

To: All members and other interested parties

Ref: 26/180

Classification: Disciplinary

Date: 6 July 2026

Subject: **LME INDICATIVE PENALTIES**

## Summary

1. Pursuant to Regulations 14.35-14.35.7 of Part 2 of the Rules and Regulations of the LME (the “LME Rulebook”), this Notice sets out indicative financial penalties (“Indicative Penalties”) for Members, Dealers, Member Representatives and Persons Subject to the Rules to be attached to certain Acts of Misconduct<sup>1</sup> in the LME Rulebook. The Indicative Penalties represent the level of financial penalty the LME and the Enforcement Committee consider may be appropriate for certain acts of misconduct given no aggravating or mitigating circumstances. The Enforcement Committee has ratified the Indicative Penalties contained within this Notice in accordance with Regulation 14.36 of Part 2 of the LME Rulebook.

## Defined Terms

2. Terms not otherwise defined herein shall have the meaning ascribed to them in the LME Rulebook.

## Background

3. This Notice withdraws and replaces Notice 24/136 dated 2 April 2024 (“Notice 24/136”). The purpose of this Notice is to explain that significant, egregious and/ or repeated breaches of a Regulatory Position Limit, an Exemption Ceiling or condition attached to an Exemption Ceiling, or any Rule pertaining to a Position Management Control shall be treated as breaches which may bring the LME or any of its markets into disrepute and be subject to a penalty as set out within this Notice.

## Nature and Scope this Notice

4. The LME considers that any penalty imposed, including the level of any fine, should reflect the nature, gravity and circumstances of the relevant Act or Acts of Misconduct as well as being sufficient to act as a credible deterrent to: (i) the Member or Person Subject to the Rules from committing a future Act of Misconduct; and (ii) other Members or Person Subject to the Rules from committing a similar Act of Misconduct. This is the framework upon which this guidance has been prepared and upon which the LME approaches enforcement of the LME Rulebook.
5. The Indicative Penalties that are set out in this Notice are the starting point in the LME’s or the Enforcement Committee’s, or relevant Disciplinary Committee or Appeal Committee’s (as the case may be) assessment of the financial penalty that is to be imposed upon a Member, Dealer, Member Representative or Person Subject to the Rules, whether through settlement or disciplinary proceedings, for certain Acts of Misconduct. In determining the appropriate financial (or non-financial) penalty to be imposed, the specific circumstances of the Act of Misconduct in question shall be taken into account by, the Enforcement Committee, a Disciplinary Committee, an Appeal Committee or the LME (as applicable), including any aggravating or mitigating factors. This means that the level of any financial penalty that is imposed in relation to a particular Act of

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<sup>1</sup> As defined in Regulation 13.2 of Part of the LME Rulebook.



Misconduct may be above or below the relevant Indicative Penalty.

6. For the avoidance of doubt, the Indicative Penalties that are set out in this Notice are not intended in any way to fetter the discretion of the Enforcement Committee, a Disciplinary Committee, or an Appeal Committee, or the LME to impose any penalty, including a non-financial penalty that is deemed appropriate in the circumstances. This Notice is not intended to be exhaustive, and there may be other factors to be taken into account when consideration is being given to the specific circumstances of any particular Act of Misconduct, including those for which Indicative Penalties are provided in this Notice.
7. The LME is mindful that the action it takes against Members, Dealers, Member Representatives and Persons Subject to the Rules for breaches of the LME Rulebook must be appropriate and in accordance with its own regulatory obligations. The LME believes that it is not possible or appropriate to formulate Indicative Penalties for every potential rule breach. However this Notice provides Indicative Penalties for certain breaches for which the LME considers financial penalties are able to be appropriately set.
8. The LME may update or supplement this Notice from time to time, whether in the form of Notices or in other communications from the LME.

