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Aluminium Committee

Gavin Prentice (Chair)	Marex Financial Limited
Martin Abbott (Vice chair)	London Metal Exchange
Gary Borner	Spectro Alloys Corp
Tristan Busch	Trafigura Beheer B.V. Amsterdam
Holger Ellmann	Alaska Metals
Steve Hodgson	RUSAL Marketing GmbH
Rohan Khurana	Goldman Sachs International
Nick Madden	Novelis Inc.
Jean Marchand	Rio Tinto Alcan Inc.
Nicholas Martin	Norsk Hydro ASA
Michael Parker	Alcoa of Australia
Frans Pettinga	Koch Metals Trading Ltd
Yang Xiao Wu	China Aluminum International Trading Co., Ltd.
Wolfgang Zwingenberger	Trimet Schweiz AG
Hilary Pepperman (Secretary)	London Metal Exchange

Aluminium Committee Meeting Dates

11 June 2012
17 October 2012
03 December 2012



Aluminium Committee Terms of Reference

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Aluminium Committee

Terms of Reference

Status

- 1.1 The Aluminium Committee (the “Committee”) is a sub-committee of the Board of The London Metal Exchange Limited, to which the Board has delegated consideration of the matters set out in 2 below. The Board has also delegated to the Executive Committee (“EXCOM”) the power to consider, and to act on, recommendations made by the Committee.

Purpose

2.1 The Committee is responsible for:

- Ensuring that the contract specifications of the LME’s High Grade Primary Aluminium, Aluminium Alloy and North American Special Aluminium Alloy (“NASAAC”) contracts represent the centre of gravity of the industry’s needs, and, as a consequence, recommending to EXCOM for adoption any proposed specification changes it considers appropriate.
- Overseeing the Primary Aluminium, Aluminium Alloy and NASAAC brand application procedures.
- Recommending to EXCOM the listing and delisting of approved brands and the approval of producer and brand name changes, as necessary.
- Generally monitoring existing brands (including the need for Committee members to advise the Exchange executive of any producer change of ownership, producer change of name, brand marking changes, etc. of which they become aware).
- Passing on to the Exchange executive relevant complaints on any aspect of brands or the LME’s High Grade Primary Aluminium, Aluminium Alloy contracts and the NASAAC.
- The Exchange executive will notify the Committee of complaints on any aspect of brands or the LME’s High Grade Primary Aluminium, Aluminium Alloy contracts and the NASAAC.
- Generally promoting the use of the LME’s High Grade Primary Aluminium, Aluminium Alloy contracts and the NASAAC.
- Responding to Warehousing Committee consultations regarding various warehousing matters.

- The item “State of the Markets” should be raised on every Committee agenda.
- Recommending the addition or deletion of good delivery points in respect of the LME’s High Grade Primary Aluminium, Aluminium Alloy contracts and the NASAAC, for onward consideration by EXCOM.
- Overseeing a survey of approved brands.
- Making recommendations to EXCOM on policy issues related to the LME’s High Grade Primary Aluminium, Aluminium Alloy contracts and the NASAAC.
- Discharging other duties as determined from time to time by EXCOM.

Composition

3.1 The chairman will be appointed by the Board upon recommendation by EXCOM. The chairman can either be from the Primary Aluminium or Alloy industries or, if deemed appropriate by the Board, a member of the Board or of EXCOM.

3.2 A vice chairman will be appointed by the Committee chairman in consultation with EXCOM. Any member of EXCOM can be appointed as vice chairman of the Committee.

3.3 All other Committee members will be appointed by EXCOM upon recommendation from the Committee chairman and notified to the Board.

3.4 The Committee shall comprise balanced appropriate sectional representation, including appropriate broker and non-broker trade and industry representation. The Exchange executive shall be entitled to attend (without a vote) meetings of the Committee and will provide secretarial and administrative support as required.

3.5 Subject to 3.8 below, all Committee members, including the chairman but excluding members appointed from EXCOM, shall be appointed for a period of three years, with a maximum term of nine years’ continuous service. In the event that the chairman feels that an individual should serve for more than nine years, the chairman shall make an application to EXCOM. The application shall contain the reasons for, and the proposed period of, such extension to the individual’s term of service. It shall be the decision of EXCOM as to whether that individual’s term of service should be extended.

3.6 The Board may, at its sole discretion, extend the term of service of the chairman beyond nine years. Where it does so, the Board shall record the reasons for, and the proposed period of, such extension.

- 3.7 The chairman of the committee shall review annually the Committee's performance to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to EXCOM for approval.
- 3.8 The Board may at its sole discretion request that the chairman resign from the Committee at any time, and the chairman shall comply with such request. No reason or period of notice need be given by the Board.
- 3.9 EXCOM may at its sole discretion request that any member of the Committee (except the chairman) resign from the Committee at any time, and such person shall comply with such request. No reason or period of notice need be given by EXCOM.

Frequency of Meetings

- 4.1 The Committee should meet at least four times a year and more frequently when appropriate, unless otherwise recommended by the Committee chairman and approved by EXCOM.
- 4.2 Committee meeting dates shall be agreed in advance affording adequate notice for maximum participation. Papers prepared for the Committee may be sent (by post, email or other medium) between meeting dates. Decisions or recommendations may be solicited and received between meetings, where necessary, to avoid delays in the decision-making processes.
- 4.3 Minutes will be taken for all meetings and will be included in EXCOM papers, and, when either the Committee chairman or EXCOM deems appropriate, tabled at Board meetings.
- 4.4 The Committee shall be at liberty to publicise forthcoming agenda items with the chairman's and the Exchange executive's prior approval in order to encourage outside contributions, where appropriate.
- 4.5 All agenda items must be agreed by the chairman of the Committee in advance of the meeting.

Attendance at Meetings

- 5.1 Failure to attend three consecutive Committee meetings will result in the withdrawal of Committee membership, subject to the discretion of the Committee chairman and EXCOM.

Quorum

6.1 To be quorate, the Committee must have at least 50% of its members present at its meeting, including its chairman or vice chairman. Committee members are prohibited from appointing alternates.

Confidentiality and Conflicts of Interest

7.1 Committee members must ensure that unless outside consultation is agreed, they maintain confidentiality with regard to all matters discussed and all materials and data made available to them in respect of their Committee-related activities. Further, Committee members must not abuse their Committee status and must set aside any potential conflict of interest in their decision-making processes. Where Committee members find themselves in a position of conflict of interest in relation to any matter to be discussed at a Committee meeting, they should consider whether it is appropriate for them to absent themselves from the part of the meeting at which that matter is discussed. Further, where the chairman feels that there will be a conflict of interest in respect of any matter to be discussed at a meeting and it is appropriate for a Committee member to leave all or part of a meeting, the chairman is empowered to ask the member to leave the meeting. No reason need be given.

Committee Recommendations

8.1 EXCOM has the right to accept, reject or modify any recommendations made to it. EXCOM should have sufficient confidence that any recommendation made to it by the Committee is capable of endorsement without further detailed review being necessary by EXCOM members. Accordingly, it is incumbent upon the Committee to ensure that the quality of analysis, research and supporting paperwork it provides to EXCOM in support of any recommendation is sufficient for EXCOM to ratify such a recommendation without further enquiry being necessary.

8.2 In the event that a Committee recommendation is rejected by EXCOM, the Committee chairman has the right to appeal to the Board.

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Committee

Cobalt Committee

Martin Abbott (Chair)	London Metal Exchange
Matthew Ashley	SFP Metals (UK) Ltd
Gordon Buchanan	Stratton Metals Resources Ltd
Guy Darby	Darton Commodities Ltd
Kevin Drinkwater	Sherritt International Corporation
David Gaddes	Norilsk Nickel Europe Ltd
Steve Lawson	Marex Financial
Tony Southgate	ENRC Marketing (Africa) AG
Deborah Stott	Firth Rixson Limited
Wayde Yeoman	OM Group, Inc
Hilary Pepperman (Secretary)	London Metal Exchange

Cobalt Committee Meeting Dates

14 June 2012
04 September 2012
10 December 2012



Cobalt Committee Terms of Reference

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Cobalt Committee

Terms of Reference

Status

1.1 The Cobalt Committee (the “Committee”) is a sub-committee of the Board of The London Metal Exchange Limited, to which the Board has delegated consideration of the matters set out in 2 below. The Board has also delegated to the Executive Committee (“EXCOM”) the power to consider, and to act on, recommendations made by the Committee.

Purpose

2.1 The Committee is responsible for:

- Ensuring that the contract specifications of the LME Cobalt contract represent the centre of gravity of the industry’s needs, and, as a consequence, recommending to EXCOM for adoption any proposed specification changes it considers appropriate.
- Overseeing the Cobalt brand application procedures.
- Recommending to EXCOM the listing and delisting of approved brands and the approval of producer and brand name changes, as necessary.
- Generally monitoring existing brands (including the need for Committee members to advise the Exchange executive of any producer change of ownership, producer change of name, brand marking changes, etc. of which they become aware).
- Passing on to the Exchange executive relevant complaints on any aspect of brands or the LME Cobalt contract.
- The Exchange executive will notify the Committee of complaints on any aspect of brands or the LME Cobalt contract.
- Generally promoting the use of the LME Cobalt contract.
- Responding to Warehousing Committee consultations regarding various warehousing matters.
- The item “State of the Markets” should be raised on every Committee agenda.
- Recommending the addition or deletion of good delivery points in respect of the LME Cobalt contract, for onward consideration by EXCOM.
- Overseeing a survey of approved brands.

- Making recommendations to EXCOM on policy issues related to the LME Cobalt contract.
- Discharging other duties as determined from time to time by EXCOM.

Composition

- 3.1 The chairman will be appointed by the Board upon recommendation by EXCOM. The chairman can either be from the Cobalt industry or, if deemed appropriate by the Board, a member of the Board or of EXCOM.
- 3.2 A vice chairman will be appointed by the Committee chairman in consultation with EXCOM. Any member of EXCOM can be appointed as vice chairman of the Committee.
- 3.3 All other Committee members will be appointed by EXCOM upon recommendation from the Committee chairman and notified to the Board.
- 3.4 The Committee shall comprise balanced appropriate sectional representation, including appropriate broker and non-broker trade and industry representation. The Exchange executive shall be entitled to attend (without a vote) meetings of the Committee and will provide secretarial and administrative support as required.
- 3.5 Subject to 3.8 below, all Committee members, including the chairman but excluding members appointed from EXCOM, shall be appointed for a period of three years, with a maximum term of nine years' continuous service. In the event that the chairman feels that an individual should serve for more than nine years, the chairman shall make an application to EXCOM. The application shall contain the reasons for, and the proposed period of, such extension to the individual's term of service. It shall be the decision of EXCOM as to whether that individual's term of service should be extended.
- 3.6 The Board may, at its sole discretion, extend the term of service of the chairman beyond nine years. Where it does so, the Board shall record the reasons for, and the proposed period of, such extension.
- 3.7 The chairman of the committee shall review annually the Committee's performance to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to EXCOM for approval.
- 3.8 The Board may at its sole discretion request that the chairman resign from the Committee at any time, and the chairman shall comply with such request. No reason or period of notice need be given by the Board.

3.9 EXCOM may at its sole discretion request that any member of the Committee (except the chairman) resign from the Committee at any time, and such person shall comply with such request. No reason or period of notice need be given by EXCOM.

Frequency of Meetings

4.1 The Committee should meet at least four times a year and more frequently when appropriate, unless otherwise recommended by the Committee chairman and approved by EXCOM.

4.2 Committee meeting dates shall be agreed in advance affording adequate notice for maximum participation. Papers prepared for the Committee may be sent (by post, email or other medium) between meeting dates. Decisions or recommendations may be solicited and received between meetings, where necessary, to avoid delays in the decision-making processes.

4.3 Minutes will be taken for all meetings and will be included in EXCOM papers, and, when either the Committee chairman or EXCOM deems appropriate, tabled at Board meetings.

4.4 The Committee shall be at liberty to publicise forthcoming agenda items with the chairman's and the Exchange executive's prior approval in order to encourage outside contributions, where appropriate.

4.5 All agenda items must be agreed by the chairman of the Committee in advance of the meeting.

Attendance at Meetings

5.1 Failure to attend three consecutive Committee meetings will result in the withdrawal of Committee membership, subject to the discretion of the Committee chairman and EXCOM.

Quorum

6.1 To be quorate, the Committee must have at least 50% of its members present at its meeting, including its chairman or vice chairman. Committee members are prohibited from appointing alternates.

Confidentiality and Conflicts of Interest

7.1 Committee members must ensure that unless outside consultation is agreed, they maintain confidentiality with regard to all matters discussed and all materials and data made available to them in respect of their Committee-related activities. Further, Committee members must not abuse their Committee status and must set aside any potential conflict of interest in their decision-making processes. Where Committee members find themselves in a position of conflict of interest in relation to any matter to be discussed at a Committee meeting, they should consider whether it is appropriate for them to absent themselves from the part of the meeting at which that matter is discussed. Further, where the chairman feels that there will be a conflict of interest in respect of any matter to be discussed at a meeting and it is appropriate for a Committee member to leave all or part of a meeting, the chairman is empowered to ask the member to leave the meeting. No reason need be given.

Committee Recommendations

- 8.1 EXCOM has the right to accept, reject or modify any recommendations made to it. EXCOM should have sufficient confidence that any recommendation made to it by the Committee is capable of endorsement without further detailed review being necessary by EXCOM members. Accordingly, it is incumbent upon the Committee to ensure that the quality of analysis, research and supporting paperwork it provides to EXCOM in support of any recommendation is sufficient for EXCOM to ratify such a recommendation without further enquiry being necessary.
- 8.2 In the event that a Committee recommendation is rejected by EXCOM, the Committee chairman has the right to appeal to the Board.

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Copper Committee

Christian Schirmeister (Chair)	JP Morgan
Marco Calamia	KME Group S.p.A.
Mike Cotterill	
Gonzalo Cuadra	Chile Copper Limited
Marion Finney	Aurubis AG
Frédéric Gloppe	Oddo Metals
Liangmin Gu	China Minmetals Nonferrous Metals Co., Ltd
Stephen Higgins	Freeport-McMoRan Sales Company Inc.
Kazumasa Hori	Mitsubishi Materials Corp.
David Lilley	RK Capital Management LLP
Michael Lockwood	Xstrata Copper Middle East, DMCC
Ian Scarlett	Luvata UK Ltd
Bernhard Uldrian	Prysmian Group
Hilary Pepperman (Secretary)	London Metal Exchange

Copper Committee Meeting Dates

01 June 2012
12 October 2012
14 December 2012



Copper Committee Terms of Reference

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Copper Committee

Terms of Reference

Status

1.1 The Copper Committee (the “Committee”) is a sub-committee of the Board of The London Metal Exchange Limited, to which the Board has delegated consideration of the matters set out in 2 below. The Board has also delegated to the Executive Committee (“EXCOM”) the power to consider, and to act on, recommendations made by the Committee.

Purpose

2.1 The Committee is responsible for:

- Ensuring that the contract specifications of the LME Copper – Grade A contract represent the centre of gravity of the industry’s needs, and, as a consequence, recommending to EXCOM for adoption any proposed specification changes it considers appropriate.
- Overseeing the Copper brand application procedures.
- Recommending to EXCOM the listing and delisting of approved brands and the approval of producer and brand name changes, as necessary.
- Generally monitoring existing brands (including the need for Committee members to advise the Exchange executive of any producer change of ownership, producer change of name, brand marking changes, etc. of which they become aware).
- Passing on to the Exchange executive relevant complaints on any aspect of brands or the LME Copper – Grade A contract.
- The Exchange executive will notify the Committee of complaints on any aspect of brands or the LME Copper – Grade A contract.
- Generally promoting the use of the LME Copper – Grade A contract.
- Responding to Warehousing Committee consultations regarding various warehousing matters.
- The item “State of the Markets” should be raised on every Committee agenda.
- Recommending the addition or deletion of good delivery points in respect of the LME Copper - Grade A contract, for onward consideration by EXCOM.
- Overseeing a survey of approved brands.

- Making recommendations to EXCOM on policy issues related to the LME Copper – Grade A contract.
- Discharging other duties as determined from time to time by EXCOM.

Composition

- 3.1 The chairman will be appointed by the Board upon recommendation by EXCOM. The chairman can either be from the Copper industry or, if deemed appropriate by the Board, a member of the Board or of EXCOM.
- 3.2 A vice chairman will be appointed by the Committee chairman in consultation with EXCOM. Any member of EXCOM can be appointed as vice chairman of the Committee.
- 3.3 All other Committee members will be appointed by EXCOM upon recommendation from the Committee chairman and notified to the Board.
- 3.4 The Committee shall comprise balanced appropriate sectional representation, including appropriate broker and non-broker trade and industry representation. The Exchange executive shall be entitled to attend (without a vote) meetings of the Committee and will provide secretarial and administrative support as required.
- 3.5 Subject to 3.8 below, all Committee members, including the chairman but excluding members appointed from EXCOM, shall be appointed for a period of three years, with a maximum term of nine years' continuous service. In the event that the chairman feels that an individual should serve for more than nine years, the chairman shall make an application to EXCOM. The application shall contain the reasons for, and the proposed period of, such extension to the individual's term of service. It shall be the decision of EXCOM as to whether that individual's term of service should be extended.
- 3.6 The Board may, at its sole discretion, extend the term of service of the chairman beyond nine years. Where it does so, the Board shall record the reasons for, and the proposed period of, such extension.
- 3.7 The chairman of the committee shall review annually the Committee's performance to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to EXCOM for approval.
- 3.8 The Board may at its sole discretion request that the chairman resign from the Committee at any time, and the chairman shall comply with such request. No reason or period of notice need be given by the Board.

3.9 EXCOM may at its sole discretion request that any member of the Committee (except the chairman) resign from the Committee at any time, and such person shall comply with such request. No reason or period of notice need be given by EXCOM.

Frequency of Meetings

4.1 The Committee should meet at least four times a year and more frequently when appropriate, unless otherwise recommended by the Committee chairman and approved by EXCOM.

4.2 Committee meeting dates shall be agreed in advance affording adequate notice for maximum participation. Papers prepared for the Committee may be sent (by post, email or other medium) between meeting dates. Decisions or recommendations may be solicited and received between meetings, where necessary, to avoid delays in the decision-making processes.

4.3 Minutes will be taken for all meetings and will be included in EXCOM papers, and, when either the Committee chairman or EXCOM deems appropriate, tabled at Board meetings.

4.4 The Committee shall be at liberty to publicise forthcoming agenda items with the chairman's and the Exchange executive's prior approval in order to encourage outside contributions, where appropriate.

4.5 All agenda items must be agreed by the chairman of the Committee in advance of the meeting.

Attendance at Meetings

5.1 Failure to attend three consecutive Committee meetings will result in the withdrawal of Committee membership, subject to the discretion of the Committee chairman and EXCOM.

Quorum

6.1 To be quorate, the Committee must have at least 50% of its members present at its meeting, including its chairman or vice chairman. Committee members are prohibited from appointing alternates.

Confidentiality and Conflicts of Interest

7.1 Committee members must ensure that unless outside consultation is agreed, they maintain confidentiality with regard to all matters discussed and all materials and data made available to them in respect of their Committee-related activities. Further, Committee members must not abuse their Committee status and must set aside any potential conflict of interest in their decision-making processes. Where Committee members find themselves in a position of conflict of interest in relation to any matter to be discussed at a Committee meeting, they should consider whether it is appropriate for them to absent themselves from the part of the meeting at which that matter is discussed. Further, where the chairman feels that there will be a conflict of interest in respect of any matter to be discussed at a meeting and it is appropriate for a Committee member to leave all or part of a meeting, the chairman is empowered to ask the member to leave the meeting. No reason need be given.

