



Warehousing Committee Terms of Reference

THE LONDON METAL EXCHANGE AND LME CLEAR LIMITED

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The London Metal Exchange is registered in England no 2128666.

LME Clear Limited is a private limited company and is registered in England no 07611628.

Registered offices as above.

[LME.COM](https://www.lme.com)

1 Purpose

- 1.1.1 The Warehousing Committee (the “Committee”) has been established as advisory committee to The London Metal Exchange (“LME” or the “Exchange”). The purpose of the Committee is to advise the LME on matters relating to warehousing as further explained in paragraph 2.1.1 below.

2 Committee Responsibilities

2.1.1 General Responsibilities:

- a) Maintaining contact with the warehousing industry, the physical market, and trade associations.
- b) Keeping the LME apprised of relevant issues relating to warehousing, including industry views, changes to industry structures and other related matters.
- c) Considering, from a logistical perspective, and at the discretionary request of the LME, proposals for listing or delisting LME Delivery Points
- d) Making recommendations to the LME on warehousing-related policy issues.
- e) Discharging other duties as determined from time to time by the LME.

2.2 Quorum:

- 2.2.1 To be quorate, the Committee must have at least 50% of its members present at its meeting, including its Chair or vice Chair / acting Chair.

2.3 Composition:

- 2.3.1 The Committee is comprised of representatives of each LME-approved warehouse company or group of related warehouse companies. Each LME-approved warehouse or group of related warehouse companies shall be entitled to nominate one employee representative to be a Committee member. When considering Committee composition, either during the appointment process or otherwise, the Committee Chair and LME will pay due regard to diversity and inclusion, while recognising that the decision regarding their appointee rests with each individual warehouse company.
- 2.3.2 The list of each LME-approved warehouse company or group of related warehouse companies is detailed on the LME website. LME executives and staff will attend (without a vote) meetings of the Committee, to represent the LME, present agenda items, ensure adherence to compliance requirements and provide secretarial and administrative support as required.
- 2.3.3 The Committee may invite contributions from non-Committee members where appropriate, with the Chair’s and the LME executive’s prior approval. Outside

contributors should acknowledge the Terms of Reference and abide by them and should also abide by any guidance issued by the LME.

2.4 Committee Member Appointment, Extension, Resignation:

- 2.4.1 All Committee members are appointed and approved by the LME, with consultation from the Committee Chair. The LME shall have absolute discretion whether to accept or reject a nomination from a warehouse company or group of related warehouse companies, and no reason need be given. In the event that the LME rejects a nomination, the warehouse company or group of related warehouse companies may nominate an alternative.
- 2.4.2 If a member appointed under clause 2.4.1 is unable to attend a meeting, that person may, with the prior permission of the Chair, designate an alternative representative from the same warehouse company or group of related warehouse companies, who may attend the meeting in place of that member.
- 2.4.3 The LME may review the policy of each warehouse company or group of related warehouse companies having a representative on the Committee in the event that the number of representatives becomes too large to facilitate effective discussion.
- 2.4.4 The Chair of the Physical Market Committee shall *ex officio* be a member of the Committee and shall be entitled to attend meetings of the Committee (without a vote).
- 2.4.5 One member of the Committee shall be nominated by the Chair and approved by the LME Executive Committee to attend the Physical Market Committee to represent the Warehousing Committee. The Chair has the right to decide if an anonymous election by Committee members to select the individual is deemed necessary.
- 2.4.6 The LME may, at its sole discretion, request that any member of the Committee resign from the Committee at any time, and such person shall comply with such request. No reason or period of notice need be given by the LME.
- 2.4.7 Should a Committee member appointed under clause 2.4.1 subsequently leave the employment of the warehouse company or group of related warehouse companies by which the member of the Committee was nominated, that person shall be deemed to have automatically resigned from the Committee. The warehouse company or group of related warehouse companies shall be entitled to appoint an alternate representative in accordance with clause 2.4.1.
- 2.4.8 Should a warehouse company or group of related warehouse companies no longer be approved as an LME approved warehouse company, the employee representative appointed to the Committee under clause 2.4.1 shall be deemed to have automatically

resigned from the Committee and the warehouse company or group of related warehouse companies shall have no further right to appoint a representative.

2.5 Committee Chair and Vice Chair Appointment, Extension and Resignation:

- 2.5.1 An independent Chair is appointed and reappointed by the LME. The Chair of the Committee shall have no material interest in the operations of a warehouse company, whether LME-approved or not, and will not have a vote. In the absence of the independent Chair, the Committee may nominate an acting Chair.
- 2.5.2 The Chair shall be appointed for a period of three years, with a maximum term of nine years' continuous service. The LME may, at its sole discretion extend the term of service of the Chair beyond nine years. Where it does so, the LME shall record the reasons for, and the proposed period of, such extension.
- 2.5.3 The LME may at its sole discretion request that the Chair resign from the Committee at any time, and such person shall comply with such request. No reason or period of notice need be given by the LME.

2.6 Expectations of Committee members:

- 2.6.1 Committee members are expected to make every effort to attend meetings, either in person or virtually. If meeting the attendance requirements is not possible, it is expected that the warehouse company would notify the Committee Secretary and nominate another individual from their company who can join in accordance with clause 2.4.2, subject to the discretion of the Committee Chair and LME.
- 2.6.2 Failure to attend three consecutive Committee meetings will result in the withdrawal of Committee membership, subject to the discretion of the Committee Chair and the LME.
- 2.6.3 Committee members are expected to follow the Committee Member Guidelines, which outline their responsibilities in detail, including in relation to conflicts of interest, confidentiality, commercial sensitivity, and anti-competitive behaviour.
- 2.6.4 The Committee Chair is expected to follow the Committee Chair Guidelines in addition to the Committee Member Guidelines, which outline their responsibilities in detail, including in relation to conflicts of interest, confidentiality, commercial sensitivity, and anti-competitive behaviour.
- 2.6.5 Members performance and attendance is reviewed on a periodic basis by the LME, with input from the Committee Chair where appropriate.

