



Regulatory Position Limit Exemption Application: Liquidity Provider Exemption

Please respond to:
Position Surveillance, LME
position.surveillance@lme.com



1 Introduction

This application form sets out the minimum information required by the London Metal Exchange (**LME**) for the **Liquidity Provider Exemption** in accordance with the **LME's Policy Relating to Regulatory Position Limits and Exemptions** and the rules of the Financial Conduct Authority ("**FCA**") as set out in Chapter 10 of the Market Conduct sourcebook ("**MAR 10**").

2 Defined Terms

Capitalised terms used in this policy shall have the meaning given to them in the LME's Rules and Regulations including the LME's Policy Relating to Regulatory Position Limits and Exemptions.

3 Contents

	Application Criteria	Page
Section 1	Applicant details	3
Section 2	Exemption details on the Liquidity Provider Exemption	4-7
Section 3	Document checklist	7
Section 4	Disclosure of information and declaration	7-8
Appendix 1:	Amend/cancel an existing Exemption	9

4 Application Guidance

This application must be completed in accordance with the LME Rulebook and Policy Relating to Regulatory Position Limits and Exemptions – which describe relevant requirements surrounding information provision, confidentiality, conditions, Exemption Ceilings and communication.

For the avoidance of doubt, a non-financial entity or a financial entity can apply for a Liquidity Provider Exemption. The Exchange shall not consider Exemption applications where the non-financial entity or financial entity wishes to remain anonymous.

Applicants should seek to provide as much detail as necessary in order to provide a 'full and comprehensive' response. The boxes will expand as needed. Any answers that are considered too brief or lacking sufficient detail will be returned to the applicant, which will extend the process and delay the granting of the exemption ceiling.

This application form is for applicants seeking to benefit from the Liquidity Provider Exemption and should be used by an applicant to:

- (i) apply for (or renew) an Exemption;
- (ii) amend an existing Exemption; or
- (iii) cancel an Exemption.

Applicants seeking to re-apply for an Exemption ahead of its expiry will be responsible for completing an application form with updated information and should provide this in good time to the LME ahead of the expiry date of the existing Exemption.



Applicants seeking to amend (ii above) or cancel (iii above) an Exemption should update the original application form with the new information by completing the Appendix 1 below and re-sign and date the application form.

Once complete this application form and supporting documents should be provided to the Position Surveillance team at position.surveillance@lme.com.

Members, Persons Subject to the Rules or Clients with queries regarding this application should contact Position Surveillance at position.surveillance@lme.com.

5 Section 1 – Application details

The applicant shall provide the information requested below:

	Information requirement	Applicant response
5.1.1	Applicant Name (Legal entity name or natural person name)	
5.1.2	Registered Office / Operating Address (if different from Registered Office)	
5.1.3	Website	
5.1.4	Primary Contact: Name and contact details (phone and email address) of individual making this application and with whom LME should liaise in relation to: (i) this application; and (ii) the LME's Position Limits	
5.1.5	Alternative Contacts: Please provide alternative contact(s) to the above including relevant distribution lists.	
5.1.6	Legal Entity Identifier (LEI)	
5.1.7	Clearing members (including member mnemonic) the applicant clears through.	
5.1.8	Non-financial entity or financial entity.	



6 Section 2 – Exemption details on the Liquidity Provider Exemption

6.1 Application summary

	Information requirement	Category	Applicant response
6.1.1	Reason for application	Apply for (or renew) an Exemption	
6.1.2		Amend Exemption	
6.1.3		Cancel Exemption	

6.2 Contract(s) for which an Exemption is sought

	Metal	Spot Month Contract Exemption (Please mark with an X as applicable)	Other Months' Contract Exemption (Please mark with an X as applicable)
6.2.1	Aluminium (AH)	[Ref: AHSPOT] <input type="checkbox"/>	[Ref: AHOTHER] <input type="checkbox"/>
6.2.2	Copper (CA)	[Ref: CASPOT] <input type="checkbox"/>	[Ref: CAOTHER] <input type="checkbox"/>
6.2.3	Lead (PB)	[Ref: PBSPOT] <input type="checkbox"/>	[Ref: PBOTHER] <input type="checkbox"/>
6.2.4	Nickel (NI)	[Ref: NISPOT] <input type="checkbox"/>	[Ref: NIOOTHER] <input type="checkbox"/>
6.2.5	Tin (SN)	[Ref: SNSPOT] <input type="checkbox"/>	[Ref: SNOTHER] <input type="checkbox"/>
6.2.6	Zinc (ZS)	[Ref: ZSSPOT] <input type="checkbox"/>	[Ref: ZSOTHER] <input type="checkbox"/>
6.2.7	Duration of the Exemption(s)	Start date:	End date:



6.3 Liquidity Provider Exemption eligibility requirements

	Information requirement	Applicant response
6.3.1	Outline the incentive programme relevant to the application. <i>(Provide details of the scheme and confirmation of status as a liquidity provider)</i>	
6.3.2	Describe how the applicant meets the requirements of the programme to provide liquidity and how the obligations are clearly defined and relate to observable metrics of market quality, including depth and tightness of spread.	
6.3.3	Describe the liquidity the applicant provides in respect of the commodity derivatives for which an Exemption from a Position Limit is being requested. <i>(The applicant may reference its activity as a basis for this purpose)</i>	
6.3.4	Describe how the position arises from discharging the obligation as a liquidity provider.	
6.3.5	Describe how the Exemption is temporary in duration and how the applicant will ensure its position is reduced as soon as reasonably practicable prior to the expiry of the contract.	

