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(Incorporated in Hong Kong with limited liability)
(Stock Code: 388)

Update on Legal Proceedings

As disclosed in the announcements dated 4 and 7 August 2013 as well as 14 March, 13 May and 25 September 2014 (collectively, the “Announcements”), Hong Kong Exchanges and Clearing Limited (“HKEx”), along with its subsidiaries, The London Metal Exchange (the “LME”) and LME Holdings Limited (“LMEH”), were named as co-defendants in class action lawsuits filed in the United States (“US”) alleging anti-competitive and monopolistic behaviour in metal warehousing in connection with aluminium prices. Of the 26 class actions filed, 24 were consolidated into 3 complaints (the “first level” purchasers of primary aluminium complaint, the consumer end users of aluminium complaint and the commercial end users of aluminium complaint).

The consumer end user plaintiffs and commercial end user plaintiffs have entered into a settlement agreement and mutual release (the “Settlement Agreement”) with the LME, LMEH and HKEx today to bring an end to their class action lawsuits. Under the Settlement Agreement, the consumer end user plaintiffs and commercial end user plaintiffs agreed, subject to conditions, to dismiss their appeals against the LME and LMEH and refrain from naming the LME, LMEH, and HKEx in any complaint involving any metal traded on the LME that relates to the issues raised in the existing aluminium litigation. The plaintiffs have also agreed to release all HKEx group companies and directors from existing and future claims that may relate to matters alleged in the relevant complaints or the warehousing of metals on the LME that could be asserted by them under US law. In return, the LME, LMEH and HKEx agreed to release all the commercial end user plaintiffs and the consumer end user plaintiffs and their subsidiaries and directors from existing and future claims that may relate to matters alleged in the relevant complaints or the warehousing of metals on the LME that could be asserted by them under US law (it should be noted that no such claims have been asserted by any HKEx group company to date).

The principal condition of the settlement relates to the provision of publicly available data by the LME to the commercial end user plaintiffs and the consumer end user plaintiffs. Prior to the settlement, plaintiffs were prevented from approaching the LME to make requests for publicly available information, given that the LME remained a defendant as a result of the consumer end user plaintiffs’ and commercial end user plaintiffs’ appeal. As a result of the settlement, no HKEx group company will be a defendant in the litigation going forward, so the LME has agreed that the plaintiffs will be free to approach the LME to request publicly available data and the LME will treat requests from them in the same way as it would any public request for data that the LME possesses in the ordinary course of business. No monetary consideration was involved on either side in arriving at the Settlement Agreement.

Reference is also made to the announcement dated 26 May 2014 regarding the 3 class action lawsuits that have been filed in the US against the LME, LMEH and HKEx alleging anti-competitive and monopolistic behaviour in metal warehousing in connection with zinc prices. While the plaintiffs in the zinc class actions filed their amended consolidated complaint on 17 June 2015, no HKEx group entity was named as a defendant in the amended complaint. Therefore, there is currently no outstanding claim or appeal against the HKEx group companies alleging anti-competitive and monopolistic behaviour in metal warehousing in connection with zinc prices.

References are made to the Announcements regarding the class action lawsuits that have been filed in the US against the LME, LMEH and HKEx alleging anti-competitive and monopolistic behaviour in metal warehousing in connection with aluminium prices.

As previously disclosed, of the 26 class actions filed, 24 were consolidated into 3 complaints (the “first level” purchasers of primary aluminium complaint, the consumer end users of aluminium complaint and the commercial end users of aluminium complaint). HKEx was named as a defendant in the “first level” purchasers of primary aluminium complaint, while the LME and LMEH were named as defendants in all the consolidated complaints. As at today’s date, the US District Court for the Southern District of New York (the “US District Court”) has dismissed all the claims brought against the LME on the ground of sovereign immunity and all the claims brought against HKEx and LMEH on the basis that the court lacked personal jurisdiction over them, subject to the plaintiffs’ right to appeal.

After filing appeals against the US District Court’s decisions in September 2014, the consumer end user plaintiffs and commercial end user plaintiffs have entered into the Settlement Agreement with the LME, LMEH and HKEx today to bring an end to their class action lawsuits (except one of the commercial end user plaintiffs who dismissed its appeal against the LME and LMEH before exchange of the Settlement Agreement).

Under the Settlement Agreement, the consumer end user plaintiffs and commercial end user plaintiffs agreed, subject to conditions, to dismiss their appeals against the LME and LMEH and refrain from naming the LME, LMEH, and HKEx in any complaint involving any metal traded on the LME that relates to the issues raised in the existing aluminium litigation. The plaintiffs have also agreed to release all HKEx group companies and directors from existing and future claims that may relate to matters alleged in the relevant complaints or the warehousing of metals on the LME that could be asserted by them under US law. In return, the LME, LMEH and HKEx agreed to release all the commercial end user plaintiffs and the consumer end user plaintiffs and their subsidiaries and directors from existing and future claims that may relate to matters alleged in the relevant complaints or the warehousing of metals on the LME that could be asserted by them under US law (it should be noted that no such claims have been asserted by any HKEx group company to date).

The principal condition of the settlement relates to the provision of publicly available data by the LME to the commercial end user plaintiffs and the consumer end user plaintiffs. Prior to the settlement, plaintiffs were prevented from approaching the LME to make requests for publicly available information, given that the LME remained a defendant as a result of the consumer end user plaintiffs’ and commercial end user plaintiffs’ appeal. As a result of the settlement, no HKEx group company will be a defendant in the litigation going forward, so the LME has agreed that the plaintiffs will be free to approach the LME to request publicly available data and the LME will treat requests from them in the same way as it would any public request for data that the LME possesses in the ordinary course of business. No monetary consideration was involved on either side in arriving at the Settlement Agreement.

With respect to the “first level” purchasers of primary aluminium complaint, the plaintiffs have not filed an appeal against the US District Court’s decisions to date.

Reference is also made to the announcement dated 26 May 2014 regarding the 3 class action lawsuits that have been filed in the US against the LME, LMEH and HKEx alleging anti-competitive and monopolistic behaviour in metal warehousing in connection with zinc prices. On 17 June 2015, the plaintiffs in the zinc class actions filed their amended consolidated complaint in accordance with the US District Court’s instructions. No HKEx group entity was named as a defendant in the amended consolidated complaint. Therefore, there is currently no outstanding claim against the HKEx group companies alleging anti-competitive and monopolistic behaviour in metal warehousing in connection with zinc prices.

HKEx management continues to believe that the metal warehousing allegations against the LME, LMEH, and HKEx are without merit and will continue to contest the “first level” purchasers of primary aluminium complaint vigorously should plaintiffs decide to appeal.

By Order of the Board
Hong Kong Exchanges and Clearing Limited
Joseph Mau
Company Secretary

Hong Kong, 19 July 2015

As at the date of this announcement, HKEx’s board of directors comprises 12 Independent Non-executive Directors, namely Mr CHOW Chung Kong (Chairman), Mr CHAN Tze Ching, Ignatius, Mr Timothy George FRESHWATER, Ms FUNG Yuen Mei, Anita, Mr Rafael GIL-TIENDA, Mr John Barrie HARRISON, Dr HU Zuli, Fred, Dr KWOK Chi Piu, Bill, Mr LEE Kwan Ho, Vincent Marshall, Mrs LEUNG KO May Yee, Margaret, Mr John Mackay McCulloch WILLIAMSON and Mr WONG Sai Hung, Oscar, and one Executive Director, Mr LI Xiaojia, Charles, who is also HKEx’s Chief Executive.