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LME Membership

A Guide To Membership

History

The London Metal Exchange (LME) is the world's premier industrial metals market. Established for over 130 years and located in the heart of The City of London, the LME offers a range of futures and options contracts for non-ferrous metals, minor metals and steel.

The Exchange provides a transparent and regulated forum for trading, helping to manage market volatility.

Membership

For most users of the market access is provided by one of our member firms, which range from the world's largest banks to boutique trading and brokerage companies.

You do not have to be a member to trade LME metals, but you do have to trade through an LME member.

Our members take orders from clients, placing them on any of the Exchange's three trading platforms, the open-outcry trading floor known as the 'Ring', the inter-office telephone market and our electronic trading system, LMEselect. The trades are matched at the LME and cleared at the London Clearing House.



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LME Membership

Types of Membership

The LME has a multi-tiered membership structure which is open to all companies that meet the relevant criteria.



Understanding LME Membership

LME members can be broker members or trade members.

Broker Members

Ring dealing and broker members are those companies allowed to issue LME contracts. They include companies such as J.P.Morgan, Deutsche Bank and Goldman Sachs International.

Benefits:

- Buy and sell for customers on LME
- Ability to clear trades (Category 1 and Category 2 members)
- Can own shares

Trade Members

Trade members are industrial or financial companies with a key presence and interest in the metal industry, including Hydro Aluminium AS, Hunter Douglas NV and Glencore International.

Benefits:

- Keep abreast of LME contract development and Exchange news



LME Membership

Rights and Requirements

The table below highlights key requirements to becoming an LME member.

Member Category	1. Ring Dealing	2. Associate Broker Clearing	3. Associate Trade Clearing	4. Associate Broker	5. Associate Trade
Can Issue LME Contracts	Yes	Yes	No	Yes	No
FSA Authorised	Yes	Yes	No	Yes	No
LCH Member (Metals)	Yes	Yes	Yes	No	No
Trade in the Ring	Yes	No	No	No	No
Trade on LMEselect	Yes	Yes	No	No	No
LME Trading Rights	Freely	Freely	Only deal with 1,2 or 4 not with each other	Freely	May only deal with 1, 2 or 4
May trade with Clients	Yes	Yes	No	Yes	No
Min Net Worth	£5m	£5m	£2.5m	£5m	£50,000
Annual Subscription (Plus VAT)	£55,000	£55,000	£19,000	£45,000	£1,250
Min B Shareholding*	25,000	25,000	5,000	2,500	No B Shares

*For more information on B Shareholdings visit www.lme.com/membership_how.asp

Membership Application Process

All membership applicants must give details of the company's metal business.

An applicant for membership must demonstrate at least **one year's relevant experience** in the metal industry and that at the time of application it employs suitably qualified staff to support the proposed LME related business activities.

For an application to be considered, the applicant should have demonstrated that it has an **active interest** in the extraction, refining, production, sale, trading or consumption of metals traded on the LME.

The LME, as part of the membership application process, may also request further information from the applicant regarding its **past, present and future trading activities**.

After approval by the LME Executive the application is given to the Board. LME members are given at least 14 days public notice that the Board directors will consider the application at its next meeting. The Board's decision is then given in writing to the applicant.

Companies wishing to become broker members must also buy shares to complete their application.

Education

The London Metal Exchange offers a range of training services to industry participants. Introductory training courses highlight the key benefits of LME Membership and demonstrate how the Exchange's services can protect and add value to your business. For more information visit www.lme.com/education