (b) may specify the categories of Contracts to which such approval shall apply.

20.3 The Exchange shall issue a Notice pursuant to Regulation 20.2 above, publicising the situation where, as determined by the LME in its sole discretion and acting reasonably, any Non-LME Multi Dealer Trading System is lawfully making use of the Intellectual Property Rights of the Exchange, including, without limitation, where such Non-LME Multi Dealer Trading System has: (i) entered into a licence agreement for the use of Intellectual Property Rights belonging to the Exchange; or (ii) been granted open access rights pursuant to prevailing applicable legislation.

21. **CONFIDENTIALITY**

21.1 Subject to Regulation 21.2, the Company shall treat as confidential all information received from a Member that concerns the business and affairs of a Member or Client (including any information relating to any Contract).

21.2 The Company may disclose any information which is subject to the confidentiality obligations in Regulation 21.1:-

- (a) to any regulator that has responsibility for regulating the Exchange or the Clearing House;
- (b) to any regulator that has responsibility for regulating the Member;
- (c) to the Clearing House, to the extent that such information is relevant to the performance by the Clearing House of its functions under its own rules or terms of service, or its obligations under applicable law, or its contractual obligations to the Company;
- (d) to the Member itself;
- (e) where the Company acquires or develops the information independently of any information or document provided by the Member;

- (f) to any member of the Company's group, or to any employees, officers, consultants, professional advisers or agents of any of them, in connection with the operation of the Exchange, risk management processes or for the purposes of internal group control or accounting, subject to appropriate confidentiality requirements;
- (g) to any other Member for the purposes of a potential transfer of a Contract to such Member in accordance with the Rules;
- (h) to third parties appointed or engaged by the Company or a Member in connection with the operation of the Company's complaint-handling or discipline processes, where and to the extent that such third parties reasonably need to receive such information in order to discharge their functions in support of such processes;
- (i) with the consent of the Member;
- (j) to potential acquirers (and their advisers) of the Company or an holding company of the Company or of the businesses of the Company, provided that each such potential acquirer has entered into a confidentiality undertaking with respect thereto;
- (k) in a document in relation to a takeover offer conducted under the rules of The Panel on Takeovers and Mergers or any equivalent body in any other relevant jurisdiction;
- (l) if and to the extent the information has come into the public domain through no fault of the Company;
- (m) to the Company's insurer(s), provided that any such insurer has entered into a confidentiality undertaking with respect thereto;
- (n) where necessary for the discharge of the Company's obligations under applicable law;
- (o) where the Company considers it appropriate to disclose such information for the purpose of discharging the Company's obligations under the Rules having due regard to the confidential nature of the information, and taking reasonable care to ensure that the recipient of such information is aware of its confidential nature; or
- (p) where and to the extent that such disclosure is necessary or permitted pursuant to any other Regulation or Administrative Procedure, including for the avoidance of doubt, any Regulation permitting the Company to issue Notices in respect of a Member,

and for the avoidance of doubt, nothing in this Regulation 21 shall prevent the Company from providing LME Data to any third party in accordance with Regulation 18.4 above where and to the extent that any such LME Data that is provided to a third party in respect of a Member is anonymised and/or aggregated with LME Data in respect of other Members.

21.3 Subject to Regulation 21.4, each Member shall treat as confidential all information concerning the business and affairs of the Company.

21.4 A Member may disclose any information which is subject to the confidentiality obligations in Regulation 21.3:-

- (a) to any regulator that has responsibility for regulating the Member where required to do so pursuant to any direction, rule or requirement of the regulator or by applicable law;
- (b) to the Company itself;
- (c) where the Member develops the information independently of any information or document provided by the Company;
- (d) to the Member's group, or to employees, officers, consultants, professional advisers or agents of the Member or its group solely to the extent that such persons need to receive such information in order to assist the Member in properly performing its obligations or exercising its rights under these Rules, and subject, in all cases to their agreement to treat such information as strictly confidential;
- (e) with the consent of the Company;
- (f) if and to the extent the information has come into the public domain through no fault of the Member;
- (g) where necessary for the discharge of the Member's obligations under applicable law; or
- (h) where the Member considers it appropriate to disclose such information for the purpose of discharging the Member's obligations under the Rules having due regard to the confidential nature of the information, and taking reasonable care to ensure that the recipient of such information is aware of its confidential nature.

22. FEES & INCENTIVE PROGRAMMES

- 22.1 Members shall pay such fees to the Exchange as the Exchange shall specify by Administrative Procedure from time to time.
- 22.2 The Exchange may, from time to time, make available to Members incentive, rebate or market-making programmes that shall operate to provide certain specified benefits and/or modify the fees payable in respect of specified types of Contracts (each such programme being an "**Incentive Programme**").
- 22.3 The Exchange shall specify, by way of Notice issued on the public website maintained by the Exchange:
- (a) the eligibility criteria to be satisfied by any Member and, where applicable, any Client of such Member wishing to participate in each Incentive Programme;
 - (b) any information and/or application documentation to be submitted to the Exchange by the Member in respect of itself and, where applicable, any Client of such Member wishing to participate in each Incentive Programme;
 - (c) the technical and operational procedures to be followed by any Member and, where applicable, any Client of such Member, in order to qualify for the benefits available under an Incentive Programme;

- (d) any conditions, commitments, minimum transaction volumes, or requirements as to the types of transactions executed that are to be satisfied by any Member and, where applicable, any Client of such Member, in order to qualify for the benefits available under an Incentive Programme;
- (e) any information reporting requirements or other obligations that must be complied with by any Member participating in an Incentive Programme;
- (f) the specific benefits available under an Incentive Programme for any Member that complies with the requirements specified in accordance with (a) to (e) above; and
- (g) any other information, descriptions, explanations or details that the Exchange considers relevant to the manner in which the Exchange intends to operate the Incentive Programme,

such criteria, procedures, conditions and requirements under (a) to (e) being the "**Incentive Programme Requirements**" and such benefits under (f) being the "**Incentive Programme Benefits**". The Exchange may, from time to time, amend, add to or replace any Incentive Programme Requirements and/or Incentive Programme Benefits applying to or under any Incentive Programme, and any other information published pursuant to (h), by updating or replacing the relevant Notice published on the public website of the Exchange.

22.4 Any Member wishing to participate in an Incentive Programme must satisfy the Incentive Programme Requirements for such Incentive Programme that may be specified by the Exchange, in accordance with Regulation 22.3 above, from time to time.

22.5 The Exchange may, in its absolute discretion:

- (a) reject any request by a Member:
 - (1) to participate in any Incentive Programme; or
 - (2) to allow a Client to participate in any Incentive Programme; or
 - (3) to apply the Incentive Programme to the activities of any Client; or
- (b) terminate the application of any Incentive Programme to any:
 - (1) Member; or
 - (2) Client, or to the activities of any Client, of a Member.

22.6 For the avoidance of doubt, the Incentive Programme Benefits available in respect of any Incentive Programme may include:

- (a) the specification of a rebate to any fees payable by a Member in respect of any specified type of Contract; or
- (b) the specification of a reduction to any fees payable by a Member in respect of any specified type of Contract; or
- (c) the specification of any other form of monetary or non-monetary benefit that the Exchange may make available to a Member,

and any such Incentive Programme Benefit may be specified as being limited in duration, or applicable only to specific Contracts or Transactions that satisfy certain Incentive Programme Requirements.

22.7 Where any Incentive Programme makes the availability of Incentive Programme Benefits subject to any Incentive Programme Requirements applying to the trading activity of any Client of a Member, or the nature, identity or behaviour of any such Client:

- (a) it shall be the responsibility of the Member to ensure that the relevant Incentive Programme Requirements are satisfied; and
- (b) it shall be the sole responsibility of the Member to notify its Clients of its participation in the Incentive Programme, and the features of such Incentive Programme, together with the satisfaction of any other disclosure requirements that may be applicable under any relevant law or regulation or the terms of any agreement between the Member and any Client; and
- (c) for the avoidance of doubt, the Exchange has no responsibility to any Client for ensuring that any of the Incentive Programme Benefits are made available by the Member to the relevant Client; any such arrangement shall be governed solely by the arrangements established between the Member and the Client.

For the avoidance of doubt, any reference in these Rules to any "participation" by a Client in any Incentive Programme does not create, imply or infer the creation of any contractual relationship between the Exchange and any Client in relation to such Incentive Programme, nor confer on any Client any entitlement to receive any benefits (including Incentive Programme Benefits) from the Exchange. If and to the extent that the Exchange provides an Incentive Programme that is intended to provide an entitlement for a Client to receive Incentive Programme Benefits, such entitlement shall be established pursuant to separate contractual documentation between the Exchange and the relevant Client that explicitly establishes the basis for such entitlement.

22.8 Any Clearing Member that participates in any Incentive Programme shall ensure that it shall not, and that any Client shall not, through its participation in the Incentive Programme:

- (a) affect or distort the proper market in any Contract; or
- (b) commit or permit the commission of any market abuse or any other breach of any applicable law or regulation applying to the Member, Client or the trading of any Contract; or
- (c) enter into any Contract that is not compliant with any applicable Incentive Programme Requirements.

22.9 The Exchange may, at any time and from time to time, request from a Member such evidence as the Exchange may consider necessary or appropriate to determine the compliance by the Member, or any Client of the Member, with the Incentive Programme Requirements applicable to any Incentive Programme in which the Member or its Client is participating, and the Member shall, upon receipt of such request, promptly provide such evidence.

- 22.10 The Exchange may publish the names of any Member or Client participating in any Incentive Programme.
- 22.11 The Exchange may withdraw any Incentive Programme, together with any Incentive Programme Benefits available thereunder, at any time in its sole discretion. The withdrawal of any Incentive Programme shall not affect any Incentive Programme Benefits that have accrued to a Member prior to the time of such withdrawal.
- 22.12 Subject to Trading Regulation 21, a Member must not pursue, or permit any Client of the Member to pursue, a Market Making Strategy on the Exchange without first notifying the Exchange and entering into such agreements as the Exchange may specify, including any agreement required to satisfy any applicable legal or regulatory requirement. The Member must ensure that any activity it undertakes on the Exchange in pursuing a Market Making Strategy complies with the term of any such agreement, the Rules, including but not limited to the applicable requirements in Trading Regulation 21, and any relevant administrative procedure.
- 22.13 Regulation 22.12 above shall apply with effect from 3 January 2018.

23. **RECORDING OF TELEPHONE CALLS**

23.1 The Exchange may record:

- (a) telephone calls between representatives of Members and the Exchange; and
- (b) the telephone number from which representatives of Members call the Exchange, together with the time, date and content of the call,

and may maintain records relating to (a) and (b) above, in each case in accordance with the Exchange's policy on telephone recording from time to time and applicable law.

PART 3
TRADING REGULATIONS

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CONTENTS

Section		Page
1	General	3-1
2	Permitted Contracts and Contract Formation	3-2
3	The Matching System and Recording of Trades	3-14
4	Price Information	3-21
5	Settlement Prices and Other Official Prices	3-22
6	Closing Prices and Margin	3-26
7	Payment System	3-27
8	Prompt Dates	3-27
9	Settlement of Contracts	3-29
10	Delivery - General	3-39
11	Dealings in the Ring	3-40
12	Dealings on LME Select	3-47
13	Trade Invalidation and Cancellation	3-53
14	Prohibited Practices	3-53
15	When the Clearing House May Fix Prices	3-54
16	Who May Trade in the Ring or on LME Select	3-54
17	Emergencies	3-56
18	Lending Rules	3-58
19	Liability	3-59
20	Position Limits	3-59
21	Conformance Testing, Algorithmic Trading and Market Making	3-60
22	Order Cancellation and Controls	3-62
23	Transaction Reporting	3-62

- (e) the Special Rules for the relevant metal, LMEmini Contract, Cash-Settled Future or for the Construction of the Index;
 - (f) the Premium Contract Regulations;
 - (g) the LMEprecious Regulations; and
 - (h) (in respect of Cleared Contracts) the Clearing House Rules,
- as effectively as if the same had been expressly inserted therein.

2. **PERMITTED CONTRACTS AND CONTRACT FORMATION**

2.1 **Permitted Contracts**

2.1.1 Members, other than Registered Intermediating Brokers, may act only as principals. In all dealings with non-Members they shall comply with the provisions contained in the Rules which refer to relations with Clients and to dealings with Clients.

2.1.2 All dealing by Members in Metal Contracts, LMEmini Contracts, Index Contracts, Cash-Settled Futures, Monthly Average Futures, Premium Contracts and LMEprecious Contracts made subject to the Rules of the Exchange must be evidenced by:

- (a) a Cleared Contract; and/or
- (b) one or more Cleared Contracts and one or more Client Contracts,

and the details of the Agreed Trade that results in the formation of such Contract(s) must be input into the Matching System by the Member. This Regulation shall not impose on the Clearing House any obligation which is not imposed on it by the Clearing House Rules.

2.1.3 Any Contract, except Index Contracts, Cash-Settled Futures, LMEmini Contracts, Monthly Average Futures, Premium Contracts and LMEprecious Contracts, may be written with the price or premium payable in any one of the following currencies and no other: US dollar, euro, Japanese yen or sterling. Index Contracts, Cash-Settled Futures, LMEmini Contracts, Monthly Average Futures, Premium Contracts and LMEprecious Contracts shall be written with the price or premium payable solely in US dollars.

2.2 **Contract Formation**

2.2.1 The basis on which Contracts shall be formed shall be as set out in this Trading Regulation 2.

2.2.2 Agreed Trades may be made:

- (a) in the Ring; or
- (b) in LME Select; or
- (c) in the inter-office market,

(and each of (a), (b) and (c) shall be an "**Execution Venue**"), subject to any restrictions regarding the permissible trading venues for any type of Contract specified in these Rules.

- (b) a Client of a Clearing Member and any other person, pursuant to an arrangement where the Clearing Member is to be responsible for the clearing of the Agreed Trade,

and upon Execution of the Agreed Trade, one or more Cleared Contracts are formed between the Clearing House and the Clearing Member, then a back-to-back Client Contract shall automatically and immediately come into effect between the Clearing Member and the Client having the same terms as the Cleared Contract and having the same direction as the Cleared Contract, such that:

- (i) where the Member is the Buyer under the Cleared Contract, it shall be the Seller under the Client Contract; and
- (ii) where the Member is the Seller under the Cleared Contract, it shall be the Buyer under the Client Contract.

