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**REVISIONS TO THE LOOSE-LEAF RULEBOOK
OF THE LONDON METAL EXCHANGE**

Release No 132

Enclosed are replacement pages of the LME Rulebook affected by recent revisions.

Updates comprise:-

Part 1 – Replace pages 1-20 to 1-51

Part 3 – Replace pages 3-63 to 3-70

Details of the substantive changes are below:

26/049	DECISION NOTICE ON AMENDMENT TO LENDING RULES: INTRODUCTION OF FRONT MONTH LENDING RULES
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Susan Small

Ref: R132 (2026/2)

"Firm Quote"	an order or quote that under these Rules can be matched against an opposite order or quote;
"Fixed Price Auction"	a public auction, conducted in accordance with the requirements set out in Trading Regulation 2.15.8;
"Fixed Penalty"	a financial penalty, set out in a Notice, imposed by the Exchange on a Member, Dealer or Member Representative in relation to a Fixed Penalty Offence;
"Fixed Penalty Appeal"	an appeal lodged in accordance with Regulation 14.8 of the Membership Regulations in respect of an Exchange decision to impose a Fixed Penalty;
"Fixed Penalty Notice"	a letter sent by the Exchange to a Member, Dealer or Member Representative notifying the Member, Dealer or Member Representative of its intention to impose a Fixed Penalty;
"Fixed Penalty Notice of Appeal"	a letter sent by a Member, Dealer or Member Representative to the Head of Enforcement notifying the Head of Enforcement that it wishes to lodge a Fixed Penalty Appeal in accordance with Regulation 14.8 of the Membership Regulations;
"Fixed Penalty Offence"	an offence as specified by a Notice and as amended from time to time;
"Former Member"	has the meaning set out in Regulation 10.5 of the Membership Regulations;
"Front Month Lending Rules"	the rules set out in the Exchange's Policy Relating to Position Management Arrangements (including any clarification, revision or explanation of such lending rules issued by the Exchange from time to time, including any replacement policy) taken together with Regulation 18 of Trading Regulations;
"FSMA"	the Financial Services and Markets Act 2000, as from time to time amended;
"Futures Contract"	a Metal Future, Premium Contract, LMEmini Future, Index Future, Cash-Settled Future or LMEprecious Future;
"Global Legal Entity Identifier System"	the global system operated under the oversight of the LEI ROC to register legal entities and assign legal entity identifiers to such entities;

"Go Live Date"	has the meaning set out in Regulation 5.4 of the Membership Regulations;
"Gold"	Loco London Fine Gold held in London and complying with standards relating to good delivery and fineness acceptable to the Precious Metal Clearer of the Clearing House for the purpose of effecting settlement with the Clearing House, as such standards are in effect from time to time;
"Granter"	the seller under a Traded Option;
"Group"	in relation to any company, any company that is a "group undertaking" of that company, as defined in section 1161 of the Companies Act 2006;
"Head of Enforcement"	the Head of Enforcement and any other person within the Exchange for the time being appointed to perform the duties of the Head of Enforcement;
"Head of Market Surveillance"	the Head of Market Surveillance and any other person within the Market Surveillance division of the Exchange for the time being appointed to perform the duties of the Head of Market Surveillance;
"Honorary Member"	a Member who is granted honorary Membership of the Exchange by the Exchange;
"Immobilised Warrant"	has the meaning set out in Regulation 13.1 of the LMEsword Regulations;
"In The Money"	<p>(a) in relation to a Metal Option, that the Strike Price is, in the case of a Put Option, above or, in the case of a Call Option, below the last published Settlement Price at the relevant time for the relevant metal and Prompt Date; or</p> <p>(b) in relation to a Traded Average Price Option, that the Strike Price is, in the case of an Average Price Put Option, above or, in the case of an Average Price Call Option, below the last published Moving Monthly Average Settlement Price or Monthly Average Settlement Price at the relevant time for the relevant metal and Prompt Date; or</p> <p>(c) in relation to an Index Option, that the Strike Price is, in the case of a Put Option, above or, in the case of a Call Option,</p>

	below the Settlement Price or last published Closing Price at the relevant time for the relevant Index Option and Prompt Date;
	(d) in relation to an LMEprecious Option, that the Strike Price is, in the case of a Put Option, above or, in the case of a Call Option, below the Exercise Reference Price at the relevant time for the relevant LMEprecious Option and Expiry Day;
"Incentive Programme"	has the meaning set out in Regulation 22.2 of the Membership Regulations;
"Incentive Programme Benefits"	has the meaning set out in Regulation 22.3 of the Membership Regulations;
"Incentive Programme Requirements"	has the meaning set out in Regulation 22.3 of the Membership Regulations;
"Index"	an index denominated in US dollars the level of which is determined in accordance with the Special Contract Rules for the Construction of the Index;
"Index Contract"	an Index Future or an Index Option;
"Index Future"	a cash-settled Exchange-traded futures contract pursuant to which the buyer and seller agree to pay or receive in cash the difference between the level of the Index on the Prompt Date and the level agreed in the Contract, multiplied by the Contract size, settled on the Settlement Business Day next following the Prompt Date and subject to daily marking to market in accordance with the Clearing House Rules and conforming to the other specifications prescribed by the Exchange;
"Index Futures Closing Price"	the Closing Price of an Index Future as determined in accordance with Regulation 6 of the Trading Regulations;
"Index Option"	a cash-settled Exchange-traded option contract over the Index pursuant to which the Granter grants the Taker a right to receive in cash from the Granter the difference between the level of the Index on the Prompt Date and the Strike Price, multiplied by the Contract size, settled on the Settlement Business Day next following the Prompt Date and conforming to the other specifications prescribed by the Exchange;

"Index Options Regulations"	the Regulations set out in Part 5C of the Rules;
"Indirect Clearing Arrangement"	means an "indirect clearing arrangement" within the meaning of the Indirect Clearing Regulations;
"Indirect Clearing Regulations"	means the EMIR Level 2 (Indirect Clearing) Regulation or the MiFID II Level 2 (Indirect Clearing) Regulation, as applicable, and any successor legislation amending or incorporating the requirements thereto in any relevant jurisdiction from time to time;
"Indirect Client"	means an indirect Client of a Clearing Member, being a Client of a Category 4 Member, where such Category 4 Member is a Client of the Clearing Member;
"Indirect Client Account"	means a segregated account maintained by a Clearing Member in respect of the Client business of a single Category 4 Member, such that it records positions only in respect of Client-Related Cleared Contracts that have been created pursuant to the registration of Client Contracts relating to one or more Clients of that Category 4 Member (such Clients being Indirect Clients of the Clearing Member);
"Initial Margin"	<p>(a) in relation to a Cleared Contract, the sum of money fixed by the Clearing House in consultation with the Exchange and in respect of which Members may be required to provide to the Clearing House cover in accordance with the Clearing House Rules;</p> <p>(b) in relation to a Client Contract, such sum as may be agreed between the parties provided that such sum is equal to or greater than the amount in (a) above;</p>
"Inter-Office Order"	a bid or offer or actionable indication of interest for a trade that is made in the inter-office market;
"Intellectual Property Rights"	patents, trade marks, rights in logos, get-up, trade names, internet domain names, rights in designs, copyright (including rights in computer software) and moral rights, database rights, rights of confidentiality, semi-conductor topography rights, utility models, trade secrets, inventions, rights in know-how and other intellectual property or proprietary rights, in each case whether registered or unregistered and including applications for

	registration, and all rights or forms of protection having equivalent or similar effect to the foregoing which may now or in the future subsist in, apply to or are enforceable in, any jurisdiction in the world;
"Investigation"	an investigation undertaken by the Exchange pursuant to Regulation 13 of the Membership Regulations;
"Invoicing Back"	the procedure so described in the Clearing House Rules;
"IOM PTT Initiating Pair"	has the meaning set out in Regulation 2.15.8 of the Trading Regulations;
"Jurisdictions Notice"	the Notice issued by the Exchange setting out the jurisdictions from which Members may access the Exchange's facilities, and any conditions to be complied with by Members wishing to access the Exchange from such jurisdictions;
"Last Declaration Day"	<ul style="list-style-type: none"> (a) in relation to a Metal Option for a particular month, the first Wednesday in that month or, if that is not a Business Day, the next day which is a Business Day; (b) in relation to an Index Option for a particular month, up to 16.35 hours on the second Wednesday in that month or, if that is not a Business Day, the next day which is a Business Day;
"Last Trading Day"	<ul style="list-style-type: none"> (a) in relation to a Metal Option, the Business Day preceding the Last Declaration Day for that Option; (b) in relation to a Traded Average Price Option, the Business Day preceding the Declaration Day of the relevant month for that Traded Average Price Option; (c) in relation to an Index Option, the Last Declaration Day for that Index Option; (d) in relation to an LMEmini Future, the Business Day which is two Business Days before the Prompt Date; (e) in relation to a Monthly Average Future, the last Business Day of the relevant tradeable month;