### **Summary of the Investigation and Enforcement Process**

9. Pursuant to Regulation 13 of Part 2 of the LME Rulebook, the LME may, in its absolute discretion, conduct an Investigation where it considers that there is sufficient evidence to suspect that one or more Acts of Misconduct (as defined in Regulation 13.2 of Part 2 of the LME Rulebook) may have occurred.
10. During an Investigation, the LME will request information from the Member or Person Subject to the Rules concerned and may (pursuant to Regulation 13.6 of Part 2 of the LME Rulebook) require that meetings and/or interviews be held with representatives from the Member or Person Subject to the Rules to answer questions or provide explanations on issues that the LME considers relevant to the Investigation.
11. Once the LME has completed its Investigation the LME may take one or more of the following courses of action, as applicable, pursuant to Regulation 14.1 of Part 2 of the LME Rulebook:
  - (a) Take no further action: if, after having submitted an investigation report to the Enforcement Committee, the Enforcement Committee determines, on the balance of probabilities, that an Act of Misconduct has not occurred;
  - (b) Issue a Private Warning: if the LME considers that a violation of the LME Rulebook has occurred, it may, at its absolute discretion, determine to issue a Private Warning. Private Warnings will normally be issued for minor, uncontested violations of the LME Rulebook. However, there may be other instances where, given the specific circumstances of the case, the LME considers it appropriate to issue a Private Warning. Private Warnings are, by their nature, private communications between the LME and the Member, Dealer, Member Representative or Person Subject to the Rules and will not be published by Notice. A Private Warning shall not constitute an official form of disciplinary sanction but may be taken into account by the LME or the Enforcement Committee or any Disciplinary Committee or Appeal Committee when considering any subsequent Act of Misconduct by the Member, Dealer, Member Representative or Person Subject to the Rules who has received a Private Warning. There is no right of appeal against a Private Warning;
  - (c) Impose a Fixed Penalty: a Fixed Penalty may be imposed on a Member, Person Subject to the Rules or Client of Concern if the Act of Misconduct constitutes a Fixed Penalty Offence. A Member may appeal the imposition of a Fixed Penalty in accordance with the procedures set out between Regulations 14.60 and 14.68 of Part 2 of the LME Rulebook and Notice [X], as amended from time to time; and
  - (d) Recommend to the Enforcement Committee that disciplinary action be taken either by way of the commencement of disciplinary proceedings or settlement: where the LME



considers that there is evidence that an Act of Misconduct has occurred, and the courses of action at paragraphs 11 (a) – (c) above are not deemed appropriate, the Enforcement Committee may determine that disciplinary proceedings should be commenced against the relevant Member, Dealer, Member Representative or Person Subject to the Rules concerned.

#### Disciplinary Proceedings

12. If the Enforcement Committee considers it appropriate for the LME to commence disciplinary proceedings, a Notice approved by it setting out the alleged Act of Misconduct, together with a summary of the facts relied upon, shall be served by the LME on the Member, Dealer or Member Representative. The Member, Dealer, Member Representative or Person Subject to the Rules shall have twenty (20) Business Days from service of the Notice to serve a Defence.
13. If a Member, Dealer, Member Representative or Person Subject to the Rules serves a Defence within twenty (20) Business Days, the LME will consider the Defence and may choose either to (a) continue disciplinary proceedings, (b) discontinue disciplinary proceedings, or (c) issue a Private Warning. In the case of (a), the Head of Enforcement will refer the case to the Chairman of the Disciplinary Panel who will constitute a Disciplinary Committee in accordance with Regulation 14.8 of Part 2 of the LME Rulebook in order to hear and determine the case. The Disciplinary Committee will notify the LME, and the Member, Dealer, Member Representative or Person Subject to the Rules in writing that it has been constituted and the date on which it has been constituted. In the case of (b) or (c), any such decision will be subject to ratification by the Enforcement Committee and will not be effective until such ratification. Following ratification, the LME will inform the Member, Dealer, Member Representative or Person Subject to the Rules of the decision in writing.