2.6.2 Where the Client is a Category 4 Member or an LMEprecious Non-Clearing Member, and the Agreed Trade is made by the Category 4 Member or LMEprecious Non-Clearing Member with its own Client, then, in addition to the Client Contract formed pursuant to Regulation 2.6.1 above, an additional back-to-back Client Contract shall automatically and immediately come into effect between the Category 4 Member or LMEprecious Non-Clearing Member and its Client, having the same terms and direction as the Client Contract formed under Regulation 2.6.1, such that:

- (a) where the Member is the Buyer under the Client Contract formed under Regulation 2.6.1, it shall be the Seller under the Client Contract formed under this Regulation 2.6.2; and
- (b) where the Member is the Seller under the Client Contract formed under Regulation 2.6.1, it shall be the Buyer under the Client Contract formed under this Regulation 2.6.2.

2.6.3 A Client Contract shall be deemed to come into effect pursuant to this Regulation 2.6 where both parties to the Client Contract are Members.

2.6.4 Where any party to a Client Contract is not a Member, the back-to-back Client Contract shall come into effect pursuant to the terms of business between the Member and the Client. Any Member seeking to enter into Client Contracts with Clients that are not Members must ensure that its terms of business with such Clients contain provisions giving effect to this Regulation 2.6, and which provide that such Client Contracts shall incorporate and be subject to these Rules.

2.7 **LME Select API**

2.7.1 In the event that a Member makes available to a Client the order-routing facility of the LME Select API and due to any use by a Client of the order-routing facility of the LME Select API:

- (a) one or more Cleared Contracts come into effect between the Clearing House and a Clearing Member; and
- (b) one or more Client Contracts comes into effect between:

- (e) the Agreed Trade is within any parameters (with respect to the number of Lots and notional value) specified by the Member within the pre-trade risk management functionality within the Matching System;
- (f) the transaction details identifying the correct position keeping account(s) at the Clearing House to which the resulting Cleared Contracts should be allocated have been entered into the Matching System;
- (g) (in respect of Agreed Trades made in the inter-office market), the Clearing Member responsible for the Agreed Trade meets the Acceptance Criteria; and
- (h) such other checks as the Exchange and/or the Clearing House may deem prudent or appropriate from time to time.

2.9 **Post-Execution Checks**

- 2.9.1 The Exchange and/or the Clearing House will conduct the checks specified in Trading Regulation 2.8.1(a) to (h) above following the Execution of an Agreed Trade made in the Ring.
- 2.9.2 The Exchange and/or the Clearing House will, following the Execution of an Agreed Trade made in LME Select, check that the Clearing Member responsible for the Agreed Trade has sufficient collateral with the Clearing House to cover the additional risk(s) represented by the Cleared Contract(s) resulting from the Execution of the Agreed Trade.
- 2.9.3 For the avoidance of doubt, where an Agreed Trade falling within Trading Regulations 2.9.1 or 2.9.2 above fails any of the checks specified therein, such failure shall not affect the validity of the Execution of the Agreed Trade or the Contracts that have come into effect upon such Execution.

2.10 **Contingent Agreement to Trade**

- 2.10.1 The terms of a Contingent Agreement to Trade shall be as set out below:
 - (a) where both parties to the Contingent Agreement to Trade are Members:
 - (i) the Contingent Agreement to Trade shall be deemed to come into effect at the time of agreement between the Members of the particulars of the Agreed Trade, and shall be subject to, and governed by, these Rules; and
 - (ii) the obligations of the parties to the Contingent Agreement to Trade shall be to submit the particulars of the Agreed Trade to the Matching System within the timescales specified in Regulation 3.5 below;
 - (b) where only one party to the Contingent Agreement to Trade is a Member, the Member shall:
 - (i) be responsible for submitting the particulars of the Agreed Trade into the Matching System in accordance with Regulation 2.10.1(a)(ii);
 - (ii) ensure that its terms of business with the other party (being a Client):

5.8 The Daily Settlement Price for Metal Options, Traded Average Price Options, Index Options and LMEprecious Options

- 5.8.1 The daily Settlement Price for Metal Options, Traded Average Price Options, Index Options and LMEprecious Options shall be determined in accordance with the following, with the Clearing House having overall responsibility for the determination of the daily Settlement Price for Metal Options and LMEprecious Options, and the Exchange having day-to-day responsibility for the determination of such daily Settlement Price on a delegated basis.
- 5.8.2 For Traded Average Price Options, the Exchange shall input to the screen information service and display thereon the daily Settlement Price, Moving Monthly Average Settlement Price and Monthly Average Settlement Price for the relevant metal during the relevant tradeable month according to the currency in which the Traded Average Price Option is denominated.
- 5.8.3 For the purpose of enabling the Clearing House to determine Metal Option, Traded Average Price Option, Index Option and LMEprecious Option daily Settlement Prices pursuant to the Clearing House Rules, the Exchange shall, on each Business Day, use such options valuation methodology as may be agreed between the Exchange and the Clearing House from time to time for the purposes of its valuations. Without prejudice to the generality of the foregoing, the Exchange may determine the volatilities prevailing in the Market at or around 17:15 hours (or such other time as may be prescribed by Notice), for the Strike Price nearest the Closing Price and for such other Strike Prices as may be required by the Exchange in agreement with the Clearing House, of the relevant Metal Option, Traded Average Price Option, Index Option and LMEprecious Option Contract and each relevant month in which the relevant Metal Option, Traded Average Price Option, Index Option and LMEprecious Option is traded, and communicate the above to the Clearing House at or around 18:30 hours. The determination of the Closing Prices will take into account contributions from Members, voluntary contributions from Members and/or Clients, trading activity throughout the day, and/or any such other input data, including data from third party providers, as the Exchange may consider appropriate from time to time.
- 5.8.4 If a Member is active in a particular Metal Option, Traded Average Price Option, Index Option and/or LMEprecious Option at any particular time as determined by the Exchange, it shall be obliged to submit closing volatilities to the Exchange (in consultation, where appropriate, with the Clearing House), for the purpose of the Clearing House valuations if requested by the Exchange, unless the Exchange expressly states in its request that such contribution would be voluntary. The Exchange may specify by Notice that any Member that is active in LMEprecious Options must submit closing volatilities to the Exchange. If a Member fails to comply with such a request or requirement, or provides inaccurate or unreflective submissions, such Member may be subject to Exchange disciplinary procedures.

8.4.1 Except in relation to Monthly Average Futures, if any Prompt Date would fall on a day which is not a Settlement Business Day it shall instead fall on the next succeeding day which is a Settlement Business Day except:-

- (a) if the Prompt Date would fall on a Saturday and the preceding Friday is a Settlement Business Day;
- (b) if the Prompt Date would fall on Good Friday;
- (c) if the Prompt Date would fall on Christmas Day (and Christmas Day is on a Tuesday, Wednesday, Thursday or Friday); or
- (d) if the Prompt Date would fall on any other day which the Directors have specially declared is not a Business Day.

In the case of (a), (b) and (c) above, the Prompt Date shall instead fall on the preceding Settlement Business Day. In the case of (d) above the Prompt Date shall instead fall on such day as the Exchange in its absolute discretion shall determine.

8.4.2 If any Prompt Date falling within Trading Regulation 8.1(c) would, in spite of or by reason of the provisions of Trading Regulation 8.4.1, fall in the fourth calendar month after the calendar month in which the contract was made, it shall instead fall on the last Settlement Business Day in the third such calendar month.

8.4.3 The Chief Executive or the Chief Operating Officer shall be empowered to declare, by way of Administrative Procedure given on such notice as is reasonably practicable, that a particular date shall not be a Prompt Date, for the purposes of facilitating the migration to an alternative Clearing House or for any other reason. In such cases, where trading has already taken place for a Prompt Date which is subsequently declared not to be a Prompt Date, then any open positions will be rolled to the next available Prompt Date or such other date as the Exchange may determine in its absolute discretion.

8.5 LMEmini Futures may have the following Prompt Dates:

- (a) if, in any calendar month, the Contract is made on or before the LMEmini Last Trading Time for that calendar month, that Contract may have a Prompt Date on the third Wednesday of that calendar month and on the third Wednesday of each calendar month thereafter for eleven months, subject, where relevant, to Trading Regulation 8.4.1; or
- (b) if, in any calendar month, the Contract is made after the LMEmini Last Trading Time for that calendar month, that Contract may have a Prompt Date on the third Wednesday of the next eleven calendar months thereafter, subject, where relevant, to Trading Regulation 8.4.1.

8.6 Monthly Average Futures may have the following Prompt Dates:

- (a) two Business Days following the last Business Day in the tradeable month which is to be used to calculate the Monthly Average Settlement Price; or
- (b) where (a) is not a Settlement Business Day, the next Business Day which is a Settlement Business Day.

- 8.7 Cash-Settled Futures Contracts may have the Prompt Dates specified in the relevant Special Contract Rules for Cash-Settled Futures.
- 8.8 Premium Contracts may have the following Prompt Dates:
- (a) if, in any calendar month, the Contract is made on or before the Premium Contract Last Trading Time for that calendar month, that Contract may have a Prompt Date on the third Wednesday of that calendar month and on the third Wednesday of each calendar month thereafter for fifteen months, subject, where relevant, to Trading Regulation 8.4.1; or
 - (b) if, in any calendar month, the Contract is made after the Premium Contract Last Trading Time for that calendar month, that Contract may have a Prompt Date on the third Wednesday of the next fifteen calendar months thereafter, subject, where relevant, to Trading Regulation 8.4.1.
- 8.9 LMEprecious Futures may have the Prompt Dates specified in the LMEprecious Future Regulations.
- 8.10 LMEprecious Options may have the Prompt Dates specified in the LMEprecious Option Regulations.
- 8.11 Except as otherwise provided in these Trading Regulations, the Contract Regulations, the Traded Options Regulations and the Default Regulations each Contract shall be settled on its Prompt Date and, except as aforesaid, Metal Contracts and Premium Contracts shall not be settled earlier notwithstanding that an offsetting Contract for the same tonnage and Prompt Date may have been made. For the avoidance of doubt, this Trading Regulation 8.11 is subject to, and shall be construed in accordance with Regulation 4.4 of the Contract Regulations.
- 8.12 This Trading Regulation 8 is subject to Regulation 3.4.3 of the Default Regulations.

9. SETTLEMENT OF CONTRACTS

9.1 Cleared Contracts - General:

- 9.1.1 In Trading Regulations 9.1 to 9.4, references to "Cleared Contracts", "Cleared Metal Contracts", "Cleared LMEmini Contracts", "Cleared Index Futures", "Index Options", "Monthly Average Futures", "Cleared Monthly Average Futures", "Cleared Cash-Settled Futures", "Cleared Premium Contracts", "Cleared LMEprecious Options" and "Cleared LMEprecious Futures" shall be construed to include any Cleared Contract that arises pursuant to the Clearing House Rules upon the Execution of any Agreed Trade pursuant to these Rules and the Clearing House Rules.
- 9.1.2 Settlement of all Cleared Metal Contracts whether by offset or by delivery and settlement of differences shall be made on the relevant Prompt Date by reference to the Settlement Price determined for that Prompt Date in the currency of the relevant Cleared Metal Contract. Where the currency of the Cleared Metal Contract is not the Major Currency of the relevant metal, settlement shall be made by reference to the Settlement Price translated into the currency of the Cleared Metal Contract at the rate determined by the Company. Settlement of accrued rent and weight differences shall be made by reference to the Settlement Price applicable for that Prompt Date and in the Major Currency of the contract concerned.

- (a) no later than 16:00 hours on the Prompt Date when an LMEprecious Non-Clearing Member or non-Member is the Seller and transferor of the Precious Metal, and
- (b) no later than 16:00 hours (so far as enabled by the Seller's best endeavours) when an LMEprecious Clearing Member is the Seller and transferor of the Precious Metal,

or such other time as the Clearing House may prescribe from time to time.

Delivery shall be effected by delivery of the unallocated Precious Metal to the Buyer's account at a Precious Metal Clearer or by such other means as the parties may agree. The manner of delivery shall be as agreed by the parties or, in the absence of agreement, at the Seller's option.

9.9 **Client LMEprecious Option Contracts**

In the Money Client LMEprecious Option Contracts and At the Money Call Options on Client LMEprecious Option Contracts shall be subject to automatic exercise and settlement in the same way as Cleared LMEprecious Option Contracts, in accordance with the LMEprecious Option Regulations.

9.10 **Client Index Options**

In the Money Client Index Options shall be subject to automatic exercise and settlement in the same way as In the Money Cleared Index Options.

9.11 **Client Premium Contracts**

Client Premium Contract shall settle in accordance with the Premium Contract Regulations.

9.12 **Settlement Facility**

Members may designate an alternative settlement facility to the Clearing House for the settlement of a Contract provided that:

- (a) such links and arrangements exist between the designated settlement facility and any other settlement facility as are necessary to ensure the efficient and economic settlement of the Contract; and
- (b) the Exchange is satisfied that the smooth and orderly functioning of the financial markets will be maintained.

9.13 **Compression**

This Regulation 9 of the Trading Regulations shall be read and construed in accordance with Regulation 4.4 of the Contract Regulations.

9.14 **Client Clearing and Indirect Clearing Arrangements**

- 9.14.1 It shall be the responsibility of a Member, and not the Exchange, to ensure that any client clearing or Indirect Clearing Arrangement established by a Member is compliant with the Member's obligations under MiFID II, MiFIR and/or EMIR and/or any other applicable law or regulation.

9.14.2 Without prejudice to the specific requirements in Trading Regulations 2.6 and 3.9.1, a Member must not cause or facilitate any Agreed Trade to be made with or for a Client of such Member unless such Member is satisfied that such Client has established appropriate direct and/or Indirect Clearing Arrangements to become counterparty to the cleared transaction resulting from the Execution of such Agreed Trade.

