



LME Transaction Reporting

Version 1.1

Please respond to:

MiFID II Team

mifid@lme.com

Disclaimer

© The London Metal Exchange (the “LME”), 2017. The London Metal Exchange logo is a registered trademark of The London Metal Exchange.

All rights reserved. All information contained within this document (the “Information”) is provided for reference purposes only. While the LME endeavours to ensure the accuracy, reliability and completeness of the Information, neither the LME, nor any of its affiliates makes any warranty or representation, express or implied, or accepts any responsibility or liability for, the accuracy, completeness, reliability or suitability of the Information for any particular purpose. The LME accepts no liability whatsoever to any person for any loss or damage arising from any inaccuracy or omission in the Information or from any consequence, decision, action or non-action based on or in reliance upon the Information. All proposed products described in this document are subject to contract, which may or may not be entered into, and regulatory approval, which may or may not be given. Some proposals may also be subject to consultation and therefore may or may not be implemented or may be implemented in a modified form. Following the conclusion of a consultation, regulatory approval may or may not be given to any proposal put forward. The terms of these proposed products, should they be launched, may differ from the terms described in this document.

Distribution, redistribution, reproduction, modification or transmission of the Information in whole or in part, in any form or by any means are strictly prohibited without the prior written permission of the LME.

The Information does not, and is not intended to, constitute investment advice, commentary or a recommendation to make any investment decision. The LME is not acting for any person to whom it has provided the Information. Persons receiving the Information are not clients of the LME and accordingly the LME is not responsible for providing any such persons with regulatory or other protections. All persons in receipt of the Information should obtain independent investment, legal, tax and other relevant advice before making any decisions based on the Information.

LME contracts may only be offered or sold to United States foreign futures and options customers by firms registered with the Commodity Futures Trading Commission (CFTC), or firms who are permitted to solicit and accept money from US futures and options customers for trading on the LME pursuant to CFTC rule 30.10.



TABLE OF CONTENTS

| | | |
|----------|---|-----------|
| 1 | DOCUMENT CONTROL | 4 |
| 1.1 | CHANGE HISTORY | 4 |
| 1.2 | ASSOCIATED DOCUMENTS | 4 |
| 2 | INTRODUCTION | 5 |
| 2.1 | PURPOSE OF THIS DOCUMENT | 5 |
| 2.2 | BACKGROUND | 5 |
| 3 | LME TRANSACTION REPORTING | 5 |
| 3.1.1 | LME Obligation | 5 |
| 3.1.2 | Approach to Reporting | 5 |
| 3.1.3 | LME Cleared and Client Contract Scope | 6 |
| 3.1.4 | Client vs Market Side | 6 |
| 3.1.5 | Trading Capacity and Transaction Report “Shape” | 7 |
| 3.1.6 | DEAL - Dealing on own account | 10 |
| 3.1.7 | Report Shape for MTCH or AOTC | 13 |
| 3.1.8 | Identifiers for Parties | 18 |
| 3.1.9 | Transmission of an Order | 18 |
| 3.1.10 | Instrument Details | 18 |
| 3.1.11 | Financial Instruments | 18 |
| 3.1.12 | Granularity of ISIN | 19 |
| 3.1.13 | Strategies, Package Orders and Transactions | 19 |
| 3.1.14 | Trading Venue Transaction Identification Code | 21 |
| 3.1.15 | Pre-Trade Waivers | 22 |
| 3.1.16 | Transaction Scope and LME Trade Categories. | 22 |
| 3.1.17 | Transaction Scope and LME Products | 22 |
| 3.1.18 | LME Venue Considerations/variances | 22 |
| 4 | APPENDICES | 24 |
| 4.1 | GLOSSARY OF TERMS | 24 |



1 Document Control

1.1 Change History

| Version | Change Date | Summary of Change | Author |
|---------|-------------|--------------------------------|-----------------------|
| 1.0 | 18.08.2017 | Final for publication | IT Solutions Delivery |
| 1.1 | 29.09.2017 | Amended following Consultation | IT Solutions Delivery |

1.2 Associated Documents

| Ref | Title | Author | Document |
|------|--|---------------------|----------------------|
| D-01 | Guidelines on MiFID II Transaction Reporting (corrected 07-Aug-17) | ESMA | LINK |
| D-02 | RTS22: Reporting of transactions to competent authorities | European Commission | LINK |
| D-03 | Annex to RTS22 in English | European Commission | LINK |
| D-04 | LME Rulebook | LME | LINK |
| D-05 | FIA fields not applicable to ETD | FIA | LINK |



2 Introduction

2.1 Purpose of this Document

The revision of the Markets in Financial Instruments Directive (known as MiFID II) imposes a number of key changes aimed at reducing systemic risk, combating disorderly trading and reducing speculative activity in commodity derivative markets. The changes are currently set to take effect from 3 January 2018, and includes a new Market in Financial Instruments Regulation (MiFIR).

The London Metal Exchange (LME) has completed its review of the MiFID II texts in relation to transaction reporting and is publishing this document for consideration by Members in relation to their transaction reporting obligations (please refer to the disclaimer) and in order for firms who are not MiFID investment firms to understand what the LME will be reporting in relation to their trading activity to the Financial Conduct Authority (FCA).

2.2 Background

The purpose of transaction reporting is in order to enable competent authorities to effectively perform their function of detecting and investigating potential cases of market abuse and monitoring the fair and orderly functioning of the market. The obligations are stipulated in MiFIR, RTS 22 (D-02) and clarifications are provided in the level III guidance (D-01).

3 LME Transaction Reporting

3.1.1 LME Obligation

The LME are obliged to report transactions executed through their systems by non-MiFID Investment Firms to the relevant National Competent Authority – the FCA in the case of the UK. Reporting is required by no later than T+1 23:59:59 local time (GMT and BST where relevant) of the working day following the day of the transaction. For the purposes of reporting to the FCA working days are all weekdays except for Saturdays and Sundays and except for all official national holidays.

3.1.2 Approach to Reporting

According to Article 26(1) of MiFIR, Investment Firms which execute transactions in financial instruments should report complete and accurate details of such transactions. This means that where two Investment Firms trade with each other, each will make its own transaction report that reflects the transaction from its own perspective. At the same time, the content for the following fields (describing the common objective elements of the transaction concluded between the two Investment Firms) should match in the respective equivalent reports of each of the two Investment Firms: venue¹, trading date time², quantity, quantity currency, price, price currency and instrument details, where relevant.

