

No. 2128666

THE COMPANIES ACT 1985

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COMPANY LIMITED BY GUARANTEE

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Memorandum

and

Articles of Association\*

of

THE LONDON METAL EXCHANGE LIMITED

Incorporated the 6th day of May 1987

(\* Adopted by Special Resolution passed on 13th June, 1990)

LINGCATERS & PAINE (AGH)  
Barrington House  
59-67 Gresham Street  
London EC2V 7JA





**CERTIFICATE OF INCORPORATION  
OF A PRIVATE LIMITED COMPANY**

**No. 2128666**

**I hereby certify that**

**THE LONDON METAL EXCHANGE LIMITED**

**is this day incorporated under the Companies Act 1985 as a  
private company and that the Company is limited.**

**Given under my hand at the Companies Registration Office,  
Cardiff the**

**6TH MAY 1987**

A handwritten signature in dark ink, appearing to read 'D.M. Wilce'.

**D.M. WILCE**

**an authorised officer**

THE COMPANIES ACT 1985

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COMPANY LIMITED BY GUARANTEE

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MEMORANDUM OF ASSOCIATION

OF

THE LONDON METAL EXCHANGE LIMITED

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- 1 The Company's name is " THE LONDON METAL EXCHANGE LIMITED".
- 2 The Company's registered office is to be situate in England and Wales.
- 3 The Company's objects are:-
  - (A) (i) To promote, maintain, oversee and administer an exchange for the trading of futures and options for and in metals of all descriptions and to formulate, administer and enforce compliance with rules, regulations, procedures and forms of contract in connection therewith and for the orderly conduct of business thereon;
  - (ii) To acquire and take over all or substantially all of the assets of the unincorporated association known as The London Metal Exchange and all or substantially all of the assets of The Metal Market and Exchange Company Limited;

(141) To undertake by enquiry, arbitration, the formation of arbitral tribunals, conciliation or otherwise the investigation of complaints and settlement of disputes arising in connection with transactions on the said exchange or related thereto, to appoint arbitrators and conciliators and provide facilities for arbitration and conciliation.

(B) To carry on any other business or activity of any nature whatsoever which may seem to the Directors to be capable of being conveniently or advantageously carried on in connection or conjunction with any business of the Company hereinbefore or hereinafter authorised or to be expedient with a view directly or indirectly to enhancing the value of or to rendering profitable or more profitable any of the Company's assets or utilising its skills, know-how or expertise.

(C) To subscribe, underwrite, purchase, or otherwise acquire, and to hold, dispose of, and deal with, any shares or other securities or investments of any nature whatsoever, and any options or rights in respect thereof or interests therein, and to buy and sell foreign exchange.

(D) To draw, make, accept, endorse, discount, negotiate, execute, and issue, and to buy, sell and deal with bills of exchange, promissory notes, and other negotiable or transferable instruments or securities.

(E) To purchase, or otherwise acquire for any estate or interest any property (real or personal) or assets or any concessions, licences, grants, patents, trade marks, copyrights or other exclusive or non-exclusive rights of any kind and to hold develop and turn to account and deal with the same in such manner as may be thought fit and to make experiments and tests and to carry on all kinds of research work.

- (F) To build, construct, alter, remove, replace, equip, execute, carry out, improve, work, develop, administer, maintain, manage or control buildings, structures or facilities of all kinds, whether for the purposes of the Company or for sale, letting or hire to or in return for any consideration from any company, firm or person, and to contribute to or assist in or carry out any part of any such operation.
- (G) To amalgamate or enter into partnership or any joint venture or profit/loss-sharing arrangement or other association with any company, firm, person or body.
- (H) To purchase or otherwise acquire and undertake all or any part of the business, property and liabilities of any company, firm, person or body carrying on any business which the Company is authorised to carry on or possessed of any property suitable for the purposes of the Company.
- (I) To promote, or join in the promotion of, any company, whether or not having objects similar to those of the Company.
- (J) To borrow and raise money and to secure or discharge any debt or obligation of or binding on the Company in such manner as may be thought fit and in particular by mortgages and charges upon all or any part of the undertaking, property and assets (present and future) of the Company, or by the creation and issue of debentures or debenture stock.
- (K) To advance, lend or deposit money or give credit to or with any company, firm or person on such terms as may be thought fit and with or without security.
- (L) To guarantee or give indemnities or provide security, whether by personal covenant or by mortgage or charge upon all or any part of the undertaking, property and assets (present and future) of the

Company, or by all or any such methods, for the performance of any contracts or obligations, and the payment of capital or principal (together with any premium) and dividends or interest on any shares, debentures or other securities, of any person, firm or company including (without limiting the generality of the foregoing) any company which is for the time being a subsidiary of or is associated with the Company in business.

(M) To issue any securities which the Company has power to issue for any other purpose by way of security or indemnity or in satisfaction of any liability undertaken or agreed to be undertaken by the Company.

(N) To sell, lease, grant licences, easements and other rights over, and in any other manner deal with or dispose of, the undertaking, property, assets, rights and effects of the Company or any part thereof for such consideration as may be thought fit, and in particular for shares or other securities, whether fully or partly paid up.

(O) To procure the registration, recognition or incorporation of the Company in or under the laws of any territory outside England.