9.14.3 Without prejudice to the generality of Regulations 9.14.1 and 9.14.2 above, where a Member intends to facilitate an Indirect Clearing Arrangement:

- (a) it shall be the sole responsibility of the Member to ensure that, and the Member must ensure that:
 - (i) the Member has executed binding contractual terms with its counterparties, including any Client or Indirect Client (and, where the Member is not itself a Clearing Member, a Clearing Member):
 - (1) to give effect to the formation of the relevant Underlying Client Contract(s) at the Execution Time for the corresponding Cleared Contract; and
 - (2) to govern such Underlying Client Contracts(s);
 - (ii) the Member has notified its Client or its Indirect Client (as applicable) that any Indirect Clearing Arrangements that include a "second indirect client" or "third indirect client" must be compliant with the Indirect Clearing Regulations; and
 - (iii) the Indirect Clearing Arrangement is compliant with the Indirect Clearing Regulations as regards the segregation of assets and positions;
- (b) the Exchange shall be under no obligation to verify the compliance or appropriateness of any of the matters described in (a) above; and
- (c) notwithstanding (b) above:
 - (i) the Member shall provide to the Exchange such information regarding the Indirect Clearing Arrangement as the Exchange may reasonably request, including without limitation, information demonstrating the basis on which the Member has complied with its obligations under (a) above; and
 - (ii) in the event that the Exchange, acting reasonably, has cause for concern that the Indirect Clearing Arrangement and/or the behaviour of any person participating in such Indirect Clearing Arrangement:
 - (1) is not compliant with the requirements in (a) above; and/or
 - (2) may threaten the operation of a fair and orderly market in Contracts; and/or
 - (3) be operated in a manner detrimental to the interests of participants in the market for Contracts,

the Member shall comply with any requirements notified by the Exchange, acting reasonably, to address such concerns.

9.14.4 An Indirect Clearing Arrangement that is permissible under these Rules shall include an arrangement:

- (a) where the Client of the Clearing Member is a Non-Clearing Member and such Non-Clearing Member has a Client that is, consequently, an Indirect Client of the Clearing Member; and
- (b) where the Client of the Clearing Member is not a Non-Clearing Member and such Client has its own client that is, consequently, an Indirect Client of the Clearing Member,

in each case provided that the arrangement complies with the Indirect Clearing Regulations, these Rules and the Clearing House Rules.

10. **DELIVERY - GENERAL**

10.1 Acceptance and delivery of documents including Warrants or Premium Warrants under the foregoing procedure shall be without prejudice to any question or dispute relating thereto being referred to arbitration. If any Clearing Member shall have any complaint whatsoever in respect of delivery or acceptance of delivery under a Cleared Contract with the Clearing House, he shall give written notice and particulars of his complaint to the Clearing House in conformity to the Clearing House Rules.

10.2 If there appears to the Clearing House to be a default by either party to a Cleared Contract with the Clearing House in respect of or arising out of a delivery, the Clearing House shall as soon as practicable take such steps as it deems appropriate to achieve an amicable settlement of the issue between the parties. If it appears to the Clearing House that such steps have not led and are not likely to lead to a settlement within a reasonable time, the Clearing House shall refer the dispute to the Directors.

10.3 If upon reference made to them by the Clearing House the Directors are of the opinion that the default is of minor significance, they may thereupon determine the issue upon such evidence before them as they may deem relevant and convey their determination to the parties. All parties shall forthwith accept such determination and shall implement its terms without question, provided that such acceptance and implementation shall be without prejudice to the right of any party to refer the dispute or any related dispute to arbitration under the Rules.

10.4 Where the Clearing House determines to Invoice Back metal in accordance with Trading Regulation 9.4.6.2 or (in the case of a Premium Contract) Premium Contract Regulation 3.9(f) or otherwise in accordance with the Clearing House Rules, it shall Invoice Back the metal in question to the seller at the price fixed by the Exchange. The Exchange may fix such a price as an applicable daily rate generally for the purposes of the Invoicing Back of the metal in question or for the specific case, at their absolute discretion, and such prices or rates may take account of any compensation that the Exchange consider should be paid by either party to the other. This Trading Regulation 10.4 shall apply subject to any directions issued in accordance with Trading Regulation 17.1 or 17.2 below.

10.5 An Invoicing Back price fixed under these Trading Regulations shall be binding on the parties. No dispute as to the price may be referred to arbitration but the completion of Invoicing Back shall be without prejudice to the right of any party to refer any other issue to arbitration under the Rules.

10.6 References in the Rules to the delivery of Warrants or Premium Warrants shall include a delivery of Warrants or Premium Warrants by way of a transfer within LMEsword in accordance with the LMEsword Regulations and Operating Procedures.

10.7 Where, as a consequence of a failure by a Member to deliver Precious Metal in respect of any Cleared Contract that is an LMEprecious Future, the Clearing House determines that it shall postpone its own delivery obligation in respect of such Precious Metal under any Client-Related Cleared Contract that is an LMEprecious Future, the Prompt Date in respect of the Underlying Client Contract that corresponds to such Client-Related Cleared Contract shall be postponed to the same date as revised date for delivery by the Clearing House under the Client-Related Cleared Contract.

11. **DEALINGS IN THE RING**

11.1 Business in the Ring shall be by open outcry and shall be confined within the times laid down for dealings in individual metals and Contract-types and for kerb dealings. Each Category 1 Member must ensure they have a Dealer in each Ring. Dealings shall be for Prompt Dates in accordance with Trading Regulation 8.1 subject to the provisions of any applicable Notice. Those present in the Exchange during Ring and kerb dealings shall at all times conduct themselves in an orderly manner.

11.2 Emergency Powers, Discipline and Offences

11.2.1 The Chief Executive and in the event of a fire or similar emergency any two employees of the Exchange authorised by the Chief Executive, shall have the power to suspend or interrupt Ring dealings during any session if in their discretion they consider that such action is in the best interests of the Exchange.

11.2.2 An employee of the Exchange who is properly authorised by the Chief Executive or Chief Operating Officer of the Exchange may take other action relating to discipline on the premises of the Exchange if in his view it is necessary to prevent a breach of any rule and to ensure the proper running of the market.

11.2.3 Minor offences ("**Minor Offences**"), dealing offences ("**Dealing Offences**") and serious offences ("**Serious Offences**") (each an "**Offence**" and together the "**Offences**") are acts of misconduct and will be dealt with in accordance with the provisions below.

11.2.4 The Exchange may, from time to time, notify to Members through Notices that it has designated any other activity as either a Minor Offence, a Dealing Offence or a Serious Offence and therefore also acts of misconduct.

11.3 Requirements in relation to dealing on the Ring and Dealing Offences

11.3.1 The rules in this Trading Regulation 11.3 shall at all times be observed by Dealers. Any breach of Trading Regulation 11.3 by Dealers will be deemed to be a Dealing Offence and an act of misconduct.

11.3.2 Dealings must cease as soon as the bell commences to ring.

11.3.3 Offers and bids must be addressed to the Ring at large and not to individuals, and must be clearly audible to the Ring as a whole.

11.3.4 There must be no discrimination either in favour of or against any Dealer or the Ring Member for whom he is dealing.

- 11.3.5 Any bid or offer remains valid at the price unless or until there has been a change in price or the bid or offer has been expressly withdrawn. In accordance with this Trading Regulation:
- (a) a change in price occurs when the price that is offered trades and is then bid, or vice versa, or when the price is bid higher or offered lower in conformity with the requirements of Trading Regulation 11.3; and
 - (b) if a Dealer who is bidding at a price wishes to offer at a lower price to his current bid, he must withdraw his current bid and immediately offer that same price before quoting a different price, unless a different price is quoted by another Dealer between the withdrawal by the Dealer and the new offer by that Dealer; and
 - (c) if a Dealer who is offering at a price wishes to bid at a higher price to his current offer, he must withdraw his current offer and immediately bid that same price before quoting a different price, unless a different price is quoted by another Dealer between the withdrawal by the Dealer and the new bid by that Dealer; and
 - (d) if a Dealer wishes to offer a price that is lower than the current bid price, he must sell all the Lots available at the bid price. He must then immediately offer that same price before quoting a different price, unless a different price is quoted by another Dealer between the trade at the bid price and the new offer by that Dealer; and
 - (e) if a Dealer wishes to bid a price that is higher than the current offered price, he must buy all the Lots available at the offered price. He must then immediately bid that same price before quoting a different price unless a different price is quoted by another Dealer between the trade at the offered price and the new bid by that Dealer; and
 - (f) any Dealer who is trading by open outcry will be deemed to have withdrawn his bid and/or offer should he leave the Ring.
- 11.3.6 Minimum price fluctuations shall be at such levels as the Exchange may from time to time prescribe.
- 11.3.7 Dealers should avoid using such terms as "I will sell only...." or "I will buy only...." if on acceptance they increase the number of Lots so specified, at the same price.
- 11.3.8 The Dealer who says "Yes" must be prepared to deal 50 Lots. Any unfilled balance up to this limit must be sold to or taken from other Dealers if immediately bid or offered. A response to "Yes" must be quantified by tonnage.
- 11.3.9 Bids or offers deemed by the Ring Disciplinary Committee to be frivolous are prohibited and may be deemed to be a prohibited practice pursuant to Trading Regulation 14.
- 11.3.10 The Dealer who is the first to bid or offer at a price must be given priority and is entitled to buy or sell all the Lots available at the price until his requirements are satisfied.
- 11.3.11 A Dealer who simultaneously offers to buy and to sell must be prepared to deal either way.
- 11.3.12 A Dealer must not:

- (a) bid at or more than the offered price nor offer at or below the bid price at the time of his offer or bid;
 - (b) bid below the bid price nor offer above the offered price at the time of his offer or bid.
- 11.3.13 During each Ring and kerb all opening bids and/or offers for Cash and 3 months in the case of all Contracts must be all the digits of the full price that is quoted.
- 11.3.14 The term "0", when it is in the last digit of the full price, must not be used.
- 11.3.15 During all Ring and kerb trading Dealers must ensure that:-
- (a) in the case of Copper - Grade A, High Grade Primary Aluminium, Special High Grade Zinc, Lead, North American Special Aluminium Alloy, Steel Billet and Aluminium Alloy the last two digits of the full price are quoted;
 - (b) in the case of Cobalt, Molybdenum, Primary Nickel, Tin and Index Futures the last three digits of the full price are quoted; and
 - (c) in the case of Premium Contracts, the last three digits of the full price is quoted.
- 11.3.16 Dealers must act with due skill, care and diligence at all times whilst dealing by open outcry or otherwise acting in their capacity as Dealers.
- 11.3.16.1 The Dealer who discloses the tonnage or Lots he is prepared to buy or sell is obliged to trade the full tonnage or Lots unless expressly withdrawn; and
- 11.3.16.2 the Dealer who is bidding and/or offering at a price for Cash or three months for Copper, High Grade Primary Aluminium, Special High Grade Zinc, Lead, Nickel, North American Special Aluminium Alloy and Aluminium Alloy during the second Ring must be prepared to deal 20 lots unless the tonnage is stated. In the case of Tin the Dealer must be prepared to deal 5 lots unless the tonnage is stated. Any unfilled balance up to these limits must be sold or taken from other dealers who immediately respond to the bid or offer.
- 11.3.17 Dealers must ensure that trades are completed in a timely and orderly manner. This applies in particular (but without prejudice to its general application) to business transacted towards the close of any Ring.
- 11.3.18.1 Dealers must not bid or offer at a price which is unknown at the time the bid or offer is made; and
- 11.3.18.2 during the second Ring for each metal and, in respect of each metal, during the last five minutes of kerb trading before that metal ceases to trade, Dealers may not trade behind the Ring at an unknown price for any Prompt Date other than for Carries.
- 11.3.19 Dealers must remain seated at all times whilst dealing by open-outcry in the Ring.
- 11.3.20 It is the duty of sellers or lenders to check their deals not later than 10 minutes after the close of the respective Ring trading session for each metal. Kerb deals are to be checked before leaving the Exchange. It is the duty of buyers or borrowers to co-operate.

- 11.3.21 During kerb trading no Dealer may stand behind the Ring in order to trade by open-outcry if there are no Dealers from the same Member seated in the Ring unless the express permission of an employee of the Exchange who is properly authorised by the Chief Executive is obtained. During the last five minutes of kerb trading for the close of each metal:
- (a) only the Dealer from a Member seated in the Ring may trade that metal; and
 - (b) the Dealer who is bidding and/or offering at a price for a Carry between any two Prompt Dates must be prepared to deal 50 lots unless the tonnage for the Carry is stated. The Dealer who is bidding and/or offering at a price for Cash or three months for Copper, High Grade Primary Aluminium, Special High Grade Zinc, Lead, Nickel, North American Special Aluminium Alloy and Aluminium Alloy must be prepared to deal 20 lots unless the tonnage is stated. In the case of Tin the Dealer must be prepared to deal 5 lots unless the tonnage is stated. Any unfilled balance up to these limits must be sold to or taken from other Dealers who immediately respond to the bid or offer.
- 11.3.22 A dealer must not commit any other activity of a kind which two or more members of the Ring Disciplinary Committee deem to be a Dealing Offence.
- 11.4 Requirements in relation to conduct & Minor Offences
- 11.4.1 The rules in this Trading Regulation 11.4 shall at all times be observed by Dealers and Member Representatives. Any breach of Trading Regulation 11.4 by Dealers or Member Representatives will be deemed to be a Minor Offence and an act of misconduct.
- 11.4.2 Dealers and Member Representatives must not undertake conduct of an unprofessional nature, including:
- (a) failure to observe the Exchange Dress Code;
 - (b) failure to observe the Exchange Food/Beverages Code;
 - (c) chewing whilst in the Dealing Area;
 - (d) the sale and/or display of non-LME products in the Dealing Area;
 - (e) the use of foul and abusive language;
 - (f) reading newspapers or magazines etc. in the Dealing Area;
 - (g) unacceptable behaviour such as slovenly behaviour, overzealous behaviour and drunken behaviour;
 - (h) sitting down in the Dealing Area unless the Exchange (in its absolute discretion) has authorised the Dealer or Member Representative that they can use a particular seat in their respective Member's booth;
 - (i) smoking on Exchange premises at any time;
 - (j) the use of mobile telephones in the Dealing Area (the use of mobile telephones is prohibited at all times in the Dealing Area); and
 - (k) excessive noise from behind the Ring whilst dealings are in progress.

11.4.3 Dealers and Member Representatives must not undertake conduct likely to interfere with trading activity or to cause disorder or offence or damage on Exchange premises including:-

- (a) failure to comply with the Exchange security procedures or misuse of LME Identity Badges;
- (b) abuse of the Visiting Regulations;
- (c) the throwing of projectiles; and
- (d) failure to follow the procedure for making objections as published by the Exchange in Notices from time to time.

