

## APPENDIX II

### DEFINITIONS

**The definitions below will be added to the LME Rulebook at Part 1 (Definitions and General Rules):**

<b>“Application”</b>	means any application (including a code for each application) receiving LME Information for Non-Display Usage;
<b>“Financial OTC Booking Fee Policy”</b>	means the policy of the Exchange specifying the basis on which Members and other persons shall be required to report to the Exchange certain transactions in financial instruments that are executed outside the facilities of the Exchange, and to pay to the Exchange fees in respect of such transactions, subject to, and in accordance with, the requirements of such policy, as such policy may be updated by the Exchange from time to time in accordance with the requirements and processes set out therein;
<b>“Intellectual Property Rights”<sup>1</sup></b>	patents, trade marks, rights in logos, get-up, trade names, internet domain names, rights in designs, copyright (including rights in computer software) and moral rights, database rights, rights of confidentiality, semi-conductor topography rights, utility models, trade secrets, inventions, rights in know-how and other intellectual property or proprietary rights, in each case whether registered or unregistered and including applications for registration, and all rights or forms of protection having equivalent or similar effect to the foregoing which may now or in the future subsist in, apply to or are enforceable in, any jurisdiction in the world;
<b>“LME Information”</b>	means any information or data (Including LME Data) made available by the Exchange to Members, Member API Clients and/or Member API Sub-Clients via the API from the Exchange’s systems;
<b>“Matching Rules”</b>	means the LME’s matching rules governing the use of the Matching System as published by the LME, by Notice from time to time;
<b>“Member API Client”</b>	means any Client or Affiliate of a Member to which the Member provides access to LME Information via the LME Select API;
<b>“Member API Sub-Clients”</b>	means any Client or Affiliate of a Member LME Select API Client;
<b>“Non-Display Usage”</b>	means any use of LME Information in electronic trading systems for the purpose of generating orders or executing transactions in an automated and/or semi-automated manner without the display of the original LME Data, including, for example, the use of LME Data for algorithmic trading, program trading or the automatic monitoring of trading activities;
<b>“Non-LME Platform”</b>	means any contract or product that is traded on, executed

<sup>1</sup> A definition of “Intellectual Property Rights” already exists in the Rulebook; this definition is intended to replace the existing definition.

<b>Contract</b>	on, or otherwise arranged or agreed via a Non-LME Multi Dealer Trading System;
<b>“Non-LME Multi Dealer Trading System”</b>	means:  (a) an exchange or other trading venue which is not operated by the Exchange or its Affiliates; or  (b) any other system, granting access to more than one trading party, to facilitate the arrangement and/or execution of bilateral contracts between such parties, outside the trading venue or systems operated by the Exchange or its Affiliates,  but shall not include a Single Dealer to Client Platform;
<b>“Product Specifications”</b>	means the specifications, features and/or terms of any Contract listed for trading on the Exchange, as described in the Rules and Administrative Procedures;
<b>“Single Dealer to Client Platform”</b>	means any system operated by a Member for the purpose of arranging bilateral contracts between: (i) such Member; and (ii) its customers by means of either a “Request For Quote” or continual price streaming from the Member to customers, but not including a system operating an order book where one customer may trade against another customer’s price or order;
<b>“Terminal”</b>	means a terminal through which a Member API Client and/or Member API Sub-Client has access to LME Information from a Member via an API; and
<b>“Trade Mark”</b>	means any trade mark (i) belonging to or used by the Company from time to time; or (ii) that the Company may register or apply to register from time to time;
<b>“User”</b>	means a user at a Member API Client and/or Member API Sub-Client who has access to LME Information from a Member via a graphical user interface (GUI).

