

To: All members, warehouse companies and their London agents and other interested parties

Ref: 24/171

Classification: Warehousing Brands

Date: 13 April 2024

Subject: **WARRANTING AND TRADING OF RUSSIAN METAL ON THE LME**

## Summary

1. This Notice sets out the LME's understanding of the recently introduced UK sanctions on Russian metals and the measures which the LME is introducing to comply with the sanctions<sup>1</sup>. The sanctions reflect the intention of the UK Government to restrict the financial benefit which the Russian Government may receive from metals produced in Russia that are traded globally.

## US Government sanctions, notice scope and defined terms

2. The LME reflects all relevant sanctions and tariffs in its operations. This Notice sets out the LME's understanding of how the UK legislation, trade licences and guidance affect the position of Russian metal for the LME, LME Clear, Members and Clients<sup>2</sup>.
3. The LME notes that on 12 April 2024, the U.S. Government (through the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC")), also introduced two new prohibitions targeting activities related to Russian-origin aluminium, copper, and nickel produced on or after 13 April 2024 ("covered Russian metals"). In conjunction with the issuance of these measures, OFAC also issued guidance in the form of FAQs clarifying the scope of the prohibitions.<sup>3</sup>
4. The two OFAC determinations introduce (i) a ban on import into the United States of covered Russian metals, and (ii) a prohibition against U.S. persons providing warranting services for covered Russian metals on a global metal exchange and services to acquire covered Russian metals as part of the physical settlement of a derivative contract<sup>4</sup>. These were issued in coordination with the UK Government and largely reflect the scope and application of the recent amendments to the UK sanctions forming the subject of this Notice. As such, this Notice deals directly with the implementation of UK sanctions only, but the LME believes that adherence to the UK sanctions should ensure adherence to US sanctions (noting that the US sanctions do not contain a notification requirement), although market participants should undertake their own analysis, as outlined in paragraph 5. Further, in respect of the import ban, the LME notes that on 28 February 2023 it issued LME Notice 23/034 which implemented a suspension on the warranting of

<sup>1</sup> The LME notes that it may update the appendices to this Notice, as required, without updating this Notice. In the event that these appendices are updated, the LME will include the updated appendices on its website.

<sup>2</sup> Being the Russia (Sanctions) (EU Exit) Regulations 2019, the trade licence for acquisition of metals dated 14 December 2023, the amendment of the trade licence for the acquisition of metals dated 12 April 2024, and the relevant guidance issued by the Department of Business and Trade in conjunction with the aforementioned trade licences and regulations. The amendment of the trade licence for the acquisition of metals dated 12 April 2024 can be found at: <https://www.gov.uk/government/publications/trade-licence-for-acquisition-of-metals-warrant/trade-license-for-acquisition-of-metals-warrant>.

<sup>3</sup> Members and Clients may consult the guidance (OFAC FAQs 1168-1172) directly.

<sup>4</sup> The [import ban](#) determination is under Executive Order 14068 and the [services prohibition](#) is under Executive Order 14071.



Russian brands of primary aluminium, North American Special Aluminium Alloy Contract (“NASAAC”), copper, lead, and nickel in US LME-listed warehouses.

5. This Notice does not constitute legal advice or guidance and should not be relied upon in this way by any person. Individuals and/or entities should seek independent legal advice and conduct their own assessment as to the applicability of the sanctions to their operations. The Notice also does not cover restrictions imposed by other jurisdictions, or other UK sanction or tariff actions<sup>5</sup>.
6. Capitalised terms not otherwise defined in this Notice shall have the meaning ascribed to them in the LME Rulebook or the LME Clear Rulebook, as applicable.

### The Original Sanctions Package

7. On 14 December 2023, a UK trade licence (“Original Trade Licence”) was issued in conjunction with amendments to the Russia (Sanctions) (EU Exit) Regulations 2019 (“Regulations”)<sup>6</sup> – together, the “Original Sanctions Package”.
8. The Original Sanctions Package restricted UK Persons acquiring certain Russian metal, including metal produced by the Russian brands listed in appendix 1<sup>7</sup> (the “Relevant Metal” – and, when represented by an LME warrant, a “Russian Warrant”) from 00:00 on 15 December 2023.
9. However, the Original Trade Licence enabled the LME, LME Clear, UK Members and UK Clients to continue to “acquire” Russian Warrants (including the issuance, creation and holding of such warrants and rights over such metal in accordance with the rules of the LME), and therefore the Russian Warrants could continue to be traded on the LME.
10. UK Members and UK Clients could not, however, cancel or withdraw the metal underlying Russian Warrants for their own account, or request or order the cancellation or withdrawal of the Russian Warrant in order to take physical delivery of the metal for their own account, or change the location of the metal to which the warrant related. UK Members could cancel or withdraw the metal underlying Russian Warrants for the account of a non-UK Client.