Committee Recommendations

- 8.1 EXCOM has the right to accept, reject or modify any recommendations made to it. EXCOM should have sufficient confidence that any recommendation made to it by the Committee is capable of endorsement without further detailed review being necessary by EXCOM members. Accordingly, it is incumbent upon the Committee to ensure that the quality of analysis, research and supporting paperwork it provides to EXCOM in support of any recommendation is sufficient for EXCOM to ratify such a recommendation without further enquiry being necessary.
- 8.2 In the event that a Committee recommendation is rejected by EXCOM, the Committee chairman has the right to appeal to the Board.

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Committee

Lead & Zinc Committee

John Crofts (Chair)	
Hans D. Sens (Vice chair)	Wilhelm Grillo Handelsgesellschaft mbH
Olivier Brouet	Johnson Controls International
Cersten Buro	UniCredit MIB
Alvaro Insa	Transamine Trading S.A.
Lutz Kieselbach	Boliden Commercial Deutschland GmbH
Javier Suarez	Asturiana de Zinc SA
Theodoor van Beers	Nizi International S.A.
Denise Wang	Thye Ming Industrial Co., Ltd.
Yong Zhao	China Minmetals Non-Ferrous Metals Co., Ltd
Hilary Pepperman (Secretary)	London Metal Exchange

Lead & Zinc Committee Meeting Dates

27 February 2012
15 June 2012
04 October 2012
12 December 2012



Lead and Zinc Committee Terms of Reference

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Lead and Zinc Committee

Terms of Reference

Status

- 1.1 The Lead and Zinc Committee (the “Committee”) is a sub-committee of the Board of The London Metal Exchange Limited, to which the Board has delegated consideration of the matters set out in 2 below. The Board has also delegated to the Executive Committee (“EXCOM”) the power to consider, and to act on, recommendations made by the Committee.

Purpose

2.1 The Committee is responsible for:

- Ensuring that the contract specifications of the LME Standard Lead and the LME Special High Grade Zinc contracts represent the centre of gravity of the industry’s needs, and, as a consequence, recommending to EXCOM for adoption any proposed specification changes it considers appropriate.
- Overseeing the Lead and Zinc brand application procedures.
- Recommending to EXCOM the listing and delisting of approved brands and the approval of producer and brand name changes, as necessary.
- Generally monitoring existing brands (including the need for Committee members to advise the Exchange executive of any producer change of ownership, producer change of name, brand marking changes, etc. of which they become aware).
- Passing on to the Exchange executive relevant complaints on any aspect of brands or the LME Standard Lead and the LME Special High Grade Zinc contracts.
- The Exchange executive will notify the Committee of complaints on any aspect of brands or the LME Standard Lead and the LME Special High Grade Zinc contracts.
- Generally promoting the use of the LME Standard Lead and the LME Special High Grade Zinc contracts.
- Responding to Warehousing Committee consultations regarding various warehousing matters.
- The item “State of the Markets” should be raised on every Committee agenda.
- Recommending the addition or deletion of good delivery points in respect of the LME Standard Lead and the LME Special High Grade Zinc contracts, for onward consideration by EXCOM.

- Overseeing a survey of approved brands.
- Making recommendations to EXCOM on policy issues related to the LME Standard Lead and the LME Special High Grade Zinc contracts.
- Discharging other duties as determined from time to time by EXCOM.

Composition

3.1 The chairman will be appointed by the Board upon recommendation by EXCOM. The chairman can either be from the Lead or Zinc industry or, if deemed appropriate by the Board, a member of the Board or of EXCOM.

3.2 A vice chairman will be appointed by the Committee chairman in consultation with EXCOM. Any member of EXCOM can be appointed as vice chairman of the Committee.

3.3 All other Committee members will be appointed by EXCOM upon recommendation from the Committee chairman and notified to the Board.

3.4 The Committee shall comprise balanced appropriate sectional representation, including appropriate broker and non-broker trade and industry representation. The Exchange executive shall be entitled to attend (without a vote) meetings of the Committee and will provide secretarial and administrative support as required.

3.5 Subject to 3.8 below, all Committee members, including the chairman but excluding members appointed from EXCOM, shall be appointed for a period of three years, with a maximum term of nine years' continuous service. In the event that the chairman feels that an individual should serve for more than nine years, the chairman shall make an application to EXCOM. The application shall contain the reasons for, and the proposed period of, such extension to the individual's term of service. It shall be the decision of EXCOM as to whether that individual's term of service should be extended.

3.6 The Board may, at its sole discretion, extend the term of service of the chairman beyond nine years. Where it does so, the Board shall record the reasons for, and the proposed period of, such extension.

3.7 The chairman of the committee shall review annually the Committee's performance to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to EXCOM for approval.

3.8 The Board may at its sole discretion request that the chairman resign from the Committee at any time, and the chairman shall comply with such request. No reason or period of notice need be given by the Board.



3.9 EXCOM may at its sole discretion request that any member of the Committee (except the chairman) resign from the Committee at any time, and such person shall comply with such request. No reason or period of notice need be given by EXCOM.

Frequency of Meetings

4.1 The Committee should meet at least four times a year and more frequently when appropriate, unless otherwise recommended by the Committee chairman and approved by EXCOM.

4.2 Committee meeting dates shall be agreed in advance affording adequate notice for maximum participation. Papers prepared for the Committee may be sent (by post, email or other medium) between meeting dates. Decisions or recommendations may be solicited and received between meetings, where necessary, to avoid delays in the decision-making processes.

4.3 Minutes will be taken for all meetings and will be included in EXCOM papers, and, when either the Committee chairman or EXCOM deems appropriate, tabled at Board meetings.

4.4 The Committee shall be at liberty to publicise forthcoming agenda items with the chairman's and the Exchange executive's prior approval in order to encourage outside contributions, where appropriate.

4.5 All agenda items must be agreed by the chairman of the Committee in advance of the meeting.

Attendance at Meetings

5.1 Failure to attend three consecutive Committee meetings will result in the withdrawal of Committee membership, subject to the discretion of the Committee chairman and EXCOM.

Quorum

6.1 To be quorate, the Committee must have at least 50% of its members present at its meeting, including its chairman or vice chairman. Committee members are prohibited from appointing alternates.

Confidentiality and Conflicts of Interest

7.1 Committee members must ensure that unless outside consultation is agreed, they maintain confidentiality with regard to all matters discussed and all materials and data made available to them in respect of their Committee-related activities. Further, Committee members must not abuse their Committee status and must set aside any potential conflict of interest in their decision-making processes. Where Committee members find themselves in a position of conflict of interest in relation to any matter to be discussed at a Committee meeting, they should consider whether it is appropriate for them to absent themselves from the part of the meeting at which that matter is discussed. Further, where the chairman feels that there will be a conflict of interest in respect of any matter to be discussed at a meeting and it is appropriate for a Committee member to leave all or part of a meeting, the chairman is empowered to ask the member to leave the meeting. No reason need be given.

Committee Recommendations

8.1 EXCOM has the right to accept, reject or modify any recommendations made to it. EXCOM should have sufficient confidence that any recommendation made to it by the Committee is capable of endorsement without further detailed review being necessary by EXCOM members. Accordingly, it is incumbent upon the Committee to ensure that the quality of analysis, research and supporting paperwork it provides to EXCOM in support of any recommendation is sufficient for EXCOM to ratify such a recommendation without further enquiry being necessary.

8.2 In the event that a Committee recommendation is rejected by EXCOM, the Committee chairman has the right to appeal to the Board.

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Committee

Molybdenum Committee

Martin Abbott (Chair)	London Metal Exchange
Jorge Cristi	Molibdenos y Metales S.A. (Molymet)
Gonzalo Cuadra	Chile Copper Limited
Gregoire de Beco	Traxys Europe S.A.
Erik Hedström	Sandvik Materials Technology
Andreas Keller	Scandinavian Steel AB
Danny Padwick	Standard Bank Plc
Andrew Silver	Natixis
Deborah Stott	Firth Rixson Limited
Hilary Pepperman (Secretary)	London Metal Exchange

Molybdenum Committee Meeting Dates

14 June 2012
04 September 2012
10 December 2012



Molybdenum Committee Terms of Reference

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Molybdenum Committee

Terms of Reference

Status

- 1.1 The Molybdenum Committee (the “Committee”) is a sub-committee of the Board of The London Metal Exchange Limited, to which the Board has delegated consideration of the matters set out in 2 below. The Board has also delegated to the Executive Committee (“EXCOM”) the power to consider, and to act on, recommendations made by the Committee.

Purpose

2.1 The Committee is responsible for:

- Ensuring that the contract specifications of the LME Roasted Molybdenum Concentrate contract represent the centre of gravity of the industry’s needs, and, as a consequence, recommending to EXCOM for adoption any proposed specification changes it considers appropriate.
- Overseeing the Roasted Molybdenum Concentrate brand application procedures.
- Recommending to EXCOM the listing and delisting of approved brands and the approval of producer and brand name changes, as necessary.
- Generally monitoring existing brands (including the need for Committee members to advise the Exchange executive of any producer change of ownership, producer change of name, brand marking changes, etc. of which they become aware).
- Passing on to the Exchange executive relevant complaints on any aspect of brands or the LME Roasted Molybdenum Concentrate contract.
- The Exchange executive will notify the Committee of complaints on any aspect of brands or the LME Roasted Molybdenum Concentrate contract.
- Generally promoting the use of the LME Roasted Molybdenum Concentrate contract.
- Responding to Warehousing Committee consultations regarding various warehousing matters.
- The item “State of the Markets” should be raised on every Committee agenda.
- Recommending the addition or deletion of good delivery points in respect of the LME Roasted Molybdenum Concentrate contract, for onward consideration by EXCOM.
- Overseeing a survey of approved brands.

- Making recommendations to EXCOM on policy issues related to the LME Roasted Molybdenum Concentrate contract.
- Discharging other duties as determined from time to time by EXCOM.

Composition

- 3.1 The chairman will be appointed by the Board upon recommendation by EXCOM. The chairman can either be from the Molybdenum industry or, if deemed appropriate by the Board, a member of the Board or of EXCOM.
- 3.2 A vice chairman will be appointed by the Committee chairman in consultation with EXCOM. Any member of EXCOM can be appointed as vice chairman of the Committee.
- 3.3 All other Committee members will be appointed by EXCOM upon recommendation from the Committee chairman and notified to the Board.
- 3.4 The Committee shall comprise balanced appropriate sectional representation, including appropriate broker and non-broker trade and industry representation. The Exchange executive shall be entitled to attend (without a vote) meetings of the Committee and will provide secretarial and administrative support as required.
- 3.5 Subject to 3.8 below, all Committee members, including the chairman but excluding members appointed from EXCOM, shall be appointed for a period of three years, with a maximum term of nine years' continuous service. In the event that the chairman feels that an individual should serve for more than nine years, the chairman shall make an application to EXCOM. The application shall contain the reasons for, and the proposed period of, such extension to the individual's term of service. It shall be the decision of EXCOM as to whether that individual's term of service should be extended.
- 3.6 The Board may, at its sole discretion, extend the term of service of the chairman beyond nine years. Where it does so, the Board shall record the reasons for, and the proposed period of, such extension.
- 3.7 The chairman of the committee shall review annually the Committee's performance to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to EXCOM for approval.
- 3.8 The Board may at its sole discretion request that the chairman resign from the Committee at any time, and the chairman shall comply with such request. No reason or period of notice need be given by the Board.

3.9 EXCOM may at its sole discretion request that any member of the Committee (except the chairman) resign from the Committee at any time, and such person shall comply with such request. No reason or period of notice need be given by EXCOM.

Frequency of Meetings

4.1 The Committee should meet at least four times a year and more frequently when appropriate, unless otherwise recommended by the Committee chairman and approved by EXCOM.

4.2 Committee meeting dates shall be agreed in advance affording adequate notice for maximum participation. Papers prepared for the Committee may be sent (by post, email or other medium) between meeting dates. Decisions or recommendations may be solicited and received between meetings, where necessary, to avoid delays in the decision-making processes.

4.3 Minutes will be taken for all meetings and will be included in EXCOM papers, and, when either the Committee chairman or EXCOM deems appropriate, tabled at Board meetings.

4.4 The Committee shall be at liberty to publicise forthcoming agenda items with the chairman's and the Exchange executive's prior approval in order to encourage outside contributions, where appropriate.

4.5 All agenda items must be agreed by the chairman of the Committee in advance of the meeting.

Attendance at Meetings

5.1 Failure to attend three consecutive Committee meetings will result in the withdrawal of Committee membership, subject to the discretion of the Committee chairman and EXCOM.

Quorum

6.1 To be quorate, the Committee must have at least 50% of its members present at its meeting, including its chairman or vice chairman. Committee members are prohibited from appointing alternates.

Confidentiality and Conflicts of Interest

7.1 Committee members must ensure that unless outside consultation is agreed, they maintain confidentiality with regard to all matters discussed and all materials and data made available to them in respect of their Committee-related activities. Further, Committee members must not abuse their Committee status and must set aside any potential conflict of interest in their decision-making processes. Where Committee members find themselves in a position of conflict of interest in relation to any matter to be discussed at a Committee meeting, they should consider whether it is appropriate for them to absent themselves from the part of the meeting at which that matter is discussed. Further, where the chairman feels that there will be a conflict of interest in respect of any matter to be discussed at a meeting and it is appropriate for a Committee member to leave all or part of a meeting, the chairman is empowered to ask the member to leave the meeting. No reason need be given.

Committee Recommendations

8.1 EXCOM has the right to accept, reject or modify any recommendations made to it. EXCOM should have sufficient confidence that any recommendation made to it by the Committee is capable of endorsement without further detailed review being necessary by EXCOM members. Accordingly, it is incumbent upon the Committee to ensure that the quality of analysis, research and supporting paperwork it provides to EXCOM in support of any recommendation is sufficient for EXCOM to ratify such a recommendation without further enquiry being necessary.

8.2 In the event that a Committee recommendation is rejected by EXCOM, the Committee chairman has the right to appeal to the Board.

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Nickel Committee

Gavin Prentice (Chair)	Marex Financial Limited
John Smillie (Vice chair)	Xstrata Nickel International S.A.
Klaus Basse	ThyssenKrupp VDM GmbH
Paul Desportes	Eramet
Keith Dunleavy	Stratton Metals Resources Ltd
David Gaddes	Norilsk Nickel Europe Ltd
Fernando Gutierrez	Acerinox, S.A.
Peter Koken	Traxys Deutschland GmbH
Yuji Kubo	NSSC
Carl Landuydt	Aperam
Erik Noren	Outokumpu Stainless AB
Steve Reece	Standard Bank Plc
Rinie van Iwaarden	BHP Billiton Marketing Asia Pte Ltd
Nick Williams	Vale International SA
Michael Wright	ELG Haniel Metals Ltd
Hilary Pepperman (Secretary)	London Metal Exchange

Nickel Committee Meeting Dates

13 June 2012
24 September 2012
05 December 2012



Nickel Committee Terms of Reference

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Nickel Committee

Terms of Reference

Status

- 1.1 The Nickel Committee (the “Committee”) is a sub-committee of the Board of The London Metal Exchange Limited, to which the Board has delegated consideration of the matters set out in 2 below. The Board has also delegated to the Executive Committee (“EXCOM”) the power to consider, and to act on, recommendations made by the Committee.

Purpose

2.1 The Committee is responsible for:

- Ensuring that the contract specifications of the LME Primary Nickel contract represent the centre of gravity of the industry’s needs, and, as a consequence, recommending to EXCOM for adoption any proposed specification changes it considers appropriate.
- Overseeing the Nickel brand application procedures.
- Recommending to EXCOM the listing and delisting of approved brands and the approval of producer and brand name changes, as necessary.
- Generally monitoring existing brands (including the need for Committee members to advise the Exchange executive of any producer change of ownership, producer change of name, brand marking changes, etc. of which they become aware).
- Passing on to the Exchange executive relevant complaints on any aspect of brands or the LME Primary Nickel contract.
- The Exchange executive will notify the Committee of complaints on any aspect of brands or the LME Primary Nickel contract.
- Generally promoting the use of the LME Primary Nickel contract.
- Responding to Warehousing Committee consultations regarding various warehousing matters.
- The item “State of the Markets” should be raised on every Committee agenda.
- Recommending the addition or deletion of good delivery points in respect of the LME Primary Nickel contract, for onward consideration by EXCOM.
- Overseeing a survey of approved brands.

- Making recommendations to EXCOM on policy issues related to the LME Primary Nickel contract.
- Discharging other duties as determined from time to time by EXCOM.

Composition

- 3.1 The chairman will be appointed by the Board upon recommendation by EXCOM. The chairman can either be from the Nickel industry or, if deemed appropriate by the Board, a member of the Board or of EXCOM.
- 3.2 A vice chairman will be appointed by the Committee chairman in consultation with EXCOM. Any member of EXCOM can be appointed as vice chairman of the Committee.
- 3.3 All other Committee members will be appointed by EXCOM upon recommendation from the Committee chairman and notified to the Board.
- 3.4 The Committee shall comprise balanced appropriate sectional representation, including appropriate broker and non-broker trade and industry representation. The Exchange executive shall be entitled to attend (without a vote) meetings of the Committee and will provide secretarial and administrative support as required.
- 3.5 Subject to 3.8 below, all Committee members, including the chairman but excluding members appointed from EXCOM, shall be appointed for a period of three years, with a maximum term of nine years' continuous service. In the event that the chairman feels that an individual should serve for more than nine years, the chairman shall make an application to EXCOM. The application shall contain the reasons for, and the proposed period of, such extension to the individual's term of service. It shall be the decision of EXCOM as to whether that individual's term of service should be extended.
- 3.6 The Board may, at its sole discretion, extend the term of service of the chairman beyond nine years. Where it does so, the Board shall record the reasons for, and the proposed period of, such extension.
- 3.7 The chairman of the committee shall review annually the Committee's performance to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to EXCOM for approval.
- 3.8 The Board may at its sole discretion request that the chairman resign from the Committee at any time, and the chairman shall comply with such request. No reason or period of notice need be given by the Board.

3.9 EXCOM may at its sole discretion request that any member of the Committee (except the chairman) resign from the Committee at any time, and such person shall comply with such request. No reason or period of notice need be given by EXCOM.

Frequency of Meetings

4.1 The Committee should meet at least four times a year and more frequently when appropriate, unless otherwise recommended by the Committee chairman and approved by EXCOM.

4.2 Committee meeting dates shall be agreed in advance affording adequate notice for maximum participation. Papers prepared for the Committee may be sent (by post, email or other medium) between meeting dates. Decisions or recommendations may be solicited and received between meetings, where necessary, to avoid delays in the decision-making processes.

4.3 Minutes will be taken for all meetings and will be included in EXCOM papers, and, when either the Committee chairman or EXCOM deems appropriate, tabled at Board meetings.

4.4 The Committee shall be at liberty to publicise forthcoming agenda items with the chairman's and the Exchange executive's prior approval in order to encourage outside contributions, where appropriate.

4.5 All agenda items must be agreed by the chairman of the Committee in advance of the meeting.

Attendance at Meetings

5.1 Failure to attend three consecutive Committee meetings will result in the withdrawal of Committee membership, subject to the discretion of the Committee chairman and EXCOM.

Quorum

6.1 To be quorate, the Committee must have at least 50% of its members present at its meeting, including its chairman or vice chairman. Committee members are prohibited from appointing alternates.

Confidentiality and Conflicts of Interest

7.1 Committee members must ensure that unless outside consultation is agreed, they maintain confidentiality with regard to all matters discussed and all materials and data made available to them in respect of their Committee-related activities. Further, Committee members must not abuse their Committee status and must set aside any potential conflict of interest in their decision-making processes. Where Committee members find themselves in a position of conflict of interest in relation to any matter to be discussed at a Committee meeting, they should consider whether it is appropriate for them to absent themselves from the part of the meeting at which that matter is discussed. Further, where the chairman feels that there will be a conflict of interest in respect of any matter to be discussed at a meeting and it is appropriate for a Committee member to leave all or part of a meeting, the chairman is empowered to ask the member to leave the meeting. No reason need be given.

