



Listing of Cobalt Brands

Guidance Notes for Applicant Producers

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1. Cobalt producers wishing to apply for the listing of their brand by the LME will only be considered provided that they satisfy the following criteria (the “Core Listing Requirements”):
 - (i) The producer has been in business for at least 12 months.
 - (ii) The production plant has been in production for a minimum of 12 months or, if in the opinion of the LME Cobalt Committee adequate production capacity utilisation and satisfactory quality has been achieved at an earlier date.

NB. A production plant is defined as an integrated cobalt refinery producing a brand of cobalt of consistent assay, quality and identity.

2. The producer is required to advise the LME in writing of the name of the Category 1-5 Member Company who will be processing the listing application (see Rule Book Part 7, Rule 1). Thereafter, all correspondence will be via the selected Member Company. A list of Members Categories 1-5 expressing a general willingness to assist producers list their brands can be found here:-

<https://www.lme.com/-/media/Files/Warehousing/Approval-process/Brand-Applications-Members-List.pdf>

3. Production from more than one production plant must be separately listed. Each production plant must use a different brand name.
4. The application is in two stages and all documentation must be submitted in English.
5. The LME and LMEC reserve the right to discuss without restriction any information provided with any regulatory body; any third party provider of KYC, screening or other monitoring services; or any other persons or organisations, as the LME/LMEC may in their absolute discretion decide, and to make such other enquiries as they think fit (including using the information provided by the Producer in such enquiries).

Note: The LME has introduced responsible sourcing requirements for all LME listed brands; compliance with the first phase of requirements needs to be met on 30 June 2022 and compliance with the second phase of requirements needs to be met on 31 December 2023. Further information on the LME’s Policy on Responsible Sourcing can be found on the LME website: <https://www.lme.com/en-GB/About/Responsibility/Responsible-sourcing> .



Stage One

The producer is to supply the following information in a letter on their headed notepaper addressed to the LME (the "Application Letter"¹):

1. The name of the LME Member processing the application.
2. The full name and address of the producer to be listed by the LME.
3. Brief details of the history of the producer.
4. Details of the ownership of the producer.
5. The address of the production plant.
6. The first date of production of the plant.
7. The name of the Brand the subject of the application.
8. The first date of production from which the producer guarantees the brand as meeting specification.
9. The design capacity.
10. The current annualised use of capacity.
11. The monthly production figures for the previous 12 months.
12. The shapes to be listed; cut cathodes, broken cathodes, round, briquettes, coarse grain powder².

At this Stage One, it is the producer's responsibility to ensure that the information complies with the Special Contract Rules for Cobalt, LME Rules Part 6.

¹ Note that the signatory and their position within the producer company must be shown on the dated Application Letter.

² Please note that coarse grain powder must be <0.01% of a respirable size fraction.



The following information (the “Additional Listing Requirements”) is to be provided by attachments to the covering Application Letter.

- A. The following financial information:
- (i) The last three consecutive profitable externally audited financial statements of the producer, where available;
 - (ii) In the event that the producer cannot provide three consecutive profitable externally audited financial statements, the parent company of the producer must provide three consecutive profitable externally audited financial statements and a signed Letter of Support³ regarding the financial position of the producer⁴;
 - (iii) Confirmation there has not been any restructuring of the producer over the last three years and there is no ongoing restructuring; and
 - (iv) Evidence that the capital net worth⁵ of the producer is a minimum of US\$2 million.
- B. A copy of the incorporation certificate of the producer.
- C. Photographs of the product which may be cut or broken cathodes, rounds, briquettes, and/or coarse grain powder.
- D. Photographs of drums showing clearly all markings and symbols, which must include the net and gross weights of the drums, the brand name and production batch reference. Include a photograph of drums as packaged for transportation including any pallet. Submit a sample plasticized label if used and a sample of the tamper proof numbered seal.
- Please note that only steel drums with ring sealing closure are permitted and are to be of a net weight capacity of 200kgs or 250kgs or 500kgs that allow for uniform size to be delivered against the LME Cobalt Contract of 1 metric ton (+/- 2%).