#### Appeals

14. Within ten (10) Business Days of service of the Disciplinary Committee's decision, either the Member, Dealer, Member Representative or Person Subject to the Rules or LME may appeal the decision by serving a Notice of Appeal on the Chairman of the Appeal Panel and the LME, in accordance with Regulations 14.41 and Regulations 14.42 of Part 2 of the LME Rulebook. On receipt of the Notice of Appeal, the Chairman of the Appeal Panel will constitute an Appeal Committee, in accordance with Regulation 14.85 of Part 2 of the LME Rulebook, to determine the appeal. The decision of the Appeal Committee will be notified to the parties as soon as practicable and shall be final.

#### Settlement

15. The LME and Member, Dealer, Member Representative or Person Subject to the Rules may, pursuant to Regulation 14.69 of Part 2 of the LME Rulebook, agree to a settlement in lieu of disciplinary proceedings. Settlement may be agreed between the LME and Member, Dealer, Member Representative or Person Subject to the Rules at any time after the issuance of an Notice of Investigation ("NoI") up to the commencement of the disciplinary hearing. Any settlement negotiations that occur shall be conducted on a without prejudice basis, including any settlement discussions in which a settlement discount may apply. If the LME and Member, Dealer, Member Representative or Person Subject to the Rules agree to a settlement, the terms of such settlement must be submitted to the Enforcement Committee in the form of a settlement agreement for ratification. The terms of a settlement agreement will not take effect until the settlement agreement is ratified by the Enforcement Committee. All settlement agreements that are ratified by the Enforcement Committee have the same status as a decision served by a Disciplinary Committee.

#### Settlement Discount

16. A reduction of 30% in the amount of the financial penalty that would otherwise apply will be offered to a Member, Dealer, Member Representative or Person Subject to the Rules if they agree to a settlement from any time between an NoI being issued and such time as the Enforcement Committee considers in its absolute discretion to be reasonable and appropriate (the "Settlement Window"). As a general guide, the Enforcement Committee will consider a three



month period (from the date that settlement discussions begin) to be a reasonable amount of time for the Settlement Window. However, there may be circumstances when the Settlement Window should be extended (for example, if a case is particularly complex). If such a situation arises, the LME may request the Enforcement Committee to grant an extension to the Settlement Window and the Enforcement Committee may grant such additional time as it considers reasonable and appropriate. The 30% reduction for settlement within the Settlement Window will operate as an automatic discount after the decision on the applicable financial penalty has been agreed, that is after all relevant circumstances, including mitigation, have been taken into account by the Enforcement Committee. In certain circumstances and, depending on the particular facts of a case, this may mean that settlement is agreed between the LME and a Member, Dealer, Member Representative or Person Subject to the Rules for an amount that is below the Indicative Penalties contained within this Notice. A settlement discount will not be applied to any settlements that are agreed between the LME and a Member, Dealer, Member Representative or Person Subject to the Rules after the expiry of the Settlement Window.

17. In addition to a settlement discount, the LME may, in the exercise of its discretion, award an additional discount to a Member, Dealer, Member Representative or Person Subject to the Rules who has demonstrated good co-operation with the Exchange's enquiries (in accordance with Regulation 13.6 of Part 2 of the Rulebook) during the course of an Investigation. The co-operation discount and the settlement discount, if applied to a financial penalty, shall be applied independently of one another. This means that the application of the settlement discount shall first be applied to a financial penalty. The co-operation discount shall then be applied to the amount of the financial penalty after the settlement discount has been applied.

