

NICU Letter CFTC on Warehousing Info dated
17/5/00 + Side letter, letter to John Barrass
from Andrea Corcoran, LIME letter + LIFFE side letter dated
May 2000. (9)

ARRANGEMENT ON WAREHOUSE INFORMATION

WHEREAS the United States Commodity Futures Trading Commission ("CFTC") and the United Kingdom Financial Services Authority ("FSA") (the "Authorities") recognize that, in connection with commodities that are the subject of futures or options trading in either the United States or the United Kingdom, information concerning the operations, stocks and use of futures and options exchange or other regulated derivatives delivery markets ("regulated market") warehouse facilities ("Information") may be relevant to the detection, investigation, deterrence and/or imposition of sanctions regarding possible price manipulation or other potentially abusive conduct,

WHEREAS the CFTC and FSA may have access to Information,

WHEREAS the CFTC and FSA, as more specifically set forth herein, may exchange Information for the purpose of facilitating the performance of their respective regulatory oversight, supervisory and enforcement functions, including the sharing of information for the purposes contemplated by the *Declaration on Cooperation and Supervision of International Futures Markets and Clearing Organizations*,

WHEREAS for the purpose of sharing Information the CFTC and FSA, formerly the Securities and Investments Board ("SIB"), are parties to the *Memorandum of Understanding on Mutual Assistance and the Exchange of Information between the United States Securities and Exchange Commission and Commodity Futures Trading Commission and the United Kingdom Department of Trade and Industry and Securities and Investments Board* (September 25, 1991) (the "US/UK MOU"), and

WHEREAS certain additional procedures subject to the US/UK MOU may be desirable to facilitate the sharing of Information between the CFTC and FSA,

NOW THEREFORE the CFTC and FSA have reached the following understanding (the "Arrangement") to facilitate the exchange of information regarding the operations, stocks and use of warehouses that are identified as eligible to receive, store, and deliver commodities in connection with the performance of transactions concluded on regulated markets or through regulated clearing organisations (if separate from such markets and vested with commodity delivery functions that are executed through warehouse type facilities) ("warehouses") subject to the jurisdiction of an Authority.

1 General Principles

- 1.1 The Authorities have various powers to obtain and share information, and arrangements for doing so, in the exercise of their functions other than pursuant to this Arrangement, including the US/UK MOU. The Authorities undertake to use their best endeavours to fulfil the provisions of this Arrangement. However, nothing in this Arrangement affects the exercise of such powers or the operation of any other arrangements, including the US/UK MOU.

- 1.2 The provisions of this Arrangement do not give rise to a right on the part of any third party, directly or indirectly, to obtain, suppress or exclude any information that is the subject of this Arrangement as or from evidence or otherwise to challenge the execution of a request for Information under this Arrangement.

2. **Subject of Arrangement**

- 2.1 This Arrangement addresses requests for Information between the Authorities (individually, "Request") regarding:

- A. the operations and stocks of warehouses; and
- B. the use of warehouses by regulated market members, their licensees, or customers,

as such Information relates to commodities traded on regulated markets, or commodity transactions concluded through clearing organisations, if such organisation is separate from the market and is vested with delivery functions, subject to the jurisdiction of the Requested Authority.

- 2.2 For these purposes the term "commodity transaction" means a future or option on a commodity and "commodity" means any physical commodity of finite supply subject to delivery through warehouses traded on a regulated market, or clearing organization where relevant, that has executed or is the subject of an operational side letter facilitating the operation of this Arrangement.

3. **Ability to Provide Information**

- 3.1 As set forth in its side letter to this Arrangement, the CFTC has the authority and procedures to obtain Information from warehouses, including warehouses located outside the United States, where they are designated for delivery by regulated markets subject to the CFTC's jurisdiction.

- 3.2 As set forth in its side letter to this Arrangement, the FSA has the capacity and procedures to obtain Information on a voluntary basis from regulated markets subject to its jurisdiction, which may obtain Information pursuant to rules or contract from warehouses which they have designated for delivery, including warehouses located outside the United Kingdom.

- 3.3 To the extent permitted by law, each Authority has the power and procedures to provide the Information received by it to the other Authority for the purpose of assisting it in the exercise of its regulatory oversight, supervisory and enforcement functions.

