

6 July 2026

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

Release No 137

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

Updates comprise:-

Part 1 – Replace pages 1-1 to 1-51

Part 2 – Replace pages 2-18 to 2-54

Part 3 – Replace Contents and pages 3-56 to 3-69

Part 7 –Contents page added

IV Miscellany (Market Calls) – Contents removed

Details of the substantive changes are below:

26/058	CONSULTATION: Introducing Regulatory Position Limits, Exemptions and Position Management Controls; decommissioning the systematic Fixed Price Auction; amending the Matching Rules and the Fixed Penalties Notice
26/121	Decision Notice: Introducing Regulatory Position Limits, Exemptions and position management controls; decommissioning the systematic Fixed Price Auction; amending the Matching Rules and the Fixed Penalties Notic



Susan Small

Ref: R137 (2026/7)

PART 1: DEFINITIONS AND GENERAL RULES

1. DEFINITIONS

1.1 In these Rules, the following words and expressions shall, unless the context otherwise requires, bear the meanings set opposite them:-

"Account Holder"	the Clearing House and any person admitted as an Account Holder by the Exchange, and which has not withdrawn or ceased to be an Account Holder, under Regulation 2 of the LMEsword Regulations;
"Accountability Threshold"	a control the Exchange applies to positions held in Critical Contracts, Related Contracts and over-the-counter contracts in accordance with the Rules as published from time to time;
"Acceptance Criteria"	the criteria to be satisfied under the Clearing House Rules in order for a Cleared Contract to come into effect in respect of the relevant Agreed Trade;
"Act of Misconduct"	has the meaning set out in Regulation 13.2 of the Membership Regulations;
"Administrative Procedure" or "Notice"	a notice given to such class or classes of Member to whom in the view of the Exchange, acting reasonably, they apply, and which introduces, implements, supplements or amends the Rules or any part thereof, or contains a procedure for introducing, implementing, supplementing or amending the Rules or any part thereof, or otherwise imposes requirements on Members, in each case that is given by way of publication on the LME website, or if the context requires it, sent via LME Select, LMEsword and/or Matching System;
"Administrator"	a person that has control over the provision of a benchmark, within the meaning of the BMR;
"Affiliate"	in relation to a person, another person in the same Group;
"Agreed Trade"	the particulars of a transaction in a Contract agreed between two parties (or otherwise instructed by one or more Member(s) and confirmed within LME Select), as further specified in Trading Regulation 2.2.3;
"Algorithmic Trading"	trading in financial instruments (as such term is defined in Article 4(1)(15) of the MiFID II Directive) where a computer algorithm automatically determines individual parameters of

orders such as whether to initiate the order, the timing, price or quantity of the order or how to manage the order after its submission, with limited or no human intervention, but excluding any system that is only used for the purpose of routing orders to one or more trading venues (as such term is defined in Article 4(1)(24) of the MiFID II Directive) or for the processing of orders involving no determination of any trading parameters or for the confirmation of orders or the post-trade processing of executed transactions;

"Aluminium Premium Contract"

a Premium Contract for aluminium having the characteristics set out in the Premium Contract Regulations (and a "type" of Aluminium Premium Contract shall mean one of the classes of such Contracts distinguished by its applicable Premium Warrant Jurisdiction);

"Appeal Committee"

a committee appointed pursuant to Regulation 14 of the Membership Regulations;

"Appeal Panel"

a panel appointed pursuant to Regulation 14.74 of the Membership Regulations;

"Applicable OTC Contract"

means any "over the counter" contract which has any of the following characteristics: (i) it is, or may be, settled on the basis of, or with direct or indirect reference to, the LME's Official Prices, Closing Prices, or other Exchange reference prices, or prices calculated on the basis of LME Data, or which refer to or use such prices in any other way; (ii) its terms, branding, name or description reference in any way the Exchange by its name, or use of any of the trade mark or intellectual property of the Exchange; (iii) it is margined or valued on the basis of LME Data; (iv) it is, or may be, physically settled using the infrastructure, systems or facilities maintained or operated by the Exchange, including but not limited to LMEsword; or (v) specifies physical settlement of a commodity in which the LME has a futures contract (whether such LME contract is physically or financially settled);

"Arbitration Regulations"

the regulations set out in Part 8 of the Rules;

"Articles"

the Articles of Association for the time being of the Company;

"At the Money"	in relation to an LMEprecious Option, that on the Expiry Day, the Exercise Reference Price for the LMEprecious Option is equal to the Strike Price;
"Average Price Call Option"	a Traded Average Price Option pursuant to which the Granter gives the Taker the right to buy from the Granter;
"Average Price Put Option"	a Traded Average Price Option pursuant to which the Granter gives the Taker the right to sell to the Granter;
"Backwardation Cap"	shall have the meaning ascribed to it in Regulation 24.1 of the Trading Regulations;
"Basic eCOA"	means an electronic Certificate of Analysis, which is created within the eCOA System, and which meets the criteria for a Basic eCOA (and which must include a digital copy of the Paper COA) as specified by the Exchange from time to time;
"Benchmark"	an index provided by the Exchange, which falls within the BMR definition of "benchmark", and that is identified by the Exchange as such by way of Notice, or on the LME website from time to time, as being a "Benchmark" that is administered by the Exchange;
"BMR"	Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014, as from time to time amended;
"Brand Lister"	a person who is not a Category 1, 2, 3 or 4 Member and who is approved by the Exchange to submit applications to the Exchange under Part 7 of these Rules for the listing of brands. Brand Listers shall have entered into an agreement with the Exchange that permits them to submit such applications and shall comply with any other condition published by the Exchange from time to time either by Notice or otherwise.
"Business Day"	in relation to the Exchange any day on which at least one Execution Venue is open for business and

	in relation to an Execution Venue any day on which such Execution Venue is open for business;
"B Shares"	class B shares in LME Holdings having a nominal value of 1p each;
"Call Option"	an Option Contract pursuant to which the Granter gives the Taker the right to buy from the Granter or, in the case of an Index Option, a notional right to buy, to be cash settled;
"a Candidate"	a candidate for Membership of the Exchange;
"Capital Requirements Regulation"	Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms as from time to time amended;
"Carry"	(a) in respect of a Metal Future, Premium Contract, LMEmini Future or LMEprecious Future, a Contract for the purchase or sale of a specific number of Lots for one Prompt Date coupled with one or more Futures Contracts of the same type for the sale or, as the case may be, purchase comprising in aggregate the same number of Lots between the same parties for a more distant Prompt Date or Prompt Dates; or (b) in respect of a Monthly Average Future, a Contract for the purchase or sale of a specific number of Lots for one Prompt Date for a specified metal coupled with one or more Contracts for the sale or, as the case may be, purchase comprising in aggregate the same number of Lots for the same metal between the same parties for a more distant Prompt Date or Prompt Dates;
"Cash"	in relation to the period between 19.31 hours on one Business Day and 19.30 hours on the next Business Day and Contracts entered into in that period, the first Settlement Business Day which falls after the next following Business Day (also referred to as " SPOT ");
"Cash-Settled Future Daily Settlement Price"	in respect of each Cash-Settled Future, the relevant price determined for margining and daily settlement purposes of such Cash-Settled Future as

	determined in accordance with Regulation 5.7.1 of the Trading Regulations;
"Cash-Settled Future Final Settlement Price"	in respect of each Cash-Settled Future, the relevant price determined for final settlement purposes of such Cash-Settled Future as determined in accordance with Regulation 5.7.2 of the Trading Regulations;
"Cash-Settled 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 relevant Cash-Settled Future Final Settlement Price on the Prompt Date and the level agreed in the Contract, multiplied by the Contract size, settled on the relevant Settlement Business Day specified in the relevant Special Contract Rules Cash-Settled Futures and subject to daily marking to market in accordance with the Clearing House Rules and conforming to the other specifications prescribed by the Exchange, including the specific features for the relevant type of Contract set out in the relevant Special Contract Rules for Cash-Settled Futures (and not including, for the avoidance of doubt, an LMEmini Future or an Index Future);
"Cash-Settled Future Index"	in respect of each Cash-Settled Future, the relevant index (or indices, as applicable) or other reference-value specified for the specific type of Cash-Settled Future in the relevant Special Contract Rules for Cash-Settled Futures;
"Cash-Settled Future Last Trading Time"	in respect of each Cash-Settled Future, the last time on the Last Trading Day for such Cash-Settled Future as specified in the relevant Special Contract Rules for Cash-Settled Futures, or as otherwise prescribed by the Exchange from time to time;
"Cash Today"	in relation to Contracts entered into in the period between 19.31 hours on one Business Day and 12.30 hours on the next Business Day, the first Settlement Business Day after the latter Business Day save that there will be no Prompt Date for Cash Today where Cash Today is a Business Day but not a Settlement Business Day (also referred to as " TOM " or " tomorrow ");
"Category 1 Member"	a Member who is:

- (a) authorised by the Exchange to trade in the Ring;
- (b) a member of the Clearing House;
- (c) authorised by the Exchange to clear Cleared LME Base Contracts;
- (d) authorised by the Exchange to issue Client LME Base Contracts; and
- (e) granted Category 1 Membership by the Exchange;

"Category 2 Member"

a Member who is:

- (a) not authorised by the Exchange to trade in the Ring;
- (b) a member of the Clearing House;
- (c) authorised by the Exchange to clear Cleared LME Base Contracts;
- (d) authorised by the Exchange to issue Client LME Base Contracts; and
- (e) granted Category 2 Membership by the Exchange;

"Category 3 Member"

a Member who is:

- (a) not authorised by the Exchange to trade in the Ring;
- (b) a member of the Clearing House;
- (c) authorised by the Exchange to clear Cleared LME Base Contracts;
- (d) not authorised by the Exchange to issue Client LME Base Contracts; and
- (e) granted Category 3 Membership by the Exchange;

"Category 4 Member"

a Member who is:

- (a) not authorised by the Exchange to trade in the Ring;
- (b) not authorised by the Exchange to clear Cleared LME Base Contracts;

	(c) authorised by the Exchange to issue Client LME Base Contracts; and (d) granted Category 4 Membership by the Exchange;
"Category 5 Member"	a Member who is: (a) not authorised by the Exchange to trade in the Ring; (b) not authorised by the Exchange to clear Cleared Contracts; (c) not authorised by the Exchange to issue Client Contracts; and (d) granted Category 5 Membership by the Exchange;
"Certificate of Analysis"	a certificate of analysis relating to specific Lots of metal which must state the: (i) brand name; (ii) production cast reference; (iii) content within a minimum purity as defined in Special Contract Rule 1 (a) of the relevant section of Part 6 of the Rules; (iv) any other requirements for a given metal as specified in the relevant section of Part 6 of the Rules; (v) any other requirements specified by the Exchange from time to time;
"Chief Executive" or "Chief Executive Officer" or "CEO"	the chief executive officer of the Company, including the "Deputy Chief Executive" and any other person for the time being appointed to perform the duties of Chief Executive of the Company;
"Chief Operating Officer" or "COO"	the chief operating officer of the Company, including the "Deputy Operating Officer" and any other person for the time being appointed to perform the duties of the Chief Operating Officer of the Company;
"Claimant"	the person commencing an arbitration by serving a Notice to Arbitrate;
"Cleared Cash-Settled Future"	a Cleared Contract which is a Cash-Settled Future;
"Cleared Contract"	(a) the Contract or Contracts which may result from the process of acceptance set out in the Clearing House Rules, upon or following Execution;

- (b) any other Contract or Contracts which may be created between the Clearing House and a Clearing Member in relation to an Agreed Trade by operation of the Clearing House Rules, including, without limitation, any Contract that results from any process under the Clearing House Rules that varies, modifies, transfers, replaces, novates or ports any Contracts within (a) above or any Contract that results from any netting or settlement-to-market process under the Clearing House Rules;

"Cleared Index Contract"	a Cleared Contract which is an Index Contract;
"Cleared Index Future"	a Cleared Contract which is an Index Future;
"Cleared Index Option"	a Cleared Contract which is an Index Option;
"Cleared LME Base Contract"	a Cleared Contract which is not a Cleared LMEprecious Contract;
"Cleared LMEmini Future"	a Cleared Contract which is an LMEmini Future;
"Cleared LMEprecious Contract"	a Cleared Contract which is an LMEprecious Contract;
"Cleared LMEprecious Future"	a Cleared Contract which is an LMEprecious Future;
"Cleared LMEprecious Option"	a Cleared Contract which is an LMEprecious Option;
"Cleared Metal Contract"	a Cleared Contract which is a Metal Contract;
"Cleared Metal Future"	a Cleared Contract which is a Metal Future;
"Cleared Metal Option"	a Cleared Contract which is a Metal Option;
"Cleared Monthly Average Future "	a Cleared Contract which is a Monthly Average Future;
"Cleared Option Contract"	a Cleared Contract which is an Option Contract;
"Cleared Premium Contract"	a Cleared Contract which is a Premium Contract;
"the Clearing House"	such Clearing-house for the time being appointed by the Exchange to clear Contracts;
"the Clearing House Rules"	the rules of the Clearing House that are binding on Clearing Members, as for the time being in force

	in relation to the Exchange, and the procedures of the Clearing House with respect thereto;
"Clearing Member"	a Member that is permitted by the Clearing House to clear Cleared Contracts, being: (a) in respect of the LME Base Service, a Category 1, 2 or 3 Member; or (b) in respect of the LMEprecious Service, an LMEprecious General Clearing Member or an LMEprecious Individual Clearing Member;
"Clearing Member Transferee"	means a Clearing Member to whom a Client-Related Cleared Contract is transferred in accordance with the Clearing House Rules;
"Clearing Member Transferor"	means a Clearing Member from whom a Client-Related Cleared Contract is transferred in accordance with the Clearing House Rules, being the Clearing Member that was the counterparty to the Clearing House under such Cleared Contract immediately prior to the time of such transfer;
"Client"	a person who: (a) is or may be a party to a Client Contract, other than the person who issues the Client Contract; or (b) otherwise has a client relationship with a Member in relation to any transaction represented by a Contract;
"Client Cash-Settled Future"	a Client Contract which is a Cash-Settled Future;
"Client Contract"	(a) in respect of the LME Base Service, each of: (i) an LME Base Contract between a Category 1 or 2 Member and a Category 4 Member; or (ii) an LME Base Contract between a Category 1, 2 or 4 Member and any other person (as a Client); or (iii) a Post-Compression Client Contract that is an LME Base Contract; or

- (iv) any Contract formed pursuant to the application of a netting, aggregation and/or settlement to market process, applied to any Contract in (i), (ii) or (iii) above,

in each case that is not a Cleared Contract; and

(a) in respect of the LMEprecious Service:

- (i) an LMEprecious Contract between an LMEprecious General Clearing Member and an LMEprecious Non-Clearing Member; or
- (ii) an LMEprecious Contract between an LMEprecious General Clearing Member or LMEprecious Non-Clearing Member and any other person (as a Client); or
- (iii) any Contract formed pursuant to the application of a netting, aggregation and/or settlement to market process, applied to any Contract in (i) or (ii) above,

in each case that is not a Cleared Contract;

"Client Index Contract"	a Client Contract which is an Index Contract;
"Client Index Future"	a Client Contract which is an Index Future;
"Client Index Option"	a Client Contract which is an Index Option;
"Client LME Base Contract"	a Client Contract which is not a Client LMEprecious Contract;
"Client LMEmini Future"	a Client Contract which is an LMEmini Future;
"Client LMEprecious Contract"	a Client Contract which is an LMEprecious Contract";
"Client LMEprecious Future"	a Client Contract which is an LMEprecious Future;
"Client LMEprecious Option"	a Client Contract which is an LMEprecious Option;
"Client Metal Contract"	a Client Contract which is a Metal Contract;
"Client Monthly Average Future"	a Client Contract which is a Monthly Average Future;

"Client of Concern"	has the meaning given to it in Regulation 12.10.2 of Part 2;
"Client Option Contract"	a Client Contract which is an Option Contract;
"Client Premium Contract"	a Client Contract which is a Premium Contract;
"Client-Related Cleared Contract"	means a Cleared Contract that came into effect between the Clearing House and a Clearing Member pursuant to the Execution of an Agreed Trade, and which corresponds to a Client Contract that came into effect under these Rules at the same time as such Cleared Contract came into effect (and including any Post-Compression Cleared Contracts that may arise following Compression at the Clearing House of any such Cleared Contract);
"Client Traded Average Price Option"	a Traded Average Price Option where either Granter or Taker or each of them is not a Clearing Member;
"Close of Pleadings"	the end of a period of 28 days after the time for submission of the points of reply, unless otherwise ordered by the Tribunal;
"Closing Prices"	the prices determined for margining purposes on each Business Day by the Quotations Committee in accordance with Regulation 6.1 of the Trading Regulations or by the Clearing House in accordance with Regulation 15 of the Trading Regulations;
"The Company" or "The LME"	The London Metal Exchange, a company registered in England and Wales under company number 02128666;
"Compression"	means the replacement of multiple Contracts between the same two parties with a smaller number of Contracts by the aggregation of Contracts having the same direction, together with the netting of Contracts having opposite directions, and which may occur, as the context requires: (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 14 of the Contract Regulations,

and the terms "same direction" and "opposite direction" shall be construed in accordance with Regulation 1.5 of this Part 1;