**The Membership Regulations below will be added to the LME Rulebook at Part 2 (Membership, Enforcement and Discipline):**

**18. INTELLECTUAL PROPERTY RIGHTS**

- 18.2 For the avoidance of doubt, the Company hereby expressly reserves any and all rights (including Intellectual Property Rights and any rights of confidentiality), licences and permissions in and to the LME Data, the Trade Marks and the Product Specifications.
- 18.3 Unless explicitly permitted in writing between the Member and the Company, the Member shall not:
- (a) remove the Trade Marks from the LME Data or alter them (unless not practicable to display the Trade Marks and LME Data together);
  - (b) use the Trade Marks in conjunction with any other mark, name, logo, symbol or device;
  - (c) use the Trade Marks other than in relation to:
    - (i) Contracts; or
    - (ii) any contract to which the Financial OTC Booking Fee Policy applies, and in respect of which the Member shall report such contract to the Company in accordance with the Financial OTC Booking Fee Policy;
  - (d) use the Trade Marks in such a way as to damage the goodwill or reputation attaching to such Trade Marks or the name of the Company or to otherwise prejudice the validity or enforceability of any such Trade Marks;
  - (e) permit access to, distribute, sub-licence or publish the LME Data or Trade Marks to any third party;
  - (f) use the LME Data as a Benchmark or in connection with the determination of a Benchmark or pass the Data to an Administrator in connection with the determination of a Benchmark;
  - (g) manipulate the LME Data in any way and/or use the LME Data to create any Derived Data;
  - (h) use the LME Data or Trade Marks, or any part of them:
    - (i) in breach of these Rules or the Financial OTC Booking Fee Policy or other applicable laws or regulations;
    - (ii) for any unlawful purpose; or
    - (iii) in any way that may in the Company's absolute opinion be considered to bring the Company, its Affiliates, the LME Data and/or the Trade Marks into disrepute.

*The current Membership Regulations numbered Regulation 18.2 and Regulation 18.3 of the LME Rulebook will be renumbered as Regulation 18.4 and Regulation 18.5 respectively.*

**The Membership Regulations below will be the new Regulation 19 and Regulation 20 at Part 2 (Membership, Enforcement and Discipline) of the LME Rulebook:**

**19. FINANCIAL OTC BOOKING FEE POLICY**

19.1 Each Member shall comply with the Financial OTC Booking Fee Policy. Without prejudice to the generality of the foregoing, each Member shall:

- (a) register with the Exchange, pursuant to the requirements of the Financial OTC Booking Fee Policy;
- (b) report to the Exchange, any trades undertaken by the Member which are required to be reported pursuant to the Financial OTC Booking Fee Policy; and
- (c) pay to the Exchange, any fees due to the Exchange pursuant to the Financial OTC Booking Fee Policy in relation to trades undertaken by the Member.

19.2 Each Member shall procure and otherwise take steps to ensure that their Affiliates comply with the Financial OTC Booking Fee Policy. Where the Affiliate fails to comply with the Financial OTC Booking Fee Policy, whether: (a) registering with the Exchange; (b) reporting any trades undertaken by the Affiliate to the Exchange; or (c) paying to the Exchange, any fees due pursuant to the Financial OTC Booking Fee Policy; or (d) otherwise, the Member shall be liable to the Exchange for any non-compliance by Affiliate with the Financial OTC Booking Fee Policy.

19.3 Without prejudice to any additional rights of the Exchange under the Financial OTC Booking Fee Policy to require information from any Member or its Affiliate, each Member shall, and shall ensure that its Affiliates shall, within 5 Business Days of any request by the Exchange:

- (a) permit the Exchange and its representatives to have access to any records and information maintained by the Member and/or its Affiliates (as the case may be) in respect of any transactions undertaken by the Member or its Affiliates for the purposes of assessing compliance with the Financial OTC Booking Fee Policy; and
- (b) respond to any reasonable questions from the Exchange which are relevant to assessing the compliance by the Member and its Affiliates with the Financial OTC Booking Fee Policy.

