
LME HOLDINGS LIMITED

**Scheme for the Issue of B Shares to
Applicants for Membership of the London Metal Exchange**

MARCH 2014

IMPORTANT INFORMATION

THIS DOCUMENT DOES NOT CONSTITUTE A PROSPECTUS OR AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITY, NOR SHALL THERE BE ANY SALE, ISSUANCE OR TRANSFER OF THE SECURITIES REFERRED TO IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.

This Document is solely addressed to and directed at persons who are applicants for membership of the London Metal Exchange and who (i) have professional experience in matters relating to investments or (ii) are persons falling within article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc") of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 or (iii) are outside the United Kingdom (all such persons together being referred to as "relevant persons").

In addition, this Document is only addressed to and directed at relevant persons in member states of the European Economic Area if they are also "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC). The B Shares have not been and will not be registered under the US Securities Act of 1933, as amended, and subject to certain exceptions, the B Shares may not be offered or sold within the United States. Recipients of this document in jurisdictions outside the UK should inform themselves about and observe any applicable legal requirements.

This communication must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons. This communication should not be construed as advice of any kind in relation to the B Share Scheme, membership of the London Metal Exchange or otherwise. Applicants for membership of the London Metal Exchange should consult their own legal, financial and other professional advisers for advice.

Only those relevant persons who have had their application for membership of the London Metal Exchange approved (including any existing member wishing to change the category of membership that that member has) will be entitled to be issued B Shares by the Company under the rules of the Scheme. The Company will not issue to Applicants a greater number of B Shares than the number of B Shares necessary for them to satisfy the minimum B shareholding requirement for the category of membership for which they have applied, less the number of any B Shares that they may already hold. Applicants' attention is also drawn to the condition to issue contained in paragraph 4.3(c) herein.

B SHARE SCHEME

1. INTRODUCTION

1.1 This document is issued by LME Holdings Limited (the **Company**) to set out for applicants for membership of the London Metal Exchange (**Applicants**) the terms of a scheme whereby the Applicant can acquire B Shares in the Company (the **B Share Scheme**).

1.2 In order to become a member of the London Metal Exchange (the **Exchange** or **LME**), an Applicant must satisfy all the relevant membership requirements set down by the rules of the Exchange (the **LME Rules**), including the acquisition of a minimum number of B Shares for the category of membership for which it is applying (the **Minimum B Shareholding Requirement**).

1.3 The purpose of the B Share Scheme is to provide an effective mechanism for Applicants to acquire sufficient B Shares to satisfy their Minimum B Shareholding Requirement as set out in Article 43 of the Articles of Association of the Company (the **Articles**). In the first instance, Applicants should seek to acquire B Shares from existing members of the Exchange who have and wish to sell B Shares but, to the extent this is not possible, the Scheme provides for the Company itself to issue new B Shares.

1.4 The price at which the Company will issue new B Shares (the **Issue Price**) is set by the Company from time to time and is published on the Company's website www.lme.com (the **Website**).

2. ACTION TO BE TAKEN BY APPLICANTS

2.1 An application form (the **Application Form**) to acquire B Shares will be made available to Applicants in accordance with the terms of the Scheme as set out below.

2.2 **Only Applicants who have complied with the procedure set down by this document will be entitled to submit an Application Form to be issued new B Shares by the Company.** For these purposes, an Applicant includes any existing member who wishes to change its category of membership to a category with a greater Minimum B Shareholding Requirement.

2.3 All correspondence with the Company pursuant to this B Share Scheme document shall be to the Company Secretary of the Exchange using the following contact details: e-mail: companysecretary@lme.com, tel: +44 (0)20 7113 8888.

3. REQUIREMENTS FOR MEMBERSHIP OF THE EXCHANGE

3.1 A detailed list of the membership requirements for each category of Exchange membership can be found on the Website and further clarification

can be obtained by contacting the Company Secretary at the Exchange. The Minimum B Shareholding Requirement is only one of the many requirements of membership.

3.2 Applicants are encouraged to make contact with the Exchange as soon as practicable regarding their application and the requirements for membership.

3.3 In accordance with the LME Rules, existing members will be notified of the identity of Applicants and provided with a period of two weeks within which to submit for consideration by the Exchange any objection they may have against any of the Applicants being granted membership of the Exchange. It is intended that membership applications will be considered and, if appropriate, approved by the Exchange following this period.

4. HOW THE B SHARE SCHEME WILL WORK

4.1 The B Share Scheme will operate by requiring Applicants to make reasonable efforts to acquire B Shares from existing B Shareholders who have B Shares and wish to sell any of their B Shares to Applicants. Only to the extent that Applicants have been unable to acquire B Shares to satisfy their Minimum B Shareholding Requirement, will new B Shares be issued by the Company under the Scheme.