- (f) in relation to a Cash-Settled Future, the day specified as the relevant "Last Trading Day" in the Special Contract Rules for Cash-Settled Futures;
 - (g) in relation to a Premium Contract, the Business Day which is two Business Days before the Prompt Date; or
 - (h) in relation to an LMEprecious Future, the Business Day which is one Business Day before the Prompt Date;
 - (i) in relation to an LMEprecious Option, the Business Day which is one Business Day before the Expiry Day;
- "LEI ROC" the Legal Entity Identifier Regulatory Oversight Committee;
- "Lending Rules" include the Tom-Next Lending Rules and the Front Month Lending Rules as set out in the Exchange's Policy Relating to Position Management Arrangements (including any clarification, revision or explanation of such lending rules issued by the Exchange from time to time, including any replacement policy) taken together with Regulation 18 of the Trading Regulations;
- "LME Base Contract" a Contract that is not an LMEprecious Contract;
- "LME Base Member" a Category 1 Member, Category 2 Member, Category 3 Member, Category 4 Member or Category 5 Member;
- "LME Base Service" the availability of the facilities of the Exchange for the trading of LME Base Contracts;
- "LME Data" all data relating to trading on the Exchange, including, without limitation:
- (a) the LME-determined prices and data relating to LME-determined prices, other than any prices determined by the Clearing House or by the LME as delegate of the Clearing House; and
 - (b) data relating to Contracts, Default Settlement Amounts, Indexes, Warrants and Weightings;

"LME Data Services"	the LME Select API and LMEsource;
"LME Holdings"	LME Holdings Limited, a company registered in England and Wales under company number 4081219, being the sole member of the Company;
"LME Information"	means any information or data (including LME Data) made available by the Exchange to Members, Member Data Services Clients and/or Member Data Services Sub-Clients via the LME Data Services from the Exchange's systems;
"LMEmini Contract"	an LMEmini Future;
"LMEmini Future"	a cash-settled Exchange-traded futures contract pursuant to which the buyer and seller agree to pay or to receive in cash the difference between the Settlement Price of the underlying metal on the Prompt Date and the price of the underlying metal agreed in the Contract, multiplied by the Contract size, settled on the Prompt Date and subject to daily marking to market in accordance with the Clearing House Rules and conforming to the other specifications prescribed by the Exchange;
"LMEmini Futures Closing Price"	the Closing Price of the relevant underlying Metal Future as determined in accordance with Regulation 6 of the Trading Regulations;
"LMEmini Last Trading Time"	the last trading time on the Last Trading Day for LMEmini Contracts as specified in the Special Contract Rules for LMEmini Contracts or as otherwise prescribed by the Exchange from time to time;
"LMEprecious Clearing Member"	an LMEprecious General Clearing Member or an LMEprecious Individual Clearing Member;
"LMEprecious Contract"	a Contract that is: <ul style="list-style-type: none"> (a) an LMEprecious Future; or (b) an LMEprecious Option, and any other type of Exchange-traded derivative contract having Precious Metal as its underlying instrument, that the Exchange may specify from time to time;
"LMEprecious Daily Settlement Price"	the price determined for margining and daily settlement purposes of an LMEprecious Future as

	determined in accordance with Regulation 5.7 of the Trading Regulations;
"LMEprecious Final Settlement Price"	the price determined for final settlement purposes of an LMEprecious Future as determined in accordance with Regulation 5.7 of the Trading Regulations;
"LMEprecious Future"	a physically settling Exchange-traded futures contract pursuant to which the seller agrees to sell to the buyer one or more Lots of Precious Metal for delivery on a specified Prompt Date, and conforming with the other specifications prescribed by the Exchange;
"LMEprecious Future Regulations"	the regulations set out in Part 13A of the Rules;
"LMEprecious General Clearing Member"	a Member that is: <ul style="list-style-type: none"> (a) a member of the Clearing House; (b) authorised by the Exchange to clear Cleared LMEprecious Contracts; (c) authorised by the Exchange to issue Client LMEprecious Contracts; and (d) granted LMEprecious Membership, with the categorisation as an LMEprecious General Clearing Member;
"LMEprecious Individual Clearing Member"	a Member that is: <ul style="list-style-type: none"> (a) a member of the Clearing House; (b) authorised by the Exchange to clear Cleared LMEprecious Contracts; (c) not authorised by the Exchange to issue Client LMEprecious Contracts; and (d) granted LMEprecious Membership, with the categorisation as an LMEprecious Individual Clearing Member;
"LMEprecious Member"	an LMEprecious General Clearing Member, LMEprecious Individual Clearing Member or LMEprecious Non-Clearing Member;
"LMEprecious Non-Clearing Member"	a Member that is: <ul style="list-style-type: none"> (a) not authorised by the Exchange to clear Cleared LMEprecious Contracts;

	(b) authorised by the Exchange to issue Client LMEprecious Contracts; and
	(c) granted LMEprecious Membership, with the categorisation as an LMEprecious Non-Clearing Member;
"LMEprecious Option"	an Exchange-traded, European-style option contract pursuant to which the Granter grants to the Taker the right to buy from or sell to the Granter a Lot of a Precious Metal at a specified Strike Price in a specified month;
"LMEprecious Option Regulations"	the regulations set out in Part 13B of the Rules;
"LMEprecious Regulations"	the regulations set out in Part 13 of the Rules, and comprising the LMEprecious Future Regulations and the LMEprecious Option Regulations;
"LMEprecious Service"	the availability of the facilities of the Exchange for the trading of LMEprecious Contracts;
"LME Select"	a system provided by the Exchange to enable the anonymous electronic trading of Contracts by LME Select Participants in accordance with the Rules and any Administrative Procedures issued by the Exchange from time to time;
"LME Select API"	a FIX or binary protocol application approved by the Exchange which enables LME Select Participants and their Clients to connect to LME Select for the purpose of facilitating the electronic trading of Contracts;
"LME Select Participant"	a Trading Member who is permitted to use LME Select;
"LME Select Offences"	a breach by an LME Select Participant(s) of the provisions of Regulation 12 of the Trading Regulations;
"LMEsword"	the system for, inter alia, the electronic transfer of Warrants governed and constituted by the LMEsword Regulations;
"LMEsword Regulations"	the regulations governing the operation of LMEsword issued by the Exchange as amended from time to time in accordance with the terms thereof and forming Part 10 of the Rules;
"Lot"	(a) in relation to a metal (that is not covered by another type of Contract specified below), the standard unit of quantity

thereof, specified in the Special Contract Rules for that metal, by reference to which settlement is to be made; or

- (b) in relation to the Index, the standard value per point movement for that Index, specified in the Special Contract Rules for the Construction of the Index, by reference to which settlement is made; or
- (c) in relation to an LMEmini Contract, the standard unit of quantity thereof, specified in the Special Contract Rules for LMEmini Contracts, by reference to which settlement is made; or
- (d) in relation to a Monthly Average Future, the standard unit of quantity thereof, specified in the Monthly Average Future Regulations, by reference to which settlement is made; or
- (e) in relation to a Cash-Settled Future, the standard unit of quantity thereof, specified in respect of the specific Cash-Settled Future in the relevant Special Contract Rules for Cash-Settled Futures, by reference to which settlement is made;
- (f) in relation to a Premium Contract, the standard unit of quantity thereof, specified in the Premium Contract Regulations, by reference to which settlement is made; or
- (g) in relation to an LMEprecious Future, the standard unit of quantity of Precious Metal specified in the LMEprecious Regulations, by reference to which settlement is to be made;