"Confidential Information"	has the meaning in Regulation 21 in Part 2 of the Rules;
"Constituent Metals"	the metals underlying the Index, as set out by way of Notice from time to time;
"Contingent Agreement to Trade"	an agreement between two parties to an Agreed Trade made in the inter-office market, having the characteristics specified in Regulation 2.10 of the Trading Regulations;
"Contract"	(a) a contract for the purchase and sale of one or more Lots of a metal for the time being dealt in on the Exchange in respect of which: (1) either the buyer or the seller or each of them is a Category 1, 2, 3 or 4 Member; and (2) the delivery date is a Prompt Date for the time being permitted by the Rules; and (3) the price is expressed in a currency for the time being permitted by the Rules; and (4) the quality and other characteristics of the metal concerned are expressly or impliedly to be as prescribed by the Exchange; or (b) a Metal Option or Traded Average Price Option which has the characteristics prescribed by or pursuant to the Metal Options Regulations or, as the case may be, the Traded Average Price Options Regulations to enter into a contract falling within (a) above; or (c) an Index Future or an Index Option which has the characteristics prescribed by the

Rules and, as the case may be, the Index Option Regulations; or

- (d) an LMEmini Contract which has the characteristics prescribed by the Rules; or
- (e) a Monthly Average Future which has the characteristics prescribed by the Rules;
- (f) a Cash-Settled Future which has the characteristics prescribed by the Rules;
- (g) a Premium Contract which has the characteristics prescribed by the Rules;
- (h) an LMEprecious Future which has the characteristics prescribed by the Rules and, as the case may be, the LMEprecious Future Regulations;
- (i) an LMEprecious Option which has the characteristics prescribed by the Rules and, as the case may be, the LMEprecious Option Regulations,

but

- (j) shall not include any contract which, by virtue of provisions agreed between the parties at or before the time they enter into the contract as to delivery or otherwise, is clearly intended to be performed otherwise than as prescribed by the Rules;

"Contract Regulations"

the Regulations set out in Part 4 of the Rules;

"Counterparty"

in relation to a party to a Contract, the other party to the same Contract;

"Counter Notice"

a notice served by the Respondent pursuant to Regulation 2.5 of Part 8 of the Rules;

"Critical Contact"

a Contract specified as such by the Exchange in accordance with the Rules as published from time to time;

"Cross"

a trade between a Member and its Client, the effect of which is to ensure that a Contract is recorded in the Member's client account at the Clearing House that corresponds to a Client Contract between the Member and such Client, notwithstanding any other Contracts recorded to the client or house

	accounts of the Member upon Execution of the trade;
"Crossing Rule"	has the meaning set out in Regulation 2.4A of Part 3 of these Rules;
"Daily Settling Client Contract"	has the meaning set out in Regulation 9.7.1 of the Trading Regulations;
"Dealer"	a person duly authorised to trade on behalf of a Category 1 Member or in respect of LME Select, a person permitted to deal on LME Select on behalf of an LME Select Participant;
"Dealing Area"	the Ring and surrounding area and corridors (not including booth offices sublet to Category 1 Members) on the relevant floor of the Exchange's premises;
"Dealing Offences"	has the meaning set out in Regulation 11.2.3 of the Trading Regulations;
"Dealing On Own Account"	trading against proprietary capital resulting in the conclusion of transactions in one or more Contracts on the Exchange;
"Declaration Day"	in relation to a Traded Average Price Option for a particular month, the last Business Day in that month;
"Defaulter"	a person whom the Exchange has determined, in accordance with Regulation 2 of the Default Regulations, to be a defaulter;
"Default Notice"	notice of a determination by the Exchange issued pursuant to Regulation 4.1 of the Default Regulations;
"Default Regulations"	the Regulations contained in Part 9 of the Regulations;
"Default Settlement Amount"	the amount payable by one party to the other in respect of an Unsettled Contract to which a Defaulter is a party which is settled under or pursuant to the Default Regulations;
"Default Settlement Price"	(a) in relation to a Metal Future or a Premium Contract or an LMEmini Future, the Closing Price (including the Premium Contract Closing Price and LMEmini Futures Closing Price) for the relevant metal and Prompt Date published next after the time of issue of the Default Notice

(determined where necessary by reference to the Closing Price so published for other Prompt Dates); or

- (b) in relation to an Index Future, the Index Futures Closing Price for the Prompt Date published next after the time of issue of the Default Notice (determined where necessary by reference to the Index Futures Closing Price so published for other Prompt Dates); or
- (c) in relation to a Metal Option which is not, and is not deemed to be, exercised pursuant to the Default Regulations, the value of such Option determined, pursuant to Regulation 5.8 of the Trading Regulations next after the time of issue of the Default Notice; or
- (d) in relation to a Traded Average Price Option Contract which is not, and is not deemed to be, exercised pursuant to the Default Regulations, the value of such Option Contract determined, pursuant to Regulation 5.8 of the Trading Regulations next after the time of issue of the Default Notice; or
- (e) in relation to an Index Option which is not, and is not deemed to be, exercised pursuant to the Default Regulations, the value of such Option determined pursuant to Regulation 5.8 of the Trading Regulations next after the time of issue of the Default Notice; or
- (f) in relation to a Monthly Average Future, the difference between the Monthly Average Future Closing Price for the relevant tradeable month for the relevant underlying metal as published after the time of issue of the Default Notice, and the fixed price agreed between the buyer and the seller in the Contract multiplied by the Contract size; or
- (g) in relation to a Cash-Settled Future, the Cash-Settled Future Daily Settlement Price for the Business Day next after the time of issue of the Default Notice

(determined where necessary by reference to the Cash-Settled Future Daily Settlement Price(s) so determined for other relevant Business Days within the prompt month); or

- (h) in relation to an LMEprecious Future, the LMEprecious Daily Settlement Price for the Business Day next after the time of issue of the Default Notice (determined where necessary by reference to the LMEprecious Daily Settlement Price(s) so determined for other relevant Business Days within the prompt month); or
- (i) in relation to an LMEprecious Option which is not, and is not deemed to be, exercised pursuant to the Default Regulations, the value of such Option determined pursuant to Regulation 5.8 of the Trading Regulations next after the time of issue of the Default Notice; or
- (j) such other price or prices as the Exchange may, in its absolute discretion, determine taking into account, without prejudice to the generality of the foregoing, the timing of the Default Notice, and the appropriateness of using prices and values determined next after the time of issue of the Default Notice, as referred to in paragraphs (a) to (i) above;

"Defence"	has the meaning set out in Regulation 14.14 of the Membership Regulations;
"Delta Hedged Strategy"	has the meaning set out in Regulation 2.14.2 of the Trading Regulations;
"Delivery Point"	a specific geographic area within which warehouses may be listed and approved by the Exchange for the issue of Warrants;
"Deposit"	such sum as may be specified by Administrative Procedure from time to time;
"Direct Electronic 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, and

	which term includes Direct Market Access and Sponsored Access;
"Direct Market 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 uses the infrastructure of the Member, or any connecting system provided by the Member, to transmit the orders;
"the Directors"	each person who is a director of the Company;
"Disciplinary Committee"	a committee appointed pursuant to Regulation 14.79 of the Membership Regulations;
"Disciplinary Notice"	has the meaning set out in Regulation 14.13 of the Membership Regulations;
"eCOA"	means either a Basic eCOA or an Enhanced eCOA;
" eCOA System"	means a technological system provided by the Exchange through which, amongst other things, details of Paper COAs may be entered, eCOAs may be created and eCOAs may be viewed;
"Electronic Pricing Commencement Determination"	has the meaning set out in Regulation 5.5 of the Trading Regulations;
"EMIR"	means Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, as from time to time amended;
"EMIR Level 2 (Indirect Clearing) Regulation"	means Commission Delegated Regulation (EU) No 149/2013 of 19 December 2012 supplementing the EMIR Level 1 Regulation with regard to regulatory technical standards on indirect clearing arrangements, the clearing obligation, the public register, access to a trading venue, non-financial counterparties, risk mitigation for OTC derivatives contracts not cleared by a CCP, as amended from time to time (including, for the avoidance of doubt, as amended by Commission Delegated Regulation (EU) 2017/2155 of 22 September 2017);
"Enforcement Committee"	shall comprise four members chosen from the Directors of the LME, appointed by the Exchange in consultation with the Chairman. The quorum

	for the Enforcement Committee shall be three members. The Enforcement Committee shall not be quorate unless there is at least one independent Director present;
"Enhanced eCOA"	means an electronic Certificate of Analysis, which is created within the eCOA System, and which meets the criteria for an Enhanced eCOA as specified by the Exchange from time to time;
"Equivalent Trade"	for the purpose of Regulation 2.5A.3 only, a single trade in the exact same instrument(s) or multiple trades in a combination of instruments with the same risk profile as the corresponding Agreed Trade to be executed in the inter-office market between a Member and a Client. An Equivalent Trade may have a different price to the Agreed Trade in the inter-office market which may include any commissions, charges or fees provided that these have been previously agreed with the Client;
"EU Withdrawal Date"	the later of: (a) the date from which the UK ceases to be a member of the European Union; and (b) the date of expiry of any transitional period under which European Union laws in respect of financial services cease to have direct effect in the UK;
"Event of Default"	any of the events set out in Regulation 1 of the Default Regulations;
"the Executive" or "Executive Committee" or "EXCOM"	is a sub-committee of the board of directors of the Company, to which the board may from time to time delegate certain powers and responsibilities as it sees fit;
"Expiry Day"	in relation to an LMEprecious Option, the Business Day on which the Contract shall automatically exercise or be abandoned, as specified in the LMEprecious Option Regulations;
"the Exchange"	according to context, the London Metal Exchange administered by the Company, or the premises where Ring trading is conducted;
"Exchange Position Limit"	the maximum permitted position in a Contract as set by the Exchange in accordance with the Rules as published from time to time;

"Exchange Traded Average Price Option"	a Traded Average Price Option where both Granter and Taker are Clearing Members;
"Execution"	the execution of an Agreed Trade, being the point at which the transaction represented by the Agreed Trade is concluded, resulting in the formation of one or more Contracts (and "Executed" shall be interpreted accordingly);
"Execution Time"	the time at which Execution occurs, as specified for each Execution Venue in Regulation 2.3, 2.4, 2.5 or 2.11.2 (as applicable) of the Trading Regulations (and such time being the "Acceptance Time" for the purposes of the Clearing House Rules);
"Execution Venue"	has the meaning set out in Regulation 2.2.2 of the Trading Regulations;
"Exemption"	an exemption permitting a person to hold positions in Critical Contracts and Related Contracts in excess of a Regulatory Position Limit and granted in accordance with the Rules as published from time to time;
"Exemption Ceiling" or "Ceiling"	the maximum permitted position in a Critical and Related Contract irrespective of whether those positions benefit from an Exemption;
"Exemption Holder"	a person holding a valid Exemption;
"Exercise Reference Price"	the price by reference to which an LMEprecious Option shall be exercised on its Expiry Day;
"Extracted Warrant"	has the meaning set out in Regulation 13.1 of the LMEsword Regulations;
"Fair Market Value"	in respect of an Agreed Trade, a price which is fair and reasonable for a trade of that kind and size at the relevant time in view of, but without limitation: (a) the size of the trade; (b) the circumstances of the market for the Contract or of the parties to the trade; and (c) the prices and sizes of other transactions in the same Contract Executed on one or more of the Execution Venues operated by the Exchange;
"FCA"	The Financial Conduct Authority;

"FCA Principles and Guidance Releases"	the FCA Principles as set out in the Principles for Business (PRIN) Sourcebook of the FCA Handbook (as may be updated or replaced from time to time) and any other guidance notes published by the FCA from time to time, including but not limited to Market Watch, guidance and supervisory findings;
"Fees"	any fees or charges payable by a Member to the Exchange under the Rules as set out on the LME website, as amended by the Exchange from time to time;
"Ferrous Future"	a Cash-Settled Future, the Cash-Settled Future Final Settlement Price for which is determined by reference to a ferrous metal-based index or indices or other reference-value, and which has the features specified in the relevant Special Contract Rules for Cash-Settled Futures - Ferrous;
"FIA"	the Futures Industry Association or any successor to its functions in representing the interests of the futures, options and derivatives markets;
"Financial OTC Booking Fee Policy"	means the policy of the Exchange specifying the basis on which Members and other persons shall be required to report to the Exchange certain transactions in financial instruments that are executed outside the facilities of the Exchange, and to pay to the Exchange Fees in respect of such transactions, subject to, and in accordance with, the requirements of such policy, as such policy may be updated by the Exchange from time to time in accordance with the requirements and processes set out therein;
"Firm Quote"	an order or quote that under these Rules can be matched against an opposite order or quote;
"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"	(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 (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 (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, 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"	(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; (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;
"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;
"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"

- (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"

- (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;
"LME Liquid Instrument"	the Contract and Prompt Date subject to a Minimum Volume Threshold as determined by the Exchange from time to time;

"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: (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: (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: (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: (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: (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"	the package of legislative measures comprising: (a) Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments; (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 (c) any delegated regulations made by the European Commission thereunder including, without limitation, the MiFID II (Indirect Clearing) Regulation, and the MiFID II Algorithmic Trading RTS, as from time to time amended;
"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;
"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;
"Minimum Volume Threshold", "MVT" or "Threshold"	the minimum number of lots in respect of a Contract that can be submitted as an Agreed Trade for Execution in the inter-office market, as determined by the Exchange and published by Notice or otherwise from time to time;
"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"	(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; (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; (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 (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 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;

"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:

- (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 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:

- (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;
"Pricing Methodology"	in respect: (a) of any Benchmark, the methodology applied by the Exchange to determine such Benchmark; (b) any Non-Benchmark Reference Price the methodology applied by the Exchange to determine such Non-Benchmark Reference Price, 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;
"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"

- (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;
- (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;

"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: (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);
"Regulatory Position Limit' or 'Limit"	the maximum permitted position in a Critical and Related Contract as set by the Exchange in accordance with the Rules as published from time to time;
"Related Contract"	a Contract specified as such by the Exchange in accordance with the Rules as published from time to time;
"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"	the Cash offered price or other settlement price determined: (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: (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): (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 or to one or more Persons Subject to the Rules to whom they apply.
- 2.5 The Rules and Administrative Procedures shall be binding on all Members and where applicable on all Persons Subject to the Rules. 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.
- 2.5.1 The Rules and Administrative Procedures shall at all times be observed, interpreted and given effect by Members and Persons Subject to the Rules in the manner most consistent with the obligations of the Exchange under applicable laws and regulations, including its duty to maintain and promote orderly markets.
- 2.5.2 Any delay in exercising any power conferred to the Exchange under the Rules shall not be construed as a waiver by the Exchange of such power.

2.6 The Directors or Exchange may grant to a Member or where applicable a Person Subject to the Rules;

(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.

RIB Tier 1 Member	"Registered Intermediating Broker Tier 1" or "RIB Tier 1 Member" of the London Metal Exchange.
RIB Tier 2 Member	"Registered Intermediating Broker Tier 2" or "RIB Tier 2 Member" of the London Metal Exchange.

The words London Metal Exchange may be abbreviated to LME.