#### **Acts of Misconduct and Indicative Penalties**

18. This section of the Notice sets out a non-exhaustive list of Indicative Penalties for certain Acts of Misconduct. It is the view of the LME that it is inappropriate, however, to prescribe Indicative Penalties for certain Acts of Misconduct, particularly for market abuse.
19. Market abuse may constitute both a civil offence under the UK Market Abuse Regulation as well as a criminal offence under UK law. Therefore the LME will refer any potential instances of market abuse it detects on its market without delay to the UK Financial Conduct Authority (the "FCA"). This will not preclude the LME from itself commencing an investigation into a potential instance of market abuse and ultimately commencing disciplinary action if appropriate. The LME takes any form of market abuse extremely seriously and the LME Rulebook also makes clear that any such behaviour is prohibited on the LME.<sup>2</sup> Given its serious nature, the LME does not consider it appropriate to prescribe any Indicative Penalties for Acts of Misconduct relating to market abuse.

#### **Bringing the LME or any of its Markets into Disrepute**

20. Regulation 13.2(f) of Part 2 of the Rulebook states that an Act of Misconduct includes: "*conduct which has brought or may be likely to bring the Exchange or any of its markets into disrepute.*"

Examples of conduct in breach of this Regulation might include, without limitation:

(i) a deliberate failure to adhere to the Lending Rules, or (ii) a serious failure to observe high standards of market conduct, (iii) knowingly engaging in conduct that causes a Client or Clients to be disadvantaged; (iv) a breach of a Regulatory Position Limit, an Exemption Ceiling or condition attached to an Exemption, or any Rule pertaining to a position management arrangement. It should be noted that it is possible that this Regulation could be breached in addition to other Acts of Misconduct (e.g. if market abuse occurs on the LME, the behaviour could in turn bring the LME market into disrepute). Due to the potential for this Act of Misconduct to undermine the integrity of the LME market, the LME considers the Indicative Penalty set out below to be appropriate. However, depending on the extent of the breach and the circumstances in which it occurred, this penalty could be significantly more than the level set out below.

Indicative Penalty: £400,000 and upwards.

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<sup>2</sup> Please especially see Regulation 12.7 of Part 2 of the LME Rulebook and Regulation 14 of Part 3 of the LME Rulebook



## **Member Systems and Controls**

21. Regulation 12.6(c) of Part 2 of the LME Rulebook states that a Member shall: “*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.*”
22. Without limitation, any failure of any of surveillance, monitoring, compliance, and/or management control may indicate that a breach of this Regulation has occurred. Examples of failings which might constitute a breach include: (i) failure to provide adequate training for staff responsible for LME surveillance, (ii) failure to have adequate procedures in place to ensure compliance with the LME Rulebook or (iii) failure to have adequate systems and controls in order to detect, deter and deal with potential incidences of market abuse.
23. Breaches might range from minor to more serious failures. Where such failures are isolated, with no notable market impact (or potential to have a notable market impact) this might only warrant a relatively minor penalty. A more systemic or serious failure of systems, controls or processes might warrant a significantly larger financial penalty. A breach may be serious or systemic (without limitation) where one or more of the following has occurred: (i) where the breach has occurred with significant frequency and/or duration, (ii) where the breach was known, or ought to have been known, to senior management yet senior management took no action to remedy the situation (iii) where the breach had a notable market impact or had the potential to have had such an impact or (iv) where there are a number of different systems and control failures. Along with a financial penalty, Members in breach of this Regulation should also expect the LME to consider a non-financial penalty such as (but not limited to) requiring a remedial plan to be undertaken or obtaining independent assurance as to the appropriateness of systems and controls.

Indicative Penalty for minor breach: £100,000 and upwards.

Indicative Penalty for a serious or systemic failure: £400,000 and upwards.

## **Dealing with the LME in an open and cooperative manner**

24. Regulation 12.6(m) of Part 2 of the LME Rulebook states that a Member shall: “*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 its Clients and clients of its affiliates deal with the Exchange in an open and cooperative manner*”. Regulation 12.6.2 (c) of Part 2 of the LME Rulebook states that a Person Subject to the Rules shall “*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*”.
25. This Regulation has two elements, namely:
  - (i) To deal with the LME in an open and cooperative manner (“Element 1”); and
  - (ii) To keep the LME promptly informed of anything concerning the Member which might reasonably be expected to be disclosed to it (“Element 2”, together with Element 1, the “Elements”).
26. It may be that particular factual circumstances result in both Element 1 and Element 2 being breached, or that only one of the Elements is breached. The LME requires its Members and Persons Subject to the Rules to be open, transparent and cooperative with the LME at all times.



