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Ms Felicia Kung
Chief, Office of Rule Making
Division of Corporation Finance
US Securities and Exchange Commission

By email

Dear Ms Kung

DODD-FRANK ACT – SECTION 1502 (CONFLICT MINERALS)

1 The London Metal Exchange (“LME”) welcomes the opportunity to provide comments on potential rules to be made under the Dodd-Frank Act relating to conflict minerals.

Background

2 The LME is an international commodities futures and options exchange based in London since 1877. The LME has ten base metal contracts namely: aluminium, aluminium alloy, North American special aluminium alloy, copper, lead, nickel, tin, zinc, steel billet, molybdenum and cobalt.

3 LME futures contracts are best understood as on-exchange forward contracts because the contractual obligation under each futures contract is to deliver metal against payment. The rules of the LME permit set-off where a buyer is due to make delivery and take delivery of the same metal on the same settlement date. For this reason, net outstanding metal delivery obligations take place on each settlement date.

4 In order to support trading and price discovery, the LME has developed arrangements for listing brands of metal that are good delivery on the LME and listing approved locations where that metal can be stored. The metal is stored by LME listed warehouse companies in warehouses approved by the LME. Each LME listed warehouse company has entered into a warehousing agreement with the LME that sets out the terms and conditions under which it will store metal and issue bearer warehouse receipts (called LME warrants) to the owners of the metal. There are over 500 LME approved warehouses situated in approximately 39 locations in Europe, North America and Asia.



5 The LME is a recognised investment exchange under the UK Financial Services and Markets Act 2000. It is supervised by the UK Financial Services Authority. The LME is currently the holder of a Foreign Terminal No-Action letter from the CFTC in respect of electronic trading on the LME from the US.

Conflict Minerals

6 The conflict minerals provisions in the Dodd-Frank Act affect tin, which is one of the metals traded on the LME.

7 The LME would like to make two points about the international tin market that should be taken into account when considering rules in respect of conflict minerals. These relate to the role of recycling and the role of long term storage in the international metals markets.

Recycled Metal

8 Base metals are predominately traded on the international markets in their refined state. There are many reasons for this but the primary one is that metal in its refined state is stable and less bulky and therefore easier to store and transport. The refined stage is also when the metal is ready to be processed through fabrication and other means into end products. Listed below are the 16 brands of refined tin that are good delivery on the LME.

Country	Brand	Producer
Belgium	MC	Metallo-Chimique N.V.
Bolivia	ENAF	Empresa Metalurgica Vinto
Brazil	MAMORE	Mineracao Taboca SA
China	JH	Liuzhou China Tin Group Company Ltd - Laibin Smelter
	PGMA	Guangxi Pinggui PGMA Co., Ltd.
	YS	Gejiu Zili Mining and Smelting Co., Ltd.
	YT	Yunnan Tin Company Limited
	YUNHENG	Yunnan Chengfeng Non-Ferrous Metals Co., Ltd.
Indonesia	BANKA	PT Tambang Timah
	KOBA	PT Koba Tin (Bangka Island)
	KUNDUR	PT Tambang Timah
	MENTOK	PT Tambang Timah
Malaysia	MALAYSIA SMELTING CORPORATION	Malaysia Smelting Corporation Bhd.
Russia	NOK 99.9	Novosibirsk Integrated Tin Works Inc.
Thailand	PHUKET	Thailand Smelting & Refining Co Ltd
	THAISARCO	Thailand Smelting & Refining Co Ltd



9 Refined metal is produced both from primary concentrate mined out of the ground and from recycled scrap. These are referred to as primary and secondary production. Attached as an appendix is a table that shows the annual production for refined tin for the years 2000 to 2009 broken down between primary production and secondary production. These tin figures come from ITRI, the international tin research institute. For comparison, the appendix gives equivalent figures for aluminium, copper and lead. The figures for aluminium, copper and lead come from the World Bureau of Metal Statistics 2010 Annual.

10 The recycling industry in all four metals is significant. The differences between the metals reflect the use to which the metal is put and the ease with which it can be recycled. The recycling of metals, in addition to being a legitimate activity in itself, is one that ought to be encouraged because it leads to more efficient use of the world's resources.

11 It is not possible to trace the original primary source of mined concentrate for scrap tin that is recycled into refined tin. Rules under the Dodd-Frank Act ought to take into account the importance of recycling in the tin market and the difficulty of tracing the origin of scrap tin.

Long Term Storage

12 Base metals in their refined state can be stored indefinitely. The rules of the LME provide that metal stored by LME listed warehouse companies in approved warehouses must be capable of being stored indefinitely until such time as the owner of the metal chooses to remove it from the warehouse. LME approved warehouses are in customs zones that allow the metal to be stored tax and duty free. For example in the US all LME approved warehouses are in Foreign Trade Zones. This means that there is customs documentation that both tracks the metal into LME approved warehouses and tracks the metal when it is delivered out of LME approved warehouses. Long term storage is a factor in the tin market, as it is in other metals markets. It will be the case that a reasonable proportion of tin will already have been produced and be in circulation or in storage at the time that the rules under the Dodd-Frank Act become effective. That tin may not be able to comply with the requirements of new rules because it was produced a significant amount of time before the rules became effective.

13 Rules under the Dodd Frank Act ought to take into account metal that was produced before the rules became effective.

Kind regards

Yours sincerely

Diarmuid O'Hegarty

APPENDIX
RECYCLED METAL STATISTICS
(FIGURES IN 1,000 TONNES)

SUMMARY

sources: ITRI (Tin) & World Bureau of Metal Statistics 2010 Annual (Aluminium, Copper & Lead)

Tin	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
TOTAL Primary	244.7	248.7	249.5	254.1	281.2	313.1	313.6	292.8	286.8	279.1
TOTAL Secondary	22.5	22.7	24.5	24.3	32.1	34.6	41.7	54.8	51	54.9
TOTAL	267.2	271.4	270.4	278.4	313.3	347.7	355.3	347.6	337.8	334.0
%age Secondary	8.4%	8.4%	9.1%	8.7%	10.2%	10%	11.7%	15.8%	15.1%	16.4%
Aluminium	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
TOTAL Primary	24,418	24,436	26,076	28,002	29,940	32,017	33,975	38,108	39,215	36,015
TOTAL Secondary	8,389	7,864	7,910	8,113	8,395	8,599	8,987	9,574	8,673	7,908
TOTAL	32,807	32,300	33,986	36,116	38,335	40,616	42,962	47,682	47,889	43,923
%age Secondary	26%	24%	23%	22%	22%	21%	21%	20%	18%	18%
Copper	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
TOTAL Primary	14,816	15,675	15,336	15,221	15,827	16,610	17,341	18,029	18,497	18,597
TOTAL Secondary	6,028	5,747	5,427	5,367	5,484	5,558	5,909	5,996	6,006	5,779
TOTAL	20,843	21,422	20,762	20,588	21,312	22,168	23,251	24,025	24,503	24,376
%age Secondary	29%	27%	26%	26%	26%	25%	25%	25%	25%	24%
Lead	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
TOTAL Primary	3,255	3,098	3,091	3,191	3,234	3,639	3,884	3,818	4,270	4,160
TOTAL Secondary	3,478	3,537	3,636	3,638	3,737	3,996	4,079	4,316	4,613	4,660
TOTAL	6,733	6,636	6,728	6,829	6,971	7,635	7,963	8,135	8,882	8,820
%age Secondary	52%	53%	54%	53%	54%	52%	51%	53%	52%	53%