

SEPTEMBER 2024

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

Release No 128

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 the whole of Part 2, including the contents page

Part 3 – Replace pages 3-1, 3-20, 3-36, 3-45, 3-62, 3-63 and 3-64

Part 6 – Replace pages 6-2, 6-3, 6-6, 6-7, 6-8, 6-9, 6-24, 6-25, 6-26, 6-27

Part 8 – Replace page 8-11

Details of the substantive changes are below:

24/255	DECISION NOTICE REGARDING THE LME CBAM CONSULTATION AND SUSTAINABILITY DISCUSSION PAPER
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Ref: R128 (2024/2)

PART 1: DEFINITIONS AND GENERAL RULES

1. DEFINITIONS

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

"Account Holder"	the Clearing House and any person admitted as an Account Holder by the Exchange, and which has not withdrawn or ceased to be an Account Holder, under Regulation 2 of the LMEsword Regulations;
"Acceptance Criteria"	the criteria to be satisfied under the Clearing House Rules in order for a Cleared Contract to come into effect in respect of the relevant Agreed Trade;
"Act of Misconduct"	has the meaning set out in Regulation 13.2 of the Membership Regulations;
"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 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 14 of the Membership Regulations;
"Appeal Panel"	a panel appointed pursuant to Regulation 14.74 of the Membership Regulations;
"Applicable OTC Contract"	means any "over the counter" contract which has any of the following characteristics: (i) it is, or may be, settled on the basis of, or with direct or indirect reference to, the LME's Official Prices, Closing Prices, or other Exchange reference prices, or prices calculated on the basis of LME Data, or which refer to or use such prices in any other way; (ii) its terms, branding, name or description reference in any way the Exchange by its name, or use of any of the trade mark or intellectual property of the Exchange; (iii) it is margined or valued on the basis of LME Data; (iv) it is, or may be, physically settled using the infrastructure, systems or facilities maintained or operated by the Exchange, including but not limited to LMEsword; or (v) specifies physical settlement of a commodity in which the LME has a futures contract (whether such LME contract is physically or financially settled);
"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"	has the meaning given to it in Regulation 2.15.8(b) of Part 3;

"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;
"Basic eCOA"	means an electronic Certificate of Analysis, which is created within the eCOA System, and which meets the criteria for a Basic eCOA (and which must include a digital copy of the Paper COA) as specified by the Exchange from time to time;
"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 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;
"Backwardation Cap"	shall have the meaning ascribed to it in Regulation 24.1 of the Trading Regulations;
"Business Day"	in relation to the Exchange any day on which at least one Execution Venue is open for business and in relation to an Execution Venue any day on which such Execution Venue is open for business;
"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, a Contract 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>
"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: <ul style="list-style-type: none"> (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: <ul style="list-style-type: none"> (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;

"Certificate of Analysis"

a certificate of analysis relating to specific Lots of metal which must state the: (i) brand name; (ii)

	production cast reference; (iii) content within a minimum purity as defined in Special Contract Rule 1 (a) of the relevant section of Part 6 of the Rules; (iv) any other requirements for a given metal as specified in the relevant section of Part 6 of the Rules; (v) any other requirements specified by the Exchange from time to time;
"Chief Executive" or "Chief Executive Officer" or "CEO"	the chief executive officer of the Company, including the "Deputy Chief Executive" and any other person for the time being appointed to perform the duties of Chief Executive of the Company;
"Chief Operating Officer" or "COO"	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"	<p>(a) the Contract or Contracts which may result from the process of acceptance set out in the Clearing House Rules, upon or following Execution;</p> <p>(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;</p>
"Cleared Index Contract"	a Cleared Contract which is an Index Contract;
"Cleared Index Future"	a Cleared Contract which is an Index Future;
"Cleared Index Option"	a Cleared Contract which is an Index Option;
"Cleared LME Base Contract"	a Cleared Contract which is not a Cleared LMEprecious Contract;

"Cleared LMEmini Future"	a Cleared Contract which is an LMEmini Future;
"Cleared LMEprecious Contract"	a Cleared Contract which is an LMEprecious Contract;
"Cleared LMEprecious Future"	a Cleared Contract which is an LMEprecious Future;
"Cleared LMEprecious Option"	a Cleared Contract which is an LMEprecious Option;
"Cleared Metal Contract"	a Cleared Contract which is a Metal Contract;
"Cleared Metal Future"	a Cleared Contract which is a Metal Future;
"Cleared Metal Option"	a Cleared Contract which is a Metal Option;
"Cleared Monthly Average Future "	a Cleared Contract which is a Monthly Average Future;
"Cleared Option Contract"	a Cleared Contract which is an Option Contract;
"Cleared Premium Contract"	a Cleared Contract which is a Premium Contract;
"the Clearing House"	such Clearing-house for the time being appointed by the Exchange to clear Contracts;
"the Clearing House Rules"	the rules of the Clearing House that are binding on Clearing Members, as for the time being in force in relation to the Exchange, and the procedures of the Clearing House with respect thereto;
"Clearing Member"	a Member that is permitted by the Clearing House to clear Cleared Contracts, being: <ul style="list-style-type: none"> (a) in respect of the LME Base Service, a Category 1, 2 or 3 Member; or (b) in respect of the LMEprecious Service, an LMEprecious General Clearing Member or an LMEprecious Individual Clearing Member;
"Clearing Member Transferee"	means a Clearing Member to whom a Client-Related Cleared Contract is transferred in accordance with the Clearing House Rules;
"Clearing Member Transferor"	means a Clearing Member from whom a Client-Related Cleared Contract is transferred in accordance with the Clearing House Rules, being the Clearing Member that was the counterparty to the Clearing House under such Cleared Contract immediately prior to the time of such transfer;

- "Client" a person who:
- (a) is or may be a party to a Client Contract, other than the person who issues the Client Contract; or
 - (b) otherwise has a client relationship with a Member in relation to any transaction represented by a Contract;
- "Client Cash-Settled Future" a Client Contract which is a Cash-Settled Future;
- "Client Contract"
- (a) in respect of the LME Base Service, each of:
 - (i) an LME Base Contract between a Category 1 or 2 Member and a Category 4 Member; or
 - (ii) an LME Base Contract between a Category 1, 2 or 4 Member and any other person (as a Client); or
 - (iii) a Post-Compression Client Contract that is an LME Base Contract; or
 - (iv) any Contract formed pursuant to the application of a netting, aggregation and/or settlement to market process, applied to any Contract in (i), (ii) or (iii) above,
- in each case that is not a Cleared Contract; and
- (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;

"Client Index Contract"	a Client Contract which is an Index Contract;
"Client Index Future"	a Client Contract which is an Index Future;
"Client Index Option"	a Client Contract which is an Index Option;
"Client LME Base Contract"	a Client Contract which is not a Client LMEprecious Contract;
"Client LMEmini Future"	a Client Contract which is an LMEmini Future;
"Client LMEprecious Contract"	a Client Contract which is an LMEprecious Contract";
"Client LMEprecious Future"	a Client Contract which is an LMEprecious Future;
"Client LMEprecious Option"	a Client Contract which is an LMEprecious Option;
"Client Metal Contract"	a Client Contract which is a Metal Contract;
"Client Monthly Average Future"	a Client Contract which is a Monthly Average Future;
"Client of Concern"	has the meaning given to it in Regulation 12.10.2 of Part 2;
"Client Option Contract"	a Client Contract which is an Option Contract;
"Client Premium Contract"	a Client Contract which is a Premium Contract;
"Client-Related Cleared Contract"	means a Cleared Contract that came into effect between the Clearing House and a Clearing Member pursuant to the Execution of an Agreed Trade, and which corresponds to a Client Contract that came into effect under these Rules at the same time as such Cleared Contract came into effect (and including any Post-Compression Cleared Contracts that may arise following Compression at the Clearing House of any such Cleared Contract);
"Client Traded Average Price Option"	a Traded Average Price Option where either Granter or Taker or each of them is not a Clearing Member;
"Close of Pleadings"	the end of a period of 28 days after the time for submission of the points of reply, unless otherwise ordered by the Tribunal;

"Closing Prices"	the prices determined for margining purposes on each Business Day by the Quotations Committee in accordance with Regulation 6.1 of the Trading Regulations or by the Clearing House in accordance with Regulation 15 of the Trading Regulations;
"The Company" or "The LME"	The London Metal Exchange, a company registered in England and Wales under company number 02128666;
"Compression"	<p>means the replacement of multiple Contracts between the same two parties with a smaller number of Contracts by the aggregation of Contracts having the same direction, together with the netting of Contracts having opposite directions, and which may occur, as the context requires:</p> <p>(a) "at the Clearing House", in relation to Cleared Contracts, subject to and in accordance with the Clearing House Rules; and</p> <p>(b) "under the Exchange Rules", in relation to Underlying Client Contracts that relate to such Cleared Contracts, subject to and in accordance with Regulation 14 of the Contract Regulations,</p> <p>and the terms "same direction" and "opposite direction" shall be construed in accordance with Regulation 1.5 of this Part 1;</p>
"Constituent Metals"	the metals underlying the Index, 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"	<p>(a) a contract for the purchase and sale of one or more Lots of a metal for the time being dealt in on the Exchange in respect of which:</p> <p>(1) either the buyer or the seller or each of them is a Category 1, 2, 3 or 4 Member; and</p>

- (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 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"	<p>(a) in relation to a Metal Future or a Premium Contract or an LMEmini Future, the Closing Price (including the Premium Contract Closing Price and LMEmini Futures 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 Closing Price so published for other Prompt Dates); or</p> <p>(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</p> <p>(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</p> <p>(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</p>

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 Future Closing 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; or
- (j) such other price or prices as the Exchange may, in its absolute discretion, determine

taking into account, without prejudice to the generality of the foregoing, the timing of the Default Notice, and the appropriateness of using prices and values determined next after the time of issue of the Default Notice, as referred to in paragraphs (a) to (i) above;

"Defence"	has the meaning set out in Regulation 14.14 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;
"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 14.79 of the Membership Regulations;
"Disciplinary Notice"	has the meaning set out in Regulation 14.13 of the Membership Regulations;
"eCOA"	means either a Basic eCOA or an Enhanced eCOA;
" eCOA System"	means a technological system provided by the Exchange through which, amongst other things,

	details of Paper COAs may be entered, eCOAs may be created and eCOAs may be viewed;
"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 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;
"Enhanced eCOA"	means an electronic Certificate of Analysis, which is created within the eCOA System, and which meets the criteria for an Enhanced eCOA as specified by the Exchange from time to time;
"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);
"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;
"Fees"	any fees or charges payable by a Member to the Exchange under the Rules as set out on the LME website, as amended by the Exchange from time to time;

"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;
"FIA"	the Futures Industry Association or any successor to its functions in representing the interests of the futures, options and derivatives markets;
"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;
"Fixed Penalty"	a financial penalty, set out in a Notice, imposed by the Exchange on a Member, Dealer or Member Representative in relation to a Fixed Penalty Offence;
"Fixed Penalty Appeal"	an appeal lodged in accordance with Regulation 14.8 of the Membership Regulations in respect of an Exchange decision to impose a Fixed Penalty;
"Fixed Penalty Notice"	a letter sent by the Exchange to a Member, Dealer or Member Representative notifying the Member, Dealer or Member Representative of its intention to impose a Fixed Penalty;
"Fixed Penalty Notice of Appeal"	a letter sent by a Member, Dealer or Member Representative to the Head of Enforcement notifying the Head of Enforcement that it wishes to lodge a Fixed Penalty Appeal in accordance with Regulation 14.8 of the Membership Regulations;
"Fixed Penalty Offence"	an offence as specified by a Notice and as amended from time to time;

"Former Member"	has the meaning set out in Regulation 10.5 of the Membership Regulations;
"FSMA"	the Financial Services and Markets Act 2000, as from time to time amended;
"Futures Contract"	a Metal Future, Premium Contract, LMEmini Future, Index Future, Cash-Settled Future or LMEprecious Future;
"Global Legal Entity Identifier System"	the global system operated under the oversight of the LEI ROC to register legal entities and assign legal entity identifiers to such entities;
"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;
"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;
"Honorary Member"	a Member who is granted honorary Membership of the Exchange by the Exchange;
"Immobilised Warrant"	has the meaning set out in Regulation 13.1 of the LMEsword Regulations;
"In The Money"	(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

- (b) in relation to a Traded Average Price Option, that the Strike Price is, in the case of an Average Price Put Option, above or, in the case of an Average Price Call Option, below the last published Moving Monthly Average Settlement Price or Monthly Average Settlement Price at the relevant time for the relevant metal and Prompt Date; or
- (c) in relation to an Index Option, that the Strike Price is, in the case of a Put Option, above or, in the case of a Call Option, below the Settlement Price or last published Closing Price at the relevant time for the relevant Index Option and Prompt Date;
- (d) in relation to an LMEprecious Option, that the Strike Price is, in the case of a Put Option, above or, in the case of a Call Option, below the Exercise Reference Price at the relevant time for the relevant LMEprecious Option and Expiry Day;

"Incentive Programme"	has the meaning set out in Regulation 22.2 of the Membership Regulations;
"Incentive Programme Benefits"	has the meaning set out in Regulation 22.3 of the Membership Regulations;
"Incentive Programme Requirements"	has the meaning set out in Regulation 22.3 of the Membership Regulations;
"Index"	an index denominated in US dollars the level of which is determined in accordance with the Special Contract Rules for the Construction of the Index;
"Index Contract"	an Index Future or an Index Option;
"Index Future"	a cash-settled Exchange-traded futures contract pursuant to which the buyer and seller agree to pay or receive in cash the difference between the level of the Index on the Prompt Date and the level agreed in the Contract, multiplied by the Contract size, settled on the Settlement Business Day next following the Prompt Date and subject to daily marking to market in accordance with the Clearing House Rules and conforming to the other specifications prescribed by the Exchange;

"Index Futures Closing Price"	the Closing Price of an Index Future as determined in accordance with Regulation 6 of the Trading Regulations;
"Index Option"	a cash-settled Exchange-traded option contract over the Index pursuant to which the Granter grants the Taker a right to receive in cash from the Granter the difference between the level of the Index on the Prompt Date and the Strike Price, multiplied by the Contract size, settled on the Settlement Business Day next following the Prompt Date and conforming to the other specifications prescribed by the Exchange;
"Index Options Regulations"	the Regulations set out in Part 5C of the Rules;
"Indirect Clearing Arrangement"	means an "indirect clearing arrangement" within the meaning of the Indirect Clearing Regulations;
"Indirect Clearing Regulations"	means the EMIR Level 2 (Indirect Clearing) Regulation or the MiFID II Level 2 (Indirect Clearing) Regulation, as applicable, and any successor legislation amending or incorporating the requirements thereto in any relevant jurisdiction from time to time;
"Indirect Client"	means an indirect Client of a Clearing Member, being a Client of a Category 4 Member, where such Category 4 Member is a Client of the Clearing Member;
"Indirect Client Account"	means a segregated account maintained by a Clearing Member in respect of the Client business of a single Category 4 Member, such that it records positions only in respect of Client-Related Cleared Contracts that have been created pursuant to the registration of Client Contracts relating to one or more Clients of that Category 4 Member (such Clients being Indirect Clients of the Clearing Member);
"Initial Margin"	<p>(a) in relation to a Cleared Contract, the sum of money fixed by the Clearing House in consultation with the Exchange and in respect of which Members may be required to provide to the Clearing House cover in accordance with the Clearing House Rules;</p> <p>(b) in relation to a Client Contract, such sum as may be agreed between the parties</p>

	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;
"Investigation"	an investigation undertaken by the Exchange pursuant to Regulation 13 of the Membership Regulations;
"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;
"Jurisdictions Notice"	the Notice issued by the Exchange setting out the jurisdictions from which Members may access the Exchange's facilities, and any conditions to be complied with by Members wishing to access the Exchange from such jurisdictions;
"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"	(a) in relation to a Metal Option, the Business Day preceding the Last Declaration Day for that Option;

- (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;
- (c) in relation to an Index Option, the Last Declaration Day for that Index Option;
- (d) in relation to an LMEmini Future, the Business Day which is two Business Days before the Prompt Date;
- (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 or Category 5 Member;
"LME Base Service"	the availability of the facilities of the Exchange for the trading of LME Base Contracts;

"LME Data"	all data relating to trading on the Exchange, including, without limitation: <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 (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:

- (a) an LMEprecious Future; or
- (b) an LMEprecious Option,
- and any other type of Exchange-traded derivative contract having Precious Metal as its underlying instrument, that the Exchange may specify from time to time;
- "LMEprecious Daily Settlement Price" the price determined for margining and daily settlement purposes of an LMEprecious Future as determined in accordance with Regulation 5.7 of the Trading Regulations;
- "LMEprecious Final Settlement Price" the price determined for final settlement purposes of an LMEprecious Future as determined in accordance with Regulation 5.7 of the Trading Regulations;
- "LMEprecious Future" a physically settling Exchange-traded futures contract pursuant to which the seller agrees to sell to the buyer one or more Lots of Precious Metal for delivery on a specified Prompt Date, and conforming with the other specifications prescribed by the Exchange;
- "LMEprecious Future Regulations" the regulations set out in Part 13A of the Rules;
- "LMEprecious General Clearing Member" a Member that is:
- (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" a Member that is:
- (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: <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 or binary 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;
"LME Select Offences"	a breach by an LME Select Participant(s) of the provisions of Regulation 12 of the Trading Regulations;
"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"	<ul style="list-style-type: none"> (a) in relation to a metal (that is not covered by another type of Contract specified below), the standard unit of quantity thereof, specified in the Special Contract Rules for that metal, by reference to which settlement is to be made; or (b) in relation to the Index, the standard value per point movement for that Index, specified in the Special Contract Rules for the Construction of the Index, by reference to which settlement is made; or (c) in relation to an LMEmini Contract, the standard unit of quantity thereof, specified in the Special Contract Rules for LMEmini Contracts, by reference to which settlement is made; or (d) in relation to a Monthly Average Future, the standard unit of quantity thereof, specified in the Monthly Average Future Regulations, by reference to which settlement is made; or (e) in relation to a Cash-Settled Future, the standard unit of quantity thereof, specified in respect of the specific Cash-Settled Future in the relevant Special Contract Rules for Cash-Settled Futures, by reference to which settlement is made; (f) in relation to a Premium Contract, the standard unit of quantity thereof, specified

	in the Premium Contract Regulations, by reference to which settlement is made; or
	(g) in relation to an LMEprecious Future, the standard unit of quantity of Precious Metal specified in the LMEprecious Regulations, by reference to which settlement is to be made;
"LPMCL"	London Precious Metals Clearing Limited, a company registered in England and Wales under company number 04195299;
"Major Currency"	in respect of a metal, the currency in which the Settlement Price and Closing Price are to be determined;
"Market Making Strategy"	a strategy performed by a Member or Client, when Dealing On Own Account, that involves posting Firm Quotes that are simultaneous two-way quotes of comparable size and at competitive prices relating to one or more Contracts, with the result of providing liquidity on a regular and frequent basis to the overall market;
"Matching Period"	a period prescribed pursuant to Regulation 3.4 of the Trading Regulations;
"Matching Rules"	means the LME's matching rules governing the use of the Matching System as published by the LME, by Notice from time to time;
"Matching System"	the system operated by or on behalf of the Exchange for the matching and confirmation of Contracts, or such other system as may from time to time be adopted by the Exchange for such purposes;
"Matching System RIB Screens"	means the RIB-specific sub-screens of the Matching System, which are accessible to: <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"	<p>(a) the state of being a Member;</p> <p>(b) having the status of a Member; and/or</p> <p>(c) the total body of Members,</p> <p>as the context of the Rules requires.</p>
"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"	<p>the package of legislative measures comprising:</p> <p>(a) Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments;</p> <p>(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</p> <p>(c) any delegated regulations made by the European Commission thereunder including, without limitation, the MiFID II (Indirect Clearing) Regulation, the MiFID</p>