10. WITHDRAWAL FROM MEMBERSHIP

- 10.1 Subject to Regulation 10.2 to 10.7, a Member may at any time withdraw from Membership of the Exchange.
- 10.2 A Member desiring to withdraw from Membership must lodge a notice in writing to that effect (a "**resignation notice**") with the team(s) at the Exchange with responsibility for managing the process of admission to Membership. If the resignation notice is not received by the team on or before the 30th day of November of the year in which the Member intends their Membership to cease, the Member will be liable for payment of the subscription for the following year.
- 10.3 A Member who gives the Exchange a resignation notice must provide the Exchange with such information concerning the circumstances of the resignation as, in the opinion of the Exchange, is necessary for the Exchange to determine whether:
- (a) to accept the resignation;
 - (b) to postpone the effective date of the resignation;
 - (c) without prejudice to the courses of action available to the Exchange under subparagraphs (a) and (b) above, any other measures should be taken by the Exchange before or after the resignation takes effect.
- 10.4 The Exchange may, in its absolute discretion, refuse to accept a resignation notice given by a Member or may postpone the effective date if it considers it necessary for the protection of Clients, or otherwise in the interests of the market.
- 10.5 A Member who ceases to be a Member by virtue of Regulations 10 or 15 (a "**Former Member**") shall remain subject to the Rules and to the jurisdiction of the Exchange in respect of acts and omissions while they were a Member and in respect of any investigation or disciplinary proceedings relating thereto (including the payment of any fine or application of any other sanction imposed) as if they were a Member, for the longer of:
- (a) the period of six years from the date on which they ceased to be a Member; or
 - (b) the period during which any disciplinary proceedings continue against them, being proceedings started by the Exchange no later than six years after the date on which they ceased to be a Member, subject to any extension of the period under Regulation 10.7; or
 - (c) the period until such time as all their obligations under any Contract entered into by such Member prior to them ceasing to be a Member shall have been discharged.
- 10.6 Disciplinary proceedings following a Member's resignation may be started by giving notice to the Former Member of an investigation no later than six years after the date on which they ceased to be a Member.

10.7 In the event that a Disciplinary Committee concludes that there are, or may be additional matters which should be investigated and in respect of which disciplinary proceedings may be taken, the period referred to in Regulation 10.5 shall be extended until such time as such additional disciplinary proceedings are completed (including the payment of any fine or application of any other sanction imposed).

10.8 Where a Category 5 Member:

- (a) does not pay any Membership Fee due to the Exchange, and such fee remains unpaid for more than sixty (60) calendar days from the date on which the Exchange requests that such Fee be paid; or
- (b) fails to respond, to the satisfaction of the Exchange, within a period of thirty (30) calendar days to a request for information from the Exchange,

the Exchange may, in its absolute discretion, terminate the Member's Membership. The Exchange shall communicate any such decision to terminate the Member's Membership to the Member in writing. Such notification shall confirm the date on which the Member's Membership shall terminate, and the Membership of the relevant Category 5 Member shall terminate on such date.

10.9 Where a Member resigns from an individual service, and remains a Member of any other service, Regulations 10.5, 10.6 and 10.7 shall be construed to apply only in respect of the service from which the Member has resigned.

11. **COMMITTEES**

11.1 The Exchange shall appoint such committees with such terms of reference as it may from time to time determine.

11.2 The persons to serve on committees shall be drawn from Exchange staff, Members, Clients and other market participants, warehouses and such other persons with relevant experience as the Exchange may select.

11.3 No person serving on any committee shall, in the absence of bad faith or wilful default, be under any liability whatsoever whether in contract, in tort or otherwise to any Member for any decision taken or other act or omission of the relevant committee.

12. **PROVISION OF INFORMATION AND OBLIGATIONS OF MEMBERS AND PERSONS SUBJECT TO THE RULES**

12.1 Each Member (other than Category 5 and Honorary Members) and each Person Subject to the Rules shall provide the following financial, trading and/or other relevant information to the Exchange:

12.1.1 in relation to Category 1, Category 2, Category 3 and Category 4 Members, LMEprecious Clearing Members and LMEprecious Individual Clearing Members, and Registered Intermediating Broker Members annual audited accounts (including balance sheet, profit and loss account and cash flow statement) within four months of the end of its financial year and those of its ultimate Parent Undertaking (if any) as soon as they are sent to any person entitled to receive them; and

- 12.1.2 in relation to Category 4 Members, LMEprecious Non-Clearing Members and Registered Intermediating Brokers, the annual statement of capital issued by an independent external auditor, within two weeks of receipt by the Member of the finalised statement; and
- 12.1.3 such further information in relation to commercial matters as may be required by the Exchange generally or in any specific case; and
- 12.1.4 such further information in relation to regulatory, compliance and market-conduct related matters as may be required by the Exchange. Without limitation to the generality of the foregoing, where the Exchange deems it necessary, the information required may include information relating to (i) any business in metals of a Member or a Person Subject to the Rules or any of a Member's affiliates or Person Subject to the Rules' affiliates, whether that information relates to the business of the Member or the Person Subject to the Rules or of any affiliate; and/or (ii) any business of a Client of a Member, or client of a Member's affiliate where that Member is in a direct business relationship with the affiliate, in metals. Such business in metals may include, without limitation, "over-the-counter" business in the trading, storage or financing of metals;
- 12.1.5 on a reasonable efforts basis, such further information on regulatory, compliance and market-conduct related matters as the Exchange may deem necessary relating to the ultimate beneficial owner of a position where that person is neither a Client nor a client of an affiliate.
- 12.2 The Exchange in relation to commercial, operational, regulatory and/or compliance matters may request trading or other information regarding any Clearing Member from the Clearing House and the Clearing House shall provide the same.
- 12.3 The Exchange in relation to commercial, operational, regulatory and/or compliance matters shall be entitled at any time to inspect and take copies of the records, trading information, books of account and other documentation, in whatsoever medium retained, of Members (including, in whatsoever medium retained, any documentation maintained by or in the possession of the Member for any other person) for the purpose of ensuring compliance with the Rules. Where documentation of a Member is maintained for it by a third party, the Member shall procure that access is provided to such documentation as if it were in the possession of the Member.
- 12.4 Any person or persons whom the Exchange appoints to do so shall be entitled at any time to attend at the premises of any Member for the purpose of inspecting any of the matters referred to in Regulations 12.1 and 12.3 and the Member shall ensure that all cooperation is afforded.
- 12.5 The Exchange and any person or persons appointed by the Exchange to do so may cooperate with any governmental or international agencies, any investment exchanges, any clearing houses and self-regulatory and other regulatory or enforcement organisations in such manner as each of the Exchange or a person appointed by the Exchange thinks fit and shall, in particular, be permitted to divulge to any of the aforesaid persons or bodies any information for the time being in the possession of the Exchange including without limitation any information obtained pursuant to Regulations 12.1 to 12.4.
- 12.6 A Member shall:
 - (a) observe high standards of integrity and fair dealing;

- (b) observe high standards of market conduct and have regard to the standards and guidance as provided by the FCA and industry bodies such as, without limitation, the FIA;
- (c) establish and maintain a system of internal controls, including without limitation, appropriate and adequate risk management systems, which are appropriate to the nature, scale and complexity of the Member's business on the LME market and to the Member's obligations under the Rules and, where relevant, the Clearing House Rules. The system of internal controls shall be documented, reviewed on a regular basis and supported by written procedures;
- (d) either avoid any conflict of interest arising between itself and a Client or, where conflicts arise, manage conflicts of interest fairly. A Member shall ensure fair treatment to all its Clients and a Member shall not unfairly place their interests above those of their Clients. A Member shall comply with any guidance as published by Notice by the Exchange from time to time;
- (e) ensure its internal record-keeping is appropriate and adequate;
- (f) ensure that it has appropriate and adequate business continuity plans and must participate in any mandatory business continuity tests notified to the Member by the Exchange from time to time;
- (g) ensure that all of its Dealers, Member Representatives, staff and directors involved in the conduct of business on the Exchange are fit and proper, suitable, appropriately and adequately trained, properly supervised, and, where appropriate, suitably qualified;
- (h) ensure that any business conducted on the Exchange by it, its Dealers and Member Representatives, complies with the Member's, the Dealers' and the Member Representatives' obligations under the Rules;
- (i) ensure that any business conducted by it, or by or through any of its Dealers or staff or Member Representatives, shall not cause the Member, its Dealers, Member Representatives or the Exchange or Clearing House or any of their respective staff to be in breach of any applicable laws and/or regulations, including without limitation any relevant Sanctions (except to the extent that any obligation or undertaking contemplated by this Regulation 12.6(i) would be in conflict with any applicable laws purporting to nullify or restrict the effect of foreign Sanctions or preventing boycotts);
- (j) ensure that it does not enter orders into or make or facilitate trades via LME Select or in the inter-office market in or from a jurisdiction where the Exchange does not have the relevant regulatory licences or approvals (if such regulatory licence or approval is required) if to do so would put the Exchange in breach of any legal or regulatory obligations to which it might be subject within that jurisdiction or would bring the Exchange into disrepute with the regulatory authority within such jurisdiction. A Member shall observe the requirements set out in the Jurisdictions Notice, as updated from time to time;
- (k) ensure that any hardware, information technology or any online services provided to it, or any of its Dealers or Member Representatives, or made available to it, or any of its Dealers or Member Representatives, pursuant to its Membership of the Exchange shall only be used for the purposes of conducting its business and activities as a Member of the Exchange, in accordance with these Regulations;

- (l) retain all relevant documentation, and provide the Exchange with copies thereof on request, in relation to all Contracts arranged, or entered into, by them and also in relation to all other contracts arranged, or entered into, by them for the purchase and sale of primary aluminium, aluminium alloy, cobalt, copper, lead, molybdenum, nickel, steel, tin, zinc, including:
 - any option for the purchase and sale of any such metal; and
 - any contract for difference, swap, or similar contract based on the price of any such metal;
- (m) deal with the Exchange in an open and cooperative manner and keep the Exchange promptly informed of any matter concerning the Member which the Exchange might reasonably expect to be disclosed to it. This duty of disclosure shall arise as soon as the Member becomes aware, or has reasonable grounds for believing, that such a matter has arisen or will arise. A Member shall take reasonable measures and reasonable steps to ensure that its Clients and clients of its affiliates deal with the Exchange in an open and cooperative manner;
- (n) have, implement and maintain policies and procedures that are adequate to ensure compliance with applicable Sanctions, and, at the request of the Exchange and/or the Clearing House, promptly provide satisfactory evidence of such policies and procedures (including, without limitation, copies thereof) and of the adequate implementation and maintenance of such policies and procedures (except to the extent that any obligation or undertaking contemplated by this Regulation 12.6(l) would be in conflict with any applicable laws purporting to nullify or restrict the effect of foreign Sanctions or preventing boycotts);
- (o) notify the Exchange and the Clearing House as soon as reasonably practicable upon becoming aware of significant disruptions to its systems which have the potential to impact the orderly functioning of the Exchange or the Clearing House, including such disruption caused by any unauthorised use of a computer and/or system. Factors that may indicate significant system disruptions impacting the functioning of the Exchange include (but shall not be limited to) any major malfunction or breakdown of the following, however caused:
 - (i) the Member's trading system; or
 - (ii) the Member's system for order management, such that it adversely affects the ability of the Member and/or its Client(s) to enter, adjust or cancel their orders; or
 - (iii) any application programming interfaces ("APIs") or graphical user interfaces ("GUIs") through which the Member's systems interface with the systems of the Exchange;
- (p) notify the Exchange and the Clearing House as soon as reasonably practicable upon becoming aware of any of the following:
 - (i) any Sanctions of which it has become the target;

- (ii) any change to the Member such that it is or becomes incorporated, registered, located, organised, domiciled or resident in any jurisdiction subject to Sanctions;
- (iii) any of its Affiliates, Clients, directors, officers, employees or agents or any of its Affiliates' directors, officers, employees or agents, to its knowledge:
 - (1) being the target of any Sanction;
 - (2) being or becoming incorporated, registered, located, organised, domiciled or resident in any jurisdiction subject to Sanctions,

unless, in any case, the same is permitted pursuant to an exemption or exception in the applicable laws establishing the Sanctions or any regulations thereunder or subject to an applicable license granted by all relevant governmental authorities under that applicable law;

- (iv) details of any order or transaction in metal derivatives which if made on, or reported to, the Exchange, would take place in circumstances where the Member would be in breach of Regulation 12.6(i) above; and
- (q) be responsible for and remain liable for:
 - (i) any failure of a Dealer, Member Representative or member of staff to comply with their obligations under the Rules; and
 - (ii) the failure of a Dealer or Member Representative to pay an automatic fine, a fine or order for costs imposed by the Ring Disciplinary Committee, or Disciplinary Committee that has not been overturned by an Appeal Committee.

12.6.1 A Member or a Person Subject to the Rules shall not act in a way that could cause the Exchange to breach any applicable law or regulation to which it is subject. A Member shall take reasonable measures and reasonable steps to ensure that its Clients do not act in a way that could cause the Exchange to breach any applicable law or regulation to which it is subject.

12.6.2 A Person Subject to the Rules shall:

- (a) observe high standards of market conduct and have regard to the standards and guidance as provided by the FCA (or equivalent bodies) and industry bodies;
- (b) ensure its internal record-keeping is appropriate and adequate;
- (c) deal with the Exchange in an open and cooperative manner and keep the Exchange promptly informed of any matter concerning it which the Exchange might reasonably expect to be disclosed to it. This duty of disclosure shall arise as soon as the Person Subject to the Rules becomes aware or has reasonable grounds for believing that such a matter has arisen or will arise;
- (d) be responsible for and remain liable for:
 - (i) any failure of a member of staff to comply with their obligations under the applicable Rules; and

- (ii) paying any applicable financial penalty, fine or order for costs.

12.7 No Member shall:

- (a) manipulate or attempt to manipulate the market or any prices, indices or benchmarks set or otherwise published by the Exchange;
- (b) engage in or attempt to engage in insider dealing;
- (c) create or attempt to create a disorderly market; or
- (d) enter an order in LME Select where the Member has beforehand engaged in Pre-Trade Communications except as permitted in Regulation 2.2A of Part 3 of these Rules; or
- (e) knowingly facilitate, fail to take reasonable steps to prevent or assist its Clients, or any other person, to do any of (a), (b) or (d) above.

Persons Subject to the Rules are subject to Regulation 12.7 (a) to (c) and (e) above.

12.8 Where applicable under Regulation 7.5, a Member shall provide to the Exchange a legal opinion that satisfies the requirements of that Regulation, which shall be updated at such frequency as may be required pursuant to that Regulation.

12.9 Subject to Regulation 12.6(j) above, Members must notify the Exchange, as applicable:

- (a) on entering into a client relationship with any Client meeting the classification of "retail client", and prior to entering into or (in the case of RIBs) arranging a Contract on behalf of such Client; or
- (b) prior to re-categorising an existing Client that is either a "professional client" or "eligible counterparty" as a retail client,

where the terms "retail client", "professional client" and "eligible counterparty" appear they shall have the same meanings ascribed to them in MiFID II.

Client of Concern

12.10 In the circumstances described below, the Exchange may determine that any person is a Client of Concern and take any of the actions described in Regulation 12.10.1. The circumstances are that the Exchange suspects that a Client or any member of its Group or any other person who is a direct or indirect client of a Member whether in respect of Contracts or Applicable OTC Contracts or otherwise (such person being a "Client of Concern"):is, or has been, involved in conduct that involves:

- (i) the manipulation or attempted manipulation of the market or any prices, indices or benchmarks set or otherwise published by the Exchange; or
- (ii) any intentional or unintentional acts or omissions that have disrupted or may disrupt the orderliness of the market, or
- (iii) a failure to comply with any direction made by the Exchange or the Special Committee, or

- (iv) acting in a way that could cause the Exchange to breach any applicable law or regulation to which it is subject or engaging in conduct which has brought or may be likely to bring the Exchange or any of its markets into disrepute, or
 - (v) the provision to the Exchange of information which is false, misleading, incomplete, inaccurate, late or the refusal to provide information to the Exchange, or
 - (vi) holding positions across one or more Members, the total of which is in excess of a Regulatory Position Limit or an Exchange Position Limit, or
 - (vii) holding positions across one or more Members, the total of which is in excess of any other cap, level, ceiling or threshold set out elsewhere in any other Rule;
- (b) is, or has been, in breach of any Sanctions; or
- (c) is, or has been in breach of any applicable law or regulation relevant to the use by such person of any facilities of the Exchange or the entry into, or performance of, any Contracts or Applicable OTC Contracts and/or the use, holding of, or transactions in, any metal that is an LME-listed brand of metal; or
- (d) is assisting or has assisted any other person to do any of (a), (b) or (c) above; or
- (e) fails to co-operate with any Investigation by the Exchange into whether such Client of Concern or member of its Group is, or has been, involved in any conduct of the nature described in (a) to (d) above (including through any failure to promptly provide any relevant information requested by the Exchange in connection with such Investigation).

12.10.1 Without prejudice to any other Rule, the Exchange may direct any Member, or all Members, to take such action as the Exchange may direct in order to mitigate the potential impact of such Client of Concern on the Exchange and/or the market for metals listed on the Exchange. Such action may include, but is not limited to:

- (a) providing to the Exchange any relevant information regarding the Client of Concern that the Exchange may request, in connection with any investigation by the Exchange and/or any regulatory authority into any matters described in Regulation 12.10;
- (b) requiring the Member to obtain the prior agreement of the Exchange to the agreement of any Agreed Trade and/or Contract or Applicable OTC Contract with or for the Client of Concern;
- (c) ceasing to effect Cleared Contracts and/or Client Contracts and/or Applicable OTC Contracts with or for the Client of Concern; or
- (d) reducing Client Contract positions or Applicable OTC Contract positions with the Client of Concern, not increasing or trading out of such positions altogether.