¹ For Market Side transactions executed on a Trading Venue (i.e. as opposed to the associated allocation to the client).

² Subject to the different granularity requirements applicable.



3.1.3 LME Cleared and Client Contract Scope

Both LME “Cleared Contracts” and “Client Contracts” are subject to the rules of the LME and are considered to be executed through the LME’s systems (when “system” is broadly viewed as a set of non-discretionary rules or principles). They also fall into 5.4 (ii) below (clarification provided by ESMA in their Level III guidance doc D-01).

“5.4 Execution of a transaction on a Trading Venue

For the purpose of Field 36, a transaction should be considered to be executed on a Trading Venue only when

- i) the buying and selling interest of two parties is brought together by the Trading Venue either on a discretionary or non-discretionary basis;

or

- ii) the buying and selling interest of two parties is not brought together by the Trading Venue either on a discretionary or non-discretionary basis, but the transaction is nonetheless subject to the rules of that Trading Venue and is executed in compliance with those rules.”

Where an Investment Firm is not the direct market facing entity the Investment Firm is not regarded as executing on the Trading Venue for the purposes of transaction reporting.

In the context of the above the LME consider that direct market facing entities are Category 1 to Category 4 Members, clients of those Members are not direct market facing entities. Cleared and Client Contracts executed by Category 1 to Category 4 Members who are not MiFID Investment Firms (“Firms”) will be reported by the LME under the following principles.

3.1.4 Client vs Market Side

There is a “Client Side” and “Market Side” concept within transaction reporting. Figure 1 below explains this concept and how it relates to LME Contracts. Some fields to be reported are only relevant to the Client Side whereas others are only relevant to the Market Side.

Figure 1: "Client" vs "Market Side" reports



In the context of the LME in relation to the above diagram;



- Investment Firm Y is the Member.
The Market Side executed on the Trading venue by Investment Firm Y is the Cleared Contract (trade half) executed by the Member,





The Client Side Investment Firm Y is the Client Contract (trade half). N.B. at the point of execution of the transaction.

Under both the T4 and T2 trading models the Cleared and Client Contracts are separate contracts, a Client never faces the venue directly, the Client Contract is between a Clearing Member and a client. An LME Client contract signifies that the Clients contract with the Clearing Member can be considered as cleared (refer Part 4, 1.7 of the LME rulebook (page 125 of D-04)). For the purposes of transaction reporting in the LME market, entering in to such contracts is deemed execution of a transaction as per 2 b. of [Meaning of a Transaction](#)

3.1.5 Trading Capacity and Transaction Report “Shape”

The capacity that a Member is trading under dictates the shape of the transaction report. The LME will use the trading capacity as reported to it by the Member in order define the shape of the transaction report. There are three potential Trading Capacities that can be reported. The following table describes the relationship between Trading Capacity and a Transaction Report for LME contracts under different scenarios.



Table 1 - Trading Capacity and Transaction Report Shape.

| Ref | Trading Capacity | Single/ Multiple Fill | Single/Multiple Clients | Client Price | Transaction Report - Cleared Contract | Transaction Report - Client Contract | INTC* (Aggregate Client Account) |
|-----|------------------|--------------------------|-------------------------------------|------------------------------|--|---|---|
| 1 | DEAL | Single | None - Prop | N/A | 1 XLME with TVTIC | N/A | N |
| 2 | DEAL | Multiple | None - Prop | N/A | 1 per fill XLME with TVTIC | N/A | N |
| 3 | DEAL | Single | Single | per fill | 1 XLME with TVTIC | 1 Venue = XOFF no TVTIC | N |
| 4 | DEAL | Single | Multiple (aggregating orders) | per fill | 1 XLME with TVTIC | 1 (per client and price) Venue = XOFF no TVTIC | N |
| 5 | DEAL | Single | Multiple (aggregating orders) | Average (VWAP) per client | 1 XLME with TVTIC | 1 (per client and price) Venue = XOFF no TVTIC | N |
| 6 | DEAL | Multiple | Single | per fill | 1 per fill XLME with TVTIC | 1 per fill Venue = XOFF no TVTIC | N |
| 7 | DEAL | Multiple | Single | Average (VWAP) | 1 per fill XLME with TVTIC | 1 (per average price) Venue = XOFF no TVTIC | N |
| 8 | DEAL | Multiple | Multiple (aggregating orders) | per fill | 1 per fill XLME with TVTIC | 1 (per client and price) Venue = XOFF no TVTIC | N |



| Ref | Trading Capacity | Single/ Multiple Fill | Single/Multiple Clients | Client Price | Transaction Report - Cleared Contract | Transaction Report - Client Contract | INTC* (Aggregate Client Account) |
|-----|------------------|-----------------------|-------------------------------|---------------------------|--|---|----------------------------------|
| 9 | DEAL | Multiple | Multiple (aggregating orders) | Average (VWAP) per client | 1 per fill XLME with TVTIC | 1 (per client and price) Venue = XOFF no TVTIC | N |
| 10 | AOTC/MTCH | Single | Single | per fill | 1 - price would be the market fill, transaction date time and TVTIC all from the market fill (Cleared Contract). Venue = XLME | | N |
| 11 | AOTC/MTCH | Single | Multiple (aggregating orders) | per fill | 1 XLME with TVTIC | 1 (per client - price must be the market price and transaction date time must be that of the market fill) (Venue = XOFF no TVTIC) | Y |
| 12 | AOTC/MTCH | Multiple | Single | per fill | 1 per fill - price would be the market fill, transaction date time and TVTIC all from the market fills (Cleared Contracts). Venue = XLME | | N |
| 13 | AOTC/MTCH | Multiple | Single | Average (VWAP) | 1 per fill - Even though the client wants an average price, the transaction reports have to reflect that every single market fill is immediately passed on to the client because the Investment Firm is dealing in a MTCH/AOTC capacity - the price reported would be per fill in the market. (Cleared Contract). Venue = XLME | | N |
| 14 | AOTC/MTCH | Multiple | Multiple (aggregating orders) | Average(VWAP) | 1 per fill XLME with TVTIC | 1 per client the transaction date time must be that of the first market fill. (Venue = XOFF no TVTIC) | Y |

INTC* (Aggregate Client Account) Where the Member is aggregating orders for multiple clients then the Market Side and Client Side reports will be reported separately and INTC will be reported as a buyer/seller in both transaction reports to link them. INTC will not be used for reporting an order for one client executed in a single execution nor for an order for one client executed in multiple executions.



