

AUGUST 2021

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

Release No 116

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

Updates comprise:-

Part 1 – Replace the whole of Part 1

Part 2 – Replace page 2-13

Part 3 – Replace the whole of Part 3 including the contents page

Part 12 – Replace the whole of Part 12

Details of the substantive changes are below:

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| 21/153 | DECISION NOTICE ON PROPOSALS RELATING TO THE DETERMINATION OF OFFICIAL PRICES AND ASSOCIATED LME RULEBOOK AMENDMENTS |
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Tom Hine

Ref: R116 (2021/4)

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:-

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| "Account Holder" | the Clearing House and any person admitted as an Account Holder by the Exchange, and which has not withdrawn or ceased to be an Account Holder, under Regulation 2 of the LMEsword Regulations; |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 given to such class or classes of Member to whom in the view of the Exchange, acting reasonably, they apply, and which introduces, implements, supplements or amends the Rules or any part thereof, or contains a procedure for introducing, implementing, supplementing or amending the Rules or any part thereof, or otherwise imposes requirements on Members, in each case that is given by way of publication on the LME website, or if the context requires it, sent via LME Select, LMEsword and/or Matching System; |
| "Administrator" | a person that has control over the provision of a benchmark, within the meaning of the BMR; |
| "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 |

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| | 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; |
| "Auction Window" | such period of time as the Exchange shall specify by Notice, within which a Fixed Price Auction may take effect, following the time of its commencement; |
| "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; |
| "Benchmark" | an index provided by the Exchange, which falls within the BMR definition of "benchmark", and that is identified by the Exchange as such by way of Notice, or on the LME website from time to time, as being a "Benchmark" that is administered by the Exchange; |
| "BMR" | Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial |

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| | instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014, as from time to time amended; |
| "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" | <p>(a) in respect of a Metal Future, Premium Contract, LMEmini Future or LMEprecious Future for the purchase or sale of a specific 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> |

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| "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 5.7.1 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 5.7.2 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:

- (a) authorised by the Exchange to trade in the Ring;
- (b) a member of the Clearing House;
- (c) authorised by the Exchange to clear Cleared LME Base Contracts;
- (d) authorised by the Exchange to issue Client LME Base Contracts; and
- (e) granted Category 1 Membership by the Exchange;

"Category 2 Member"

a Member who is:

- (a) not authorised by the Exchange to trade in the Ring;
- (b) a member of the Clearing House;
- (c) authorised by the Exchange to clear Cleared LME Base Contracts;
- (d) authorised by the Exchange to issue Client LME Base Contracts; and
- (e) granted Category 2 Membership by the Exchange;

"Category 3 Member"

a Member who is:

- (a) not authorised by the Exchange to trade in the Ring;
- (b) a member of the Clearing House;
- (c) authorised by the Exchange to clear Cleared LME Base Contracts;
- (d) not authorised by the Exchange to issue Client LME Base Contracts; and
- (e) granted Category 3 Membership by the Exchange;

"Category 4 Member"

a Member who is:

- (a) not authorised by the Exchange to trade in the Ring;
- (b) not authorised by the Exchange to clear Cleared LME Base Contracts;
- (c) authorised by the Exchange to issue Client LME Base Contracts; and
- (d) granted Category 4 Membership by the Exchange;

"Category 5 Member"

a Member who is:

- (a) not authorised by the Exchange to trade in the Ring;
- (b) not authorised by the Exchange to clear Cleared Contracts;
- (c) not authorised by the Exchange to issue Client Contracts; and
- (d) granted Category 5 Membership by the Exchange;

"Category 6 Member"

a Member who is:

- (a) not authorised by the Exchange to trade in the Ring;
- (b) not authorised by the Exchange to clear Cleared Contracts;
- (c) not authorised by the Exchange to issue Client Contracts;
- (d) not an Undertaking or a member of an Undertaking; and
- (e) granted Category 6 Membership by the Exchange;

"Category 7 Member"

a Member who is granted honorary Membership of the Exchange by the Exchange;

"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;

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| "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; |

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| "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: <ul style="list-style-type: none"> (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

(a) 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;

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| "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; |

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| "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" | 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: |

- (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 14 of the Contract Regulations,

and the terms "same direction" and "opposite direction" shall be construed in accordance with Regulation 1.5 of this Part 1;

"Constituent Metals"

the metals underlying the Index, as set out by way of Notice from time to time;

"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"

- (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:
 - (1) either the buyer or the seller or each of them is a Category 1, 2, 3 or 4 Member; and
 - (2) the delivery date is a Prompt Date for the time being permitted by the Rules; and
 - (3) the price is expressed in a currency for the time being permitted by the Rules; and
 - (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;

"Cross"

a trade between a Member and its Client, the effect of which is to ensure that a Contract is recorded in the Member's client account at the Clearing House that corresponds to a Client Contract between the Member and such Client, notwithstanding any other Contracts recorded to the client or house

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| | accounts of the Member upon Execution of the trade; |
| "Customer" | a person that initiates pre-trade communications with a Member, and/or requests a quote from a Member, or a person in respect of which a Member initiates pre-trade communications, and including: <ul style="list-style-type: none"> (a) another Member; or (b) a Client; |
| "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;

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| "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) |

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| | 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 MiFID II) directly to the Exchange, and which term includes Direct Market Access and Sponsored Access; |
| "Direct Market 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 MiFID II) directly to the Exchange, in circumstances where the Client uses the infrastructure of the Member, or any connecting system provided by the Member, to transmit the orders; |
| "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; |
| "Electronic Pricing Commencement Determination" | has the meaning set out in Regulation 5.5 of the Trading 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 |

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| | 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: <ul style="list-style-type: none"> (a) the date from which the UK ceases to be a member of the European Union; and (b) 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 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); |

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| "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; |
| "Extracted Warrant" | has the meaning set out in Regulation 13.1 of the LMEsword Regulations; |
| "FCA " | The Financial Conduct Authority; |
| "FCA Principles and Guidance Releases" | the FCA Principles as set out in the Principles for Business (PRIN) Sourcebook of the FCA Handbook (as may be updated or replaced from time to time) and any other guidance notes published by the FCA from time to time, including but not limited to Market Watch, guidance and supervisory findings; |
| "Ferrous Future" | a Cash-Settled Future, the Cash-Settled Future 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; |
| "Fixed Price Auction" | a public auction, conducted in accordance with the requirements set out in Trading Regulation 2.15.8; |
| "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; |

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| "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; |
| "Go Live Date" | has the meaning set out in Regulation 5.4 of the Membership Regulations; |
| "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 to 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; |
| "Immobilised Warrant" | has the meaning set out in Regulation 13.1 of the LMEsword Regulations; |
| "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</p> |

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 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;

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| "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; |

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| "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</p> |

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| | provided that such sum is equal to or greater than the amount in (a) above; |
| "Inter-Office Order" | a bid or offer or actionable indication of interest for a trade that is made in the inter-office market; |
| "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; |
| "IOM PTT Initiating Pair" | has the meaning set out in Regulation 2.15.8 of the Trading Regulations; |
| "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> |

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| | <ul style="list-style-type: none"> (e) in relation to a Monthly Average Future, the last Business Day of the relevant tradeable month; (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; (g) in relation to a Premium Contract, the Business Day which is two Business Days before the Prompt Date; or (h) in relation to an LMEprecious Future, the Business Day which is one Business Day before the Prompt Date; (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" | the lending rules set out in the Exchange's Policy Relating to Position Management Arrangements (including any clarification, revision or explanation of such lending rules issued by the Exchange from time to time, including any replacement policy) taken together with Regulation 18 of the Trading Regulations; |
| "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" | <p>all data relating to trading on the Exchange, including, without limitation:</p> <ul style="list-style-type: none"> (a) the LME-determined prices and data relating to LME-determined prices, other than any prices determined by the Clearing House or by the LME as delegate of the Clearing House; and |

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| | (b) data relating to Contracts, Default Settlement Amounts, Indexes, Warrants and Weightings; |
| "LME Data Services" | the LME Select API and LMEsource; |
| "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 Data Services Clients and/or Member Data Services Sub-Clients via the LME Data Services 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; |

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| "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 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" | <p>a Member that is:</p> <ul style="list-style-type: none"> (a) a member of the Clearing House; (b) authorised by the Exchange to clear Cleared LMEprecious Contracts; (c) authorised by the Exchange to issue Client LMEprecious Contracts; and (d) granted LMEprecious Membership, with the categorisation as an LMEprecious General Clearing Member; |
| "LMEprecious Individual Clearing Member" | <p>a Member that is:</p> <ul style="list-style-type: none"> (a) a member of the Clearing House; (b) authorised by the Exchange to clear Cleared LMEprecious Contracts; (c) not authorised by the Exchange 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: |

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| | <ul style="list-style-type: none"> (a) not authorised by the Exchange to clear Cleared LMEprecious Contracts; (b) authorised by the Exchange 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; |
| "LMEsource" | a multi-cast market data platform which enables Members, Member Data Services Clients and Member Data Services Sub-Clients to receive LME Information for the purpose of facilitating the trading of 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 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"

- (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;

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| "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: <ul style="list-style-type: none"> (a) Members, for the purposes of RIB permissioning and management of RIB-arranged trades; and (b) 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 Data Services Client" | means any Client or Affiliate of a Member to which the Member provides access to LME Information via the LME Data Services; |
| "Member Data Services Sub-Clients" | means any Client or Affiliate of a Member LME Data Services Client; |
| "Membership" | <ul style="list-style-type: none"> (a) the state of being a Member; (b) having the status of a Member; and/or (c) the total body of Members, |

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| | 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 II" | the package of legislative measures comprising: <ul style="list-style-type: none"> (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, the MiFID II Transparency RTS and the MiFID II Algorithmic Trading RTS, as from time to time amended; |
| "MiFID II Algorithmic Trading RTS" | Commission Delegated Regulation (EU) 2017/589 of 19 July 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the organisational requirements of investment firms engaged in algorithmic trading; |

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| "MiFID II (Indirect Clearing) Regulation" | 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; |
| "MiFID II Transparency RTS" | Commission Delegated Regulation (EU) 2017/583 of 14 July 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards on transparency requirements for trading venues and investment firms in respect of bonds, structured finance products, emission allowances and derivatives; |
| "MiFIR" | 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; |
| "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" | <ul style="list-style-type: none"> <li data-bbox="829 1500 1445 1646">(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; <li data-bbox="829 1668 1445 1814">(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; <li data-bbox="829 1848 1445 1989">(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,

in each case as determined in accordance with the applicable Pricing Methodology.

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| "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-Benchmark Reference Price" | a reference price provided by the Exchange and which is not a Benchmark; |
| "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 Future 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;

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| "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 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 to 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 divided by the number of Business Days in that month, as calculated in accordance with the applicable Pricing Methodology; |
| "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 |

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| | 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; |
| "Out of Scope Order" | an Inter-Office Order that is not required to be made transparent pursuant to the Pre-Trade Transparency Requirements, as identified in accordance with Regulation 2.15.3 of the Trading Regulations; |
| "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 Exchange 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" | 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: <ul style="list-style-type: none"> (a) "at the Clearing House", in relation to Cleared Contracts, subject to and in |

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| | 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 |

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| | 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; |
| "Pre-Trade Communication" | has the meaning set out in Regulation 2.15.6 of the Trading Regulations; |
| "Pre-Trade Transparency Requirements" | the requirements, under Article 8 of MiFIR and any rules and guidance of the FCA implementing such requirements with which the Exchange is required to comply, for a market operator to make public current bids and offer prices and the depth of trading interests at prices advertised through its system; |
| "Pricing Methodology" | <p>in respect:</p> <p>(a) of any Benchmark, the methodology applied by the Exchange to determine such Benchmark;</p> <p>(b) any Non-Benchmark Reference Price the methodology applied by the Exchange to determine such Non-Benchmark Reference Price,</p> <p>in each case as may be specified by the Exchange by way of Notice or on the public website maintained by the Exchange at www.lme.com;</p> |
| "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</p> |

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| | | | <p>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> |
| "PTT Exempt Order" | | | <p>an Inter-Office Order that is not required to be publicised in accordance with the Pre-Trade Transparency Requirements, due to the application of:</p> <p>(a) a PTT Waiver; or</p> <p>(b) the PTT Hedging Exemption;</p> |
| "PTT Hedging Exemption" | | | has the meaning set out in Regulation 2.15.5 of the Trading Regulations; |
| "PTT Order" | | | an Inter-Office Order that is not an Out of Scope Order or a PTT Exempt Order; |
| "PTT Waiver" | | | a waiver from the application of the Pre-Trade Transparency Requirements, granted to the Exchange by a competent regulatory authority; |
| "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 Warehouse" | Premium | Warrant | a listed warehouse for the storage of metal which satisfies the criteria specified by the Exchange |

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| | from time to time and which is located in a Premium Warrant Jurisdiction; |
| "Quotations Committee" | a committee authorised by the Exchange 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 to 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; |
| "Reference Price Publication Date" | the date on which the Exchange publishes the Cash-Settled Future Final Settlement Price in respect of a Cash-Settled Future and as published by Notice from time to time; |
| "Registered Intermediating Broker" or "RIB" | a Member that is: <ul style="list-style-type: none"> (a) authorised by the Exchange 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 |

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| | (b) granted Registered Intermediating Broker Membership by the Exchange; |
| "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 Exchange 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 Exchange 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 Exchange, 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; |

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| "Ring Committee" | a committee appointed by the Exchange to oversee trading in the Ring; |
| "Ring Disciplinary Committee" | a committee appointed by the Exchange 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; |
| "Ring Price Liquidity Event" | means such criteria, as set out by the Exchange by way of Notice from time to time, that if triggered would permit the Exchange to exercise its powers under Regulation 5.5 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 11.4 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; |

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| "Settlement Price" | <p>the Cash offered price or other settlement price determined:</p> <ul style="list-style-type: none"> (a) by the Quotations Committee in accordance with Regulation 5.1 of the Trading Regulations in respect of Metal Contracts (including Premium Contracts) or Regulation 5.6 of the Trading Regulations (in respect of Index Contracts); or (b) in accordance with Regulation 5.7 of the Trading Regulations (in respect of Cash-Settled Futures and LMEprecious Futures); or (c) 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 (d) in accordance with the LMEprecious Option Regulations, for the purpose of determining the Exercise Reference Price for LMEprecious Options; or (e) by the Clearing House in accordance with Regulation 15 of the Trading Regulations; |
| "Silver" | <p>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;</p> |
| "Single Dealer to Client Platform" | <p>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;</p> |
| "Special Committee" | <p>the Committee to whom the Exchange has delegated the emergency powers under Regulation 17 of Part 3 as permitted by the Articles;</p> |

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| "Special Contract Rules for Cash-Settled Futures" | <p>(a) in relation to Ferrous Futures, the Special Contract Rules for Cash-Settled Futures – Ferrous; and</p> <p>(b) in relation to Non-Ferrous Futures, the Special Contract Rules for Cash-Settled Futures – Non-Ferrous;</p> |
| "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; |
| "Sponsored Access" | <p>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 MiFID II) directly to the Exchange, in circumstances where the Client does not use the infrastructure of the Member or of any other person other than itself and/or the Exchange, to transmit the orders;</p> |
| "Standard Warrant" | a Warrant that is not a Premium Warrant; |
| "Strike Price" | <p>(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;</p> <p>(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;</p> <p>(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;</p> <p>(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;</p> |

- (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 Data Services Client and/or Member Data Services Sub-Client has access to LME Information from a Member via the Data Services; 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;

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| "Traded Options Committee" | the committee appointed by the Exchange 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): <ul style="list-style-type: none"> (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,

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| 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 5.4 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 Data Services Client and/or Member Data Services Sub-Client who has access to LME Information from a Member via a graphical user interface (GUI). |
| "Variation Margin" | <p>(a) in relation to a Cleared Contract, the sum of money determined by the Clearing House under the Clearing House Rules;</p> <p>(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;</p> |
| "VWAP" | a volume weighted average price; |
| "Warrant" | has the meaning set out in Regulation 13.1 of the LMEsword Regulations; |
| "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 only, unless otherwise indicated.
- 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 to a Warrant being 'issued' shall mean the creation of the Warrant within the Account of the relevant Account Holder pursuant to Regulation 3 of the LMEsword Regulations.
- 1.7 Any reference to a Warrant being 'delivered' shall mean a transfer within LMEsword pursuant to Regulation 6 of the LMEsword Regulations.
- 1.8 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, MiFID II and BMR.
- 1.9 For the avoidance of doubt, the Exchange may delegate any powers and responsibilities under the Rules to EXCOM; EXCOM may then delegate any such powers and responsibilities from the Exchange 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 Exchange by way of Notice.

