

# LME & LME Clear Townhall

Thursday, 13 July 2017



SETTING THE GLOBAL STANDARD



# Agenda

1. Welcome address
2. LMEprecious update
3. General update
4. MiFID II
  - LME & LME Clear change programme
  - FCA update
5. Questions

# LMEprecious

*Kate Eged, Head of LMEprecious*

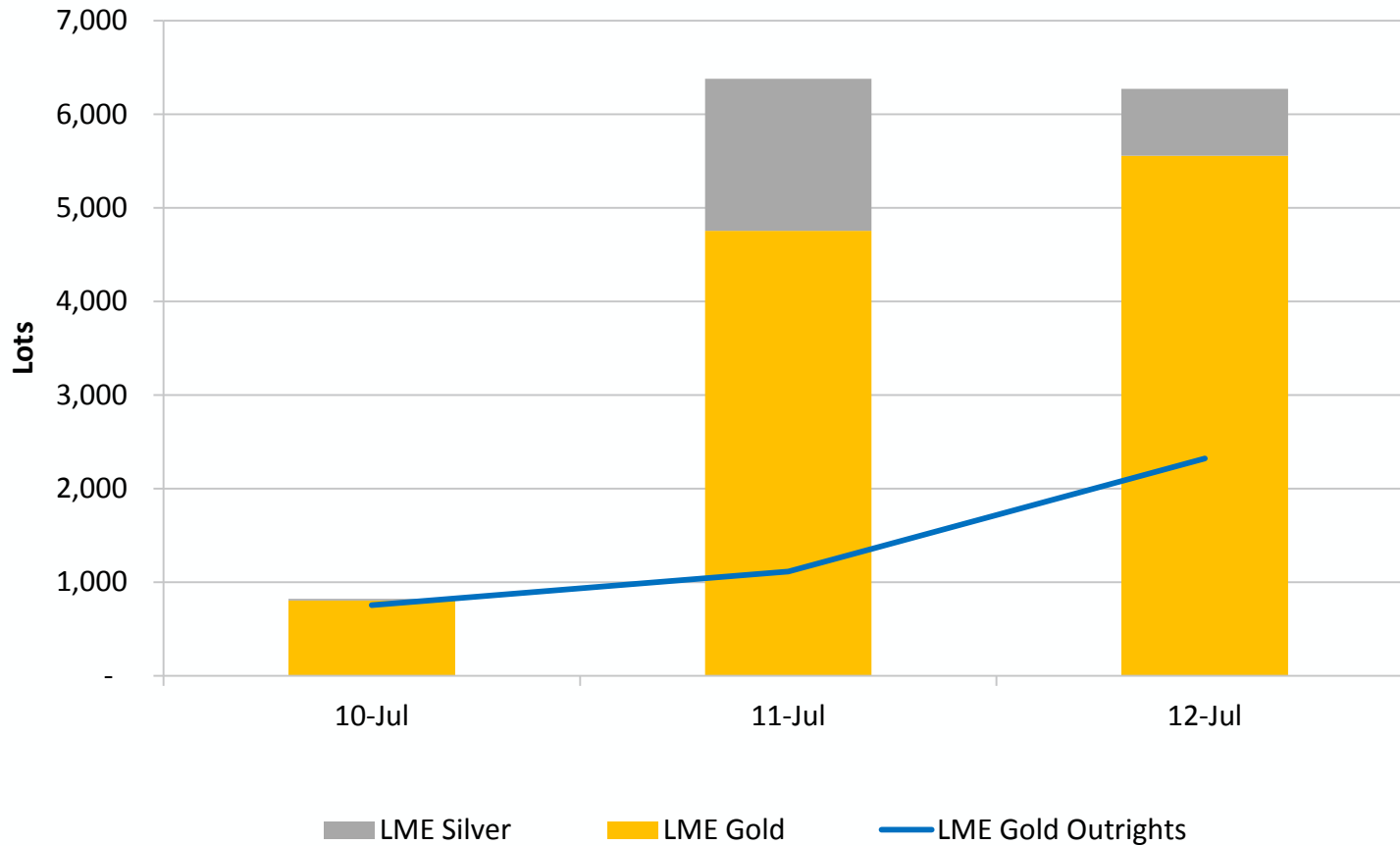
# Liquid order books for LME Gold and LME Silver