"LPMCL"	London Precious Metals Clearing Limited, a company registered in England and Wales under company number 04195299;
"Major Currency"	in respect of a metal, the currency in which the Settlement Price and Closing Price are to be determined;
"Market Making Strategy"	a strategy performed by a Member or Client, when Dealing On Own Account, that involves posting Firm Quotes that are simultaneous two-way quotes of comparable size and at competitive prices

	relating to one or more Contracts, with the result of providing liquidity on a regular and frequent basis to the overall market;
"Matching Period"	a period prescribed pursuant to Regulation 3.4 of the Trading Regulations;
"Matching Rules"	means the LME's matching rules governing the use of the Matching System as published by the LME, by Notice from time to time;
"Matching System"	the system operated by or on behalf of the Exchange for the matching and confirmation of Contracts, or such other system as may from time to time be adopted by the Exchange for such purposes;
"Matching System RIB Screens"	means the RIB-specific sub-screens of the Matching System, which are accessible to: <ul style="list-style-type: none"> (a) Members, for the purposes of RIB permissioning and management of RIB-arranged trades; and (b) RIBs, for the purposes of inputting the details of Agreed Trades into the Matching System;
"Member"	an Undertaking or individual admitted to Membership of the Exchange in accordance with the Rules;
"Membership"	(a) the state of being a Member;
	(b) having the status of a Member; and/or
	(c) the total body of Members,
	as the context of the Rules requires.
"Membership Regulations"	the Regulations set out in Part 2 of the Rules;
"Member Representative"	means any person other than a Dealer on Exchange premises working for or on behalf of a Ring Dealing Member;
"Metal Contract"	a Metal Future or Metal Option;
"Metal Future"	an Exchange-traded futures contract pursuant to which the seller agrees to sell to the buyer one or more Lots of metal for delivery on a specified Prompt Date (excluding any Cash-Settled Future, Premium Contract or LMEprecious Contract);

"Metal Option"	an Exchange-traded option contract pursuant to which the Granter grants to the Taker the right to buy from or sell to the Granter a Lot of a specified metal at a specified Strike Price in a specified month (excluding any LMEprecious Option);
"Metal Options Regulations"	the Regulations set out in Part 5A of the Rules;
"MiFID II"	<p>the package of legislative measures comprising:</p> <ul style="list-style-type: none"> <li data-bbox="842 488 1447 593">(a) Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments; <li data-bbox="842 622 1447 772">(b) Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending EMIR; and <li data-bbox="842 801 1447 1019">(c) any delegated regulations made by the European Commission thereunder including, without limitation, the MiFID II (Indirect Clearing) Regulation, the MiFID II Transparency RTS and the MiFID II Algorithmic Trading RTS, <p>as from time to time amended;</p>
"MiFID II Algorithmic Trading RTS"	Commission Delegated Regulation (EU) 2017/589 of 19 July 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the organisational requirements of investment firms engaged in algorithmic trading;
"MiFID II (Indirect Clearing) Regulation"	Commission Delegated Regulation (EU) 2017/2154 of 22 September 2017 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards on indirect clearing arrangements;
"MiFID II Transparency RTS"	Commission Delegated Regulation (EU) 2017/583 of 14 July 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards on transparency requirements for trading venues and investment firms in respect of bonds, structured finance products, emission allowances and derivatives;

"MiFIR"	Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending EMIR;
"Minor Offences"	has the meaning set out in Regulation 11.2.3 of the Trading Regulations;
"Monthly Average Future"	a cash-settled Exchange-traded contract pursuant to which the buyer and seller agree to pay or to receive in cash the difference between (i) the Monthly Average Settlement Price for a specified metal and for a specified tradeable month and (ii) the fixed price agreed between the buyer and the seller in the Contract, multiplied by the Contract size, settled on the Prompt Date and subject to daily marking to market in accordance with the Clearing House Rules and conforming to the other specifications prescribed by the Exchange;
"Monthly Average Future Closing Price"	the Notional Average Price for the relevant month of calculation;
"Monthly Average Future Regulations"	the Regulations set out in Part 11 of the Rules;
"Monthly Average Settlement Price"	<p>(a) in relation to an Average Price Call Option, the price at which the Taker will sell to the Granter if the Traded Average Price Option is declared;</p> <p>(b) in relation to an Average Price Put Option, the price at which the Taker will buy from the Granter if the Traded Average Price Option is declared;</p> <p>(c) in relation to a Monthly Average Future for a particular tradeable month, the aggregate of the Settlement Prices for the relevant metal for every Business Day in the relevant tradeable month divided by the number of Business Days for that month and which is calculated and published by the Exchange; and</p> <p>(d) in relation to a Traded Average Price Option for a particular month, the aggregate of the Settlement Prices for the relevant metal for every Business Day in the relevant tradeable month divided by</p>

the number of Business Days for that month and which is calculated and published by the Exchange,

in each case as determined in accordance with the applicable Pricing Methodology.

"Moving Monthly Average Settlement Price"	in relation to a Traded Average Price Option or a Monthly Average Future for a particular month, the aggregate of the Settlement Prices for the relevant metal for every Business Day to date in the relevant tradeable month divided by the number of Business Days to date for that month and which is calculated and published by the Exchange;
"New Contract"	has the meaning set out in Regulation 15.1 of the Contract Regulations;
"Non-Benchmark Reference Price"	a reference price provided by the Exchange and which is not a Benchmark;
"Non-Clearing Member"	(a) a Category 4 Member; or (b) an LMEprecious Non-Clearing Member, as the context of the Rules requires;
"Non-Ferrous Future"	a Cash-Settled Future, the Cash-Settled Future Final Settlement Price for which is determined by reference to non-ferrous metal-based index (or indices, as applicable) or other reference-value, and which has the features specified in the relevant Special Contract Rules for Cash-Settled Futures - Non-Ferrous;
"Non-LME Multi Dealer Trading System"	means: (a) an exchange or other trading venue which is not operated by the Exchange or its Affiliates; or (b) any other system, granting access to more than one trading party, to facilitate the arrangement and/or execution of bilateral contracts between such parties, outside the trading venue or systems operated by the Exchange or its Affiliates, but shall not include a Single Dealer to Client Platform;

"Non-LME Platform Contract"	means any contract or product that is traded on, executed on, or otherwise arranged or agreed via a Non-LME Multi Dealer Trading System;
"Non-Material Amendment"	has the meaning set out in Regulation 15.1 of the Contract Regulations;
"Notice of Appeal"	a document prepared by either (i) a Member, Dealer or Member Representative, or (ii) the Exchange, and served on the Chairman of the Appeal Panel and the other party in relation to an appeal of a Disciplinary Committee's decision and which meets the requirements set out in Regulations 14.39 to 14.41 of the Membership Regulations;
"Notice to Arbitrate"	a notice served by the Claimant pursuant to Regulation 2.1 of Part 8 of the Rules;
"Notional Average Price"	in relation to each metal for a particular month, the price as calculated using Settlement Prices and Closing Prices as appropriate, in accordance with the applicable Pricing Methodology, representing the rolling mean average daily price of one lot of the relevant metal for that month;
"Offence" or "Offences"	has the meaning set out in Regulation 11.2.3 of the Trading Regulations;
"Official Prices"	the prices determined in accordance with Regulation 5 of the Trading Regulations;
"Opening Hours"	means the hours on each Business Day during which the Matching System is open and able to receive information regarding Agreed Trades, as specified by the Exchange by Administrative Procedures from time to time;
"Operating Procedures"	the manual issued by the Exchange pursuant to the LMEsword Regulations setting out detailed procedures and information relating to the operation of LMEsword;
"Option Contract"	a Metal Option or an Index Option or an LMEprecious Option;
"Order-routing Eligibility Requirement"	means the requirement under MiFID II for a member or a participant in a trading venue to only be permitted to provide direct electronic access to the venue if the member or participant is one of the following:

- (a) an investment firm, as defined under the RAO, which has permission under Part 4A of FSMA to carry on a regulated activity being any of the investment services or activities defined under s417 of FSMA;
- (b) a qualifying credit institution that has permission under Part 4A of FSMA to carry on the regulated activity of accepting deposits, as specified in the RAO;
- (c) a person who falls within regulation 30(1A) of the Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2017 (or any successor regulation to it) and has permission under Part 4A of FSMA to carry on a regulated activity being any of the investment services or activities defined under s147 of FSMA;
- (d) a firm providing Direct Electronic Access subject to the exclusion in regulation 11(1) of The Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2017 (or any successor regulation to it);
- (e) a firm where the provision of the Direct Electronic Access by that firm is subject to the exclusion in article 72 of the RAO; or
- (f) a firm which does not come within paragraph (d) or (e) but is otherwise permitted to provide Direct Electronic Access under FSMA;

"Out of Scope Order"

an Inter-Office Order that is not required to be made transparent pursuant to the Pre-Trade Transparency Requirements, as identified in accordance with Regulation 2.15.3 of the Trading Regulations;

"Overseas Undertaking"

an undertaking which is a body corporate incorporated outside of the United Kingdom or if not itself a body corporate, its principal or managing member is a body corporate incorporated outside of the United Kingdom;

"Panel"

the Arbitration Panel of the Company;

"Panel Committee"	a committee appointed by the Exchange to oversee the conduct of arbitrations pursuant to the Arbitration Regulations, and in particular to perform the functions and powers referred to in the Arbitration Regulations;
"Paper COA"	a hard copy Certificate of Analysis, which may be a bulk analysis certificate, and which must be produced by either: <ul style="list-style-type: none"> (a) the producer of the underlying metal; or (b) a LME Listed Sampler and Assayer (a "LSA") who will sample and analyse material in accordance with Exchange-specified instructions to LSAs;
"Parent Undertaking"	the same meaning as set out in section 1162 of the Companies Act 2006;
"Position Limits"	the position limits applied by the Exchange on any Contract or Contracts from time to time in accordance with requirements specified by the Exchange by Notice;
"Position Netting"	means the netting of multiple Contracts between the same two parties to a smaller number of Contracts (which may take effect through the netting of long and short positions or the aggregation of long positions and short positions respectively) and/or the close out by netting of multiple Contracts, (in each case) in accordance with such process as may be specified in the Clearing House Rules, and which may occur, as the context requires: <ul style="list-style-type: none"> (a) "at the Clearing House", in relation to Cleared Contracts, subject to and in accordance with the Clearing House Rules; and (b) "under the Exchange Rules", in relation to Underlying Client Contracts that relate to such Cleared Contracts, subject to and in accordance with Regulation 9.7.7 of the Trading Regulations;
"Post-Compression Cleared Contract"	a Cleared Contract that comes into effect between the Clearing House and a Clearing Member upon Compression at the Clearing House, which represents the positions under pre-Compressed Cleared Contracts, as compressed by the Clearing

	House in accordance with the Clearing House Rules;
"Post-Compression Client Contract"	a Client Contract that comes into effect upon Compression under the Exchange Rules, in accordance with Regulation 14 of the Contract Regulations, which shall replace the Client Contracts that were subject to such Compression and which shall come into effect between the same parties as were parties to such original Client Contracts;
"Precious Metal"	Gold or Silver;
"Precious Metal Clearer"	a member of LPMCL (or any successor company or association) that is an "Approved Delivery Facility" for the purposes of the Clearing House Rules;
"Precious Metal Clearing System"	the system operated by LPMCL (or any successor company or association), or any successor system, for the electronic settlement of unallocated Precious Metal between Precious Metal Clearers);
"Pre-Execution Checks"	the checks applied to an Agreed Trade within the systems of the Exchange and the Clearing House prior to confirmation that the Agreed Trade may be Executed, as specified in Regulation 2.8 of the Trading Regulations;
"Premium Contract"	an Exchange-traded futures contract having the features described in the Premium Contract Regulations;
"Premium Contract Closing Price"	the Closing Price for each Premium Contract;
"Premium Contract Last Trading Time"	the last trading time on the Last Trading Day for Premium Contracts as specified in the Premium Contract Regulations or as otherwise prescribed by the Exchange from time to time;
"Premium Contract Price"	the cash consideration payable under a Premium Contract, as agreed at the time of formation of the Premium Contract;
"Premium Contract Regulations"	the Regulations set out in Part 12 of the Rules;
"Premium Warrant"	a Warrant issued by a Qualifying Premium Warrant Warehouse;
"Premium Warrant Jurisdiction"	a geographical jurisdiction specified as such in the Premium Contract Regulations;

“Pre-Trade Communications”	any negotiation or discussion on the direction, size or price of a potential or future Agreed Trade prior to submission to an Execution Venue operated by the Exchange;
"Pre-Trade Execution Communication"	has the meaning set out in Regulation 2.15.6 of the Trading Regulations;
"Pre-Trade Transparency Requirements"	the requirements, under Article 8 of MiFIR and any rules and guidance of the FCA implementing such requirements with which the Exchange is required to comply, for a market operator to make public current bids and offer prices and the depth of trading interests at prices advertised through its system;
"Pricing Methodology"	<p>in respect:</p> <ul style="list-style-type: none"> <li data-bbox="837 840 1447 940">(a) of any Benchmark, the methodology applied by the Exchange to determine such Benchmark; <li data-bbox="837 974 1447 1120">(b) any Non-Benchmark Reference Price the methodology applied by the Exchange to determine such Non-Benchmark Reference Price, <p>in each case as may be specified by the Exchange by way of Notice or on the public website maintained by the Exchange at www.lme.com;</p>
"Private Warning"	means a written warning served on a Member, Dealer or Member Representative by the Exchange in accordance with Regulations 14.2 to 14.4 of the Membership Regulations;
"Product Specifications"	means the specifications, features and/or terms of any Contract listed for trading on the Exchange, as described in the Rules and Administrative Procedures;
"Prompt Date"	<ul style="list-style-type: none"> <li data-bbox="837 1646 1447 1859">(a) in relation to a Metal Future, LMEmini Future, Premium Contract or a Monthly Average Future, the Business Day on which, having regard where relevant to Regulation 8 of the Trading Regulations, the Contract is to be settled; <li data-bbox="837 1892 1447 1998">(b) in relation to an Index Contract, the Business Day on which, having regard where relevant to Regulation 8 of the

	Trading Regulations, the Settlement Price of the Index is determined, with settlement of the Contract on the next Settlement Business Day;
	(c) in relation to a Cash-Settled Future, the date specified as the relevant "Prompt Date" in the Special Contract Rules for Cash-Settled Futures;
	(d) in relation to an LMEprecious Future, the Business Day on which, having regard where relevant to Regulation 8 of the Trading Regulations and the LMEprecious Regulations, the Contract is to be settled; or
	(e) in relation to an LMEprecious Option, the Prompt Date of the underlying LMEprecious Future, as determined in accordance with the LMEprecious Option Regulations, and comprising the Business Day on which such LMEprecious Future is to be settled;
"PTT Exempt Order"	an Inter-Office Order that is not required to be publicised in accordance with the Pre-Trade Transparency Requirements, due to the application of: <ul style="list-style-type: none"> (a) a PTT Waiver; or (b) the PTT Hedging Exemption;
"PTT Hedging Exemption"	has the meaning set out in Regulation 2.15.5 of the Trading Regulations;
"PTT Order"	an Inter-Office Order that is not an Out of Scope Order or a PTT Exempt Order;
"PTT Waiver"	a waiver from the application of the Pre-Trade Transparency Requirements, granted to the Exchange by a competent regulatory authority;
"Put Option"	an Option Contract pursuant to which the Granter gives the Taker the right to sell to the Granter or in the case of an Index Option, the notional right to sell to be cash settled;
"Qualifying Premium Warrant Warehouse"	a listed warehouse for the storage of metal which satisfies the criteria specified by the Exchange

	from time to time and which is located in a Premium Warrant Jurisdiction;
"Quotations Committee"	a committee authorised by the Exchange to be responsible for determining Closing Prices and Settlement Prices;
"RAO"	means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544), as amended from time to time and any successor legislation thereto;
"REC"	the FCA's Recognition Requirements Sourcebook, as amended from time to time, and any successor regulations thereto;
"RDC Decision"	means a finding by the Ring Disciplinary Committee regarding Dealing Offences and Minor Offences made in accordance with either: (i) Regulation 11.6.3 or (ii) Regulations 11.6.4 to 11.6.7 of the Trading Regulations;
"RDC Warning"	means a written warning given to a Dealer or Member Representative by the Ring Disciplinary Committee in their absolute discretion for a Minor Offence or a Dealing Offence in accordance with Regulation 11.6.3 of the Trading Regulations and which is a RDC Decision;
"Recognition Requirements Regulations"	The Financial Services and Markets Act 2000 (Recognition Requirements for Investment Exchanges, Clearing Houses and Central Securities Depositories) Regulations 2001 (SI 2001/995), as amended from time to time, and any successor legislation thereto;
"Reference Price Publication Date"	the date on which the Exchange publishes the Cash-Settled Future Final Settlement Price in respect of a Cash-Settled Future and as published by Notice from time to time;
"Registered Intermediating Broker" or "RIB"	a Member that is: <ul style="list-style-type: none"> (a) authorised by the Exchange to arrange Agreed Trades in Contracts between Clients, and to input the details of such Agreed Trades into the Matching System on behalf of the Member(s) that will, upon Execution, become party to the resulting Contracts; and