11.5 Serious Offences

11.5.1 The rules in this Trading Regulation 11.5 shall at all times be observed by Dealers and Member Representatives. Any breach of Trading Regulation 11.5 by Dealers or Member Representatives will be deemed to be a Serious Offence and an act of misconduct. Serious Offences which are acts of misconduct include:-

- (a) violent conduct or conduct likely to cause injury to another person on Exchange premises;
- (b) the unauthorised removal of or damage to the Exchange structure or equipment;
- (c) disobedience in failing to comply with the lawful instruction of a properly authorised employee of the Exchange or a Member of the Ring Disciplinary Committee;
- (d) the wilful disregard of the Rules;
- (e) harassment of Exchange staff, including physical contact with Exchange staff or threatening Exchange staff;
- (f) preventing Exchange staff from carrying out their duties;
- (g) any breach by a Dealer or Member Representative of Regulation 14 of the Trading Regulations; and
- (h) any other act of misconduct of a kind which the Ring Disciplinary Committee deems to fall into this category, including the Serious Offence outlined in Regulation 11.8.4 of the Trading Regulations.

11.6 Investigations and Enforcement for Minor and Dealing Offences

11.6.1 Breaches by Dealers or Member Representatives of the provisions of the Trading Regulations or where relevant the Membership Regulations, may be categorised by the Ring Disciplinary Committee as Minor Offences, Dealing Offences or Serious Offences.

11.6.2 The Ring Disciplinary Committee may refer to the Exchange's video and audio surveillance system of the Ring in determining if any Offence has been committed.

- 11.6.3 Where the Ring Disciplinary Committee considers that a Dealer or Member Representative has committed either a Minor Offence or a Dealing Offence, the Ring Disciplinary Committee may in its absolute discretion issue a RDC Warning. Not later than close of business on the Business Day following receipt of the RDC Warning, such person and/or their nominated representative shall, on request to the Ring Disciplinary Committee, be entitled to inspect at the Exchange during business hours any relevant video or audio surveillance footage which is available, and the Ring Discipline Committee shall comply with such request. RDC Warnings shall not be issued for Serious Offences.
- 11.6.4 Where the Ring Disciplinary Committee considers that a Dealer or Member Representative may have committed a Minor Offence or a Dealing Offence (and the Ring Disciplinary Committee in its absolute discretion does not intend to issue a RDC Warning for that particular Minor Offence or Dealing Offence), the Ring Disciplinary Committee shall:
- (a) notify such person in writing; and
 - (b) not later than close of business on the Business Day following receipt of written notice in accordance with Trading Regulation 11.6.4(a), such person and/or their nominated representative shall, on request to the Ring Disciplinary Committee, be entitled to inspect at the Exchange during business hours any relevant video or audio surveillance footage which is available, and the Ring Discipline Committee shall comply with such request.
- 11.6.5 Where, following expiration of the inspection period referred to in Trading Regulation 11.6.4(b), the Ring Disciplinary Committee has determined that a Dealer or Member Representative has committed either a Minor Offence or a Dealing Offence:
- (a) the Ring Disciplinary Committee shall notify such person in writing;
 - (b) not later than close of business on the Business Day following receipt of written notice in accordance with Trading Regulation 11.6.4(a), such person and/or their nominated representative shall, on request to the Ring Disciplinary Committee and if they have not already done so in accordance with Trading Regulation 11.6.4(b), be entitled to inspect at the Exchange during business hours any relevant video or audio surveillance footage which is available, and the Ring Disciplinary Committee shall comply with such request; and
 - (c) where no appeal is lodged by such person in accordance with Trading Regulation 11.6.8, the Ring Disciplinary Committee shall issue a Notice to all Members explaining the nature and circumstances of the Offence and any penalty imposed.
- 11.6.6 Any two or more members of the Ring Disciplinary Committee may impose a penalty for Dealing Offences as described in Regulation 11.3 in accordance with the table of fines and penalty points listed below:

		Fine	Penalty Points
1st offence	up to	£5000	20
2nd offence	up to	£10000	40
3rd offence	up to	£20000	80

4th offence	up to	£50000	160
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11.6.7 Any member of the Ring Disciplinary Committee may impose a penalty for Minor Offences in accordance with the tables of fines and penalty points listed below:-

(a) Conduct of an unprofessional nature, as described in Regulation 11.4.2 of the Trading Regulations:-

		Fine	Penalty Points
1st offence	up to	£500	20
2nd offence	up to	£1000	40
3rd offence	up to	£2000	80
4th offence	up to	£4000	160

(b) Conduct likely to interfere with trading activity or to cause disorder or offence or damage on Exchange premises, as described in Regulation 11.4.3 of the Trading Regulations:-

		Fine	Penalty Points
1st offence	up to	£1000	20
2nd offence	up to	£2000	40
3rd offence	up to	£4000	80
4th offence	up to	£8000	160

11.6.8 Ring Appeals

(a) Any Dealer or Member Representative who is the subject of an RDC Decision and who is dissatisfied with that RDC Decision including with any penalty imposed in the RDC Decision may, by the close of the Business Day following the day of receiving the RDC Decision, lodge a Ring Appeal in the form of a Ring Notice of Appeal. The Chairman of the Enforcement Committee shall refer the Ring Appeal to the Chairman of the Disciplinary Panel who will constitute a Disciplinary Committee in accordance with Regulation 11 of the Membership Regulations in order to determine the Ring Appeal. The Ring Appeal shall be conducted in accordance with Regulations 14.17-14.23 of the Membership Regulations.

(b) The RDC Decision, including any sanction imposed in the RDC Decision, shall be suspended from the date on which the Chairman of the Enforcement Committee receives the Ring Notice of Appeal up until the date of determination of any such Ring Appeal by the Disciplinary Committee.

11.7 Investigations and Enforcement for Serious Offences

- 11.7.1 A Serious Offence by a Dealer or Member Representative will be an act of misconduct for the purposes of Regulation 14 of the Membership Regulations.
- 11.7.2 Any member of the Ring Disciplinary Committee who believes in good faith in his absolute discretion that a Serious Offence has been committed by any person may request that such person immediately leave the Exchange premises for the remainder of the trading day, and if necessary and proportionate to the Serious Offence believed to have been committed, for such further period as is considered appropriate, and such person shall comply with any such request.
- 11.8 Disciplinary Record
- 11.8.1 After a period of twelve calendar months has elapsed from the time of an Offence the number of points accumulated for that Offence for that individual will be cancelled.
- 11.8.2 After a period of thirty six calendar months has elapsed from the time of an Offence the fine amount for that Offence for that individual will no longer be on that person's record.
- 11.8.3 Any person who accumulates: (i) 60 or more penalty points within a period of three calendar months; (ii) 140 or more penalty points within a period of six calendar months; or (iii) 300 or more penalty points within a period of twelve calendar months, shall automatically be suspended from trading in the Ring for two Business Days. In such case, the Ring Disciplinary Committee shall inform the person of the fact of his suspension and the date it shall commence by notice in writing.
- 11.8.4 Any person who accumulates 140 or more penalty points within a period of three calendar months or 300 or more penalty points within a period of six calendar months will be considered to have committed a Serious Offence.
12. **DEALINGS ON LME SELECT**
- 12.1 Business for LME Select shall be in accordance with the Rules.
- 12.2 Only LME Select Participants may have direct access to LME Select and such LME Select Participants must have entered into relevant contractual agreement as stipulated by the Exchange from time to time.
- 12.3 LME Select Participants are required to maintain adequate internal procedures and controls to maintain the confidentiality and anonymity of LME Select trading activity, and to ensure that only internal authorised personnel are able to access data relating to the identity of trading counterparties.
- 12.4 LME Select Participants must advise the Exchange in writing if any Dealer leaves the employment of an LME Select Participant. Until such time as a Dealer's access to LME Select has been revoked, the relevant LME Select Participant shall remain responsible for all activity undertaken by such Dealer.
- 12.4A LME Select Participants are required to:
- (a) maintain the confidentiality and anonymity of LME Select trading activity (including the identity of any counterparties);
 - (b) ensure that only internal authorised personnel are able to access data relating to the identity of trading counterparties; and

- (c) not disclose LME Select trading activity (including the identity of any counterparties) to third parties other than as compelled by law or regulation.
- 12.5 The Exchange reserves the right, acting reasonably and in its absolute discretion, to suspend or revoke the access of a Dealer, Member Representative and/or a Member and, where applicable, its Clients, to LME Select and/or to any other systems and facilities (including any successor systems or facilities) of the Exchange, as the Exchange deems necessary.
- 12.6 LME Select Participants must ensure that appropriate and adequate training has been provided to all staff that has access to LME Select. All relevant staff should be regularly reviewed, and additional training provided if required or if the Exchange notifies the LME Select Participant that further training of a particular staff member is required.
- 12.7 LME Select Participants and Clients may not distribute, disseminate or share LME Select price, volume, trade and/or any other data, unless they have entered into the appropriate licence agreement with the Exchange to do so.
- 12.8 The following rules of trading procedure shall apply at all times when the central order book is open for order matching:-
- 12.8.1 bids or offers deemed by the Executive to be frivolous are prohibited and may be deemed to be a prohibited practice pursuant to Trading Regulation 14;
- 12.8.2 orders will be matched on a price/time priority basis or such other method as otherwise advised or defined by a Notice issued by the Exchange;
- 12.8.3 an order entered into the central order book will lose priority if the tonnage against any bid or offer is increased or the price is changed;
- 12.8.4 an order entered into the central order book will not lose priority if the tonnage against any bid or offer is reduced and the price remains unchanged;
- 12.8.5 orders entered into LME Select must be in multiples of Lots and with minimum price fluctuations as shall be prescribed by the Exchange from time to time;
- 12.8.6 dealers must act with due skill care and diligence at all times whilst dealing on LME Select; and
- 12.8.7 permitted orders shall be in accordance with those prescribed by the Exchange from time to time.

Order routing services (Direct Electronic Access)

- 12.9 LME Select Participants may offer order-routing facilities (also known as direct electronic access under MiFID II) to a Client, but in such cases the LME Select Participant retains responsibility for, and remains liable for, all trading activity conducted by such Client, including all orders submitted and trades executed using the order-routing facility.

- 12.10 LME Select Participants must have in place appropriate pre-trade risk controls and procedures for all orders submitted to LME Select. LME Select Participants offering order-routing facilities to Clients must ensure that all orders submitted by Clients are subject to appropriate pre-trade risk controls and procedures that have been implemented by the LME Select Participant concerned. LME Select Participants may not rely upon any pre-trade risk controls or procedures that Clients may have implemented themselves to satisfy this Regulation.
- 12.11 LME Select Participants offering order-routing facilities to Clients must:
- (a) comply with the relevant requirements under MiFID II regarding the provision of Direct Electronic Access services;
 - (b) ensure that Clients using their order-routing services comply with MiFID II and all relevant Rules; and
 - (c) meet all of the requirements prescribed by the Exchange for providing order-routing services, including conditions established by Notice, as amended by the Exchange from time to time.
- 12.12 Any LME Select Participant offering order-routing facilities to its Clients must monitor such Clients' use of such facilities and any transactions executed through such facilities in order to identify infringements of the requirements in MiFID II and/or the Rules. In the event that an LME Select Participant identifies any such infringement, it must notify the Exchange.
- 12.13 The Exchange will monitor trading activity carried on via order-routing facilities and may, in the event of (i) an infringement of MiFID II, the Rules, or the requirements prescribed by the Exchange for order-routing services or (ii) any other situation where the Exchange may deem it necessary, acting reasonably and at its absolute discretion:
- (a) stop orders or trading by a person using order-routing services; and/or
 - (b) suspend or terminate the provision of order-routing services by the relevant LME Select Participant.
- 12.14 Trading Regulations 12.10, 12.11 and 12.12 shall apply with effect from 3 January 2018.

LME Select API Client Trades

- 12.15 Trading Regulation 2.7 shall apply in the event that:
- (a) a Member makes available to a Client the order-routing facility of the LME Select API; and
 - (b) due to any use by a Client of the order-routing facility of the LME Select API, one or more Cleared Contracts come into effect between the Clearing House and a Clearing Member.

Identification of Clearing House Accounts

- 12.16 LME Select Participants must, when submitting orders into LME Select, correctly identify the appropriate account of the Clearing Member for the resulting Agreed Trade at the Clearing House.

12.17 Any failure by:

- (a) an LME Select Participant to comply with Trading Regulation 12.16 above; or
- (b) a Clearing Member to comply with its obligation to correct an incorrectly allocated Cleared Contract in accordance with the Administrative Procedures,

shall be an act of misconduct for the purposes of Regulation 14 of the Membership Regulations, and may result in disciplinary action against the Member by the Exchange.

Transparent Reporting of Orders to LME Select

12.18 Where any LME Select Participant:

- (a) submits its own orders into LME Select; or
- (b) offers Direct Electronic Access services to enable Clients to submit orders into LME Select,

such LME Select Participant must ensure that:

- (i) all such orders are submitted into LME Select without delay; and
- (ii) no such order is withheld from submission into LME Select for the purpose of offsetting such order against any other order or orders that would ordinarily be submitted into LME Select, including but not limited to offsetting one Client order against another Client order.

Use of LME Information through LME Select API

12.19 The Exchange hereby consents, subject to Regulation 12.20 and 12.21 below, to allow a Member to:

- (a) transmit LME Information to Member API Clients;
- (b) permit Member API Clients to transmit LME Information to their Member API Member API Sub-Clients;
- (c) use LME Information for Non-Display Usage by such Member; and
- (d) transmit LME Information to Member API Clients for use by the Member API Clients and/or Member API Sub-Clients for Non-Display Usage by such Member API Client and/or Member API Sub-Client.