4. **Examples of Information**

4.1 Examples of Information that may be the subject of a Request include but are not limited to:

- A. the total stocks of a commodity specified in the Request received, stored or delivered and the origin of such shipments and deliveries over a period specified in the Request in connection with the performance of commodity transactions;
- B. the grade or quality of such stocks;
- C. whether such stocks are, or may be, deliverable;
- D. information about the ownership of such stocks and, to the extent reasonable, whether warehouses, members, and customers of members hold an interest in them;
- E. the identity of the members, or other traders or brokers as appropriate, depositing or removing such stocks over a period specified in the request;
- F. the warehouse fees for storing, receiving and delivering any commodity.

5. **Publicly Available Information**

5.1 Prior to making a Request, an Authority should use reasonable efforts, consistent with the urgency of the Request, to obtain through other means any of the Information referred to in Article 4 that is publicly and readily available.

5.2 Notwithstanding Article 5.1, the Authorities understand that publicly available information may be requested under this Arrangement, and each Authority intends to assist the other Authority to obtain such publicly available information expeditiously.

6. **Requests for Information**

6.1 All requests for Information under this Arrangement shall comply with paragraph 12 of the UK/US MOU.

6.2 Without prejudice to the scope of other existing information-sharing arrangements and the US/UK MOU between the Authorities, an Authority may make a Request when that Authority has determined, at its discretion, that there are reasonable grounds for the Authority to believe that one of the following market events has occurred:

- A. unusually large price movements in a market subject to its jurisdiction and in related markets;
- B. unusual price relationships in a market subject to its jurisdiction and in related markets;
- C. abnormal movement of a commodity into or out of warehouse which is impacting the price of a commodity or commodity transaction subject to its jurisdiction; or
- D. a person may be attempting to accumulate an unusually large position which may have a substantial impact on the price of a commodity or commodity transaction subject to its jurisdiction.

6.3 Such a Request is intended to be considered by the Requested Authority to be a request to secure compliance with or enforcement of a legal rule or requirement related to manipulative or other abusive market practices provided the Requesting Authority can on further request indicate the relevant legal rule or requirement, as set out in paragraphs 12(b)(ii) and 12(d) of the US/UK MOU.

7. **Execution of Requests**

The Requested Authority may provide, or may seek to cause the relevant regulated market or clearing organisation or warehouse to provide, the requested Information to the Requesting Authority directly, or the Authorities may agree to request an inspection of a relevant warehouse in conformity with the terms set out in Part IV of the US/UK MOU.

8. **Use and Confidentiality of Information**

Information received in response to a Request is intended, consistent with applicable law, to be used by the Requesting Authority solely for the purpose of enabling or assisting it to exercise its regulatory oversight, supervisory, or enforcement functions in accordance with, and subject to the confidentiality provisions of, Part V the US/UK MOU.

9. **Contact Officers**

For purposes of Requests made under this Arrangement, the contact officers are:

CFTC:

Director, or his or her designee, Division of Economic Analysis
Director, or his or her designee, Office of International Affairs.

FSA:

Director, Division of Market Supervision/Enforcement

10. **Consultation**

The Authorities intend to consult periodically on the operation of this Arrangement in order to determine whether any adjustments to this arrangement are desirable to improve its operation or resolve any matters and in particular upon enactment of the UK Financial Services and Markets Bill into law.

11. **Scope**

11.1 This Arrangement is intended to apply to those regulated markets and clearing organisations that are or may become subject to the jurisdiction of the CFTC or FSA and that have been specifically identified by the CFTC and FSA in their operational side letters submitted as contemplated by paragraphs 3.1 and 3.2, respectively.

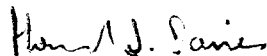
11.2 The CFTC and FSA may, from time to time, after consultation amend their side letters to add a regulated market or clearing organisation to the scope of this Arrangement.

Signed and effective this 17th day of May 2000

CFTC



FSA



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12 May 2000

**SIDE LETTER TO THE ARRANGEMENT ON WAREHOUSE INFORMATION
BETWEEN THE FINANCIAL SERVICES AUTHORITY AND THE COMMODITY
FUTURES TRADING COMMISSION**

Introduction

1. In this letter the Financial Services Authority ("FSA") provides information regarding the manner in which it intends to implement the "Arrangement on Warehouse Information" ("the Arrangement") signed between the Financial Services Authority and the Commodity Futures Trading Commission ("CFTC"). In particular, this letter sets out (i) the specification of the regulated markets or clearing organisations to which the Arrangement applies and are within the jurisdiction of the FSA, and (ii) the ability of the FSA to obtain and share information as contemplated by the Arrangement. A corresponding letter has been written by the CFTC.