### The Amended Sanctions Package

11. On 12 April 2024, the UK Government introduced amendments to the Original Trade Licence, creating the “Amended Trade Licence” (together with the Regulations, the “Amended Sanctions Package”)<sup>8</sup>.
12. The Amended Sanctions Package enables the LME, LME Clear, UK Members and UK Clients to continue to “acquire” Russian Warrants (including the issuance, creation and holding of such warrants and rights in such metal in accordance with the rules of the LME) as long as the Relevant Metal was **produced before 13 April 2024**. If the Relevant Metal was produced **on or after 13 April 2024**, UK Persons are prohibited from acquiring the metal (in a warranted or other form) pursuant to the Amended Trade Licence and

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<sup>5</sup> Some further information on sanctions and tariffs which impact the LME can be found at: <https://www.lme.com/en/news/russian-sanctions>.

<sup>6</sup> Please see the following website for the Regulations: <https://www.legislation.gov.uk/uksi/2019/855/contents>.

<sup>7</sup> Appendix 1 distinguishes brands in accordance with the following: by 1) warrants in respect of these brands can continue to be traded on the LME, and also new warrants can be issued in respect of these brands, subject to the future warranting restrictions noted within this Notice; and 2) warrants in respect of these brands can continue to be traded on the LME; however no future warrants can be issued in respect of these brands as the LME has previously suspended or delisted these brands.

<sup>8</sup> The LME notes that the Department for Business and Trade has published an overview of the Original Sanctions Package and the Amended Sanctions Package, including example scenarios, which can be found at: <https://www.gov.uk/government/publications/notice-to-importers-2953-russia-import-sanctions/russian-metals-sanctions-overview#regulations-on-russian-metals>.



therefore acquiring such metal would be a breach of the Regulations<sup>9</sup>. As a result of this, the LME will be imposing an immediate suspension on the warranting of Relevant Metal produced on or after 13 April 2024, as set out at paragraph 18. Through this action, the LME and LME Clear are taking appropriate steps to enable continued participation in the daily settlement process by Members and Clients.

13. Separately, the effect of the Amended Sanctions Package is to divide Russian Warrants (irrespective of the production date of the Relevant Metal, which in all cases must be before 13 April 2024) into two types:
- “Type 1 Russian Warrants” – Russian Warrants in existence as at the end of 12 April 2024. For Type 1 Russian Warrants, the restrictions applying to UK Persons under the Original Sanctions Package in respect of cancellation and withdrawal of the metal underlying Russian Warrants (although subject to record keeping and notification requirements) will cease to apply from 13 April 2024. As a further result, as detailed in paragraph 27 below, Type 1 Russian Warrants can be re-warranted at the same warehouse and the underlying metal can be moved between warehouses subject to the conditions below.
  - “Type 2 Russian Warrants” – Russian Warrants issued on or after 13 April 2024. Type 2 Russian Warrants will be subject to the same restrictions for UK Persons as currently exist under the Original Sanctions Package. UK Members and UK Clients will not be able to cancel or withdraw the metal underlying Type 2 Russian Warrants for their own account (or request or order the cancellation or withdrawal of) Russian Warrants in order to take physical delivery of the metal for their own account, or change the location of the metal to which the warrant related. UK Members could cancel or withdraw the metal underlying Type 2 Russian Warrants for the account of a non-UK Client.

14. The LME has summarised this distinction, and its impact on warranting, in Figure 1 below:

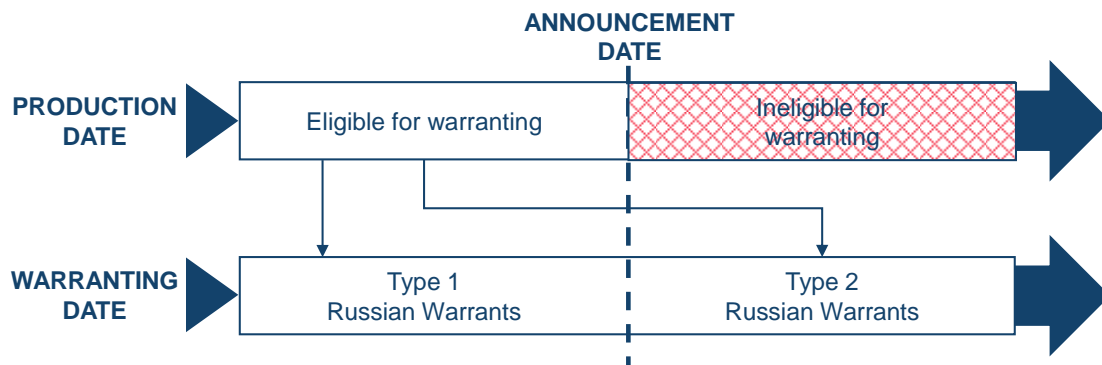


Figure 1: Summary of the Amended Sanctions Package

### Effect of the Amended Sanctions Package on various groups of market participants

15. In summary, the LME understands that the effect of the Amended Sanctions Package will be as follows:
- a) Non-UK Clients of Members (and non-UK Members trading for their own account) who are not within the jurisdiction of UK sanctions can continue to undertake LME activities as normal, save that Relevant Metal produced on or after 13 April 2024 will not be warrantable. These activities include warranting Relevant Metal (subject to the aforementioned restriction), selling and acquiring Russian Warrants through clearing or ex-cleared transfer, cancelling and withdrawing Russian Warrants. However, non-UK Members and non-UK Clients should conduct their own assessment as to their sanctions obligations and the applicability of UK sanctions to their operations.