Carry prices out to 5 years, providing a transparent forward curve

Gold Spot					Gold Carries					Gold Futures					Silver Carries					Silver Futures				
Contract	BQty	Bid	Offer	OQty	Contract	BQty	Bid	Offer	OQty	Contract	BQty	Bid	Offer	OQty	Contract	BQty	Bid	Offer	OQty	Contract	BQty	Bid	Offer	OQty
AUDC	7	1216.40	1216.60	7	AUDTOMNEXT	20	0.047c	0.036c	20	AUGAUG17	5	1217.80	1218.10	7	AGDTOMNEXT	10	0.00075c	0.00047c	10	AGDAUG17	1	15.810	15.840	1
	15	1216.30	1216.70	15	AUDC-170717	20	0.132c	0.126c	20	AUDSEP17	7	1219.30	1219.70	7	AGDC-170717	10	0.00180c	0.00173c	10	AGDSEP17	1	15.835	15.860	10
	17	1216.20	1216.80	17	AUDC-AUG17	40	0.221c	0.211c	20	AUDDEC17	7	1223.60	1224.10	7	AGDC-JUL17	10	0.00306c	0.00297c	10	AGDDEC17	1	15.900	15.930	10
	18	1216.10	1216.90	18	AUDC-AUG17	10	1.466c	1.410c	5						AGDC-AUG17	1	0.02101c	0.01970c	1					
	9	1216.00	1217.00	9	AUDC-SEP17	20	3.049c	2.944c	20						AGDC-SEP17	10	0.04393c	0.04135c	1					
			1217.50	1	AUDC-OCT17	3	4.336c	4.292c	3						AGDC-OCT17	10	0.06249c	0.06181c	1					
					AUDC-NOV17	20	5.721c	5.499c	20						AGDC-NOV17	10	0.08321c	0.08068c	1					
					AUDC-DEC17	11	7.430c	7.207c	11						AGDC-DEC17	10	0.11067c	0.10511c	1					
					AUDC-JAN18	10	8.820c	8.690c	2						AGDC-JAN18	10	0.13314c	0.12564c	10					
					AUDC-FEB18	1	10.662c	10.366c	1						AGDC-FEB18	10	0.15995c	0.15219c	10					
					AUDC-MAR18	1	12.093c	11.790c	1						AGDC-MAR18	10	0.18177c	0.17412c	10					
					AUDC-APR18	1	13.578c	13.284c	1						AGDC-APR18	10	0.20437c	0.19744c	1					
					AUDC-MAY18	20	15.127c	14.744c	20						AGDC-MAY18	10	0.22709c	0.22036c	1					
					AUDC-JUN18	1	17.081c	16.695c	2						AGDC-JUN18	10	0.25582c	0.25058c	10					
					AUDC-JUL18	1	18.722c	18.129c	2						AGDC-JUL18	10	0.27961c	0.27379c	10					
					AUDC-AUG18	1	20.474c	19.664c	1						AGDC-AUG18	10	0.30380c	0.29718c	1					
					AUDC-SEP18	20	22.672c	21.663c	20						AGDC-SEP18	10	0.33418c	0.32435c	1					
					AUDC-OCT18	20	24.329c	23.312c	1						AGDC-OCT18	10	0.35929c	0.34710c	1					
					AUDC-NOV18	20	26.405c	25.379c	20						AGDC-NOV18	10	0.39095c	0.37580c	1					
					AUDC-DEC18	20	28.089c	27.040c	1						AGDC-DEC18	10	0.41640c	0.40027c	1					
					AUDC-JAN19	20	29.793c	28.711c	1						AGDC-JAN19	10	0.44293c	0.42214c	10					
					AUDC-FEB19	20	31.952c	30.909c	1						AGDC-FEB19	10	0.47576c	0.45167c	10					
					AUDC-MAR19	20	33.702c	32.672c	20						AGDC-MAR19	10	0.50226c	0.47553c	10					
					AUDC-APR19	20	35.472c	34.442c	1						AGDC-APR19	1	0.52910c	0.50151c	1					
					AUDC-MAY19	20	37.263c	36.215c	20						AGDC-MAY19	10	0.55624c	0.52422c	1					
					AUDC-JUN19	20	39.530c	38.440c	20						AGDC-JUN19	10	0.59047c	0.55452c	10					
					AUDC-SEP19	20	45.697c	44.266c	20						AGDC-SEP19	10	0.67643c	0.63203c	10					
					AUDC-DEC19	20	51.743c	50.162c	1						AGDC-DEC19	10	0.76320c	0.71713c	1					
					AUDC-MAR20	20	57.957c	56.313c	20						AGDC-MAR20	10	0.85271c	0.80104c	10					
					AUDC-JUN20	20	64.340c	62.598c	20						AGDC-JUN20	10	0.94482c	0.88961c	10					
					AUDC-SEP20	20	71.421c	68.955c	20						AGDC-SEP20	10	1.03825c	0.96695c	10					
					AUDC-DEC20	20	78.394c	75.388c	1						AGDC-DEC20	10	1.13374c	1.05786c	10					
					AUDC-MAR21	20	85.565c	82.045c	20						AGDC-MAR21	10	1.23169c	1.15170c	1					
					AUDC-JUN21	20	92.936c	88.826c	20						AGDC-JUN21	10	1.33199c	1.24626c	10					
					AUDC-SEP21	20	101.269c	95.687c	20						AGDC-SEP21	10	1.44152c	1.31146c	10					
					AUDC-DEC21	20	108.678c	102.627c	21						AGDC-DEC21	10	1.56654c	1.41097c	10					
					AUDC-MAR22	20	116.237c	109.647c	20						AGDC-MAR22	10	1.67395c	1.51384c	1					
					AUDC-JUN22	20	123.950c	116.746c	20						AGDC-JUN22	10	1.79364c	1.61717c	10					
					AUDJUL17-A...	30	1.250c	1.150c	30															

