

To: All Clearing Members

Ref: 25-005

Classification: Disciplinary

Date: 22 January 2025

Subject: **SIGMA BROKING LIMITED**

Summary

1. This Notice is made pursuant to UK EMIR Article 38(5) and records a settlement between General Clearing Member, Sigma Broking Limited (“**Sigma**”) and LME Clear Limited (“**LME Clear**”) of certain alleged breaches of the LME Clear Rules and Procedures (the “**LME Clear Rules**”) which includes a financial penalty of £70,000. Terms not otherwise defined in this Notice shall have the meaning set out in the LME Clear Rules.

Background

2. LME Clear has conducted an investigation into certain alleged breaches of LME Clear Rules 3.2.1, 3.2.2 and 8.2.4 and Membership Procedure Part B 3.1A (i) and (k) by Sigma during the period 21 February 2022 to 31 October 2022 (the “**Relevant Period**”) (the “**Investigation**”).
3. Following the Investigation, LME Clear considers that, during the Relevant Period:
 - a) Sigma’s systems, procedures and controls for margin calls which were in place during the Relevant Period were inadequate, primarily due to an absence of appropriate written policies and procedures and training;
 - b) Sigma’s procedures for the lodging of Collateral were inadequately brief and failed to provide sufficient detail regarding the process and the roles and responsibilities of its staff; and
 - c) Sigma did not have adequate arrangements, systems, policies and procedures in relation to warrant delivery. In particular, Sigma did not have appropriate written policies and procedures and training. This resulted in a lack of clarity and consistency for Sigma’s employees in instances where physical delivery may have occurred.
4. As a result, LME Clear considers that Sigma breached LME Clear Rules 3.2.1, 3.2.2 and 8.2.4 and Membership Procedure Part B 3.1A (i) and (k) during the Relevant Period. Sigma has agreed to settle the matter without admitting or denying any of the alleged breaches.
5. Sigma cooperated fully with the Investigation and LME Clear did not find that the alleged rule breaches were deliberate.
6. LME Clear further acknowledges that since the Relevant Period, Sigma has implemented a series of changes and improvements to its internal risk management and operational systems, procedures, controls and training programmes, to remedy the alleged breaches of the LME Clear Rules. Sigma remains a General Clearing Member of LME Clear.



Adherence to the Rulebook

7. LME Clear reminds Members of the importance of organising and controlling their internal affairs in a responsible manner, in particular, having adequate arrangements and well-defined controls, systems and procedures, and to ensure that staff are adequately trained and properly supervised as regards compliance with the LME Clear Rules.

Christopher Jones
Chief Operating Officer