	(b) granted Registered Intermediating Broker Membership by the Exchange;
"Regulator"	in relation to any person, any regulatory body that has responsibility for regulating the conduct of that person's business and/or which has the power to impose regulatory requirements upon a person's business (and including, where applicable, the FCA);
"Relevant Daily Settlement Price"	has the meaning set out in Regulation 9.7.4 of the Trading Regulations;
"Relevant Office Holder"	has the meaning attributed thereto by section 189 of the Companies Act 1989;
"Report"	has the meaning set out in Regulation 14.11 of the Membership Regulations;
"Respondent"	the person receiving a Notice to Arbitrate served by the Claimant;
"RIB Product"	a Contract that is a RIB Tier 1 Product or a RIB Tier 2 Product;
"RIB Scope of Authority"	has the meaning set out in Regulation 2.12.5(b)(ii) of the Trading Regulations;
"RIB Tier 1 Member"	a Registered Intermediating Broker that is authorised by the Exchange to arrange Agreed Trades in both RIB Tier 1 Products and RIB Tier 2 Products;
"RIB Tier 1 Product"	a Contract determined to be a RIB Tier 1 Product, and specified as such, by the Exchange from time to time by way of Notice;
"RIB Tier 2 Member"	a Registered Intermediating Broker that is authorised by the Exchange to arrange Agreed Trades in only RIB Tier 2 Products;
"RIB Tier 2 Product"	a Contract determined to be a RIB Tier 2 Product, and specified as such, by the Exchange from time to time by way of Notice;
"Ring"	an Exchange open-outcry trading session in a type of Contract, of such duration and at such times as are laid down by the Exchange, or the ring area of the Exchange as the context requires;

"Ring Appeal"	an appeal of an RDC Decision lodged in accordance with Regulation 11.6.8(a) of the Trading Regulations;
"Ring Committee"	a committee appointed by the Exchange to oversee trading in the Ring;
"Ring Disciplinary Committee"	a committee appointed by the Exchange Directors to enforce discipline on the premises of the Exchange;
"Ring Notice of Appeal"	a letter sent by any Dealer or Member Representative to the Head of Enforcement notifying the Head of Enforcement that they wish to lodge a Ring Appeal of an RDC Decision in accordance with Regulation 11.6.8(a) of the Trading Regulations;
"Ring Price Liquidity Event"	means such criteria, as set out by the Exchange by way of Notice from time to time, that if triggered would permit the Exchange to exercise its powers under Regulation 5.5 of the Trading Regulations;
"Rules"	means these rules and regulations as the same may be amended in accordance with the Articles;
"Sanctions"	any applicable law executing foreign policy, security, sanction, trade embargo, boycott, export control, foreign trade control, non-proliferation or anti-terrorism objectives or similar restrictions on any business with a sanctioned jurisdiction, certain types of business or activity, or specified persons that is imposed, administered or enforced from time to time by: (i) the European Union; (ii) the United Kingdom; (iii) the United States of America; (iv) the United Nations Security Council; or (v) any of their respective successors;
"Secretary"	any person appointed to perform the duties of Secretary of the Company, and for the purpose only of Part 8 of the Rules, any person to whom the functions and powers of the Secretary referred to therein may be delegated from time to time;
"Serious Offences"	has the meaning set out in Regulation 11.2.3 of the Trading Regulations;
"Service Agent"	has the meaning set out in Regulation 11.4 of Part 2;

"Settlement Business Day"	a Business Day on which commercial banks are open in New York City for the settlement of international transactions in US dollars;
"Settlement Price"	<p>the Cash offered price or other settlement price determined:</p> <ul style="list-style-type: none"> (a) by the Quotations Committee in accordance with Regulation 5.1 of the Trading Regulations in respect of Metal Contracts (including Premium Contracts) or Regulation 5.6 of the Trading Regulations (in respect of Index Contracts); or (b) in accordance with Regulation 5.7 of the Trading Regulations (in respect of Cash-Settled Futures and LMEprecious Futures); or (c) in accordance with Regulation 5.8 of the Trading Regulations (in respect of Metal Options, Traded Average Price Options, Index Options and, for the purposes of daily settlement and margining, LMEprecious Options); or (d) in accordance with the LMEprecious Option Regulations, for the purpose of determining the Exercise Reference Price for LMEprecious Options; or (e) by the Clearing House in accordance with Regulation 15 of the Trading Regulations;
"Silver"	Loco London Fine Silver held in London and complying with standards relating to good delivery and fineness acceptable to the Precious Metal Clearer of the Clearing House for the purpose of effecting settlement with the Clearing House, as such standards are in effect from time to time;
"Single Dealer to Client Platform"	means any system operated by a Member for the purpose of arranging bilateral contracts between: (i) such Member; and (ii) its customers by means of either a "Request For Quote" or continual price streaming from the Member to customers, but not including a system operating an order book where one customer may trade against another customer's price or order;

"Special Committee"	the Committee to whom the Exchange has delegated the emergency powers under Regulation 17 of Part 3 as permitted by the Articles;
"Special Contract Rules for Cash-Settled Futures"	(a) in relation to Ferrous Futures, the Special Contract Rules for Cash-Settled Futures – Ferrous; and (b) in relation to Non-Ferrous Futures, the Special Contract Rules for Cash-Settled Futures – Non-Ferrous;
"Special Contract Rules for Cash-Settled Futures - Ferrous"	the Regulations set out in Part 6C of the Rules;
"Special Contract Rules for Cash-Settled Futures - Non-Ferrous"	the Regulations set out in Part 6D of the Rules;
"Special Contract Rules for LMEmini Contracts"	the Regulations set out in Part 6B of the Rules;
"Special Contract Rules for Metals"	the Regulations set out in Part 6 of the Rules;
"Special Contract Rules for the Construction of the Index"	the Regulations set out in Part 6A of the Rules;
"Sponsored Access"	an arrangement where a Member permits a Client to use its trading code so the Client can electronically transmit orders relating to a financial instrument (as such term is defined in Article 4(1)(15) of MiFID II) directly to the Exchange, in circumstances where the Client does not use the infrastructure of the Member or of any other person other than itself and/or the Exchange, to transmit the orders;
"Standard Warrant"	a Warrant that is not a Premium Warrant;
"Strike Price"	(a) in relation to a Call Option which is a Metal Option, the price at which the Taker will buy from the Granter if the Option is declared; (b) in relation to a Put Option which is a Metal Option, the price at which the Taker will sell to the Granter if the Option is declared; (c) in relation to an Average Price Call Option, the price at which the Taker will buy from the Granter if the Traded Average Price Option is declared;