<sup>9</sup> The LME notes that there may be specific circumstances in which this would not be a breach of the Regulations, such as if a UK Person had a specific licence which enabled them to perform this activity.



- b) UK Clients (and UK Members trading for their own account) can engage in the following activity:
  - i) Warranting Relevant Metal (subject to the suspension of warranting Relevant Metal produced on or after 13 April 2024).
  - ii) in respect of **Type 1 Russian Warrants**, can continue to undertake LME trading activities as normal. UK Members (on behalf of themselves or UK Clients) and UK Clients can now also cancel and withdraw the metal underlying Type 1 Russian Warrants and take metal delivery.
  - iii) in respect of **Type 2 Russian Warrants**, can continue to undertake LME trading activities as normal. However, a UK Member (on behalf of themselves or UK Clients) and UK Clients cannot cancel or withdraw (or request or order the cancellation or withdrawal of) metal underlying Type 2 Russian Warrants.
- c) UK and non-UK Members can continue to facilitate LME activities for their UK and non-UK Clients, provided that the Client is entitled to perform that activity. So, for example, a UK Member can continue to facilitate a non-UK Client placing Relevant Metal on warrant (as long as the Relevant Metal was produced before 13 April 2024), holding the Russian Warrant, transferring the Russian Warrant, or cancelling or withdrawing the metal underlying the Russian Warrant (to the order of a non-UK Client).
- d) UK-incorporated warehouse companies and London Agents can continue to facilitate LME activities for their UK and non-UK Clients, provided that the Client is permitted to perform that activity and the metal can be warranted in accordance with the above.

### Record keeping requirements

16. UK Clients and UK Members (on behalf of themselves, UK Clients or non-UK Clients) who (on or after 13 April 2024) cancel (or request or order the cancellation of) Russian Warrants and/or withdraw (or request or order the withdrawal of) the underlying metal (which is only permitted in relation to Type 1 Russian Warrants) will need to adhere to certain record keeping requirements for both the cancellation and withdrawal of the Relevant Metal pursuant to the Amended Trade Licence. In particular, paragraph 7 of the Amended Trade Licence requires such persons to keep the following records in respect of the cancellation and (if applicable) withdrawal of a Russian Warrant:<sup>10</sup>
- a) the unique warrant reference for the Russian Warrant (being the LMEsword warrant ID) being cancelled or withdrawn;
  - b) full details of the Relevant Metal to which the Russian Warrant relates;
  - c) the date on which the cancellation or withdrawal was requested or ordered and the date the Russian Warrant, was cancelled or withdrawn;
  - d) the date on which the Russian Warrant being cancelled or withdrawn was acquired by that person;
  - e) whether the Russian Warrant being cancelled or withdrawn is for the person's own account or, if not, from whose account it was cancelled or withdrawn;
  - f) the name of the global metal exchange from which the warrant is being cancelled or withdrawn;
  - g) the person's name and address; and
  - h) a copy of the Certificate of Analysis ("CoA") for the metal to which the Russian Warrant relates or equivalent evidence of production prior to 13 April 2024.

The LME understands that the record keeping requirements listed above need to be maintained in respect of both the cancellation of Russian Warrants and when the underlying metal is delivered out from an LME-listed warehouse, noting that warrants may be cancelled without the underlying metal being delivered out.

17. UK Members or UK Clients who cancel and/or withdraw (or request or order the cancellation or withdrawal of) a Russian Warrant will need to notify the Secretary of State for the Department for Business and Trade

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<sup>10</sup> The list of record keeping requirements within paragraph 16 is based on the LME's understanding of the Amended Trade Licence; however, Members and Clients should consult the Amended Trade Licence directly.



(in writing) of the Member and Client's name (if the Member has acquired the Russian Warrant on behalf of a UK Client), and the Economic Operators Registration and Identification number ("EORI number") (if applicable). The notification must also state the address at which the records, as set out at paragraph 16 above, can be inspected, if needed, and a further notification must be made if any of these notification details change. The notification must be provided at most within 30 days following a UK Member or UK Client first cancelling or withdrawing (or requesting or ordering such an action) a Russian Warrant pursuant to the Amended Trade Licence, and the notification only needs to be made once rather than each time a Member or Client cancels or withdraws a Russian Warrant. The records in relation to Russian Warrants set out at paragraph 16 will need to be retained for a period of time, as outlined in paragraph 10 of the Amended Trade Licence.