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;
"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 Closing Price"	the Notional Average Price for the relevant month of calculation;

"Monthly Average Future Regulations"	the Regulations set out in Part 11 of the Rules;
"Monthly Average Settlement Price"	<p>(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;</p> <p>(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;</p> <p>(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</p> <p>(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,</p>
"Moving Monthly Average Settlement Price"	<p>in each case as determined in accordance with the applicable Pricing Methodology.</p> <p>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;</p>
"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"	<p>(a) a Category 4 Member; or</p> <p>(b) an LMEprecious Non-Clearing Member,</p>

	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;
"Non-LME Multi Dealer Trading System"	means: <ul style="list-style-type: none"> (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 14.39 to 14.41 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 price as calculated using Settlement Prices and Closing Prices as appropriate, in accordance with the applicable Pricing Methodology, representing the rolling mean average daily price of one lot of the relevant metal for that month;
"Offence" or "Offences"	has the meaning set out in Regulation 11.2.3 of the Trading Regulations;
"Official Prices"	the prices determined in accordance with Regulation 5 of the Trading Regulations;
"Opening Hours"	means the hours on each Business Day during which the Matching System is open and able to receive information regarding Agreed Trades, as specified by the Exchange by Administrative Procedures from time to time;
"Operating Procedures"	the manual issued by the Exchange pursuant to the LMEsword Regulations setting out detailed procedures and information relating to the operation of LMEsword;
"Option Contract"	a Metal Option or an Index Option or an LMEprecious Option;
"Order-routing Eligibility Requirement"	<p>means the requirement under MiFID II for a member or a participant in a trading venue to only be permitted to provide direct electronic access to the venue if the member or participant is one of the following:</p> <ul style="list-style-type: none"> (a) an investment firm, as defined under the RAO, which has permission under Part 4A of FSMA to carry on a regulated activity being any of the investment services or activities defined under s417 of FSMA; (b) a qualifying credit institution that has permission under Part 4A of FSMA to carry on the regulated activity of accepting deposits, as specified in the RAO; (c) a person who falls within regulation 30(1A) of the Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2017 (or any successor regulation to it) and has

permission under Part 4A of FSMA to carry on a regulated activity being any of the investment services or activities defined under s147 of FSMA;

- (d) a firm providing Direct Electronic Access subject to the exclusion in regulation 11(1) of The Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2017 (or any successor regulation to it);
- (e) a firm where the provision of the Direct Electronic Access by that firm is subject to the exclusion in article 72 of the RAO; or
- (f) a firm which does not come within paragraph (d) or (e) but is otherwise permitted to provide Direct Electronic Access under FSMA;

"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;

"Paper COA"

a hard copy Certificate of Analysis, which may be a bulk analysis certificate, and which must be produced by either:

- (a) the producer of the underlying metal; or
- (b) a LME Listed Sampler and Assayer (a "LSA") who will sample and analyse material in accordance with Exchange-specified instructions to LSAs;

"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;
"Position Netting"	<p>means the netting of multiple Contracts between the same two parties to a smaller number of Contracts (which may take effect through the netting of long and short positions or the aggregation of long positions and short positions respectively) and/or the close out by netting of multiple Contracts, (in each case) in accordance with such process as may be specified in the Clearing House Rules, and which may occur, as the context requires:</p> <ul style="list-style-type: none"> (a) "at the Clearing House", in relation to Cleared Contracts, subject to and in accordance with the Clearing House Rules; and (b) "under the Exchange Rules", in relation to Underlying Client Contracts that relate to such Cleared Contracts, subject to and in accordance with Regulation 9.7.7 of the Trading Regulations;
"Post-Compression Cleared Contract"	a Cleared Contract that comes into effect between the Clearing House and a Clearing Member upon Compression at the Clearing House, which represents the positions under pre-Compressed Cleared Contracts, as compressed by the Clearing House in accordance with the Clearing House Rules;
"Post-Compression Client Contract"	a Client Contract that comes into effect upon Compression under the Exchange Rules, in accordance with Regulation 14 of the Contract Regulations, which shall replace the Client Contracts that were subject to such Compression and which shall come into effect between the same parties as were parties to such original Client Contracts;
"Precious Metal"	Gold or Silver;
"Precious Metal Clearer"	a member of LPMCL (or any successor company or association) that is an "Approved Delivery

	Facility" for the purposes of the Clearing House Rules;
"Precious Metal Clearing System"	the system operated by LPMCL (or any successor company or association), or any successor system, for the electronic settlement of unallocated Precious Metal between Precious Metal Clearers);
"Pre-Execution Checks"	the checks applied to an Agreed Trade within the systems of the Exchange and the Clearing House prior to confirmation that the Agreed Trade may be Executed, as specified in Regulation 2.8 of the Trading Regulations;
"Premium Contract"	an Exchange-traded futures contract having the features described in the Premium Contract Regulations;
"Premium Contract Closing Price"	the Closing Price for each Premium Contract;
"Premium Contract Last Trading Time"	the last trading time on the Last Trading Day for Premium Contracts as specified in the Premium Contract Regulations or as otherwise prescribed by the Exchange from time to time;
"Premium Contract Price"	the cash consideration payable under a Premium Contract, as agreed at the time of formation of the Premium Contract;
"Premium Contract Regulations"	the Regulations set out in Part 12 of the Rules;
"Premium Warrant"	a Warrant issued by a Qualifying Premium Warrant Warehouse;
"Premium Warrant Jurisdiction"	a geographical jurisdiction specified as such in the Premium Contract Regulations;
"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"	in respect:

- (a) of any Benchmark, the methodology applied by the Exchange to determine such Benchmark;
- (b) any Non-Benchmark Reference Price the methodology applied by the Exchange to determine such Non-Benchmark Reference Price,

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;

"Private Warning"

means a written warning served on a Member, Dealer or Member Representative by the Exchange in accordance with Regulations 14.2 to 14.4 of the Membership Regulations;

"Product Specifications"

means the specifications, features and/or terms of any Contract listed for trading on the Exchange, as described in the Rules and Administrative Procedures;

"Prompt Date"

- (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;
- (b) in relation to an Index Contract, the Business Day on which, having regard where relevant to Regulation 8 of the Trading Regulations, the Settlement Price of the Index is determined, with settlement of the Contract on the next Settlement Business Day;
- (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;
- (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
- (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;
"PTT Exempt Order"	an Inter-Office Order that is not required to be publicised in accordance with the Pre-Trade Transparency Requirements, due to the application of: <ul style="list-style-type: none"> (a) a PTT Waiver; or (b) the PTT Hedging Exemption;
"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 Premium Warrant Warehouse"	a listed warehouse for the storage of metal which satisfies the criteria specified by the Exchange from time to time and which is located in a Premium Warrant Jurisdiction;
"Quotations Committee"	a committee authorised by the 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 11.6.4 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 (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);
"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;
"Report"	has the meaning set out in Regulation 14.11 of the Membership Regulations;

"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;
"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 Head of Enforcement notifying the Head of Enforcement 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;
"Settlement Price"	the Cash offered price or other settlement price determined: <ul style="list-style-type: none"> (a) by the Quotations Committee in accordance with Regulation 5.1 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"	Loco London Fine Silver held in London and complying with standards relating to good delivery and fineness acceptable to the Precious Metal Clearer of the Clearing House for the purpose of effecting settlement with the Clearing House, as such standards are in effect from time to time;
"Single Dealer to Client Platform"	means any system operated by a Member for the purpose of arranging bilateral contracts between: (i) such Member; and (ii) its customers by means of either a "Request For Quote" or continual price streaming from the Member to customers, but not including a system operating an order book where one customer may trade against another customer's price or order;
"Special Committee"	the Committee to whom the Exchange has delegated the emergency powers under Regulation 17 of Part 3 as permitted by the Articles;
"Special Contract Rules for Cash-Settled Futures"	(a) in relation to Ferrous Futures, the Special Contract Rules for Cash-Settled Futures – Ferrous; and (b) in relation to Non-Ferrous Futures, the Special Contract Rules for Cash-Settled Futures – Non-Ferrous;
"Special Contract Rules for Cash-Settled Futures - Ferrous"	the Regulations set out in Part 6C of the Rules;
"Special Contract Rules for Cash-Settled Futures - Non-Ferrous"	the Regulations set out in Part 6D of the Rules;
"Special Contract Rules for LMEmini Contracts"	the Regulations set out in Part 6B of the Rules;
"Special Contract Rules for Metals"	the Regulations set out in Part 6 of the Rules;

"Special Contract Rules for the Construction of the Index"

the Regulations set out in Part 6A of the Rules;

"Sponsored 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 does not use the infrastructure of the Member or of any other person other than itself and/or the Exchange, to transmit the orders;

"Standard Warrant"

a Warrant that is not a Premium Warrant;

"Strike Price"

- (a) in relation to a Call Option which is a Metal Option, the price at which the Taker will buy from the Granter if the Option is declared;
- (b) in relation to a Put Option which is a Metal Option, the price at which the Taker will sell to the Granter if the Option is declared;
- (c) in relation to an Average Price Call Option, the price at which the Taker will buy from the Granter if the Traded Average Price Option is declared;
- (d) in relation to an Average Price Put Option, the price at which the Taker will sell to the Granter if the Traded Average Price Option is declared;
- (e) in relation to an Option Contract which is an Index Option, the agreed level of the Index which shall be compared with the Settlement Price of the Index on the Prompt Date to determine the amount payable to the Taker (if any);
- (f) in relation to a Call Option which is an LMEprecious Option, the price at which the Taker will buy from the Granter if the Option is automatically exercised;
- (g) in relation to a Put Option which is a LMEprecious Option, the price at which the Taker will sell to the Granter if the Option is automatically exercised;

"Subsidiary Undertaking"	the same meaning as set out in section 1162 of the Companies Act 2006;
"Taker"	the buyer under a Traded Option;
"TAR"	trading at the reference price prescribed by the Exchange;
"TAS"	trading at the Closing Price prescribed by the Exchange;
"Trade Mark"	means any trade mark (i) belonging to or used by the Company from time to time; or (ii) that the Company may register or apply to register from time to time;
"Traded Average Price Option"	an Exchange-traded option contract pursuant to which the Granter grants to the Taker the right to buy from the Granter a Lot of a specified metal at a specified Strike Price in a specified month and to sell to the Granter a Lot of a specified metal at the Monthly Average Settlement Price in that same specified month, or vice versa, the declaration of which will take place automatically if the Monthly Average Settlement Price is, in the case of an Average Price Call Option, greater than the Strike Price or, in the case of an Average Price Put Option, less than the Strike Price for the relevant tradeable month;
"Traded Option"	an Option Contract or a Traded Average Price Option;
"Traded Options Committee"	the committee appointed by the 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"	<p>means (as the context requires):</p> <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, <p>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;</p>
"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"	(a) in relation to a Cleared Contract, the sum of money determined by the Clearing House under the Clearing House Rules;
	(b) in relation to a Client Contract, the sum of money determined by the relevant Category 1 or Category 2 Member or LMEprecious Clearing Member (or, where no such Member is a party, by the relevant Category 4 Member or LMEprecious Non-Clearing Member) representing the amount of variation margin called by the Clearing House in respect of the Client-Related Cleared Contract that corresponds to such Client Contract or such larger sum as may be agreed between the parties;
"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; and/or
 - (d) in the case of a reference to any EU-level rules or legislation made pursuant to any such Regulation or Directive (or any provision thereof), any rule or regulation made in the United Kingdom that further specifies such Regulation or Directive or rules or legislation made thereunder,

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 any committee; any such committee 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 the Exchange in relation to commercial, operational, 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 Exchange 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 the Exchange may determine, provided that the Exchange is satisfied that:

- (a) compliance with the relevant requirements would be unduly burdensome to the Member;
- (b) the waiver or modification would not create unacceptable risks for the Exchange, or the market generally;
- (c) the waiver or modification is consistent with the regulatory obligations of the Exchange, including the obligation to maintain orderly markets; and
- (d) the waiver or modification would not result in unreasonable or inequitable discrimination between Members.
- (e) Waivers and modifications granted or made under this Regulation 2.6 by the Exchange 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.

PART 2

MEMBERSHIP, ENFORCEMENT AND DISCIPLINE

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CONTENTS

Section	Page
1. Admission to Membership	2-1
2. Membership of the LME Base Service	2-1
3. Membership of the LMEprecious Service	2-5
4. Common Eligibility Criteria	2-10
5. Applications for Membership	2-11
6. Change in Class or Category of Membership	2-13
7. Requirements of the Financial Services and Markets Act 2000	2-13
8. Change in Ownership of a Member	2-17
9. Designation of Members	2-17
10. Withdrawal from Membership	2-18
11. Committees	2-19
12. Provision of Information and Obligations of Members	2-19
13. Investigations Into Suspected Acts of Misconduct	2-25
14. Discipline	2-26
15. Disqualification and Expulsion	2-41
16. Forfeiture of Rights on Cessation of Membership	2-42
17. Disputes Between Members	2-42
18. Intellectual Property Rights	2-42
19. Financial OTC Booking Fee Policy	2-43
20. Restrictions on use of Lme Property or Systems for Non-Exchange Contracts	2-44
21. Confidentiality	2-45
22. Fees & Incentive Programmes	2-47
23. Recording of Telephone Calls	2-50
24. Periodic OTC Position Reporting	2-50

PART 2: MEMBERSHIP, ENFORCEMENT AND DISCIPLINE

1. ADMISSION TO MEMBERSHIP

- 1.1 The Exchange may grant admission to Membership in accordance with these Rules.
- 1.2 The requirements set out in Regulation 2 of these Membership Regulations shall apply to Candidates applying to participate in the LME Base Service, other than as Registered Intermediating Brokers.
- 1.3 The requirements set out in Regulation 3 of these Membership Regulations shall apply to Candidates applying to participate in the LMEprecious Service, other than as Registered Intermediating Brokers.
- 1.4 The requirements set out in Regulation 3A of these Membership Regulations shall apply to Candidates applying to participate in the LME Base Services and/or the LMEprecious Service in the capacity of Registered Intermediating Brokers.
- 1.5 The requirements set out in Regulation 4 onwards within these Membership Regulations shall apply in respect of all Candidates or Members, regardless of the service in which they are applying to participate, or already participate, save to the extent that any Regulation specifies that it is limited to any particular category of Membership or any particular service.

2. MEMBERSHIP OF THE LME BASE SERVICE

2.1 Eligibility for Membership

- 2.1.1 The Membership categories described in this Regulation 2 apply to the LME Base Service.
- 2.1.2 To be eligible for Membership of the LME Base Service, a Candidate must satisfy the eligibility criteria set out below for the class or category of Membership for which they are applying.

2.2 Category 1 Membership:

A Candidate for Category 1 Membership must satisfy the Exchange:-

- (a) that it is:
 - (1) an Undertaking which is a body corporate incorporated in the United Kingdom or if not itself a body corporate its principal or managing member is a body corporate incorporated in the United Kingdom; or
 - (2) an Overseas Undertaking;
- (b) that it satisfies the requirements for Category 1 Members set out in Regulation 7 of these Membership Regulations;
- (c) that it is capitalised at or above the level for the time being prescribed by the Exchange;
- (d) that it enjoys a financial and business standing which, in the opinion of the Exchange, is suitable for Ring Membership; in considering financial and business standing the Exchange will have separate regard to the Undertaking concerned and the fitness and properness of its employees or representatives;

- (e) that the persons to be responsible for trading on its behalf in the Ring have sufficient and relevant experience and qualifications to become Authorised Dealers; in considering experience the Exchange may take into account indications given by a Candidate as to the level and type of trading it intends to conduct in the Ring;
- (f) that it is or will on admission become the legal owner of the number of B Shares prescribed by the Exchange for Category 1 Membership;
- (g) that it is a member of the Clearing House or will, subject to election as a Category 1 Member, become a member of the Clearing House authorised to clear Cleared Contracts;
- (h) that it is able to comply with the requirements of the Trading Regulations regarding the delivery of Warrants;
- (i) that it becomes an Account Holder in accordance with Regulation 2 of the LMEsword Regulations; and
- (j) that it satisfies any and all other criteria for Category 1 Membership, and, if applicable, any and all other special criteria for Overseas Undertakings, which the Exchange may from time to time prescribe.

2.3 **Category 2 Membership:**

2.3.1 A Candidate for Category 2 Membership must satisfy the Exchange:-

- (a) that it is:
 - (1) an Undertaking which is a body corporate incorporated in the United Kingdom or if not itself a body corporate its principal or managing member is a body corporate incorporated in the United Kingdom; or
 - (2) an Overseas Undertaking;
- (b) that it satisfies the requirements for Category 2 Members set out in Regulation 7 of these Membership Regulations;
- (c) that it is capitalised at or above the level for the time being prescribed by the Exchange;
- (d) that it enjoys a financial and business standing which, in the opinion of the Exchange, is suitable for Category 2 Membership; in considering financial and business standing the Exchange will have separate regard to the Undertaking concerned and the fitness and properness of its employees or representatives;
- (e) that it is or will on admission become the legal owner of the number of B Shares prescribed by the Exchange for Category 2 Membership;
- (f) that it is a member of the Clearing House or will, subject to election as a Category 2 Member, become a member of the Clearing House authorised to clear Cleared Contracts;
- (g) that it is able to comply with the requirements of the Trading Regulations regarding the delivery of Warrants;

- (h) that it becomes an Account Holder in accordance with Regulation 2 of the LMEsword Regulations; and
- (i) that it satisfies any and all other criteria for Category 2 Membership, and, if applicable, any and all other special criteria for Overseas Undertakings, which the Exchange may from time to time prescribe.

2.4 **Category 3 Membership:**

2.4.1 A Candidate for Category 3 Membership must satisfy the Exchange:-

- (a) that it is:
 - (1) an Undertaking which is a body corporate incorporated in the United Kingdom or if not itself a body corporate its principal or managing member is a body corporate incorporated in the United Kingdom; or
 - (2) an Overseas Undertaking;
- (b) that it satisfies the requirements for Category 3 Members set out in Regulation 7 of these Membership Regulations;
- (c) that it is capitalised at or above the level for the time being prescribed by the Exchange;
- (d) that it enjoys a financial and business standing which, in the opinion of the Exchange, is suitable for Category 3 Membership; in considering financial and business standing the Exchange will have separate regard to the Undertaking concerned and the fitness and properness of its employees or representatives;
- (e) that it is or will on admission become the legal owner of the number of B Shares prescribed by the Exchange for Category 3 Membership;
- (f) that it is a member of the Clearing House or will, subject to election as a Category 3 Member, become a member of the Clearing House authorised to clear Cleared Contracts;
- (g) that it is able to comply with the requirements of the Trading Regulations regarding the delivery of Warrants;
- (h) that it becomes an Account Holder in accordance with Regulation 2 of the LMEsword Regulations; and
- (i) that it satisfies any and all other criteria for Category 3 Membership, and, if applicable, any and all other special criteria for Overseas Undertakings, which the Exchange may from time to time prescribe.

