



# LME Market Data Audit Policy

Please respond to:  
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## 1 DEFINITIONS

1.1 In this Audit Policy, the terms shall have the meanings set out in the Agreement, unless otherwise specified below:

<b>"Audit Team"</b>	means the individuals carrying out the audit on behalf of the LME, from both the LME and third party auditors representing the LME;
<b>"Auditee"</b>	means a party subject to audit either directly or indirectly under the Agreement.

## 2 AUDIT POLICY

Without limiting the generality of the Audit clauses in the Agreement, this Audit Policy sets out the objectives and procedures of audits conducted by the LME or any third party acting on behalf of the LME, relating to the Permitted Use.

## 3 AUDIT OBJECTIVES

The purposes of the audit include, but are not limited to the below:

- Ensuring that the Auditee and any customers of the Auditee are complying with any agreements to which they are a party;
- Ensuring that the Auditee is collecting and paying the appropriate Fees due to the LME in accordance with the Price List and any LME policies to which they are, or should be party;
- Verifying the accuracy of any Reports provided to the LME, both directly and indirectly via licensed distributors of LME Data;
- Ensuring the LME's Intellectual Property Rights are not infringed;
- Ensuring Auditee has correct licences in place for use of LME data;
- Identifying potential sources of error, and rectifying these potential errors.

## 4 AUDIT SCOPE

The scope of Audit includes, but is not limited to the below:

Scope	
<b>Auditees</b>	Licensees and Affiliates; Subscribers and Users; Service Facilitators; ISVs; Booking Fee Participants under the Financial OTC Booking Fee Policy.  Note that where the LME is auditing entities within the same corporate group, the LME will conduct a single group level audit and will only issue a



	single audit notification. The Licensee shall coordinate the collation of audit materials from each of the entities subject to the audit.
<b>Data</b>	LME Data received, used, or distributed by any means.
<b>Systems</b>	Systems and applications using and/or redistributing data, procedures, and systems that control release and/or provision of access to data for verifying compliance.
<b>Audit Period</b>	<p>The period of two (2) years preceding the date of the audit. If the date of the audit changes, the audit period will be the two years preceding the new audit date.</p> <p>If the Licensee has been audited in the last two years, the audit period shall be from the date of the completion of the last audit to the date of the proposed audit.</p> <p>If the LME, acting reasonably, believes that non-compliance has occurred, the LME may extend the audit period from two years to five years.</p>

## 5 AUDIT NOTIFICATION AND ON-SITE AUDIT

### 5.1 AUDIT NOTIFICATION AND PLANNING

- The LME will provide notice of an audit in writing with at least 30 days' notice, except in the case of suspected material breach of licence, where 30 days' notice is not required.
- The Auditee can request deferral of an audit for up to 90 days; however approval of deferral is at LME's absolute discretion, such discretion not to be unreasonably withheld.
- Note that the Auditee will bear the costs of any amendments to the Audit Team's (including third party auditors) travel arrangements and / or other ancillary costs arising as a result of any change of the audit date made at the request of the Auditee.
- The LME may, at its sole discretion, change the audit date if the LME cannot reasonably carry out the audit on the original audit date. If the LME changes the audit date in accordance with this paragraph, the LME will bear the cost of any of its amended travel arrangements and / or other ancillary costs.
- The LME may appoint a third party auditor to carry out the audit on behalf of the LME. The Auditee may, acting reasonably, write to the LME to request an alternative third party auditor, providing sufficient reason for the request, to be approved at the discretion of the LME, such discretion not to be unreasonably withheld.
- The Auditee shall confirm that adequate resources and materials will be provided for the duration of the audit. Where requested by the LME, the Auditee shall provide access to a demonstration of relevant systems involved in the access, use and / or distribution of Data.
- The LME will provide an Audit Preparation document prior to the audit, confirming the scope of the audit, including any specific requirements.