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 Exchange 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) a waiver of; and/or
- (b) a modification to

particular requirements of these Rules in such circumstances and subject to such conditions as either think fit, provided that the Exchange or the Chief Executive or the Chief Operating Officer are satisfied that:

- (i) compliance with the relevant requirements would be unduly burdensome to the Member;
- (ii) the waiver or modification would not create unacceptable risks for the Exchange, or the market generally;
- (iii) the waiver or modification is consistent with the regulatory obligations of the Exchange, including the obligation to maintain orderly markets; and

- (iv) the waiver or modification would not result in unreasonable or inequitable discrimination between Members.
- (v) Waivers and modifications granted or made under this Regulation 2.6 by the Chief Executive or the Chief Operating Officer shall be subsequently notified to EXCOM. EXCOM shall report to the next meeting of Directors on the exercise of any powers under this Regulation 2.6, as appropriate.

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

particular but without limitation) shall not be obliged to decide the application on the basis only of information available to it prior to the Decision.

5.9 For the purpose only of an appeal under Regulation 5.8, and without prejudice to any powers the Arbitrator may have under English law, the following amendments shall apply to the Arbitration Regulations.

5.9.1 In Regulation 1.1 of Part 8 of the Rules:

- (a) defined terms shall be ignored unless used in the Regulations referred to in Regulation 2.8;
- (b) "Claimant" shall mean the Candidate;
- (c) "Respondent" shall mean the Company;
- (d) "Tribunal" shall mean the arbitrator appointed pursuant to Regulation 2.8.

5.9.2 Regulation 6.3 of Part 8 of the Rules shall not apply.

5.9.3 Regulations 10.1(e), (i), (j), (l), (n), and (p)-(s) of Part 8 of the Rules shall not apply.

5.9.4 In Regulation 13.2 of Part 8 of the Rules the words "or by the Company" and "or the Company" shall be ignored.

5.9.5 Regulation 14.3 of Part 8 of the Rules shall not apply.

6. **CHANGE IN CLASS OR CATEGORY OF MEMBERSHIP**

6.1 Any Member may change his Membership from any class or category of Membership to any other class or category, or add a new category of Membership in respect of a new service, provided that:-

- (a) the prior consent of the Exchange is obtained; and
- (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 Exchange 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.

PART 3
TRADING REGULATIONS

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PART 3: TRADING REGULATIONS

1. GENERAL

- 1.1 Members who wish to access any of the Exchange's systems must meet all prescribed connectivity requirements, as amended by the Exchange from time to time. Members must ensure that any connectivity solutions that are utilised have the appropriate degree of resiliency.
- 1.2 The Exchange may fix and from time to time alter the hours of opening and closing the Exchange, the hours for trading by open outcry in the Ring and the hours for trading on LME Select.
- 1.3 The Exchange may, at its absolute discretion and acting reasonably suspend trading on one or more of the Execution Venues for such period it considers necessary in the interests of maintaining a fair and orderly market. Trading will be resumed as soon as reasonably practicable following any such suspension of an Execution Venue.
- 1.4 Members may:
- (a) enter into Agreed Trades; or
 - (b) (in relation to Registered Intermediating Brokers) arrange Agreed Trades,
- at any time on a Business Day notwithstanding that the Exchange may not be open at the time.
- 1.5 The Exchange may establish such arrangements as it considers appropriate to prevent disorderly trading and breaches of capacity limits including, without limitation, procedures to establish the maximum price fluctuations on the market for each Metal Contract, which may as a consequence lead to the restriction or suspension of business.
- 1.6 The making by a Trading Member of Contracts shall be subject to the Rules of the Exchange (of which the Trading Regulations form a part). Cleared Contracts shall in addition be subject to the Clearing House Rules.
- 1.7 Contracts may be written only by Trading Members and accordingly at least one party to every Contract must be such a Member. LME Base Contracts may be written only by Category 1, 2, 3 or 4 Members. LMEprecious Contracts may be written only by LMEprecious Members.
- 1.8 A Contract resulting from an Agreed Trade arranged by a Registered Intermediating Broker must have, as at least one party, a Trading Member, which shall be regarded as the party that has entered into such Contract.
- 1.9 All Contracts shall be governed by the Rules including:
- (a) the Trading Regulations;
 - (b) the Contract Regulations;
 - (c) the Traded Options Regulations,
 - (d) the Monthly Average Future Regulations;

- (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.

1.10 The Exchange may, in accordance with its applicable policies and procedures, and otherwise where, acting reasonably, it considers it necessary or appropriate to do so in order to maintain an orderly market:

- (a) publish a price that it determines otherwise than in accordance with the applicable Pricing Methodology; or
- (b) correct or amend any price published by the Exchange pursuant to these Trading Regulations,

and shall do so in accordance with its applicable policies and procedures.

1.11 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 any systems and facilities (including any successor systems or facilities) of the Exchange, as the Exchange deems necessary, including (without limitation) the Ring, LME Select, the Matching System and LMEsword.

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.

2.2.3 An Agreed Trade shall constitute:

- (a) the agreement of the terms of a transaction for the purpose of enabling Contracts to be formed between each Clearing Member that is:
 - (i) party to the Agreed Trade; or
 - (ii) responsible for the clearing of the Agreed Trade,
 and the Clearing House, subject to and in accordance with the Acceptance Criteria of the Clearing House; or
- (b) in the case only of a PTT Order, the agreement of the parties to Pre-Trade Communications to initiate a Fixed Price Auction in respect of terms of a transaction that, were it to be matched pursuant to such Fixed Price Auction, would constitute an agreement within (a) above.

An Agreed Trade shall not itself constitute a binding contractual agreement between the parties to the Agreed Trade (whether as a Cleared Contract or otherwise) unless and to the extent otherwise specified in these Rules.

For the avoidance of doubt, the purpose of any reference in these Rules to an Agreed Trade falling within (b) above shall be to give rise to:

- (i) (except where (ii) below applies) a Contingent Agreement to Trade pursuant to which the Member(s) responsible for such Agreed Trade must submit the particulars of such Agreed Trade, comprising an IOM PTT Initiating Pair, to the Matching System (on the same basis as if such IOM PTT Initiating Pair were any other Agreed Trade, in accordance with Trading Regulation 2.10), in order to initiate a Fixed Price Auction pursuant to which such any PTT Orders may be made pre-trade transparent; or
- (ii) where the Pre-Trade Communications are made between a Registered Intermediary Broker and its Clients, an obligation on the RIB to (subject to the agreement of its Clients), submit the particulars of the IOM PTT Initiating Pair to the Matching System, for the purpose of obtaining the

confirmation by the nominated Clearing Member(s) to the proposed Agreed Trade, and the consequent initiation of a Fixed Price Auction pursuant to which any PTT Orders may be made pre-trade transparent.

- 2.2.4 A Clearing Member shall be "**responsible for the clearing of an Agreed Trade**" where:
- (a) one party to the Agreed Trade is a Client of the Clearing Member; and
 - (b) the Client and the Clearing Member have established arrangements for such Agreed Trade to be cleared by the Clearing Member.
- 2.2.5 An Agreed Trade shall result in the formation of one or more Contracts when it is Executed, in accordance with the applicable Rules governing Execution for the Execution Venue within which the Agreed Trade was agreed.
- 2.3 **Execution of trades in the Ring**
- 2.3.1 Where an Agreed Trade is made in the Ring and satisfies the Acceptance Criteria, the following shall apply.
- (a) The time of such agreement between two Clearing Members shall be the Execution Time.
 - (b) At the Execution Time, Cleared Contracts shall be automatically and immediately formed between the Clearing House and each Member that is party to the Agreed Trade, subject to and in accordance with the Clearing House Rules.
- 2.4 **Execution of trades in LME Select**
- 2.4.1 Where an Agreed Trade is made in LME Select, the following shall apply.
- (a) The Agreed Trade made in LME Select shall, provided that it satisfies the Acceptance Criteria, be Executed at the time that LME Select confirms that the Agreed Trade is matched and that all Pre-Execution Checks are satisfied (and such time shall be the Execution Time).
 - (b) At the Execution Time, Cleared Contracts shall be automatically and immediately formed between the Clearing House and each Member that is party to, or responsible for the clearing of, the Agreed Trade, subject to and in accordance with the Clearing House Rules.
- 2.5 **Execution of trades in the inter-office market**
- 2.5.1 Where an Agreed Trade is made in the inter-office market, otherwise than when it is made by a Registered Intermediating Broker, the following process shall apply.
- (a) Upon the agreement of an Agreed Trade in the inter-office market, the parties to the Agreed Trade shall become bound to a Contingent Agreement to Trade.
 - (b) The obligations of the parties to the Contingent Agreement to Trade shall be as specified in Trading Regulation 2.10 below.

- (c) Where a Fixed Price Auction is required, in accordance with Trading Regulation 2.15, such Agreed Trade shall not be capable of Execution unless such Fixed Price Auction has first been completed.
- (d) Subject (where applicable to (c) above), the Agreed Trade shall, provided that it satisfies the Acceptance Criteria, be Executed at the time that the Matching System confirms that the Agreed Trade is matched and that all Pre-Execution Checks are satisfied (and such time shall be the Execution Time).
- (e) At the Execution Time:
 - (i) Cleared Contracts shall be automatically and immediately formed between the Clearing House and each Member that is party to, or responsible for the clearing of, the Agreed Trade, subject to and in accordance with the Clearing House Rules; and
 - (ii) the Contingent Agreement to Trade shall be discharged.

2.5.2 Where an Agreed Trade is arranged in the inter-office market by a Registered Intermediating Broker, the following process shall apply:

- (a) The Registered Intermediating Broker shall act as agent for each of its Clients, for the purposes of agreeing the Agreed Trade between such Clients.
- (b) Upon agreement of the particulars of the Agreed Trade by each Client, the Registered Intermediating Broker shall, using the Matching System RIB Screen, submit such particulars to the Clearing Member nominated by each Client as being responsible for the clearing of the Contracts that will arise upon Execution of the Agreed Trade.
- (c) Each such Clearing Member shall promptly review such particulars, and record within the Matching System, within the timescales specified in Regulation 3.5 below, whether such Clearing Member approves the Agreed Trade.
- (d) Where a Fixed Price Auction is required, in accordance with Trading Regulation 2.15, such Agreed Trade shall not be capable of Execution unless such Fixed Price Auction has first been completed. In such circumstances, the Registered Intermediating Broker shall be responsible for submitting the particulars of the PTT Orders to the Matching System RIB Screen pursuant to Regulation 2.15, in order to enable the Clearing Member(s) to approve the proposed Agreed Trade.
- (e) Upon confirmation within the Matching System that both Clearing Members (or, where both Clients have appointed the same Clearing Member, the Clearing Member) have approved the proposed Agreed Trade:
 - (i) (where a Fixed Price Auction is required), the Matching System shall initiate a Fixed Price Auction in respect of the IOM PTT Initiating Pair; and/or
 - (ii) (where a Fixed Price Auction is either not required, or has completed with the determination of an Agreed Trade) then provided that such Agreed Trade satisfies the Acceptance Criteria, it shall be Executed at the time that the Matching System confirms that the Agreed Trade is matched and that all Pre-Execution Checks are satisfied (and such time shall be the Execution Time).

- (f) At the Execution Time, Cleared Contracts shall be automatically and immediately formed between the Clearing House and each Clearing Member that is party to, or responsible for the clearing of, the Agreed Trade, subject to and in accordance with the Clearing House Rules.

2.5.3 A Registered Intermediating Broker may:

- (a) arrange an Agreed Trade in the inter-office market where such Agreed Trade involves any PTT Order or would otherwise need to be made transparent pursuant to the Pre-Trade Transparency Requirements; and
- (b) submit the IOM PTT Initiating Pair to the Matching System in respect of such Agreed Trade,

but shall not be involved in the submission of any other bids or offers to any Fixed Price Auction.

2.6 **Formation of Client Contracts**

2.6.1 Where an Agreed Trade is made between:

- (a) a Clearing Member and its Client; or
- (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:
 - (i) the Clearing Member and the Client (in accordance with Regulation 2.6.1); and / or
 - (ii) the Clearing Member and a Category 4 Member or LMEprecious Non-Clearing Member (in accordance with Regulation 2.6.1); and / or
 - (iii) a Category 4 Member or LMEprecious Non-Clearing Member and its Client (in accordance with Regulation 2.6.2)

then:

- (1) such Client Contract(s) shall be on the same commercial terms as the Cleared Contract, save that the price of the back-to-back Client Contract(s) may be marked-up or down to reflect a commission payable by the Client to the relevant Member, provided that such mark-up or mark-down to the price has been input into the Matching System prior to the Execution Time;
- (2) when the particulars of the Agreed Trade are input into the Matching System, the Clearing Member that is to become party to the Client Contract must ensure that the particulars of the Agreed Trade that will result in the Client Contract are also input into the Matching System, including the identification of the accounts to which the resulting Cleared Contract(s) should be allocated and the identification of any details reflecting the arrangements specified in (1) above, in accordance with Administrative Procedures; and
- (3) Members are reminded that a Metal Future or Premium Contract is a promise by one party to deliver metal to the other party on the specified Prompt Date and a promise by the other party to pay for that metal on the Prompt Date, and that the obligations to take and to deliver metal must remain open until such specified Prompt Date, subject to any provision of these Rules that specifies otherwise.

2.8 **Pre-Execution Checks**

2.8.1 The Exchange and/or the Clearing House will conduct the following checks prior to allowing an Agreed Trade made in LME Select or the inter-office market to be Executed:

- (a) the Agreed Trade is for a valid Contract, including having a valid Prompt Date (if applicable);
- (b) each Member that is to be party to a Cleared Contract upon Execution of the Agreed Trade is permitted to clear such Cleared Contract;
- (c) any Member that is to be party to a Client Contract upon Execution of the Agreed Trade is permitted to issue such Client Contract;
- (d) the transaction price or, in the case of a Traded Option, premium, is within an acceptable range, as specified by the Exchange from time to time;
- (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 and/or LME Select;
- (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):
 - (1) specify that any Contingent Agreement to Trade shall come into effect pursuant to such terms of business, and shall incorporate and be subject to, these Rules; and
 - (2) oblige the other party to become bound to the Contingent Agreement to Trade on the basis that the other party's obligations shall be to become bound to, and perform, the Client Contract that shall come into effect in accordance with Regulation 2.6 upon Execution of the Agreed Trade.
- 2.10.2 A Member that is party to a Contingent Agreement to Trade must not submit the particulars of the Agreed Trade into the Matching System if such Member has been declared a Defaulter under these Rules.
- 2.10.3 In the event that a Member that is party to a Contingent Agreement to Trade fails to fulfil its obligations to submit the particulars of the Agreed Trade into the Matching System within the timescales specified in Regulation 3.5:
- (a) the Member may be subject to disciplinary action for an act of misconduct in accordance with Membership Regulation 14;
 - (b) the Member shall be in breach of the Contingent Agreement to Trade and the Member acknowledges that it shall be liable to the other party to the Contingent Agreement to Trade for any loss suffered by such party as a consequence of such breach; and
 - (c) in the event that the Member becomes a Defaulter after entering into the Contingent Agreement to Trade, the Contingent Agreement to Trade shall automatically and immediately be terminated for all purposes, without prejudice to any liability that may have accrued pursuant to Regulation 2.10.3(b) above. For the avoidance of doubt, and in the absence of any specific agreement to the contrary, the references to "all purposes" above shall include the possible existence of any bilateral (OTC) contract.
- 2.10.4 Any dispute between the parties to a Contingent Agreement to Trade shall, unless resolved between the parties, be referred by either party to arbitration in accordance with the Arbitration Regulations.

