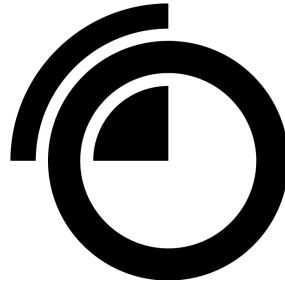


Tab 2



LONDON METAL EXCHANGE
RULES AND REGULATIONS

AS AUTHORISED BY THE BOARD OF DIRECTORS

PREFACE

Parts 1 - 10 of this book set forth the Rules and Regulations of the London Metal Exchange, and the Appendices include further information, as on brands, assayers and warehouses listed in accordance with stated regulations.

Amended pages are available from the LME office, and holders of the book are invited to subscribe to the regular supply of them. At the foot of any page of the regulatory Parts revised since August 1989, the date when the Rulebook was updated will be indicated.

From time to time, whole parts of the book will be reissued in freshly paginated form.

OUTLINE OF CONTENTS

Part 1:	Definitions and General Rules
Part 2:	Membership, Enforcement and Discipline
Part 3:	Trading Regulations
Part 4:	Contract Regulations
Part 5:	5A Metal Options Regulations
	5B Traded Average Price Options Regulations
	5C Index Options Regulations
Part 6:	Special Contract Rules for Metals
Part 6A:	Special Contract Rules for the Construction of the Index
Part 6B:	Special Contract Rules for LMEmini Contracts
Part 7:	Requirements for the Listing of Brands
Part 8:	Arbitration Regulations
Part 9:	Default Regulations
Part 10:	LMEsword Regulations
Part 11:	Average Price Swap Regulations
Appendices:	I Listed Brands
	II Listed Samplers and Assayers
	III Listed Warehouses
	IV Miscellany

For more detailed lists of contents,
turn to pages introducing the Parts

PART 1
DEFINITIONS AND GENERAL RULES

*

CONTENTS

Section		Page
1	Definitions	1-1
2	General	1-16

PART 1: DEFINITIONS AND GENERAL RULES

1 DEFINITIONS

1.1 In these Rules, the following words and expressions shall, unless the context otherwise requires, bear the meanings set opposite them:-

"Account Holder"	the Clearing House and any person admitted as an Account Holder by the Exchange, and which has not withdrawn or ceased to be an Account Holder, under Regulation 2 of the LMEsword Regulations;
"Administrative Procedure"	a notice sent to such class or classes of Member to whom they apply, containing a procedure for implementing the Rules or any part thereof. In the case of LME Select this may also be posted on the market messages screen;
"Appeal Committee"	a committee appointed pursuant to Regulation 11 of the Membership Regulations;
"Arbitration Regulations"	the regulations set out in Part 8 of the Rules;
"Articles"	the Articles of Association for the time being of the Company;
"Associate Broker Member"	an Associate Broker Clearing Member or an Associate Broker Non-Clearing Member;
"Associate Broker Clearing Member"	an Associate Clearing Member who carries on and who is authorised pursuant to the FSMA to carry on Investment Business of the classes carried on in the Exchange;
"Associate Broker Non-Clearing Member"	an Associate Non-Clearing Member who carries on and who is authorised pursuant to the FSMA to carry on Investment Business of the classes carried on in the Exchange;
"Associate Clearing Member"	a Member for the time being authorised by the Directors to clear Exchange Contracts but not to trade in the Ring;
"Associate Member"	a Member who is neither a Ring Dealing Member nor an Individual Member;
"Associate Non-Clearing Member"	an Associate Member who is not an Associate Clearing Member;
"Associate Trade Member"	an Associate Trade Clearing Member or an Associate Trade Non-Clearing Member;
"Associate Trade Clearing Member"	an Associate Clearing Member other than an Associate Broker Clearing Member;

"Associate Trade Non-Clearing Member"	an Associate Non-Clearing Member other than an Associate Broker Non-Clearing Member;
"Average Price Call Option"	a Traded Average Price Option pursuant to which the Granter gives the Taker the right to buy from the Granter;
"Average Price Put Option"	a Traded Average Price Option pursuant to which the Granter gives the Taker the right to sell to the Granter;
"Average Price Swap"	a cash-settled Exchange-traded contract pursuant to which the buyer and seller agree to pay or to receive in cash the difference between (i) the Monthly Average Settlement Price for a specified metal and for a specified tradeable month and (ii) the fixed price agreed between the buyer and the seller in the Contract, multiplied by the Contract size, settled on the Prompt Date and subject to daily marking to market in accordance with the General Regulations of the Clearing House and conforming to the other specifications prescribed by the Exchange;
"Average Price Swap Regulations"	the Regulations set out in Part 11 of the Rules;
"Banking Consolidation Directive"	Directive 2000/12/EC of the European Parliament and of the Council of 20 March 2000 relating to the taking up and pursuit of the business of credit institutions, as from time to time amended;
"Business Day"	any day except Saturday, Sunday or any public or bank holiday in England or a day during which trade on the Exchange has been suspended by or under the authority of any enactment or a day which the Directors declare not to be a Business Day;
"Call Option"	an Option Contract pursuant to which the Granter gives the Taker the right to buy from the Granter or, in the case of an Index Option, a notional right to buy, to be cash settled;
"a Candidate"	a candidate for membership of the Exchange;
"Carry"	(a) in respect of a Metal Future or LMEmini Future for the purchase or sale of a specific number of Lots for one Prompt Date coupled with one or more Futures Contracts of the same type for the sale or, as the case may be, purchase comprising in aggregate the same number of Lots between the same parties for a more distant Prompt Date or Prompt Dates; or

	(b) in respect of an Average Price Swap, an Average Price Swap Contract for the purchase or sale of a specific number of Lots for one Prompt Date for a specified metal coupled with one or more Average Price Swap Contracts for the sale or, as the case may be, purchase comprising in aggregate the same number of Lots for the same metal between the same parties for a more distant Prompt Date or Prompt Dates;
"Cash"	in relation to the period between 19.31 hours on one Business Day and 19.30 hours on the next Business Day and Contracts entered into in that period, the first Settlement Business Day which falls after the next following Business Day;
"Cash Today"	in relation to Contracts entered into in the period between 19.31 hours on one Business Day and 12.30 hours on the next Business Day, the first Settlement Business Day after the latter Business Day;
"Chief Executive"	includes the Deputy Chief Executive and any other person for the time being appointed to perform the duties of Chief Executive of the Company;
"Claimant"	the person commencing an arbitration by serving a Notice to Arbitrate;
"the Clearing House"	LCH.Clearnet Limited or other clearing-house for the time being designated to clear Exchange Contracts;
"Clearing Member"	a Ring Dealing Member or Associate Clearing Member of the Exchange who is also a member of the Clearing House;
"Client"	a person who is not a Ring Dealing Member, Associate Broker Clearing Member or Associate Broker Member;
"Client Average Price Swap Contract"	a Client Contract which is an Average Price Swap Contract;
"Client Contract"	a Contract between a Clearing Member and any person other than another Clearing Member or a Contract between a Member who is not a Clearing Member and any other person;
"Client Index Contract"	a Client Contract which is an Index Contract;
"Client Index Future"	a Client Contract which is an Index Future;
"Client Index Option"	a Client Contract which is an Index Option;
"Client LMEmini Future"	a Client Contract which is an LMEmini Future;

"Client Metal Contract"	a Client Contract which is a Metal Contract;
"Client Option Contract"	a Client Contract which is an Option Contract;
"Client Traded Average Price Option"	a Traded Average Price Option where either Granter or Taker or each of them is not a Clearing Member;
"Close of Pleadings"	the end of a period of 28 days after the time for submission of the points of reply, unless otherwise ordered by the Tribunal;
"Closing Prices"	the prices determined for margining purposes on each Business Day by the Quotations Committee in accordance with Regulation 6.1 of the Trading Regulations or by the Clearing House in accordance with Regulation 12 of the Trading Regulations;
"the Company"	The London Metal Exchange Limited;
"Constituent Metals"	the metals underlying the Index, being copper, lead, nickel, primary aluminium, tin and zinc;
"Contract"	<p>(a) a contract for the purchase and sale of one or more Lots of a metal for the time being dealt in on the Exchange in respect of which:</p> <ol style="list-style-type: none"> (1) either the buyer or the seller or each of them is a Ring Dealing Member or an Associate Broker Member; and (2) the delivery date is a Prompt Date for the time being permitted by the Rules; and (3) the price is expressed in a currency for the time being permitted by the Rules; and (4) the quality and other characteristics of the metal concerned are expressly or impliedly to be as prescribed by the Exchange; or <p>(b) a Metal Option or Traded Average Price Option which has the characteristics prescribed by or pursuant to the Metal Options Regulations or, as the case may be, the Traded Average Price Options Regulations to enter into a contract falling within (a) above; or</p> <p>(c) an Index Future or an Index Option which has the characteristics prescribed by the Rules and, as the case may be, the Index Option Regulations; or</p>

	(d) an LMEmini Contract which has the characteristics prescribed by the Rules; or
	(e) an Average Price Swap which has the characteristics prescribed by the Rules;
	but
	(f) shall not include any contract which, by virtue of provisions agreed between the parties at or before the time they enter into the contract as to delivery or otherwise, is clearly intended to be performed otherwise than as prescribed by the Rules;
"Contract Regulations"	the Regulations set out in Part 4 of the Rules
"Counterparty"	in relation to a party to a Contract, the other party to the same Contract;
"Counter Notice"	a notice served by the Respondent pursuant to Regulation 2.4 of Part 8 of the Rules;
"Dealer"	a person duly authorised to trade on behalf of a Ring Dealing Member or in respect of LME Select, a person permitted to deal on LME Select on behalf of an LME Select Participant;
"Declaration Day"	in relation to a Traded Average Price Option for a particular month, the last Business Day in that month;
"Defaulter"	a person whom the Exchange has determined, in accordance with Regulation 2 of the Default Regulations, to be a defaulter;
"Default Notice"	notice of a determination by the Exchange issued pursuant to Regulation 4.1 of the Default Regulations;
"Default Regulations"	the Regulations contained in Part 9 of the Regulations;
"Default Settlement Amount"	the amount payable by one party to the other in respect of an Unsettled Contract to which a Defaulter is a party which is settled under or pursuant to the Default Regulations;
"Default Settlement Price"	(a) in relation to a Metal Future or an LMEmini Future, the Settlement Price or Unofficial Closing Price for the relevant metal and Prompt Date published next after the time of issue of the Default Notice (determined where necessary by reference to the Settlement Price or Unofficial Closing Price so published for other Prompt Dates); or

- (b) in relation to an Index Future, the Index Futures Closing Price for the Prompt Date published next after the time of issue of the Default Notice (determined where necessary by reference to the Index Futures Closing Price so published for other Prompt Dates); or
- (c) in relation to a Metal Option which is not, and is not deemed to be, exercised pursuant to the Default Regulations, the value of such Option determined, pursuant to Regulation 6.2 of the Metals Options Regulations next after the time of issue of the Default Notice; or
- (d) in relation to a Traded Average Price Option Contract which is not, and is not deemed to be, exercised pursuant to the Default Regulations, the value of such Option Contract determined, pursuant to Regulation 12.3 of the Traded Average Price Options Regulations next after the time of issue of the Default Notice; or
- (e) in relation to an Index Option which is not, and is not deemed to be, exercised pursuant to the Default Regulations, the value of such Option determined pursuant to Regulation 18.2 of the Index Options Regulations next after the time of issue of the Default Notice; or
- (f) in relation to an Average Price Swap Contract, the difference between the Monthly Average Settlement Price for the relevant tradeable month for the relevant underlying metal as published after the time of issue of the Default Notice, and the fixed price agreed between the buyer and the seller in the Contract multiplied by the Contract size; or
- (g) such other price or prices as the Exchange may, in its absolute discretion, determine;

"Delivery Point"

a specific geographic area within which warehouses may be listed and approved by the Exchange for the issue of Warrants;

"Deposit"

such sum as may be specified by Administrative Procedure from time to time;

"Designated Non-Member"

a person (other than a Member) designated from time to time by the Exchange as a person in respect of whom action may be taken under the Default Regulations or a person (other than a Member) falling within a description of persons so designated;

"the Directors"	the Board of Directors of the Company;
"Disciplinary Committee"	a committee appointed pursuant to Regulation 11 of the Membership Regulations;
"Enforcement Committee"	shall comprise five members chosen from the Board of Directors of the LME, appointed by the Executive Director: Regulation and Compliance in consultation with the Chairman. The quorum for the Enforcement Committee shall be three members. The Enforcement Committee shall not be quorate unless there is at least one independent Director present;
"Event of Default"	any of the events set out in Regulation 1 of the Default Regulations;
"the Exchange"	according to context, the London Metal Exchange administered by the Company, or the premises where Ring trading is conducted;
"Exchange Contract"	each of: <ul style="list-style-type: none"> (a) a Contract made between two Clearing Members, and, (b) following registration with the Clearing House, the Contract or Contracts which may result from the process of novation in accordance with the General Regulations of the Clearing House;
"Exchange Average Price Swap Contract"	an Exchange Contract which is an Average Price Swap Contract;
"Exchange Index Contract"	an Exchange Contract which is an Index Contract;
"Exchange Index Future"	an Exchange Contract which is an Index Future;
"Exchange Index Option"	an Exchange Contract which is an Index Option;
"Exchange LMEmini Future"	an Exchange Contract which is an LMEmini Future;
"Exchange Metal Contract"	an Exchange Contract which is a Metal Contract;
"Exchange Metal Future"	an Exchange Contract which is a Metal Future;
"Exchange Metal Option"	an Exchange Contract which is a Metal Option;
"Exchange Option Contract"	an Exchange Contract which is an Option;
"Exchange Traded Average Price Option"	a Traded Average Price Option where both Granter and Taker are Clearing Members;
"Executive Director: Regulation and Compliance"	the Executive Director: Regulation and Compliance and any other person within the Regulation and Compliance division of the Exchange for the time being appointed to perform the duties of the Executive Director: Regulation and Compliance;

"FSA"	The Financial Services Authority;
"Futures Contract"	a Metal Future, LMEmini Future or Index Future;
"FSMA"	Financial Services and Markets Act 2000, as from time to time amended;
"General Regulations of the Clearing House"	the General Regulations of the Clearing House, as for the time being in force in relation to the Exchange, and the procedures of the Clearing House with respect thereto;
"Granter"	the seller of an Option or Traded Average Price Option;
"In The Money"	<p>(a) in relation to a Metal Option, that the Strike Price is, in the case of a Put Option, above or, in the case of a Call Option, below the last published Settlement Price at the relevant time for the relevant metal and Prompt Date; or</p> <p>(b) in relation to a Traded Average Price Option, that the Strike Price is, in the case of an Average Price Put Option, above or, in the case of an Average Price Call Option, below the last published Moving Monthly Average Settlement Price or Monthly Average Settlement Price at the relevant time for the relevant metal and Prompt Date; or</p> <p>(c) in relation to an Index Option, that the Strike Price is, in the case of a Put Option, above or, in the case of a Call Option, below the Settlement Price or last published Closing Price at the relevant time for the relevant Index Option and Prompt Date;</p>
"Index"	an index denominated in US dollars the level of which is determined in accordance with the Special Contract Rules for the Construction of the Index;
"Index Contract"	an Index Future or an Index Option;
"Index Future"	a cash-settled Exchange-traded futures contract pursuant to which the buyer and seller agree to pay or receive in cash the difference between the level of the Index on the Prompt Date and the level agreed in the Contract, multiplied by the Contract size, settled on the Settlement Business Day next following the Prompt Date and subject to daily marking to market in accordance with the General Regulations of the Clearing House and conforming to the other specifications prescribed by the Exchange;
"Index Futures Closing Price"	the Closing Price of an Index Future as determined in accordance with Regulation 6 of the Trading Regulations;
"Index Option"	a cash-settled Exchange-traded option contract over the Index pursuant to which the Granter grants the

	<p>Taker a right to receive in cash from the Granter the difference between the level of the Index on the Prompt Date and the Strike Price, multiplied by the Contract size, settled on the Settlement Business Day next following the Prompt Date and conforming to the other specifications prescribed by the Exchange;</p>
"Index Option Regulations"	the Regulations set out in Part 5C of the Rules;
"Individual Member"	a Member who is not an Undertaking or a member of an Undertaking;
"Initial Margin"	<p>(a) in relation to an Exchange Contract, the sum of money fixed by the Clearing House in consultation with the Exchange and in respect of which Members may be required to provide to the Clearing House cover in accordance with the General Regulations of the Clearing House;</p> <p>(b) in relation to a Client Contract, such sum as may be agreed between the parties provided that such sum is equal to or greater than the amount in (a) above;</p>
"Investment and Investment Business"	the same meaning as set out in the FSMA and The Regulated Activities Order 2001;
"Invoicing Back"	the procedure so described in the General Regulations of the Clearing House;
"Last Declaration Day"	<p>(a) in relation to a Metal Option for a particular month, the first Wednesday in that month or, if that is not a Business Day, the next day which is a Business Day;</p> <p>(b) in relation to an Index Option for a particular month, up to 16.35 hours on the second Wednesday in that month or, if that is not a Business Day, the next day which is a Business Day;</p>
"Last Trading Day"	<p>(a) in relation to a Metal Option, the Business Day preceding the Last Declaration Day for that Option;</p> <p>(b) in relation to a Traded Average Price Option, the Business Day preceding the Declaration Day of the relevant month for that Traded Average Price Option;</p> <p>(c) in relation to an Index Option, the Last Declaration Day for that Index Option;</p>

	(d) in relation to an LMEmini Future, the Business Day which is two Business Days before the Prompt Date; or
	(e) in relation to an Average Price Swap, the last Business Day of the relevant tradeable month;
"Lending Guidance"	paragraph 13.24 of Market Aberrations: The Way Forward, published by the Exchange in October 1998, setting out the behaviour required of the holders of dominant long positions in the Exchange's markets, including any clarification or explanation of that behaviour issued by the Exchange from time to time;
"LMEmini Last Trading Time"	the last trading time on the Last Trading Day for LMEmini Contracts as specified in the Special Contract Rules for LMEmini Contracts or as otherwise prescribed by the Exchange from time to time;
"LME Holdings"	LME Holdings Limited, a company registered in England and Wales under company number 4081219 with a registered office at 56 Leadenhall Street, London, EC3A 2DX, being the sole member of the Company;
"LMEmini Contract"	an LMEmini Future;
"LMEmini Future"	a cash-settled Exchange-traded futures contract pursuant to which the buyer and seller agree to pay or to receive in cash the difference between the Settlement Price of the underlying metal on the Prompt Date and the price of the underlying metal agreed in the Contract, multiplied by the Contract size, settled on the Prompt Date and subject to daily marking to market in accordance with the General Regulations of the Clearing House and conforming to the other specifications prescribed by the Exchange;
"LMEmini Futures Closing Price"	the Closing Price of the relevant underlying Metal Future as determined in accordance with Regulation 6 of the Trading Regulations;
"LME Select"	a system provided by the Exchange to enable the electronic trading of Exchange Contracts by LME Select Participants in accordance with the Rules and the LME Select Operating Procedures;
"LME Select Operating Procedures"	the regulations governing the operation of LME Select issued by the Exchange as amended from time to time in accordance with the terms thereof and forming part of Part 3 of the Rules;
"LME Select Participant"	Ring Dealing Member or Associate Broker Clearing Member who is permitted to use LME Select;

" LMEsword "	the system for, inter alia, the electronic transfer of title to Warrants governed and constituted by the LMEsword Regulations;
" LMEsword Regulations"	the regulations governing the operation of LMEsword issued by the Exchange as amended from time to time in accordance with the terms thereof and forming Part 10 of the Rules;
"Lot"	<ul style="list-style-type: none"> (a) in relation to a metal, the standard unit of quantity thereof, specified in the Special Rules of Contract for that metal, by reference to which settlement is to be made; or (b) in relation to the Index, the standard value per point movement for that Index, specified in the Special Contract Rules for the Construction of the Index, by reference to which settlement is made; or (c) in relation to an LMEmini Contract, the standard unit of quantity thereof, specified in the Special Contract Rules for LMEmini Contracts, by reference to which settlement is made; or (d) in relation to an Average Price Swap Contract, the standard unit of quantity thereof, specified in the Average Price Swap Regulations, by reference to which settlement is made;
"Major Currency"	in respect of a metal, the currency in which the Settlement Price and Closing Price are to be determined;
"Matching Period"	a period prescribed pursuant to Regulation 3.6 of the Trading Regulations;
"Matching System"	the system operated by or on behalf of the Exchange for the matching and confirmation of Exchange Contracts, or such other system as may from time to time be adopted by the Exchange for that purpose;
"Member"	an Undertaking or individual admitted to membership of the Exchange in accordance with the Rules;
"Membership Regulations"	the Regulations set out in Part 2 of the Rules;
"Metal Contract"	a Metal Future or Metal Option;
"Metal Future"	an Exchange-traded futures contract pursuant to which the seller agrees to sell to the buyer one or more Lots of metal for delivery on a specified Prompt Date;

"Metal Option"	an Exchange-traded option contract pursuant to which the Granter grants to the Taker the right to buy from or sell to the Granter a Lot of a specified metal at a specified Strike Price in a specified month;
"Metal Options Regulations"	the Regulations set out in Part 5A of the Rules;
"MiFID"	Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, as from time to time amended;
"Monthly Average Settlement Price"	<ul style="list-style-type: none"> (a) in relation to an Average Price Call Option, the price at which the Taker will sell to the Granter if the Traded Average Price Option is declared; (b) in relation to an Average Price Put Option, the price at which the Taker will buy from the Granter if the Traded Average Price Option is declared; (c) in relation to an Average Price Swap for a particular tradeable month, the aggregate of the Settlement Prices for the relevant metal for every Business Day in the relevant tradeable month divided by the number of Business Days for that month and which is calculated and published by the Exchange; and (d) in relation to a Traded Average Price Option for a particular month, the aggregate of the Settlement Prices for the relevant metal for every Business Day in the relevant tradeable month divided by the number of Business Days for that month and which is calculated and published by the Exchange.
"Moving Monthly Average Settlement Price"	in relation to a Traded Average Price Option or an Average Price Swap for a particular month, the aggregate of the Settlement Prices for the relevant metal for every Business Day to date in the relevant tradeable month divided by the number of Business Days to date for that month and which is calculated and published by the Exchange;
"Non-Segregated Client Contract"	a Client Contract which has been entered into the Matching System as a non-segregated Client Contract, or, if not yet entered into the Matching System, is intended to be a non-segregated Client Contract by the parties thereto;
"Notice to Arbitrate"	a Notice served by the Claimant pursuant to Regulation 2.1 of Part 8 of the Rules;

"Official Prices"	the prices determined in accordance with Regulation 5 of the Trading Regulations;
"Operating Procedures"	the manual issued by the Exchange pursuant to the LMEsword Regulations setting out detailed procedures and information relating to the operation of LMEsword;
"Option Contract"	a Metal Option or an Index Option;
"Options Regulations"	the Regulations set out in Part 5A of the Rules;
"Overseas Undertaking"	an undertaking which is a body corporate incorporated outside of the United Kingdom or if not itself a body corporate, its principal or managing member is a body corporate incorporated outside of the United Kingdom;
"Panel"	the Arbitration Panel of the Company;
"Panel Committee"	a committee appointed by the Directors to oversee the conduct of arbitrations pursuant to the Arbitration Regulations, and in particular to perform the functions and powers referred to in the Arbitration Regulations;
"Parent Undertaking"	the same meaning as set out in section 258 of the Companies Act 1985;
"Prompt Date"	(a) in relation to a Metal Future, LMEmini Future or an Average Price Swap, the Business Day on which, having regard where relevant to Regulation 8 of the Trading Regulations, the Contract is to be settled; or (b) in relation to an Index Contract, the Business Day on which, having regard where relevant to Regulation 8 of the Trading Regulations, the Settlement Price of the Index is determined, with settlement of the Contract on the next Settlement Business Day;
"Put Option"	an Option Contract pursuant to which the Granter gives the Taker the right to sell to the Granter or in the case of an Index Option, the notional right to sell to be cash settled;
"Quotations Committee"	a committee authorised by the Directors to be responsible for determining Closing Prices and Settlement Prices;
"Registration Fee"	such sum as may be specified by Administrative Procedure from time to time;
"Relevant Office Holder"	has the meaning attributed thereto by section 189 of the Companies Act 1989;
"Respondent"	the person receiving a Notice to Arbitrate served by the Claimant;

"Ring"	an Exchange open-outcry trading session in a type of Contract, of such duration and at such times as are laid down by the Directors, or the ring area of the Exchange as the context requires;
"Ring Committee"	a committee appointed by the Directors to oversee trading in the Ring;
"Ring Dealing Member"	a Member for the time being authorised by the Directors to trade in the Ring;
"Ring Disciplinary Committee"	a committee appointed by the Directors to enforce discipline on the premises of the Exchange;
"Ring Discipline Supervisory Panel"	Directors appointed by the Directors to enforce discipline on the premises of the Exchange;
"Rules"	means these rules and regulations as the same may be amended in accordance with the Articles;
"Secretary"	any person appointed to perform the duties of Secretary of the Company, and for the purpose only of Part 8 of the Rules, any person to whom the functions and powers of the Secretary referred to therein may be delegated from time to time;
"Segregated Client Contract"	a Client Contract which has been entered into the Matching System as a segregated Client Contract, or, if not yet entered into the Matching System, is intended to be a segregated Client Contract by the parties thereto;
"Settlement Business Day"	a Business Day on which commercial banks are open in New York City for the settlement of international transactions in US dollars;
"Settlement Price"	a price determined by the Quotations Committee in accordance with Regulation 5.1 of the Trading Regulations and in the circumstances specified in Regulation 5.3 of the Trading Regulations (in respect of Metal Contracts), or Regulation 5.6 of the Trading Regulations (in respect of Index Contracts), or by the Clearing House in accordance with Regulation 13 of the Trading Regulations;
"Special Committee"	the Committee to whom the Directors have delegated the emergency powers under Regulation 15 of Part 3 as permitted by Article 48;
"Special Contract Rules for LMEmini Contracts"	the Regulations set out in Part 6B of the Rules;
"Special Contract Rules for Metals"	the Regulations set out in Part 6 of the Rules;
"Special Contract Rules for the Construction of the Index"	the Regulations set out in Part 6A of the Rules;

"Strike Price"	<ul style="list-style-type: none"> (a) in relation to a Call Option which is a Metal Option, the price at which the Taker will buy from the Granter if the Option is declared; (b) in relation to a Put Option which is a Metal Option, the price at which the Taker will sell to the Granter if the Option is declared; (c) in relation to an Average Price Call Option, the price at which the Taker will buy from the Granter if the Traded Average Price Option is declared; (d) in relation to an Average Price Put Option, the price at which the Taker will sell to the Granter if the Traded Average Price Option is declared; (e) in relation to an Option Contract which is an Index Option, the agreed level of the Index which shall be compared with the Settlement Price of the Index on the Prompt Date to determine the amount payable to the Taker (if any);
"Subsidiary Undertaking"	the same meaning as set out in section 258 of the Companies Act 1985;
"Taker"	the buyer of a Traded Option;
"Traded Average Price Option"	an Exchange-traded option contract pursuant to which the Granter grants to the Taker the right to buy from the Granter a Lot of a specified metal at a specified Strike Price in a specified month and to sell to the Granter a Lot of a specified metal at the Monthly Average Settlement Price in that same specified month, or vice versa, the declaration of which will take place automatically if the Monthly Average Settlement Price is, in the case of an Average Price Call Option, greater than the Strike Price or, in the case of an Average Price Put Option, less than the Strike Price for the relevant tradeable month;
"Traded Option"	an Option Contract or a Traded Average Price Option;
"Traded Options Committee"	the committee appointed by the Directors for the purpose of administering trading in Traded Options;
"Traded Options Regulations"	the Regulations set out in Part 5 of the Rules in relation to Metal Options, Traded Average Price Options and Index Options;
"Trading Regulations"	the regulations set out in Part 3 of the Rules;

"Tribunal"	the tribunal of one, two or three arbitrators appointed in accordance with Regulation 3 of Part 8 of the Rules;
"Undertaking"	the same meaning as set out in section 259 of the Companies Act 1985;
"Unofficial Closing Price"	a price determined by the Quotations Committee in accordance with Regulation 5.5 of the Trading Regulations;
"Unsettled Contract"	a Contract in respect of which the obligations of the parties have not been discharged whether by performance, set-off or otherwise;
"Variation Margin"	<p>(a) in relation to an Exchange Contract, the sum of money determined by the Clearing House under the General Regulations of the Clearing House;</p> <p>(b) in relation to a Client Contract, the sum of money determined by the relevant Ring Dealing or Associate Broker Clearing Member (or, where no such Member is a party, by the relevant Associate Broker non-Clearing Member) representing the difference, if any, between the price of the relevant Contract and the Closing Price most recently quoted or such larger sum as may be agreed between the parties;</p>
"Warrant"	a warehouse warrant for the storage of metal, issued by a listed warehouse and in a form approved by the Exchange;
"Weighting"	the factor determined by the Exchange from time to time which, when multiplied by the Settlement Price of a Constituent Metal, determines the contribution to the Index of that Constituent Metal;
"Working Day"	any weekday, Monday to Friday inclusive, which is not a public holiday in England and Wales.

1.2 In Parts 8 and 10 of these Rules, the additional definitions set out therein shall apply for the purpose of construing the relevant words and expression in those Parts.

1.3 Words importing the singular shall, where the context permits, include the plural and *vice versa*. Words importing gender shall include each gender. Words importing persons shall, where the context permits or requires, include partnerships and corporations.

1.4 Where reference is made to a Regulation in any Part of the Rules it shall be deemed to be a reference to a Regulation in that Part unless the context otherwise requires.

2 GENERAL

2.1 The Rules are made and subject as provided by law may be altered by the Directors in accordance with the powers conferred on them by the Articles.

- 2.2 Administrative Procedures may be issued by (a) the Chief Executive, or those empowered by him for this purpose, in relation to commercial matters, and (b) by the Executive Director: Regulation and Compliance, or those empowered by him for this purpose, in relation to regulatory and compliance matters, and shall have the same force as Rules.
- 2.3 Administrative Procedures shall be sent to such class or classes of Member to whom they apply.
- 2.4 The Rules and Administrative Procedures shall be binding on all Members. Failure to comply with any of them or with any decision of the Directors or direction of the Exchange made pursuant to them shall constitute a breach of the Rules for the purposes of disciplinary procedures.
- 2.5 The Directors or the Executive Director: Regulation and Compliance may grant to a Member a waiver of particular requirements of these Rules in such circumstances and subject to such conditions as either think fit, provided that the Directors or the Executive Director: Regulation and Compliance are satisfied that compliance with the relevant requirements would be unduly burdensome to the Member and that the waiver would not create unacceptable risks for the Exchange, or the market generally, and would not result in unreasonable or inequitable discrimination between Members. Waivers granted by the Executive Director: Regulation and Compliance shall be subsequently notified to the next Board.
- 2.6 Unless otherwise stated, all times in the Rules refer to London time.

PART 2
MEMBERSHIP, ENFORCEMENT AND DISCIPLINE

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CONTENTS

Section		Page
1	Eligibility for Membership	2-1
2	Applications for Membership	2-3
3	Change in Class or Category of Membership	2-4
4	Requirements of the Financial Services and Markets Act 2000	2-5
5	Change in Ownership of a Member	2-5
6	Designation of Members	2-6
7	Withdrawal from Membership	2-6
8	Committees	2-7
9	Provision of Information and Obligations of Members	2-7
10	Investigation	2-9
11	Discipline	2-10
12	Disqualification and Expulsion	2-18
13	Forfeiture of Rights on Cessation of Membership	2-18
14	Disputes Between Members	2-19

PART 2: MEMBERSHIP, ENFORCEMENT AND DISCIPLINE

1 ELIGIBILITY FOR MEMBERSHIP

- 1.1 The Directors may grant admission to membership in accordance with the Articles. To be eligible for membership a Candidate must satisfy the eligibility criteria set out below for the class or category of membership for which he is applying. The amount prescribed by the Board, from time to time, as the minimum Net Worth Requirement for each category of membership shall be met by permanent capital plus additional capital less disallowables.
- 1.1.1 Permanent capital shall be issued and fully paid ordinary shares, issued and fully paid preference shares, share premium and other reserves not available for distribution. A deficit in reserves available for distribution will be deducted when calculating permanent capital.
- 1.1.2 Additional capital shall be other equity reserves (distributable or otherwise) profit and loss reserves and subordinated loans.
- 1.1.3 Disallowable items are intangible fixed assets such as goodwill, development costs etc., investments in subsidiaries and/or other group companies, shares in LCH and the value of exchange memberships.
- 1.2 Ring Dealing Membership:
- A Candidate for Ring Dealing membership must satisfy the Directors:-
- 1.2.1 that it is:
- 1.2.1.1 an Undertaking which is a body corporate incorporated in the United Kingdom or if not itself a body corporate its principal or managing member is a body corporate incorporated in the United Kingdom; or
- 1.2.1.2 an Overseas Undertaking.
- 1.2.2 that it is or will on admission become the legal owner of at least 25,000 B Shares of nominal value 1p each in LME Holdings;
- 1.2.3 that it is able to comply with the requirements of the Trading Regulations regarding the delivery of Warrants;
- 1.2.4 that it is a member of the Clearing House or will, subject to election as a Ring Dealing Member, become a member of the Clearing House authorised to clear Exchange Contracts;
- 1.2.5 that it is capitalised at or above the level for the time being prescribed by the Directors;
- 1.2.6 that it enjoys a financial and business standing which, in the opinion of the Directors, is suitable for Ring membership; in considering financial and business standing the Directors will have separate regard to the Undertaking concerned and the fitness and properness of its employees or representatives;
- 1.2.7 that the persons to be responsible for trading on its behalf in the Ring have sufficient and relevant experience and qualifications to become Authorised Dealers; in considering experience the Directors may take into account indications given by a Candidate as to the level and type of trading it intends to conduct in the Ring;

- 1.2.8 that it becomes an Account Holder in accordance with Regulation 2.3 of the LMEsword Regulations; and
- 1.2.9 that it satisfies any and all other criteria for Ring Dealing Membership, and, if applicable, any and all other special criteria for Overseas Undertakings, which the Directors may from time to time prescribe.
- 1.3 Associate Clearing Membership:
 - 1.3.1 A Candidate for Associate Clearing membership must satisfy the Directors:-
 - 1.3.1.1 that it is an Undertaking and is able to comply with the requirements of the Trading Regulations regarding the delivery of Warrants;
 - 1.3.1.2 that it is a member of the Clearing House or will, subject to election as a Clearing Associate Member, become a member of the Clearing House authorised to clear Exchange Contracts;
 - 1.3.1.3 that it is capitalised at or above the level for the time being prescribed by the Directors;
 - 1.3.1.4 that it is an Undertaking with an active commercial interest in the extraction, refining, production, sale, trading or consumption of metals traded on the Exchange;
 - 1.3.1.5 that it enjoys a financial and business standing which, in the opinion of the Directors, is suitable for Associate Clearing membership; in considering financial and business standing the Directors will have separate regard to the Undertaking concerned and the fitness and properness of its employees or representatives;
 - 1.3.1.6 that it becomes an Account Holder in accordance with Regulation 2.3 of the LMEsword Regulations; and
 - 1.3.1.7 that it satisfies any and all other criteria for Associate Clearing Membership, and, if applicable, any and all other special criteria for Overseas Undertakings, which the Directors may from time to time prescribe.
 - 1.3.2 Associate Clearing membership shall be subdivided into two categories: Broker and Trade.
 - 1.3.3 In addition to the requirements set out in Regulation 1.3.1:
 - 1.3.3.1 a Candidate for Associate Broker Clearing Membership must be or on admission become the legal owner of at least 25,000 B Shares of nominal value 1p each in LME Holdings; and
 - 1.3.3.2 a Candidate for Associate Trade Clearing Membership must be or on admission become the legal owner of at least 5,000 B Shares of nominal value 1p each in LME Holdings.
- 1.4 Associate Non-Clearing Membership:
 - 1.4.1 A Candidate for Associate Non-Clearing membership must satisfy the Directors:-
 - 1.4.1.1 that it is an Undertaking with an active commercial interest in the extraction, refining, production, sale, trading, or consumption of metals traded on the Exchange; and,
 - 1.4.1.2 that it enjoys a financial business standing which, in the opinion of the Directors, is suitable for Associated Non-Clearing Membership; in considering financial and business standing the Directors will have separate regard to the Undertaking concerned and the fitness and properness of its employees or representatives.

- 1.4.2 Associate Non-Clearing membership shall comprise the following sub-categories: Broker and Trade. In addition to the requirements set out in Regulation 1.4.1, a Candidate for Associate Non-Clearing Broker Membership must be or on admission become the legal owner of at least 2,500 B Shares of nominal value 1p each in LME Holdings. An Associate Non-Clearing Trade Member need not hold shares in LME Holdings.
- 1.4.3 Associate Non-Clearing Members may, if they are eligible in accordance with Regulation 2.4 of the LMEsword Regulations, apply to become an Account Holder in accordance with Regulation 2.3 of the LMEsword Regulations.
- 1.5 Individual Membership:
- A Candidate for Individual Membership:-
- 1.5.1 may not, unless the Directors in the circumstances of any particular application decide otherwise, be a director or employee of (a) an Undertaking which either is a Member or, although not a Member, would be eligible to become a Member nor (b) a Subsidiary Undertaking or Parent Undertaking of any such Undertaking; and
- 1.5.2 must satisfy the criteria for individual membership which the Directors may from time to time prescribe.
- 1.6 Honorary Membership :
- Honorary Membership may be conferred on individuals at the discretion of the Directors.

2 APPLICATIONS FOR MEMBERSHIP

- 2.1 An application for membership of the Exchange shall be made in the form prescribed from time to time by the Directors, obtainable upon application to the Secretary. Each application must be accompanied by such admission fee as may be prescribed by the Directors.
- 2.2 Notice of each application for membership shall be sent to Members not less than two weeks before the date when the application is to be considered by the Directors. Any Member who objects to the Candidate becoming a Member of the Exchange shall be entitled to submit a written objection for consideration by the Directors.
- 2.3 The Directors may require from the Candidate such information, and may institute such investigations to verify information submitted by the Candidate, as they deem necessary. The Directors may require the Candidate, or one or more representatives of the Candidate, to attend for interview by the Directors or by a committee of the Directors.
- 2.4 If the Directors decide to admit a Candidate they shall promptly notify the Candidate in writing and shall publish their decision by means of a notice sent to Members. The Directors shall stipulate the date when the admission to membership is to become effective.
- 2.5 Upon admission a Member shall pay the Subscription applicable to his class or category of membership.
- 2.6 An official list of Members can be seen by any Member on application to the Secretary.
- 2.7 If the Directors decide not to admit a Candidate to membership they shall notify him with a statement of reasons for the refusal and the Candidate may within 14 days of being notified of the Directors' decision lodge notice of appeal with the Secretary.

- 2.8 Appeal under this Rule shall be to a single arbitrator ("the Arbitrator") to be appointed by the President for the time being of The Law Society. Regulations 1, 4-10, 14 and 17 of Part 8 of the Rules (amended as set out in Regulation 2.9) shall apply to an appeal under this Rule. The Arbitrator shall consider the written statement of reasons given to the Candidate by the Directors and any representations made by or on behalf of the Candidate and by or on behalf of the Company. The Arbitrator shall determine whether or not the Directors correctly interpreted the membership criteria from time to time applicable in respect of the class of membership for which the Candidate applied and whether the rules of natural justice were complied with in reaching the decision refusing admission ("the Decision"). The Decision shall not otherwise be open for review and the Arbitrator shall have no power to order that the Directors shall admit the Candidate. The decision of the Arbitrator on questions of fact shall be final and binding on the Company and the Candidate. If the Arbitrator determines that the Directors did not correctly interpret the relevant membership criteria, or that the rules of natural justice were not complied with in reaching the Decision, the Directors shall reconsider the application. In doing so the Directors shall consider the application afresh and (in particular but without limitation) shall not be obliged to decide the application on the basis only of information available to them prior to the Decision.
- 2.9 For the purpose only of an appeal under Regulation 2.8, and without prejudice to any powers the Arbitrator may have under English law, the following amendments shall apply to the Arbitration Regulations.
- 2.9.1 In Regulation 1.1 of Part 8 of the Rules:
- (a) defined terms shall be ignored unless used in the Regulations referred to in Regulation 2.8;
 - (b) "Claimant" shall mean the Candidate;
 - (c) "Respondent" shall mean the Company;
 - (d) "Tribunal" shall mean the arbitrator appointed pursuant to Regulation 2.8.
- 2.9.2 Regulation 6.3 of Part 8 of the Rules shall not apply.
- 2.9.3 Regulations 10.1(e), (i), (j), (l), (n), and (p)-(s) of Part 8 of the Rules shall not apply.
- 2.9.4 In Regulation 14.1 of Part 8 of the Rules the words "or by the Company" and "or the Company" shall be ignored.
- 2.9.5 Regulation 14.4 of Part 8 of the Rules shall not apply.

3 CHANGE IN CLASS OR CATEGORY OF MEMBERSHIP

- 3.1 Any Member may change his membership from any class or category of membership to any other class or category provided that:-
- 3.1.1 the prior consent of the Directors is obtained; and
 - 3.1.2 he pays any increase in Subscription applicable to his new class or category of membership. A Member shall pay the full amount of Subscription applicable to his new class or category of Membership, credit being given for the amount of Subscription already paid by the Member in the year of application.

3.2 In deciding whether or not to admit a Member to a different class or category of membership, the Directors shall determine whether the Member satisfies the criteria for the new class or category of membership in accordance with Regulation 1.

3.3 Regulations 1 and 2 shall apply *mutatis mutandis* to an application under this Regulation save that any reference to a "Candidate" shall be construed as a reference to the relevant applicant Member.

4 REQUIREMENTS OF THE FINANCIAL SERVICES AND MARKETS ACT 2000

4.1 No person may apply or continue to be a Ring Dealing Member, Associate Broker Clearing Member or Associate Broker Non-Clearing Member unless he is:

4.1.1 an authorised person or exempt person within the meaning of Part III of the FSMA; or

4.1.2 an investment firm authorised under Article 5 of MiFID by the competent authority of an EEA State other than the United Kingdom (including a branch established in the United Kingdom of such a firm); or

4.1.3 a credit institution authorised under the Banking Consolidation Directive by the competent authority of an EEA State other than the United Kingdom (including a branch established in the United Kingdom of such an institution).