3.1.6 DEAL - Dealing on own account

MiFID II Definition: 'dealing on own account' means trading against proprietary capital resulting in the conclusion of transactions in one or more financial instruments (as per Article 4 of MiFID)

Report Shape for DEAL

"Where an investment firm is dealing on own account it shall always be reported as either the buyer or seller in the transaction report. The corresponding seller or buyer will be the counterparty or client or venue that the investment firm is dealing with".

In the context of the LME and with reference to Figure 2 below: If the Member firm is dealing on own account to action its own proprietary trades then it is expected to report DEAL as its trading capacity when executing the Cleared Contract, the LME will subsequently report "Member Transaction Report B1" (to represent the Market Side execution). If it was dealing on own account with a view to filling an order that it had received from a client (and subsequently does so) then it is expected to report DEAL as the trading capacity when executing the Client Contract and the LME will subsequently report "Member Transaction Report B1" (to represent the Market Side execution) and "Member Report B2" (to represent the Client Side transaction).

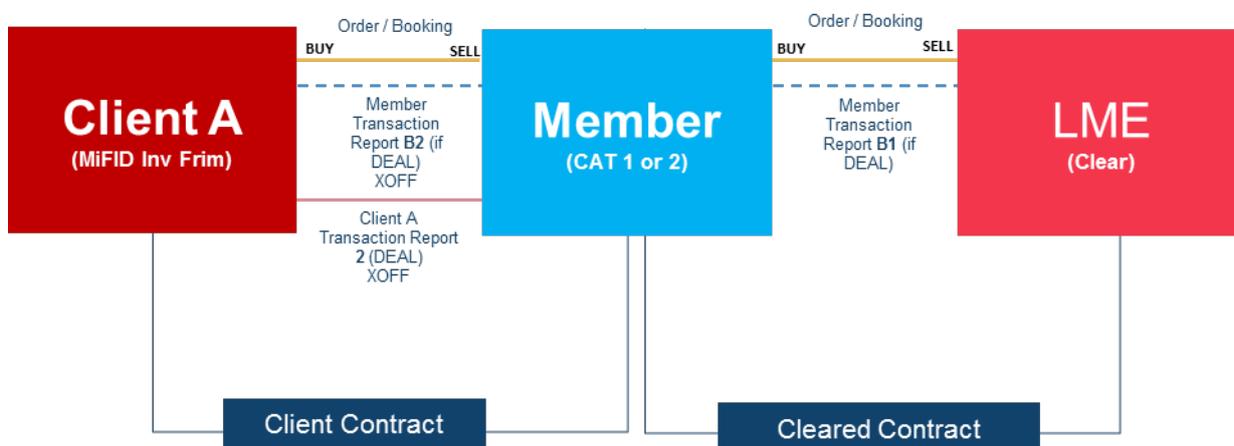
In the latter case, the trading time and date for the Client Side report may be the same as for the market side report or could be later and the price of the market side and Client Side report could be the same or could differ.

The LME will report the trading date times in accordance with the [venue considerations](#) outlined below.

Where the Member does not trade in the market to fill the clients order and is fulfilling the clients order from its own account (and registers this on the exchange) only Member Transaction Report B2 will be reported.



Figure 2 - Member trading under DEAL on LME Select, single fill



DEAL other considerations

Table 1 REF 1: Market Side Single Fill

Where there is a single fill only one market side transaction report is required, the executing Member will be reported in the buyer/seller field while LMEClear (for LME Select) or the counterparty Member (for inter-office and Ring) will be populated in the opposing seller/buyer field. The transaction should be reported as on exchange 'XLME' in field 36.

All fields will be reported from the perspective of the Member firm.

Table 1 REF 2: Market Side Multiple Fills

Where there are multiple fills a transaction report per fill is required, the executing Member will be reported in the buyer/seller field while LMEClear (for LME Select) or the counterparty Member (for inter-office and Ring) will be populated in the opposing seller/buyer field. The transactions will be reported as on exchange 'XLME' in field 36.

All fields will be reported from the perspective of the Member firm.

Table 1 REF 3 to 9: Client Side

A transaction report per client is required; the executing Member will be reported in the buyer/seller field while the client will be reported in the opposing buyer seller field. The transaction will be reported as off exchange 'XOFF' in field 36.

The Mandatory and Conditional fields below will be reported in the Client Side (Conditional fields are required where they are pertinent to the transaction). These will need to be collected from the Member firm for reporting through LME Select/LME Smart and through the PII interface.



Table 2 Additional I Fields Applicable when the buyer/seller is a client

| Field | Field | Req'd |
|---------------------|---|---|
| 8/17 (TRPT-REQ-13) | Country of the branch of the member firm who received the order | Mandatory for all, in the Client Side report (or Client Side of the report) |
| 9/18 (TRPT-REQ-07) | Client First Name(s) | Conditional - Required when the client is a natural person and identified by a national_id in the Buyer or Seller field. |
| 10/19 (TRPT-REQ-07) | Client Surname(s) | |
| 11/20 (TRPT-REQ-07) | Client date of birth | |
| 12/21 (TRPT-REQ-07) | Client Decision Maker | Conditional - Required where the investment decision was made on behalf of the client (by the member firm or a third party – entity or individual) under a power of representation. |
| 13/22 (TRPT-REQ-07) | Client Decision Maker First Name(s) | Conditional - Required where the investment decision was made on behalf of the client by an individual (field 12/21 is a national_id) |
| 14/23 (TRPT-REQ-07) | Client Decision Maker Surname(s) | |
| 15/24 (TRPT-REQ-07) | Client Decision Make date of Birth | |

The commodity derivative indicator (field 64) should be collected from the Member and subsequently reported by the LME from the perspective of the client; all other fields should be reported from the perspective of the Member.

Where a Member is providing DEA 'DEAL' is not a permissible Trading Capacity only MTCH or AOTC are permissible.