2.10.5 For the avoidance of doubt, a Contingent Agreement to Trade shall not itself be a derivative contract for the purpose of EMIR or MiFID II, although the Cleared Contracts and any Client Contracts that arise pursuant to the Execution of the Agreed Trade to which the Contingent Agreement to Trade relates may be derivative contracts for such purposes.

2.11 Give-Ups

2.11.1 In the event that a Member agrees an Agreed Trade that is to be the subject of a give-up, such Member must comply with such technical, procedural and timing requirements as may be specified in Administrative Procedures, including any requirements relating to: (i) the specification of the accounts at the Clearing House to which the Cleared Contract(s) resulting from the Execution of the Agreed Trade should be allocated; and (ii) any subsequent cancellation or reversal of such Cleared Contract(s) upon acceptance of the give-up by another Clearing Member.

2.11.2 Where a Clearing Member accepts a give-up:

- (a) such Clearing Member shall comply with such technical, procedural and timing requirements as may be specified in Administrative Procedures to facilitate the acceptance of the give-up; and
- (b) the acceptance of the give-up shall, at the time that the Matching System confirms that the Agreed Trade represented by such acceptance satisfies the Acceptance Criteria and that all Pre-Execution Checks are satisfied (such time being the Execution Time), be deemed to result in the Execution of an Agreed Trade between the Clearing Member and the Client which shall result in the formation of a Client Contract between the Clearing Member and the Client, in accordance with Regulation 2.6 above.

2.12 Requirements for Registered Intermediating Brokers

2.12.1 The following requirements apply to Registered Intermediating Brokers and Agreed Trades and Contracts arranged by Registered Intermediating Brokers.

2.12.2 Registered Intermediating Brokers shall be permitted to arrange Agreed Trades only in the inter-office market. Registered Intermediating Brokers shall not be permitted to arrange Agreed Trades in the Ring, or through the facilities of LME Select.

2.12.3 Registered Intermediating Brokers may not arrange, or submit to the Matching System, any Agreed Trade the execution of which would result in such Registered Intermediating Broker becoming a counterparty to any resulting Contract (including as a Client of any other Member).

2.12.4 Registered Intermediating Brokers may arrange Agreed Trades between persons who are either Members or non-Members, and each such person shall in these circumstances be a Client of the Registered Intermediating Broker.

2.12.5 In order to arrange an Agreed Trade between two Clients, a Registered Intermediating Broker must first:

- (a) have established appropriate contractual arrangements with each Client addressing at least the following:

- (i) the Registered Intermediating Broker must be authorised to act as the agent of such Client for the purposes of arranging Agreed Trades with other Clients of such Registered Intermediating Broker;
 - (ii) the Registered Intermediating Broker must be authorised to submit to the Matching System the particulars of any Agreed Trade, for and on behalf of such Client;
 - (iii) the Registered Intermediating Broker must maintain appropriate technical and operational arrangements with each of its Clients to ensure that details of Agreed Trades are accurately recorded, reflecting a matched transaction all relevant details of which have been agreed by each Client, and capable of being input into the Matching System in accordance with these Rules;
 - (iv) the basis on which the parties shall respectively be liable for any Agreed Trade that is input into the Matching System in error or that is inputted inaccurately;
 - (v) the basis on which the Registered Intermediating Broker may otherwise be liable to the Client in connection with its performance of services on such Client's behalf, and any limitations on such liability;
- (b) have established that each Client has:
- (i) appointed a Clearing Member that will be responsible for clearing the Contract(s) resulting from the Execution of such Agreed Trade on behalf of such Client, and identified such Clearing Member to the Registered Intermediating Broker;
 - (ii) established with such Clearing Member the scope of authority to be exercised by the Registered Intermediating Broker to arrange Agreed Trades on behalf of the Client and to submit such Agreed Trades to the Matching System for clearing by the Clearing Member, including:
 - (1) any requirements, restrictions or limitations imposed by the Client on the Agreed Trades that may be arranged by the Registered Intermediating Broker; and
 - (2) any requirements, restrictions or limitations imposed by the Clearing Member on the Agreed Trades that may be cleared for the Client,
 (the "**RIB Scope of Authority**");
 - (iii) established appropriate arrangements with such Clearing Member to ensure that the Clearing Member will accept for clearing any Agreed Trades arranged by the Registered Intermediating Broker that fall within the RIB Scope of Authority;
 - (iv) communicated to the Registered Intermediating Broker the RIB Scope of Authority;
 - (v) where such Client is a Member, and the Execution of the Agreed Trade would result in the creation of one or more Client Contracts between such

Member and its own Client (and, where relevant between such Client and any Indirect Clients), that there are appropriate contractual arrangements in place between each party in the chain of Client Contracts; and

- (c) have established to which accounts of the Clearing Member at the Clearing House the Contracts resulting from the Execution of the Agreed Trade should be recorded.
- 2.12.6 A Registered Intermediating Broker must maintain appropriate systems and controls to ensure that its RIB Scope of Authority for each of its Clients are at all times (i) up-to-date within its own books and records; and (ii) notified to the relevant Clearing Member.
- 2.12.7 Without prejudice to the generality of Regulation 2.12.6 above, in the event that a Client of a Registered Intermediating Broker withdraws the authorisation of the Registered Intermediating Broker to arrange Agreed Trades on its behalf and/or to arrange the clearing of such Agreed Trades with any Clearing Member, such Registered Intermediating Broker must immediately notify the relevant Clearing Member.
- 2.12.8 In the event that a Registered Intermediating Broker inputs the particulars of an Agreed Trade into the Matching System and either:
- (a) the Agreed Trade is not accepted within the Matching System by the Clearing Member within the timescale specified in Regulation 3.5; or
 - (b) the Clearing Member rejects the Agreed Trade,
- then the Registered Intermediating Broker must promptly take reasonable steps to: (i) liaise with the Clearing Member and the relevant Clients; (ii) identify the cause of the rejection or delay of approval; and (iii) resolve the underlying issue.
- 2.12.9 Upon the resolution of the underlying issue pursuant to Regulation 2.12.8 above, the Registered Intermediating Broker must promptly re-submit the Agreed Trade to the Matching System through the Matching System RIB Screen. Such re-submission shall be effected within such timescales as are specified in Regulation 3.5, as if the time at which the underlying issue was resolved were treated as the time at which the particulars of the Agreed Trade were agreed.

2.13 Use of Registered Intermediating Brokers: Requirements for Members

- 2.13.1 Without prejudice to the obligations of the Registered Intermediating Broker under these Rules, a Member that uses a Registered Intermediating Broker shall retain responsibility for any Agreed Trades input into the Matching System by a Registered Intermediating Broker acting on such Member's behalf.
- 2.13.2 Where a Member uses a Registered Intermediating Broker to arrange any Agreed Trade that will, upon Execution, result in the creation of one or more Client Contracts (as specified in Regulation 2.12.5(b)(v) above), such Member must, prior to allowing such Registered Intermediating Broker to arrange any such Agreed Trade, provide to the Registered Intermediating Broker a list of the Clients and Indirect Clients of the Member in respect of which the Registered Intermediating Broker may arrange such Client Contracts. The Member must ensure that the Registered Intermediating Broker is at all times in receipt of an accurate and up-to-date list. The Member must provide such list to the Exchange promptly upon request.

- 2.13.3 A Clearing Member that agrees with any Client to permit a Registered Intermediating Broker to arrange Agreed Trades for such Client that may, upon Execution, be cleared by such Clearing Member, must:
- (a) maintain appropriate systems and controls to ensure that such Clearing Member is at all times able to confirm the RIB Scope of Authority prescribing the scope of permitted activity that such Registered Intermediating Broker may undertake for such Client; and
 - (b) upon receipt of an instruction from such Client indicating that such Registered Intermediating Broker is no longer to be authorised to arrange Agreed Trades on its behalf, or to clear such trades through the Clearing Member, promptly take such steps as are prudent and reasonable to ensure that no further Agreed Trades in respect of such Client that are submitted to the Clearing Member for approval by such Registered Intermediating Broker shall be approved.
- 2.13.4 A Clearing Member may reject an Agreed Trade input into the Matching System by a Registered Intermediating Broker where such Agreed Trade breaches the RIB Scope of Authority (including any limits agreed between the Clearing Member and a relevant Client).
- 2.13.5 In the event that a Registered Intermediating Broker inputs incorrect data into the Matching System in respect of an Agreed Trade and such error is identified prior to the Execution of the Agreed Trade:
- (a) the Registered Intermediary Broker must, upon identifying the error, immediately notify the Clearing Member;
 - (b) the Clearing Member must not allow an Agreed Trade, in respect of which it has received notification of an error pursuant to (a), to proceed to Execution unless and until the error has been resolved and correct information input into the Matching System;
 - (c) following receipt of such notification by the Clearing Member, the Clearing Member and the Registered Intermediating Broker must co-operate in good faith to promptly resolve the error and ensure that the correct data is input into the Matching System prior to the Execution of the Agreed Trade; and
 - (d) in the event that the error is not capable of being corrected within the timescale for approval or rejection of the Agreed Trade pursuant to Regulation 3.5.1(c)(iii), the Clearing Member must reject the Agreed Trade;
 - (e) where an Agreed Trade is to be cleared by more than one Clearing Member and an error relating to an Agreed Trade relates to, or affects, the details of the Agreed Trade that is to be approved by both Clearing Members, both Clearing Members must co-operate with the Registered Intermediating Broker and with each other to resolve the error and ensure that the correct information in respect of the Agreed Trade is input into the Matching System.
- 2.13.6 In the event that a Registered Intermediating Broker inputs incorrect data into the Matching System in respect of an Agreed Trade and such error is not identified prior to the Execution of the Agreed Trade, any liability for losses resulting to the Client and/or the Clearing Member as a consequence of such error shall be determined by the contractual terms between the

Client, the Registered Intermediating Broker and, if applicable, the Clearing Member and shall not be prescribed by these Rules.

2.14 **Delta Hedging of Option Contracts by Registered Intermediating Brokers**

2.14.1 The Matching System provides functionality to enable RIB Tier 2 Members to arrange Agreed Trades in RIB Tier 1 Products that are Futures and/or Monthly Average Futures, subject to complying with the restrictions set out in this Regulation 2.14, and notwithstanding that the RIB Tier 2 Member does not otherwise have authority under these Rules to arrange Agreed Trades in RIB Tier 1 Products.

2.14.2 RIB Tier 2 Members may use the functionality described in this Regulation 2.14 in order to arrange Agreed Trades in RIB Tier 1 Products only where such arrangements comprise part of the same "strategy" in relation to which the RIB Tier 2 Member has arranged Agreed Trades in one or more Traded Option Contracts. The purpose of such strategy must be limited to hedging the initial delta risk arising from the Traded Option Contract(s). An arrangement of the kind described in this Regulation 2.14.2 shall be referred to as a "Delta Hedged Strategy". Delta Hedged Strategies may comprise one or more Agreed Trades in Traded Option Contracts and the relevant RIB Tier 1 Products, but all of the Agreed Trades comprising a Delta Hedged Strategy must be submitted to the Matching System simultaneously.

2.14.3 Where a RIB Tier 2 Member arranges a Delta Hedged Strategy, any RIB Tier 1 Product comprising, or forming part of, such Delta Hedged Strategies shall be deemed to be a RIB Tier 2 Product in respect of which the RIB Tier 2 Member is permitted to arrange Agreed Trades, provided that:

- (a) all of the relevant Agreed Trades comprise part of the same Delta Hedged Strategy;
- (b) all Agreed Trades in RIB Tier 1 Products that comprise, or form part of, the Delta Hedged Strategy must be arranged solely for the purpose of hedging the delta risks arising from, or associated with, the Agreed Trades arranged in the Traded Option Contracts;
- (c) the counterparties to any Agreed Trade in the RIB Tier 2 Products that forms part of the Delta Hedged Strategy must also be the counterparties to the Agreed Trade(s) in the RIB Tier 1 Product(s) that comprise, or form part of, Delta Hedged Strategy;
- (d) the number of Lots of the relevant RIB Tier 1 Products must be consistent with the delta risk exposure within the Delta Hedge for the related RIB Tier 2 Product that is a Traded Options Contract.

2.14.4 In the event that a RIB Tier 2 Member arranges any Agreed Trade in a RIB Tier 1 Product otherwise than pursuant to a legitimate Delta Hedged Strategy, or in breach of the requirements specified in Regulation 2.14.2 and 2.14.3 above, such circumstance shall be an act of misconduct by the RIB Tier 2 Member for the purposes of Regulation 14 of the Membership Regulations, and may result in disciplinary action against the Member by the Exchange. In such circumstances, the disciplinary action available to the Disciplinary Committee may include, in addition to the penalties set out in Membership Regulation 14.30, the suspension of the RIB's access to the Matching System RIB Screen, or the suspension of access of any one or more individuals acting for, or on behalf of, the RIB, who the Exchange determines was involved in the act of misconduct. Any such suspension shall be for such period as the Exchange may determine.

2.15 **Pre-Trade Transparency for inter-office market trades: Fixed Price Auction**

2.15.1 A Member must not make a PTT Order otherwise than pursuant to the initiation of a Fixed Price Auction, in accordance with the requirements of Regulation 2.15.8 below.

2.15.2 An Out of Scope Order or a PTT Exempt Order shall not be subject to the Pre-Trade Transparency Requirements and shall not be required to be made transparent pursuant to a Fixed Price Auction.

Out of Scope Orders

2.15.3 The Exchange shall, from time to time, specify in the Matching Rules and/or Notices the transaction types for which an order for a trade shall comprise an Out of Scope Order.

PTT Exempt Orders

2.15.4 The Exchange shall specify in Administrative Procedures the PTT Waivers in force from time to time, and the circumstances in which an Inter-Office Order shall fall within a PTT Waiver. The Exchange shall amend such Administrative Procedures in the event that any PTT Waiver is withdrawn or otherwise ceases to be applicable to exempt any types of Inter-Office Order from the Pre-Trade Transparency Requirements. The Matching System shall determine whether an Agreed Trade submitted the Matching System comprises one or more Inter-Office Orders that is subject to a PTT Waiver.

2.15.5 An Inter-Office Order shall fall within the "**PTT Hedging Exemption**" where:

- (a) the resulting trade is to discharge an order from a "non-financial counterparty" within the meaning of Article 2(9) of EMIR; and
- (b) such trade is objectively measurable as reducing risks directly relating to the commercial activity or treasury financing activity of the non-financial counterparty.

A Member seeking to rely on the PTT Hedging Exemption shall be responsible for determining whether the Inter-Office Order satisfies the requirements set out in (a) and (b) above and for ensuring that the Agreed Trade is identified as involving an Inter-Office Order that is subject to the PTT Hedging Exemption when the particulars of the Agreed Trade are submitted to the Matching System.