4.1.4 In this Regulation 4.1, "competent authority" and "EEA State" have the meanings given to them in the FSA Handbook.

4.2 No Member may undertake any regulated activity (as defined in the FSMA) in relation to the Exchange unless the Member is authorised, including through exemption, by the FSA to carry on such a regulated activity and no Member may enter into a Client Contract unless he or the other party to the Contract, is a Ring Dealing Member, Associate Broker Clearing Member or Associate Broker Non-Clearing Member.

4.3 A Member must inform the Exchange immediately of any variation or cancellation of permission to carry on a regulated activity, including the withdrawal of the Member's status as an authorised person by the FSA.

5 CHANGE IN OWNERSHIP OF A MEMBER

5.1.1 A Member which is a body corporate shall notify the Exchange in writing of the name of any person for the time being holding, or having a beneficial interest in, 10% or more of any class of the equity share capital of the Member or of any Parent Undertaking of the Member, and of any change in such a holding or interest, within seven days of the holding or interest, or a change therein, coming to the Member's notice.

5.1.2 The members of a partnership or an unincorporated association who are joint Members shall notify the Exchange in writing of the name of any person who becomes or ceases to be a partner of that partnership or member of that unincorporated association (as the case may be) within seven days of that event coming to that joint Member's notice.

5.2 Upon receipt by the Exchange of any notice from a Member under Regulation 5.1.1 or 5.1.2 the Directors may review the suitability of the Member for membership of the Exchange. The Directors may require the Member to furnish such additional information as the Directors may from time to time consider material in the course of such review. If upon completion of the review the Directors are not satisfied that the Member continues to satisfy the criteria for membership of the relevant class they shall consider whether to suspend the rights of the Member.

6 DESIGNATION OF MEMBERS

Members may only describe their membership of the Exchange on any letter heading, advertisements, brochures, or other written material in the following terms:

Type of Member	Description
Ring Dealing Member	"Ring Dealing Member" of the London Metal Exchange.
Associate Broker Clearing Member	"Associate Broker Clearing Member" of the London Metal Exchange.
Associate Trade Clearing Member	"Associate Trade Clearing Member" of the London Metal Exchange.
Associate Broker Member	"Associate Broker Member" of the London Metal Exchange.
Associate Trade Member	"Associate Trade Member" of the London Metal Exchange.
Individual Member	"Individual Member" of the London Metal Exchange.
Honorary Member	"Honorary Member" of the London Metal Exchange.

The words London Metal Exchange may be abbreviated to LME.

7 WITHDRAWAL FROM MEMBERSHIP

- 7.1 Subject to Regulation 7.2 to 7.7, a Member may at any time withdraw from membership of the Exchange.
- 7.2 A Member desiring to withdraw from membership must lodge a notice in writing to that effect (a "resignation notice") with the Secretary. If the resignation notice is not received by the Secretary on or before the 30th day of November of the year in which the Member intends his membership to cease, he will be liable for payment of the subscription for the following year.
- 7.3 A Member who gives the Exchange a resignation notice must provide the Exchange with such information concerning the circumstances of the resignation as, in the opinion of the Directors, is necessary for the Directors to determine whether:
- (a) to accept the resignation;
 - (b) to postpone the effective date of the resignation;
 - (c) without prejudice to the courses of action available to the Directors under subparagraphs (a) and (b) above, any other measures should be taken by the Exchange before or after the resignation takes effect.
- 7.4 The Directors may, in their absolute discretion, refuse to accept a resignation notice given by a Member or may postpone the effective date if they consider it necessary for the protection of clients, or otherwise in the interests of the market.

- 7.5 A Member who ceases to be a Member by virtue of Regulations 7 or 15 (a "former member") shall remain subject to the Rules and to the jurisdiction of the Exchange including, inter alia, those Rules relating to the retention of records and provision of information, in respect of acts and omissions while he was a Member and in respect of any investigation or disciplinary proceedings relating thereto (including the payment of any fine or application of any other sanction imposed) as if he were a Member, for the longer of:
- (a) the period of six years from the date on which he ceased to be a Member; or
 - (b) the period during which any disciplinary proceedings continue against him, being proceedings started by the Exchange no later than twelve months after the date on which he ceased to be a Member, subject to any extension of the period under Regulation 7.7; or
 - (c) the period until such time as all his obligations under any Contract entered into by him prior to his ceasing to be a Member shall have been discharged.
- 7.6 Disciplinary proceedings following a Member's resignation may be started by giving notice to the former member of an investigation no later than twelve months after the date on which he ceased to be a Member.
- 7.7 In the event that a Disciplinary Committee concludes that there are, or may be additional matters which should be investigated and in respect of which disciplinary proceedings may be taken, the period referred to in Regulation 7.5 shall be extended until such time as such additional disciplinary proceedings are completed (including the payment of any fine or application of any other sanction imposed).

8 COMMITTEES

- 8.1 The Directors shall appoint such committees with such terms of reference as they may from time to time determine.
- 8.2 The persons to serve on committees shall be drawn from Honorary Members, Individual Members, directors and employees of other Members and such other persons with relevant experience as the Directors may select.
- 8.3 No person serving on any committee shall, in the absence of bad faith or wilful default, be under any liability whatsoever whether in contract, in tort or otherwise to any Member for any decision taken or other act or omission of the relevant committee.

9 PROVISION OF INFORMATION AND OBLIGATIONS OF MEMBERS

- 9.1 Each Member (other than Individual and Honorary Members) shall provide the following financial and trading information to the Exchange:
- 9.1.1 annual audited accounts (including balance sheet, profit and loss account and cash flow statement) within four months of the end of its financial year and those of its ultimate Parent Undertaking (if any) as soon as they are sent to any person entitled to receive them; and
 - 9.1.2 such further information in relation to commercial matters as may be required by the Chief Executive or those empowered by him generally or in any specific case; and

- 9.1.3 such further information in relation to regulatory and compliance matters as may be required by the Executive Director: Regulation and Compliance or those empowered by him generally or in any specific case. Where the Executive Director: Regulation and Compliance or those empowered by him have cause to suspect the existence or to anticipate the development or likely development of an undesirable situation or undesirable or improper trading practice, the information which may be required shall include information relating to the over-the-counter business of a member or any of its affiliates in metals, including any index thereon, traded on the Exchange.
- 9.2 The Chief Executive in relation to commercial matters and the Executive Director: Regulation and Compliance in relation to regulatory and compliance matters and those empowered by each of them generally or in any specific case may request trading or other information regarding any Clearing Member from the Clearing House and the Clearing House shall provide the same.
- 9.3 The Chief Executive in relation to commercial matters and the Executive Director: Regulation and Compliance in relation to regulatory and compliance matters and those empowered by each of them generally or in any specific case shall be entitled at any time to inspect and take copies of the records, trading information, books of account and other documentation, in whatsoever medium retained, of Members (including, in whatsoever medium retained, any documentation maintained by or in the possession of the Member for any other person) for the purpose of ensuring compliance with the Rules. Where documentation of a Member is maintained for it by a third party, the Member shall procure that access is provided to such documentation as if it were in the possession of the Member.
- 9.4 The Chief Executive in relation to commercial matters and the Executive Director: Regulation and Compliance and those empowered by each of them generally or in any specific case shall be entitled at any time to attend at the premises of any Member for the purpose of inspecting any of the matters referred to in Regulations 9.1 and 9.3 and the Member shall ensure that all cooperation is afforded.
- 9.5 The Chief Executive and the Executive Director: Regulation and Compliance and those empowered by each of them generally or in any specific case may cooperate with any governmental or international agencies, any investment exchanges, any clearing houses and self-regulatory and other regulatory or enforcement organisations in such manner as each of them think fit and shall, in particular, be permitted to divulge to any of the aforesaid persons or bodies any information for the time being in the possession of the Exchange regarding any Member's financial condition or trading activity including any information obtained pursuant to Regulations 9.1 to 9.4.
- 9.6 A Member shall:
- (a) observe high standards of integrity and fair dealing, and observe high standards of market conduct as reflected in the FSA Principles and Guidance Releases as published from time to time;
 - (b) organise and control its internal affairs in a responsible manner, keep proper records, and have adequate arrangements to ensure that its staff and directors are suitable, adequately trained and properly supervised and that it has well-defined procedures as regards compliance with these Rules;

- (c) retain all relevant documentation, and provide the Exchange with copies thereof on request, in relation to all Contracts entered into by them and also in relation to all other contracts entered into by them for the purchase and sale of primary aluminium, aluminium alloy, cobalt, copper, lead, molybdenum, nickel, steel, tin, zinc, including:
- any option for the purchase and sale of any such metal; and
 - any contract for difference, swap, or similar contract based on the price of any such metal.
- (d) deal with the Exchange in an open and cooperative manner and keep the Exchange promptly informed of anything concerning the Member which might reasonably be expected to be disclosed to it.

9.7 No Member shall manipulate or attempt to manipulate the market, nor create or attempt to create a disorderly market nor assist its clients, or any other person, to do so.

10 INVESTIGATION

10.1 Investigation into alleged acts of misconduct must be authorised by the Executive Director: Regulation and Compliance.

10.2 In the context of this Regulation 10 and the following Regulation 11, the expression "the Exchange" shall, where appropriate, be taken to mean the Executive Director: Regulation and Compliance or any other person or persons being part of the Executive, authorised by the Executive Director: Regulation and Compliance to undertake any of the functions described herein.

10.3 In the course of conducting an investigation, the Exchange may appoint professional, legal or accounting advisors to assist, or enlist the assistance of any other external advisor as it thinks fit. Any external adviser appointed by the Exchange shall be required to treat all information obtained in the course of the investigation as confidential and to disclose it only to the Exchange.

10.4 The Exchange shall issue a Notice of Investigation (NoI) notifying the Member concerned that an investigation has been commenced. The NoI shall be in writing to the Member's Compliance Officer, and shall contain a brief description of the matter under investigation.

10.5 Members shall co-operate fully with all investigations (whether or not they are the Member under investigation). In particular, and without limitation, Members shall:

10.5.1 Make available for interview such of their officers, employees or agents as may be reasonably requested in order that they may answer questions and explain any matter that the Exchange considers relevant to the investigation;

10.5.2 Comply fully with their obligation to provide information in accordance with Regulation 9;

10.5.3 Permit an authorised representative of the Exchange to visit their offices at any time, for the purpose of the investigation.

10.6 A report detailing the findings of the investigation shall be passed to the Executive Director: Regulation and Compliance who may, or may not, recommend to the Enforcement Committee that disciplinary proceedings should be commenced.

- 10.7 Where some or all of the findings of an investigation may be of relevance to the market in general, the Executive Director: Regulation and Compliance may publish such findings as he deems appropriate.

11 DISCIPLINE

Institution of Proceedings

- 11.1 The Enforcement Committee may institute disciplinary proceedings against any Member in respect of any act of misconduct by a Member or employee thereof or any other person for whom the Enforcement Committee deems the Member to be responsible. For the purposes of this Regulation, an act of misconduct is:
- (i) any violation or attempted violation of these Rules and Regulations or participation in conduct by a third party which would be a violation or attempted violation of these Rules and Regulations if that third party were subject to these Rules and Regulations;
 - (ii) a failure to pay an automatic fine or a fine or order for costs imposed by a Disciplinary Committee that has not been overturned by an Appeal Committee;
 - (iii) conduct which has brought or may be likely to bring the Exchange or any of its markets into disrepute;
 - (iv) provision to the Exchange of information (including information for the purpose of obtaining Membership) which is false, misleading or inaccurate in a material particular;
 - (v) ceasing to meet eligibility criteria for membership as set out in Regulation 1 without notifying the Exchange;
 - (vi) any other matter of which the Exchange may, from time to time, notify Members through administrative notices.
- 11.2 Where the Enforcement Committee decides to institute disciplinary proceedings, a Notice, approved by it setting out the alleged act of misconduct together with a summary of the facts relied upon (“the Notice”) shall be served on the Member concerned.

Defence

- 11.3 The Member has twenty working days from service of the Notice in which to serve a statement of defence (“the Defence”) responding to all or any of the allegations, stating its intended pleas and what admissions of fact, if any, it makes.
- 11.4 Where no defence has been served pursuant to Regulation 11.3, and no settlement has been reached, the Member will be deemed to have accepted the facts and matters alleged in the Notice.
- 11.5 Having seen and considered the Defence, the Enforcement Committee, if it deems it appropriate, may choose to discontinue disciplinary proceedings.

Pre-hearing Review

- 11.6 Unless decided otherwise by the Disciplinary Committee, and subject to Regulation 11.7, a pre-hearing review shall be convened not later than twenty working days after service of the Defence.
- 11.7 Unless required by the Disciplinary Committee, the Exchange and the Member can agree in writing to postpone or dispense with a pre-hearing review. In the event that they dispense with the pre-hearing review Regulation 11.10 shall apply.

- 11.8 At the pre-hearing review, the Disciplinary Committee may give all such directions and take such other steps as it considers appropriate for the clarification of the facts and issues and for the just and expeditious determination of the case.
- 11.9 The Exchange and the Member shall attend the pre-hearing review and may be legally represented.
- 11.10 Without restriction on its general power to give directions, the Disciplinary Committee may, at the pre-hearing review (or where there is no pre-hearing review, may in writing to the parties):
- 11.10.1 fix a time and place or make arrangements for the hearing;
 - 11.10.2 direct the hearing or any part of the hearing proceed by way of written submissions and written evidence;
 - 11.10.3 direct the Exchange or the Member to disclose and serve copies of any document;
 - 11.10.4 direct the Exchange or the Member to provide the names of all witnesses to be called at the hearing and their statements or an outline of proposed evidence;
 - 11.10.5 make time limits for complying with directions and orders or for any other purpose of the proceedings;
 - 11.10.6 grant leave to the Exchange or the Member to amend any formal documents referred to in these Regulations. Within such period of time of the grant of leave to amend as shall be specified by the Disciplinary Committee, the party granted such leave shall serve the amended document on the other party;
 - 11.10.7 extend or abridge time limits;
 - 11.10.8 make any order for the payment of costs of or in connection with pre-hearing preparation or any pre-hearing review.
- 11.11 In the event that the Member fails to comply with any direction, the Exchange may apply to the Disciplinary Committee for an order that the Member be precluded from contesting the case unless the direction is complied with. In addition, failure by the Member to comply with any direction may be adduced by the Exchange before the Disciplinary Committee for such inferences to be drawn as are proper in all the circumstances. Failure to comply with any direction may render the Member liable for costs, whether or not any charge is found proved.
- 11.12 In the event that the Exchange fails to comply with any direction, the Member may apply to the Disciplinary Committee for an order that the Exchange be precluded from pursuing the case unless the direction is complied with, or an order that the case be dismissed.

The Hearing

- 11.13 The date of the hearing shall be set at the pre-hearing review, where held. Where no pre-hearing review has taken place, the hearing shall take place no later than 20 working days after service of the Defence, or on such other date as the Disciplinary Committee shall require.
- 11.14 All parties attending the hearing, including any witnesses to be called by either party, shall be given reasonable notice of the date, time and venue.
- 11.15 The Disciplinary Committee shall determine the procedure to be followed at the hearing having regard to the following:
- 11.15.1 the Exchange to open the case;

- 11.15.2 the Exchange to adduce evidence and to call witnesses whom the Member may then cross-examine, the Exchange re-examine, and who may be asked questions by the Disciplinary Committee;
- 11.15.3 the Member to adduce evidence and to call witnesses whom the Exchange may cross-examine, the Member re-examine and who may be asked questions by the Disciplinary Committee;
- 11.15.4 the Exchange to address the Disciplinary Committee;
- 11.15.5 the Member to address the Disciplinary Committee.

The Determination

- 11.16 The Disciplinary Committee shall announce its findings to the parties as soon as practicable.
- 11.17 Where the Disciplinary Committee is satisfied that the Member has committed an act of misconduct it shall provide the parties with an opportunity to make representations before determining the penalty to be imposed.
- 11.18 The Disciplinary Committee shall announce the penalty to be imposed as soon as possible.
- 11.19 Any penalty imposed shall take into account any representations made by the parties, all the circumstances of the offence and may take into account any previous disciplinary record before deciding the penalty to be imposed and the costs to be ordered.
- 11.20 Within twenty business days of announcing its findings, the Disciplinary Committee shall serve on the parties a written decision comprising its findings of fact, its findings as to whether any charges not admitted are proved, the reasons for its decision and any penalties to be imposed on the Member together with an indication as to whether any part of the penalty is compensatory for the benefit of the market generally or of specified individuals, and what part is purely punitive.
- 11.21 Subject to appeal, and unless the Disciplinary Committee determines otherwise, any penalty imposed shall take effect ten business days after service of the written decision.

Penalties

- 11.22 The Disciplinary Committee may impose one or more of the following penalties:
 - 11.22.1 a reprimand;
 - 11.22.2 a fine;
 - 11.22.3 an order that the Member make restitution to any person when the Member has profited from an act of misconduct at that person's expense;
 - 11.22.4 an order that the Member forfeit to the LME any gains made as a result of a proven Regulation breach;
 - 11.22.5 a requirement to comply with such terms and conditions as appropriate;
 - 11.22.6 temporary or permanent withdrawal of Dealer or Clerk status or admission rights to the Exchange rooms from any individual;
 - 11.22.7 suspension or expulsion from Membership subject to ratification by the Board.

Indicative Penalties

- 11.23 Where appropriate, the Enforcement Committee may submit proposals to the Disciplinary Panel (referred to in Regulation 11.47) for indicative penalties to be attached to certain offences covered by these Regulations. These indicative penalties shall represent the level of penalty the Enforcement Committee considers appropriate for an offence given no aggravating or extenuating circumstances.
- 11.24 Such indicative penalties as are approved by the Disciplinary Panel shall be notified from time to time to all Members, and where relevant Warehouse Companies, by way of an administrative notice.
- 11.25 Penalties so notified shall be indicative only and shall not fetter the discretion of a disciplinary committee or appeal committee to set the penalty it deems appropriate in all the circumstances of the case in question.

Costs

- 11.26 Costs are at the discretion of the Disciplinary Committee. It may order any party to pay such costs as it thinks appropriate, including, but not limited to, administration costs, costs incurred in the investigation, preparation and presentation of the case.

Appeal

- 11.27 Within ten days of service of the Disciplinary Committee's decision, the Member may appeal to the Disciplinary Appeal Committee ("the Appeal Committee") by serving a Notice of Appeal on the Chairman of the Appeal Panel.
- 11.28 Within ten days of service of the Disciplinary Committee's decision, the Exchange may appeal to the Appeal Committee by serving a Notice of Appeal on the Chairman of the Appeal Panel and the Member.
- 11.29 A Notice of Appeal shall set out the grounds of the appeal and shall contain a brief statement of all matters relied upon by the appellant.
- 11.30 The grounds of the appeal may be any one or more of the following:
- 11.30.1 the Disciplinary Committee misdirected itself;
- 11.30.2 the Disciplinary Committee's decision was
- (a) one which no reasonable Disciplinary Committee could have reached;
 - (b) unsupported by the evidence or was against the weight of the evidence;
 - (c) based on an error of law, or misinterpretation of the Rules.
- 11.30.3 the penalty imposed by the Disciplinary Committee was either excessive or insufficient;
- 11.30.4 new evidence is available and that, had it been adduced, the Disciplinary Committee could reasonably have come to a different decision provided that this will not apply if the evidence could have been adduced before the Disciplinary Committee by the exercise of reasonable diligence.
- 11.31 The Appeal Committee shall determine the procedure at the appeal having regard to the following:
- 11.31.1 the appellant will open the appeal;
- 11.31.2 any witnesses called may be cross-examined and re-examined by the parties and questioned by the Appeal Committee;

- 11.31.3 the other party may make submissions in response;
- 11.31.4 the appellant may make closing submissions.
- 11.32 The Appeal Committee shall announce its decision to the parties as soon as practicable.
- 11.33 The Appeal Committee may dismiss or allow the appeal and may increase or decrease the penalty imposed upon such terms and conditions as it considers appropriate.
- 11.34 Within 20 business days of the conclusion of the hearing, the Appeal Committee shall serve on the parties a written decision setting out its reasons.
- 11.35 Regulation 11.26 in relation to costs shall apply to the Appeal Committee.

Settlements

- 11.36 The Exchange and the Member may agree a settlement of disciplinary proceedings at any time up to the commencement of the disciplinary hearing.
- 11.37 A Member wishing to enter into settlement negotiations must submit written proposals for settlement to the Exchange and the Enforcement Committee.
- 11.38 Settlement negotiations shall be on a without prejudice basis.
- 11.39 Any settlement agreement shall be submitted to the Enforcement Committee for ratification. The Enforcement Committee may ratify or refuse to ratify any settlement agreement. A settlement agreement shall not take effect unless ratified by the Enforcement Committee. A settlement agreement so ratified shall have the same status as a decision by a Disciplinary Committee.
- 11.40 Once the hearing has commenced, the Exchange and the Member may reach an agreed finding. Any agreed finding shall be submitted to the Disciplinary Committee for ratification.
- 11.41 The Disciplinary Committee may ratify or refuse to ratify the agreed finding. An agreed finding shall not take effect unless ratified by the Disciplinary Committee. Where the Disciplinary Committee refuses to ratify the agreed finding, the hearing shall proceed as if no agreed finding was reached.

Publication of Findings and Penalties

- 11.42 Subject to appeal, where the Disciplinary Committee finds that there has been an act of misconduct, notification of such findings and of any sanction shall be made (once the same has taken effect) by means of a notice to the relevant parties.
- 11.43 Where disciplinary proceedings have been concluded by way of settlement ratified by the Enforcement Committee or an agreed finding ratified by a Disciplinary Committee, notification of the settlement agreement or the agreed finding shall be made by means of notice to the relevant parties. Such notice to be drafted by the Exchange in consultation with the Member.
- 11.44 Relevant parties in this context shall mean:
 - 11.44.1 the person or Member found to have committed the act of misconduct;
 - 11.44.2 where the misconduct was on the part of a warehouse company or agent thereof, all Members, approved warehouses and their agents;
 - 11.44.3 where the misconduct was on the part of any other Member or person deemed to be the responsibility of a Member, to all Members;

- 11.44.4 as an exception to Regulation 11.44.3, where the finding is by the Ring Disciplinary Committee or the Ring Discipline Supervisory Committee, all Ring Dealing Members;
- 11.44.5 in all cases the appropriate regulatory or other authorities, as the Exchange deems appropriate.
- 11.45 The outcome of disciplinary proceedings being notified to all Members shall also be made public by such means as the Exchange shall think fit.
- 11.46 Where the Appeal Committee upholds the finding of the Disciplinary Committee (even in the event that the penalty is altered), the above rules on publication shall apply.

Procedural Provisions applicable to the Exchange Disciplinary Process

Membership of the Disciplinary Committee and the Appeal Committee

- 11.47 The Exchange, in consultation with the Chairman of the Appeal Panel, shall from time to time appoint persons, who may be Directors or other persons, to a panel “the Disciplinary Panel”. A member of the Enforcement Committee cannot be appointed to the Disciplinary Panel. Membership of particular Disciplinary Committees shall be drawn only from the Disciplinary Panel.
- 11.48 The Exchange, in consultation with the Chairman of the Appeal Panel, shall from time to time appoint persons, who shall not be Directors, to a panel “the Appeal Panel”. Membership of particular Appeal Committees shall be drawn only from the Appeal Panel.
- 11.49 Membership of the Disciplinary Panel and the Appeal Panel shall be notified to Members from time to time by means of an administrative notice.
- 11.50 Membership of the Disciplinary Panel shall be for a period of 5 years (the term) renewable. A member of the Disciplinary Panel may not be removed from the Panel prior to the expiration of the term save in the event that he or she ceases to be a Director of the LME, or in the event that he or she is guilty of conduct which has brought or may be likely to bring the Exchange or any of its markets into disrepute.
- 11.51 Membership of the Appeal Panel shall also be for a period of 5 years (the term) renewable. A member of the Appeal Panel may not be removed from the Panel save in the event that he or she is guilty of conduct which had brought or may be likely to bring the Exchange or any of its markets into disrepute.
- 11.52 The Exchange shall appoint one member of the Disciplinary Panel to be the Chairman of the Disciplinary Panel. The Exchange shall appoint one member of the Appeal Panel to be the Chairman of the Appeal Panel.
- 11.53 No person shall be eligible to serve as a member of the Disciplinary Committee or Appeal Committee in relation to any particular case if he has any material interest in the matter under consideration either personally or through any Undertaking with which he may be concerned.
- 11.54 At least one member of the Appeal Committee must be a qualified lawyer.
- 11.55 At the request of the Executive Director: Regulation and Compliance, the Chairman of the Disciplinary Panel shall nominate three members of the Disciplinary Panel to sit on a Disciplinary Committee and shall notify the Member and the Exchange of such nomination. The Chairman may nominate himself. If the Member does not agree to one or more of the nominated Disciplinary Committee, the Chairman, if satisfied that the grounds of objection are reasonable, shall nominate a replacement, or replacements, from the Disciplinary Panel, subject to such replacement, or replacements, being willing and able to sit on that Disciplinary Committee.

- 11.56 On receipt of a Notice of Appeal, the Chairman of the Appeal Panel shall nominate three members of the Appeal Panel to sit on an Appeal Committee and shall notify the Member and the Exchange of such nomination. The Chairman may nominate himself. If the Member does not agree to one or more of the nominated Appeal Committee, the Chairman, if satisfied that the grounds of objection are reasonable, shall nominate a replacement, or replacements, from the Appeal Panel, subject to Regulation 11.54 and subject to such replacement, or replacements, being willing and able to sit on that Appeal Committee
- 11.57 In the case of a matter set out in Regulations 11.5 to 11.9 of the Trading Regulations (by way of appeal or otherwise) the Appeal Committee shall not include any member of the Ring Discipline Supervisory Panel who was involved in that capacity in the matter.

Composition

- 11.58 The Disciplinary Committee or the Appeal Committee shall appoint one of their number to be the Chairman.
- 11.59 The quorum of a Disciplinary Committee or Appeal Committee shall be three, unless decided otherwise by the Disciplinary Committee or Appeal Committee.
- 11.60 The Disciplinary Committee may decide that any pre-hearing review shall be heard by the Chairman sitting alone.

Legal Adviser

- 11.61 A legal adviser, who shall be a barrister or solicitor, may be appointed by the Disciplinary Committee or the Appeal Committee to sit throughout the hearing (including any pre-hearing review) and provide legal advice to the Committee.
- 11.62 The same legal adviser may not be appointed to advise both the Disciplinary Committee and Appeal Committee on the same case.

Hearings in private

- 11.63 Disciplinary Committee hearings and Appeal Committee hearings shall be held in private, unless the Member elects to hold the hearing in public.

Representation

- 11.64 Parties to disciplinary proceedings may be represented.
- 11.65 Where disciplinary action is taken against an individual, he or she may represent himself or herself, or may be represented by his or her employer or may be legally represented.
- 11.66 Where disciplinary proceedings are taken against a Member, it may be represented by one of its officers, employees or may be legally represented.
- 11.67 The Exchange may be represented by one of its officers, employees or may be legally represented.
- 11.68 The availability of a particular legal representative shall not be conclusive when fixing a date for a pre-hearing review or a tribunal.

Failure to attend

11.69 If either party fails to attend, the hearing may proceed in its absence.

Record of hearing

11.70 A record shall be made of the hearing, electronically or otherwise. The Member shall be entitled to a transcription or copy of the record on payment of the costs.

Burden and standard of proof

11.71 The burden of proof shall be on the Exchange. The Disciplinary Committee shall not find a charge proved unless it is satisfied on the balance of probability.

Evidence

11.72 The Disciplinary Committee may admit any evidence whether oral or written, whether direct or hearsay and whether or not the same would be admissible in a court of law.

Notice periods

11.73 Any notice periods specified in these rules may be amended by agreement in writing between the Exchange and the Member, unless such notice periods have been set by the Disciplinary Committee or the Appeal Committee.

CONVICTIONS AND FINDINGS BY OTHER AUTHORITIES

11.74 The findings of fact of any court in the United Kingdom or of the Financial Services Tribunal, which have not been set aside on appeal or otherwise shall be conclusive evidence of the facts so found.

11.75 A criminal conviction by any court in the United Kingdom which has not been set aside on appeal or otherwise shall be conclusive evidence of the commission of that offence.

11.76 The findings of fact of the following bodies, which have not been set aside on appeal or otherwise, shall be prima facie evidence of the facts so found:

11.76.1 any court of competent jurisdiction outside the United Kingdom;

11.76.2 any committee or tribunal of the Financial Services Authority, and self-regulating organisation, recognised professional body, recognised investment exchange or recognised clearing house or any overseas regulatory authority within section 128 C (3) of the Financial Services Act 1986 or any financial services legislation replacing the FSA 1986, exercising regulatory or disciplinary functions;

11.76.3 the Monopolies and Mergers Commission;

11.76.4 any other body exercising a regulatory or disciplinary jurisdiction over any persons engaged in financial services business whether in the United Kingdom or elsewhere.

12 DISQUALIFICATION AND EXPULSION

- 12.1 The criteria for membership are continuing requirements and if a Member shall cease at any time to satisfy any of the criteria for membership of his class the Directors may in their discretion re-categorise his membership to a class the criteria for which he is able to satisfy or, subject to Regulation 12.4, suspend his Membership until such time as he is able to satisfy the criteria, or may seek to expel him from membership.
- 12.2 Upon the happening of any of the following events the Directors may resolve, with immediate effect, that the Member concerned be suspended from membership, and, where appropriate, subject to Regulation 12.5, expelled from membership:-
- 12.2.1 A Member pursuant to disciplinary proceedings held in accordance with these Regulations is found to have committed a serious breach or persistent breach of the Regulations and the Disciplinary Committee has suspended or expelled the Member subject to ratification by the Directors, provided that the Disciplinary Committee's decision has been upheld by an Appeal Committee, or the time for lodging an appeal has elapsed and no appeal has been made;
- 12.2.2 A Member fails to meet his material contractual obligations to another Member and the obligation or the obligations concerned are not being disputed in good faith;
- 12.2.2. A Member is declared a Defaulter pursuant to the Default Regulations;
- 12.2.4 An Event of Default (as defined in the Default Regulations) occurs in relation to a Member and is continuing.
- 12.3 The Directors shall have the power to suspend a Member where it is considered necessary to ensure an orderly market, or otherwise to enable the Exchange to comply with its statutory obligations.
- 12.4 Save in the case of Regulation 12.2.1, the power to suspend a Member is subject to a right of appeal by the Member to an Appeal Committee convened pursuant to Regulation 11. The Appeal Committee shall, in such circumstance, have full jurisdiction to review the facts of the case as if it were a Disciplinary Committee. Any appeal shall be heard swiftly.
- 12.5 Save in the case of Regulation 12.2.1, where the Directors believe expulsion is warranted, they shall request that an Appeal Committee be convened, pursuant to Regulation 11, to consider the case for expulsion. Such an Appeal Committee shall be convened swiftly. The Directors may suspend the Member with immediate effect pending the outcome of the Appeal Committee so convened. The Appeal Committee shall, in such circumstance, have full jurisdiction to review the facts of the case as if it were a Disciplinary Committee. Where the Appeal Committee agrees that expulsion is justified, the Member shall be expelled with immediate effect.

13 FORFEITURE OF RIGHTS ON CESSATION OF MEMBERSHIP

- 13.1 A Member who shall have been expelled or shall otherwise have ceased to be a Member shall not be entitled to any refund of subscription or fees.
- 13.2 All rights and privileges of being a Member and all Cards of Admission issued to a Member or to a Member's directors or employees on his application and all rights appertaining thereto shall ipso facto be cancelled upon the Member's ceasing for any reason to be a Member or losing in any other way the right of entry to the Exchange.

14 DISPUTES BETWEEN MEMBERS

Upon the Secretary receiving a notice in writing from a Member that a dispute exists between him and another Member arising out of or in connection with a Contract, he shall send a notice to Members to this effect. Such memorandum shall be removed by the Secretary when he shall receive notification in writing by the party or parties reporting the existence of such dispute that it has been settled or has been referred to arbitration in accordance with Part 8 of the Rules or otherwise disposed of.

PART 3
TRADING REGULATIONS

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CONTENTS

Section		Page
1	General	3-1
2	Permitted Contracts	3-1
3	The Matching-System and Recording of Trades	3-1
4	Price Information	3-3
5	Settlement Prices, Index Level and Other Official Prices	3-4
6	Closing Prices and Margin	3-4
7	Protected-Payment System	3-4
8	Prompt Dates	3-5
9	Settlement of Contracts	3-6
10	Delivery - General	3-10
11	Dealings in the Ring	3-11
12	Dealings on LME Select	3-17
13	When the Clearing House May Fix Prices	3-17
14	Who May Trade in the Ring or on LME Select	3-18
15	Emergencies	3-19
16	Lending Guidance	3-20
17	Liability	3-21

PART 3: TRADING REGULATIONS

1 GENERAL

- 1.1 The Directors may fix and from time to time alter the hours of opening and closing the Exchange, the hours for trading by open outcry in the Ring and the hours for trading on LME Select.
- 1.2 Members may trade and make Contracts at any time on a Business Day notwithstanding that the Exchange may not be open at the time.
- 1.3 The making by Ring Dealing Members and Associate Broker Members of Contracts shall be subject to the Rules of the Exchange (of which the Trading Regulations form a part). Exchange Contracts shall in addition be subject to the General Regulations of the Clearing House.
- 1.4 Contracts may be written only by Ring Dealing Members or Associate Broker Members and accordingly at least one party to every Contract must be such a Member.
- 1.5 All Contracts shall be governed by the Rules including the Trading Regulations and the Contract Regulations, the Traded Options Regulations, the Average Price Swap Regulations and the Special Rules for the relevant metal, LMEmini Contract or for the Construction of the Index and, where applicable the LME Select Operating Procedures and the General Regulations of the Clearing House as effectively as if the same had been expressly inserted therein.

2 PERMITTED CONTRACTS

- 2.1 Members may act only as principals. In all dealings with non-Members they shall comply with the provisions contained in the Rules which refer to relations with clients and to dealings with clients.
- 2.2 All dealing by Members in Metal Contracts, LMEmini Contracts, Index Contracts and Average Price Swap Contracts made subject to the Rules of the Exchange must be evidenced either (a) by an Exchange Contract and/or Segregated Client Contract input into the Matching System and registered with the Clearing House, or (b) by a Non-Segregated Client Contract input into the Matching System. This Regulation shall not impose on the Clearing House any obligation which is not imposed on it by the General Regulations of the Clearing House.
- 2.3 Any Contract, except Index Contracts, Steel Contracts, LMEmini Contracts and Average Price Swap Contracts, may be written with the price or premium payable in any one of the following currencies and no other: US dollar, euro, Japanese yen or sterling. Index Contracts, Steel Contracts, LMEmini Contracts and Average Price Swap Contracts shall be written with the price or premium payable solely in US dollars.

3 THE MATCHING SYSTEM AND RECORDING OF TRADES

- 3.1 Each Clearing Member and Associate Broker Non-Clearing Member shall be responsible for the input into the Matching System of all trades by him in Contracts.
- 3.2 For the purpose of input of trades Clearing Members and Associate Broker Non-Clearing Members shall install and maintain within their offices such electronic data input and capture systems as may be required and approved by the Exchange for the purpose of using the Matching System. They shall ensure the operational capability of such systems at all times and operate the same in accordance with any terms as may be prescribed by the Exchange.
- 3.3 Trades made in the Ring shall be recorded as they are executed on such form as may be approved by the Exchange, and shall also be input into the Matching System.

- 3.4 All other transactions effected by Clearing Members and Associate Broker Non-Clearing Members shall be recorded on Clearing Members' or Associate Broker Non-Clearing Members' own recording documentation and shall also be input into the Matching System.
- 3.5 All trades required to be input into the Matching System shall be input in such form and within such time as may be prescribed by the Exchange from time to time.
- 3.6 For the purpose of matching trades the Exchange shall divide each Business Day into "Matching Periods" and shall allow a limited time after the end of each Matching Period for the matching of all trades executed during such period.
- 3.7 Any dispute or difference between Clearing Members and/or Associate Broker Non-Clearing Members as to matching of any trade or alleged trade may be referred to arbitration in accordance with the Rules of the Exchange by either such Clearing Member or Associate Broker Non-Clearing Member.
- 3.8 All Contracts made after the close of the final Matching Period on each Business Day shall be input by the Clearing Members and/or Associate Broker Non-Clearing Members who are party thereto during such part of the first Matching Period of the following Business Day as may be prescribed by the Exchange.
- 3.9 Only transactions which have been confirmed as matched by the Matching System may be presented for registration with the Clearing House.
- 3.10 All Exchange Contracts and all Segregated Client Contracts made by Clearing Members shall be presented for registration with the Clearing House subject to and in accordance with the General Regulations of the Clearing House which shall be deemed to apply to such Contracts as fully as if the same had been expressly inserted therein.
- 3.11 Particulars of an Exchange Contract or a Segregated Client Contract presented to the Clearing House by the Matching System shall be deemed to be presented by the Clearing Members in whose names it is presented and accordingly, under the General Regulations of the Clearing House, presentation of the particulars by the Matching System shall constitute confirmation of the Exchange Contract or the Segregated Client Contract by those Clearing Members.
- 3.12 Upon such presentation of particulars the Clearing House shall, subject as provided in the General Regulations of the Clearing House, send to each Clearing Member in whose name they are confirmed a member-registration statement showing the date and other particulars of each confirmed Exchange Contract and Segregated Client Contract or a summary thereof. If the Clearing House does not register any Exchange Contract or Segregated Client Contract particulars of which have been presented to it, it shall notify the contracting parties within a reasonable time.
- 3.13.1 Every Ring Dealing Member, Associate Broker Clearing Member and Associate Broker Non-Clearing Member shall keep such records, with such content and in such form, as may be required to demonstrate compliance by the Member with the Rules.

In particular, such Members shall keep records of all Contracts in such form as the Exchange may approve and such records shall include the following details:-

- (a) name of the other party;
- (b) whether the Member has bought or sold or, in the case of a Traded Option, granted or taken;
- (c) the metal or Index;
- (d) whether the Contract is an LMEmini Contract;

- (e) Prompt Date (if applicable) and, in the case of a Traded Option, maturity or declaration month, Strike Price, and whether the Traded Option is a put or a call,
 - (f) whether the Contract is an Average Price Swap Contract and, if so (i) the tradeable month which is to be used to calculate the Monthly Average Settlement Price; and (ii) the fixed price agreed between the buyer and the seller in the Contract;
 - (g) quantity;
 - (h) transaction price or, in the case of a Traded Option, premium; and
 - (i) date and time of transaction.
- 3.13.2 The time of a transaction effected by open outcry in the Ring shall be recorded by denoting the Ring-trading period in which the transaction is effected, using the appropriate abbreviation from below:-

"R1" for the first Ring of the first session;
 "R2" for the second Ring of the first session;
 "K1" to "K6" for the ensuing Kerb;
 "R3" for the first Ring of the second session;
 "R4" for the second Ring of the second session;
 "K7" to "K9" for the ensuing Kerb.

4 PRICE INFORMATION

- 4.1 For the purpose of disseminating information as to prices obtaining at any time during business hours of any Business Day:-
- 4.1.1.1 the Exchange shall, during Ring and Kerb trading, input current prices for all types of contract traded in the Ring to the Exchange's price-reporting service;
 - 4.1.1.2 the Exchange shall, during LME Select trading hours, input the current best bid and best offer prices shown on LME Select and the aggregated volumes for each, together with the price and volume of each trade transacted, to the Exchange's price-reporting service;
 - 4.1.2 subject to 4.1.3 below, each Ring Dealing and Associate Broker Clearing Member shall input into the Exchange's price-reporting service indicative current bid and offer prices and, in respect of Carries, price spreads, for all types of Contract;
 - 4.1.3 a Member shall only be obliged to comply with 4.1.2 above if the Exchange has served a notice on it specifying the type or types of Contract, if any, in respect of which it must input prices;
 - 4.1.4 the Exchange shall serve a notice under 4.1.3 above on a Ring Dealing or Associate Broker Clearing Member if that Member satisfies the criteria published by the Exchange from time to time;
 - 4.1.5 the Exchange may serve a notice under 4.1.3 above on a Ring Dealing or Associate Broker Clearing Member if that Member requests it, and the Exchange considers it appropriate or desirable, to do so;
 - 4.1.6 the Exchange may serve a withdrawal notice in respect of any type or types of Contract whereupon the Member served with the withdrawal notice shall not input prices in respect of the type or types of Contract specified in that withdrawal notice;
 - 4.1.7 a Member served with a notice under 4.1.3 above must comply with any guidance issued by the Exchange and must abide by the terms and conditions for the Exchange's price-reporting service, as amended from time to time.

- 4.2 Representatives of the Exchange shall be in attendance during Ring and Kerb trading on each Business Day for the purpose of maintaining a record of trends in prices bid, offered and traded for all Contracts and, in respect of Carries, of price spreads.
- 4.3 Members shall not supply the aforementioned pricing-information in the form of a video- or data-feed directly or indirectly to any financial information service provider other than the Exchange or any of its authorised agents without prior written consent of the Exchange.

5 SETTLEMENT PRICES AND OTHER OFFICIAL PRICES

- 5.1 At the close of the morning Ring trading session for each metal and before commencement of Kerb trading the Quotations Committee shall determine and post in the Exchange as soon as possible thereafter Official Prices for that metal in its Major Currency. Such prices shall be at the levels which the Quotations Committee determines to have been the last bid and offered prices for Cash, three months and 15 months in the second Ring or, where it determines there were not such prices, at such other level as it may in its discretion decide.
- 5.2 The Official Prices so determined shall immediately be reported by the Exchange to the Clearing House.
- 5.3 If the second succeeding Business Day is a Prompt Date such Official Prices for metals shall be the Settlement Prices for the relevant metal for that Prompt Date.
- 5.4 At the same time as the Quotations Committee determines official Settlement Prices, it shall in addition determine official prices for all metals in their respective Major Currencies for the Prompt Dates three months and 15 months forward. The said prices shall be determined on the basis of trading during the second of that morning's Ring trading-sessions or on such other basis as the Quotations Committee shall, in its discretion, decide.
- 5.5 At the close of the afternoon Ring trading-session the Quotations Committee shall determine prices in the same manner as provided in Regulations 5.1 but on the basis of trading in the fourth Ring. Such prices shall be known as "Unofficial Closing Prices" and shall be posted in the Exchange.
- 5.6 After the close of the afternoon Ring-trading session on the Prompt Date of each Index Contract, the Quotations Committee shall determine and publish the level of the Index based upon the Closing Prices of the Constituent Metals determined and published for that day in accordance with Regulation 6.1 of these Trading Regulations. The level of the Index so determined shall immediately be reported by the Company to the Clearing House and shall be the Settlement Price for the Index for such Index Contracts.