2.5 **Category 4 Membership:**

2.5.1 A Candidate for Category 4 Membership must satisfy the Exchange:-

- (a) that it is:

- (1) an Undertaking which is a body corporate incorporated in the United Kingdom or if not itself a body corporate its principal or managing member is a body corporate incorporated in the United Kingdom; or
 - (2) an Overseas Undertaking;
- (b) that it satisfies the requirements for Category 4 Members set out in Regulation 7 of these Membership Regulations;
 - (c) that it enjoys a financial business standing which, in the opinion of the Exchange, is suitable for Category 4 Membership; in considering financial and business standing the Exchange will have separate regard to the Undertaking concerned and the fitness and properness of its employees or representatives;
 - (d) that it is or will on admission become the legal owner of the number of B Shares prescribed by the Exchange for Category 4 Membership; and
 - (e) that it satisfies any and all other criteria for Category 4 Membership and, if applicable, any and all other special criteria for Overseas Undertakings, which the Exchange may from time to time prescribe.

2.5.2 A Category 4 Member may, if it is eligible in accordance with Regulation 2 of the LMEsword Regulations, apply to become an Account Holder in accordance with Regulation 2 of the LMEsword Regulations. Any such Category 4 Member that applies to become an Account Holder must also satisfy the Exchange that it is able to comply with the requirements of the Trading Regulations regarding the delivery of Warrants.

2.6 **Category 5 Membership:**

2.6.1 A Candidate for Category 5 Membership must satisfy the Exchange:-

- (a) that it is:
 - (1) an Undertaking which is a body corporate incorporated in the United Kingdom or if not itself a body corporate its principal or managing member is a body corporate incorporated in the United Kingdom; or
 - (2) an Overseas Undertaking;
- (b) that it enjoys a financial business standing which, in the opinion of the Exchange, is suitable for Category 5 Membership; in considering financial and business standing the Exchange will have separate regard to the Undertaking concerned and the fitness and properness of its employees or representatives; and
- (c) that it satisfies any and all other criteria for Category 5 Membership and, if applicable, any and all other special criteria for Overseas Undertakings, which the Exchange may from time to time prescribe.

2.6.2 A Category 5 Member need not hold shares in LME Holdings.

2.7 **Honorary Membership:**

Honorary Membership (previously known as Category 7 Membership) may be conferred on individuals at the discretion of the Exchange.

3. MEMBERSHIP OF THE LMEPRECIOUS SERVICE

3.1 Eligibility for Membership

3.1.1 The Membership categories described in this Regulation 3 apply to the LMEprecious Service.

3.1.2 To be eligible for Membership of the LMEprecious Service, and to become an LMEprecious Member, a Candidate must satisfy the eligibility criteria set out below for the class or category of Membership for which they are applying.

3.1.3 For the avoidance of doubt, the requirements for certain LMEprecious Members to hold B Shares is not cumulative with the requirements for certain LME Base Members to hold B Shares (and *vice versa*). For example: if the Exchange has prescribed that a Category 1 Member is required to hold 25,000 B Shares and that an LMEprecious General Clearing Member is required to hold 10,000 B Shares, a Candidate seeking to become both a Category 1 Member and an LMEprecious General Clearing Member would be required to hold 25,000 B Shares in total (not 35,000 B Shares).

3.2 LMEprecious General Clearing Member:

A Candidate for LMEprecious General Clearing Membership must satisfy the Exchange:

- (a) that it is a member of the Clearing House, or will, subject to election as an LMEprecious General Clearing Member, become a member of the Clearing House with permission to clear LMEprecious Contracts; and
- (b) that it has established one or more Unallocated Precious Metal Accounts of the appropriate type, at a Precious Metal Clearer, to enable the LMEprecious General Clearing Member to make and receive deliveries of unallocated Precious Metal, through the Precious Metal Clearing System, in settlement of LMEprecious Contracts; and
- (c) that it is a Member of the LME for the LME Base Service having a Category 1 or 2 Membership; or
- (d) if (c) does not apply:
 - (i) that it is:
 - (A) an Undertaking which is a body corporate incorporated in the United Kingdom or if not itself a body corporate its principal or managing member is a body corporate incorporated in the United Kingdom; or
 - (B) an Overseas Undertaking;
 - (ii) that it satisfies the requirements for LMEprecious General Clearing Members set out in Regulation 7 of these Membership Regulations;
 - (iii) that it is capitalised at or above the level for the time being prescribed by the Exchange; and
 - (iv) that it enjoys a financial and business standing which, in the opinion of the Exchange, is suitable for LMEprecious General Clearing Membership; in considering financial and business standing the Exchange will have separate

regard to the Undertaking concerned and the fitness and properness of its employees or representatives;

- (e) that it is or will on admission become the legal owner of the number of B Shares prescribed by the Exchange for LMEprecious General Clearing Membership; and
- (f) that it has met any additional criteria for use of the LMEprecious Service and, if applicable, any and all other special criteria for Overseas Undertakings, which the Exchange may from time to time prescribe.

3.3 **LMEprecious Individual Clearing Member:**

A Candidate for LMEprecious Individual Clearing Membership must satisfy the Exchange:

- (a) that it is a member of the Clearing House, or will, subject to election as an LMEprecious Individual Clearing Member, become a member of the Clearing House with permission to clear LMEprecious Contracts; and
- (b) that it has established one or more Unallocated Precious Metal Accounts of the appropriate type, at a Precious Metal Clearer, to enable the LMEprecious Individual Clearing Member to make and receive deliveries of unallocated Precious Metal, through the Precious Metal Clearing System, in settlement of LMEprecious Contracts; and
- (c) that it is a Member of the LME for the LME Base Service having a Category 1, 2 or 3 Membership; or
- (d) if (c) does not apply:
 - (i) that it is:
 - (A) an Undertaking which is a body corporate incorporated in the United Kingdom or if not itself a body corporate its principal or managing member is a body corporate incorporated in the United Kingdom; or
 - (B) an Overseas Undertaking;
 - (ii) that it satisfies the requirements for LMEprecious Individual Clearing Members set out in Regulation 7 of these Membership Regulations;
 - (iii) that it is capitalised at or above the level for the time being prescribed by the Exchange; and
 - (iv) that it enjoys a financial and business standing which, in the opinion of the Exchange, is suitable for LMEprecious Individual Clearing Membership; in considering financial and business standing the Exchange will have separate regard to the Undertaking concerned and the fitness and properness of its employees or representatives;
- (e) that it is or will on admission become the legal owner of the number of B Shares prescribed by the Exchange for LMEprecious Individual Clearing Membership; and

- (f) that it has met any additional criteria for use of the LMEprecious Service and, if applicable, any and all other special criteria for Overseas Undertakings, which the Exchange may from time to time prescribe.

3.4 **LMEprecious Non-Clearing Member:**

3.4.1 A Candidate for LMEprecious Non-Clearing Membership must satisfy the Exchange:

- (a) that it has appointed one or more LMEprecious General Clearing Members to clear Agreed Trades in LMEprecious Contracts effected by such LMEprecious Non-Clearing Member;
- (b) that it is a Member of the LME for the LME Base Service having a Category 1, 2 or 4 Membership; or
- (c) if (b) does not apply:
- (i) that it is:
 - (1) an Undertaking which is a body corporate incorporated in the United Kingdom or if not itself a body corporate its principal or managing member is a body corporate incorporated in the United Kingdom; or
 - (2) an Overseas Undertaking;
 - (ii) that it satisfies the requirements for LMEprecious Non-Clearing Members set out in Regulation 7 of these Membership Regulations; and
 - (iii) that it enjoys a financial and business standing which, in the opinion of the Exchange, is suitable for LMEprecious Non-Clearing Membership; in considering financial and business standing the Exchange will have separate regard to the Undertaking concerned and the fitness and properness of its employees or representatives;
- (d) that it has met any additional criteria for use of the LMEprecious Service and, if applicable, any and all other special criteria for Overseas Undertakings, which the Exchange may from time to time prescribe.

3.4.2 An LMEprecious Non-Clearing Member must have at all times one or more LMEprecious General Clearing Members appointed to clear Agreed Trades in LMEprecious Contracts effected by such LMEprecious Non-Clearing Member.

3.4.3 For the avoidance of doubt, an LMEprecious Non-Clearing Member shall not be required to use to clear LMEprecious Contracts the same Clearing Member that it uses to clear Contracts subject to the LME Base Service.

3.4.4 An LMEprecious Non-Clearing Member must at all times maintain appropriate arrangements to enable the settlement of any LMEprecious Contract to which it is party. For the avoidance of doubt, such arrangements may include the maintenance of settlement and custody accounts for Precious Metals with: (a) an LMEprecious General Clearing Member; or (b) a Precious Metal Clearer; or (c) a custodian having an account for the settlement of unallocated Precious Metals.

3A. **REGISTERED INTERMEDIATING BROKER MEMBERSHIP**

3A.1 **Eligibility for Membership**

3A.1.1 The Membership categories described in this Regulation 3A apply to Registered Intermediating Brokers.

3A.1.2 To be eligible for Membership as a Registered Intermediating Broker, and to become an RIB Member, a Candidate must satisfy the eligibility criteria set out below for the class or category of RIB Membership for which they are applying.

3A.1.3 For the avoidance of doubt, the requirements for certain RIB Members to hold B Shares is not cumulative with the requirements for certain LME Base Members and/or LMEprecious Members to hold B Shares (and vice versa).

3A.2 **Common Criteria for RIB Membership:**

3A.2.1 A Candidate for RIB Membership must satisfy the Exchange:-

(a) that it is:

- (1) an Undertaking which is a body corporate incorporated in the United Kingdom or if not itself a body corporate its principal or managing member is a body corporate incorporated in the United Kingdom; or
- (2) an Overseas Undertaking;

(b) that it satisfies the requirements for RIB Members set out in Regulation 7 of these Membership Regulations; and

(c) that it satisfies any and all other criteria for RIB Membership and, if applicable, any and all other special criteria for Overseas Undertakings, which the Exchange may from time to time prescribe.

3A.3 **RIB Tier 1 Membership:**

3A.3.1 A Candidate for RIB Tier 1 Membership must satisfy the Exchange:-

(a) that it enjoys a financial business standing which, in the opinion of the Exchange, is suitable for RIB Tier 1 Membership; in considering financial and business standing the Exchange will have separate regard to the Undertaking concerned and the fitness and properness of its employees or representatives;

(b) that it is or will on admission become the legal owner of the number of B Shares prescribed by the Exchange for RIB Tier 1 Membership; and

(c) that it satisfies any and all other criteria for RIB Tier 1 Membership which the Exchange may from time to time prescribe.

3A.4 **RIB Tier 2 Membership:**

3A.4.1 A Candidate for RIB Tier 2 Membership must satisfy the Exchange:-

(a) that it enjoys a financial business standing which, in the opinion of the Exchange, is suitable for RIB Tier 2 Membership; in considering financial and business standing the Exchange will have separate regard to the Undertaking concerned and the fitness and properness of its employees or representatives;

- (b) that it is or will on admission become the legal owner of the number of B Shares prescribed by the Exchange for RIB Tier 2 Membership; and
- (c) that it satisfies any and all other criteria for RIB Tier 2 Membership which the Exchange may from time to time prescribe.

3A.5 **Authorisation of RIB Members in respect of specific Contract Types:**

3A.5.1 A Registered Intermediating Broker may be authorised by the Exchange to arrange Agreed Trades in both LME Base Contracts and LMEprecious Contracts, and to thereby participate in both the LME Base Service and the LMEprecious Service, in its capacity as a RIB.

3A.5.2 Notwithstanding Regulation 3A.5.1 above:

- (a) a Registered Intermediating Broker shall not be permitted to act as a Trading Member in respect of any Agreed Trade for which it is also acting as a RIB;
- (b) a Registered Intermediating Broker shall be permitted to arrange Agreed Trades in Contracts comprising:
 - (i) RIB Tier 1 Products and RIB Tier 2 Products, where such Member has RIB Tier 1 Membership; or
 - (ii) RIB Tier 2 Products only, where such Member has RIB Tier 2 Membership;
- (c) a Registered Intermediating Broker shall only be required to satisfy the eligibility criteria for the class or category of RIB Membership for which they are applying (including the number of B Shares prescribed by the Exchange for the relevant class of RIB Membership), regardless of whether they are applying to arrange Agreed Trades in LME Base Contracts and/or LMEprecious Contracts;
- (d) a Registered Intermediating Broker shall not be required to satisfy the eligibility criteria for LME Base Membership (as set out in Regulation 2 above) or LMEprecious Membership (as set out in Regulation 3 above); and
- (e) A Member shall be permitted to hold Registered Intermediating Broker Membership in addition to being a Trading Member, provided that such Member:
 - (i) shall satisfy the eligibility criteria applicable to all relevant categories of Membership;
 - (ii) shall comply with the Rules separately as they apply to each such category of Membership;
 - (iii) shall ensure that it is at all times clear to its Client whether it is acting in its capacity as Trading Member or as Registered Intermediating Broker;
 - (iv) shall not, in respect of any Agreed Trade, act as both (1) Registered Intermediating Broker and (2) Trading Member and/or Clearing Member; and
 - (v) shall have established appropriate systems and controls to ensure segregation (to the extent required by applicable law and regulation) of its

activities as a Registered Intermediating Broker from its other LME activities.

- 3A.5.3 The Exchange may, by the issue of a Notice, recategorise a RIB Tier 1 Product as a RIB Tier 2 Product (or vice versa). In doing so, the Exchange shall consider such factors as, in its discretion, are relevant to a decision to recategorise a RIB Tier 1 Product or a RIB Tier 2 Product. The factors that the Exchange shall have regard to may include, without limitation: (i) average trading volumes; (ii) levels of open interest; (iii) the availability of Incentive Programmes to support liquidity; and (iv) factors specific to the relevant Contract.
- 3A.5.4 In the event that the Exchange recategorises a RIB Tier 2 Product as a RIB Tier 1 Product, a RIB Tier 2 Member shall cease to be permitted to arrange Agreed Trades in such RIB Tier 1 Products. In order to be able to continue arranging Agreed Trades in such recategorised Contracts, a RIB Tier 2 Members must first obtain RIB Tier 1 Membership, in accordance with the requirements set out in Regulation 3A.3.
- 3A.5.5 For the avoidance of doubt, any recategorisation of a RIB Tier 1 Product as a RIB Tier 2 Product (or vice versa) shall not affect the permission of a RIB Tier 1 Member to arrange Agreed Trades in such Contract, in accordance with Regulation 3A.5.2(b) above.
- 3A.5.6 For the avoidance of doubt, the Exchange shall not be required to determine that any Contract should be a RIB Product. Furthermore, the Exchange may, by the issue of a Notice, determine that a Contract shall cease to be a RIB Product. Where a Contract has not been categorised as a RIB Product, or has ceased to be categorised as a RIB Product, a Registered Intermediating Broker shall not be permitted to arrange, or to continue to arrange (as applicable), Agreed Trades in such Contract.

4. **COMMON ELIGIBILITY CRITERIA**

4.1 **Share Capital**

- 4.1.1 The amount prescribed by the Exchange, from time to time, as the minimum Net Worth Requirement for each category of Membership shall be met by permanent capital plus additional capital less disallowables.
- 4.1.2 Permanent capital shall be issued and fully paid ordinary shares, issued and fully paid preference shares, share premium and other reserves not available for distribution. A deficit in reserves available for distribution will be deducted when calculating permanent capital.
- 4.1.3 Additional capital shall be other equity reserves (distributable or otherwise) profit and loss reserves and subordinated loans.
- 4.1.4 Disallowable items are intangible fixed assets such as goodwill, development costs etc., investments in subsidiaries and/or other group companies, shares in the Clearing House and the value of exchange Memberships.

4.2 **Overseas Undertakings**

- (a) A Candidate that is an Overseas Undertaking may not be admitted to Membership in the event that the Exchange does not have any necessary licences, authorisations or regulatory permissions to enable the Exchange to lawfully provide investment exchange services to a person having the same characteristics as the Candidate from that Candidate's (or, where applicable, its principal or managing member's) place of incorporation or any other relevant jurisdiction.

- (b) A Candidate that is an Overseas Undertaking may not be admitted to Membership in the event that the jurisdiction of the Candidate's place of incorporation or other relevant jurisdiction is not satisfactory to the Exchange, on the grounds of legal or regulatory risk relating to that jurisdiction.

4.3 **Systems, Controls and Procedures**

A Candidate must have appropriate systems, controls and procedures relating to any applicable legal or regulatory requirement relating to any business activities it may undertake in connection with the use of the facilities of the Exchange, including (but not limited to) anti-money laundering and financial crime systems, controls and procedures, the adequacy of which must be satisfactory to address the risk that the facilities of the Exchange may be used for any improper purpose and to address any applicable legal or regulatory requirements. The Exchange reserves the right, where necessary in response to a legitimate compliance concern, to request from any Candidate or Member from time to time (a) details of such systems, controls and procedures and/or (b) a reasoned legal opinion from a reputable law firm, or a reasoned report from a reputable compliance consultancy, that such systems, controls and procedures are appropriate to address any applicable legal or regulatory requirements, in such format and addressing such concerns as the Exchange may specify.

4.4 **Discretion to Refuse Application on Grounds of Compliance or Risk**

The Exchange shall be permitted to refuse any application for Membership by a Candidate that satisfies the criteria set out above where the Exchange has reasonable grounds for considering that:

- (a) the Candidate is unlikely to be capable of complying with its obligations as a Member under these Rules or any Administrative Procedures; or
- (b) the Candidate is subject to any legal or regulatory requirement or restriction that may prevent the Candidate from complying fully with any obligation it may have as a Member under these Rules or any Administrative Procedure; or
- (c) the admission of the Candidate as a Member would be likely to expose other Members and/or the Exchange and/or the Clearing House to a materially increased level of risk than is generally presented by other Members having the same category of Membership for which the Candidate is applying; or
- (d) the Candidate is subject to any form of Sanctions or the directors, officers, employees or agents of it or any of its Affiliates are subject to any form of Sanctions; or
- (e) the admission of a Candidate as a Member would expose the Exchange or the Clearing House or any other Member to any risk of infringement of any applicable law, including relevant Sanctions.

5. **APPLICATIONS FOR MEMBERSHIP**

- 5.1 An application for Membership of the Exchange shall be made in the form prescribed from time to time by the Exchange, obtainable from the teams(s) at the Exchange with responsibility for managing the process of admission to Membership. Each application must be accompanied by such admission Fee as may be prescribed by the Exchange. Where required under Regulation 7.5, such application shall include a legal opinion that satisfies the requirements of that Regulation.

