

Tab 15

To:

**The London Metal Exchange Limited (the “Company”) and
LME Holdings Limited (“Holdings”)**

Application Form for Membership - Category 2

Name of Applicant: (“we”)

1. We hereby apply to become an Associate Broker Clearing Member of the London Metal Exchange (the “LME” or the “Exchange”). We confirm we are the legal owner of, or upon admission to membership will be the legal owner of, at least 25,000 B Shares in Holdings.
2. In consideration of the grant of membership of the LME (subject to the application for membership being approved):
 - (a) We agree to be bound by the Memorandum and Articles of Holdings (the “Memorandum and Articles”) and the Rules and Regulations of the Exchange (the “Rules”) as such are amended from time to time and agree to abide by any decision of the board of directors of the Company made in accordance with the Rules.
 - (b) We covenant to pay such subscription and other fees as may be prescribed by the directors of the Company from time to time in accordance with the Rules.
3. We understand that the Exchange may co-operate with any governmental or international agencies, investment exchanges and self-regulatory and other regulatory or enforcement organisations in such manner as the Exchange thinks fit and is permitted to divulge to any of the aforesaid persons or bodies any information for the time being in the possession of the Exchange regarding our financial condition or trading activity including any information obtained by the Exchange pursuant to Regulation 9 of Part 2 of the Rules.
4. We confirm that neither we nor our owner or controller or any affiliate has ever been refused any application for membership of any exchange or regulatory body.
5. Having made all reasonable enquiries we warrant, represent and confirm that the information supplied with this application is complete and accurate to the best of our knowledge and belief and that we have brought to the LME’s attention all information which is material to the consideration of our application. We agree to notify the LME of any material change in the information forming part of this application which occurs during the period in which this application for membership is being considered.

6. We confirm that the making of this application has been approved by the board of directors of the Applicant.

TO BE SIGNED BY TWO DIRECTORS OR ONE DIRECTOR AND THE SECRETARY ON BEHALF OF THE APPLICANT

Signature of authorised representative(s):

.....
.....

Name of authorised representative(s):

.....
.....

Position of authorised representative(s):

.....
.....

Place:.....

Date:

STRICTLY CONFIDENTIAL

ADDITIONAL INFORMATION

QUESTIONNAIRE

London Metal Exchange

MEMBERSHIP APPLICATION

For

RING DEALING MEMBERSHIP (CAT 1)

ASSOCIATE BROKER CLEARING MEMBERSHIP (CAT 2)

ASSOCIATE TRADE CLEARING MEMBERSHIP (CAT 3)

OR

ASSOCIATE BROKER MEMBERSHIP (CAT 4)

INTRODUCTION

This questionnaire seeks information which is required by the London Metal Exchange (the “LME” or the “Exchange”) as part of the application for membership.

This questionnaire is divided into 6 sections with the intention of assessing the applicant’s suitability for new or upgraded membership of the LME. The questions in themselves are not comprehensive and may therefore result in further questions being submitted to the applicant. Applicants are therefore requested to supply answers which are as complete as possible, and also to bring to the attention of the LME any other matters which are material to consideration of the application by the LME.

Questions concerning any matter in this questionnaire should be addressed to Marcos Castro at membership@lme.com.

REGULATORS AND DUE DILIGENCE

The LME, as a condition of application for membership, reserves the right to discuss without restriction any matter contained in the applicant's application including the response to this questionnaire with other UK regulatory bodies or such other appropriate persons as the LME may in its absolute discretion decide, or make such other enquiries as it thinks fit.

ACCURACY OF INFORMATION

The LME places significant reliance on the information supplied by an applicant. Should incorrect or misleading information be supplied the LME reserves the right to take this into account in determining the suitability of an applicant for membership. Should it be discovered that an applicant who has been admitted to membership has supplied incorrect or misleading information or has omitted any material fact which should reasonably have been disclosed to the Exchange as part of the application process, then the LME reserves the right to take such action as it considers appropriate which could result in disciplinary action, including expulsion from membership.

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SECTION 1.

This seeks information about the applicant's reasons for joining the LME.

SECTION 2.

This seeks information about the applicant's present business activities.

SECTION 3.

This seeks information about the applicant's proposed future business activities.

SECTION 4.

This seeks information about the applicant's present regulatory regime and its understanding of the regulatory implications of joining the LME.

SECTION 5.