# Volumes for LME Gold and LME Silver

Encouraging growth already during the first week



# General update

*James Cressy, Head of LME & LME Clear Relationship Management*

# Non-MiFID II

## Brief update

### Discussion Paper

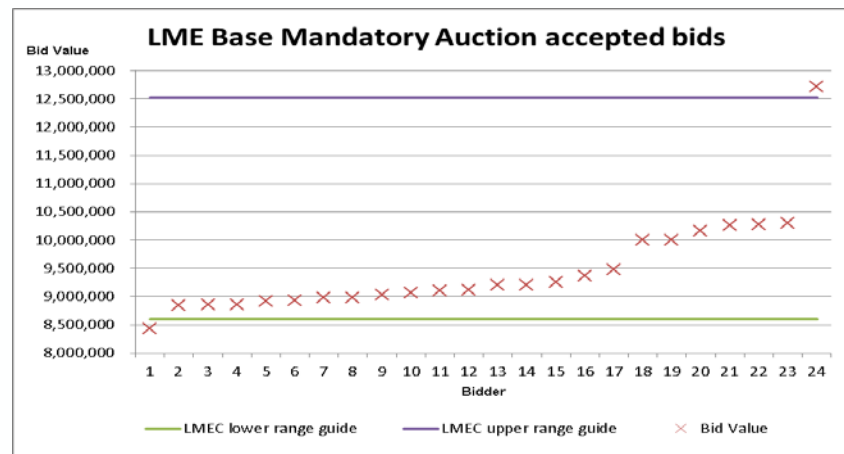
- Fantastic response with 160 formal submissions from stakeholders all over the World
- We are analysing the responses ahead of publishing a feedback summary and setting out our strategy in the Autumn