- 5.2 The Exchange may require from the Candidate such information, and may institute such investigations to verify information submitted by the Candidate, as they deem necessary. The Exchange may require the Candidate, or one or more representatives of the Candidate, to attend for interview by the Exchange or by a committee of the Exchange.
- 5.3 Following the determination by the Exchange that the Candidate has satisfied all applicable Membership requirements, the Exchange shall promptly publish a Notice informing the market that the Candidate has been approved for Membership of the Exchange.
- 5.4 The Exchange shall issue a further Notice to inform the market of the "**Go Live Date**" of the Candidate referred to in Regulation 5.3, such date being the date on which the Candidate shall be operationally ready to commence activities on the Exchange. The Exchange shall issue such Notice within such period prior to the Go Live Date as the Exchange considers to be reasonable in the circumstances.
- 5.5 With effect from the date on which the Exchange publishes the Notice pursuant to Regulation 5.3, the Candidate shall become obligated, as a Member, to pay the subscription applicable to its class or category of Membership.
- 5.6 The Exchange shall make available a list of all Members on the Exchange's public website at www.lme.com.
- 5.7 If the Exchange decides not to admit a Candidate to Membership it shall notify the Candidate with a statement of reasons for the refusal and the Candidate may within 14 days of being notified of the Exchange's decision lodge notice of appeal with the Secretary.
- 5.8 Appeal under this Regulation shall be to a single arbitrator ("**the Arbitrator**") to be appointed by the President for the time being of The Law Society. Regulations 1, 4-10, 14 and 16 of Part 8 of the Rules (amended as set out in Regulation 5.9) shall apply to an appeal under this Rule. The Arbitrator shall consider the written statement of reasons given to the Candidate by the Exchange and any representations made by or on behalf of the Candidate and by or on behalf of the Company. The Arbitrator shall determine whether or not the Exchange correctly interpreted the Membership criteria from time to time applicable in respect of the class of Membership for which the Candidate applied and whether the rules of natural justice were complied with in reaching the decision refusing admission ("**the Decision**"). The Decision shall not otherwise be open for review and the Arbitrator shall have no power to order that the Exchange shall admit the Candidate. The decision of the Arbitrator on questions of fact shall be final and binding on the Company and the Candidate. If the Arbitrator determines that the Exchange did not correctly interpret the relevant Membership criteria, or that the rules of natural justice were not complied with in reaching the Decision, the Exchange shall reconsider the application. In doing so the Exchange shall consider the application afresh and (in 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 14.1 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 their 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) such Member pays any increase in subscription applicable to their new class or category of Membership. A Member shall pay the full amount of subscription applicable to their 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 including so 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 5.4.

6.5 Regulation 10.9 of these Membership Regulations shall apply *mutatis mutandis* to a change from any class or category of Membership, with the effect that Regulations 10.5, 10.6 and 10.7 of the Membership Regulations shall be construed to apply in respect of the class or category of Membership from which the Member has changed.

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

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

- (a) an authorised person or exempt person within the meaning of Part III of FSMA; or

- (b) subject to Regulation 7.1A, an authorised investment firm within the meaning of Article 4 of the MiFID II Directive by the competent authority of an EEA State other than the United Kingdom (including a branch established in the United Kingdom of such a firm); or
- (c) subject to Regulation 7.1A, an authorised credit institution within the meaning of Article 4.1(1) of the Capital Requirements Regulation by the competent authority of an EEA State other than the United Kingdom (including a branch established in the United Kingdom of such an institution); or
- (d) a person whose activities in relation to the Exchange as a Member would not constitute regulated activities (as defined in FSMA) on the basis of an appropriate exclusion under the RAO or under regulation 11(1) of The Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2017 (SI 2017/701) (or any successor regulation to it).

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

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

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

- (a) authorised by the FCA to carry on such a regulated activity; or
- (b) a person whose activities in relation to the Exchange as a Member would not constitute regulated activities (as defined in the FSMA) on the basis of an appropriate exclusion under the RAO or under regulation 11(1) of The Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2017 (or any successor regulation to it); or
- (c) permitted, pursuant to its status as an exempt person within the meaning of Part III of FSMA, to carry on such regulated activities.

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

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

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

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

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

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

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

7.6 A person falling within Regulation 7.2(c) must, promptly following a request by the Exchange, provide such information as the Exchange may reasonably request regarding the basis on which the person is able to lawfully perform activities in relation to the Exchange in the United Kingdom and any other relevant jurisdictions, including, where such person is an

exempt person pursuant to the maintenance of appointed representative status under section 39 of FSMA:

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

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

- (a) refuse to admit a Candidate for Membership that is seeking admission on the basis of Regulation 7.1(d) or Regulation 7.2(b) or Regulation 7.2(c) (or, from EU Withdrawal Date, Regulation 7.1A) (as applicable) in the event that:
 - (1) the Exchange is not satisfied that the Candidate has demonstrated beyond all reasonable doubt that it is able to lawfully perform the activities that it may, or may be required to, perform as a Member of the Exchange notwithstanding that it is not an authorised person within the meaning of Part II of the FSMA; or
 - (2) the Exchange has reasonable grounds for concern as to the ability of the Candidate to ensure that the activities that it performs as Member in relation to the Exchange shall always fall within the scope of an appropriate exclusion under the RAO; or
 - (3) the Exchange has reasonable grounds for concern as to the ability of the Exchange and/or the Clearing House to continue to provide access to their respective facilities in accordance with applicable law; or
- (b) where a Member is admitted on the basis of Regulations 7.1(d) or 7.2(b) or 7.2(c) or 7.6, suspend or terminate a Member's Membership, or change the category of a Member's Membership in the event that:
 - (1) the Member fails to comply with Regulations 7.4(b) or 7.5(a) or (c) or 7.6; or
 - (2) the Exchange has reasonable grounds to believe that the Member may not be able to lawfully continue to perform the activities that it may, or may be required to, perform as a Member of the Exchange with the Member's category of Membership; or
 - (3) the Exchange has reasonable grounds for concern as to the ability of the Exchange and/or the Clearing House to continue to provide access to their respective facilities in accordance with applicable law.

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

8. CHANGE IN OWNERSHIP OF A MEMBER

- 8.1.1 A Member which is a body corporate shall notify the Exchange in writing of the name of any person for the time being holding, or having a beneficial interest in, 10% or more of any class of the equity share capital of the Member or of any Parent Undertaking of the Member, and of any change in such a holding or interest, within seven days of the holding or interest, or a change therein, coming to the Member's notice.
- 8.1.2 The members of a partnership or an unincorporated association who are joint Members shall notify the Exchange in writing of the name of any person who becomes or ceases to be a partner of that partnership or member of that unincorporated association (as the case may be) within seven days of that event coming to that joint Member's notice.
- 8.2 Upon receipt by the Exchange of any notice from a Member under Regulation 8.1.1 or 8.1.2 the Exchange may review the suitability of the Member for Membership of the Exchange. The Exchange may require the Member to furnish such additional information as the Exchange may from time to time consider material in the course of such review. If upon completion of the review the Exchange is not satisfied that the Member continues to satisfy the criteria for Membership of the relevant class it shall consider whether to suspend the rights of the Member.

9. DESIGNATION OF MEMBERS

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

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

RIB Tier 1 Member	"Registered Intermediating Broker Tier 1" or "RIB Tier 1 Member" of the London Metal Exchange.
RIB Tier 2 Member	"Registered Intermediating Broker Tier 2" or "RIB Tier 2 Member" of the London Metal Exchange.

The words London Metal Exchange may be abbreviated to LME.

10. WITHDRAWAL FROM MEMBERSHIP

- 10.1 Subject to Regulation 10.2 to 10.7, a Member may at any time withdraw from Membership of the Exchange and, where the Member (other than a Registered Intermediating Broker) participates in both the LME Base Service and the LMEprecious Service, from any individual service.
- 10.2 A Member desiring to withdraw from Membership must lodge a notice in writing to that effect (a "**resignation notice**") with the team(s) at the Exchange with responsibility for managing the process of admission to Membership. If the resignation notice is not received by the team on or before the 30th day of November of the year in which the Member intends their Membership to cease, the Member will be liable for payment of the subscription for the following year.
- 10.3 A Member who gives the Exchange a resignation notice must provide the Exchange with such information concerning the circumstances of the resignation as, in the opinion of the Exchange, is necessary for the Exchange to determine whether:
- (a) to accept the resignation;
 - (b) to postpone the effective date of the resignation;
 - (c) without prejudice to the courses of action available to the Exchange under subparagraphs (a) and (b) above, any other measures should be taken by the Exchange before or after the resignation takes effect.
- 10.4 The Exchange may, in its absolute discretion, refuse to accept a resignation notice given by a Member or may postpone the effective date if it considers it necessary for the protection of Clients, or otherwise in the interests of the market.
- 10.5 A Member who ceases to be a Member by virtue of Regulations 10 or 15 (a "**Former Member**") shall remain subject to the Rules and to the jurisdiction of the Exchange including, inter alia, those Rules relating to the retention of records and provision of information, in respect of acts and omissions while they were a Member and in respect of any investigation or disciplinary proceedings relating thereto (including the payment of any fine or application of any other sanction imposed) as if they were a Member, for the longer of:
- (a) the period of six years from the date on which they ceased to be a Member; or
 - (b) the period during which any disciplinary proceedings continue against them, being proceedings started by the Exchange no later than twelve months after the date on which they ceased to be a Member, subject to any extension of the period under Regulation 10.7; or
 - (c) the period until such time as all their obligations under any Contract entered into by such Member prior to them ceasing to be a Member shall have been discharged.

- 10.6 Disciplinary proceedings following a Member's resignation may be started by giving notice to the Former Member of an investigation no later than twelve months after the date on which they ceased to be a Member.
- 10.7 In the event that a Disciplinary Committee concludes that there are, or may be additional matters which should be investigated and in respect of which disciplinary proceedings may be taken, the period referred to in Regulation 10.5 shall be extended until such time as such additional disciplinary proceedings are completed (including the payment of any fine or application of any other sanction imposed).
- 10.8 Where a Category 5 Member:
- (a) does not pay any Membership Fee due to the Exchange, and such fee remains unpaid for more than sixty (60) calendar days from the date on which the Exchange requests that such Fee be paid; or
 - (b) fails to respond, to the satisfaction of the Exchange, within a period of thirty (30) calendar days to a request for information from the Exchange,

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

- 10.9 Where a Member resigns from an individual service, and remains a Member of any other service, Regulations 10.5, 10.6 and 10.7 shall be construed to apply only in respect of the service from which the Member has resigned.

11. COMMITTEES

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

12. PROVISION OF INFORMATION AND OBLIGATIONS OF MEMBERS

- 12.1 Each Member (other than Category 5 and Honorary Members) shall provide the following financial, trading and other relevant information to the Exchange:
- 12.1.1 in relation to Category 1, Category 2, Category 3 and Category 4 Members, LMEprecious Clearing Members and LMEprecious Individual Clearing Members, and Registered Intermediating Broker Members annual audited accounts (including balance sheet, profit and loss account and cash flow statement) within four months of the end of its financial year and those of its ultimate Parent Undertaking (if any) as soon as they are sent to any person entitled to receive them; and

- 12.1.2 in relation to Category 4 Members, LMEprecious Non-Clearing Members and Registered Intermediating Brokers, the annual statement of capital issued by an independent external auditor, within two weeks of receipt by the Member of the finalised statement; and
- 12.1.3 such further information in relation to commercial matters as may be required by the Exchange generally or in any specific case; and
- 12.1.4 such further information in relation to regulatory, compliance and market-conduct related matters as may be required by the Exchange. Without limitation to the generality of the foregoing, where the Exchange deems it necessary, the information required may include information relating to (i) any business in metals of a Member or any of a Member's affiliates, whether that information relates to the business of the Member or of any affiliate; and/or (ii) any business of a Client of a Member in metals. Such business in metals may include, without limitation, "over-the-counter" business in the trading, storage or financing of metals.
- 12.2 The Exchange in relation to commercial, operational, regulatory and/or compliance matters may request trading or other information regarding any Clearing Member from the Clearing House and the Clearing House shall provide the same.
- 12.3 The Exchange in relation to commercial, operational, regulatory and/or compliance matters shall be entitled at any time to inspect and take copies of the records, trading information, books of account and other documentation, in whatsoever medium retained, of Members (including, in whatsoever medium retained, any documentation maintained by or in the possession of the Member for any other person) for the purpose of ensuring compliance with the Rules. Where documentation of a Member is maintained for it by a third party, the Member shall procure that access is provided to such documentation as if it were in the possession of the Member.
- 12.4 Any person or persons whom the Exchange appoints to do so shall be entitled at any time to attend at the premises of any Member for the purpose of inspecting any of the matters referred to in Regulations 12.1 and 12.3 and the Member shall ensure that all cooperation is afforded.
- 12.5 The Exchange and any person or persons appointed by the Exchange to do so may cooperate with any governmental or international agencies, any investment exchanges, any clearing houses and self-regulatory and other regulatory or enforcement organisations in such manner as each of the Exchange or a person appointed by the Exchange thinks fit and shall, in particular, be permitted to divulge to any of the aforesaid persons or bodies any information for the time being in the possession of the Exchange regarding any Member's financial condition or trading activity including any information obtained pursuant to Regulations 12.1 to 12.4.
- 12.6 A Member shall:
- (a) observe high standards of integrity and fair dealing;
 - (b) observe high standards of market conduct and have regard to the standards and guidance as provided by the FCA and industry bodies such as, without limitation, the FIA;
 - (c) establish and maintain a system of internal controls, including without limitation, appropriate and adequate risk management systems, which are appropriate to the nature, scale and complexity of the Member's business on the LME market and to the Member's obligations under the Rules and, where relevant, the Clearing House Rules.

The system of internal controls shall be documented, reviewed on a regular basis and supported by written procedures;

- (d) either avoid any conflict of interest arising between itself and a Client or, where conflicts arise, manage conflicts of interest fairly. A Member shall ensure fair treatment to all its Clients and a Member shall not unfairly place their interests above those of their Clients. A Member shall comply with any guidance as published by Notice by the Exchange from time to time;
- (e) ensure its internal record-keeping is appropriate and adequate;
- (f) ensure that it has appropriate and adequate business continuity plans and must participate in any mandatory business continuity tests notified to the Member by the Exchange from time to time;
- (g) ensure that all of its Dealers, Member Representatives, staff and directors involved in the conduct of business on the Exchange are fit and proper, suitable, appropriately and adequately trained, properly supervised, and, where appropriate, suitably qualified;
- (h) ensure that any business conducted on the Exchange by it, its Dealers and Member Representatives, complies with the Member's, the Dealers' and the Member Representatives' obligations under the Rules;
- (i) ensure that any business conducted by it, or by or through any of its Dealers or staff or Member Representatives, shall not cause the Member, its Dealers, Member Representatives or the Exchange or Clearing House or any of their respective staff to be in breach of any applicable laws and/or regulations, including without limitation any relevant Sanctions (except to the extent that any obligation or undertaking contemplated by this Regulation 12.6(i) would be in conflict with any applicable laws purporting to nullify or restrict the effect of foreign Sanctions or preventing boycotts);
- (j) ensure that it does not enter orders into or make or facilitate trades via LME Select or in the inter-office market in or from a jurisdiction where the Exchange does not have the relevant regulatory licences or approvals (if such regulatory licence or approval is required) if to do so would put the Exchange in breach of any legal or regulatory obligations to which it might be subject within that jurisdiction or would bring the Exchange into disrepute with the regulatory authority within such jurisdiction. A Member shall observe the requirements set out in the Jurisdictions Notice, as updated from time to time;
- (k) ensure that any hardware, information technology or any online services provided to it, or any of its Dealers or Member Representatives, or made available to it, or any of its Dealers or Member Representatives, pursuant to its Membership of the Exchange shall only be used for the purposes of conducting its business and activities as a Member of the Exchange, in accordance with these Regulations;
- (l) retain all relevant documentation, and provide the Exchange with copies thereof on request, in relation to all Contracts arranged, or entered into, by them and also in relation to all other contracts arranged, or entered into, by them for the purchase and sale of primary aluminium, aluminium alloy, cobalt, copper, lead, molybdenum, nickel, steel, tin, zinc, including:
 - any option for the purchase and sale of any such metal; and

- any contract for difference, swap, or similar contract based on the price of any such metal;
- (m) deal with the Exchange in an open and cooperative manner and keep the Exchange promptly informed of any matter concerning the Member which the Exchange might reasonably expect to be disclosed to it. This duty of disclosure shall arise as soon as the Member becomes aware, or has reasonable grounds for believing, that such a matter has arisen or will arise;
- (n) have, implement and maintain policies and procedures that are adequate to ensure compliance with applicable Sanctions, and, at the request of the Exchange and/or the Clearing House, promptly provide satisfactory evidence of such policies and procedures (including, without limitation, copies thereof) and of the adequate implementation and maintenance of such policies and procedures (except to the extent that any obligation or undertaking contemplated by this Regulation 12.6(l) would be in conflict with any applicable laws purporting to nullify or restrict the effect of foreign Sanctions or preventing boycotts);
- (o) notify the Exchange and the Clearing House as soon as reasonably practicable upon becoming aware of significant disruptions to its systems which have the potential to impact the orderly functioning of the Exchange or the Clearing House, including such disruption caused by any unauthorised use of a computer and/or system. Factors that may indicate significant system disruptions impacting the functioning of the Exchange include (but shall not be limited to) any major malfunction or breakdown of the following, however caused:
- (i) the Member's trading system; or
 - (ii) the Member's system for order management, such that it adversely affects the ability of the Member and/or its Client(s) to enter, adjust or cancel their orders; or
 - (iii) any application programming interfaces ("APIs") or graphical user interfaces ("GUIs") through which the Member's systems interface with the systems of the Exchange;
- (p) notify the Exchange and the Clearing House as soon as reasonably practicable upon becoming aware of any of the following:
- (i) any Sanctions of which it has become the target;
 - (ii) any change to the Member such that it is or becomes incorporated, registered, located, organised, domiciled or resident in any jurisdiction subject to Sanctions;
 - (iii) any of its Affiliates, Clients, directors, officers, employees or agents or any of its Affiliates' directors, officers, employees or agents, to its knowledge:
 - (1) being the target of any Sanction;
 - (2) being or becoming incorporated, registered, located, organised, domiciled or resident in any jurisdiction subject to Sanctions,

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

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

12.7 No Member shall:

- (a) manipulate or attempt to manipulate the market or any prices, indices or benchmarks set or otherwise published by the Exchange;
- (b) engage in or attempt to engage in insider dealing;
- (c) create or attempt to create a disorderly market; or
- (d) knowingly facilitate, fail to take reasonable steps to prevent or assist its Clients, or any other person, to do any of (a), (b) or (c) above.