³ The LME shall provide the Letter of Support to the producer.

⁴ The LME reserves the right to require a signed Letter of Support from the parent company of a producer in such circumstances regarding the financial position of the producer as it, in its absolute discretion, considers appropriate.

⁵ The capital net worth of the producer shall be determined on the basis of the permanent capital plus additional capital disallowables. In particular, 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. Additional capital shall be considered other equity reserves (distributable or otherwise) and profit and loss reserves. Further, disallowable items are considered intangible fixed assets such as goodwill, development costs etc, investments in subsidiaries and/or other group companies.



- E. Producer's assays for the three months prior to the date of application for each grade to be listed, if applicable.
- The established values of each of the elements C, Cd, Cu, Fe, Mn, Ni, Pb, S and Zn must be included in the analysis data provided and should not exceed the following maximum % values C - 0.02, Cd - 0.005, Cu - 0.03, Fe - 0.3, Mn - 0.05, Ni - 0.33, Pb - 0.01, S - 0.010 and Zn - 0.01. In the case of powder the maximum % is C - 0.1 and S - 0.04.
- These values are for guidance only. The maximum levels of each element declared to us will be assessed using the three months of analytical data provided so that a specific maximum can be used for the applicant brand.
- NB.** *The analysis provided for each grade submitted for listing will be used to advise LME Members and Warehouses. Producers may submit an analysis with the application for each grade showing min 99.80% Co plus other elements either as maximums or within a range. Any lots of material supplied to warehouses and for which an analysis certificate will be required must demonstrate compliance with the analysis registered with the LME.*
- F. A Letter of Undertaking dated and signed on behalf of the producer in the form shown at the end of these Guidance Notes.
- G. Names and contact details for not less than two of the producer's existing industry supply contracts (customers) that are willing to write Letters of Support for the brand if required by the LME.
- H. An outline of the production process including a process flow diagram.
- I. A production site plan/diagram.
- J. A paper giving the sampling and analytical regime and advising if any aspect of this work is outsourced. Show the detection levels used for determining impurities.
- K. A copy of the normal dated Certificate of Analysis which must include the English language, the name of the producer, the name of the brand and the production reference.
- L. A copy of the current ISO 9001 Certificate or, alternatively, that of ISO/TS 16949.
- M. Also at **Stage One**, payment of the fee for applying for the listing of a cobalt brand is required. The fee is US\$65,000 plus ruling UK VAT and it is non-refundable.

NB. *Value Added Tax (VAT): Under current UK legislation, the LME understands that LME members established in the UK submitting applications for their own production operations or for third party producers must pay UK VAT to the LME at the ruling rate at the time of application, regardless of domicile of the producer. LME members should only on-charge UK VAT to producers established in the UK. LME members not established in the UK Making applications do not have to pay UK VAT to the LME regardless of the location of the production operations. This information is for guidance only and relevant parties should always seek their own advice in relation to tax matters. The LME will have no liability for reliance on the above.*



Stage Two

1. On receipt of all information the LME will respond to the application as follows:
 - (i) Request such additional information as required.
 - (ii) The LME has the option to require that an LME Listed Sampler and Assayer (LSA) attends the production plant to take samples from not less than two production batches and audit the production sampling and analytical procedures of the producer. In the event this option is exercised the producer will be required to provide the name(s) of the nominated LSA(s) from the LME List.
 - (iii) Write to the producers customers (given as part of Attachment G of Stage One) to secure Letters of Support.
2. In the event that the LME declares to exercise the option in 1 (ii) above then sampling of metal shall be carried out by an LSA at producer's production plant, divided and distributed in accordance with LME procedures which include supplying samples to a second LSA for analytical purposes to augment the analysis of the sampling LSA. The sampling LSA shall provide a sampling report covering all aspects of the test lots in accordance with LME instructions. The two LSAs shall provide analysis reports of the metal tested in accordance with the LME requirements for the shape of cobalt.
3. The producer is required to provide the LME with their analysis certificates for the production batches that are sampled by the LSAs.
4. The LME will receive all assay and sampling reports.
5. Production plant quality control auditing and the requirements for sampling and analysis of test lots will be at the cost of the producer. Selection of LSAs will be at the choice of the producer.
6. The LME reserves the right to audit any producer's operations at any time prior to or post listing of a brand for verification of any aspect of the listing process.
7. On receipt of satisfactory Letters of Support and any required sampling and assaying reports from the nominated LSAs and reciprocal producer assays, the LME Cobalt Committee will make a recommendation to the LME Executive Committee that the brand should be listed as suitable for delivery against the contract.