### Enhanced Averaging Solutions

- LMEselect opens for trading on the 1 August 2017
- Enhanced Date Structure
  - 150 additional dates to allow second business day settlement out to 24 months (15 months for Tin and Lead)
- Clearing and trading fee holiday for all MAF contracts between 1 August and 31 December 2017

### Mandatory Base Auction

- Excellent participation, 24 valid bids, 3 rejected, 14 'no bid' & 4 excluded due to lack of positions in auctioned contracts
- Rule book consultation to go out early August on the mandatory base auction process



# MiFID II update

*Andrew Dodsworth, Interim COO & Head of LME Market Operations  
James Cressy, Head of Relationship Management*

*Note – this presentation is not intended to be a comprehensive summary of all the provisions of MiFID II which will have an impact on LME, LME Clear and members. It is intended to summarise the key items, particularly where changes to LME / LME Clear systems will be required, and which may therefore have an impact on members.*



# Impact

## High level summary

Regulation	Obligation	Impact on LME/C	Impact on Members/Vendors
RTS 2	Transparency*	Yes	Yes
MiFID II A17,48	DEA*	Yes	Yes
RTS 7	Algorithm testing	Yes	Yes
RTS 8	Market making	Yes	Yes
RTS 9	Unexecuted order trade ratio	Yes	Yes
RTS 21	Position limits & reporting*	Yes	Yes
MiFID II A85,ITS4	Commitments of Traders*	Yes	Optional
RTS 22	Transaction reporting*	Yes	Yes
RTS 23	Instrument reporting*	Yes	Yes
RTS 24	Order record keeping*	Yes	Yes
RTS 25	Clock synchronisation*	Yes	Already to milliseconds
RTS 27	Quality of execution*	Yes	Optional
MiFIR A30	Indirect clearing**	Yes	Yes

\*See appendix for detail

\*\* Building at risk given requirements not finalised by ESMA and European Commission

# Pre-trade transparency

## LME venues

Today LME pre-trade transparency market data is published through LMEselectMD. Our service will be enhanced in the following ways:

### LMEselect - electronic trading platform

- New tag: Number of orders at each price

### Ring - Open outcry voice trading

- New: Volume associated with quotes made in the Ring
  - Each product already trades as a minimum quantity
  - Product quantities to be reconfirmed to Ring Dealing Members
  - Where bid or offer is in a different size to the quoted minimum, RDMs to also quote order size
- Member impact: Existing tag repurposed. Volume tag is already used for LMEselect publications and will also be used to publish Ring volume

### Inter-office – telephone trading

- No pre-trade transparency provided, only trade halves received from Members
- LME view is that inter-office market should not be subject to pre-trade transparency obligations, on the basis that the inter-office market does not advertise bid or offer prices or actionable indications of interest within its system, nor does it formalise negotiated transactions
- Have explained impact to FCA. FCA yet to respond to LME analysis
- Risk: Unknown until FCA feedback provided

# Post trade transparency

## MiFID II compliance

### Existing service

- All LMEselect executions and trades by other LME venues will continue to be published through LMEselectMD
- No change = no impact for firms not seeking MiFID II compliant data
- LMEselectMD will not be MiFID II compliant for post trade transparency

### Solution: MiFID II tactical compliance

- New tactical solution:
  - Publish client crosses
  - Trade data for publication as per RTS 2, Annex 2, Table 2
  - Presentation in a new XML formatted file
  - File available every 10 minutes\*
  - Accessible using a new LME FTP service
  - Submit request, collect latest file only
- Specification: 31 July 2017