Pre-Trade Communications

2.15.6 In the event that a Member:

- (a) enters into pre-execution communications with a Customer that is a Member, in relation to a trade for the Member's own account in the inter-office market; or
- (b) enters into pre-execution communications with a Customer that is not a Member, or receives a request for a quote from such a Customer for a trade that is not an order that is received for execution in the Ring or on LME Select pursuant to an order-routing facility and governed by Trading Regulations 2.7 or 12.9 to 12.15; or
- (c) is a Registered Intermediating Broker and receives a request for a quote from a Customer for a trade,

(such pre-trade communications or request for a quote, pursuant to (a) or (b) above, being a "**Pre-Trade Communications**"), then such Member shall not, in the course of such Pre-Trade Communications:

- (i) make a PTT Order; or
- (ii) in the case of a Registered Intermediary Broker, submit a PTT Order to the Matching System,

unless it first agrees to (or, in the case of a RIB, agrees with both of its Clients to) initiate a Fixed Price Auction, in accordance with the process set out in Regulation 2.15.8 below. For the purposes of this Rule 2.15, "**pre-execution communications**" shall mean communications for the purpose of discerning interest in the execution of a trade in a Contract in the inter-office market, prior to the agreement of an Agreed Trade.

2.15.7 In the event that a Member agrees to initiate a Fixed Price Auction:

- (a) except where the Member is a Registered Intermediary Broker, a Contingent Agreement to Trade shall arise for the purpose of determining the particulars of the proposed transaction that shall be submitted to the Matching System, such that:
 - (i) in the circumstances described in Trading Regulation 2.15.6(a) above, the Member shall input its own PTT Order into the Matching System in accordance with its obligations under the resulting Contingent Agreement to Trade; or
 - (ii) in the circumstances described in Trading Regulation 2.15.6(b) above, the Member shall input two PTT Orders into the Matching System (representing both sides to an Agreed Trade that would be required to effect a Cross), in accordance with its obligations under the resulting Contingent Agreement to Trade; or
- (b) where the Member is a Registered Intermediary Broker (in the circumstances described in Trading Regulation 2.15.6(c) above), the RIB shall input two matching PTT Orders into the Matching System RIB Screen, subject that such PTT Orders shall not be treated as an IOM PTT Initiating Pair for the purposes of initiating a Fixed Price Auction until the Clearing Member nominated by each Client has reviewed the particulars and approved the proposed Agreed Trade in accordance with Trading Regulation 2.5.2(c). Upon the approval of the proposed Agreed Trade by such Clearing Member(s), the PTT Orders shall be treated as received by the Matching System and shall be capable of comprising an IOM PTT Initiating Pair for the purposes of Trading Regulation 2.15.8 below.

2.15.8 **The Fixed Price Auction**

The following process must be applied where matching PTT Orders (an "**IOM PTT Initiating Pair**") are received by the Matching System pursuant to Regulation 2.15.7 above.

- (a) Following confirmation by the Matching System that it is in receipt of an IOM PTT Initiating Pair, the Exchange shall publish details that a public auction is to take effect and specifying:
 - (i) the time of commencement of such Fixed Price Auction; and

- (ii) the quantity (number of lots) represented by the IOM PTT Initiating Pair; and
- (iii) the parameters within which such auction shall be conducted, which must include:
 - (1) the type of Contract to which the IOM PTT Initiating Pair relates;
 - (2) the underlying metal, Precious Metal, Index or Cash Settled Future Index of the IOM PTT Initiating Pair; and
 - (3) the transaction price (or, in the case of a Traded Option, the premium) and Prompt Date (or, in the case of a Traded Option, the maturity or declaration month and Strike Price),

(such parameters being the "**Fixed Parameters**").

- (b) The Fixed Price Auction shall remain in effect during the Auction Window.
- (c) During the Fixed Price Auction:
 - (i) any Member (other than a RIB) with access to the Matching System may submit to the Matching System bids or offers for Contracts, at the Fixed Parameters, and for such quantity as such Member may determine, and including all relevant particulars that the Member would be required to submit in the event that the Member were submitting an Agreed Trade in respect of such Fixed Parameters;
 - (ii) In the case of:
 - (1) an IOM PTT Initiating Pair resulting from Pre-Trade Communications falling within Regulation 2.15.6(a) above either or both of the Members that submitted the IOM PTT Initiating Pair may remove their side of IOM PTT Initiating Pair from the Matching System; and
 - (2) an IOM PTT Initiating Pair resulting from Pre-Trade Communications within Regulation 2.15.7(b) above, the Member that input both sides of the IOM PTT Initiating Pair may withdraw such IOM PTT Initiating Pair from the Matching System by withdrawing both sides of the IOM PTT Initiating Pair,

and for the avoidance of doubt, the withdrawal of one or both sides of the IOM PTT Initiating Pair shall not prevent the continuation of the Fixed Price Auction and/or the agreement of Agreed Trades as a consequence of the submission by Members of bids and offers to such Fixed Price Auction, in accordance with Regulation 2.15.8(d) below; and
 - (iii) any Member that has submitted a bid or offer pursuant to (i) above may withdraw its bid or offer from the Matching System prior to the expiry of the Auction Window.
- (d) Upon the completion of the Fixed Price Auction the bids and offers received into the Matching System during the Fixed Price Auction, and remaining within the Matching

System at the expiry of the Auction Window, shall be matched on a time priority basis (by reference to the time entered into the Matching System), such that:

- (i) in the event that both sides of the IOM PTT Initiating Pair remain in the Matching System, such IOM PTT Initiating Pair shall comprise an Agreed Trade and provided that such Agreed Trade satisfies the requirements of Trading Regulation 2.5.1(d), such Agreed Trade shall be Executed in accordance with Trading Regulation 2.5.1;
- (ii) in the event that either side of the IOM PTT Initiating Pair has been removed during the Fixed Price Auction:
 - (1) subject to (iv) below, any remaining side of such IOM PTT Initiating Pair shall be matched with a corresponding matching bid or offer submitted to the Fixed Price Auction, that is first in priority to any other matching bid or offer submitted to the Fixed Price Auction, resulting in an Agreed Trade; and
 - (2) provided that the resulting Agreed Trade satisfies the requirements of the Trading Regulation 2.5.1(d), such Agreed Trade shall be Executed in accordance with Trading Regulation 2.5.1;
- (iii) each other matching pair of bids and offers received during the Fixed Price Auction, matched on the basis of a time priority, shall comprise an Agreed Trade and:
 - (1) provided that such Agreed Trade satisfies the requirements of the Trading Regulation 2.5.1(d), such Agreed Trade shall be Executed in accordance with Trading Regulation 2.5.1; and
 - (2) such Execution shall occur within the Matching System without any requirement for the parties to the Agreed Trade to re submit the particulars of the Agreed Trade to the Matching System;
- (iv) matching pursuant to (ii) or (iii) shall be determined on the basis of the Fixed Parameters, and shall not be dependent on a matching of bids and offers having the same quantity, such that:
 - (1) (in the case of matching pursuant to (ii)) the remaining side of the IOM PTT Initiating Pair may be matched with a bid or offer of a different quantity; and
 - (2) in the case of a matching of bids and offers having differing quantities, the resulting Agreed Trade shall be for a quantity equal to the smaller side of the matching pair.
- (e) For the avoidance of doubt, where any Agreed Trade arises from a bid or offer submitted, by a Member, to the Matching System pursuant to a Fixed Price Auction:
 - (i) such Agreed Trade shall be treated as having been made in the inter-office market for the purpose of these Rules; and

- (ii) the requirement for a Contingent Agreement to Trade shall be deemed to have been discharged at the point that the Member submitted its bid or offer to the Matching System, on the basis that all information that a Member would be required to submit pursuant to a Contingent Agreement to Trade should already have been submitted by such Member upon submitting its bid to the Fixed Price Auction in accordance with Trading Regulation 2.15.8(c)(i).

2.15.9 **Records**

A Member must ensure that, in addition to its other record-keeping obligations under these Rules (including Trading Regulation 3.7), it complies with the record-keeping requirements set out below.

- (a) Each Member that seeks to rely upon the PTT Hedging Exemption in respect of any Inter-Office Order must maintain a record of the basis on which the Member has determined whether the order would fall within the scope of the PTT Hedging Exemption.
- (b) The Member must provide to the Exchange, on request, any records maintained by the Member in accordance with (a) above.

2.15.10 **Administrative Procedures**

- (a) The Exchange shall specify in Administrative Procedures the PTT Waivers applicable to trades made on the Exchange from time to time.
- (b) Each Member shall consult with, and comply with, Administrative Procedures where and to the extent that such Administrative Procedures specify:
 - (i) how the requirements of this Regulation 2.15 shall be applied to specific transaction arrangements;
 - (ii) how the PTT Waivers and/or the PTT Hedging Exemption shall be applied to specific transaction arrangements; and
 - (iii) any additional operational requirements for trades falling within this Regulation 2.15 or otherwise to facilitate compliance with the MiFID II requirements on pre-trade transparency.

2.16 **Restrictions on Transactions**

- 2.16.1 The Exchange may prohibit certain types of transaction by Notice where such transactions would result in Cleared Contracts, which the Exchange, in consultation with the Clearing House, considers would be detrimental to the operation of the Clearing House's risk management processes. Such types of transaction may include (but are not limited to) transactions with another Clearing Member, the sole or primary purpose of which is to reduce the level of the Initial Margin on Cleared Contracts in an omnibus segregated client account at the Clearing House.
- 2.16.2 Upon the occurrence of an Event of Default and/or an event of default under the Clearing House Rules in relation to a Category 1, 2 or 3 Member or LMEprecious Clearing Member (notwithstanding that a default may not have been declared by the Exchange and/or the

Clearing House), the Exchange may prohibit transactions that would result in increased risk to the Clearing House by notice to the relevant defaulting Member.

- 2.16.3 Upon the occurrence of an Event of Default under these Rules in relation to a Category 4 Member or an LMEprecious Non-Clearing Member (notwithstanding that a default may not have been declared by the Exchange) the Exchange may, by notice to the relevant defaulting Member, prohibit transactions that would result in an increased risk of disorderly market conditions arising.

3. **THE MATCHING SYSTEM AND RECORDING OF TRADES**

3.1 **Responsibility for Trade Input**

- 3.1.1 Each Trading Member shall be responsible for the input into the Matching System of all Agreed Trades by him in relation to Contracts. Where a Registered Intermediating Broker arranges an Agreed Trade for a Trading Member, the Trading Member may permit the Registered Intermediating Broker to input the Agreed Trade into the Matching System on its behalf, but the Trading Member shall remain responsible, for the input of such Agreed Trade into the Matching System.

- 3.1.2 In all other circumstances where an Agreed Trade is arranged by a Registered Intermediating Broker, the Registered Intermediating Broker shall be responsible for the input into the Matching System of all Agreed Trades arranged by him in relation to Contracts.

- 3.1.3 For the purpose of input of Agreed Trades, Trading Members and Registered Intermediating Brokers shall install and maintain within their offices such electronic data input and capture systems as may be required and approved by the Exchange for the purpose of using the Matching System. They shall ensure the operational capability of such systems at all times and operate the same in accordance with any terms as may be prescribed by the Exchange.

3.2 **Form for Recording of Trades**

- 3.2.1 Agreed Trades made in the Ring shall be recorded as they are agreed on such form as may be approved by the Exchange, and shall also be input into the Matching System.

- 3.2.2 All other Agreed Trades made by Trading Members shall be recorded on Trading Members' own recording documentation and shall also be input into the Matching System.

- 3.2.3 All Agreed Trades arranged by Registered Intermediating Brokers shall be recorded on such Registered Intermediating Brokers' own recording documentation and shall also be inputted into the Matching System, subject to, and following the approval of such Agreed Trade by the Clearing Members that will be responsible for clearing such Agreed Trade.

- 3.2.4 All Agreed Trades required to be input into the Matching System shall be input in such form and within such time as may be prescribed by the Exchange from time to time.

3.3 **Identification of Clearing House Accounts**

- 3.3.1 Each Clearing Member must, in respect of each Agreed Trade that it inputs, or allows to be input by a RIB, to the Matching System specify to which account at the Clearing House the resulting Cleared Contracts should be allocated. It is the sole responsibility of the Clearing Member to ensure that any Cleared Contract that is to be allocated to a "client account" (whether it is an "omnibus" client account, an "individually segregated" client account or an

"indirect" client account) is so allocated through the input of the relevant information into the Matching System. Where an Agreed Trade is:

- (a) entered into by a Category 4 Member or an LMEprecious Non-Clearing Member; or
- (b) arranged by a Registered Intermediating Broker on behalf of a Client that has appointed the Clearing Member to clear the Contracts resulting from the Execution of the Agreed Trade,

such Member and the Clearing Member that is responsible for clearing the Agreed Trade shall comply with the Administrative Procedures with respect to the requirements for identifying the account(s) at the Clearing House to which the resulting Cleared Contracts should be allocated.

3.3.2 Members shall comply with any requirements specified by the Clearing House and any requirements under applicable law (including EMIR) regarding the identification and allocation of Cleared Contracts to accounts at the Clearing House.

3.3.3 Where:

- (a) an Agreed Trade relates to an LME Base Contract:
 - (i) an Agreed Trade between two Clearing Members shall be allocated to each Clearing Member's house account at the Clearing House;
 - (ii) an Agreed Trade between a Client and the Clearing Member responsible for clearing the Agreed Trade shall result in the allocation of Cleared Contracts to both:
 - (1) the Clearing Member's house account; and
 - (2) the Clearing Member's appropriate client account at the Clearing House;
 - (iii) an Agreed Trade between a Client and any other person shall result in the allocation of Cleared Contracts to both:
 - (1) the house account of the Clearing Member responsible for clearing the Agreed Trade; and
 - (2) the client account of the Clearing Member responsible for clearing the Agreed Trade;
- (b) an Agreed Trade relates to an LMEprecious Contract:
 - (i) an Agreed Trade that is a proprietary trade of an LMEprecious Clearing Member shall be allocated to the house account of the LMEprecious Clearing Member at the Clearing House; and
 - (ii) an Agreed Trade made by a Member, and for which an LMEprecious General Clearing Member is responsible for clearing such Agreed Trade may be allocated to a house account of the LMEprecious General Clearing Member (where the Agreed Trade is a proprietary trade of the LMEprecious

General Clearing Member falling within (i) above) or a client account of the LMEprecious General Clearing Member (in any other circumstance).

3.3.4 In the event that a Cleared Contract is allocated by the Clearing House to an administrative account due to any determination by the Clearing House that the details of the Agreed Trade submitted by a Member have incorrectly identified the account at the Clearing House to which the Cleared Contract should be allocated, the Member must, within the Opening Hours on the Business Day following the agreement of the Agreed Trade, submit corrected instructions to LME Clear, specifying the correct account to which the Cleared Contract should be allocated.

3.4 **Matching**

3.4.1 For the purpose of matching Agreed Trades the Exchange shall divide each Business Day into "Matching Periods". The Administrative Procedures shall specify the application of the Matching Periods.

3.4.2 Any dispute or difference between Trading Members as to matching of any Agreed Trade or alleged Agreed Trade may be referred to arbitration in accordance with the Rules of the Exchange by either such Trading Member.

