

To: All members

Ref: 25/198

Classification: Disciplinary

Date: 31 October 2025

Subject: **DISCIPLINARY ACTION: MIZUHO SECURITIES USA LLC**

Summary

1. This Notice records a settlement between the London Metal Exchange (the “**LME**”) and Category 2 Member, Mizuho Securities USA LLC (“**Mizuho**”), which includes a financial penalty of £265,000.
2. Terms not otherwise defined in this Notice have the same meaning as given to them in the LME Rulebook (the “**Rulebook**”).

Background

3. Following an investigation (the “**Investigation**”) by the LME, the LME and Mizuho have reached settlement pursuant to Regulation 14.69 of Part 2 “Membership, Enforcement and Discipline” of the Rulebook. The settlement has been reached on the terms outlined below. The Enforcement Committee of the LME has approved the settlement.
4. The alleged Acts of Misconduct by Mizuho relate to a breach of Regulations 24.1 and 12.6(c) of Part 2 “Membership, Enforcement and Discipline” of the Rulebook. Regulation 24.1 of Part 2 of the Rulebook requires Members to report to the LME, information regarding the over-the-counter (“**OTC**”) metals business of its clients, affiliates or themselves on a weekly basis. Regulation 12.6(c) of Part 2 of the Rulebook requires Members to establish and maintain appropriate and adequate risk management systems.
5. During the Investigation, the LME discovered that during the period between 5 September 2022 and 20 December 2024, Mizuho failed to report the OTC positions of two of its affiliates (the “**Reportable OTC Positions**”). The Investigation found that while Mizuho had a process to submit weekly reportable OTC positions for itself and its clients, Mizuho was not aware that two of its affiliates had entered into OTC positions in scope of reporting, thus Mizuho’s reporting did not contain the OTC positions of those two affiliates. Mizuho’s failure to submit the Reportable OTC Positions was due to Mizuho having a gap in its internal systems and controls that prevented it from ensuring that it received the OTC positions of its affiliates, which it could then report to the LME. The LME considers that this gap in Mizuho’s systems and controls led to Mizuho breaching its obligations under Regulation 12.6(c) of Part 2 of the Rulebook which requires Members to establish and maintain appropriate and adequate risk management systems.
6. The LME understands that following its failure to submit the Reportable OTC Positions, Mizuho has conducted remedial action with respect to its systems and controls to ensure that it can adhere to its OTC reporting obligations, pursuant to Regulation 24.1 of Part 2 of the Rulebook. The LME also notes that Mizuho has back-reported the Reportable OTC Positions to the LME and that Mizuho was open and co-operative during the Investigation.

Settlement

7. The LME and Mizuho agreed a settlement in which Mizuho will pay a financial penalty of £265,000 in respect of the alleged Acts of Misconduct set out in this Notice.

Adherence to the Rulebook



8. The LME reminds Members that their OTC positions and those of their affiliates must be submitted to the LME in an accurate and timely manner. The LME views the submission of reportable OTC data as a vital component of its surveillance operations and its ability to run an orderly market. Accordingly, the LME takes failures by Members to report OTC data, pursuant to Regulation 24.1 of Part 2 of the Rulebook, very seriously and will take disciplinary action where necessary.

Joe Morrison

Head of Market Surveillance

cc: Board directors
Enforcement Committee