12.10.2 When exercising its powers under Regulation 12.10.1, the Exchange:

- (a) may disclose any Confidential Information regarding a Client of Concern in accordance with the Rules, as required under any applicable law or regulation or to any regulator that has responsibility for regulating the Client of Concern; and/or

- (b) may take into account the conduct, behaviour and/or other relevant circumstances of any person that the Exchange considers may be connected to, or may have a material ability to affect, the activities of the Client of Concern in connection with any of the facilities of the Exchange or the entry into, or performance of any Contracts or Applicable OTC Contracts and/or the use, holding of, or transactions in, any metal that is an LME-listed brand of metal.

12.10.3 Nothing in this Regulation 12.10, 12.10.1 and 12.10.2 of Part 2 of the Rules shall be construed to limit the powers of the Exchange or the Special Committee set out in any other Rule.

13. **INVESTIGATIONS INTO SUSPECTED ACTS OF MISCONDUCT**

13.1 In accordance with this Regulation 13, the Exchange may conduct an Investigation or appoint a suitable person to conduct an Investigation, where it considers, in its absolute discretion, there to be good reason to suspect that one or more Acts of Misconduct may have occurred.

13.2 An Act of Misconduct is:

- (a) any violation or attempted violation of the Rules by a Member, Dealer, Member Representative, LME Select Participant and/or Person Subject to the Rules or participation in conduct by a third party which would be a violation or attempted violation of the Rules if that third party were subject to the Rules;
- (b) a failure to pay an automatic penalty charge, a fixed penalty fine or a fine or order for costs by a Member, Dealer, Member Representative, LME Select Participant and/or a Person Subject to the Rules imposed by a Disciplinary Committee that has not been overturned by an Appeal Committee;
- (c) in the case of a Dealer or Member Representative, failure to pay an automatic fine or fine, or order for costs imposed by the Ring Disciplinary Committee, or Disciplinary Committee that has not been overturned by an Appeal Committee;
- (d) a Serious Offence committed by a Dealer or Member Representative;
- (e) an LME Select Offence committed by an LME Select Participant;
- (f) conduct which has brought or may be likely to bring the Exchange or any of its markets into disrepute;
- (g) provision to the Exchange of any information (including information for the purpose of obtaining Membership) which is false, misleading, inaccurate, incomplete or not provided on a timely basis;
- (h) ceasing to meet eligibility criteria for Membership as set out in Regulations 1 to 4 without notifying the Exchange;
- (i) a failure to comply with any steps taken or any direction given by the Exchange or the Special Committee including the apportionment of liability for the registration fee pursuant to the LME's complaints procedure;
- (j) entering an order in LME Select where the parties have beforehand engaged in Pre-Trade Communications except as permitted in Regulation 2.2A of Part 3 of these Rules; and

- (k) any other matter of which the Exchange may, from time to time, publish by way of Notice.
- 13.3 The Exchange shall issue a written Notice of Investigation (NoI) notifying the Member and, where relevant, the Dealer, Member Representative, LME Select Participant or the Person Subject to the Rules that it has commenced an Investigation. The NoI shall be addressed to the Compliance Officer of the Member, the Dealer, the Member Representative or the Person Subject to the Rules and shall contain a brief description of the matter under Investigation.
- 13.4 The Exchange may, in its absolute discretion, expand the scope of an Investigation if it considers it appropriate to do so. The Exchange shall notify the Member, the Dealer, Member Representative or the Person Subject to the Rules in writing that the scope of the Investigation has been expanded.
- 13.5 In the course of conducting an Investigation, the Exchange may appoint any external advisors and / or expert witnesses as it deems fit. Any external adviser or expert witness appointed by the Exchange shall be required to treat all information obtained in the course of the Investigation as confidential and will not disclose this information to any other party (other than the Exchange) unless compelled to do so by law or regulation, or unless the external advisor or expert witness has the Exchange's prior written consent to disclose the information to another party.
- 13.6 Members, Dealers, Member Representatives and Persons Subject to the Rules shall co-operate fully with all Investigations conducted by the Exchange (whether or not the Member, Dealer, Member Representative or Persons Subject to the Rules is the subject of the Investigation). In particular, and without limitation, a Member (and so far as it is applicable, a Dealer and a Member Representative) and a Person Subject to the Rules shall:
- (a) act in an open and co-operative manner, be honest and truthful and not mislead or attempt to mislead the Exchange or conceal or omit any matter that is relevant, or is likely to be relevant, to the Investigation;
 - (b) provide full and complete responses to all requests for information made by the Exchange, including information relating to business conducted by, or in the case of a Member, Dealer or Member Representative on behalf of Clients, and to provide all documents and records that the Exchange considers relevant to the purposes of the Investigation unless such information, documents or records are legally privileged or otherwise legally protected from disclosure;
 - (c) comply with timelines set by the Exchange for responding to requests for information and / or for providing requested documents and records. Such timelines may be extended upon the agreement of the Exchange, which will be granted if the Exchange, in its absolute discretion, deems it reasonable to grant such an extension;
 - (d) make available for interview such of their officers, employees, contractors or agents as may be reasonably requested in order that they may answer questions and explain any matter that the Exchange considers relevant to the Investigation. All interviews shall be recorded, either by hand or electronically;
 - (e) comply fully with their obligation to provide information in accordance with Regulation 12; and

- (f) permit those persons appointed by the Exchange to conduct, or assist in conducting, the Investigation, to attend at any time the premises of any Member or Person Subject to the Rules for the purpose of inspecting any systems, documents and records that the Exchange considers relevant for the purposes of the Investigation.
- 13.7 The Exchange may refer the conduct of a Member, Dealer, Member Representative, Person Subject to the Rules or any other person that has been considered during the Investigation to the FCA or other appropriate authorities pursuant to Regulation 12.10.3.
- 13.8 Where some or all of the findings of an Investigation may be of relevance to the market in general, the Exchange may publish such findings as it deems appropriate.
- 14. **DISCIPLINE**
- 14.-1 Regulation 14 and the Rules contained therein shall apply to any Member, Dealer, Member Representative or Person Subject to the Rules. For the purposes of applying these Rules to a Person Subject to the Rules, for “Member” substitute “Person Subject to the Rules” and omit all references to “Dealer” and “Member Representative”. The Regulations pertaining to Ring Appeal Proceedings in Regulation 14 shall not apply to a Person Subject to the Rules.

Outcomes of an Investigation

- 14.1 The Exchange may at the conclusion of an Investigation take one of the following courses of action:
 - (a) take no further action. In such circumstances, the Exchange shall notify the Member, Dealer or Member Representative or any other person concerned in writing;
 - (b) issue a Private Warning in accordance with Regulations 14.2 to 14.5;
 - (c) impose a Fixed Penalty in accordance with Regulations 14.6 to 14.8; or
 - (d) refer the matter to the Enforcement Committee in accordance with Regulation 14.9 to 14.11.

Private Warning

- 14.2 Where it has reasonable grounds to conclude that a Member, Dealer or Member Representative may have committed an Act of Misconduct, the Exchange may, in its absolute discretion, determine whether to issue a Private Warning instead of pursuing disciplinary action.
- 14.3 Prior to issuing a Private Warning, the Exchange shall notify the Member, Dealer or the Member Representative in writing that it has concerns that they may have committed an Act of Misconduct, and that the Exchange proposes to issue a Private Warning. The Member, Dealer or the Member Representative shall have an opportunity to respond in writing to the Exchange regarding whether a Private Warning is appropriate in the circumstances.
- 14.4 If, in its absolute discretion, and having considered any responses from the Member, Dealer or the Member Representative in accordance with Regulation 14.3, the Exchange considers it appropriate, the Exchange shall issue the Private Warning in writing to the Member, Dealer or Member Representative. A Private Warning shall identify and explain the Exchange’s concerns about the conduct of the Member, Dealer or Member Representative. The issuance

of any Private Warning shall be private and no notice shall be published. There shall be no right of appeal against a Private Warning.

- 14.5 A Private Warning will not constitute a form of a disciplinary sanction but may be taken into account by the Exchange or the Enforcement Committee or any Disciplinary Committee or Appeal Committee when considering any subsequent Acts of Misconduct by the Member, Dealer or Member Representative. A Private Warning shall stay on the record of the relevant Member, Dealer or Member Representative for a period of two years from the date of issuance of the Private Warning. After the expiration of a two year period a Private Warning may not be taken into account by the Exchange or the Enforcement Committee or any Disciplinary Committee or Appeal Committee.

Fixed Penalty

- 14.6 The Exchange may, in its absolute discretion, impose a Fixed Penalty on a Member in respect of a Fixed Penalty Offence.
- 14.7 Prior to imposing a Fixed Penalty, the Exchange shall notify a Member in writing of its intention to impose a Fixed Penalty and will allow the Member the opportunity to respond in writing. The Exchange may, having considered any response from the Member, impose a Fixed Penalty in accordance with Regulation 14.6. The Fixed Penalty Notice shall contain details of the Fixed Penalty Offence and the amount of the Fixed Penalty to be paid.
- 14.8 A Member may appeal against the imposition of a Fixed Penalty by lodging a Fixed Penalty Appeal with the Head of Enforcement within five (5) Business Days of receiving the Fixed Penalty Notice. The Head of Enforcement shall refer the Fixed Penalty Appeal to the Chairman of the Disciplinary Panel who will constitute a Disciplinary Committee in accordance with Regulation 14.81 in order to determine the Fixed Penalty Appeal. The Fixed Penalty Appeal shall be conducted in accordance with Regulations 14.60 to 14.68.

Preliminary Findings, Member Response & Report

- 14.9 Following an Investigation and in circumstances where the Exchange is considering referring the matter to the Enforcement Committee in accordance with Regulation 14.1(d), the Exchange may in its absolute discretion, provide the Member or, where relevant, the Dealer or Member Representative with a written summary of its preliminary findings.
- 14.10 If the Member or, where relevant, the Dealer or Member Representative wishes to dispute any or all of the preliminary findings, it shall have twenty (20) Business Days from the date of having being notified of the Exchange's preliminary findings to submit a written response to the Exchange.
- 14.11 The Exchange shall consider any written response received pursuant to Regulation 14.10 and, where it considers it appropriate, may amend any or all of its preliminary findings. If the Exchange, having considered any response submitted pursuant to Regulation 14.10, considers that there are grounds to believe that one or more Acts of Misconduct has occurred, it shall submit a report detailing the findings of the Investigation and any response received from the Member or, where relevant, the Dealer or Member Representative, pursuant to Regulation 14.10, to the Enforcement Committee (a "Report").

Institution of Proceedings by the Enforcement Committee

- 14.12 The Enforcement Committee shall consider the Report and may take any of the following actions in respect of any Act of Misconduct by a Member, or by a person deemed to be the responsibility of a Member, or with regards to Serious Offences, a Dealer or Member Representative:
- (a) instruct the Exchange to take no further action and inform the Member concerned of this in writing;
 - (b) recommend to the Exchange that a Private Warning be issued by the Exchange in writing in accordance with the provisions of Regulations 14.2-14.5 above;
 - (c) permit the Exchange a period during which to hold discussions with the Member, Dealer or Member Representative regarding settlement in accordance with the provisions of 14.66-14.69 below (after which period, where no settlement is reached, disciplinary proceedings would be instituted); or
 - (d) institute disciplinary proceedings against any Member, Dealer or Member Representative.

Disciplinary Proceedings

- 14.13 Where the Enforcement Committee decides, pursuant to Regulation 14.12(d) to institute disciplinary proceedings, the Exchange shall serve a notice, approved by it setting out the alleged Act of Misconduct together with a summary of the facts relied upon ("the Disciplinary Notice") on the Member or, with regards to Serious Offences, the Dealer or Member Representative concerned.

Defence

- 14.14 The Member, Dealer or Member Representative has twenty (20) Business Days from service of the Disciplinary Notice in which to serve a statement of defence ("the Defence") responding to all or any of the allegations, stating its intended pleas and what admissions of fact, if any, it makes.
- 14.15 Where no Defence has been served pursuant to Regulation 14.14, and no settlement has been reached, pursuant to Regulations 14.66 to 14.69 inclusive, the Member, Dealer or Member Representative will be deemed to have accepted the facts and matters alleged in the Disciplinary Notice.
- 14.16 Having seen and considered the Defence, the Exchange may either:
- (a) continue disciplinary proceedings;
 - (b) discontinue disciplinary proceedings.; or
 - (c) issue a Private Warning in accordance with Regulations 14.2-14.4 above.
- 14.17 In the case of 14.16(a), the Head of Enforcement shall refer the case to the Chairman of the Disciplinary Panel who will constitute a Disciplinary Committee in accordance with Regulation 14. The Disciplinary Committee shall notify the Exchange and the Member, Dealer or Member Representative in writing that it has been constituted and the date on which it has been constituted. In the case of 14.16(b) or 14.16(c), any such decision shall be subject to ratification by the Enforcement Committee, and shall not be effective until such ratification. Following ratification, the Exchange shall inform the Member, Dealer or Member

Representative of the decision in writing. For the avoidance of doubt, this Regulation is without prejudice to the ability of the Exchange to settle the matter at any time in accordance with the provisions of Regulations 14.66 to 14.69 below.

Procedure for Disciplinary Proceedings

- 14.18 Not later than twenty (20) Business Days following the date on which the Disciplinary Committee was constituted in accordance with Regulation 14.17 above, the Disciplinary Committee shall:
- (a) provide the parties with written directions as to the conduct of the case; or
 - (b) make arrangements for a pre-hearing review.
- 14.19 Without prejudice to the power of the Disciplinary Committee to conduct proceedings as it sees fit, it is the intention of both the Exchange and its Members that disciplinary proceedings will generally be conducted wholly in writing, unless there is a compelling reason otherwise (for example, without limitation, the complexity of the case or the need to cross-examine witnesses), in order to save costs and ensure the expeditious resolution of the matter. If the Exchange or Member, Dealer or Member Representative request that the proceedings be conducted by way of a hearing, the Disciplinary Committee may direct that the proceedings be conducted by way of an in person hearing.

Directions

- 14.20 The Disciplinary Committee may give all such directions and take such other steps as it considers appropriate for the clarification of the facts and issues and for the just and expeditious determination of the case.
- 14.21 Where the Disciplinary Committee considers that a pre-hearing review is required, the Exchange and the Member, Dealer or Member Representative shall attend the pre-hearing review and may be legally represented.
- 14.22 Without restriction on its general power to give directions, the Disciplinary Committee may, in any written directions (whether or not following any pre-hearing review):
- 14.22.1 fix a time and place and/or make other arrangements for any oral hearing, if the Disciplinary Committee considers it necessary to schedule a hearing;
 - 14.22.2 direct that the hearing or any part of the hearing proceed by way of oral arguments or oral witness testimony, otherwise it shall be presumed that evidence will be presented to the Disciplinary Committee in writing in accordance with Regulation 14.19;
 - 14.22.3 direct the Exchange or the Member, Dealer or Member Representative to disclose and serve copies of any document or any other evidence in the possession of the Exchange, Member, Dealer or Member Representative, except documents which are subject to legal privilege;
 - 14.22.4 direct the Exchange to present its case before the Disciplinary Committee, including any written evidence on which the Exchange intends to rely upon;
 - 14.22.5 direct the Member, Dealer or Member Representative to present their response to the Exchange's case, including any written evidence on which the Member, Dealer or Member Representative intends to rely upon;

- 14.22.6 direct the Exchange or the Member, Dealer or Member Representative to provide the names of all witnesses on whose evidence they intend to rely, and their statements or an outline of proposed evidence;
- 14.22.7 direct the Exchange and/or the Member, Dealer or Member Representative the opportunity to respond to the other party's submissions;
- 14.22.8 make time limits for complying with directions and orders or for any other purpose of the proceedings;
- 14.22.9 grant leave to the Exchange or the Member, Dealer or Member Representative to amend any documents which have been submitted to the Disciplinary Committee where it is fair and expedient to do so. Within such period of time of the grant of leave to amend as shall be specified by the Disciplinary Committee, the party granted such leave shall serve the amended document on the other party;
- 14.22.10 extend or abridge time limits; and/or
- 14.22.11 make any order for the payment of costs of or in connection with pre-hearing preparation or any pre-hearing review, or for the payment of costs of or in connection with preparation of written materials submitted to the Disciplinary Committee.
- 14.23 In the event that the Member, Dealer or Member Representative fails to comply with any direction, any of the aforementioned may apply to the Disciplinary Committee for an order that the Member, Dealer or Member Representative or Exchange be precluded from submitting materials to the Disciplinary Hearing unless the direction is complied with. In addition, failure by the Member, Dealer or Member Representative to comply with any direction may be adduced by the Exchange before the Disciplinary Committee for such inferences to be drawn as are proper in all the circumstances.
- 14.24 In the event that the Exchange fails to comply with any direction, the Member, Dealer or Member Representative may apply to the Disciplinary Committee for an order that the Exchange be precluded from pursuing the case unless the direction is complied with, or an order that the case be dismissed.