Price

The price reported in the transaction report is required to be the traded price of the transaction **excluding, where applicable, commission and accrued interest**. Currently when booking client contracts under the T4 booking model in LMEsmart members can include commission, there is no facility to unbundle this from the price in order to ensure that a clean price can be reported. The LME will facilitate the capture of a clean price for futures and options (premium) whilst continuing to provide the functionality for Members to include commission without impact to the existing feeds and reports back to Members containing price. Entities executing trades should therefore ensure that the clean price is entered for the purposes of transaction reporting. This will be reported as the price of the transaction when reporting the execution of a client contract under the DEAL capacity. (Under AOTC and MTCH the price from the Market Execution, the Cleared Contract will be reported after linking the contracts.)

3.1.7 Report Shape for MTCH or AOTC

MTCH - Matched Principal

MIFID II Definition: 'matched principal trading' means a transaction where the facilitator interposes itself between the buyer and the seller to the transaction in such a way that it is never exposed to market risk* throughout the execution of the transaction, with both sides executed simultaneously**, and where the transaction is concluded at a price where the facilitator makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction (as per Article 4 of MiFID).

"Market Risk" and "Simultaneously" are not further defined in MiFID nor MiFIR.

* Market Risk is generally defined as the risk of the mark to market value of the instrument or investment increasing or decreasing as a result of volatility and unpredicted movement in market valuations. Therefore where a Member buys from the market and sells to its client "simultaneously" it is not exposed to market risk.

** There is no MiFID definition of simultaneous which has caused some confusion and debate within the industry. From the LME's perspective the T2 booking model results in the client and cleared contracts booked simultaneously within the LME's systems. However in the T4 model (through LME Select and then a trade registration in LME Smart) this may not be viewed as simultaneous by the LME but may be by the executing Member. For trade registrations in LME Smart in the inter-office market the Member may view this as simultaneous execution.

AOTC - Any other capacity

All other activity that does not come under the MiFID ii definitions of own account trading or matched principal trading will be reported with a trading capacity of 'any other capacity'.

In the context of the LME an example of where a Member is trading in AOTC or MTCH is where Members provide DEA to clients, as per the regulations the Member would be deemed as dealing in an AOTC or MTCH capacity. The T2 booking model (see below) is in the LME's view comparable to Matched Principle trading.



Additional Fields for AOTC and MTCH reports (and from whose perspective fields should be reported)

Where a Non-MiFID Investment Firm Member is dealing for a client on a matched principal or ‘any other capacity’ basis the LME will include the additional details in Fields 8-15 (if the client is buying) or in Fields 17- 24 (if the client is selling) in the Client Side report (or Client Side of the report) as per Table 2 Additional I Fields Applicable when the buyer/seller is a client.

The commodity derivative indicator (field 64) will always be collected and subsequently reported from the perspective of the client in AOTC or MTCH transaction reports.

Table 1 REF 10: Single Client Single Fill

Where there is only one client and a single fill a single transaction report will be submitted including both the market side and Client Side information. The client will be populated in the buyer/seller field while LMEClear (for LME Select) or the counterparty Member (for inter-office) will be populated in the opposing seller/buyer field. The executing Member will be populated in the executing entity field. The transaction will be reported as on exchange ‘XLME’ in field 36 and the TVTIC will be from the market fill.

Table 1 REF 10: LME Transaction Report AOTC/MTCH example

Where the executing Member in the above example is a non-MiFID investment the LME will report Member transaction report A1 as per Figure 3. For the avoidance of doubt if Client A in Figure 3 were a non-MiFID Investment firm the LME will not report the Client A report as for the purposes of transaction reporting this is not executed on the LME.

Figure 3 - Member Dealing AOTC/MTCH on LME Select – single client, single fill

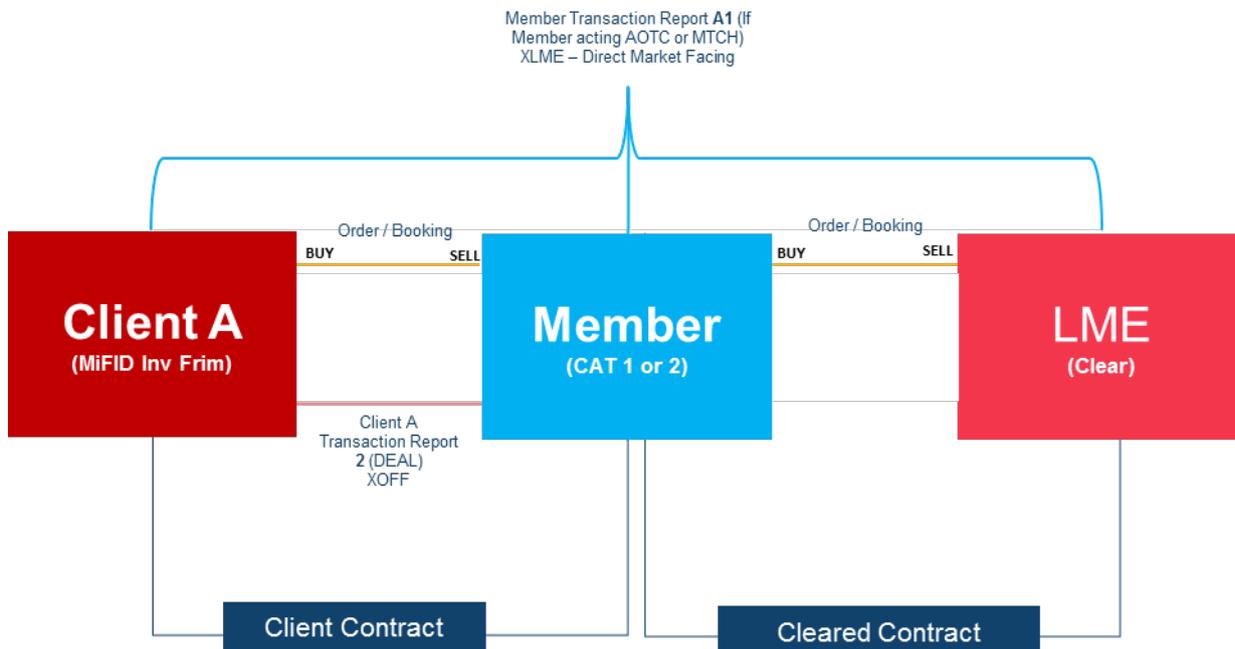


Table 1 REF 10 to 14: MTCH/AOTC other considerations

The LME will report the Market and Client Side reports for all of the following scenarios where the executing firm is a non-MiFID Investment Firm: All Market Side Reports (and those reporting both



Market and Client Side) will contain 'XLME' in field 36 and report the TVTIC from the market fill and all Client Side only reports will contain 'XOFF' with no TVTIC.