Committee Recommendations


8.1 EXCOM has the right to accept, reject or modify any recommendations made to it. EXCOM should have sufficient confidence that any recommendation made to it by the Committee is capable of endorsement without further detailed review being necessary by EXCOM members. Accordingly, it is incumbent upon the Committee to ensure that the quality of analysis, research and supporting paperwork it provides to EXCOM in support of any recommendation is sufficient for EXCOM to ratify such a recommendation without further enquiry being necessary.

8.2 In the event that a Committee recommendation is rejected by EXCOM, the Committee chairman has the right to appeal to the Board.

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Committee

Steel Committee Members

Jim Coupland (Chair)	Standard Bank London
Martin Abbott (Vice chair)	London Metal Exchange
Swen Bornholdt	
Ugur Dalbeler	Colakoglu
Peter Faulkner	FECAT Limited
Jean Luc Fiorenzoni	Stemcor
Neil Fitzpatrick	Metalloyd
Jeff Kabel	JP Morgan
Ray Key	Deutsche Bank
Shon Loth	Noble Europe Ltd
Mark Lyons	CitiGroup
Liz Milan	London Metal Exchange
Ibrahim Ulusal	Mitsui Bussan Commodities NY
Tim Wilson	JP Morgan
Butch Zeederberg	Tube City IMS DMCC
Hilary Pepperman (Secretary)	London Metal Exchange

Steel Committee Meeting Dates

23 April 2012
08 June 2012
20 September 2012
07 December 2012



Steel Committee Terms of Reference

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Steel Committee

Terms of Reference

Status

- 1.1 The Steel Committee (the “Committee”) is a sub-committee of the Board of The London Metal Exchange Limited, to which the Board has delegated consideration of the matters set out in 2 below. The Board has also delegated to the Executive Committee (“EXCOM”) the power to consider, and to act on, recommendations made by the Committee.

Purpose

2.1 The Committee is responsible for:

- Ensuring that the contract specifications of the LME Steel Billet contract represent the centre of gravity of the industry’s needs, and, as a consequence, recommending to EXCOM for adoption any proposed specification changes it considers appropriate.
- Overseeing the Steel Billet contract brand application procedures.
- Recommending to EXCOM the listing and delisting of approved brands and the approval of producer and brand name changes, as necessary.
- Generally monitoring existing brands (including the need for Committee members to advise the Exchange executive of any producer change of ownership, producer change of name, brand marking changes, etc. of which they become aware).
- Passing on to the Exchange executive relevant complaints on any aspect of brands or the LME Steel Billet contract.
- The Exchange executive will notify the Committee of complaints on any aspect of brands or the LME Steel Billet contract
- Generally promoting the use of the LME Steel Billet contract.
- Responding to Warehousing Committee consultations regarding various warehousing matters.
- The item “State of the Markets” should be raised on every Committee agenda.
- Recommending the addition or deletion of good delivery points in respect of the LME Steel Billet contract, for onward consideration by EXCOM.
- Overseeing a survey of approved brands.

- Making recommendations to EXCOM on policy issues related to the LME Steel Billet contract.
- Discharging other duties as determined from time to time by EXCOM.

Composition

- 3.1 The chairman will be appointed by the Board upon recommendation by EXCOM. The chairman can either be from the Steel industry or, if deemed appropriate by the Board, a member of the Board or of EXCOM.
- 3.2 A vice chairman will be appointed by the Committee chairman in consultation with EXCOM. Any member of EXCOM can be appointed as vice chairman of the Committee.
- 3.3 All other Committee members will be appointed by EXCOM upon recommendation from the Committee chairman and notified to the Board.
- 3.4 The Committee shall comprise balanced appropriate sectional representation, including appropriate broker and non-broker trade and industry representation. The Exchange executive shall be entitled to attend (without a vote) meetings of the Committee and will provide secretarial and administrative support as required.
- 3.5 Subject to 3.8 below, all Committee members, including the chairman but excluding members appointed from EXCOM, shall be appointed for a period of three years, with a maximum term of nine years' continuous service. In the event that the chairman feels that an individual should serve for more than nine years, the chairman shall make an application to EXCOM. The application shall contain the reasons for, and the proposed period of, such extension to the individual's term of service. It shall be the decision of EXCOM as to whether that individual's term of service should be extended.
- 3.6 The Board may, at its sole discretion, extend the term of service of the chairman beyond nine years. Where it does so, the Board shall record the reasons for, and the proposed period of, such extension.
- 3.7 The chairman of the committee shall review annually the Committee's performance to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to EXCOM for approval.
- 3.8 The Board may at its sole discretion request that the chairman resign from the Committee at any time, and the chairman shall comply with such request. No reason or period of notice need be given by the Board.

3.9 EXCOM may at its sole discretion request that any member of the Committee (except the chairman) resign from the Committee at any time, and such person shall comply with such request. No reason or period of notice need be given by EXCOM.

Frequency of Meetings

4.1 The Committee should meet at least four times a year and more frequently when appropriate, unless otherwise recommended by the Committee chairman and approved by EXCOM.

4.2 Committee meeting dates shall be agreed in advance affording adequate notice for maximum participation. Papers prepared for the Committee may be sent (by post, email or other medium) between meeting dates. Decisions or recommendations may be solicited and received between meetings, where necessary, to avoid delays in the decision-making processes.

4.3 Minutes will be taken for all meetings and will be included in EXCOM papers, and, when either the Committee chairman or EXCOM deems appropriate, tabled at Board meetings.

4.4 The Committee shall be at liberty to publicise forthcoming agenda items with the chairman's and the Exchange executive's prior approval in order to encourage outside contributions, where appropriate.

4.5 All agenda items must be agreed by the chairman of the Committee in advance of the meeting.

Attendance at Meetings

5.1 Failure to attend three consecutive Committee meetings will result in the withdrawal of Committee membership, subject to the discretion of the Committee chairman and EXCOM.

Quorum

6.1 To be quorate, the Committee must have at least 50% of its members present at its meeting, including its chairman or vice chairman. Committee members are prohibited from appointing alternates.

Confidentiality and Conflicts of Interest

7.1 Committee members must ensure that unless outside consultation is agreed, they maintain confidentiality with regard to all matters discussed and all materials and data made available to them in respect of their Committee-related activities. Further, Committee members must not abuse their Committee status and must set aside any potential conflict of interest in their decision-making processes. Where Committee members find themselves in a position of conflict of interest in relation to any matter to be discussed at a Committee meeting, they should consider whether it is appropriate for them to absent themselves from the part of the meeting at which that matter is discussed. Further, where the chairman feels that there will be a conflict of interest in respect of any matter to be discussed at a meeting and it is appropriate for a Committee member to leave all or part of a meeting, the chairman is empowered to ask the member to leave the meeting. No reason need be given.

Committee Recommendations

8.1 EXCOM has the right to accept, reject or modify any recommendations made to it. EXCOM should have sufficient confidence that any recommendation made to it by the Committee is capable of endorsement without further detailed review being necessary by EXCOM members. Accordingly, it is incumbent upon the Committee to ensure that the quality of analysis, research and supporting paperwork it provides to EXCOM in support of any recommendation is sufficient for EXCOM to ratify such a recommendation without further enquiry being necessary.

8.2 In the event that a Committee recommendation is rejected by EXCOM, the Committee chairman has the right to appeal to the Board.

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Tin Committee

Liz Milan (Chair)	London Metal Exchange
Dato' Seri Dr Mohd Ajib Anuar	Malaysia Smelting Corporation Berhad
George Donoghue	J.P. Morgan Metals Limited
Inge Hofkens	Metallo-Chimique N.V.
Zhou Jiang	Yunnan Tin Co., Ltd.
Vincent Kho	Singapore Asahi Chemical & Solder Industries Pte Ltd
Adam Sussmes	Amalgamated Metal Corporation
Rene van der Kam	Noble Resources Pte. Ltd
Hilary Pepperman (Secretary)	London Metal Exchange

Tin Committee Meeting Dates

18 June 2012
03 September 2012
18 December 2012



Tin Committee Terms of Reference

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 56 Leadenhall Street, London, EC3A 2DX, UK

Tel: +44 (0)20 7264 5555 Fax: +44 (0)20 7680 0505

Tin Committee

Terms of Reference

Status

1.1 The Tin Committee (the “Committee”) is a sub-committee of the Board of The London Metal Exchange Limited, to which the Board has delegated consideration of the matters set out in 2 below. The Board has also delegated to the Executive Committee (“EXCOM”) the power to consider, and to act on, recommendations made by the Committee.

Purpose

2.1 The Committee is responsible for:

- Ensuring that the contract specifications of the LME Tin contract represent the centre of gravity of the industry’s needs, and, as a consequence, recommending to EXCOM for adoption any proposed specification changes it considers appropriate.
- Overseeing the Tin brand application procedures.
- Recommending to EXCOM the listing and delisting of approved brands and the approval of producer and brand name changes, as necessary.
- Generally monitoring existing brands (including the need for Committee members to advise the Exchange executive of any producer change of ownership, producer change of name, brand marking changes, etc. of which they become aware).
- Passing on to the Exchange executive relevant complaints on any aspect of brands or the LME Tin contract.
- The Exchange executive will notify the Committee of complaints on any aspect of brands or the LME Tin contract.
- Generally promoting the use of the LME Tin contract.
- Responding to Warehousing Committee consultations regarding various warehousing matters.
- The item “State of the Markets” should be raised on every Committee agenda.
- Recommending the addition or deletion of good delivery points in respect of the LME Tin contract, for onward consideration by EXCOM.
- Overseeing a survey of approved brands.
- Making recommendations to EXCOM on policy issues related to the LME Tin contract.

- Discharging other duties as determined from time to time by EXCOM.

Composition

- 3.1 The chairman will be appointed by the Board upon recommendation by EXCOM. The chairman can either be from the Tin industry or, if deemed appropriate by the Board, a member of the Board or of EXCOM.
- 3.2 A vice chairman will be appointed by the Committee chairman in consultation with EXCOM. Any member of EXCOM can be appointed as vice chairman of the Committee.
- 3.3 All other Committee members will be appointed by EXCOM upon recommendation from the Committee chairman and notified to the Board.
- 3.4 The Committee shall comprise balanced appropriate sectional representation, including appropriate broker and non-broker trade and industry representation. The Exchange executive shall be entitled to attend (without a vote) meetings of the Committee and will provide secretarial and administrative support as required.
- 3.5 Subject to 3.8 below, all Committee members, including the chairman but excluding members appointed from EXCOM, shall be appointed for a period of three years, with a maximum term of nine years' continuous service. In the event that the chairman feels that an individual should serve for more than nine years, the chairman shall make an application to EXCOM. The application shall contain the reasons for, and the proposed period of, such extension to the individual's term of service. It shall be the decision of EXCOM as to whether that individual's term of service should be extended.
- 3.6 The Board may, at its sole discretion, extend the term of service of the chairman beyond nine years. Where it does so, the Board shall record the reasons for, and the proposed period of, such extension.
- 3.7 The chairman of the committee shall review annually the Committee's performance to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to EXCOM for approval.
- 3.8 The Board may at its sole discretion request that the chairman resign from the Committee at any time, and the chairman shall comply with such request. No reason or period of notice need be given by the Board.
- 3.9 EXCOM may at its sole discretion request that any member of the Committee (except the chairman) resign from the Committee at any time, and such person shall comply with such request. No reason or period of notice need be given by EXCOM.

Frequency of Meetings

- 4.1 The Committee should meet at least four times a year and more frequently when appropriate, unless otherwise recommended by the Committee chairman and approved by EXCOM.
- 4.2 Committee meeting dates shall be agreed in advance affording adequate notice for maximum participation. Papers prepared for the Committee may be sent (by post, email or other medium) between meeting dates. Decisions or recommendations may be solicited and received between meetings, where necessary, to avoid delays in the decision-making processes.
- 4.3 Minutes will be taken for all meetings and will be included in EXCOM papers, and, when either the Committee chairman or EXCOM deems appropriate, tabled at Board meetings.
- 4.4 The Committee shall be at liberty to publicise forthcoming agenda items with the chairman's and the Exchange executive's prior approval in order to encourage outside contributions, where appropriate.
- 4.5 All agenda items must be agreed by the chairman of the Committee in advance of the meeting.

Attendance at Meetings

- 5.1 Failure to attend three consecutive Committee meetings will result in the withdrawal of Committee membership, subject to the discretion of the Committee chairman and EXCOM.

Quorum

- 6.1 To be quorate, the Committee must have at least 50% of its members present at its meeting, including its chairman or vice chairman. Committee members are prohibited from appointing alternates.

Confidentiality and Conflicts of Interest

7.1 Committee members must ensure that unless outside consultation is agreed, they maintain confidentiality with regard to all matters discussed and all materials and data made available to them in respect of their Committee-related activities. Further, Committee members must not abuse their Committee status and must set aside any potential conflict of interest in their decision-making processes. Where Committee members find themselves in a position of conflict of interest in relation to any matter to be discussed at a Committee meeting, they should consider whether it is appropriate for them to absent themselves from the part of the meeting at which that matter is discussed. Further, where the chairman feels that there will be a conflict of interest in respect of any matter to be discussed at a meeting and it is appropriate for a Committee member to leave all or part of a meeting, the chairman is empowered to ask the member to leave the meeting. No reason need be given.

Committee Recommendations

8.1 EXCOM has the right to accept, reject or modify any recommendations made to it. EXCOM should have sufficient confidence that any recommendation made to it by the Committee is capable of endorsement without further detailed review being necessary by EXCOM members. Accordingly, it is incumbent upon the Committee to ensure that the quality of analysis, research and supporting paperwork it provides to EXCOM in support of any recommendation is sufficient for EXCOM to ratify such a recommendation without further enquiry being necessary.

8.2 In the event that a Committee recommendation is rejected by EXCOM, the Committee chairman has the right to appeal to the Board.

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Ring Dealers Committee

Peter Childs (Chair)	London Metal Exchange
Peter Burnett	Metdist Trading Ltd
Nick Fellowes	Amalgamated Metal Trading Limited
Mark Hicks	Triland Metals Ltd
Geoffrey Ison	Sucden Financial Limited
Malcolm Leonard	INTL FCStone (Europe) Ltd
Stuart Neville	ED & F Man Commodity Advisers Limited
Steve Pettitt	Newedge Group (UK Branch)
Lee Pridie	Barclays Bank Plc
Gavin Rankine	J.P.Morgan Securities Ltd
Patrick Seymour	Marex Financial Limited
Andy Vale	Société Générale
Martin Woodall	Natixis Commodity Markets Limited
Katrina Jakubowski (Secretary)	London Metal Exchange

Ring Dealing Committee Meeting Dates

07 June 2012
14 September 2012
06 December 2012



Terms of Reference

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Ring Dealers Committee

Terms of Reference

Status

- 1.1 The Ring Dealers Committee (the “Committee”) is a sub-committee of the Trading Committee to which the Trading Committee has delegated consideration of the matters set out in 2 below. The Board has also granted the Trading Committee the power to delegate certain responsibilities as set out in these Terms of Reference to the Committee and to consider recommendations made by the Committee.

Purpose

- 2.1 The Committee is responsible for considering all aspects of trading on the Ring in order to make such recommendations to the Trading Committee as the Committee considers will enhance the operation of the Exchange and management of trading on the Ring. In particular, the Committee is responsible for:
- Recommending to the Trading Committee and / or Executive Committee the authorisation of probationary dealers.
 - Recommending to the Trading Committee and / or Executive Committee the allocation of booths on the trading floor.
 - Passing on to the Exchange executive relevant complaints.
 - Generally promoting the use of LME contracts.
 - Making recommendations to the Trading Committee on Ring trading related policy issues including trading standards and practitioner issues (but for the avoidance of doubt not related to disciplinary matters).
 - Discharging other duties related to the Ring as determined from time to time by the Trading Committee and / or the Executive Committee.

Composition

- 3.1 The chairman will be a member of LME staff appointed by the Board.
- 3.2 A vice chairman may be appointed by the Committee chairman in consultation with the Chief Executive.
- 3.3 All other Committee members will be appointed from the Ring Dealing Members of the Exchange by the Chief Executive in consultation with the Committee chairman and notified to the Board.
- 3.4 The Executive shall be entitled to attend (without a vote) meetings of the Committee and will provide secretarial and administrative support as required.
- 3.5 All Committee members, excluding LME staff, shall be appointed for a period of three years with a maximum term of nine years' continuous service.

Frequency of Meetings

- 4.1 The Committee shall meet at least quarterly and more frequently when appropriate, unless otherwise recommended by the Committee chairman and approved by the Trading Committee.
- 4.2 The Committee meeting dates shall be agreed annually in advance affording adequate notice for maximum participation. Papers prepared for the Committee may be sent (by post, fax, email or other medium) between meeting dates and decisions or recommendations solicited and received between meetings, where necessary, to avoid delays in the decision-making processes.

- 4.3 Minutes will be taken for all meetings and will be included in Committee papers and the papers for the Trading Committee and, when either the Trading Committee chairman or the Executive Committee deems appropriate, tabled at Board meetings.
- 4.4 The Committee shall be at liberty to publicise forthcoming agenda items with the prior approval of the Committee chairman and the Exchange executives in order to encourage outside contributions, where appropriate.

Attendance at Meetings

- 5.1 Failure to attend three consecutive Committee meetings will result in the Committee chairman contacting the relevant member firm to discuss the future representation of that firm on the Committee. Ultimately, failure to attend three consecutive Committee meetings may result in the withdrawal of Committee membership, subject to the discretion of the Committee chairman and the Chief Executive.

Quorum

- 6.1 To be quorate, the Committee must have at least 50% of its members present at its meeting, including its chairman or a designated alternate for the chairman. Any member of LME staff is acceptable as a designated alternate.

Confidentiality and Conflicts of Interest

- 7.1 Committee members must ensure that unless outside consultation is agreed, they maintain confidentiality with regard to all matters discussed and all materials and data made available to them in respect of their Committee-related activities. Further, Committee members must not abuse their Committee status and must set aside any potential conflict of interest in their decision-making processes. Where Committee members find themselves in a position of conflict of interest in relation to any matter to be discussed at a Committee meeting, they should consider whether it is appropriate for them to absent themselves from the part of the meeting at which that matter is discussed. Further, where the chairman feels that there will be a conflict of interest in respect of any matter to be discussed at a meeting and it is appropriate for a Committee member to leave all or part of a meeting, the Committee chairman is empowered to ask the member to leave the meeting. No reason need be given. The Committee chairman is empowered to ask any Committee member to resign from the Committee if it feels their continued involvement is no longer appropriate. No reason need be given.

Committee Recommendations

- 8.1 The Trading Committee and / or the Executive Committee has the right to accept, reject or modify any recommendations made to it by the Committee. The Trading Committee and Executive Committee should have sufficient confidence that any recommendation made to it by the Committee is capable of endorsement without further detailed review being necessary by Trading Committee or Executive Committee members. Accordingly, it is incumbent upon the Committee to ensure that the quality of analysis, research and supporting paperwork it provides to the Trading Committee and / or Executive Committee in support of any recommendation is sufficient for the Trading Committee and / or Executive Committee to ratify such a recommendation without further enquiry being necessary.

8.2 In the event that a Committee recommendation is rejected by the Trading Committee and / or the Executive Committee, the Committee chairman has the right to appeal to the Board.

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Committees

Traded Options Committee Membership

Ben Green (Chair)	Goldman Sachs International
Martin Abbott (Vice chair)	London Metal Exchange
Daniel Banks	Koch Metals Trading Limited
Jamie Grace	Standard Chartered Bank
Marek Lacko	Trafigura
Martin Thompson	Marex Financial Ltd
Joanna Stuart (Secretary)	London Metal Exchange

Traded Options Committee Meeting Dates

29 June 2010
12 October 2011

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Trade Options Committee

Terms of Reference

Status

The Traded Options Committee is a sub-committee of the Board to which the Board has delegated consideration of the matters set out in 2 below. The Board has also delegated to the Executive Committee the power to consider, and to act on, recommendations made by the Traded Options Committee.