The regulated markets and/or clearing organisations which are under the jurisdiction of the FSA and to which the Arrangement applies.

2. The Arrangement will apply to the following market(s), as contemplated by paragraph 2 of the Arrangement:

- The London Metal Exchange Limited (“LME”): contracts on any physical commodity traded on LME which is also the subject of trading on a market regulated by the CFTC.
 - The London International Financial Futures and Options Exchange (“LIFFE”): contracts on any physical commodity traded on LIFFE which is also the subject of trading on a market regulated by the CFTC.
 - Any other regulated markets and clearing organisations as are or may become subject to the jurisdiction of the FSA in the future and are identified by the FSA as being bodies to which the Arrangement applies.
3. Paragraph 3.2 of the Arrangement states that the FSA has the capacity and procedures to obtain information on a voluntary basis from the regulated market(s) subject to its jurisdiction, which may obtain information pursuant to rules or contract from warehouses which they have designated for delivery, including warehouses located outside the United Kingdom.
 4. The LME and LIFFE are Recognised Investment Exchanges (“RIEs”) under section 36 of the Financial Services Act 1986. Pursuant to section 37 of the Financial Services Act 1986, an application for RIE status will only be granted where the conditions specified in schedule 4 of the Financial Services Act 1986 are satisfied. These conditions include the requirement to be able and willing to co-operate, by the sharing of information and otherwise, with any body or person having responsibility for the supervision or regulation of investment business or other financial services.
 5. Side Letters from the LME and LIFFE are attached to this letter as follows:
 - a. A Side Letter from the LME dated May 2000 which details the ability of the LME to obtain and share with the FSA and CFTC information, as contemplated by the Arrangement, relating to warehousing under the Warehouse Arrangement between the LME and each of its members. This letter confirms that the LME is able and willing to share with the FSA and the CFTC in accordance with the terms of the Arrangement non-public confidential information obtained under its Warehouse Arrangement.

- b. A Side Letter from LIFFE dated 12 May 2000 which details the ability of LIFFE to obtain and share with the FSA and the CFTC information, as contemplated in the Arrangement, relating to warehousing and contained in the binding contract which LIFFE enters into with each LIFFE member and Nominated Warehousekeeper. Those powers enable LIFFE to obtain Warehouse information from LIFFE members and Nominated Warehousekeepers where such information is relevant to the regulation of the LIFFE market.

Authorisation to share non-public information with the CFTC

6. Where the FSA obtains such information from regulated market(s) subject to its jurisdiction and in accordance with the Arrangement it will be able to share it with the CFTC under the relevant gateway. For example, pursuant to section 180(1)(qq) of the Financial Services Act 1986, the FSA is authorised to share restricted information which is not in the public domain with a foreign futures authority such as the CFTC where such disclosure is required for the purpose of assisting or enabling that overseas authority to exercise its regulatory functions.

Other procedures

7. Information provided by the FSA to the CFTC under the terms of the Arrangement will be governed by the permitted use and confidentiality procedures of the US/UK MoU.
8. The Arrangement is intended to have effect without prejudice to the continued operation of the US/UK MoU in respect of requests that do not fall within the scope of the Arrangement.
9. The FSA will encourage frequent, informal consultations with the CFTC in considering requests made under the Arrangement. The FSA will also encourage exchanges of view about the procedures used in handling such requests with the aim of securing improvements to them.

Howard Davies

Chairman

Financial Services Authority



U.S. COMMODITY FUTURES TRADING COMMISSION

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OFFICE OF INTERNATIONAL AFFAIRS

John Barrass
International Policy Coordination
Investment Business and Markets
Financial Services Authority
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London E14 5HS

Re: Arrangement on Warehouse Information

Dear Mr. Barrass:

This letter sets forth on behalf of the Commodity Futures Trading Commission (CFTC) information regarding (1) the specification of regulated markets or clearing organizations that are subject to the Arrangement On Warehouse Information (Arrangement) between the CFTC and the Financial Services Authority (FSA) and (2) the ability of the CFTC to obtain and to share information contemplated by the Arrangement.

1. Specification of the Regulated Markets or Clearing Organizations That Are Subject to the Arrangement

As contemplated by paragraph 2 of the Arrangement, the following markets which are under the jurisdiction of the CFTC and trade contracts on physical commodities that are also the subject of trading on a market regulated by the FSA are those to which the Arrangement applies:

Chicago Board of Trade;
Kansas City Board of Trade;
MidAmerica Grain Exchange;
Minneapolis Grain Exchange;
New York Board of Trade; and
COMEX Division of the New York Mercantile Exchange.