(P) To subscribe or guarantee money for any national, charitable, benevolent, public, general or useful object or for any purpose which may be considered likely directly or indirectly to further the interests of the Company or of its members.

(Q) To establish and maintain or contribute to any pension or superannuation funds for the benefit of, and to give or procure the giving of donations, gratuities, pensions, allowances or emoluments to, any individuals who are or were at any time in the employment or service of the Company or of any company which is a subsidiary of the Company or otherwise is allied to or associated with the Company or any of the predecessors of the Company or any other such company as aforesaid, or who are or were at any time directors or officers of

the Company or of any such other company, and the wives, widows, families and dependants of any such individuals; to establish and subsidize or subscribe to any institutions, associations, clubs or funds which may be considered likely to benefit any such persons or to further the interests of the Company or of any such other company; and to make payments for or towards the insurance of any such persons.

(R) To distribute among members of the Company in specie or otherwise all or any of the property or assets of the Company, or any proceeds of sale or other disposal of any property or assets of the Company, with and subject to any incident authorised and consent required by law.

(S) To do all or any of the things and matters aforesaid in any part of the world, and either as principals, agents, contractors, trustees or otherwise, and by or through trustees, agents, subsidiary companies or otherwise, and either alone or in conjunction with others.

(T) To do all such other things as may be considered to be incidental or conducive to any of the above objects.

And it is hereby declared that the objects of the Company as specified in each of the foregoing paragraphs of this Clause (except only if and so far as otherwise expressly provided in any paragraph) shall be separate and distinct objects of the Company and shall not be in any way limited by reference to any other paragraph or the order in which the same occur or the name of the Company.

4 The liability of the members is limited.

5 Every member of the Company undertakes to contribute such amount as may be required (not exceeding £100) to the Company's assets if it should be wound up while he is a member or within one year after he ceases to be a member for payment of the Company's debts and liabilities contracted before he ceases to be a member, and of the costs, charges and expenses of winding-up, and for the adjustment of the rights of the contributories among themselves.

WE, the Subscribers to this Memorandum of Association, wish to be formed into a Company pursuant to this Memorandum.



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**NAMES AND ADDRESSES OF SUBSCRIBERS**

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1     C B J Green  
      for and on behalf of  
      CERRO METALS (UK) LTD  
      DEVONSHIRE HOUSE  
      DEVONSHIRE ROW  
      LONDON  
      EC2M 4JX

2     J Wolff  
      for and on behalf of  
      RUDOLF WOLFF & CO LTD  
      PLANTATION HOUSE  
      FENCHURCH STREET  
      LONDON  
      EC3M 3DB

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DATED 21st April 1987.

WITNESS to the above Signatures:-

Mark Stamp  
PLANTATION HOUSE  
FENCHURCH STREET  
LONDON EC3  
Solicitor  
Q17ANT 2016

Articles of Association of  
The London Metal Exchange Limited

(Adopted by a Special Resolution passed on 13th June, 1990)

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PRELIMINARY

1. In these Articles (if not inconsistent with the subject or context) the words and expressions set out in the first column below shall bear the meanings set opposite to them respectively:-

The Act	the Companies Act 1985.
These Articles	these Articles of Association as from time to time altered.
Clearing Associate Member	an Undertaking admitted to membership of the Exchange in accordance with the Rules who is not entitled to trade in the Ring of the Exchange but is entitled to clear contracts through the Exchange.
The Exchange	this Company and/or the exchange administered by it.
Honorary Member	an individual upon whom honorary membership is conferred by the Directors in accordance with the Rules.
Individual Member	an individual admitted to membership of the Exchange in accordance with the Rules.
Member	a Ring Member, a Clearing Associate Member, an Associate Member or an Individual Member.
Month	calendar month.
Associate Member	an Undertaking admitted to membership of the Exchange in accordance with the Rules who is not entitled to trade in the Ring of the Exchange nor clear contracts through the Exchange.
Office	the registered office of the Company for the time being.

Ring Member	an Undertaking admitted to membership of the Exchange who is entitled to trade in the Ring of the Exchange in accordance with the Rules.
Rules	the rules and regulations of the Exchange in force from time to time.
Seal	the Common Seal of the Company.
The Statutes	the Act and every other Statute for the time being in force concerning companies and affecting the Exchange.
The United Kingdom	Great Britain and Northern Ireland.
Year	calendar year.

The expression "Undertaking" shall have the meaning set out in s.259 of the Act.

The expression "Group Undertaking" in relation to a Member shall have the meaning set out in s.259(5) of the Act.

The expressions "parent undertaking" and "subsidiary undertaking" shall have the meanings set out in s.258 of the Act.

The expressions "holding company" and "subsidiary company" shall have the meanings set out in s.736 of the Act.

The expressions "debenture" and "debenture holder" shall respectively include "debenture stock" and "debenture stockholder".

The expression "Secretary" shall include any person appointed by the Directors to perform any of the duties of the Secretary including a joint, assistant or deputy Secretary.

Words denoting the singular shall include the plural and vice versa. Words denoting gender shall include any gender. Words denoting persons shall include corporations.

References to any statute or statutory provision shall be construed as relating to any statutory modification or re-enactment thereof for the time being in force.