### **Future warranting of Relevant Metals**

18. With immediate effect, pursuant to its powers under Part 7 of the LME Rulebook, the LME hereby announces a suspension on placing metal produced by the brands listed in section 1 of appendix 1 on warrant in LME-listed warehouses globally, unless the metal owner can establish with clear documentary evidence that the underlying metal was produced before 13 April 2024.
19. A metal owner is only able to warrant Relevant Metal if it can evidence that the metal was produced before 13 April 2024<sup>11</sup> and therefore can be acquired by LME Clear, UK Members and UK Clients pursuant to the Amended Trade Licence. Paragraph 4(b) of the Amended Trade Licence suggests that a CoA can be sufficient to meet this obligation, save where the person knows or has reasonable cause to suspect that the Relevant Metal was produced on or after 13 April 2024. The guidance provided by the Department of Business and Trade further specifies that this can be achieved, for example, by (1) the date of production being specified on the CoA as being before 13 April 2024, (2) the date of the issuance of the CoA being before 13 April 2024, or (3) the date of inspection of the Relevant Metal for the purposes of issuing the CoA being before 13 April 2024. The LME believes that this provides a clear basis for the acceptance of compliant Relevant Metal onto warrant.
20. The LME notes that paragraph 4(c) of the Amended Trade Licence envisages "other equivalent evidence" as also being acceptable to demonstrate that Relevant Metal was produced before 13 April 2024. Given the general availability of CoAs<sup>12</sup>, the LME currently does not anticipate accepting other forms of evidence, although the Exchange will consider representations from market participants regarding other acceptable forms of evidence.
21. A warehouse company can only accept onto warrant any Relevant Metal after the LME has received appropriate evidence that the metal was produced before 13 April 2024. In the event that the warehouse company has any concerns that the Relevant Metal was produced on or after 13 April 2024, it must not warrant the metal. The LME notes that pursuant to clause 2.1.1 of the Warehouse Agreement, warehouse companies are required to review the supporting documentation when they receive the underlying metal for warranting, and that metal should not be warranted if there are any concerns, discrepancies, or deficiencies within the documentation.

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<sup>11</sup> Pursuant to paragraph 4 of the Amended Trade Licence, this can be evidenced by the following: a) the Russian Warrant was issued before 13 April 2024; b) the CoA for the metal evidences that the Relevant Metal was produced before 13 April 2024; and c) other equivalent evidence that the Relevant Metal was produced before 13 April 2024.

<sup>12</sup> Although the LME does not have a requirement for there to be a CoA in order for copper to be placed on warrant, the LME understands that Norilsk (being the only LME-listed Russian copper brand not currently subject to warranting restrictions) produces a CoA. In order for Russian copper which is produced before 13 April 2024 to be warranted, the metal owner and Member will need to provide a CoA for the underlying copper.



22. In order for the metal owner to warrant Relevant Metal, the metal owner and warranting Member must provide the LME with the following documentation to attest that the metal was produced before 13 April 2024:
- a) A director or officer of (i) the metal owner's company and (ii) the warranting Member's company must sign a letter in the same form and content as the template letter attached at appendix 2.
  - b) The metal owner must complete the spreadsheet attached at appendix 3.
  - c) The metal owner must provide the CoA for the underlying metal. The CoA must reference one or more of (i) the production date of the Relevant Metal, or (ii) the creation date of the CoA, or (iii) the inspection date of the Relevant Metal for the purposes of issuing the CoA, of which at least one date must be before 13 April 2024.
  - d) In order to ensure the production cast reference ("PCR") on a CoA cross-references to the underlying metal which the metal owner wishes to warrant, the metal owner will need to provide a packing list (which needs to have a packing list reference number unique to that warehouse company) from the warranting warehouse company which references the warrant number and each specific PCR number of the Relevant Metal that makes up each individual warrant. The unique packing list reference number must be stated on the Russian Warrant either in the CoA reference field or one of the additional warrant reference fields in LMEsword. Only the CoA reference number(s) and CoA date(s) that relate to the specific PCR number that form the warrant should be stated on the Russian Warrant. If the required CoA reference number(s) and CoA date(s) exceed the number of characters permitted in the CoA reference field on the warrant then the additional information must be contained in the additional warrant reference fields.
  - e) The information above should be sent to the following email address: [metalwarranting@lme.com](mailto:metalwarranting@lme.com).
23. Once the LME has received the required information as set out in paragraph 22 above, it will review the submitted information. The LME will inform the metal owner and warranting Member whether or not it has any objections to the Relevant Metal being warranted. The LME notes that Members and metal owners are required to undertake their own due diligence in respect of warranting any Relevant Metal, to ensure that it complies with this Notice, the LME Rulebook, the LME Clear Rulebook and the Amended Sanctions Package. The LME will aim to process warranting requests as soon as reasonably practicable. However, please note that the procedure may take time and any metal owner wishing to place Relevant Metal on warrant should contact the LME as soon as possible. For the avoidance of doubt, any new Russian Warrants thus created will be Type 2 Russian Warrants.
24. For the avoidance of doubt, the provisions of this section apply to the warranting of off-warrant metal, the re-issuance of a cancelled Type 2 Russian Warrant, or the re-issuance of a cancelled Type 1 Russian Warrant where the owner is content for it to become a Type 2 Russian Warrant. For the case of re-issuing a Type 1 Russian Warrant as a new Type 1 Russian Warrant, please see the section below.

#### **Re-issuance of Type 1 Russian Warrants / movement of Type 1 Russian Warrants between warehouses**

25. The LME notes that paragraph 3 of the Amended Trade Licence allows Type 1 Russian Warrants to be cancelled and/or withdrawn (resulting in Relevant Metal going into the physical market), and then a new Type 1 Russian Warrant being issued in respect of that Relevant Metal (even if the issuance takes place on or after 13 April 2024). This is because paragraph 3 of the Amended Trade Licence references Relevant Metal which, as at the end of 12 April 2024, was "under warrant on a global metal exchange".
26. The LME believes that the circumstances in which these provisions can be engaged must be limited by the need to provide a clear chain of custody around the Relevant Metal during the time it is not on warrant. Accordingly, the LME will only facilitate the issuance of new Type 1 Russian Warrants under this provision in the case of: (i) a re-warranting of a cancelled Type 1 Russian Warrant within the same warehouse, or



(ii) a transfer of metal between warehouses (compliant with the Policy for the Approval and Operation of Warehouses) for the purposes of moving the Relevant Metal underlying a Type 1 Russian Warrant<sup>13</sup>. For the avoidance of doubt, if there has been any replacement of component pieces of a Russian Warrant during the period the Relevant Metal was on warrant, the provisions of this section cannot be engaged.