Other markets and clearing organizations may be added to this side letter as contemplated by paragraph 11.2 of the Arrangement.

2. Ability of the CFTC to obtain information

As contemplated by paragraph 3.1 of the Arrangement, this letter clarifies the ability of the CFTC to obtain information from warehouses, including warehouses located outside the United States, where they are designated by regulated markets subject to the CFTC's jurisdiction.

a. Statutory Authority

In this regard, the Commodity Exchange Act (CEA) and CFTC rules provide broad authority for the CFTC to obtain warehouse related information. For example, section 5a(a)(3) of the CEA provides that each market that has been designated as a "contract market" by the CFTC must adopt rules which, among other things:

Require the operators of warehouses in which or out of which any commodity is deliverable on any contract for future delivery made on or subject to the rules of such contract market, to make such reports, keep such records, and permit such warehouse visitation as the Commission may prescribe. Such books and records shall be required to be kept for a period of three years from the date thereof, or for a longer period if the Commission shall so direct, and such books, records and warehouses shall be open at all times to inspection by any representative of the Commission or United States Department of Justice.

b. CFTC Regulations

CFTC rules 1.43 and 1.44, 17 C.F.R. §§ 1.43 and 1.44, detail the types of information that each contract market is required to maintain and to make available to the CFTC, either through written reports or inspections. Accordingly, the CFTC may either obtain the information directly or request the relevant contract market to do so.

c. Exchange rules

Each exchange to which this operational letter applies has adopted rules to implement its self-regulatory obligations described in the preceding paragraphs. We have separately transmitted a description of those rules to FSA.

d. Authorization to share non-public information with the FSA.

Pursuant to section 8(e) of the Commodity Exchange Act, 7 U.S.C. § 12(e), the CFTC is authorized to share non-public information with a foreign futures authority such as the Financial Services Authority under certain conditions described therein.

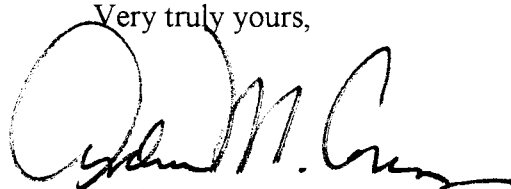
e. Other Procedures

The subsequent use of any information, and the confidentiality procedures, will continue to be governed by the US/UK MOU.

It is the intention of the parties that requests that are not covered by the Arrangement will continue to be handled under the provisions of the US/UK MOU.

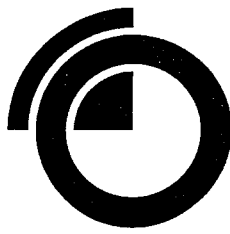
The CFTC does not object to information sharing directly between the relevant markets.

Very truly yours,



Andrea Corcoran

enclosures



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LME SIDELETTER TO THE ARRANGEMENT ON WAREHOUSE INFORMATION

This letter sets forth on behalf of The London Metal Exchange Limited (LME), the ability of the LME to obtain and share information contemplated by the Arrangement on Warehousing Information between the Financial Services Authority (FSA) and the Commodity Futures Trading Commission (CFTC).

The LME is able to obtain all such information as is mentioned in the Arrangement on Warehousing Information in relation to LME-approved warehouses, no matter where situated in the world. The LME's powers to obtain all such information are contained in the binding contract which the LME enters into with each and every approved warehouse (the Warehouse Arrangement) and each and every member of the Exchange (other than individual and honorary members).

Ability of the LME to obtain information

Information from warehouses

Section 7.3 of the Warehouse Arrangement requires each warehouse to provide information as is requested by the LME and to allow inspections.

Paragraph 7.3.3 of the Warehouse Arrangement requires that "Each Warehouse shall provide to the Exchange on request such information from their storage records, warrant records and/or stock records relating



to the types of metal deliverable on the Exchange, as the Exchange may reasonably request from time to time in connection with any enquires being made or to be made by the Exchange in accordance with the Rules.”

Paragraph 7.3.4 of the Warehouse Arrangement requires that “Each warehouse shall permit Exchange staff to conduct routine and other inspections of their premises used for the storage of LME metal, including access to each relevant authorised warehouse and their offices supporting the operating of such warehouses. Each warehouse shall cooperate with the Exchange in the conduct of such inspections and give all reasonable assistance to the Exchange.