6.4 Clearing Member arrangements

	Information requirement	Applicant response
6.4.1	For each Contract marked in Section 6.2, provide the Clearing Member arrangements that the entity has in place, and expects to have in place. <i>(This response should detail the Clearing Members, the anticipated proportion of position held by each and any other relevant information, including but not limited to, credit and margin arrangements)</i>	

6.5 Requested Exemption Ceiling

The applicant must provide information concerning the Exemption Ceiling which they request. The LME will assess the requested Exemption Ceiling considering the factors described within the “Exemption Ceilings” Section of the Policy Relating to Regulatory Position Limits and Exemptions.

	Information requirement	Applicant response
--	-------------------------	--------------------



6.5.1	For each Contract marked in Section 6.2, provide the Exemption Ceiling sought by the entity. <i>(Exemption Ceiling requests should be in lots and should exceed the underlying Regulatory Position Limit)</i>	
6.5.2	For each requested Exemption Ceiling, justify the extent to which you consider you will exceed the relevant Position Limit and the level of Exemption Ceiling proposed. <i>(Justifications should provide the LME with sufficient information to be satisfied that the proposed Exemption Ceiling is appropriate for the entity, with reference to the specific detail provided in Section 6.3)</i>	
6.5.3	For each requested Exemption Ceiling, describe the steps the entity would take to unwind the proposed position(s), if required, in an orderly way. <i>(With specific reference to Section 6.5.1, responses should include considerations, measures and controls to ensure such orderliness)</i>	

6.6 Internal policies

A qualifying position which benefits from a Liquidity Provider Exemption must demonstrate certain evidence concerning its internal policies and portfolio. For Sections 6.6.1 – 6.6.2 below, responses should summarise how internal policies meet these requirements and provide appropriate evidence.

	Information requirement	Applicant response	Evidence Provided
6.6.1	Describe how the entity's internal policies outline the measures adopted to ensure that the positions facilitating liquidity and any position serving a different purpose are disaggregated and can be clearly identified.		
6.6.2	Describe the entity's position management arrangements, including management and oversight of positions and controls to prevent the position from exceeding a Regulatory Position Limit or Exemption Ceiling.		

7 Section 3 – Document checklist

Please list below any additional documents you wish to provide in support of this Exemption application e.g. trading data, financial statements, any other relevant information. Please email these documents along with this application form to position.surveillance@lme.com.

Document attached (name)	Description
--------------------------	-------------



7.1.1		
7.1.2		
7.1.3		
7.1.4		
7.1.5		

8 Section 4 – Disclosure of information and declaration

8.1 Disclosure of Information

	Information requirement	Applicant response
8.1.1	Provide details of any other information that may be material to this application and that the entity considers the LME would reasonably expect to be disclosed for its consideration as part of this application for an Exemption.	
8.1.2	Confirm that you agree to the requirements, responsibilities and conditions outlined within the Rules including the LME Rulebook and the Policy Relating to Regulatory Position Limits and Exemptions.	<input type="checkbox"/>
8.1.3	Confirm that should the Exemption be granted, the entity will notify the LME promptly of: (1) any significant change relevant to the information provided in the Exemption application (including but not limited to those set out in Section 6); and (2) any breach of a condition related to the Exemption, as set out within the LME's Rules including the Policy Relating to Regulatory Position Limits and Exemptions.	<input type="checkbox"/>
8.1.4	Confirm that you are aware that, without prejudice to the powers of the LME and of the Special Committee set out in the Rules, the LME may reject your application (including the requested level of Position Ceiling), unilaterally withdraw your Exemption, unilaterally amend your Exemption (including any condition attached to such Exemption) or unilaterally amend an Exemption Ceiling (level or condition if any attached to such Ceiling) and that the LME may take any other step related to or connected to an Exemption or an Exemption	<input type="checkbox"/>



	Ceiling in accordance with either the Rules, the FCA MAR 10 Rules or as directed by the relevant Regulator.	
--	---	--

8.2 Declaration

The applicant hereby confirms that the information it has provided in this Exemption application is accurate and complete.

	Detail	Applicant response
8.2.1	For and on behalf of (<i>legal entity name</i>)	
8.2.2	Name:	
8.2.3	Title:	
8.2.4	Date:	
8.2.5	Email address:	
8.2.6	Signed <i>(Please note that this should be a suitable person of appropriate seniority at the entity to attest to its factual accuracy and completeness e.g. Head of Compliance)</i>	

Please sign and date the application form and return it to position.surveillance@lme.com.



9 Appendix 1 – Amendment or Cancellation of Existing Exemption

9.1 Amendment or Cancellation

	Information requirement	Applicant response
9.1.1	Describe the amendment or cancellation requested.	
9.1.2	Describe the rationale for the amendment or cancellation. <i>(This response should include how the information provided in the Exemption application has changed)</i>	
9.1.3	Requested effective date for the amendment or cancellation.	

9.2 Declaration

The applicant hereby confirms that the information it has provided is accurate and complete.

	Detail	Applicant response
9.2.1	For and on behalf of (<i>legal entity name</i>):	
9.2.2	Date:	
9.2.3	Name:	
9.2.4	Title:	
9.2.5	Email address:	
9.2.6	Signed: <i>(Please note that this should be a suitable person of appropriate seniority at the entity to attest to its factual accuracy and completeness e.g. Head of Compliance)</i>	

Please sign and date the application form and return it to position.surveillance@lme.com.