19.4 For the avoidance of doubt, a Member or its Affiliate shall only be entitled to benefit from an exemption from compliance with any aspect of the Financial OTC Booking Fee Policy in the event that such exemption has been granted by the Exchange in accordance with the terms of the Financial OTC Booking Fee Policy.

**20. RESTRICTIONS ON USE OF LME PROPERTY OR SYSTEMS FOR NON-EXCHANGE CONTRACTS**

20.1 The facilities of the Exchange may not be used to facilitate the execution, clearing or settlement of any Non-LME Platform Contract. Without limitation to the foregoing:

- (a) no Member may use any LME Data, Product Specifications or any other Intellectual Property Rights of the Exchange, or any part of them for the formation, trading, pricing, clearing or settlement of any Non-LME Platform Contract;
- (b) LME Warrants may not be used for the purpose of settling any Non-LME Platform Contract;

- (c) the Ex-Cleared settlement functionality of LMEsword may not be used to facilitate the settlement of any Non-LME Platform Contract;
  - (d) no Member may use the inter-office market to facilitate the submission to the Matching System of any Non-LME Platform Contract as an Agreed Trade; and
  - (e) no Member may bring-onto, or allow its Client to bring-onto, the Exchange any Non-LME Platform Contract, including pursuant to the OTC Bring-On category within the Matching Rules, the submission to the Matching System of an Agreed Trade, or otherwise.
- 20.2 The Exchange may, in its absolute discretion, by Notice dis-apply any of the restrictions specified in this Regulation 20 in respect of Non-LME Platform Contracts traded on, executed on, or otherwise arranged or agreed via any specific Non-LME Multi Dealer Trading System. Such Notice:
- (a) shall specify the identity of the specific Non-LME Multi Dealer Trading System that is approved by the Exchange as a venue for the formation of Agreed Trades that may be brought-onto the Exchange; and
  - (b) may specify the categories of Contracts to which such approval shall apply.
- 20.3 The Exchange shall issue a Notice pursuant to Regulation 20.2 above, publicising the situation where, as determined by the LME in its sole discretion and acting reasonably, any Non-LME Multi Dealer Trading System is lawfully making use of the Intellectual Property Rights of the Exchange, including, without limitation, where such Non-LME Multi Dealer Trading System has: (i) entered into a licence agreement for the use of Intellectual Property Rights belonging to the Exchange; or (ii) been granted open access rights pursuant to prevailing applicable legislation.

*The current Regulation 19 and Regulation 20 in Part 2 (Membership, Enforcement and Discipline) of the LME Rulebook will be renumbered as Regulation 21 and Regulation 22 respectively and the subsequent Regulations will be renumbered accordingly.*

**The Regulation below will be added to the LME Rulebook at Part 10 (LMEsword Regulations):**

**5. TRANSFER OF WARRANTS LODGED WITH THE DEPOSITORY**

**5.6 Use of LMEsword for Settlement of Non-Platform Contracts**

LMEsword shall not be used to settle Non-LME Platform Contracts in breach of the requirements specified in Membership Regulation 20 (*Restrictions on use of LME Property or Systems for Non-Exchange Contracts*). Such restriction shall apply to any Account Holder, and shall not be limited to Members.

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### 3. THE MATCHING SYSTEM AND RECORDING OF TRADES

**A new Trading Regulation 3.12 will be added to Part 3 (Trading Regulations) of the LME Rulebook.**

#### 3.12 Agreed Trades as Gross Transactions

Each Member shall ensure that the details of each Agreed Trade arranged in the inter-office market that is input by or on behalf of the Member into the Matching System shall constitute the details of a single, distinct transaction, without the application of any netting, compression or aggregation by the Member of multiple transactions or Agreed Trades, except where:

- (a) the Member has aggregated Agreed Trades representing either multiple buy or multiple sell transactions (being transactions in the same direction); and/or
- (b) where Agreed Trades representing multiple buy or multiple sell transactions (being transactions in the same direction) have their Prompt Date adjusted to another date in accordance with the Rules.