6 CLOSING PRICES AND MARGIN

- 6.1 After the close of the afternoon Ring-trading session on each Business Day the Quotations Committee shall determine and publish Closing Prices in the Major Currency for each metal for each Prompt Date, and the Index Futures Closing Price for each month forward, and the Company shall communicate the same to the Clearing House within a reasonable time after close of Kerb trading. The Quotations Committee shall at the same time advise the Clearing House of such quoted values of Metal Contracts for such other Prompt Dates as may be necessary to enable current prices for all Prompt Dates to be calculated.
- 6.2 For the purposes of Initial and Variation Margin, Carries shall comprise two or more separately identifiable Contracts each with a different Prompt Date.

7 PROTECTED-PAYMENT SYSTEM

Every Clearing Member shall make such arrangements as may be requisite for his participation in the protected-payment system administered by the Clearing House.

8 PROMPT DATES

8.1 Metal Futures may have any of the following Prompt Dates (but subject, where relevant, to sub-paragraph 8.2 and 8.4 of this Regulation):-

- (a) Cash Today;
- (b) Cash;
- (c) each other day forward from Cash to the day which is three months forward from the date upon which the Contract is made (the "three-months date");
- (d) each Wednesday falling after the three-months date until and including the last Wednesday in the sixth calendar month after the calendar month in which the Contract is made; or
- (e) each third Wednesday in each calendar month from and including the seventh calendar month to and including the fifteenth calendar month in the case of Contracts for Cobalt, Molybdenum, Steel Billet and Tin, or the twenty-seventh month in the case of Contracts for Aluminium Alloy and North American Special Aluminium Alloy, or the sixty-third month in the case of Standard Lead, Primary Nickel and Special High Grade Zinc, or the one hundred and twenty-third month in the case of High Grade Primary Aluminium and Copper – Grade A, after the calendar month in which the Contract is made.

8.2 Index Contracts may have as their Prompt Dates (but subject, where relevant, to sub-paragraph 8.4 of this Regulations) the second Wednesday in each permitted expiry month.

8.3 No Metal Contract in which the price is denominated in a currency other than sterling, US dollars or euro may be made for Cash Today or with a Prompt Date falling on a day which the Exchange shall have declared to be a day on which commercial banks in the principal financial centre for the currency concerned will not be open for the transaction of foreign exchange business. No Metal Option Contract may be made which, on declaration, would result in a Futures Contract with such a Prompt Date.

8.4.1 Except in relation to Average Price Swaps, if any Prompt Date would fall on a day which is not a Settlement Business Day it shall instead fall on the next succeeding day which is a Settlement Business Day except:-

- (a) if the Prompt Date would fall on a Saturday and the preceding Friday is a Settlement Business Day;
- (b) if the Prompt Date would fall on Good Friday;
- (c) if the Prompt Date would fall on Christmas Day (and Christmas Day is on a Tuesday, Wednesday, Thursday or Friday); or
- (d) if the Prompt Date would fall on any other day which the Directors have specially declared is not a Business Day.

In the case of (a), (b) and (c) above, the Prompt Date shall instead fall on the preceding Settlement Business Day. In the case of (d) above the Prompt Date shall instead fall on such day as the Directors in their absolute discretion shall determine.

8.4.2 If any Prompt Date falling within Regulation 8.1(c) of this Regulation would, in spite of or by reason of the provisions of Regulation 8.4.1, fall in the fourth calendar month after the calendar month in which the contract was made, it shall instead fall on the last Settlement Business Day in the third such calendar month.

8.5 LMEmini Futures may have the following Prompt Dates:

- (a) if, in any calendar month, the Contract is made on or before the LMEmini Last Trading Time for that calendar month, that Contract may have a Prompt Date on the third Wednesday of that calendar month and on the third Wednesday of each calendar month thereafter for eleven months, subject, where relevant, to regulation 8.4.1; or
- (b) if, in any calendar month, the Contract is made after the LMEmini Last Trading Time for that calendar month, that Contract may have a Prompt Date on the third Wednesday of the next eleven calendar months thereafter, subject, where relevant, to regulation 8.4.1.

8.6 Average Price Swap Contracts may have the following Prompt Dates:

- (a) two Business Days following the last Business Day in the tradeable month which is to be used to calculate the Monthly Average Settlement Price; or
- (b) where (a) is not a Settlement Business Day, the next Business Day which is a Settlement Business Day.

8.7 Except as otherwise provided in these Trading Regulations, the Contract Regulations, the Traded Options Regulations and the Default Regulations each Contract shall be settled on its Prompt Date and, except as aforesaid, Metal Contracts shall not be settled earlier notwithstanding that an offsetting Contract for the same tonnage and Prompt Date may have been made.

9 SETTLEMENT OF CONTRACTS

9.1 Exchange Contracts - General:

9.1.1 Settlement of all Exchange Metal Contracts whether by offset or by delivery and settlement of differences shall be made on the relevant Prompt Date by reference to the Settlement Price determined for that Prompt Date in the currency of the relevant Exchange Metal Contract. Where the currency of the Exchange Metal Contract is not the Major Currency of the relevant metal, settlement shall be made by reference to the Settlement Price translated into the currency of the Exchange Metal Contract at the rate determined by the Company. Settlement of accrued rent and weight differences shall be made by reference to the Settlement Price applicable for that Prompt Date and in the Major Currency of the contract concerned.

9.1.2 Settlement of all Exchange LMEmini Contracts shall be made in cash on the relevant Prompt Date by reference to the Settlement Price determined for that Prompt Date for the relevant underlying metal, provided that only the difference between the Settlement Price of the underlying metal on the Prompt Date and the price of the underlying metal agreed in the Contract shall be payable by or to the buyer or seller, as the case may be, multiplied by the Contract size.

9.1.3 In addition to their settlement on the Prompt Date, all Exchange LMEmini Contracts shall be subject to daily marking to market in accordance with the General Regulations of the Clearing House.

9.1.4 Settlement of all Exchange Index Futures shall be made in cash on the Settlement Business Day following the Prompt Date. Settlement shall be made by reference to the Settlement Price of the Index, determined as provided in Regulation 5.6, provided that only the difference between the Settlement Price of the Index and the Contract price shall be payable by or to the buyer or seller, as the case may be, multiplied by the Contract size.

9.1.5 In addition to their settlement on the Settlement Business Day following the Prompt Date, all Exchange Index Futures shall be subject to daily marking to market in accordance with the General Regulations of the Clearing House.

- 9.1.6 Settlement of Index Options exercised in accordance with the Index Options Regulations shall be made in cash on the Settlement Business Day following the Prompt Date. The Granter shall pay to the Taker an amount in cash equal to the difference between the Settlement Price of the Index and the Strike Price multiplied by the Contract size.
- 9.1.7 Settlement of all Average Price Swaps shall be made in cash on the relevant Prompt Date. Settlement shall be made by reference to the Monthly Average Settlement Price for the relevant tradeable month for the relevant underlying metal, provided that only the difference between the Monthly Average Settlement Price for the relevant tradeable month for the relevant underlying metal and the fixed price agreed by the buyer and seller in the relevant Contract shall be payable by or to the buyer or seller, as the case may be, multiplied by the Contract Size.
- 9.1.8 In addition to their settlement on the Prompt Date, all Exchange Average Price Swaps shall be subject to daily marking to market in accordance with the General Regulations of the Clearing House.
- 9.1.9 Settlement referred to in this Regulation 9 shall be applied separately to Exchange Contracts within a Clearing Member's "house" and "client" accounts.
- 9.2 Exchange Metal Contracts - Settlement of Differences:
- Differences shall be established on the relevant Prompt Date, in respect of all Exchange Metal Contracts, between the contract price and the Settlement Price determined for that Prompt Date. The Clearing House shall immediately account to Clearing Members for differences thus established by placing the same to their credit or debit as the case may require.
- 9.3 Exchange Metal Contracts - Closing by Offset:
- Bought and sold Exchange Metal Contracts of a Clearing Member for the same metal and Prompt Date and in the same currency shall, to the extent that they match each other, be closed on their Prompt Date by offsetting.
- 9.4 Exchange Metal Contracts - Settlement by Delivery:
- 9.4.1 The nett Lots covered by Exchange Metal Contracts remaining following offset under Regulation 9.3 shall be settled on their Prompt Date by payment subject to the General Regulations of the Clearing House
- 9.4.2 The Clearing House shall raise invoices or credit notes for the contract weight of the nett Lots covered by such Exchange Metal Contracts at the Settlement Price and in the currency of the relevant Exchange Metal Contract and shall deliver the same to the relevant Clearing Members. Such invoices and credit notes shall be for the contract weight without allowance for storage rent accrued and differences between contract weight and Warrant weight.
- 9.4.3 Payments and receipts in respect of the invoices and credit notes raised by the Clearing House under Regulation 9.4.2 shall be effected through the protected-payment system or, in the case of payments to sellers, in such other form as shall be specified by the Clearing House.
- 9.4.4 The nett Lots covered by Exchange Metal Contracts following offset under Regulation 9.3 which match as to metal and tonnage but not as to currency, shall be offset for the purposes of establishing the nett number of Warrants to be settled by delivery subject to the General Regulations of the Clearing House. Subject to Regulation 15.7, such delivery of Warrants shall, from the date prescribed by the Exchange for the relevant metal, be effected pursuant to LMEsword in accordance with the LMEsword Regulations and Operating Procedures and the General Regulations of the Clearing House.

9.4.5 On the Business Day following the Prompt Date the Clearing House shall call on seller or buyer as requisite in order that allowances for accrued storage rent, and any difference between Warrant weight and contract weight be accounted for in respect of Warrants transferred to the buyer in accordance with the General Regulations of the Clearing House.

9.4.6 If a Clearing Member fails duly to deliver a Warrant due to be delivered to the Clearing House, the Clearing House may, without prejudice to its rights under the General Regulations of the Clearing House:

9.4.6.1 without prejudice to the accrued rights for damages of the Clearing House and the affected buying Clearing Member(s), direct the Warrant be delivered to and by the Clearing House on the Business Day next following the Prompt Date, that the Contract terms be adjusted accordingly and the parties' payment obligations and entitlements thereunder be adjusted to give such rate of compensation to the buyer as the Exchange may from time to time direct; or

9.4.6.2 where the Exchange has taken steps or issued directions under Regulation 15.1 or 15.2 below, Invoice Back the metal due to be delivered in accordance with Regulation 10.4.

This Regulation 9.4.6 shall apply subject to any directions of the Exchange made under Regulation 15.1 or 15.2 below. The Exchange may prescribe such penalties for non-delivery of Warrants as it may from time to time deem fit in the Operating Procedures or by notice.

9.4.7 The Exchange may prescribe dates in advance of the dates prescribed under Regulation 9.4.4, following which Clearing Members may deliver only Warrants issued utilising LMEsword and bearing an LMEsword generated barcode.

9.5 Client Contracts – General

9.5.1 Client Metal Contracts shall settle by offset or delivery.

9.5.2 Client Index Futures shall settle in cash on the Settlement Business Day following the Prompt Date in the same way as Exchange Index Futures as described in Regulation 9.1.4. Client Index Futures shall also be subject to daily settlement to market or daily marking to market as agreed between the Member and its client on the basis set out below.

9.5.2.1 As agreed between the Member and its client, the Member shall effect either (i) the daily settlement to market or (ii) daily marking to market of all open Client Index Futures.

9.5.2.2 The Member shall, in respect of each open Client Index Future, effect a settlement contract, being a Contract on the same terms (except as to price) as the open Contract, save that where the client is a buyer under the terms of the Contract, the client shall be a seller under the terms of the settlement Contract and vice versa, at the relevant Index Futures Closing Price.

9.5.2.3 The Member shall, upon completion of the procedure in Regulation 9.5.2.2 above, calculate the daily settlement amounts and the Member and its client shall (unless otherwise agreed) settle any daily settlement amounts arising.

9.5.2.4 The Member shall, upon completion of the calculation of daily settlement amounts pursuant to Regulation 9.5.2.3 above:

- (a) In respect of those Open Contracts in a client's name which have been settled pursuant to Regulation 9.5.2.2 and which are subject to daily settlement to market, enter into and record at the Index Futures Closing Price referred to in Regulation 9.5.2.2 above, Contracts in the client's name as open Contracts on the same terms (except as to price) as the settled open Contracts, save that the Member shall not enter into and record Contracts in the name of the client if to do so would result in the client being the purchaser under one Index Future and the seller under another Index Future, each such Index Future having the same maturity month;
- (b) In respect of those open Contracts in a client's name which have been settled pursuant to Regulation 9.5.2.2 above and which are subject to daily marking to market enter into and record at the Index Futures Closing Price referred to in Regulation 9.5.2.2 above, new Contracts in the client's name as open Contracts on the same terms (except as to price) as the settled open Contracts.

9.5.3 In the Money Client Index Options shall be subject to automatic exercise and settlement in the same way as In the Money Exchange Index Options.

LMEmini Client Contracts

9.5.4 Client LMEmini Futures shall settle in cash on the Prompt Date in the same way as Exchange LMEmini Futures as described in Regulation 9.1.2. Client LMEmini Futures shall also be subject to daily settlement to market or daily marking to market as agreed between the Member and its client on the basis set out below.

9.5.4.1 As agreed between the Member and its client, the Member shall effect either (i) the daily settlement to market or (ii) daily marking to market of all open Client LMEmini Futures.

Calculation of Daily Settlement Amounts

9.5.4.2 In order to create a daily settlement amount, the Member shall, in respect of each open Client LMEmini Future, effect between it and its client a settlement contract, being a book-entry Contract on the same terms (except as to price) as the open Contract, save that where the client is a buyer under the terms of the Contract, the client shall be a seller under the terms of the settlement contract and vice versa, at the relevant LMEmini Futures Closing Price. For the avoidance of doubt, the settlement contract shall not be registered in the Matching System.

9.5.4.3 The Member shall, upon completion of the procedure in Regulation 9.5.4.2 above, calculate the daily settlement amounts and the Member and its client shall (unless otherwise agreed) settle any daily settlement amounts arising.

Procedures for Settling to Market and for Marking to Market

9.5.4.4 The Member shall, upon completion of the calculation of daily settlement amounts pursuant to Regulation 9.5.4.3 above:

Settling to Market

- (a) In respect of those open Contracts in a client's name which have been settled pursuant to Regulation 9.5.4.2 and which are subject to daily settlement to market, enter into and record in its books at the LMEmini Futures Closing Price referred to in Regulation 9.5.4.2 above, book-entry Contracts in the client's name as open Contracts on the same terms (except as to price) as the settled open Contracts, save that the Member shall not enter into and record in its books Contracts in the name of the client if to do so would result in the client being the purchaser under one LMEmini Future and the seller under another LMEmini Future, each such LMEmini Future having the same maturity month. For the avoidance of doubt, these book-entry Contracts shall not be registered in the Matching System;

Marking to Market

- (b) In respect of those open Contracts in a client's name which have been settled pursuant to Regulation 9.5.4.2 above and which are subject to daily marking to market enter into and record in its books at the LMEmini Futures Closing Price referred to in Regulation 9.5.4.2 above, new book-entry Contracts in the client's name as open Contracts on the same terms (except as to price) as the settled open Contracts. For the avoidance of doubt, these book-entry Contracts shall not be registered in the Matching System.

9.6 Client Metal Contracts - by Offset:

Offsetting bought and sold Client Metal Contracts with the same Prompt Date and currency shall be settled on contract (round) weights, buyer and seller paying or receiving as the case may be any difference between the Contract prices of the Contracts so offset.

9.7 Client Metal Contracts - by Delivery:

Delivery of Warrants and settlement in respect of unmatched Client Metal Contracts shall be effected in accordance with the terms of the Client Metal Contract between the parties and the Contract Regulations. Such terms must require Warrants to be delivered by no later than 09.00 hours on the Prompt Date when a non-Clearing Member or non-Member is the seller and transferor, and no later than 13.30 hours (so far as enabled by the seller's best endeavours) when a Clearing Member is the seller and transferor of the Warrants. Delivery shall be effected either pursuant to LMEsword in accordance with the LMEsword Regulations and Operating Procedures governing ex-cleared transfers or (until further notice) by delivery of the physical Warrant. The manner of delivery shall be as agreed by the parties or, in the absence of agreement, at the seller's option.

9.8 Settlement Facility

Members may designate an alternative settlement facility to LCH.Clearnet Limited for the settlement of a Contract provided that:

- (a) such links and arrangements exist between the designated settlement facility and any other settlement facility as are necessary to ensure the efficient and economic settlement of the Contract; and
- (b) the Exchange is satisfied that the smooth and orderly functioning of the financial markets will be maintained.

10 DELIVERY - GENERAL

10.1 Acceptance and delivery of documents including Warrants under the foregoing procedure shall be without prejudice to any question or dispute relating thereto being referred to arbitration. If any Clearing Member shall have any complaint whatsoever in respect of delivery or acceptance of delivery under an Exchange Contract registered with the Clearing House, he shall give written notice and particulars of his complaint to the Clearing House in conformity to the General Regulations of the Clearing House.

10.2 If there appears to the Clearing House to be a default by either party to an Exchange Contract registered with the Clearing House in respect of or arising out of a delivery, the Clearing House shall as soon as practicable take such steps as it deems appropriate to achieve an amicable settlement of the issue between the parties. If it appears to the Clearing House that such steps have not led and are not likely to lead to a settlement within a reasonable time, the Clearing House shall refer the dispute to the Directors.

- 10.3 If upon reference made to them by the Clearing House the Directors are of the opinion that the default is of minor significance, they may thereupon determine the issue upon such evidence before them as they may deem relevant and convey their determination to the parties. All parties shall forthwith accept such determination and shall implement its terms without question, provided that such acceptance and implementation shall be without prejudice to the right of any party to refer the dispute or any related dispute to arbitration under the Rules.
- 10.4 Where the Clearing House determines to Invoice Back metal in accordance with Regulation 9.4.6.2, it shall Invoice Back the metal in question to the seller at the price fixed by the Directors. The Directors may fix such a price as an applicable daily rate generally for the purposes of the Invoicing Back of the metal in question or for the specific case, at their absolute discretion, and such prices or rates may take account of any compensation that the Directors consider should be paid by either party to the other. This Regulation 10.4 shall apply subject to any directions issued in accordance with Regulation 15.1 or 15.2 below.
- 10.5 An Invoicing Back price fixed under these Trading Regulations shall be binding on the parties. No dispute as to the price may be referred to arbitration but the completion of Invoicing Back shall be without prejudice to the right of any party to refer any other issue to arbitration under the Rules.
- 10.6 Any Director who is associated with any company or firm which has any direct interest in the determination of an Invoicing Back price shall be excluded from the deliberations of the Directors when fixing that price.
- 10.7 References in the Rules to the delivery of Warrants shall include a delivery of Warrants by way of a transfer within LMEsword in accordance with the LMEsword Regulations and Operating Procedures.

11 DEALINGS IN THE RING

- 11.1 Business in the Ring shall be by open outcry and shall be confined within the times laid down for dealings in individual metals and for Kerb dealings. Dealings shall be for Prompt Dates in accordance with Regulation 8.1 subject to the provisions of any applicable administrative procedures. Those present in the Exchange during Ring and Kerb dealings shall at all times conduct themselves in an orderly manner.
- 11.2 Market Abuses:-
- 11.2.1 No person shall manipulate or attempt to manipulate or otherwise abuse the market or create or attempt to create an artificial market.
- 11.2.2 No person shall enter into or attempt to enter into a transaction or series of transactions designed to create an artificial market whereby prices and turnover do not truly reflect the business transacted.
- 11.2.3 No person shall undertake or attempt to undertake wash or bogus transactions.
- 11.2.4 No person shall attempt to demonstrate that a trade has taken place when it has not in fact occurred nor shall any person mislead or attempt to mislead Executive staff as to the nature of any transaction.
- 11.2.5 No person shall, either intentionally or unintentionally, create a disorderly market.
- 11.3 The following rules of Ring procedure shall at all times be observed:-
- 11.3.1 Dealings must cease as soon as the bell commences to ring.
- 11.3.2 Offers and bids must be addressed to the Ring at large and not to individuals, and must be clearly audible to the Ring as a whole.

- 11.3.3 There must be no discrimination either in favour of or against any Dealer or the Ring Member for whom he is dealing.
- 11.3.4 Any bid or offer remains valid at the price unless or until there has been a change in price or the bid or offer has been expressly withdrawn. A change in price occurs when the price that is offered trades and is then bid, or vice versa, or when the price is bid higher or offered lower in conformity with the requirements of Regulation 11.3. Any Dealer who is trading by open outcry will be deemed to have withdrawn his bid and/or offer should he leave the Ring.
- 11.3.5 Minimum price fluctuations shall be at such levels as the Directors may from time to time prescribe.
- 11.3.6 Dealers should avoid using such terms as "I will sell only...." or "I will buy only...." if on acceptance they increase the number of Lots so specified, at the same price.
- 11.3.7 The Dealer who says "Yes" must be prepared to deal 50 Lots. Any unfilled balance up to this limit must be sold to or taken from other Dealers if immediately bid or offered. A response to "Yes" must be quantified by tonnage.
- 11.3.8 Bids or offers deemed by the Ring Disciplinary Committee to be frivolous are prohibited and may be deemed to be a market abuse pursuant to Regulation 11.2.
- 11.3.9 The Dealer who is the first to bid or offer at a price must be given priority and is entitled to buy or sell all the Lots available at the price until his requirements are satisfied.
- 11.3.10 A Dealer who simultaneously offers to buy and to sell must be prepared to deal either way.
- 11.3.11 A Dealer must not bid at or more than the offered price nor offer at or below the bid price at the time of his offer or bid.
- 11.3.12 During each Ring and Kerb all opening bids and/or offers for Cash and 3 months in the case of all Contracts must be all the digits of the full price that is quoted.
- 11.3.13 The term "0", when it is in the last digit of the full price, must not be used.
- 11.3.14 During all Ring and Kerb trading Dealers must ensure that:-
- 11.3.14.1 in the case of Copper - Grade A, High Grade Primary Aluminium, Special High Grade Zinc, Standard Lead, North American Special Aluminium Alloy, Steel Billet and Aluminium Alloy the last two digits of the full price are quoted;
- 11.3.14.2 in the case of Cobalt, Molybdenum, Primary Nickel and Tin, the last three digits of the full price are quoted; and
- 11.3.14.3 in the case of Index Futures, the last three digits of the full price are quoted.
- 11.3.15 Dealers must act with due skill, care and diligence at all times whilst dealing by open outcry.
- 11.3.16 A Dealer who discloses the tonnage or Lots he is prepared to buy or sell is obliged to trade the full tonnage or Lots unless expressly withdrawn.
- 11.3.17 Dealers must ensure that trades are completed in a timely and orderly manner. This applies in particular (but without prejudice to its general application) to business transacted towards the close of any Ring.
- 11.3.18 Dealers must not bid or offer at a price which is unknown at the time the bid or offer is made.
- 11.3.19 Dealers must remain seated at all times whilst dealing by open-outcry in the Ring.

- 11.3.20 It is the duty of sellers or lenders to check their deals not later than 10 minutes after the close of the respective Ring trading session for each metal. Kerb deals are to be checked before leaving the Exchange. It is the duty of buyers or borrowers to co-operate.
- 11.3.21 During Kerb trading no Dealer may stand behind the Ring in order to trade by open-outcry if there are no Dealers from the same Member seated in the Ring unless the express permission of an employee of the Exchange who is properly authorised by the Chief Executive is obtained. During the last five minutes of Kerb trading for the close of each metal:
- 11.3.21.1 Only the Dealer from a Member seated in the Ring may trade that metal; and
- 11.3.21.2 In the case of copper, during the last five minutes of the evening Kerb close-out period the Dealer who is bidding and/or offering at a price for a Carry between any two Prompt Dates must be prepared to deal 50 lots unless the tonnage for the Carry is stated. Any unfilled balance up to this limit must be sold to or taken from other Dealers who immediately respond to the bid or offer.’
- 11.3.22 A dealer must not commit any other act of misconduct of a kind which two or more members of the Ring Disciplinary Committee deem to be a dealing offence.
- 11.3.23 Any breach of Regulation 11.3 will be deemed to be a dealing offence.
- 11.4.1 The Chief Executive, or in his absence his deputy, and in the event of a fire or similar emergency any two employees of the Executive authorised by the Chief Executive, shall have the power to suspend or interrupt Ring dealings during any session if in their discretion they consider that such action is in the best interests of the Exchange.
- 11.4.2 An employee of the Executive who is properly authorised by the Chief Executive may take other action relating to discipline on the premises of the Exchange with the approval of any two members of the Ring Disciplinary Committee if in his view it is necessary to prevent a breach of any rule and to ensure the proper running of the market. Similarly, such action may be taken by any member of the Ring Discipline Supervisory Panel or the Chief Executive without the requirement for approval by two members of the Ring Disciplinary Committee.
- 11.5.1 Breaches by Dealers or other persons of the provisions of the Trading Regulations may be categorised by the Ring Disciplinary Committee as minor offences, dealing offences or serious offences.
- 11.5.2 The Ring Disciplinary Committee may refer to the Exchange’s video and audio surveillance system of the Ring in determining if any offence has been committed.
- 11.5.3 Where the Ring Disciplinary Committee considers that a Dealer or other person may have committed an offence:
- 11.5.3.1 the Ring Disciplinary Committee shall notify such person in writing;
- 11.5.3.2 not later than close of business on the Business Day following receipt of written notice in accordance with Regulation 11.5.3.1, such person and/or their nominated representative shall, on request to the Ring Disciplinary Committee, be entitled to inspect at the Exchange during business hours any relevant video or audio surveillance footage which is available, and the Ring Discipline Committee shall comply with such request.
- 11.5.4 Where, following expiration of the inspection period referred to in Regulation 11.5.3.2, the Ring Disciplinary Committee has determined that a Dealer or other person has committed an offence:
- 11.5.4.1 the Ring Disciplinary Committee shall notify such person in writing;

11.5.4.2 not later than close of business on the Business Day following receipt of written notice in accordance with Regulation 11.5.4.1, such person and/or their nominated representative shall, on request to the Ring Disciplinary Committee and if they have not already done so in accordance with Regulation 11.5.3.2, be entitled to inspect at the Exchange during business hours any relevant video or audio surveillance footage which is available, and the Ring Disciplinary Committee shall comply with such request; and

11.5.4.3 Where no appeal is lodged by such person in accordance with 11.11.1, the Ring Disciplinary Committee shall notify in writing all Ring Dealing Members to the nature and circumstances of the offence and any penalty imposed.

11.6 Any member of the Ring Disciplinary Committee may impose a penalty for minor offences in accordance with the tables of fines and penalty points listed below:-

11.6.1 Conduct of an unprofessional nature:-

		Fine	Penalty Points
1st offence	up to	£500	20
2nd offence	up to	£1000	40
3rd offence	up to	£2000	80
4th offence	up to	£4000	160

Examples of such acts of misconduct are:-

- (a) Failure to observe the Exchange Dress Code;
- (b) Failure to observe the Exchange Food/Beverages Code;
- (c) Chewing whilst dealing by open-outcry;
- (d) The sale and/or display of non-LME products in the Dealing Area;
- (e) The use of foul and abusive language;
- (f) Reading newspapers or magazines etc. in the Dealing Area;
- (g) Unacceptable behaviour such as slovenly behaviour, overzealous behaviour and drunken behaviour;
- (h) Sitting down in the Dealing Area (other than when dealing in the Ring or using the seat provided in each member's booth);
- (i) Smoking on Exchange premises at any time;
- (j) The use of telephones in the Dealing Area other than in the confines of Members' booths (the use of mobile telephones is prohibited at all times in the Dealing Area);
- (k) Excessive noise from behind the Ring whilst dealings are in progress or the Official Prices are being announced;
- (l) Any other act of misconduct of which the Exchange may, from time to time, notify to Members through administrative notices.

11.6.2 Conduct likely to interfere with trading activity or to cause disorder or offence or damage on Exchange premises:-

		Penalty Fine	Points
1st offence	up to	£1000	20
2nd offence	up to	£2000	40
3rd offence	up to	£4000	80
4th offence	up to	£8000	160

Examples of such acts of misconduct are:-

- (a) Failure to comply with the Exchange security procedures or misuse of LME Identity Badges;
- (b) Abuse of the Visiting Regulations;
- (c) The throwing of projectiles;
- (d) The harassment of Exchange staff;
- (e) Any other act of misconduct of which the Exchange may, from time to time, notify to Members through administrative notices.

11.7 Any two or more members of the Ring Disciplinary Committee may impose a penalty for dealing offences in accordance with the table of fines and penalty points listed below:-

	Fine	Penalty Points
1st offence	up to £2500	20
2nd offence	up to £5000	40
3rd offence	up to £10000	80
4th offence	up to £20000	160

11.8.1 After a period of six calendar months has elapsed from the time of an offence the number of points accumulated for that offence for that individual will be cancelled.

11.8.2 Any person who accumulates 100 or more penalty points within a period of three calendar months or 180 or more penalty points within a period of six calendar months will be reported to two or more members of the Ring Discipline Supervisory Panel.

11.8.3 Any person who accumulates 60 or more penalty points within a period of three calendar months or 140 or more penalty points within a period of six calendar months shall automatically be suspended from trading in the Ring for two Business Days. In such case, the Ring Disciplinary Committee shall inform the person of the fact of his suspension and the date it shall commence by notice in writing.

11.9.1 Where a serious offence is alleged to have been committed the Ring Disciplinary Committee shall be obliged to refer the matter to two or more members of the Ring Discipline Supervisory Panel.

11.9.2 Examples of such acts of misconduct are:-

- (a) Violent conduct or conduct likely to cause injury to another person on Exchange premises;
- (b) The unauthorised removal of or damage to the Exchange structure or equipment;
- (c) Disobedience in failing to comply with the lawful instruction of a properly authorised employee of the Exchange or a Member of the Ring Disciplinary Committee;
- (d) The wilful disregard of the Rules;
- (e) Any other act of misconduct of a kind which the Ring Disciplinary Committee deems to fall into this category.

11.9.3 Any member of the Ring Disciplinary Committee who believes in good faith in his absolute discretion that a serious offence has been committed by any person may request that such person immediately leave the Exchange premises for the remainder of the trading day, and such person shall comply with any such request.

- 11.10.1 Any two or more members of the Ring Discipline Supervisory Panel may impose a fine of up to £50,000 and suspension of up to twenty Business Days on a person referred to them and/or on the Member which employs him. The provisions of Regulation 11 of the Membership Regulations shall apply *mutatis mutandis* to the procedure of the Ring Discipline Supervisory Panel.
- 11.10.2 Any such matter referred to two or more members of the Ring Discipline Supervisory Panel may, at their discretion, be referred to the Enforcement Committee for consideration for disciplinary action pursuant to Regulation 11 of the Membership Regulations.
- 11.10.3 Where two or more members of the Ring Discipline Supervisory Panel find that there has been an act of misconduct, notification of such findings and of any sanction shall be made (once the same have become conclusive and binding after any appeal in accordance with procedures in Rule 11 of the Membership Regulations) by means of a notice sent by the Secretary to:
- 11.10.3.1 the person found to have committed the act of misconduct;
- 11.10.3.2 any other person to whom in the Ring Discipline Supervisory Panel's opinion in the circumstances such copy should be sent; and
- 11.10.3.3 all Members and appropriate regulatory or other authorities.
- 11.10.4 Where the Ring Discipline Supervisory Panel (or, as the case may be an Appeal Committee) find that any allegation of misconduct has not been substantiated, notification of such finding shall be made by means of a notice sent by the Secretary to the persons alleged to have committed the act of misconduct and the persons specified in 11.10.3.2 above and shall, if the Defendant so requests (but not otherwise), be sent to Members and appropriate regulatory or other authorities.
- 11.11.1 Any person who is subject to a finding by the Ring Disciplinary Committee and who is dissatisfied with that finding or with any penalty imposed may, by the close of the Business Day following the day of receiving notice thereof, lodge an appeal in writing with the Chairman of the Enforcement Committee, who shall refer the same to the Ring Discipline Supervisory Panel. Pending determination of any such appeal, the decision of and any sanction imposed by the Ring Disciplinary Committee shall be suspended. The Ring Discipline Supervisory Panel may at its discretion and in the event it determines the findings of the Ring Disciplinary Committee be upheld, review the penalty imposed and award the costs of the appeal to the unsuccessful appellant.
- 11.11.2 Any person who is subject to a finding by the Ring Discipline Supervisory Panel and who is dissatisfied with that finding or with any penalty imposed may, by the close of the Business Day following the day of receiving notice thereof, lodge an appeal in writing with the Chairman of the Enforcement Committee, who shall refer the same to a Disciplinary Committee constituted and acting in accordance with Regulation 11 of Part 2. Pending determination of any such appeal, the decision and any sanction imposed by the Ring Discipline Supervisory Panel shall be suspended.
- 11.11.3 In the event that the Ring Disciplinary Committee is dissatisfied with a finding or with any penalty imposed by the Ring Discipline Supervisory Panel it may, by the close of the Business Day following the day of receiving notice thereof, lodge an appeal in writing with the Chairman of the Enforcement Committee, who shall refer the same to a Disciplinary Committee constituted in accordance with Regulation 11 of Part 2. Pending determination of any such appeal, the decision and any sanction imposed by the Ring Discipline Supervisory Panel shall be suspended.

12 DEALINGS ON LME SELECT

- 12.1 Business for LME Select shall be in accordance with the Rules and the LME Select Operating Procedures.
- 12.2 Market Abuses:-
- 12.2.1 no person shall manipulate or attempt to manipulate or otherwise abuse the market or create an artificial market;
- 12.2.2 no person shall enter or attempt to enter an order or a series of orders or attempt to enter into a transaction or series of transactions designed to create an artificial market whereby price and turnover do not truly reflect the business transacted;
- 12.2.3 no person shall undertake or attempt to undertake wash or bogus orders or transactions;
- 12.2.4 no person shall mislead or attempt to mislead Executive Staff as to the nature of any orders or transactions;
- 12.2.5 no person shall either intentionally or unintentionally, create a disorderly market.
- 12.3 The following rules of trading procedure shall apply at all times when the central order book (a description of the central order book and its operation are included in the LME Select Operating Procedures) is open for order matching:-
- 12.3.1 any activated order in the central order book remains anonymous to other LME Select Participants until it is matched;
- 12.3.2 any activated order in the central order book remains valid until it has been matched, withdrawn or is no longer valid;
- 12.3.3 bids or offers deemed by the Executive to be frivolous are prohibited and may be deemed to be a market abuse pursuant to Regulation 12.2.1;
- 12.3.4.1 dealer priority in the central order book is in accordance with the LME Select Operating Procedures, firstly in price order and then in order of the order entry time;
- 12.3.4.2 an order entered into the central order book will lose priority if the tonnage against any bid or offer is increased or the price is changed;
- 12.3.4.3 an order entered into the central order book will not lose priority if the tonnage against any bid or offer is reduced and the price remains unchanged;
- 12.3.5 orders entered into LME Select must be in multiples of Lots and with minimum price fluctuations as shall be prescribed by the Directors from time to time;
- 12.3.6 dealers must act with due skill care and diligence at all times whilst dealing on LME Select;
- 12.3.7 permitted orders shall be in accordance with those listed in the LME Select Operating Procedures.

13 WHEN THE CLEARING HOUSE MAY FIX PRICES

- 13.1 If the Quotations Committee fails at any time to determine or announce to the Clearing House a Closing Price or a Settlement Price in accordance with the Trading Regulations, the Clearing House may fix a Closing Price or Settlement Price as the case may require, of such amount as it may in its absolute discretion determine, and may apply the same in accordance with the Trading Regulations and the General Regulations of the Clearing House as if it had been determined by the Quotations Committee.

- 13.2 If the Directors fail to fix an Invoicing Back price under Regulation 10.4 or Regulation 15.7, then the Closing Price (or, where bid and offered prices are fixed as the Closing Price, the mean of the two) or Settlement Price last fixed under these Trading Regulations (whichever was fixed the later) shall be the Invoicing Back price and such Invoicing Back price shall be deemed to have been fixed by the Directors.
- 13.3 A Closing Price, or a Settlement Price or an Invoicing Back price fixed under Regulation 13.1 or 13.2 above shall be binding on the parties to a Contract. No dispute as to such price may be referred to arbitration but, in the case of an Invoicing Back price, the completion of Invoicing Back shall be without prejudice to the right of either party to refer an issue between them to arbitration under the Rules.

14 WHO MAY TRADE IN THE RING OR ON LME SELECT

- 14.1 Every Ring Dealing Member shall nominate one or more Dealers to trade in the Ring on its behalf, and shall at all times be bound by the actions of such Dealer.
- 14.2 Names and particulars of proposed Dealers shall be submitted in writing to the Directors who shall have the right to approve or refuse every such application after such consultation with the Ring Committee as they think fit.
- 14.3 A list of Dealers together with the names of the Ring Dealing Members whom they represent shall be posted in the Exchange together with names of any Dealers authorised since compilation of such list.
- 14.4.1 There shall be two categories of Dealer, viz Authorised Dealers and Probationary Dealers. Unless the express permission is obtained from the Executive no Probationary Dealer may trade in the Ring save under the supervision of an Authorised Dealer from the same Member as the Probationary Dealer who has been authorised for a period of not less than one year.
- 14.4.2 A Probationary Dealer cannot apply for full authorisation until he has dealt in the ring for a period of not less than six months.
- 14.4.3 If a Probationary Dealer has not gained full authorisation to deal after a period of eighteen months he will be re-registered as a Registered Clerk subject to the discretion of the Ring Committee.
- 14.5 Qualification requirements for Authorised and Probationary Dealers shall be as prescribed by the Directors after consultation with the Ring Committee and shall be available on application to the Secretary.
- 14.6 The names of proposed Authorised and Probationary Dealers shall be posted in the Exchange not less than 10 Business Days before each application for authorisation is due for consideration by the Directors, and during this period any Ring Dealing Member having any objection to the nominee may communicate the same to the Exchange stating the reasons therefor.
- 14.7 Any withdrawal of, or withdrawal of authority from, a nominated Dealer of a Ring Dealing Member shall likewise be communicated immediately to the Exchange, which shall forthwith advise all other Ring Dealing Members.
- 14.8 No more than one Authorised Dealer representing a Ring Dealing Member may trade in the Ring at any one time during official Ring trading sessions.
- 14.9 No person other than a Dealer or other representative of a Ring Dealing Member shall be admitted to the Ring or the area adjacent thereto for the purposes of or incidental to trading during Ring or Kerb trading sessions unless expressly authorised by, or under the authority of, the Chief Executive.

- 14.10 Every LME Select Participant shall nominate one or more Dealers to trade on LME Select on its behalf, and at all times shall be bound by the actions of such Dealers.
- 14.11 The Exchange will grant each Dealer that is authorised in accordance with the requirements of the LME Select Operating Procedures access to the system.
- 14.12 Applications for Dealer authorisation to trade on LME Select shall be submitted by the relevant LME Select Participant, in writing, to the LME who shall have the right to approve or refuse every such application after such due diligence as it deems appropriate.
- 14.13 Any withdrawal of, or withdrawal of authority from, a nominated Dealer shall likewise be communicated immediately to the Exchange.

15 EMERGENCIES

- 15.1 In the event of the Special Committee or the Clearing House having cause to suspect the existence or to anticipate the development or likely development of a corner or undesirable situation or undesirable or improper trading practice which in their opinion has affected or is likely to affect the market, the Special Committee after consultation with the Clearing House may take such steps as in their absolute discretion they deem necessary to contain or rectify the situation and they may give directions to Members accordingly. Such directions to a Member may include, but are not limited to:-
- (a) trading out Client Contract positions with one or more particular Clients;
 - (b) trading out Exchange Contract positions; and
 - (c) reducing its net trading position.
- 15.2 Without prejudice to the generality of this Regulation, such steps may include the suspension or curtailment of trading for such period or for such Prompt Dates in such metals or Contracts as may be specified or the direction that trading be limited to the liquidation of open Contracts and deferral of settlement of some or all Contracts with Prompt Dates in the current month or in the two succeeding months thereafter, subject to such compensation (if any) as the Special Committee may determine being paid to sellers or buyers.
- 15.3 Any decision of the Special Committee pursuant to this Regulation shall be effective on the posting of an appropriate notice in the Exchange and it shall thereafter be incumbent upon the Exchange to ensure that all steps are taken to ensure that normal trading is resumed with the least delay.
- 15.4 Any Member contravening or failing to comply with any direction or instruction issued under the provisions of Regulations 15.1 to 15.3 above shall be liable to the same sanctions as if a breach of the Rules had been committed by him.
- 15.5 Upon the occurrence of any event outside the Exchange which is outside the control of the Exchange, including the commencement of a state of war, revolution, political or economic disturbance or the enactment of legislation or the commencement, suspension or determination of any international agreement, such as may in the opinion of the Directors prevent free trading in any Contract or so distort the same or the price of any metal, Average Price Swap or the level of the Index as no longer to be truly representative of conditions in the international market in any metal, the Directors shall have the authority to order a complete cessation of trading in such metal, LMEmini Contract, Average Price Swap Contract or Index Contract until such time as they in their absolute discretion deem it appropriate to resume, or to take any of the steps set out in Regulations 15.1 to 15.3 above as they deem necessary at the time. The Directors shall not take such action as aforesaid without first consulting the Clearing House.

- 15.6 In the event that a cessation or suspension or limitation of trading in any metal, LMEmini Contract, Average Price Swap Contract or Index Contract imposed by the Directors in accordance with Regulations 15.1 to 15.3 or 15.5 above be such as to prevent delivery of the said metal or settlement of the said LMEmini Contract, Average Price Swap Contract or Index Contract or to prevent the closing of an open position, any open Contracts so affected shall be closed by Invoicing Back to the seller at special settlement prices to be determined by the Directors on the date of announcement of cessation or suspension or limitation of trading.
- 15.7 Where for any reason the Directors determine that the use of LMEsword for delivery of Warrants is not practicable or appropriate in part or in whole, the Directors shall by notice specify such other means of performing delivery of Warrants as they deem appropriate having first consulted with the Clearing House.
- 15.8 Notwithstanding anything set out in Regulations 15.1 to 15.7 above:
- 15.8.1 neither the Directors nor the Special Committee shall exercise their power to suspend or remove from trading any Contract which no longer complies with the Rules, where such step would be likely to cause significant damage to the interests of investors or the orderly functioning of the financial markets; and
- 15.8.2 the Directors shall suspend or remove from trading a Contract when required to do so by the FSA.