12.20 It is prohibited for any Member, Member API Client or Member API Sub-Client to:

- (a) store, manipulate or use for Non-Display Usage any LME Information for commercial purposes; and
- (b) to transmit LME Information to, or otherwise permit access to LME Information by, a Non-LME Multi-Dealer Trading System (without the express prior consent of the Exchange),

and the Member shall be:

- (i) responsible for procuring compliance by any Member API Client or Member API Sub-Client with such prohibitions; and
- (ii) liable to the Exchange for any breach of such prohibitions by any Member API Client or Member API Sub-Client as if such breach had been committed by the Member itself;

12.21 The consent given pursuant to Regulation 12.19 above is given subject to the following conditions (and the Member shall comply, and be responsible for procuring compliance, with such requirements):

- (a) no Member may transmit LME Information to any Member API Client or permit any Member API Client to transmit LME Information to any Member API Sub-Client unless the following conditions are satisfied:
 - (i) Member API Clients to which LME Information is transmitted by a Member must have entered into a formal client engagement agreement with the Member, reflecting the requirements, conditions and limitations set out in Regulations 12.19 to 12.21 (including, for the avoidance of doubt, the requirement to comply with Regulation 12.21(a)(ii) below); and
 - (ii) Member API Sub-Clients to which LME Information is transmitted must have entered into a formal client engagement agreement with a Member API Client reflecting the requirements, conditions and limitations set out in Regulation 12.21 (including, without limitation, the prohibitions specified in Regulation 12.20 above);
- (b) without limitation to (a) above, the Member shall procure that each Member API Client that has access to LME Information via the LME Select API shall have entered into an agreement with the Member (to be produced to the Exchange on request) whereby the Member API Client:
 - (i) agrees:
 - (1) to treat such LME Information as confidential information of the Exchange; and
 - (2) that it shall not distribute LME Information to any other person (except as expressly permitted under these Regulations 12.19 to 12.21 or as required by applicable law or regulation);
 - (ii) agrees to comply with the Financial OTC Booking Fee Policy as:
 - (1) an Affiliate of the Member (where such Member API Client is an Affiliate of the Member); or
 - (2) as a Licensee, as such term is defined in the Financial OTC Booking Fee Policy (where such Member API Client is not an Affiliate of the Member);
 - (iii) agrees and confirms that, where the Member API Client intends to transmit LME Information to any Member API Sub-Client, it has in place agreements with such Member API Sub-Client (a "Member API Sub-Client Agreement");

- (1) under which the Member API Sub-Client agrees to treat such LME Information as confidential information of the Exchange; and
 - (2) that prohibits such Member API Sub-Client from re-distributing LME Information to any other person (except as required by applicable law or regulation);
- (iv) agrees to include in every Member API Sub-Client Agreement, an agreement by the Member API Sub-Client to comply with the Financial OTC Booking Fee Policy as:
- (1) an Affiliate of the Member (where such Member API Sub-Client is an Affiliate of the Member); or
 - (2) as a Licensee, as such term is defined in the Financial OTC Booking Fee Policy (where such Member API Sub-Client is not an Affiliate of the Member);
- (v) acknowledges that only Category 1 Members and Category 4 Members may issue a Client Contract that is an LME Base Contract;
- (vi) acknowledges that only LMEprecious General Clearing Members and LMEprecious Non-Clearing Members may issue a Client Contract that is an LMEprecious Contract;
- (vii) confirms that, if the Member API Client trades with Member API Sub-Clients, those Member API Sub-Clients have been made to understand that they do not receive Client Contracts;
- (c) the Member shall pay to the Exchange such fees in respect of the access permitted pursuant to Regulation 12.19 as the Exchange shall specify by Notice (as may be amended or updated by the Exchange from time to time);
- (d) the Member shall send to the Exchange such reports, in respect of the access and use of LME Information by the Member and any Member API Clients and/or Member API Sub-Clients, as the Exchange may specify by Notice, in accordance with such requirements as may be specified in such Notice;
- (e) the Member shall comply with the requirements of the Exchange in relation to the identification of Member API Clients and Member API Sub-Clients as notified by the Exchange to the Member from time-to-time;
- (f) (without prejudice to the prohibitions specified in Regulation 12.19, and the Member's liability for any breach by a Member API Client or Member API Sub-Client of any such prohibition) the Member shall use its reasonable endeavours to ensure that each Member API Client and Member API Sub-Client who has access to LME Information does not copy, distribute or transmit it without the prior consent of the Exchange or except as explicitly permitted by these Regulations 12.19 – 12.21, and the Member shall cease to make available LME Information to any Member API Client whom it knows or has reasonable cause to suspect is copying, distributing, transmitting or permitting to be made available LME Information without the consent of the Exchange or except as explicitly permitted by this Regulations 12.19– 12.21;

- (g) the Member shall retain all documents, books and records relevant to the making available of LME Information to Member API Clients as contemplated by these Regulations 12.19 – 12.21 (including a list of the names and address of each Member API Client to whom LME Information is available and the number of Terminals, Users and Applications of that Member API Client, a list of identities of end users and access identifications and such other information as may be required by the LME from time to time) during the currency of the Member's Membership and for a period of six (6) years following the termination of the Member's Membership;
- (h) for the purposes of ensuring compliance by the Member with the terms of these Regulations 12.19 – 12.21, the Member shall permit the Exchange and its representatives to have access on reasonable notice to such of the Member's documents, books and records (including those referred to in paragraph (g)) and personnel as it may reasonably require for audit purposes. This is without prejudice to any other rights of the Exchange, contained elsewhere in the Rules, to inspect documents, books and records of Members;
- (i) the Member undertakes that it will at all times be in compliance with all local, legal and regulatory requirements regarding the arrangements that it has with each Member API Client that the Member permits to transmit LME Information to Member API Sub-Clients;
- (j) subject to paragraph (k) below, the consent granted under Regulation 12.19 shall be automatically withdrawn upon termination of the Member's Membership; and
- (k) the Exchange may withdraw its consent under Regulation 12.19, in whole or in part (including in respect of individual Member API Clients and/or Member API Sub-Clients), on 7 days' written notice to the Member.

13. **TRADE INVALIDATION AND CANCELLATION**

- 13.1 The Exchange may, in certain circumstances, invalidate transactions in accordance with the relevant procedures established by Notice.
- 13.2 Where an LME Select Participant has made an error in the execution of a transaction undertaken on LME Select, such LME Select Participant may request that the Exchange contact the counterparty(ies) to determine whether such counterparty(ies) would agree to the transaction being cancelled. In the event that the counterparty(ies) do not agree to the request, then the transaction will not be cancelled.
- 13.3 Notwithstanding Trading Regulation 13.2, the Exchange may in its absolute discretion review any transaction undertaken on LME Select and invalidate or adjust the price of any trade in accordance with any policy that the Exchange issues from time to time on erroneous trades.

14. **PROHIBITED PRACTICES**

- 14.1 No person shall manipulate or attempt to manipulate or otherwise abuse or attempt to abuse the market or create or attempt to create an artificial market.

- 14.2 No person shall enter into or attempt to enter into a transaction or series of transactions designed to create an artificial market whereby prices and turnover do not truly reflect the business transacted.
- 14.3 No person shall undertake or attempt to undertake wash or bogus transactions.
- 14.4 No person shall demonstrate or attempt to demonstrate that trading activity has taken place when it has not in fact occurred nor shall any person mislead or attempt to mislead Exchange staff as to the nature of any trading activity.
- 14.5 No person shall, either intentionally or unintentionally, create or attempt to create a disorderly market.
- 14.6 No person shall trade, place orders to trade or encourage any other person to trade in the same direction (purchase or sale) as a Client order with a view to realising a profit or avoiding a loss, pursuant to any price movement brought about by such Client order.
- 14.7 No person shall mislead or attempt to mislead Exchange staff as to the nature of any orders or transactions.
- 14.8 No person shall manipulate or attempt to manipulate any prices or indices set or published by the Exchange.
- 14.9 No person shall undertake, attempt to undertake, procure that another person undertakes or attempts to procure that another person undertakes any behaviour that is contrary to applicable law or regulation preventing market abuse.
15. **WHEN THE CLEARING HOUSE MAY FIX PRICES**
- 15.1 If the Quotations Committee fails at any time to determine or announce to the Clearing House a Closing Price or a Settlement Price in accordance with the Trading Regulations, the Clearing House may fix a Closing Price or Settlement Price as the case may require, of such amount as it may in its absolute discretion determine, and may apply the same in accordance with the Trading Regulations and the Clearing House Rules as if it had been determined by the Quotations Committee.
- 15.2 If the Exchange fails to fix an Invoicing Back price under Trading Regulation 10.4 or Trading Regulation 17.7, then the Closing Price (or, where bid and offered prices are fixed as the Closing Price, the mean of the two) or Settlement Price last fixed under these Trading Regulations (whichever was fixed the later) shall be the Invoicing Back price and such Invoicing Back price shall be deemed to have been fixed by the Exchange.
- 15.3 A Closing Price, or a Settlement Price or an Invoicing Back price fixed under Trading Regulation 15.1 or 15.2 above shall be binding on the parties to a Contract. No dispute as to such price may be referred to arbitration but, in the case of an Invoicing Back price, the completion of Invoicing Back shall be without prejudice to the right of either party to refer an issue between them to arbitration under the Rules.
16. **WHO MAY TRADE IN THE RING OR ON LME SELECT**
- 16.1 Every Category 1 Member shall nominate one or more Dealers to trade in the Ring on its behalf, and shall at all times be bound by the actions of such Dealer.

- 16.2 Names and particulars of proposed Dealers shall be submitted in writing to the Exchange which shall have the right to approve or refuse every such application after such consultation with the Ring Committee as it thinks fit.
- 16.3 A list of Dealers together with the names of the Category 1 Members whom they represent shall be posted in the Exchange together with names of any Dealers authorised since compilation of such list.
- 16.4.1 There shall be two categories of Dealer, viz Authorised Dealers and Probationary Dealers. Unless the express permission is obtained from the Executive no Probationary Dealer may trade in the Ring save under the supervision of an Authorised Dealer from the same Member as the Probationary Dealer who has been authorised for a period of not less than one year.
- 16.4.2 A Probationary Dealer cannot apply for full authorisation until he has dealt in the ring for a period of not less than six months.
- 16.4.3 If a Probationary Dealer has not gained full authorisation to deal after a period of eighteen months he will be re-registered as a Registered Clerk subject to the discretion of the Ring Committee.
- 16.5 Qualification requirements for Authorised and Probationary Dealers shall be as prescribed by the Exchange after consultation with the Ring Committee and shall be available on application to the Secretary.
- 16.6 The names of proposed Authorised and Probationary Dealers shall be posted in the Exchange not less than 10 Business Days before each application for authorisation is due for consideration by the Exchange, and during this period any Category 1 Member having any objection to the nominee may communicate the same to the Exchange stating the reasons therefor.
- 16.7 Any withdrawal of, or withdrawal of authority from, a nominated Dealer of a Category 1 Member shall likewise be communicated immediately to the Exchange, which shall forthwith advise all other Category 1 Members.
- 16.8 No more than one Authorised Dealer representing a Category 1 Member may trade in the Ring at any one time during official Ring trading sessions.
- 16.9 No person other than a Dealer or other representative of a Category 1 Member shall be admitted to the Ring or the area adjacent thereto for the purposes of or incidental to trading during Ring or kerb trading sessions unless expressly authorised by, or under the authority of, the Chief Executive.
- 16.10 Every LME Select Participant shall nominate one or more Dealers to trade on LME Select on its behalf, and at all times shall be bound by the actions of such Dealers.
- 16.11 The Exchange will grant each Dealer access to LME Select provided such Dealer has met all the requirements for LME Select access that are set out in the Rules.
- 16.12 Applications for Dealer authorisation to trade on LME Select shall be submitted by the relevant LME Select Participant, in writing, to the LME who shall have the right to approve or refuse every such application after such due diligence as it deems appropriate.

16.13 Any withdrawal of, or withdrawal of authority from, a nominated Dealer shall likewise be communicated immediately to the Exchange.

17. **EMERGENCIES**

17.1 In the event of the Special Committee or the Clearing House having cause to suspect the existence or to anticipate the development or likely development of a corner or undesirable situation or undesirable or improper trading practice which in their opinion has affected or is likely to affect the market, the Special Committee after consultation with the Clearing House may take such steps as in their absolute discretion they deem necessary to contain or rectify the situation and they may give directions to Members accordingly. Such directions to a Member may include, but are not limited to:-

- (a) trading out Client Contract positions with one or more particular Clients;
- (b) trading out Cleared Contract positions or positions otherwise related to Cleared Contracts; and
- (c) reducing its net trading position.

17.2 Without prejudice to the generality of this Trading Regulation, such steps may include the suspension or curtailment of trading for such period or for such Prompt Dates in such metals or Contracts as may be specified or the direction that trading be limited to the liquidation of open Contracts and deferral of settlement of some or all Contracts with Prompt Dates in the current month or in the two succeeding months thereafter, subject to such compensation (if any) as the Special Committee may determine being paid to sellers or buyers.

17.3 Any decision of the Special Committee pursuant to this Trading Regulation shall be effective on the posting of an appropriate Notice in the Exchange and it shall thereafter be incumbent upon the Exchange to ensure that all steps are taken to ensure that normal trading is resumed with the least delay.

17.4 Any Member contravening or failing to comply with any direction or instruction issued under the provisions of Trading Regulations 17.1 to 17.3 above shall be liable to the same sanctions as if a breach of the Rules had been committed by him.

17.5 The Exchange may at its absolute discretion suspend or remove a Contract from trading, including where the Exchange has determined that the Contract no longer complies with the Rules or for any other reason.

- 17.6 Upon the occurrence of any event outside the Exchange which is outside the control of the Exchange, including the commencement of a state of war, revolution, political or economic disturbance or the enactment of legislation or the commencement, suspension or determination of any international agreement, such as may in the opinion of the Directors prevent free trading in any Contract or so distort the same or the price of any metal (including any Precious Metal), Monthly Average Future, Premium Contract, Warrant, Cash-Settled Future or Cash-Settled Future Index or the level of the Index as no longer to be truly representative of conditions in the international market in any metal, the Directors shall have the authority to order a complete cessation of trading in such metal, LMEmini Contract, Monthly Average Future, Premium Contract, Warrant, Cash-Settled Future, LMEprecious Future or Index Contract until such time as they in their absolute discretion deem it appropriate to resume, or to take any of the steps set out in Trading Regulations 17.1 to 17.3 above as they deem necessary at the time. The Directors shall not take such action as aforesaid without first consulting the Clearing House.
- 17.7 In the event that a cessation or suspension or limitation of trading in any metal, LMEmini Contract, Monthly Average Future, Premium Contract, Warrant, Cash-Settled Future, LMEprecious Future or Index Contract imposed by the Directors in accordance with Trading Regulations 17.1 to 17.3 or 17.5 above be such as to prevent delivery of the said metal (including any Precious Metal) or settlement of the said LMEmini Contract, Monthly Average Future, Premium Contract, Warrant, Cash-Settled Future, LMEprecious Future or Index Contract or to prevent the closing of an open position, any open Contracts so affected shall be closed by Invoicing Back to the seller at special settlement prices to be determined by the Directors on the date of announcement of cessation or suspension or limitation of trading.
- 17.8 Where for any reason the Directors determine that the use of LMEsword for delivery of Warrants is not practicable or appropriate in part or in whole, the Directors shall by Notice specify such other means of performing delivery of Warrants as they deem appropriate having first consulted with the Clearing House.
- 17.9 Notwithstanding anything set out in Trading Regulations 17.1 to 17.7 above:
- (a) neither the Directors nor the Special Committee shall be required to exercise their power to suspend or remove from trading any Contract which no longer complies with the Rules, where in their judgment such step would be likely to cause significant damage to the interests of investors or the orderly functioning of the financial markets; and
 - (b) the Directors shall suspend or remove from trading a Contract when required to do so by the FCA.
- 17.10 The Exchange may notify the FCA of:
- (a) any Notice of the suspension or removal from trading of a Contract which no longer complies with the Rules or which is suspended or removed from trading; and
 - (b) any lifting of a suspension or readmission to trading of a Contract that was previously suspended or removed from trading by the Exchange.
- 17.11 In the event that a Regulator intervenes to prohibit or restrict:

- (a) the marketing, distribution or sale of a specific financial instrument or a type of financial instrument with specific features; or
- (b) a type of financial activity or practice,

the Exchange may be required to halt trading activity, whether on a temporary or indefinite basis, in any Contract that is within the scope of the prohibition or restriction. Nothing set out in these Trading Regulations shall restrict the Exchange from complying with any such requirement.