This is key to the LME being able to maintain its orderly market. This expectation applies in the ordinary course of the Member's and Persons Subject to the Rules dealings with the LME, including during the course of enquiries made of the Member by the LME, whether in the course of an Investigation or otherwise<sup>3</sup>. Equally, the LME expects a Member and Person Subject to the Rules to disclose any matter falling under Element 2 to the LME as soon as the Member or Person Subject to the Rules either becomes aware, or ought to have become aware, or has reasonable grounds for believing that such a disclosure matter has arisen or will arise. Failure to do so may have the potential to impact the market or the LME's ability to make timely and appropriate decisions in order to maintain an orderly market and comply with its regulatory obligations (as indeed may a breach of Element 1). A minor breach may occur where (without limitation) a Member or Person Subject to the Rules unintentionally fails to disclose something which might reasonably be expected to be disclosed to the LME but which has no notable market or regulatory impact (or potential to have a notable market or regulatory impact). A serious breach may (without limitation) occur if for example a Member or Person Subject to the Rules has failed to be honest and truthful with the LME, or has knowingly misled or concealed any matter or if the breach has a notable market or regulatory impact or potential to have a notable market or regulatory impact. The LME would also consider that Members or Persons Subject to the Rules who withhold or fail to disclose relevant information from the LME during the course of an Investigation or as otherwise required under the Rules or otherwise may have breached this Regulation.<sup>4</sup>

Indicative Penalty for minor breach: £75,000 and upwards.

Indicative Penalty for serious breach: £250,000 and upwards.

### **Conduct of Business and Treatment of Clients**

27. The LME expects its Members to adhere to relevant FCA rules and guidance regarding business standards, including, without limitation, the Conduct of Business Sourcebook and the Handbooks relating to Client Assets (CASS) and Market Conduct (MAR). The LME also expects its Members to observe relevant LME Rules, Administrative Procedures and guidance regarding conduct of business and treatment of Clients<sup>5</sup>. Pursuant to Regulation 12.6(a) of Part 2 of the

LME Rulebook, a Member shall: "*observe high standards of integrity and fair dealing*". In addition, Regulation 12.6(d) of Part 2 of the LME Rulebook states that a Member shall "*not unfairly place their interests above those of their Clients*" and "*either avoid any conflict of interest arising between itself and a Client or, where conflicts arise, manage conflicts of interest fairly*". Without limitation, the LME expects its Members to act honestly, fairly and professionally at all times in their dealings with Clients. Conduct which causes or could be reasonably expected to cause a Client or Clients to be disadvantaged would, in most cases, be regarded as a serious breach of the Rules.

28. The LME believes that, for the purposes of setting out Indicative Penalties regarding breaches relating to conduct of business and treatment of Clients, breaches can be categorised into different levels of intention/knowledge, as follows: negligent, reckless and deliberate.

#### **Negligent**

(i) This covers cases where a Member had failed to act with due care and skill, but did not have a deliberate or reckless intention to disadvantage a Client and did not have a reckless disregard as to whether that Client would be disadvantaged.

Indicative Penalty £125,000 and upwards.

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<sup>3</sup> See also Regulations 12.1-12.4 of Part 2 of the LME Rulebook.

<sup>4</sup> Please note the LME would not consider it a breach of this Regulation if the Member was unable to disclose information if prevented to do so by another regulatory authority or at law, or if the information was subject to legal professional privilege or its equivalent in the relevant jurisdiction. For the avoidance of doubt, confidentiality provisions in contracts/agreements/arrangements with clients or other parties are not sufficient reason to fail to respond to queries made by the LME or provide relevant documentation to the LME.