Procedure for Disciplinary Hearings in Person

- 14.25 The following provisions shall apply where the Disciplinary Committee proposes to hold a hearing in person:
- 14.26 The date of any hearing shall be set in the written directions or at the pre-hearing review, where held. The Exchange and the Member, Dealer, or Member Representative shall attend the hearing and may be legally represented.
- 14.27 All parties attending any hearing, including any witnesses to be called by either party, shall be given reasonable notice of the date, time and venue.
- 14.28 The Disciplinary Committee shall adopt the following procedure at a hearing, unless the Disciplinary Committee determines that there are reasonable grounds for adopting an alternative procedure:
 - 14.28.1 the Exchange to open the case;

- 14.28.2 the Exchange to adduce evidence and to call witnesses whom the Member, Dealer or Member Representative may then cross-examine, the Exchange re-examine, and who may be asked questions by the Disciplinary Committee;
- 14.28.3 the Member, Dealer or Member Representative to adduce evidence and to call witnesses whom the Exchange may cross-examine, the Member re-examine and who may be asked questions by the Disciplinary Committee;
- 14.28.4 the Exchange to address the Disciplinary Committee;
- 14.28.5 the Member, Dealer or Member Representative to address the Disciplinary Committee.

The Determination

- 14.29 Having considered the arguments of the parties and any evidence that has been adduced during the disciplinary proceedings the Disciplinary Committee shall publish its findings in writing to the parties as soon as practicable, including any penalty to be imposed.
- 14.30 Where the Disciplinary Committee is satisfied that the Member, Dealer or Member Representative has committed an Act of Misconduct, but wishes to hear further representations as to the penalty to be imposed, it may elect to provide the parties with an opportunity to make representations before determining the penalty to be imposed.
- 14.31 In such case, the Disciplinary Committee shall announce the penalty to be imposed as soon as possible.
- 14.32 Any penalty imposed shall take into account any representations made by the parties, all the circumstances of the offence and may take into account any previous disciplinary record and/or any Private Warnings issued within the preceding two years before deciding the penalty to be imposed and the costs to be ordered.
- 14.33 The written decision of the Disciplinary Committee shall include, without limitation, its findings of fact, its findings as to whether any charges not admitted are proved, the reasons for its decision and any penalties to be imposed on the Member, Dealer or Member Representative together with an indication as to whether any part of the penalty relates to an order made under Regulation 14.35.3 and/or Regulation 14.35.4 and what part is purely punitive.
- 14.34 Subject to appeal, and unless the Disciplinary Committee determines otherwise, any penalty imposed shall take effect ten (10) Business Days after service of the written decision.

Penalties

- 14.35 The Disciplinary Committee may impose one or more of the following penalties:
 - 14.35.1 a reprimand;
 - 14.35.2 a fine;
 - 14.35.3 an order that the Member, Dealer or Member Representative make restitution to any person, including without limitation, the Exchange, when the Member, Dealer or Member Representative has profited from an Act of Misconduct at that person's expense;

- 14.35.4 an order that the Member, Dealer or Member Representative forfeit to the LME any gains made as a result of a proven breach of the Rulebook;
- 14.35.5 a requirement to comply with such terms and conditions as appropriate;
- 14.35.6 temporary or permanent withdrawal of Dealer or Member Representative (including Clerk) status and/or withdrawal of a Dealer or Member Representative's admission rights to the Dealing Area;
- 14.35.7 suspension or expulsion from Membership subject to ratification by the Exchange.

Indicative Penalties

- 14.36 Where appropriate, the Exchange may propose, subject to ratification by the Enforcement Committee, indicative penalties to be attached to certain offences covered by these Regulations. These indicative penalties shall represent the level of penalty the Exchange and the Enforcement Committee considers appropriate for an offence given no aggravating or mitigating circumstances.
- 14.37 Such indicative penalties shall be notified from time to time to all Members by way of a Notice.
- 14.38 Penalties so notified shall be indicative only and shall not fetter the discretion of a Disciplinary Committee or Appeal Committee to set the penalty it deems appropriate in all the circumstances of the case in question.

Costs

- 14.39 Costs are at the discretion of the Disciplinary Committee. It may order any party to pay such costs as it thinks appropriate, including, but not limited to, costs incurred in the Investigation, preparation and presentation of the case, including administrative costs.

Appeal Proceedings Relating to Disciplinary Committee Decisions

- 14.40 Without prejudice to the power of the Appeal Committee to conduct proceedings as it sees fit, it is the intention of both the Exchange and its Members that appeal proceedings will generally be conducted wholly in writing, in order to save costs and ensure the expeditious resolution of the appeal. If the Exchange or Member, Dealer or Member Representative request that the appeal proceed by way of a hearing, the Appeal Committee may direct that the appeal proceed by way of an in person hearing. During the appeal process, the Exchange and the Member, Dealer or Member Representative may be legally represented.
- 14.41 Within ten (10) Business Days of service of the Disciplinary Committee's decision, the Member, Dealer or Member Representative may appeal by serving a Notice of Appeal on the Chairman of the Appeal Panel and the Exchange. On receipt of the Notice of Appeal, the Chairman of the Appeal Panel shall, in accordance with Regulation 14.83, constitute an Appeal Committee to determine the appeal.
- 14.42 Within ten (10) Business Days of service of the Disciplinary Committee's decision, the Exchange may appeal to the Appeal Committee by serving a Notice of Appeal on the Chairman of the Appeal Panel and the Member, Dealer or Member Representative.
- 14.43 A Notice of Appeal shall set out the grounds of the appeal and shall contain a brief statement of all matters relied upon by the appellant.

- 14.44 The grounds of the appeal in the Notice of Appeal may be any one or more of the following:
 - 14.44.1 the Disciplinary Committee misdirected itself;
 - 14.44.2 the Disciplinary Committee's decision was
 - (a) one which no reasonable Disciplinary Committee could have reached;
 - (b) unsupported by the evidence or was against the weight of the evidence; and/or
 - (c) based on an error of law, or misinterpretation of the Rules.
 - 14.44.3 the penalty imposed by the Disciplinary Committee was either excessive or insufficient; or
 - 14.44.4 new evidence is available and that, had it been adduced, the Disciplinary Committee could reasonably have come to a different decision provided that this will not apply if the evidence could have been adduced before the Disciplinary Committee by the exercise of reasonable diligence on the part of the party seeking to appeal.
- 14.45 In accordance with Regulation 14.40 above, the Appeal Committee shall adhere to the following procedure when conducting proceedings wholly in writing, unless the Appeal Committee determines that there are reasonable grounds for diverging from the below procedure:
 - 14.45.1 the appellant shall provide detailed information regarding the grounds of the appeal and the matters that it relies upon in submitting an appeal;
 - 14.45.2 the other party may make a submission in response;
 - 14.45.3 the appellant may make a final submission.
- 14.46 In the event that the appeal procedure is conducted orally, the Appeal Committee shall adhere to the following procedure during the hearing, unless the Appeal Committee determines that there are reasonable grounds for diverging from the below procedure:
 - 14.46.1 the appellant will open the appeal;
 - 14.46.2 any witnesses called may be cross-examined and re-examined by the parties and questioned by the Appeal Committee;
 - 14.46.3 the other party may make submissions in response;
 - 14.46.4 the appellant may make closing submissions.
- 14.47 The Appeal Committee shall announce its decision to the parties as soon as practicable.
- 14.48 The Appeal Committee may dismiss or allow the appeal and may increase or decrease the penalty imposed upon such terms and conditions as it considers appropriate.
- 14.49 Within twenty (20) Business Days of the conclusion of the hearing, the Appeal Committee shall serve on the parties a written decision setting out its reasons.
- 14.50 Costs are at the discretion of the Appeal Committee. It may order any party to pay such costs as it thinks appropriate, including, but not limited to, costs incurred in the Investigation, preparation and presentation of the case, including administrative costs.

Ring Appeal Proceedings

- 14.51 Regulations 14.51 to 14.59 govern Ring Appeal proceedings following a Ring Appeal in accordance with Regulation 11.6.8 of the Trading Regulations. Without prejudice to the power of the Disciplinary Committee to conduct proceedings as it sees fit, it is the intention of both the Exchange and its Members that Ring Appeal proceedings will generally be conducted wholly in writing, in order to save costs and ensure the expeditious resolution of the appeal. If the Exchange, Dealer or Member Representative request that the appeal proceed by way of a hearing, the Committee may direct that the appeal proceed by way of an in person hearing. During the appeal process, the Exchange and the Member, Dealer or Member Representative may be legally represented.
- 14.52 Within ten (10) Business Days of the Head of Enforcement receiving the Ring Notice of Appeal, pursuant to Regulation 11.6.8 of the Trading Regulations, the Dealer or Member Representative lodging the Ring Appeal must serve their grounds of appeal on the Disciplinary Committee and the Exchange.
- 14.53 The Notice of Appeal shall set out the grounds of appeal and shall contain a brief statement of all matters relied upon by the appellant.
- 14.54 The grounds of the Ring Appeal in the grounds of appeal may be any one or more of the following:
- 14.54.1 the Ring Disciplinary Committee misdirected itself;
 - 14.54.2 the RDC Decision was:
 - (a) one which no reasonable Ring Disciplinary Committee could have reached,
 - (b) unsupported by the evidence or was against the weight of the evidence, or
 - (c) based on an error of law, or misinterpretation of the Rules;
 - 14.54.3 the penalty imposed by the Ring Disciplinary Committee was unduly excessive; or
 - 14.54.4 new evidence is available and that, had it been adduced, the Ring Disciplinary Committee could reasonably have come to a different decision provided that this will not apply if the evidence could have been adduced before the Ring Disciplinary Committee by the exercise of reasonable diligence on the part of the appellant.
- 14.55 In accordance with Regulation 14.51 above, the Disciplinary Committee shall adhere to the following procedure when conducting a Ring Appeal wholly in writing, unless the Committee determines that there are reasonable grounds for diverging from the below procedure:
- 14.55.1 the appellant will provide detailed information regarding the grounds of the appeal and the matters that it relies upon in submitting an appeal;
 - 14.55.2 the other party may make submissions in response;
 - 14.55.3 the appellant may make final submissions.
- 14.56 In the event that the Ring Appeal is conducted orally, the Committee shall adhere to the following procedure during the hearing, unless the Committee determines that there are reasonable grounds for diverging from the below procedure:

- (a) the appellant will open the appeal;
 - (b) any witnesses called may be cross-examined and re-examined by the parties and questioned by the Disciplinary Committee;
 - (c) the Exchange may make submissions in response; and
 - (d) the appellant may make closing submissions.
- 14.57 The Committee shall announce its decision to the parties as soon as practicable.
- 14.58 The Disciplinary Committee may dismiss or allow the Ring Appeal and may increase or decrease the penalty imposed in the RDC Decision upon such terms and conditions as it considers appropriate.
- 14.59 Within twenty (20) Business Days of the conclusion of the hearing, the Disciplinary Committee shall serve on the parties a written decision setting out its reasons.

Fixed Penalty Appeal Proceedings

- 14.60 Regulations 14.60 to 14.68 of the Membership Regulations govern Fixed Penalty Appeal proceedings following a Fixed Penalty Appeal in accordance with Regulation 14.8 of the Membership Regulations above. Without prejudice to the power of the Disciplinary Committee to conduct appeal proceedings as it sees fit, it is the intention of both the Exchange and its Members that proceedings for Fixed Penalty Appeals will generally be conducted wholly in writing, in order to save costs and ensure the expeditious resolution of the appeal. If the Exchange, Member, Dealer or Member Representative request that the Fixed Penalty Appeal proceed by way of a hearing, the Appeal Committee may direct that the Fixed Penalty Appeal proceed by way of an in person hearing. During the Fixed Penalty Appeal proceedings, the Exchange and the Member, Dealer or Member Representative may be legally represented.
- 14.61 Within ten (10) Business Days of the Head of Enforcement receiving the Fixed Penalty Notice of Appeal, pursuant to Regulation 14.8 of the Membership Regulations above, the Member, Dealer or Member Representative lodging the Fixed Penalty Appeal must serve their grounds of appeal on the Disciplinary Committee and the Exchange.
- 14.62 The grounds of appeal shall set out the grounds of appeal and shall contain a brief statement of all matters relied upon by the appellant.
- 14.63 The grounds of the Fixed Penalty Appeal in the grounds of appeal may be any one or more of the following:
- 14.63.1 the Exchange misdirected itself;
 - 14.63.2 the Exchange's decision was:
 - (a) one which could not have reasonably been reached;
 - (b) unsupported by the evidence or was against the weight of the evidence; or
 - (c) based on an error of law, or misinterpretation of the Rules;
 - 14.63.3 the penalty imposed by the Exchange was unduly excessive; or

- 14.63.4 new evidence is available and that, had it been adduced, the Exchange could reasonably have come to a different decision provided that this will not apply if the evidence could have been adduced before the Exchange by the exercise of reasonable diligence on the part of the appellant.
- 14.64 In accordance with Regulation 14.60 of the Membership Regulations above, the Disciplinary Committee shall adhere to the following procedure when conducting a Fixed Penalty Appeal wholly in writing, unless the Disciplinary Committee determines that there are reasonable grounds for diverging from the procedure:
- (a) the appellant will provide detailed information regarding the grounds of the appeal and the matters that it relies upon in submitting an appeal;
 - (b) the other party may make submissions in response; and
 - (c) the appellant may make final submissions.
- 14.65 In the event that the Fixed Penalty Appeal is conducted orally, the Disciplinary Committee shall adhere to the following procedure during the hearing, unless the Disciplinary Committee determines that there are reasonable grounds for diverging from the below procedure:
- (a) the appellant will open the appeal;
 - (b) any witnesses called may be cross-examined and re-examined by the parties and questioned by the Disciplinary Committee;
 - (c) the Exchange party may make submissions in response; and
 - (d) the appellant may make closing submissions.
- 14.66 The Disciplinary Committee shall announce its decision to the parties as soon as practicable.
- 14.67 The Disciplinary Committee may dismiss or allow the Fixed Penalty Appeal and may increase or decrease the penalty imposed by the Exchange upon such terms and conditions as it considers appropriate.
- 14.68 Within twenty (20) Business Days of the conclusion of the hearing, the Disciplinary Committee shall serve on the parties a written decision setting out its reasons. Any decision of the Disciplinary Committee in respect of a Fixed Penalty Appeal shall be final and there shall be no right to further appeal.

Settlements

- 14.69 The Exchange and any Member, Dealer or Member Representative may enter into discussions regarding a settlement at any time from the issuance of the NoI up to the commencement of the disciplinary hearing.
- 14.70 Any proposal that is received by the Exchange from a Member, Dealer or Member Representative for settlement may be accepted or declined by the Exchange at its absolute discretion (subject to ratification by the Enforcement Committee as set out below). In making its determination as to the appropriate level of any agreed financial penalty, the Exchange shall have regard to the specific circumstances of the case, including but not limited to the stage at which the settlement proposal is made.

- 14.71 Settlement negotiations shall be on a without prejudice basis.
- 14.72 An agreed settlement shall be documented in a settlement agreement and the proposed settlement agreement shall be submitted to the Enforcement Committee for ratification. The Enforcement Committee may ratify or refuse to ratify any settlement agreement. A settlement agreement shall not take effect unless ratified by the Enforcement Committee. A settlement agreement so ratified shall have the same status as a decision by a Disciplinary Committee.

Notice to Members regarding Findings and Penalties

- 14.73 Subject to appeal, where the Disciplinary Committee:
- (a) finds that there has been an Act of Misconduct; or
 - (b) following determination of a Ring Appeal, has upheld a decision of the Ring Disciplinary Committee (whether in whole or in part)
- notification of such findings and of any sanction shall be made by means of a Notice to all Members and other interested parties.
- 14.74 Where disciplinary proceedings have been concluded by way of settlement ratified by the Enforcement Committee, notification of the settlement agreement or the agreed finding shall be made by means of a Notice to all Members and other interested parties.
- 14.75 Where the Appeal Committee upholds the finding of the Disciplinary Committee (even in the event that the penalty is altered), the above rules on publication shall apply.