18. **LENDING RULES**

18.1 Members shall comply with the Lending Rules and shall co-operate with the Exchange to ensure that each of their Clients shall comply with the Lending Rules.

18.2 Where the Exchange has reasonable cause to suspect that a Client has failed or is likely to fail to comply with the Lending Rules, the Exchange may give directions to one or more Members with whom that Client has Client Contracts to take action designed to make the same number of Lots available for borrowing in the market as would have been the case if the Client were prepared to abide by the Lending Rules. Such directions to a Member may include but are not limited to:-

- (a) lending or offering to lend, at no more than a level premium, the number of Cleared Contract positions equal to or less than the Client's long position holding of 90% or more as calculated by the Exchange in accordance with the Lending Rules; and/or
- (b) lending or offering to lend, at no more than a premium of 0.25% of the previous day's Cash price, the number of Cleared Contract positions equal to or less than the Client's long position holding of 80% or more but less than 90% as calculated by the Exchange in accordance with the Lending Rules; and/or
- (c) lending or offering to lend, at no more than a premium of 0.50% of the previous day's Cash price, the number of Cleared Contract positions equal to or less than the Client's long position holding of 50% or more but less than 80% as calculated by the Exchange in accordance with the Lending Rules; and/or
- (d) trading out of sufficient Client Contract positions with that Client to reduce that Member's (or, if two or more Members are directed, those Members') net exposure to that Client in line with the action taken in compliance with the directions under (a) to (c) above.

18.3 Compliance with the Lending Rules is subject to the power of the Special Committee to take steps or give directions under Trading Regulations 17.1 to 17.3 above. Without prejudice to the generality of Trading Regulations 17.1 to 17.3 above, such steps or directions may include suspending, amending or supplementing the Lending Rules for such period or in respect of such metals as the Special Committee in its absolute discretion deems necessary.

19. **LIABILITY**

Neither the Company nor any of its directors or other officers nor any of its employees nor any member of any committee shall, except in the case of fraud or wilful default, be under any liability whatsoever in contract, in tort (including but not limited to negligence), or under any other theory of law to any Member or other person in respect of the matters set out in Trading Regulations 19.1, 19.2 and 19.3 below:

19.1 Any act or omission taken or omitted to be taken pursuant to duties, powers and/or authorities contained in the Articles or the Rules including in relation to the following:-

- (a) the input of prices into the price reporting service or the setting and dissemination of Closing Prices, Settlement Prices or other prices pursuant to the Rules;
- (b) the creation, calculation, publication or variation of the Index from time to time, including any variation to Weighting or of its Constituent Metals;
- (c) the approval or listing of any warehouse or the maintenance of any such listing;
- (d) the listing or delisting of any producer or brand of metal or the maintenance of any such listing;
- (e) the collection of information and publication of reports in relation to levels of metal stocks represented by Warrants;
- (f) the initiation or enforcement of disciplinary or emergency procedures or the exercise of any right to suspend access to any systems or facilities of the Exchange;
- (g) any other events not set out in (a) to (f) above.

19.2 Any failure, malfunction, delay or other defect in or affecting any computer system, including LME Select, screens, equipment, telephones or other communications media or facilities used by the Exchange, its Members or others, whether at the Exchange or otherwise.

19.3 Any Agreed Trade that is input into the Matching System by a Registered Intermediating Broker and which is, for any reason, either (i) rejected; or (ii) not approved and/or Executed, including (but not limited to) any circumstance falling within Regulation 19.2 above.

20. **POSITION LIMITS**

20.1 Members shall comply with and shall co-operate with the Exchange to ensure that each of their Clients shall comply with the Position Limits and any directions issued by the Exchange in accordance with the requirements for such Position Limits as the Exchange may specify in Administrative Procedures or as the Exchange may otherwise notify Members from time to time.

20.2 Compliance with the Position Limits is subject to the power of the Special Committee to take steps or give directions under Trading Regulations 17.1 to 17.3 above. Without prejudice to the generality of Trading Regulations 17.1 to 17.3 above, such steps or directions may include suspending, amending or supplementing the Position Limits for such period or in respect of such metals as the Special Committee in its absolute discretion deems necessary.

- 20.3 With effect from 3 January 2018, Members shall provide a daily position report to the Exchange in accordance with the format required by the Exchange and other requirements as specified in the relevant Notice from time to time.
- 20.4 In accordance with their powers of position management under MiFID II, a Regulator may:
- (a) request information from a Member or a Client of the Member regarding the size or purpose of a position or exposure under a Contract;
 - (b) require the Member or Client to reduce the size of, or eliminate, its position or exposure under that Contract; and/or
 - (c) limit the ability of a Member or Client to enter into commodity derivatives,
- and any Member shall comply with any such requests, requirements, or limitations. To the extent that a Member is informed of any exercise of position management powers by a Regulator in relation to its Client, it shall procure that its Client complies with any such requests, requirements, or limitations.
- 20.5 If a Member becomes aware that it or its Client is the subject of a notice issued by ESMA in the exercise of its position management powers, the Member must alert the Exchange immediately. The Member shall co-operate with the Exchange to take such action as may be appropriate on the basis of the notice issued by ESMA, and which may require the Member to reduce the size of, or eliminate, a trading position.
21. **CONFORMANCE TESTING, ALGORITHMIC TRADING AND MARKET MAKING**
- 21.1 Prior to any deployment or substantial update of (a) LME Select or (b) a Member's trading system, trading algorithm, or trading strategy, each Member must carry out conformance testing, including the appropriate testing of algorithms, in accordance with the conditions established by Notice from time to time.
- 21.2 Members must flag orders generated by Algorithmic Trading to the Exchange, identifying:
- (a) the different algorithms used for the creation of orders; and
 - (b) the persons initiating those orders,
- such flagging of orders being made in accordance with the relevant requirements established by Notice.
- 21.3 Where any Member, or any Client of a Member engages in Algorithmic Trading, to pursue a Market Making Strategy:
- (a) the Member shall provide, and shall ensure that any such Client provides, market making continuously during the opening hours of the Exchange, with the result of providing liquidity on a regular and predictable basis;
 - (b) the Member shall, and shall procure that any such Client shall, enter into a market making agreement with the Exchange where required to do so by Regulation 21.4 regarding its obligations in (a) in relation to the Contracts in which it or, where appropriate, its Client, pursues a Market Making Strategy;

- (c) the Member must have in place, and ensure that any such Client has in place, the systems and controls required to ensure it performs its obligations under the market making agreement specified in (b); and
- (d) the Member shall comply with any additional requirements that the Exchange may specify by Administrative Procedure.

21.4 A Member shall, and shall procure that a Client shall, enter into a market making agreement with the Exchange:

- (a) if it or such Client, during half of the trading days over a one-month period, in execution of such Market Making Strategy:
 - (1) posts Firm Quotes that are simultaneous two-way quotes of comparable size and competitive prices; and
 - (2) Deals On Own Account in at least one Contract on the Exchange for at least 50 per cent of the daily trading hours of continuous trading at the Exchange, or
- (b) where otherwise required to do so pursuant to MiFID II or any law or regulations made pursuant thereto.

21.5 For the purposes of Regulation 21.4:

- (a) Firm Quotes shall be deemed to be simultaneous two-way quotes if they are posted in such a way that both the bid and the ask-price are present in the order book at the same time;
- (b) two Firm Quotes shall be deemed of comparable size when their sizes do not diverge by more than 50 per cent from each other; and
- (c) Firm Quotes shall be deemed to have competitive prices where they are posted within the maximum bid-ask range for the relevant Contract, as specified by the Exchange from time to time by Notice.

21.6 A Member shall not be required to comply with Regulation 21.3(a) if it or, where appropriate, its Client, is unable to provide liquidity on a regular and predictable basis due to the exceptional circumstances listed in Article 3 of Commission Delegated Regulation (EU) 2017/578.

21.7 Where a Member considers that it or, where appropriate, its Client, is unable to comply with its obligation to provide liquidity on a regular and predictable basis due to the exceptional circumstances specified in Article 3(d) of Commission Delegated Regulation (EU) 2017/578 (circumstances preventing prudent risk management practices), it must provide to the Exchange, upon request, evidence satisfactory to the Exchange of such circumstances and how the condition in Article 3(d) is satisfied.

21.8 In order to assist Members to identify such exceptional circumstances, the Exchange will endeavour to determine in its absolute discretion and make public the occurrence of exceptional circumstances falling within Article 3(a), (b), (c), or (e) of Commission Delegated Regulation (EU) 2017/578. In the event of such an occurrence, the Exchange may issue a Notice to Members. The Exchange shall not extend the declaration of such exceptional circumstance beyond the close of the opening hours of the relevant Execution Venue on the Business Day on which the exceptional circumstance(s) occurred unless, in the determination of the Exchange, this is necessary in the circumstances set out in Article 3(b), (c) or (e) of Commission Delegated Regulation (EU) 2017/578.

21.9 Following the ending of any such exceptional circumstances, the Exchange may announce the resumption of normal trading in accordance with its standard procedures.

21.10 This Trading Regulation 21 shall apply with effect from 3 January 2018.

22. **ORDER CANCELLATION AND CONTROLS**

22.1 The Exchange may temporarily halt or constrain trading in accordance with the relevant procedures established by Notice if there is a significant price movement during a short period in a financial instrument on the Exchange or a related trading venue (as such term is defined in Article 4(1)(24) of the MiFID II Directive). Where the Exchange considers it appropriate, the Exchange may cancel, vary or correct any Agreed Trade or Contract.

23. **TRANSACTION REPORTING**

23.1 The Exchange is required to report to the FCA details of transactions in financial instruments traded on its platform which are executed through its systems by a firm that is not subject to MiFID II. Members shall confirm to the Exchange if they are writing Client Contracts for Clients that are not firms subject to MiFID II and provide details of all Agreed Trades and Contracts in respect of such Clients at the time of submission of the details of the Agreed Trade into the Matching System in accordance with the timescales set out in Trading Regulation 3.5.

23.2 Any Member that is not a firm subject to MiFID II shall:

- (a) provide the Exchange with a validated, issued and duly renewed ISO 17442 legal entity identifier code; and
- (b) obtain from each of its Clients that is not a firm subject to MiFID II a validated, issued and duly renewed ISO 17442 legal entity identifier code, which the Member shall provide to the Exchange.

23.3 It shall be the responsibility of such a Member to ensure that the reference data related to its legal entity identifier is renewed in accordance with the terms of any of the accredited local operating units of the Global Legal Entity Identifier System, and also to ensure that each of its Clients renews such data.

This Trading Regulation 23 shall apply with effect from 3 January 2018.

PART 4
CONTRACT REGULATIONS

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CONTENTS

Section		Page
1	Relationship with Rules and Regulations	4-1
2	Status of Parties	4-2
3	Margin Client Contracts	4-2
4	Settlement	4-2
5	Delivery	4-3
6	Special Contract Rules for Metals, LMEmini Contracts, Cash-Settled Futures and for the Construction of the Index and the LMEprecious Regulations	4-5
7	Warrants	4-6
8	Delivery Points	4-6
9	Default	4-6
10	Disputes	4-6
11	General	4-7
12	Transitional Provision for Non-Segregated Client Contracts	4-8
13	Porting of Underlying Client Contracts in the Absence of Default	4-8
14	Compression	4-8
15	New Contracts and Non-Material Amendments to Existing Contracts	4-10

- 5.12 Upon the exercise of an LMEprecious Option (including any Cleared LMEprecious Option and any Client LMEprecious Option), the Option Contract shall expire and shall be replaced by an LMEprecious Future, in accordance with the LMEprecious Option Regulations. Delivery under such an LMEprecious Future shall be due and made in accordance with Regulations 5.9 to 5.11 above.
6. **SPECIAL CONTRACT RULES FOR METAL, LMEMINI CONTRACTS, CASH-SETTLED FUTURES AND FOR THE CONSTRUCTION OF THE INDEX**
- 6.1 Quality and other matters dealt with in the Special Contract Rules for the relevant metal shall be as prescribed therein at the time of delivery.
- 6.2 With effect from 1 February 1992, the Exchange may make additions to, deletions from or modifications to the Special Contract Rules for any metal, such additions, deletions or modifications to take effect from such date as the Exchange may prescribe which shall be not less than three months after announcement thereof. For the avoidance of doubt, the Exchange shall admit new Contracts to trading in accordance with the Exchange's interpretation of applicable legal and regulatory requirements including, but not limited to, relevant MiFID II obligations, and shall admit new Contracts in accordance with its internal procedures for Contract design and admission.
- 6.3 The terms of Index Futures, including details of the Constituent Metals and the method of calculating the Index, shall be as described in the Special Contract Rules for the Construction of the Index.
- 6.4 The terms of the Index Options shall be as prescribed in the Index Options Regulations or as otherwise specified by the Exchange.
- 6.5 The composition and calculation of the Index as provided for in the Special Contract Rules for the Construction of the Index shall be as described therein at the time of settlement of an Index Contract.
- 6.6 The Exchange may amend the Special Contract Rules for the Construction of the Index, or any other Rules relevant to the calculation of the Index or settlement of an Index Contract, such amendment to take effect from such date as the Exchange may prescribe.
- 6.7 The terms of LMEmini Futures shall be as prescribed in the Special Contract Rules for LMEmini Contracts or as otherwise specified by the Exchange.
- 6.8 The Exchange may amend the Special Contract Rules for the LMEmini Contracts, or any other Rules relevant to the trading and/or settlement of an LMEmini Contract, such amendment to take effect from such date as the Exchange may prescribe.
- 6.9 The terms of Cash-Settled Futures shall be as prescribed in the relevant Special Contract Rules for Cash-Settled Futures or as otherwise specified by the Exchange.
- 6.10 The Exchange may amend the Special Contract Rules for Cash-Settled Futures, or any other Rules relevant to the trading and/or settlement of a Cash-Settled Future Contract, such amendment to take effect from such date as the Exchange may prescribe.

