

To: All Members

Ref: 19/241

Classification: Membership

Date: 01st August 2019

Subject: **Reintroduction of LME and HKFE Reciprocal Membership Arrangement**

Summary

1 The LME is pleased to announce the Reintroduction to the reciprocal membership arrangement (RMA) in conjunction with the Hong Kong Futures Exchange (HKFE). Under this reciprocal arrangement, the LME and HKFE plan to waive their respective first year's annual subscription and application processing fees for new applicants who already hold a membership/participantship at either one of the Exchanges. This arrangement will operate between 29th July 2019 to 29th July 2022.

Background

2 The RMA was first introduced in November 2014 to encourage LME Members to join HKFE in support of the launch of the Asia Commodities products in December 2014, namely London Aluminium, Copper and Zinc Mini Futures. The duration for the RMA was for one year. At the end of this one year term, an extension was granted for a further year, which expired in December 2016.

3 In order to encourage participation from LME members and their clients with the launch of the new USD London Metal Mini Futures, thus broadening access, providing liquidity, and growing international participation in these new products, HKFE plans to reintroduce a programme to incentivise LME members or affiliates¹ of LME members wishing to join HKFE by lowering the upfront costs for new HKFE participants. Under the arrangement, HKFE plans to waive the one-off trading rights fee of HK\$500,000 and the first year's annual subscription fee of HK\$6,000 for LME members, or affiliates of LME members, wishing to become members of HKFE.

4 In conjunction with this initiative, the LME is reintroducing the reciprocal membership arrangement during the same period by waiving the first year's annual subscription fees for category 1 – 5, LMEprecious GCMs, ICMs and NCMs, and Registered Intermediating Brokers ("RIBs") memberships (as applicable) and the application processing fee of US\$5,000 for HKFE members, or affiliates of HKFE members wishing to join the LME.

¹ For the purposes of this notice, an "affiliate" shall mean, in relation to an entity, any subsidiary or ultimate holding company of the member entity and any other subsidiary of that ultimate holding company. A company is a "subsidiary" of another company, its "holding company", if that other company holds directly or indirectly 50% or more of the voting rights in the company and/or exercises effective control over it.



Application of the membership fee waiver

4 The reciprocal membership arrangement will be effective from 29th July 2019 of SFC approval of the HKFE fee waiver until 29th July 2022.

5 The arrangement will cover HKFE and LME Exchange membership fees only, not HKFE and LME clearing membership fees.

6 With respect to LME membership applications, the fee waiver will be applied to applications received from the effective date until 29th July 2022, that are deemed complete by the Exchange (i.e. submitted with all relevant supporting documentation) and accompanied by evidence, where applicable, that an application for LME Clear membership and FCA authorisation are in progress. All other current membership criteria remain unchanged.

Reciprocal Membership Arrangement Summary

Exchange	Promotion Period	Membership Fee Waiver	Eligible Applicants
HKFE	29 th July 2019 to 29 th July 2022 (both dates inclusive)	<ul style="list-style-type: none">Futures Exchange Trading Right (one-off): HK\$500,000, and1st year's Exchange Participantship subscription fee (annual): HK\$6,000	Any LME Member or affiliate of an LME Member
LME	29 th July 2019 to 29 th July 2022 (both dates inclusive)	<ul style="list-style-type: none">LME Membership applicants for the following services: Base Categories 1 – 5, LMEprecious GCMs, ICMs and NCMs, andRegistered Intermediating Brokers ("RIBs") 1st year's (annual) subscription fee (inclusive of the application processing fee – as applicable for each service)	Any HKFE Participants or affiliate of an HKFE Participants

Further Information

7 All interested parties should contact market.access@lme.com to request further information about the LME membership application process and eligibility criteria. For information on HKFE membership, please refer to the footnote below².

² HKFE membership information is available at https://www.hkex.com.hk/eng/market/hkex_part/criteria/AdmissionCriteria_HKFE.htm



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cc: Board directors