

To: All members

Ref: 23/071

Classification: Disciplinary

Date: 03 May 2023

Subject: **DISCIPLINARY ACTION: SUCDEN FINANCIAL LIMITED**

Summary

1. This Notice records a settlement between The London Metal Exchange (the “**LME**”) and Category 1 Member Sueden Financial Limited (“**SFL**”) which includes a financial penalty of £100,000.

Background

2. Following an investigation (the “**Investigation**”) by the LME, the LME and SFL have reached a settlement pursuant to Regulation 14.45 Part 2 “Membership, Enforcement and Discipline” of the LME Rulebook (the “**Rulebook**”). The settlement has been reached on the terms outlined below. The Enforcement Committee of the LME has approved the settlement.
3. The alleged acts of misconduct against SFL relate to Regulation 12.6(b) of Part 2 “Membership, Enforcement and Discipline” (“**Part 2**”) of the Rulebook, which requires that a Member shall organise and control its internal affairs in a responsible and effective manner, with appropriate and adequate risk management systems.
4. The Investigation commenced as a result of trading activity which took place on 3 May 2019 and which coincided with the Zinc Kerb Ring trading session of the same day. During the course of the Investigation, the LME concluded that between at least 3 May 2019 and March 2021 (the “**Relevant Period**”), SFL failed to organise and control its internal affairs responsibly and effectively with appropriate and adequate risk management systems to deter potential instances of market abuse. In the view of the LME, and during at least the Relevant Period, SFL:
 - a) failed to adequately and appropriately tailor policies, procedures, guidance or training provided to its staff with respect to its LME business, particularly on how to identify whether information with regard to its LME Ring business was in the public domain; and
 - b) failed to appropriately record or monitor when staff were provided with the relevant desk procedures and procedure updates.
5. As a result of these failures, the LME considers that during at least the Relevant Period, SFL breached Regulation 12.6(b) of Part 2 of the Rulebook.
6. The LME notes that SFL was open and cooperative with the LME during the Investigation. The LME also understands that following the Relevant Period, SFL has undertaken remedial action to enhance its risk management systems and controls to detect, deter and deal with potential instance instances of market abuse with regards to its LME business.

Settlement

7. The LME and SFL agreed a settlement in which SFL will pay a financial penalty of £100,000.



Adherence to the Rulebook

8. The LME reminds Members of the importance of having in place appropriate and adequate risk management systems in order to detect, deter, and deal with trading activity which is potentially indicative of market abuse.

Peter Mason
Head of Market Surveillance

cc: Board Directors
cc: Enforcement Committee

