

Pursuant to Chapter 38 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Securities and Futures Commission regulates Hong Kong Exchanges and Clearing Limited in relation to the listing of its shares on The Stock Exchange of Hong Kong Limited. The Securities and Futures Commission takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Hong Kong Exchanges and Clearing Limited
香港交易及結算所有限公司

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

Legal proceedings involving a subsidiary

As disclosed on 24 December 2013, The London Metal Exchange (“the LME”), an indirect wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited (“HKEx”), was named as a defendant in a judicial review claim commenced by United Company RUSAL Plc (“Rusal”) and filed in the English High Court (the “High Court”) on 23 December 2013. The judicial review sought to challenge the LME’s decision to introduce changes to its warehousing policy as announced in its notice dated 7 November 2013 (the “Decision”). The Decision was made following a three-month market consultation commenced by the LME in July 2013. As disclosed on 27 March 2014, the High Court found in favour of Rusal on one specific procedural issue, quashing the LME’s consultation on the proposed rule changes and its decision to introduce the linked load-in load-out rule (the “Quashing Order”). The LME applied for, and was granted, permission to appeal the judgment to the English Court of Appeal (the “Court of Appeal”). The hearing of the appeal took place on 29 and 30 July 2014. On 8 October 2014, the Court of Appeal allowed the LME’s appeal against the High Court Judgment. The Court of Appeal unanimously found in favour of the LME on all grounds. The Court of Appeal has denied Rusal leave to appeal to the Supreme Court and has also denied Rusal’s request to stay the Court of Appeal’s setting aside of the Quashing Order. The LME will proceed to implement the proposed linked load-in load-out rule change in due course.

This announcement is made by HKEx pursuant to the provisions under Part XIVA of the Securities and Futures Ordinance and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

As disclosed on 24 December 2013, the LME, an indirect wholly-owned subsidiary of HKEx, was named as a defendant in a judicial review claim commenced by Rusal and filed in the High Court on 23 December 2013. The judicial review sought to challenge the Decision. The Decision was made following a three-month market consultation commenced by the LME in July 2013.

The hearing of the judicial review claim took place on 26 and 27 February 2014, and judgment was handed down on 27 March 2014. As disclosed on 27 March 2014, the High Court found in favour of Rusal on one specific procedural issue. The High Court therefore quashed the LME's consultation on the proposed rule changes and its decision to introduce the linked load-in load-out rule change.

The LME applied for, and was granted, permission to appeal the judgment to the Court of Appeal. The hearing of the appeal took place on 29 and 30 July 2014. On 8 October 2014, the Court of Appeal allowed the LME's appeal against the High Court Judgment and the resulting Quashing Order. The Court of Appeal unanimously found in favour of the LME on all grounds. The Court of Appeal has denied Rusal leave to appeal to the Supreme Court and has also denied Rusal's request to stay the Court of Appeal's setting aside of the Quashing Order. Rusal has indicated that it will seek permission to appeal to the Supreme Court directly from the Supreme Court. The deadline for Rusal to submit its application is 5 November 2014. The LME believes that any application by Rusal for permission to appeal to the Supreme Court would be without merit and the LME will contest any such application vigorously.

The LME is pleased to have won the judicial review on appeal. The LME believed from the start that Rusal's complaint was without merit, and is glad that the Court of Appeal has recognised this. As the world's leading base metals exchange, the LME has a duty to ensure the integrity of its reference prices and the operation of a fair and liquid market for all industry participants. To this end, the implementation of the proposed changes to the warehousing policy will take place as planned. A notice will be distributed with details of the schedule for implementation of the proposed linked load-in load-out rule in due course.

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

Hong Kong, 8 October 2014

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, Mr John Barrie HARRISON, Mr HUI Chiu Chung, Stephen, Dr KWOK Chi Piu, Bill, Mr LEE Kwan Ho, Vincent Marshall, Mr LEE Tze Hau, Michael, Mrs LEUNG KO May Yee, Margaret, Mr John Estmond STRICKLAND, 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.