For the avoidance of doubt, this provision is without prejudice to the ability of a Member to participate in the OTC Backloading Service in accordance with the Matching Rules and the Clearing House Rules.

*The current Rule 3.12 in Part 3 (Trading Regulations) will be renumbered as Rule 3.13.*

## 12. DEALINGS ON LME SELECT

**The Trading Regulations below will be added to Regulation 12 of Part 3 (Trading Regulations) of the LME Rulebook:**

### **Transparent Reporting of Orders to LME Select**

12.18 Where any LME Select Participant:

- (a) submits its own orders into LME Select; or
- (b) offers Direct Electronic Access services to enable Clients to submit orders into LME Select,

such LME Select Participant must ensure that:

- (i) all such orders are submitted into LME Select without delay; and
- (ii) no such order is withheld from submission into LME Select for the purpose of offsetting such order against any other order or orders that would ordinarily be submitted into LME Select, including but not limited to offsetting one Client order against another Client order.

### **Use of LME Information through LME Select API**

12.19 The Exchange hereby consents, subject to Regulation 12.20 and 12.21 below, to allow a Member to:

- (a) transmit LME Information to Member API Clients;
- (b) permit Member API Clients to transmit LME Information to their Member API Member API Sub-Clients;
- (c) use LME Information for Non-Display Usage by such Member; and
- (d) transmit LME Information to Member API Clients for use by the Member API Clients and/or Member API Sub-Clients for Non-Display Usage by such Member API Client and/or Member API Sub-Client.

12.20 It is prohibited for any Member, Member API Client or Member API Sub-Client to:

- (a) store, manipulate or use for Non-Display Usage any LME Information for commercial purposes; and
- (b) to transmit LME Information to, or otherwise permit access to LME Information by, a Non-LME Multi-Dealer Trading System (without the express prior consent of the Exchange),

and the Member shall be:

- (i) responsible for procuring compliance by any Member API Client or Member API Sub-Client with such prohibitions; and
- (ii) liable to the Exchange for any breach of such prohibitions by any Member API Client or Member API Sub-Client as if such breach had been committed by the Member itself;



12.21 The consent given pursuant to Regulation 12.19 above is given subject to the following conditions (and the Member shall comply, and be responsible for procuring compliance, with such requirements):

- (a) no Member may transmit LME Information to any Member API Client or permit any Member API Client to transmit LME Information to any Member API Sub-Client unless the following conditions are satisfied:
  - (i) Member API Clients to which LME Information is transmitted by a Member must have entered into a formal client engagement agreement with the Member, reflecting the requirements, conditions and limitations set out in Regulations 12.19 to 12.21 (including, for the avoidance of doubt, the requirement to comply with Regulation 12.21(a)(ii) below); and
  - (ii) Member API Sub-Clients to which LME Information is transmitted must have entered into a formal client engagement agreement with a Member API Client reflecting the requirements, conditions and limitations set out in Regulation 12.21 (including, without limitation, the prohibitions specified in Regulation 12.20 above);
- (b) without limitation to (a) above, the Member shall procure that each Member API Client that has access to LME Information via the LME Select API shall have entered into an agreement with the Member (to be produced to the Exchange on request) whereby the Member API Client:
  - (i) agrees:
    - (1) to treat such LME Information as confidential information of the Exchange; and
    - (2) that it shall not distribute LME Information to any other person (except as expressly permitted under these Regulations 12.19 to 12.21 or as required by applicable law or regulation);
  - (ii) agrees to comply with the Financial OTC Booking Fee Policy as:
    - (1) an Affiliate of the Member (where such Member API Client is an Affiliate of the Member); or
    - (2) as a Licensee, as such term is defined in the Financial OTC Booking Fee Policy (where such Member API Client is not an Affiliate of the Member);
  - (iii) agrees and confirms that, where the Member API Client intends to transmit LME Information to any Member API Sub-Client, it has in place agreements with such Member API Sub-Client (a "**Member API Sub-Client Agreement**"):
    - (1) under which the Member API Sub-Client agrees to treat such LME Information as confidential information of the Exchange; and
    - (2) that prohibits such Member API Sub-Client from re-distributing LME Information to any other person (except as required by applicable law or regulation);