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

12.9 Subject to Regulation 12.6(j) above, Members must notify the Exchange, as applicable:

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

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

12.10 In the circumstances described in Regulation 12.10.1 below, the Exchange may take any of the actions described in Regulation 12.10.2. The circumstances are that the Exchange suspects that a Client or any member of its Group or any other person who is a direct or indirect client of a Member whether in respect of Contracts or Applicable OTC Contracts or otherwise (such person being a "Client of Concern"):

- (a) is, or has been, involved in conduct that involves:

- (i) the manipulation or attempted manipulation of the market or any prices, indices or benchmarks set or otherwise published by the Exchange; or
 - (ii) the creation or attempted creation of a disorderly market; or
- (b) is, or has been, in breach of any Sanctions; or
- (c) is, or has been in breach of any applicable law or regulation relevant to the use by such person of any facilities of the Exchange or the entry into, or performance of, any Contracts or Applicable OTC Contracts and/or the use, holding of, or transactions in, any metal that is an LME-listed brand of metal; or
- (d) is assisting or has assisted any other person to do any of (a), (b) or (c) above; or
- (e) fails to co-operate with any Investigation by the Exchange into whether such Client of Concern or member of its Group is, or has been, involved in any conduct of the nature described in (a) to (d) above (including through any failure to promptly provide any relevant information requested by the Exchange in connection with such Investigation).
- 12.10.2 The Exchange may direct any Member, or all Members, to take such action as the Exchange may direct in order to mitigate the potential impact of such Client of Concern on the Exchange and/or the market for metals listed on the Exchange. Such action may include, but is not limited to:
- (a) providing to the Exchange relevant information regarding the Client of Concern that the Exchange may request, in connection with any investigation by the Exchange and/or any regulatory authority into any matters described in Regulation 12.10.1;
 - (b) requiring the Member to obtain the prior agreement of the Exchange to the agreement of any Agreed Trade and/or Contract or Applicable OTC Contract with or for the Client of Concern;
 - (c) ceasing to effect Cleared Contracts and/or Client Contracts and/or Applicable OTC Contracts with or for the Client of Concern; or
 - (d) reducing Client Contract positions or Applicable OTC Contract positions with the Client of Concern, or trading out of such positions altogether.
- 12.10.3 When exercising its powers under Regulation 12.10, the Exchange:
- (a) may consult with, and share information regarding, a Client of Concern with the FCA and any other relevant regulatory authority; and/or
 - (b) may take into account the conduct, behaviour and/or other relevant circumstances of any person that the Exchange considers may be connected to, or may have a material ability to affect, the activities of the Client of Concern in connection with any of the facilities of the Exchange or the entry into, or performance of any Contracts or Applicable OTC Contracts and/or the use, holding of, or transactions in, any metal that is an LME-listed brand of metal.

13. INVESTIGATIONS INTO SUSPECTED ACTS OF MISCONDUCT

13.1 In accordance with this Regulation 13, the Exchange may conduct an Investigation or appoint a suitable person to conduct an Investigation, where it considers, in its absolute discretion, there to be good reason to suspect that one or more Acts of Misconduct may have occurred.

13.2 An Act of Misconduct is:

- (a) any violation or attempted violation of the Rules or participation in conduct by a third party which would be a violation or attempted violation of the Rules if that third party were subject to the Rules;
- (b) a failure to pay an automatic penalty charge, a fixed penalty fine or a fine or order for costs imposed by a Disciplinary Committee that has not been overturned by an Appeal Committee;
- (c) in the case of a Dealer or Member Representative, failure to pay an automatic fine or fine, or order for costs imposed by the Ring Disciplinary Committee, or Disciplinary Committee that has not been overturned by an Appeal Committee;
- (d) a Serious Offence committed by a Dealer or Member Representative;
- (e) an LME Select Offence committed by an LME Select Participant;
- (f) conduct which has brought or may be likely to bring the Exchange or any of its markets into disrepute;
- (g) provision to the Exchange of information (including information for the purpose of obtaining Membership) which is false, misleading or inaccurate;
- (h) ceasing to meet eligibility criteria for Membership as set out in Regulations 1 to 4 without notifying the Exchange;
- (i) a failure to comply with a direction of the Exchange as to the apportionment of liability for the registration fee pursuant to the LME's complaints procedure; and

any other matter of which the Exchange may, from time to time, publish by way of Notice.

13.3 The Exchange shall issue a written Notice of Investigation (NoI) notifying the Member and, where relevant, the Dealer, Member Representative or an LME Select Participant, that it has commenced an Investigation. The NoI shall be addressed to the Compliance Officer of the Member and, where relevant, to the Dealer or the Member Representative, and shall contain a brief description of the matter under Investigation.

13.4 The Exchange may, in its absolute discretion, expand the scope of an Investigation if it considers it appropriate to do so. The Exchange shall notify the Member and, where relevant, the Dealer or Member Representative in writing that the scope of the Investigation has been expanded.

13.5 In the course of conducting an Investigation, the Exchange may appoint any external advisors and / or expert witnesses as it deems fit. Any external adviser or expert witness appointed by the Exchange shall be required to treat all information obtained in the course of the Investigation as confidential and will not disclose this information to any other party (other than the Exchange) unless compelled to do so by law or regulation, or unless the external

advisor or expert witness has the Exchange's prior written consent to disclose the information to another party.

- 13.6 Members, Dealers and Member Representatives shall co-operate fully with all Investigations conducted by the Exchange (whether or not the Member, Dealer or Member Representative is the subject of the Investigation). In particular, and without limitation, a Member (and so far as it is applicable, a Dealer and a Member Representative) shall:
- (a) act in an open and co-operative manner, be honest and truthful and not mislead or attempt to mislead the Exchange or conceal or omit any matter that is relevant, or is likely to be relevant, to the Investigation;
 - (b) provide full and complete responses to all requests for information made by the Exchange, including information relating to business conducted by, or on behalf of, Clients, and to provide all documents and records that the Exchange considers relevant to the purposes of the Investigation unless such information, documents or records are legally privileged or otherwise legally protected from disclosure;
 - (c) comply with timelines set by the Exchange for responding to requests for information and / or for providing requested documents and records. Such timelines may be extended upon the agreement of the Exchange, which will be granted if the Exchange, in its absolute discretion, deems it reasonable to grant such an extension;
 - (d) make available for interview such of their officers, employees, contractors or agents (including Member Representatives and Dealers) as may be reasonably requested in order that they may answer questions and explain any matter that the Exchange considers relevant to the Investigation. All interviews shall be recorded, either by hand or electronically;
 - (e) Comply fully with their obligation to provide information in accordance with Regulation 12; and
 - (f) permit those persons appointed by the Exchange to conduct, or assist in conducting, the Investigation, to attend at any time the premises of any Member for the purpose of inspecting any systems, documents and records that the Exchange considers relevant for the purposes of the Investigation.

13.7 The Exchange may refer the conduct of a Member, Dealer, Member Representative or any other person that has been considered during the Investigation to the FCA or other appropriate authorities pursuant to Regulation 12.10.3.

13.8 Where some or all of the findings of an Investigation may be of relevance to the market in general, the Exchange may publish such findings as it deems appropriate.

14. **DISCIPLINE**

Outcomes of an Investigation

- 14.1 The Exchange may at the conclusion of an Investigation take one of the following courses of action:
- (a) take no further action. In such circumstances, the Exchange shall notify the Member, Dealer or Member Representative or any other person concerned in writing;

- (b) issue a Private Warning in accordance with Regulations 14.2 to 14.5;
- (c) impose a Fixed Penalty in accordance with Regulations 14.6 to 14.8; or
- (d) refer the matter to the Enforcement Committee in accordance with Regulation 14.9 to 14.11.

Private Warning

- 14.2 Where it has reasonable grounds to conclude that a Member, Dealer or Member Representative may have committed an Act of Misconduct, the Exchange may, in its absolute discretion, determine whether to issue a Private Warning instead of pursuing disciplinary action.
- 14.3 Prior to issuing a Private Warning, the Exchange shall notify the Member, Dealer or the Member Representative in writing that it has concerns that they may have committed an Act of Misconduct, and that the Exchange proposes to issue a Private Warning. The Member, Dealer or the Member Representative shall have an opportunity to respond in writing to the Exchange regarding whether a Private Warning is appropriate in the circumstances.
- 14.4 If, in its absolute discretion, and having considered any responses from the Member, Dealer or the Member Representative in accordance with Regulation 14.3, the Exchange considers it appropriate, the Exchange shall issue the Private Warning in writing to the Member, Dealer or Member Representative. A Private Warning shall identify and explain the Exchange's concerns about the conduct of the Member, Dealer or Member Representative. The issuance of any Private Warning shall be private and no notice shall be published. There shall be no right of appeal against a Private Warning.
- 14.5 A Private Warning will not constitute a form of a disciplinary sanction but may be taken into account by the Exchange or the Enforcement Committee or any Disciplinary Committee or Appeal Committee when considering any subsequent Acts of Misconduct by the Member, Dealer or Member Representative. A Private Warning shall stay on the record of the relevant Member, Dealer or Member Representative for a period of two years from the date of issuance of the Private Warning. After the expiration of a two year period a Private Warning may not be taken into account by the Exchange or the Enforcement Committee or any Disciplinary Committee or Appeal Committee.

Fixed Penalty

- 14.6 The Exchange may, in its absolute discretion, impose a Fixed Penalty on a Member in respect of a Fixed Penalty Offence.
- 14.7 Prior to imposing a Fixed Penalty, the Exchange shall notify a Member in writing of its intention to impose a Fixed Penalty and will allow the Member the opportunity to respond in writing. The Exchange may, having considered any response from the Member, impose a Fixed Penalty in accordance with Regulation 14.6. The Fixed Penalty Notice shall contain details of the Fixed Penalty Offence and the amount of the Fixed Penalty to be paid.
- 14.8 A Member may appeal against the imposition of a Fixed Penalty by lodging a Fixed Penalty Appeal with the Head of Enforcement within five (5) Business Days of receiving the Fixed Penalty Notice. The Head of Enforcement shall refer the Fixed Penalty Appeal to the Chairman of the Disciplinary Panel who will constitute a Disciplinary Committee in

accordance with Regulation 14.81 in order to determine the Fixed Penalty Appeal. The Fixed Penalty Appeal shall be conducted in accordance with Regulations 14.60 to 14.68.

Preliminary Findings, Member Response & Report

- 14.9 Following an Investigation and in circumstances where the Exchange is considering referring the matter to the Enforcement Committee in accordance with Regulation 14.1(d), the Exchange may in its absolute discretion, provide the Member or, where relevant, the Dealer or Member Representative with a written summary of its preliminary findings.
- 14.10 If the Member or, where relevant, the Dealer or Member Representative wishes to dispute any or all of the preliminary findings, it shall have twenty (20) Business Days from the date of having being notified of the Exchange's preliminary findings to submit a written response to the Exchange.
- 14.11 The Exchange shall consider any written response received pursuant to Regulation 14.10 and, where it considers it appropriate, may amend any or all of its preliminary findings. If the Exchange, having considered any response submitted pursuant to Regulation 14.10, considers that there are grounds to believe that one or more Acts of Misconduct has occurred, it shall submit a report detailing the findings of the Investigation and any response received from the Member or, where relevant, the Dealer or Member Representative, pursuant to Regulation 14.10, to the Enforcement Committee (a "Report").

Institution of Proceedings by the Enforcement Committee

- 14.12 The Enforcement Committee shall consider the Report and may take any of the following actions in respect of any Act of Misconduct by a Member, or by a person deemed to be the responsibility of a Member, or with regards to Serious Offences, a Dealer or Member Representative:
- (a) instruct the Exchange to take no further action and inform the Member concerned of this in writing;
 - (b) recommend to the Exchange that a Private Warning be issued by the Exchange in writing in accordance with the provisions of Regulations 14.2-14.5 above;
 - (c) permit the Exchange a period during which to hold discussions with the Member, Dealer or Member Representative regarding settlement in accordance with the provisions of 14.66-14.69 below (after which period, where no settlement is reached, disciplinary proceedings would be instituted); or
 - (d) institute disciplinary proceedings against any Member, Dealer or Member Representative.

Disciplinary Proceedings

- 14.13 Where the Enforcement Committee decides, pursuant to Regulation 14.12(d) to institute disciplinary proceedings, the Exchange shall serve a notice, approved by it setting out the alleged Act of Misconduct together with a summary of the facts relied upon ("the Disciplinary Notice") on the Member or, with regards to Serious Offences, the Dealer or Member Representative concerned.

Defence

- 14.14 The Member, Dealer or Member Representative has twenty (20) Business Days from service of the Disciplinary Notice in which to serve a statement of defence ("the Defence") responding to all or any of the allegations, stating its intended pleas and what admissions of fact, if any, it makes.
- 14.15 Where no Defence has been served pursuant to Regulation 14.14, and no settlement has been reached, pursuant to Regulations 14.66 to 14.69 inclusive, the Member, Dealer or Member Representative will be deemed to have accepted the facts and matters alleged in the Disciplinary Notice.
- 14.16 Having seen and considered the Defence, the Exchange may either:
- (a) continue disciplinary proceedings;
 - (b) discontinue disciplinary proceedings.; or
 - (c) issue a Private Warning in accordance with Regulations 14.2-14.4 above.
- 14.17 In the case of 14.16(a), the Head of Enforcement shall refer the case to the Chairman of the Disciplinary Panel who will constitute a Disciplinary Committee in accordance with Regulation 14. The Disciplinary Committee shall notify the Exchange and the Member, Dealer or Member Representative in writing that it has been constituted and the date on which it has been constituted. In the case of 14.16(b) or 14.16(c), any such decision shall be subject to ratification by the Enforcement Committee, and shall not be effective until such ratification. Following ratification, the Exchange shall inform the Member, Dealer or Member Representative of the decision in writing. For the avoidance of doubt, this Regulation is without prejudice to the ability of the Exchange to settle the matter at any time in accordance with the provisions of Regulations 14.66 to 14.69 below.

Procedure for Disciplinary Proceedings

- 14.18 Not later than twenty (20) Business Days following the date on which the Disciplinary Committee was constituted in accordance with Regulation 14.17 above, the Disciplinary Committee shall:
- (a) provide the parties with written directions as to the conduct of the case; or
 - (b) make arrangements for a pre-hearing review.
- 14.19 Without prejudice to the power of the Disciplinary Committee to conduct proceedings as it sees fit, it is the intention of both the Exchange and its Members that disciplinary proceedings will generally be conducted wholly in writing, unless there is a compelling reason otherwise (for example, without limitation, the complexity of the case or the need to cross-examine witnesses), in order to save costs and ensure the expeditious resolution of the matter. If the Exchange or Member, Dealer or Member Representative request that the proceedings be conducted by way of a hearing, the Disciplinary Committee may direct that the proceedings be conducted by way of an in person hearing.

Directions

- 14.20 The Disciplinary Committee may give all such directions and take such other steps as it considers appropriate for the clarification of the facts and issues and for the just and expeditious determination of the case.

- 14.21 Where the Disciplinary Committee considers that a pre-hearing review is required, the Exchange and the Member, Dealer or Member Representative shall attend the pre-hearing review and may be legally represented.
- 14.22 Without restriction on its general power to give directions, the Disciplinary Committee may, in any written directions (whether or not following any pre-hearing review):
- 14.22.1 fix a time and place and/or make other arrangements for any oral hearing, if the Disciplinary Committee considers it necessary to schedule a hearing;
- 14.22.2 direct that the hearing or any part of the hearing proceed by way of oral arguments or oral witness testimony, otherwise it shall be presumed that evidence will be presented to the Disciplinary Committee in writing in accordance with Regulation 14.19;
- 14.22.3 direct the Exchange or the Member, Dealer or Member Representative to disclose and serve copies of any document or any other evidence in the possession of the Exchange, Member, Dealer or Member Representative, except documents which are subject to legal privilege;
- 14.22.4 direct the Exchange to present its case before the Disciplinary Committee, including any written evidence on which the Exchange intends to rely upon;
- 14.22.5 direct the Member, Dealer or Member Representative to present their response to the Exchange's case, including any written evidence on which the Member, Dealer or Member Representative intends to rely upon;
- 14.22.6 direct the Exchange or the Member, Dealer or Member Representative to provide the names of all witnesses on whose evidence they intend to rely, and their statements or an outline of proposed evidence;
- 14.22.7 direct the Exchange and/or the Member, Dealer or Member Representative the opportunity to respond to the other party's submissions;
- 14.22.8 make time limits for complying with directions and orders or for any other purpose of the proceedings;
- 14.22.9 grant leave to the Exchange or the Member, Dealer or Member Representative to amend any documents which have been submitted to the Disciplinary Committee where it is fair and expedient to do so. Within such period of time of the grant of leave to amend as shall be specified by the Disciplinary Committee, the party granted such leave shall serve the amended document on the other party;
- 14.22.10 extend or abridge time limits; and/or
- 14.22.11 make any order for the payment of costs of or in connection with pre-hearing preparation or any pre-hearing review, or for the payment of costs of or in connection with preparation of written materials submitted to the Disciplinary Committee.
- 14.23 In the event that the Member, Dealer or Member Representative fails to comply with any direction, any of the aforementioned may apply to the Disciplinary Committee for an order that the Member, Dealer or Member Representative or Exchange be precluded from submitting materials to the Disciplinary Hearing unless the direction is complied with. In addition, failure by the Member, Dealer or Member Representative to comply with any direction may be adduced by the Exchange before the Disciplinary Committee for such inferences to be drawn as are proper in all the circumstances.

- 14.24 In the event that the Exchange fails to comply with any direction, the Member, Dealer or Member Representative may apply to the Disciplinary Committee for an order that the Exchange be precluded from pursuing the case unless the direction is complied with, or an order that the case be dismissed.

Procedure for Disciplinary Hearings in Person

- 14.25 The following provisions shall apply where the Disciplinary Committee proposes to hold a hearing in person:
- 14.26 The date of any hearing shall be set in the written directions or at the pre-hearing review, where held. The Exchange and the Member, Dealer, or Member Representative shall attend the hearing and may be legally represented.
- 14.27 All parties attending any hearing, including any witnesses to be called by either party, shall be given reasonable notice of the date, time and venue.
- 14.28 The Disciplinary Committee shall adopt the following procedure at a hearing, unless the Disciplinary Committee determines that there are reasonable grounds for adopting an alternative procedure:
- 14.28.1 the Exchange to open the case;
- 14.28.2 the Exchange to adduce evidence and to call witnesses whom the Member, Dealer or Member Representative may then cross-examine, the Exchange re-examine, and who may be asked questions by the Disciplinary Committee;
- 14.28.3 the Member, Dealer or Member Representative to adduce evidence and to call witnesses whom the Exchange may cross-examine, the Member re-examine and who may be asked questions by the Disciplinary Committee;
- 14.28.4 the Exchange to address the Disciplinary Committee;
- 14.28.5 the Member, Dealer or Member Representative to address the Disciplinary Committee.

The Determination

- 14.29 Having considered the arguments of the parties and any evidence that has been adduced during the disciplinary proceedings the Disciplinary Committee shall publish its findings in writing to the parties as soon as practicable, including any penalty to be imposed.
- 14.30 Where the Disciplinary Committee is satisfied that the Member, Dealer or Member Representative has committed an Act of Misconduct, but wishes to hear further representations as to the penalty to be imposed, it may elect to provide the parties with an opportunity to make representations before determining the penalty to be imposed.
- 14.31 In such case, the Disciplinary Committee shall announce the penalty to be imposed as soon as possible.
- 14.32 Any penalty imposed shall take into account any representations made by the parties, all the circumstances of the offence and may take into account any previous disciplinary record and/or any Private Warnings issued within the preceding two years before deciding the penalty to be imposed and the costs to be ordered.