27. In order to create a new Type 1 Russian Warrant under these circumstances, the metal owner must evidence that the Relevant Metal which they wish to re-warrant, or to warrant at another warehouse, was on warrant as at the end of 12 April 2024. As such, it must meet the requirements of paragraph 22, and additionally provide the LME with the following documentation:

- a) At the point of cancellation, if the metal owner wishes to retain the ability to issue<sup>14</sup> a new Type 1 Russian Warrant for the Relevant Metal, the warehouse company with which the Relevant Metal is stored must create a packing list (which needs to have a packing list reference number unique to that warehouse company) to reference the exact bundles and/or pieces of metal that form the Russian Warrant.<sup>15</sup> The packing list must clearly state the following in relation to the Relevant Metal which forms the Russian Warrant: the PCR; the warrant ID of the underlying metal; and the date on which the metal was originally warranted. The warrant ID must be marked on each piece/bundle of metal which forms the Russian Warrant before the Relevant Metal is delivered from one warehouse company to another. For clarification, the original warrant ID which evidences that the Relevant Metal was on warrant as at the end of 12 April 2024 will need to remain visible on the underlying metal and the original packing list relating to that warrant ID must accompany the Relevant Metal for any subsequent warranting.
- b) Prior to issuance (or re-issuance) of the warrant, a director or officer of the metal owner's company and the warranting Member's company must sign a letter in the same form and content as the template letter attached at appendix 4.
- c) The receiving warehouse company (or warehouse company re-issuing the warrant) must reference, in one of the warrant reference fields in LMEsword, the following information when creating a new Russian Warrant in relation to the underlying Relevant Metal: the original warrant ID of the underlying metal; the date on which the metal was originally warranted; and that the warrant is a Type 1 Russian Warrant.<sup>16</sup>
- d) The information above should be sent to the following email address: [metalwarranting@lme.com](mailto:metalwarranting@lme.com).

28. Once the LME has received the required information as set out in paragraphs 22 and 27 above, it will review the submitted information. The LME will inform the metal owner and warranting Member whether or not it has any objections to the Relevant Metal being warranted as a Type 1 Russian Warrant. The LME notes that Members and metal owners are required to undertake their own due diligence in respect of warranting any Relevant Metal, to ensure that it complies with this Notice, the LME Rulebook, the LME Clear Rulebook and the Amended Sanctions Package. The LME will aim to process warranting requests as soon as reasonably practical. However, please note that the procedure may take time and any metal owner wishing to place Relevant Metal on warrant should contact the LME as soon as possible. For the avoidance of doubt, any new Russian Warrants thus created will be Type 1 Russian Warrants.

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<sup>13</sup> The LME notes that in order for the Relevant Metal to continue to remain a Type 1 Russian Warrant it must have been on warrant as at the end of 12 April 2024. Therefore, any Relevant Metal which was Cancelled Tonnage (being defined within the Warehouse Agreement as underlying metal that has been taken off warrant but which at the relevant time remained on the warehouse company's premises) as of 13 April 2024 can only be re-issued or re-warranted as a Type 2 Russian Warrant.

<sup>14</sup> The LME notes that if the metal owner wishes to re-warrant the Relevant Metal at a subsequent date then the requirements within this provision need to be complied with prior to the Relevant Metal being re-issued as a Type 1 Russian Warrant.

<sup>15</sup> The costs associated with the creation of the packing list and the marking of the warrant ID on the Russian Warrant will be to the account of the metal owner.

<sup>16</sup> In the event of a movement of metal under the provisions of this section, the LME notes that warehouse companies must complete the requirements in respect of packing lists and the marking of the underlying metal with the warrant ID prior to scheduling the load out of the Relevant Metal.



