

To: All members

Ref: 23/101

Classification: Disciplinary

Date: 09 June 2023

Subject: **DISCIPLINARY ACTION: Citigroup Global Markets Limited**

Summary

1. This Notice records a settlement between the London Metal Exchange (the “**LME**”) and Category 2 Member, Citigroup Global Markets Limited (“**SSB**”) which includes a financial penalty of £50,000.

Background

2. Following an investigation (the “**Investigation**”) by the LME, the LME and SSB have reached 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 misconduct against SSB relates to a breach of paragraphs 26 and 27 of Notice 21/141 dated 13 July 2021 and 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. On 19 April 2022, SSB submitted duplicate commodity position report (“**CPR**”) files on two separate occasions (the “**CPR Errors**”). SSB failed to identify that the CPR Errors had occurred. Upon being notified by the LME of their occurrence, SSB took steps to correct the CPR Errors. However, as a result of the CPR Errors, the LME’s Commitment of Traders Reports (“**COTR**”) published for Business Date 14 April 2022 was inaccurate (the “**Inaccurate COTR**”). On 3 May 2022, the LME was required to issue Notice 22/134 which informed the market about the Inaccurate COTR. The CPR Errors also resulted in the LME publishing inaccurate Market Open Interest.
5. The LME notes that SSB was open and cooperative with the LME during the Investigation. The LME also understands that following the CPR Errors, SSB has implemented a series of changes to its systems and controls regarding the submission of accurate CPR files to the LME.

Settlement

6. The LME and SSB agreed a settlement in which SSB will pay a financial penalty of £50,000 in respect of the CPR Errors.

Adherence to the Rulebook

7. The LME reminds Members that their position reporting files must be error-free and reported on time. Position reports are a vital component of the LME’s market surveillance, including but not limited to the



accurate issuance of the Lending Rules to market participants. Accordingly, the LME takes failures by Members to report position files in an accurate and timely manner very seriously.

Peter Mason

Head of Market Surveillance

cc. Board Directors

Enforcement Committee