Subject as aforesaid any words or expressions defined in the Act shall (if not inconsistent with the subject or context) bear the same meanings in these Articles.

A Special or Extraordinary Resolution shall be effective for any purpose for which an Ordinary Resolution is expressed to be required under any provision of these Articles.

## MEMBERSHIP OF THE EXCHANGE

### General

2. Each Member shall pay an annual subscription and, in the year of his becoming a Member of the Exchange, an entrance fee, of such amount (if any) as the Directors may from time to time decide in relation to each class of membership. The Directors may differentiate between Members within a class of membership having regard to what the Directors perceive to be their use of the Exchange's facilities. Any Member who shall fail to pay his annual subscription within one month after receipt of notice from the Secretary that it is due shall, failing an explanation which the Directors shall deem satisfactory, cease to be a Member upon the passing of a resolution to that effect by the Directors. Subscriptions shall be due each year on such date as the Directors may from time to time determine.

3. Every Undertaking or individual wishing to become a Member and who the Directors decide to admit to membership of the Exchange shall sign a form of Application for Membership in which he shall agree to be bound by the Memorandum and Articles of Association of the Exchange and the Rules, and to accept as final and comply with the provisions of any decision or direction made by the Directors or by the Exchange in General Meeting, provided however that nothing in this Article shall prejudice or diminish a Member's rights under Article 4. The Directors may from time to time grant individuals the status of honorary membership of the Exchange having the rights and privileges set out in the Rules. Any such individual, although accorded the title "Honorary Member" shall not be a Member for the purposes of these Articles.

### EXPULSION AND SUSPENSION OF MEMBERS

4. The Directors may in accordance with the provisions of the Rules expel any Member from membership or suspend his rights of membership for a fixed term provided that any such Member shall be given the opportunity, if he desires it, of attending before the Directors to make representations to them.

5. Any Member expelled shall thereupon forfeit all rights and privileges of membership of the Exchange.

6. Any Member suspended for any period pursuant to Article 4 shall remain liable in respect of all his obligations of membership including payment of the annual subscription.

7. In cases where a Member ceases to be a Member of the Exchange through expulsion or for any other cause, the Secretary shall give notice to that effect to all Members giving the date when such membership ceased.

## MEMBERSHIP

8. Membership of the Exchange is personal and may not be assigned.

9. Any application for membership must be approved by the Directors in accordance with these Articles. The Directors shall have absolute discretion whether to approve an application, and shall be under no obligation to state their reasons for any refusal to do so. Except as may be provided in the Rules the Directors' decision to grant or refuse approval shall be final.

10. (A) A candidate admitted to membership as aforesaid shall not become a Member until he has paid the entrance fee (if any) fixed from time to time by the Directors.

(B) Where a candidate for membership is an Undertaking which does not have a separate legal existence distinct from its members the Directors shall be entitled to admit as a Member the members of that Undertaking and such persons shall thereupon be jointly liable for all incidents of membership of the Exchange.

## GENERAL MEETINGS

11. An Annual General Meeting shall be held not more than eighteen months after the incorporation of the Exchange and subsequently once in every year, at such time (within a period of not more than fifteen months after the holding of the last preceding Annual General Meeting) and place as may be determined by the Directors. All other General Meetings shall be called Extraordinary General Meetings.

12. The Directors may whenever they think fit, and shall on requisition in accordance with the Statutes, proceed with proper expedition to convene an Extraordinary General Meeting.

## NOTICE OF GENERAL MEETINGS

13. An Annual General Meeting and any Extraordinary General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Statutes) a resolution of which special notice has been given to the Exchange, shall be called by twenty-one days' notice in writing at the least and any other Extraordinary General Meeting by fourteen days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in the manner hereinafter mentioned to all Members other than such as are not under the provisions of these Articles entitled to receive such notices from the Exchange; Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:-

(a) in the case of an Annual General Meeting by all the Members entitled to attend and vote thereat; and

(b) in the case of an Extraordinary General Meeting by a majority in number of the Members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent. of the total voting rights at the Meeting of all the Members;

Provided also that the accidental omission to give notice to or the non-receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting.

14. (A) Every notice calling a General Meeting shall specify the place and the day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a Member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him and that a proxy need not be a Member of the Exchange.

(B) In the case of an Annual General Meeting, the notice shall also specify the meeting as such.

(C) In the case of any General Meeting at which business other than routine business is to be transacted, the notice shall specify the general nature of such business; and if any resolution is to be proposed as an Extraordinary Resolution or as a Special Resolution, the notice shall contain a statement to that effect.

15. Routine business shall mean and include only business transacted at an Annual General Meeting of the following classes, that is to say:-

(a) receiving and/or adopting the accounts, the reports of the Directors and Auditors and other documents required to be attached or annexed to the accounts;

(b) re-appointing the retiring Auditors (unless they were last appointed otherwise than by the Exchange in General Meeting);

(c) fixing the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed.

#### PROCEEDINGS AT GENERAL MEETINGS

16. The Chairman of the Directors, failing whom the Vice Chairman, shall preside as chairman at a General Meeting. If there be no such Chairman or Vice Chairman, or if at any meeting neither be present within five minutes after the time appointed for holding the meeting and willing to act, the Directors present shall choose one of their number (or, if no Director be present or if all the Directors present decline to take the chair, the Members present shall choose one of their number) to be chairman of the meeting.

