

To: All members, warehouse companies and their London agents

Ref: 26/059

Classification: Disciplinary

Date: 04 March 2026

Subject: **DISCIPLINARY ACTION: PAC GLOBAL SERVICES SPAIN S.A.U**

Summary

1. This Notice records the settlement of a disciplinary action brought by the LME against Pac Global Services Spain S.A.U. (“**PGS**”) which includes a financial penalty of £250,000.
2. Terms not defined in this Notice have the same meaning given to them in the terms and conditions of the warehouse agreement (the “**Warehouse Agreement**”).

Background

3. Following an investigation (the “**Investigation**”) by the LME, the Enforcement Committee of the LME instructed that disciplinary proceedings be instituted against PGS in respect of breaches of the Warehouse Agreement.
4. The Acts of Misconduct alleged against PGS arise from breaches of the following clauses of the Warehouse Agreement and Regulations of the LME Rulebook:
 - (a) Regulation 6.1(d) of Part 6 of the Special Contract Rules for Primary Nickel of the LME Rulebook (“**Special Contract Rules**”);
 - (b) Clause 2.2.2(iii) of the Warehouse Agreement;
 - (c) Clause 3.2 of the Warehouse Agreement;
 - (d) Clause 6.3.2 of the Warehouse Agreement;
 - (e) Clause 7.4.2 of the Warehouse Agreement;
 - (f) Clause 11.1 of the Warehouse Agreement;
 - (g) Clause 11.6 of the Warehouse Agreement; and
 - (h) Clause 11.8 of the Warehouse Agreement.
5. In January 2023, the LME conducted a site visit to Warehouse A (the “**Site Visit**”), a shed in PGS’s Rotterdam operation, and identified that three nickel Warrants had been intentionally loaded out of Warehouse A and sent to a non-LME approved facility within the same Delivery Point, while the metal continued to be listed as Cancelled Tonnage in LMEsword (“**Incident 1**”). The LME has found that Incident 1 breached clauses 3.2 and 6.3.2 of the Warehouse Agreement.
6. The Investigation also found inadequacies with PGS’ bagging, labelling and storing of bagged nickel Warrants, and the written processes and training provided by PGS in relation to these activities. In particular, the LME identified that a nickel bag had been labelled with the incorrect brand, which is a breach of Regulation 6.1(d) of the Special Contract Rules. The LME also identified that there were a small number of damaged nickel bags, with the damaged bags originally being identified within PGS’ independent third party audit report which was produced prior to the Investigation, however the issue was only rectified once the LME became aware of the issue during the Investigation. The failure to re-bag the damaged nickel bags, particularly in circumstances where PGS was aware of the issue and did not promptly resolve it, breached clauses 11.1 and 11.6 of the Warehouse Agreement. Furthermore, the Investigation also found that PGS had inadequate written processes and procedures, and training provided to its staff and its agent’s staff, in relation to the storage, handling and delivery out of bagged



nickel which breached clauses 11.1 and 11.8 of the Warehouse Agreement (the incidents referred to within paragraph 6 are hereafter referred to collectively as “**Incident 2**”).

7. PGS engaged an agent to operate Warehouse A, with the agent also being instructed to conduct periodical warehouse inspections of Warehouse A as required by clause 7.4.1 of the Warehouse Agreement. However, as written records were not retained of the inspection, as required by the Warehouse Agreement, PGS breached 7.4.2 of the Warehouse Agreement (“**Incident 3**”).
8. During the Investigation, the LME identified in February 2025 that there were 62 copper Warrants which were being stored in an open yard outside of an LME-listed warehouse in Kaohsiung, Taiwan (“**Incident 4**”, Incidents 1, 2, 3 and 4 are hereafter referred to as the “**Incidents**”). Once Incident 4 was identified by the LME, the 62 Warrants were immediately moved inside an LME-approved shed. However, the storage of metal on Warrant outside of an LME approved shed is an egregious breach of the Warehouse Agreement, particularly clause 2.2.2(iii) of the Warehouse Agreement, and as such the financial penalty reflects this.

Settlement

9. Prior to the institution of disciplinary proceedings, the LME and PGS agreed a settlement in which PGS agreed to pay a financial penalty of £250,000 in respect of the Incidents.
10. In agreeing the settlement, the LME took account that PGS has taken remedial steps to minimise the risk of instances, similar to the Incidents, from re-occurring.

Adherence to the Warehouse Agreement

11. The LME reminds Warehouses that they must keep the Exchange promptly informed of any information concerning Underlying Metal that they store and which the Exchange expects to be disclosed to it, including (but not limited to) the erroneous load-out of Warrants. Failure to promptly notify the LME of such matters could impact the accuracy of the information that the Exchange publishes, such as the daily stock reports, and which could, in turn adversely impact the orderly running of the market.
12. Furthermore, although Warehouses are able to use agents to operate their LME-approved sheds, Warehouses are reminded that they remain responsible for their agents’ conduct and Warehouses are required to ensure that their agents are suitable, adequately trained and properly supervised.

Susan Small

General Counsel & Head of Enforcement

cc: Board Directors
Warehousing Committee