- 14.33 The written decision of the Disciplinary Committee shall include, without limitation, its findings of fact, its findings as to whether any charges not admitted are proved, the reasons for its decision and any penalties to be imposed on the Member, Dealer or Member Representative together with an indication as to whether any part of the penalty relates to an order made under Regulation 14.35.3 and/or Regulation 14.35.4 and what part is purely punitive.
- 14.34 Subject to appeal, and unless the Disciplinary Committee determines otherwise, any penalty imposed shall take effect ten (10) Business Days after service of the written decision.

Penalties

- 14.35 The Disciplinary Committee may impose one or more of the following penalties:
- 14.35.1 a reprimand;
- 14.35.2 a fine;
- 14.35.3 an order that the Member, Dealer or Member Representative make restitution to any person, including without limitation, the Exchange, when the Member, Dealer or Member Representative has profited from an Act of Misconduct at that person's expense;
- 14.35.4 an order that the Member, Dealer or Member Representative forfeit to the LME any gains made as a result of a proven breach of the Rulebook;
- 14.35.5 a requirement to comply with such terms and conditions as appropriate;
- 14.35.6 temporary or permanent withdrawal of Dealer or Member Representative (including Clerk) status and/or withdrawal of a Dealer or Member Representative's admission rights to the Dealing Area;
- 14.35.7 suspension or expulsion from Membership subject to ratification by the Exchange.

Indicative Penalties

- 14.36 Where appropriate, the Exchange may propose, subject to ratification by the Enforcement Committee, indicative penalties to be attached to certain offences covered by these Regulations. These indicative penalties shall represent the level of penalty the Exchange and the Enforcement Committee considers appropriate for an offence given no aggravating or mitigating circumstances.
- 14.37 Such indicative penalties shall be notified from time to time to all Members by way of a Notice.
- 14.38 Penalties so notified shall be indicative only and shall not fetter the discretion of a Disciplinary Committee or Appeal Committee to set the penalty it deems appropriate in all the circumstances of the case in question.

Costs

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

Appeal Proceedings Relating to Disciplinary Committee Decisions

- 14.40 Without prejudice to the power of the Appeal Committee to conduct proceedings as it sees fit, it is the intention of both the Exchange and its Members that appeal proceedings will generally be conducted wholly in writing, in order to save costs and ensure the expeditious resolution of the appeal. If the Exchange or Member, Dealer or Member Representative request that the appeal proceed by way of a hearing, the Appeal Committee may direct that the appeal proceed by way of an in person hearing. During the appeal process, the Exchange and the Member, Dealer or Member Representative may be legally represented.
- 14.41 Within ten (10) Business Days of service of the Disciplinary Committee's decision, the Member, Dealer or Member Representative may appeal by serving a Notice of Appeal on the Chairman of the Appeal Panel and the Exchange. On receipt of the Notice of Appeal, the Chairman of the Appeal Panel shall, in accordance with Regulation 14.83, constitute an Appeal Committee to determine the appeal.
- 14.42 Within ten (10) Business Days of service of the Disciplinary Committee's decision, the Exchange may appeal to the Appeal Committee by serving a Notice of Appeal on the Chairman of the Appeal Panel and the Member, Dealer or Member Representative.
- 14.43 A Notice of Appeal shall set out the grounds of the appeal and shall contain a brief statement of all matters relied upon by the appellants.
- 14.44 The grounds of the appeal in the Notice of Appeal may be any one or more of the following:
- 14.44.1 the Disciplinary Committee misdirected itself;
- 14.44.2 the Disciplinary Committee's decision was
- (a) one which no reasonable Disciplinary Committee could have reached;
 - (b) unsupported by the evidence or was against the weight of the evidence; and/or
 - (c) based on an error of law, or misinterpretation of the Rules.
- 14.44.3 the penalty imposed by the Disciplinary Committee was either excessive or insufficient; or
- 14.44.4 new evidence is available and that, had it been adduced, the Disciplinary Committee could reasonably have come to a different decision provided that this will not apply if the evidence could have been adduced before the Disciplinary Committee by the exercise of reasonable diligence on the part of the party seeking to appeal.
- 14.45 In accordance with Regulation 14.40 above, the Appeal Committee shall adhere to the following procedure when conducting proceedings wholly in writing, unless the Appeal Committee determines that there are reasonable grounds for diverging from the below procedure:
- 14.45.1 the appellant shall provide detailed information regarding the grounds of the appeal and the matters that it relies upon in submitting an appeal;
- 14.45.2 the other party may make a submission in response;
- 14.45.3 the appellant may make a final submission.

- 14.46 In the event that the appeal procedure is conducted orally, the Appeal Committee shall adhere to the following procedure during the hearing, unless the Appeal Committee determines that there are reasonable grounds for diverging from the below procedure:
- 14.46.1 the appellant will open the appeal;
- 14.46.2 any witnesses called may be cross-examined and re-examined by the parties and questioned by the Appeal Committee;
- 14.46.3 the other party may make submissions in response;
- 14.46.4 the appellant may make closing submissions.
- 14.47 The Appeal Committee shall announce its decision to the parties as soon as practicable.
- 14.48 The Appeal Committee may dismiss or allow the appeal and may increase or decrease the penalty imposed upon such terms and conditions as it considers appropriate.
- 14.49 Within twenty (20) Business Days of the conclusion of the hearing, the Appeal Committee shall serve on the parties a written decision setting out its reasons.
- 14.50 Costs are at the discretion of the Appeal Committee. It may order any party to pay such costs as it thinks appropriate, including, but not limited to, costs incurred in the Investigation, preparation and presentation of the case, including administrative costs.

Ring Appeal Proceedings

- 14.51 Regulations 14.51 to 14.59 govern Ring Appeal proceedings following a Ring Appeal in accordance with Regulation 11.6.8 of the Trading Regulations. Without prejudice to the power of the Disciplinary Committee to conduct proceedings as it sees fit, it is the intention of both the Exchange and its Members that Ring Appeal proceedings will generally be conducted wholly in writing, in order to save costs and ensure the expeditious resolution of the appeal. If the Exchange, Dealer or Member Representative request that the appeal proceed by way of a hearing, the Committee may direct that the appeal proceed by way of an in person hearing. During the appeal process, the Exchange and the Member, Dealer or Member Representative may be legally represented.
- 14.52 Within ten (10) Business Days of the Head of Enforcement receiving the Ring Notice of Appeal, pursuant to Regulation 11.6.8 of the Trading Regulations, the Dealer or Member Representative lodging the Ring Appeal must serve their grounds of appeal on the Disciplinary Committee and the Exchange.
- 14.53 The Notice of Appeal shall set out the grounds of appeal and shall contain a brief statement of all matters relied upon by the appellant.
- 14.54 The grounds of the Ring Appeal in the grounds of appeal may be any one or more of the following:
- 14.54.1 the Ring Disciplinary Committee misdirected itself;
- 14.54.2 the RDC Decision was:
- (a) one which no reasonable Ring Disciplinary Committee could have reached,
 - (b) unsupported by the evidence or was against the weight of the evidence, or

- (c) based on an error of law, or misinterpretation of the Rules;
- 14.54.3 the penalty imposed by the Ring Disciplinary Committee was unduly excessive; or
- 14.54.4 new evidence is available and that, had it been adduced, the Ring Disciplinary Committee could reasonably have come to a different decision provided that this will not apply if the evidence could have been adduced before the Ring Disciplinary Committee by the exercise of reasonable diligence on the part of the appellant.
- 14.55 In accordance with Regulation 14.51 above, the Disciplinary Committee shall adhere to the following procedure when conducting a Ring Appeal wholly in writing, unless the Committee determines that there are reasonable grounds for diverging from the below procedure:
- 14.55.1 the appellant will provide detailed information regarding the grounds of the appeal and the matters that it relies upon in submitting an appeal;
 - 14.55.2 the other party may make submissions in response;
 - 14.55.3 the appellant may make final submissions.
- 14.56 In the event that the Ring Appeal is conducted orally, the Committee shall adhere to the following procedure during the hearing, unless the Committee determines that there are reasonable grounds for diverging from the below procedure:
- (a) the appellant will open the appeal;
 - (b) any witnesses called may be cross-examined and re-examined by the parties and questioned by the Disciplinary Committee;
 - (c) the Exchange may make submissions in response; and
 - (d) the appellant may make closing submissions.
- 14.57 The Committee shall announce its decision to the parties as soon as practicable.
- 14.58 The Disciplinary Committee may dismiss or allow the Ring Appeal and may increase or decrease the penalty imposed in the RDC Decision upon such terms and conditions as it considers appropriate.
- 14.59 Within twenty (20) Business Days of the conclusion of the hearing, the Disciplinary Committee shall serve on the parties a written decision setting out its reasons.

Fixed Penalty Appeal Proceedings

- 14.60 Regulations 14.60 to 14.68 of the Membership Regulations govern Fixed Penalty Appeal proceedings following a Fixed Penalty Appeal in accordance with Regulation 14.8 of the Membership Regulations above. Without prejudice to the power of the Disciplinary Committee to conduct appeal proceedings as it sees fit, it is the intention of both the Exchange and its Members that proceedings for Fixed Penalty Appeals will generally be conducted wholly in writing, in order to save costs and ensure the expeditious resolution of the appeal. If the Exchange, Member, Dealer or Member Representative request that the Fixed Penalty Appeal proceed by way of a hearing, the Appeal Committee may direct that the Fixed Penalty Appeal proceed by way of an in person hearing. During the Fixed Penalty Appeal

proceedings, the Exchange and the Member, Dealer or Member Representative may be legally represented.

- 14.61 Within ten (10) Business Days of the Head of Enforcement receiving the Fixed Penalty Notice of Appeal, pursuant to Regulation 14.8 of the Membership Regulations above, the Member, Dealer or Member Representative lodging the Fixed Penalty Appeal must serve their grounds of appeal on the Disciplinary Committee and the Exchange.
- 14.62 The grounds of appeal shall set out the grounds of appeal and shall contain a brief statement of all matters relied upon by the appellant.
- 14.63 The grounds of the Fixed Penalty Appeal in the grounds of appeal may be any one or more of the following:
- 14.63.1 the Exchange misdirected itself;
- 14.63.2 the Exchange's decision was:
- (a) one which could not have reasonably been reached;
 - (b) unsupported by the evidence or was against the weight of the evidence; or
 - (c) based on an error of law, or misinterpretation of the Rules;
- 14.63.3 the penalty imposed by the Exchange was unduly excessive; or
- 14.63.4 new evidence is available and that, had it been adduced, the Exchange could reasonably have come to a different decision provided that this will not apply if the evidence could have been adduced before the Exchange by the exercise of reasonable diligence on the part of the appellant.
- 14.64 In accordance with Regulation 14.60 of the Membership Regulations above, the Disciplinary Committee shall adhere to the following procedure when conducting a Fixed Penalty Appeal wholly in writing, unless the Disciplinary Committee determines that there are reasonable grounds for diverging from the procedure:
- (a) the appellant will provide detailed information regarding the grounds of the appeal and the matters that it relies upon in submitting an appeal;
 - (b) the other party may make submissions in response; and
 - (c) the appellant may make final submissions.
- 14.65 In the event that the Fixed Penalty Appeal is conducted orally, the Disciplinary Committee shall adhere to the following procedure during the hearing, unless the Disciplinary Committee determines that there are reasonable grounds for diverging from the below procedure:
- (a) the appellant will open the appeal;
 - (b) any witnesses called may be cross-examined and re-examined by the parties and questioned by the Disciplinary Committee;
 - (c) the Exchange party may make submissions in response; and
 - (d) the appellant may make closing submissions.

- 14.66 The Disciplinary Committee shall announce its decision to the parties as soon as practicable.
- 14.67 The Disciplinary Committee may dismiss or allow the Fixed Penalty Appeal and may increase or decrease the penalty imposed by the Exchange upon such terms and conditions as it considers appropriate.
- 14.68 Within twenty (20) Business Days of the conclusion of the hearing, the Disciplinary Committee shall serve on the parties a written decision setting out its reasons. Any decision of the Disciplinary Committee in respect of a Fixed Penalty Appeal shall be final and there shall be no right to further appeal.

Settlements

- 14.69 The Exchange and any Member, Dealer or Member Representative may enter into discussions regarding a settlement at any time from the issuance of the NoI up to the commencement of the disciplinary hearing.
- 14.70 Any proposal that is received by the Exchange from a Member, Dealer or Member Representative for settlement may be accepted or declined by the Exchange at its absolute discretion (subject to ratification by the Enforcement Committee as set out below). In making its determination as to the appropriate level of any agreed financial penalty, the Exchange shall have regard to the specific circumstances of the case, including but not limited to the stage at which the settlement proposal is made.
- 14.71 Settlement negotiations shall be on a without prejudice basis.
- 14.72 An agreed settlement shall be documented in a settlement agreement and the proposed settlement agreement shall be submitted to the Enforcement Committee for ratification. The Enforcement Committee may ratify or refuse to ratify any settlement agreement. A settlement agreement shall not take effect unless ratified by the Enforcement Committee. A settlement agreement so ratified shall have the same status as a decision by a Disciplinary Committee.

Notice to Members regarding Findings and Penalties

- 14.73 Subject to appeal, where the Disciplinary Committee:
- (a) finds that there has been an Act of Misconduct; or
 - (b) following determination of a Ring Appeal, has upheld a decision of the Ring Disciplinary Committee (whether in whole or in part)
- notification of such findings and of any sanction shall be made by means of a Notice to all Members and other interested parties.
- 14.74 Where disciplinary proceedings have been concluded by way of settlement ratified by the Enforcement Committee, notification of the settlement agreement or the agreed finding shall be made by means of a Notice to all Members and other interested parties.
- 14.75 Where the Appeal Committee upholds the finding of the Disciplinary Committee (even in the event that the penalty is altered), the above rules on publication shall apply.

Procedural Provisions applicable to the Exchange Disciplinary and Appeal Process

Membership of the Disciplinary Committee and the Appeal Committee

- 14.76 The Exchange, in consultation with the Chairman of the Disciplinary Panel, shall from time to time appoint persons to a panel ("**the Disciplinary Panel**") in accordance with the terms of reference of the Disciplinary Panel. Membership of particular Disciplinary Committees shall be drawn only from the Disciplinary Panel.
- 14.77 The Exchange, in consultation with the Chairman of the Appeal Panel, shall from time to time appoint persons to a panel ("**the Appeal Panel**") in accordance with the terms of reference of the Appeal Panel. Membership of particular Appeal Committees shall be drawn only from the Appeal Panel.
- 14.78 Membership of the Disciplinary Panel and the Appeal Panel shall be notified to Members from time to time by means of a Notice.
- 14.79 Membership of the Disciplinary Panel shall be for a period of 5 years (the term) renewable. A member of the Disciplinary Panel may not be removed from the Panel prior to the expiration of the term save in the event that they cease to be a Director of the LME, or in the event that they are guilty of conduct which has brought or may be likely to bring the Exchange or any of its markets into disrepute.
- 14.80 Membership of the Appeal Panel shall also be for a period of 5 years (the term) renewable. A member of the Appeal Panel may not be removed from the Panel save in the event that they are guilty of conduct which had brought or may be likely to bring the Exchange or any of its markets into disrepute.
- 14.81 The Exchange shall appoint one member of the Disciplinary Panel to be the Chairman of the Disciplinary Panel. The Exchange shall appoint one member of the Appeal Panel to be the Chairman of the Appeal Panel.
- 14.82 No person shall be eligible to serve as a member of the Disciplinary Committee or Appeal Committee in relation to any particular case if they have any material interest in the matter under consideration either personally or through any Undertaking with which they may be concerned.
- 14.83 At least one member of the Appeal Committee must be a qualified lawyer.
- 14.84 At the request of the Head of Enforcement, the Chairman of the Disciplinary Panel shall nominate three members of the Disciplinary Panel to sit on a Disciplinary Committee and shall notify the Member, or the Dealer or Member Representative, and the Exchange of such nomination. The Chairman may nominate themselves. If the Member, Dealer or Member Representative does not agree to one or more of the nominated Disciplinary Committee, the Chairman, if satisfied that the grounds of objection are reasonable, shall nominate a replacement, or replacements, from the Disciplinary Panel, subject to such replacement, or replacements, being willing and able to sit on that Disciplinary Committee.
- 14.85 On receipt of a Notice of Appeal, the Chairman of the Appeal Panel shall nominate three members of the Appeal Panel to sit on an Appeal Committee and shall notify the Member, Dealer or Member Representative and the Exchange of such nomination. The Chairman may nominate themselves. If the Member, Dealer or Member Representative does not agree to one or more of the nominated Appeal Committee, the Chairman, if satisfied that the grounds of objection are reasonable, shall nominate a replacement, or replacements, from the Appeal

Panel, subject to Regulation 14.83 and subject to such replacement, or replacements, being willing and able to sit on that Appeal Committee.

Composition of a Disciplinary Committee or Appeal Committee

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

Legal Adviser

- 14.89 A legal adviser, who shall be a barrister or solicitor, may be appointed by the Disciplinary Committee or the Appeal Committee to sit throughout the hearing (including any pre-hearing review), or be provided with the written material if the proceedings are conducted in writing, and may also provide legal advice to the Committee.
- 14.90 The same legal adviser may not be appointed to advise both the Disciplinary Committee and the Appeal Committee on the same case.

Hearings in private

- 14.91 Disciplinary Committee hearings shall, unless they are held in writing, be held in private. Appeal Committee hearings shall be held in private, unless the Member, Dealer or Member Representative elects to hold the hearing in public.

Representation

- 14.92 Parties to disciplinary proceedings may be legally represented.
- 14.93 Where disciplinary action is taken against a Dealer or Member Representative and a hearing is held, whether in writing or orally, the Dealer or Member Representative may represent themselves, or may be represented by their employer or may be legally represented.
- 14.94 Where disciplinary proceedings are taken against a Member and a hearing is held, whether in writing or orally, it may be represented by one or more of its officers, employees or may be legally represented.
- 14.95 The Exchange may be represented by one or more of its officers, or employees, or may be legally represented.
- 14.96 The availability of a particular legal representative shall be a relevant, though not a determining factor, when fixing a date for a pre-hearing review or a hearing.

Failure to attend a hearing

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

Record of hearing

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

Burden and standard of proof

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

Evidence

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

Notice periods

- 14.101 Any notice periods specified in these rules may be amended by agreement in writing between the Exchange and the Member, Dealer or Member Representative, unless such notice periods have been set by the Disciplinary Committee or the Appeal Committee.
- 14.102 A Member, Dealer or Member Representative may request an extension to a deadline imposed by the Exchange during the course of an Investigation by submitting a request to the Exchange in writing. The Exchange may agree to provide an extension if, in its absolute discretion, it considers such an extension to be appropriate.