## Analysis

29. The LME believes that the Amended Sanctions Package provides a clear distinction between Relevant Metal produced before 13 April 2024, and on or after this date. By prohibiting the warranting of metal produced on or after 13 April 2024, a greater degree of clarity is provided to the market as to the future flow of Relevant Metal onto the LME.
30. The fact that warrants can still be created in respect of Relevant Metal produced before 13 April 2024 is supportive of market stability at this point in time, in the sense that some short position holders may be holding off-warrant Relevant Metal, with the intention of using it in settlement. Had future warranting been entirely prohibited at this time, it is possible that delivery failures could have resulted. However, the LME reminds short position holders of its general guidance – namely, that they should ensure that they have warrants available to cover delivery obligations (and also reminds Members of the Tom-next backwardation limit and delivery deferral mechanism).
31. It will, of course, be crucial for all market participants to have confidence that no Relevant Metal produced on or after 13 April 2024 is allowed to enter the LME's warranted stocks. The LME believes that the explicit provision in the Amended Sanctions Package in respect of the satisfactory nature of CoAs, together with the LME's comprehensive process for monitoring the warranting of any new Relevant Metal, will be robust in guarding against this possibility – and, by extension, giving confidence to all market participants that, when acquiring any warrant in settlement on the LME, there would not be any violation of the Amended Sanctions Package.
32. The fact that the Amended Sanctions Package creates a distinction between Type 1 Russian Warrants and Type 2 Russian Warrants will, on first analysis, create a greater compliance burden on the market. However, the LME anticipates that distinguishing between the two types will be straightforward (requiring only that the issuance date of the Russian Warrant or, in the case of a re-issued or re-warranted Type 1 Russian Warrant, the relevant LMEsword fields, be inspected). And, it should be noted that the conversion of all existing Russian Warrants to Type 1 Russian Warrant status will enhance the overall usability (for UK Persons) of the LME's warranted stocks (in that they will now be able to cancel and withdraw the underlying metal).
33. The LME recognises that a consequence of the Amended Sanctions Package may be to cause a degree of market uncertainty, which may then result in market participants warranting Relevant Metal as a safeguarding move. As such, it is possible that a relatively large supply of Relevant Metal may be warranted, and would become Type 2 Russian Warrants. However, given that (under the Original Sanctions Package) the entire stock of Russian Warrants had the same status as Type 2 Russian Warrants (and that these Russian Warrants are being cancelled and withdrawn from warehouses at present), the LME expects that a sufficiently broad set of market participants will be able to use Type 2 Russian Warrants.
34. To illustrate this, under the Original Sanctions Package, Russian aluminium has continued to be delivered out of LME warehouses, with Russian metal comprising 58% of metal delivered out in January 2024 (or 37,600 tonnes), 94% in February 2024 (or 44,375 tonnes), and 88% in March 2024 (38,775 tonnes). While this is perhaps not surprising, given the overall percentage of Russian aluminium on warrant (91% of open tonnage as at the end of March 2024), it does indicate that a sufficiently substantial proportion of the market is still willing to take delivery of Russian aluminium (noting that the current aluminium stock has the same status as Type 2 Russian Warrants).





35. The LME's position resulting from the 2022 Discussion Paper on Russian Metal remains in effect, namely that the Exchange will continue to monitor for market orderliness, including in respect of the issues raised above. To the extent that further action is required (or in the event that government sanctions change), the LME will act as appropriate.

### **Obligations**

36. The LME notes that the majority of Members are UK Persons and therefore will be required to adhere to the Amended Sanctions Package. As Members and Clients will be aware, it is an offence to purport to undertake an activity pursuant to a trade licence which is not within scope of the licence. The LME reminds Members of their obligations under Regulation 12.6(i) of Part 2 of the LME Rulebook and Rule 3.1B(c) of the LME Clear Rulebook to ensure that any business conducted by or through them does not breach any sanctions or would cause the LME or LME Clear to be in breach of sanctions. The LME also reminds warehouse companies of their continued obligation to comply with sanctions pursuant to clause 7.5.1 of the LME Warehouse Agreement.

37. As set out above, the LME notes that Relevant Metal while on warrant can be traded by all Members and Clients; however, the LME is not in a position to monitor whether Members or Clients are cancelling Russian Warrants in violation of sanctions, and as such the obligation will be on the relevant Member or Client to ensure its continued compliance with the sanctions when cancelling Russian Warrants and taking physical delivery of the underlying metal.

38. The requirements set out in this Notice shall remain in force until further notice. In the event that the UK Government publishes further information or guidance in relation to the sanctions which relate to the Relevant Metal, the LME will update the market where appropriate.

**Matthew Chamberlain**  
**Chief Executive Officer**

cc: Board Directors  
All Committees

### **Appendices**

- Appendix 1 – LME-listed Russian brands
- Appendix 2 – Attestation letter for warranting or re-warranting Type 2 Russian Warrants
- Appendix 3 – Spreadsheet for warranting or re-warranting Type 1 and Type 2 Russian Warrants
- Appendix 4 – Attestation letter for warranting or re-warranting Type 1 Russian Warrants

## Appendix 1 – LME-listed Russian brands

1. Metal on warrant of the below brands can continue to be traded on the LME, and these brands can also continue to be warranted, subject to the restrictions noted within this Notice.

### Nickel

| BRAND                     | PRODUCER       |
|---------------------------|----------------|
| NORNICKEL                 | JSC "Kola GMK" |
| SEVERONICKEL COMBINE H-1  | JSC "Kola GMK" |
| SEVERONICKEL COMBINE H-1Y | JSC "Kola GMK" |

### Primary Aluminium

| BRAND    | PRODUCER   |
|----------|--|
| RUSAL K  | JSC "RUSAL Krasnoyarsk Aluminium Smelter"          |
| RUSAL B  | PJSC "RUSAL Bratsk Aluminium Smelter"              |
| RUSAL S  | JSC "RUSAL Sayanogorsk Aluminium Smelter"          |
| RUSAL KH | JSC "RUSAL Sayanogorsk Aluminium Smelter"          |
| RUSAL N  | JSC "RUSAL Novokuznetsk Aluminium Smelter"         |
| KAZ SUAL | United Company RUSAL Kandalaksha Aluminium Smelter |
| BOAZ     | JSC Boguchany Aluminium Smelter                    |
| RUSAL I  | Affiliate of PJSC "RUSAL Bratsk" in Shelekhov      |
| RUSAL VG | United Company RUSAL Volgograd Aluminium Smelter   |