6.11 The provisions of Regulations 6.1, 6.2, 6.5, and 6.6 to 6.10 above are without prejudice to the powers of the Directors to make and alter Rules generally.

6.12 In addition to Regulation 6.2, 6.6, 6.8 and 6.10 above, Regulation 15 shall apply to any non-material modifications to the terms of any Contract.

7. **WARRANTS**

Warrants must be issued by a warehouse listed by the Exchange and have the characteristics prescribed by the Special Contract Rules for the relevant metal.

8. **DELIVERY POINTS**

8.1 With effect from 19 April 1989, the Exchange may introduce any new Delivery Point with effect from at least three months after announcement of approval of such Delivery Point.

8.2.1 Warrants issued by any listed warehouse shall constitute a good delivery with effect from such time as the Exchange may decide after announcement by the Exchange of approval and listing of the said warehouse.

8.2.2 Warrants shall not constitute good delivery where they are marked as "not valid" in the LMEsword System as provided for in the LMEsword Regulations and Operating Procedures. The Exchange shall in addition give notice to Members on any Warrant being marked "not valid" (or ceasing to be marked "not valid") by publishing a Notice to all Members to that effect.

9. **DEFAULT**

9.1 The Default Regulations forming Part 9 of the Rules shall apply to all Contracts.

9.2 Upon the happening of an Event of Default in relation to any person (the "**defaulting party**"), including a non-member, who is not

(a) a Category 1, 2 or 4 Member; or

(b) an LMEprecious General Clearing Member or an LMEprecious Non-Clearing Member,

any Category 1, 2 or 4 Member, LMEprecious General Clearing Member or LMEprecious Non-Clearing Member who has open with the defaulting party any Client Contract shall have the right at any time thereafter to close-out the same by selling out or buying in against the defaulting party at the prevailing market price. In the event that this right is invoked, the obligations arising under the Client Contract may, if so provided for in any agreement between the Member and the defaulting party, be terminated upon entering into the closing Contract, except for any settlement payment due from one party to the other in respect of the closed out Contracts.

10. **DISPUTES**

10.1 Subject as provided in Regulation 10.2, any dispute as to the existence, completion or validity of or arising out of any Contract shall be referred to arbitration in accordance with the Rules.

- 10.2 Any dispute arising from or in relation to any Cleared Contract shall, unless resolved between the Clearing House and the Clearing Member concerned, be referred to arbitration under the Rules. In that event the provisions of the Clearing House Rules shall apply to such arbitration as if incorporated into Part 8 of the Rules.
- 10.3 Any dispute arising from or in relation to any Contingent Agreement to Trade shall, unless resolved between the parties, be referred to arbitration under the Rules.
11. **GENERAL**
- 11.1 Time shall be of the essence of every Contract, but failure by any party to exercise or enforce any rights shall not be deemed to be a waiver thereof.
- 11.2 The Rules (which term shall for the purposes of this Regulation 11.2 include all Administrative Procedures and Regulations, as the context may require) and all Agreed Trades, Contingent Agreements to Trade and Contracts, and any non-contractual obligations of any kind arising out of or in relation to the Rules and any Agreed Trades, Contingent Agreements to Trade and Contracts, are governed by, and shall be interpreted and construed in accordance with, English law.
- 11.3 The courts of England shall have exclusive jurisdiction to settle any dispute arising out of or in connection with these Rules, save for any matter that is dealt with by way of arbitration pursuant to Regulation 10. Each Member irrevocably submits to that jurisdiction for the exclusive benefit of the Exchange and waives any objection on the grounds of venue or forum non conveniens or any similar grounds.
- 11.4 Any Member that is not incorporated or registered in England and Wales shall at all times appoint and maintain an agent for service of process in England and Wales ("**Service Agent**"). Any such Member shall not revoke the authority of a Service Agent unless it has first notified the Exchange of its replacement Service Agent. If a Service Agent ceases to be able to act as such or ceases to have an address within the jurisdiction of the English courts, the Member shall promptly appoint another Service Agent (with an address for service within the jurisdiction of the English courts). Nothing in the Rules, any Administrative Procedure, any Agreed Trade, any Contingent Agreement to Trade or any Contract shall affect the right of the Exchange to serve process in any other manner permitted by law. Any Member that has appointed a Service Agent pursuant to this Regulation 11.4 shall ensure that the Exchange is at all times in receipt of the full name and address of such Service Agent.
- 11.5 The provisions of (1) the "Uniform Law on the Formation of Contracts for the International Sale of Goods" and the Convention relating thereto, (2) the "Uniform Law on the International Sale of Goods 1964" and the Convention relating thereto, and (3) the "United Nations Convention on Contracts for the International Sale of Goods of 1980" shall not apply to any Contract.
- 11.6 Entry into any Contract shall constitute a waiver by both parties thereto of any immunity from suit or arbitral process or execution of any judgement or award on the ground of sovereignty, nationality, domicile, residence or otherwise.

12. **TRANSITIONAL PROVISION FOR NON-SEGREGATED CLIENT CONTRACTS**

12.1 This provision shall apply to any Client Contract entered into, prior to the date on which this Regulation 12 came into force in its current form (the "EMIR Amendment Date"), as a "Non-Segregated Client Contract", and/or which was treated, in accordance with the Rules in force prior to the EMIR Amendment Date as a "Non-Segregated Client Contract".

12.2 From the EMIR Amendment Date, no "Non-Segregated Client Contract" shall be a Contract for the purpose of, or governed by, these Rules.

12.3 In order for any Non-Segregated Client Contract to be treated as a Contract pursuant to these Rules:

- (a) a Counterparty to that Non-Segregated Client Contract must have ensured that a Clearing Member shall have entered such contract into the Matching System as a Client Contract (other than a Non-Segregated Client Contract) on or before EMIR Amendment Date, in accordance with Regulation 3.5 of the Trading Regulations, and including all information required by the Clearing House to allocate such Contract (or the Cleared Contracts arising upon registration of such Client Contract) to either an "omnibus" segregated client account or an "individual client" segregated client account of the Clearing Member; and
- (b) the contract must have been accepted by, and registered by, the Clearing House, in accordance with the Clearing House Rules, no later than the EMIR Amendment Date.

12.4 The performance and settlement of any Non-Segregated Client Contract that has ceased to be a Contract under these Rules, in accordance with Regulation 12.2 shall be a matter for the Counterparties thereto and the Exchange shall have no powers, obligations or other responsibilities in respect of such Non-Segregated Client Contracts.

13. **PORTING OF UNDERLYING CLIENT CONTRACTS IN THE ABSENCE OF DEFAULT**

Where and to the extent that the Clearing House Rules permit the transfer of Client-Related Cleared Contracts either:

- (a) between Clearing Members; or
- (b) between accounts maintained by a Clearing Member in respect of different Clients,

and such transfers are permitted in circumstances where the Clearing Member that is the party to such Client-Related Cleared Contracts is not a Defaulter, then Regulation 7 of the Default Rules shall apply in respect of the corresponding Underlying Client Contracts and any associated transfer of Warrants, notwithstanding that no party to any such Underlying Client Contract may be a Defaulter.

14. **COMPRESSION**

14.1 This Regulation 14 shall apply in respect of:

- (a) any Clearing Member that has opted, under the Clearing House Rules, to apply Compression to any Client Related Cleared Contracts allocated to any of its client accounts at the Clearing House; and
- (b) any Client that is a counterparty to any Client Contract with any such Clearing Member; and
- (c) any Client Contract that is an Underlying Client Contract in respect of any Client-Related Cleared Contract that is:
 - (i) allocated to a client account of the Clearing Member at the Clearing House; and
 - (ii) subject to Compression at the Clearing House.

14.2 For the avoidance of doubt, this Regulation 14 shall not apply to any Compression at the Clearing House of any Cleared Contract that is allocated to a house account of a Clearing Member at the Clearing House.

14.3 In the event that any Client-Related Cleared Contracts that are allocated to a client account of a Clearing Member at the Clearing House are subject to Compression at the Clearing House, the Underlying Client Contracts shall also be automatically and simultaneously subject to Compression under the Exchange Rules, on the following basis:

- (a) the Clearing Member and the Client (each acting as principal) shall be released from further obligations towards one another under such Underlying Client Contracts and their respective rights against one another under such Contracts shall be cancelled; and
- (b) simultaneously, new Post-Compression Client Contracts shall, by operation of this Regulation, come into full force and effect between the Clearing Member and the Client, such that the Clearing Member and the Client (each acting as principal) shall assume obligations towards one another and/or acquire rights against one another under the Post-Compression Client Contracts; and
- (c) such Post-Compression Client Contracts shall represent back-to-back Contracts to each Post-Compression Cleared Contract that is in effect following the Compression at the Clearing House, such that:
 - (i) for each Post-Compression Cleared Contract, there shall be a corresponding Post-Compression Client Contract, having:
 - (1) the same direction; and
 - (2) the same commercial terms, including in relation to the amount of underlying metal and prices; and
 - (ii) the Variation Margin applicable to a Post-Compression Client Contract shall be the net of the Variation Margin amounts applicable to the Underlying Client Contracts immediately prior to Compression under the Exchange Rules,

save that Compression at the Exchange shall not affect any terms or contractual rights or obligations between the Clearing Member and the Client that were not comprised in the terms of any Underlying Client Contract that was subject to Compression under the Exchange Rules.

14.4 Each Clearing Member that opts, under the Clearing House Rules, to apply Compression to any Client Related Cleared Contracts allocated to any of its client accounts at the Clearing House must:

- (a) have ensured that, prior to the implementation of any Compression at the Clearing House, its terms of business or other contractual arrangements with the relevant Clients contain provisions that operate in a manner that is consistent with this Regulation 14, and do not contain provisions which would conflict with or frustrate the Compression of any Underlying Client Contract in accordance with this Regulation 14;
- (b) ensure that any Client that is party to an Underlying Client Contract that is or may be subject to Compression under the Exchange Rules:
 - (i) is notified of the fact that such Compression may occur, and when such Compression will take effect; and
 - (ii) upon Compression under the Exchange Rules, is promptly notified of the effect of Compression, such that the Client is at all times on notice of the Client Contracts (including the Post-Compression Client Contracts) that are in force between the Clearing Member and the Client;
- (c) ensure that its books and records relating to the Client Contracts and Cleared Contracts to which it is a party are at all times reconciled and up to date, such that it is at all times possible to identify which Cleared Contract (including a Post-Compression Client Contract) represents the clearing of which Client Contract (including a Post-Compression Cleared Contract); and
- (d) promptly upon request by the Exchange or Clearing House provide a copy of such books and records described in (c) above, in such a format that would easily enable Compression Client Contracts) with the corresponding Cleared Contracts (including the Post-Compression Cleared Contracts).

15. **NEW CONTRACTS AND NON-MATERIAL AMENDMENTS TO EXISTING CONTRACTS**

15.1 The Exchange may introduce new types of Contract ("**New Contracts**"), or make non-material modifications to the specifications of existing Contracts ("**Non-Material Amendments**") from time to time, in accordance with the following process. This process shall not apply to any material modification of the features of any Contract that is, at the relevant time, already a Contract under the Rules.

15.2 The Exchange may introduce a New Contract or a Non-Material Amendment by providing, by way of Notice, the following information to Members:

- (a) the specifications of such New Contract or Non-Material Amendment;

- (b) the changes to these Rules that the Exchange proposes to apply in order to facilitate the introduction of such New Contract or Non-Material Amendment, including:
 - (i) the addition of new "Special Contract Rules" for the New Contract in Part 6 to this Rulebook and/or the addition of a new Part or sub-section to any existing Part of these Rules to introduce new Regulations specific to the New Contract; or
 - (ii) the amendment of any Rule to reflect a Non-Material Amendment; and
 - (iii) any additional changes to these Rules to facilitate the introduction of the New Contract or Non-Material Amendment;
 - (c) any Administrative Procedures, or amendments to existing Administrative Procedures that the Exchange proposes to apply in order to facilitate the introduction of such New Contract or Non-Material Amendment;
 - (d) any additional requirements to be satisfied in order to enable a Member to trade or clear the New Contract or Non-Material Amendment (including, without limitation, and operational requirements and any fees specific to the New Contract or Non-Material Amendment); and
 - (e) the date from which the changes to the Rules and / or Administrative Procedures shall come into effect and, if different, the date from which the New Contract shall be available for trading. The Exchange may, by the provision of a subsequent Notice, postpone such dates, where the Exchange deems appropriate.
- 15.3 The Exchange shall provide Members with such advance notice of the dates specified pursuant to Rule 15.2(e) above as the Exchange considers reasonable and appropriate having regard to the circumstances.
- 15.4 Any changes to the Rules and / or Administrative Procedures shall come into effect from the date(s) specified pursuant to Rule 15.2(e).
- 15.5 The Exchange shall not consult with Members in advance of the introduction of any New Contract or Non-Material Amendment unless, and except to the extent that:
- (a) the Exchange considers that, in the context of the circumstances of the introduction of the New Contractor Non-Material Amendment, it would be required by law or regulation to do so (including the Recognition Requirements Regulations and REC); or
 - (b) the Exchange is required to do so by a Regulator;
 - (c) the Exchange, in its absolute discretion, considers it prudent or appropriate to do so.

SPECIAL CONTRACT RULES FOR COPPER - GRADE A

1. QUALITY

The copper delivered under this contract must be:

- (a) Refined electrolytic copper conforming to the chemical composition of one of the following Standards:
 - (i) BS EN 1978:1998 (cathode grade designation Cu-CATH-1).
 - (ii) GB/T 467-2010 (high purity Copper Cathode (Cu-CATH-1)).
 - (iii) ASTM B115-10 (cathode Grade 1).
- (b) In the shape of full plate cathodes;
- (c) Of brands listed in the LME approved list.