- (d) in relation to an Average Price Put Option, the price at which the Taker will sell to the Granter if the Traded Average Price Option is declared;
- (e) in relation to an Option Contract which is an Index Option, the agreed level of the Index which shall be compared with the Settlement Price of the Index on the Prompt Date to determine the amount payable to the Taker (if any);
- (f) in relation to a Call Option which is an LMEprecious Option, the price at which the Taker will buy from the Granter if the Option is automatically exercised;
- (g) in relation to a Put Option which is a LMEprecious Option, the price at which the Taker will sell to the Granter if the Option is automatically exercised;
- "Subsidiary Undertaking" the same meaning as set out in section 1162 of the Companies Act 2006;
- "Taker" the buyer under a Traded Option;
- "TAR" trading at the reference price prescribed by the Exchange;
- "TAS" trading at the Closing Price prescribed by the Exchange;
- "Tom-Next Lending Rules" the rules set out in the Exchange's Policy Relating to Position Management Arrangements (including any clarification, revision or explanation of such lending rules issued by the Exchange from time to time, including any replacement policy) taken together with Regulation 18 of the Trading Regulations;
- "Trade Mark" means any trade mark (i) belonging to or used by the Company from time to time; or (ii) that the Company may register or apply to register from time to time;
- "Traded Average Price Option" an Exchange-traded option contract pursuant to which the Granter grants to the Taker the right to buy from the Granter a Lot of a specified metal at a specified Strike Price in a specified month and to sell to the Granter a Lot of a specified metal at the Monthly Average Settlement Price in that same

	specified month, or vice versa, the declaration of which will take place automatically if the Monthly Average Settlement Price is, in the case of an Average Price Call Option, greater than the Strike Price or, in the case of an Average Price Put Option, less than the Strike Price for the relevant tradeable month;
"Traded Option"	an Option Contract or a Traded Average Price Option;
"Traded Options Committee"	the committee appointed by the Exchange for the purpose of administering trading in Traded Options;
"Traded Options Regulations"	the Regulations set out in Part 5 of the Rules in relation to Metal Options, Traded Average Price Options and Index Options;
"Trading-Only Member"	a Trading Member that is not a Clearing Member;
"Trading Member"	a Member permitted to trade in Contracts, being: <ul style="list-style-type: none"> (a) in respect of the LME Base Service, a Category 1, 2, 3 or 4 Member; or (b) in respect of the LMEprecious Service, any LMEprecious Member;
"Trading Regulations"	the regulations set out in Part 3 of the Rules;
"Tribunal"	the tribunal of one, two or three arbitrators appointed in accordance with Regulation 3 of Part 8 of the Rules;
"Unallocated Precious Metal Account"	an account maintained with a Precious Metal Clearer for the settlement of unallocated Precious Metal through the Precious Metal Clearing System;
"Undertaking"	the same meaning as set out in section 1161 of the Companies Act 2006;
"Underlying Client Contract"	means (as the context requires): <ul style="list-style-type: none"> (a) the Client Contract that has resulted from the Execution of an Agreed Trade and that, upon such Execution, resulted in the formation of a Client-Related Cleared Contract pursuant to the Clearing House Rules; and/or

- (b) a contract between a Client and an Indirect Client, or between any other persons participating in an Indirect Clearing Arrangement, that is formed under contractual terms between the parties and that results from the Execution of an Agreed Trade described in (a) above; and/or
- (c) any Post-Compression Client Contract that may arise upon Compression under the Exchange Rules of any Underlying Client Contract,

and any reference to "the Underlying Client Contract" in the context of any reference to a Cleared Contract means the Underlying Client Contract that, upon Execution, resulted in the formation of such Cleared Contract, or any Post-Compression Client Contract relating to such Cleared Contract;

"Unsettled Contract"

a Contract in respect of which the obligations of the parties have not been discharged whether by performance, set-off or otherwise;

"Variation Margin"

- (a) in relation to a Cleared Contract, the sum of money determined by the Clearing House under the Clearing House Rules;
- (b) in relation to a Client Contract, the sum of money determined by the relevant Category 1 or Category 2 Member or LMEprecious Clearing Member (or, where no such Member is a party, by the relevant Category 4 Member or LMEprecious Non-Clearing Member) representing the amount of variation margin called by the Clearing House in respect of the Client-Related Cleared Contract that corresponds to such Client Contract or such larger sum as may be agreed between the parties;

"VWAP"

a volume weighted average price;

"Warrant"

has the meaning set out in Regulation 13.1 of the LMEsword Regulations;

"Weighting"

the factor determined by the Exchange from time to time which, when multiplied by the Settlement

Price of a Constituent Metal, determines the contribution to the Index of that Constituent Metal;

"Working Day"

any weekday, Monday to Friday inclusive, which is not a public holiday in England and Wales.

- 1.2 In Part 8 and Part 10 of these Rules, the additional definitions set out therein shall apply for the purpose of construing the relevant words and expression in those Parts only, unless otherwise indicated.
- 1.3 Words importing the singular shall, where the context permits, include the plural and vice versa. Words importing gender shall include each gender. Words importing persons shall, where the context permits or requires, include partnerships and corporations.
- 1.4 Where reference is made to a Regulation in any Part of the Rules it shall be deemed to be a reference to a Regulation in that Part unless the context otherwise requires.
- 1.5 Where reference is made in these Rules to the "direction" of a Contract, such term shall be construed as follows:
- (a) multiple Contracts have the "same direction" where, under each such Contract (i) the same party is the buyer; and (ii) the same party is the seller; and
 - (b) multiple Contracts have the "opposite direction" where the buyer under one Contract is the seller under the other Contract.
- 1.6 Any reference to a Warrant being 'issued' shall mean the creation of the Warrant within the Account of the relevant Account Holder pursuant to Regulation 3 of the LMEsword Regulations.
- 1.7 Any reference to a Warrant being 'delivered' shall mean a transfer within LMEsword pursuant to Regulation 6 of the LMEsword Regulations.
- 1.8 Any reference in the Rules or in any Administrative Procedure issued pursuant to the Rules to any European Union Regulation or Directive or any EU-level rules or legislation made pursuant to any such Regulation or Directive (or any provision thereof) shall be construed to include:
- (a) the European Union law provision; and/or
 - (b) any applicable law in the UK from time to time that substantially incorporates such provision into UK law; and/or
 - (c) any national law or regulation made in the United Kingdom that replaces or supersedes such Regulation, Directive, rule or legislation; and/or
 - (d) in the case of a reference to any EU-level rules or legislation made pursuant to any such Regulation or Directive (or any provision thereof), any rule or regulation made in the United Kingdom that further specifies such Regulation or Directive or rules or legislation made thereunder,

as the context requires, having regard to which provision applies to the relevant person or context. For the avoidance of doubt, this rule of interpretation shall apply to the definitions of, and any references to, the Capital Requirements Regulation, EMIR, MiFID II and BMR.

1.9 For the avoidance of doubt, the Exchange may delegate any powers and responsibilities under the Rules to any committee; any such committee may then delegate any such powers and responsibilities from the Exchange to employees and/or representatives of the Company as appropriate in the circumstances.

2. GENERAL

2.1 The Rules are made and subject as provided by law may be altered by the Exchange by way of Notice.

2.2 Administrative Procedures may be issued by the Exchange in relation to commercial, operational, regulatory and compliance matters, and shall have the same force as Rules.

2.3 Where any Administrative Procedure refers to any Rule then:

(a) where such Rule has been amended subsequent to the issuance of such Administrative Procedure, the Administrative Procedure shall, to the extent possible, be construed in a manner consistent with the amended Rule (so that, by way of example, where a specific Rule referred to in an Administrative Procedure is later numbered differently, or contained in a different section or Part of the Rulebook, or has been updated, the Administrative Procedure shall be deemed to refer to the current Rule); and

(b) where the effect of the amendment of such Rule is to render any aspect of an Administrative Procedure to be redundant or manifestly inconsistent with the Rule, such aspects of the Administrative Procedure shall be deemed to have been repealed to the extent of such redundancy or manifest inconsistency, subject that (a) or (b) shall not apply where and to the extent that the Exchange amends, replaces or repeals any Administrative Procedure in order to address any inconsistency between the Rules and the Administrative Procedure.

2.4 Administrative Procedures shall be sent to such class or classes of Member to whom they apply.

2.5 The Rules and Administrative Procedures shall be binding on all Members. Failure to comply with any of them or with any decision of the Exchange or direction of the Exchange made pursuant to them shall constitute a breach of the Rules for the purposes of disciplinary procedures.

