

The benefits of brand approval

If you are a metals producer, the benefits of having your metal brand registered with an international exchange are considerable. First, it provides producers with access to a liquid and transparent terminal market and a ready outlet for any over-production or excess stocks when supply is outstripping demand.

Second, exchanges with a wide range of approved warehouse facilities can at times provide opportunities for financial benefits either through warrant swapping, savings of freight costs or arbitrage trading.

Third, the seal of approval of a recognised exchange provides global brand recognition and acceptability which is a definite advantage to producers when they market their production.

Buyers and sellers of exchange-approved brands need to have the confidence and certainty that the quality of the material that they will receive or deliver meets the contract requirements. To this end, brand approval is critical as it upholds the integrity of an exchange's physical delivery mechanism.

The table shows the principal exchanges where metal brands can be listed and physical delivery of the metal may be called upon under the terms of the contract. For the London Metal Exchange, more than 460 non-ferrous metal brands have been approved for "good delivery" to LME-approved warehouses. This represents metal from over 280 producers based in 60 countries.

Each exchange has its own listing procedures covering each metal contract. Additionally, certain minimum requirements need to be met prior to a brand application submission. Such minimum requirements include the producer's capital net worth, number of years in business, number of years in production, annual production volume, and the metal chemical specifications.

Most applications across the different

The registration of metal brands with exchanges is a vital part of the international metal markets.

Melanie Wells describes the advantages and gives tips on ensuring the registration process goes smoothly.

exchanges follow set procedures, which can be summarised as follows.

1. The producer contacts the exchange to obtain the latest brand listing guidelines and procedures.
2. The producer obtains the services of an exchange member. For LME purposes, it is a requirement for a member to submit the completed brand application to the exchange.
3. The producer collates and provides the completed brand application documentation and fee direct to the exchange or member. The documentation required will include: company structure, plant and production details, product details such as shape, size, weight, grade, markings and chemical analyses of the metal. Fees are generally non-refundable once the submission has been made to the exchange.
4. Where applicable, physical testing of the metal is then undertaken by approved testers with sampling and analysis carried out by independent samplers and assayers. Producers will need to separately agree the commercial terms with testers and samplers/assayers to complete this work.

5. The test results are provided to the exchange and a final decision is provided covering the brand approval. Brand registration is then complete and an exchange notice is issued.

KEY TIPS FOR BRAND APPROVAL

The brand listing process is quite often misinterpreted, making it a difficult and time-consuming task to complete. Here are five key tips to ensure the process runs as smoothly as possible:

– It is vital to ensure at the outset that your production meets with the exchange's requirements as set down in its contract specification and brand listing/registration procedures. This does not just relate to documentation requirements, but also all relevant aspects of the metal. For example, there are stipulated requirements on bundling and strapping methods. This is to ensure that an applicant producer's metal shipments withstand the demands of international transportation.

– Always include up-to-date data. It may well be that you start compiling data for submission well before the application

Exchanges with brand listing

LME	CME/NYMEX	TOCOM	SHFE	DGCX
Aluminium	Gold	Gold	Copper	Gold
Copper	Silver	Silver	Aluminium	Silver
Zinc	Copper	Aluminium	Zinc	Steel rebar
Lead	Aluminium	Platinum	Gold	
Nickel	Platinum	Palladium		
Tin	Palladium			
Aluminium alloy				
NASAAC				
Steel billet				

is initially sent to the exchange. Under this scenario, the exchange could potentially receive out-of-date documentation – for example, daily chemical analyses reports. To avoid this, always make a final check, before submitting the application, that all data is as up-to-date as possible.

– Identify and communicate with all parties involved in the listing process as early as possible. Engage with the exchange, locate an exchange member to submit your application, and identify potential testers and samplers/assayers. This will ensure that you will avoid delays and missed deadlines and not incur irrevocable costly errors such as physical test material being used without the correct procedures being followed.

– Set out a project plan providing a timeline for the brand listing: what gets measured gets managed. Develop a set of key measures or milestones which are linked. Review progress and forthcoming activities regularly. For example, where there is the requirement for physical testing, it is very important to ensure that when you receive the instruction from the exchange that you need to ship the requisite tonnage to the approved testers that

LME contract quality specifications

In brief, quality in respect to LME metals contracts must conform to the following:

High Grade Primary Aluminium: minimum purity of 99.70%; P1020A Specification.

Aluminium Alloy: conforming to specifications A380.1, 226 or D12S, AD12.1.

NASAAC Aluminium Alloy: conforming to the LME NA380.1 specification.

Copper Grade A: conforming to BS EN 1978:1998.

Standard Lead: minimum purity of 99.970%, conforming to BS EN 12659:1999

Primary Nickel: minimum purity of 99.80%, conforming to ASTM B39-79.

Refined Tin: minimum purity of 99.85%, conforming to BS EN 610:1996.

Special High Grade Zinc: minimum purity of 99.995%, conforming to BS EN 1179:2003.