Purpose

2.1 The Traded Options Committee is responsible for:

- Liaising with the Exchange executive to ensure that the trading specification of each LME contract meets the requirements of both the traders and the users of the market, and as a consequence, recommending to the Executive Committee for adoption any proposed specification changes it considers appropriate.
- Passing on to the Exchange executive relevant complaints.
- Generally promoting the use of LME contracts.
- Making recommendations to the Executive Committee on trading related policy issues.
- Discharging other duties as determined from time to time by the Executive Committee.

Composition

3.1 The chairman will be appointed by the Board. The chairman can either be from the metal industry or, if deemed appropriate, a member of the Board or of the Executive Committee.

- 3.2 A vice chairman will be appointed by the committee chairman in consultation with the Chief Executive.
- 3.3 All other committee members will be appointed by the Chief Executive in consultation with the committee chairman and notified to the Board.
- 3.4 The Traded Options Committee shall comprise balanced appropriate sectional representation, including appropriate broker and non-broker trade and industry representation. The Exchange executive shall be entitled to attend (without a vote) meetings of the Traded Options Committee and will provide secretarial and administrative support as required.
- 3.5 All committee members, including the chairman but excluding Exchange staff, shall be appointed for a period of three years, with a maximum term of nine years' continuous service, effective as of 2000.

Frequency of Meetings

- 4.1 The Traded Options Committee shall meet at least quarterly and more frequently when appropriate, unless otherwise recommended by the committee chairman and approved by the Executive Committee.
- 4.2 Traded Options Committee meeting dates shall be agreed annually in advance affording adequate notice for maximum participation. Papers prepared for the Traded Options Committee may be sent (by post, fax, email or other medium) between meeting dates and decisions or recommendations solicited and received between meetings, where necessary, to avoid delays in the decision-making processes.
- 4.3 Minutes will be taken for all meetings and will be included in Executive Committee papers, and, when either the Traded Options Committee chairman or the LME Executive Committee deems appropriate, tabled at Board meetings.

4.4 The Traded Options Committee shall be at liberty to publicise forthcoming agenda items with the chairman's and the Exchange executive's prior approval in order to encourage outside contributions, where appropriate.

Attendance at Meetings

5.2 Failure to attend three consecutive Traded Options Committee meetings will result in the withdrawal of committee membership, subject to the committee chairman's and the Chief Executive's discretion.

Quorum

6.1 To be quorate, the Traded Options Committee must have at least 50% of its members present at its meeting, including its chairman or a designated alternate. Any member of the Executive Committee is acceptable as a designated alternate.

Confidentiality and Conflicts of Interest

7.1 Committee members must ensure that unless outside consultation is agreed, they maintain confidentiality with regard to all matters discussed and all materials and data made available to them in respect of their committee-related activities. Further, committee members must not abuse their committee status and must set aside any potential conflict of interest in their decision-making processes. Where committee members find themselves in a position of conflict of interest in relation to any matter to be discussed at a committee meeting, they should consider whether it is appropriate for them to absent themselves from the part of the meeting at which that matter is discussed. Further, where the chairman feels that there will be a conflict of interest in respect of any matter to be discussed at a meeting and it is appropriate for a committee member to leave all or part of a meeting, the chairman is empowered to ask the member to leave the meeting. No reason need be given. The chairman is empowered to ask any committee member to resign from the committee if it feels their continued involvement is no longer appropriate. No reason need be given.

Committee Recommendations

- 8.1 The Executive Committee has the right to accept, reject or modify any recommendations made to it. The Executive Committee should have sufficient confidence that any recommendation made to it by the Traded Options Committee is capable of endorsement without further detailed review being necessary by Executive Committee members. Accordingly, it is incumbent upon the Traded Options Committee to ensure that the quality of analysis, research and supporting paperwork it provides to the Executive Committee in support of any recommendation is sufficient for the Executive Committee to ratify such a recommendation without further enquiry being necessary.
- 8.2 In the event that a committee recommendation is rejected by the Executive Committee, the committee chairman has the right to appeal to the Board.

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Committees

Trading Committee Members

Martin Pratt (Chair)	Triland Metals Ltd
Peter Allan	Mitsui Bussan Commodities Limited
Neil Clift	JP Morgan Securities Ltd
Nick Fellowes	Amalgamated Metal Trading Limited
Barry Gershon	Bache Commodities Limited
Ben Green	Goldman Sachs International
Geoffrey Ison	Sucden Financial Limited
Jeremy Jevons	Marex Financial Limited
Malcolm Leonard	INTL FCStone (Europe) Ltd
Frans Pettinga	Koch Metals Trading Limited
Fabian Somerville-Cotton	HSBC Bank plc
Andy Vale	Société Générale
Glen Chalkley (Secretary)	London Metal Exchange
Peter Childs (Secretary)	London Metal Exchange

Trading Committee Dates

22 June 2012
28 September 2012
21 December 2012

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Trading Committee

Terms of Reference

Status

- 1.1 The Trading Committee is a sub-committee of the Board to which the Board has delegated consideration of the matters set out in 2 below. The Board has also delegated to the Executive Committee the power to consider, and to act on, recommendations made by the Trading Committee.

Purpose

- 2.1 The Trading Committee is responsible for considering all aspects of trading on the Ring, on Select and on the telephone in order to make such recommendations to the Executive Committee as the Trading Committee considers will enhance the Exchange's operation and management of trading on the Ring, on Select or on the telephone. In particular, the trading Committee is responsible for:-
- Liaising with the Exchange executive to ensure that the trading specification of each LME contract meets the requirements of both the traders and the users of the market, and as a consequence, recommending to the Executive Committee for adoption any proposed specification changes it considers appropriate.
 - Liaising with the Exchange executive to ensure that the LME Select set-up and functionality meets the requirements of both the traders and the users of the market, and as a consequence, recommending to the Executive Committee for adoption any proposed specification changes it considers appropriate.
 - Recommending to the Executive Committee the authorisation of probationary dealers.
 - Recommending to the Executive Committee the allocation of booths on the trading floor.
 - Passing on to the Exchange executive relevant complaints.
 - Generally promoting the use of LME contracts.
 - Making recommendations to the Executive Committee on trading related policy issues.
 - Discharging other duties as determined from time to time by the Executive Committee.

Composition

- 3.1 The chairman will be appointed by the Board. The chairman can either be an authorised floor and/or Select trader or, if deemed appropriate, a member of the Board or of the Executive Committee.
- 3.2 A vice chairman will be appointed by the committee chairman in consultation with the Chief Executive.
- 3.3 All other committee members will be appointed by the Chief Executive in consultation with the committee chairman and notified to the Board.
- 3.4 The Trading Committee shall comprise balanced appropriate sectional representation, including appropriate broker and non-broker trade and industry representation. The Executive shall be entitled to attend (without a vote) meetings of the Trading Committee and will provide secretarial and administrative support as required.
- 3.5 All committee members, including the chairman but excluding LME staff, shall be appointed for a period of three years.

Frequency of Meetings

- 4.1 The Trading Committee shall meet at least quarterly and more frequently when appropriate, unless otherwise recommended by the committee chairman and approved by the Executive Committee.

- 4.2 Trading Committee meeting dates shall be agreed annually in advance affording adequate notice for maximum participation. Papers prepared for the Trading Committee may be sent (by post, fax, email or other medium) between meeting dates and decisions or recommendations solicited and received between meetings, where necessary, to avoid delays in the decision-making processes.
- 4.3 Minutes will be taken for all meetings and will be included in Executive Committee papers, and, when either the Trading Committee chairman or the Executive Committee deems appropriate, tabled at Board meetings.
- 4.4 The Trading Committee shall be at liberty to publicise forthcoming agenda items with the chairman's and the Exchange executive's prior approval in order to encourage outside contributions, where appropriate.

Attendance at Meetings

- 5.1 Failure to attend three consecutive Trading Committee meetings will result in the withdrawal of committee membership, subject to the committee chairman's and the Chief Executive's discretion.

Quorum

- 6.1 To be quorate, the Trading Committee must have at least 50% of its members present at its meeting, including its chairman or a designated alternate for the chairman. Any member of the Executive Committee is acceptable as a designated alternate.

Confidentiality and Conflicts of Interest

- 7.1 Committee members must ensure that unless outside consultation is agreed, they maintain confidentiality with regard to all matters discussed and all materials and data made available to them in respect of their committee-related activities. Further, committee members must not abuse their committee status and must set aside any potential conflict of interest in their decision-making processes. Where committee members find themselves in a position of conflict of interest in relation to any matter to be discussed at a committee meeting, they should consider whether it is appropriate for them to absent themselves from the part of the meeting at which that matter is discussed. Further, where the chairman feels that there will be a conflict of interest in respect of any matter to be discussed at a meeting and it is appropriate for a committee member to leave all or part of a meeting, the chairman is empowered to ask the member to leave the meeting. No reason need be given. The chairman is empowered to ask any committee member to resign from the committee if it feels their continued involvement is no longer appropriate. No reason need be given.

Committee Recommendations

- 8.1 The Executive Committee has the right to accept, reject or modify any recommendations made to it. The Executive Committee should have sufficient confidence that any recommendation made to it by the Trading Committee is capable of endorsement without further detailed review being necessary by Executive Committee members. Accordingly, it is incumbent upon the Trading Committee to ensure that the quality of analysis, research and supporting paperwork it provides to the Executive Committee in support of any recommendation is sufficient for the Executive Committee to ratify such a recommendation without further enquiry being necessary.
- 8.2 In the event that a committee recommendation is rejected by the Executive Committee, the committee chairman has the right to appeal to the Board.

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Committees

Warehousing Committee

Fabian Somerville-Cotton (Chair)	HSBC Bank plc
Miles Linington (Vice chair)	
Gordon Brown	Mitsubishi Corporation (UK) Plc
Gonzalo Cuadra	Chile Copper Limited
Mike Dudley	International Commodity Services Ltd
Sergio Garbin	Pacorini Metals Italia Srl
Graham Hawkins	Henry Bath & Son Ltd
Chris Jonker	C.Steinweg-Handelsveem BV
David Lilley	RK Capital Management LLP
Shon Loth	Noble Europe Ltd
Frans Pettinga	Koch Metals Trading Limited
Thorleif Schjelderup	Hydro Aluminium
Brian Smith	Barclays Capital
Chris Wibbelman	Metro International Trade Services LLC
John Kealey (Secretary)	London Metal Exchange



Warehousing Committee terms of reference

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Warehousing Committee Meeting Dates

12 June 2012
10 September 2012
11 December 2012

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Warehousing Committee

Terms of Reference

Status

1.1 The Warehousing Committee is a sub-committee of the Board to which the Board has delegated consideration of the matters set out in 2 below. The Board has also delegated to the Executive Committee the power to consider, and to act on, recommendations made by the Warehousing Committee.

Purpose

2.1 The Warehousing Committee is responsible for:

- Reviewing the consistency of application by the Exchange of the Exchange's location policy
- Maintaining contact with industry, trade and trade associations.
- Keeping the Executive Committee apprised of relevant issues including industry views, changes to industry structures and other appropriate matters.
- Passing on to the Exchange executive relevant complaints.
- Assisting the Executive, as appropriate, with the formation of working groups to advise EXCOM on warehousing issues (e.g. structure of warehouse agreement, location policy, capacity constraints)
- Making recommendations to the Executive Committee on warehousing related policy issues
- Discharging other duties as determined from time to time by the Executive Committee

Composition

- 3.1 The chairman will be appointed by the Board. The chairman can either be from industry or, if deemed appropriate, a member of the Board or of the Executive Committee.
- 3.2 A vice chairman will be appointed by the committee chairman in consultation with the Chief Executive.
- 3.3 All other committee members will be appointed by the Chief Executive in consultation with the committee chairman and notified to the Board.
- 3.4 The Warehousing Committee shall comprise balanced appropriate sectional representation. The Exchange executive shall be entitled to attend (without a vote) meetings of the Warehousing Committee and will provide secretarial and administrative support as required.
- 3.5 All sub-committee members, including the chairman but excluding Exchange staff, shall be appointed for a period of three years, with a maximum term of nine years' continuous service, effective as of 2000.

Frequency of Meetings

- 4.1 The Warehousing Committee shall meet at least quarterly and more frequently when appropriate, unless otherwise recommended by the committee chairman and approved by the Executive Committee.
- 4.2 Warehousing Committee meeting dates shall be agreed annually in advance affording adequate notice for maximum participation. Papers prepared for the Warehousing Committee may be sent (by post, fax, email or other medium) between meeting dates and decisions or recommendations solicited and received between meetings, where necessary, to avoid delays in the decision-making processes.

4.3 Minutes will be taken for all meetings and will be included in Executive Committee papers, and, when either the Warehousing Committee chairman or the Executive Committee deems appropriate, tabled at Board meetings.

4.4 The Warehousing Committee shall be at liberty to publicise forthcoming agenda items with the chairman's and the Exchange executive's prior approval in order to encourage outside contributions, where appropriate.

Attendance at Meetings

5.1 Failure to attend three consecutive Warehousing Committee meetings will result in the withdrawal of committee membership, subject to the committee chairman's and the Chief Executive's discretion.

Quorum

6.1 To be quorate, the Warehousing Committee must have at least 50% of its members present at its meeting, including its chairman or a designated alternate. Any member of the Executive Committee is acceptable as a designated alternate.

Confidentiality and Conflicts of Interest

7.1 Committee members must ensure that unless outside consultation is agreed, they maintain confidentiality with regard to all matters discussed and all materials and data made available to them in respect of their Warehousing Committee-related activities. Further, Committee members must not abuse their committee status and must set aside any potential conflict of interest in their decision-making processes. Where committee members find themselves in a position of conflict of interest in relation to any matter to be discussed at a committee meeting, they should consider whether it is appropriate for them to absent themselves from the part of the meeting at which that matter is discussed. Further, where the chairman feels that there will be a conflict of interest in respect of any matter to be discussed at a meeting and it is appropriate for a committee member to leave all or part of a meeting, the chairman is empowered to ask the member to leave the meeting. No reason need be given. The chairman is empowered to ask any committee member to resign from the committee if it feels their continued involvement is no longer appropriate. No reason need be given.

Committee Recommendations

- 8.1 The Executive Committee has the right to accept, reject or modify any recommendations made to it. The Executive Committee should have sufficient confidence that any recommendation made to it by the Warehousing Committee is capable of endorsement without further detailed review being necessary by Executive Committee members. Accordingly, it is incumbent upon the Warehousing Committee to ensure that the quality of analysis, research and supporting paperwork it provides to the Executive Committee in support of any recommendation is sufficient for the Executive Committee to ratify such a recommendation without further enquiry being necessary.
- 8.2 In the event that a committee recommendation is rejected by the Executive Committee, the committee chairman has the right to appeal to the Board.

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Committees

Audit & Risk Committee Members

Nat le Roux (Chair)	Independent Director of LME Holdings Limited
Stephen Branton-Speak	Goldman Sachs
Noel Harwerth	Independent Director of LME Holdings Limited
Richard Laing	Independent Director of LME Limited
James Land	Amalgamated Metal Trading Limited
Philip Needham (Secretary)	London Metal Exchange

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Audit & Risk Committee

Terms of Reference

Status

- 1.1 The Audit & Risk Committee (the “Committee”) is a sub-committee of the Board (the “Board”) of LME Holdings Limited (“Holdings”) and the Board of The London Metal Exchange Limited (“Limited”) (the Board and the Board of Limited together the “Boards of Directors”) to which the Board has delegated consideration of the matters set out in 2 below.

Purpose

- 2.1 Matters to be considered by the Committee shall include, but not be limited to, the matters set out in this section. The Committee shall consider the matters below for Holdings, Limited and the group as a whole, as appropriate.

Financial Reporting

- 2.2 The Committee shall monitor the integrity of the financial statements of the group, including annual reports and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgments which they contain.
- 2.3 The Committee shall review and challenge where necessary:
 - 2.3.1 The consistency of, and any changes to, accounting policies both on a year on year basis and across the company/group;
 - 2.3.2 The methods used to account for significant or unusual transactions where different approaches are possible;
 - 2.3.3 Whether the company has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditor;
 - 2.3.4 The clarity of disclosure in the company’s financial reports and the context in which statements are made; and
 - 2.3.5 All material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management).

Internal Controls and Risk Management Systems

- 2.4 The Committee shall:
 - 2.4.1 Approve the Company’s risk management and compliance policy statement;

- 2.4.2 Review the proposed risk management and compliance strategies of the Company and the framework of risk limits and risk appetite and recommend their approval to the Board;
- 2.4.3 Ensure that the material risks facing the Company have been identified and that appropriate arrangements are in place to control & mitigate those risks effectively;
- 2.4.4 Report on Committee business to the Executive Committee and to the Board with such recommendations as the Committee may deem appropriate;
- 2.4.5 Review and challenge risk information received from the Company's risk functions to ensure that the Company is not exceeding the risk appetite set by the Board;
- 2.4.6 Present a profile of the Company's key risks and associated controls to the Board at least annually;

Anti-corruption

- 2.5 The Committee shall:
 - 2.5.1 Review and approve the Company's assessment of the corruption risks to which it is subject and the framework of controls put in place to mitigate those risks, including but not limited to the Company's Anti-Corruption Policy;
 - 2.5.2 Consider corruption risk within the framework of the risk management and compliance policy statement;
 - 2.5.3 Monitor and oversee compliance with the Company's Anti-Corruption Policy, including reviewing the Company's Anti-Corruption Policy on an annual basis to ensure that it remains adequate for the purposes of the Bribery Act 2010 (UK) and any other applicable legislation;
 - 2.5.4 Where appropriate, seek advice or information from the Chief Executive Officer or any other person it deems necessary regarding the Company's Anti-Corruption Policy or compliance with it; and
 - 2.5.5 Report on Committee business to the Executive Committee and to the Board with such recommendations as the Committee may deem appropriate in relation to anti-corruption.

Whistle blowing and Fraud

- 2.6 The Committee shall:
 - 2.6.1 Review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; and
 - 2.6.2 Review the Company's procedures for detecting internal fraud.

Internal Audit

- 2.7 The Committee shall consider annually whether there should be an internal audit function and make a recommendation to the Board accordingly.
- 2.7.1 Where a consultant is appointed to review the Exchange's risk management processes or to verify the controls and measures put in place to mitigate risks, the person or entity will report jointly to the Committee and to the Executive Committee. The appointment or removal of such consultant must be with the consent of the Committee. Before resigning as such a consultant, the person or entity must provide the Committee with an explanation of the resignation.

External Audit

- 2.8 The Committee shall:
- 2.8.1 Consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the Company's external auditor. The Committee shall oversee the selection process for new auditors and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;
- 2.8.2 Oversee the relationship with the external auditor including (but not limited to):
- 2.8.2.1 Approval of their remuneration, whether fees for audit or non-audit services and that the level of fees is appropriate to enable an adequate audit to be conducted;
- 2.8.2.2 Approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- 2.8.2.3 Assessing annually their independence and objectivity taking into account relevant UK professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
- 2.8.2.4 Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business);
- 2.8.2.5 Monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;
- 2.8.2.6 Assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures;
- 2.8.3 Meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit;
- 2.8.4 Review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- 2.8.5 Review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
- 2.8.5.1 A discussion of any major issues which arose during the audit;
- 2.8.5.2 Any accounting and audit judgements; and

- 2.8.5.3 Levels of errors identified during the audit;
- 2.8.6 Review any representation letter(s) requested by the external auditor before they are signed by management;
- 2.8.7 Review the management letter and management's response to the auditor's findings and recommendations; and
- 2.8.8 Develop and implement a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter.
- 2.9 The Committee shall also review the effectiveness of the audit.