This seeks information about the applicant's financial situation and the effect of joining the LME.

SECTION 6.

This seeks information about the applicant's organisational structure and identities of person(s) having effective control over the applicant or its parent(s).

SECTION 1 – Reasons for Application

- 1 What are the applicant's main reasons for joining the LME?
- 2 What additional trading activities or opportunity does the applicant hope to obtain by joining the LME?
- 3 What benefits will the applicant receive by joining the LME?
- 4 Has the applicant considered joining the LME before (if so, when), and if not, why is the applicant considering membership at this point in time?
- 5 What has changed in the applicant's business activities that it now considers it appropriate to apply for LME membership?

SECTION 2 – Present Business Activities

- 6 What are the main activities of the applicant?
 - 6.1 by description
 - 6.2 by value
 - 6.3 by volume

- 7 What are the main derivative products traded by the applicant (derivatives being futures, options and related products – Asian options, swaps etc. both on-and off – Exchange)?

- 8 What involvement does the applicant currently have, or what activities does the applicant currently undertake, in relation to the metal industry? In addition, please describe and include any connection to or relationship with LME metals. In answering this question, the applicant should consider:
 - 8.1 for how long have these activities been carried out?
 - 8.2 how many staff are involved?
 - 8.3 what type(s) of customers are involved?
 - 8.4 If the applicant is currently trading with LME members, which ones?

SECTION 3 – Proposed LME Business

- 9 What business or trading activities does the applicant hope to commence or become involved with by virtue of joining or upgrading membership of the LME?
- 10 Will membership affect the applicant's relationship with other LME members?
- 11 Does the applicant have an estimate of the volume of trading of LME metals anticipated with:
- 11.1 LME members?
 - 11.2 Customers?
 - 11.3 The applicant's group companies?
- 12 Has the applicant carried out internal financial evaluations to ensure that LME membership will result in either additional profit to the applicant or protection from losses? Please provide details.
- 13 Has the applicant suitably trained and experienced staff, in particular:
- 13.1 how many traders with LME experience are currently employed by the applicant?
 - 13.2 how many back-office staff with LME experience are currently employed by the applicant?
- 14 If the applicant will have to employ additional staff as a result of LME membership:

- 14.1 will these staff have LME expertise?
 - 14.2 if not where or how will the expertise be acquired?
 - 14.3 where will the LME traders be based? If not in the UK, will they be employed by the applicant or another company?
 - 14.4 from where will these traders be recruited? Are there any arrangements in place to ensure that, if membership is approved, the traders will become staff members?
- 15 If the applicant intends to trade with group companies, will these group companies themselves have customers whom it is intended will receive LME contracts? If so, please explain the mechanism by which the applicant intends to ensure that the LME principal to principal basis of trading is satisfied.
- 16 Will the applicant be using the services of introducing brokers, arrangers, agents etc? If so, please provide details of whom and what type of agreement will govern the relationship.

SECTION 4 – Regulatory

- 17 Is the applicant currently authorised by one or more regulatory bodies anywhere in the world? If so please provide details.
- 18 Is the applicant an authorised or exempt person within the meaning of Part III of the Financial Services and Markets Act in the UK, or has an application been made to the FSA in connection with such authorisation or exemption? If so, please provide details.
- 19 Has the applicant or a controller of the applicant, or a company controlled by the applicant or an affiliate of the applicant ever been disciplined or censured by a governmental or regulatory authority or investment exchange or clearing house? If so, has this been reported to the FSA? Please supply all relevant details.
- 20 Has the applicant or a controller of the applicant, or a company controlled by the applicant or an affiliate of the applicant ever been refused membership of a regulatory body or investment exchange or clearing house or trade organisation? If so, please supply details.
- 21 Does the applicant need to apply for membership of LCH.Clearnet Limited (LCH)? If so;
- 21.1 indicate whether an application has been submitted and when,

- 21.2 has the applicant any experience of the LCH and its procedures, and have any staff attended a LCH training course.
- 22 If applying for Category 4 membership, who will clear your business through the LCH?
- 23 Will the applicant's traders be resident in the UK or subject to regulatory control by another regulator? If not, please supply details if the traders will be based outside the UK.
- 24 Are all the applicant's traders resident in the UK registered with FSA as approved persons?
- 25 What type of customer/counterparty classification is anticipated?
- 26 Does the applicant have a compliance department in the UK with knowledge and familiarity with LME Rule Book, and UK regulatory requirements for derivatives, including the FSA Conduct of Business Rules and related guidance?
- 27 Will the customer/counterparty accounts be held as principal by the applicant or by another company? Please provide details.
- 28 Does the applicant have a trading/accounting system that will cope with the LME's unique contract system?

