

To: All members, warehouse companies and their London agents

Ref: 21/192

Classification: Warehousing

Date: 13 October 2021

Subject: **CHARGE CAPS FOR THE PERIOD 2022/23**

Summary

1. This Notice publishes the Charge Caps for the period 2022/23.

Defined Terms

2. Unless otherwise defined in this Notice, capitalised terms in this Notice have the same meaning as those given to them in the terms and conditions of the Warehouse Agreement (the “Warehouse Agreement”).

Background

3. Notice 16/320 : A314 : W098, published on 28 September 2016, announced to the market that the LME would implement charge capping – i.e. a cap on headline rates for both the rent and free-on-truck (“FOT”) charges levied by LME-listed warehouse companies, effective as of 28 December 2016 for the period 1 April 2017 – 31 March 2018. The relevant documents can be found on the LME website at the link below:

<https://www.lme.com/Trading/Warehousing/Warehouse-Reform-2013-2016>

4. The relevant rules relating to charge capping are contained in the Warehouse Agreement.
5. For the charge year 1 April 2017 – 31 March 2018, the LME calculated and published charge caps based on the arithmetic mean average of (i) the highest Warehouse Maximum Charge Levels published by the LME in December 2014 for the period 1 April 2015 to 31 March 2016 and (ii) the highest Warehouse Maximum Charge Levels published by the LME in February 2016 for the period 1 April 2017 to 31 March 2018, in each case in respect of that Delivery Point Country and that metal (and rounded up to the nearest smallest unit of the local currency, in the case of FOT, or the nearest US cent, in the case of rent). In accordance with Clause 5.3.3 of the Warehouse Agreement, it was explained



that these charges would then be frozen for the subsequent four years – up until the end of the charge year 1 April 2021 – 31 March 2022. However, this was subsequently amended by Notice 19/347, which announced that the charges would be frozen by an additional five years – up until the end of the charge year 1 April 2026 – 31 March 2027, after which charges will increase in line with the Consumer Price Index. The formula for such increases is included in Appendix A of the Warehouse Agreement.

Publication of the 2022/23 Charge Caps

6. Clause 5.3.1 of the Warehouse Agreement states that:

[...] the LME shall, by 31 October each year, in respect of the period from 1 April of the following year to 31 March of the next following year, publish a list of maximum permissible Warehouse Maximum Charge Levels (“Charge Caps”), in respect of each combination of (i) each Delivery Point Country, and (ii) each metal which is the subject of a physically-settled Contract (with the exception of aluminium premium Contracts) and licensed for storage by at least one Warehouse in that Delivery Point Country.

7. Attached to this Notice are the Charge Caps for the period 1 April 2022 to 31 March 2023 (the “2022/2023 Charge Caps”). The Charge Caps remain unchanged from 2021/2022.

Challenge to the 2022/2023 Charge Caps

8. Pursuant to Clause 5.3.6 of the Warehouse Agreement, a Warehouse may challenge any Charge Cap on the basis that it does not adequately take into consideration any relevant increase in the Warehouse’s costs, or on the basis of any other reason, by submitting such a challenge in writing. Clause 5.3.6 of the Warehouse Agreement is set out in full below.

In respect of Charge Caps published from 2017 onwards, a Warehouse may challenge any Charge Cap on the basis that it does not adequately take into consideration any relevant increase in the Warehouse’s costs, or on the basis of any other reason. Any Warehouse wishing to challenge any Charge Cap may submit such a challenge in writing to the LME, including full reasons for such challenge together with any relevant supporting documentation, within fourteen calendar days of the publication of the relevant Charge Cap. The challenge will be considered by the Special Committee of the LME. The LME shall have the opportunity to make written representations or provide supporting evidence to the Special Committee where the LME considers it appropriate to do so. The Special Committee may request such additional documentation or explanation from the Warehouse, or any other Warehouse, or the LME, as it considers appropriate, in considering the challenge. Having considered the challenge, the Special



Committee may either (i) reject the challenge, or (ii) accept the challenge and require the LME to increase the relevant Charge Cap by such amount as it considers appropriate. Where the Special Committee accepts the challenge, it shall publish a notice to the market explaining the nature of the challenge and the reasons for accepting it. The amended Charge Cap(s) shall take effect on the following 1 April and shall be taken into account when calculating any increases to Charge Caps in future years in accordance with Clause 5.3.4 and Appendix A. Where the Special Committee rejects the challenge, it may, where it considers it appropriate, publish a notice to the market explaining the nature of the challenge and the reasons for rejecting it (and, in the event that it does not publish such a notice, it shall still provide the Warehouse which brought the challenge with the reasons for rejecting it). The Special Committee shall endeavour to publish any notice to the market within fourteen calendar days of the challenge being brought, or such other date as it shall in its sole discretion consider appropriate.

9. In accordance with Clause 5.3.6 of the Warehouse Agreement, any Warehouse wishing to challenge any of the 2022/2023 Charge Caps may submit their written challenge to the LME within fourteen calendar days of the publication of this Notice, i.e. by close of business 27 October 2021. Such challenge should be sent by email to Robert Hall at robert.hall@lme.com.

Robert Hall
Head of Physical Operations

cc: Board directors

2022-23 charge caps

Rents per tonne per day in US cents

Country/Region	Aluminium Alloy	Copper	Lead	NASAAC	Nickel	Primary Aluminium	Tin	Zinc	Cobalt
Belgium	54	51	51	-	58	55	55	53	59
Germany	52	47	47	-	56	52	53	48	-
Italy	56	53	53	-	59	56	56	54	-
Japan	-	-	-	-	-	45	-	-	-
Korea (South)	56	51	51	-	59	55	56	-	-
Malaysia	56	53	53	-	59	56	55	54	-
Netherlands	54	51	51	-	58	55	55	53	60
Singapore	54	51	51	-	58	55	55	53	59
Spain	53	47	47	-	56	52	53	48	-
Sweden	-	47	47	-	56	52	-	48	-
Taiwan	53	47	47	-	56	53	54	49	-
U.A.E	-	47	47	-	56	-	-	49	-
U.K.	51	47	47	-	55	52	52	48	-
USA	-	54	53	57	59	57	56	55	60

FOT rates per tonne in local currency

Country/Region	Currency	FOT rate	Cobalt
Belgium	€	33.00	39.80
Germany	€	33.00	-
Italy	€	34.25	-
Japan	Y	3,380.00	-
Korea (South)	KW	49,600.00	-
Malaysia	MR	162.50	-
Netherlands	€	33.00	39.80
Singapore	S\$	68.50	73.70
Spain	€	33.00	-
Sweden	SKr	304.00	-
Taiwan	T\$	1,455.00	-
U.A.E	Dir	136.00	-
U.K.	£	24.40	-
USA	\$	45.00	48.37