Table 1 REF 12: Single Client Multiple Fills

Where there is only one client and multiple fills a transaction report per fill should be reported including both the Market side and Client Side information for each fill. In each report the client should be populated in the buyer/seller and LMEClear (for LME Select) or the counterparty Member (for inter-office) will be populated in the opposing seller/buyer field. The executing Member will be populated in the executing entity field.

Table 1 REF 13: Single Client Multiple Fills, Client Receives an Average Price

Even though the client wants an average price, the transaction reports will reflect that every single market fill is immediately passed on to the client because the Investment Firm is dealing in a MTCH/AOTC capacity - the price reported will be per fill in the market from the Cleared Contract.

Table 1 REF 11: Multiple Clients (Member is Aggregating Client Orders) and Single Fill

When more than one client is involved, the fictitious aggregate client account ('INTC') will be used to link the Market Side with the allocations to each client in the Client Side reports.

Market Side Report

A single report for the Market Side will be reported, 'INTC' (in place of the executing Member) will be populated in the buyer/seller field while LMEClear (for LME Select) or the counterparty (for inter-office) will be populated in the opposing seller/buyer field. The executing Member will be populated in the executing entity field.

Client Side Reports

Allocations to each client will be reported in separate transaction reports 'INTC' (in place of the executing Member) will be populated in the buyer/seller field while the Client will be populated in the opposing seller/buyer field. The executing Member will be populated in the executing entity field. The price and transaction date time are required to be that of the market fill (these will be reported from the trade half representing the Cleared Contract).

Table 1 REF 14: Multiple Clients (Member is Aggregating Client Orders) and Multiple Fills clients receive average prices.**Market Side Reports**

Where there are multiple clients and multiple fills a transaction report per fill will be reported for the Market Side, 'INTC' (in place of the executing Member) will be populated in the buyer/seller field while LMEClear (for LME Select) or the counterparty Member (for inter-office and Ring) will be populated in the opposing seller/buyer field. The executing Member will be populated in the executing entity field.

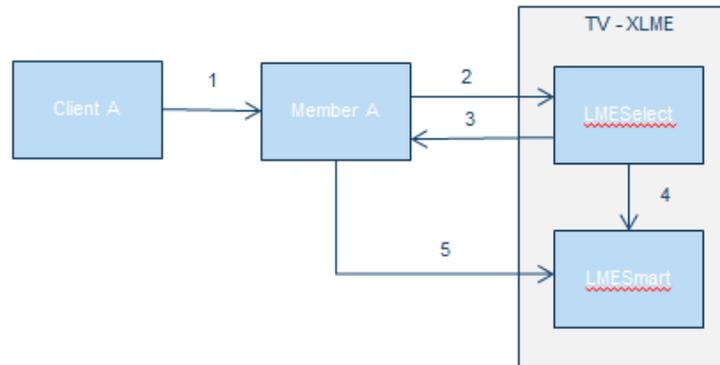
Client Side Reports

Allocations to each client will be reported in separate transaction reports 'INTC' (in place of the executing Member) will be populated in the buyer/seller field while the Client will be populated in the opposing seller/buyer field. The executing Member will be populated in the executing entity field. The transaction date time is required to be that of the first market fill and the price reported will be that of the first market fill.



AOTC/MTCH considerations under the T4 booking model

As is depicted below, under the T4 booking model the Market Side of the transaction report is a trade originating from LME Select (3) and the Client Side is a trade registered in LME Smart (5). There will need to be an ability to link both trades in order to report these as transactions under AOTC/MTCH.



| | |
|-----------|---|
| DEAL | Market Side is the Cleared Contract |
| | Client Side is the Client Contract |
| AOTC/MTCH | Where there is a 1:1 between the Market and Client Side they should be reported as a single transaction |
| | **INTC** Where there is a not a 1:1 between the Market Side and Client side then the Market Side and Client side reports are reported separately and INTC must be reported as a buyer/seller in both report to link them. It should not be used for reporting an order for one client executed in a single execution or for an order for one client executed in multiple executions. |
| | For all AOTC/MTCH Scenarios including INTC, Client and LMEClear are the buyer/seller with the Member reported as the executing entity. The transaction date and time of the reports must be that of the execution on the venue (taken from the Cleared Contract), with the price being that of the market execution from the cleared trade. Where there are multiple fills, the transaction date time must be that of the first market fill. |

In order to report transactions under AOTC and MTCH in the T4 model the LME will require a link to be provided by the Member as per scenarios outlined below:

Figure 4 - Linkage Scenarios

| Trading Capacity | Single/Multiple Fill | Single/Multiple Client | Client Price | Linkage Requirement |
|------------------|-----------------------------------|------------------------|--------------|---|
| DEAL | All scenarios except cancellation | | | No link required. |
| DEAL | Cancellation | | | Linkage between original trade and cancellation trade (in reality a reversal) in LMEsmart required. |



| Trading Capacity | Single/Multiple Fill | Single/Multiple Client | Client Price | Linkage Requirement |
|------------------------|---------------------------------|-----------------------------|--------------|--|
| AOTC/MTCH ³ | Single | Single | per fill | Link from market trade to client cross needed. (Client details will be applied on the market trade in the reported transaction). |
| AOTC/MTCH | Single | Multiple (Aggregated order) | per fill | Link from market trade to each client cross needed. (Client details will be applied on the market trade in the reported transaction). Note that the market trade and client trades will be reported separately with the counterparty on each side set to 'INTC'. |
| AOTC/MTCH | Multiple (from a single order) | Single | per fill | A linkage from the market trades to the client cross is needed. As the market trades are from a single order they will share a Member supplied reference (GUID). (Client details will be applied on the market trade in the reported transaction). |
| AOTC/MTCH | Multiple (from separate orders) | Single | per fill | A linkage is required from the market trades to the client cross. A separate client cross will be needed for each separate order as each order will have a different Member supplied reference (GUID). (Client details will be applied on the market trade in the reported transaction). |
| AOTC/MTCH | Cancellation | | | Linkage between original trade and cancellation trade (in reality a reversal) in LMEsmart required. |
| | Give-Up | | | A linkage is required from the market trade to the Give-Up and from the give-up to the clearer's client cross. |

¹ Note that in all cases AOTC and MTCH requirements are the same.