3.5 **Deadlines**

3.5.1 Each Member responsible for the input of an Agreed Trade and all relevant particulars of the Agreed Trade into the Matching System (and, in (c) below, any Member responsible for approving an Agreed Trade) must do so within the following timescales:

- (a) where the Agreed Trade is made in LME Select, at the time of the input of the order for the Agreed Trade in LME Select;
- (b) where the Agreed Trade is made in the inter-office market (and has not been arranged by a Registered Intermediating Broker):
 - (i) (except where (ii) below applies) within 10 minutes of the Contingent Agreement to Trade in respect of the Agreed Trade having been agreed; or
 - (ii) where the Contingent Agreement to Trade in respect of the Agreed Trade is agreed:
 - (1) during the last 10 minutes of the Opening Hours of the Matching System; or
 - (2) outside the Opening Hours of the Matching System,
 within such timeframe as is specified by the Exchange from time to time; and
- (c) where the Agreed Trade is made in the inter-office market and has been arranged by a Registered Intermediating Broker:
 - (i) (except where (ii) below applies) the Registered Intermediating Broker must input the particulars of the Agreed Trade into the Matching System for approval by the Clearing Members within 10 minutes of the particulars of the Agreed Trade having been agreed;
 - (ii) where the particulars of the Agreed Trade are agreed:

- (1) during the last 10 minutes of the Opening Hours of the Matching System; or
- (2) outside the Opening Hours of the Matching System; and
- (iii) for the avoidance of doubt, where the Agreed Trade is comprised of PTT Orders, the time of "agreement" specified in (i) and (ii) above, shall be construed to mean the time that the Registered Intermediating Broker is in receipt of Pre-Trade Communications that would, subject to the subsequent approval of the Clearing Member(s), constitute an IOM PTT Initiating Pair, the Registered Intermediating Broker must input the particulars of the Agreed Trade into the Matching System through the Matching System RIB Trade Entry Screen for approval by the Clearing Members within such timeframe as is specified by the Exchange from time to time; and
- (iv) the Clearing Member must approve or reject such Agreed Trade within the Matching System, within 10 minutes of the input of such particulars into the Matching System; and
- (d) where the Agreed Trade is made in the Ring, within 10 minutes of the close of the Ring trading-period in which the Agreed Trade was Executed.

Any failure by a Member to comply with this Regulation 3.5 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.

3.5.2 Where an Agreed Trade is made in the inter-office market and its particulars are not entered into the Matching System:

- (a) (except where (b) or (c) below applies) by the close of the Opening Hours for the Business Day on which (as applicable):
 - (i) the Contingent Agreement to Trade in respect of the Agreed Trade has been agreed; or
 - (ii) the particulars of an Agreed Trade arranged by a Registered Intermediating Broker have been agreed; or
- (b) where the Contingent Agreement to Trade in respect of the Agreed Trade is agreed outside the Opening Hours, by the next following close of the Opening Hours; or
- (c) where the particulars of an Agreed Trade arranged by a Registered Intermediating Broker are agreed outside the Opening Hours, by the next following close of the Opening Hours,

the Matching System will not accept the Agreed Trade.

3.6 **Presentation of Particulars**

3.6.1 Only Agreed Trades which have been agreed in accordance with these Rules, and which satisfy the Acceptance Criteria of the Clearing House, may give rise to Contracts.

3.6.2 Particulars of an Agreed Trade presented to the Clearing House by the Matching System shall be deemed to be presented by the Clearing Members in whose names it is presented and accordingly, under the Clearing House Rules, presentation of the particulars by the Matching System shall constitute confirmation of the Agreed Trade by those Clearing Members.

3.6.3 Upon such presentation of particulars the Clearing House shall, subject as provided in the Clearing House Rules, send to each Clearing Member in whose name they are confirmed a member-registration statement showing the date and other particulars of each accepted Agreed Trade and the resulting Cleared Contract or a summary thereof. If the Clearing House does not accept an Agreed Trade particulars of which have been presented to it, it shall notify the contracting parties within a reasonable time. This provision is without prejudice to, and subject to, the rights and obligations of the Clearing House under the Clearing House Rules.

3.7 **Maintenance of Records**

3.7.1 Every Trading Member and Registered Intermediating Broker shall keep such records, with such content and in such form, as may be required to demonstrate compliance by the Member with the Rules.

In particular, Trading Members shall keep records of all Agreed Trades and resulting Contracts in such form as the Exchange may approve and such records shall include the following details:-

- (a) name of the other party;
- (b) whether the Member has bought or sold or, in the case of a Traded Option, granted or taken;
- (c) the metal or Precious Metal or Index or Cash-Settled Future Index;
- (d) whether the Contract is an LMEmini Contract;
- (e) Prompt Date (if applicable) and, in the case of a Traded Option, maturity or declaration month, Strike Price, and whether the Traded Option is a put or a call,
- (f) whether the Contract is a Monthly Average Future and, if so (i) the tradeable month which is to be used to calculate the Monthly Average Settlement Price; and (ii) the fixed price agreed between the buyer and the seller in the Contract;
- (g) whether the Contract is a Premium Contract;
- (h) in relation to any Premium Contract:
- (i) the Premium Warrant Jurisdiction; and
 - (i) the Premium Contract Price; and
 - (ii) any other details specified in the Premium Contract Regulations;
 - (iii) whether the Contract is an LMEprecious Contract;
- (j) quantity;
- (k) transaction price or, in the case of a Traded Option, premium; and

- (l) date and time of transaction; and
- (m) in relation to any Cleared Contract, the account of the Clearing House to which the Cleared Contract has been allocated by the Clearing Member, which may include for the avoidance of doubt, the Clearing Member's "house" or "proprietary" account, or a relevant "client" account, being either segregated on an "omnibus" basis or an "individual" basis with respect to the Clearing Member's Clients and, where relevant, Indirect Clients of the Clearing Member.

Registered Intermediating Brokers shall keep records of all Agreed Trades that they have arranged, in such form as the Exchange may approve, and such records shall include the following details:-

- (i) the names of the parties to the Agreed Trade (including whether such parties are Members);
- (ii) the identities of the Clearing Member(s) that are responsible for clearing the Contracts resulting from Execution of the Agreed Trade; and
- (iii) the details specified in paragraphs (b) to (m) above (subject that where any such paragraph refers to a Member, the RIB shall record the details relating to each counterparty to the Agreed Trade).

3.7.2 The time of a transaction effected by open outcry in the Ring shall be recorded by denoting the Ring-trading period in which the transaction is effected, using the appropriate abbreviation from below, as detailed further in the Matching Rules:-

"R1" for the first Ring of the first session;

"R2" for the second Ring of the first session;

"K1" for the ensuing kerb;

"R3" for the Ring of the second session;

"K2" for the ensuing kerb.

3.8 **Post-Compression Contracts**

3.8.1 For the avoidance of doubt, nothing in this Regulation 3 shall require a Post-Compression Client Contract to be separately input into the Matching System as a consequence of its creation pursuant to Compression. The input of the original trade that gave rise to the Contract that was subject to Compression is sufficient to ensure that such trade (and any Contracts and Post-Compression Contracts resulting therefrom) is recorded in the Matching System.

3.9 **Pre-Requisites to Contract Formation**

3.9.1 Upon entry into the Matching System of the particulars of any Agreed Trade, each Member that is party to the Agreed Trade (or, in the case of a Registered Intermediating Broker, that has inputted the particulars of the Agreed Trade into the Matching System) must:

- (a) specify the Clearing Member that is responsible for the clearing of the Agreed Trade for such Member;

- (b) specify the relevant account of such Clearing Member at the Clearing House to which the Cleared Contract(s) that will result from the Execution of the Agreed Trade must be allocated;
- (c) have ensured that such Clearing Member has agreed to clear the Agreed Trade and to the allocation of the Cleared Contract(s) in accordance with (b) above;
- (d) have ensured that such Agreed Trade is not agreed or entered into the Matching System unless any prior requirements specified by the Clearing House in accordance with the Clearing House Rules have been satisfied;
- (e) where any Client is to be party to any Client Contract to be formed pursuant to these Rules upon Execution of the Agreed Trade, and such Client is not a Member, have agreed terms of business with such Client providing for:
 - (i) the agreement of such Client that the formation and performance of such Client Contract shall be subject to and in accordance with these Rules, as if such Rules were incorporated into such terms of business; and
 - (ii) where any such Agreed Trade is made in the inter-office market, the formation of a Contingent Agreement to Trade between the Member and the Client, having the terms described in Trading Regulation 2.10 above.

3.9.2 Each Member must have in place systems and controls to ensure that, before it enters into an Agreed Trade:

- (a) where the Member is a Clearing Member, it can; or
- (b) where the Member is not a Clearing Member, its Clearing Member can

at all times comply with any requirements imposed by, and systems operated by, the Exchange or the Clearing House regarding the verification that the Clearing Member has sufficient collateral.

3.10 **Corrections**

3.10.1 In the event that the Matching System determines that an Agreed Trade made in LME Select or the inter-office market has failed to satisfy any Pre-Execution Checks on the basis of the checks (any such failed check being a "**Failed Check**") applied to any Member that is party to the Agreed Trade or that would be party to any Cleared Contract resulting from the Execution of such Agreed Trade, the Member shall comply with the requirements of the Administrative Procedures regarding the correction of such Failed Checks.

3.10.2 Where, as a consequence of a Member having submitted incorrect information to the Matching System in respect of an Agreed Trade, the resulting Cleared Contract(s) are allocated by the Clearing House to the incorrect account of the Clearing Member, the Member must promptly submit corrected information to the Matching System.

3.11 **Failure to Input Ring Trade**

3.11.1 In the event that:

- (a) a Member has Executed an Agreed Trade in the Ring;

- (b) the Member subsequently becomes a Defaulter; and
- (c) prior to becoming a Defaulter, the Member has failed to input the particulars of the Agreed Trade into the Matching System, or has input particulars that are incorrect in any respect,

then the Exchange may, where it has evidence of the particulars of the Agreed Trade, input such particulars into the matching system on behalf of the Member in order to ensure that such particulars are recorded within the systems of the Exchange and the Clearing House, and to enable the Clearing House to identify the Cleared Contract(s) that have come into effect from the Execution Time. The Exchange may use such information as it has available to it to determine the relevant particulars, including any information available from recordings of the dealings in the Ring.

3.12 **Agreed Trades as Gross Transactions**

Each Member shall ensure that the details of each Agreed Trade arranged in the inter-office market that is input by or on behalf of the Member into the Matching System shall constitute the details of a single, distinct transaction, without the application of any netting, compression or aggregation by the Member of multiple transactions or Agreed Trades, except where:

- (a) the Member has aggregated Agreed Trades representing either multiple buy or multiple sell transactions (being transactions in the same direction); and/or
- (b) where Agreed Trades representing multiple buy or multiple sell transactions (being transactions in the same direction) have their Prompt Date adjusted to another date in accordance with the Rules.

For the avoidance of doubt, this provision is without prejudice to the ability of a Member to participate in the OTC Backloading Service in accordance with the Matching Rules and the Clearing House Rules.

3.13 **Administrative Procedures**

3.13.1 Administrative Procedures shall apply to determine how Members shall effect certain trading operations using the facilities of the Exchange. The Administrative Procedures containing the "Matching Rules" shall be supplemental to these Trading Regulations.

3.13.2 In the event of any conflict between these Rules and the Administrative Procedures, these Rules shall prevail.

4. **PRICE INFORMATION**

4.1 For the purpose of disseminating information as to prices at any time during business hours of any Business Day:-

4.1.1.1 the Exchange shall, during Ring and kerb trading, input current prices for all types of contract traded in the Ring to the Exchange's price-reporting system;

4.1.1.2 the Exchange shall, during LME Select trading hours, input the current best bid and best offer prices shown on LME Select and the aggregated volumes for each, together with the price and volume of each trade transacted, to the Exchange's price-reporting system;

4.2 Representatives of the Exchange shall be in attendance during Ring and kerb trading on each Business Day for the purpose of maintaining a record of trends in prices bid, offered and traded for all Contracts and, in respect of Carries, of price spreads.

4.3 Members shall not supply the aforementioned pricing-information in the form of a video- or data-feed directly or indirectly to any financial information service provider other than the Exchange or any of its authorised agents without prior written consent of the Exchange.

5. SETTLEMENT PRICES AND OTHER OFFICIAL PRICES

Official Prices and official Settlement Prices – Metal Futures and Premium Contracts

5.1 The Quotations Committee shall determine Official Prices and official Settlement Prices for each Metal Future and Premium Contract, for the Prompt Dates set out in Regulation 5.2 below, as applicable. The Official Prices and official Settlement Prices shall be determined in accordance with the applicable Pricing Methodology. The Official Prices and official Settlement Prices shall be determined in the Major Currency of each relevant metal, and published via the Exchange's usual market data feeds. The Official Prices and the official Settlement Prices shall, promptly following their determination, be provided by the Exchange to the Clearing House.

5.2 Official Prices and official Settlement Prices shall be determined for the Prompt Dates set out below:

For all Metal Futures:-

- (a) Cash and three months for all metals for which there is a morning Ring session;
- (b) fifteen months forward in the case of Steel Billet, Cobalt, Molybdenum and Tin;
- (c) the third Wednesday in December of the following calendar year in the case of Aluminium Alloy and North American Special Aluminium Alloy; and
- (d) the third Wednesday in December of each of the following three calendar years in the case of all other metals,

For Premium Contracts:-

- (e) the third Wednesday in the first, fourth and fifteenth months forward for each type of Premium Contract.

5.3 If the second succeeding Business Day is a Prompt Date, the Official Prices as determined under Regulation 5.1 above shall be the Settlement Prices for the relevant Metal Future or relevant Premium Contract (as applicable) for that Prompt Date.

Unofficial Closing Prices – Metal Futures and Premium Contracts

5.4 The Quotations Committee shall determine Unofficial Closing Prices for Metal Futures and Premium Contracts, for the Prompt Dates set out in Regulation 5.2 (as applicable), in accordance with the applicable Pricing Methodology. Such Unofficial Closing Prices shall be determined on the basis of trading in the Execution Venue(s) specified by the Pricing Methodology and shall be determined and published at the times specified by the Exchange on the LME Website.

Electronic determination of Official Prices and official Settlement Prices

5.5 At any time on or following the occurrence of a Ring Price Liquidity Event, the Exchange may determine that the Official Prices and official Settlement Prices for any or all Metal Futures and/or Premium Contracts shall be determined using any Pricing Methodology that the Exchange considers appropriate to facilitate the orderly determination of such prices (an “**Electronic Pricing Commencement Determination**”). Irrespective of whether the Ring Price Liquidity Event affects one or more Metal Futures or Premium Contracts, and/or one or more Prompt Dates, the Exchange shall have full discretion to determine whether an Electronic Pricing Commencement Determination may be made in respect of:

- (a) one or more, or all, Metal Futures and/or Premium Contracts; and/or
- (b) one or more, or all, Prompt Dates set out in Regulation 5.2

and whether to make one or more Electronic Pricing Commencement Determinations in respect of different Metal Futures, Premium Contract and/or Prompt Dates at different dates.

In the event that the Exchange makes an Electronic Pricing Commencement Determination, the Exchange shall specify, by Notice:

- (i) that LME Select shall be used as the primary means by which to determine the Official Prices and official Settlement Prices for the Contracts and Prompt Dates specified in the Notice, and that trading activity in the Ring shall no longer be used to determine such prices;
- (ii) the Pricing Methodology that shall be used to determine such Official Prices and official Settlement Prices; and
- (iii) the date(s) from which such changes shall take effect.

The Exchange may make an Electronic Pricing Commencement Determination at any time on or following the occurrence of a Ring Price Liquidity Event. For the avoidance of doubt, in the event that a Ring Price Liquidity Event ceases to persist at any time after an Electronic Pricing Commencement Determination, the Exchange shall be under no expectation or obligation to reverse or otherwise revoke such determination.