### Solution: 2018 and beyond

- LME launching new market data platform, OMD, late 2017
- OMD phase 1 will deliver multicast for LMEselect electronic trading – Nov 2017
- OMD phase 2 is scheduled to deliver all LME market data using multicast channels in 2018

# Position limits & reporting

## Adoption of ITS 4

### Position limits

- Limits to be confirmed by ESMA, expected to be in November 2017

### ETD reporting to LME

- All Members must report their positions and those of clients and clients of clients to the LME on a daily basis
- To minimise Member build, LME has adopted the ITS 4 schema agreed by the FIA Position Reporting Working Group
- Member ITS 4 reports are due to be delivered to the LME by no later than 08:30 on T+1 (as DPRS today)
- LME is building a new SFTP gateway for data exchange and position reports – see Universal Data Gateway (UDG) page
- Members DPRS reporting to continue and run in parallel with new ITS4 position reporting
- At the request of Members and some Clients, the LME is investigating the acceptance of ITS 4 reports directly from Members' clients
- At the request of Members, the LME are able to make arrangements for outsource position reporting vendors to report on behalf of the Member (Member retains sole responsibility for the report, timeliness and content)

**Issue:** Personal data in ITS 4 consists of the LEI field where LEI is a national id and, email addresses. Personal data in order and trade flows will be delivered to LME using short-codes. LME has asked the FIA Position Reporting Working Group for guidance whether short codes should also be used in ITS 4 reporting. Responses are divided, so LME are still considering the issue further before deciding whether to adopt short-codes for ITS 4 or not. [Feedback welcomed.](#)

### FCA interaction

- LME will receive the ITS 4 reports in the FIA schema from Members and create ITS 4 reports for the FCA using the FCA ITS 4 schema
- The FCA will contact position holders directly with queries

# Commitments of Traders Report

## New requirement in ITS 4

### MiFID II COT Report

- FIA ITS 4 schema includes new data tags required to enable venues to identify client category
- LME will create the new ITS 4 required report using the ITS 4 position reports received from firms
- LME will publish the new MiFID II compliant COT Report weekly in accordance with the regulation

### Existing lme.com COT Reports

- Members must continue submitting DPRS data to LME
- The existing COT reports will continue to be published in full and weekly in parallel with the MiFID II obligation
- Post a successful implementation of ITS 4 reporting, LME will consider retiring DPRS in 2018

# Transaction reporting

## LME approach

### Non-regulated firms

- LME will only transaction report to the FCA for non-regulated Members
- Transactions will be reported on T+1

### MiFID II regulated firms

- LME Clear are not extending the LMEwire transaction reporting service for MiFIR
- Members are to engage with MiFIR Approved Reporting Mechanisms (ARMs) to delegate transaction reporting obligations

### Guidance

- FIA have already identified 60+ transaction reporting scenarios for MiFIR reporting
- LME are working with the FIA Transaction Reporting Working Group to define how to transaction report LME business
- Anticipated LME specific scenarios are expected to provide clarity regarding:
  - All LME trade categories being considered
  - Cancellations and reversals
  - Giveups
  - All RTS 22 trading capacities DEAL, MTCH and AOTC

# Instrument reference data

## Communicating ISINs

### Overview

- LME will purchase ISINs from LSE Group, the designated UK National Numbering Agency (NNA)
- An ISIN will be assigned to individual instruments by prompt date and option strike price
- All instruments will be reported to the FCA daily, FCA will report instruments to ESMA

### Members and vendors

- LME will create a Tradeable Instruments File (TIF) twice daily:
  - at the opening of electronic trading each day – this file will contain all instruments tradeable that day
  - at the close of trade registration each day – this file will contain the same data as the morning file, plus any new instruments created intra-day for new option strikes
- The TIF will be accessible through LMEselectMD and on lme.com

### Documentation

- File content summary available on the next page
- Specification: TIF spec is available on lme.com