2.6 The Directors or Exchange may grant to a Member;

(a) a waiver of; and/or

(b) a modification to

particular requirements of these Rules in such circumstances and subject to such conditions as the Exchange may determine, provided that the Exchange is satisfied that:

(a) compliance with the relevant requirements would be unduly burdensome to the Member;

- (b) the waiver or modification would not create unacceptable risks for the Exchange, or the market generally;
- (c) the waiver or modification is consistent with the regulatory obligations of the Exchange, including the obligation to maintain orderly markets; and
- (d) the waiver or modification would not result in unreasonable or inequitable discrimination between Members.

2.7 Unless otherwise stated, all times in the Rules refer to London time.

- (b) a type of financial activity or practice,

the Exchange may be required to suspend trading activity, whether on a temporary or indefinite basis, in any Contract that is within the scope of the prohibition or restriction. Nothing set out in these Trading Regulations shall restrict the Exchange from complying with any such requirement.

18. **LENDING RULES**

- 18.1 Members shall comply with the Lending Rules and shall co-operate with the Exchange to ensure that each of their Clients shall comply with the Lending Rules.
- 18.2 Where the Exchange has reasonable cause to suspect that a Client has failed or is likely to fail to comply with the Lending Rules, the Exchange may give directions to one or more Members with whom that Client has Client Contracts to take action designed to make the same number of Lots available for borrowing in the market as would have been the case if the Client were prepared to abide by the Lending Rules. Such directions to a Member may include but are not limited to those set out in the Exchange's Policy Relating to Position Management Arrangements.
- 18.3 Compliance with the Lending Rules is subject to the power of the Special Committee to take steps or give directions under Trading Regulations 17.1 to 17.3 above. Without prejudice to the generality of Trading Regulations 17.1 to 17.3 above, such steps or directions may include suspending, amending or supplementing the Lending Rules for such period or in respect of such metals as the Special Committee in its absolute discretion deems necessary.

19. **LIABILITY**

Neither the Company nor any of its directors or other officers nor any of its employees nor any member of any committee shall, except in the case of fraud or wilful default, be under any liability whatsoever in contract, in tort (including but not limited to negligence), or under any other theory of law to any Member or other person in respect of the matters set out in Trading Regulations 19.1, 19.2 and 19.3 below:

- 19.1 Any act or omission relating to duties, powers and/or authorities contained in the Articles or the Rules including in relation to the following:-
- (a) the input of prices into the price reporting service or the setting and dissemination of Closing Prices, Settlement Prices or other prices pursuant to the Rules;
 - (b) the creation, calculation, publication or variation of a price;
 - (c) the approval or listing of any warehouse or the maintenance of any such listing;
 - (d) the listing or delisting of any producer or brand of metal or the maintenance of any such listing;
 - (e) the collection of information and publication of reports in relation to levels of metal stocks represented by Warrants;
 - (f) the initiation or enforcement of disciplinary or emergency procedures or the exercise of any right to suspend access to any systems or facilities of the Exchange;
 - (g) any other events not set out in (a) to (f) above.

19.2 Any failure, malfunction, delay or other defect in or affecting any computer system, including LME Select, screens, equipment, telephones or other communications media or facilities used by the Exchange, its Members or others, whether at the Exchange or otherwise.

19.3 Any Agreed Trade that is input into the Matching System by a Registered Intermediating Broker and which is, for any reason, either (i) rejected; or (ii) not approved and/or Executed, including (but not limited to) any circumstance falling within Regulation 19.2 above.

20. POSITION LIMITS

20.1 Members shall comply with and shall co-operate with the Exchange to ensure that each of their Clients shall comply with the Position Limits and any directions issued by the Exchange in accordance with the requirements for such Position Limits as the Exchange may specify in Administrative Procedures or as the Exchange may otherwise notify Members from time to time.

20.2 Compliance with the Position Limits is subject to the power of the Special Committee to take steps or give directions under Trading Regulations 17.1 to 17.3 above. Without prejudice to the generality of Trading Regulations 17.1 to 17.3 above, such steps or directions may include suspending, amending or supplementing the Position Limits for such period or in respect of such metals as the Special Committee in its absolute discretion deems necessary.

20.3 With effect from 3 January 2018, Members shall provide a daily position report to the Exchange in accordance with the format required by the Exchange and other requirements as specified in the relevant Notice from time to time.

20.4 In accordance with their powers of position management under MiFID II, a Regulator may:

- (a) request information from a Member or a Client of the Member regarding the size or purpose of a position or exposure under a Contract;
- (b) require the Member or Client to reduce the size of, or eliminate, its position or exposure under that Contract; and/or
- (c) limit the ability of a Member or Client to enter into commodity derivatives,

and any Member shall comply with any such requests, requirements, or limitations. To the extent that a Member is informed of any exercise of position management powers by a Regulator in relation to its Client, it shall procure that its Client complies with any such requests, requirements, or limitations.

20.5 If a Member becomes aware that it or its Client is the subject of a notice issued by the Regulator in the exercise of its position management powers, the Member must alert the Exchange immediately. The Member shall co-operate with the Exchange to take such action as may be appropriate on the basis of the notice issued by the Regulator, and which may require the Member to reduce the size of, or eliminate, a trading position.

21. CONFORMANCE TESTING, ALGORITHMIC TRADING AND MARKET MAKING

21.1 Prior to any deployment or substantial update of (a) LME Select or (b) a Member's trading system, trading algorithm, or trading strategy, each Member must carry out conformance testing, including the appropriate testing of algorithms, in accordance with the conditions established by Notice from time to time.

- 21.2 Members must flag orders generated by Algorithmic Trading to the Exchange, identifying:
- (a) the different algorithms used for the creation of orders; and
 - (b) the persons initiating those orders,
- such flagging of orders being made in accordance with the relevant requirements established by Notice.
- 21.3 Where any Member, or any Client of a Member engages in Algorithmic Trading, to pursue a Market Making Strategy:
- (a) the Member shall provide, and shall ensure that any such Client provides, market making continuously during the opening hours of the Exchange, with the result of providing liquidity on a regular and predictable basis;
 - (b) the Member shall, and shall procure that any such Client shall, enter into a market making agreement with the Exchange where required to do so by Regulation 21.4 regarding its obligations in (a) in relation to the Contracts in which it or, where appropriate, its Client, pursues a Market Making Strategy;
 - (c) the Member must have in place, and ensure that any such Client has in place, the systems and controls required to ensure it performs its obligations under the market making agreement specified in (b); and
 - (d) the Member shall comply with any additional requirements that the Exchange may specify by Administrative Procedure.
- 21.4 A Member shall, and shall procure that a Client shall, enter into a market making agreement with the Exchange:
- (a) if it or such Client, during half of the trading days over a one-month period, in execution of such Market Making Strategy:
 - (1) posts Firm Quotes that are simultaneous two-way quotes of comparable size and competitive prices; and
 - (2) Deals On Own Account in at least one Contract on the Exchange for at least 50 per cent of the daily trading hours of continuous trading at the Exchange, or
 - (b) where otherwise required to do so pursuant to MiFID II or any law or regulations made pursuant thereto.
- 21.5 For the purposes of Regulation 21.4:
- (a) Firm Quotes shall be deemed to be simultaneous two-way quotes if they are posted in such a way that both the bid and the ask-price are present in the order book at the same time;
 - (b) two Firm Quotes shall be deemed of comparable size when their sizes do not diverge by more than 50 per cent from each other; and