17. No business other than the appointment of a chairman shall be transacted at any General Meeting unless a quorum is present at

the time when the meeting proceeds to business. Twelve Members present in person or by proxy and entitled to vote shall be a quorum for all purposes.

18. If within five minutes from the time appointed for a General Meeting (or such longer interval as the chairman of the meeting may think fit to allow) a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to such other day and such time and place as may have been specified for the purpose in the notice convening the meeting or (if not so specified) as the chairman of the meeting may determine and in the latter case not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting. At the adjourned meeting any two Members present in person or by proxy and entitled to vote shall be a quorum.

19. The chairman of any General Meeting at which a quorum is present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time (or sine die) and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. Where a meeting is adjourned sine die, the time and place for the adjourned meeting shall be fixed by the Directors. When a meeting is adjourned for thirty days or more or sine die, not less than seven days' notice of the adjourned meeting shall be given in like manner as in the case of the original meeting.

20. Save as hereinbefore expressly provided, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

21. If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a Special or Extraordinary Resolution no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.

22. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:-

(a) the chairman of the meeting; or

(b) any Member present in person or by proxy and entitled to vote.

23. A demand for a poll may be withdrawn only with the approval of the meeting. Unless a poll is required a declaration by the chairman of the meeting that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the minute book, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded for or

against such resolution. If a poll is required, it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the chairman of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the meeting may (and if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

24. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote.

25. A poll demanded on the choice of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place as the chairman may direct. No notice need be given of a poll not taken immediately. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.

#### VOTES OF MEMBERS

26. (A) Subject to any special rights or restrictions as to voting attached by or in accordance with these Articles to any class of members, on a show of hands every Member who is present in person or by proxy shall have one vote and on a poll every Member who is present in person or by proxy shall have, in the case of Ring Members five votes, in the case of Clearing Associate Members three votes, and, in the case of Associate Members one vote PROVIDED THAT on any resolution relating to the appointment or removal of Directors both Ring Members and Clearing Associate Members shall be entitled to one vote only.

(B) Where a Member is a Group Undertaking of another Member, only one of those Members shall be entitled to exercise its voting rights and in any such case the vote of the senior Member who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote of the other Member and for this purpose seniority shall be determined by the category of membership of those Members in the order Ring Member, Clearing Associate Member and Associate Member and thereafter, if necessary, by the order in which the names of those Members stand in the register of members.

(C) Where two or more persons are jointly liable for the incidents of a single membership pursuant to Article 10(B) the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other or others jointly liable and for this purpose seniority shall be determined by the order in which the names of those persons stand in the register of members.

27. Individual Members shall not be entitled to vote.



28. Where in England or elsewhere a receiver or other person (by whatever name called) has been appointed by any court claiming jurisdiction in that behalf to exercise powers with respect to the property or affairs of any Member on the ground (however formulated) of mental disorder, the Directors may in their absolute discretion, upon or subject to production of such evidence of the appointment as the Directors may require, permit such receiver or other person on behalf of such Member to exercise any right conferred by membership in relation to meetings of the Exchange.

29. No Member shall, unless the Directors otherwise determine, be entitled to vote at a General Meeting either personally or by proxy or to exercise any other right conferred by membership in relation to meetings of the Exchange if any sum in excess of £1,000 presently payable by him to the Exchange is outstanding.

30. No objection shall be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairman of the meeting whose decision shall be final and conclusive.

31. On a poll votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

32. A proxy need not be a Member.

33. An instrument appointing a proxy shall be in writing in any usual or common form or in any other form which the Directors may approve and:-

(a) in the case of an individual shall be signed by the appointer or his attorney; and

(b) in the case of a corporation shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.

34. The signature on such instrument need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to the next following Article, failing which the instrument may be treated as invalid.

35. An instrument appointing a proxy must either be left at such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified, at the Office) not less than twenty-four hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise

than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used, or given to the Chairman of the meeting or the adjourned meeting, immediately prior to the commencement of the meeting and in default shall not be treated as valid. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates. Provided that an instrument of proxy relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require again to be delivered for the purposes of any subsequent meeting to which it relates.

36. An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll but shall not confer any further right to speak at the meeting, except with the permission of the chairman of the meeting.

37. A vote cast by proxy shall not be invalidated by the previous death or insanity of the Member or by the revocation of the appointment of the proxy or of the authority under which the appointment was made provided that no intimation in writing of such death, insanity or revocation shall have been received by the Exchange at the Office at least one hour before the commencement of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll at which the vote is cast.

#### CORPORATIONS ACTING BY REPRESENTATIVES

38. Any corporation which is a Member of the Exchange may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Exchange or of any class of members of the Exchange. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member of the Exchange and such corporation shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat. A certified copy of any such resolution shall be lodged with the Secretary.