# Tradeable Instruments File

## Data content

Field	Field name	Description
1	Date_Time	The UTC date and time that the record was updated.
2	Contract name	The LME contract description
3	Contract code	The LME product contract code that represents metal or contract Where relevant the 3rd character represents the currency
4	Type	Generic contract type
5	CFI	ISO 10962 CFI code For Options, Char 2 of this code denotes Put or Call
6	Maturity	Prompt Date for Futures Expiry Date for Options
7	Strike price	For Traded Options and TAPOs only Null for Futures
8	ISIN	ISIN code assigned to the instrument
9	Underlying ISIN	ISIN code assigned to the Underlying Future
10	Position type	Whether the contract is considered SPOT (all daily Futures up to and including the next 3rd Wednesday of the month) or OTHER (all other maturities)
11	Contract type	A further clarification of the contract type
12	Options delta*	Delta values for options

\*subject to further analysis



# Order record keeping

## By LME venue

### LMEselect

- New: LMEselect 9.2 will deliver changes to identify relevant people, algos and LEIs using 8ch integer short codes for:
  - LEIs
  - Algo IDs
  - Investment decision maker
  - Execution decision maker

### Ring

- Obligation to store order records for Ring activity
- LME already uses video and audio surveillance to monitor all Ring activity
- Ring Dealing Members supported LME proposals to enhance Ring surveillance activities for MiFID II

### Inter-office/phone

- LME have explained to FCA that orders are not received for the inter-office market and therefore there are no orders to record
- FCA have yet to respond to the LME analysis (as mentioned under pre-trade transparency)

# Algorithmic testing

## New LME service

### New service

- LME will introduce a new algorithm testing service in production, segregated and using separate security keys
- Two LME instruments will be introduced for algos to test:
  - Lead test contract
  - Gold test contract
- Firms to self certify successful testing of new and significant changes to existing algorithms prior to introducing algorithms to LMEselect production trading environment

### Member reporting

- LME has already received a summary of the algorithms in operation
- Members are asked to continually update the LME with changes to those algorithms
- LME will ask for an update of this data in November
- Members to inform LME of the introduction of new algorithms prior to use in production

# Personally Identifiable Information (PII)

## Mapping anonymised short-codes

### Purpose

- LME has an obligation to collect personal data from Members to comply with:
  - RTS 24, Order record keeping obligations – collect and store personal data on all orders received
  - RTS 22, Transaction reporting – for those firms for whom LME will perform regulatory transaction report

### Requirement

- Industry feedback confirms firms require anonymised short-codes to be used to identify:
  - Persons
  - LEIs
  - Algo IDs
- To enable Members to submit anonymised short-codes on orders into LMEselect and trades into LMEsmart, Members must also provide LME with a data map linking the short-codes used to the real MiFID II obligated personal data to be used

### New File

- Members must provide LME with a PII file on a daily basis to map short-codes to real personal data
- New file will be uploaded via the LME Universal Data Gateway (UDG) SFTP service
- Specification is available on lme.com

### Process

- LME will receive PII files and use the data to translate the short-codes only where real personal data is required by the regulators:
  - Transaction reports – for firms for whom LME is transaction reporting
  - Order records – upon adhoc requests by regulators

# New LME SFTP gateway

## Introducing LME's Universal Data Gateway (UDG)

### Introduction

- Given the increased data interaction with firms under MiFID II, the LME plans to introduce a new secure FTP service
- The new service will be used for to exchange the following information for MiFID II:

#### ***Made available by LME via public FTP site***

- Twice daily Tradeable Instrument File (TIF)
- MiFID II compliant Post Trade Transparency files every 10 minutes

#### ***Members send to LME via SFTP and processed by UDG***

- Personal Identifiable Information (PII) file
- ITS 4 position reports

### Documentation

- UDG guide will explain connectivity, protocols and exception handling measures
- The UDG guide is available on [lme.com](http://lme.com)

