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Russia's RusAL Pays London Metal Exchange $2 Million on Court Order

By The Moscow Times

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An employee works at the foundry shop of the Rusal Krasnoyarsk aluminium smelter in the Siberian city of Krasnoyarsk.

The London Metal Exchange (LME) was paid around $2 million by Russia's RusAl after the aluminum producer lost a lawsuit over warehouse reform, the LME's owner said Thursday.

The hefty Rusal payment in February will provide a respite from heavy legal fees for Hong Kong Exchanges and Clearing Ltd (HKEx), which has been tied up in multiple court actions for its LME unit.

HKEx annual results, which included the RusAl payment, showed its legal and professional fees jumped by 20 percent last year to HK$175 million, mainly due to legal costs of U.S. class-action lawsuits.

Plaintiffs had accused Wall Street banks, commodity merchants and the LME of having colluded since May 2009 to hoard aluminium in warehouses. A U.S. judge this week dismissed the antitrust litigation.

The RusAl payment resulted from a judgment last October, when the 138-year-old LME won an appeal against a court ruling that had halted sweeping reform aimed at easing huge backlogs to withdraw metal from its global warehouse network.

Britain's Court of Appeal overturned an original March ruling in favor of RusAl, which had feared the reforms would unleash a glut of metal from warehouses and hit prices.

The court ordered RusAl Plc, the world's largest aluminum producer, to pay costs.

HKEx said in its annual results: "A settlement of approximately HK$15 million ($1.93 million) has been agreed and payment of this amount was made by RusAl to the LME on 11 February 2015."

The results showed HKEx has made gradual progress in making its $2.2 billion takeover of the LME in December 2012 pay off.

Underlying profit at the LME, the world's biggest and oldest market for industrial metals, edged up 1 percent to HK$706 million as higher trading volumes were partly offset by a rise in expenses.

Average daily LME volumes climbed by 4 percent to a record high, with record volumes in aluminium, zinc and nickel, gaining 3 percent, 2 percent and 39 percent, respectively.

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