5.5A When making any Electronic Pricing Commencement Determination under Regulation 5.5:

- (a) the Exchange shall have regard to its regulatory obligations to maintain orderly markets and to ensure the robustness and integrity of its prices; and
- (b) the Exchange may consult on any changes to the Pricing Methodology, where required in accordance with its regulatory obligations, subject that the Exchange shall not be required to consult on the re-introduction of any Pricing Methodology that has previously been used by the Exchange to determine any such Official Price or official Settlement Price including where such Pricing Methodology has been utilised solely for business continuity purposes.

Index Settlement Price

5.6 After the close of the afternoon Ring-trading session on the Prompt Date of each Index Contract, the Quotations Committee shall determine and publish the level of the Index based upon the Closing Prices of the Constituent Metals determined and published for that day in

accordance with Regulation 6.1 of these Trading Regulations. The level of the Index so determined shall immediately be reported by the Company to the Clearing House and shall be the Settlement Price for the Index for such Index Contracts and for Cleared Contracts that have come into effect pursuant to the registration of Index Contracts by the Clearing House.

5.7 **Settlement Prices for Cash-Settled Futures and LMEprecious Futures and Closing Prices for Specified Metals**

Cash-Settled Futures

5.7.1 Each Cash-Settled Futures Daily Settlement Price shall be calculated in accordance with the applicable Pricing Methodology.

5.7.2 Each Cash-Settled Futures Final Settlement Price shall be determined with reference to the corresponding Cash-Settled Future Index.

5.7.3 Errors in the Cash-Settled Future Index

Unless specified otherwise in the relevant Special Contract Rules for Cash-Settled Futures the following shall apply:

- (a) If, not later than 30 minutes after the Cash-Settled Futures Final Settlement Price has been published by the Exchange, any Member of the Exchange notifies the Exchange of, or it otherwise comes to the attention of the Exchange that there is an alleged or apparent error in the Cash-Settled Future Index, then the Exchange shall promptly request the index provider investigate such alleged or apparent error. If in the index provider's opinion an error has been made, the index provider shall correct any Cash-Settled Future Index value affected thereby and the Exchange shall as soon as reasonably practicable publish a correction to the Cash-Settled Futures Final Settlement Price, as required.
- (b) No correction to the Cash-Settled Future Index shall be made other than may be allowed for in Regulation 5.7.3(a).
- (c) Without prejudice to the generality of Regulation 19 (*Liability*) of these Trading Regulations, neither the Exchange nor its officers, employees, agents or representatives shall have any liability whatsoever in respect of any decision as to whether or not to correct the Cash-Settled Future Index, or as to whether or not to re-determine the Cash-Settled Futures Final Settlement Price.

LMEprecious Futures

5.7.4 The LMEprecious Daily Settlement Price and LMEprecious Final Settlement Price shall be determined in accordance with such methodology as the Exchange may specify by way of Notice from time to time, with:

- (a) the Clearing House having ownership, and overall responsibility for the determination, of the LMEprecious Daily Settlement Price and the LMEprecious Final Settlement Price; and
- (b) the Exchange, as the delegate of the Clearing House, having day-to-day responsibility for the determination of such Settlement Prices on a delegated basis.

- 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 such methodology as the Exchange may specify by way of Notice from time to time, with:
- (a) the Clearing House having ownership, and overall responsibility for the determination, of the daily Settlement Price for Metal Options, Traded Average Price Options, Index Options and LMEprecious Options; and
 - (b) the Exchange, as the delegate of the Clearing House, 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 valuations. Such methodology shall be set out by Notice. Without prejudice to the generality of the foregoing, the Exchange may determine the volatilities prevailing in the Market at such 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 by the time specified by Notice. The determination of the Closing Prices will take into account mandatory submissions from Members, voluntary submissions 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. For the avoidance of doubt, the Exchange shall be acting as the delegate of the Clearing House when making any determination or exercising any discretion pursuant to this Regulation 5.8.3.
- 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.
- 5.8.5 If a Client (who is not also a Member) is active in a particular Metal Option, Traded Average Price Option, Index Option and/or LMEprecious Option at any particular time, such Client may choose to submit closing volatilities to the Exchange on a daily basis for the purpose of the Clearing House valuations. The Exchange (in consultation with the Clearing House) will

have absolute discretion to stop using voluntary submissions from any particular Client if they are deemed to be inaccurate or unreflective of volatilities prevailing in the market. Neither Clients nor Members shall be liable for any inaccurate or unreflective submissions made under this Regulation 5.8.5. For the avoidance of doubt, the Exchange shall be acting as the delegate of the Clearing House when making any determination or exercising any discretion pursuant to this Regulation 5.8.5.

- 5.8.6 For the avoidance of doubt, the daily Settlement Price for LMEprecious Options may be used for the purpose of margin calculations, but shall not be the price by reference to which the contract shall be exercised or abandoned on the Expiry Day (which price shall be the Settlement Price comprising the Exercise Reference Price, as determined in accordance with the LMEprecious Option Regulations).

6. CLOSING PRICES AND MARGIN

- 6.1 On each Business Day, the Quotations Committee shall determine, in accordance with the applicable Pricing Methodology:

- (a) Closing Prices in the Major Currency for each Metal Future for each Prompt Date;
- (b) the Premium Contract Closing Prices for each Prompt Date; and
- (c) the Index Futures Closing Price for each month forward.

Such prices shall be determined after such time on each Business Day as shall be specified by the Exchange by Notice or on the LME Website from time to time.

The Exchange shall contemporaneously publish these prices and shall communicate them to the Clearing House within a reasonable time after determination of the prices. The Quotations Committee shall, at the same time, advise the Clearing House of such quoted values of Metal Contracts and Premium Contracts for such other Prompt Dates as may be necessary to enable current prices for all Prompt Dates to be calculated.

For the purposes of Initial and Variation Margin, Carries shall comprise two or more separately identifiable Contracts each with a different Prompt Date.

- 6.2 Where any documentation issued by the Exchange in relation to LMEprecious Futures refers to the "Closing Price" of such Contract(s), such reference shall be construed to mean the LMEprecious Daily Settlement Price.
- 6.3 The Exchange may, subject to consultation where appropriate in the circumstances, determine that the methodology and/or source of data to be used for determining the Closing Prices of any Metal Future or Premium Contract (and in respect of any Prompt Date of any Metal Future or Premium Contract) shall be changed, either on a time-limited or on a permanent basis. In the event that the Exchange proposes to make such a change, the Exchange shall, by Notice, provide Members with advance prior notice of the change and the basis on which such Closing Prices shall be determined. The Exchange shall provide such notice as it considers reasonable in the context of the proposed change and any operational impact on Members and the wider population of users of the Closing Prices.

7. PAYMENT SYSTEM

Every Clearing Member shall make such arrangements as may be requisite for his participation in the payment system administered by the Clearing House.

8. PROMPT DATES

8.1 Metal Futures may have any of the following Prompt Dates (but subject, where relevant, to sub-paragraph 8.2 and 8.4 of this Regulation):-

- (a) Cash Today;
- (b) Cash;
- (c) each other day forward from Cash to the day which is three months forward from the date upon which the Contract is made (the "three-months date");
- (d) each Wednesday falling after the three-months date until and including the last Wednesday in the sixth calendar month after the calendar month in which the Contract is made;
- (e) each third Wednesday in each calendar month from and including the seventh calendar month to and including the fifteenth calendar month in the case of Contracts for Cobalt, Molybdenum, Steel Billet and Tin, or the twenty-seventh month in the case of Contracts for Aluminium Alloy and North American Special Aluminium Alloy, or the sixty-third month in the case of Lead, Primary Nickel and Special High Grade Zinc, or the one hundred and twenty-third month in the case of High Grade Primary Aluminium and Copper – Grade A, after the calendar month in which the Contract is made; or
- (f) the second Business Day of each calendar month from and including the fourth calendar month to and including:
 - (i) the twenty fourth calendar month after the calendar month in which the Contract is made, in the case of Contracts for Aluminium Alloy, North American Special Aluminium Alloy, High Grade Primary Aluminium, Copper – Grade A, Primary Nickel and Special High Grade Zinc; or
 - (ii) the fifteenth calendar month after the calendar month in which the Contract is made, in the case of Lead and Tin.

8.2 Index Contracts may have as their Prompt Dates (but subject, where relevant, to sub-paragraph 8.4 of these Trading Regulations) the second Wednesday in each permitted expiry month.

8.3 No Metal Contract in which the price is denominated in a currency other than sterling, US dollars or euro may be made for Cash Today or with a Prompt Date falling on a day which the Exchange shall have declared to be a day on which commercial banks in the principal financial centre for the currency concerned will not be open for the transaction of foreign exchange business. No Metal Option Contract may be made which, on declaration, would result in a Futures Contract with such a Prompt Date.

8.4 Exceptions

- 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 Exchange has 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, 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 (or, where a particular date is not a Prompt Date, that such date shall 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; 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.

- 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; 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.
- 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.

- 9.1.3 Settlement of all Cleared LMEmini Contracts shall be made in cash on the relevant Prompt Date by reference to the Settlement Price determined for that Prompt Date for the relevant underlying metal, provided that only 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 shall be payable by or to the buyer or seller, as the case may be, multiplied by the Contract size.
- 9.1.4 In addition to their settlement on the Prompt Date, all Cleared LMEmini Contracts shall be subject to settlement to market in accordance with the Clearing House Rules.
- 9.1.5 Settlement of all Cleared Index Futures shall be made in cash on the Settlement Business Day following the Prompt Date. Settlement shall be made by reference to the Settlement Price of the Index, determined as provided in Trading Regulation 5.6, provided that only the difference between the Settlement Price of the Index and the Contract price shall be payable by or to the buyer or seller, as the case may be, multiplied by the Contract size.
- 9.1.6 In addition to their settlement on the Settlement Business Day following the Prompt Date, all Cleared Index Futures shall be subject to settlement to market in accordance with the Clearing House Rules.
- 9.1.7 Settlement of Index Options exercised in accordance with the Index Options Regulations shall be made in cash on the Settlement Business Day following the Prompt Date. The Granter shall pay to the Taker an amount in cash equal to the difference between the Settlement Price of the Index and the Strike Price multiplied by the Contract size.
- 9.1.8 Settlement of all Monthly Average Futures shall be made in cash on the relevant Prompt Date. Settlement shall be made by reference to the Monthly Average Settlement Price for the relevant tradeable month for the relevant underlying metal, provided that only the difference between the Monthly Average Settlement Price for the relevant tradeable month for the relevant underlying metal and the fixed price agreed by the buyer and seller in the relevant Contract shall be payable by or to the buyer or seller, as the case may be, multiplied by the Contract Size.
- 9.1.9 In addition to their settlement on the Prompt Date, all Cleared Monthly Average Futures shall be subject to daily marking to market in accordance with the Clearing House Rules.
- 9.1.10 Settlement of all Cleared Cash-Settled Futures shall be made in cash on the relevant Settlement Business Day specified in the Special Contract Rules for Cash-Settled Futures. Settlement shall be made by reference to the Cash-Settled Futures Final Settlement Price, determined in accordance with the process specified in the relevant Special Contract Rules for Cash-Settled Futures.
- 9.1.11 In addition to their settlement on the relevant Settlement Business Day specified in the Special Contract Rules for Cash-Settled Futures, all Cleared Client-Settled Futures shall be subject to daily settlement to market in accordance with the Clearing House Rules.
- 9.1.12 Cleared Cash-Settled Futures shall settle in accordance with the relevant Special Contract Rules for Cash-Settled Futures.
- 9.1.13 Cleared Premium Contracts shall settle in accordance with the Premium Contract Regulations.
- 9.1.14 Settlement of Cleared LMEprecious Options exercised in accordance with the LMEprecious Option Regulations shall be made on the Prompt Date by the coming into effect of an

LMEprecious Future, in accordance with the LMEprecious Option Regulations and the Clearing House Rules.

9.1A **Cleared LMEprecious Futures – Settlement by Delivery**

9.1A.1 Settlement of all Cleared LMEprecious Futures shall be made by delivery of the relevant Lots of Precious Metal on the relevant Prompt Date in exchange for payment in US Dollars, calculated by reference to the LMEprecious Final Settlement Price determined for that Prompt Date and in accordance with the Clearing House Rules.

9.1A.2 In addition to their settlement on the Prompt Date, all Cleared LMEprecious Futures shall be subject to daily settlement to market in accordance with the Clearing House Rules.

9.1A.3 If a Clearing Member fails duly to deliver any amount of Precious Metal due to be delivered to the Clearing House:

- (a) the Clearing House may take such action as may be specified under the Clearing House Rules;
- (b) such failure shall constitute an act of misconduct for the purposes of Regulation 14 of the Membership Regulations; and
- (c) notwithstanding any application of the disciplinary process in Regulation 14 of the Membership Regulations, the Exchange shall co-ordinate with the Clearing House to determine the level of any fine or other penalty to be levied on the Clearing Member and the basis on which such fine or penalty may be imposed. For the avoidance of doubt, any failure by the Exchange to levy a fine or other penalty on the Clearing Member in respect of any failure to deliver Precious Metal shall not prevent the Clearing House from levying any fine or other penalty on the Clearing Member in accordance with the Clearing House Rules (and vice versa).

9.2 **Cleared Metal Contracts - Settlement of Differences:**

Differences shall be established on the relevant Prompt Date, in respect of all Cleared Metal Contracts, between the contract price and the Settlement Price determined for that Prompt Date. The Clearing House shall account to Clearing Members for differences thus established by placing the same to their credit or debit as the case may require in accordance with the Clearing House Rules.

9.3 **Cleared Metal Contracts - Closing by Offset:**

Bought and sold Cleared Metal Contracts of a Clearing Member for the same metal and Prompt Date and in the same currency shall, to the extent that they match each other, be closed on their Prompt Date by offsetting.

9.4 **Cleared Metal Contracts - Settlement by Delivery:**

9.4.1 The net Lots covered by Cleared Metal Contracts remaining following offset under Trading Regulation 9.3 shall be settled on their Prompt Date by payment subject to the Clearing House Rules.

9.4.2 The Clearing House shall raise invoices or credit notes for the contract weight of the net Lots covered by such Cleared Metal Contracts at the Settlement Price and in the currency of the relevant Cleared Metal Contract and shall deliver the same to the relevant Clearing Members.

Such invoices and credit notes shall be for the contract weight without allowance for storage rent accrued and differences between contract weight and Warrant weight.

9.4.3 Payments and receipts in respect of the invoices and credit notes raised by the Clearing House under Trading Regulation 9.4.2 shall be effected through the payment system or, in the case of payments to sellers, in such other form as shall be specified by the Clearing House.

9.4.4 The net Lots covered by Cleared Metal Contracts following offset under Trading Regulation 9.3 which match as to metal and tonnage but not as to currency, shall be offset for the purposes of establishing the net number of Warrants to be settled by delivery subject to the Clearing House Rules. Such delivery of Warrants shall, from the date prescribed by the Exchange for the relevant metal, be effected pursuant to LMEsword in accordance with the LMEsword Regulations and Operating Procedures and the Clearing House Rules.

9.4.5 On the Business Day following the Prompt Date the Clearing House shall call on seller or buyer as requisite in order that allowances for accrued storage rent, and any difference between Warrant weight and contract weight be accounted for in respect of Warrants transferred to the buyer in accordance with the Clearing House Rules.