16 LENDING GUIDANCE

- 16.1 Members shall comply with the Lending Guidance and shall co-operate with the Exchange to ensure that each of their Clients shall comply with the Lending Guidance.
- 16.2 Where the Exchange has reasonable cause to suspect that a Client has failed or is likely to fail to comply with the Lending Guidance, the Exchange may give directions to one or more Members with whom that Client has Client Contracts to take action designed to make the same number of Lots available for borrowing in the market as would have been the case if the Client were prepared to abide by the Lending Guidance. Such directions to a Member may include but are not limited to:-
- (a) lending or offering to lend, at no more than a level premium, the number of Exchange Contract positions equal to or less than the Client's long position holding of 90% or more as calculated by the Exchange in accordance with the Lending Guidance; and/or
 - (b) lending or offering to lend, at no more than a premium of 0.25% of the previous day's Cash price, the number of Exchange Contract positions equal to or less than the Client's long position holding of 80% or more but less than 90% as calculated by the Exchange in accordance with the Lending Guidance; and/or
 - (c) lending or offering to lend, at no more than a premium of 0.50% of the previous day's Cash price, the number of Exchange Contract positions equal to or less than the Client's long position holding of 50% or more but less than 80% as calculated by the Exchange in accordance with the Lending Guidance; and/or
 - (d) trading out of sufficient Client Contract positions with that Client to reduce that Member's (or, if two or more Members are directed, those Members') net exposure to that Client in line with the action taken in compliance with the directions under (a) to (c) above.
- 16.3 Compliance with the Lending Guidance is subject to the power of the Special Committee to take steps or give directions under Regulations 15.1 to 15.3 above. Without prejudice to the generality of Regulations 15.1 to 15.3 above, such steps or directions may include

Suspending, amending or supplementing the Lending Guidance for such period or in respect of such metals as the Special Committee in its absolute discretion deems necessary.

17 LIABILITY

Neither the Company nor any of its directors or other officers nor any of its employees nor any member of any committee shall, except in the case of fraud or wilful default, be under any liability whatsoever either in contract or in tort to any Member or other person in respect of the matters set out in Regulations 17.1 and 17.2 below:

- 17.1 Any act or omission taken or omitted to be taken pursuant to duties, powers and/or authorities contained in the Articles or the Rules including in relation to the following:-
- (a) the input of prices into the price reporting service or the setting and dissemination of Closing Prices, Settlement Prices or other prices pursuant to the Rules;
 - (b) the creation, calculation, publication or variation of the Index from time to time, including any variation to Weighting or of its Constituent Metals;
 - (c) the approval or listing of any warehouse or the maintenance of any such listing;
 - (d) the listing or delisting of any producer or brand of metal or the maintenance of any such listing;
 - (e) the collection of information and publication of reports in relation to levels of metal stocks represented by Warrants;
 - (f) the initiation or enforcement of disciplinary or emergency procedures;
 - (g) any other events not set out in (a) to (f) above.
- 17.2 Any failure, malfunction, delay or other defect in or affecting any computer system, including LME Select, screens, equipment, telephones or other communications media or facilities used by the Exchange, its Members or others, whether at the Exchange or otherwise.

PART 4
CONTRACT REGULATIONS

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CONTENTS

Section		Page
1	Relationship with Rules and Regulations	4-1
2	Status of Parties	4-1
3	Margin - Client Contracts	4-1
4	Settlement	4-2
5	Delivery	4-2
6	Special Contract Rules for Metals LMEmini Contracts and for the Construction of the Index	4-3
7	Warrants	4-3
8	Delivery Points	4-3
9	Default	4-4
10	Disputes	4-4
11	General	4-4

PART 4: CONTRACT REGULATIONS

1 RELATIONSHIP WITH RULES AND REGULATIONS

- 1.1 These Contract Regulations shall apply to Contracts made subject to the Rules of the Exchange, whether between Clearing Members or between a Clearing Member and a Member who is not a Clearing Member or between a Member and any other person.
- 1.2 Contracts shall in addition be subject to the Trading Regulations and, in case of discrepancy, the Trading Regulations shall prevail over these Contract Regulations. Contracts for Traded Options shall, in addition, be governed by the Traded Options Regulations. Contracts for Average Price Swaps shall, in addition, be governed by the Average Price Swap Regulations.
- 1.3 Any provision of, or incorporated into, any Contract (other than a provision incorporated by virtue of the General Regulations of the Clearing House) which purports to exclude or is otherwise in conflict with the Rules shall be void.
- 1.4 All Exchange Contracts between Clearing Members must be registered by them with the Clearing House. Any dispute as to failure to register or the reason for non-registration may be referred to arbitration in accordance with the Contract Regulations.
- 1.5 The non-registration, for whatever reason, of any Exchange Contract or alleged Exchange Contract between Clearing Members entered into by reason or as a consequence of any Client Contract or Contracts entered into by either or both such Clearing Members shall not affect the validity of such Client Contract or Contracts.
- 1.6 A Member may not enter into a contract expressed to be "subject to the Rules and Regulations of the Exchange" or similar expression unless it is a Contract. Written confirmation of a Client Contract must state clearly and in bold capitals the phrase "**THIS IS AN LME REGISTERED CLIENT CONTRACT**". Written confirmation of an over-the-counter contract in respect of LME-deliverable metal must state clearly and in bold capitals "**THIS IS NOT AN LME REGISTERED CLIENT CONTRACT**".

2 STATUS OF PARTIES

- 2.1 All Contracts shall be between the parties acting as principals. Any percentage charged by one party to the other on the price shall, by whatever name called, be regarded as part of the price.
- 2.2 Any such percentage charged by a Member may be shared with any agent or other person introducing the business.

3 MARGIN CLIENT CONTRACTS

- 3.1 In the case of any Client Contract between a Clearing Member and a Member who is not a Clearing Member or between a Member and a non-Member, the Clearing Member or, as the case may be, the Member shall have the right at any time or times to require the other party to pay Variation Margin to him in cash and/or to deposit with him security in such other form as he may require in order to secure fulfilment by the other party of his obligations under the Contract. If the other party fails to perform this obligation, the Clearing Member or, as the case may be, the Member may immediately appropriate any Variation Margin held and/or realise any security lodged in addition to any other rights he may have under the Contract.
- 3.2 Variation Margin shall be due on demand and shall be without prejudice to payment of any other sum or provision of other security that may have been agreed between the parties.

4 SETTLEMENT

- 4.1 Except as provided in the Traded Options Regulations and the Default Regulations, Metal Contracts shall be settled by offset or delivery on their Prompt Dates. Index Futures shall be cash settled on the Settlement Business Day following their Prompt Dates and also daily settled in accordance with the Trading Regulations and, in the case of Exchange Index Futures, the General Regulations of the Clearing House. Index Options shall be cash settled on the Settlement Business Day following their Prompt Date. LMEmini Futures shall be cash settled on their Prompt Date and also daily marked to market in accordance with the Trading Regulations and the General Regulations of the Clearing House. Average Price Swaps shall be cash settled on their prompt date and also daily marked to market in accordance with the Trading Regulations and the General Regulations of the Clearing House.
- 4.2 Settlement of Exchange Contracts shall be in accordance with the Trading Regulations and the General Regulations of the Clearing House.
- 4.3 Offsetting Client Metal Contracts for the same number of Lots of the same metal and in the same currency and with the same Prompt Date shall be settled in accordance with the Trading Regulations on the Prompt Date, buyer and seller paying or receiving (as the case may be) any difference between the Contract prices in the currency of the Contracts. Non-offsetting Client Metal Contracts shall be performed by delivery.

5 DELIVERY

- 5.1 Delivery due under Exchange Metal Contracts shall be effected in accordance with the Trading Regulations.
- 5.2 Delivery due under a Client Metal Contract shall be effected on the Prompt Date by delivery of Warrants. Warrants shall be delivered either by way of a transfer pursuant to LMEsword in accordance with the LMEsword Regulations and Operating Procedures governing cleared transfers or (until further notice) by delivery of a physical Warrant. The manner of delivery shall be as agreed by the parties or, in the absence of agreement, at the seller's option.
- 5.3 Subject to the Special Contract Rules pertaining to the relevant metal, Warrants shall be for one Lot each.
- 5.4 In relation to Client Metal Contracts, Warrants shall be invoiced and paid for at the Contract weight and at the Settlement Price pertaining to the Prompt Date, buyer and seller paying and receiving (as the case may be) any difference between Settlement Price and Contract price in the currency of the Contract. If the currency of the Contract is not the Major Currency for the relevant metal the Settlement Price may be translated into the currency of the Contract at such rate as the parties may determine.
- 5.5 In relation to Client Metal Contracts weight differences (between Contract weight and actual Warrant weight) shall be settled at the Settlement Price in the Major Currency of the relevant metal. Warehouse rental accruals (where relevant) shall be allowed on the invoice and shall be accounted for in the Major Currency of the relevant metal.
- 5.6 Delivery of Warrants pursuant to Client Metal Contracts shall be effected no later than 09.00 hours where the buyer is a Clearing Member and no later than 13.30 hours where the seller is a Clearing Member (so far as enabled by the Clearing Member's best endeavours). In all other cases delivery under Client Metal Contracts shall be effected at such time on or before the Prompt Date as the parties may agree.
- 5.7 Warrant weights in all cases shall be accepted as between buyer and seller.

6 SPECIAL CONTRACT RULES FOR METAL, LMEmini CONTRACTS AND FOR THE CONSTRUCTION OF THE INDEX

- 6.1 Quality and other matters dealt with in the Special Contract Rules for the relevant metal shall be as prescribed therein at the time of delivery.
- 6.2 With effect from 1 February 1992, the Exchange may make additions to, deletions from or modifications to the Special Contract Rules for any metal, such additions, deletions or modifications to take effect from such date as the Exchange may prescribe which shall be not less than three months after announcement thereof.
- 6.3 The terms of Index Futures, including details of the Constituent Metals and the method of calculating the Index, shall be as described in the Special Contract Rules for the Construction of the Index.
- 6.4 The terms of the Index Options shall be as prescribed in the Index Options Regulations or as otherwise specified by the Exchange.
- 6.5 The composition and calculation of the Index as provided for in the Special Contract Rules for the Construction of the Index shall be as described therein at the time of settlement of an Index Contract.
- 6.6 The Exchange may amend the Special Contract Rules for the Construction of the Index, or any other Rules relevant to the calculation of the Index or settlement of an Index Contract, such amendment to take effect from such date as the Exchange may prescribe which shall not be less than three months after announcement thereof.
- 6.7 The terms of LMEmini Futures shall be as prescribed in the Special Contract Rules for LMEmini Contracts or as otherwise specified by the Exchange.
- 6.8 The Exchange may amend the Special Contract Rules for the LMEmini Contracts, or any other Rules relevant to the trading and/or settlement of an LMEmini Contract, such amendment to take effect from such date as the Exchange may prescribe which shall not be less than three months after announcement thereof.
- 6.9 The provisions of Regulations 6.1, 6.2, 6.5, 6.6, 6.7 and 6.8 above are without prejudice to the powers of the Directors to make and alter Rules generally.

7 WARRANTS

Warrants must be issued by a warehouse listed by the Exchange and have the characteristics prescribed by the Special Contract Rules for the relevant metal.

8 DELIVERY POINTS

- 8.1 With effect from 19 April 1989, the Exchange may introduce any new Delivery Point with effect from at least three months after announcement of approval of such Delivery Point.
- 8.2.1 Warrants issued by any listed warehouse shall constitute a good delivery with effect from such time as the Directors may decide after announcement by the Exchange of approval and listing of the said warehouse.
- 8.2.2 Warrants shall not constitute good delivery where they are marked as "not valid" in the LMEsword System as provided for in the LMEsword Regulations and Operating Procedures. The Exchange shall in addition give notice to Members on any Warrant being marked "not valid" (or ceasing to be marked "not valid") by publishing a notice to all Members to that effect.

9 DEFAULT

- 9.1 The Default Regulations forming Part 9 of the Rules shall apply to all Contracts.
- 9.2 Upon the happening of an Event of Default in relation to an Associate Trade Member or a non-member (the "defaulting party") any Ring Dealing Member or Associate Broker Member who has open with the defaulting party any Client Contract shall have the right at any time thereafter to close-out the same by selling out or buying in against the defaulting party at the prevailing market price. In the event that this right is invoked, the obligations arising under the Client Contract may, if so provided for in any agreement between the Member and the defaulting party, be terminated upon the entering into the closing Contract, except for any settlement payment due from one party to the other in respect of the closed out Contracts.

10 DISPUTES

- 10.1 Subject as provided in Regulation 10.2, any dispute as to the existence, completion or validity of or arising out of any Contract shall be referred to arbitration in accordance with the Rules.
- 10.2 Any dispute arising from or in relation to an Exchange Contract shall, unless resolved between the Clearing House and the Clearing Member concerned, be referred to arbitration under the Rules. In that event the provisions of the General Regulations of the Clearing House shall apply to such arbitration as if incorporated into Part 8 of the Rules.

11 GENERAL

- 11.1 Time shall be of the essence of every Contract, but failure by any party to exercise or enforce any rights shall not be deemed to be a waiver thereof.
- 11.2 Contracts shall be governed by and construed in accordance with English law.
- 11.3 The provisions of (1) the "Uniform Law on the Formation of Contracts for the International Sale of Goods" and the Convention relating thereto, (2) the "Uniform Law on the International Sale of Goods 1964" and the Convention relating thereto, and (3) the "United Nations Convention on Contracts for the International Sale of Goods of 1980" shall not apply to any Contract.
- 11.4 Entry into any Contract shall constitute a waiver by both parties thereto of any immunity from suit or arbitral process or execution of any judgement or award on the ground of sovereignty, nationality, domicile, residence or otherwise.

PART 5
TRADED OPTIONS REGULATIONS

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CONTENTS

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PART 5A: METAL OPTIONS REGULATIONS

Section		Page
1	Relationship with Trading Regulations	5-1
2	Permitted Options	5-1
3	Declaration	5-1
4	Effect of Declaration	5-2
5	Premiums	5-3
6	Price Information	5-3

**PART 5B: TRADED AVERAGE PRICE
OPTIONS REGULATIONS**

Section		Page
7	Relationship with Trading Regulations	5-5
8	Permitted Traded Average Price Options	5-5
9	Declaration	5-5
10	Effect of Declaration	5-6
11	Premiums	5-7
12	Price Information	5-7

PART 5C: INDEX OPTIONS REGULATIONS

Section		Page
13	Relationship with Trading Regulations	5-9
14	Permitted Options	5-9
15	Automatic Exercise	5-9
16	Effect of Declaration	5-9
17	Premiums	5-10
18	Price Information	5-10

PART 5A: METAL OPTIONS REGULATIONS

1 RELATIONSHIP WITH TRADING REGULATIONS

- 1.1 The Trading Regulations and the Contract Regulations shall, unless otherwise provided in these Metal Options Regulations or unless the context otherwise requires, apply to Metal Options.
- 1.2 The General Regulations of the Clearing House shall apply to Exchange Metal Options.

2 PERMITTED OPTIONS

- 2.1 Metal Options shall be available in respect of such metals and denominated in such currencies as may from time to time be prescribed by the Exchange. The months traded, Strike Price gradations and numbers and sequences above and below the Strike Price closest to the current market price shall be determined by the Exchange from time to time after consultation with the Clearing House and shall be posted in the Exchange.
- 2.2 Trading may be conducted, in respect of any Metal Option authorised by the Traded Options Committee, until the close of the business on the Last Trading Day for such Metal Option. A new month for the metal concerned will become available for trading at the opening of business on the Business Day following the Last Declaration Day.
- 2.3 The minimum permitted spread between buyers' and sellers' premiums bid or offered in respect of Exchange Metal Options, and the minimum fluctuation in such premiums, shall be at such levels as the Directors may from time to time prescribe according to the currency in which the Metal Option is denominated.
- 2.4 All Exchange Metal Options shall be input into the Matching System and registered as such with the Clearing House, subject to and in accordance with the Trading Regulations and the General Regulations of the Clearing House.

3 DECLARATION

- 3.1 Subject where relevant to Regulation 8 of the Trading Regulations, Prompt Dates for futures Contracts resulting from declarations under Metal Options shall be the third Wednesday in the relevant month or, if that day is not a Business Day, the next succeeding day which is a Business Day.
- 3.2 Declaration of an Exchange Metal Option may only be made on the Clearing House by a Clearing Member Taker if it forms part of that Member's open registered position as at the close of business on the preceding Business Day. Declaration shall be made in such manner as may be prescribed or accepted by the Clearing House no earlier than 07.30 hours and no later than 11.15 hours on any Business Day up to and including the Last Declaration Day for the relevant Metal Option.
- 3.3 Upon receipt of declaration of an Exchange Metal Option or Options by a Clearing Member Taker or Takers, the Clearing House shall declare a like Exchange Metal Option or Options on any Clearing Member Granter or Granters selected by it who had corresponding open registered positions as at the close of business on the preceding Business Day. The Clearing House shall use its best endeavours to notify the relevant Granter no later than 11.30 hours on the day upon which the Exchange Metal Option is declared on the Clearing House, provided however that Granters shall be obliged to accept later declarations if made in accordance with the General Regulations of the Clearing House.

- 3.4.1 Takers of Client Metal Options from Clearing Member Granters shall declare Metal Options on their Clearing Member Granters in such manner as has been agreed between them, no later than 11.10 hours on any Business Day up to and including the Last Declaration Day for the relevant Metal Option.
- 3.4.2 Non-Clearing Member Takers or non-Member Takers of Client Metal Options from non-Clearing Member Granters shall declare Metal Options on their non-Clearing Member Granters in such manner as has been agreed between them no later than 11.10 hours on any Business Day up to and including the Last Declaration Day for the relevant Metal Option.
- 3.5.1 Clearing Member Takers of Client Metal Options shall declare the same on their Granters no later than 11.40 hours on any Business Day up to and including the Last Declaration Day, in such manner as has been agreed between them, provided that if the Clearing House declares on the Clearing Member later than 11.30 hours pursuant to Regulation 3.3 the Granter shall be obliged to accept a correspondingly later declaration from the Clearing Member Taker.
- 3.5.2 Non-Clearing Member Takers of Client Metal Options from non-Members shall declare the same on their Granters in such manner as has been agreed between them no later than 11.40 hours on any Business Day up to and including the Last Declaration Day for the relevant option.
- 3.6 Any Metal Option described in Regulations 3.2 to 3.5 above not declared as above prescribed shall be deemed to have been abandoned.

4 EFFECT OF DECLARATION

- 4.1 On the declaration of a Metal Option a futures Contract shall arise between Granter and Taker of the declared Metal Option, the price of such futures Contract being the Strike Price in the Metal Options Contract.
- 4.2 Metal Futures Contracts which arise on declaration of a Metal Option shall be settled in accordance with the Trading Regulations.
- 4.3 Offsetting Exchange Metal Option Contracts of a Clearing Member for the same quantity, metal, Strike Price, type, month and currency shall be closed automatically by the Clearing House in accordance with the General Regulations of the Clearing House, and all rights and obligations attaching to or arising from those Exchange Metal Option Contracts will terminate. The provision of this Regulation 4.3 shall be applied separately to the "client" account and the "house" account of each relevant Clearing Member.
- 4.4.1 On the declaration of a Client Metal Option where either the Granter or the Taker is a Clearing Member, the Clearing Member must record a Cross in relation to the futures Contract resulting from the said declaration.
- 4.4.2 On the declaration of a Client Metal Option where neither party is a Clearing Member then each non-Clearing Member must arrange for a Clearing Member to record a Cross in relation to that declaration.
- 4.5 Offsetting Client Metal Option Contracts for the same quantity, metal, Strike Price, type, month and currency shall be closed automatically unless otherwise agreed between the Granter and the Taker as the Taker otherwise requests at or before the time when the offsetting Metal Option is granted.

5 PREMIUMS

- 5.1 The amount of the premium payable on opening every Metal Option Contract shall be determined between Granter and Taker 5.2.1 Payment of the premium by the Taker of an Exchange Metal Option to the Granter shall be effected through the protected-payment system, in accordance with the General Regulations of the Clearing House, prior to 12.00 hours on the next Business Day following the day on which the Metal Option is traded.
- 5.2.2 Payment of the premium by the Taker of a Client Metal Option to the Granter shall be effected prior to 12.00 hours on the next Business Day following the day on which the Metal Option is traded.
- 5.3 The Taker of an Exchange Metal Option may apply the value of such Metal Option as determined by the Clearing House against Variation Margin due to the Clearing House in respect of open Exchange Options granted by the said Taker and/or open Exchange Contracts of the said Taker.
- 5.4 The Taker of an Exchange Metal Option or Client Metal Option shall not be permitted to receive cash payment in respect of any positive value of such Metal Option nor apply any credit arising therefrom to the purchase of another Option Contract.

6 PRICE INFORMATION

- 6.1 Regulation 4 of the Trading Regulations shall apply to Metal Options.
- 6.2 For the purpose of enabling the Clearing House to determine Metal Option values pursuant to the General Regulations of the Clearing House, the Exchange shall, on each Business Day, use such options valuation methodology as may be agreed between the Exchange and the Clearing House from time to time for the purposes of its valuations. Without prejudice to the generality of the foregoing, the Exchange may determine the volatilities prevailing in the Market at or around 17.00 hours, for the Strike Price nearest to the Closing Price and for such other Strike Prices as may be required by the Exchange in agreement with the Clearing House, of the relevant Metal Option Contract and each relevant month in which the relevant Metal Option is traded, and communicate the above to the Clearing House no later than 18.00 hours.
- 6.3 If a member is active in a particular Metal Option at any particular time as determined by the Executive, it shall be obliged to submit closing volatilities to the Executive for the purpose of the Clearing House valuations, if requested. Failure to comply with this request may result in that member being subject to Exchange disciplinary procedures

PART 5B: TRADED AVERAGE PRICE OPTIONS REGULATIONS

7. RELATIONSHIP WITH TRADING REGULATIONS

- 7.1 The Trading Regulations and the Contract Regulations shall, unless otherwise provided in these Traded Average Price Options Regulations or unless the context otherwise requires, apply to Traded Average Price Option Contracts.
- 7.2 The General Regulations of the Clearing House shall apply to Exchange Traded Average Price Options.

8. PERMITTED TRADED AVERAGE PRICE OPTIONS

- 8.1 Traded Average Price Option Contracts shall be available in respect of such metals and denominated in such currencies as may from time to time be prescribed by the Exchange. The months traded, Strike Price gradations and numbers and sequences above and below the Strike Price closest to the current market price shall be determined by the Exchange from time to time after consultation with the Clearing House and shall be posted in the Exchange.
- 8.2 Trading may be conducted, in respect of any Traded Average Price Option authorised by the Directors in consultation with the Traded Options Committee, until the close of business on the Last Trading Day for such Traded Average Price Option. A new month for the metal concerned will become available for trading at the opening of business on the Business Day following the Declaration Day.
- 8.3 The minimum permitted spread between buyers' and sellers' premiums bid or offered in respect of Exchange Traded Average Price Options, and the minimum fluctuation in such premiums, shall be at such levels as the Directors may from time to time prescribe according to the currency in which the Traded Average Price Option is denominated.
- 8.4 All Exchange Traded Average Price Options shall be input into the Matching System and registered as such with the Clearing House, subject to and in accordance with the Trading Regulations and the General Regulations of the Clearing House.

9. DECLARATION

- 9.1 Subject where relevant to Regulation 8 of the Trading Regulations, Prompt Dates for futures Contracts resulting from declarations under Traded Average Price Option Contracts shall be the second Business Day following the Declaration Day for the relevant tradeable month.
- 9.2 The declaration of an Exchange Traded Average Price Option shall be deemed to have been made on the Clearing House by a Clearing Member Taker at 15.00 hours on the Declaration Day for the relevant Traded Average Price Option if it is In The Money and forms part of that Member's open registered position as at the close of business on the preceding Business Day. The declaration shall be accepted and made by the Clearing House no later than 15.00 hours on the Declaration Day for the relevant Traded Average Price Option and it shall use its best endeavours to notify the relevant Granter no later than 15.00 hours on the Declaration Day provided however that Granters shall be obliged to accept later declarations if made in accordance with the General Regulations of the Clearing House.

9.3 The declaration of a Client Traded Average Price Option shall be deemed to have been made on the Granter by the Taker at 15.00 hours on the Declaration Day for the relevant Traded Average Price Option if it is In The Money and notification of the said declaration shall be made in such manner as has been agreed between them.

9.4 Any Traded Average Price Option described in Regulations 9.2 and 9.3 above not declared as above prescribed shall be deemed to have been abandoned.

10. EFFECT OF DECLARATION

10.1 On the declaration of a Traded Average Price Option two futures Contracts each for the full tonnage of the Contract shall arise between Granter and Taker of the declared Traded Average Price Option:-

10.1.1 in the case of a declared Average Price Call Option, the Taker will buy from the Granter at the Strike Price in the Traded Average Price Options Contract and sell to the Granter at the Monthly Average Settlement Price for the relevant month;

10.1.2 in the case of a declared Average Price Put Option, the Taker will sell to the Granter at the Strike Price in the Traded Average Price Options Contract and buy from the Granter at the Monthly Average Settlement Price for the relevant month.

10.2 Futures Contracts which arise on declaration of a Traded Average Price Option shall be settled in accordance with the Trading Regulations.

10.3 Offsetting Exchange Traded Average Price Option Contracts of a Clearing Member for the same quantity, metal, Strike Price, type, month and currency shall be closed automatically by the Clearing House in accordance with the General Regulations of the Clearing House, and all rights and obligations attaching to or arising from those Exchange Traded Average Price Options Contracts will terminate. The provision of this Regulation 10.3 shall be applied separately to the "client" account and the "house" account of each relevant Clearing Member.

10.4.1 On the declaration of a Client Traded Average Price Option where either the Granter or the Taker is a Clearing Member, the Clearing Member must record Crosses in relation to the futures Contracts resulting from the said declarations.

10.4.2 On the declaration of a Client Traded Average Price Option where neither party is a Clearing Member then each relevant non-Clearing Member must arrange for a Clearing Member to record Crosses in relation to that declaration.

10.5 Offsetting Client Average Price Contracts for the same quantity, metal, Strike Price, type, month and currency shall be closed automatically unless otherwise agreed between the Granter and the Taker as the Taker otherwise requests at or before the time when the offsetting Traded Average Price Option is granted.

11. PREMIUMS

- 11.1 The amount of the premium payable on opening every Traded Average Price Option Contract shall be determined between the Granter and Taker.
- 11.2.1 Payment of the premium by the Taker of an Exchange Traded Average Price Option to the Granter shall be effected through the protected payment system, in accordance with the General Regulations of the Clearing House, prior to 12.00 hours on the next Business Day following the day on which the Traded Average Price Option is traded.
- 11.2.2 Payment of the premium by the Taker of a Client Traded Average Price Option to the Granter shall be effected prior to 12.00 hours on the next Business Day following the day on which the Traded Average Price Option is traded.
- 11.3 The Taker of an Exchange Traded Average Price Option may apply the value of such Traded Average Price Option as determined by the Clearing House against Variation Margin due to the Clearing House in respect of open Exchange Traded Average Price Options granted by the said Taker and/or open Exchange Contracts of the said Taker.
- 11.4 The Taker of an Exchange Traded Average Price Option or Client Traded Average Price Option shall not be permitted to receive cash payment in respect of any positive value of such Traded Average Price Option nor apply any credit arising therefrom to the purchase of another Traded Average Price Option.

12. PRICE INFORMATION

- 12.1 Regulation 4 of the Trading Regulations shall apply to Traded Average Price Options.
- 12.2 The Exchange shall input to the screen information service and display thereon the daily Settlement Price, Moving Monthly Average Settlement Price and Monthly Average Settlement Price for the relevant metal during the relevant tradeable month according to the currency in which the Traded Average Price Option is denominated.
- 12.3 For the purpose of enabling the Clearing House to determine Traded Average Price Option values pursuant to the General Regulations of the Clearing House the Exchange shall, on each Business Day, use such options valuation methodology as may be agreed between the Exchange and the Clearing House from time to time for the purposes of its valuations. Without prejudice to the generality of the foregoing, the Exchange may determine the volatilities prevailing in the Market at or around 17.00 hours, for the Strike Price nearest to the Closing Price and for such other Strike Prices as may be required by the Exchange in agreement with the Clearing House, of the relevant Traded Average Price Option Contract and each relevant month in which the relevant Traded Average Price Option is traded, and communicate the above to the Clearing House no later than 18.00 hours.
- 12.4 If a member is active in a particular Traded Average Price Option at any particular time as determined by the Executive, it shall be obliged to submit closing volatilities to the Executive for the purpose of the Clearing House valuations, if requested. Failure to comply with this request may result in that member being subject to Exchange disciplinary procedures.

PART 5C: INDEX OPTIONS REGULATIONS

13. RELATIONSHIP WITH TRADING REGULATIONS

- 13.1 The Trading Regulations and the Contract Regulations shall, unless otherwise provided in these Index Options Regulations or unless the context otherwise requires, apply to Index Options.
- 13.2 The General Regulations of the Clearing House shall apply to Exchange Index Options.

14. PERMITTED OPTIONS

- 14.1 Index Options shall be available in respect of such contract sizes as may from time to time be prescribed by the Exchange but shall be traded in US dollars only. The months traded, Strike Price gradations and numbers and sequences above and below the Strike Price closest to the current market price and any other specifications shall be determined by the Exchange from time to time after consultation with the Clearing House and shall be posted in the Exchange.
- 14.2 Trading may be conducted, in respect of any Index Option authorised by the Traded Options Committee, until 16.35 hours on the Last Trading Day for such Index Option. A new month for the Index Option concerned will become available for trading at the opening of business on the Business Day following the Prompt Date.
- 14.3 The minimum permitted spread between buyers' and sellers' premiums bid or offered in respect of Exchange Index Options, and the minimum fluctuation in such premiums, shall be at such levels as the Directors may from time to time prescribe.
- 14.4 All Exchange Index Options shall be input into the Matching System and registered as such with the Clearing House, subject to and in accordance with the Trading Regulations and the General Regulations of the Clearing House.

15. AUTOMATIC EXERCISE

- 15.1 An Exchange Index Option shall be automatically exercised on its Granter at about 19.15 hours on the Prompt Date for the relevant Index Option if at that time it is In the Money and forms part of a Member's open registered position with the Clearing House.
- 15.2 A Client Index Option shall automatically exercise on its Granter at about 19.15 hours on the Index Exercise Date for the relevant Index Option if at that time it is In The Money.
- 15.3 Notification of automatic exercise of a Client Index Option shall be made in such manner as has been agreed between Granter and Taker.
- 15.4 Any Index Option not exercised as prescribed shall be deemed after its Prompt Date to have been abandoned.

16. EFFECT OF AUTOMATIC EXERCISE

- 16.1 On the automatic exercise of an Index Option on the Prompt Date it shall settle in cash as described in the Trading Regulations.

17. PREMIUMS

- 17.1 The amount of the premium payable on opening every Index Option shall be determined between Granter and Taker.
- 17.2.1 Payment of the premium by the Taker of an Exchange Index Option to the Granter shall be effected through the protected-payment system, in accordance with the General Regulations of the Clearing House, prior to 12.00 hours on the next Business Day following the day on which the Index Option is traded.
- 17.2.2 Payment of the premium by the Taker of a Client Index Option to the Granter shall be effected prior to 12.00 hours on the next Business Day following the day on which the Index Option is traded.
- 17.3 The Taker of an Exchange Index Option may apply the value of such Index Option as determined by the Clearing House against Variation Margin due to the Clearing House in respect of open Exchange Options granted by the said Taker and/or open Exchange Contracts of the said Taker.
- 17.4 The Taker of an Exchange Index Option or Client Index Option shall not be permitted to receive cash payment in respect of any positive value of such Option nor apply any credit arising therefrom to the purchase of another Index Option.

18. PRICE INFORMATION

- 18.1 Regulation 4 of the Trading Regulations shall apply to Index Options.
- 18.2 For the purpose of enabling the Clearing House to determine Index option values pursuant to the General Regulations of the Clearing House, the Exchange shall, on each Business Day, use such options valuation methodology as may be agreed between the Exchange and the Clearing House from time to time for the purposes of its valuations. Without prejudice to the generality of the foregoing, the Exchange may determine the volatilities prevailing in the market at or around 17.00 hours, for the Strike Price nearest to the Closing Price and for such other Strike Prices as may be required by the Exchange in agreement with the Clearing House, of the relevant Index Option Contract and each relevant month in which the relevant Index Option is traded, and communicate the above to the Clearing House no later than 18.00 hours.

PART 6

SPECIAL CONTRACT RULES FOR METALS

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CONTENTS

Contracts	Page
High Grade Primary Aluminium	6-1
Aluminium Alloy	6-3
Copper - Grade A	6-9
Standard Lead	6-11
Primary Nickel	6-13
North American Special Aluminium Alloy	6-19
Tin	6-25
Special High Grade Zinc	6-27
Steel Billet	6-29
Cobalt	6-33
Roasted Molybdenum Concentrate	6-37

PART 6A

**SPECIAL CONTRACT RULES FOR THE CONSTRUCTION
OF THE INDEX**

Special Contract Rules for the Construction
of the Index

6A-1

PART 6B

SPECIAL CONTRACT RULES FOR LMEmini CONTRACTS

The LMEmini Futures Contract Specification

6B-1

PART 6

SPECIAL CONTRACT RULES FOR HIGH GRADE PRIMARY ALUMINIUM

1 QUALITY

Aluminium deliverable under this contract shall be:

- (a) For warrants created up to and including 31 December 2009 primary aluminium of minimum 99.70% purity with maximum permissible iron content 0.20% and maximum permissible silicon content 0.10%, or
- (b) primary aluminium with impurities no greater than in the registered designation P1020A in the North American and International Registration Record entitled "International Designations and Chemical Composition Limits for Unalloyed Aluminum" (revised March 2007);
- (c) of brands listed in the LME-approved list of aluminium brands.

2 SHAPES AND WEIGHTS

Aluminium delivered may be in the form of ingots, T-bars or sows. Ingots shall be securely strapped in bundles suitable for stacking. Ingot weight shall be within the permitted range 9kgs to 26kgs each. T-bar weight shall not exceed 5% more than 750kgs. The weight of each sow shall not exceed 5% more than 750kgs.

3 SIZE OF LOT

25 tonnes

4 WARRANTS

- 4.1 Warrants shall be for 25 tonnes each (2% either more or less).
- 4.2 Each parcel particularised in each Warrant shall comprise either ingots, T-bars or sows, shall lie at one warehouse, be the production of one country and shall consist of aluminium of one brand shape and size subject, in the case of ingots, to the necessity of including different shapes and sizes at the bottom of each parcel for the purpose of palletisation. Each parcel of ingots placed on Warrant shall be delivered securely strapped in bundles not exceeding two tonnes each and shall be securely strapped for handling and transport in bundles to permit safe handling without bundle distortion and breakage.
- 4.3 Warrants must contain the warning regarding entrapped moisture referred to in the Special Rules for Placing Aluminium on Warrant.
- 4.4 Each Warrant must bear an LMEsword generated barcode.

5 MAJOR CURRENCY

US dollars

6 TESTING OF WARRANTED METAL

If the Chief Executive, or those empowered by him for this purpose, believe that the conditions at (a) and (b) below are satisfied, he or they may instruct an LME approved Sampler and

Assayer to undertake such tests as are necessary to form a reasonable opinion on whether or not metal on Warrant conforms with these rules. Where the Chief Executive, or those empowered by him for this purpose, reasonably believes that the situation requires it, those tests may be conducted without the prior consent of the Warrant holder. The tests will be at the Exchange's cost.

The conditions referred to above are: -

- (a) that there are reasonable grounds to suspect that metal on Warrant does not comply with these rules, and
- (b) that there is a risk of disruption to the LME's market.

SPECIAL RULES GOVERNING THE PLACING OF HIGH GRADE PRIMARY ALUMINIUM ON WARRANT

- 1** Each delivery of aluminium for placing on Warrant shall be accompanied by a Certificate of Origin and a producer's Certificate of Analysis both of which must be lodged with the warehouseman. The Certificate of Analysis shall state the brand name and be within the quality specification set out in Special Rule 1 for the relevant grade of aluminium as above set out. A Bulk Analysis Certificate or a copy thereof is acceptable but if a producer's Certificate is not available an Analysis certificate must be prepared and signed by an assayer on the list of approved assayers. All analysis certificates must show each heat number.
- 2** The party intending to place on Warrant aluminium for delivery in satisfaction of any Contract must advise the warehouseman of the name of a Ring Dealing or a Clearing Associate member of the London Metal Exchange who will accept responsibility for the initial placing of the Warrants on the market. Such Warrant(s) must be issued to the order of the said member who, prior to its or their endorsement, must be satisfied that the documentation is evidence of good delivery. This Rule will only apply to Warrants issued prior to 17 March 2005. From 18 March 2005 all primary aluminium Warrants are to be issued to bearer.
- 3** Each Warrant shall be made up from the production of one country and shall consist of one brand which is listed as being a good delivery. Each Warrant shall state the total weight of the parcel particularised thereon, its country of origin, brand and the date(s) and reference number(s) of the Certificates of Analysis lodged with the warehouseman. Each Warrant shall be of 25 tonnes (2% either more or less) and shall state the number of bundles of ingots or T-bars or sows. The Warehouse Company is required to keep a record of the date and reference number of the Certificate of Origin. In the case of T-bars or sows the Warehouse Company is required to keep a record of the piece weight of each and in the case of bundles of ingots the Warehouse Company is required to keep a record of the number of ingots making up each bundle.
- 4** The warning clause set out below must appear on the Warrant:

WARNING The buyer is advised that this metal may contain crevices and hidden recesses holding entrapped moisture. The metal should be handled and processed with this possibility in mind. Entrapped moisture may cause an explosion if the metal is introduced into a melting- furnace without proper drying.
- 5** On request, the warehouseman is obliged to submit to the holder of the Warrant Certificates of Origin/Analysis or copies thereof if the 25 tonne parcel forms a part of a larger delivery covered by Bulk Analysis.
- 6** All documentation required for placing material on warrant must be in English.

SPECIAL CONTRACT RULES FOR ALUMINIUM ALLOY

1 QUALITY

The aluminium alloy delivered under this contract shall be:

- (a) aluminium alloy conforming to one of the specifications listed below:
- (1) A380.1 produced in conformity with The Aluminum Association Inc. specification (2009);
 - (2) 226 produced in conformity with LME 226 as described below: -

Elements	Composition, % (m/m)
Cu	2.0 – 3.5
Si	8.0 –11.0
Mg	0.1 – 0.5
Zn	1.2 max
Fe	1.0 max
Mn	0.1 – 0.4
Ni	0.3 max
Sn	0.1 max
Ti	0.15 max
Pb	0.2 max
Others	0.05 max each
Al	Remainder
The sum of 'others' 0.15% max	

- (3) AD12.1 produced in conformity with JIS H2118-2006, Class 12: (Note: this specification to be read in conjunction with the provision that there be an allowance as follows: Others, total 0.50% max, Al remainder).

- (b) of brands listed in the LME-approved list of aluminium alloy brands.

2 SHAPES AND WEIGHTS

Aluminium Alloy delivered may be in ingot form or, for aluminium alloy delivered on and after 25 January 2005 may be in the form of small sows (four-way entry sows), large sows (low profile sows), and T-bars. All shapes shall comply as follows

- (a) Ingots

Ingots shall be securely strapped with galvanised or protectively-coated steel or polyester bands in 500kgs to 1,000kgs bundles of equal weight suitable for stacking. On and after 17 August 1999 one makeweight bundle in any one lot will be permissible. Ingot weight shall be within the permitted range 4kgs to 25kgs each, with all ingots in any one lot being of the same weight and size. Ingots shall not exceed 800mm length - the only exception to be the cast feet on which bundles may be stacked.

- (b) Small sows (four-way entry sows)

Pieceweight shall be within the permitted range 408kgs - 590kgs each, with all sows in any one lot being of the same weight and size.

Dimensions shall be within the permitted range as follows:-

Top - Length and width shall be the same, between 837mm - 990mm.

Bottom - Length and width shall be the same, between 406mm - 559mm.

Height - Between 304mm - 432mm.

Shape - The tapering of all four sides should include an indentation to allow for the safe and easy handling by forklift trucks.

(c) Large sows (low profile sows)

Pieceweight shall be within the permitted range 300kgs - 726kgs each, with all sows in any one lot being of the same weight and size.

Dimensions shall be within the permitted range detailed as follows:-

Top - Length shall be between 1,015mm - 1,320mm. Width shall be between 812mm - 1142mm.

Bottom - Length shall be between 900mm - 1,320mm. Width between 406mm - 520mm.

Height - Between 200mm - 305mm.

Shape - The tapering of the long sides should include an indentation to allow for the safe and easy handling by forklift trucks.

(d) T-bars

Pieceweight shall be within the permitted range 408kgs - 726kgs each, with all T-bars in any one lot being of the same weight and size.

Dimensions:-

Top - Length shall be between 837mm - 1320mm.

Width - shall be between 760mm - 1015mm.

Bottom - Length shall be between 837mm - 1320mm.

Width shall be between 406mm - 634mm.

Height - Overall between 254mm - 432mm. To shoulder minimum 76mm.

Shape - The indentation of the shoulder on the long sides should be a minimum of 101mm on each side and allow for the safe and easy handling by forklift trucks.

Other Requirements

All ingots and sows shall be produced by a single pouring process. "Multi-pour" or "Capping" the surface with additional metal after the ingot or sow is formed is not permitted.

All ingots, T-bars and sows delivered under the contract shall be flat in order to permit stacking and safe handling using forklifts.

3 SIZE OF LOT

20 tonnes

4 WARRANTS

- 4.1 Warrants shall be for 20 tonnes each (2% either more or less).
- 4.2 Each parcel particularised in each Warrant shall comprise ingots, small sows (four-way entry sows) large sows (low profile sows) or T-bars, shall lie at one warehouse, be the production of one plant and shall consist of aluminium alloy of a single aluminium alloy type. Each parcel of ingots placed on Warrant shall be delivered securely strapped in bundles not exceeding 1,000kgs each. Each parcel shall contain aluminium alloy derived from no more than five melts, and in the case of ingots, each bundle shall contain aluminium alloy from one melt. Additionally, each parcel placed on Warrant shall be securely strapped for handling and transport in bundles to permit safe handling without bundle distortion and breakage.
- 4.3 Warrants must contain the warning regarding entrapped moisture referred to in the Special Rules Governing the Placing of Aluminium Alloy on Warrant.
- 4.4 Each Warrant must bear an LMEsword generated barcode.

