

To: All members

Ref: 23/020

Classification: Disciplinary

Date: 7 February 2023

Subject: **DISCIPLINARY ACTION: Marex Financial**

Summary

1. This Notice records a settlement between the London Metal Exchange (the “**LME**”) and Category 1 Member, Marex Financial (“**MFL**”), which includes a financial penalty of £2,000.

Background

2. Following an investigation (the “**Investigation**”) by the LME, the LME and MFL have reached settlement pursuant to Regulation 14.45, Part 2 “Membership, Enforcement and Discipline” of the LME Rulebook (the “**Rulebook**”). The settlement has been reached on the terms outlined below. The Enforcement Committee of the LME has approved the settlement.
3. The alleged misconduct against MFL relates to a breach of Regulations 5.8.3 and 5.8.4 of Part 3 of the Rulebook, which requires Members to submit closing volatilities to the LME if they are active in a particular Metal Option and states that Members should submit options volatilities data in the manner set out in a Notice (being Notice 22/041).
4. MFL failed to submit options volatilities data in an accurate and timely manner as required pursuant to Notice 22/041 on 8 occasions in June 2022 and 6 occasions in July 2022 (the “**Submission Failures**”).
5. The LME considers that the Submission Failures occurred as a result of MFL’s failure to have adequate resources in place to submit options volatilities data to the LME on the dates in question and MFL’s failure to have a written procedure in respect of its options volatilities submissions. The LME considers that the Submission Failures constitute a breach of Regulations 5.8.3 and 5.8.4 of Part 3 of the Rulebook.



6. The LME notes that MFL was open and cooperative with the LME during the Investigation. The LME also understands that MFL has since taken measures to prevent similar failures, such as the Submission Failures, from occurring in future, including the implementation of a written policy for the submission of options volatilities data to the LME.

Settlement

7. The LME and MFL agreed a settlement in which MFL will pay a financial penalty of £2,000 in respect of the Submission Failures.

Adherence to the Rulebook

8. The LME reminds Members that their options volatilities submissions must be error-free and reported on time. Options volatilities data assists the LME in the valuation process and contributes to the quality of the volatility surface, established by the LME's Trading Operations department. Accordingly, the LME takes failures by Members to report accurate options volatilities data in a timely manner very seriously.

Peter Mason

Head of Market Surveillance

cc. Board Directors
Enforcement Committee