Information from members

Members of the Exchange (other than individual and honorary members) are contractually bound to observe the LME’s rules and Regulations. Regulation 9 of the LME’s Rules and Regulations requires each member to provide the following financial and trading information to the Exchange.

“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.”

Authorisation to share non-public information with the FSA and CFTC

The LME is able to share non-public confidential information with the FSA and the CFTC.



Paragraph 7.3.3 of the Warehouse Arrangement requires that

“All such information so supplied shall be treated as confidential by the Exchange and shall be restricted to those authorised staff and officers within the Exchange responsible for conducting such enquiries in accordance with the Rules, the Exchange’s professional advisors and other regulators with whom the Exchange has entered into memoranda of understanding relating to the sharing of information for regulatory purposes on a confidential basis or other person to whom the Exchange is required to disclose it by law or regulation.”

Regulation 9.5 of the LME’s Rules and Regulations allows that

“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 Company regarding any member’s financial condition or trading activity including any information obtained pursuant to Regulations 9.1 to 9.4.”

The LME is able, in the circumstances outlined above, to share information both directly with the CFTC and indirectly via the FSA. Where the information was passed directly by the LME to the CFTC, the LME would require the normal undertaking in the US/UK MoU relating to non-disclosure by the CFTC of the confidential information.

May 2000



The London International Financial
Futures and Options Exchange

12 May 2000

LIFFE ADMINISTRATION AND MANAGEMENT SIDE LETTER TO THE ARRANGEMENT ON WAREHOUSE INFORMATION BETWEEN THE FINANCIAL SERVICES AUTHORITY AND THE COMMODITY FUTURES TRADING COMMISSION

The purpose of this side letter is to explain the ability of LIFFE Administration and Management ("LIFFE" or "the Exchange") to obtain and share information pursuant to the Arrangement on Warehouse Information (the "Arrangement") between the Financial Services Authority ("FSA") and the Commodity Futures Trading Commission ("CFTC").

LIFFE's powers to obtain the types of information contemplated in the Arrangement ("Warehouse Information") are contained in the binding contract which LIFFE enters into with each LIFFE member and Nominated Warehousekeeper. Those powers enable LIFFE to obtain Warehouse Information from LIFFE members and Nominated Warehousekeepers where such information is relevant to the regulation of the LIFFE market. Such powers do not extend to the provision of commercial information (e.g. information about warehousing fees).

LIFFE is able to share Warehouse Information with the FSA by virtue of powers contained in the LIFFE Rules enabling the Exchange to cooperate with other bodies which have a regulatory function. LIFFE is willing to share Warehouse Information with the FSA and it is content for the FSA to pass such information to the CFTC when this is necessary for the proper performance of regulatory functions, provided that the confidentiality of such information is protected. LIFFE will use its best endeavours to obtain the Warehouse Information which the FSA may request, from time to time, pursuant to the Arrangement.

The remainder of this letter sets out the detailed provisions under which LIFFE may obtain and share Warehouse Information.

LIFFE's ability to obtain Warehouse Information

Information from Members

LIFFE members are contractually bound by the LIFFE Rules (and each procedure, order and other requirement implemented by the Board under the Rules, including each term

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Registered office as above
Registered in England no 1591809

and administrative procedure of a contract made in the terms of an Exchange Contract). Specifically, the LIFFE Rules directly bind “relevant persons” and the term “relevant persons” is defined in the LIFFE Rules as “a member and the traders and floor staff registered (or who should have been registered) by him, and the responsible persons registered by him, under the Rules”. Among other things, LIFFE Rule 2.2.4 provides the following:

“A relevant person shall comply with each of the standards set out in this Rule 2.2.4. In relation to any aspect of LIFFE business or in relation to any aspect of business connected with LIFFE business, the failure of a relevant person to act or conduct himself in a manner which is consistent with any standard set out in this Rule shall constitute a violation of this Rule. A relevant person:

...

- (f) in all dealings with the Exchange, its officers, employees, agents or representatives, shall be honest and truthful and shall not knowingly mislead or conceal any material matter;
- (g) shall deal with the Exchange in an open and co-operative manner and keep the Exchange promptly informed of anything concerning the relevant person which might reasonably be expected to be disclosed to the Exchange...”

