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| 5 October 2016 I ESMA/2016/1437 |

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| Reply form for the Consultation Paper on the Guidelines on specific notions under MiFID II related to the management body of market operators and data reporting services providers |
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| Date: 5 October 2016  ESMA/2016/1437 |

Responding to this paper

The European Securities and Markets Authority (ESMA) invites responses to the specific questions listed in the ESMA Consultation Paper on the Guidelines on specific notions under MiFID II related to the management body of market operators and data reporting services providers, published on the ESMA website.

*Instructions*

Please note that, in order to facilitate the analysis of the large number of responses expected, you are requested to use this file to send your response to ESMA so as to allow us to process it properly. Therefore, ESMA will only be able to consider responses which follow the instructions described below:

* use this form and send your responses in Word format (pdf documents will not be considered except for annexes);
* do not remove the tags of type <ESMA\_ QUESTION\_MIFID\_MBG\_1> - i.e. the response to one question has to be framed by the 2 tags corresponding to the question; and
* if you do not have a response to a question, do not delete it and leave the text “TYPE YOUR TEXT HERE” between the tags.

Responses are most helpful:

* if they respond to the question stated;
* contain a clear rationale, including on any related costs and benefits; and
* describe any alternatives that ESMA should consider.

**Naming protocol**

In order to facilitate the handling of stakeholders responses please save your document using the following format:

ESMA\_MiFID\_GMB\_NAMEOFCOMPANY\_NAMEOFDOCUMENT.

e.g. if the respondent were ESMA, the name of the reply form would be:

ESMA\_MiFID\_GMB\_ESMA\_REPLYFORM or

ESMA\_MiFID\_GMB\_ESMA\_ANNEX1

***Deadline***

Responses must reach us by **5 January 2017.**

All contributions should be submitted online at [www.esma.europa.eu](http://www.esma.europa.eu) under the heading ‘Your input/Consultations’.

***Publication of responses***

All contributions received will be published following the end of the consultation period, unless otherwise requested. **Please clearly indicate by ticking the appropriate checkbox in the website submission form if you do not wish your contribution to be publicly disclosed. A standard confidentiality statement in an email message will not be treated as a request for non-disclosure.** Note also that a confidential response may be requested from us in accordance with ESMA’s rules on access to documents. We may consult you if we receive such a request. Any decision we make is reviewable by ESMA’s Board of Appeal and the European Ombudsman.

***Data protection***

Information on data protection can be found at [www.esma.europa.eu](http://www.esma.europa.eu) under the heading ‘Legal notice’.

# Introduction

Please make your introductory comments below, if any:

< ESMA\_COMMENT\_MIFID\_MBG\_0>

The London Metal Exchange (“LME”) welcomes the opportunity to respond to the Consultation on Management Responsibilities under MiFID II.  
  
The LME is the world centre for the trading of industrial metals. The prices discovered on our three trading platforms are used as the global reference price and both the metal and investment communities use the LME to transfer or take on risk, 24 hours a day. More than 80% of all non-ferrous metal futures business is transacted on our platforms. A member of the HKEx Group, the LME brings together participants from the physical industry and the financial community to create a robust and regulated market where there is always a buyer and a seller, where there is always a price and where there is always the opportunity to transfer or take on risk. Investors value the LME as a vibrant futures exchange but also for its close links to industry. The possibility of physical delivery via the world-wide network of LME-approved warehouses makes it the perfect hedging venue for industry and provides a reference price they trust. The Exchange provides producers and consumers of metal with a physical market of last resort and, most importantly of all, with the ability to hedge against the risk of rising and falling world metal prices.  
  
In order to appropriately focus our response, we have provided comments only in relation to those questions which are relevant to the LME

< ESMA\_COMMENT\_MIFID\_MBG\_0>

1. Do you agree with ESMA’s view regarding sufficient time commitment?

<ESMA\_QUESTION\_MBG\_1>

Yes, the LME naturally fully supports the proposal for directors of regulated markets to devote sufficient time to the operation of the firm. To this end, board meetings should not be the only indication of time commitment of a management body. New members of the management body need to devote a significant amount of additional time at the onset of their directorship to ensure a thorough induction.

<ESMA\_QUESTION\_MBG\_1>

1. Do you agree with ESMA’s view regarding the calculation of directorships?

<ESMA\_QUESTION\_MBG\_2>

We have no objections to the proposed calculation of the number of directorships.

<ESMA\_QUESTION\_MBG\_2>

1. Is there any other element in the calculation of the number directorships that should be clarified?

<ESMA\_QUESTION\_MBG\_3>

No

<ESMA\_QUESTION\_MBG\_3>

1. Do you agree with ESMA’s view regarding the adequate knowledge, skills and experience at collective and individual levels?

<ESMA\_QUESTION\_MBG\_4>

Yes

<ESMA\_QUESTION\_MBG\_4>

1. Do you agree with ESMA’s view regarding honesty and integrity?

<ESMA\_QUESTION\_MBG\_5>

Yes

<ESMA\_QUESTION\_MBG\_5>

1. Is there any other parameter that should be considered in these guidelines with respect to the honesty and integrity required to the members of the management body of market operators/DRSPs?

<ESMA\_QUESTION\_MBG\_6>

No

<ESMA\_QUESTION\_MBG\_6>

1. Should market operators/DRSPs check the accuracy of the data provided by a member/prospective member of the management body? If yes, how should this be done?

<ESMA\_QUESTION\_MBG\_7>

The LME always ensures background checks are performed prior to the employment of any member of the management body.

<ESMA\_QUESTION\_MBG\_7>

1. Do you agree with ESMA’s view regarding the independence of mind of a member of a management body?

<ESMA\_QUESTION\_MBG\_8>

Yes, especially for those where their role is to bring independence.

<ESMA\_QUESTION\_MBG\_8>

1. In particular, do you agree with requiring a member or prospective member to identify whether it is or has been a shareholder whose participation reached or exceeded 5% of voting rights of a market operator/DRSP or an officer of, or otherwise associated directly with, a shareholder whose participation reaches or exceeds 5% of voting rights of a market operator/DRSP?

<ESMA\_QUESTION\_MBG\_9>

Yes

<ESMA\_QUESTION\_MBG\_9>

1. Do you agree with ESMA’s view about induction and training of members of the management body of market operators?

<ESMA\_QUESTION\_MBG\_10>

Yes

<ESMA\_QUESTION\_MBG\_10>

1. Do you agree with ESMA’s view regarding diversity?

<ESMA\_QUESTION\_MBG\_11>

The LME has no objections to the diversity recommendations set out under national law.

<ESMA\_QUESTION\_MBG\_11>

1. Do you agree with ESMA’s view regarding record-keeping?

<ESMA\_QUESTION\_MBG\_12>

Yes

<ESMA\_QUESTION\_MBG\_12>

1. Is there any additional element that should be considered for the purpose of these guidelines that has not been mentioned before?

<ESMA\_QUESTION\_MBG\_13>

No

<ESMA\_QUESTION\_MBG\_13>

1. Please provide any views with respect to the costs and benefits identified in the relevant annex.

<ESMA\_QUESTION\_MBG\_14>

No

<ESMA\_QUESTION\_MBG\_14>