

To: All members

Ref: 17/098

Classification: Disciplinary

Date: 24 March 2017

Subject: **SETTLEMENT NOTICE: China Merchants Securities (UK) Limited**

Summary

1. This notice records a settlement between the Exchange and Category 2 Member China Merchants Securities (UK) Limited (“CMS”).

Defined Terms

2. Capitalised terms not otherwise defined herein shall have the meaning ascribed to them in the LME Rulebook.

Background

3. Following an investigation by the Exchange, the Exchange and CMS have reached a settlement pursuant to Part 2 “Membership, Enforcement and Discipline” of the LME Rulebook. The settlement has been reached on the terms outlined below. The Enforcement Committee of the Exchange has approved the settlement.
4. The allegations against CMS that form the subject matter of this Settlement Notice relate to:
 - (a) Regulations 9.1, 9.6(b) and 9.6(c) of Part 2 “Membership, Enforcement and Discipline” of the LME Rulebook;
 - (b) Paragraphs 2 and 17 of Notice 09/231 : R004 dated 26 May 2009; and
 - (c) Paragraphs 9 and 10 of Notice 16/031 : A031 dated 28 January 2016.



5. On 26, 27 and 28 September 2016 CMS failed to submit any daily position reporting (“DPRS”) files as required by the Relevant Rules due to technical issues relating to a third-party provider.

Settlement

6. The Exchange and CMS agreed a settlement in which CMS will pay the LME the sum of £2,000, without admitting any of the allegations against it in respect of the Relevant Rules.
7. In agreeing the settlement, the Exchange took account of, amongst other things, the following:
 - (a) CMS were in contact with the LME regularly during the period during which CMS’ third party provider was experiencing technical issues;
 - (b) CMS have enacted a number of steps to improve their systems and procedures to minimise the risk of similar errors reoccurring; and
 - (c) CMS cooperated fully with the investigation.

Adherence to LME Rules

8. The Exchange reminds Members of the importance of submitting their LMEdprs files on time and without error. Warrant and position reports are an important component of the Exchange’s market surveillance. Accordingly the Exchange takes failures by Members to report timely and accurately very seriously and a failure to submit LMEdprs files on any given business day may be considered an offence in itself. Significant or persistent breaches of the reporting requirements will be considered to be a disciplinary offence and Members who are found to be in violation of the relevant LME rules may be subject to the Exchange’s disciplinary process.

Jeffrey Thurgood

Market Surveillance Manager

cc. Board Directors
Enforcement Committee