

To: All members

Ref: 24/260

Classification: Disciplinary

Date: 10 October 2024

Subject: **DISCIPLINARY ACTION: MAREX FINANCIAL**

## Summary

1. This Notice records a settlement between the London Metal Exchange (the “**LME**”) and Category 1 Member, Marex Financial (“**MFL**”) which includes a financial penalty of £40,000.

## Background

2. Following an investigation (the “**Investigation**”) by the LME, the LME and MFL have reached settlement pursuant to Regulation 14.69, 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 MFL 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,<sup>1</sup> 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. MFL failed to submit their commodity position report (“**CPR**”) on time in respect of their positions for the business date 30 December 2022 (the “**CPR Issue**”). This failure to report also meant that MFL did not effectively comply with the Lending Rules on 3 January 2023. As a result of the CPR Issue, the Market Open Interest (“**MOI**”) published by the LME on 4 January 2023 was impacted as it did not accurately reflect MFL’s positions on 30 December 2022. In addition, MFL submitted CPR files after the 08:30 deadline on 4 October 2022 in respect of the business date 3 October 2022, with this late submission impacting the MOI published by the LME on 5 October 2022.
5. The LME notes that MFL was open and cooperative with the LME during the Investigation. The LME also understands that following the CPR Issue, MFL 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 MFL agreed a settlement in which MFL will pay a financial penalty of £40,000 in respect of the CPR Issue.

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<sup>1</sup> The LME notes that when the Investigation commenced Regulation 12.6(b) of Part 2 of the Rulebook stated that Members must “organise and control its internal affairs in a responsible and effective manner, with appropriate and adequate risk management systems”, however this has since been superseded by Regulation 12.6(c) of Part 2 of the Rulebook which came into force on 2 April 2024.



## **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.

**Joe Morrison**

**Interim Head of Market Surveillance**

cc: Board directors  
Enforcement Committee