#### DIRECTORS

39. Subject as hereinafter provided the Directors shall not be less than 7 nor more than 16 in number and shall consist of the following persons:-

(i) Four individuals at least two of whom have substantial experience of the metals trade or business ("External Directors");

(ii) Eight individuals being directors, officers or other employees of Ring Members or of a Group Undertaking of a Ring Member ("Ring Directors");

(iii) Three individuals being Individual Members or Honorary Members or directors, officers or employees of Clearing Associate Members or Associate Members or of a Group Undertaking of a Clearing Associate Member or an Associate Member ("Non-Ring Directors"); and

(iv) The Chief Executive.

No more than one director, officer or other employee of a Member, or of a Group Undertaking of that Member, may serve at any one time on the Board of Directors unless the Directors, upon application by a Member, otherwise determine in respect of that Member and a Group Undertaking of that Member.

The Exchange may by Special Resolution from time to time vary the minimum number and/or maximum number of Directors and the qualifications and composition of the membership of the Board of Directors.

40. A Director who is not a Member of the Exchange shall nevertheless be entitled to attend and speak at General Meetings.

41. The ordinary remuneration of the President shall be fixed by the Board. The ordinary remuneration of the non-executive Directors shall not exceed in aggregate the sum of £100,000 per annum or such other sum as may from time to time be determined by an Ordinary Resolution of the Exchange and shall (unless such resolution otherwise provides) to the extent the Directors determine to pay the same be divisible among those Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office.

42. Any Director who holds any executive office, or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine.

43. The Directors may repay to any Director all such reasonable expenses as he may incur in attending and returning from meetings of the Directors or of any committee of the Directors or General Meetings or otherwise in or about the business of the Exchange.

44. (A) The Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director or ex-Director and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.

(B) Without prejudice to the provisions of Article 86 the Directors shall have the power to purchase and maintain insurance for or for the benefit of any persons who are or were at any time Directors, officers, employees or auditors of the Exchange or of any other company in which

the Exchange has any interest whether direct or indirect or which is in any way allied to or associated with the Exchange, or of any subsidiary of the Exchange or of any such other company, or who are or were at any time trustees of any pension fund in which employees of the Exchange or of any other such company or subsidiary are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or in the exercise or purported execution and/or discharge of their duties and/or in the exercise or purported exercise of their powers and/or otherwise in relation to their duties, powers or offices in relation to the Exchange or any other such company, subsidiary or pension fund.

45. A Director may be party to or in any way interested in any contract or arrangement or transaction to which the Exchange is a party or in which the Exchange is in any way interested and he may hold and be remunerated in respect of any office or place of profit (other than the office of Auditor of the Exchange or any subsidiary thereof) under the Exchange or any other company in which the Exchange is in any way interested and he (or any firm of which he is a member) may act in a professional capacity for the Exchange or any such other company and be remunerated therefor and in any such case as aforesaid (save as otherwise agreed) he may retain for his own absolute use and benefit all profits and advantages accruing to him thereunder or in consequence thereof.

46. (A) The Directors shall from time to time appoint individuals to be the holders of the offices of Chief Executive and Deputy Chief Executive on such terms and for such period as they may (subject to the provisions of the Statutes) determine and, without prejudice to the terms of any contract entered into in any particular case, may at any time revoke any such appointment.

(B) The appointment of any person to the office of Chief Executive shall automatically determine if he ceases to be a Director but without prejudice to any claim for damages for breach of any contract of service between him and the Exchange.

(C) The appointment of any Director to any other executive office shall not automatically determine if he ceases from any cause to be a Director, unless the contract or resolution under which he holds office shall expressly state otherwise, in which event such determination shall be without prejudice to any claim for damages for breach of any contract of service between him and the Exchange.

47. The Directors may entrust to and confer upon the Chief Executive any of the powers exercisable by them as Directors upon such terms and conditions and with such restrictions as they think fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

48. The Directors may from time to time appoint a President of the Exchange from amongst the Individual Members, Honorary Members and the directors, officers or employees of Ring Members, Clearing Associate Members and Associate Members or of a Group Undertaking of such a Member. The President shall not be a Director and shall be appointed for a period of up to the end of the Year in which the third anniversary of his appointment falls and on such other terms as the Directors think appropriate.

#### ELECTION AND TERM OF OFFICE

##### 49. (I) External Directors

(i) The Directors shall appoint the External Directors PROVIDED THAT a proposal to invite any person to accept appointment as an External Director shall be proposed or seconded by a Ring Director.

(ii) External Directors shall be appointed for a period of one year and at the end of such time shall become eligible for re-election by the Board for succeeding yearly terms of office PROVIDED THAT no External Director shall be appointed for consecutive periods exceeding twelve years.

##### (II) Ring Directors and Non-Ring Directors

The Ring Directors and Non-Ring Directors shall be elected by the Members in accordance with the election procedure contained in Article 50. Only Ring Members may vote for candidates for Ring Directorships. All Members (other than Individual Members and as provided in Article 26(B)) may vote for candidates for Non-Ring Directorships.

50. (A) Not less than 42 days prior to the date of the Annual General Meeting the Directors shall invite nominations from the Members for the forthcoming vacancies for Ring Directors and Non-Ring Directors. Every nomination must have a proposer and seconder (one of whom must be a Ring Member) and must be accompanied by a statement from the person nominated consenting to his nomination. Nominations must be received by the Secretary not less than 35 days prior to the date of the Annual General Meeting. If there is no more than one nomination for each relevant office then the person or persons nominated shall be deemed duly elected and shall take office at the conclusion of the Annual General Meeting. In any other case the Directors shall, at the time of the posting of notice of the Annual General Meeting, send a list of nominees for each relevant office together with a ballot paper to permit Members to indicate their preferences from amongst the persons nominated.