T2 Booking Model

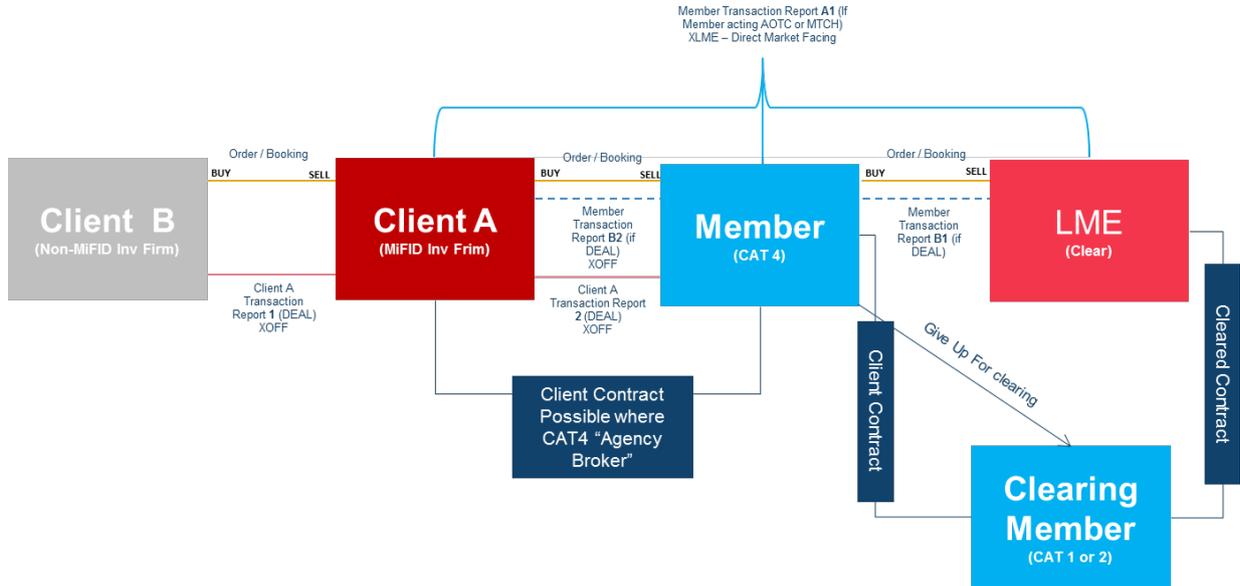
In the T2 booking model is expected to be MTCH as the Client and Cleared contracts are entered into simultaneously in the LME systems for the same price.

Non Clearing Members

Category 4 Members of the LME are non-clearing Members. Figure 5 below shows what should be transaction reported for Category 4 executions directly on the venue (i.e. not via DEA).



Figure 5 - CAT 4 NCM executions



See the FIA scenarios in attached DOC D-04 for FIA ETD scenarios.

3.1.8 Identifiers for Parties

The LME will follow the short code approach (and align with ORK and Position Reporting) for collecting sensitive data from Members for transaction reporting. Members will provide short codes through LME Select and LME Smart which will be mapped downstream to the relevant National ID, LEI etc provided by the Members in the LME’s PII interface.

3.1.9 Transmission of an Order

The transmission conditions under Article 4 of RTS 22 are not applicable to non-MiFID Investment Firms. Therefore, when the LME report these fields field 25 would always be false and fields 26 and 27 null.

3.1.10 Instrument Details

The level of granularity of reporting within Transaction reporting for LME Contracts is as detailed below.

3.1.11 Financial Instruments

The LME facilitates trading of Futures and Options. ESMA have advised that strategies are not deemed to be financial instruments in their own right under MiFID II. The rationale being that they are not distinct legally established items they are strategies (being merely groupings of underlying contracts which can be traded under a single code for convenience). In addition the position opened by each underlying future or option (in the case of option strip strategies) can be traded out of independently. LME instruments are listed and classified below.



Table 3 - LME Instruments

| LME Instrument | Category |
|------------------------|------------|
| LME Mini | F (Future) |
| Monthly Average Future | F (Future) |
| Premium | F (Future) |
| Futures/Forwards | F (Future) |
| TAPO | O (Option) |
| Traded Option | O (Option) |
| LMEX Future | F (Future) |

3.1.12 Granularity of ISIN

In summary and with regards to the category of the LME instrument in Table 3 the granularity of ISIN is as follows.

Table 4 - ISIN Granularity

| Category | Granularity |
|----------|--|
| Future | LME Instrument, Metal, Prompt Date, Currency* |
| Option | LME Instrument, Metal, Expiry, Put/Call, Strike Price, Currency* |

* LME Select only supports USD; LME Smart supports USD/GBP/JPY/EUR for Futures and Traded Options LME Instruments.

3.1.13 Strategies, Package Orders and Transactions

As noted above, strategies are not defined as financial instruments, but instead are covered in the definitions of “package orders” and “package transactions”, as defined below:

RTS2 (Recital 13): *Package transactions can take various forms, such as exchange for physicals, trading **strategies** executed on trading venues or bespoke package transactions and it is important to take those specificities into account when calibrating the applicable transparency regime*

(49) ‘package order’ means an order priced as a single unit:
(a) *for the purpose of executing an exchange for physical; or*



(b) in two or more financial instruments for the purpose of executing a package transaction;

(50) **'package transaction' means:**

(a) *an exchange for physical; or*

(b) **a transaction involving the execution of two or more component transactions in financial instruments and which fulfils all of the following criteria:**

(i) the transaction is executed between two or more counterparties;

(ii) each component of the transactions bears meaningful economic or financial risk related to all the other components;

(iii) the execution of each component is simultaneous and contingent upon the execution of all the other components."

The following tables list the strategies/packages traded on the LME and document the current LME view with regard to how these need to be transaction reported.