Reporting responsibilities

- 2.10 The Committee chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 2.11 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 2.12 The Committee shall compile a report to shareholders on its activities to be included in the Company's annual report.
- 2.13 Where there is disagreement between the Committee and the Board, adequate time should be made available for discussion of the issue with a view to resolving the disagreement. Where any such disagreement cannot be resolved, the Committee has the right to report on the issue to the shareholders as part of the report on its activities.
- 2.14 Minutes will be taken for all meetings and, when the Committee chairman deems appropriate, tabled at meetings of the Board.

Recognition requirements

- 2.15 The Committee shall undertake a regular and thorough review to ensure that the Exchange is meeting its requirements as a Recognised Investment Exchange.

Other Matters

- 2.16 The Committee shall:
 - 2.16.1 Investigate any activity within its terms of reference and seek any information it requires from any employee of the company in order to perform its duties;
 - 2.16.2 Where considered appropriate, be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
 - 2.16.3 Give due consideration to all relevant laws and regulations;
 - 2.16.4 Oversee any investigation of activities which are within its terms of reference and act for internal purposes as a court of the last resort; and

- 2.16.5 Periodically review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Authority

- 2.17 The Committee is authorised:
- 2.17.1 To seek any information it requires from any employee of the Company in order to perform its duties;
- 2.17.2 To have access to all records of the company and any internal or external reports relating thereto which it requires in order to perform its duties;
- 2.17.3 To obtain, at the relevant Company's expense, outside legal or other professional advice on any matter within its terms of reference; and
- 2.17.4 To call any employee to be questioned at a meeting of the Committee as and when required.

Composition

- 3.1 The Nomination Committee shall recommend to the boards of Limited and Holdings the appointment of members to the Committee.
- 3.2 The Committee shall have at least four members. Two shall be appointed from the Invited Directors and the Independent Directors of Holdings or Limited, one of whom will be Chairman. The other two members shall be appointed from the Shareholder Representative Directors of Holdings or Limited. If one of the Shareholder Representative positions is not filled, then an Invited Director or Independent Director of Holdings or Limited, or the Trade Director can fill this position. The Committee must include at least one member who is a Shareholder Representative director.
- 3.3 Members of the Committee shall generally be appointed initially for three years, and shall be eligible for reappointment. If a member of the Committee ceases to be a member of the relevant Board, their membership of the Committee shall automatically cease.
- 3.4 The Boards shall appoint one of the Independent directors to be the Chairman of the Committee. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 3.5 The Company Secretary shall be the Secretary of the Committee.
- 3.6 The external auditors will be invited to attend meetings of the Committee on a regular basis.
- 3.7 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chairman of the Board, the Chief Executive, the Deputy Chief Executive, the Executive Director: Regulation & Compliance, the Company Secretary, the General Counsel & Head of Enforcement and other directors and representatives from the finance, legal and / or compliance functions may be invited to attend all or part of any meeting as and when appropriate.

Frequency of Meetings


- 4.1 The Committee shall meet at least three times annually and more frequently when appropriate. Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members or at the request of external auditors if they consider it necessary.
- 4.2 Committee meeting dates shall be agreed in advance affording adequate notice for maximum participation. Papers prepared for the Committee may be sent (by post, fax, email or other medium) between meeting dates and decisions or recommendations solicited and received between meetings, where necessary, to avoid delays in the decision-making processes.

Quorum

- 5.1 Three members, including the Chairman of the Committee, shall constitute a quorum.
- 5.2 In the event that a vote is required, decisions shall be determined by simple majority and, in the event of a tie, the Chairman of the Committee shall have the casting vote.

Confidentiality and Conflicts of Interest

- 6.1 Committee members must ensure that unless outside consultation is agreed, they maintain confidentiality with regard to all matters discussed and all materials and data made available to them in respect of their Committee-related activities. Further, Committee members must not abuse their Committee status and must set aside any potential conflict of interest in their decision-making processes. Where Committee members find themselves in a position of conflict of interest in relation to any matter to be discussed at a Committee meeting, they should consider whether it is appropriate for them to absent themselves from the part of the meeting at which that matter is discussed. Further, where the Chairman feels that there will be a conflict of interest in respect of any matter to be discussed at a meeting and it is appropriate for a Committee member to leave all or part of a meeting, the Chairman is empowered to ask the member to leave the meeting. No reason need be given. The Chairman is empowered to ask any Committee member to resign from the Committee if it feels their continued involvement is no longer appropriate. No reason need be given.

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Committees

Remuneration Committee

David Rough (Chair)	Invited Director of LME Holdings Limited
Sir Brian Bender KCB	
Catherine Claydon	Independent Director of LME Limited
Fabian Somerville-Cotton	HSBC Bank plc

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Remuneration Committee

Terms of Reference

Status

- 1.1 The Remuneration Committee (the “Committee”) is a sub-committee of the Board (the “Board”) of LME Holdings Limited (“Holdings”) and The London Metal Exchange Limited (“Limited”) to which the Board has delegated consideration of the matters set out in 2 below.

Purpose

- 2.1 Matters to be considered by the Committee shall include, but not be limited to, the matters set out in this section. The Committee shall consider the matters below for Holdings, Limited and the group as a whole, as appropriate.
- 2.2 The Committee shall:
 - 2.2.1 agree the remuneration of the Chairman and Chief Executive;
 - 2.2.2 review and ratify the Chief Executive’s recommendations for the remuneration to be paid to the Independent and Invited Directors of Holdings and Limited and the members of any committee of those boards;
 - 2.2.3 review and ratify the Executive Committee’s recommendations for the remuneration to be paid to the Shareholder Representative Directors and Trade Director of each of Holdings and Limited;
 - 2.2.4 review and ratify the Chief Executive’s recommendations for the remuneration of the Executive Committee;
 - 2.2.5 approve the design of, and determine targets for, any performance related pay schemes operated by the Exchange and approve the total annual payments made under such schemes;
 - 2.2.6 ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Exchange, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
 - 2.2.7 review and note annually the remuneration trends at the Exchange;
 - 2.2.8 agree with the Chief Executive the overall amounts available for salaries and bonuses for Exchange staff;
 - 2.2.9 oversee any major changes in employee benefits structures throughout the Exchange;
 - 2.2.10 ensure that all provisions regarding disclosure of remuneration, including pensions, are fulfilled;
 - 2.2.11 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee; and

- 2.2.12 obtain reliable, up-to-date information about remuneration in other comparable businesses, both by size and by company.
- 2.3 No director or member of the Executive Committee shall be involved in any decisions as to their own remuneration.
- 2.4 The Committee shall periodically review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Composition

- 3.1 The Board shall appoint the members of the Committee in accordance with this section.
- 3.2 The Committee shall have up to five members, to include the Chairman of Limited and four other directors from Holdings and/or Limited. At least one of the members of the Committee shall be appointed from the Shareholder Elected Directors of Limited, and at least one of the members shall be an Independent or Invited Director of Holdings or Limited. One of the members from the Independent or Invited Directors shall be chairman of the Committee.
- 3.3 Members of the Committee shall generally be appointed initially for three years, and shall be eligible for reappointment. If a member of the Committee ceases to be a Director of Holdings or Limited, his membership of the Committee shall automatically cease.
- 3.4 The Company Secretary of Holdings or his nominee shall be the Secretary of the Committee. The Company Secretary of Holdings shall not be present for any discussions relating to his or her own remuneration.

Frequency Of Meetings

- 4.1 The Committee shall meet at least twice per year and more frequently when appropriate.
- 4.2 Committee meeting dates shall be agreed in advance affording adequate notice for maximum participation. Papers prepared for the Committee may be sent (by post, fax, email or other medium) between meeting dates and decisions or recommendations solicited and received between meetings, where necessary, to avoid delays in the decision-making processes.
- 4.3 Minutes will be taken for all meetings and, when the Committee chairman deems appropriate, tabled at Board meetings.

Quorum

- 5.1 Three members, including the chairman of the Committee, an Independent Director of Holdings and/or Limited and one Shareholder Representative Director of Limited, shall constitute a quorum.
- 5.2 In the event that a vote is required, decisions shall be determined by simple majority and, in the event of a tie, the chairman of the Committee shall have the casting vote.

Reporting Responsibilities


- 6.1 The Committee chairman shall report formally to the relevant board on its proceedings after each meeting on all matters within its duties and responsibilities, subject to any necessary restrictions of confidentiality.
- 6.2 The Committee shall make whatever recommendations to the relevant board it deems appropriate on any area within its remit where action or improvement is needed.

Authority

- 7.1 The Committee is authorised to seek any information it requires from any employee of the Exchange in order to perform its duties.
- 7.2 The Committee is authorised, at the expense of the relevant company:
 - 7.2.1 to obtain any outside legal or other professional advice on any matters within its terms of reference; and/or
 - 7.2.2 within any budgetary constraints imposed by the boards, to appoint remuneration consultants, and to commission or purchase any relevant reports, surveys or information which it deems necessary to help fulfil its duties.

Confidentiality and conflicts of interest

- 8.1 Committee members must ensure that unless outside consultation is agreed, they maintain confidentiality with regard to all matters discussed and all materials and data made available to them in respect of their Committee-related activities. Further, Committee members must not abuse their Committee status and must set aside any potential conflict of interest in their decision-making processes. Where Committee members find themselves in a position of conflict of interest in relation to any matter to be discussed at a Committee meeting, they should consider whether it is appropriate for them to absent themselves from the part of the meeting at which that matter is discussed. Further, where the chairman feels that there will be a conflict of interest in respect of any matter to be discussed at a meeting and it is appropriate for a Committee member to leave all or part of a meeting, the chairman is empowered to ask the member to leave the meeting. No reason need be given. The chairman is empowered to ask any Committee member to resign from the Committee if it feels their continued involvement is no longer appropriate. No reason need be given.

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Committees

Trustee Committee Members - LME Pension Scheme

Martin Abbott (Chair)	London Metal Exchange
Glen Chalkley	London Metal Exchange
Neil McGeown	London Metal Exchange
Diarmuid O'Hegarty	London Metal Exchange
Philip Needham (Secretary)	London Metal Exchange

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LONDON METAL EXCHANGE

**TRUSTEE COMMITTEE IN RESPECT OF THE
LONDON METAL EXCHANGE LIMITED PENSION
SCHEME**

TERMS OF REFERENCE

STATUS

1.1 The Trustee Committee is a sub-committee of the Board to which the Board has delegated consideration of the matters set out in 2 below.

PURPOSE

2.1 The committee is responsible for ensuring that the company's pension scheme is operated within its rules and in compliance with the Pensions Act and Regulations. The committee will report to the Audit Committee on an annual basis, more frequently if considered appropriate. It will report to the board on any potential issue that could either increase the liabilities of, or the cost to, the Exchange in respect of pension scheme matters.

COMPOSITION

3.1 The committee comprises three nominated members and two elected members. The three nominated members shall be the Chief Executive, who will chair the committee, together with any other two members of EXCOM as determined by the Board from time to time. The two elected members must be employees of the company who are also members of the Pension Scheme. The elected members shall be nominated and elected by those employees of the Company who are scheme members. An elected member will cease to hold office after three years or after ceasing to qualify as an elected member, whichever happens first. An elected member who has held office for three years is eligible to stand again for re-election if they remain employed and a member of the Scheme.

FREQUENCY OF MEETINGS

4.1 The committee shall meet at least once in each year.

QUORUM


5.1 Two members shall constitute a quorum.

CONFIDENTIALITY AND CONFLICTS OF INTEREST

6.1 Committee members must ensure that unless outside consultation is agreed, they maintain confidentiality with regard to all matters discussed and all materials and data made available to them in respect of their committee-related activities. Further, committee members must not abuse their committee status and must set aside any potential conflict of interest in their decision-making processes. Where committee members find themselves in a position of conflict of interest in relation to any matter to be discussed at a committee meeting, they should consider whether it is appropriate for them to absent themselves from the part of the meeting at which the matter is discussed. Further, where the chairman feels that there will be a conflict of interest in respect of any matter to be discussed at a meeting and it is appropriate for a committee member to leave all or part of a meeting, the chairman is empowered to ask the member to leave the meeting. No reason need be given. The chairman is empowered to ask any committee member to resign from the committee if it feels their continued involvement is no longer appropriate. No reason need be given.

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Committees

Nomination Committee Members

Sir Brian Bender KCB (Chair)	
Catherine Claydon	Independent Director of LME Limited
Jim Coupland	Standard Bank London
Michael Overlander	Sucden Financial Limited

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Nomination Committee

Terms of Reference

Status

- 1.1 The Nomination Committee (the "Committee") is a sub-committee of the Board (the "Board") of LME Holdings Limited ("Holdings") and The London Metal Exchange Limited ("Limited") to which the Board has delegated consideration of the matters set out in 2 below.

Purpose

- 2.1 Subject to the requirements of the Articles of Association of Holdings and of Limited, the Committee shall:
 - 2.1.1 regularly review the structure, size and composition (including the skills, knowledge and experience) required of each of the Boards of Holdings and Limited (together the "Boards") and make recommendations to the Boards with regard to any changes;
 - 2.1.2 give full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Exchange, and what skills and expertise are therefore needed on the Boards in the future;
 - 2.1.3 be responsible for identifying and nominating, for the approval of the relevant Board, candidates to fill vacancies of that Board as and when they arise;
 - 2.1.4 before any appointment is made by a Board, evaluate the balance of skills, knowledge, experience and diversity on that Board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall:
 - 2.1.4.1 use open advertising or the services of external advisers to facilitate the search;
 - 2.1.4.2 consider candidates from a wide range of backgrounds; and
 - 2.1.4.3 consider candidates on merit and against objective criteria and with due regard for the benefit of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position;
 - 2.1.5 keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the Exchange to compete effectively in the marketplace and to continue to meet regulatory requirements;
 - 2.1.6 keep up to date and fully informed about strategic issues and commercial changes affecting the Exchange and the market in which it operates;
 - 2.1.7 review annually the time required from directors. Performance evaluation may be used to assess whether the directors are spending enough time to fulfil their duties;
 - 2.1.8 ensure that on appointment to the Boards, directors receive a formal letter of appointment and appropriate supporting documentation setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings; and
 - 2.1.9 for the appointment of a chairman, the committee should prepare a job specification, including the time commitment expected. A proposed chairman's other significant commitments should

be disclosed to the board before appointment and any changes to the chairman's commitments should be reported to the board as they arise.

- 2.2 The Committee shall also make recommendations to the Boards concerning:
 - 2.2.1 formulating plans for succession for directors and in particular for the key roles of Chairman and Chief Executive;
 - 2.2.2 the re-appointment of any Independent or Invited director of Holdings or Limited at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the relevant Board in the light of the knowledge, skills and experience required;
 - 2.2.3 any matters relating to the continuation in office of any director of Holdings or Limited at any time including the suspension or termination of service of a director as an employee of the company subject to the provisions of the law and any service contract;
 - 2.2.4 the appointment of any director to executive or other office; and
 - 2.2.5 the commencement, nature and duration of any independent review of the Boards' performance which may take place from time-to-time.
- 2.3 The Committee shall periodically review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Composition

- 3.1 The Board of Holdings shall appoint the members of the Committee in accordance with this section.
- 3.2 The Committee shall have up to five members. The Committee shall include:
 - 3.2.1 the Chairman of Holdings;
 - 3.2.2 a Shareholder Elected Director of Limited; and
 - 3.2.3 an Independent Director (aside from the Chairman of Holdings) from either Holdings or Limited.
- 3.3 In addition, the Committee may include up to two additional directors from either Holdings or Limited.
- 3.4 The Chairman of Holdings shall be chairman of the Committee. The chairman shall not chair the Committee when it is dealing with the matter of succession to the Chairmanship of Holdings. In this case, the remaining members present shall elect one of themselves to chair the meeting.
- 3.5 Members of the Committee shall generally be appointed initially for three years, and shall be eligible for reappointment. Members of the Committee may be appointed for a period shorter than three years, or for a specific assignment, where appropriate, and subject to the

provisions of these terms of reference. If a member of the Committee ceases to be a director of Holdings or Limited, their membership of the Committee shall automatically cease.

- 3.6 The Secretary of Holdings or his nominee shall be the Secretary of the Committee.

Frequency Of Meetings

- 4.1 The Committee shall meet at least once per year and more frequently when appropriate.
- 4.2 Committee meeting dates shall be agreed in advance affording adequate notice for maximum participation. Papers prepared for the Committee may be sent (by post, fax, email or other medium) between meeting dates and decisions or recommendations solicited and received between meetings, where necessary, to avoid delays in the decision-making processes.
- 4.3 Minutes will be taken for all meetings and, when the Committee chairman deems appropriate, tabled at Board meetings.

Quorum

- 5.1 Three members, including the Chairman of Holdings and one Shareholder Elected Director of Limited, shall constitute a quorum. The chairman shall not form part of the quorum when the Committee is dealing with the matter of succession to the Chairmanship of Holdings. Where such matters are being dealt with, the quorum shall include an Independent Director of Holdings and/or Limited.
- 5.2 In the event that a vote is required, decisions shall be determined by simple majority and, in the event of a tie, the chairman of the Committee shall have the casting vote.

Reporting Responsibilities

- 6.1 The Committee chairman shall report formally to the relevant Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 6.2 The Committee shall make whatever recommendations to the Boards it deems appropriate on any area within its remit where action or improvement is needed.

Authority

- 7.1 The Committee is authorised to seek any information it requires from any employee of Limited in order to perform its duties.
- 7.2 The Committee is authorised to obtain, at the expense of the relevant company, outside legal or other professional advice on any matters within its terms of reference.

Confidentiality and Conflicts of interest

- 8.1 Committee members must ensure that unless outside consultation is agreed, they maintain confidentiality with regard to all matters discussed and all materials and data made available to them in respect of their Committee-related activities. Further, Committee members must not abuse their Committee status and must set aside any potential conflict of interest in their decision-making processes. Where Committee members find themselves in a position of conflict of interest in relation to any matter to be discussed at a Committee meeting, they should consider whether it is appropriate for them to absent themselves from the part of the meeting at which that matter is discussed. Further, where the chairman feels that there will be a conflict of interest in respect of any matter to be discussed at a meeting and it is appropriate for a Committee member to leave all or part of a meeting, the chairman is empowered to ask the member to leave the meeting. No reason need be given. The chairman is empowered to ask any Committee member to resign from the Committee if it feels their continued involvement is no longer appropriate. No reason need be given.


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Arbitration Panel Committee Members

The Rt Hon The Lord Fraser of Carmyllie QC (Chair)	
Edward J C Album	
Clem Danin	
Miles Linington	
Graham Perry	
Paul Shuman	
Tom Hine (Secretary)	London Metal Exchange

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Arbitration Committee

Terms of Reference

Status

- 1.1 The Arbitration Panel Committee is a sub-committee of the Board to which the Board has delegated consideration of the matters set out at 2 below. The committee also performs functions assigned to it under the LME Arbitration Regulations set out in Part 8 of the Exchange's rulebook.

Purpose

- 2.1 The Arbitration Panel Committee is responsible for advising the board of the LME on:
 - *The LME arbitration regulations.* Disputes arising from any LME contract must be referred to arbitration under the regulations. These are set out in part 8 of the LME rulebook. The Board of the LME has the power to amend these regulations. The committee is responsible for keeping the regulations under review and for recommending any amendments to the Board.
 - *Membership of the LME panel of arbitrators.* An arbitration tribunal set up to hear a case must be chosen from a panel of arbitrators established by the LME. The Board has the power to appoint persons to that panel. The committee reviews applications for membership of the panel and makes recommendations to the Board.
 - *General.* The committee is responsible for keeping the arbitration scheme under general review and making whatever recommendations it thinks appropriate to the Board.
- 2.2 The arbitration regulations give the committee a number of appeal functions. In particular, the committee has the power to remove an arbitrator from the tribunal hearing a particular arbitration and the power to amalgamate two or more arbitrations into one.

Composition

- 3.1 The Board shall appoint the chairman of the committee.
- 3.2 The other members of the committee shall be appointed by the Board on the recommendation of the chairman of the committee.