Furthermore, LIFFE Rule 3.30 requires members to maintain suitable accounting and other records and LIFFE Rule 3.31 permits Exchange officials to inspect such records. Specifically, LIFFE Rule 3.31 confers the following powers on the Exchange:

“Officials of the Market Supervision Department who are responsible for monitoring the compliance of members with the Rules may, subject to Rule 3.31.2 and without prejudice to Rule 3.31.3, from time to time inspect the records maintained pursuant to Rule 3.30 to determine whether the Rules...are being observed by the member. Such officials shall have the right of access at any time, without requirement for prior notice, to any such records which are maintained by the Exchange and the right of access during normal business hours, without requirement for prior notice, to any such records which are not maintained by the Exchange, whether held by the member or a third party.”

Information from Nominated Warehousekeepers

Nominated Warehousekeepers are also bound by the LIFFE Rules, including those concerning co-operation with LIFFE and the ability of LIFFE officials to inspect records. Specifically, Paragraph 3.1 of the Terms and Conditions of Appointment for Nominated Warehousekeepers provides the following:

“The Nominated Warehousekeeper agrees to be bound by and subject to these Terms, the Rules, the Contract Terms and the [Grading and Warehouse

Procedures in Respect of Cocoa and Robusta Coffee Futures Contracts (“G&W Procedures”)], including, without limitation, the provisions as to enforcement and discipline in relation to any breach by the Nominated Warehousekeeper of the Terms, the Rules, the Contract Terms and the G&W Procedures.”

Paragraph 3.2 of the Terms and Conditions of Appointment for Nominated Warehousekeepers goes on to state that, like LIFFE members, Nominated Warehousekeepers will be regarded as “relevant persons” under the LIFFE Rules (and thus will be subject to the obligations created by the LIFFE Rules, including those concerning co-operation with the Exchange and access to records):

“The Nominated Warehousekeeper acknowledges and agrees that for the purposes of the Rules it shall, except where the context otherwise requires, be a “relevant person” for the purposes of the Rules.”

The G&W Procedures reiterate a number of the obligations contained in the LIFFE Rules. In particular, Section C of the G&W Procedures provides that a Nominated Warehousekeeper:

“shall deal with the Exchange in an open and co-operative manner and keep the Exchange promptly informed of anything concerning the Warehousekeeper or, Goods stored within his Warehouse which might reasonably be expected to be disclosed to the Exchange.”

Furthermore, Section D of the G&W Procedures provides the following:

“A Warehousekeeper shall allow representatives of the Exchange to inspect the Warehouse (or premises that were formerly nominated by the Exchange), its facilities for the receipt and delivery of any Goods and the Warehousekeeper’s records relating to the Warehouse and the Goods currently or previously stored within it, during normal working hours. The Exchange may, at its absolute discretion, make or request copies of any such records.”

The contractual arrangements with Nominated Warehousekeepers therefore enable LIFFE to obtain comprehensive information of a regulatory nature. Those arrangements do not contemplate the provision of commercial information to the Exchange, such as information about the fees charged by Nominated Warehousekeepers.

LIFFE’s ability to share Warehouse Information

LIFFE Rule 3.33.1 requires the Exchange to ensure the confidentiality of all information concerning a member’s affairs which has been obtained or received by officials of the Market Supervision Department. The Exchange has explicit powers to share such information with other bodies where this is necessary for the furtherance of the object of the LIFFE market or the proper performance of a regulatory function. In particular,

LIFFE Rule 2.4.1 provides the following:

“The Exchange may enter into any arrangement the Board considers to be in furtherance of the object of the market or the duties of the Exchange under applicable law or regulation with any person or body (including, without limitation, Her Majesty’s Treasury, the Secretary of State, any designated agency under the Financial Services Act 1986, the Bank of England, any exchange, market, clearing house ...) or any group of such persons or bodies which, in the opinion of the Board, exercises a legal or regulatory function under any law or regulation or a function comprising or associated with the enforcement of such a function. In order to assist such persons or bodies in the exercise of such a function and having regard to the object of the market and the duties of the Exchange, the Exchange may at any time disclose to any of them such information concerning or associated with a member or a person connected to a member as the Exchange thinks fit (including, without limitation, information concerning any aspect of transactions made on the market), whether or not a formal arrangement governing such disclosure exists or a request in respect of such information has been made.”

LIFFE is willing to exercise these powers, where necessary, provided the confidentiality of such information is protected by the recipient.



N P Weinreb
Director, Market Secretariat