<sup>5</sup> In addition to compliance with relevant LME Rules, Administrative Procedures and guidance regarding conduct of business and treatment of Clients, the LME understands that with regards to the latter, and as at the date of this Notice, Members may be subject to greater regulatory obligations following amendments to applicable UK statutory and common law.



### *Reckless*

- (ii) This covers cases where the person involved acted in a reckless manner, for example, where the conduct was such that no reasonable person could have failed to have known that Client disadvantage would result. Therefore, the resulting Client disadvantage was so obvious that the person involved must have either given no thought to the possibility of a Client being disadvantaged or recognised that it would have that result but chose to ignore its occurrence. Accordingly, the person was reckless in his conduct and in his regard for the Client's interest. However, mere negligence and a simple error or failure in the duty of care owed to a Client would not be covered by this Indicative Penalty.

Indicative Penalty £250,000 and upwards.

### *Deliberate*

- (iii) This covers cases where the person involved deliberately set out to engage in conduct knowing that a Client would be harmed or where, when a situation arose, the person involved deliberately took advantage of the circumstances. An example would be if there had been a *bona fide* error in the execution of a Client order and an improvement has been achieved, yet the improvement has been deliberately withheld from the Client. However, should it be considered that the Client disadvantage was premeditated, this might be considered an aggravating factor (see paragraph 32 below).

Indicative Penalty £400,000 and upwards.

### **Conduct impacting the operation of LMEselect**

29. Conduct which impacts the operation of LMEselect has the potential to undermine the integrity and / or transparency of one or more of the LME markets. In extremis, such conduct may give rise to a disorderly market, distort the pricing mechanism or cause a total shutdown of the market. The type of activity that falls under this category includes (but is not limited to) the submission of excessive automatically-generated orders by Members using algorithms, instances where a Member has submitted erroneous or aberrant orders to LMEselect or instances where a Member has submitted an order or a series of orders which it should have known would cause or would be likely to cause a disorderly market.
30. A minor breach would be an isolated incident which had little or no market impact (or the potential to have little or no market impact). A breach would be considered serious if one or more of the following occurred: (i) the incident was of significant duration and / or there were multiple incidents over a period of time; (ii) the incident(s) caused significant market impact (or had the potential to cause significant market impact) and/or delayed, disrupted or overloaded the LMEselect trading system; and/or (iii) the Member had insufficient order management controls and procedures in place to prevent an algorithm from misfiring or the submission of erroneous or aberrant orders, or to deal with either situation. It should be noted that conduct which could give rise to a disorderly market and/or delays, disrupts or overloads LMEselect might constitute a breach of a number of different Regulations, including but not limited to, Regulations 12.6(c), 12.6(g) of Part 2 of the Rulebook and Regulation 14 of Part 3 of the Rulebook. However depending on the circumstances and the Acts of Misconduct involved, this penalty could be significantly more than the amount that is set out below for a serious breach. For the avoidance of doubt, the Indicative Penalties do not apply in circumstances where the Act of Misconduct could amount to market abuse.

Indicative Penalty for minor breach: £30,000 and upwards.

Indicative Penalty for serious breach: £125,000 and upwards.

### **Delivery Default**

31. As noted above, the reputation of the LME rests on, amongst other things, the integrity of LME Contracts, and market users must have confidence that the Contracts they enter into are binding.



Offences in this category include not only a failure to deliver on the due date, but also failures to meet relevant deadlines set out by the relevant Clearing House. Pursuant to Regulation 9.4.6.2 of Part 3 of the LME Rulebook, the LME may prescribe such penalties for non-delivery of Warrants as it may from time to time deem fit by Notice. This Notice shall constitute notice of such penalties for non-delivery. The Indicative Penalties below cater for a delivery default of all sizes, although the greater the number of lots that are the subject of a delivery default, the impact to the market will be more significant and therefore the Indicative Penalty is likely to be increased. Members should note that in the event of a delivery default, the LME Clear Rulebook would also be applicable. LME Clear in these circumstances would also take such action as it deemed appropriate and as is open to it pursuant to the LME Clear Rulebook.