### Aluminium Alloy

| BRAND   | PRODUCER                              |
|---------|---------------------------------------|
| S       | SEAL & Co., Ltd                       |
| PTM     | Permtsvetmet JSC                      |
| RUSAL B | PJSC "RUSAL Bratsk Aluminium Smelter" |

### Cobalt

| BRAND     | PRODUCER       |
|-----------|----------------|
| NORNICKEL | JSC "Kola GMK" |

### Copper

| BRAND                | PRODUCER                    |
|----------------------|-----------------------------|
| NORNICKEL            | PJSC "MMC" "Norilsk Nickel" |
| UMMC <sup>1</sup>    | JSC Uralektromed            |
| UMMC II <sup>2</sup> | JSC Uralektromed            |

<sup>1</sup>The LME notes that there continues to be conditions on the warranting of the brands UMMC and UMMC II produced by JSC Uralektromed, please see Notice 22/239 for further information.

<sup>2</sup>The LME notes that there continues to be conditions on the warranting of the brands UMMC and UMMC II produced by JSC Uralektromed, please see Notice 22/239 for further information.

## Zinc

| BRAND                | PRODUCER                                   |
|----------------------|--|
| CZP SHG <sup>3</sup> | Joint Stock Company Chelyabinsk Zinc Plant |

2. Metal on warrant of the below brands can continue to be traded on the LME; however, the LME has previously suspended or delisted the below brands and therefore no new warrants can be issued in relation to these brands.

## Primary Aluminium

| BRAND    | PRODUCER   |
|----------|--|
| NAZ SUAL | Nadvoitsky Aluminium Plant of Siberian-Urals Aluminium Smelter |

## NASAAC

| BRAND   | PRODUCER                              |
|---------|---------------------------------------|
| S       | SEAL & Co., Ltd                       |
| PTM     | Permtsvetmet JSC                      |
| RUSAL B | PJSC "RUSAL Bratsk Aluminium Smelter" |
| MK MBC  | "Mordovtorsiryo" LLC                  |

## Aluminium Alloy

| BRAND  | PRODUCER             |
|--------|----------------------|
| MK MBC | "Mordovtorsiryo" LLC |

## Lead

| BRAND       | PRODUCER   |
|-------------|------------|
| FRGT PB985R | Fregat LLC |

## Copper

| BRAND   | PRODUCER                   |
|---------|----------------------------|
| NORILSK | PJSC "MMC "Norilsk Nickel" |

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<sup>3</sup>The LME notes that there continues to be conditions on the warranting of this brand, please see Notice 22/239 for further information.

## **Appendix 2 – Attestation letter for warranting or re-warranting Type 2 Russian Warrants**

London Metal Exchange  
10 Finsbury Square  
London  
EC2A 1AJ

By email only (metalwarranting@lme.com)

**[DATE]**

Dear Sir/Madam

### **Warranting of Russian Metal: Request to Warrant Metal**

1. We write in relation to LME Notice 24/171 which sets out the LME's understanding of the amendment to the trade licence for the acquisition of metals published on 12 April 2024 by the UK Department for Business and Trade, in respect of the direct or indirect acquisition of a Russian warrant on a global metal exchange which would otherwise be prohibited by the Russia (Sanctions) (EU Exit) Regulations 2019 (the "Amended Sanctions Package"). As required by Notice 24/171 in response to the Amended Sanctions Package, the LME will only allow Russian metal, including metal produced by the Russian brands listed in section 1 of Appendix 1 of Notice 24/171, to be placed on warrant if the metal owner can demonstrate to the LME that the Russian metal was produced before 13 April 2024 and therefore can be acquired by UK Persons, including LME Clear, UK Members and UK Clients. As stated in the Amended Sanctions Package and as set out in Notice 24/171, UK Persons cannot acquire Russian metal which was produced on or after 13 April 2024, and therefore the LME is not allowing the warranting of such metal.
2. In accordance with Notice 24/171, we request that the LME confirms that, on the basis of the information provided to it, the metal detailed in the attached spreadsheet will be placed on LME warrant (the "Metal"). For the avoidance of doubt, we confirm that we do not rely on such actions by the LME to form part of our due diligence in complying with Notice 24/171.
3. We confirm and provide the attached supporting evidence that placing the Metal on warrant will not involve any breach of the Amended Sanctions Package. We note the obligation on Members under Regulation 12.6(i) of Part 2 of the LME Rulebook and Rule 3.1B(c) of the LME Clear Rulebook to ensure that any business conducted by or through them does not breach any sanctions or would cause the LME or LME Clear to be in breach of sanctions. We also acknowledge that warranting metal which was produced on or after 13 April 2024 would be a breach of the Amended Sanctions Package. We confirm that the Metal was produced before 13 April 2024, as evidenced by the Certificate of Analysis ("CoA") in respect of the Metal. [Metal owner to insert additional information on the exact production cast reference number of the underlying Metal which will form the warrant and where the specific production cast reference number can be identified on the CoA].
4. We await a response from the LME prior to warranting the Metal.