- The LME will arrange a call to discuss the Audit Preparation document to ensure the requirements and expectations are clear to the Auditee, and to answer any questions the Auditee may have. The LME will only request information and demonstrations of systems that are pertinent to prove compliance with any relevant Agreements.

## **5.2 ONSITE AUDIT**

- The audit shall be conducted at the primary location of permissioning of users, unless otherwise agreed in writing by the LME. The LME may, at its sole discretion, choose to conduct a remote audit where it deems it appropriate to do so.
- The Audit Team may examine systems and/or procedures that control access to or provisioning of Data, as well as systems and/or applications that use and/or redistribute the Data.
- The Audit Team may request reports or extracts for the Audit Period from these systems, including any honesty statements for the purposes of verifying compliance with the Agreement and relevant Permitted Use Terms. The Audit Team may request further information regarding these systems if required, which can include, but is not limited to, technical specifications, or information about application use of Data.
- The Audit Team may also request further information regarding internal use of data, including discussions with system or application owners and users, details of internal entitlement systems and details of all use of Data.
- The Audit Team may request documentation from the Auditee, including an organisational chart of the licensed entity, any terms of use with end users, service facilitators or ISVs and a price list for redistribution of the Data.
- The Audit Team may request a demonstration of products using or distributing the Data.

## **6 AUDIT FINDINGS**

- Preliminary audit findings and requested actions will be communicated to Licensee within three (3) weeks of audit, unless otherwise confirmed in writing by the LME.
- The Auditee will be given opportunity to comment on these findings within two (2) weeks of issue of preliminary audit findings, and the Audit Team will then set an appropriate timeline for rectifying issues and subsequent closure of the audit. Should the Auditee not provide comments within this period, the timeline for rectifying issues and closure of the audit will be set at the discretion of the LME.
- Regular meetings or calls will be scheduled to receive updates on outstanding actions for rectifying issues, no less frequent than fortnightly, or as otherwise agreed by the LME and Auditee.

## **7 AUDIT RESULTS AND CLOSURE**

- The LME will notify in writing when the compliance of the Auditee has been confirmed, including upon receipt of any payment required for any liability found during the audit.
- The LME will also issue a Summary Audit Report to the Auditee, with an abridged summary of audit findings, actions, recommendations, outcomes and outstanding payments. The Auditee has two (2) weeks to comment on this from the date of issue. If Auditee disputes in good faith any portion of the Summary Audit Report, the parties shall work in good faith to resolve such a dispute prior to issuing the final Summary Audit Report. Should the Auditee not provide comment within this period, the Summary Audit Report shall stand.



## 8 AUDIT COST AND PAYMENT OF OUTSTANDING FEES

- The LME shall bear the costs of any audit conducted except where the audit reveals a material breach or underpayment of more than 10% of the annual Fees paid by the Licensee, the Licensee shall bear the reasonable costs and expenses of that audit.
- If the audit reveals that there has been an underpayment of Fees, the LME shall immediately issue the Licensee with an invoice for the outstanding Fees, payable as per the Fees clause of the Agreement. Where the LME has conducted a group and / or global audit, the LME will issue one invoice. The Licensee can request the single invoice displays the amounts owing by each group entity.
- In the event that an audit reveals a lack of records or failure of internal controls, but the amount of under-reported Fees and charges cannot be established with reasonable certainty or agreed between the parties, the LME shall appoint an independent professional auditor to assess the amount owed to the LME. In the event of such an audit:
  - a) the LME and the Licensee agree to accept the assessment or estimate of the appointed auditor; and
  - b) the costs of the auditor will be borne by the Licensee if the audit reveals outstanding Fees owed to the LME, or by the LME if the audit reveals that there are no outstanding Fees.

## 9 CONFIDENTIALITY

- All information collected during the course of an Audit will be treated as confidential by the LME or any third party auditors working on behalf of LME;
- Any third party auditors working on behalf of LME will do so in adherence to the Confidentiality clauses of the Agreement.
- Where the Licensee requests that the LME execute an NDA for the purposes of an Audit, the LME's standard mutual NDA shall apply.