Steel Billet:

Far East: conforming to specifications GOST 380-94 Grade 5sp/ps or GOST 380-94 Grade 3sp/ps or GB 20MnSi or GB Q235 or ASTM A615/A, 615M-07 Grade 60 or BS4449: 2005 or GOST 380-2005 Grades: 3803S, 3803P, 3805S or 3805P.

Mediterranean: conforming to specifications GOST 380-94 Grade 5sp/ps or GOST 380-94 Grade 3sp/ps or GB 20MnSi or GB Q235 or ASTM A615/A, 615M-07 Grade 60 or BS4449: 2005 or GOST 380-2005 Grades: 3803S, 3803P, 3805S or 3805P

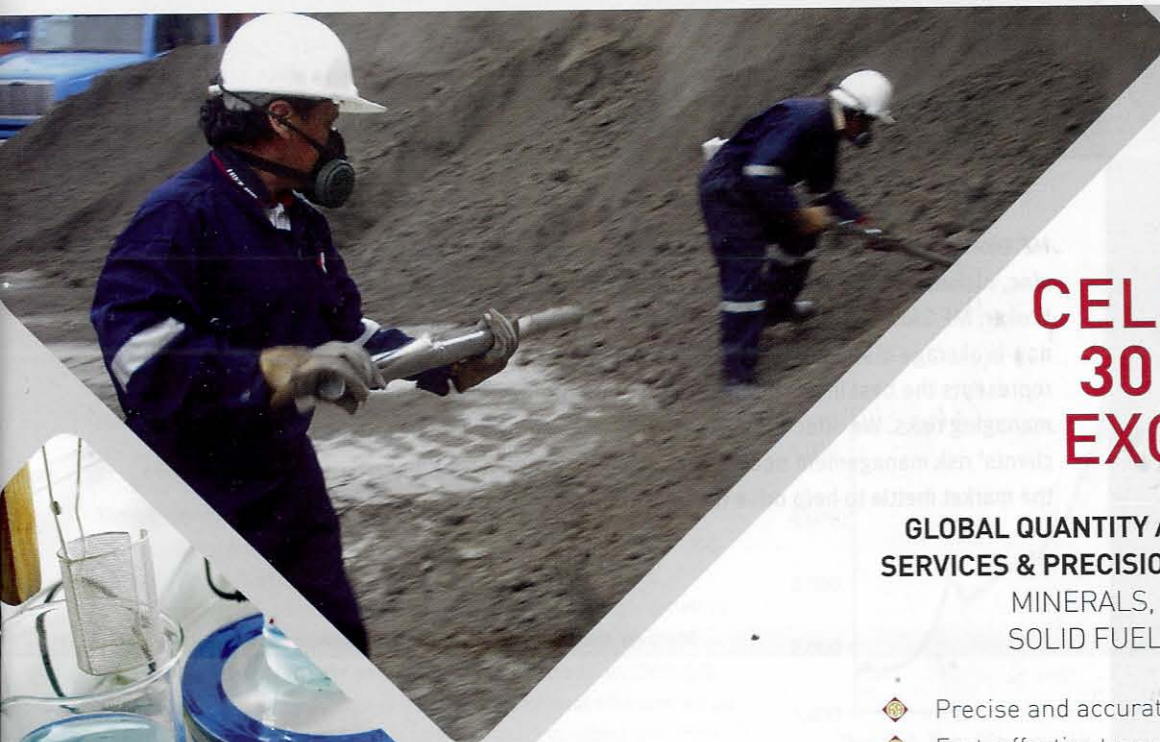
For the full contract specifications please refer to the LME. The fee for an LME brand listing is £30,000 plus vat, payable at the time of application and non-refundable (there is currently no fee for steel billet).

you have the material readily available at your works for shipment.

– If your company does not have the experience in-house to complete the brand application, consider employing a specialist company which will review the technical documentation, liaise with all parties and project-manage the listing on

your behalf. This will save time and money in the long run and allow you to continue focusing on your day-to-day business activities.

■ *The author is an LME Individual Member and director of Metal Registration Ltd, London (www.metalreg.com)*



CELEBRATING 30 YEARS OF EXCELLENCE

**GLOBAL QUANTITY AND QUALITY INSPECTION
SERVICES & PRECISION ANALYSIS FOR METALS,
MINERALS, ORES, PRECIOUS METALS,
SOLID FUELS AND RECYCLING SCRAP.**

- ◆ Precise and accurate analysis
- ◆ Fast, effective turnaround times
- ◆ Over 70 offices and 30 laboratories worldwide
- ◆ Providing bespoke, global solutions



**Alex
Stewart**

www.alexstewart.com

For further information contact:

Alex Stewart Group Head Office

Tel: +44 (0) 151 548 7777

Fax: +44 (0) 151 548 0714

Email: info@alexstewart.com

Caddick Road,
Knowsley Business Park,
Prescot, L34 9HP, England.