- 29 Does the applicant have sufficient back office staff to monitor and match trades in the LME Matching system in conformity with the LME rules? Please provide details.
- 30 If the applicant is currently subject to regulatory oversight, how often is it required to submit financial reports to the regulatory authorities concerned? Please give details.
- 31 Does the applicant have procedures in place to comply with the LME large position reporting requirements? Details of these requirements can be obtained on request from the LME Compliance department.

SECTION 5 – Applicant’s Financial Status

- 32 Please supply copies of the applicant’s last two audited financial statements together with any other information that may be of assistance to the LME in considering the applicant’s financial status.
- 33 Have there been any material changes to the applicant’s financial situation since the date of the last financial statements? If so, please provide full details together with any relevant documentary evidence.
- 34 If the applicant’s membership application is successful, please indicate whether additional finance will be required. If so, please provide as much information and relevant documentary evidence regarding the source, form and current estimate of such finance, and also whether the anticipated volumes will require additional regulatory capital.

SECTION 6 – Applicant’s Group

- 35 Please provide a corporate structure chart indicating any organisation/companies/individuals etc. that may have effective control of the applicant its parent or its ultimate parent company. If such organisations/companies/individuals are not incorporated in the chart please indicate their relationship to the group and their identity, including name and address.
- 36 Please provide evidence that the applicant is unlikely to change ownership (through parent, ultimate parent or controller) or dispose of its metals business within the near future. Please contact Marcos Castro at membership@lme.com to arrange a form of comfort letter.
- 37 Please provide a list of staff responsible for the LME and related business and an explanation of the reporting structure (including organogram). As a guideline, the LME membership applications team would expect to see summary CVs for the following key staff: CEO, CFO, IT director, LME trading manager, LME operations manager and compliance officer.

SAMPLE COMFORT LETTER

[On letterhead of applicant for LME membership]

[Date]

To: The Directors
The London Metal Exchange Limited
56 Leadenhall Street
London
EC3A 2DX

Dear Sirs,

In connection with our application for membership of the London Metal Exchange, we hereby confirm that:

1. *[name of applicant]* is not aware of any person directly or indirectly holding, or having a beneficial interest in, 10% or more of any class of the equity share capital of *[name of applicant]* who proposes to increase or decrease its holding or interest; and
2. *[name of applicant]* has no current intention to dispose of its metal business.

Yours sincerely,

.....
Director

For and on behalf of
[name of applicant]

[To be signed by a director of the applicant]



LONDON METAL EXCHANGE

LMEsword MEMBERSHIP

APPLICATION AND TESTING PROCESS

May 2010

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1.0 INTRODUCTION

SWORD was introduced in 1999 in order to manage the transfer of warrants between LME members whilst immobilizing the warrants themselves in a central depository. SWORD was operated and managed by LCH.Clearnet on behalf of the LME.

On 12 April 2010, SWORD was replaced by a new system, LMEsword, operated and managed by the LME.

The purpose of this document is to outline the process that must be followed in order to become a LMEsword user. This document is intended to be read by LME staff – it is not intended for external distribution.

2.0 LMEsword PARTICIPATION

2.1 Types of Membership

There are four different types of LMEsword membership that can be applied for:

1. Clearing Member Account Holder
2. Non-Clearing Member Account Holder
3. Non-Member Account Holder
4. Warehouse Agent

For each level of membership application forms must be completed and submitted to the LME and the applicant must go through an approval process before being authorised to use the LMEsword system in a live environment.

2.2 Method of Connection

There are two alternative methods of becoming an Account Holder and participating in LMEsword. These are:

(A) Direct Connection

Subject to certain restrictions, any approved firm can connect directly to the LMEsword system. To obtain a direct connection an applicant will need to be approved by the LME and to enter into a Software Licence Agreement with the LME.

(B) Remote Participation

If a firm does not wish to connect directly to the LMEsword system, it can alternatively appoint a firm which does have a direct connection as its agent to issue instructions into the LMEsword system on its behalf. The Remote Participant Agreement should be substantially in the form prescribed by the Exchange.