Table 5 - LME Strategies/Packages

| Strategy/Package (Multi-Instrument Transaction) | Price Type as a Single Price | Package Rationale | Instruments | Instrument Price |
|---|------------------------------|---------------------------------------|-------------------------------|---|
| Carry | Spread | Y - Falls under 50(b) of MiFIR art 2. | Multiple Futures | Contract price per Future calculated from the spread. |
| Option Strip | Vol and Strike Price | Y - Falls under 50(b) of MiFIR art 2. | Multiple Traded Metal Options | For each option the price is the premium (calculated from the VOL). The future would be the contract price. |
| Average Contract (strips of Futures) | Contract Price | Y - Falls under 50(b) of MiFIR art 2. | Multiple Futures | Same as package price for each monthly contract. |



| Strategy/Package (Multi-Instrument Transaction) | Price Type as a Single Price | Package Rationale | Instruments | Instrument Price |
|---|------------------------------|--|--|--|
| Traded Metal Option (when traded in LME Select but not LME Smart) | Vol and Strike Price | Y- Falls under 50(b) when traded in SELECT | Traded Metal Option and a hedge Future | For the option the price is the premium (calculated from the VOL). The future would be the contract price. |

The LME will issue ISIN's for all of its financial instruments and Field 41 (ISIN) will always be populated. Fields 42-56 will therefore not be reported by the LME in its transaction reports.

When the LME report instruments that have been traded as a package by (then they will populate the Complex Trade component ID (field 40) with a code unique to the LME which links the transaction reports which are related to the execution.

3.1.14 Trading Venue Transaction Identification Code

Pursuant to Article 12 of RTS 24, "operators of trading venues shall maintain an individual trading venue transaction identification code" for each transaction resulting from the full or partial execution of an order that has gone through its matching system. This trading venue transaction identification code (TVTIC) is referred to in Field 3 of RTS 22 which requires Investment Firms and venues to populate it with the relevant TVTIC generated by the operator of the Trading Venue "for the Market Side of a transaction executed on a trading venue".

The LME will generate a TVTIC at the level of financial instrument traded in LME Select / registered in LME Smart.

There are however 'Package Transactions' that do not follow this rule.

The table below details a 'Carry' and 'Average Contract' strategies where by only a **single** 'TVTIC' will be provided for the package:

| Strategy/ Package (Multi-Instrument Transaction) | Price Type (as a Single Price) | Instruments | Instrument Price | Possible to identify ISIN for underlying Instrument from Package. |
|--|--------------------------------|------------------|--|---|
| Carry | Spread | Multiple Futures | Contract price per Future calculated from the spread | Futures can be identified |
| Average Contract | Contract | Multiple | Same as package price for | Futures in the strip can |



| Strategy/ Package (Multi-Instrument Transaction) | Price Type (as a Single Price) | Instruments | Instrument Price | Possible to identify ISIN for underlying Instrument from Package. |
|--|--|-------------|-----------------------|--|
| (Strips of Futures) | Price | Futures | each monthly contract | be identified |

3.1.15 Pre-Trade Waivers

At the time of writing there will be no pre-trade waivers for the LME market field 61 will be reported as NULL by the LME.

3.1.16 LME Trade Categories

The MiFID definition of a transaction is as per the glossary of terms below (No.2). The LME has re-aligned the trade categories with the MiFID definitions of a transaction in order for transactions to be correctly identified. The Reversal and Correction categories will also be changed in order to facilitate a link back to the original trade being reversed or corrected (so that the trade category can be distinguished in order to determine if it is a reportable transaction). The updated Matching Rules clarify what the LME deem as reportable categories under MiFID II.

3.1.17 Transaction Scope and LME Products

All LME products are in scope for MiFID Transaction Reporting.

3.1.18 LME Venue Considerations/variances

Electronic (LME Select)

Trading in LME Select is anonymous so for transactions originating from LMEClear 'LMEC' will be reported as a Buyer/Seller.

Trading Date Time: This is the execution time in LME Select. This is required to be the data and time that the matching engine matched the orders that resulted in the trade. It needs to be reported in UTC and to millisecond granularity. The timestamp must not diverge from UTC greater than the tolerances permissible under the clock synch requirements.

Trading Capacities: DEAL/AOTC/MTCH can all apply.

Ring (LME Smart)

Buyer/Seller: Trading in the Ring is not anonymous and trading capacity is DEAL (due to the order styles executed) so Member vs Member will be reported as the Buyer/Seller.



Trading Date Time: The LME view is that this will be the last second of the Ring or Kerb session for the metal.

Trading Capacity: Only DEAL applicable for trades executed in the ring due to the order styles executed.

Inter-Office Market and Basis Ring (LME Smart)

Trading in the inter-office market is not anonymous so Member vs Member will be reported as the Buyer/Seller.

Trading Date Time: The LME view is that this will be the time that the Matching System (LME Smart) confirms that the Agreed Trade is matched and that all Pre-Execution Checks are satisfied.

Trading Capacity: DEAL/AOTC/MTCH can all apply.



4 Appendices

4.1 Glossary of Terms

| No | Term | Description |
|----|----------------------------|--|
| 1 | MiFID II 'Investment Firm' | <p>As per article 4(1) of MiFID II. 'investment firm' means any legal person whose regular occupation or business is the provision of one or more investment services to third parties and/or the performance of one or more investment activities on a professional basis. Member States may include in the definition of investment firms undertakings which are not legal persons, provided that: their legal status ensures a level of protection for third parties' interests equivalent to that afforded by legal persons; and they are subject to equivalent prudential supervision appropriate to their legal form.</p> <p>However, where a natural person provides services involving the holding of third party funds or transferable securities, that person may be considered to be an investment firm for the purposes of this Directive and of Regulation (EU) No 600/2014 only if, without prejudice to the other requirements imposed in this Directive, in Regulation (EU) No 600/2014, and in Directive 2013/36/EU, that person complies with the following conditions:</p> <ul style="list-style-type: none"> the ownership rights of third parties in instruments and funds must be safeguarded, especially in the event of the insolvency of the firm or of its proprietors, seizure, set-off or any other action by creditors of the firm or of its proprietors; the firm must be subject to rules designed to monitor the firm's solvency and that of its proprietors; the firm's annual accounts must be audited by one or more persons empowered, under national law, to audit accounts; where the firm has only one proprietor, that person must make provision for the protection of investors in the event of the firm's cessation of business following the proprietor's death or incapacity or any other such event; |
| 2 | Transaction | <p>Meaning of a Transaction</p> <ol style="list-style-type: none"> 1. For the purposes of Article 26 of Regulation (EU) No 600/2014, the conclusion of an acquisition or disposal of a financial instrument referred to in Article 26(2) of Regulation (EU) No 600/2014 shall constitute a transaction. 2. An acquisition referred to in paragraph 1 shall include the following: <ul style="list-style-type: none"> (a) a purchase of a financial instrument; (b) entering into a derivative contract; (c) an increase in the notional amount of a derivative contract. 3. A disposal referred to in paragraph 1 shall include the following: <ul style="list-style-type: none"> (a) sale of a financial instrument; (b) closing out of a derivative contract; |