9.4.6 If a Clearing Member fails duly to deliver a Warrant due to be delivered to the Clearing House, the Clearing House may, without prejudice to its rights under the Clearing House Rules:

9.4.6.1 without prejudice to the accrued rights for damages of the Clearing House and the affected buying Clearing Member(s), direct the Warrant be delivered to and by the Clearing Member on the Business Day next following the Prompt Date, that the Contract terms be adjusted accordingly and the parties' payment obligations and entitlements thereunder be adjusted to give such rate of compensation to the buyer as the Exchange may from time to time direct; or

9.4.6.2 Invoice Back the metal due to be delivered in accordance with Trading Regulation 10.4.

This Trading Regulation 9.4.6 shall apply subject to any directions of the Exchange made under Trading Regulation 17.1 or 17.2 below. The Exchange may prescribe such penalties for non-delivery of Warrants as it may from time to time deem fit in the Operating Procedures or by Notice.

9.4.7 The Exchange may prescribe dates in advance of the dates prescribed under Trading Regulation 9.4.4, following which Clearing Members may deliver only Warrants issued utilising LMEsword.

9.5 **Client Contracts – General**

The provisions of this Trading Regulation 9.5 apply to the settlement of Client Contracts as between the Member and its Client. Any Cleared Contract that arises between a Clearing Member and the Clearing House pursuant to the Clearing House Rules that corresponds to a Client Contract, shall be settled in accordance with (i) Trading Regulations 9.1 to 9.4 above and (ii) the provisions of the Clearing House Rules.

9.6 **Client Metal Contracts**

9.6.1 Client Metal Contracts shall settle by offset or delivery.

Client Metal Contracts - by Offset:

- 9.6.2 Offsetting bought and sold Client Metal Contracts with the same Prompt Date and currency shall be settled on contract (round) weights, buyer and seller paying or receiving as the case may be any difference between the Contract prices of the Contracts so offset.

Client Metal Contracts - by Delivery:

- 9.6.3 Delivery of Warrants and settlement in respect of unmatched Client Metal Contracts shall be effected in accordance with the terms of the Client Metal Contract between the parties and the Contract Regulations. Such terms must require Warrants to be delivered by no later than 09.00 hours on the Prompt Date when a Category 4 Member or non-Member is the seller and transferor, and no later than 13.30 hours (so far as enabled by the seller's best endeavours) when a Clearing Member is the seller and transferor of the Warrants. Delivery shall be effected pursuant to LMEsword in accordance with the LMEsword Regulations and Operating Procedures governing ex-cleared transfers.

9.7 Daily Settling Client Contracts

- 9.7.1 This Regulation 9.7 of the Trading Regulations shall apply to:

- (a) Client Index Futures;
- (b) Client LMEmini Futures;
- (c) Client Cash-Settled Futures;
- (d) Client LMEprecious Futures

(each being a type of "**Daily Settling Client Contract**").

- 9.7.2 The Daily Settling Client Contracts listed in Regulation 9.7.1 above shall settle on the following basis:

- (a) Client Index Futures shall settle in cash on the Settlement Business Day following the Prompt Date in the same way as Cleared Index Futures as described in Trading Regulation 9.1.5.
- (b) Client LMEmini Futures shall settle in cash on the Prompt Date in the same way as Cleared LMEmini Futures as described in Trading Regulation 9.1.3.
- (c) Client Cash-Settled Futures shall settle in cash on the relevant Settlement Business Day specified in the Special Contract Rules for Cash-Settled Futures in the same way as Cleared Cash-Settled Futures as described in Trading Regulation 9.1.10.
- (d) Client LMEprecious Futures shall settle by the delivery of Precious Metal from the Seller to the Buyer on the Prompt Date.
- (e) Such Daily Settling Client Contracts shall also be subject to daily settlement to market or daily marking to market as agreed between the Member and its Client on the basis set out below.

- 9.7.3 As agreed between the Member and its Client, the Member shall effect the daily settlement to market of all open Daily Settling Client Contracts of each type. Regulations 9.7.4 to 9.7.6 below shall be subject to the application of Regulations 9.7.7 and 9.7.8, where applicable.

Calculation of Daily Settlement Amounts

- 9.7.4 In order to create a daily settlement amount, the Member shall, in respect of each open Daily Settling Client Contract of each type, effect between it and its Client a settlement contract, being a book-entry Contract on the same terms (except as to price) as the open Contract, save that where the Client is a buyer under the terms of the Contract, the Client shall be a seller under the terms of the settlement contract and vice versa, at the relevant price, being:
- (a) in respect of Client Index Futures, the Index Futures Closing Price;
 - (b) in respect of LMEmini Futures, the LMEmini Futures Closing Price;
 - (c) in respect of Cash-Settled Futures, the Cash-Settled Future Daily Settlement Price;
 - (d) in respect of LMEprecious Futures, the LMEprecious Daily Settlement Price,
- (each being the "**Relevant Daily Settlement Price**").

For the avoidance of doubt, the settlement contract shall not be registered in the Matching System.

- 9.7.5 The Member shall, upon completion of the procedure in Trading Regulation 9.7.4 above, calculate the daily settlement amounts and the Member and its Client shall (unless otherwise agreed) settle any daily settlement amounts arising.

Daily Settlement to Market and Marking to Market

- 9.7.6 Subject to the application of Regulation 9.7.7, where applicable, the Member shall, upon completion of the calculation of daily settlement amounts pursuant to Trading Regulation 9.7.5 above:
- (a) In respect of those open Contracts in a Client's name which have been settled pursuant to Trading Regulation 9.7.4 and which are subject to daily settlement to market, enter into and record in its books at the Relevant Daily Settlement Price referred to in Trading Regulation 9.7.4 above, book-entry Contracts in the Client's name as open Contracts on the same terms (except as to price) as the settled open Contracts, save that the Member shall not enter into and record in its books Contracts in the name of the Client if to do so would result in the Client being the purchaser under one type of Daily Settling Client Contract and the seller under another Daily Settling Client Contract of the same type, each such Daily Settling Client Contract having the same maturity month. For the avoidance of doubt, these book-entry Contracts shall not be registered in the Matching System.
 - (b) In respect of those open Contracts in a Client's name which have been settled pursuant to Trading Regulation 9.7.4 above and which are subject to daily marking to market enter into and record in its books at the Relevant Daily Settlement Price referred to in Trading Regulation 9.7.4 above, new book-entry Contracts in the Client's name as open Contracts on the same terms (except as to price) as the settled open Contracts.

For the avoidance of doubt, these book-entry Contracts shall not be registered in the Matching System.

Position Management where netting, aggregation or close out is applied to Client-Related Cleared Contracts

9.7.7 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 Position Netting at the Clearing House, and the corresponding Underlying Client Contracts are Daily Settling Client Contracts, such Underlying Client Contracts shall also be automatically and simultaneously subject to Position Netting 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 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 such new Client Contracts; and
- (c) such new Client Contracts shall represent back-to-back Contracts to each post-netting Cleared Contract that is in effect following the Position Netting at the Clearing House, such that:
 - (i) for each post-netting Cleared Contract, there shall be a corresponding new 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 such a new Client Contract shall be the Variation Margin amounts applicable to the post-netting Cleared Contracts or such larger sum as may be agreed between the parties,

save that Position Netting 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 Position Netting under the Exchange Rules; and

- (d) where Position Netting results in the close out by netting of Client-Related Cleared Contracts, the Underlying Client Contracts corresponding to such Client-Related Cleared Contracts shall also be automatically and simultaneously closed out by netting.

9.7.8 Each Clearing Member that, under the Clearing House Rules, maintains Client-Related Cleared Contracts allocated to any of its client accounts at the Clearing House on the basis of the application of Position Netting at the Clearing House must:

- (a) have ensured that, prior to the implementation of any Position Netting 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 Regulation 9.7.7 and this Regulation 9.7.8, and do not contain provisions which would conflict with or frustrate the Position Netting of any Underlying Client Contract in accordance with Regulation 9.7.7 and this Regulation 9.7.8;
- (b) ensure that any Client that is party to an Underlying Client Contract that is or may be subject to Position Netting under the Exchange Rules:
 - (i) is notified of the fact that such Position Netting may occur, and when such Position Netting will take effect; and
 - (ii) upon Position Netting under the Exchange Rules, is promptly notified of the effect of Position Netting, such that the Client is at all times on notice of the Client Contracts (including the post-netting 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-netting Client Contract) represents the clearing of which Client Contract (including a post-netting 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 reconciliation of the Client Contracts with the corresponding Cleared Contracts (including the post-netting Cleared Contracts).

9.8 **Client LMEprecious Future Contracts - Delivery**

Delivery of Precious Metal and settlement in respect of Client LMEprecious Futures shall be effected in accordance with the terms of the Client LMEprecious Future between the parties and the Contract Regulations. Such terms must require Precious Metal to be delivered by no later than:

- (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 Exchange.
- 10.3 If upon reference made to it by the Clearing House the Exchange is of the opinion that the default is of minor significance, it may thereupon determine the issue upon such evidence before them as it may deem relevant and convey its 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 the second Ring of the first session (R2). Participation in all other Ring sessions shall be voluntary. 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 In the event of a fire or other emergency, the Chief Executive, the Chief Operating Officer or 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. In particular:
- (a) 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
 - (b) 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 Dealers will still comply with the following:
- (a) Dealers must not bid or offer at a price which is unknown at the time the bid or offer is made; and
 - (b) 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 |

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 Regulations 13 and 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 in order to ensure that they comply with their obligations under the Rules, including without limitation, to maintain the confidentiality and anonymity of LME Select trading activity.
- 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) not disclose LME Select trading activity (including the identity of any counterparties) to third parties other than as compelled by law or regulation; and
 - (c) ensure that only internal authorised personnel are able to access data relating to the identity of trading counterparties. LME Select Participants must ensure that:
 - (i) such internal authorised personnel are those individuals who, from an operational perspective, require access to the identity of trading counterparties in order to action a price adjustment in accordance with a direction from the Exchange pursuant to the Exchange's 'Error Trades and Erroneous Order Submissions Policy'; and
 - (ii) such internal authorised personnel do not include any individuals that are involved in trading decisions or the taking of orders from clients or counterparties.
- 12.5 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.

- 12.6 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.
- 12.7 The following rules of trading procedure shall apply at all times when the central order book is open for order matching:-
- 12.7.1 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;
- 12.7.2 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;
- 12.7.3 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;
- 12.7.4 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;
- 12.7.5 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;
- 12.7.6 dealers must act with due skill care and diligence at all times whilst dealing on LME Select; and
- 12.7.7 permitted orders shall be in accordance with those prescribed by the Exchange from time to time.

Order routing services (Direct Electronic Access)

- 12.8 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. Any Sponsored Access order-routing arrangements are subject to prior authorisation by the Exchange.
- 12.9 LME Select Participants must have in place appropriate pre- and post-trade risk controls and procedures for LME Select activity. LME Select Participants offering order-routing facilities to Clients must ensure that all orders submitted by Clients are subject to appropriate pre- and post-trade risk controls and procedures that have been implemented by the LME Select Participant concerned. Such controls must be equivalent to, and not less effective or robust than, the controls that the Exchange requires Members to establish in respect of their own LME Select activities. Sponsored Access providers must at all times be exclusively entitled to set and modify the parameters of these controls. LME Select Participants may not rely upon any pre- or post-trade risk controls or procedures that Clients may have implemented themselves to satisfy these requirements.
- 12.10 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, as they apply to Direct Market Access and

Sponsored Access arrangements (and in relation to Sponsored Access, including but not limited to, article 22 of the MiFID II Algorithmic Trading RTS);

- (b) ensure that Clients using their order-routing services comply with MiFID II and all relevant Rules; and
 - (c) meet all of the applicable requirements prescribed by the Exchange for providing order-routing services, including conditions and requirements established by Notice, as amended by the Exchange from time to time.
- 12.11 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.
- 12.12 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.
- 12.13 Trading Regulations 12.9, 12.10 and 12.11 shall apply with effect from 3 January 2018.

LME Select API Client Trades

- 12.14 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

- 12.15 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.
- 12.16 Any failure by:
- (a) an LME Select Participant to comply with Trading Regulation 12.15 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

- 12.17 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 Data Services

- 12.18 The Exchange hereby consents, subject to Regulation 12.19 and 12.20 below, to allow a Member to:
- (a) transmit LME Information to Member Data Services Clients;
 - (b) permit Member Data Services Clients to transmit LME Information to their Member Data Services Sub-Clients;
 - (c) use LME Information for Non-Display Usage by such Member; and
 - (d) transmit LME Information to Member Data Services Clients for use by the Member Data Services Clients and/or Member Data Services Sub-Clients for Non-Display Usage by such Member Data Services Client and/or Member Data Services Sub-Client.
- 12.19 It is prohibited for any Member, Member Data Services Client or Member Data Services 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 Data Services Client or Member Data Services Sub-Client with such prohibitions; and
 - (ii) liable to the Exchange for any breach of such prohibitions by any Member Data Services Client or Member Data Services Sub-Client as if such breach had been committed by the Member itself;
- 12.20 The consent given pursuant to Regulation 12.18 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 Data Services Client or permit any Member Data Services Client to transmit LME Information to any Member Data Services Sub-Client unless the following conditions are satisfied:
- (i) Member Data Services 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 12.18 to 12.20 (including, for the avoidance of doubt, the requirement to comply with Regulation 12.20(a)(ii) below); and
 - (ii) Member Data Services Sub-Clients to which LME Information is transmitted must have entered into a formal client engagement agreement with a Member Data Services Client reflecting the requirements, conditions and limitations set out in Regulation 12.20 (including, without limitation, the prohibitions specified in Regulation 12.19 above);
- (b) without limitation to (a) above, the Member shall procure that each Member Data Services Client that has access to LME Information via the LME Select Data Services shall have entered into an agreement with the Member (to be produced to the Exchange on request) whereby the Member Data Services 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 12.18 to 12.20 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 Data Services 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 Data Services Client is not an Affiliate of the Member);
 - (iii) agrees and confirms that, where the Member Data Services Client intends to transmit LME Information to any Member Data Services Sub-Client, it has in place agreements with such Member Data Services Sub-Client (a "Member Data Services Sub-Client Agreement"):
 - (1) under which the Member Data Services Sub-Client agrees to treat such LME Information as confidential information of the Exchange; and
 - (2) that prohibits such Member Data Services 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 Data Services Sub-Client Agreement, an agreement by the Member Data Services Sub-Client to comply with the Financial OTC Booking Fee Policy as:
 - (1) an Affiliate of the Member (where such Member Data Services 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 Data Services 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 Data Services Client trades with Member Data Services Sub-Clients, those Member Data Services 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 12.18 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 Data Services Clients and/or Member Data Services 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 Data Services Clients and Member Data Services 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 Data Services Client or Member Data Services Sub-Client of any such prohibition) the Member shall use its reasonable endeavours to ensure that each Member Data Services Client and Member Data Services 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 12.18 – 12.20, and the Member shall cease to make available LME Information to any Member Data Services 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 12.18– 12.20;
- (g) the Member shall retain all documents, books and records relevant to the making available of LME Information to Member Data Services Clients as contemplated by these Regulations 12.18 – 12.20 (including a list of the names and address of each Member Data Services Client to whom LME Information is available and the number of Terminals, Users and Applications of that Member Data Services 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 12.18 – 12.20, 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 Data Services Client that the Member permits to transmit LME Information to Member Data Services Sub-Clients;
- (j) subject to paragraph (k) below, the consent granted under Regulation 12.18 shall be automatically withdrawn upon termination of the Member's Membership; and
- (k) the Exchange may withdraw its consent under Regulation 12.18, in whole or in part (including in respect of individual Member Data Services Clients and/or Member Data Services 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.
- 14.10 No person shall undertake, or attempt to undertake, any trading activity or strategy on one Execution Venue that in the reasonable opinion of the Exchange, in whole or in part:
- (a) disrupts, inappropriately influences or manipulates the determination of prices on another Execution Venue; or
 - (b) is intended to have any of the effects specified in (a).