- (iv) agrees to include in every Member API Sub-Client Agreement, an agreement by the Member API Sub-Client to comply with the Financial OTC Booking Fee Policy as:
  - (1) an Affiliate of the Member (where such Member API Sub-Client is an Affiliate of the Member); or
  - (2) as a Licensee, as such term is defined in the Financial OTC Booking Fee Policy (where such Member API Sub-Client is not an Affiliate of the Member);
- (v) acknowledges that only Category 1 Members and Category 4 Members may issue a Client Contract that is an LME Base Contract;
- (vi) acknowledges that only LMEprecious General Clearing Members and LMEprecious Non-Clearing Members may issue a Client Contract that is an LMEprecious Contract;
- (vii) confirms that, if the Member API Client trades with Member API Sub-Clients, those Member API Sub-Clients have been made to understand that they do not receive Client Contracts;
- (c) the Member shall pay to the Exchange such fees in respect of the access permitted pursuant to Regulation 12.19 as the Exchange shall specify by Notice (as may be amended or updated by the Exchange from time to time);
- (d) the Member shall send to the Exchange such reports, in respect of the access and use of LME Information by the Member and any Member API Clients and/or Member API Sub-Clients, as the Exchange may specify by Notice, in accordance with such requirements as may be specified in such Notice;
- (e) the Member shall comply with the requirements of the Exchange in relation to the identification of Member API Clients and Member API Sub-Clients as notified by the Exchange to the Member from time-to-time;
- (f) (without prejudice to the prohibitions specified in Regulation 12.19, and the Member's liability for any breach by a Member API Client or Member API Sub-Client of any such prohibition) the Member shall use its reasonable endeavours to ensure that each Member API Client and Member API Sub-Client who has access to LME Information does not copy, distribute or transmit it without the prior consent of the Exchange or except as explicitly permitted by these Regulations 12.19 – 12.21, and the Member shall cease to make available LME Information to any Member API Client whom it knows or has reasonable cause to suspect is copying, distributing, transmitting or permitting to be made available LME Information without the consent of the Exchange or except as explicitly permitted by this Regulations 12.19 – 12.21;
- (g) the Member shall retain all documents, books and records relevant to the making available of LME Information to Member API Clients as contemplated by these Regulations 12.19 – 12.21 (including a list of the names and address of each Member API Client to whom LME Information is available and the number of Terminals, Users and Applications of that Member API Client, a list of identities of end users and access identifications and such other information as may be required by the LME from time to time) during the currency of the Member's

Membership and for a period of six (6) years following the termination of the Member's Membership;

- (h) for the purposes of ensuring compliance by the Member with the terms of these Regulations 12.19 – 12.21, the Member shall permit the Exchange and its representatives to have access on reasonable notice to such of the Member's documents, books and records (including those referred to in paragraph (g)) and personnel as it may reasonably require for audit purposes. This is without prejudice to any other rights of the Exchange, contained elsewhere in the Rules, to inspect documents, books and records of Members;
- (i) the Member undertakes that it will at all times be in compliance with all local, legal and regulatory requirements regarding the arrangements that it has with each Member API Client that the Member permits to transmit LME Information to Member API Sub-Clients;
- (j) subject to paragraph (k) below, the consent granted under Regulation 12.19 shall be automatically withdrawn upon termination of the Member's Membership; and
- (k) the Exchange may withdraw its consent under Regulation 12.19, in whole or in part (including in respect of individual Member API Clients and/or Member API Sub-Clients), on 7 days' written notice to the Member.