Convictions and findings by other authorities

- 14.103 A Disciplinary Committee or Appeal Committee may have regard to the following when reaching its findings:
- (a) the findings of fact of any court in the United Kingdom or of the Upper Tribunal, which have not been set aside on appeal or otherwise shall be conclusive evidence of the facts so found;
 - (b) a criminal conviction by any court in the United Kingdom which has not been set aside on appeal or otherwise shall be conclusive evidence of the commission of that offence;
 - (c) the findings of fact of the following bodies, which have not been set aside on appeal or otherwise, shall be prima facie evidence of the facts so found:
 - (i) any court of competent jurisdiction outside the United Kingdom;
 - (ii) any committee or tribunal of the Financial Conduct Authority, and any self-regulating organisation, recognised professional body, recognised investment exchange or recognised clearing house or any overseas regulatory authority which the Exchange considers to be relevant exercising regulatory or disciplinary functions;
 - (iii) the Competition and Markets Authority;

- (iv) any other body exercising a regulatory or disciplinary jurisdiction over any persons engaged in financial services business whether in the United Kingdom or elsewhere; and
- (v) any successor to any body specified in this Regulation 14.103.

15. **DISQUALIFICATION AND EXPULSION**

- 15.1 The criteria for Membership are continuing requirements and if a Member shall cease at any time to satisfy any of the criteria for Membership of their class the Exchange may in its discretion re-categorise their Membership to a class the criteria for which such Member is able to satisfy or, subject to Regulation 15.4, suspend their Membership until such time as such Member is able to satisfy the criteria, or may seek to expel the Member from Membership.
- 15.2 Upon the happening of any of the following events the Exchange may resolve, with immediate effect or with effect from such date as the Exchange may specify, that a Member be suspended from Membership, or, subject to Regulation 15.5, expelled from Membership:-
- 15.2.1 a Member pursuant to disciplinary proceedings held in accordance with these Regulations is found to have committed a serious breach or persistent breach of the Regulations and the Disciplinary Committee has suspended or expelled the Member subject to ratification by the Exchange, provided that the Disciplinary Committee's decision has been upheld by an Appeal Committee, or the time for lodging an appeal has elapsed and no appeal has been made;
- 15.2.2 a Member fails to meet their material contractual obligations to another Member and the obligation or the obligations concerned are not being disputed in good faith;
- 15.2.3 a Member is declared a Defaulter pursuant to the Default Regulations;
- 15.2.4 an Event of Default (as defined in the Default Regulations) occurs in relation to a Member (other than a Registered Intermediating Broker) and is continuing; or
- 15.2.5 in relation to a Registered Intermediating Broker, the Exchange becomes aware of any facts or circumstances that indicate that the Registered Intermediating Broker is not a reliable entity to arrange Agreed Trades on behalf of Clients and/or to discharge the obligations of Registered Intermediating Brokers under these Rules. Such facts or circumstances may include, without limitation, any evidence that the Registered Intermediating Broker has input into the Matching System particulars of any Agreed Trade(s) that it did not have the appropriate authorisations to broker (including from its purported Clients, or from any Clearing Member which would become party to any Contract upon Execution of such Agreed Trade); or
- 15.2.6 the category of membership to which the Member belongs is withdrawn by the Exchange, in which circumstances the Exchange shall give reasonable advance notice of such withdrawal and the Member shall be permitted to apply for a different category of Membership pursuant to Regulation 6 of Part 2.
- 15.3 The Exchange shall have the power to suspend or terminate a Member where it is considered necessary to ensure an orderly market, or otherwise to enable the Exchange to comply with its statutory obligations, or to facilitate the orderly withdrawal of a Membership category.
- 15.4 Save in the case of Regulation 15.2.1, the power to suspend a Member is subject to a right of appeal by the Member to an Appeal Committee convened pursuant to Regulation 14. The Appeal Committee shall, in such circumstance, have full jurisdiction to review the facts of the case as if it were a Disciplinary Committee. Any appeal shall be heard swiftly.

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

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

16.1 A Member who shall have been expelled or shall otherwise have ceased to be a Member shall not be entitled to any refund of subscription or Fees, other than where such expulsion or cessation is necessary to facilitate the orderly withdrawal of a Membership category, in which case the Member shall be entitled to a pro-rata refund of any subscription or Fees.

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

17. **DISPUTES BETWEEN MEMBERS**

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

18. **INTELLECTUAL PROPERTY RIGHTS**

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

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

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

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

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

- (a) remove the Trade Marks from the LME Data or alter them (unless not practicable to display the Trade Marks and LME Data together);

- (b) use the Trade Marks in conjunction with any other mark, name, logo, symbol or device;
- (c) use the Trade Marks other than in relation to:
 - (i) Contracts; or
 - (ii) any contract to which the Financial OTC Booking Fee Policy applies, and in respect of which the Member shall report such contract to the Company in accordance with the Financial OTC Booking Fee Policy;
- (d) use the Trade Marks in such a way as to damage the goodwill or reputation attaching to such Trade Marks or the name of the Company or to otherwise prejudice the validity or enforceability of any such Trade Marks;
- (e) permit access to, distribute, sub-licence or publish the LME Data or Trade Marks to any third party;
- (f) use the LME Data as a Benchmark or in connection with the determination of a Benchmark or pass the Data to an Administrator in connection with the determination of a Benchmark;
- (g) manipulate the LME Data in any way and/or use the LME Data to create any Derived Data;
- (h) use the LME Data or Trade Marks, or any part of them:
 - (i) in breach of these Rules or the Financial OTC Booking Fee Policy or other applicable laws or regulations;
 - (ii) for any unlawful purpose; or
 - (iii) in any way that may in the Company's absolute opinion be considered to bring the Company, its Affiliates, the LME Data and/or the Trade Marks into disrepute.

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

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

19. FINANCIAL OTC BOOKING FEE POLICY

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

- (a) register with the Exchange, pursuant to the requirements of the Financial OTC Booking Fee Policy;
 - (b) report to the Exchange, any trades undertaken by the Member which are required to be reported pursuant to the Financial OTC Booking Fee Policy; and
 - (c) pay to the Exchange, any Fees due to the Exchange pursuant to the Financial OTC Booking Fee Policy in relation to trades undertaken by the Member.
- 19.2 Each Member shall procure and otherwise take steps to ensure that their Affiliates comply with the Financial OTC Booking Fee Policy. Where the Affiliate fails to comply with the Financial OTC Booking Fee Policy, whether: (a) registering with the Exchange; (b) reporting any trades undertaken by the Affiliate to the Exchange; or (c) paying to the Exchange, any fees due pursuant to the Financial OTC Booking Fee Policy; or (d) otherwise, the Member shall be liable to the Exchange for any non-compliance by Affiliate with the Financial OTC Booking Fee Policy.
- 19.3 Without prejudice to any additional rights of the Exchange under the Financial OTC Booking Fee Policy to require information from any Member or its Affiliate, each Member shall, and shall ensure that its Affiliates shall, within 5 Business Days of any request by the Exchange:
- (a) permit the Exchange and its representatives to have access to any records and information maintained by the Member and/or its Affiliates (as the case may be) in respect of any transactions undertaken by the Member or its Affiliates for the purposes of assessing compliance with the Financial OTC Booking Fee Policy; and
 - (b) respond to any reasonable questions from the Exchange which are relevant to assessing the compliance by the Member and its Affiliates with the Financial OTC Booking Fee Policy.
- 19.4 For the avoidance of doubt, a Member or its Affiliate shall only be entitled to benefit from an exemption from compliance with any aspect of the Financial OTC Booking Fee Policy in the event that such exemption has been granted by the Exchange in accordance with the terms of the Financial OTC Booking Fee Policy.
20. **RESTRICTIONS ON USE OF LME PROPERTY OR SYSTEMS FOR NON-EXCHANGE CONTRACTS**
- 20.1 The facilities of the Exchange may not be used to facilitate the execution, clearing or settlement of any Non-LME Platform Contract. Without limitation to the foregoing:
- (a) no Member may use any LME Data, Product Specifications or any other Intellectual Property Rights of the Exchange, or any part of them for the formation, trading, pricing, clearing or settlement of any Non-LME Platform Contract;
 - (b) no Warrant, Immobilised Warrant or Extracted Warrant may be used for the purpose of settling any Non-LME Platform Contract;
 - (c) the Ex-Cleared settlement functionality of LMEsword may not be used to facilitate the settlement of any Non-LME Platform Contract;
 - (d) no Member may use the inter-office market to facilitate the submission to the Matching System of any Non-LME Platform Contract as an Agreed Trade; and

- (e) no Member may bring-onto, or allow its Client to bring-onto, the Exchange any Non-LME Platform Contract, including pursuant to the OTC Bring-On category within the Matching Rules, the submission to the Matching System of an Agreed Trade, or otherwise.
- 20.2 The Exchange may, in its absolute discretion, by Notice dis-apply any of the restrictions specified in this Regulation 20 in respect of Non-LME Platform Contracts traded on, executed on, or otherwise arranged or agreed via any specific Non-LME Multi Dealer Trading System. Such Notice:
- (a) shall specify the identity of the specific Non-LME Multi Dealer Trading System that is approved by the Exchange as a venue for the formation of Agreed Trades that may be brought-onto the Exchange; and
 - (b) may specify the categories of Contracts to which such approval shall apply.
- 20.3 The Exchange shall issue a Notice pursuant to Regulation 20.2 above, publicising the situation where, as determined by the LME in its sole discretion and acting reasonably, any Non-LME Multi Dealer Trading System is lawfully making use of the Intellectual Property Rights of the Exchange, including, without limitation, where such Non-LME Multi Dealer Trading System has: (i) entered into a licence agreement for the use of Intellectual Property Rights belonging to the Exchange; or (ii) been granted open access rights pursuant to prevailing applicable legislation.

21. **CONFIDENTIALITY**

- 21.1 Subject to Regulation 21.2, the Company shall treat as confidential all information received from a Member that concerns the business and affairs of a Member or Client (including any information relating to any Contract).
- 21.2 The Company may disclose any information which is subject to the confidentiality obligations in Regulation 21.1:-
- (a) to any regulator that has responsibility for regulating the Exchange or the Clearing House;
 - (b) to:
 - (i) any internationally recognised exchange;
 - (ii) an industry body for exchanges, or that otherwise has a role in derivative market surveillance; or
 - (iii) a member of such an industry body that has requested such information in accordance with the operating rules of such body governing the exchange of information between members in connection with market surveillance,

in each case, for the purposes of: (A) ensuring the effective surveillance of the Exchange's markets; and/or (B) aiding such exchange, industry body or requesting member with the effective surveillance of markets, when involved in monitoring such markets for market abuse;
 - (c) to any regulator that has responsibility for regulating the Member;

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

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

- 21.3 Subject to Regulation 21.4, each Member shall treat as confidential all information concerning the business and affairs of the Company.
- 21.4 A Member may disclose any information which is subject to the confidentiality obligations in Regulation 21.3:-
- (a) to any regulator that has responsibility for regulating the Member where required to do so pursuant to any direction, rule or requirement of the regulator or by applicable law;
 - (b) to the Company itself;
 - (c) where the Member develops the information independently of any information or document provided by the Company;
 - (d) to the Member's group, or to employees, officers, consultants, professional advisers or agents of the Member or its group solely to the extent that such persons need to receive such information in order to assist the Member in properly performing its obligations or exercising its rights under these Rules, and subject, in all cases to their agreement to treat such information as strictly confidential;
 - (e) with the consent of the Company;
 - (f) if and to the extent the information has come into the public domain through no fault of the Member;
 - (g) where necessary for the discharge of the Member's obligations under applicable law; or
 - (h) where the Member considers it appropriate to disclose such information for the purpose of discharging the Member's obligations under the Rules having due regard to the confidential nature of the information, and taking reasonable care to ensure that the recipient of such information is aware of its confidential nature.

22. FEES & INCENTIVE PROGRAMMES

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

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

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

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

22.5 The Exchange may, in its absolute discretion:

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

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

- (a) the specification of a rebate to any Fees payable by a Member in respect of any specified type of Contract; or
- (b) the specification of a reduction to any Fees payable by a Member in respect of any specified type of Contract; or

- (c) the specification of any other form of monetary or non-monetary benefit that the Exchange may make available to a Member,

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

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

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

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

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

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

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

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

22.13 Regulation 22.12 above shall apply with effect from 3 January 2018.

23. **RECORDING OF TELEPHONE CALLS**

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

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

24. **PERIODIC OTC POSITION REPORTING**

- 24.1 Each Member shall provide to the Exchange, on a weekly basis (or such other frequency may be specified by the Exchange pursuant to Regulation 24.2):
- (a) such information in respect of positions under over-the-counter contracts;
 - (b) in respect of such metal(s);
 - (c) at such times; and
 - (d) in such format,

as in each case shall be specified by Notice, and which in the opinion of the Exchange could be important for its monitoring and ongoing operation of a fair and orderly market. For the avoidance of doubt, such information may include information regarding the over-the-counter positions of the Member and/or its affiliates and/or its clients.

- 24.2 The Exchange may, in its discretion, by Notice and with such advance notice as is practicable in the circumstances:
- (a) dis-apply the reporting requirement under Regulation 24.1 from any metal or, include any additional metal(s) to such reporting requirement; and/or

- (b) modify the reporting thresholds for any metal; and/or
- (c) modify the reporting format; and/or
- (d) modify the reporting frequencies or timescales for submission of the information.

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, the hours for trading on LME Select, and the hours of operation of the Matching System in respect of inter-office business.
- 1.3 The Exchange may, at its absolute discretion and acting reasonably temporarily halt or constrain 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 halt 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;

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 Member (notwithstanding that a default may not have been declared by the Exchange and/or the Clearing House), the Exchange may, by notice to the relevant defaulting Member, prohibit transactions that would result in increased risk either to the Clearing House or 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 them 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 them 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

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 Cash-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**

- 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 Exchange, shall have the power to temporarily halt 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 Exchange may take other action relating to discipline on the premises of the Exchange if in their view it is necessary to

- 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 Exchange.
- 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. **DISCRETIONARY ACTIONS, EXTERNAL EVENTS AND 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 halting 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 such Member.
- 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.
- 17.5A Upon becoming aware of significant disruptions to any of the Exchange's systems and/or the Clearing House's systems, which have the potential to impact the orderly functioning of the Exchange, including such disruption caused by any misuse of a computer or system, the Exchange after consultation with the Clearing House may take such steps as in its absolute discretion it deems necessary to contain or rectify the situation and may give directions to Members accordingly. Such steps may include, but are not limited to:
- (a) varying the last trading time on the Last Trading Day for a Contract;
 - (b) inputting any particulars into the Matching System on behalf of a Member in order to result in the Execution of one or more Contracts or to otherwise ensure that such particulars are recorded within the systems of the Exchange and the Clearing House, without liability in damages for anything done or omitted to be done in the exercise of such power unless shown to be in bad faith, and without prejudice to Regulation 19 below; and
 - (c) 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 Exchange may determine being paid to sellers or buyers.
- 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 halting 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 halting 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 shall 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 Notice of the 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 suspend 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:-

- (e) the weight;
- (f) the number of bundles of ingots or the number of T-bars or sows making up each lot.

3.4 Each Warrant must bear the following clause;

WARNING: the buyer is advised that this metal may contain crevices and hidden recesses holding entrapped moisture. The metal should be handled and processed with this possibility in mind. Entrapped moisture may cause an explosion if the metal is introduced into a melting furnace without proper drying.

4. **CERTIFICATES OF ANALYSIS**

Requirement for eCOA to place metal on Warrant

4.1 Each delivery of a Lot of aluminium to a Warehouse for placing on Warrant must be accompanied by an eCOA in order for the Warehouse to be able to place such metal on Warrant.

4.2 Where the aluminium comprising the relevant Lot was produced on or after a date to be specified by the Exchange by way of Notice, in order for such Lot to be warrantable, the Lot of aluminium must be accompanied by an Enhanced eCOA and a completed LME Carbon Adjustment Mechanism (“CBAM”) emissions reporting form, as specified by the Exchange by way of Notice. The Exchange may update the CBAM emissions reporting form from time to time by way of Notice.

4.3 With effect from the date specified by way of Notice pursuant to Special Contract Rule 4.2 above, where a Warehouse is unable to identify the production date of a Lot of aluminium and the relevant Lot is not accompanied by an eCOA, the Warehouse is permitted to produce a Basic eCOA pursuant to the terms of any agreements between the Exchange and the relevant Warehouse. In such circumstances, the Warehouse may place such Lot on Warrant following the creation of such Basic eCOA.

Voluntary creation of an eCOA (metal produced before the date specified by way of Notice pursuant to Special Contract Rule 4.2 above)

4.4 For metal produced before the date specified by way of Notice pursuant to Special Contract Rule 4.2 above and where an Enhanced eCOA has not been created in respect of the underlying metal by its producer, a Basic eCOA may be produced by one of the following:

- (a) Members, pursuant to Special Contract Rule 4.7 below;
- (b) Warehouses, pursuant to the terms of any agreements between the Exchange and the relevant Warehouse (including but not limited to the Warehouse Agreement);
- (c) the producer of the underlying metal; or
- (d) any other categories of persons or entities as the Exchange may specify from time to time.

For these purposes, each of the above shall be able to upload Paper COAs into the eCOA System for the purposes of producing the Basic eCOA.

Requirements for Production of an eCOA

- 4.5 In order to be a valid eCOA, any eCOA that is produced in respect of aluminium must demonstrate compliance with one of the relevant standard and grades listed in Special Contract Rule 1(a)(i) or (ii) by illustrating the detected level of impurity for each element. Warrants created up to and including 31 December 2009, may additionally demonstrate compliance with the standard and grade listed in Special Contract Rule 1(a)(iii). In all cases, it must be possible to cross-reference the production cast reference on the metal to identical numbers on the eCOA.
- 4.6 An Enhanced eCOA for a Lot of aluminium may only be created by the producer of the metal. Any eCOA created by a producer of metal which is produced on or after the date specified by way of Notice pursuant to Special Contract Rule 4.2 above must be an Enhanced eCOA.
- 4.7 Where a Member (or any other person) elects to produce a Basic eCOA, it must:
- (a) upload the complete and correct Paper COA relating to the underlying metal;
 - (b) enter the correct information into the eCOA System as requested by the eCOA System for the purposes of creating the Basic eCOA and as specified by the Exchange from time to time; and
 - (c) use all reasonable skill, care and attention when using the eCOA System.

5. **ADDITIONAL REQUIREMENTS FOR ALUMINIUM WARRANTS**

- 5.1 The listed brand name and/or brand identifiable logo must be indelibly marked on each ingot within a bundle or on each T-bar or sow.
- 5.2 In the case of ingots, the production cast reference must be indelibly marked on each ingot within the bundle or on the surface of the bundle or on a durable bundle label. In the case of T-bars and sows, the production cast reference must be marked on each T-bar or sow either indelibly or by a durable bundle label.
- 5.3 If a Warrant relates to metal, in respect of which an eCOA has not been produced, the Warehouse is obliged to submit to the identified holder of any Warrant the Certificate(s) of Analysis or copies thereof, on request.
- 5.4 All documentation for placing aluminium on Warrant must include the English language.
- 5.5 Straps replaced by a Warehouse must be of corrosion resistant material and in compliance with LME strapping standards.