(B) A Member entitled to vote shall be obliged to cast a vote for a candidate for each vacancy in respect of which he is eligible to vote in default whereof none of the votes cast by that Member shall be counted. The candidates who obtain the highest numbers of votes shall be duly elected as Directors with effect from the conclusion of the Annual General Meeting.

(C) Members shall return their ballot papers by the time indicated therein which in any event shall not be later than 48 hours prior to the Annual General Meeting and the result of the election shall be announced at that Annual General Meeting.

(D) If there is a tie between competing candidates for a Ring or Non-Ring Directorship the Directors shall hold a further election between those candidates on such terms as they shall think fit.

(E) If a casual vacancy arises among the Ring Directors and/or Non-Ring Directors and the remaining term of the vacated office exceeds three months then the above election procedure shall, mutatis mutandis, apply to the election of a successor save that:-

(i) nominations shall be invited from the Ring Members, in the case of a vacancy for a Ring Director, or the Members, in any other case, within 14 days from the date that the vacancy arises;

(ii) the Directors shall send the list of nominees and ballot paper as soon as practical after nominations have been received;

(iii) the results of such election shall be communicated to Members by way of written notice.

(F) If, in any particular case, there shall be no nominations to fill a vacant office of a Ring Director or Non-Ring Director then the retiring Director shall if willing to continue in office be deemed to have been re-elected at the relevant Annual General Meeting except in the following cases:-

(i) where such Director has vacated office in accordance with Article 52;

(ii) where at the Annual General Meeting it is expressly resolved not to fill the vacancy.

#### RETIREMENT AND REMOVAL OF DIRECTORS

51. Any provision of the Statutes which, subject to the provisions of these Articles, would have the effect of rendering any person ineligible for appointment as a Director or liable to vacate office as a Director on account of his having reached any specified age or of requiring special notice or any other special formality in connection with the appointment of any Director over a specified age, shall not apply to the Exchange.

52. The office of a Director shall be vacated in any of the following events, namely:-

(a) If he shall become prohibited by law from acting as a Director;

(b) If he shall resign by writing under his hand left at the Office or if he shall in writing offer to resign and the Directors shall resolve to accept such offer;

(c) If he shall have a receiving order made against him or shall compound with his creditors generally;

(d) If in England or elsewhere an order shall be made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs; and

(e) If, in the case of a Ring Director, he ceases to hold the office or employment which qualified him at the time of his election to serve as a Ring Director (unless in the opinion of the Directors he continues to hold a substantially similar office or employment in an Undertaking which is in the same or substantially the same direct or indirect ownership or control as the Undertaking in which he held the office or employment in question).

53. (A) At each Annual General Meeting two Ring Directors and one Non-Ring Director shall retire from office by rotation PROVIDED THAT at every third Annual General Meeting from the date of the adoption of these Articles three Ring Directors shall retire by rotation.

(B) The Directors to retire by rotation shall be those of the Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election save that no Non-Ring Director or Ring Director shall, except as provided in these Articles, be eligible if he has served at least three consecutive terms of three years ending on the date of his retirement pursuant to this Article.

54. The Exchange may in accordance with and subject to the provisions of the Statutes by Ordinary Resolution of which special notice has been given remove any Director from office (notwithstanding any provision of these Articles or of any agreement between the Company and such Director, but without prejudice to any claim he may have for damages for breach of any such agreement).

55. In the event of a casual vacancy arising among the Directors and the remaining term of the vacated office is less than three months the Directors shall have power at any time to fill such vacancy. Any person so appointed by the Board shall hold office only until the next Annual General Meeting but shall be eligible for re-election.

## MEETINGS AND PROCEEDINGS OF DIRECTORS

56. Subject to the provisions of these Articles the Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. At any time any Director may, and the Secretary on the requisition of a Director shall, summon a meeting of the Directors. It shall not be necessary to give notice of a meeting of Directors to any Director for the time being absent from the United Kingdom. Any Director may waive notice of any meeting and any such waiver may be retroactive.

57. Save as provided in Article 58, the quorum necessary for the transaction of the business of the Directors shall be seven, at least four of whom are Ring Directors. Save as provided below, a meeting of the Directors at which a quorum is present shall be competent to exercise all powers and discretions for the time being exercisable by the Directors.

58. (1) The following business may not be transacted unless a quorum of eleven Directors at least five of whom are Ring Directors is present:-

- (a) Election of a Ring Member;
- (b) Introduction of new contracts for trading under the Rules;
- (c) Approval of annual budget of income and expenditure; and
- (d) Adoption of or an amendment to the Rules.

(2) The election of a Clearing Associate Member or an Associate Member shall require a quorum of eleven Directors to be present.

(3) No resolution relating to the business referred to in Article 58(1) shall be passed unless at least seventy per cent. of the Directors present at the meeting vote in favour thereof. All other questions arising at any meeting of the Directors shall be determined by a majority of votes. In case of an equality of votes the chairman of the meeting shall have a second or casting vote.

