

To: All members, warehouse companies and their London agents and other interested parties

Ref: 23/048

Classification: Warehousing Trading

Date: 23 March 2023

Subject: **COMPLETION OF NICKEL WARRANT CHECKS AND CONFIRMATION OF ASIAN HOURS NICKEL TRADING RESUMPTION**

## Summary

1. This notice confirms that, following a 100% inspection of all bagged nickel warrants in LME-licensed warehouses, no further irregularities have been found in LME-warranted nickel stocks, and that Asian hours nickel trading will resume on Monday 27 March.

## Warehouse inspections

2. Notice 23/044 requested that all licensed warehouse operators undertake additional inspections on LME-warranted nickel, after nine nickel warrants were found to be non-conformant with the contract specifications (the "Incident"). In particular, the LME has provided information to warehouse operators as to the irregularities discovered in the Incident, and the steps needed to check that such irregularities are not present in any other bags.
3. The LME has now received confirmation from all its licensed warehouses that they have completed a full inspection of all bagged nickel warrants. The LME is pleased to confirm that no further irregularities have been found in LME-warranted nickel in any of its licensed warehouses globally, and all warehouse operators have confirmed to the LME that they are satisfied with the integrity of the nickel underlying all warrants.
4. The LME's own warehouse inspectors have additionally been undertaking on-site sample-testing alongside warehouse operators' own checks. No concerns have been identified in this regard.

## Circumstances surrounding the Incident

5. In parallel, the LME has been working with the affected warehouse company and other relevant parties to fully establish the circumstances of the Incident. Shipment details give the LME additional confidence that this was an isolated incident, affecting an identifiable parcel of metal.
6. The LME continues to gather information, and has powers under the Warehouse Agreement to undertake an investigation and take enforcement action in respect of suspected act(s) of misconduct and will exercise such powers as it considers appropriate.

## Warehouse procedures

7. Based on the LME's analysis of the Incident, the LME remains confident that its currently prescribed load-in procedures are robust in identifying potential irregularities. The fact that no further irregularities have been discovered during a full inspection does, the LME believes, support this view.
8. The LME is also satisfied that it has appropriate powers to carry out spot-checks and other controls over LME-approved warehouse operators, as and when appropriate.



9. The LME confirms that its other metal contracts do not allow bagged delivery, and hence are not susceptible to this type of irregularity (due to the fact that the underlying metal is on clear view in the warehouse at all times).
10. The LME will liaise with its Nickel, Physical Market, Warehousing and User Committees to establish whether any further steps could be considered, in light of the Incident. More broadly, the Exchange would be happy to speak with any market participant on this topic.

**Resumption of Asian hours nickel trading**

11. Given its confidence in the situation following the inspection, the LME confirms that Asian hours nickel trading will resume on Monday 27 March at 01.00 London time (please note that the UK moves to British Summer Time on Sunday 26 March). All other arrangements detailed in notice 23/032 remain in place.

**Jamie Turner**  
**Interim Chief Operating Officer, LME**

cc: Board directors  
All committees