# Indirect clearing

## Awaiting final RTS\*

### Introduction

- LMEC will offer a net OSA (NOSA) account for indirect clearing (same account structure as existing direct client net OSA)
- LMEC will offer a new gross OSA (GOSA) account, available for indirect and direct clearing (due Nov 2017)
- LMEC will open accounts for indirect clearing as requested by the clearing member

### Design of GOSA

- New account type “G” available in LMEselect, LMEsmart and LMEmercury
- All trades booked to new GOSA account will be in an “unallocated” state
- New allocation process for GOSA trades with the option of either SFTP file drop or file upload in LMEmercury
- All positions left unallocated overnight will be margined gross

### Documentation

- Single allocation file format for all instruments, similar to position transfer file\*\*
- User guide, including allocation file specification scheduled to be available end July

\* Building at risk given requirements not finalised by ESMA and European Commission

\*\*See appendix for content detail

# LMEselect 9.2

## Change summary

### Functional changes

- Introduction of a test facility for algorithmic functional changes
- New field for pre-trade market data publications
- Collection of additional data to facilitate LME order record keeping
- Publication of the tradeable instruments file (TIF)

### Documentation

- FIX specification – 31 July 2017

# LMEsmart upgrade

## Change summary

### Functional changes

- New data fields to accommodate prices and “linking” with client trades for MiFIR reporting
- Trade category changes
- Revised reversals process to accommodate MiFIR reporting

### Documentation

- FIX specification – 31 July 2017
- Revision to LME Matching Rules (trade categories)

# LMEmercury R5 & LMEwire

## Change summary

### Functional changes

- Provision of Gross OSA account for MIFID II
- Addition of Net OSA “Indirect Client” option for MiFID II
- Support for EMIR RTS2 reporting (EU Lite merger of ETD+OTC, and Collateral Valuation Reporting)
- Aggregate position keeping for Options and TAPOs in non-Gross OSA accounts
- Changes to expiry process

### Specifications

- Close Outs for Options and TAPOs – 13 July 2017
- Summary of changes to reports & data files – 21 July 2017
- Member FIX – 13 July 2017
- EMIR RTS2 reporting (pending finalisation from DTCC) – 31 July 2017



# Rulebooks

## Approach

### LME

- The Rulebook has been revised to include a number of changes required for MiFID II including:
- Market making; DEA; Suspension / removal of instruments from trading; Position reporting; Position management; Algorithmic trading; and LEIs
- Member consultation will commence 17 July 2017 until 4 September 2017
- Target is to publish notice announcing the final Rulebook 2 October, with effective date 3 Jan 2018 for MiFID II content
- Changes are high-level and should be non-controversial. Most of the detail will be contained in notices (see below).