59. Save as provided in the next following Article, a Director shall not vote in respect of any contract in which he has any material interest. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

60. (A) Subject to the provisions of the Statutes, a Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:-

- (i) The giving of any security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Exchange or any of its subsidiary undertakings;



(ii) The giving of any security or indemnity to a third party in respect of a debt or obligation of the Exchange or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(iii) Any contract with any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever, provided that he (together with persons connected with him within the meaning of Section 346 of the Act) is not the holder of or beneficially interested in one per cent. or more of the issued shares of any class of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of this Article to be a material interest in all circumstances);

(iv) Any proposal concerning the adoption, modification or operation of a superannuation fund or retirement benefits scheme or Employees' Share Scheme under which he may benefit and which has been approved by or is subject to and conditional upon approval by the Board of Inland Revenue for taxation purposes;

(v) Any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for or for the benefit of any Directors of the Company or for persons who include Directors of the Company.

(B) Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment) of two or more Directors to offices or employments with the Exchange, any Undertaking in which the Company is interested, such proposals may be divided and considered in relation to each Director separately and in such case each of the Directors concerned (if not debarred from voting under paragraph (A)(iii) of this Article) shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

(C) If any question shall arise at any time as to the materiality of a Director's interest or as to the entitlement of any Director to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to any other Director shall be final and conclusive except in a case where the nature or extent of the interests of such Director has not been fairly disclosed.

(D) The Exchange may by Ordinary Resolution suspend or relax the provisions of this and/or the preceding Article to any extent or ratify any transaction not duly authorised by reason of a contravention of this Article.

61. The continuing Directors may act notwithstanding any vacancies, but if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these Articles the continuing Directors or Director may act for the purpose of filling such vacancies or of summoning General Meetings, but not for any other purpose. If there be no Directors or Director able or willing to act, then any two members may summon a General Meeting for the purpose of appointing Directors.

62. The Directors shall elect from their number a Chairman and a Vice Chairman and determine the period for which each is to hold office. If no Chairman or Vice Chairman shall have been appointed or if at any meeting of the Directors no Chairman or Vice Chairman shall be present within five minutes after the time appointed for holding the meeting, the Directors present may choose one of their number to be chairman of the meeting.

63. A resolution in writing signed by all the Directors for the time being in the United Kingdom shall be as effective as a resolution duly passed at a meeting of the Directors and may consist of several documents in the like form each signed by one or more Directors.

64. The Directors may delegate any of their powers or discretions to committees consisting of one or more members of their body and/or (if thought fit) one or more other persons co-opted as hereinafter provided. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations which may from time to time be imposed by the Directors. Any such regulations may provide for or authorise the co-option to the committee of persons other than Directors and for such co-opted members to have voting rights as members of the committee.

65. The meetings and proceedings of any such committee consisting of two or more members shall be governed mutatis mutandis by the provisions of these Articles regulating the meetings and proceedings of the Directors, so far as the same are not superseded by any regulations made by the Directors under the last preceding Article.

66. All acts done by any meeting of Directors, or of any such committee, or by any person acting as a Director or as a member of any such committee, shall as regards all persons dealing in good faith with the Exchange, notwithstanding that there was some defect in the appointment of any of the persons acting as aforesaid, or that any such persons were disqualified or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of the committee and had been entitled to vote.

#### BORROWING POWERS

67. Subject to the provisions of the Statutes the Directors may exercise all the powers of the Exchange to borrow money, and to mortgage or charge its undertaking and property and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Exchange or of any third party.

## GENERAL POWERS OF DIRECTORS

68. The business and affairs of the Exchange shall be managed by the Directors, who may pay all expenses incurred in forming and registering the Exchange, and may exercise all such powers of the Exchange as are not by the Statutes or by these Articles required to be exercised by the Exchange in General Meeting subject nevertheless to any regulations of these Articles, to the provisions of the Statutes and to such regulations, being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by Special Resolution of the Exchange, but no regulation so made by the Exchange shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Directors by any other Article.

69. The Directors may from time to time and at any time by power of attorney or otherwise appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Exchange for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.

70. All cheques, promissory notes, drafts, bills of exchange, and other negotiable or transferable instruments, and all receipts for moneys paid to the Exchange, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such manner as the Directors shall from time to time by resolution determine.

## REGULATION OF THE EXCHANGE

71. The Directors may from time to time make alter and carry out such rules as they think fit with respect to the rights, duties and obligations of Members and shall generally on behalf of the Members regulate and control the Exchange and the business conducted thereat. Any such rules shall be made and from time to time amended in accordance with Article 58.

## SECRETARY

72. The Secretary shall be appointed by the Directors on such terms and for such period as they may think fit. Any Secretary so appointed may at any time be removed from office by the Directors, but without prejudice to any claim for damages for breach of any contract of service between him and the Exchange. If thought fit two or more persons may be appointed as Joint Secretaries. The Directors may also appoint from time to time on such terms as they may think fit one or more Assistant Secretaries.

## THE SEAL

73. (A) The Directors shall provide for the safe custody of the Seal and it shall not be used without the authority of the Directors or of a committee authorised by the Directors in that behalf.