2. SIZE OF LOT

25 tonnes (2% either more or less).

3. WARRANTS

3.1 Warrants must be for 25 tonnes (2% either more or less).

3.2 The copper in each Warrant shall consist of one brand which is listed as being good delivery and must be in bundles not exceeding 4.0 tonnes securely strapped for safe handling and transport without bundle distortion and breakage.

3.3 Each Warrant must state:

- (a) the name of the brand;
- (b) the country of origin;
- (c) the shape;
- (d) the weight;
- (e) the number of bundles making up each lot.

3.4 Each Warrant must bear an LMEsword generated barcode.

4. ADDITIONAL REQUIREMENTS FOR COPPER WARRANTS

4.1 The LME listed brand name must be indelibly marked on clips attached to the producer's bundle strapping or marked continuously on the strapping.

4.2 No opening of producer bundles with producer markings is permitted by a Warehouse upon receipt except as follows:

- (a) Where packaging is damaged such that it may cause a hazard in subsequent handling and storage in which case the Warehouse must repack and label if necessary in accordance with (b) and (c) below;

- (b) Where to create a Warrant lot it is necessary to break one or more bundles provided that with such adjustment at least 80% of the bundles in the Warrant have the original producer's clips or straps showing the brand name. The remaining bundles in the Warrant must have a durable label provided by the Warehouse attached to the top cathode in a bundle showing the brand name;
- (c) Straps replaced by a Warehouse must be of corrosion resistant materials and in compliance with LME strap standards.

5. **MAJOR CURRENCY**

US dollars.

6. **TESTING OF WARRANTED METAL**

If the Chief Executive, or those empowered by him for this purpose, believe that the conditions at (a) and (b) below are satisfied, he or they may instruct an LME Listed Sampler and Assayer (LSA) to undertake such tests as are necessary to form a reasonable opinion on whether or not metal on Warrant conforms with these rules. Where the Chief Executive, or those empowered by him for this purpose, reasonably believes that the situation requires it, those tests may be conducted without the prior consent of the Warrant holder. The LME will bear the costs of such tests.

The conditions referred to above are that:-

- (a) there are reasonable grounds to suspect that copper on Warrant does not comply with these rules;
- (b) there is a risk of disruption to the LME's market.

PART 8: ARBITRATION REGULATIONS

1. DEFINITIONS AND INTERPRETATIONS

1.1 In these Arbitration Regulations, the following words and expressions shall, unless the context otherwise requires, bear the meanings set opposite them:-

"Administrative Procedure"	a notice posted in the Exchange containing a procedure for implementing the Rules or any part thereof;
"Arbitration Regulations"	the regulations set out in Part 8 of the Rules;
"Chief Executive"	includes the Deputy Chief Executive and any other person for the time being appointed to perform the duties of Chief Executive of the Company;
"Chief Operating Officer"	the Chief Operating Officer and any other person for the time being appointed to perform the duties of the Chief Operating Officer;
"Claimant"	the person commencing an arbitration by serving a Notice to Arbitrate;
"Close of Pleadings"	the end of a period of 28 days after the time for submission of the points of reply, unless otherwise ordered by the Tribunal;
"the Company"	The London Metal Exchange;
"Counter Notice"	a notice served by the Respondent pursuant to Regulation 2.5 of Part 8 of the Rules;
"Deposit"	such sum as may be specified by Administrative Procedure from time to time;
"the Directors"	the Board of Directors of the Company;
"Member"	a member of the Exchange;
"Notice to Arbitrate"	a Notice served by the Claimant pursuant to Regulation 2.1 of Part 8 of the Rules;
"Panel"	the Arbitration Panel of the Company;
"Panel Committee"	a committee appointed by the Directors to oversee the conduct of arbitrations pursuant to the Arbitration Regulations, and in particular to perform the functions and powers referred to in the Arbitration Regulations;
"Registration Fee"	such sum as may be specified by Administrative Procedure from time to time;
"Respondent"	the person receiving a Notice to Arbitrate served by the Claimant;

- 12.3 Where a decision on any issue is by a majority, the award may contain reasons by the dissenting arbitrator for his dissent, in the discretion of that arbitrator.
- 12.4 Awards may be expressed in any currency claimed in the arbitration.
- 12.5 The award shall state the date by which payment shall be made for any sum due under the award. In addition to the statutory power to award interest, the Tribunal shall have the power to award interest at such rate and for such period as it considers fit on any sum after its due date but before commencement of the arbitration.
- 12.6 The Tribunal may make separate final awards on different issues at different times.
- 12.7 In the event of a settlement, the Tribunal may make an award recording the settlement if either party so requests.
- 12.8 Every award shall be final and binding on the parties as from the date that it is taken up by one of the parties. The parties undertake to carry out any award without any delay. Unless otherwise agreed by the parties in writing, the parties waive irrevocably any right to any form of appeal, review or resource to any state court or other legal authority, insofar as such waiver shall not be prohibited under any applicable law.
- 12.9 If all members of the Tribunal consider that the award contains any points which are of significant importance or interest to Members, they shall communicate such points to the Legal Department of the Exchange. The Legal Department, in consultation with the Tribunal, shall determine whether and how such points should be brought to the attention of Members while keeping the names of the parties confidential.
- 12.10 The award of the arbitrators shall be deposited by them with the Secretary who shall notify each party of such receipt. Either party may thereupon take up the award upon payment by that party of the costs and expenses of the arbitration as specified in the award (including the remuneration of the arbitrators) notwithstanding any direction in the award as to the ultimate responsibility therefor. Until the award is taken up by one of the parties it shall confer no rights upon either party. Upon the award being taken up by either party, a copy thereof shall forthwith be sent by the Secretary to the other party. In the event of the award not being taken up by either party within a period of 28 days from the notification by the Secretary of its receipt to the parties, the Deposit referred to in Regulation 1 above shall be forfeited, and the Secretary may in his absolute discretion call upon the parties or either of them (a) to take up the award and (b) to pay forthwith the costs and expenses of the award (including the remuneration of the arbitrators) or any part or proportion thereof whereupon the party or parties so called upon shall forthwith pay the costs and expenses as aforesaid and take up the award.
- 12.11 Regulations 12.11 to 12.15 shall apply to any agreement entered into on or after 1 June 2010 by a Category 1, 2 or 4 Member of the Exchange with another Category 1, 2 or 4 Member or with any other person which provides for any dispute arising out of or in connection with the agreement to be resolved by arbitration in accordance with these Regulations.
- 12.12 Where:-
- (a) the date for payment of any amount due under the award has elapsed,
 - (b) the period for any appeal against the award under English law has elapsed, and

PART 10
LMESWORD REGULATIONS

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CONTENTS

Section	Page
1 INTRODUCTION	10-1
1.1 LMEsword Regulations	10-1
1.2 Purpose	10-1
1.3 Relationship between LMEsword Regulations and LMEsword Operating Procedures	10-1
1.4 Relationship Between Depository and Account Holder	10-1
2 ADMISSION AS AN LMEsword PARTICIPANT	10-1
2.1 Operation of LMEsword and the Depository	10-1
2.2 Warehouses	10-2
2.3 Account Holders - Process	10-2
2.4 Eligibility	10-2
2.5 Applications for Account Holder Status	10-3
2.6 Withdrawal from Participation in LMEsword	10-4
2.7 Removal from LMEsword Participation and Discipline	10-5
2.8 Change of Account Holder Status	10-6
2.9 Replacement of the LMEsword System	10-6
2.10 Change of Depository	10-6
2.11 Security	10-6
3 ISSUE OF WARRANTS	10-6
3.1 Responsibility for Issue	10-6
3.2 Creation of Electronic Record	10-7
4 WARRANT LODGEMENT	10-7
4.1 Preconditions	10-7
4.2 The Depository	10-7

4.3	Accounts	10-8
4.4	Lodgement of a Warrant	10-9
5	TRANSFER OF WARRANTS LODGED WITH THE DEPOSITORY	10-10
5.1	Transfers	10-10
5.2	Ex-cleared Transfers	10-10
5.3	Pledging of Warrants	10-11
5.4	Cleared Transfers	10-11
5.5	Inter-Account Transfers	10-12
5.6	Use of LMEsword for Settlement of Non-Platform Contracts	10-12
6	RENT PAYMENTS	10-13
6.1	Rent Schedules	10-13
6.2	Liability	10-13
6.3	Payment	10-13
6.4	Non-payment	10-14
7	WITHDRAWAL OF WARRANTS	10-14
7.1	Entitlement and Instructions	10-14
7.2	Collection of Warrants	10-14
8	WARRANT CANCELLATION AND METAL TAKE UP	10-15
8.1	Warrant Cancellation	10-15
8.2	Time Expired Warrants	10-15
8.3	Remove Warrant	10-15
9	WARRANT AMENDMENT AND REPLACEMENT	10-16
9.1	General Duties	10-16
9.2	Notification of Amendments	10-16
9.3	Replacement of Warrants	10-16
10	INCORRECT OR INVALID WARRANTS	10-16
10.1	Notification	10-16
10.2	Invalid Warrant Instruction	10-17
11	GENERAL	10-17

11.1	Charges and Fees	10-17
11.2	Reports and Enquires	10-18
11.3	Instructions and Notices	10-18
11.4	Release	10-19
11.5	Waiver	10-19
11.6	Invalidity	10-20
11.7	Governing Law and Submission to the Jurisdiction	10-20
11.8	Exclusion of Liability	10-20
11.9	Errors	10-21
11.10	Legal Effect of Transfers	10-21
11.11	Amendment of LMEsword Regulations	10-22
11.12	Force Majeure	10-22
11.13	Representation by Account Holder	10-22
11.14	Insolvency or Delisting of a Warehouse	10-22
12	INTERPRETATION	10-22
12.1	Definitions	10-22
12.2	Interpretation	10-25

PART 13
LMEPRECIOUS REGULATIONS

*

CONTENTS

PART 13A
LMEPRECIOUS FUTURE REGULATIONS

Section		Page
1	Relationship with Trading Regulations	13-A-1
2	LMEprecious Future Specifications	13-A-1

PART 13B
LMEPRECIOUS OPTION REGULATIONS

Section		Page
1	Relationship with Other Regulations	13B-1
2	Permitted LMEprecious Options and Specifications	13B-1
3	Exercise Reference Price	13B-3
4	Effect of Automatic Exercise	13B-4
5	Premiums	13B-5

The Last Trading Day for LMEprecious Options shall be the Business Day which is one Business Day before the Expiry Day. (For example, if the Expiry Day is on a Monday, the Last Trading Day shall be on the preceding Friday.)

2.10 Minimum Price Movement

- (a) the minimum fluctuation in the Strike Price for LMEprecious Options shall be as follows:

Contract	Minimum Strike Price movement
LMEprecious Gold Option	\$5 per fine troy ounce
LMEprecious Silver Option	\$0.25 per troy ounce

- (b) the minimum fluctuation in premiums for LMEprecious Options shall be as follows:

Contract	Minimum premium movement
LMEprecious Gold Option	\$0.01 per fine troy ounce
LMEprecious Silver Option	\$0.001 per troy ounce

2.11 Settlement Basis: Automatic Exercise into Underlying Future

2.12 LMEprecious Options are European-style options.

2.13 An LMEprecious Option shall be automatically exercised on its Granter at the Expiry Time on the Expiry Day for the relevant LMEprecious Option if at that time it is:

- (a) either a Call Option or a Put Option and is In the Money; or
 (b) a Call Option and is At the Money,

and in each case forms part of a Member's open registered position with the Clearing House.

2.14 Notification of automatic exercise of a Client LMEprecious Option shall be made in such manner as has been agreed between Granter and Taker.

2.15 Any LMEprecious Option not exercised as prescribed shall be deemed after its Expiry Time on its Expiry Day to have been abandoned.

3. EXERCISE REFERENCE PRICE

3.1 The Exercise Reference Price for LMEprecious Options shall be the Settlement Price determined by the Exchange between 15:00 and 15:02 on the Expiry Day (or such later time on the Expiry Day that the Exchange may specify by Notice), where such Settlement Price is calculated using a VWAP from transactions on LME Select between such periods as shall be specified by way of Notice. Such Exchange Reference Price shall be published by the Exchange following its determination.

The Exchange may specify a minimum volume threshold with respect to each LMEprecious Option that is subject to this Settlement Price process, which shall be advised to the market from time to time by way of Notice.

3.2 In the event that the minimum volume threshold requirement is not reached, then the Exercise Reference Price shall be determined as follows:

- (a) it shall be the last traded price within the bid/offer on the close of the pricing period, unless any of the following apply;
- (b) if the last traded price is outside of the bid/offer on the close of the pricing period, then the closest price to the last trade that falls within the bid/offer will be used;
- (c) if no trades have occurred during the pricing period, then the mid-point of the bid/offer on the close of the pricing period will be used;
- (d) if no trades have occurred during the pricing period and no bid/offer exists on the close of the pricing period, then the last traded price may be used but there is no obligation on the Exchange to determine that Exercise Reference Price at that level;
- (e) if no trades have occurred during that day and no bid/offer exists, then the Exercise Reference Price will be determined with reference to market activity in related Prompt Dates (in respect of the underlying LMEprecious Future) and/or market activity during the pricing period on the previous Business Day; and
- (f) where no such pricing information exists, then the Exercise Reference Price will be determined by the Exchange in its absolute discretion.

4. **EFFECT OF AUTOMATIC EXERCISE**

4.1 On the automatic exercise of an LMEprecious Option on the Expiry Day an LMEprecious Future Contract, in the form representing the underlying for the LMEprecious Option, shall arise between Granter and Taker of the declared LMEprecious Option, the price of such LMEprecious Future Contract being the Strike Price in the LMEprecious Options Contract.

4.2 Upon such automatic exercise:

- (a) a Cleared LMEprecious Option Contract shall be closed automatically and simultaneously replaced with a Cleared LMEprecious Future in accordance with these Rules and the Clearing House Rules;
- (b) a Client LMEprecious Option Contract shall be closed automatically and simultaneously replaced with a Client LMEprecious Option, in accordance with these Rules;
- (c) in respect of such Contracts as are described in (a) and (b) above:
 - (i) where a Call Option is exercised:
 - (1) the Granter under the Option Contract shall be the Seller under the Future Contract; and
 - (2) the Taker under the Option Contract shall be the Buyer under the Future Contract; and