| No | Term | Description |
|----|------|---|
| | | <p>(c) a decrease in the notional amount of a derivative</p> <p>4. For the purposes of Article 26 of Regulation (EU) No 600/2014, transaction shall also include a simultaneous acquisition and disposal of a financial instrument where there is no change in the ownership of that financial instrument but post-trade publication is required under Articles 6, 10, 20 or 21 of Regulation (EU) No 600/2014</p> <p>5. A transaction for the purposes of Article 26 of Regulation (EU) No 600/2014 shall not include the following:</p> <p>(a) Securities Financing Transaction as defined in Article 3(11) of Regulation (EU) 2015/2365 of the European Parliament and of the Council;</p> <p>(b) a contract arising exclusively for clearing or settlement purposes;</p> <p>(c) a settlement of mutual obligations between parties where the net obligation is carried forward;</p> <p>(d) an acquisition or disposal that is solely a result of custodial activity;</p> <p>(e) a post-trade assignment or novation of a derivative contract where one of the parties to the derivative contract is replaced by a third party</p> <p>(f) a portfolio compression;</p> <p>(g) the creation or redemption of units of a collective investment undertaking by the administrator of the collective investment undertaking;</p> <p>(h) the exercise of a right embedded in a financial instrument, or the conversion of a convertible bond and the resultant transaction in the underlying financial instrument;</p> <p>(i) the creation, expiration or redemption of a financial instrument as a result of pre-determined contractual terms, or as a result of mandatory events which are beyond the control of the investor where no investment decision by the investor takes place at the point in time of the creation, expiration or redemption of the financial instrument;</p> <p>(j) a decrease or increase in the notional amount of a derivative contract as a result of pre-determined contractual terms or mandatory events where no investment decision by the investor takes place at the point in time of the change in the notional amount;</p> <p>7 Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 (OJ L 337, 23.12.2015, p. 1).</p> <p>(k) a change in the composition of an index or a basket that occurs after the execution of a transaction;</p> <p>(l) an acquisition under a dividend re-investment plan;</p> <p>(m) an acquisition or disposal under an employee share incentive plan, or arising from the administration of an unclaimed asset trust, or of residual fractional share entitlements following corporate events or as part of shareholder reduction programmes where all the following criteria are met:</p> <p>(i) the dates of acquisition or disposal are pre-determined and published in advance;</p> <p>(ii) the investment decision concerning the acquisition or disposal that is taken by the investor amounts to a choice by the investor to enter into the transaction with no ability to unilaterally vary the terms of the transaction;</p> <p>(iii) there is a delay of at least ten business days between the investment decision and the moment of execution;</p> <p>(iv) the value of the transaction is capped at the equivalent of a thousand euros for a one off transaction for the particular investor in the particular</p> |



| No | Term | Description |
|----|----------------------------------|--|
| | | <p>instrument or, where the arrangement results in transactions, the cumulative value of the transaction shall be capped at the equivalent of five hundred euros for the particular investor in the particular instrument per calendar month;</p> <p>(n) an exchange and tender offer on a bond or other form of securitised debt where the terms and conditions of the offer are pre-determined and published in advance and the investment decision amounts to a choice by the investor to enter into the transaction with no ability to unilaterally vary its terms.</p> <p>The exclusion provided for in point (a) of the first subparagraph shall not apply to the securities financing transactions to which a member of the European System of Central Banks is a counterparty.</p> <p>The exclusion provided for in point (i) of the first subparagraph shall not apply to initial public offerings or secondary public offerings or placings, or debt issuance.</p> |
| 3 | Execution of a Transaction | <p>Meaning of execution of a transaction</p> <p>1. An investment firm shall be deemed to have executed a transaction within the meaning of Article 2, where it provides any of the following services or performs any of the following activities that result in a transaction:</p> <ul style="list-style-type: none"> (a) reception and transmission of orders in relation to one or more financial instruments; (b) execution of orders on behalf of clients; (c) dealing on own account; (d) making an investment decision in accordance with a discretionary mandate given by a client; (e) transfer of financial instruments to or from accounts. <p>2. An investment firm shall not be deemed to have executed a transaction where it has transmitted an order in accordance with Article 4.</p> |
| 4 | Securities Financing Transaction | <p>Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 (OJ L 337, 23.12.2015, p. 1).</p> <p>The exclusion provided for in point (a) of the first subparagraph shall not apply to the securities financing transactions to which a member of the European System of Central Banks is counterparty.</p> <p>Article 3(11) of Regulation (EU) 2015/2365 of the European Parliament and of the Council</p> <p>A securities financing transaction is defined in Article 3(11) of the SFTR as:</p> <ul style="list-style-type: none"> · a repurchase transaction; · securities or commodities lending and securities or commodities borrowing; · a buy-sell back transaction or sell-buy back transaction; or · a margin lending transaction. |



| No | Term | Description |
|----|------|---|
| | | <p>Repurchase transaction: A repurchase transaction involves selling a security or commodity and agreeing to repurchase it in the future. Specifically, a repurchase transaction as defined in the SFTR requires that the transaction is governed by an agreement to transfer securities, commodities, or guaranteed rights relating to title to securities or commodities, subject to the following:</p> <ul style="list-style-type: none"> · The seller can only transfer a particular security or commodity to one counterparty at a time. · The seller must agree to repurchase them, or substituted securities or commodities of the same description. · The seller must repurchase them at a specified price on a specific future date. <p>Securities or commodities lending: This involves lending a security or commodity in return for a commitment that the borrower will return similar financial instruments or commodities. This is defined in the SFTR as a transaction in which:</p> <ul style="list-style-type: none"> · a counterparty transfers securities or commodities; · subject to a commitment that the borrower will return equivalent securities or commodities on a future date or when requested to do so by the transferor. <p>Buy-sell back transaction or sell-buy back transaction: A buy-sell back transaction involves a counterparty buying securities, commodities, or guaranteed rights relating to title to securities or commodities, and agreeing to sell them back to the other party at a specified price on a future date. A sell-buy back represents the other side of the transaction.</p> <p>Margin lending: Margin lending involves a counterparty extending credit in connection with the purchase, sale, carrying or trading of securities. It does not include other loans that are secured by collateral in the form of securities.</p> |