From time to time the LME will request every producer having listed brand(s) of Cobalt to re-affirm the undertakings originally given at the time of listing. Failure to comply with the undertakings or supply evidence of continuing compliance with the ruling specification(s) and requirements may result in the delisting of the brand(s) concerned. If the producer fails to notify the LME promptly of any change in the information supplied with its original application, or if such changes are in the LME's view material, then the LME's Executive Committee may suspend the listing or delist the brand.

The listing of any brand is subject to the provisions of Rules 3 to 7 inclusive of Part 7 of the Rules and Regulations of the LME.



Draft of Producer's Letter of Undertaking – Cobalt

This letter must be issued by the producer on headed paper, signed and dated and show the signatory's position.

London Metal Exchange
10 Finsbury Square
London
EC2A 1AJ
United Kingdom

Attention: Physical Operations Department

(INSERT DATE)

In consideration of the LME maintaining our Cobalt Brand (*insert brand name*) in its list of brands deliverable in fulfilment of its Cobalt Contract:

1. We (*insert producer name*) undertake that the quality of our cobalt brand (*insert brand name*) produced at (*name and address of production plant*), will meet with the requirements of the LME Contract for Cobalt and conform to the typical analysis of the brand as established at the time of application.
2. We also undertake that any complaints we may receive with regard to the quality will be investigated without any restriction on the period within which such a claim be made.
3. We undertake that we will not attempt to restrict (*insert brand name*) brand from being delivered against the LME Contract.
4. We further undertake that any change in ownership, financial status, production practice or any other material circumstance will be advised to the LME without delay and to comply with Rules 3 to 7 inclusive of Part 7, of the Rules and Regulations of the LME, any amendments thereto and any Notices issued by the LME.
5. This letter of undertaking shall be governed by English law. The courts of England shall have non-exclusive jurisdiction to settle any disputes in relation to this letter of undertaking.

Yours sincerely

Signature

Name

Position in Company



Draft of Parent Company's Letter of Support –

This letter must be issued by the applicant producer's parent company on headed paper, signed and dated and show the signatory's position.

London Metal Exchange
Physical Operations Department
10 Finsbury Square
London
EC2A 1AJ
UK

(INSERT DATE)

In consideration of *(insert applicant producer's name)*'s application for the listing of *(insert brand name)* by the LME, in its list of brands deliverable in fulfilment of the *(insert relevant contract i.e. High Grade Primary Aluminium Contract)*, we, *(insert parent company's name)*, undertake that the *(applicant producer's name)* is of good financial standing.

We acknowledge that as *(insert applicant producer's name)* has not produced *(insert brand name)* for a period of three years, *(insert applicant producer's name)* is currently unable to satisfy the financial criteria in full for LME brand registration. As *(insert parent company's name)* is the *(insert description of the corporate relationship i.e. majority shareholder)* of *(insert applicant producer's name)*, we can confirm that we support *(insert applicant producer's name)*'s application and that we will provide financial support to *(insert applicant producer's name)* where such support may be required in order to ensure that *(insert applicant producer's name)* remains of good financial standing.

We further undertake that *(insert applicant producer's name)* will inform the LME without delay of any change in its ownership, financial status, production practice or any other material circumstances that may affect the good financial standing or reputation of *(insert applicant producer's name)* and/or *(insert brand name)*.

This letter of support shall be governed by English law. The courts of England shall have non-exclusive jurisdiction to settle any disputes in relation to this letter of undertaking.

Yours sincerely

Signature.....

Name.....

Company Name.....

Position in company.....