Procedural Provisions applicable to the Exchange Disciplinary and Appeal Process

Membership of the Disciplinary Committee and the Appeal Committee

- 14.76 The Exchange, in consultation with the Chairman of the Disciplinary Panel, shall from time to time appoint persons to a panel ("**the Disciplinary Panel**") in accordance with the terms of reference of the Disciplinary Panel. Membership of particular Disciplinary Committees shall be drawn only from the Disciplinary Panel.
- 14.77 The Exchange, in consultation with the Chairman of the Appeal Panel, shall from time to time appoint persons to a panel ("**the Appeal Panel**") in accordance with the terms of reference of the Appeal Panel. Membership of particular Appeal Committees shall be drawn only from the Appeal Panel.
- 14.78 Membership of the Disciplinary Panel and the Appeal Panel shall be notified to Members from time to time by means of a Notice.
- 14.79 Membership of the Disciplinary Panel shall be for a period of 5 years (the term) renewable. A member of the Disciplinary Panel may not be removed from the Panel prior to the expiration of the term save in the event that they cease to be a Director of the LME, or in the event that they are guilty of conduct which has brought or may be likely to bring the Exchange or any of its markets into disrepute.
- 14.80 Membership of the Appeal Panel shall also be for a period of 5 years (the term) renewable. A member of the Appeal Panel may not be removed from the Panel save in the event that they are guilty of conduct which had brought or may be likely to bring the Exchange or any of its markets into disrepute.

- 14.81 The Exchange shall appoint one member of the Disciplinary Panel to be the Chairman of the Disciplinary Panel. The Exchange shall appoint one member of the Appeal Panel to be the Chairman of the Appeal Panel.
- 14.82 No person shall be eligible to serve as a member of the Disciplinary Committee or Appeal Committee in relation to any particular case if they have any material interest in the matter under consideration either personally or through any Undertaking with which they may be concerned.
- 14.83 At least one member of the Appeal Committee must be a qualified lawyer.
- 14.84 At the request of the Head of Enforcement, the Chairman of the Disciplinary Panel shall nominate three members of the Disciplinary Panel to sit on a Disciplinary Committee and shall notify the Member, or the Dealer or Member Representative, and the Exchange of such nomination. The Chairman may nominate themselves. If the Member, Dealer or Member Representative does not agree to one or more of the nominated Disciplinary Committee, the Chairman, if satisfied that the grounds of objection are reasonable, shall nominate a replacement, or replacements, from the Disciplinary Panel, subject to such replacement, or replacements, being willing and able to sit on that Disciplinary Committee.
- 14.85 On receipt of a Notice of Appeal, the Chairman of the Appeal Panel shall nominate three members of the Appeal Panel to sit on an Appeal Committee and shall notify the Member, Dealer or Member Representative and the Exchange of such nomination. The Chairman may nominate themselves. If the Member, Dealer or Member Representative does not agree to one or more of the nominated Appeal Committee, the Chairman, if satisfied that the grounds of objection are reasonable, shall nominate a replacement, or replacements, from the Appeal Panel, subject to Regulation 14.83 and subject to such replacement, or replacements, being willing and able to sit on that Appeal Committee.

Composition of a Disciplinary Committee or Appeal Committee

- 14.86 The Disciplinary Committee or the Appeal Committee shall appoint one of their number to be the Chairman.
- 14.87 The quorum of a Disciplinary Committee or Appeal Committee shall be three, unless decided otherwise by the Disciplinary Committee or Appeal Committee.
- 14.88 The Disciplinary Committee may decide that any pre-hearing review shall be heard by the Chairman sitting alone.

Legal Adviser

- 14.89 A legal adviser, who shall be a barrister or solicitor, may be appointed by the Disciplinary Committee or the Appeal Committee to sit throughout the hearing (including any pre-hearing review), or be provided with the written material if the proceedings are conducted in writing, and may also provide legal advice to the Committee.
- 14.90 The same legal adviser may not be appointed to advise both the Disciplinary Committee and the Appeal Committee on the same case.

Hearings in private

- 14.91 Disciplinary Committee hearings shall, unless they are held in writing, be held in private. Appeal Committee hearings shall be held in private, unless the Member, Dealer or Member Representative elects to hold the hearing in public.

Representation

- 14.92 Parties to disciplinary proceedings may be legally represented.
- 14.93 Where disciplinary action is taken against a Dealer or Member Representative and a hearing is held, whether in writing or orally, the Dealer or Member Representative may represent themselves, or may be represented by their employer or may be legally represented.
- 14.94 Where disciplinary proceedings are taken against a Member and a hearing is held, whether in writing or orally, it may be represented by one or more of its officers, employees or may be legally represented.
- 14.95 The Exchange may be represented by one or more of its officers, or employees, or may be legally represented.
- 14.96 The availability of a particular legal representative shall be a relevant, though not a determining factor, when fixing a date for a pre-hearing review or a hearing.

Failure to attend a hearing

- 14.97 If either party fails to attend, the hearing may proceed in its absence.

Record of hearing

- 14.98 A record shall be made of the hearing, electronically or otherwise. The Member, Dealer or Member Representative shall be entitled to a transcription or copy of the record on payment of the costs.

Burden and standard of proof

- 14.99 The burden of proof shall be on the Exchange. The Disciplinary Committee shall not find a charge regarding an Act of Misconduct proved unless it is satisfied on the balance of probability.

Evidence

- 14.100 The Disciplinary Committee may admit any evidence whether oral or written, whether direct or hearsay and whether or not the same would be admissible in a court of law.

Notice periods

- 14.101 Any notice periods specified in these rules may be amended by agreement in writing between the Exchange and the Member, Dealer or Member Representative, unless such notice periods have been set by the Disciplinary Committee or the Appeal Committee.
- 14.102 A Member, Dealer or Member Representative may request an extension to a deadline imposed by the Exchange during the course of an Investigation by submitting a request to the Exchange in writing. The Exchange may agree to provide an extension if, in its absolute discretion, it considers such an extension to be appropriate.

Convictions and findings by other authorities

- 14.103 A Disciplinary Committee or Appeal Committee may have regard to the following when reaching its findings:
- (a) the findings of fact of any court in the United Kingdom or of the Upper Tribunal, which have not been set aside on appeal or otherwise shall be conclusive evidence of the facts so found;
 - (b) a criminal conviction by any court in the United Kingdom which has not been set aside on appeal or otherwise shall be conclusive evidence of the commission of that offence;
 - (c) the findings of fact of the following bodies, which have not been set aside on appeal or otherwise, shall be prima facie evidence of the facts so found:
 - (i) any court of competent jurisdiction outside the United Kingdom;
 - (ii) any committee or tribunal of the Financial Conduct Authority, and any self-regulating organisation, recognised professional body, recognised investment exchange or recognised clearing house or any overseas regulatory authority which the Exchange considers to be relevant exercising regulatory or disciplinary functions;
 - (iii) the Competition and Markets Authority;
 - (iv) any other body exercising a regulatory or disciplinary jurisdiction over any persons engaged in financial services business whether in the United Kingdom or elsewhere; and
 - (v) any successor to any body specified in this Regulation 14.103.

15. **DISQUALIFICATION AND EXPULSION**

- 15.1 The criteria for Membership are continuing requirements and if a Member shall cease at any time to satisfy any of the criteria for Membership of their class the Exchange may in its discretion re-categorise their Membership to a class the criteria for which such Member is able to satisfy or, subject to Regulation 15.4, suspend their Membership until such time as such Member is able to satisfy the criteria, or may seek to expel the Member from Membership.
- 15.2 Upon the happening of any of the following events the Exchange may resolve, with immediate effect or with effect from such date as the Exchange may specify, that a Member be suspended from Membership, or, subject to Regulation 15.5, expelled from Membership:-
- 15.2.1 a Member pursuant to disciplinary proceedings held in accordance with these Regulations is found to have committed a serious breach or persistent breach of the Regulations and the Disciplinary Committee has suspended or expelled the Member subject to ratification by the Exchange, provided that the Disciplinary Committee's decision has been upheld by an Appeal Committee, or the time for lodging an appeal has elapsed and no appeal has been made;
 - 15.2.2 a Member fails to meet their material contractual obligations to another Member and the obligation or the obligations concerned are not being disputed in good faith;
 - 15.2.3 a Member is declared a Defaulter pursuant to the Default Regulations;

- 15.2.4 an Event of Default (as defined in the Default Regulations) occurs in relation to a Member (other than a Registered Intermediating Broker) and is continuing; or
- 15.2.5 in relation to a Registered Intermediating Broker, the Exchange becomes aware of any facts or circumstances that indicate that the Registered Intermediating Broker is not a reliable entity to arrange Agreed Trades on behalf of Clients and/or to discharge the obligations of Registered Intermediating Brokers under these Rules. Such facts or circumstances may include, without limitation, any evidence that the Registered Intermediating Broker has input into the Matching System particulars of any Agreed Trade(s) that it did not have the appropriate authorisations to broker (including from its purported Clients, or from any Clearing Member which would become party to any Contract upon Execution of such Agreed Trade); or
- 15.2.6 the category of membership to which the Member belongs is withdrawn by the Exchange, in which circumstances the Exchange shall give reasonable advance notice of such withdrawal and the Member shall be permitted to apply for a different category of Membership pursuant to Regulation 6 of Part 2.
- 15.3 The Exchange shall have the power to suspend or terminate a Member where it is considered necessary to ensure an orderly market, or otherwise to enable the Exchange to comply with its statutory obligations, or to facilitate the orderly withdrawal of a Membership category.
- 15.4 Save in the case of Regulation 15.2.1, the power to suspend a Member is subject to a right of appeal by the Member to an Appeal Committee convened pursuant to Regulation 14. The Appeal Committee shall, in such circumstance, have full jurisdiction to review the facts of the case as if it were a Disciplinary Committee. Any appeal shall be heard swiftly.
- 15.5 Save in the case of Regulation 15.2.1, where the Exchange believes expulsion is warranted, it shall request that an Appeal Committee be convened, pursuant to Regulation 14, to consider the case for expulsion. Such an Appeal Committee shall be convened swiftly. The Exchange may suspend the Member with immediate effect pending the outcome of the Appeal Committee so convened. The Appeal Committee shall, in such circumstance, have full jurisdiction to review the facts of the case as if it were a Disciplinary Committee. Where the Appeal Committee agrees that expulsion is justified, the Member shall be expelled with immediate effect.

16. **FORFEITURE OF RIGHTS ON CESSATION OF MEMBERSHIP**

- 16.1 A Member who shall have been expelled or shall otherwise have ceased to be a Member shall not be entitled to any refund of subscription or Fees, other than where such expulsion or cessation is necessary to facilitate the orderly withdrawal of a Membership category, in which case the Member shall be entitled to a pro-rata refund of any subscription or Fees.
- 16.2 All rights and privileges of being a Member issued to a Member or to a Member's directors or employees on their application and all rights appertaining thereto shall ipso facto be cancelled upon the Member's ceasing for any reason to be a Member or losing in any other way the right of entry to the Exchange.

17. **DISPUTES BETWEEN MEMBERS**

Upon the Secretary receiving a notice in writing from a Member that a dispute exists between that Member and another Member arising out of or in connection with a Contract, the Secretary shall send a Notice to Members to this effect. Such memorandum shall be removed by the Secretary when they receive notification in writing by the party or parties reporting the

existence of such dispute that it has been settled or has been referred to arbitration in accordance with Part 8 of the Rules or otherwise disposed of.

18. **INTELLECTUAL PROPERTY RIGHTS**

18.1 As between the Members and the Company, all right, title, interest and Intellectual Property Rights in:-

- (a) the Rules and Administrative Procedures; and
- (b) LME Data;

shall be the property of the Company. To the extent a Member acquires any right, title, interest or Intellectual Property Rights in the same it hereby assigns all such right, title, interest and Intellectual Property Rights (including by way of a present assignment of any future copyright or similar rights) to the Company for the full duration of such right, title, interest and Intellectual Property Rights.

18.2 For the avoidance of doubt, the Company hereby expressly reserves any and all rights (including Intellectual Property Rights and any rights of confidentiality), licences and permissions in and to the LME Data, the Trade Marks and the Product Specifications.

18.3 Unless explicitly permitted in writing between the Member and the Company, the Member shall not:

- (a) remove the Trade Marks from the LME Data or alter them (unless not practicable to display the Trade Marks and LME Data together);
- (b) use the Trade Marks in conjunction with any other mark, name, logo, symbol or device;
- (c) use the Trade Marks other than in relation to:
 - (i) Contracts; or
 - (ii) any contract to which the Financial OTC Booking Fee Policy applies, and in respect of which the Member shall report such contract to the Company in accordance with the Financial OTC Booking Fee Policy;
- (d) use the Trade Marks in such a way as to damage the goodwill or reputation attaching to such Trade Marks or the name of the Company or to otherwise prejudice the validity or enforceability of any such Trade Marks;
- (e) permit access to, distribute, sub-licence or publish the LME Data or Trade Marks to any third party;
- (f) use the LME Data as a Benchmark or in connection with the determination of a Benchmark or pass the Data to an Administrator in connection with the determination of a Benchmark;
- (g) manipulate the LME Data in any way and/or use the LME Data to create any Derived Data;
- (h) use the LME Data or Trade Marks, or any part of them:

- (i) in breach of these Rules or the Financial OTC Booking Fee Policy or other applicable laws or regulations;
- (ii) for any unlawful purpose; or
- (iii) in any way that may in the Company's absolute opinion be considered to bring the Company, its Affiliates, the LME Data and/or the Trade Marks into disrepute.

18.4 Each Member acknowledges and agrees that LME Data may be provided by the Company to any Member and any third party, and may be used by the Company or such other persons for any commercial or other purpose, subject to any restrictions applicable to particular categories of LME Data in Regulation 21 (Confidentiality). The Company may from time to time grant a licence to Members or third parties to use, copy, modify, distribute or otherwise exploit the LME Data, but, subject to Regulation 18.5 below, in the absence of such a licence, Members may not use, copy, modify, distribute or otherwise exploit the LME Data.

18.5 The Company hereby grants to each Member a non-exclusive, worldwide, perpetual, royalty-free licence, with the right to sub-licence, to use, copy, modify, distribute and otherwise exploit the LME Data relating solely to that Member for any commercial or other purpose, subject in each case to the restrictions in Regulation 21 (Confidentiality).

19. **FINANCIAL OTC BOOKING FEE POLICY**

19.1 Each Member shall comply with the Financial OTC Booking Fee Policy. Without prejudice to the generality of the foregoing, each Member shall:

- (a) register with the Exchange, pursuant to the requirements of the Financial OTC Booking Fee Policy;
- (b) report to the Exchange, any trades undertaken by the Member which are required to be reported pursuant to the Financial OTC Booking Fee Policy; and
- (c) pay to the Exchange, any Fees due to the Exchange pursuant to the Financial OTC Booking Fee Policy in relation to trades undertaken by the Member.

19.2 Each Member shall procure and otherwise take steps to ensure that their Affiliates comply with the Financial OTC Booking Fee Policy. Where the Affiliate fails to comply with the Financial OTC Booking Fee Policy, whether: (a) registering with the Exchange; (b) reporting any trades undertaken by the Affiliate to the Exchange; or (c) paying to the Exchange, any fees due pursuant to the Financial OTC Booking Fee Policy; or (d) otherwise, the Member shall be liable to the Exchange for any non-compliance by Affiliate with the Financial OTC Booking Fee Policy.