Frequency of meetings

- 4.1 The Arbitration Panel Committee shall meet when appropriate.
- 4.2 Arbitration Panel Committee meeting dates shall be agreed in advance affording adequate notice for maximum participation. Papers prepared for the Arbitration Panel Committee may be sent (by post, fax, email or other medium) between meeting dates and decisions or recommendations solicited and received between meetings, where necessary, to avoid delays in the decision-making processes.

Quorum

- 5.1 Three members including the chairman of the committee shall constitute a quorum.
- 5.2 In the event that a vote is required, decisions shall be determined by simple majority and in the event of a tie, the chairman of the Arbitration Panel Committee shall have the casting vote.

Confidentiality and conflicts of interest

- 6.1 Arbitration Panel Committee members must ensure that unless outside consultation is agreed, they maintain confidentiality with regard to all matters discussed and all materials and data made available to them in respect of their Arbitration Panel Committee-related activities. Further, Arbitration Panel Committee members must not abuse their committee status and must set aside any potential conflict of interest in their decision-making processes. Where committee members find themselves in a position of conflict of interest in relation to any matter to be discussed at a committee meeting, they should consider whether it is appropriate for them to absent themselves from the part of the meeting at which that matter is discussed. Further, where the chairman feels that there will be a conflict of interest in respect of any matter to be discussed at a meeting and it is appropriate for a committee member to leave all or part of a meeting, the chairman is empowered to ask the member to leave the meeting. The Board and/or the committee chairman are empowered to ask any committee member to resign from the committee if they feel their continued involvement is no longer appropriate. No reason need be given.


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Committees

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Appeal Panel Members

The Rt Hon. The Lord Millett (Chair)	
Michael C Blair QC	
Richard Pratt	

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Appeal Panel

Terms of Reference

Status

- 1.1 The Appeal Panel is a body established by Regulation 11 of Part 2 of the Exchange's Rules and Regulations which has the functions set out in 2 below.


Purpose

- 2.1 The Appeal Panel shall comprise of persons from whom may be drawn persons to form an Appeal Committee for the purposes of Regulation 11 of Part 2 of the Rules and Regulations of the Exchange and the Warehouse Disciplinary Procedures Handbook.

Composition

- 3.1 The Exchange, in consultation with the chairman of the Appeal Panel, shall from time to time appoint persons, who shall not be Directors, to the Appeal Panel. Membership of particular Appeal Committees shall be drawn only from the Appeal Panel.
- 3.2 Membership of the Appeal Panel shall be notified to Members from time to time by means of an administrative notice.
- 3.3 Membership of the Appeal Panel shall be for a period of 5 years (the term) which is 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.
- 3.4 The Exchange shall appoint one member of the Appeal Panel to be the chairman of the Appeal Panel.
- 3.5 No person shall be eligible to serve as a member of the 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.
- 3.6 At least one member of the Appeal Committee must be a qualified lawyer.

- 3.7 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 relevant 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.

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Committees

Charity Committee

The Charity Committee administers donations made by the LME including the [LME Scholarship programme](#).

Catherine Claydon	Independent Director of LME Limited
Gavin Prentice	Marex Financial Limited
Fabian Somerville-Cotton	HSBC Bank plc

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Charity Committee
Terms of Reference

STATUS

1.1 The Charity Committee (the “Committee”) is a sub-committee of the Board to which the Board has delegated consideration of the matters set out in 2 below.

PURPOSE

2.1 The Committee is responsible for:

- (a) Making donations for charitable purposes to one or more beneficiaries within the financial limits set out at paragraph 2.2 below;
- (b) recommending to the Board from time to time one or more beneficiaries to whom the Exchange may wish to make donations for charitable purposes within the financial limits set out at paragraph 2.3 below;
- (c) considering whether any proposed donations are compliant with the Exchange's Anti-Corruption Policy and are otherwise appropriate donations from a compliance and ethics perspective;
- (d) recommending to the Board the amount of any donation to be made to each such beneficiary;
- (e) making suggestions to the Board as to methods by which the Exchange may wish to raise money for or make donations to charitable causes.

2.2 The Committee may make charitable donations of up to £10,000 in any calendar year, with no one donation to one recipient to exceed £4,000.

2.3 The maximum aggregate amount of donations that the Committee may recommend to the Board be made in accordance with paragraph 2.1(b) above in any calendar year shall be £90,000.

2.4 The Board shall be free in its absolute discretion to accept or reject all or part of any recommendation made to it by the Committee.

COMPOSITION

3.1 The Board of Directors shall appoint the Committee chairman from among the members of the Committee.

3.2 All other Committee members will be appointed by the Chairman of the Board in consultation with the Committee chairman and the Chief Executive and notified to the Board.

3.3 The Executive shall be entitled to attend (without a vote) meetings of the Committee and will provide secretarial and administrative support as required.

3.4 All Committee members, including the chairman, shall be appointed for a period of three years, with a maximum term of nine years' continuous service.

FREQUENCY OF MEETINGS

4.1 The Committee shall meet at least annually and more frequently when appropriate.

4.2 Committee meeting dates shall be agreed in advance affording adequate notice for maximum participation. Papers prepared for the Committee may be sent (by post, fax, email or other medium) between meeting dates and decisions or recommendations solicited and received between meetings, where necessary, to avoid delays in the decision-making processes.

4.3 Minutes will be taken for all meetings and, when the Committee chairman deems appropriate, tabled at Board meetings.

QUORUM

5.1 To be quorate, the Committee must have at least two of its members present at its meeting, including its chairman or a designated alternate.

CONFIDENTIALITY, CONFLICTS OF INTEREST AND CORRUPTION

6.1 Committee members must ensure that unless outside consultation is agreed, they maintain confidentiality with regard to all matters discussed and all materials and data made available to them in respect of their Committee-related activities. Further, Committee members must not abuse their Committee status and must set aside any potential conflict of interest in their decision-making processes. Where Committee members find themselves in a position of conflict of interest in relation to any matter to be discussed at a Committee meeting, they should consider whether it


is appropriate for them to absent themselves from the part of the meeting at which that matter is discussed. Further, where the chairman feels that there will be a conflict of interest in respect of any matter to be discussed at a meeting and it is appropriate for a Committee member to leave all or part of a meeting, the chairman is empowered to ask the member to leave the meeting. No reason need be given. The chairman is empowered to ask any Committee member to resign from the Committee if it feels their continued involvement is no longer appropriate. No reason need be given.

6.2 Committee members shall consider whether any proposed donation is compliant with the Exchange's Anti-Corruption Policy and is otherwise appropriate from a compliance and ethics perspective. In doing so, Committee members shall have regard to the following principles:

- (a) Committee members shall undertake such due diligence as is considered appropriate to satisfy themselves that any proposed recipient of a donation is a legitimate organisation with bona fide charitable aims and that any donation will not constitute or give rise to the appearance of bribery or a conflict of interest;
- (b) the Committee shall, in particular, scrutinise closely any proposed donation which is made at the request of, or which could indirectly benefit, a public official, or any individual who is in a position to make any decision which may be to the advantage of the Exchange, and any proposed donations to charitable organisations which are not well known, reputable organisations; and
- (c) if relevant, the Committee shall consider whether any additional steps (such as disclosure of the donation) would be appropriate to mitigate any potential conflict of interest.

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Disciplinary Panel Members

The Rt Hon The Lord Mustill (Chair)	
Phillip Crowson	
Scott Dobbie CBE FSI (Hon)	
Roy Leighton	
Jane Ridley	

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Disciplinary Panel

Terms of Reference

Status

- 1.1 The Disciplinary Panel is a body established by Regulation 11 of Part 2 of the Exchange's Rules and Regulations which has the functions set out in 2 below.

Purpose

- 2.1 The Disciplinary Panel shall comprise of persons from whom will be drawn persons to form a Disciplinary Committee for the purposes of Regulation 11 of Part 2 of the Rules and Regulations of the Exchange and the Warehouse Disciplinary Procedures Handbook.

Composition

- 3.1 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 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.
- 3.2 Membership of the Disciplinary Panel shall be notified to Members from time to time by means of an administrative notice.
- 3.3 Membership of the Disciplinary Panel shall be for a period of 5 years (the term) which is 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 Exchange, 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.
- 3.4 The Exchange shall appoint one member of the Disciplinary Panel to be the chairman of the Disciplinary Panel.
- 3.5 No person shall be eligible to serve as a member of the Disciplinary 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.

- 3.6 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 relevant 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 the Disciplinary Committee.
- 3.7 The Disciplinary Committee shall appoint one of their number to be the chairman.

Frequency of Meetings


- 4.1 Each Disciplinary Committee shall meet as required.

Quorum

- 5.1 The quorum for a meeting of a Disciplinary Committee shall be three, unless decided otherwise by the Disciplinary Committee.
- 5.2 The Disciplinary Committee may decide that any pre-hearing review shall be heard by the chairman sitting alone.

Confidentiality and Conflicts of Interest

- 6.1 Disciplinary Committee members must ensure that unless outside consultation is agreed, they maintain confidentiality with regard to all matters discussed and all materials and data made available to them in respect of their committee-related activities. Further, committee members must not abuse their committee status and must set aside any potential conflict of interest in their decision-making processes. The Exchange is empowered to ask any committee member to resign from the committee if it feels their continued involvement is no longer appropriate. No reason need be given.

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Committees

Enforcement Committee Members

Catherine Claydon	Independent Director of LME Limited
Jim Coupland	Standard Bank London
Michael Overlander	Sucden Financial Limited
Gavin Prentice	Marex Financial Limited
Fabian Somerville-Cotton	HSBC Bank plc
Diarmuid O'Hegarty (Secretary)	London Metal Exchange

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Enforcement Committee

Terms of Reference

Status

- 1.1 The Enforcement Committee is a sub-committee of the Board which exercises the functions ascribed to it under Regulation 11 of Part 2 of the Exchange's Rules and Regulations and the Warehouse Disciplinary Procedures Handbook.

Purpose

- 2.1 The Enforcement Committee is responsible for those functions ascribed to it in Regulation 11, Part 2 of the Exchange's Rules and Regulations. In particular, the Enforcement Committee is the body which:
 - institutes 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.
 - institutes disciplinary proceedings against any warehouse company in respect of any alleged act or acts of misconduct.
 - may agree a settlement of disciplinary proceedings at any time up to the commencement of the disciplinary hearing.

Composition

- 3.1 The Enforcement Committee shall comprise of five Directors of the Exchange appointed by the Executive Director: Regulation and Compliance in consultation with the Chairman of the Exchange. One of the members of the committee must be an Independent Director. The committee shall appoint one of their number to be chairman.

Frequency of Meetings

- 4.1 The Enforcement Committee shall meet when appropriate.
- 4.2 Enforcement Committee meeting dates shall be agreed in advance affording adequate notice for maximum participation. Papers prepared for the Enforcement Committee may be sent (by post, fax, email or other medium) between meeting dates and decisions or recommendations solicited and received between meetings, where necessary, to avoid delays in the decision-making processes.

Quorum

- 5.1 Three members, of whom one must be an Independent Director, shall constitute a quorum.
- 5.2 In the event that a vote is required, decisions shall be determined by simple majority and in the event of a tie, the chairman of the Special Committee shall have the casting vote.

Confidentiality and Conflicts of Interest

- 6.1 Enforcement Committee members must ensure that unless outside consultation is agreed, they maintain confidentiality with regard to all matters discussed and all materials and data made available to them in respect of their Enforcement Committee-related activities. Further, Enforcement Committee members must not abuse their committee status and must set aside any potential conflict of interest in their decision-making processes. The Board and/or the committee chairman are empowered to ask any committee member to resign from the committee if they feel their continued involvement is no longer appropriate. No reason need be given.

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Committees

Quotations committee

Peter Childs (Chair)	London Metal Exchange
Francesca Amato	London Metal Exchange
Hayley Druce	London Metal Exchange
Danny Smith	London Metal Exchange
James Thompson	London Metal Exchange
Sarah Whyte	London Metal Exchange

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Quotations Committee

Terms of Reference

Status

- 1.1 The Quotations Committee exercises the functions ascribed to it under Regulations 5 and 6 of Part 3 of the Exchange's Rules and Regulations.

Purpose

- 2.1 The Quotations Committee is responsible for determining Closing Prices, Settlement Prices and other Official Prices.

Composition

- 3.1 The Quotations Committee shall be appointed by the Executive Committee on behalf of the Board and shall generally comprise of employees of the Exchange.
- 3.2 The Quotations Committee shall appoint one of their number to be the chairman.

Frequency of Meetings


- 4.1 The Quotations Committee shall meet as required.

Quorum

- 5.1 The quorum for a meeting of the Quotations Committee shall be two.

Confidentiality and Conflicts of Interest

- 6.1 Quotations Committee members must ensure that unless outside consultation is agreed, they maintain confidentiality with regard to all matters discussed and all materials and data made available to them in respect of their committee-related activities. Further, committee members must not abuse their committee status and must set aside any potential conflict of interest in their decision-making processes. The Exchange is empowered to ask any committee member to resign from the committee if it feels their continued involvement is no longer appropriate. No reason need be given.

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Committees

Ring disciplinary committee

Peter Childs (Chair)	London Metal Exchange
Francesca Amato	London Metal Exchange
Danny Smith	London Metal Exchange
James Thompson	London Metal Exchange
Sarah Whyte	London Metal Exchange

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Ring Disciplinary Committee

Terms of Reference

Status

1.1 The Ring Disciplinary Committee exercises the functions ascribed to it under Regulation 11 of Part 3 of the Exchange's Rules and Regulations.

Purpose

2.1 The Ring Disciplinary Committee is responsible for the enforcement of discipline on the premises of the Exchange.

2.2 In accordance with Regulation 11.9.1 of Part 3 of the Exchange's Rules and Regulations, 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 Disciplinary Supervisory Panel.

2.3 The procedures (including appeal procedures) of the Ring Disciplinary Committee and the Ring Disciplinary Supervisory Panel are set out in Regulation 11 of Part 3 of the Exchange's Rules and Regulations.

Composition

3.1 The Ring Disciplinary Committee shall be appointed by the Executive Committee on behalf of the Board and shall generally comprise of employees of the Exchange.

3.2 The Ring Disciplinary Supervisory Panel shall comprise of Ring Directors appointed by the Board to enforce discipline on the premises of the Exchange.

3.3 The Ring Disciplinary Committee shall appoint one of their number to be the chairman.

Frequency of Meetings

4.1 The Ring Disciplinary Committee shall meet as required.

Quorum

5.1 The quorum for a meeting of the Ring Disciplinary Committee shall be two.

Confidentiality and Conflicts of Interest

6.1 Ring Disciplinary Committee members must ensure that unless outside consultation is agreed, they maintain confidentiality with regard to all matters discussed and all materials and data made available to them in respect of their committee-related activities. Further, committee members must not abuse their committee status and must set aside any potential conflict of interest in their decision-making processes. The Exchange is empowered to ask any committee member to resign from the committee if it feels their continued involvement is no longer appropriate. No reason need be given.

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Committees

Special Committee

Phillip Crowson (Chair)	
Sir Brian Bender KCB	
Catherine Claydon	Independent Director of LME Limited
Barbara Dohmann QC	Blackstone Chambers
John Foyle	
Richard Laing	Independent Director of LME Limited
Paul Richardson	
Diarmuid O'Hegarty (Secretary)	London Metal Exchange

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Special Committee

Terms of Reference

Status

- 1.1 The Special Committee is a sub-committee of the Board to which the Board has delegated emergency powers under Regulation 15 of Part 3 of the Exchange's Rules and Regulations.

Purpose

- 2.1 Regulation 15 of Part 3 of the Exchange's Rules and Regulations provides that:
- (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;
 - (c) reducing its net trading position.
 - (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.
 - (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.



- (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.
- (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 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 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.
- (6) In the event that a cessation or suspension or limitation of trading in any metal 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 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.
- (7) Where for any reason the Directors determine that the use of SWORD 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.

Composition

3.1 The Board shall appoint to the Special Committee persons who have no material interest in the contracts traded on the Exchange and who may include one or more of the Independent Directors.

3.2 The members of the committee shall appoint a chairman from amongst their number.

3.3 The Executive Director: Regulation and Compliance shall be the secretary of, and be entitled to attend meetings of the committee. The Chief Executive and General Counsel of the Exchange shall be entitled to attend meetings of the committee.

Frequency of Meetings

4.1 The Special Committee shall meet quarterly.

4.2 Special Committee meeting dates shall be agreed in advance affording adequate notice for maximum participation. Papers prepared for the Special Committee may be sent (by post, fax, email or other medium) between meeting dates and decisions or recommendations solicited and received between meetings, where necessary, to avoid delays in the decision-making processes.

Quorum

5.1 Two members shall constitute a quorum.

5.2 In the event that a vote is required, decisions shall be determined by simple majority and in the event of a tie, the chairman of the Special Committee shall have the casting vote.

Confidentiality and Conflicts of Interest

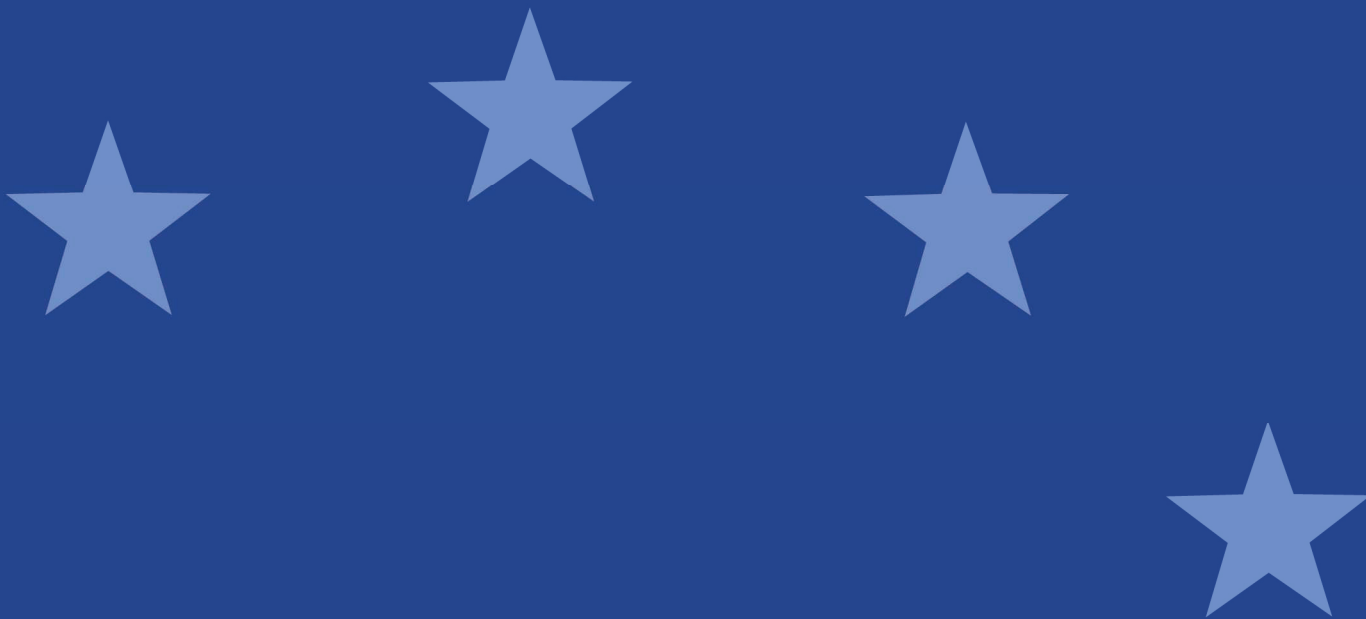
6.1 Special Committee members must ensure that unless outside consultation is agreed, they maintain confidentiality with regard to all matters discussed and all materials and data made available to them in respect of their Special Committee-related activities. Further, Special Committee members must not abuse their committee status and must set aside any potential conflict of interest in their decision-making processes. The Board and/or the Chairman of the Exchange are empowered to ask any committee member to resign from the committee if they feel their continued involvement is no longer appropriate. No reason need be given.