5 MAJOR CURRENCY

US dollars

6 TESTING OF WARRANTED METAL

If the Chief Executive, or those empowered by him for this purpose, believe that the conditions at (a) and (b) below are satisfied, he or they may instruct an LME approved Sampler and Assayer to undertake such tests as are necessary to form a reasonable opinion on whether or not metal on Warrant conforms with these rules. Where the Chief Executive, or those empowered by him for this purpose, reasonably believes that the situation requires it, those tests may be conducted without the prior consent of the Warrant holder. The tests will be at the Exchange's cost.

The conditions referred to above are: -

- (a) that there are reasonable grounds to suspect that metal on Warrant does not comply with these rules, and
- (b) that there is a risk of disruption to the LME's market

SPECIAL RULES GOVERNING THE PLACING OF ALUMINIUM ALLOY ON WARRANT

- 1 Each delivery of aluminium alloy for placing on Warrant shall be accompanied by a Certificate of Origin. A producer's Certificate of Analysis shall be provided for each melt represented within the lot and shall contain the melt number and melt date. Each bundle of ingots and each small sow (four-way entry sow), large sow (low profile sow) or T-bar shall be tagged with a die-stamped or indelible tag stating the aluminium alloy type, melt numbers, brand name and for aluminium alloy placed on warrant on or before 9 March 2011 the melt date. The Certificates of Analysis shall state the brand name and be within the quality specification set out in Special Contract Rule 1 for the relevant aluminium alloy type.
- 2 Aluminium Alloy delivered for Warranting must be in lots of 20 tonnes, comprising bundles of ingots, small sows (four-way entry sows), large sows (low profile sows) or T-bars in accordance with the Shape and Weights requirements as set out in Special Contract Rule 2.

- 3 With effect from 4 June 2002 Aluminium Alloy must meet the following physical characteristics:-
- (a) surfaces shall be smooth and free of open shrinkage, porosity, layers and/or seams.
 - (b) the visible presence of foreign substances such as white/grey residue on the surface, imbedded inclusions, skim/dross, salt cake, iron oxide flakes or dirt will not be acceptable.
 - (c) product edges and surfaces shall be free of sharp edges, spurs and/or flashings that might present hazards in handling.

- 4 The party intending to place on Warrant aluminium alloy for delivery in satisfaction of any Contract must advise the warehouseman of the name of a Ring Dealing or an Associate Clearing Member of the London Metal Exchange who will accept responsibility for the initial placing of the Warrants on the market. Such Warrant(s) must be issued to the order of the said member who, prior to its or their endorsement, must be satisfied that the documentation is evidence of good delivery.

This Rule will only apply to Warrants issued prior to 17 March 2005. From 18 March 2005 all Aluminium Alloy Warrants are to be issued to bearer.

- 4.1 Each Warrant shall be made up from the production of one plant and shall consist of one brand which is listed as being good delivery. Each Warrant shall state the total weight of the parcel particularised thereon, its country of origin, brand and the date(s) and reference number(s) of the Certificates of Analysis lodged with the warehouseman. Each Warrant shall be of 20 tonnes (2% either more or less) and, in the case of ingots, shall state the number of bundles making up each parcel; and in the case of either small sows (four-way entry sows), large sows (low profile sows) or T-bars, shall state the number of pieces making up each parcel. The Warehouse Company is required to keep a record of the date and reference number of the Certificate of Origin. The Warehouse Company is required to keep a record of the number of ingots making up each bundle. In the case of small sows (four-way entry sows), large sows (low profile sows) and T-bars, the warehouse company is required to keep a record of the piece weight of each.

- 5 The warning clause set out below must appear on the Warrant:

WARNING The buyer is advised that this metal may contain crevices and hidden recesses holding entrapped moisture. The metal should be handled and processed with this possibility in mind. Entrapped moisture may cause an explosion if the metal is introduced into a melting-furnace without proper drying.

6 TESTING OF WARRANTED METAL

If the Chief Executive, or those empowered by him for this purpose, believe that the conditions at (a) and (b) below are satisfied, he or they may instruct an LME approved Sampler and Assayer to undertake such tests as are necessary to form a reasonable opinion on whether or not metal on Warrant conforms with these rules. Where the Chief Executive, or those empowered by him for this purpose, reasonably believes that the situation requires it, those tests may be conducted without the prior consent of the Warrant holder. The tests will be at the Exchange's cost.

The conditions referred to above are: -

- (a) that there are reasonable grounds to suspect that metal on Warrant does not comply with these rules, and

(b) that there is a risk of disruption to the LME's market.

7 On request, the warehouseman is obliged to submit to the holder of the Warrant the Certificates of Origin and Analysis or copies thereof if the 20 tonne parcel forms part of a larger delivery covered by bulk certificates.

8 All documentation required for placing material on warrant must be in English.

SPECIAL CONTRACT RULES FOR COPPER - GRADE A

1 QUALITY

- (a) The copper delivered under this contract must be electrolytic copper in the form of cathodes - Grade A.
- (b) All copper delivered must be of brands listed in the LME-approved list of Copper - Grade A brands and must conform to the chemical composition of BS EN 1978:1998 (cathode grade designation Cu-CATH-1).

2 SHAPES AND WEIGHTS

Each parcel of 25 tonnes of full plate cathodes shall lie at one warehouse and be of one brand, shape and size. Each parcel of copper cathodes placed on Warrant shall be delivered securely strapped in bundles not exceeding 4 tonnes. Each parcel of copper cathodes placed on Warrant shall be securely strapped for handling and transport in bundles to permit safe handling without bundle distortion and breakage.

3 SIZE OF LOT

25 tonnes

4 WARRANTS

- 4.1 Warrants shall be for 25 tonnes each (2% either more or less).
- 4.2 Each Warrant must state the total weight of the parcel, the brand, the country of origin and the number of bundles making up each parcel.
- 4.3 Each Warrant must be identified as Copper - Grade A.
- 4.4 Each Warrant must bear an LMEsword generated barcode.

5 MAJOR CURRENCY

US dollars

6 TESTING OF WARRANTED METAL

If the Chief Executive, or those empowered by him for this purpose, believe that the conditions at (a) and (b) below are satisfied, he or they may instruct an LME approved Sampler and Assayer to undertake such tests as are necessary to form a reasonable opinion on whether or not metal on Warrant conforms with these rules. Where the Chief Executive, or those empowered by him for this purpose, reasonably believes that the situation requires it, those tests may be conducted without the prior consent of the Warrant holder. The tests will be at the Exchange's cost.

The conditions referred to above are: -

- (a) that there are reasonable grounds to suspect that metal on Warrant does not comply with these rules, and
- (b) that there is a risk of disruption to the LME's market.

SPECIAL RULES GOVERNING THE PLACING OF COPPER - GRADE A ON WARRANT

- 1** Each parcel of copper cathodes placed on Warrant shall when delivered to the warehouse company, have the brand name indelibly marked on clips attached to the producer's bundle strapping or the brand name indelibly marked continuously on the producer's bundle strapping. Where it is necessary to break a bundle in order to obtain a warrant weight, this will be permitted provided that at least 80% of the bundles in the Warrant have the original producer clips or producers strapping showing the brand name. The remaining bundles in the Warrant must have an indelible label produced by the warehouse company attached to the strapping showing the brand name.

SPECIAL CONTRACT RULES FOR STANDARD LEAD

1 QUALITY

The lead delivered under this contract must be refined lead (minimum 99.970% purity) and must conform with the 99.970% graded lead chemical composition of the BS EN 12659:1999 Standard entitled "Lead and Lead Alloys – Lead". All lead delivered must be:

- (a) of brands listed in the LME-approved list of lead brands;
- (b) in ingots weighing not more than 55kgs each.

2 SHAPES, WEIGHTS AND MARKINGS

Each parcel of 25 tonnes shall lie at one warehouse and be of one brand and shall consist of ingots of one shape and size, subject to the necessity of including different shapes and sizes at the bottom of each bundle for the purpose of bundle stability. Each parcel placed on Warrant shall be delivered strapped in bundles not exceeding 1.5 tonnes and shall be securely strapped for handling and transport in bundles to permit safe handling without bundle distortion and breakage.

On and after 1 August 2007 each bundle must have a durable bundle label showing the listed brand name and the grade reference. The cast number must also be indelibly marked on either i) the bundle label, ii) the top surface of the bundle or iii) each ingot within the bundle.

3 SIZE OF LOT

25 tonnes

4 WARRANTS

- 4.1 Warrants shall be for 25 tonnes each (2% either more or less).
- 4.2 Each Warrant must bear an LMEsword generated barcode.

5 MAJOR CURRENCY

US dollars

6 TESTING OF WARRANTED METAL

If the Chief Executive, or those empowered by him for this purpose, believe that the conditions at (a) and (b) below are satisfied, he or they may instruct an LME approved Sampler and Assayer to undertake such tests as are necessary to form a reasonable opinion on whether or not metal on Warrant conforms with these rules. Where the Chief Executive, or those empowered by him for this purpose, reasonably believes that the situation requires it, those tests may be conducted without the prior consent of the Warrant holder. The tests will be at the Exchange's cost.

The conditions referred to above are: -

- (a) that there are reasonable grounds to suspect that metal on Warrant does not comply with these rules, and
- (b) that there is a risk of disruption to the LME's market.

SPECIAL RULES GOVERNING THE PLACING OF STANDARD LEAD ON WARRANT

- 1.1** Each delivery of lead for placing on Warrant shall be accompanied by a producer's Certificate of Analysis which must be lodged with the warehouseman. The Certificate of Analysis shall determine lead content within the minimum purity as defined in Special Contract Rule 1. A Bulk Analysis Certificate or a copy thereof is acceptable, but if a producer's Certificate is not available an analysis certificate must be prepared and signed by an independent assayer on the list of approved assayers. In all cases, it must be possible to cross-reference the metal by melt or batch numbers on the ingots or bundles to identical numbers on the Certificate.
- 1.2** Each delivery of lead for placing on Warrant on or after 1 August 2007 shall be accompanied by a producer's Certificate of Analysis for each cast number within the Warrant quoting the cast number. The Certificate of Analysis shall also quote the brand name and contract reference Standard (BS EN 12659:1999) and demonstrate compliance with the Standard by illustrating the detected level of impurity for each element.
- 1.3** If a producer's Certificate of Analysis is not available, an analysis certificate for each 25 tonne parcel must be prepared and signed by an independent sampler and assayer on the LME list of approved assayers ensuring that each cast is covered by a Certificate of Analysis and in all cases, it must be possible to cross-reference the metal by cast number to the relevant certificate.
- 2** Each Warrant shall be made up from the production of one location and shall consist of one brand which is listed as being a good delivery. Each Warrant shall state the total weight of the parcel particularised thereon, its country of origin, brand, the number of bundles making up each parcel and the date(s) and reference number(s) of the Certificate of Analysis lodged with the warehouseman. The Warehouse Company is required to keep a record of the number of ingots making up each parcel.
- 3** On request, the warehouseman is obliged to submit to the holder of the Warrant, copies of Certificates of Analysis if the 25 tonne parcel forms a part of a larger delivery covered by Bulk Analysis.
- 4** All documentation required for placing material on warrant must be in English.

SPECIAL CONTRACT RULES FOR PRIMARY NICKEL

1 QUALITY

The nickel delivered under this contract must be Primary Nickel of minimum 99.80% purity with chemical analysis conforming to the ASTM specification B39-79 (2008).

2 SHAPES AND WEIGHTS

2.1 All nickel delivered must be:

- (a) of the production of those producers named in the LME-approved list;
- (b) in the form of either cathodes or pellets or briquettes.

2.2.1 In the case of cathodes deliveries shall be made in the form of:

- (a) sizes cut to either 100mm x 100mm (4" x 4"), 50mm x 50mm (2" x 2"), or 25mm x 25mm (1" x 1"), size tolerances in accordance with internationally accepted trade practice;
- (b) sizes of full plate up to 1000mm x 1300mm maximum with a thickness range of 2mm to 15mm.

2.2.2 Each Warrant of drummed nickel, bagged nickel or nickel cathodes shall consist of only one size.

2.3.1 All cut nickel cathodes or pellets delivered shall be packed in sound steel drums with an even nett weight (+/- 2% more or less) of minimum 150kgs and maximum 500kgs. Each Warrant shall consist of drums of uniform size and weight. The gross and nett weights must be clearly marked/stamped on each individual drum together with the brand name.

2.3.2 Briquettes delivered shall be packed in either sound steel drums with an even nett weight (+/- 2% more or less) of minimum 150kgs and maximum 500kgs or bags with an even nett weight of 2000kgs (+/- 2% more or less). Each Warrant shall consist of all drums or all bags of uniform size and weight. The gross and nett weights must be clearly marked/stamped on each individual drum or bag together with the brand name.

2.3.3 Each Warrant of full plate cathodes either comprising trimmed or untrimmed cathodes shall lie at one warehouse and be of one brand, shape and size. Each bundle of full plate cathodes placed on Warrant shall be securely strapped in two dimensions with corrosion resistant material to permit safe handling and transport without bundle distortion and breakage on steel or wooden skids (pallets not permitted) with a ground clearance of 75mm minimum. Bundles should not exceed 1.6 tonnes in weight and with the brand name marked indelibly either a) on clips attached to the producer's bundle strapping, or b) on producer's strapping, or c) on each cathode within each bundle.

The lot number, gross and nett weights should also be marked indelibly on the top cathode within each bundle.

3.1 DRUMMED NICKEL REQUIREMENTS

3.1.1 Warehouse Inspection of Drummed Primary Nickel.

3.1.1.1 Nickel in original producer drums:

3.1.1.1.1 Nickel in original producer drums with producer seal intact can be placed on LME Warrant without opening every drum under certain conditions, namely:

- (a) that for nickel in any one delivery a producer's certificate of analysis has been supplied. For nickel placed on Warrant on or before 10 January 2011, in cases where the producer has ISO 9001:2000 certification, a certificate of conformity will be acceptable in lieu;
 - (b) that the warehouse opens one drum in ten from each batch. The one drum in ten is to be selected at random from the batch.
- 3.1.1.1.2 Provided this inspection confirms that the contents of the opened drums conform to the producer markings for both product and weight, the warehouse is permitted to enter the other drums into stock unopened.
- 3.1.1.1.3 The warehouse should mark each drum with its distinguishing mark or seal identifying the warehouse and indicating that the drums were entered into stock uninspected.
- 3.1.1.1.4 Drummed nickel received in producer drums using crimped/dimpled lids to be placed on LME Warrant must, without exception, be opened, emptied on arrival by the LME listed warehouse and nickel inspected, repacked in original drums, and sealed with a tamperproof metal sealing ring comprising either clamp or bolt with the seal number showing.

3.1.1.2 All other nickel in drums:

All other drummed nickel to be placed on LME Warrant must, without exception, be opened and emptied on arrival by the LME listed warehouse and the nickel inspected, repacked and re-sealed, in original drums where possible. If with any one delivery the producer's certificate of analysis or conformity is not provided, then an independent analysis certificate must be prepared and signed by an assayer on the list of approved assayers. This includes:-

- (a) producer nickel in unmarked drums;
 - (b) producer nickel in original drums which are in unsafe condition and or where the seals are broken;
 - (c) repacked producer nickel.
- 3.1.1.3 The warehouse will be responsible for resealing all inspected drums using their own numbered seals. These seals must bear unique numbers. All costs incurred will be for account of the party instructing the warehouse to place the material on Warrant.
- 3.1.1.4 On and after 21 April 2010, all drummed nickel must be securely stored on pallets to permit safe handling.

3.2 BAGGED NICKEL REQUIREMENTS

- 3.2.1 Only nickel briquettes arriving in sound original producer bags with seal intact can be placed on LME warrant provided:
- (a) that for nickel in any one delivery a producer's certificate of analysis has been supplied. For nickel placed on Warrant on or before 10 January 2011, in cases where the producer has ISO 9001:2000 certification, a certificate of conformity will be acceptable in lieu
 - (b) that the warehouse opens one bag in three from each batch so certified. The one bag in three is to be selected at random from the batch.
- 3.2.1.1 Provided this inspection confirms that the contents of the opened bags conform to the producer markings for both product and weight, the warehouse is permitted to enter the other bags into stock unopened.

- 3.2.1.2 The warehouse should mark each bag with its distinguishing mark or seal identifying the warehouse and indicating that the bags were entered into stock uninspected
- 3.2.1.3 The warehouse will be responsible for resealing all inspected bags using their own numbered seals. These seals must bear unique numbers. All costs incurred will be for account of the party instructing the warehouse to place the material on Warrant.
- 3.2.2 Any briquettes arriving in original producer bags not in sound condition may be repacked by the warehouse company in either:
- (a) new bags supplied by the producer; or
 - (b) new bags obtained by the warehouse company which comply with ISO 21898:2005 or national equivalent.
- All repacked bags must be marked by the warehouse company with the new gross and nett weights and brand name where applicable.
- 3.2.3 Any briquettes arriving at the warehouse in either non-producer bags or in bulk must be repacked into drums.
- 3.2.4 Any bag that breaks whilst stored in the warehouse must be repacked by the warehouse company in new bags obtained by the warehouse company which comply with ISO 21898:2004 or national equivalent. All repacked bags must be marked by the warehouse company with the new gross and nett weights and brand name.

3.3 FULL PLATE NICKEL REQUIREMENTS

- 3.3.1 Each delivery of full plate nickel for placing on Warrant shall, in addition to Special Contract Rule 2, meet with certain conditions, namely:
- (a) that for nickel in any one delivery a producer's certificate of analysis has been supplied. For nickel placed on Warrant on or before 10 January 2011, in cases where the producer has ISO 9001:2000 certification, a certificate of conformity will be acceptable in lieu;
 - (b) that for nickel in any one delivery whereby the producer's certificate of analysis or conformity has not been provided, then an independent analysis certificate must be prepared and signed by an assayer on the list of approved assayers.

4 SIZE OF LOT

6 tonnes

5 WARRANTS

- 5.1 Warrants shall be for 6 tonnes each (2% either more or less). Each parcel of 6 tonnes shall be the product of one producer in one country, and shall consist of one brand, one shape and size which is listed as being good delivery and shall lie in one warehouse.
- 5.2.1 Each Warrant shall state the name of the brand, the country of origin, the shape and the date(s) and reference number(s) of the certificates of analysis or certificate of conformity lodged with the warehouseman.
- 5.2.1.1 In the case of cut cathodes, pellets or briquettes, each Warrant shall in addition to Rule 5.2.1 state the gross and nett weights, the dimensions of cathodes and the number of drums or bags making up each parcel.

5.2.1.2 In the case of full plate cathodes, each Warrant shall in addition to Rule 5.2.1 state the total weight of the parcel and the number of bundles making up each parcel.

5.3 Each Warrant must bear an LMEsword generated barcode

6 MAJOR CURRENCY

US dollars

7 TESTING OF WARRANTED METAL

If the Chief Executive, or those empowered by him for this purpose, believe that the conditions at (a) and (b) below are satisfied, he or they may instruct an LME approved Sampler and Assayer to undertake such tests as are necessary to form a reasonable opinion on whether or not metal on Warrant conforms with these rules. Where the Chief Executive, or those empowered by him for this purpose, reasonably believes that the situation requires it, those tests may be conducted without the prior consent of the Warrant holder. The tests will be at the Exchange's cost.

The conditions referred to above are: -

- (a) that there are reasonable grounds to suspect that metal on Warrant does not comply with these rules, and
- (b) that there is a risk of disruption to the LME's market.

SPECIAL RULES GOVERNING THE PLACING OF NICKEL ON WARRANT

1 Each delivery of nickel for placing on Warrant shall be accompanied by a certificate of analysis or, where the nickel is placed on Warrant on or before 10 January 2011, a certificate of conformity dependent upon the ISO 9001:2000 status of the listed producer. These certificates must be lodged with the warehouseman, state the brand name and must be within the quality specification as set out in Special Contract Rule 1 for the relevant grade of nickel. A producer's certificate of analysis shall be provided for each production batch. The producer's certificate of analysis must also report all individual elements of the ASTM specification B39-79 (2008). If a producer's certificate is not available an analysis certificate must be prepared and signed by an assayer on the list of approved assayers who will sample and analyse material in accordance with ASTM B39-79 (2008). In all cases, it must be possible to cross-reference the metal by lot number on the bundles to identical numbers on the analysis certificate or certificate of conformity.

2 Each Warrant shall state relevant information as required under Special Contract Rule 5.

3 The warning clause set out below must appear on Warrants representing Primary Nickel stored in drums:-

"WARNING The buyer is advised that drums may contain water and the metal should be handled and processed with this possibility in mind. Water contained in drums may cause an explosion if the metal is introduced into a melting-furnace without proper procedures being followed."

4 The warning clause set out below must appear on Warrants representing Primary Nickel stored in bags:-

"WARNING The buyer is advised that bags may contain water and the metal should be handled and processed with this possibility in mind. Water contained in bags may cause an explosion if the metal is introduced into a melting-furnace without proper procedures being followed."

- 5 The warning clause set out below must appear on Warrants representing Primary Nickel Full Plate:-
- "**WARNING** The buyer is advised that full plate cathode edges may pose a handling risk and therefore due care and attention must be taken".
- 6 On request, the warehouseman is obliged to submit to the holder of the Warrant certificates of analysis/conformity or copies thereof if the 6 tonne parcel forms a part of a larger delivery covered by bulk analysis.
- 7 Warehouse companies are not permitted to break and reconstruct bundles of full plate cathodes related to original producer documents except (a) where it is necessary to break the bundles in order to ensure the nickel is placed on acceptable skids, (b) where the packing is damaged such that it may cause a hazard in the subsequent handling and storage of the material and (c) where in order to create a Warrant lot size it is necessary to break one or more bundles from a single shipment provided that no resulting Warrant contains more than two bundles without the original producer packaging. In the case of (a) or (b) above, the warehouse company must keep with the Warranted nickel the original producer clips or strapping that displayed the brand name, and must ensure full plate cathodes retain original bundle structure, including ensuring that the top cathode bears the original bundle identification marks. In the case of (c) above, the warehouse company must keep with the Warranted nickel the original producer clips or strapping that displayed the brand name. Where possible the original producer clips or strapping should be attached to the re-strapped bundle; if that is not possible, the warehouse company must mark the strap with an indelible label showing the brand name. The warehouse company must also re-mark the top cathode of the bundle with the lot number (if applicable) and amended net and gross weights. In all cases, the warehouse should certify that any such repacking was done according to LME rules, stating the reason for repacking and identifying the bundles concerned.
- 8 The warehouse company, in the case of Warranting cut cathodes, pellets or briquettes, is required to keep a record of the numbers of the unique seal numbers of each drum or bag, both current and past, making up each parcel.
- 9 All documentation required for placing material on warrant must be in English.

SPECIAL CONTRACT RULES FOR NORTH AMERICAN SPECIAL ALUMINIUM ALLOY

1 QUALITY

The aluminium alloy delivered under this contract shall be:

- (a) aluminium alloy conforming to the “LME NA380.1” specification (an LME modification of The Aluminium Association Inc. A380.1 specification (1989)), produced in conformity with the following specification:-

<u>Element</u>	<u>Minimum</u>	<u>Maximum</u>
Copper	3.00	3.50
Silicon	8.50	9.50
Iron	0.80	1.00
Magnesium	-	0.10
Zinc	-	3.00
Manganese	-	0.45
Nickel	-	0.50
Tin	-	0.10
Lead	-	0.10
Titanium	-	0.10
Chrome (chromium)	-	0.10
Others – each	-	0.10
Others – total	-	0.50
Sludge = Fe + 2Mn + 3Cr		1.80

Production must be filtered.

- (b) of brands listed in the LME-approved list of North American Special Aluminium Alloy brands.

2 SHAPES AND WEIGHTS

Aluminium alloy delivered may be in the form of ingots, small sows (four-way entry sows), large sows (low profile sows) and T-bars, as follows: -

- (a) Ingots

Pieceweight shall be within the permitted range 4kgs - 17.3kgs (9lbs - 38lbs) each, with all ingots in any one lot being of the same weight and size. Ingots shall not exceed 800mm length - the only exception to be the cast feet on which bundles may be stacked.

Bundleweight shall be within the permitted range 500kgs – 1000kgs (1,100lbs – 2,200lbs) of equal weight suitable for stacking. One makeweight bundle in any one lot will be permissible. Ingots shall be securely strapped with galvanised or protectively coated steel or polyester bands.

(b) Small sows (four-way entry sows)

Pieceweight shall be within the permitted range 408kgs - 590kgs (900lbs - 1,300lbs) each, with all sows in any one lot being of the same weight and size.

Dimensions shall be within the permitted range as follows: -

- Top - Length and width shall be the same, between 837mm - 990mm (33 - 39 inches).
- Bottom - Length and width shall be the same, between 406mm – 559mm (16 - 22 inches).
- Height - Between 304mm - 432mm (12 - 17 inches).
- Shape - The tapering of all four sides should include an indentation to allow for the safe and easy handling by forklift trucks.

(c) Large sows (low profile sows)

Pieceweight shall be within the permitted range 500kgs - 726kgs (1,100lbs - 1,600lbs) each, with all sows in any one lot being of the same weight and size.

Dimensions shall be within the permitted range detailed as follows: -

- Top - Length shall be between 1,015mm - 1,320mm (40 - 52 inches).
Width shall be between 812mm - 1142mm (32 - 45 inches).
- Bottom - Length shall be between 1,015mm - 1,320mm (40 - 52 inches).
Width between 406mm - 533mm (16 - 21 inches).
- Height - Between 216mm – 305mm (8.5 – 12 inches).
- Shape - The tapering of the long sides should include an indentation to allow for the safe and easy handling by forklift trucks.

(d) T-bars

Pieceweight shall be within the permitted range 408kgs - 726kgs (900lbs - 1,600lbs) each, with all T-bars in any one lot being of the same weight and size.

Dimensions: -

- Top - Length shall be between 837mm - 1320mm (33 - 52 inches)
Width shall be between 760mm - 1015mm (30 - 40 inches)
- Bottom - Length shall be between 837mm - 1320mm (33 - 52 inches)
Width shall be between 406mm - 634mm (16 - 25 inches)
- Height - Overall between 254mm - 432mm (10 - 17 inches)
To shoulder minimum 76mm (3 inches)

- Shape - The indentation of the shoulder on the long sides should be a minimum of 101mm (4 inches) on each side and allow for the safe and easy handling by forklift trucks.

Other Requirements

All ingots and sows shall be produced by a single pouring process. “Multi-pour” or “capping” the surface with additional metal after the ingot or sow is formed is not permitted.

All ingots, T-bars and sows delivered under the contract shall be flat in order to permit stacking and safe handling using forklifts.

3 SIZE OF LOT

20 tonnes

4 WARRANTS

- 4.1 Warrants shall be for 20 tonnes each (2% either more or less).
- 4.2 Each parcel particularised in each Warrant shall comprise ingots, small sows (four-way entry sows), large sows (low profile sows) or T-bars, shall lie at one warehouse, be the production of one plant and shall consist of aluminium alloy of one brand, and grade. Each parcel shall contain aluminium alloy derived from no more than five melts, and, in the case of ingots, each bundle shall contain aluminium alloy from one melt. Each parcel of ingots placed on Warrant shall be securely strapped for handling and transport in bundles to permit safe handling without bundle distortion and breakage.
- 4.3 Warrants must contain the warning regarding entrapped moisture referred to in the Special Rules Governing the Placing of North American Special Aluminium Alloy on Warrant.
- 4.4 Each Warrant must bear an LMEsword generated barcode.

5 MAJOR CURRENCY

US dollars

6 TESTING OF WARRANTED METAL

If the Chief Executive, or those empowered by him for this purpose, believe that the conditions at (a) and (b) below are satisfied, he or they may instruct an LME approved Sampler and Assayer to undertake such tests as are necessary to form a reasonable opinion on whether or not metal on Warrant conforms with these rules. Where the Chief Executive, or those empowered by him for this purpose, reasonably believes that the situation requires it, those tests may be conducted without the prior consent of the Warrant holder. The tests will be at the Exchange’s cost.

The conditions referred to above are: -

- (a) that there are reasonable grounds to suspect that metal on Warrant does not comply with these rules, and
- (b) that there is a risk of disruption to the LME’s market.

SPECIAL RULES GOVERNING THE PLACING OF NORTH AMERICAN SPECIAL ALUMINIUM ALLOY ON WARRANT

- 1** Each delivery of aluminium alloy for placing on Warrant shall be accompanied by a Certificate of Origin. A producer's Certificate of Analysis shall be provided for each melt represented within the lot and shall contain the melt number and melt date. Each bundle of ingots and each small sow (four-way entry sow), large sow (low profile sow) or T-bar shall be tagged with a die-stamped or indelible tag stating the aluminium alloy grade, melt numbers, brand name and for aluminium alloy placed on warrant on or before 9 March 2011 the melt date. The Certificates of Analysis shall state the brand name and be within the quality specification set out in Special Contract Rule 1.
- 2** Aluminium alloy delivered for Warranting must be in lots of 20 tonnes, comprising bundles of ingots, small sows (four-way entry sows), large sows (low profile sows) or T-bars in accordance with the Shapes and Weights requirements as set out in Point 2 of the Special Contract Rules for North American Special Aluminium Alloy.
- 3** Aluminium alloy must meet the following physical characteristics:-
 - (a) surfaces shall be smooth and free of open shrinkage, porosity, layers and/or seams.
 - (b) the visible presence of foreign substances such as white/grey residue on the surface, imbedded inclusions, skim/dross, salt cake, iron oxide flakes or dirt will not be acceptable.
 - (c) product edges and surfaces shall be free of sharp edges, spurs and/or flashings that might present hazards in handling.
- 4** The party intending to place on Warrant aluminium alloy for delivery in satisfaction of any Contract must advise the warehouseman of the name of a Ring Dealing or an Associate Clearing Member of the London Metal Exchange who will accept responsibility for the initial placing of the Warrants on the market. Such Warrant(s) must be issued to the order of the said member who, prior to its or their endorsement, must be satisfied that the documentation is evidence of good delivery.

This Rule will only apply to Warrants issued prior to 17 March 2005. From 18 March 2005 all NASAAC Warrants are to be issued to bearer.

- 5** Each Warrant shall be made up from the production of one plant and shall consist of one brand which is listed as being good delivery. Each Warrant shall state the total weight of the parcel particularised thereon, its country of origin, brand and the date(s) and reference number(s) of the Certificates of Analysis lodged with the warehouseman. Each Warrant shall be of 20 tonnes (2% either more or less) and, in the case of ingots, shall state the number of bundles making up each parcel; and in the case of either small sows (four-way entry sows), large sows (low profile sows) or T-bars, shall state the number of pieces making up each parcel. The Warehouse Company is required to keep a record of the date and reference number of the Certificate of Origin. The Warehouse Company is required to keep a record of the number of ingots making up each bundle. In the case of small sows (four-way entry sows), large sows (low profile sows) and T-bars, the warehouse company is required to keep a record of the piece weight of each.
- 6** The warning clause set out below must appear on the Warrant:

WARNING The buyer is advised that this metal may contain crevices and hidden recesses holding entrapped moisture. The metal should be handled and processed with this possibility in mind. Entrapped moisture may cause an explosion if the metal is introduced into a melting-furnace without proper drying.

- 7** On request, the warehouseman is obliged to submit to the holder of the Warrant the Certificates of Origin and Analysis or copies thereof if the 20 tonne parcel forms part of a larger delivery covered by bulk certificates.

- 8** All documentation required for placing material on warrant must be in English.

SPECIAL CONTRACT RULES FOR TIN

1 QUALITY

The tin delivered under this contract must be refined tin of minimum 99.85% purity and must conform to the chemical composition of BS EN 610:1996. All tin delivered must be of brands listed in the LME-approved list of tin brands in ingots each weighing not less than 12kgs or more than 30kgs.

2 SHAPES AND WEIGHTS

Each parcel of 5 tonnes shall lie at one warehouse and be of one brand, shape and size, subject to the necessity of including different shapes and sizes at the bottom of each parcel for the purpose of palletisation. Each parcel placed on Warrant shall be delivered strapped, in bundles not exceeding 1.2 tonnes, securely strapped for handling and transport in bundles and securely strapped with material protected against corrosion and of sufficient strength and fixing to permit safe handling without bundle distortion and breakage. The bundle size and shape shall be suitable for safe and secure stacking and the bundle assembly and security shall be such that on removing the security straps it remains an integral free standing bundle.

3 SIZE OF LOT

5 tonnes

4 WARRANTS

4.1 Warrants shall be for 5 tonnes each (2% either more or less).

4.2 Each Warrant must bear an LMEsword generated barcode.

4.3 Each parcel of metal placed on Warrant shall contain tin derived from no more than two melt lots.

5 MAJOR CURRENCY

US dollars

6 TESTING OF WARRANTED METAL

If the Chief Executive, or those empowered by him for this purpose, believe that the conditions at (a) and (b) below are satisfied, he or they may instruct an LME approved Sampler and Assayer to undertake such tests as are necessary to form a reasonable opinion on whether or not metal on Warrant conforms with these rules. Where the Chief Executive, or those empowered by him for this purpose, reasonably believes that the situation requires it, those tests may be conducted without the prior consent of the Warrant holder. The tests will be at the Exchange's cost.

The conditions referred to above are: -

- (a) that there are reasonable grounds to suspect that metal on Warrant does not comply with these rules, and
- (b) that there is a risk of disruption to the LME's market.

SPECIAL RULES GOVERNING THE PLACING OF TIN ON WARRANT

- 1** Each delivery of tin for placing on Warrant shall be accompanied by a producer's Certificate of Analysis which must be lodged with the warehouseman. For each Warrant the following shall apply: (a) a producer's Certificate of Analysis shall be provided for each melt lot represented and shall contain the melt lot number; (b) a producer's packing list shall be supplied in order to cross-reference bundle numbers to melt lot numbers; (c) the Certificate of Analysis shall state the brand name and be within the quality specification set out in Special Contract Rule 1; (d) a producer's Bulk Analysis Certificate, for no more than 30 tonnes, or a copy thereof will be acceptable; (e) if a producer's Certificate is not available, an analysis certificate, for each 5 tonne parcel, must be prepared and signed by an assayer on the LME list of approved assayers; (f) if a producer's packing list is unavailable, the LME warehouse company must produce a packing list in order to cross-reference bundle numbers to melt lot numbers

- 2** Each Warrant shall be made up from the production of one country and shall consist of one brand which is listed as being a good delivery. Each Warrant shall state the total weight of the parcel particularised thereon, its country of origin, brand, the number of ingots making up each parcel, the number of bundles making up each parcel and the date(s) and reference number(s) of the Certificate of Analysis lodged with the warehouseman.

- 3** On request, the warehouseman is obliged to submit to the holder of the Warrant Certificates of Analysis and packing lists, or copies thereof if the 5 tonne parcel forms a part of a larger delivery covered by Bulk Analysis Certificates.

- 4** All documentation required for placing material on warrant must be in English.

SPECIAL CONTRACT RULES FOR SPECIAL HIGH GRADE ZINC

1 QUALITY

The zinc delivered under this contract must be zinc of minimum 99.995% purity. Zinc placed on Warrant on or after 1 November 2000 must conform with the 99.995% graded zinc chemical composition of the BS EN 1179:1996 Standard entitled "Zinc and Zinc Alloys – Primary Zinc". Zinc placed on Warrant on or after 25 October 2004 must conform with the 99.995% graded zinc chemical composition of the BS EN 1179:2003 Standard entitled "Zinc and Zinc Alloys – Primary Zinc". All zinc delivered must be:

- (a) of brands in the LME-approved list of special high-grade zinc brands;
- (b) in ingots weighing not more than 55kgs each. For Warrants issued on or after 25 October 2004 ingots, excluding footers, must not weigh more than 30kgs.

2 SHAPES, WEIGHTS AND MARKINGS

Each parcel of 25 tonnes shall lie at one warehouse and be of one brand and shall consist of ingots of one shape and size subject to the necessity of including different shapes and sizes at the bottom of each bundle for the purpose of bundle stability. Each parcel placed on Warrant shall be delivered securely strapped in bundles not exceeding 1.5 tonnes. Each parcel placed on Warrant shall be securely strapped for handling and transport in bundles to permit safe handling without bundle distortion and breakage.

On and after 1 August 2007 each bundle must have a durable bundle label showing the listed brand name and the grade reference. The cast number must also be indelibly marked on either i) the bundle label, ii) the top surface of the bundle or iii) each ingot within the bundle.

3 SIZE OF LOT

25 tonnes

4 WARRANTS

- 4.1 Warrants shall be for 25 tonnes each (2% either more or less).
- 4.2 Each Warrant must bear an LMEsword generated barcode.

5 MAJOR CURRENCY

US dollars

6 TESTING OF WARRANTED METAL

If the Chief Executive, or those empowered by him for this purpose, believe that the conditions at (a) and (b) below are satisfied, he or they may instruct an LME approved Sampler and Assayer to undertake such tests as are necessary to form a reasonable opinion on whether or not metal on Warrant conforms with these rules. Where the Chief Executive, or those empowered by him for this purpose, reasonably believes that the situation requires it, those tests may be conducted without the prior consent of the Warrant holder. The tests will be at the Exchange's cost.

The conditions referred to above are: -

- (a) that there are reasonable grounds to suspect that metal on Warrant does not comply with these rules; and

- (b) that there is a risk of disruption to the LME's market.

SPECIAL RULES GOVERNING THE PLACING OF SPECIAL HIGH GRADE ZINC ON WARRANT

- 1.1** Each delivery of zinc for placing on Warrant shall be accompanied by a Certificate of Analysis which must be lodged with the warehouseman. Where possible this should be the original producer certificate, but in its absence or if there is any doubt about its authenticity or applicability, a certificate from an LME approved assayer shall be provided, evidencing that the zinc complies with the quality specified in Special Contract Rule 1 above. Bulk analysis certificates are acceptable.
- 1.2** Each delivery of zinc for placing on Warrant on or after 1 August 2007 shall be accompanied by a producer's Certificate of Analysis for each cast number within the Warrant quoting the cast number. The Certificate of Analysis shall also quote the brand name and contract reference Standard (BS EN 1179:2003) and demonstrate compliance with the Standard by illustrating the detected level of impurity for each element.
- 1.3** If a producer's Certificate of Analysis is not available, an analysis certificate for each 25 tonne parcel must be prepared and signed by an independent sampler and assayer on the LME list of approved assayers ensuring that each cast is covered by a Certificate of Analysis and, in all cases, it must be possible to cross-reference the metal by cast number to the relevant certificate.
- 2** Each Warrant shall be made up from the production of one location and shall consist of one brand which is listed as being a good delivery. Each Warrant shall state the total weight of the parcel particularised thereon, its country of origin, brand, the number of bundles making up each parcel and the date(s) and reference number(s) of the Certificate of Analysis lodged with the warehouseman. The Warehouse Company is required to keep a record of the number of ingots making up each parcel.
- 3** On request, the warehouseman is obliged to submit to the holder of the Warrant, copies of Certificates of Analysis.
- 4** All documentation required for placing material on warrant must be in English.

SPECIAL CONTRACT RULES FOR STEEL BILLET

1 QUALITY

The steel billet deliverable under this contract shall be:

- (a) with effect from 1 February 2011 steel billet conforming to one of the specifications listed below:

LME Grade	C	Si	Mn	S	P	Cu	Ni	Cr	N	CEV*	LME Grade
1	0.08-0.13	0.10-0.30	0.30-0.60	0.050	0.040	0.40	0.20	0.20	0.012	-	1
2	0.10-0.15	0.15-0.30	0.50-0.80	0.045	0.045	0.40	0.20	0.20	0.009**	-	2
3	0.14-0.22	0.05-0.15	0.40-0.65	0.05	0.04	0.40	0.30	0.30	0.012	-	3
4	0.14-0.22	0.15-0.30	0.40-0.65	0.05	0.04	0.40	0.30	0.30	0.012	-	4
5	0.15-0.22	0.15-0.30	0.60-1.00	0.05	0.05	0.50	0.20	0.20	0.012	0.50	5
6	0.17-0.25	0.40-0.80	1.20-1.60	0.045	0.045	0.50	0.20	0.20	-	0.52	6
7	0.28-0.37	0.05-0.15	0.50-0.80	0.05	0.04	0.40	0.30	0.30	0.012	-	7
8	0.28-0.37	0.15-0.30	0.50-0.80	0.05	0.04	0.40	0.30	0.30	0.012	-	8
9	0.36-0.42	0.15-0.30	1.00-1.40	0.05	0.05	0.50	0.20	0.20	-	-	9

All limits are max unless otherwise indicated.

* $CEV = \%C + \%Mn/6 + (\%Cr + \%Mo + \%V)/5 + (\%Cu + \%Ni)/15$

** %N max may increase by 0.001% for every 0.005% reduction in %P

An allowable tolerance of analysis taken on products made from the above casting grades is permitted as follows:-

C, +0.02%; Cr, +0.05%; Cu, +0.05%; Mn, +/- 0.10%; N, +0.002%; Ni, +0.05%; S, 0.005%; Si, +/- 0.02%; P, 0.005%; CEV + 0.02%.

For warrants created up to and including 23 March 2011 the steel billet shall conform to one of the specifications listed below:

- (1) 3805sp produced in conformity with GOST 380-94 5sp/ps as described below:-
- C: 0.28 – 0.37%
 - Si: 0.15 – 0.30%
 - Mn: 0.50 – 0.80%
 - P: 0.04% max
 - S: 0.05% max
 - Cr: 0.30% max
 - Ni: 0.30% max
 - Cu: 0.40% max
- (2) 3803sp produced in conformity with GOST 380-94 3sp/ps as described below:-
- C: 0.14 – 0.22%
 - Si: 0.15 – 0.30%
 - Mn: 0.40 – 0.65%
 - P: 0.04% max
 - S: 0.05% max
 - Cr: 0.30% max
 - Ni: 0.30% max
 - Cu: 0.40% max
- (3) Q235 produced in conformity with GB Q235 as described below:-
- C: 0.14 – 0.22%
 - Si: 0.12 – 0.30%
 - Mn: 0.30 – 0.65%
 - P: 0.045% max
 - S: 0.05% max
- (4) 3805S produced in conformity with GOST 380-2005 5sp as described below:-
- C: 0.28 – 0.37%
 - Si: 0.15 – 0.30%
 - Mn: 0.50 – 0.80%
 - P: 0.05% max
 - S: 0.05% max
 - Cr: 0.35% max
 - Ni: 0.35% max
 - Cu: 0.40% max

(b) of brands listed in the LME-approved list of steel billet brands.