19.3 Without prejudice to any additional rights of the Exchange under the Financial OTC Booking Fee Policy to require information from any Member or its Affiliate, each Member shall, and shall ensure that its Affiliates shall, within 5 Business Days of any request by the Exchange:

- (a) permit the Exchange and its representatives to have access to any records and information maintained by the Member and/or its Affiliates (as the case may be) in respect of any transactions undertaken by the Member or its Affiliates for the purposes of assessing compliance with the Financial OTC Booking Fee Policy; and

- (b) respond to any reasonable questions from the Exchange which are relevant to assessing the compliance by the Member and its Affiliates with the Financial OTC Booking Fee Policy.
- 19.4 For the avoidance of doubt, a Member or its Affiliate shall only be entitled to benefit from an exemption from compliance with any aspect of the Financial OTC Booking Fee Policy in the event that such exemption has been granted by the Exchange in accordance with the terms of the Financial OTC Booking Fee Policy.
- 20. **RESTRICTIONS ON USE OF LME PROPERTY OR SYSTEMS FOR NON-EXCHANGE CONTRACTS**
- 20.1 The facilities of the Exchange may not be used to facilitate the execution, clearing or settlement of any Non-LME Platform Contract. Without limitation to the foregoing:
 - (a) no Member may use any LME Data, Product Specifications or any other Intellectual Property Rights of the Exchange, or any part of them for the formation, trading, pricing, clearing or settlement of any Non-LME Platform Contract;
 - (b) no Warrant, Immobilised Warrant or Extracted Warrant may be used for the purpose of settling any Non-LME Platform Contract;
 - (c) the Ex-Cleared settlement functionality of LMEsword may not be used to facilitate the settlement of any Non-LME Platform Contract;
 - (d) no Member may use the inter-office market to facilitate the submission to the Matching System of any Non-LME Platform Contract as an Agreed Trade; and
 - (e) no Member may bring-onto, or allow its Client to bring-onto, the Exchange any Non-LME Platform Contract, including pursuant to the OTC Bring-On category within the Matching Rules, the submission to the Matching System of an Agreed Trade, or otherwise.
- 20.2 The Exchange may, in its absolute discretion, by Notice dis-apply any of the restrictions specified in this Regulation 20 in respect of Non-LME Platform Contracts traded on, executed on, or otherwise arranged or agreed via any specific Non-LME Multi Dealer Trading System. Such Notice:
 - (a) shall specify the identity of the specific Non-LME Multi Dealer Trading System that is approved by the Exchange as a venue for the formation of Agreed Trades that may be brought-onto the Exchange; and
 - (b) may specify the categories of Contracts to which such approval shall apply.
- 20.3 The Exchange shall issue a Notice pursuant to Regulation 20.2 above, publicising the situation where, as determined by the LME in its sole discretion and acting reasonably, any Non-LME Multi Dealer Trading System is lawfully making use of the Intellectual Property Rights of the Exchange, including, without limitation, where such Non-LME Multi Dealer Trading System has: (i) entered into a licence agreement for the use of Intellectual Property Rights belonging to the Exchange; or (ii) been granted open access rights pursuant to prevailing applicable legislation.

21. **CONFIDENTIALITY**

21.1 Subject to Regulation 21.3, the Company shall not disclose any Confidential Information received from a Member, a Client, a Person Subject to the Rules and/or any other person.

21.2 For the purposes of Regulation 21.1, “Confidential Information” means information which relates to the business or other affairs of a Member, Client, Person Subject to the Rules or any other person (including but without limitation any information relating to any Contract or over-the-counter contract).

21.3 The Company may disclose any Confidential Information which is subject to the confidentiality obligation in Regulation 21.1:-

(a) to any regulator that has responsibility for regulating the Exchange or the Clearing House;

(b) to:

(i) any internationally recognised exchange;

(ii) an industry body for exchanges, or that otherwise has a role in derivative market surveillance; or

(iii) a member of such an industry body that has requested such information in accordance with the operating rules of such body governing the exchange of information between members in connection with market surveillance,

in each case, for the purposes of: (A) ensuring the effective surveillance of the Exchange’s markets; and/or (B) aiding such exchange, industry body or requesting member with the effective surveillance of markets, when involved in monitoring such markets for market abuse;

(c) to any regulator that has responsibility for regulating the Member or the Person Subject to the Rules;

(d) to the Clearing House, to the extent that:

(i) such information is relevant to the performance by the Clearing House of its functions under its own rules or terms of service, or its obligations under applicable law, or its contractual obligations to the Company; or

(ii) such information is relevant to the performance by the Company of its functions under the Rules or terms of service, or its obligations under applicable law, or its contractual obligations to the Clearing House;

(e) to the Member or the Person Subject to the Rules itself;

(f) where the Company acquires or develops the information independently of any information or document provided by the Member or the Person Subject to the Rules;

(g) to any member of the Company's group, or to any employees, officers, consultants, professional advisers or agents of any of them, in connection with the operation of the Exchange, risk management processes or for the purposes of internal group control or accounting, subject to appropriate confidentiality requirements;

- (h) to any other Member for the purposes of a potential transfer of a Contract to such Member in accordance with the Rules;
- (i) to third parties appointed or engaged by the Company, a Member or a Person Subject to the Rules in connection with the operation of the Company's complaint-handling or discipline processes, where and to the extent that such third parties reasonably need to receive such information in order to discharge their functions in support of such processes;
- (j) with the consent of the Member or the Person Subject to the Rules;
- (k) to potential acquirers (and their advisers) of the Company or an holding company of the Company or of the businesses of the Company, provided that each such potential acquirer has entered into a confidentiality undertaking with respect thereto;
- (l) in a document in relation to a takeover offer conducted under the rules of The Panel on Takeovers and Mergers or any equivalent body in any other relevant jurisdiction;
- (m) if and to the extent the information was in the public domain at the time it was disclosed or has come into the public domain through no fault of the Company;
- (n) to the Company's insurer(s), provided that any such insurer has entered into a confidentiality undertaking with respect thereto;
- (o) where necessary for the discharge of the Company's obligations under applicable law;
- (p) where the Company considers it appropriate to disclose such information for the purpose of discharging the Company's obligations under the Rules having due regard to the confidential nature of the information, and taking reasonable care to ensure that the recipient of such information is aware of its confidential nature; or
- (q) where and to the extent that such disclosure is necessary or permitted pursuant to any other Regulation or Administrative Procedure, including for the avoidance of doubt, any Regulation permitting the Company to issue Notices in respect of a Member; or
- (r) where a person holds positions across more than one Member, to any or all Members (as determined by the Exchange in its sole discretion) which hold a position for that person. The Exchange may disclose Confidential Information which in its opinion it deems relevant for the purposes of:
 - (i) managing position(s), or
 - (ii) enforcing any Rule (and in respect of a Person Subject to the Rules, enforcing any Rule to which it is subject to), or
 - (iii) promoting or maintaining market orderliness, or
 - (iv) complying with its regulatory obligations;
- (s) where a person has been deemed a "Client of Concern" (under Regulation 12.10 of Part 2 of the Rules), to any or all Members (as determined by the Exchange in its sole discretion) irrespective of whether those Members hold a position for that Client at the time of disclosure. The Exchange may disclose Confidential Information which in its opinion it deems relevant for the purposes of:

- (i) managing position(s), or
- (ii) enforcing any Rule (and in respect of a Person Subject to the Rules, enforcing any Rule to which it is subject to), or
- (iii) promoting or maintaining market orderliness, or
- (iv) complying with its regulatory obligations;
- (t) if it is in the form of a summary or collection of information so framed that it is not possible to ascertain from it information relating to any person;

and for the avoidance of doubt, nothing in this Regulation 21 shall prevent the Company from providing LME Data to any third party in accordance with Regulation 18.4 above where and to the extent that any such LME Data that is provided to a third party in respect of a Member is anonymised and/or aggregated with LME Data in respect of other Members.

21.4 Subject to Regulation 21.5, each Member and each Person Subject to the Rules shall treat as confidential all information concerning the business or other affairs of the Company.

21.5 A Member and a Person Subject to the Rules may disclose any information which is subject to the confidentiality obligations in Regulation 21.4:-

- (a) to any regulator that has responsibility for regulating the Member or the Person Subject to the Rules where required to do so pursuant to any direction, rule or requirement of the regulator or by applicable law;
- (b) to the Company itself;
- (c) where the Member or the Person Subject to the Rules develops the information independently of any information or document provided by the Company;
- (d) to the Member's group or to the Person Subject to the Rules' group, or to employees, officers, consultants, professional advisers or agents of the Member or the Person Subject to the Rules or its group solely to the extent that such persons need to receive such information in order to assist the Member or the Person Subject to the Rules in properly performing its obligations or exercising its rights under these Rules, and subject, in all cases to their agreement to treat such information as strictly confidential;
- (e) with the consent of the Company;
- (f) if and to the extent the information has come into the public domain through no fault of the Member or the Person Subject to the Rules;
- (g) where necessary for the discharge of the Member's obligations or the Person Subject to the Rules' obligations under applicable law; or
- (h) where the Member or the Person Subject to the Rules considers it appropriate to disclose such information for the purpose of discharging its obligations under the Rules having due regard to the confidential nature of the information, and taking reasonable care to ensure that the recipient of such information is aware of its confidential nature.

22. FEES & INCENTIVE PROGRAMMES

22.1 Members shall pay such Fees to the Exchange as the Exchange shall specify by Administrative Procedure and/or as specified in any invoice or reminder for payment issued by the Exchange, pursuant to any agreement between such Member and the Exchange from time to time.

22.2 The Exchange may, from time to time, make available to Members incentive, rebate or market-making programmes that shall operate to provide certain specified benefits and/or modify the Fees payable in respect of specified types of Contracts (each such programme being an "**Incentive Programme**").

22.3 The Exchange shall specify, by way of Notice issued on the public website maintained by the Exchange:

- (a) the eligibility criteria to be satisfied by any Member and, where applicable, any Client of such Member wishing to participate in each Incentive Programme;
- (b) any information and/or application documentation to be submitted to the Exchange by the Member in respect of itself and, where applicable, any Client of such Member wishing to participate in each Incentive Programme;
- (c) the technical and operational procedures to be followed by any Member and, where applicable, any Client of such Member, in order to qualify for the benefits available under an Incentive Programme;
- (d) any conditions, commitments, minimum transaction volumes, or requirements as to the types of transactions executed that are to be satisfied by any Member and, where applicable, any Client of such Member, in order to qualify for the benefits available under an Incentive Programme;
- (e) any information reporting requirements or other obligations that must be complied with by any Member participating in an Incentive Programme;
- (f) the specific benefits available under an Incentive Programme for any Member that complies with the requirements specified in accordance with (a) to (e) above; and
- (g) any other information, descriptions, explanations or details that the Exchange considers relevant to the manner in which the Exchange intends to operate the Incentive Programme,

such criteria, procedures, conditions and requirements under (a) to (e) being the "**Incentive Programme Requirements**" and such benefits under (f) being the "**Incentive Programme Benefits**". The Exchange may, from time to time, amend, add to or replace any Incentive Programme Requirements and/or Incentive Programme Benefits applying to or under any Incentive Programme, and any other information published pursuant to (h), by updating or replacing the relevant Notice published on the public website of the Exchange.

22.4 Any Member wishing to participate in an Incentive Programme must satisfy the Incentive Programme Requirements for such Incentive Programme that may be specified by the Exchange, in accordance with Regulation 22.3 above, from time to time.

22.5 The Exchange may, in its absolute discretion:

- (a) reject any request by a Member:

- (1) to participate in any Incentive Programme; or
- (2) to allow a Client to participate in any Incentive Programme; or
- (3) to apply the Incentive Programme to the activities of any Client; or
- (b) terminate the application of any Incentive Programme to any:
 - (1) Member; or
 - (2) Client, or to the activities of any Client, of a Member.

22.6 For the avoidance of doubt, the Incentive Programme Benefits available in respect of any Incentive Programme may include:

- (a) the specification of a rebate to any Fees payable by a Member in respect of any specified type of Contract; or
- (b) the specification of a reduction to any Fees payable by a Member in respect of any specified type of Contract; or
- (c) the specification of any other form of monetary or non-monetary benefit that the Exchange may make available to a Member,

and any such Incentive Programme Benefit may be specified as being limited in duration, or applicable only to specific Contracts or Transactions that satisfy certain Incentive Programme Requirements.

22.7 Where any Incentive Programme makes the availability of Incentive Programme Benefits subject to any Incentive Programme Requirements applying to the trading activity of any Client of a Member, or the nature, identity or behaviour of any such Client:

- (a) it shall be the responsibility of the Member to ensure that the relevant Incentive Programme Requirements are satisfied; and
- (b) it shall be the sole responsibility of the Member to notify its Clients of its participation in the Incentive Programme, and the features of such Incentive Programme, together with the satisfaction of any other disclosure requirements that may be applicable under any relevant law or regulation or the terms of any agreement between the Member and any Client; and
- (c) for the avoidance of doubt, the Exchange has no responsibility to any Client for ensuring that any of the Incentive Programme Benefits are made available by the Member to the relevant Client; any such arrangement shall be governed solely by the arrangements established between the Member and the Client.

For the avoidance of doubt, any reference in these Rules to any "participation" by a Client in any Incentive Programme does not create, imply or infer the creation of any contractual relationship between the Exchange and any Client in relation to such Incentive Programme, nor confer on any Client any entitlement to receive any benefits (including Incentive Programme Benefits) from the Exchange. If and to the extent that the Exchange provides an Incentive Programme that is intended to provide an entitlement for a Client to receive Incentive Programme Benefits, such entitlement shall be established pursuant to separate

contractual documentation between the Exchange and the relevant Client that explicitly establishes the basis for such entitlement.

22.8 Any Clearing Member that participates in any Incentive Programme shall ensure that it shall not, and that any Client shall not, through its participation in the Incentive Programme:

- (a) affect or distort the proper market in any Contract; or
- (b) commit or permit the commission of any market abuse or any other breach of any applicable law or regulation applying to the Member, Client or the trading of any Contract; or
- (c) enter into any Contract that is not compliant with any applicable Incentive Programme Requirements.

22.9 The Exchange may, at any time and from time to time, request from a Member such evidence as the Exchange may consider necessary or appropriate to determine the compliance by the Member, or any Client of the Member, with the Incentive Programme Requirements applicable to any Incentive Programme in which the Member or its Client is participating, and the Member shall, upon receipt of such request, promptly provide such evidence.

22.10 The Exchange may publish the names of any Member or Client participating in any Incentive Programme.

22.11 The Exchange may withdraw any Incentive Programme, together with any Incentive Programme Benefits available thereunder, at any time in its sole discretion. The withdrawal of any Incentive Programme shall not affect any Incentive Programme Benefits that have accrued to a Member prior to the time of such withdrawal.

22.12 Subject to Trading Regulation 21, a Member must not pursue, or permit any Client of the Member to pursue, a Market Making Strategy on the Exchange without first notifying the Exchange and entering into such agreements as the Exchange may specify, including any agreement required to satisfy any applicable legal or regulatory requirement. The Member must ensure that any activity it undertakes on the Exchange in pursuing a Market Making Strategy complies with the term of any such agreement, the Rules, including but not limited to the applicable requirements in Trading Regulation 21, and any relevant administrative procedure.

22.13 Regulation 22.12 above shall apply with effect from 3 January 2018.

23. **RECORDING OF TELEPHONE CALLS**

23.1 The Exchange may record:

- (a) telephone calls between representatives of Members and the Exchange; and
- (b) the telephone number from which representatives of Members call the Exchange, together with the time, date and content of the call,

and may maintain records relating to (a) and (b) above, in each case in accordance with the Exchange's policy on telephone recording from time to time and applicable law.

24. **PERIODIC OTC POSITION REPORTING**

24.1 Each Member shall provide to the Exchange, on a weekly basis (or such other frequency may be specified by the Exchange pursuant to Regulation 24.2):

- (a) such information in respect of positions under over-the-counter contracts;
- (b) in respect of such metal(s);
- (c) at such times; and
- (d) in such format,

as in each case shall be specified by Notice, and which in the opinion of the Exchange could be important for its monitoring and ongoing operation of a fair and orderly market. For the avoidance of doubt, such information may include information regarding the over-the-counter positions of the Member and/or its affiliates and/or its clients.

24.2 The Exchange may, in its discretion, by Notice and with such advance notice as is practicable in the circumstances:

- (a) dis-apply the reporting requirement under Regulation 24.1 from any metal or, include any additional metal(s) to such reporting requirement; and/or
- (b) modify the reporting thresholds for any metal; and/or
- (c) modify the reporting format; and/or
- (d) modify the reporting frequencies or timescales for submission of the information.

PART 3

TRADING REGULATIONS

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during Ring or kerb trading sessions unless expressly authorised by, or under the authority of, the Exchange.

- 16.10 Every LME Select Participant shall nominate one or more Dealers to trade on LME Select on its behalf, and at all times shall be bound by the actions of such Dealers.
- 16.11 The Exchange will grant each Dealer access to LME Select provided such Dealer has met all the requirements for LME Select access that are set out in the Rules.
- 16.12 Applications for Dealer authorisation to trade on LME Select shall be submitted by the relevant LME Select Participant, in writing, to the LME who shall have the right to approve or refuse every such application after such due diligence as it deems appropriate.
- 16.13 Any withdrawal of, or withdrawal of authority from, a nominated Dealer shall likewise be communicated immediately to the Exchange.

17. **DISCRETIONARY ACTIONS, EXTERNAL EVENTS AND EMERGENCIES**

- 17.1 In the event of the Special Committee or the Clearing House having cause to suspect the existence or to anticipate the development or likely development of a corner or undesirable situation or undesirable or improper trading practice which in their opinion has affected or is likely to affect the market, the Special Committee after consultation with the Clearing House may take such steps as in their absolute discretion they deem necessary to contain or rectify the situation and they may give directions to one or several Members (including on behalf of their relevant Client(s)) and/or Persons Subject to the Rules accordingly. Such directions may include, but are not limited to:

- (a) trading out Client Contract positions with one or more particular Clients;
- (b) trading out Cleared Contract positions or positions otherwise related to Cleared Contracts; and
- (c) reducing its net trading position;

in each case, at such time, for such period of time, and in respect of any such metal, Contract, or position of any person as the Special Committee in its sole absolute discretion deems necessary or desirable.