4.2 The LME publishes a list of all B Shareholders and their shareholdings on the Website from time to time. All applicants should notify the Company that it intends to contact B Shareholders with surplus B Shares in order to acquire the B Shares which it requires but the Company is unable to assist Applicants in any way with such acquisitions. The Applicant shall make reasonable efforts to acquire the B Shares it requires from B Shareholders and this shall be a condition to the issue of new B Shares by the Company. If the Applicant is unable to acquire the B Shares it requires within a period of 14 calendar days following its initial notification to the Company of its intention to contact B Shareholders, it shall notify the Company of this fact, and the Applicant will then become eligible for new B Shares to be issued to it by the Company at the Issue Price.

4.3 Applicants must therefore fulfil the following criteria before the Company will issue new B Shares to them under the B Share Scheme:

- (a) they must have had their application for membership of the Exchange approved by the Exchange (subject only to meeting the Minimum B Shareholding Requirement);
- (b) they must have submitted a valid Application Form for B Shares to the Company (see paragraph 4.4 below); and
- (c) they must confirm in writing that they have been unable to acquire sufficient B Shares from existing members to satisfy the relevant Minimum B Shareholding Requirement.

4.4 Once an Applicant has had its application for membership approved, the Company will issue an Application Form to any Applicant who has been unable to satisfy its Minimum B Shareholding Requirement through the purchase of existing B Shares.

4.5 On receipt from the Applicant of the completed Application Form accompanied by payment of the full amount of consideration due for the requested B Shares at the Issue Price, new B Shares will be issued by the Company to an Applicant satisfying the criteria in paragraph 4.3 above to fulfil the applicable minimum B Shareholding Requirement.

5. SUB-COMMITTEE

5.1 The Sub-Committee shall be responsible for determining the Issue Price in accordance with the requirements of the Articles (including without limitation Article 37(e)). The Sub-Committee will determine from time-to-time whether to maintain the Issue Price or change it, and any period during which such Issue Price shall apply.

6. IMPORTANT INFORMATION FOR APPLICANTS

Important Information regarding B Shares

6.1 The share capital of the Company is made up of two classes of share – Ordinary Shares and B Shares – which are subject to significantly different rights and restrictions under the Company’s articles of association. Ordinary Shareholders have full rights to receive dividends, to attend and vote at general meetings as well as full participation rights on the winding-up of the company. The entire issued Ordinary Share capital is held by HKEx Investment (UK) Limited.

By contrast, B Shares:

- (a) carry **no right to the payment of any dividend** by the Company;
- (b) carry only the right to receive an amount equal to the nominal value (one penny) paid up on each B Share in any winding up or other return of capital. B Shareholders are **not entitled to any other participation in the profits of the Company**;
- (c) carry **no right to receive notice of, attend or vote at any general meeting** of the Company.

6.2 The current Minimum B Shareholding Requirement for members of the Exchange is as follows:

| | |
|--------------------------|-----------------|
| Category 1 and 2 Members | 25,000 B Shares |
| Category 3 Members | 5,000 B Shares |
| Category 4 Members | 2,500 B Shares |
| Category 5 Members | No B Shares |

6.3 There can be no guarantees or assurances as to any economic or other value, if any, of B Shares. For example, future actions of the Company, the LME, the Hong Kong Exchanges & Clearing Limited (**HKEx**) and/or any company which is a subsidiary of HKEx (together the **HKEx Group**) may impact the value of B Shares.

Important Information about the London Metal Exchange Group

6.4 The London Metal Exchange is a Recognised Investment Exchange under the Financial Services and Markets Act 2000 and is responsible for operating the Exchange, including admitting new members pursuant to the LME Rules. The Company is the holding company of the LME and is responsible for the administration of the Scheme and the issue of B Shares. The Company and the LME are wholly-owned subsidiaries of HKEx.

6.5 Applicants will have to comply with the LME Rules in order to apply for membership of the Exchange and with the terms and conditions in this document and the Application Form in order to be eligible for the issue of new B Shares under the B Share Scheme.

Important Information about the B Share Scheme

6.6 No responsibility is taken by the LME, the Company or any other member of the HKEx Group (or any or the directors, officers, employees or advisers of any such member) to any person, whether an Applicant, a B Shareholder or otherwise for any decision to participate or not to participate in the Scheme. B Shareholders and Applicants contemplating participation in the B Share Scheme should seek their own independent advice and are responsible for their own investment decisions.

6.7 Participation in the B Share Scheme by an Applicant confers no guarantee or assurance that B Shares will be issued or allotted by the Company or that membership of the Exchange will be granted by the Exchange. The Company reserves the right, in its sole discretion and at all times, to refuse to issue B Shares to an Applicant, including if it fails to satisfy the other eligibility requirements for membership or if an objection to its membership is validly upheld and/or to amend the rules of the B Share Scheme.