(B) Every instrument to which the Seal shall be affixed shall be signed autographically by one Director and the Secretary or by two Directors save that as regards any certificates for debentures or other securities of the Exchange the Directors may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature.

74. The Company may exercise the powers conferred by the Statutes with regard to having an official seal for use abroad and such powers shall be vested in the Directors.

## AUTHENTICATION OF DOCUMENTS

75. Any Director or the Secretary or any person appointed by the Directors for the purpose shall have power to authenticate any documents affecting the constitution of the Exchange and any resolutions passed by the Exchange or the Directors or any committee, and any books, records, documents and accounts relating to the business of the Exchange, and to certify copies thereof or extracts therefrom as true copies or extracts; and where any books, records, documents or accounts are elsewhere than at the Office the local manager or other officer of the Exchange having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Exchange or of the Directors or any committee which is certified as aforesaid shall be conclusive evidence in favour of all persons dealing with the Exchange upon the faith thereof that such resolution has been duly passed or, as the case may be, that any minute so extracted is a true and accurate record of proceedings at a duly constituted meeting.

## RESERVES

76. The Directors may from time to time set aside out of the profits of the Exchange and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for any purpose to which the profits of the Exchange may properly be applied and pending such application may either be employed in the business of the Exchange or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or parts of any special funds into which the reserve may have been divided. The Directors may also without placing the same to reserve carry forward any profits. In carrying sums to reserve and in applying the same the Directors shall comply with the provisions of the Statutes.

## ACCOUNTS

77. Accounting records sufficient to show and explain the Company's transactions and otherwise complying with the Statutes shall be kept at the Office, or at such other place as the Directors think fit, and shall always be open to inspection by the officers of the Exchange. Subject as aforesaid no Member of the Exchange or other person shall have any right of inspecting any account or book or document of the Exchange except as conferred by statute or ordered by a court of competent jurisdiction or authorised by the Directors.

78. A copy of every balance sheet and profit and loss account which is to be laid before a General Meeting of the Exchange (including every document required by law to be comprised therein or attached or annexed thereto) shall not less than twenty-one days before the date of the meeting be sent to every Member of, and every holder of debentures of, the Exchange and to every other person who is entitled to receive notices of meetings from the Exchange under the provisions of the Statutes or of these Articles; Provided that this Article shall not require a copy of these documents to be sent to more than one of the persons jointly liable for the incidents of a single membership pursuant to Article 10(B) or to any person of whose address the Exchange is not aware, but any member or holder of debentures to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.

## AUDITORS

79. Subject to the provisions of the Statutes, all acts done by any person acting as an Auditor shall, as regards all persons dealing in good faith with the Exchange, be valid, notwithstanding that there was some defect in his appointment or that he was at the time of his appointment not qualified for appointment or subsequently became disqualified.

80. An Auditor shall be entitled to attend any General Meeting and to receive all notices of and other communications relating to any General Meeting which any Member is entitled to receive and to be heard at any General Meeting on any part of the business of the meeting which concerns him as Auditor.

## NOTICES

81. Any notice or document may be served on or delivered to any Member by the Exchange either personally or by sending it through the post in a prepaid cover addressed to such Member at his registered address (whether within the United Kingdom or not), or to the address, if any, (whether within the United Kingdom or not) supplied by him to the Exchange as his address for the service of notices, or by delivering it to such address addressed as aforesaid. Where a notice or other document is served or sent by post, service or delivery shall be deemed to be effected at the expiration of twenty-four hours (or, where second-class mail is employed, forty-eight hours) after the time when the cover containing the same is posted and in proving such service or delivery it shall be

sufficient to prove that such cover was properly addressed, stamped and posted.

82. If at any time by reason of the suspension or curtailment of postal services within the United Kingdom the Exchange is unable effectively to convene a General Meeting by notices sent through the post, a General Meeting may be convened by a notice advertised on the same date in at least two leading daily newspapers with appropriate circulation and such notice shall be deemed to have been duly served on all Members entitled thereto at noon on the day when the advertisement appears. In any such case the Exchange shall send confirmatory copies of the notice by post if at least seven days prior to the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable.

83. Nothing in any of the preceding three Articles shall affect any requirement of the Statutes that any particular offer, notice or other document be served in any particular manner.

#### WINDING UP

84. The Directors shall have power in the name and on behalf of the Exchange to present a petition to the Court for the Exchange to be wound up.

85. If the Exchange shall be wound up (whether the liquidation is voluntary, under supervision, or by the court) the Liquidator may, with the authority of an Extraordinary Resolution, divide among the Members in specie or kind the whole or any part of the assets of the Exchange and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the Members or different classes of Members. The Liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of Members as the Liquidator with the like authority shall think fit, and the liquidation of the Exchange may be closed and the Exchange dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

#### INDEMNITY

86. Subject to the provisions of and so far as may be consistent with the Statutes, every Director, Auditor, Secretary or other officer of the Exchange shall be entitled to be indemnified by the Exchange out of its own funds against all costs, charges, losses, expenses and liabilities incurred by him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office including (without prejudice to the generality of the foregoing) any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have

been done or omitted by him as an officer or employee of the Exchange and in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the Court.