2 DIMENSIONS

Steel delivered must be in the form of billets and conform to one of the following dimensions:-

Length	Metric	Imperial
100 S or 100 L	100 x 100mm	4" x 4"
120 S or 120 L	120 x 120mm	4¾" x 4¾"
125 S or 125 L	125 x 125mm	5" x 5"
130 S or 130 L	130 x 130mm	5¼" x 5¼"
140 S or 140 L	140 x 140mm	5½" x 5½"
150 S or 150 L	150 x 150mm	6" x 6"

All metric section dimensions are subject to a +/- 3mm tolerance.

All imperial section dimensions are subject to +/- one-eighth of an inch tolerance.

All metric S lengths are to be nominally 5,800 – 6000mm in 100mm increments. Each nominal length is subject to a +/- 100mm tolerance.

All imperial S lengths are 19' 8" with a tolerance of +/- 4".

All metric L lengths are to be nominally 11,700mm – 12,000mm in 100mm increments. Each nominal length is subject to a +/- 100mm tolerance.

All imperial L lengths are 39' 4" with a tolerance of +/- 4".

3 SIZE OF LOT

65 tonnes

4 WARRANTS

4.1 Warrants shall be for 65 tonnes each (3.5% either more or less).

4.2 Each parcel particularised in each warrant shall lie at one facility, be of one brand and shall consist of billets of one dimension and one specification.

4.3 Each Warrant must bear an LMEsword generated barcode.

5 MAJOR CURRENCY

US dollars

6 TESTING OF WARRANTED METAL

If the Chief Executive, or those empowered by him for this purpose, believe that the conditions at (a) and (b) below are satisfied, he or they may instruct an LME approved Sampler and Assayer to undertake such tests as are necessary to form a reasonable opinion on whether or not metal on Warrant conforms with these rules. Where the Chief Executive, or those empowered by him for this purpose, reasonably believes that the situation requires it, those tests may be conducted without the prior consent of the Warrant holder. The tests will be at the Exchange's cost.

The conditions referred to above are: -

- (a) that there are reasonable grounds to suspect that metal on Warrant does not comply with these rules, and
- (b) that there is a risk of disruption to the LME's market.

SPECIAL RULES GOVERNING THE PLACING OF STEEL BILLET ON WARRANT

- 1** Each Delivery of billet for placing on warrant shall be accompanied by a Certificate of Origin and a producer's Mill Test Certificate or certificate of Analysis, both of which must be lodged with the warehouseman. The Mill Test Certificate/Certificate of Analysis must be within the quality specification set out in Special Contract Rule 1 and must show the full chemical analysis per heat number. Additionally the Mill Test Certificate/Certificate of Analysis must be on the applicable producers headed paper stating the plant and/or brand name. Bulk certificates or a copy thereof is acceptable.
- 2** Each warrant shall state the total weight of the parcel particularised thereon, its country of origin, brand, no of billets making up each parcel and the date(s) and reference number(s) of the Mill Test Certificate/Certificate of Analysis lodged with the warehouseman. The warehouse company is required to keep a record of the date and reference number of the Certificate of Origin.
- 3** The Warehouse Company is required to inform the LME of the name of the party that requests the warrant to be issued.
- 4** On request, the warehouseman is obliged to submit to the holder of the Warrant the Certificates of Origin, plus Analysis or Mill Test Certificate, or copies thereof if the 65 tonne parcel forms part of a larger delivery covered by bulk certificates.
- 5** All documentation required for placing material on warrant must be in English.

SPECIAL CONTRACT RULES FOR COBALT

1 QUALITY

The cobalt delivered under this contract must be:-

- (a) of a minimum 99.30% purity. Other elements are as specified by producers of each brand in the LME-approved list;
- (b) in the form of cathodes (broken or cut), rounds, briquettes or ingots; and
- (c) of brands listed in the LME approved list.

2 SIZE OF LOT

1 tonne (2% either more or less).

3 WARRANTS

3.1 Warrants shall be for 1 tonne (2% either more or less).

3.2 The cobalt in each Warrant shall consist of one brand which is listed as being good delivery, of one shape and size and from not more than two production batches and shall lie in one warehouse.

3.3 Each Warrant shall state:-

- (a) the name of the brand;
- (b) the country of origin;
- (c) the shape;
- (d) the date(s) and reference number(s) of the certificates of analysis lodged with the warehouseman;
- (e) the gross and net weights; and
- (f) the number of steel drums making up each parcel.

3.4 Each Warrant shall bear the following legend:

‘WARNING The buyer is advised that drums may contain water and cobalt should be handled and processed with this possibility in mind. Water contained in drums may cause an explosion if the cobalt is introduced into a melting-furnace without proper procedures being followed’.

3.5 Each Warrant shall bear an LMEsword generated barcode.

4 SHAPES AND WEIGHTS

4.1 All cobalt delivered under this contract shall be packed in sound steel drums of uniform size and weight from 100 kilos up to a nominal 500 kilos each to comply with the tolerance prescribed by Rule 2 above. Part filled steel drums are not permitted.

4.2 Each steel drum shall have the gross and net weights, brand name, origin, shape and grade clearly and indelibly marked or stamped upon it.

5 DRUMMING REQUIREMENTS

5.1 Cobalt may be placed on Warrant provided that:-

- (a) steel drums are original sound producer or producer approved third party steel drums with the producer or approved third party ring closing system and with tamper proof seals intact;
- (b) the Warehouse opens one steel drum in each Warrant to verify its contents; the Warehouse shall be responsible for resealing all inspected steel drums using their own unique tamper proof numbered seals and identifying the warehouse of storage. All costs incurred will be for account of the party instructing the Warehouse to place the material on Warrant;
- (c) all markings and seals on all steel drums conform to the listed producer procedures;
- (d) the Warehouse indicates by Warrant the steel drums that were entered into stock inspected;
- (e) cobalt previously on Warrant which has been returned to the same Warehouse may be placed back on Warrant without the need to open any drums provided that all seals at the time of the original warranting remain intact; and
- (f) cobalt previously on Warrant which has been returned to another Warehouse may be placed back on Warrant provided that any drum opened by the previous Warehouse is re-opened and the seal(s) replaced by the new Warehouse's unique tamper proof seal(s).

5.2 Warehouses are not permitted to place on Warrant any cobalt supplied in unsound producer steel drums or steel drums with broken seals.

6 ADDITIONAL REQUIREMENTS FOR ALL COBALT WARRANTS

- 6.1 All cobalt Warrants require as supporting documentation a producer certificate(s) of analysis and a packing list cross referenced to the certificate(s) of analysis and individual producer drum seal numbers in English. Bulk certificates of analysis are permitted. The certificate of analysis must state the brand name.
- 6.2 If a producer certificate of analysis is not available, an analysis certificate for each 1 tonne parcel must be prepared and signed by an LME listed sampler and assayer. In addition all drums making up the warrant will need to be opened. All other details outlined in rule 5.1(b) will then apply.
- 6.3 On request the Warehouse is obliged to submit to the holder of the Warrant the certificate(s) of analysis and packing list or copies thereof if the Warrant lot forms part of a larger batch.

7 MAJOR CURRENCY

US dollars

8 TESTING OF WARRANTED METAL

8.1 If the Chief Executive, or those empowered by him for this purpose, believe that the conditions at Rule 8.2 (a) and (b) below are satisfied, he or they may instruct an LME Listed Sampler and Assayer (LSA) to undertake such tests as are necessary to form a reasonable opinion on whether or not metal on Warrant conforms with these rules. Where the Chief Executive, or those empowered by him for this purpose, reasonably believes that the situation requires it, those tests may be conducted without the prior consent of the Warrant holder. The LME will bear the costs of such tests.

8.2 The conditions referred to above are that:-

- (a) there are reasonable grounds to suspect that cobalt on Warrant does not comply with these rules; and
- (b) there is a risk of disruption to the LME's market

SPECIAL CONTRACT RULES FOR ROASTED MOLYBDENUM CONCENTRATE

1 QUALITY

The roasted molybdenum concentrate (“RMC”) delivered under this contract shall be:

- (a) between 57 and 63% molybdenum purity with maximum permissible impurities of Cu 0.50%; P 0.05%; Pb 0.05%; S 0.10%; C 0.10%; Moisture 0.1%.
- (b) in the form of powder packed in drums, of which only 5% of the powder can comprise particles in excess of 4mm and 0% in excess of 10mm.
- (c) of brands listed in the LME approved list.

2 SIZE OF LOT

6 tonnes molybdenum (+/-5%) contained in RMC.

3 WARRANTIES

3.1 Warrants shall be for 10 tonnes of RMC.

3.2 The RMC in each Warrant shall be of one production batch and brand and shall lie in one warehouse.

3.3 Each Warrant shall state:

- (a) the name of the brand;
- (b) the country of origin;
- (c) the date and reference number of the certificate of analysis lodged with the warehouseman;
- (d) the gross and net weights of RMC together with the net weight contained of molybdenum; and
- (e) the number of steel drums making up each Warrant.

3.4 Each Warrant shall bear the following legend:

‘WARNING. The buyer is advised that drums may contain water and RMC should be handled and processed with this possibility in mind. Water contained in drums may cause an explosion if the RMC is introduced into a melting-furnace without proper procedures being followed.’

3.5 Each Warrant shall bear an LMEsword -generated barcode.

4 WEIGHTS

4.1 All RMC delivered under this contract shall be packed in sound steel drums of uniform size and of exact net weight of 200 or 250 kilos. Part filled steel drums are not permitted.

4.2 Each steel drum shall have the gross and net weights, brand name, origin and batch reference clearly and indelibly marked or stamped on the outside of the drum.

5 DRUMMED RMC REQUIREMENTS

5.1 RMC contained in drums may be placed on Warrant provided that:

- (a) the steel drums are original sound producer drums with a ring closing system and tamper proof producer seals intact;
- (b) the Warehouse opens every steel drum in a Warrant quantity of a single producer batch in the presence of an LME Listed Sampler and Assayer (LSA) for the purpose of taking samples and establishing an independent Certificate of Analysis specific to each Warrant lot. The Warehouse shall be responsible for resealing all steel drums using their own unique tamper proof numbered seals using a ring closing system and identifying the warehouse of storage after sampling is complete and still in the presence of the LSA. All costs incurred will be for account of the party instructing the warehouse to place the material on warrant; and
- (c) all markings on steel drums conform to those of the listed brand.

5.2 Warehouses are not permitted to place on Warrant any RMC supplied in unsound producer steel drums or steel drums with broken seals.

6 CERTIFICATES of ANALYSIS

6.1 A Certificate of Analysis shall be issued for each Warrant lot by an LSA in accordance with the following:

- (a) LSAs will sample and analyse each lot for LME warranting in accordance with LME specified procedures ensuring that any one lot comes from a single producer batch; and
- (b) LSA Certificates of Analysis shall be cross-referenced to the listed producer brand, batch number and Warehouse seal numbers.

6.2 Any party cancelling Warrants should note that the LSA Certificate of Analysis is subject to a variation tolerance of Mo content of +/- 0.5%. If any additional sampling and analysis is required this must be done in accordance with LME procedures within 15 working days after cancelling the Warrant at the warehouse of storage in the presence of the LSA who issued the original Certificate of Analysis. Any disputes about analysis shall be settled in accordance with LME procedures. All costs for any analysis taken at time of cancellation of warrants are for the account of the party cancelling Warrants

7 ADDITIONAL REQUIREMENTS FOR ALL RMC WARRANTS

7.1 Note that in order to create RMC warrants a producer weight certificate and analysis certificate covering all elements of the Contract specification in 1(a) above is to be supplied with all deliveries to a warehouse.

7.2 All RMC Warrants require as supporting documentation a certificate of origin and a LSA certificate of analysis in English.

7.3 On request the Warehouse is obliged to submit to the holder of the Warrant the certificate of origin and analysis or a copy thereof.

7.4 The Warehouse Company is required to inform the LME of the name of the party that requests the warrant to be issued.

8 MAJOR CURRENCY

US dollars

9 TESTING OF WARRANTED METAL

- 9.1 If the Chief Executive, or those empowered by him for this purpose, believe that the conditions at Rule 9.2 (a) and (b) below are satisfied, he or they may instruct an LME Listed Sampler and Assayer to undertake such tests as are necessary to form a reasonable opinion of whether or not metal on Warrant conforms with these Rules. Where the Chief Executive, or those empowered by him for this purpose, reasonably believes that the situation requires it, those tests may be conducted without the prior consent of the Warrant holder. The LME will bear the costs of such tests.
- 9.2 The conditions referred to above are that:-
- (a) there are reasonable grounds to suspect that RMC on Warrant does not comply with these rules, and
 - (b) there is a risk of disruption to the LME's market.

PART 6A

SPECIAL CONTRACT RULES FOR THE CONSTRUCTION OF THE INDEX

1 INDEX CONSTRUCTION

The Index is an Index on the six designated LME primary metals contracts denominated in US dollars.

2 INDEX WEIGHTING

Weightings of the six metals are derived from global production volume and trade liquidity averaged over the preceding five-year period. Weightings of the Constituent Metals of the Index as of 1 January 2000 are set out in the table below:

Constituent Metal	Approx. No. of Lots	Tonnage	Volume Weighting
Primary Aluminium	25	625	41.8
Copper	20	500	33.4
Lead	5	125	8.4
Nickel	5	30	2.0
Tin	3	15	1.0
Zinc	8	200	13.4
Total	66	1,495	100.0

Any resetting of the weighting of the Index shall be the responsibility of the Weighting Committee.

3 INDEX VALUE

The Index value is calculated as the sum of the prices for the three qualifying months multiplied by the corresponding weights, multiplied by a constant:

$$\text{Index} = (\text{WAI} \times (\text{Al 1 mth} + \text{Al 2 mth} + \text{Al 3 mth}) + ([\text{other metals as Al}]) \times \text{K}$$

where:

WAI = % weight of primary aluminium ("Al")

Al 1 mth = first month third Wednesday primary aluminium future price

Al 2 mth = second month third Wednesday primary aluminium future price

Al 3 mth = third month third Wednesday primary aluminium future price

K = the reference constant which creates the initial Index value at 4 January 1999 of 1,000. The constant is changed at each reweighting point to rebalance the Index at that time.

Note that primary aluminium, designated "Al", has been used as the first Constituent Metal

4 THE INDEX FUTURES CONTRACT SPECIFICATION

4.1 Contract Size

\$10 per Index point.

4.2 Prompt Date

Second Wednesday of maturity month, subject to the Trading Regulations.

4.3 Index point Value Basis

Average of the third Wednesday prices for the first three qualifying trading months of the Constituent metals.

4.4 Maturity Months

Monthly for twelve months.

4.5 Last Trading Day and Time

17.00 hours on Prompt Date.

4.6 Settlement Basis

Cash Settlement based on the difference between Settlement Price of the Index on the Prompt Date and the value of the Index in the Contract, multiplied by the Contract size.

4.7 Cash Settlement

Settlement Business Day following the Prompt Date. (See Regulation 9, Settlement of Contracts, in Part 3, Trading Regulations.)

4.8 Quotation

Index points.

4.9 Minimum Price Move

0.1 Index point.

5 INDEX OPTIONS CONTRACT SPECIFICATION

5.1 Contract Size

\$10 per Index point.

5.2 Prompt Date and Time

Automatic exercise for In The Money Index Options as at 19.15 hours on the second Wednesday of relevant maturity month, subject to the Trading Regulations.

5.3 Last Trading Day and Time

16.35 hours on the Prompt Date.

5.4 **Settlement Basis**

Cash settlement based on the difference between Settlement Price of the Index and the Strike Price, multiplied by the Contracts size.

5.5 **Cash Settlement**

The Settlement Business Day following the Prompt Date.

5.6 **Maturity Months**

Monthly for the front three months.

5.7 **Option Premium Date**

Paid on first Business Day following trade.

5.8 **Minimum Price Movement (tick size)**

0.01 Index points.

5.9 **Strike Price Gradation**

10 Index points.

PART 6B

SPECIAL CONTRACT RULES FOR LMEmini CONTRACTS

1 THE LMEmini FUTURES CONTRACT SPECIFICATION

1.1 Lot Size

The Lot size for each LMEmini Future is as follows:

Constituent Metal	Lot size (tonnes)
Primary Aluminium	5
Copper Grade A	5
Special High Grade Zinc	5

1.2 Prompt Date

Third Wednesday of each maturity month, subject to the Trading Regulations.

1.3 Maturity Months

Monthly for twelve months, unless the Contract is made after the Last Trading Time (see 1.6 below) for the calendar month on which the Contract is made, in which case, eleven months.

1.4 Trading Platform

LMEmini Contracts may not be traded in the Ring.

1.5 Last Trading Time

The last trading time for all LMEmini Contracts shall be 12.30 hours London time on the Business Day which is two Business Days before the Prompt Date.

1.6 Settlement Basis

Cash settlement by reference to the Settlement Price determined for the Prompt Date for the relevant underlying metal.

1.7 Cash Settlement

On the Prompt Date.

1.8 Currency

US Dollars.

1.9 Minimum Price Movement

\$0.25; \$0.01 for a carry.

PART 7: REQUIREMENTS FOR THE LISTING OF BRANDS

- 1 Where applicable, an application for listing a brand must be submitted on behalf of the producer through a Member Company, Categories 1 to 5.
- 2 Guidance Notes for listing of brands of each metal are available on the LME website or from the Executive of the Exchange. Applicants should not proceed with an application prior to reading the applicable guidance notes.

The general procedures outlined in the Guidance Notes include the following requirements:-

- 2.1 Except in the case of molybdenum and steel, that the producer supplies a written undertaking that the brand to be listed will conform to the quality of the applicable Exchange contract and that such quality will be maintained in accordance with the lots supplied for testing purposes (see 2.2 below). Also, that a producer will undertake to investigate any complaints as to the quality of the brand without time limit.
- 2.2 That testing of commercial quantities of the metal be undertaken by Exchange approved fabricators who will provide the Exchange with information as to metal quality, suitability and compliance with the applicable Exchange Contract.
- 2.3 That a fee is paid to the Exchange for the listing of a brand.
- 3 Subsequent to listing any alteration or addition to the details given at the time of listing by the producer are to be notified to the Exchange. A brand may be suspended from listing or delisted at the discretion of the Directors if any such changes are not notified to the Exchange promptly or if there are changes in the information given at the time of listing which the Directors consider to be material or if the producer fails to comply with any undertaking given to the Exchange.
- 4 Brands may be listed, suspended or delisted at the discretion of the Directors, who are entitled to make such investigations into the producer as they may deem appropriate at any time before, during or after the application for listing. No listing shall become valid until particulars of the brand concerned have been posted on the Exchange for 28 days.
- 5 Any complaint as to the quality of any listed brand should be made to the Complaints Officer of the Exchange. Should the Chief Executive think it appropriate, he may report to the Directors who may suspend deliveries onto warrant until quality is proven to the satisfaction of the Directors. If after investigation by the Complaints Officer the Directors are not satisfied with the quality of the listed brand, then the brand may be delisted at the discretion of the Directors.
- 6 The Directors may, at their discretion, waive or amend any of the listing requirements. Producers must comply with this Part of the Rules and Regulations, the listing requirements, as well as with any variations to those and with any applicable Notices issued by the Exchange.
- 7 Neither The London Metal Exchange Limited nor any of its Directors or other officers shall be under any liability whatsoever either in contract or in tort to any Member or other person in respect of any act or omission in relation to the listing of any brand of metal or the maintenance, suspension or termination of any such listing.

PART 8
ARBITRATION REGULATIONS

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CONTENTS

Section		Page
1	Definitions and Interpretations	8-1
2	Commencement	8-2
3	Appointment of Tribunal	8-3
4	Procedure	8-5
5	Notices and Communications	8-5
6	Submission and Documents	8-6
7	Hearings	8-7
8	Party Representatives	8-7
9	Witnesses	8-7
10	Powers of Tribunal	8-7
11	Consolidation	8-9
12	Awards	8-10
13	Costs and Deposit	8-11
14	The Secretary and the Panel Committee	8-12
15	Exclusion of Liability	8-12
16	Governing Law	8-12

These Arbitration Regulations form part of the Rules and Regulations of the Exchange. They may also be used as a stand-alone document. Contractual arrangements may include a reference to arbitration in accordance with these Arbitration Regulations. For the avoidance of doubt, such a reference does not of itself mean those contractual arrangements are subject to the remaining Rules and Regulations of the Exchange, nor that any resulting contract is an LME Contract.

PART 8: ARBITRATION REGULATIONS

1 DEFINITIONS AND INTERPRETATIONS

1.1 In these Arbitration Regulations, the following words and expressions shall, unless the context otherwise requires, bear the meanings set opposite them:-

"Administrative Procedure"	a notice posted in the Exchange containing a procedure for implementing the Rules or any part thereof;
"Arbitration Regulations"	the regulations set out in Part 8 of the Rules;
"Chief Executive"	includes the Deputy Chief Executive and any other person for the time being appointed to perform the duties of Chief Executive of the Company;
"Claimant"	the person commencing an arbitration by serving a Notice to Arbitrate;
"Close of Pleadings"	the end of a period of 28 days after the time for submission of the points of reply, unless otherwise ordered by the Tribunal;
"the Company"	The London Metal Exchange Limited;
"Counter Notice"	a notice served by the Respondent pursuant to Regulation 2.5 of Part 8 of the Rules;
"Deposit"	such sum as may be specified by Administrative Procedure from time to time;
"the Directors"	the Board of Directors of the Company;
"Executive Director: Regulation and Compliance "	the Executive Director: Regulation and Compliance and any other person within the Regulation and Compliance division of the Exchange for the time being appointed to perform the duties of the Executive Director: Regulation and Compliance;
"Member"	a member of the Exchange;
"Notice to Arbitrate"	a Notice served by the Claimant pursuant to Regulation 2.1 of Part 8 of the Rules;
"Panel"	the Arbitration Panel of the Company;
"Panel Committee"	a committee appointed by the Directors to oversee the conduct of arbitrations pursuant to the Arbitration Regulations, and in particular to perform the functions and powers referred to in the Arbitration Regulations;

"Registration Fee"	such sum as may be specified by Administrative Procedure from time to time;
"Respondent"	the person receiving a Notice to Arbitrate served by the Claimant;
"Rules"	means these rules and regulations as the same may be amended in accordance with Article 58 of the Articles;
"Secretary"	any person appointed to perform the duties of Secretary of the Company, and for the purpose only of Part 8 of the Rules, any person to whom the functions and powers of the Secretary referred to therein may be delegated from time to time;
"Tribunal"	the tribunal of one, two or three arbitrators appointed in accordance with Regulation 3 of Part 8 of the Rules;
"Working Day"	any weekday, Monday to Friday inclusive, which is not a public holiday in England and Wales.

1.2 Reference to a period of days shall mean consecutive days, calculated with reference to London Time, whether or not they are Working Days. Where an act is required to be done within a specified period of days after a specified event, the first day of the period shall be the day after the specified event occurs. The period shall end at 5.00pm (London Time) on the last day of the period.

1.3 (a) Words importing the singular shall, where the context permits, include the plural and *vice versa*. Words importing gender shall include each gender. Words importing persons shall, where the context permits or requires, include partnerships and corporations.

(b) Where reference is made to a Regulation in any Part of the Rules it shall be deemed to be a reference to a Regulation in that Part unless the context otherwise requires.

1.4 The headings in these Arbitration Rules are inserted for convenience only and are to be ignored for the purposes of construction.

2 COMMENCEMENT

2.1 A Claimant shall commence an arbitration pursuant to these Arbitration Regulations by serving a Notice to Arbitrate on the Respondent, and by sending a copy of the Notice to Arbitrate to the Secretary accompanied by the Registration Fee and Deposit. The Deposit shall be paid by cash or cheque drawn on a London clearing bank made payable to The London Metal Exchange Limited.

2.2 Subject to Regulation 6.3, the Notice to Arbitrate shall contain at least the following information:-

(a) the address for service of the Claimant;

(b) a brief statement of the nature and circumstances of the dispute including a brief description of any contract, sufficient to enable the Respondent to identify it, to which the dispute relates;

- (c) a brief statement of the relief claimed;
 - (d) the Claimant's proposal with regard to the number of arbitrators to form the Tribunal;
 - (e) the Claimant's nomination of one arbitrator from the Panel; and
 - (f) the person and address of the Respondent to which the Notice to Arbitrate has been sent.
- 2.3 The Secretary shall acknowledge receipt of the Deposit and Registration Fee, indicating the date on which payment was made, and shall copy such acknowledgement to the Respondent. The Notice to Arbitrate shall not be valid, and time shall not start to run for the purpose of any other provisions of these Arbitration Regulations until the Deposit and Registration Fee have been paid and all the above information has been supplied to the Respondent and to the Secretary.
- 2.4 The date of receipt by the Respondent of a valid Notice to Arbitrate shall be deemed to be the date on which the arbitration has commenced.
- 2.5 Within 21 days of receipt of the Notice to Arbitrate, the Respondent shall send to the Claimant, with a copy to the Secretary, a Counter Notice which shall contain:-
- (a) the address for service of the Respondent;
 - (b) confirmation that the Respondent agrees to the number of arbitrators proposed by the Claimant, or the Respondent's counter proposal;
 - (c) if relevant, the Respondent's nomination of one arbitrator from the Panel.
- 2.6 If the Respondent fails to serve the Counter Notice then, on application by the Claimant in writing to the Secretary, the Secretary shall proceed with the appointment of the Tribunal as set out in Regulation 3.

3 APPOINTMENT OF TRIBUNAL

- 3.1 Subject to Regulation 3.5, two arbitrators shall form the Tribunal unless the parties to the dispute agree that either one or three arbitrators should form the Tribunal.
- 3.2 Within 7 days of receipt of the Counter Notice, or of the Claimant's application referred to in Regulation 2.6, the Secretary shall:-
- (a) if the Tribunal is to consist of a single arbitrator
 - (1) appoint the arbitrator agreed by the parties; or
 - (2) if the parties do not agree on the identity of the arbitrator, appoint an arbitrator who may, but need not, be an arbitrator nominated by one of the parties;
 - (b) unless the Tribunal is to consist of a single arbitrator, appoint
 - (1) the arbitrator nominated by the Claimant; and
 - (2) the arbitrator nominated by the Respondent or, in default, an arbitrator;
 - (c) send to each arbitrator a copy of the Notice to Arbitrate and the Counter Notice, if any, and any accompanying documents;
 - (d) notify the parties of steps taken pursuant to Regulations 3.2(a), 3.2(b) and 3.2(c).

- 3.3 If the Tribunal is to consist of three arbitrators, the two arbitrators appointed pursuant to Regulation 3.2(b) shall, within 7 days of their appointment, nominate the third and notify the Secretary of their choice or inform the Secretary that they are unable to agree. The Secretary shall within 7 days thereafter:-
- (a) appoint the third arbitrator if necessary having made the choice of third arbitrator himself;
 - (b) send the third arbitrator a copy of the documents referred to in Regulation 3.2(c);
 - (c) notify the parties and other arbitrators of steps taken pursuant to Regulations 3.3(a) and 3.3(b).
- 3.4 For the purpose of these Arbitration Regulations, the Tribunal shall be taken to have been appointed on the date the Secretary sends notification to the parties pursuant to Regulation 3.2(d) or 3.3(c) as the case may be.
- 3.5 If the Tribunal consists of two arbitrators then, upon request to the Secretary by
- (a) either party at any time prior to 14 days after Close of Pleadings, or
 - (b) either of the arbitrators at any time before an award is made,
- the Secretary shall, in consultation with the existing arbitrators and providing, in the event the request is made by a party, at least one arbitrator is of the view that a third arbitrator should be appointed, appoint a third arbitrator.
- 3.6 The third arbitrator shall be the chairman of the Tribunal.
- 3.7 Any arbitrator chosen and appointed by the Secretary shall be chosen from the Panel.
- 3.8 In every case in which the Secretary appoints an arbitrator he shall, before doing so, ascertain the arbitrator's ability and willingness to act. If any arbitrator is unable or unwilling to act, the Secretary shall, subject to Regulation 3.13, appoint a replacement.
- 3.9 The arbitrators may only nominate arbitrators who are members of the Panel.
- 3.10 All arbitrators, whether or not nominated by the parties, shall be and remain at all times wholly independent and impartial and shall not act as advocates for either party.
- 3.11 If at any time after his appointment any arbitrator is unable or unwilling to act for any reason, then within 7 days of receipt of a written request from the arbitrator himself, any of the other members of the Tribunal, or either party, the Secretary shall, subject to Regulation 3.13, appoint a replacement.
- 3.12 Either party may challenge the appointment of an arbitrator within 28 days of the appointment of that arbitrator or, if later, within 28 days of becoming aware of the facts and circumstances on which the challenge is based, on grounds of non-independence, partiality, unfitness or inability to act by sending a written statement of its reasons for the challenge to the Secretary. Unless the other party agrees to the challenge or the arbitrator withdraws within 7 days, the Secretary shall refer the matter to the Panel Committee who shall determine whether the challenge should be sustained and, if so and subject to Regulation 3.13, the Secretary shall appoint a replacement within a further 7 days.

- 3.13 If the arbitrator to be replaced pursuant to Regulations 3.7, 3.11 or 3.12 is one who either party was originally entitled to nominate, that party shall be entitled to nominate the replacement. If the arbitrator to be replaced was the third arbitrator, the other two shall be entitled to nominate the replacement. The Secretary, before appointing the replacement, shall consult with the parties or arbitrators accordingly. The Secretary shall appoint the arbitrator so nominated or, in default of any such nomination within a time specified by the Secretary, choose and appoint the replacement arbitrator.
- 3.14 The Secretary shall have power, on the application of either party or on his own motion, and on notice to both parties, to extend or abridge any of the time limits specified in this Regulation 3 or in Regulation 2.

4 PROCEDURE

In the absence of any express provision in these Arbitration Regulations the Tribunal shall have the widest discretion permitted by law to determine the procedure to be adopted, and to ensure the just, expeditious, economical and final determination of the dispute.

5 NOTICES AND COMMUNICATIONS

- 5.1 Unless otherwise ordered by the Tribunal, all notices required by these Arbitration Regulations shall be in writing. Notices and all other documents shall be sent by first class post where available, or airmail, fax, telex, electronic message or delivered by hand.
- 5.2 Documents sent between the parties shall be sent to the other party's address for service or, if none has yet been specified, to the address of the other party specified in the contract containing the agreement to refer the dispute to arbitration, failing which to the principal place of business of the other party.
- 5.3 In every case in which either party sends any document to the Secretary or the Tribunal that party shall where relevant provide sufficient copies for each member of the Tribunal, and shall also at the same time send a copy to the other party.
- 5.4 Subject to satisfactory evidence being produced by the sender and unless the intended recipient proves otherwise:-
- (a) documents sent by post shall be deemed to have been received;
 - (1) if posted within the United Kingdom to an address in the United Kingdom, 2 Working Days after posting;
 - (2) in all other cases, 5 Working Days after posting;
 - (b) faxes or telexes or electronic messages shall be deemed to have been received at the time transmission ceases;
 - (c) by hand deliveries shall be deemed to have been received at the time of delivery to the address stated on their face.

In the event that the sender utilises more than one of the methods above then documents shall be deemed to have been received by the faster method used.

References in these Arbitration Regulations to receipt of documents shall be construed accordingly. In the event of a dispute prior to the appointment of the Tribunal the Secretary shall in his absolute discretion determine if and/or when receipt is deemed to have occurred.

5.5 Unless these Arbitration Regulations otherwise state, or unless otherwise directed by the Secretary (if no Tribunal has been appointed) or by the Tribunal, all notices and other documents received on a day which is not a Working Day, or after 5.00 pm on any Working Day, shall be deemed to have been received on the next following Working Day. Time of receipt shall be determined with reference to local time in the place where the notice or other document is received.

6 SUBMISSION AND DOCUMENTS

6.1 Unless otherwise ordered by the Tribunal, the procedure following appointment of the Tribunal shall be as set out in the rest of this Regulation.

6.2 Within 21 days after the appointment of the Tribunal, the Claimant shall send to the Tribunal and to the Respondent written points of claim which set out any facts or contentions of law on which it relies, and the relief claimed.

6.3 The Claimant may serve the points of claim on the Respondent at the same time as the Notice to Arbitrate. If so, the information required by Regulations 2.2(b) and 2.2(c) need not be contained in the Notice to Arbitrate, and no further copies of the points of claim need be served pursuant to Regulation 6.2

6.4 Within 21 days of receipt of the points of claim, or of the appointment of the Tribunal if later, the Respondent shall send to the Tribunal and to the Claimant written points of defence stating in sufficient detail which of the facts and contentions of law in the points of claim it admits or not, or denies, on what grounds, and on what other facts and contentions of law it relies. Any counterclaims shall be submitted with the points of defence in the same manner as claims are set out in the points of claim.

6.5 Within 21 days of receipt of the points of defence, the Claimant may send to the Tribunal and to the Respondent written points of reply which, where there are counterclaims, shall include points of defence to counterclaims.

6.6 If the points of reply contain points of defence to counterclaims, the Respondent may, within 21 days of receipt, send to the Tribunal and to the Claimant written points of reply regarding counterclaims.

6.7 No further submissions shall be served without an order from the Tribunal.

6.8 All submissions referred to in this Regulation shall be accompanied by legible copies, or if they are especially voluminous, lists of all essential documents on which the party concerned relies, and where appropriate, by any relevant samples.

6.9 Any document not in English shall be accompanied by a translation into English and a note explaining who prepared the translation and his qualifications, if any, to do so. Translations may but do not need to be notarised. The authority to be accorded to any translation is a matter for the Tribunal.

6.10 Within 7 days after Close of Pleadings the Tribunal shall give directions for the subsequent procedure of the arbitration and may convene a hearing for this purpose.

6.11 Unless the parties agree to the contrary in writing, the parties, the Tribunal, the Secretary and the Panel Committee shall keep the award (and all other submissions, other documents and information introduced into the proceedings not otherwise in the public domain) confidential in perpetuity save to the extent that disclosure may be required by legal duty or to protect a legal right.

7 HEARINGS

- 7.1 Either party has the right to be heard before the Tribunal, unless the parties have agreed on documents-only arbitration.
- 7.2.1 The Tribunal shall fix the date, time and place of any meetings and hearings in the arbitration, and shall give the parties reasonable notice thereof.
- 7.2.2 Subject to Regulation 7.2.3, all hearings shall take place at the offices of the Company or such other venue in England and Wales, but not elsewhere, as may be mutually agreed between the Tribunal and parties.
- 7.2.3 Provided the Tribunal itself remains in England or Wales, the Tribunal may in its discretion direct hearings to be conducted without the physical presence of every participant in the same room but such that every participant is linked, for the duration of his participation, through a telecommunication system or systems permitting each participant clearly to hear and speak to every other participant and, if the Tribunal so directs, to see every other participant.
- 7.3 The Tribunal may in advance of hearings submit to the parties a list of questions which it wishes them to treat with special attention.
- 7.4 The language of the arbitration shall be English.

8 PARTY REPRESENTATIVES

- 8.1 Neither party shall be represented at any hearing by a legal practitioner without the consent of the Tribunal, such consent to be requested not later than Close of Pleadings. If such consent be granted by the Tribunal to one party the other party shall automatically have an equivalent right.
- 8.2 Nothing in Regulation 8.1 shall preclude either party from otherwise seeking legal advice.
- 8.3 Subject to Regulation 8.1, either party may be represented at any hearing by any representative, subject to such proof of authority as the Tribunal may require.

9 WITNESSES

- 9.1 Before any hearing, the Tribunal may require either party to give notice of the identity and qualification of witnesses it wishes to call and may require the parties to exchange statements of evidence to be given by the witnesses a specified time in advance of the hearing.
- 9.2 The Tribunal may allow, refuse, or limit the appearance of witnesses, whether witnesses of fact or expert witnesses.
- 9.3 Any witness who gives oral evidence may be questioned by each of the parties or their representative, under the control of the Tribunal. The Tribunal may put questions at any stage of the examination of the witnesses.
- 9.4 The Tribunal may allow the evidence of a witness to be presented in written form either as a signed statement or by a duly sworn affidavit. Subject to Regulation 9.2 either party may request that such a witness should attend for oral examination at a hearing. If he fails to attend, the Tribunal may place such weight on the written evidence as it thinks fit, or exclude it altogether.

10 POWERS OF TRIBUNAL

- 10.1 Without prejudice to any powers which may be given to the Tribunal elsewhere by law or in these Arbitration Regulations, the Tribunal shall have power either on its own motion or on the application of either party:-

- (a) to order either party to take specified steps within a specified time;
- (b) to extend or abridge any time limits specified in these Arbitration Regulations, or in any order;
- (c) to continue with the reference in default of appearance or of any other act by either party in like manner as a judge of the High Court might continue with proceedings in that court where a party fails to comply with an order of that court or a requirement of rules of the court, including, for the avoidance of doubt and without limitation, power to strike out all or any part of any submission and to make any award consequent upon any such striking out, in the event a party fails
 - (1) within the time specified in these Arbitration Regulations or in any order or
 - (2) if no time is specified, within a reasonable time
 to do any act required by these Arbitration Regulations or to comply with any order;
- (d) at any time to permit either party to amend any submissions;
- (e) to stay arbitration proceedings in favour of proceedings in the High Court or other forum and, in an appropriate case, to make it a condition of the stay that one of the parties commence proceedings in the High Court or such other forum forthwith;
- (f) to order either party to produce and to supply copies of, any documents in that party's possession, custody or power, which, in the event of dispute, the Tribunal determines to be relevant;
- (g) to order either party to answer interrogatories;
- (h) to require the parties to provide a written statement of their respective cases in relation to particular issues, to provide a written answer and to give reasons for any disagreement;
- (i) to order the inspection, preservation, storage, interim custody, sale or other disposal of any property or thing relevant to the arbitration under the control of either party;
- (j) to make orders authorising any samples to be taken, or any observation to be made, or experiment to be tried which may, in the Tribunal's discretion, be necessary or expedient for the purposes of obtaining full information or evidence;
- (k) to appoint one or more investigators or experts to report to the Tribunal on specified issues;
- (l) to order either party, "the payer", to make an interim payment to the other party, "the payee", of such amount as the Tribunal shall in its discretion think just, not exceeding a reasonable proportion of the monetary award which in the opinion of the Tribunal is likely to be recovered by the payee after taking into account any set-off or counterclaim on which the payer may be entitled to rely;
- (m) to order either party to provide security for all or part of any amount in dispute in the arbitration;(n) to make an interim order that either party shall pay to the other party or to the Tribunal or to the Company a proportion of any costs of an administrative nature necessarily incurred by that party or by the Tribunal or by the Company or by an investigator or expert in respect of the progress or conduct of the arbitration, with the intent that such costs should, so far as reasonably possible, be borne equally by the parties pending the final award of the Tribunal;

- (o) to order either party to provide security for the legal or other costs of the other party in any manner the Tribunal thinks fit;
- (p) to order specific performance of any contract;
- (q) to open up, revise and review any certificate, opinion or decision of any person whose certificate, opinion or decision is subject to reference to arbitration;
- (r) to order the rectification of any agreement subject to any rule of law which would restrict this power;
- (s) to delegate the power to make procedural rulings to the chairman of the Tribunal, including the power to determine in the event of dispute, whether a ruling is procedural.

10.2 The Tribunal shall have the power to rule on its own jurisdiction, including any objections with respect to the existence or validity of the arbitration agreement, or of the existence or validity of the contract of which the arbitration clause forms part. For this purpose, an arbitration clause which forms part of a contract and which provides for arbitration under these Arbitration Regulations shall be treated as an agreement independent of the other terms of the contract. A decision by the Tribunal that the contract is null and void shall not entail *ipso jure* the invalidity of the arbitration clause.

10.3 A plea that the Tribunal does not have jurisdiction shall be raised not later than in the points of defence. A plea that the Tribunal is exceeding the scope of its authority shall be raised promptly after the Tribunal has indicated its intention to decide on the matter alleged to be beyond the scope of its authority. In either case the Tribunal may nevertheless admit a late plea under this Regulation 10.3 if it considers the delay justified.

11 CONSOLIDATION

11.1 On the appointment of a Tribunal, and whenever requested to do so by either party, the Panel Committee shall review pending arbitrations and, if it appears to the Panel Committee that

- (a) some common question of law or fact arises in two or more of them, or
- (b) the rights to relief claimed therein are in respect of or arise out of the same transaction or series of transactions, or
- (c) for some other reason it is desirable to make a direction under this Regulation,

the Panel Committee shall so inform the parties to all relevant arbitrations and may, upon the application of one or more of the parties to any of the arbitrations, and after consultation with the Tribunals and the parties, direct those arbitrations to be consolidated on such terms as it considers just or may direct them to be heard at the same time or one immediately after another or may order any of them to be stayed until after the determination of any of them.

11.2 For the purposes of Regulation 11.1, the Panel Committee may require any party to any relevant arbitration to provide it with copies of all that party's submissions and other documents connected with the arbitration which appear to the Panel Committee to be relevant.

11.3 If two or more arbitrations are to be consolidated pursuant to Regulation 11.1 above, and all parties to the consolidated arbitration are in agreement as to the choice of arbitrators the same shall be appointed by the Secretary but if all parties cannot agree within 21 days after the date of the direction under Regulation 11.1 the Panel Committee shall have power to choose and appoint three arbitrators as the Tribunal for the consolidated arbitration and to choose and appoint any replacement arbitrators which may thereafter be necessary.

11.4 The Tribunal in any consolidated arbitration shall have power at any time, on the application of any party to the consolidated arbitration or on its own motion, and on such terms as it considers just to order that the arbitration as between any two or more parties proceed separately, but under the same Tribunal, from the arbitration as between any other two or more parties, and to make any directions consequent thereon as the Tribunal considers expedient for the future conduct of all such proceedings.

12 AWARDS

12.1 The Tribunal shall make its award in writing and give its reasons for the award.

12.2.1 If the Tribunal consists of two arbitrators and they fail to agree on any issue they shall request the Secretary to appoint a third arbitrator pursuant to Regulation 3.5.

12.2.2 If the Tribunal consists of three arbitrators and they fail to agree on any issue, they shall decide by a majority. If an arbitrator refuses or fails to sign the award, the signatures of the majority shall be sufficient, provided that the reason for the omitted signature is stated.

12.3 Where a decision on any issue is by a majority, the award may contain reasons by the dissenting arbitrator for his dissent, in the discretion of that arbitrator.

12.4 Awards may be expressed in any currency claimed in the arbitration.

12.5 The award shall state the date by which payment shall be made for any sum due under the award. In addition to the statutory power to award interest, the Tribunal shall have the power to award interest at such rate and for such period as it considers fit on any sum after its due date but before commencement of the arbitration.