15. **WHEN THE CLEARING HOUSE MAY SET 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 set 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 set 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 made available by the Exchange, together with names of any Dealers authorised since compilation of such list.
- 16.4 Types of Dealer
- 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 published by 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 publication of an appropriate Notice by 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 Exchange 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 Exchange 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 the Exchange in its absolute discretion deems it appropriate to resume, or to take any of the steps set out in Trading Regulations 17.1 to 17.3 above as it deems necessary at the time. The Exchange 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 Exchange 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 Exchange on the date of announcement of cessation or suspension or limitation of trading.

17.8 Notwithstanding anything set out in Trading Regulations 17.1 to 17.7 above:

- (a) neither the Exchange 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 Exchange shall suspend or remove from trading a Contract when required to do so by the FCA.

17.9 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.

17.10 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 relating 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 a price;
 - (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 Notwithstanding, and without prejudice to, the general power set out at Trading Regulation 1.3, 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.

PART 12: PREMIUM CONTRACT REGULATIONS

1. RELATIONSHIP WITH TRADING REGULATIONS

- 1.1 The Trading Regulations and the Contract Regulations shall, unless otherwise provided in these Premium Contract Regulations or unless the context otherwise requires, apply to Premium Contracts.
- 1.2 The Clearing House Rules shall apply to Cleared Premium Contracts.

2. ALUMINIUM PREMIUM CONTRACT SPECIFICATION

2.1 Premium Warrant Jurisdictions

The following table sets out the Premium Warrant Jurisdiction for each type of Aluminium Premium Contract:

| Premium Contract | Premium Warrant Jurisdiction |
|---------------------------------------|--|
| LME Aluminium US Premium | The following regions of the United States of America, as defined by the US Census Bureau: <ul style="list-style-type: none"> • Mid-West • South |
| LME Aluminium West-Europe Premium | Western Europe, as defined by the UN Geoscheme M49 classification |
| LME Aluminium East-Asia Premium | Eastern Asia, as defined by the UN Geoscheme M49 classification |
| LME Aluminium South-East Asia Premium | South-Eastern Asia, as defined by the UN Geoscheme M49 classification |

2.2 Metal and Premium Warrant

The underlying metal for each Aluminium Premium Contract shall be high grade primary aluminium satisfying the requirements of Part 6 of the Special Contract Rules for Metals that is:

- (a) held by a Qualifying Premium Warrant Warehouse in the Premium Warrant Jurisdiction applicable to the type of Aluminium Premium Contract; and
- (b) represented by a Premium Warrant issued by the Qualifying Premium Warrant Warehouse.

2.3 Lot Size

The Lot size for each Aluminium Premium Contract is 25 tonnes.

2.4 **Prompt Date**

The Prompt Date for each Aluminium Premium Contract shall be the third Wednesday of each maturity month, subject to the Trading Regulations.

2.5 **Maturity Months**

Monthly for fifteen months, unless the Contract is made after the Last Trading Time (see 2.9 below) for the calendar month on which the Contract is made, in which case, fourteen months.

2.6 **Trading Platform**

Aluminium Premium Contracts may be traded:

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

2.7 **Trading Hours**

Aluminium Premium Contracts may be traded on the following platforms at the following times:

| Platform | Trading Hours |
|---------------------|--|
| Ring | 5 minutes during R2 (as specified further on the LME Website) Any time during K1 5 minutes during K2 (as specified further on the LME Website) |
| LME Select | Between 01:00 and 19:00 London time on a Business Day |
| Inter-office market | 24 hours a day during a Business Day |

2.8 **Last Trading Time**

The last trading time for Aluminium Premium Contracts shall be 12:30 London time on the Last Trading Day.

2.9 **Settlement Basis**

Aluminium Premium Contracts shall be physically settled in accordance with Regulation 3 below.

2.10 **Currency**

US Dollars.

2.11 Price Information

- (a) Regulation 4 of the Trading Regulations shall apply to Premium Contracts.
- (b) Official Prices for Premium Contracts shall be determined in accordance with Trading Regulation 5.
- (c) Closing Prices for Premium Contracts shall be determined in accordance with Trading Regulation 6.

2.12 Minimum Price Movement

The minimum price movement for any Aluminium Premium Contract shall be as follows:

| | Minimum price movement per tonne | |
|---------------------|----------------------------------|---------|
| Venue | Outright | Carries |
| Ring | \$0.50 | \$0.01 |
| LME Select | \$0.50 | \$0.01 |
| Inter-office market | \$0.01 | \$0.01 |

3. SETTLEMENT OF ALUMINIUM PREMIUM CONTRACTS

3.1 Aluminium Premium Contracts shall be settled on the basis set out in this Regulation 3.

3.2 Settlement of Aluminium Premium Contracts that are:

- (a) Cleared Premium Contracts shall be made by offset or by delivery and settlement of differences on the Prompt Date in accordance with Regulations 3.4 and 3.5 and 3.7 to 3.9 below;
- (b) Client Premium Contracts shall be made by offset or by delivery in accordance with Regulations 3.4 and 3.5 and 3.10 to 3.11 below.

3.3 The net Lots covered by the Aluminium Premium Contracts remaining following offset under Regulation 3.8 or 3.10 (as applicable) shall be settled on their Prompt Date by payment, subject in the case of Cleared Premium Contracts to the Clearing House Rules.

3.4 Seller's Delivery Obligation

The seller's obligation under Aluminium Premium Contracts shall be to deliver Premium Warrants corresponding to the net Lots covered by such Contracts to the buyer.

3.5 Buyer's Delivery and Payment Obligations

The buyer's obligation under Aluminium Premium Contracts shall be to deliver to the seller:

- (a) Standard Warrants, for high grade primary aluminium satisfying the requirements of Part 6C of the Special Contract Rules for Metals, corresponding to the net Lots covered by such Contracts;

plus

- (b) the Settlement Price for the Aluminium Premium Contract, subject to any adjustments made pursuant to these Regulations in order to take account of:
 - (i) any rent and weight adjustments; and
 - (ii) the "Free on Truck" charges levied by the Qualifying Premium Warrant Warehouse that issued the Premium Warrant delivered under (a) above.

The buyer and seller's respective obligations shall be subject to the application of offsetting and settlement of differences pursuant to Regulations 3.7 and 3.8 below.

3.6 Cleared Premium Contracts – General

- (a) Settlement of all Cleared Premium Contracts whether by offset or by delivery and the settlement of differences shall be made on the relevant Prompt Date by reference to the Settlement Price determined for that Prompt Date for that Premium Contract.
- (b) In the event that:
 - (i) a buyer under a Cleared Premium Contract with an obligation to deliver Standard Warrants on the Prompt Date is also a buyer under a Cleared Metal Contract with an entitlement to receive Standard Warrants falling within Regulation 3.5(a) above on that Prompt Date; or
 - (ii) a seller under a Cleared Premium Contract with an entitlement to receive Standard Warrants on the Prompt Date is also a seller under a Cleared Metal Contract with an obligation to deliver Standard Warrants falling within Regulation 3.5(a) above on that Prompt Date,

then the respective obligations and entitlements of the buyer or seller (as applicable) under the Cleared Premium Contract in respect of the delivery of Standard Warrants shall be netted against the respective entitlements and obligations of that party under the Cleared Metal Contract in respect of the delivery of such Standard Warrants, in order to produce a net entitlement to receive or deliver Standard Warrants under both Contracts.

3.7 Cleared Premium Contracts - Settlement of Differences:

Differences shall be established on the relevant Prompt Date, in respect of all Cleared Premium Contracts, between the Premium Contract Price and the Settlement Price determined for that Prompt Date. The Clearing House shall account to Clearing Members for differences thus established by placing the same to their credit or debit as the case may require in accordance with the Clearing House Rules.

3.8 Cleared Premium Contracts – Settlement by Offset:

Bought and sold Cleared Premium Contracts of a Clearing Member for the same Premium Warrant Jurisdiction and Prompt Date and in the same currency shall, to the extent that they match each other, be settled on their Prompt Date by offsetting.

3.9 Cleared Premium Contracts - Settlement by Delivery

- (a) The net Lots covered by Cleared Premium Contracts following offset under Regulation 3.8 which match as to Premium Warrant Jurisdiction and tonnage but not necessarily as to currency, shall be offset for the purposes of establishing the net

number of Premium Warrants to be settled by delivery subject to the Clearing House Rules.

- (b) Delivery of Premium Warrants under Regulation 3.5(a) above or Standard Warrants under Regulation 3.5(b) above shall be effected pursuant to LMEsword in accordance with the LMEsword Regulations and Operating Procedures and the Clearing House Rules.
- (c) The Clearing House shall raise invoices or credit notes for the contract weight of the net Lots covered by such Cleared Premium Contracts at the Settlement Price and in the currency of the relevant Cleared Premium Contract and shall deliver the same to the relevant Clearing Members. Such invoices and credit notes will include the value of the Standard Warrant (if applicable) and shall be for the contract weight without allowance for storage rent accrued and differences between contract weight and Warrant weight.
- (d) On the Business Day following the Prompt Date the Clearing House shall call on:
 - (i) the seller or buyer as requisite in order that allowances for accrued storage rent, and any difference between Premium Warrant weight and contract weight be accounted for in respect of Premium Warrants transferred to the buyer in accordance with the Clearing House Rules; and
 - (ii) the seller or buyer as requisite in order that allowances for accrued storage rent, and any difference between Standard Warrant weight and contract weight be accounted for in respect of Standard Warrants transferred to the seller in accordance with the Clearing House Rules; and
 - (iii) the buyer in order that the "Free on Truck" charges applicable to the Premium Warrants received by the buyer are debited from the buyer.
- (e) Payments and receipts in respect of the invoices and credit notes raised by the Clearing House under Regulation 3.9(c) shall be effected through the payment system or, in the case of payments to sellers, in such other form as shall be specified by the Clearing House.
- (f) If a Clearing Member fails duly to deliver a Premium Warrant or Standard Warrant due to be delivered to the Clearing House, the Clearing House may, without prejudice to its rights under the Clearing House Rules:
 - (i) without prejudice to the accrued rights for damages of the Clearing House and any other affected Clearing Member(s), direct the Premium Warrant or Standard Warrant be delivered to and by the Clearing Member on the Business Day next following the Prompt Date, that the Contract terms be adjusted accordingly and the parties' payment obligations and entitlements thereunder be adjusted to give such rate of compensation to the party entitled to receive the Premium Warrant or Standard Warrant as the Exchange may from time to time direct; or
 - (ii) where:
 - (A) the Exchange has taken steps or issued directions under Trading Regulation 17.1 or 17.2; or

(B) the Exchange or the Clearing House otherwise direct,

Invoice Back the metal due to be delivered in accordance with Trading Regulation 10.4.

This Regulation 3.9(f) shall apply subject to any directions of the Exchange made under Trading Regulation 17.1 or 17.2. The Exchange may prescribe such penalties for non-delivery of Standard Warrants or Premium Warrants as it may from time to time deem fit in the Operating Procedures or by Administrative Procedure.

3.10 **Client Premium Contracts - by Offset:**

- (a) Offsetting bought and sold Client Premium Contracts with the same Premium Warrant Jurisdiction, Prompt Date and currency shall be settled on contract (round) weights, buyer and seller paying or receiving as the case may be any difference between the Premium Contract Prices of the Contracts so offset.
- (b) In the event that:
 - (i) a buyer under a Client Premium Contract with an obligation to deliver Standard Warrants on the Prompt Date is also a buyer under a Client Metal Contract with an entitlement to receive Standard Warrants falling within Regulation 3.5(a) above on that Prompt Date; or
 - (ii) a seller under a Client Premium Contract with an entitlement to receive Standard Warrants on the Prompt Date is also a seller under a Client Metal Contract with an obligation to deliver Standard Warrants falling within Regulation 3.5(a) above on that Prompt Date; and
 - (iii) the Client counterparty to the Client Premium Contract and the Client counterparty to the Client Metal Contract are allocated to the same Client Account in the Clearing House;

then the respective obligations and entitlements of the buyer or seller (as applicable) under the Client Premium Contract in respect of the delivery of Standard Warrants shall be netted against the respective entitlements and obligations of that party under the Client Metal Contract in respect of the delivery of such Standard Warrants, in order to produce a net entitlement to receive or deliver Standard Warrants under both Contracts.

3.11 **Client Premium Contracts – Settlement by Delivery**

- (a) Delivery due under a Client Premium Contract shall be effected on the Prompt Date by delivery of Premium Warrants in exchange for Standard Warrants plus a cash payment in accordance with Regulation 3.5 above. Premium Warrants and Standard Warrants shall be delivered by way of a transfer pursuant to LMEsword in accordance with the LMEsword Regulations and Operating Procedures governing ex-cleared transfers.
- (b) In relation to Client Premium Contracts, Premium Warrants shall be invoiced and paid for at the Contract weight and at the Settlement Price pertaining to the Prompt Date, buyer and seller paying and receiving (as the case may be) any difference

between Settlement Price and the Premium Contract Price. Such invoice will include the value of the Standard Warrant (if applicable).

- (c) In relation to Client Premium Contracts, weight differences (between Contract weight and actual Warrant weight) shall be settled at the Settlement Price. Warehouse rental accruals (where relevant) shall be allowed on the invoice.
- (d) Delivery of Premium Warrants and Standard Warrants and settlement in respect of unmatched Client Premium Contracts shall be effected in accordance with the terms of the Client Premium Contract between the parties and these Regulations. Such terms must require:
 - (i) Premium Warrants to be delivered by the seller under the Premium Contract:
 - (A) no later than 09:00 hours on the Prompt Date, when a Trading-Only Member or non- Member is the seller and transferor; and
 - (B) no later than 11:00 hours (so far as enabled by the seller's best endeavours) when a Clearing Member is the seller and transferor of the Premium Warrants;
 - (ii) Standard Warrants to be delivered by the buyer under the Premium Contract:
 - (A) no later than 09:00 hours on the Prompt Date when a Trading-Only Member or non-Member is the buyer and transferor; and
 - (B) no later than 13.30 hours (so far as enabled by the buyer's best endeavours) when a Clearing Member is the buyer and transferor of the Standard Warrants.
- (e) Delivery shall be effected pursuant to LMEsword in accordance with the LMEsword Regulations and Operating Procedures governing ex-cleared transfers.
- (f) Weights of Premium Warrants and Standard Warrants in all cases shall be accepted as between buyer and seller.

3.12 Cleared Contracts

- (a) In these Premium Contract Regulations, references to "Cleared Contracts", "Cleared Metal Contracts" and "Cleared Premium Contracts" shall be construed to include any Cleared Contract that arises pursuant to the Clearing House Rules upon:
 - (i) the Execution of any Agreed Trade, pursuant to these Rules and the Clearing House Rules; and
 - (ii) the Execution of any Agreed Trade having equivalent characteristics to such Agreed Trade, pursuant to these Rules and the Clearing House Rules. Trading Regulation 9.1 shall apply to these Premium Contract Regulations for the purposes of explaining the meaning of the term "equivalent characteristics".

- (b) Any Cleared Contract that arises between a Clearing Member and the Clearing House pursuant to the Clearing House Rules, following the acceptance by the Clearing House of an Agreed Client Trade in respect of a Client Premium Contract, shall be settled in accordance with (i) Regulations 3.6 to 3.9 above and (ii) the provisions of the Clearing House Rules.

4. **MATTERS TO BE AGREED ON EXECUTION OF A PREMIUM CONTRACT**

Without prejudice to Trading Regulation 3, a Premium Contract shall be conditional on the agreement between the parties to the Premium Contract of the following matters:

- (a) the Premium Warrant Jurisdiction; and
- (b) the Premium Contract Price, being the contract price for the Premium Contract, and a Premium Contract may not come into effect unless such matters are so agreed.