For the avoidance of doubt, the Special Committee may exercise their powers in Trading Regulation 17.1 regardless of whether any Regulatory Position Limit, Exemption Ceiling or Exchange Position Limit has been breached, and/or of whether a valid Exemption is in place, and/or of whether the Exchange has exercised any other power it has under the Rules.

- 17.2 Without prejudice to the generality of this Trading Regulation, such steps may include the suspension or halting or curtailment of trading for such period or for such Prompt Dates in such metals or Contracts as may be specified or the direction that trading be limited to the liquidation of open Contracts and deferral of settlement of some or all Contracts with Prompt Dates in the current month or in the two succeeding months thereafter, subject to such compensation (if any) as the Special Committee may determine being paid to sellers or buyers.
- 17.3 Any decision of the Special Committee pursuant to this Trading Regulation shall be effective on the publication of an appropriate Notice by the Exchange or at the date stated in the

direction. It shall thereafter be incumbent upon the Exchange to ensure that all steps are taken to ensure that normal trading is resumed with the least delay.

- 17.4 The Special Committee may give a direction to a Client (“**Client A**”) under Trading Regulations 17.1 to 17.3 above via one or more Members with whom Client A has one or more Client Contracts (each a “**Relevant Member**” and the direction conveyed to Client A via each Relevant Member the “**Relevant Direction**”). In that case each Relevant Member shall be responsible and fully liable for ensuring that Client A complies with the Relevant Direction.
- 17.4A Any Member or Person Subject to the Rules contravening or failing to comply with any direction or instruction issued under the provisions of Trading Regulations 17.1 to 17.4 above shall be liable to the same sanctions as if a breach of the Rules had been committed by such Member or Person Subject to the Rules.
- 17.5 The Exchange may at its absolute discretion suspend or remove a Contract from trading, including where the Exchange has determined that the Contract no longer complies with the Rules or for any other reason.
- 17.5A Upon becoming aware of significant disruptions to any of the Exchange’s systems and/or the Clearing House’s systems, which have the potential to impact the orderly functioning of the Exchange, including such disruption caused by any misuse of a computer or system, the Exchange after consultation with the Clearing House may take such steps as in its absolute discretion it deems necessary to contain or rectify the situation and may give directions to Members accordingly. Such steps may include, but are not limited to:
- (a) varying the last trading time on the Last Trading Day for a Contract;
 - (b) inputting any particulars into the Matching System on behalf of a Member in order to result in the Execution of one or more Contracts or to otherwise ensure that such particulars are recorded within the systems of the Exchange and the Clearing House, without liability in damages for anything done or omitted to be done in the exercise of such power unless shown to be in bad faith, and without prejudice to Regulation 19 below; and
 - (c) deferral of settlement of some or all Contracts with Prompt Dates in the current month or in the two succeeding months thereafter, subject to such compensation (if any) as the Exchange may determine being paid to sellers or buyers.
- 17.6 Upon the occurrence of any event outside the Exchange which is outside the control of the Exchange, including the commencement of a state of war, revolution, political or economic disturbance or the enactment of legislation or the commencement, suspension or determination of any international agreement, such as may in the opinion of the Exchange prevent free trading in any Contract or so distort the same or the price of any metal (including any Precious Metal), Monthly Average Future, Premium Contract, Warrant, Cash-Settled Future or Cash-Settled Future Index or the level of the Index as no longer to be truly representative of conditions in the international market in any metal, the Exchange shall have the authority to order a complete cessation of trading in such metal, LMEmini Contract, Monthly Average Future, Premium Contract, Warrant, Cash-Settled Future, LMEprecious Future or Index Contract until such time as the Exchange in its absolute discretion deems it appropriate to resume, or to take any of the steps set out in Trading Regulations 17.1 to 17.3

above as it deems necessary at the time. The Exchange shall not take such action as aforesaid without first consulting the Clearing House.

- 17.7 In the event that a cessation or halting or suspension or limitation of trading in any metal, LMEmini Contract, Monthly Average Future, Premium Contract, Warrant, Cash-Settled Future, LMEprecious Future or Index Contract imposed by the Exchange in accordance with Trading Regulations 17.1 to 17.3 or 17.5 above be such as to prevent delivery of the said metal (including any Precious Metal) or settlement of the said LMEmini Contract, Monthly Average Future, Premium Contract, Warrant, Cash-Settled Future, LMEprecious Future or Index Contract or to prevent the closing of an open position, any open Contracts so affected shall be closed by Invoicing Back to the seller at special settlement prices to be determined by the Exchange on the date of announcement of cessation or halting or suspension or limitation of trading.
- 17.8 Notwithstanding anything set out in Trading Regulations 17.1 to 17.7 above:
- (a) neither the Exchange nor the Special Committee shall be required to exercise their power to suspend or remove from trading any Contract which no longer complies with the Rules, where in their judgment such step would be likely to cause significant damage to the interests of investors or the orderly functioning of the financial markets; and
 - (b) the Exchange shall suspend or remove from trading a Contract when required to do so by the FCA.
- 17.9 The Exchange shall notify the FCA of:
- (a) any Notice of the suspension or removal from trading of a Contract which no longer complies with the Rules or which is suspended or removed from trading; and
 - (b) any Notice of the lifting of a suspension or readmission to trading of a Contract that was previously suspended or removed from trading by the Exchange.
- 17.10 In the event that a Regulator intervenes to prohibit or restrict:
- (a) the marketing, distribution or sale of a specific financial instrument or a type of financial instrument with specific features; or
 - (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 The Lending Rules apply to any position in a Contract held by a Member, Client, Person Subject to the Rules and any other person where the Exchange specifies so in the Policy Relating to Position Management Arrangements or in any other Rule.
- 18.2 Members and Persons Subject to the Rules shall ensure that their positions held in a Contract subject to the Lending Rules comply with the Lending Rules at all times.

- 18.3 Except as expressly permitted by the Rules, Members (each a “**Relevant Member**”) shall take reasonable measures and reasonable steps to ensure that, at all times, each position held by each of their Clients (each a “**Relevant Position**”) in a Contract subject to the Lending Rules comply with such Rules as if that Relevant Position was the Relevant Member’s own position.
- 18.4 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.
- 18.5 Compliance with the Lending Rules is subject to the powers of the Special Committee and of the Exchange to take steps or give directions in relation to any position held by any person under their respective powers as set out in these Rules. Without prejudice to these Rules, 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 or the Exchange, in their absolute discretion deem 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, fraudulent misrepresentation 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, Person Subject to the Rules or any 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, including 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) the setting, modification, revocation, monitoring, enforcement or otherwise of a Regulatory Position Limit or of any other position management control;

- (h) the granting (or the refusal to grant), modification, revocation, monitoring, enforcement or otherwise of an Exemption, an Exemption Ceiling and/or any condition applicable to such Exemption; and
 - (i) any other events not set out in (a) to (h) 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.
- 19.4 Nothing in the Rules shall limit or exclude the liability of the Exchange for:
 - (a) death or personal injury as a result of the Exchange's negligence; or
 - (b) any matter for which it would be unlawful under applicable law for the Exchange to exclude or limit or to attempt to exclude or limit its liability.
- 19.5 Regulation 19.4 is without prejudice to the application of section 291 of FSMA (*Liability in relation to recognised body's regulatory functions*).
- 20. **EXCHANGE POSITION LIMITS**
- 20.1 The Exchange may impose an Exchange Position Limit on any Contract in accordance with the Exchange's Policy Relating to Position Management Arrangements or in accordance with any other Rule as published from time to time. Exchange Position Limits shall apply to any position in a Contract held by Members, Clients, Persons Subject to the Rules and any other person where the Exchange specifies so.
- 20.2 Except as expressly permitted by the Rules, Members and Persons Subject to the Rules shall ensure that their positions held in a Contract subject to an Exchange Position Limit are less than or equal to any applicable Exchange Position Limit at all times. Members and Persons Subject to the Rules shall also comply with all Rules pertaining to such Exchange Position Limits at all times.
- 20.3 Except as expressly permitted by the Rules, Members (each a "**Relevant Member**") shall ensure that, at all times, each position held by them for each of their Clients (each a "**Relevant Position**") in a Contract subject to an Exchange Position Limit is less than or equal to the Exchange Position Limit that would apply to that Relevant Position Limit if that Relevant Position was the Relevant Member's own position. Relevant Members shall also take reasonable measures and reasonable steps to ensure that a Client who has a Relevant Position complies with all Rules that would apply to such Relevant Position if that Relevant Position was the Relevant Member's own position.
- 20.4 Compliance with an Exchange Position Limit is subject to the powers of the Special Committee and of the Exchange to take steps or give directions under their respective powers as set out in these Rules. Without prejudice to these Rules, such steps or directions may include suspending, amending or supplementing an Exchange Position Limit for such period or in respect of such Contracts as the Special Committee or the Exchange, in their absolute discretion, may deem necessary.

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 and Persons Subject to the Rules shall be prohibited from placing 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**”). Members shall take reasonable measures and reasonable steps to ensure that their Clients comply with the Backwardation Cap including where Clients are using the order-routing facilities of the LME Select API to place their orders.

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, Client and/or a Person Subject to the Rules has borrowed above the applicable Backwardation Cap, the relevant Member and/or Person Subject to the Rules 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, Client and/or a Person Subject to the Rules has borrowed at a price above the Backwardation Cap, the Exchange may price adjust the relevant Contract to the Backwardation Cap level. Member 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, Client and/or a Person Subject to the Rules has borrowed at a price above the Backwardation Cap, this shall constitute a breach of the Rules by the relevant Member and/or the Person Subject to the Rules.

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.

25. DAILY POSITION REPORTING

- 25.1 Members shall provide a daily position report to the Exchange in compliance with the Exchange's Policy Relating to Position Management Arrangements or in accordance with any other Rule as published from time to time.
- 25.2 Members shall ensure that daily position reporting contain a complete breakdown of their positions in Contracts as well as of the positions in Contracts of their Clients and of the clients of those Clients until the end client is reached.
- 25.3 Members shall provide the identity of their Client and shall have arrangements with their Clients to ensure that such Clients provide the identity of each of their clients until the end-client is reached.

26. REGULATORY POSITION LIMITS

- 26.1 The Exchange shall set Regulatory Position Limits in accordance with the Exchange's Policy Relating to Regulatory Position Limits and Exemptions or in accordance with any other Rule as published from time to time. Regulatory Position Limits shall apply to all positions in Critical Contracts and Related Contracts held by Members, Clients, Persons Subject to the Rules and any other person.
- 26.2 Except as expressly permitted by the Rules, Members and Person Subject to the Rules shall ensure that their positions in Critical and Related Contracts are less than or equal to any applicable Regulatory Position Limit at all times. Members and Persons Subject to the Rules shall also comply with all Rules pertaining to such Regulatory Position Limits at all times.
- 26.3 Except as expressly permitted by the Rules, Members (each a **"Relevant Member"**) shall ensure that, at all times, each position held by them for each of their Clients (each a **"Relevant Position"**) in a Critical and Related Contract is less than or equal to the Regulatory Position Limit that would apply to that Relevant Position if that Relevant Position was the Relevant Member's own position. Relevant Members shall take reasonable measures and reasonable steps to ensure that a Client who has a Relevant Position complies with all Rules that would apply to such Relevant Position if that Relevant Position was the Relevant Member's own position.
- 26.4 Compliance with a Regulatory Position Limit is subject to the powers of the Special Committee and of the Exchange to take steps or give directions under their respective powers as set out in these Rules. Without prejudice to these Rules, such steps or directions may include suspending, amending or supplementing a Regulatory Position Limit for such period or in respect of such Critical and Related Contract as the Special Committee or the Exchange, in their absolute discretion, deem necessary.

27. **EXEMPTIONS AND EXEMPTION CEILINGS**

- 27.1 For the purposes of holding a position in a Critical and Related Contract in excess of a Regulatory Position Limit, Members, Clients and Persons Subject to the Rules may apply to the Exchange for an Exemption from a Regulatory Position Limit and for an Exemption Ceiling.
- 27.2 Exemption Holders shall ensure that their positions in a Critical and Related Contract do not exceed their Exemptions Ceiling and shall comply with all of the Rules pertaining to and the conditions applicable to their Exemption and Exemption Ceiling at all times.
- 27.3 Without prejudice to any other Rule, the Exchange may revoke or modify any Exemption, Exemption Ceiling and/or any condition applicable to such Exemption in accordance with the Exchange's Policy Relating to Regulatory Position Limits and Exemptions at any time with immediate effect or with effect from such date as the Exchange may specify.
- 27.4 Without prejudice to Regulation 27.3 above, compliance with an Exemption and/or an Exemption Ceiling is subject to the powers of the Special Committee and of the Exchange to take steps or give directions under their respective powers set out in these Rules.

28. **ACCOUNTABILITY THRESHOLDS**

- 28.1 The Exchange shall set Accountability Thresholds in accordance with the Exchange's Policy Relating to Position Management Arrangements or in accordance with any other Rule as published from time to time. Accountability Thresholds shall apply to positions in Critical

Contracts, Related Contracts and over-the-counter contracts held by Members, Clients, Persons Subject to the Rules and any other person.

28.2 For the avoidance of doubt, a Member, Client, Person Subject to the Rules and/or any other person may hold positions in Critical Contracts, Related Contracts and over-the-counter contracts in excess of an Accountability Threshold. The Exchange or the Special Committee may exercise their respective powers under the Rules and give any such directions to Members and/or Persons Subject to the Rules in relation to any position held by any person as they deem appropriate.

28.3 Except as expressly permitted by the Rules, Members (each a “**Relevant Member**”) shall ensure that, at all times, each position held by them for each of their Clients (each a “**Relevant Position**”) in a Critical and Related Contract shall be monitored against the Accountability Thresholds as if those positions were the Member’s own positions. Members shall take reasonable measures and reasonable steps to ensure that Clients respond to any information request made or any direction given by the Exchange or the Special Committee.

29. **POWERS OF THE EXCHANGE**

29.1 Without prejudice to any other Rule, if at any time the Exchange:

- (a) considers it necessary or desirable, in its sole and absolute discretion, to maintain market orderliness or otherwise comply with its regulatory obligations; and/or
- (b) has cause to suspect a failure by any person to comply with any Rule pertaining to a Regulatory Position Limit, Exemption, Exemption Ceiling or any Rule set out in the Exchange’s Policy Relating to Position Management Arrangements; and/or
- (c) has cause to suspect the existence or to anticipate the development or likely development of a corner or undesirable situation or undesirable or improper trading practice which in its opinion has affected or is likely to affect the market;

the Exchange may take such steps as it determines are necessary in its absolute discretion to contain or rectify the situation and/or it may give directions to Members (including on behalf of their relevant Client(s)) and Persons Subject to the Rules accordingly.

29.2 The steps and/or directions that the Exchange may take or give pursuant to Regulation 29.1 above may include but are not limited to:

- (a) requiring a person not to increase a position; and/or
- (b) requiring a person to modify a position including reducing, terminating or otherwise; and/or
- (c) revoking or modifying any Exemption, Exemption Ceiling and/or any condition applicable to such Exemption;

in each case, at such time, for such period of time, and in respect of any such metal, Contract, or position of any person as the Exchange in its sole and absolute discretion deems necessary or desirable.

29.3 For the avoidance of doubt, the Exchange may exercise its powers in Regulation 29.2 above regardless of whether any Regulatory Position Limit, Exemption Ceiling or Exchange Position

Limit has been breached, and/or of whether a valid Exemption is in place, and/or of whether the Exchange or the Special Committee has exercised any other power under the Rules.

- 29.4 Any Member or a Person Subject to the Rules contravening or failing to comply with any step taken or direction given by the Exchange under Regulation 29.2 above shall have committed a breach of the Rules.
- 29.5 The Exchange may give a direction to a Client (“**Client A**”) under Trading Regulation 29.2 via one or more Members with whom Client A has one or more Client Contracts (each a “**Relevant Member**”) and the direction conveyed to Client A via each Relevant Member the “**Relevant Direction**”). In that case each Relevant Member shall be responsible and fully liable for ensuring that Client A complies with the Relevant Direction, and any failure to do so may be deemed a breach of the Rules.
- 29.6 Nothing in this Regulation 29 of Part 3 of the Rules shall be construed to limit the powers of the Exchange or the Special Committee set out in another Rule.

PART 7
REQUIREMENTS FOR THE LISTING OF BRANDS

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