12.6 The Tribunal may make separate final awards on different issues at different times.

12.7 In the event of a settlement, the Tribunal may make an award recording the settlement if either party so requests.

12.8 Awards shall be final and binding on the parties as from the date they are made.

12.9 If all members of the Tribunal consider that the award contains any points which are of significant importance or interest to Members, they shall communicate such points to the Executive Director: Regulation and Compliance. The Executive Director: Regulation and Compliance, in consultation with the Tribunal, shall determine whether and how such points should be brought to the attention of Members while keeping the names of the parties confidential.

12.10 The award of the arbitrators shall be deposited by them with the Secretary who shall notify each party of such receipt. Either party may thereupon take up the award upon payment by that party of the costs and expenses of the arbitration as specified in the award (including the remuneration of the arbitrators) notwithstanding any direction in the award as to the ultimate responsibility therefor. Until the award is taken up by one of the parties it shall confer no rights upon either party. Upon the award being taken up by either party, a copy thereof shall forthwith be sent by the Secretary to the other party. In the event of the award not being taken up by either party within a period of 28 days from the notification by the Secretary of its receipt to the parties, the Deposit referred to in Regulation 1 above shall be forfeited, and the Secretary may in his absolute discretion call upon the parties or either of them (a) to take up the award and (b) to pay forthwith the costs and expenses of the award (including the remuneration of the arbitrators) or any part or proportion thereof whereupon the party or parties so called upon shall forthwith pay the costs and expenses as aforesaid and take up the award.

12.11 Regulations 12.11 to 12.15 shall apply to any agreement entered into on or after 1 June 2010 by a Ring Dealing Member or an Associate Broker Member of the Exchange with another Ring Dealing Member or Associate Broker Member or with any other person which provides for any dispute arising out of or in connection with the agreement to be resolved by arbitration in accordance with these Regulations.

12.12 Where:-

- (a) the date for payment of any amount due under the award has elapsed,
- (b) the period for any appeal against the award under English law has elapsed, and
- (c) the party against whom the award was made has failed to make payment of any amount due under the award, the party in whose favour the award was made may send a notice of application to the Secretary, and shall copy such notice of application to the other party, requesting that the Secretary communicate to Members such failure to make payment. The Secretary shall acknowledge receipt of the notice of application, indicating the date on which it was received, and shall copy such acknowledgement to the other party.

12.13 If, at any time following receipt of a copy of the notice of application pursuant to Regulation 12.12, the party against whom the award was made makes payment in full of all amounts due under the award, both (a) the party in whose favour the award was made and (b) the party against whom the award was made, shall promptly send to the Secretary a notice of confirmation in writing that payment of all amounts due under the award has been made in full, and shall copy such notice of confirmation to the other party.

12.14 If the Secretary has not, within 14 days of receipt of the notice of application in accordance with Regulation 12.12, received from both (a) the party in whose favour the award was made and (b) the party against whom the award was made, a notice of confirmation in writing that payment of all amounts due under the award have been made in full, the Secretary shall communicate to Members such failure to make payment.

12.15 If, following the making of any communication pursuant to Regulation 12.14, the Secretary receives from both (a) the party in whose favour the award was made and (b) the party against whom the award was made, a notice of confirmation in writing that payment of all amounts due under the award has been made in full, the Secretary shall communicate this to Members.

13 COSTS AND DEPOSIT

13.1 Unless otherwise agreed by the parties, the Tribunal may direct, at their discretion and not later than fourteen days after the date for receipt of points of reply, that the recoverable costs of the arbitration, or any part of the arbitration proceedings that it can order to be paid pursuant to Regulation 13.3(a), shall be limited to a specific amount.

13.2 The Tribunal shall have power to specify in the award the amount of the costs of the arbitration (which expression shall, for the purpose of this Regulation 13, include the Tribunal's own remuneration, and any costs relating to the progress or conduct of the arbitration incurred by the Tribunal or by the Company including the costs of and fees payable to any person who has reported to or advised the Tribunal or the Company on any matter), and shall determine the proportions in which they shall be borne by the parties.

13.3 The Tribunal shall have power:-

- (a) to order in its award that all or part of the legal or other costs of one party be paid by the other party; and

(b) to determine or assess the amount of those costs, at the request of either party, and for this purpose shall not be *functus officio*.

13.4 If the arbitration is abandoned, suspended, stayed or concluded, by agreement or otherwise, before the final award is made, the parties shall be jointly and severally liable to pay the costs of the arbitration, as determined by the Tribunal, and for this purpose the Tribunal shall not be *functus officio*.

13.5 In any determination or award made by the Tribunal pursuant to Regulations 13.2, 13.3 and 13.4 the Tribunal shall, or at any time on the application of either party the Tribunal may provide for the return or other disposal of the Deposit or any part thereof to such persons as it shall in its absolute discretion consider fit.

14 THE SECRETARY AND THE PANEL COMMITTEE

14.1 Subject only to Regulations 14.2 and 14.3, the Secretary and the Panel Committee shall have sole and exclusive jurisdiction over all matters referred for decision to each of them respectively by any provision of these Arbitration Regulations, and their decisions upon such matters shall be final and binding.

14.2 The Panel Committee may exercise any of the functions and powers of the Secretary referred to in these Arbitration Regulations. It may delegate to the Secretary any of its own functions and powers, either generally or in relation to specific matters.

14.3 In the event of conflict between a decision of the Secretary and a decision of the Panel Committee, the latter shall prevail.

15 EXCLUSION OF LIABILITY

None of the Secretary, the Panel Committee, any arbitrator, or the Company shall be liable to any party for any act or omission in connection with any arbitration, save that the Secretary, the Panel Committee and the arbitrators may be liable for the consequences of conscious and deliberate wrongdoing.

16 GOVERNING LAW

These Arbitration Regulations shall be governed by and construed in accordance with English Law. Except where the Arbitration Regulations provide otherwise, all arbitrations hereunder will be conducted in accordance with the provisions of the Arbitration Act 1996 as amended from time to time.

PART 9
DEFAULT REGULATIONS

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CONTENTS

Section		Page
1	Events of Default	9-1
2	Application of Default Regulations and Determination of Default	9-2
3	Default Proceedings	9-2
4	Notification	9-4
5	Procedures	9-4
6	Designation of Non-Members	9-5
7	Delegation of Functions	9-5
8	Costs	9-5
9	Cooperation with Other Bodies	9-5

PART 9: DEFAULT REGULATIONS

1 EVENTS OF DEFAULT

The expression "Event of Default" in relation to any person shall mean:-

- 1.1 failure by that person duly to perform or comply with any obligation to make payment or deliver Warrants under the terms of a Contract;
- 1.2 failure by that person to satisfy any margin liability in respect of a Contract or to comply with any other obligation binding on him under a Contract,
- 1.3 that person
 - (a) being (or being, or being capable of being, deemed by law or a court to be) insolvent or unable to pay his debts,
 - (b) stopping, suspending or threatening to stop or suspend payment of all or a material part of his debts,
 - (c) beginning negotiations or taking any other step with a view to the deferral, rescheduling or other readjustment of all of (or all of a particular type of) his debts (or of any part which he will or might otherwise be unable to pay when due),
 - (d) proposing or making a general assignment, or an arrangement or composition with or for the benefit of the relevant creditors,
 - (e) suffering a moratorium to be agreed or declared in respect of or affecting all or a material part of (or of a particular type of) his debts or
 - (f) taking any step, or any step being taken by any other person, with a view to the administration of the first-mentioned person;
- 1.4 an execution, distress, sequestration, attachment or other legal process being levied or enforced or sued out against any substantial part of that person's revenues or assets and not being discharged or stayed within seven days of being so levied, enforced or sued out or any security over any such substantial part becoming enforceable and any step (including the appointment of a receiver, administrative receiver, manager or similar person) being taken to enforce the same;
- 1.5 any step being taken (either by that person or by any other person) with a view to the winding-up or dissolution of that person except for the purpose of and followed by a reconstruction, amalgamation, merger, reorganisation or consolidation on terms previously approved by the Exchange;
- 1.6 that person, being a Member, failing to satisfy the Exchange or any relevant designated agency or self-regulating organisation at any time that he meets any minimum net worth or other financial requirement for membership or continued authorisation from time to time stipulated by the Exchange or any such designated agency or self-regulating organisation; or
- 1.7 that person, being a Member or Designated Non-Member, becoming or being declared in default under the default rules of any recognised investment exchange or recognised clearing-house (as those expressions are defined in section 188 and section 190 of the Companies Act 1989).

2 APPLICATION OF DEFAULT REGULATIONS AND DETERMINATION OF DEFAULT

- 2.1 These Default Regulations apply in relation to Exchange Contracts of a Defaulter (subject as provided in Regulation 3.4) and to Client Contracts of a Defaulter and shall not apply to any other contracts nor shall they apply to any default by any Associate Trade Member, Individual Member or Honorary Member or by any non-Member other than a Designated Non-Member unless, in the making of Contracts, they are for the time being subject to the Rules.
- 2.2 If a Ring Dealing Member, Associate Broker Member or Designated Non-Member appears to the Exchange to be unable or to be likely to become unable to meet his obligations in respect of one or more Contracts or, without prejudice to the generality of the foregoing, upon the occurrence of an Event of Default in relation to a Ring Dealing Member, an Associate Broker Member or Designated Non-Member, or at any time thereafter whilst such Event of Default is continuing, the Exchange may in its absolute discretion determine that the Member or Designated Non-Member is a Defaulter, whereupon the provisions of Regulation 3 shall have effect.

3 DEFAULT PROCEEDINGS

- 3.1 The Exchange shall promptly following a determination that a Member or Designated Non-Member is a Defaulter take any one or more of the steps referred to in Regulation 3.3 as it considers appropriate.
- 3.2 If the Exchange is directed by the Treasury pursuant to the provisions of Section 166 Companies Act 1989 to take action under this part of the Rules in relation to a Member or Designated Non-Member, any action which the Exchange may take pursuant to such direction shall be deemed to be action taken by the Exchange pursuant to this Regulation 3 notwithstanding that the Exchange may not have determined pursuant to Regulation 2 that the Member or Designated Non-Member is a Defaulter.
- 3.3 The steps referred to in Rule 3.1 are:-
- 3.3.1 to direct any or all Unsettled Contracts to which the Defaulter is party as principal, which are In The Money Traded Option Contracts and to which the Defaulter is party as Taker, to be exercised by the Defaulter on a day such exercise may occur under the terms of the relevant Contract, whereupon such exercise shall be deemed to occur on the next available such day and the rights and liabilities of the parties to each futures Contract resulting from the exercise of a Metal Option or Traded Average Price Option shall be discharged as provided in Regulation 3.3.4 on that day;
- 3.3.2 to permit any or all Unsettled Contracts to which the Defaulter is party as principal which are In The Money Traded Option Contracts and to which the Defaulter is party as Granter, to be exercised by the relevant Takers within such period or periods as may be specified by the Exchange and to declare that all such rights of exercise shall thereafter lapse. The rights and liabilities of the parties to each futures Contract resulting from any such permitted exercise of a Metal Option or Traded Average Price Option shall be discharged as provided in Regulation 3.3.4 on the date of such exercise;
- 3.3.3 to direct that any Unsettled Contract to which the Defaulter is party as principal whose Prompt Date is on, or on the Business Day after, the date of publication of the Default Notice is, with the consent of any Relevant Office Holder, discharged by performance either in whole or in part;

- 3.3.4 subject as provided and after taking any action specified, in 3.3.1 to 3.3.3 above, to declare that all rights and liabilities of the parties to each Unsettled Contract to which the Defaulter is party as principal shall be discharged whereupon they shall be so discharged and there shall arise in their place an obligation of the Defaulter to pay to the Counterparty or *vice versa* the appropriate Default Settlement Amount provided that such discharge shall not extend to rights and liabilities for or in respect of margin which has been paid to the Defaulter by any Counterparty or *vice versa* nor to rights and liabilities arising out of a failure to perform a Contract in accordance with its terms;
- 3.3.5 to direct that any Unsettled Contract to which the Defaulter was party as agent (notwithstanding the prohibition thereon in the Rules) be discharged by performance in accordance with its terms by those persons party to it as principals and for this purpose to make such directions as the Exchange may consider necessary or expedient.
- 3.4.1 Subject to Regulation 3.4.2, all unsettled Exchange Contracts to which a Defaulter is party which have at the time of the relevant determination pursuant to Regulation 2.2 been registered or are thereafter registered with the Clearing House under the terms of the General Regulations of the Clearing House shall be dealt with in accordance with the General Regulations (including default rules) of the Clearing House and not in accordance with these Default Regulations.
- 3.4.2 In the event that the Clearing House is unable to meet its obligations in respect of one or more unsettled Exchange Contracts in accordance with the General Regulations of the Clearing House, such unsettled Exchange Contracts shall be subject to these Default Rules as if Regulation 3.4.1 did not apply.
- 3.5 The Default Settlement Amount in respect of each Unsettled Contract in respect of which the rights and liabilities of the parties are discharged pursuant to Regulation 3.3.4 shall be an amount determined by the Exchange in its absolute discretion taking into account market conditions and any compensation that the Exchange considers should be paid by or to the Defaulter, but without prejudice to the generality of the foregoing may be the difference (if any) between the value of the Unsettled Contract at the contract price (or premium) and its value at the Default Settlement Price provided that if, pursuant to the terms of the relevant Contract or any other agreement between the parties, the said rights and liabilities have become or been converted into an obligation to pay, and a corresponding right to receive, a single liquidated sum the Exchange may treat that sum as the Settlement Amount.
- 3.6 For each Unsettled Contract in respect of which action is taken under Regulation 3.3 the determination of the Default Settlement Amount by the Exchange shall be final, conclusive and binding upon the Defaulter and each Counterparty.
- 3.7 The Exchange shall draw up an account between the Defaulter and each Counterparty to a Contract settled under these Default Regulations. Each such account shall include the Default Settlement Amounts calculated in respect of each Unsettled Contract, which amounts shall be credited or debited, as appropriate, to the relevant account. Where, for any reason, there is uncertainty or a dispute as to the existence and/or terms of a Contract or it is not practicable to determine the Default Settlement Amount in respect of any Contract that fact or those facts shall be stated by way of note to the account and/or its certification as provided below. On each account, all credits and debits shall be aggregated and the aggregated amount of such credits and debits shall be set-off against each other, so as to produce a nett sum payable by or to the Defaulter on each account. The nett sum payable, or, where relevant, the fact that no sum is payable shall be certified by or on behalf of the Exchange provided that where the account and/or such certification is qualified by reason of uncertainty or a dispute as to the existence and/or terms of any Contract or as to the Default Settlement

Amount in relation to any Contract the nett sum shall not be payable until those uncertainties are resolved unless the Defaulter or Relevant Office Holder and the Counterparty otherwise agree.

- 3.8 Where it appears to the Exchange that the Defaulter has entered into Contracts as trustee, a separate account or accounts shall be taken of Unsettled Contracts entered into as trustee in respect of each relevant trust or trusts as appropriate.
- 3.9 Where it appears to the Exchange that Unsettled Contracts with a Counterparty of the Defaulter include a Contract or Contracts entered into by the Counterparty in relation to that Counterparty's Segregated Customers and/or include a Contract or Contracts entered into by the Defaulter in relation to the Defaulter's Segregated Customers a separate account or separate accounts shall be drawn up in relation to that Contract or those Contracts.
- 3.10 The Exchange shall be entitled in its discretion, without notice to the Defaulter or a Counterparty, to make any currency conversions which the Exchange considers necessary or desirable for the purposes of these Default Regulations at such rate or rates as the Exchange may reasonably determine.
- 3.11 Where the Defaulter is incorporated outside the United Kingdom and the Exchange determines that rights and liabilities under Unsettled Contracts to which the Defaulter is party are likely to be settled under the law of some place outside the United Kingdom it may elect not to draw up the account or accounts referred to in this Regulation.

4 NOTIFICATION

- 4.1 Promptly following a determination by the Exchange that a Member or Designated Non-Member is a Defaulter, the Exchange shall cause notice of such determination to be posted in the Exchange and shall thereafter as soon as reasonably practicable take such steps as it considers appropriate to notify Counterparties to Unsettled Contracts with the Defaulter (and, where the Defaulter has, notwithstanding the prohibition thereon, contracted as agent, the Defaulter's principal) and such other persons as it thinks fit that the Defaulter has been determined by the Exchange to be a Defaulter and of decisions taken under these Regulations which affect them.
- 4.2 A Member and a Designated Non-Member shall forthwith give notice to the Exchange of the occurrence of any Event of Default in relation to it.

5 PROCEDURES

- 5.1 For the purposes of complying with its obligations under the Default Regulations the Exchange shall have the right at all times following the issue of a Default Notice through its employees and agents to enter any premises belonging to or in the occupation of the Defaulter, to examine and take copies of or extracts from the trading, accounting and other records of the Defaulter and to operate any accounting or computer systems of the Defaulter for the purposes of establishing the names and addresses of all Counterparties of the Defaulter, details of all Unsettled Contracts of the Defaulter, details of Warrants held by the Defaulter for the account of Counterparties, details of money and other property held for the account of Counterparties and such other information as may appear to the Exchange to be necessary or expedient.
- 5.2 The Defaulter, all Members and the Clearing House shall cooperate fully with the Exchange in relation to the provisions of the Default Regulations and in particular shall promptly provide such information as the Exchange or its employees or agents may request in relation to the Defaulter and its Contracts.

- 5.3 As soon as practicable following the issue of a Default Notice the Exchange shall, in addition to contacting all known Counterparties, publish a notice in the Exchange and in the press inviting Counterparties of the Defaulter to submit to the Exchange details of their Unsettled Contracts with the Defaulter together with evidence in support thereof.
- 5.4 The Exchange shall not be obliged to draw up any account in relation to any Counterparty or alleged Counterparty of which it does not have actual notice prior to the date specified for that purpose in the notice referred to in Regulation 5.3 which shall be not less than three months after the date of publication thereof.
- 5.5 If any dispute between a Defaulter and a Counterparty as to the existence or terms of any Unsettled Contract comes to the notice of the Exchange it shall cause notice of that dispute to be included in the account to be drawn up by it pursuant to Regulation 4 in relation to that Counterparty and may otherwise omit from such account any Default Settlement Amount in relation to the disputed Contract or Contracts and shall not be obliged to adjudicate in respect of such dispute in any way.
- 5.6 Subject as provided in Section 157 Companies Act 1989 the Exchange may from time to time prescribe further procedures for the purposes of these Default Regulations and provide for the manner in which its powers and obligations thereunder or in relation thereto shall be exercised or discharged.

6 DESIGNATION OF NON-MEMBERS

- 6.1 Unless and until otherwise determined by the Exchange any former Ring Dealing or Associate Broker Member shall during the period of 28 months following the date upon which it ceased to be a Member be a Designated Non-Member.
- 6.2 Designation of a Designated Non-Member shall be reviewed from time to time by the Exchange and shall be withdrawn no later than the last Prompt Date of Unsettled Contracts to which it is a party. The Exchange shall likewise review from time to time whether the persons described in Regulation 6.1 should continue to be designated as Designated Non-Members.
- 6.3 A Designated Non-Member shall be notified by the Exchange of its designation and of the withdrawal of such designation.

7 DELEGATION OF FUNCTIONS

The Exchange may from time to time appoint one or more persons to perform on its behalf any of the functions which it may or may be required to exercise under these Default Regulations.

8 COSTS

A Defaulter shall be liable to indemnify the Exchange in respect of the Exchange's costs, charges and expenses in taking any action under the Default Regulations in relation to the Defaulter, including the costs of any person appointed to perform functions on behalf of the Exchange pursuant to Regulation 7.

9 COOPERATION WITH OTHER BODIES

Without prejudice to any other provisions of the Rules the Exchange may pass on any details of or other information in its possession relating to a Member or Designated Non-Member or its Contracts or a recognised clearing house or another recognised investment exchange to the

Treasury, to the Secretary of State, any Relevant Office Holder, any recognised investment exchange or recognised clearing house or regulatory body, to any other exchange or clearing house approved under the Companies Act 1989 for the purposes of Part VII of that Act, or to any other authority or body having responsibility for any matter arising out of or connected with the default the relevant Member or Designated Non-Member or the default of a recognised clearing house or another recognised investment exchange.

PART 10
LMEsword REGULATIONS

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CONTENTS

Section	Page
1 INTRODUCTION.....	10-1
1.1 LMEsword Regulations.....	10-1
1.2 Purpose.....	10-1
1.3 Relationship between LMEsword Regulations and LMEsword Operating Procedures	10-1
1.4 Relationship Between Depository and Account Holder.....	10-1
2 ADMISSION AS AN LMEsword PARTICIPANT.....	10-1
2.1 Operation of LMEsword and the Depository.....	10-1
2.2 Warehouses.....	10.1
2.3 Account Holders - Process.....	10-2
2.4 Eligibility.....	10-2
2.5 Applications for Account Holder Status.....	10-3
2.6 Withdrawal from Participation in LMEsword.....	10-3
2.7 Removal from LMEsword Participation and Discipline.....	10-4
2.8 Change of Account Holder Status.....	10-5
2.9 Replacement of the LMEsword System.....	10-5
2.10 Change of Depository.....	10-5
2.11 Security.....	10-5
3 ISSUE OF WARRANTS.....	10-5
3.1 Responsibility for Issue.....	10-5
3.2 Creation of Electronic Record.....	10-6
4 WARRANT LODGEMENT.....	10-6
4.1 Preconditions.....	10-6
4.2 The Depository.....	10-6
4.3 Accounts.....	10-7
4.4 Lodgement of a Warrant.....	10-7

5	TRANSFER OF WARRANTS LODGED WITH THE DEPOSITORY	10-8
5.1	Transfers.....	10-8
5.2	Ex-cleared Transfers.....	10-8
5.3	Pledging of Warrants	10-9
5.4	Cleared Transfers.....	10-9
5.5	Inter-Account Transfers.....	10-10
6	RENT PAYMENTS	10-11
6.1	Rent Schedules	10-11
6.2	Liability	10-11
6.3	Payment.....	10-11
6.4	Non-payment.....	10-11
7	WITHDRAWAL OF WARRANTS	10-12
7.1	Entitlement and Instruction	10-12
7.2	Collection of Warrants.....	10-12
8	WARRANT CANCELLATION AND METAL TAKE UP	10-12
8.1	Warrant Cancellation.....	10-12
8.2	Time Expired Warrants.....	10-13
8.3	Remove Warrant.....	10-13
9	WARRANT AMENDMENT AND REPLACEMENT.....	10-13
9.1	General Duties.....	10-13
9.2	Notification of Amendments	10-13
9.3	Replacement of Warrants	10-13
10	INCORRECT OR INVALID WARRANTS	10-14
10.1	Notification.....	10-14
10.2	Invalid Warrant Instruction.....	10-14
11	GENERAL.....	10-15
11.1	Charges and Fees.....	10-15
11.2	Reports and Enquires.....	10-15
11.3	Instructions and Notices	10-15
11.4	Release	10-16
11.5	Waiver	10-16
11.6	Invalidity	10-16
11.7	Governing Law and Submission to the Jurisdiction.....	10-17
11.8	Exclusion of Liability.....	10-17

11.9	Errors	10-18
11.10	Legal Effect of Transfers	10-18
11.11	Amendment of LMEsword Regulations.....	10-18
11.12	Force Majeure	10-18
11.13	Representation by Account Holder.....	10-19
12	INTERPRETATION	10-19
12.1	Definitions	10-19
12.2	Interpretation	10-21

PART 10: LMEsword REGULATIONS

1 INTRODUCTION

1.1 LMEsword Regulations

These LMEsword Regulations are the regulations governing the operation of LMEsword. All LMEsword Participants are subject to them, and to the LMEsword Operating Procedures issued pursuant to them. The LMEsword Regulations and LMEsword Operating Procedures are adopted by the Exchange under its Articles of Association, form part of the Rules and may be amended from time to time by the Exchange in accordance therewith. Account Holders which are not Members agree to be bound by them, and to certain of the other Rules of the Exchange as set out in regulation 2, as a pre-condition to their becoming LMEsword Participants and Warehouses agree to be bound by them pursuant to the Warehouse Contract.

1.2 Purpose

The principal purpose of LMEsword is to provide a system for the lodging of Warrants with the Depository and effecting their delivery as between Account Holders whilst they are held by the Depository. The LMEsword System does not purport to create a register of the owners of Warrants; rather it records the identity of Account Holders for whom the Depository holds as bailee the Warrants lodged with it from time to time.

1.3 Relationship between LMEsword Regulations and LMEsword Operating Procedures

These LMEsword Regulations set out the principal rights and obligations of LMEsword Participants and the Depository in relation to the operation of LMEsword. They are supplemented by the LMEsword Operating Procedures, which set out detailed procedures and information relating to the operation of the LMEsword System. In the event of a conflict between the LMEsword Regulations and the LMEsword Operating Procedures, the LMEsword Regulations shall prevail.

1.4 Relationship Between Depository and Account Holder

For so long as the Depository holds any Warrants to the order of an Account Holder in accordance with regulation 4.2, the Depository shall be a bailee in respect of the Warrants (or sub-bailee in respect of Warrants credited to a Customer Account) and the Account Holder shall be bailor (or bailee in respect of Warrants credited to a Customer Account).

2 ADMISSION AS AN LMEsword PARTICIPANT

2.1 Operation of LMEsword and the Depository

The Exchange shall operate the LMEsword System. In addition, the Exchange shall appoint a person to act as the Depository from time to time and enter into an agreement (a "Service Level Agreement") with such person under which such person agrees to act as the Depository and comply with the LMEsword Regulations, the LMEsword Operating Procedures and the obligations imposed on it by such agreement. The Exchange may from time to time terminate the appointment of the Depository, and the Depository may cease to act as such, only in accordance with the terms of the Service Level Agreement. The Exchange shall use all reasonable endeavours to ensure that at all times a suitable person is appointed to act as the Depository and shall take all reasonable steps to ensure that such person act in accordance with the Service Level Agreement to which it is a party.

2.2 Warehouses

A warehouse company shall become a Warehouse (and consequently an LMEsword Participant) if:

- (i) it applies for such status on the form prescribed by the Exchange, including all information requested, and pays the prescribed fee;
- (ii) it executes the Warehouse Contract;
- (iii) it appoints a London Agent and procures that the London Agent executes the Software Licence Agreement; and
- (iv) its application is accepted by the Exchange.

2.3 Account Holders - Process

The Exchange shall admit persons to participate in LMEsword as Account Holders in accordance with these LMEsword Regulations and the LMEsword Operating Procedures. Except in the case of the Clearing House, which shall be an Account Holder from the date prescribed by the Exchange, to become an Account Holder the applicant must satisfy the relevant eligibility criteria set out in regulation 2.4, make or be deemed to make application in accordance with regulation 2.5 and be accepted as an Account Holder by the Exchange. All persons applying to become Clearing Members must apply to become Account Holders as part of their application to become Clearing Members.

2.4 Eligibility

2.4.1 A Clearing Member shall be eligible to become an Account Holder if

- (i) either:
 - (a) it has entered into a Software Licence Agreement with the Exchange; or
 - (b) it has entered into a Remote Participant Agreement with an Account Holder which has satisfied the requirements of (a) or other person approved by the Exchange;
- (ii) it has an office within the European Union, or, if it does not have an office within the European Union, it has satisfied any special criteria for participation in LMEsword from outside the European Union that the Exchange may at its sole discretion from time to time prescribe; and
- (iii) it satisfies any and all other criteria for Clearing Participants which the Exchange may from time to time prescribe.

2.4.2 An Associate Non-Clearing Member shall be eligible to become an Account Holder if:

- (i) either:
 - (a) it has entered into a Software Licence Agreement with the Exchange; or
 - (b) it has entered into a Remote Participant Agreement with an Account Holder which has satisfied the requirements of (a) or other person approved by the Exchange;
- (ii) it has an office within the European Union, or, if it does not have an office within the European Union, it has satisfied any special criteria for participation in LMEsword from outside the European Union that the Exchange may at its sole discretion from time to time prescribe; and
- (iii) it satisfies any and all other criteria for Account Holders which the Exchange may from time to time prescribe.

2.4.3 A person other than a Member shall be eligible to become an Account Holder if:

- (i) it is an Undertaking;

- (ii) either:
 - (a) it has entered into a Software Licence Agreement with the Exchange; or
 - (b) it has entered into a Remote Participant Agreement with an Account Holder which has satisfied the requirements of (a) or other person approved by the Exchange;
- (iii) it has an active commercial interest in the extraction, refining, production, sale, trading, consumption or financing of metals (including Warrants) traded on the Exchange;
- (iv) it undertakes to comply with Rules 5 (Change in ownership of a Member) and 9 of Part 2 of the Rules, as interpreted in accordance with Part 1 of the Rules;
- (v) it has an office within the European Union, or, if it does not have an office within the European Union, it has satisfied any special criteria for participation in LMEsword from outside the European Union that the Exchange may at its sole discretion from time to time prescribe; and
- (vi) it satisfies any and all other criteria for Account Holders which the Exchange may from time to time prescribe.

2.5 Applications for Account Holder Status

- 2.5.1 An application for admission as an Account Holder shall be made on the form prescribed by the Exchange, including all information requested, and be accompanied by the prescribed fee.
- 2.5.2 The Exchange shall consider all applications received and determine whether, in its view and acting in its absolute discretion, each applicant is eligible to become an Account Holder in accordance with these LMEsword Regulations and is, in all the circumstances, a fit and proper person to be an Account Holder.
- 2.5.3 The Exchange may require from the applicant such information, and institute such investigations to verify information submitted by the applicant, as it deems necessary. The Exchange may require the applicant to attend for interview by the Exchange prior to determining whether to accept an application.
- 2.5.4 If the Exchange determines to admit an applicant as an Account Holder, it shall promptly notify the applicant in writing thereof, the further steps it must take prior to its admission becoming effective (if any) and subject thereto the date upon which that admission shall become effective. Following admission of a new Account Holder which is not a Member, the Exchange shall notify all other LMEsword Participants.
- 2.5.5 If the Exchange decides not to admit an applicant as an Account Holder it shall notify it with a statement of reasons for the refusal and the applicant may within 14 days of being notified of the Exchange's decision lodge notice of appeal with the Secretary. Appeal under this regulation shall be dealt with in the same way as under Rule 2.8 of Part 2 of the Rules.

2.6 Withdrawal from Participation in LMEsword

- 2.6.1 Without prejudice to regulation 2.7, an LMEsword Participant shall only cease to be an LMEsword Participant as follows:
 - (i) a Warehouse shall cease to be a LMEsword Participant at the same time as it ceases to be an Exchange listed warehouse in accordance with the terms of the Warehouse Contract but not otherwise;
 - (ii) a Clearing Participant may withdraw from LMEsword in accordance with the remainder of this regulation 2.6 at the same time as it ceases to be a Clearing Member, but not otherwise;

- (iii) the Clearing House shall cease to be an Account Holder only on its ceasing to act as the Clearing House; and
 - (iv) other Account Holders may withdraw from LMEsword Participation at any time as provided in the remainder of this regulation 2.6.
- 2.6.2 An Account Holder wishing to cease to be an LMEsword Participant must lodge a notice in writing to that effect (a “Withdrawal Notice”) with the Secretary. Prior to lodging a Withdrawal Notice, the Account Holder shall transfer or withdraw all of its Warrants from the Depository in accordance with regulation 5 or 7 respectively.
- 2.6.3 The Exchange may, in its absolute discretion, refuse to accept a Withdrawal Notice or may postpone the effective date of the proposed withdrawal if it considers it necessary for the protection of clients, or otherwise in the interests of the market, or if the Account Holder in question has any outstanding liabilities to the Exchange or is the subject of any investigation or action under the Rules and/or regulation 2.7.
- 2.6.4 On the Exchange accepting a Withdrawal Notice, the Exchange shall notify the Account Holder in writing of its acceptance thereof and the effective date of its withdrawal and notify all other LMEsword Participants and the Depository thereof.
- 2.6.5 On the withdrawal of any LMEsword Participant under this regulation 2.6, it shall cease to be entitled to exercise any of its rights under LMEsword in its capacity as such. An Account Holder (other than a Member or the Clearing House) which withdraws from LMEsword shall continue to be subject to Rule 9 of Part 2 of the Rules relating to the retention of records and provision of information in respect of acts and omissions while it was an LMEsword Participant and in respect of any investigation relating thereto for the period of 6 years from the date on which it ceased to be a LMEsword Participant. An Account Holder which is a Member which withdraws from LMEsword shall (for the avoidance of doubt) continue to be subject to the Rules for as long as it remains a Member and thereafter in accordance with Rule 7.5 of Part 2 of the Rules.

2.7 Removal from LMEsword Participation and Discipline

- 2.7.1 An Account Holder which is a Member shall be subject to discipline in respect of any breach by it of the LMEsword Regulations or the LMEsword Operating Procedures in the same way as it is in respect of a breach of any other Rule, and in respect of any other act undertaken in connection with LMEsword if it constitutes an act of misconduct within the meaning of Rule 10.4 of Part 2 of the Rules. In addition (but without limitation) Clearing Participants shall be subject to discipline for breach of any LMEsword Regulation or Operating Procedure relating to the delivery of Warrants to the Clearing House. The procedures and penalties in respect of such discipline shall be as prescribed by the Exchange from time to time.
- 2.7.2 An Account Holder which is neither a Member nor the Clearing House may have its Account Holder status removed by the Exchange by notice given by the Exchange to the Account Holder with immediate effect, or be disciplined by the Exchange as if it were a Member (under Rules 10 to 17 of Part 2 of the Rules interpreted in accordance with Part 1 of the Rules), where:
- (i) the Account Holder has committed a breach of any of the LMEsword Regulations or LMEsword Operating Procedures and the Exchange determines that the breach is serious and that it is appropriate for the Account Holder to cease to have Account Holder status;
 - (ii) the Account Holder has committed a breach of any of the LMEsword Regulations or LMEsword Operating Procedures and has not remedied the breach in accordance with and by the time specified in a direction to remedy it made by the Exchange; or

- (iii) the Account Holder has done any act, or omitted to do any thing, in connection with LMEsword which has brought or may be likely to bring the Exchange or its market into disrepute.
- 2.7.3 An Account Holder may have its LMEsword Participant status removed by notice served on it by the Exchange where it ceases to be eligible therefore in accordance with regulation 2.4.
- 2.7.4 Where an Account Holder has its status removed, it must withdraw all Warrants credited to its Accounts forthwith in accordance with regulation 7.
- 2.7.5 A Warehouse shall be liable to discipline for any breach by it or its London Agent of the LMEsword Regulations, the LMEsword Operating Procedures and the Software Licence Agreement in the same way as it is for a breach of any of its other obligations under the Warehouse Contract. It accepts responsibility for and undertakes to procure compliance by its London Agent with any obligations applicable to or performed by or purportedly performed by the London Agent thereunder. Where a London Agent has breached any of its (or the Warehouse's) obligations under the LMEsword Regulations the Exchange may direct that the relevant Warehouse appoint a different London Agent as a pre-condition to the Warehouse continuing as such.

2.8 Change of Account Holder Status

Where an Account Holder is to cease to be a Member but wishes to remain as an Account Holder, it must successfully re-apply for Account Holder status as a non-Member, failing which it shall cease to be an Account Holder at the time it ceases to be a Member.

2.9 Replacement of the LMEsword System

The Exchange may terminate the use of the LMEsword system by serving not less than 3 months' prior written notice on all LMEsword Participants and the Depository where it determines, after consultation with LMEsword Participants and the Depository, that it is necessary or desirable for it to be replaced by another system for the delivery of Warrants or metal.

2.10 Change of Depository

In the event of the Depository ceasing for any reason to act as such, the Exchange may, on behalf of Account Holders, direct the Depository to deliver Warrants held by it to the replacement Depository appointed by the Exchange, which shall following such delivery hold such Warrants as the Depository for LMEsword to the order of Account Holders in accordance with the LMEsword Regulations and LMEsword Operating Procedures.

2.11 Security

LMEsword Participants and the Depository must comply with the requirements and procedures relating to security set out in the LMEsword Operating Procedures.

3 ISSUE OF WARRANTS

3.1 Responsibility for Issue

- 3.1.1 Warehouses shall be responsible for the issue of all Warrants, which shall be issued by their London Agents. The terms of the Warehouse Contract shall continue to govern the requirements relating to the issue of Warrants, as supplemented by these LMEsword Regulations.
- 3.1.2 All Warrants shall be issued utilising the LMEsword Software. Each Warehouse shall procure that its London Agent shall execute and comply with the terms of the Software Licence Agreement and gain LMEsword accreditation in accordance with the LMEsword Operating Procedures. In issuing Warrants, each Warehouse shall procure that its London Agent shall comply with the procedures laid down in the LMEsword Operating Procedures.

- 3.1.3 Warehouses shall be responsible for ensuring that Warrants issued utilising the LMEsword Software are issued in accordance with the requirements of the law under which they are issued and the Warehouse Contract.

3.2 Creation of Electronic Record

- 3.2.1 On the issue of a Warrant utilising the LMEsword Software the LMEsword System shall create and maintain an electronic record of the Warrant which shall be marked “out of Depository”.
- 3.2.2 It shall be the responsibility of the Warehouse and its London Agent to ensure that each Warrant that it issues, including any replacement Warrant, accurately refers to the specific and ascertained metal to which the Warrant relates. The Warehouse and London Agent issuing an inaccurate Warrant shall be solely responsible for any loss caused thereby.
- 3.2.3 If a Warehouse or its London Agent becomes aware of any discrepancy between a Warrant issued by it and the metal to which it relates, including by reason of a change in the exact location of the metal or other act on the part of the Warehouse, it shall comply with the requirements of regulation 9.

4 WARRANT LODGEMENT

4.1 Preconditions

To be capable of lodgement with the Depository, a Warrant must:

- 4.1.1 have been issued by a London Agent utilising the LMEsword Software in accordance with regulation 3;
- 4.1.2 match its electronic record in the LMEsword System as provided for in the LMEsword Operating Procedures which must be marked “out of Depository”;
- 4.1.3 be in bearer form, or be duly endorsed by the original depositor of the metal or the last named transferee taking title under a continuous chain of endorsements, and be capable of legal transfer by delivery;
- 4.1.4 not have been cancelled by the London Agent (or have its electronic record in the LMEsword System marked “cancelled”, which should only be the case where the Warrant has itself been cancelled, as provided for in regulation 8.1);
- 4.1.5 not have its electronic record identified as not valid under regulation 10, in which case it shall have ceased to be a valid Warrant in accordance with that regulation; and
- 4.1.6 not be materially damaged or defaced.

4.2 The Depository

- 4.2.1 The Depository agrees with each Account Holder to hold as bailee (or, in the case of Warrants credited to a Customer Account, sub-bailee) and keep safe all Warrants lodged with it in accordance with this regulation to the order of the Account Holder to whose Account the Warrant is credited from time to time in accordance with the LMEsword Regulations.
- 4.2.2 The Depository shall use all reasonable care in the performance of its duties expressly set out in the LMEsword Regulations (but not otherwise) and shall act honestly, in good faith and without negligence or recklessness so as to preserve and protect all Warrants lodged with it and shall exercise the degree of care, diligence and skill in the performance of those duties that may be reasonably expected of a prudent custodian in comparable circumstances.
- 4.2.3 The Depository agrees to deliver up in accordance with the LMEsword Regulations to an Account Holder any Warrant credited to any of the Account Holder’s Accounts, including (for the avoidance of doubt) any held in a Customer Account of the Account Holder.

- 4.2.4 Where an Account Holder has duly established a Customer Account and a Warrant is credited to such a Customer Account, subject to regulation 5.4.4, the Depository will hold the Warrant as sub-bailee to the order of the Account Holder in its capacity as bailee for its Customer. The Account Holder's Customer shall not, however, be a customer of the Depository and any duties to the Customer in respect of such a Warrant shall be owed by the Account Holder alone. Without prejudice to regulation 4.3.2, the Depository shall hold any such Warrant to the order only of the Account Holder exclusively and except as required by law the Depository shall not be bound by or recognise any other interest in any such Warrant whatsoever (including, without limitation, the interest of any Customer of the Account Holder for which the Depository may hold a Warrant as sub-bailee).
- 4.2.5 The Depository agrees to hold or record any Warrant that belongs to it, if any, separately from any Warrant credited to an Account of an Account Holder.
- 4.2.6 The Depository will not claim any lien or right of retention or sale over any Warrant credited to an Account.

4.3 Accounts

- 4.3.1 All Account Holders must have at least one Account to which Warrants lodged by them or transferred to them under the LMEsword Regulations shall be credited.
- 4.3.2 All Account Holders shall be entitled to establish more than one Account to which specific Warrants can be credited. All Accounts shall be established in accordance with the LMEsword Operating Procedures. Account Holders agree that Warrants credited to an Account shall be held by the Depository as bailee (or in the case of Warrants credited to a Customer Account, sub-bailee) to the order of the Account Holder exclusively and except as required by law the Depository shall not be bound by or recognise any other interest in any such Warrant whatsoever (including, without limitation, the interest of any Customer of the Account Holder).
- 4.3.3 Only Account Holders which are permitted by applicable law to hold Warrants for Customers shall be entitled to establish Customer Accounts. Account Holders wishing to establish Customer Accounts must obtain the express written agreement of each Customer authorising them to lodge Warrants held for the Customer with the Depository on the terms of the LMEsword Regulations and to deal with such Warrants on the Customer's behalf. Subject to regulation 5.4.4, only Warrants held by an Account Holder as a bailee for a Customer may be credited to a Customer Account in accordance with the LMEsword Regulations.
- 4.3.4 Each Clearing Participant shall have an Account (a "House Collection Account") for the purpose of receiving deliveries of Warrants in respect of its account (other than its client account) with the Clearing House, and another Account (a "Customer Collection Account") for the purpose of receiving deliveries of Warrants in respect of its client account with the Clearing House, as provided for in regulation 5.4. A Customer Collection Account shall not constitute a Customer Account and the Account Holder shall promptly effect Inter-Account Transfers of Warrants credited to it to one or more Customer Accounts in satisfaction of its delivery obligations to Customers.

4.4 Lodgement of a Warrant

- 4.4.1 An Account Holder may lodge a Warrant which satisfies the pre-conditions set out in regulation 4.1 where:
- (i) it holds the Warrant for itself (whether or not as owner);
 - (ii) it holds the Warrant for a Customer; or
 - (iii) a person other than the Account Holder, which may be a Customer, holds a Warrant and has instructed the Account Holder to lodge the Warrant on its behalf.