3.0 LMEsword CLEARING MEMBER, NON-CLEARING MEMBER AND NON-MEMBER ACCOUNT HOLDERS

3.1 Application Process

(A) Clearing Member Account Holders

Any new application to become a Category 1 to 3 member of the LME by default becomes a Clearing Member of LMEsword. The application to become a new LME member will be made through the membership team at the LME.

The Membership Team at the LME will liaise with the Operations Department at the LME. The LME Operations Team will be responsible for guiding the members through the process required for connecting to LME systems, including LMEsword. To obtain a direct connection the Clearing Member will need to enter into a Software Licence Agreement with the LME. The Clearing Member is required to submit fully-executed copies of the Software Licence Agreement entered into with the LME (if it intends to connect directly to LMEsword) or a fully-executed copy of a Remote Participant Agreement entered into with an Account Agent (if it is becoming an Account Holder through the agency of an Account Agent).

The original signed version of the Software Licence Agreement or, if required, the Remote Participant Agreement should be held by the LME. All LME original signed documents should be held in the fireproof safe, access to which is controlled by the Director of Finance.

(B) Non-Clearing Member Account Holders

The Exchange has prescribed a short-form application form for non-Clearing Members that wish to become LMEsword account holders. The application form requires an applicant non-Clearing Member to submit, as part of its application, fully-executed copies of the Software Licence Agreement entered into with the LME (if it intends to connect directly to LMEsword) or a fully-executed copy of a Remote Participant Agreement entered into with an Account Agent (if it is becoming an Account Holder through the agency of an Account Agent).

The original signed version of the Software Licence Agreement or, if required, the Remote Participant Agreement should be held by the LME. All LME original signed documents should be held in the fireproof safe, access to which is controlled by the Director of Finance.

(C) Non-Member Account Holders

Under the LMEsword Regulations the Exchange will consider applications for LMEsword participation from persons that are not Members of the Exchange. The Exchange has prescribed a more detailed application form for such applicants. This application form also requires the submission, as part of the application, of fully-executed copies of the Software Licence Agreement entered into with the LME (if the applicant intends to connect directly to LMEsword) or a fully-executed copy of a Remote Participant Agreement entered into with an Account Agent (if the applicant is becoming an Account Holder through the agency of an Account Agent).

The original signed version of the Software Licence Agreement or, if required, the Remote Participant Agreement should be held by the LME. All LME original signed

documents should be held in the fireproof safe, access to which is controlled by the Director of Finance.

3.2 Training and Accreditation Testing

Should the new member have employees who have significant experience using LMEsword they can exempt themselves from this process by sending a letter to the Exchange stating their employees' experience and that as a result of this they would like to be exempted from the requirement to attend training courses and undergo accreditation testing.

Even if the applying member has employed personnel who have LMEsword experience they should still be offered the opportunity to attend the LMEsword courses and to go through the accreditation process, as this will give them the opportunity to train members of staff who have no LMEsword experience by using a test version of the system. This will also give the new member company the opportunity to become familiar with the downloads available in LMEsword and the potential of integrating them into their internal systems.

3.3 LMEsword Training Course

If the member has no experience of LMEsword or they have chosen to go through the accreditation process then they must attend an LME-run training course and perform certain LMEsword tasks to achieve LMEsword accreditation.

The applying member must contact the LME Education Team to register for the next available training course, which will take the attendee through all the functions they will need to use as a LMEsword member.

3.4 LME Site Visit and Demonstration

The LMEsword course will be useful to the applicant member; however, further training maybe required, particularly if the users are inexperienced with the LME and LMEsword. Therefore the LME should offer to visit the member and take them through the various function of LMEsword.

3.5 LMEsword Accreditation Process

The main purpose of the accreditation process is for the applicant member to gain practical experience of the LMEsword system and to prove that they are familiar with and can perform the major functions if and when required.

The LME Helpdesk should issue the applicant with LMEsword TrustCenter security certificates to allow the applicant to connect to the system. When they have connected to the system the accreditation process can begin.

The LME requires evidence that the applicant has completed the following tasks successfully:

1. Warrant Lodgement

2. Addition of New Accounts
3. Inter-Account Transfer
4. Ex-cleared Transfer
5. Cleared Transfer (For Clearing Members Only)
6. Warrant Withdrawal
7. Annual Rent Payup

The Applicant member should also be advised to look at all the various reports and downloads available to them in LMEsword .

