

To: All members, warehouse companies and their London agents

Ref: 22/097

Classification: Warehousing

Date: 01 April 2022

Subject: WARRANTING OF RUSSIAN LEAD, ALUMINIUM AND COPPER BRANDS IN UK WAREHOUSES

Summary

1. Following the announcement by the UK of 35% additional duties on imports of Russian copper, lead, primary aluminium and aluminium alloy, this Notice announces an immediate suspension on placing the brands listed in appendix 1 on warrant in LME-listed warehouses in the UK unless the Warehouse can establish that the exportation date from Russia was prior to 25 March 2022.

Defined Terms

2. Capitalised terms not otherwise defined in this Notice shall have the meaning ascribed to them in the LME Rulebook.

Background

3. The UK government has introduced the Customs (Additional Duty) (Russia and Belarus) Regulations 2022 (the "Regulations"). The Regulations impose a 35% additional duty on importing copper, aluminium and lead of Russian and Belarussian origin and releasing these for free circulation in the UK from 25 March 2022, unless it can be established that the relevant metals were exported from Russia or Belarus before 25 March 2022.
4. The LME is concerned that any metal which is subject to the Regulations and which is put on warrant in LME-listed warehouses in the UK will be unable to be removed from warrant and imported into the UK without significant additional cost as a result of the Regulations. Equally, the cost of shipping the metal elsewhere could be prohibitive. Therefore, in respect of metal that is subject to the Regulations, there is a significant risk that there will be a dislocation between the price of the traded metal, and the price of the underlying physical metal.
5. In order to minimise the risk of any such price dislocation, and in turn any possible market disruption and disorderly market conditions as a consequence of the Regulations, the LME considers that it is necessary to announce an immediate suspension on placing the brands listed in appendix 1 on warrant in LME-listed warehouses in the UK unless the Warehouse can establish, with clear documentary evidence (including proof of export and proof that the products have been transported out of Russia), that the Russia originating relevant metals have satisfied Russian export customs formalities and physically left the Russian territory prior to 25 March 2022.
6. It should be noted that there is currently no metal in LME-listed warehouses in the UK produced by the entities listed in appendix 1, and therefore the existing stock of copper, lead, primary aluminium and



aluminium alloy on warrant will not be impacted by the Regulations. Further, the LME does not list any copper, lead, primary aluminium or aluminium alloy which is produced in Belarus.

Warranting of Russian Brand Copper, Lead, Primary Aluminium and Aluminium Alloy in UK Warehouses

7. With immediate effect, pursuant to its powers under Part 7 of the LME Rulebook, the LME hereby announces a suspension on placing the brands listed in appendix 1 on warrant in LME-listed warehouses in the UK unless the Warehouse can establish, with clear documentary evidence (including proof of export and proof that the products have been transported out of Russia), that the Russia originating relevant metals have satisfied Russian export customs formalities and physically left the Russian territory prior to 25 March 2022.
8. Warehouses are reminded of their obligations under clause 6.4 of the LME Warehouse Agreement to maintain records regarding the duty and tax status of each lot of underlying metal. In relation to the Regulations, Warehouses must maintain documentation which clearly demonstrates the exportation date of metal produced by the brands listed in appendix 1. In relation to metal exported from Russia prior to 25 March 2022, Warehouses will need to provide documentation recording the exportation date from Russia to the owner of the metal upon request, as this will be relied upon by the owner at the time of importation into the UK to demonstrate that the relevant metal is not subject to the additional duty under the Regulations. It is noted that the LME has the power under clause 6.4.2 of the LME Warehouse Agreement to request copies of Warehouse's records regarding duties and tax in relation to the underlying metal, which would include records of exportation dates of relevant metal. The LME does not expect Warehouses to provide it with copies of documentation recording the exportation date of relevant metal unless requested.
9. In the event that a Warehouse cannot establish that metal subject to the Regulations was exported from Russia prior to 25 March 2022, the Warehouse must not place the metal on warrant in LME-listed warehouses in the UK. If metal which is subject to the additional duty under the Regulations is placed on warrant in the UK, this will constitute a breach of the LME Warehouse Agreement and the LME may take appropriate action.
10. The requirements set out in this Notice shall remain in force until further notice. The LME will revisit the requirements if the Regulations are amended or removed.

James Cressy
Chief Operating Officer – LME Group



Appendix 1

Copper

BRAND	PRODUCER
NORILSK	PJSC MMC Norilsk Nickel
UMMC	JSC Uralelektromed
UMMC II	JSC Uralelektromed

Primary Aluminium

BRAND	PRODUCER
RUSAL K	JSC "RUSAL Krasnoyarsk Aluminium Smelter"
RUSAL B	PJSC "RUSAL Bratsk Aluminium Smelter"
RUSAL S	JSC "RUSAL Sayanogorsk Aluminium Smelter"
RUSAL KH	JSC "RUSAL Sayanogorsk Aluminium Smelter"
RUSAL N	JSC "RUSAL Novokuznetsk Aluminium Smelter"
KAZ SUAL	United Company RUSAL Kandalaksha Aluminium Smelter
BOAZ	JSC Boguchany Aluminium Smelter
RUSAL I	Affiliate of PJSC "RUSAL Bratsk" in Shelekhov
RUSAL VG	United Company RUSAL Volgograd Aluminium Smelter

Aluminium Alloy

BRAND	PRODUCER
S	SEAL & Co., Ltd
PTM	Permtsvetmet JSC
RUSAL B	PJSC "RUSAL Bratsk Aluminium Smelter"

Lead

BRAND	PRODUCER
FRGT PB985R	Fregat LLC