European Securities and
Markets Authority

Guidelines

Systems and controls in an automated trading environment for trading platforms, investment firms and competent authorities





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I. Scope

What?

1. This paper contains guidelines issued under Article 16 of the ESMA Regulation. In accordance with Article 16(3) of the ESMA Regulation, competent authorities and financial market participants must make every effort to comply with the guidelines and recommendations.

Who?

2. These guidelines set out ESMA's view of how Union law should be applied in a particular area, or of appropriate supervisory practices within the European System of Financial Supervision. ESMA therefore expects all relevant competent authorities and financial market participants to comply with these guidelines unless otherwise stated.
3. These guidelines cover :
 - a. the operation of an electronic trading system by a regulated market or a multilateral trading facility;
 - b. the use of an electronic trading system, including a trading algorithm, by an investment firm for dealing on own account or for the execution of orders on behalf of clients; and
 - c. the provision of direct market access or sponsored access by an investment firm as part of the service of the execution of orders on behalf of clients.
4. The guidelines will also have implications for firms not authorised as market operators or investment firms under MiFID. These include firms who sell electronic trading systems to market operators or investment firms, or act as the outsourced providers of such systems, or provide connectivity services to investment firms when accessing trading platforms. Such firms will be affected by trading platforms' and investment firms' obligations in relation to their electronic trading systems.
5. The guidelines will also affect firms exempt from MiFID who trade on own account and access trading platforms directly as members, participants or users, or through DMA or SA. They will be affected by the guidelines on fair and orderly trading for trading platforms in relation to the requirements for members, participants and users who are not authorised, and the guidelines for trading platforms and investment firms relating to DMA and SA.
6. References in the guidelines to investment firms relate to investment firms when executing orders on behalf of clients and/or dealing on own account in an automated trading environment. An investment firm when operating a multilateral trading facility is covered by the guidelines relating to trading platforms.

7. ESMA includes within the scope of electronic trading systems used by investment firms, electronic systems to send orders to trading platforms (whether or not orders from clients are submitted electronically to the investment firm) and electronic systems which automatically generate orders i.e. trading algorithms. Smart order routers may be part of a firm's systems for sending orders to trading platforms. For the purposes of this work, ESMA covers smart order routers only from the perspective of the risks involved in order entry and not, for example, in relation to best execution.
8. These guidelines are not restricted to the trading of shares but cover trading in an automated environment of any financial instrument (as defined in MiFID).
9. For both trading platforms and investment firms, the systems and controls employed in complying with these guidelines should take into account the nature, scale and complexity of their business.

When?

10. These guidelines will become effective *one month after the publication by national competent authorities of the guidelines on their official website in their national language*. According to this schedule and unless otherwise informed, market participants should be able to comply with the guidelines since the 1st May 2012.

Reporting Requirements

11. Competent authorities that comply with these guidelines should incorporate them into their supervisory practices, including where particular guidelines within the document are directed primarily at financial market participants. National competent authorities must notify ESMA whether they comply or intend to comply with these guidelines, with reasons for non-compliance, *two months after publication of the final guidelines in all EU official languages*.
12. Financial market participants are not required to report to ESMA whether they comply with these guidelines.

II. Definitions

13. For the purposes of these guidelines, terms shown in italics have the meaning defined in the table below. Certain other terms used in the guidelines, for example investment firm, have the meaning defined in Article 4 of the *Markets in Financial Instruments Directive*.

<i>Competent Authorities</i>	Competent authorities designated under Article 48 of MiFID
<i>Direct Market Access (DMA)</i>	An arrangement through which an investment firm that is a member/participant or user of a trading platform permits specified clients (including eligible counterparties) to transmit orders electronically to the investment firm's internal electronic trading systems for automatic onward transmission under the investment firm's trading ID to a specified trading platform.
<i>ESMA</i>	European Securities and Markets Authority

<i>ESMA Regulation</i>	Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC, OJ L 331, 15.12.2010, p.84.
<i>Financial Market Participants</i>	A person as defined in Article 4(1) of the ESMA Regulation: “...means any person in relation to whom a requirement in the legislation referred to in Article 1(2) [which includes MiFID and MAD and their respective implementing measures] or a national law implementing such legislation applies”
<i>Market Abuse Directive (MAD)</i>	Directive 2003/6/EC of the European Parliament and of the Council of 28 January 2003 on insider dealing and market manipulation (market abuse), OJ L 96, 12.4.2003, p.16.
<i>Markets in Financial Instruments Directive (MiFID)</i>	Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC, OJ L 145, 30.4.2004, p.1.
<i>MiFID Implementing Directive</i>	Commission Directive 2006/73/EC of 10 August 2006 implementing Directive 2004/39/EC of the European Parliament and the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive, OJ L 241, 2.9.2006, p.26.
<i>Sponsored Access (SA)</i>	An arrangement through which an investment firm that is a member/participant or user of a trading platform permits specified clients (including eligible counterparties) to transmit orders electronically and directly to a specified trading platform under the investment firm’s trading ID without the orders being routed through the investment firm’s internal electronic trading systems.
<i>Suspicious Transaction Report (STR)</i>	Reports to competent authorities required under Article 6(9) of MAD where a person professionally arranging transactions reasonably suspects that a transaction might constitute insider dealing or market manipulation.
<i>Trading Algorithm</i>	Computer software operating on the basis of key parameters set by an investment firm or a client of an investment firm that generates orders to be submitted to trading platforms automatically in response to market information.
<i>Trading Platform</i>	A regulated market (RM) or multilateral trading facility (MTF).

III. Purpose

14. The purpose of these guidelines is to ensure common, uniform and consistent application of MiFID and MAD as they apply to the systems and controls required of:
- trading platforms and investment firms in an automated trading environment; and
 - trading platforms and investment firms in relation to the provision of DMA or SA.

IV. Guidelines on systems and controls in an automated trading environment for trading platforms, investment firms and competent authorities

Guideline 1. Organisational requirements for regulated markets' and multilateral trading facilities' electronic trading systems

Relevant legislation.

Article 39, paragraphs (b) and (c), of MiFID for regulated markets.

Article 14, paragraph (1), and Article 13, paragraphs (2), (4), (5) and (6,) of MiFID and Articles 5 to 9, Articles 13 and 14 and Article 51 of the MiFID Implementing Directive for multilateral trading facilities.

General guideline

1. A regulated market's or multilateral trading facility's electronic trading system (or systems) shall ensure that it complies with applicable obligations under MiFID and other relevant Union and national law taking into account technological advancements and trends in the use of technology by its members/participants or users. In particular, the system (or systems) should be well adapted to the business which takes place through it (or them) and is (or are) robust enough to ensure continuity and regularity in the performance of the automated market (or markets) operated by the market operator or investment firm.

Detailed guidelines

2. In following the general guideline trading platforms should at least take into account the following:

a) Governance

- The governance process is central to compliance with regulatory obligations. Trading platforms should, within their overall governance and decision-making framework, develop, procure (including outsourcing) and monitor their electronic trading systems through a clear and formalised governance process. The governance process must ensure that all of the relevant considerations including commercial, technical, risk and compliance that ought to be brought to bear in making the key decisions are given due weight. In particular, it must embed compliance and risk management principles. The governance process must also have clear lines of accountability, including procedures for the sign-off for development, initial deployment, subsequent updates and resolution of problems identified through monitoring. There should also be appropriate procedures for the communication of information.

- In the governance process compliance staff should be responsible for providing clarity about the market operator or firm's regulatory obligations and the policies and procedures that seek to ensure the use of the trading systems comply with the market operator or firm's obligations and that any failures to comply are detected. This requires compliance staff to have an understanding of the way in which the trading systems operate but not knowledge of the technical properties of the trading systems.

a) Capacity and resilience

- Regulated markets' and multilateral trading facilities' electronic trading systems should have sufficient capacity to accommodate reasonably foreseeable volumes of messaging and that are scalable to allow for capacity to be increased in order to respond to rising message flow and emergency conditions that might threaten their proper operation.

b) Business Continuity

- Trading platforms should have effective business continuity arrangements in relation to their electronic trading systems to address disruptive incidents, including but not limited to system failures. The business continuity arrangements should ensure a timely resumption of trading, including but not limited to system failures. The arrangements should cover, as appropriate, matters such as:
 - a. Governance for the development and deployment of the arrangements;
 - b. Consideration of an adequate range of possible scenarios related to the operation of their electronic trading systems which require specific continuity arrangements;
 - c. The backing up of business (including compliance) critical data that flows through their electronic trading systems;
 - d. The procedures for moving to and operating the electronic trading system from a back-up site;
 - e. Staff training on the operation of the arrangements and individuals' roles within them; and
 - f. An on-going programme for the testing, evaluation and review of the arrangements including procedures for modification of the arrangements in light of the results of that programme.

d) Testing

- Trading platforms should prior to deploying an electronic trading system, and prior to deploying updates, make use of clearly delineated development and testing methodologies. The use of these methodologies should seek to ensure that, amongst other things, the operation of the electronic trading system is compatible with the regulated market's and multilateral trading facility's obligations under MiFID and other relevant Union or national law, that compliance and risk management controls embedded in the systems work as intended (including generating error reports automatically) and that the electronic trading system can continue to work effectively in stressed market conditions.

e) Monitoring and review

- Trading platforms should monitor in real time their electronic trading systems. They should deal adequately with problems identified as soon as reasonably possible in order of priority and be able when necessary to adjust, wind down, or shut down the electronic trading system. Decisions on action to deal with problems with electronic trading systems should take due account of the need, as far as possible, for those operating trading platforms to act in an orderly manner.
- In order to ensure that trading platforms remain continually effective, the operators of these trading platforms should periodically review and evaluate their electronic trading systems, and associated process for governance, accountability and sign-off and associated business continuity arrangements. They should act on the basis of these reviews and evaluations to remedy deficiencies. The review and evaluation process should have some degree of independence which can be achieved, for example, by the involvement of internal audit or third parties.

f) Security

- Trading platforms should have procedures and arrangements for physical and electronic security designed to protect their electronic trading systems from misuse or unauthorised access and to ensure the integrity of the data that is part of or passes through the systems.

g) Staffing

- Trading platforms should have procedures and arrangements, including recruitment and training, to determine their staffing requirements and then to ensure they employ sufficient number of staff with the necessary skills and expertise to manage their electronic trading systems. This will include employing staff with knowledge of relevant electronic trading systems, the monitoring and testing of such systems and the sort of trading that will be undertaken by members/participants of the regulated market or users of the multilateral trading facility and of the regulated markets' or multilateral trading systems' regulatory obligations.

h) Record keeping and cooperation

- Trading platforms should keep records in relation to their electronic trading systems covering at least the matters referred to in points a) to g) above. That will include information about key decisions, system properties, testing methodologies, test results and periodic reviews. The records should be sufficiently detailed to enable competent authorities to monitor compliance with relevant obligations of the trading platform. Market operators and investment firms operating multilateral trading facilities should keep the records for at least 5 years. Market operators operating regulated markets should keep them for at least as long as required by their home competent authority.
- Trading platforms should inform competent authorities, in line with the supervisory arrangements that exist in their Member State, about any significant risks that may affect the sound management of the technical operations of the system and major incidents where those risks crystallise.

Guideline 2. Organisational requirements for investment firms' electronic trading systems (including trading algorithms)

Relevant legislation. *Articles 13, paragraphs (2), (4), (5) and (6), of MiFID and Articles 5 to 9, Articles 13 and 14 and Article 51 of the MiFID Implementing Directive*

General guideline

1. An investment firms' electronic trading system (or systems), including trading algorithms, shall ensure that the firm complies with applicable obligations under MiFID and other relevant Union and national laws as well as the rules of the trading platforms to which it sends orders. In particular, the system (or systems) should be well adapted to the business which takes place through it (or them) and is (or are) robust enough to ensure continuity and regularity in the performance of its investment services and activities in an automated trading environment.

Detailed guidelines

2. In following the general guideline investment firms should at least take into account the following:

a) Governance

- The governance process is central to compliance with regulatory obligations. Investment firms should, within their overall governance and decision-making framework, develop, procure (including outsourcing) and monitor their electronic trading systems, including trading algorithms, through a clear and formalised governance process. This governance process must ensure that all of the relevant considerations including commercial, technical, risk and compliance that ought to be brought to bear in making the key decisions are given due weight. In particular, it must embed compliance and risk management principles. The governance process must also have clear lines of accountability, including procedures for the sign-off for development, initial deployment, subsequent updates and resolution of problems identified through monitoring. There should also be appropriate procedures for the communication of information.
- In the governance process compliance staff should be responsible for providing clarity about the firm's regulatory obligations and the policies and procedures that seek to ensure the use of the trading systems and algorithms comply with the firm's obligations and that any failures to comply are detected. This means compliance staff need to understand the way in which trading systems and algorithms operate, but not knowledge of the technical properties of the trading systems or algorithms.

b) Capacity and resilience

- Investment firm's electronic trading systems should have sufficient capacity to accommodate reasonably foreseeable volumes of messaging. Capacity should be scalable and able to respond to rising message flow and emergency conditions that might threaten the system's proper operation.

c) Business Continuity

- Investment firms should have adequate, reasonable and effective business continuity arrangements in relation to their electronic trading systems to cover disruptive incidents (which, as necessary, can ensure a timely resumption of trading) including but not limited to system failures, as the arrangements should cover, as appropriate, matters such as:

- a. Governance for the development and deployment of the arrangements;

- b. Consideration of an adequate range of possible scenarios related to the operation of their electronic trading systems which require specific continuity arrangements;
- c. The backing up of business (including compliance) critical data that flows through their electronic trading systems;
- d. The procedures for moving to and operating the electronic trading system from a back-up site;
- e. Staff training on the operation of the arrangements and individuals' roles within them; and
- f. An on-going programme for the testing, evaluation and review of the arrangements including procedures for modification of the arrangements in light of the results of that programme.

d) Testing

- Investment firms should prior to deploying an electronic trading system or a trading algorithm and prior to deploying updates, make use of clearly delineated development and testing methodologies. For algorithms these might include performance simulations/back testing or offline-testing within a trading platform testing environment (where market operators make testing available). The use of these methodologies should seek to ensure that, amongst other things, the operation of the electronic trading system or trading algorithm is compatible with the investment firm's obligations under MiFID and other relevant Union and national laws as well as the rules of the trading platforms they use, that compliance and risk management controls embedded in the system or algorithm work as intended (including generating error reports automatically) and that the electronic trading system or algorithm can continue to work effectively in stressed market conditions. Working effectively in stressed market conditions may imply (but not necessarily) that the system or algorithm switches off under those conditions.
- Investment firms should adapt trading algorithm tests (including tests outside live trading environments) to the strategy the firm will use the algorithm for (including the markets to which it will send orders and their structure). The investment firm should also ensure these tests are commensurate with the risks that this strategy may pose to itself and to the fair and orderly functioning of the markets operated by the trading platforms the firm intends the algorithm to send orders to. Investment firms should undertake further testing if the markets in which the algorithm is to be used changes from those originally intended.
- Investment firms should roll out the deployment of trading algorithms in a live environment in a controlled and cautious fashion by, for example, limits being placed on the number of financial instruments being traded, the value and number of orders, and the number of markets to which orders are sent to enable the firm to check that an algorithm performs as expected in a live environment and to make changes if it does not.

e) Monitoring and review

- Investment firms should monitor in real time their electronic trading systems, including trading algorithms. They should deal adequately with problems identified as soon as reasonably possible in order of priority and be able when necessary to adjust, wind down, or immediately shut down their electronic trading system or trading algorithm. Investment firms when taking action to deal

with problems with their electronic trading systems should, as far as possible, take due account of the need, as far as possible, for members/participants and users of regulated markets to act in an orderly manner.

- Investment firms should periodically review and evaluate their electronic trading systems and trading algorithms, and the associated governance, accountability and sign-off framework and associated business continuity arrangements. They should act on the basis of these reviews and evaluations to remedy deficiencies identified. The review and evaluation process should have some degree of independence which can be achieved, for example, by the involvement of internal audit or third parties. Reviews of the performance of trading algorithms should include an assessment of the impact on market integrity and resilience as well as profit and loss of the strategies the algorithm is deployed for.

f) Security

- Investment firms should have procedures and arrangements for physical and electronic security designed to protect electronic trading systems and trading algorithms from misuse or unauthorised access and to ensure the integrity of the data that is part of or passes through the systems and algorithms.

g) Staffing

- Investment firms should have procedures and arrangements, including training and recruitment, to determine their staffing requirements and to employ sufficient number of staff with the necessary skills and expertise to manage their electronic trading systems and trading algorithms. This will include employing staff who have knowledge of relevant electronic trading systems and algorithms, the monitoring and testing of such systems and algorithms, and of the sort of trading strategies that the firm deploys through its trading systems and algorithms and of firms' regulatory obligations.

h) Record keeping and co-operation

- Investment firms should keep, for at least five years, records of their electronic trading systems (and trading algorithms) in relation to the matters covered in paragraph 3, including information about key decisions, the trading strategy or strategies that each algorithm is deployed to execute, system properties, testing methodologies, test results and periodic reviews. The records should be sufficiently detailed to enable competent authorities to monitor firms' compliance with their relevant obligations.
- Investment firms should inform competent authorities, in line with supervisory arrangements in that exist in their home Member State, about any significant risks that may affect the sound management of the technical operations of their electronic trading systems and algorithms and major incidents where those risks crystallise.

Guideline 3. Organisational requirements for regulated markets and multilateral trading facilities to promote fair and orderly trading in an automated trading environment

Relevant legislation.

Article 39, paragraphs (b), (c) and (d), Article 42, and Article 43 of MiFID for regulated markets.

Article 14, paragraphs (1) and (4), Article 13, paragraphs (2), (5) and (6), Article 42, paragraph (3), and Article 26 of MiFID and Articles 13 and 14 and Article 51 of the MiFID Implementing Directive for multi-lateral trading facilities.

General guideline

1. Regulated markets' and multilateral trading facilities' rules and procedures for fair and orderly trading on their electronic markets should be appropriate to the nature and scale of trading on those markets, including the types of members, participants and users and their trading strategies.

Detailed guidelines

2. In following the general guideline, the rules and procedures of trading platforms should at least include:

a) Requirements for members or participants who are not credit institutions or investment firms

- Trading platforms should perform adequate due diligence on applications to become a member/participant or user from persons who are not credit institutions or investment firms under EU law.
- Trading platforms should have organisational requirements for members or participants who are not credit institutions or investment firms (taking account as necessary of the controls imposed on firms authorised outside the EEA), including requirements on the monitoring of trading against the rules of the platform and the management of risk. Trading platforms' rules should require members/participants and users who are not investment firms to follow the guidelines laid down in this paper for investment firms.

b) IT compatibility

- Trading platforms should have standardised conformance testing to ensure that the systems that members and participants are using to access the platform have a minimum level of functionality that is compatible with the trading platforms' electronic trading system and will not pose a threat to fair and orderly trading on the platform.

c) Pre- and post-trade controls

- To ensure that there is orderly trading on the platform, trading platforms should have minimum requirements for members'/participants' and users' pre- and post-trade controls on their trading activities (including controls to ensure that there is no unauthorised access to trading systems). In particular, there should be controls on filtering order price and quantity (this requirement is without prejudice to the responsibility of members/participants or users to implement their own pre- and post-trade controls).

d) Trader access and knowledge

- Trading platforms should have standards covering the knowledge of persons within members/participants and users who will be using order entry systems.

d) Limits to access and intervention on transactions.

- Trading platforms should have the ability to prevent in whole or in part the access of a member or participant to their markets and to cancel, amend or correct a transaction. The rules and procedures for cancelling, amending or correcting trades should be transparent to members/participants and users of the regulated market or multilateral trading facility.

e) Measures to cope with excessive flooding of the order book.