6. **MAJOR CURRENCY**

US dollars

7. **TESTING OF WARRANTED METAL**

If the Exchange believes that the conditions at (a) and (b) below are satisfied, the Exchange may instruct an LSA to undertake such tests as are necessary to form a reasonable opinion on whether or not metal on Warrant conforms with these rules. Where the Exchange reasonably believes that the situation requires it, those tests may be conducted without the prior consent of the Warrant holder. The tests will be at the LME's cost.

The conditions referred to above are: -

- 3.1 Warrants shall be for 20 tonnes each (2% either more or less).
- 3.2 The aluminium alloy in each Warrant shall consist of one brand which is listed as being good delivery and of one shape and dimension.
- 3.3 Each lot shall contain aluminium alloy derived from no more than five production batches, and, in the case of ingots, each bundle shall contain aluminium alloy from only one production batch.
- 3.4 Each Warrant shall state:
- (a) the name of the brand;
 - (b) the country / region of origin;
 - (c) the shape;
 - (d) the date(s) and reference number(s) of the certificate(s) of analysis lodged with the Warehouse;
 - (e) the weight;
 - (f) the number of bundles of ingots, small sows, large sows or T-bars making up each lot;
 - (g) each Warrant must bear the following clause;

WARNING: the buyer is advised that this metal may contain crevices and hidden recesses holding entrapped moisture. The metal should be handled and processed with this possibility in mind. Entrapped moisture may cause an explosion if the metal is introduced into a melting furnace without proper drying.

4. **CERTIFICATES OF ANALYSIS**

Requirement for eCOA to place metal on Warrant

- 4.1 Each delivery of a Lot of aluminium alloy to a Warehouse for placing on Warrant must be accompanied by an eCOA in order for the Warehouse to be able to place such metal on Warrant.
- 4.2 Where the aluminium alloy comprising the relevant Lot was produced on or after a date to be specified by the Exchange by way of Notice, in order for such Lot to be warrantable, the Lot of aluminium alloy must be accompanied by an Enhanced eCOA and a completed LME Carbon Adjustment Mechanism (“CBAM”) emissions reporting form, as specified by the Exchange by way of Notice. The Exchange may update the CBAM emissions reporting form from time to time by way of Notice.
- 4.3 With effect from the date specified by way of Notice pursuant to Special Contract Rule 4.2 above, where a Warehouse is unable to identify the production date of a Lot of aluminium alloy and the relevant Lot is not accompanied by an eCOA, the Warehouse is permitted to produce a Basic eCOA pursuant to the terms of any agreements between the Exchange and the relevant Warehouse. In such circumstances, the Warehouse may place such Lot on Warrant following the creation of such Basic eCOA.

Voluntary creation of an eCOA (metal produced before the date specified by way of Notice pursuant to Special Contract Rule 4.2 above):

- 4.4 For metal produced before the date specified by way of Notice pursuant to Special Contract Rule 4.2 above and where an Enhanced eCOA has not been created in respect of the underlying metal by its producer, a Basic eCOA may be produced by one of the following:
- (a) Members, pursuant to Special Contract Rule 4.7 below;
 - (b) Warehouses, pursuant to the terms of any agreements between the Exchange and the relevant Warehouse (including but not limited to the Warehouse Agreement);
 - (c) the producer of the underlying metal; or
 - (d) any other categories of persons or entities as the Exchange may specify from time to time.

For these purposes, each of the above shall be able to upload Paper COAs into the eCOA System for the purposes of producing the Basic eCOA.

Requirements for Production of an eCOA:

- 4.5 In order to be a valid eCOA, any eCOA that is produced in respect of aluminium alloy must demonstrate compliance with one of the relevant standards and grades listed in Special Contract Rule 1(a) (1), (2) or (3) by illustrating the detected level of impurity for each element. In all cases, it must be possible to cross-reference the production cast reference on the metal to identical numbers on the eCOA.
- 4.6 An Enhanced eCOA for a Lot of aluminium alloy may only be created by the producer of the metal. Any eCOA created by a producer of metal which is produced on or after the date specified by way of Notice pursuant to Special Contract Rule 4.2 above must be an Enhanced eCOA.
- 4.7 Where a Member (or any other person) elects to produce a Basic eCOA, it must:
- (a) upload the complete and correct Paper COA relating to the underlying metal;
 - (b) enter the correct information into the eCOA System as requested by the eCOA System for the purposes of creating the Basic eCOA and as specified by the Exchange from time to time; and
 - (c) use all reasonable skill, care and attention when using the eCOA System.

5. ADDITIONAL REQUIREMENTS FOR ALUMINIUM ALLOY WARRANTS

- 5.1 The listed brand name must be indelibly marked on each ingot, sow and T-bar.
- 5.2 The production cast reference and alloy grade reference must be indelibly marked on each ingot within the bundle or on the top surface of the bundle or on a durable bundle label and on each sow and T-bar.
- 5.3 If a Warrant relates to metal, in respect of which an eCOA has not been produced, the Warehouse is obliged to submit to the identified holder of any Warrant the Certificate(s) of Analysis or copies thereof, on request.

- 5.4 All ingots and sows shall be produced by a single pouring process. "Multi-pour" or "capping" the surface with additional metal after the ingot or sow is formed is not permitted.
- 5.5 All ingots, T-bars and sows delivered under the contract shall be flat in order to permit safe stacking and handling using forklifts.
- 5.6 Metal surfaces shall be smooth and free of open shrinkage, porosity, layers and seams.
- 5.7 The metal must be free of the visible presence of foreign substances.
- 5.8 The edges and surfaces of metal shall be free of sharp edges, spurs and flashings that might present safety hazards in handling.
- 5.9 All documentation for placing aluminium alloy on Warrant must include the English language.
- 5.10 Straps replaced by a Warehouse must be of corrosion resistant material and in compliance with LME strapping standards.

6. **SHAPES, WEIGHTS AND DIMENSIONS**

(a) Ingots

Ingots shall weigh not less than 4 kilos and not more than 25 kilos. Each ingot in each bundle and lot shall be of the same weight and dimensions but not exceed 800mm in length; the only exception to be the cast feet for the purpose of bundle stability.

Bundles shall weigh not less than 500 kilos and not more than 1000 kilos of equal weight and dimension in each lot suitable for stacking. One makeweight bundle in any one lot is permissible. Bundles must be securely strapped for safe handling and transport without bundle distortion and breakage.

(b) Small sows (four-way entry sows)

Small sows shall weigh not less than 408 kilos and not more than 590 kilos. Each small sow in each lot shall be of the same weight and dimensions.

Dimensions shall be within the permitted range detailed as follows:

Top Length and width shall be the same, between 837mm - 990mm.

Bottom Length and width shall be the same, between 406mm - 559mm.

Height Between 304mm – 432mm.

Shape The tapering of all four sides should include an indentation to allow for the safe and easy handling by forklift trucks.

(c) Large sows (low profile sows)

Large sows shall weigh not less than 300 kilos and not more than 726 kilos. Each large sow in each lot shall be of the same weight and dimensions.

Dimensions shall be within the permitted range detailed as follows:

Top	Length shall be between 1015mm – 1320mm. Width shall be between 812mm – 1142mm.
Bottom	Length shall be between 900mm – 1320mm. Width shall be between 406mm – 520mm.
Height	Between 200mm – 305mm.
Shape	The tapering of the long sides should include an indentation to allow for the safe and easy handling by forklift trucks.

(d) T-bars

T-bars shall weigh not less than 408 kilos and not more than 726 kilos. Each T-bar in each lot shall be of the same weight and dimensions.

Top	Length shall be between 837mm – 1320mm. Width shall be between 760mm – 1015mm.
Bottom	Length shall be between 837mm – 1320mm. Width shall be between 406mm – 634mm.
Height	Overall between 254mm – 432mm. To shoulder minimum 76mm.
Shape	The indentation of the shoulder on the long sides should be a minimum of 101mm (4 inches) on each side and allow for the safe and easy handling by forklift trucks.

7. **MAJOR CURRENCY**

US dollars

8. **TESTING OF WARRANTED METAL**

If the Exchange believes that the conditions at (a) and (b) below are satisfied, the Exchange may instruct an LSA to undertake such tests as are necessary to form a reasonable opinion on whether or not metal on Warrant conforms with these rules. Where the Exchange reasonably believes that the situation requires it, those tests may be conducted without the prior consent of the Warrant holder. The tests will be at the LME's cost.

The conditions referred to above are:

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

- 3.2 The aluminium alloy in each Warrant must consist of one brand which is listed as being good delivery and of one shape and dimension.
- 3.3 Each lot must contain aluminium alloy derived from no more than five production batches, and, in the case of ingots, each bundle must contain aluminium alloy from only one production batch.
- 3.4 Each Warrant must state:
- (a) the name of the brand;
 - (b) the country / region of origin;
 - (c) the shape;
 - (d) the date(s) and reference number(s) of the certificate(s) of analysis lodged with the Warehouse;
 - (e) the weight;
 - (f) the number of bundles of ingots, small sows, large sows or T-bars making up each lot.
- 3.5 Each Warrant must bear the following clause;

WARNING: The buyer is advised that this metal may contain crevices and hidden recesses holding entrapped moisture. The metal should be handled and processed with this possibility in mind. Entrapped moisture may cause an explosion if the metal is introduced into a melting-furnace without proper drying.

4. **CERTIFICATES OF ANALYSIS**

Requirement for eCOA to place metal on Warrant

- 4.1 Each delivery of a Lot of aluminium alloy to a Warehouse for placing on Warrant must be accompanied by an eCOA in order for the Warehouse to be able to place such metal on Warrant.
- 4.2 Where the aluminium alloy comprising the relevant Lot was produced on or after a date to be specified by the Exchange by way of Notice, in order for such Lot to be warrantable, the Lot of aluminium alloy must be accompanied by an Enhanced eCOA and a completed LME Carbon Adjustment Mechanism (“CBAM”) emissions reporting form, as specified by the Exchange by way of Notice. The Exchange may update the CBAM emissions reporting form from time to time by way of Notice.
- 4.3 With effect from the date specified by way of Notice pursuant to Special Contract Rule 4.2 above, where a Warehouse is unable to identify the production date of a Lot of aluminium alloy and the relevant Lot is not accompanied by an eCOA, the Warehouse is permitted to produce a Basic eCOA pursuant to the terms of any agreements between the Exchange and the relevant Warehouse. In such circumstances, the Warehouse may place such Lot on Warrant following the creation of such Basic eCOA.

Voluntary creation of an eCOA (metal produced before the date specified by way of Notice pursuant to Special Contract Rule 4.2 above):

- 4.4 For metal produced before the date specified by way of Notice pursuant to Special Contract Rule 4.2 above and where an Enhanced eCOA has not been created in respect of the underlying metal by its producer, a Basic eCOA may be produced by one of the following:
- (a) Members, pursuant to Special Contract Rule 4.7 below;
 - (b) Warehouses, pursuant to the terms of any agreements between the Exchange and the relevant Warehouse (including but not limited to the Warehouse Agreement);
 - (c) the producer of the underlying metal; or
 - (d) any other categories of persons or entities as the Exchange may specify from time to time.

For these purposes, each of the above shall be able to upload Paper COAs into the eCOA System for the purposes of producing the Basic eCOA.

Requirements for Production of an eCOA:

- 4.5 In order to be a valid eCOA, any eCOA that is produced in respect of aluminium alloy must demonstrate compliance with the specification listed in Special Contract Rule 1(a) by illustrating the detected level of impurity for each element. In all cases, it must be possible to cross-reference the production cast reference on the metal to identical numbers on the eCOA.
- 4.6 An Enhanced eCOA for a Lot of aluminium alloy may only be created by the producer of the metal. Any eCOA created by a producer of metal which is produced on or after the date specified by way of Notice pursuant to Special Contract Rule 4.2 above must be an Enhanced eCOA.
- 4.7 Where a Member (or any other person) elects to produce a Basic eCOA, it must:
- (a) upload the complete and correct Paper COA relating to the underlying metal;
 - (b) enter the correct information into the eCOA System as requested by the eCOA System for the purposes of creating the Basic eCOA and as specified by the Exchange from time to time; and
 - (c) use all reasonable skill, care and attention when using the eCOA System.

5. ADDITIONAL REQUIREMENTS FOR NASAAC WARRANTS

- 5.1 The LME listed brand name must be indelibly marked on each ingot, sow and T-bar.
- 5.2 For ingots, the production cast reference and alloy grade reference must be indelibly marked on each ingot within a bundle or on the top surface of a bundle or on a durable label attached to the bundle. For sows and T-bars the production cast reference and alloy grade reference must be indelibly marked either directly on the surface or on a durable label attached to the metal.
- 5.3 If a Warrant relates to metal in respect of which an eCOA has not been produced, the Warehouse is obliged to submit to the identified holder of any Warrant the Certificate(s) of Analysis or copies thereof, on request.

- 5.4 All ingots and sows must be produced by a single pouring process. "Multi-pour" or "capping" the surface with additional metal after the ingot or sow is formed is not permitted.
- 5.5 All ingots, sows and T-bars delivered under this contract must be flat in order to permit safe stacking and handling using forklifts.
- 5.6 Metal surfaces must be smooth and free of open shrinkage, porosity, layers and seams.
- 5.7 The metal must be free of the visible presence of foreign substances.
- 5.8 The edges and surfaces of metal must be free of sharp edges, spurs and flashings that might present safety hazards in handling.
- 5.9 All documentation for placing aluminium alloy on Warrant must include the English language.
- 5.10 Straps replaced by a Warehouse must be of corrosion resistant material and in compliance with LME strap standards.

6. SHAPES, WEIGHTS AND DIMENSIONS

(a) Ingots

Ingots must weigh not less than 4 kilos (9lbs) and not more than 17.3 kilos (38lbs). Each ingot in each bundle and lot must be of the same weight and dimensions but not exceed 800mm (35 inches) in length; the only exception to be the cast feet for the purpose of bundle stability.

Bundles must weigh not less than 500 kilos (1100lbs) and not more than 1000 kilos (2200lbs) of equal weight and dimension in each lot suitable for stacking. One makeweight bundle in any one lot will be permissible. Bundles must be securely strapped for safe handling and transport without bundle distortion and breakage.

(b) Small sows (four-way entry sows)

Small sows must weigh not less than 408 kilos (900lbs) and not more than 590 kilos (1300lbs). Each small sow in each lot must be of the same weight and dimensions.

Dimensions shall be within the permitted range detailed as follows:

Top	Length and width must be the same, between 837mm – 990mm (33 – 39 inches).
Bottom	Length and width must be the same, between 406mm – 559mm (16 – 22 inches).
Height	Between 304mm – 432mm (12 – 17 inches).
Shape	The tapering of all four sides must include an indentation to allow for the safe and easy handling by forklift trucks.

(c) Large sows (low profile sows)

Large sows must weigh not less than 500 kilos (1100lbs) and not more than 726 kilos (1600lbs). Each large sow in each lot must be of the same weight and dimensions.

Dimensions shall be within the permitted range detailed as follows:

Top	Length must be between 1015mm – 1320mm (40 – 52 inches). Width must be between 812mm – 1142mm (32 – 45 inches).
Bottom	Length must be between 1015mm – 1320mm (40 – 52 inches). Width must be between 406mm – 533mm (16 – 21 inches).
Height	Between 216mm – 305mm (8.5 – 12 inches).
Shape	The tapering of the long sides should include an indentation to allow for the safe and easy handling by forklift trucks.

(d) T-bars

T-bars shall weight not less than 408 kilos (900lbs) and not more than 726 kilos (1600lbs). Each T-bar in each lot shall be one of the same weight and dimensions.

Dimensions shall be within the permitted range detailed as follows:

Top	Length must be between 837mm – 1320mm (33 – 52 inches). Width must be between 760mm – 1015mm (30 – 40 inches).
Bottom	Length must be between 837mm – 1320mm (33 - 52 inches). Width must be between 406mm – 634mm (16 – 25 inches).
Height	Overall between 254mm – 432mm (10 – 17 inches). To shoulder minimum 76mm (3 inches).

7. **MAJOR CURRENCY**

US dollars

8. **TESTING OF WARRANTED METAL**

If the Exchange believes that the conditions at (a) and (b) below are satisfied, the Exchange may instruct an LSA to undertake such tests as are necessary to form a reasonable opinion on whether or not metal on Warrant conforms with these rules. Where the Exchange reasonably believes that the situation requires it, those tests may be conducted without the prior consent of the Warrant holder. The tests will be at the LME's cost.

The conditions referred to above are:

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

- 12.3 Where a decision on any issue is by a majority, the award may contain reasons by the dissenting arbitrator for their dissent, in the discretion of that arbitrator.
- 12.4 Awards may be expressed in any currency claimed in the arbitration.
- 12.5 The award shall state the date by which payment shall be made for any sum due under the award. In addition to the statutory power to award interest, the Tribunal shall have the power to award interest at such rate and for such period as it considers fit on any sum after its due date but before commencement of the arbitration.
- 12.6 The Tribunal may make separate final awards on different issues at different times.
- 12.7 In the event of a settlement, the Tribunal may make an award recording the settlement if either party so requests.
- 12.8 Every award shall be final and binding on the parties as from the date that it is taken up by one of the parties. The parties undertake to carry out any award without any delay. Unless otherwise agreed by the parties in writing, the parties waive irrevocably any right to any form of appeal, review or resource to any state court or other legal authority, insofar as such waiver shall not be prohibited under any applicable law.
- 12.9 If all members of the Tribunal consider that the award contains any points which are of significant importance or interest to Members, they shall communicate such points to the Legal Department of the Exchange. The Legal Department, in consultation with the Tribunal, shall determine whether and how such points should be brought to the attention of Members while keeping the names of the parties confidential.
- 12.10 The Tribunal shall notify the Secretary and each party to the arbitration of completion of its award (which expression shall include any partial or interim award). At the same time, the Tribunal shall notify the parties whether payment of the Tribunal's Fees and any other costs and expenses of the arbitration (together, the "Costs"), by the parties or one of them, is required before release. Payment of the Costs may be made by either party or in part by each of them and shall be without prejudice to any order or subsequent order regarding ultimate liability for the costs of the arbitration.
- 12.11 Until the award is taken up by one or both of the parties it shall confer no rights upon either party. In the event of the award not being taken up by either party within a period of 28 days from the notification that it is available or such longer period as the Tribunal and Secretary may agree, the Deposit referred to in Regulation 2.1 above shall be forfeited, and (i) the Secretary may in their absolute discretion utilise the funds firstly to pay any sums due to the LME in relation to the proceedings and secondly to pay the Fees due, or part thereof to the extent held, to the Tribunal, and (ii) the Secretary may in their absolute discretion call upon the parties for either of them (a) to take up the award and (b) to pay forthwith the Costs or any part or proportion thereof whereupon the party or parties so called upon shall forthwith pay the Costs as aforesaid and take up the award.
- 12.12 Regulations 12.12 to 12.16 shall apply to any agreement entered into on or after 1 June 2010 by a Category 1, 2 or 4 Member of the Exchange with another Category 1, 2 or 4 Member or with any other person which provides for any dispute arising out of or in connection with the agreement to be resolved by arbitration in accordance with these Regulations.
- 12.13 Where:-