- (c) Firm Quotes shall be deemed to have competitive prices where they are posted within the maximum bid-ask range for the relevant Contract, as specified by the Exchange from time to time by Notice.
- 21.6 A Member shall not be required to comply with Regulation 21.3(a) if it or, where appropriate, its Client, is unable to provide liquidity on a regular and predictable basis due to the exceptional circumstances listed in Article 3 of Commission Delegated Regulation (EU) 2017/578.
- 21.7 Where a Member considers that it or, where appropriate, its Client, is unable to comply with its obligation to provide liquidity on a regular and predictable basis due to the exceptional circumstances specified in Article 3(d) of Commission Delegated Regulation (EU) 2017/578 (circumstances preventing prudent risk management practices), it must provide to the Exchange, upon request, evidence satisfactory to the Exchange of such circumstances and how the condition in Article 3(d) is satisfied.
- 21.8 In order to assist Members to identify such exceptional circumstances, the Exchange will endeavour to determine in its absolute discretion and make public the occurrence of exceptional circumstances falling within Article 3(a), (b), (c), or (e) of Commission Delegated Regulation (EU) 2017/578. In the event of such an occurrence, the Exchange may issue a Notice to Members. The Exchange shall not extend the declaration of such exceptional circumstance beyond the close of the opening hours of the relevant Execution Venue on the Business Day on which the exceptional circumstance(s) occurred unless, in the determination of the Exchange, this is necessary in the circumstances set out in Article 3(b), (c) or (e) of Commission Delegated Regulation (EU) 2017/578.
- 21.9 Following the ending of any such exceptional circumstances, the Exchange may announce the resumption of normal trading in accordance with its standard procedures.
- 21.10 This Trading Regulation 21 shall apply with effect from 3 January 2018.
- 22. ORDER CANCELLATION AND CONTROLS**
- 22.1 Notwithstanding, and without prejudice to, the general power set out at Trading Regulation 1.3, the Exchange may temporarily halt or constrain trading in accordance with the relevant procedures established by Notice if there is a significant price movement during a short period in a financial instrument on the Exchange or a related trading venue (as such term is defined in Article 4(1)(24) of the MiFID II Directive). Where the Exchange considers it appropriate, the Exchange may cancel, vary or correct any Agreed Trade or Contract.
- 23. TRANSACTION REPORTING**
- 23.1 The Exchange is required to report to the FCA details of transactions in financial instruments traded on its platform which are executed through its systems by a firm that is not subject to MiFID II. Members shall confirm to the Exchange if they are writing Client Contracts for Clients that are not firms subject to MiFID II and provide details of all Agreed Trades and Contracts in respect of such Clients at the time of submission of the details of the Agreed Trade into the Matching System in accordance with the timescales set out in Trading Regulation 3.5.
- 23.2 Any Member that is not a firm subject to MiFID II shall:

- (a) provide the Exchange with a validated, issued and duly renewed ISO 17442 legal entity identifier code; and
- (b) obtain from each of its Clients that is not a firm subject to MiFID II a validated, issued and duly renewed ISO 17442 legal entity identifier code, which the Member shall provide to the Exchange.

23.3 It shall be the responsibility of such a Member to ensure that the reference data related to its legal entity identifier is renewed in accordance with the terms of any of the accredited local operating units of the Global Legal Entity Identifier System, and also to ensure that each of its Clients renews such data.

24. **BACKWARDATION CAP AND DELIVERY DEFERRAL POWERS FOR PHYSICALLY DELIVERABLE TOM-NEXT CONTRACTS**

Backwardation Cap

24.1 Members shall be prohibited from placing, and shall procure that any order-routing Clients shall not place, Cash Today to Cash Carry orders (known as “Tom-next” orders) on any Execution Venue, at a price in excess of 1% (or such other level as the Exchange may determine in its sole discretion and communicate to the market by Notice from time to time), of the Cash Official Price for the previous Business Day for the relevant Tom-next Contract (the “**Backwardation Cap**”).

24.2 Where the Exchange considers it necessary or otherwise prudent to amend the Backwardation Cap, the Exchange shall use reasonable efforts to provide five (5) Business Days’ notice of any change to the level at which the Backwardation Cap is set, subject that the Exchange shall have the right to implement changes on such shorter notice as it determines, in its sole discretion, to be necessary in the relevant circumstances.

24.3 In the event that a Member has borrowed above the applicable Backwardation Cap, the borrowing Member must take all reasonable steps to notify the Exchange as soon as possible during the same Business Day in which the Contract has been Executed, by contacting the Exchange.

24.4 Where a Member has borrowed at a price above the Backwardation Cap, the Exchange may price adjust the relevant Contract to the Backwardation Cap level. All counterparties to the price adjusted Agreed Trade or Executed trade, as applicable, shall be issued with instructions by the Exchange to reverse or cancel and re-book the Agreed Trade or Executed trade, as applicable, at the adjusted price. In this regard, Members are reminded of their obligations under the LME Rules to ensure the confidential treatment of counterparty information.

24.5 For the avoidance of doubt, where a Member has borrowed at a price above the Backwardation Cap, this shall constitute a breach of the Rules by the Member.

Delivery deferral mechanism for short position-holders

24.6 In the event that:

24.6.1 a Member reasonably considers that it is unable to perform any Delivery Obligation to the Clearing House on the date on which such obligation is due to be fulfilled; and (ii) is unable to borrow the relevant Metal at a price that is no more than 1% (or such other level as the Exchange may determine in its sole discretion and communicate to the market by Notice from

time to time), of the Cash Official Price for the previous Business Day for the relevant Tom-next Carry, the Member may, as a last resort, request to defer their Delivery Obligation; or

24.6.2 a Member appears (or Members appear) to the Exchange or to the Clearing House unable, or likely to become unable, to perform any Delivery Obligation to the Clearing House, the Exchange may on its own initiative, or following a request of the Clearing House, defer such Delivery Obligation.

24.7 In such circumstances as set out in Trading Regulation 24.6, the Exchange may, after consultation with the Clearing House, subsequently:

- (a) direct the Member with the Delivery Obligation to the Clearing House to enter into a Carry, with the effect that the Underlying Asset (as such term is defined in the Clearing House Rules) shall be delivered by such Member on the Business Day next following the Prompt Date;
- (b) direct that the buying Member(s), who shall be selected by the Clearing House in accordance with the deferred delivery procedure published on the LME website by the Clearing House from time to time shall be subject to a postponement of the performance by the Clearing House of its Delivery Obligation(s) until a Business Day on which the Clearing House is able to make delivery;
- (c) extend the matching deadline set out in the Matching Rules, to facilitate the entry of relevant trades into the Matching System;
- (d) direct the imposition of specified adjustments to the terms of:
 - (i) any Contract or Carry between the Member(s) with the Delivery Obligation and the Clearing House; and/or
 - (ii) the Contracts between the Clearing House and the affected buying Member(s) where the Delivery Obligation under such Contract has been postponed,

where such adjustments may include, without limitation, adjustments to:

- (A) the Contract(s) under paragraph (d)(i) above, in order to give effect to such rate of compensation from the Clearing House to the affected buying Member(s) as the Exchange may determine in its absolute discretion is appropriate to account for the postponement of the date of performance of the Delivery Obligation under such Contracts; and
- (B) any Contract or Carry under paragraph (d)(i) that has the effect of compensating the Clearing House for any compensation to be provided to any affected buying Member(s) under paragraph (A) immediately above,

provided that any such compensation arrangements shall be determined in accordance with the principle that the Clearing House shall be held harmless, by the Member(s) whose inability, or likely inability, to perform a Delivery Obligation, for any compensation afforded to affected buying Members pursuant to the exercise of the powers of the Exchange under this Regulation 24.

- 24.8 A Member wishing to defer its Delivery Obligation under Regulation 24.6 must notify the Exchange in accordance with such requirements, and by such time on the Business Day prior to the Prompt Date, as published on the LME website from time to time.
- 24.9 If the Exchange agrees to defer delivery under Regulation 24.6, it shall issue instructions to the Member with the Delivery Obligation and to the buying Member(s) to book Carry trades in the Matching System to give effect to the deferral. In this regard, Members are reminded of their obligations under the LME Rules to ensure the confidential treatment of counterparty information.
- 24.10 A Member may defer a Delivery Obligation under Regulation 24 as a last resort to avoid breach of its obligations under the Rules and/or the Clearing House Rules. Misuse of the deferral mechanism shall be subject to the Exchange's investigation and enforcement powers.

Supporting provisions

- 24.11 Capitalised terms used within this Regulation 24 that are defined only in the Clearing House Rules shall have the meaning given to them in the Clearing House Rules.
- 24.12 In this Regulation 24, a "buying Member" means a Member who has a Receive Entitlement in respect of an Underlying Asset under one or more Contracts that is of the same type as that which would not be delivered to the Clearing House due to failure of the Member to perform a relevant Delivery Obligation, such that the failure of a Member to perform its Delivery Obligation may adversely affect the ability of the Clearing House to perform its own Delivery Obligation to the Member with such Receive Entitlement.