- Trading platforms should have arrangements to prevent the excessive flooding of the order book at any one moment in time, notably through limits per participant on order entry capacity.

f) Prevention of capacity limits from being breached.

- Trading platforms should have arrangements (such as throttling) to prevent capacity limits on messaging from being breached. At a minimum, the framework of those arrangements should be made available to members/participants and users.

g) Measures to constrain or halt trading.

- Trading platforms should have arrangements (for example, volatility interruptions or automatic rejection of orders which are outside of certain set volume and price thresholds) to constrain trading or to halt trading in individual or multiple financial instruments when necessary, to maintain an orderly market. At a minimum the framework of those arrangements should be made available to members/participants and users.

h) Obtaining information from members/participants and users

- Trading platforms should have the ability to obtain information from a member/participant or user to facilitate monitoring of compliance with the rules and procedures of the regulated market or multilateral trading facility relating to organisational requirements and trading controls.

j) Monitoring

- Trading platforms should, whenever the trading platform is in operation, monitor their markets as close to real time as possible for possible signs of disorderly trading. This monitoring should be conducted by staff who understands the functioning of the market. Those staff should be accessible to the platform's home competent authority and should have the authority to take remedial action, when necessary, to protect fair and orderly trading.

k) Record keeping and co-operation

- i) Trading platforms should keep records of the matters covered by points a) to j) above, including of issues which emerge in relation to the policies and procedures mentioned. The records should be sufficiently detailed to enable a competent authority to monitor compliance with relevant obligations of trading platforms. Market operators and investment firms operating

multilateral trading facilities should keep the records for at least 5 years. Market operators operating regulated markets should keep them for at least as long as required by their home competent authority.

- ii) Trading platforms should inform competent authorities, in line with the supervisory arrangements that exist in their Member State, about significant risks that may affect fair and orderly trading and major incidents where those risks crystallise.

Guideline 4. Organisational requirements for investment firms to promote fair and orderly trading in an automated trading environment

Relevant legislation. *Articles 13, paragraphs (2), (4), (5) and (6), of MiFID and Articles 5, 6, 7 and 9, Articles 13 and 14 and Article 51 of the MiFID Implementing Directive.*

General guideline

1. Investment firms must have policies and procedures to ensure that their automated trading activities, including where they are providing DMA or SA, on trading platforms comply with their regulatory requirements under MiFID and other relevant Union and national laws and, in particular, and that they manage the risks relating to those trading activities.

Detailed guidelines

2. In following the general guideline, investment firms' automated trading activities should at least take account of the following points:

a) Price or size parameters

- Investment firms should be able to automatically block or cancel orders that do not meet set price or size parameters (differentiated as necessary for different financial instruments), either or both on an order-by-order basis or over a specified period of time.

b) Permission to trade

- Investment firms should be able to automatically block or cancel orders from a trader if they are aware for a financial instrument that a trader does not have permission to trade.

c) Risk management

- Investment firms should be able to automatically block or cancel orders where they risk compromising the firm's own risk management thresholds. Controls should be applied as necessary and appropriate to exposures to individual clients or financial instruments or groups of clients or financial instruments, exposures of individual traders, trading desks or the investment firm as a whole.

d) Consistency with the regulatory and legal framework

- The electronic systems of investment firms, and the orders these generate, should be consistent with the firm's obligations under MiFID, or other relevant Union or national legislation, or under

the rules of the RM or MTF to which the order is to be sent (including rules relating to fair and orderly trading).

e) Reporting obligations to supervisory arrangements

- Investment firms should inform competent authorities, in line with the supervisory arrangements that exist in their Member State, about significant risks that may affect fair and orderly trading and major incidents where those risks crystallise.

f) Overriding of pre-trade controls

- Investment firms should have procedures and arrangements for dealing with orders which have been automatically blocked by the firm's pre-trade controls but which the investment firm wishes to submit. These procedures and arrangements should make compliance and risk management staff aware of when controls are being overridden and require their approval for the overriding of these controls.

g) Training on order entry procedures

- Investment firms should ensure that employees involved in order entry have adequate training on order entry procedures, for example through on-the-job training with experienced traders or classroom-based training, including complying with requirements imposed by trading platforms, before they are allowed to use order entry systems.

h) Monitoring and accessibility of knowledgeable and mandated staff

- Investment firms should, during the hours they are sending orders to trading platforms, monitor their orders in as close to real time as possible, including from a cross-market perspective, for potential signs of disorderly trading. This monitoring should be conducted by staff who understand the firm's trading flow. These staff members should be accessible to the firm's Competent Authority and to the trading platforms on which the firm is active and should have the authority to take remedial action, when necessary.

i) Close scrutiny by compliance staff

- Investment firms should ensure that compliance staff are able to follow closely the firm's electronic trading activity so that they can quickly respond to and correct any failures or regulatory infractions that may take place.

j) Control of messaging traffic

- Investment firms should ensure that they have control of messaging traffic to individual trading platforms.

k) Management of operational risk

- Investment firms should manage the operational risks in electronic trading through appropriate and proportionate governance arrangements, internal controls and internal reporting systems tak-

ing account, as appropriate, of CEBS' Guidelines on the Management of Operational Risk in Market-Related Activities¹.

l) IT compatibility

- Investment firms should ensure that the systems that they use to access a trading platform have a minimum level of functionality that is compatible with the trading platform's electronic trading systems and will not pose a threat to fair and orderly trading on that platform.

m) Record keeping and co-operation

- i. Investment firms should keep records, for at least five years, of the matters covered by points a) to l) above. The records should be sufficiently detailed to enable competent authorities to monitor firms' compliance with their relevant obligations.
- ii. Investment firms should inform competent authorities, in line with the supervisory arrangements that exist in their Member State, about significant risks that may affect fair and orderly trading and major incidents where those risks crystallise.

Guideline 5. Organisational requirements for regulated markets and multilateral trading facilities to prevent market abuse (in particular market manipulation) in an automated trading environment

Relevant legislation

Article 39, paragraphs (b) and (d), and Article 43 of MiFID and Article 6, paragraphs (6) and 9, of MAD and Articles 7 to 10 of the MAD Implementing Directive 2004/72/EC for regulated markets.

Article 14, paragraph (1), Article 13, paragraphs (2), (5) and (6), and Article 26 of MiFID, Articles 5 to 9 and Article 51 of the MiFID Implementing Directive and Article 6, paragraphs (6) and (9) of MAD and Articles 7 to 10 of the MAD Implementing Directive 2004/72/EC for multilateral trading facilities.

General guideline

1. Trading platforms should have effective arrangements and procedures, taking account of the specific supervisory arrangements/regulation in their Member State, which enable them to identify conduct by their members/participants and users that may involve market abuse (in particular market manipulation) in an automated trading environment.
2. Potential cases of market manipulation that could be of particular concern in an automated trading environment include:
 - **Ping orders** – entering small orders in order to ascertain the level of hidden orders and particularly used to assess what is resting on a dark platform.

¹ Available in [http://www.esa.europa.eu/documents/Publications/Standards---Guidelines/2010/Management-of-op-risk/CEBS-2010-216-\(Guidelines-on-the-management-of-op-.aspx](http://www.esa.europa.eu/documents/Publications/Standards---Guidelines/2010/Management-of-op-risk/CEBS-2010-216-(Guidelines-on-the-management-of-op-.aspx)

- **Quote stuffing**- entering large numbers of orders and/or cancellations/updates to orders so as to create uncertainty for other participants, slowing down their process and to camouflage their own strategy.
- **Momentum ignition**- entry of orders or a series of orders intended to start or exacerbate a trend, and to encourage other participants to accelerate or extend the trend in order to create an opportunity to unwind/open a position at a favourable price.
- **Layering and Spoofing**- submitting multiple orders often away from the touch on one side of the order book with the intention of executing a trade on the other side of the order book. Once that trade has taken place, the manipulative orders will be removed.

Detailed guidelines

3. In following the general guideline, the arrangements and procedures of trading platforms which seek to prevent and identify conduct by their members/participants and users that may involve market abuse and in particular market manipulation in an automated trading environment should at least include:

a) Staffing

- Trading platforms should have sufficient staff with an understanding of regulation and trading activity and the skill to monitor trading activity in an automated trading environment and identify behaviour giving rise to suspicions of market abuse (in particular market manipulation) in case monitoring market abuse falls under their responsibility.

b) Monitoring

- Trading platforms should at least have systems (including automated alert systems on transactions and orders) with sufficient capacity to accommodate high frequency generation of orders and transactions and low latency transmission, in order to monitor, using a sufficient level of time granularity, orders entered and transactions undertaken by members/participants and users and any behaviour which may involve market abuse (in particular market manipulation, including, where the trading platform has sight of this, cross-market behaviour) and with the ability to trace backwards transactions undertaken by members/participants and users as well as orders entered/cancelled which may involve market manipulation.

c) Arrangements for the identification and reporting of suspicious transactions and orders

- Trading platforms should have in place arrangements to identify transactions, and it is also recommended that these arrangements also cover orders², that require an STR to competent authori-

² CESR's first and third set of Level 3 guidance on the implementation of the MAD, CESR has already provided guidelines on suspicious transactions reports (STR), which state: "CESR is of the view that where an unexecuted order for a transaction gives rise to a suspicion of market abuse, this suspicion is recommended, when not already legally required on a national basis, to be reported to the competent authority." The guidance also provides a standard STR report form (Sections IV and V of the May 2005 guidance (Ref : CESR/04-505b) and Section 2 of the May 2009 guidance (Ref : CESR/09-219)).

ties in relation to market abuse (in particular market manipulation) and to make those reports without delay (if initial enquiries are undertaken, a report should be made as soon as possible if those enquiries fail to find a satisfactory explanation for the observed behaviour).

d) Reviews

- Trading platforms should conduct periodic reviews and internal audits of procedures and arrangements to prevent and identify instances of conduct that may involve market abuse.

e) Record keeping

- Trading platforms should keep records of the matters covered by points a) to d) above, including effective audit trails regarding how each alert of possible suspicious behaviour is dealt with whether or not a report is made to the relevant competent authorities. The records should be sufficiently detailed to enable competent authorities to monitor compliance with their relevant obligations of trading platforms. Market operators and investment firms operating multilateral trading facilities should keep the records for at least 5 years. Market operators operating regulated markets should keep them for at least as long as required by their home competent authority.

Guideline 6. Organisational requirements for investment firms to prevent market abuse (in particular market manipulation) in an automated trading environment

Relevant legislation. *Article 13, paragraphs (2), (5) and (6), of MiFID and Articles 5, 6 and 9 of the MiFID Implementing Directive, and Article 6, paragraph (9), of MAD and Articles 7 to 10 of the MAD Implementing Directive 2004/72/EC*

General guideline

1. Investment firms should have policies and procedures in place to minimise the risk that their automated trading activity gives rise to market abuse (in particular market manipulation).
2. The sorts of market manipulation that might be of particular concern in a highly automated trading environment were described in guideline 5 (paragraph 2 under General guideline).

Detailed guidelines

3. In following the general guideline the policies and procedures of investment firms engaging in automated trading activities should at least include:

a) Understanding, skill and authority of compliance staff

- Investment firms should have procedures to seek to ensure that staff exercising the compliance function has sufficient understanding (of both regulation and trading activity), skill and authority to challenge staff responsible for trading when the trading activity gives rise to suspicions of market abuse (in particular market manipulation).

b) Training in market abuse

- Investment firms should provide initial and regular refresher training on what constitutes market abuse (in particular market manipulation) for all individuals involved in executing orders on behalf of clients and dealing on own account.

c) Monitoring activity

- Investment firms should monitor the activities of individuals/algorithms trading on behalf of the firm and the trading activities of clients, taking account of orders submitted, modified and cancelled as well as transactions executed. This should involve having adequate systems in place (including automated alert systems), using a sufficient level of time granularity, to flag any behaviour likely to give rise to suspicions of market abuse (in particular market manipulation), including (where the firm has sight of this) cross-market behaviour.

d) Arrangements for the identification and reporting of suspicious transactions and orders

- Investment firms should have arrangements to identify transactions, and it is recommended that these arrangements also cover orders, that require a STR to competent authorities in relation to market abuse (in particular market manipulation) and to make those reports without delay (if initial enquiries are undertaken, a report should be made as soon as possible if those enquiries fail to find a satisfactory explanation for the observed behaviour).

e) Periodic reviews and internal audits of compliance arrangements and procedures

- Investment firms should conduct periodic reviews and internal audits of procedures and arrangements to prevent and identify instances of conduct that may involve market abuse.

f) Frequently reviewed arrangements governing the access of staff to trading systems.

- Investment firms should keep, for at least 5 years, records of the arrangements and procedures to identify conduct that may involve market abuse covering the matters set out in points a) to e) above, including an effective audit regarding how each alert of possible suspicious behaviour is dealt with whether or not a report is made to the relevant competent authorities. These records should be sufficiently detailed to enable competent authorities to monitor firms' compliance with their relevant obligations.

Guideline 7. Organisational requirements for regulated markets and multilateral trading facilities whose members/participants and users provide direct market access/sponsored access

Relevant legislation.

Article 39, paragraph (b)), and 43(1) of MiFID for regulated markets.

Articles 14, paragraph (1), Article 13, paragraphs (2), (5) and (6), and Article 26(1) of MiFID and Articles 5 to 9 and Article 51 of the MiFID Implementing Directive for multilateral trading facilities.

General guideline

1. Trading platforms should have rules and procedures which seek to ensure that, where they allow members/participants or users to provide direct market access/sponsored access (DMA/SA), the provision of DMA/SA is compatible with fair and orderly trading. It is important that trading platforms and their members/participants retain control of and closely monitor their systems to minimise any potential disruption caused by these third parties to avoid that trading platforms are vulnerable to either the potential misconduct or market abuse of DMA/SA clients or to their inadequate/erroneous systems.

Detailed guidelines

2. In following the general guideline, trading platforms should set out whether or not it is permissible for their members/participants or users to offer DMA and/or SA. Where they allow members or participants to offer DMA and/or SA, their rules and procedures should at least take account of the following:

a) Ultimate responsibility for messages, including orders, and eventual interventions and sanctions

- Trading platforms should make clear that the member/participant or user is solely responsible for all messages, including orders entered under its trading codes and therefore may be subject to interventions (including cutting the access of the member/participant or user to the trading platform) and sanctions for any breaches of the rules or procedures in respect of those orders.

b) Subsidiary responsibility when providing DMA/SA

- DMA/SA arrangements between trading platforms and a DMA/SA provider firm should stress that the direct market access/sponsored access provider firm remains responsible to the trading platform for all trades using their market participant ID code or any other identification.

c) Requirements for members/participants to provide DMA/SA

- As per guideline 3, trading platforms should require members/participants or users to have adequate systems and effective controls, including pre- and post-trade controls, to ensure that the provision of DMA/SA does not adversely affect compliance with the rules of the regulated market or multilateral trading facility, lead to disorderly trading or facilitate conduct that may involve market abuse. This applies equally where a member/participant or user provides DMA/SA.

d) Due diligence prior to provision of DMA/SA

- Trading platforms should require members/participants or users to conduct due diligence on clients to which they provide DMA/SA.

e) Rights of access

- Trading platforms should be able to refuse a request from a member/participant or user to allow a client to be provided with SA where the regulated market or multilateral trading facility is not satisfied that this would be consistent with its rules and procedures for fair and orderly trading. In relation to naked SA please refer to guideline 8.

f) Monitoring of orders

- Trading platforms should, as part of their obligations to monitor their markets under guideline 3, monitor orders sent to their systems by a member/participants' SA clients.

g) Potential interventions over SA

- i) Trading platforms should be able to suspend or withdraw the SA after it has been granted where the regulated market or multilateral trading facility is not satisfied that continued access would be consistent with its rules and procedures for fair and orderly trading.
- ii) Trading platforms should have the ability to stop orders from a person trading through SA separately from the orders of the member or participant sponsoring that person's access by assigning unique customer IDs to clients that are accessing the market via SA.
- iii) Trading platforms should be able to carry out, where necessary, a review of a member/participant or users' internal risk control systems in relation to their sponsored access or direct market access clients.

i) Record keeping

- Trading platforms should keep records of their policies and procedures relating to DMA/SA and any significant incidents relating to SA trading. The records should be sufficiently detailed to enable competent authorities to monitor compliance with relevant obligations of trading platforms. Market operators and investment firms operating multilateral trading facilities should keep the records for at least 5 years. Market operators operating regulated markets should keep them for at least as long as required by their home competent authority.

Guideline 8. Organisational requirements for investment firms that provide direct market access and/or sponsored access

Relevant legislation. *Articles 13(2), (5) and (6) of MiFID and Articles 5, to 9, Articles 13 and 14 and Article 51 of the MiFID Implementing Directive*

General guideline

1. Investment firms offering DMA/SA to clients ('DMA/SA clients') are responsible for the trading of those clients. They must establish policies and procedures to ensure the trading of those clients complies with the rules and procedures of the relevant trading platforms to which the orders of such clients are submitted and enables the investment firm to meet its obligations under MiFID and other relevant Union and national law.

Detailed guidelines

2. In following the general guideline, investment firms should at least take account of the following:

a) Due diligence on direct market access/sponsored access clients

- Investment firms must conduct due diligence on prospective DMA/SA clients, as appropriate to the risks posed by the nature of the clients, the scale and complexity of their prospective trading activities and the service being provided. Due diligence might, as appropriate, cover matters such as the training and competency of individuals entering orders, access controls over order entry,

allocation of responsibility for dealing with actions and errors, the historical trading pattern/behaviour of the client (when available), and the ability of clients to meet their financial obligations to the firm. In the process of due diligence investment firms can take into account whether the prospective client is regulated under a directive, the national law of a Member State or under the law of a third country and their disciplinary history with competent authorities and trading platforms. The due diligence assessment should be periodically reviewed.

b) Pre-trade controls

- i. Pre-trade controls on the orders of DMA/SA clients of the sort covered in paragraph 2 of Guideline 4 on organisational requirements for investment firms to promote fair and orderly trading in an automated trading environment, including in-built and automatic rejection of orders outside of certain parameters.
- ii. There should be absolute clarity that the investment firm should solely be entitled to modify the parameters of the pre-trade controls (i.e. the DMA/SA client should not be able to do so).
- iii. Investment firms offering DMA/SA can use pre- and post-trade controls which are proprietary controls of the investment firm, controls bought in from a vendor, controls provided by an outsourcer or controls offered by the platform itself (i.e. they should not be the controls of the direct market access/sponsored access client). However, in each of these circumstances the investment firm remains responsible for the effectiveness of the controls and has to be solely responsible for setting the key parameters.

c) ‘Naked’ or ‘unfiltered’ market access

- ‘Naked’ or ‘unfiltered’ access to a regulated market or MTF, where a client’s orders do not pass through pre-trade controls before being sent to a regulated market or MTF, is prohibited under MiFID. Therefore, an SA client should never be able to send an order to a trading platform without the order passing through pre-trade controls of the investment firm.

d) Monitoring

- i) The monitoring of orders (including on a cross-market basis) that investment firms are required to carry out under guideline 4 should apply to all order flow including that from DMA/SA clients, and likewise the systems that investment firms are required to have under guideline 6 for identifying possible instances of market abuse (in particular market manipulation) should apply to orders from and transactions by DMA/SA clients.
- ii) To comply with these obligations investment firms will need to be able to separately identify orders and transactions of DMA/SA clients from other orders and transactions of the firm.
- iii) Investment firms should also have the ability to immediately halt trading by individual direct market access/sponsored access clients.

e) Rights and obligations of the parties

- Investment firms should establish clarity about the rights and obligations of both parties in relation to the DMA/SA service.

f) Record keeping

- Investment firms should keep, for at least five years, records of the matters covered in points a) to e) above that are sufficiently detailed for competent authorities to monitor firms' compliance with their relevant obligations. This should include at least the results of due diligence carried out on potential direct market access/sponsored access clients and subsequent reviews, and the rights and obligations of both parties in relation to the direct market access/sponsored access service.