3 Mandate, Authority and Reporting

- 3.1.1 The Committee has been established as an advisory committee to the LME Executive Committee and does not have the authority to make decision or adopt resolutions. The Committee can make recommendations to the LME, but the LME retains the right to accept, reject or modify any recommendations made to it.
- 3.1.2 To constitute a recommendation of the Committee, a proposal must be supported by at least 50% of the Committee (but the LME shall take account of any dissenting views, where a recommendation is not unanimous).
- 3.1.3 The activity of the Committee will be reported to the LME at periodic intervals. The LME Executive Committee receives a quarterly report of key themes and topics discussed at the Committee. Formal minutes are taken for all meetings and may be requested by the LME Executive Committee.

4 Meeting Administration

4.1 Meeting Frequency:

- 4.1.1 The Committee shall meet at least quarterly and more frequently when appropriate, unless otherwise recommended by the Committee Chair and approved by the LME. Committee meeting dates shall be agreed in advance affording adequate notice for maximum participation.
- 4.2.1 The Committee Chair, in consultation with the LME, shall agree the agenda for each Committee meeting. Any member can submit additional agenda items to the Committee Secretary prior to a meeting; however, the final agenda will be agreed by the Committee Chair in consultation with LME.

4.3 Reports and Management Information: The Committee meeting pack is produced by LME and will typically include, but not be limited to, the following:

- a) Past minutes
- b) LME Presentations and Proposals

- 4.3.2 All reports and management information should be reviewed by the Committee in advance of the meeting. The LME will aim to distribute the Committee meeting pack to members at least one week prior to the meeting.
- 4.4.1 The Company Secretariat team is responsible for the provision of secretariat services to the Committee, including scheduling the meetings, distributing the meeting papers, recording the meetings, and distributing the minutes.
- 4.4.2 Papers prepared for the Committee may be sent by email between meeting dates. Recommendations may be solicited and received between meetings (including by

email or other appropriate electronic method of communication), where necessary, to avoid delays to the Committee processes.

- 4.4.3 The draft minutes will be reviewed by the LME and the Chair prior to being distributed to members for review. Updated minutes will be included in the next scheduled Committee meeting agenda for final approval. All minutes are to be retained by the LME in electronic format. A register of attendees will be maintained by the LME.

5 Annual Review

- 5.1.1 On an annual basis, the Chair of the Committee shall lead the review the Committee's performance to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the LME for approval.
- 5.1.2 The Committee Terms of Reference are formally reviewed at least annually, with additional periodic reviews if deemed necessary.

6 Regulatory Compliance

6.1 Confidentiality:

- 6.1.1 Committee members must ensure that, unless outside consultation is specifically agreed, all matters discussed, and all materials and data made available to them in respect of their committee-related activities are kept confidential at all times.

6.2 Management of Conflicts of Interest: Committee members must not abuse their Committee status and must not be involved in any recommendations where they may have a conflict of interest.

- 6.2.2 A conflict of interests could arise where a Member's responsibilities are affected by a professional interest, personal interest, personal association, or interest or association of their close family. Where Committee members think they may have a conflict of interest in relation to any matter to be discussed at a Committee meeting or that comes under discussion at a Committee meeting, they must absent themselves from the part of the meeting at which that matter is discussed and the minutes of the meeting must record the absence.

- 6.2.3 Further, where the Chair feels that there may be a conflict of interest in respect of any matter to be discussed at a meeting or that comes under discussion at a Committee

meeting and it is appropriate for a Committee member to leave all or part of a meeting, the Chair shall ask the member to leave the meeting. No reason need be given.

- 6.2.4 Members that may have a conflict of interest shall receive minutes of the meeting with the matter in respect of which they may have a conflict of interest redacted from the copy of the minutes they receive.
- 6.3 **Inside information and commercially sensitive information:**LME shall observe the requirements relating to the management of inside information and commercially sensitive as prescribed by the LME and notified to the Committee from time to time.
- 6.3.2 In practice, this may mean that consideration of certain items which may be inside information or commercially sensitive information shall be withheld from meetings of the Committee until such information is within the public domain.
- 6.4 **Anti-trust and Competition Laws**Committee members must ensure that all matters discussed in respect of their Committee-related activities are not in breach of anti-trust or competition laws.
- 6.4.2 Applicable laws (Competition Act 1998 in the UK and Article 101 TFEU) prohibit anticompetitive arrangements that may affect trade, and which have as their object or effect the prevention, restriction or distortion of competition. Arrangements can be informal or verbal, and there does not need to be a physical meeting.
- 6.4.3 The type of arrangements which are restrictive of competition, and which constitute a serious competition law infringement include:
- a) Price fixing;
 - b) Market sharing;
 - c) Information sharing, including:
 - i. price information
 - ii. non-price information
- 6.5 **Arrangements to ensure Compliance:**To meet these Compliance requirements, the LME has arrangements in place to manage the information which arises as part of the Advisory Committees, which include:
- a) Review of all materials produced as part of the Committee process by LME
 - b) Training for LME representatives who sit on the Committees
 - c) Supervision of all Committee meetings by LME
 - d) Circulation of Guidelines for Committee Chairs and Members to follow to meet regulatory obligations