Yours faithfully

**[Signed]**

**[FULL NAME AND TITLE OF AN OFFICER OF METAL OWNER COMPANY. Not applicable if the warranting Member is also the metal owner]**

**[Signed]**

**[FULL NAME AND TITLE OF AN OFFICER OF THE WARRANTING MEMBER]**

Appendix 3 - Spreadsheet for warranting or re-warranting Type 1 and Type 2 Russian Warrants

| REFERENCE NO.    | DATE OF REQUEST | METAL OWNER | METAL OWNER COMPANY NUMBER | COUNTRY OF INCORPORATION OF METAL OWNER | METAL OWNER CONTACT:          | MEMBER PLACING METAL ON WARRANT (IF DIFFERENT TO METAL OWNER) | MEMBER COMPANY NUMBER | MEMBER CONTACT:               | COUNTRY OF INCORPORATION OF MEMBER | WAREHOUSE COMPANY | WAREHOUSE LOCATION | METAL | BRAND OF METAL | METAL TONNAGE | DATE OF ORIGINAL WARRANT ISSUANCE (for re-issue/re-warranting of Type 1 and Type 2 Russian Warrants) | CHECKLIST SIGNED CONFIRMATION LETTER | CHECKLIST CERTIFICATE OF ANALYSIS | WAREHOUSE COMPANY PACKING LIST |
|------------------|-----------------|-------------|----------------------------|---|-------------------------------|---|-----------------------|-------------------------------|------------------------------------|-------------------|--------------------|-------|----------------|---------------|--|--------------------------------------|-----------------------------------|--------------------------------|
| [ME TO COMPLETE] |                 |             |                            |   | NAME:<br>EMAIL:<br>TELEPHONE: |   |                       | NAME:<br>EMAIL:<br>TELEPHONE: |                                    |                   |                    |       |                |               |  | [ME TO COMPLETE (insert date)]       | [ME TO COMPLETE (insert date)]    | [ME TO COMPLETE (insert date)] |

## **Appendix 4 – Attestation letter for warranting or re-warranting Type 1 Russian Warrants**

London Metal Exchange  
10 Finsbury Square  
London  
EC2A 1AJ

By email only (metalwarranting@lme.com)

**[DATE]**

Dear Sir/Madam

### **Warranting of Russian Metal: Request to Warrant Metal (re-issuance of Type 1 Russian Warrants / movement of Type 1 Russian Warrants between warehouses)**

1. We write in relation to LME Notice 24/171 which sets out the LME's understanding of the amendment to the trade licence for the acquisition of metals published on 12 April 2024 (the "Amended Trade Licence"), by the UK Department for Business and Trade, in respect of the direct or indirect acquisition of a warrant on a global metal exchange which would otherwise be prohibited by the Russia (Sanctions) (EU Exit) Regulations 2019 (the "Amended Sanctions Package"). As required by Notice 24/171 in response to the Amended Sanctions Package, the LME will only allow Russian metal, including metal produced by the Russian brands listed in section 1 of Appendix 1 of Notice 24/171, to be placed on warrant if the metal owner can demonstrate to the LME that the Russian metal was produced before 13 April 2024 and therefore can be acquired by UK Persons, including LME Clear, UK Members and UK Clients.
2. In relation to Russian metal which was on warrant as at the end of 12 April 2024, we note the requirement per LME Notice 24/171 and the Amended Sanctions Package for us to provide evidence that the underlying metal was on warrant as at the end of 12 April 2024, and therefore pursuant to paragraph 3 of the Amended Trade Licence can be withdrawn or cancelled and placed back on warrant as a Type 1 Russian Warrant (as defined within Notice 24/171).
3. In accordance with Notice 24/171, we request that the LME confirms that the metal detailed in the attached spreadsheet may be placed on LME warrant (the "Metal"). For the avoidance of doubt, we confirm that we do not rely on such actions by the LME to form part of our due diligence in complying with Notice 24/171.
4. We confirm and provide the attached supporting evidence that placing the Metal on warrant will not involve any breach of the Amended Sanctions Package and that the Metal was on warrant as at the end of 12 April 2024 pursuant to the Amended Trade Licence. We note the obligation on Members under Regulation 12.6(i) of Part 2 of the LME Rulebook and Rule 3.1B(c) of the LME Clear Rulebook to ensure that any business conducted by or through them does not breach any sanctions or would cause the LME or LME Clear to be in breach of sanctions. We also acknowledge that warranting metal which was produced on or after 13 April would be a breach of the Amended Sanctions Package. We confirm that the Metal was on warrant as at the end of 12 April 2024, as evidenced by the original warrant ID numbers, and that the original warrant ID is marked on each piece/bundle of metal which forms the warrant. [Metal owner to insert additional information on the specific warrant ID numbers].
5. We await a response from the LME prior to warranting the Metal.

Yours faithfully

**[Signed]**

**[FULL NAME AND TITLE OF AN OFFICER OF METAL OWNER COMPANY. Not applicable if the warranting Member is also the metal owner]**

**[Signed]**

**[FULL NAME AND TITLE OF AN OFFICER OF THE WARRANTING MEMBER]**