Indicative Penalty: ½% of the notional value of each lot which is the subject of a delivery default, subject to an Indicative Penalty of £125,000 and upwards.

### **Aggravating and Mitigating Factors**

32. As explained above, the Indicative Penalties should only be used as the starting point for the assessment of financial penalties whether by a Disciplinary Committee, Appeal Committee, the Enforcement Committee or the LME in negotiating a settlement with a Member, Dealer, or Member Representative or Person Subject to the Rules. When evaluating the appropriate financial (or other) penalty for a particular Act of Misconduct, the full circumstances of the Act of Misconduct must be taken into account. What level of financial (or other) penalty may be appropriate in the circumstances may be impacted by (but not be limited to) the below considerations, which may be aggravating or mitigating. These will also be considered by a Disciplinary Committee, Appeal Committee, the Enforcement Committee or the LME in negotiating a settlement, regardless of whether an Indicative Penalty exists for the Act of Misconduct(s) in question:
- (a) the extent to which the Act of Misconduct was committed deliberately recklessly, or negligently;
  - (b) how the Act of Misconduct came to light including the conduct of the Member or Person Subject to the Rules in bringing (or failing to bring) the matter to the LME's attention;
  - (c) the nature, duration and frequency of the Act of Misconduct. Where a Member, Dealer, Member Representative or Person Subject to the Rules has committed the same Act of Misconduct within a 24 month rolling period, this should be considered as a significant aggravating factor. As such, the sanction is likely to be materially greater than the Indicative Penalty proposed for a single instance of an Act of Misconduct;
  - (d) the presence of multiple but different Acts of Misconduct;
  - (e) whether the Act of Misconduct increases the risk that financial crime or other breaches of law or regulation might occur;
  - (f) the extent of the Member, Dealer, Member Representative or Person Subject to the Rules' responsibility for the Act of Misconduct involved and the extent they take responsibility for the Act of Misconduct;
  - (g) the systems and controls which the Member had in place to prevent such Act of Misconduct from occurring and to detect, deter and deal with the relevant behaviour;
  - (h) whether the Act of Misconduct reveals serious or systemic issues with the Member's procedures, management, systems or controls;
  - (i) the extent, if any, to which the Member, Dealer, Member Representative or Person Subject to the Rules benefited (or sought to benefit) from the Act of Misconduct;
  - (j) the impact or potential impact on the market, its orderliness and its participants and the extent to which this was serious or potentially serious;



- (k) the prior conduct and disciplinary record of the Member, Dealer, Member Representative or Person Subject to the Rules (including any informal warnings issued by the LME);
  - (l) the extent to which the LME had previously raised concerns to a Member, Dealer, Member Representative, or Person Subject to the Rules including by means of a Private Warning;
  - (m) the degree of co-operation and assistance provided by the Member, Dealer, Member Representative or Person Subject to the Rules to the LME following the occurrence of the Act of Misconduct and during the Investigation; and
  - (n) any remedial action undertaken by the Member or Person Subject to the Rules since the Act of Misconduct was identified, including when that remedial action was taken.
33. Whilst financial penalties of an appropriate level must be set for individual Acts of Misconduct pursuant to the LME Rulebook, it may be appropriate in certain circumstances to ascertain an appropriate aggregate penalty for multiple Acts of Misconduct, looking at the underlying conduct and circumstances as a whole. However it should be noted that aggregation will not always be appropriate and will not automatically occur where multiple Acts of Misconduct are present. The financial penalty imposed must be appropriate and proportionate to the breach(es) that have taken place, and must be reasonable in all the circumstances.
34. The penalties set out within this Notice shall be reviewed on a two yearly basis.

**Susan Small**  
**General Counsel & Head of Enforcement, LME Group**

cc: Board directors  
Enforcement Committee  
Disciplinary Panel  
Appeal Panel