In order to facilitate accreditation testing nominated parties must act as London Agent, AN Other Member*, the Depository and the LCH. To involve 4 different users is logistically difficult to manage. It is more time efficient to nominate the LME to perform the different roles.

** In this document it is suggested that LME act as a member for the purposes of ex-cleared transfers, this is the ideal way to perform this task, however, depending on the level of experience of the Applicant member and time restrictions an alternative is to set the Applicant member up with 2 Clearing Member accounts and they can act as both the Giver and the Taker. The ex-cleared transfers performed can be checked by LME by logging on to a LME Compliance LMEsword account.*

A suggested step by step guide is as follows:

1. LME and the applicant member to be given access to a LMEsword test environment.
2. LME to be given log on details for an agent, depository, the applicant member, AN Other Member* and LME Compliance.
3. LME to create a number of warrants for each LME product.
4. LME to lodge half the warrants created in the applicant members' account.
5. LME to send the remaining 'out of depository' warrants to the applicant member.
6. Applicant member to create a lodge instruction for the 'out of depository' warrants and send the warrants to LME.
7. LME to accept the warrants and process the lodgement as the depository
8. Applicant member to set up a new account.
9. Applicant member to perform an inter account transfer.
10. Applicant member to act as a Giver and set up an ex-cleared transfer with the Taker (which will be a dummy member set up by the LME).
11. LME to act as the Taker and accept the ex-cleared transfer.
12. LME/LCH to set up a clearing run.
13. Applicant member to perform a cleared transfer.
14. Applicant member to issue a withdrawal instruction.
15. LME to accept and process the withdrawal.
16. Applicant member to generate a level one download and send the file to LME.
17. LME to endorse the warrants up to the date rent is paid and inform the applicant member so that they can see that the rent start date has changed.
18. LME inform LME membership team that the accreditation process has been completed.

19. If the accreditation process has been successfully completed then the LME can add the applicant's name to LMEsword and issue LMEsword security certificates.

4.0 Warehouse Agents

Accreditation Testing

Since SWORD was launched in 1998 there have been no entirely new warehouse agents. The LCH initially ran courses for warehouse agents but as the number of agents became smaller the LME agreed with the LCH that there was not a requirement to continue to offer the course but instead should there be any new warehouse agents or a current agent required further training that the LME LMEsword Manager would visit their office and provide the training.

Should there be any new warehouse agents it is essential they are provided with extensive training and they should go through an accreditation process. Their initial use of LMEsword should be closely monitored as errors made by the warehouse agents could be reflected in the stock reports and can have a financial cost with regards the rent credits.

The tasks a warehouse agents should perform as a part of Accreditation testing are:

1. Warrant Creation using the GUI
2. Warrant Creation using Upload Files
3. Warrant Cancellation
4. Warrant Removal
5. Warrant Amendment
6. Warrant Endorsement
7. Rent Calculation
8. Stock Reporting and Reconciliation

Although the warehouse agents will be creating the warrants themselves it would be worthwhile creating some warrants for them.

4.1 Warehouse Agent and Depository Member Testing

As users of LMEsword the warehouse agents and the depository should be included in the correspondence for any new releases of LMEsword software and where necessary they should be included in the member testing process.

London Metal Exchange - Membership Categories

MEMBER CATEGORY	CAN ISSUE LME CONTRACTS	FSA AUTHORISED	LCH MEMBER (METALS)	TRADE IN RING	TRADE ON LME SELECT	LME TRADING RIGHTS	MAY TRADE WITH CLIENTS	MINIMUM NET WORTH (£STG)	ANNUAL SUBSCRIPTION (Plus VAT)
1 Ring Dealing	Yes	Yes	Yes	Yes	Yes	Freely	Yes	£5m	£55,000
2 Associate Broker Clearing	Yes	Yes	Yes	No	Yes	Freely	Yes	£5m	£55,000
3 Associate Trade Clearing	No	No	Yes	No	No	May only deal with 1,2, or 4, not with each other	No	£2.5m	£19,000
4 Associate Broker	Yes	Yes	No	No	No	Freely	Yes	£5m	£45,000
5 Associate Trade	No	No	No	No	No	May only deal with 1,2 or 4	No	£50,000	£1,250