- 4.4.2 Where an Account Holder wishes to lodge a Warrant, it shall issue a Warrant Lodge Instruction in accordance with the LMEsword Operating Procedures. No Warrant Lodge Instruction shall be accepted by the LMEsword System where the Warrant in question is at the relevant time the subject of a prior Warrant Lodge Instruction. The LMEsword System shall notify the Depository of all valid Warrant Lodge Instructions.
- 4.4.3 An Account Holder shall deliver, or make arrangements for the delivery of, all Warrants the subject of a valid Warrant Lodge Instruction to the Depository.
- 4.4.4 On delivery of a Warrant to the Depository for lodgement, the Depository shall check the details on the Warrant against the details on the electronic record of the Warrant and perform the other checks prescribed in the LMEsword Operating Procedures. The Depository shall not be required to check any other details of the Warrant and in particular shall not verify the authenticity or validity of the Warrant. If the requisite details match and the Depository's other checks prescribed in the LMEsword Operating Procedures are completed satisfactorily, the LMEsword System shall credit the Warrant to the Account of the Account Holder identified by it in its Warrant Lodge Instruction, and the Depository shall take delivery of the Warrant. From delivery, the Warrant shall be held by the Depository in accordance with regulation 4.2.
- 4.4.5 If the details on the Warrant and on the electronic record of the Warrant do not match, or any of the other checks in relation to the Warrant are not completed satisfactorily, the Depository shall not take delivery of the Warrant. The Depository shall have no responsibility in relation to a Warrant until it has been credited to an Account and the Depository has taken delivery of it.
- 4.4.6 An Account Holder that delivers a Warrant to the Depository warrants to Account Holders and the Depository that the Warrant complies with the pre-conditions set out in regulation 4.1.3 (bearer document) and 4.1.4 (not cancelled).

5 TRANSFER OF WARRANTS LODGED WITH THE DEPOSITORY

5.1 Transfers

An Account Holder shall be entitled to transfer within LMEsword in accordance with regulation 5.2, 5.3, 5.4 or 5.5 any Warrant which is credited to its Account provided in the case of all transfers (other than an Inter-Account Transfer between House Accounts under regulation 5.5) the electronic record has not been marked, in the case of a Metal Warrant, "rent not paid" in accordance with regulation 6 or has not been marked, in the case of any Warrant, "not-valid" in accordance with regulation 10.

5.2 Ex-cleared Transfers

- 5.2.1 An Account Holder wishing to transfer a Warrant or Warrants credited to its Account (referred to as the "Giver") to another Account Holder (the "Taker") shall issue an Ex-cleared Transfer Instruction identifying the Taker in accordance with the LMEsword Operating Procedures and specifying manual or automatic release. No Ex-cleared Transfer Instruction shall be accepted by the LMEsword System in respect of a Warrant which is subject to a prior and outstanding Ex-cleared Transfer Instruction.
- 5.2.2 The Taker shall be notified of any Ex-cleared Transfer Instruction issued identifying it as the Taker and of the details of the Warrants the subject of the Instruction. The Taker shall then either:
- (i) issue an Ex-cleared Transfer Accept Instruction in accordance with the LMEsword Operating Procedures, specifying the Account the Warrants should be credited to; or
 - (ii) issue an Ex-cleared Transfer Reject Instruction in accordance with the LMEsword Operating Procedures.

- 5.2.3 Where a Taker has issued a Transfer Reject Instruction, the relevant Ex-cleared Transfer Instruction shall be automatically cancelled and the Giver may issue a further Ex-cleared Transfer Instruction in respect of the same or different Warrants.
- 5.2.4 Where a Taker duly issues an Ex-cleared Accept Instruction in respect of an Ex-cleared Transfer Instruction in which the Giver specified automatic release, the Warrants the subject of the Ex-cleared Transfer Instruction shall immediately upon receipt by the LMEsword System of the Ex-cleared Transfer Accept Instruction be credited to the specified Account of the Taker.
- 5.2.5 Where a Taker duly issues an Ex-cleared Accept Instruction in respect of an Ex-cleared Transfer Instruction in which the Giver specified manual release, the Giver shall be notified and, if it wishes to effect the transfer, shall issue an Ex-cleared Release Instruction in accordance with the LMEsword Operating Procedures. Immediately upon receipt by the LMEsword System of such Ex-cleared Release Instruction the Warrants the subject of the Ex-cleared Transfer Instruction shall be debited from the Giver's Account(s) and credited to the relevant Account of the Taker.

5.3 Pledging of Warrants

- 5.3.1 Where an Account Holder wishes to pledge a Warrant to another Account Holder, it may deliver a Warrant pursuant to the pledge by effecting an ex-cleared transfer under regulation 5.2.
- 5.3.2 Following such a transfer of a Warrant and the debiting and crediting of the relevant Accounts, the Depository shall hold the Warrant as bailee to the order of the Taker exclusively, without notice of the Giver's interest therein as pledgor. The Taker shall accordingly as against the Depository be entitled to transfer any such Warrant to any other Account Holder in accordance with this regulation 5 and withdraw it from the Depository in accordance with regulation 7.
- 5.3.3 In the event that such a Taker re-transfers a Warrant by way of an ex-cleared transfer under regulation 5.2 to the original Giver pursuant to a trust receipt agreement entered into by them, the Depository shall hold the Warrant as bailee to the order of the pledgor (which will be a Taker under the second transfer) exclusively, without notice of the pledgee's interest therein. The pledgor shall accordingly as against the Depository be entitled to transfer any such Warrant to any other Account Holder in accordance with this regulation 5 and withdraw it from the Depository in accordance with regulation 7.

5.4 Cleared Transfers

- 5.4.1 This section relates only to Account Holders which are Clearing Members ("Clearing Participants") and the Clearing House.
- 5.4.2 Subject to and in accordance with the General Regulations of the Clearing House and the LMEsword Operating Procedures and the terms of the relevant Contract, each Clearing Participant (a "Giving Clearing Participant") which has a net delivery obligation of Warrants to the Clearing House in respect of any of its accounts (including, if applicable, its client account) with the Clearing House for that day shall be notified of its delivery obligations by the LMEsword System.
- 5.4.3 By the time specified in the LMEsword Operating Procedures, each Giving Clearing Participant shall issue a Cleared Transfer Instruction in respect of each of its delivery obligations in accordance with the LMEsword Operating Procedures, specifying the Warrants to be transferred and the Account(s) from which they should be debited and identifying the Clearing House as the taker of the Warrants.
- 5.4.4 At the time delivery is required to be made to the Clearing House under the LMEsword Operating Procedures, the Warrants the subject of the Cleared Transfer Instruction shall be

debited from the relevant Account(s) of the Giving Clearing Participant and credited to the Clearing House's Account. Where a Customer Account is so debited, the Warrant(s) in question shall be deemed to be delivered first to the Giving Clearing Participant and then immediately delivered on by the Giving Clearing Participant to the Clearing House.

- 5.4.5 Subject to and in accordance with the General Regulations of the Clearing House and the LMEsword Operating Procedures, the LMEsword System shall allocate the transferred Warrants for transfer to each Clearing Participant which has a net delivery entitlement in respect of any of its accounts (including, if applicable, its client account) with the Clearing House for that day (a "Taking Clearing Participant"). At the time determined by the Clearing House in accordance with the LMEsword Operating Procedures the Clearing House shall issue a Cleared Transfer Instruction in accordance with the LMEsword Operating Procedures in respect of each such net delivery entitlement, specifying the Warrants to be transferred, whereupon such Warrants shall be debited from the Clearing House's Account and credited to each Taking Clearing Participant's Customer Collection Account (in the case of Warrants allocated in satisfaction of a net delivery entitlement in respect of a Taking Clearing Participant's client account with the Clearing House) or House Collection Account (in the case of other Warrants). For the avoidance of doubt, delivery of Warrants to Taking Clearing Participants shall occur on their Accounts being credited and not at the time of allocation.
- 5.4.6 The LMEsword System shall calculate and notify to the Clearing House the liabilities arising consequent on such cleared transfers due to differences between the weight of metal agreed to be sold and the actual weight of the metal represented by the Warrants so transferred and accrued but unpaid rent thereon.
- 5.4.7 Where a Taking Clearing Participant is or may be a defaulter under the default rules of the Clearing House, Warrants shall be credited to the Taking Clearing Participant's account as provided for in Regulation 5.4.5. If the Clearing House so determines, such Warrants shall, however, immediately be re-transferred back to the Clearing House and in those circumstances the Warrants in question shall be deemed for all purposes not to have been so credited but to have remained in the Clearing House's account.

5.5 Inter-Account Transfers

- 5.5.1 An Account Holder which has more than one Account shall be entitled to transfer Warrants held in any of its Accounts to any other of its Accounts by issuing an Inter-Account Transfer Instruction in accordance with the LMEsword Operating Procedures, provided that in the case of such transfers to or from a Customer Account the Warrant is not marked "rent not paid" in accordance with regulation 6 or "not valid" in accordance with regulation 10. On the issue of an Inter-Account Transfer Instruction in accordance with the LMEsword Operating Procedures, the Warrants the subject of it shall be debited from and credited to the relevant Accounts.
- 5.5.2 Where an Account Holder issues an Inter-Account Transfer Instruction pursuant to which a Warrant will be transferred to a Customer Account from a House Account, the Depository acknowledges that following the debiting of the Warrant from the House Account and its crediting to the Customer Account it shall hold the Warrant in accordance with regulation 4.2.4.
- 5.5.3 Where an Account Holder issues an Inter-Account Transfer Instruction pursuant to which a Warrant will be transferred from a Customer Account to a House Account, the Depository acknowledges that following transfer it shall cease to hold the Warrant in accordance with regulation 4.2.4.

6 RENT PAYMENTS

6.1 Rent Schedules

6.1.1 Each Account Holder may in accordance with the LMEsword Operating Procedures obtain from the LMEsword System a rent schedule report setting out its accrued and due rent payment obligations in respect of Warrants credited to its Accounts.

6.1.2 Each London Agent may in accordance with the LMEsword Operating Procedures obtain from the LMEsword System a rent schedule report setting out the aggregate amount of rent accrued and due in respect of metal stored under all Warrants issued by it, including those which are lodged with the Depository and those marked "out of Depository", together with such other information as shall be provided for in the LMEsword Operating Procedures.

6.2 Liability

6.2.1 Liability for rent in respect of all Warrants shall be unaffected by LMEsword, and the obligations of London Agents in respect thereof, including the endorsement of Warrants, shall continue to be governed by the Warehouse Contract, as supplemented by this regulation 6.

6.2.2 The Depository shall in no circumstances have any liability for the payment of rent in respect of Warrants.

6.3 Payment

6.3.1 On the receipt by a Warehouse or its London Agent of any rent payment in respect of a Warrant issued by it (whether by the due date or afterwards), such London Agent shall issue a Warrant Endorse Instruction in accordance with the LMEsword Operating Procedures. On receipt, the LMEsword System shall mark the electronic record of the Warrant "rent paid". The fact that the electronic record of a Warrant is marked "rent paid" shall as against the Warehouse and for all Account Holders and the Depository, subject only to regulation 11.9, be conclusive evidence of due payment of rent and a London Agent (and the Warehouse it represents) shall not be entitled to claim otherwise.

6.3.2 A London Agent shall only endorse a physical Warrant "rent paid" where it has issued a Warrant Endorse Instruction. The Depository shall not, for the avoidance of doubt, endorse as "rent paid" any Warrant lodged with it.

6.3.3 On withdrawal of a Warrant from the Depository in accordance with regulation 7, if rent has been paid on the Warrant whilst it has been lodged with the Depository, the Account Holder shall present the Warrant to the London Agent which issued the Warrant for endorsement of "rent paid" on the physical Warrant.

6.3.4 Warrant holders must approach the Warehouse Company or its London Agent to settle the rent. The London Agent and the Exchange will be informed of the withdrawing Account Holder's identity.

6.4 Non-payment

6.4.1 For Warrants where rent in respect of metal to which a Warrant relates is not paid by the end of Rent Payment Day (and the London Agent which issued the Warrant has not issued a Warrant Endorse Instruction in respect of it), the LMEsword System shall mark the electronic record of the Warrant as "rent not paid".

6.4.2 For Warrants where rent is subsequently paid in respect of any Warrant the electronic record of which is marked "rent not paid", on the issue of a Warrant Endorse Instruction the "rent not paid" mark shall be deleted and be replaced by "rent paid".

7 WITHDRAWAL OF WARRANTS

7.1 Entitlement and Instruction

7.1.1 Each Account Holder shall be entitled to require delivery to it of, and the Depository shall be obliged so to deliver, each Warrant credited to an Account Holder's Account (including any of its Customer Accounts).

7.1.2 Where an Account Holder wishes to take delivery of a Warrant lodged with the Depository, it shall issue a Warrant Withdrawal Instruction in accordance with the LMEsword Operating Procedures. No Warrant Withdrawal Instruction shall be accepted by the LMEsword System where the Warrant in question is at the relevant time the subject of a prior Warrant Withdrawal Instruction.

7.2 Collection of Warrants

7.2.1 On receipt of a Warrant Withdrawal Instruction, the LMEsword System shall issue the Account Holder with a security code and notify the Depository by way of a Warrant Withdrawal Notification of the identity of the Account Holder and the Warrants the subject of the Warrant Withdrawal Instruction. On receipt of the notification, the Depository shall locate the Warrants to be withdrawn and arrange for them to be ready for collection and then issue to the Account Holder a Ready for Collection Instruction in accordance with the LMEsword Operating Procedures.

7.2.2 The Account Holder shall make arrangements for the collection of the Warrants in question from the Depository, in accordance with the LMEsword Operating Procedures.

7.2.3 On attendance at the Depository, the Account Holder or its representative shall present the relevant security code and any necessary identification in accordance with the LMEsword Operating Procedures. The Depository shall in accordance with the LMEsword Operating Procedures check the security code and, if it is valid, issue a Warrant Withdrawal Acknowledgement in accordance with the LMEsword Operating Procedures and simultaneously release the Warrant.

7.2.4 The LMEsword System shall thereupon debit the Warrant from the Account Holder's Account and mark it "out of Depository".

7.2.5 In the event that the electronic record of a Warrant withdrawn from the Depository is marked:

- (i) "rent not paid" in accordance with regulation 4;
- (ii) "amended" in accordance with regulation 9; or
- (iii) "not valid" in accordance with regulation 10;

the Depository shall stamp the physical Warrant accordingly on its release of the Warrant.

8 WARRANT CANCELLATION AND METAL TAKE UP

8.1 Warrant Cancellation

8.1.1 The obligations of LMEsword Participants on the cancellation of a Warrant shall continue to be governed by the Warehouse Contract and the arrangements agreed between the Warehouse and the person for whom the Warehouse holds the metal in question, supplemented in the case of London Agents by this regulation 8. The Depository shall have no responsibilities in relation to the cancellation of Warrants or the taking delivery of metal represented by Warrants.

8.1.2 On a Warrant being presented to a London Agent or Warehouse for cancellation, the London Agent or Warehouse shall apply its normal procedures prior to cancelling the Warrant. On

satisfactory completion of those procedures, the London Agent shall issue a Warrant Cancel Instruction in accordance with the LMEsword Operating Procedures.

- 8.1.3 Only Warrants the electronic record of which are marked “out of Depository” may be cancelled. Provided the LMEsword System accepts the Warrant Cancel Instruction, it shall mark the electronic record of the Warrant as “cancelled” and notify the London Agent thereof. The London Agent shall thereupon cancel the Warrant.

8.2 Time Expired Warrants

After 16:30 each day an Account Holder and London Agent can run reports to inform them of the Warrants expired or due to expire. Upon Time Expiry the Account Holder must settle outstanding rent by contacting the London Agent in accordance with regulation 6.3.4.

8.3 Remove Warrant

- 8.3.1 On the metal represented by a cancelled Warrant being delivered out by a Warehouse, the Warehouse shall notify its London Agent which shall issue a Remove Warrant Instruction in accordance with the LMEsword Operating Procedures. A Warehouse shall not so deliver metal unless the relevant Warrant has previously been cancelled in accordance with regulation 8.1. The Exchange shall prescribe by notice or in the LMEsword Operating Procedures the procedure for dealing with the reporting of deliveries out of only part of the metal represented by a Warrant.
- 8.3.2 Provided the electronic record of the Warrant in question is marked “cancelled”, the LMEsword System shall following the issue of a Remove Warrant Instruction in accordance with the LMEsword Operating Procedures remove the Warrant from the LMEsword System (save that a record of its existence shall be retained within it solely for audit purposes).
- 8.3.3 A London Agent shall also issue a Remove Warrant Instruction in other circumstances as prescribed by the LMEsword Operating Procedures.

9 WARRANT AMENDMENT AND REPLACEMENT

9.1 General Duties

The requirements and procedures relating to the amendment and replacement of a Warrant shall be governed by the terms of the Warehouse Contract and the Warrant itself, as supplemented by this regulation 9. Endorsement of a Warrant “rent paid” shall be subject to regulation 6.

9.2 Notification of Amendments

- 9.2.1 On any LMEsword Participant becoming aware of a need to make an amendment to a detail of a Warrant which is prescribed in the LMEsword Operating Procedures (an “amendable detail”), it shall notify the London Agent which issued the Warrant.
- 9.2.2 On a London Agent becoming aware or being notified of a need to make an amendment to an amendable detail of a Warrant which it has issued, it shall issue a Warrant Amend Instruction in accordance with the LMEsword Operating Procedures.
- 9.2.3 On receipt of a Warrant Amend Instruction in respect of a Warrant, the LMEsword System shall amend the electronic record of the Warrant accordingly, mark its electronic record “amended” and, in the case of a Warrant lodged with the Depository, notify the relevant Account Holder of the amendment.

9.3 Replacement of Warrants

- 9.3.1 On the amendment of an amendable detail of the electronic record of a Warrant marked “out of Depository” in circumstances where the Warrant has not been presented to the London

Agent, the Exchange and the London Agent may take such steps as they deem appropriate to publicise the fact of such amendment.

- 9.3.2 The holder of such a Warrant must, on its becoming aware of the fact of such amendment, present the Warrant to the London Agent which issued the Warrant.
- 9.3.3 Where an Account Holder withdraws a Warrant from the Depository the electronic record of which is marked “amended” and which is itself stamped as such by the Depository in accordance with regulation 7, the Account Holder must present the Warrant to the London Agent which issued the Warrant.
- 9.3.4 On presentation to a London Agent of a Warrant in accordance with this regulation 9.3, the London Agent shall take delivery of the Warrant and issue a replacement Warrant utilising the LMEsword Software in accordance with the LMEsword Operating Procedures.
- 9.3.5 In other cases where a London Agent is entitled to issue a replacement Warrant in accordance with the Warehouse Contract, it shall do so utilising the LMEsword Software in accordance with the LMEsword Operating Procedures.

10 INCORRECT OR INVALID WARRANTS

10.1 Notification

- 10.1.1 The obligations of LMEsword Participants in relation to a Warrant, or to metal the subject of a Warrant, which does not comply with the requirements of the Exchange shall be as set out in the Rules and the Warehouse Contract, as supplemented by this regulation 10.
- 10.1.2 On a LMEsword Participant becoming aware of any irregularity in respect of a Warrant or the metal to which a Warrant relates (not being the need to amend an amendable detail), it shall notify the Exchange thereof. The Exchange may make such enquiries and take such steps as it sees fit to determine the existence and nature of such irregularity.
- 10.1.3 On a LMEsword Participant other than the Clearing House being made aware of the need to return a Warrant to a London Agent for cancellation and reissue, it shall take all necessary steps to obtain and deliver up the Warrant to the London Agent which must cancel it and issue a new Warrant in accordance with the Warehouse Contract.

10.2 Invalid Warrant Instruction

- 10.2.1 In the event that the Exchange concludes that there is a material irregularity in a Warrant or the metal which it represents, or some other relevant regulatory event has occurred, it may issue an Invalid Warrant Instruction in accordance with the LMEsword Operating Procedures. On receipt, the LMEsword System shall mark the electronic record of the Warrant “not valid”.
- 10.2.2 Delivery of a Warrant the electronic record of which is marked “not valid” shall not constitute good delivery under a Contract.
- 10.2.3 The Exchange may, where it is satisfied that the irregularity or event has been remedied, reverse an Invalid Warrant Instruction in accordance with the LMEsword Operating Procedures. On receipt the LMEsword System shall remove the “not valid” mark from the electronic record of the Warrant.
- 10.2.4 Where a Warehouse ceases to be listed in Appendix III of the Rules, Warrants previously issued by it shall continue to be treated as Warrants for the purposes of these LMEsword Regulations until the Exchange otherwise directs and/or issues an Invalid Warrant Instruction in accordance with this regulation 10.2.

- 10.2.5 Each Account Holder agrees to withdraw from the Depository any Warrant the electronic record of which is credited to its Account where the Exchange so directs.

11 GENERAL

11.1 Charges and Fees

- 11.1.1 The Exchange shall fix the subscription, transaction and other fees payable by LMEsword Participants from time to time and publish them in the LMEsword Operating Procedures. Such fees may vary for different classes of LMEsword Participant. Such fees shall be debts due to the Exchange and shall be payable in accordance with the LMEsword Operating Procedures.
- 11.1.2 Each LMEsword Participant agrees to pay all fees payable under the LMEsword Regulations promptly. Failure to pay such fees when due shall constitute a breach of the LMEsword Regulations by the LMEsword Participant in question.
- 11.1.3 If a LMEsword Participant serves a Withdrawal Notice in accordance with regulation 2.6 but that Notice is not received by the Secretary on or before the 30th day of November of the year in which the LMEsword Participant intends its participation to cease, it will be liable for payment of the relevant annual subscription for the following year.

11.2 Reports and Enquires

LMEsword Participants may obtain reports from and make enquiries of the LMEsword System as described in the LMEsword Operating Procedures. Reports will be available at all times that the LMEsword System is operational and each Account Holder agrees that these will be transmitted electronically and can be printed by the Account Holder. Reports will detail the description and amounts of all Warrants credited to an Account or Accounts of the Account Holder. Each Account Holder agrees to treat such a report as a sufficient statement of its Warrants held by the Depository.

11.3 Instructions and Notices

- 11.3.1 Instructions to be issued under the LMEsword Regulations or LMEsword Operating Procedures must be issued in accordance with the LMEsword Operating Procedures. In the event that for any reason it is impossible for a LMEsword Participant, the Depository or the Exchange to issue or receive an Instruction, or the LMEsword System is unable to receive an Instruction, the Exchange shall specify the steps the affected person(s) should take. References in the remainder of this regulation 11.3 to a notice or other communication shall not include an Instruction. Instructions shall be deemed issued when received by the LMEsword System, and shall be processed in the order determined by the LMEsword System.
- 11.3.2 All notices and other communications to be served under the LMEsword Regulations or LMEsword Operating Procedures shall be served as follows:
- (i) if to the Exchange, to:

The LME Helpdesk
The London Metal Exchange Limited
56 Leadenhall Street
London EC3A 2DX
Fax No. 020 7570 8139

E-mail: helpdesk@lme.com
 - (ii) if to another LMEsword Participant or the Depository, to the address and fax number notified to the Exchange by the LMEsword Participant or, as the case may be, the Depository from time to time.

- 11.3.3 All notices and other communications under the LMEsword Regulations shall be served by fax or in writing. Service will be deemed effective, in the case of notices sent by fax, on the date that transmission is received by an employee of, or other person working for, the recipient in legible form (with the burden of proving receipt being upon the sender which will not be met by a transmission report generated by the sender's fax machine). Notices or other communications shall not be capable of having the effect of an Instruction unless the Exchange provides otherwise in the LMEsword Operating Procedures or in a notice issued by the Exchange, for example in the event of an emergency.
- 11.3.4 In the event of difficulty in using fax to send notices under the LMEsword Regulations, notices and other communications may be served in writing and delivered in person or by courier or by post, with such service deemed effective on the date of receipt, unless that date is not a Business Day in which case the notice shall be deemed given and effective on the first following day that is a Business Day.
- 11.3.5 All notices and other communications shall be in writing and in the English language.
- 11.3.6 Notices and other communications shall only be validly served by a LMEsword Participant if they are signed by a designated signatory notified to the Exchange.
- 11.3.7 Neither the Exchange nor the Depository shall be liable for any actions taken or omitted to be taken in good faith on the basis of any Instruction served in accordance with the LMEsword Operating Procedures or notice or other communication however served which purports to have been given by or on behalf of a LMEsword Participant, nor shall any of them be taken to have notice of any matter disclosed in an Instruction (other than the existence of the Instruction). Neither the Exchange nor the Depository shall be under any duty to verify the genuineness of any Instruction or of the signature or the authority of the person which purports to sign a notice or other communication on behalf of a LMEsword Participant.
- 11.3.8 The Depository shall not be obliged to take account of or act on any direction of an Account Holder other than an Instruction or notice or communication permitted by the Exchange.

11.4 Release

Any liability to the Exchange under the LMEsword Regulations may in whole or in part be released, compounded or compromised or time or indulgence given by the Exchange in its absolute discretion as regards any LMEsword Participant under such liability without in any way prejudicing or affecting its rights against any other or others of the LMEsword Participants under the same or a like liability, whether joint and several or otherwise.

11.5 Waiver

Without prejudice to Rule 2.5 of Part 1 of the Rules, no failure of the Exchange to exercise, and no delay by it in exercising, any right, power or remedy in connection with the LMEsword Regulations (each a "Right") will operate as a waiver thereof, nor will any single or partial exercise of any Right preclude any other or further exercise of such Right or the exercise of any other Right. The Rights provided in the LMEsword Regulations are cumulative and not exclusive of any other Rights (whether provided by law or otherwise). Any express waiver of any breach of the LMEsword Regulations shall not be deemed to be a waiver of any subsequent breach.

11.6 Invalidity

If any provision in the LMEsword Regulations shall be held to be illegal, invalid or unenforceable, in whole or in part, under any enactment or rule of law, such provision or part shall to that extent be deemed not to form part of the LMEsword Regulations but the legality, validity and enforceability of the remainder of the LMEsword Regulations shall not be affected.

11.7 Governing Law and Submission to the Jurisdiction

11.7.1 The LMEsword Regulations shall be governed by and construed in accordance with English law.

11.7.2 Except to the extent otherwise provided in the Warehouse Contract (in the case of Warehouses) or the relevant Service Level Agreement (in the case of the Depository and the Operator) any dispute arising out of or in connection with the LMEsword Regulations shall be referred to arbitration in accordance with the Rules.

11.8 Exclusion of Liability

11.8.1 The Exchange shall not have any liability for any damage, loss, expense or liability of any nature which a LMEsword Participant may suffer or incur due to or connected with it being or acting as a LMEsword Participant, including liability for negligence or liability arising out of development and operation of the LMEsword System, except to the extent of direct losses or expenses attributable to its fraud or wilful default. In no event shall the Exchange be liable for special, indirect or consequential damages or loss of any kind whatsoever regardless of whether it has notice of the likelihood of such damages or loss and regardless of the form of action.

11.8.2 The Depository shall have no liability for any damage, loss, expense or liability of any nature which a LMEsword Participant may suffer or incur due to or connected with it being or acting as a LMEsword Participant, except to the extent of direct losses or expenses attributable to the Depository's fraud, wilful default or negligence in the performance of its obligations expressly set out in these Regulations and provided that the Depository shall not be liable to the extent that any such damage, loss, expense or liability is caused by a person other than the Depository. In no event shall the Depository be liable for special, indirect or consequential damage or loss of any kind whatsoever (including, without limitation, loss of bargain or profits), regardless of whether it has notice of the likelihood of such damages or loss and regardless of the form of action. The exclusions of liability set out in this regulation 11.8.2 and regulation 11.8.3 do not apply to death or personal injury arising from any failure by the Depository to take reasonable care or to exercise reasonable skill.

11.8.3 In the event of the loss, damage, destruction or wrongful release of a Warrant in circumstances in which the Depository is liable in accordance with regulation 11.8.2, the maximum liability and obligation of the Depository shall be limited to issuing an indemnity in an amount not exceeding the market value of the Warrant at the time of the discovery of the loss, damage, destruction or wrongful release and otherwise on reasonable terms but not requiring the provision of any security.

11.8.4 Each Account Holder agrees to indemnify the Depository and to keep it indemnified against any costs, claims, losses, liabilities, damages, fines, penalties, taxes and other amounts which may be imposed on, incurred by or asserted against the Depository in respect of any liability arising from the fact that it holds any Warrants as bailee or sub-bailee for other persons (including, without limitation, any obligations to pay income, value added or any other tax or duty, or to maintain insurance in relation to any such Warrants) which is determined by the Depository to be applicable to that Account Holder and which is not due to the Depository's fraud, wilful default or negligence.

11.8.5 The Depository is not responsible for the production or the accuracy of reports generated by the LMEsword System and is not responsible for the operation or efficacy of the LMEsword System.

11.9 Errors

- 11.9.1 In the event that a Warrant is mistakenly credited to or debited from an Account Holder's Account, the affected Account Holder, shall immediately on their becoming aware of that event notify the Exchange which shall notify the affected parties and, if there is no disagreement as to the facts, make the necessary change to the LMEsword System's records, if any.
- 11.9.2 In the event that any LMEsword Participant becomes aware that any detail in the electronic record of a Warrant is or appears to be incorrect, it shall notify the Exchange which shall notify the London Agent which issued the Warrant and, if the Warrant is lodged with the Depository, the Depository and the Account Holder to whose Account the Warrant is credited. If there is no disagreement as to the facts, the Exchange shall make the necessary change to the LMEsword System's records.
- 11.9.3 In the event that there is disagreement as to the facts, the matter shall be referred to arbitration in accordance with the Rules.

11.10 Legal Effect of Transfers

- 11.10.1 By and upon the debiting of a Warrant by the LMEsword System from the Account of an Account Holder (the "Transferor") and its crediting to the Account of another Account Holder (the "Transferee"), the Depository shall hold the Warrant in question to the order of the Transferee, for as long as it remains in its Account. The Release Instruction (in the case of ex-cleared transfers under regulation 5.2.5), the Ex-cleared Transfer Instruction and Ex-cleared Transfer Accept Instruction (in the case of ex-cleared transfers under regulation 5.2.4) and the Cleared Transfer Instruction (in the case of cleared transfers under regulation 5.4) shall constitute an instruction by the Transferor (and, as applicable, the Transferee), on behalf of the Transferor and Transferee, to the Depository to hold the Warrant to the order of the Transferee. By and upon the crediting of the Warrant by the LMEsword System to the Transferee's Account the Depository makes attornment to the effect that it from that point holds the Warrant to the order of the Transferee.
- 11.10.2 In addition, the Depository is pursuant to the LMEsword Regulations authorised by each Warehouse to receive instructions concerning the holding of the metal represented by Warrants. By and upon the crediting of a Warrant by the LMEsword System to the Transferee's Account, the Depository makes attornment, for and on behalf of the Warehouse for whom the London Agent issued the Warrant, to the effect that the metal represented by the Warrant shall from the moment of the crediting of the Warrant to the Transferee's Account be held by the Warehouse to the order of the Transferee. The Depository shall not disclose to any Warehouse the identity of any Account Holder to whose order metal is held from time to time, unless explicitly provided for in these regulations or the Exchange directs it to.
- 11.10.3 Unless the parties otherwise agree, property in the metal represented by a Warrant shall pass at the time the Warrant is delivered, that is (in the case of Warrants lodged with the Depository) at the time the parties' Accounts are debited and credited.

11.11 Amendment of LMEsword Regulations

The Exchange may amend the LMEsword Regulations or the LMEsword Operating Procedures in the same way as it may amend any other of its Rules. All LMEsword Participants shall be notified of any such amendment prior to its taking effect, except where an immediate amendment is in the opinion of the Exchange essential for the proper functioning of LMEsword.

11.12 Force Majeure

Nothing in these LMEsword Regulations shall require any person to do anything contrary to applicable English law or regulation and no person shall be liable for a breach of these

LMEsword Regulations where compliance is impossible due to a failure of the LMEsword System and they have not caused the LMEsword System failure in question.

11.13 Representation by Account Holder

On each occasion the Depository is required to release a Warrant to an Account Holder in accordance with regulation 7.2, the Account Holder is deemed to represent to the Depository that it is in full compliance with the laws and regulations of each jurisdiction which is or may be applicable to the withdrawal of the Warrant.

12 INTERPRETATION

12.1 Definitions

In these LMEsword Regulations terms defined in the Rules and not defined below shall have the same meanings and the following words and expressions shall, unless the context otherwise requires, bear the following meanings:

“Account” means an account of an Account Holder with the Depository, recorded by the LMEsword System and established in accordance with the LMEsword Regulations and LMEsword Operating Procedures, to which Warrants may be credited and debited;

“Account Holder” means the Clearing House and any person admitted as an Account Holder by the Exchange, and which has not withdrawn or ceased to be an Account Holder, under regulation 2;

“Associate Clearing Member” shall have the meaning given by the Rules;

“Associate Non-Clearing Member” shall have the meaning given by the Rules;

“Business Day” has the meaning given in the Rules;

“Clearing House” means The London Clearing House Limited or other clearing house for the time being designated to clear Exchange Contracts;

“Clearing Member” means a Ring Dealing Member or Associate Clearing Member of the Exchange which is also a member of the Clearing House;

“Clearing Participant” means a Clearing Member which is an Account Holder;

“Customer” means a person with whom an Account Holder has entered into a written agreement under which the Account Holder has authority to hold Warrants for the Customer as bailee and lodge such Warrants with the Depository as sub-bailee or bailee on the terms of the LMEsword Regulations and with authority to make delivery of such Warrants for and on behalf of the Customer;

“Customer Account” means an Account to which Warrants held by an Account Holder as bailee for its Customer may be credited and debited, which may comprise a single Account for Warrants held for some or all of the Account Holders' Customers and/or specific Accounts for one or more specific Customers;

“Customer Collection Account” has the meaning given in regulation 4.3;

“Depository” means the person appointed from time to time by the Exchange to act as the Depository for LMEsword and which has agreed to be bound by the LMEsword Regulations;

“the Exchange” means the London Metal Exchange Limited;

“Giver” has the meaning given in regulation 5.2.1;

“Giving Clearing Participant” has the meaning given in regulation 5.4.2;

“House Account” means an Account which is not a Customer Account;

“House Collection Account” has the meaning given in regulation 4.3;

“Instruction” shall be construed in accordance with regulation 12.2;

“LMEsword Operating Procedures” means the manual issued by the Exchange pursuant to the LMEsword Regulations setting out detailed procedures and information relating to the operation of LMEsword;

“LMEsword Participant” means an Account Holder or a Warehouse;

“LMEsword Regulations” means the regulations governing the operation of LMEsword issued by the Exchange as amended from time to time in accordance with the terms thereof and forming Part 10 of the Rules;

“LMEsword Software” means the software licensed to each Account Holder and London Agent for the purpose of facilitating the issue of Warrants and the provision of details thereof to the LMEsword System;

“LMEsword System” means the system for, inter alia, the electronic transfer of title to Warrants governed and constituted by the LMEsword Regulations;

“London Agent” means a London agent appointed by a Warehouse in accordance with the terms of the Warehouse Contract or a London office of a Warehouse nominated to act as the Warehouse’s London Agent for the purposes of LMEsword;

“Member” means a member of the Exchange;

“Overseas Undertaking” has the meaning given in the Rules;

“person” includes an individual, partnership, unincorporated association and body corporate;

“Remote Participant Agreement” means an agreement between Account Holders substantially in the form prescribed by the Exchange under which one Account Holder agrees to act for the other in the giving of Instructions to the LMEsword System in accordance with the LMEsword Regulations and LMEsword Operating Procedures;

“Rent Payment Day” means the day on which rent in respect of the storage of metal under Warrant becomes due;

“Ring Dealing Member” means a Member for the time being authorised by the Exchange to trade in the Ring;

“Rules” means the rules and regulations issued by the Exchange (and incorporating the LMEsword Regulations) governing the London Metal Exchange administered by the Exchange as the same may be amended in accordance with the Articles of Association of the Exchange and a reference to a Rule shall be construed accordingly;

“Secretary” means any person appointed to perform the duties of Secretary of the Exchange;

“Service Level Agreement” means the agreement entered into by the Depository with the Exchange under which it agrees to act as such and comply with the obligations set out therein;

“Software Licence Agreement” means the licence agreement to be entered into by each Account Holder and London Agent relating to the LMEsword Software;

“Taker” has the meaning given in regulation 5.2.1;

“Taking Clearing Participant” has the meaning given in regulation 5.4.5;

“Undertaking” has the same meaning as set out in Section 259 Companies Act 1985;

“Warehouse” means a warehouse which is party to the Warehouse Contract and listed in Appendix III of the Rules;

“Warehouse Contract” means the agreement between the Exchange and each Warehouse setting out the Warehouse's obligations as a Warehouse and under which the Warehouse agrees to abide by the LMEsword Regulations;

“Warrant” means a warehouse warrant issued by a Warehouse in accordance with the Warehouse Contract;

“Withdrawal Notice” has the meaning given in regulation 2.6.2.

12.2 Interpretation

- 12.2.1 Where the LMEsword Regulations refer to a document or thing being “prescribed”, that shall mean prescribed by the Exchange from time to time in the LMEsword Operating Procedures or in a notice issued by it, and the Exchange may prescribe different dates for different purposes, category of LMEsword Participant and metal.
- 12.2.2 Words importing the singular shall, where the context permits, include the plural and vice versa. Words importing gender shall include each gender
- 12.2.3 Where the LMEsword Regulations refer to an act being undertaken by the Exchange, that act may be performed by the Exchange acting through the Directors of the Exchange or any duly authorised Committee of the Directors of the Exchange or duly authorised individual.
- 12.2.4 References to an “Instruction” shall mean any of the types of Instruction referred to in the LMEsword Regulations, such as, without limitation, a “Warrant Lodge Instruction” or “Ex-cleared Transfer Instruction”, each of which shall consist of an electronic communication of the relevant type served by a LMEsword Participant in accordance with the LMEsword Operating Procedures. Any purported service of an Instruction otherwise than in accordance with the LMEsword Operating Procedures shall be of no effect unless the Exchange otherwise directs. The LMEsword Operating Procedures shall provide for the circumstances in which Instructions shall be deemed cancelled and all other details relevant to their issue.
- 12.2.5 Where reference is made to a London Agent which issued a Warrant, that shall be deemed also to refer to a London Agent which has succeeded to the responsibilities of the London Agent which issued the Warrant.
- 12.2.6 Where reference is made to “the” or “these” “LMEsword Regulations” that shall be deemed to include the LMEsword Operating Procedures where the context permit.

PART 11
AVERAGE PRICE SWAP REGULATIONS

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CONTENTS

Section		Page
1	Relationship with Trading Regulations	11-1
2	Permitted Average Price Swaps	11-1
3	Cash Settlement Fee	11-2
4	Price Information	11-2

PART 11: AVERAGE PRICE SWAP REGULATIONS

1 RELATIONSHIP WITH TRADING REGULATIONS

- 1.1 The Trading Regulations and the Contract Regulations shall, unless otherwise provided in these Average Price Swap Regulations or unless the context otherwise requires, apply to Average Price Swap Contracts.
- 1.2 The General Regulations of the Clearing House shall apply to Exchange Average Price Swaps.

2 PERMITTED AVERAGE PRICE SWAPS

- 2.1 Average Price Swap Contracts shall be available in respect of such metals and in such lot sizes as set out in Table 1.1 below:

Table 1.1

Metal	Lot size (tonnes)	Months
Primary Aluminium	25	63
NASAAC Aluminium Alloy	20	27
Aluminium Alloy	20	27
Special High Grade Zinc	25	27
Tin	5	15
Nickel	6	27
Copper Grade A	25	63
Standard Lead	25	15

- 2.2 The Monthly Average Settlement Price for an Average Price Swap month must be calculated by reference to a calendar month.
- 2.3 For each metal, Average Price Swaps shall be available in respect of each tradeable month from and including the month in which the Contract is made out to the number of months for that metal as set out in Table 1.1 above.
- 2.4 A new tradeable month will become available for trading, in respect of any Average Price Swap authorised by the Directors, at the opening of business on the first Business Day of the month in which trading of an Average Price Swap for the relevant underlying metal is authorised to begin.
- 2.5 Trading may be conducted, in respect of any Average Price Swap authorised by the Directors, until the close of business on the Last Trading Day for such Average Price Swap. Trading times for all Average Price Swaps shall not be later than 12.30 hours London time on the Last Business Day.
- 2.6 Average Price Swaps shall be traded in US Dollars only.
- 2.7 Average Price Swaps may be traded on the telephone and LMEselect but not on the Ring.

2.8 The minimum price movement for an Average Price Swap shall be \$0.01 US dollars per metric tonne.

2.9 All Exchange Average Price Swaps shall be input into the Matching System and registered as such with the Clearing House, subject to and in accordance with the Trading Regulations and the General Regulations of the Clearing House.

3 CASH SETTLEMENT FEE

3.1 The Exchange may charge a fee in relation to each Average Price Swap Contract. The amount of such fee shall be determined and published by the Exchange from time to time.

4 PRICE INFORMATION

4.1 Regulation 4 of the Trading Regulations shall apply to Average Price Swaps.

4.2 The Exchange shall publish:

4.2.1 the Moving Monthly Average Settlement Price and Monthly Average Settlement Price for the relevant metal for each tradeable month; and

4.2.2 the fixed price agreed between the buyer and the seller in each Contract.

APPENDICES

I Listed Brands

This appendix is no longer reproduced in the LME Rulebook but is available on the LME website at www.lme.com/what_branding_brandsforeachmetal.asp or in hard copy from the Exchange.

II Listed Samplers and Assayers

This appendix is no longer reproduced in the LME Rulebook but is available on the LME website at www.lme.com/LME_samplers_assayers.asp or in hard copy from the Exchange.

III Listed Warehouses

This appendix is no longer reproduced in the LME Rulebook but is available on the LME website at www.lme.com/what_warehouses_approved.asp or in hard copy from the Exchange.

IV Miscellany

Market Calls – LME trading times are no longer reproduced in the LME Rulebook but are available on the LME website at www.lme.com/who_how_ringtimes.asp

APPENDIX IV

MISCELLANY

In this section may be stored sheets of additional information from time to time distributed. Provided with this book is an example - the current timetable of LME market calls. Users of the book may, as they choose, install further items, recording their titles on the contents table on the following page.

CONTENTS

Section		Page
1	Market Calls	IV-1
2	.....
3	.....
4	.....
5	.....
6	.....
7	.....
8	.....
9	.....
10	.....
11	.....
12	.....
13	.....
14	.....
15	.....
16	.....
17	.....
18	.....
19	.....
20	.....
21	.....
22	.....
23	.....
24	.....