### LME Clear

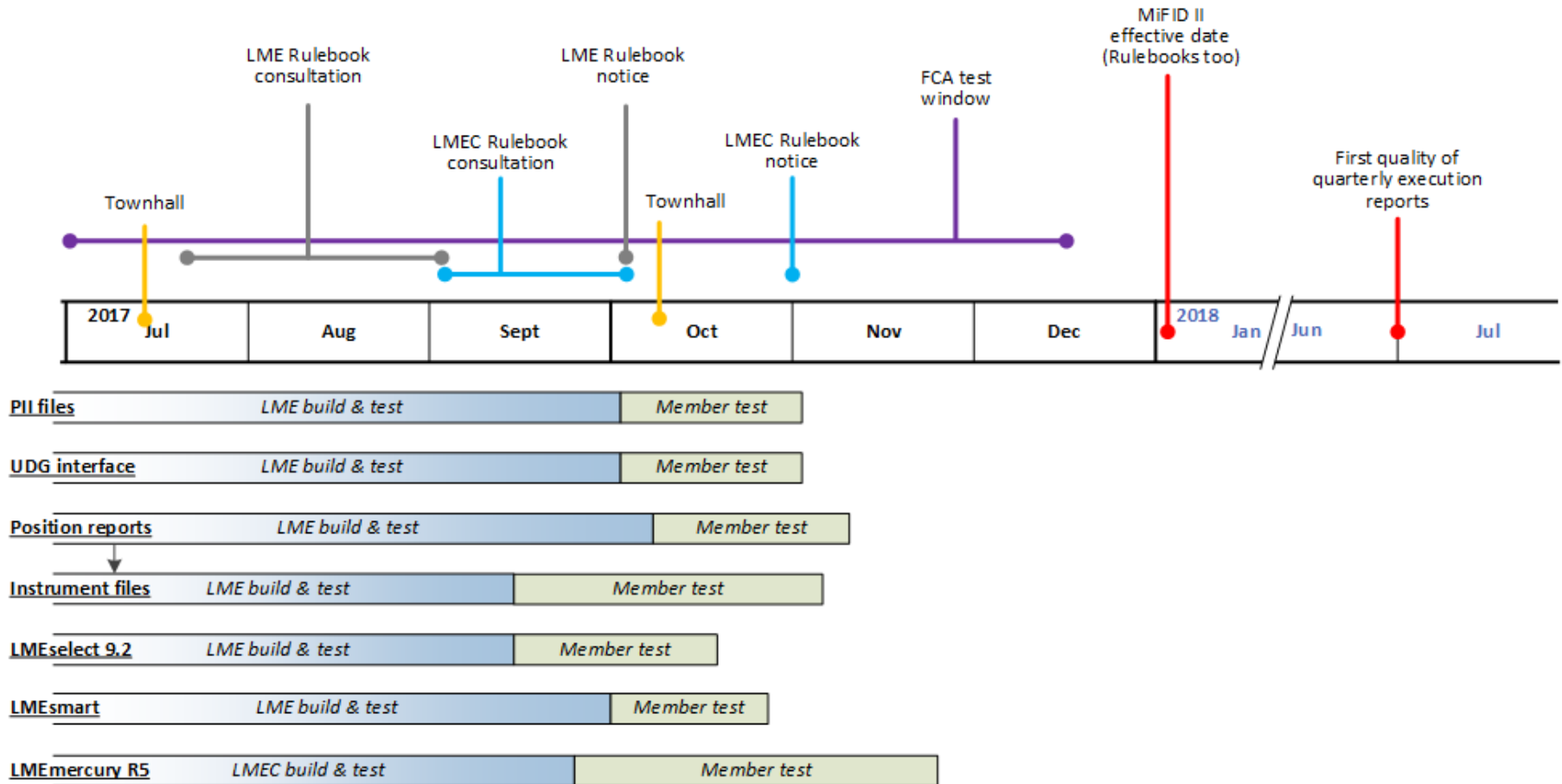
- Awaiting ESMA publication and European Commission adoption of the final Indirect Clearing RTS – expected late July
- The LMEC Rulebook is being revised in readiness for indirect clearing
- A consultation period will commence 6 September for one month. Consultation will cover both LME and LMEC rulebooks
- The LMEC Rulebook will be finalised for R5 release when the new account structure will be available

### Notices

- A number of policies and procedures published by Notice will also require amendment. These will be published during the Autumn. Most significant will be a Trading Operations Policies Notice which will address the requirements of RTS 7

# Indicative timeline

To be confirmed



# FCA MiFID II update

*Paul Willis, FCA Technical Specialist - Commodities*

Questions?

# Contacts

# Contacts

## Departmental contacts

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# Appendix



# Pre-trade transparency

## RTS 2

### Obligations

1. Publish all pre-trade data (see below)
2. Publish pre-trade transparency data free of charge after 15 minutes

### Impact

System	Today	Change in progress		Delivery	Member/Vendor
Pre-trade	Already published	<b>LMEselect</b>	<ul style="list-style-type: none"> <li>• Number of orders at each price</li> </ul>	LMEselect 9.2	New: # of trades
		<b>Ring</b>	<ul style="list-style-type: none"> <li>• Include order volumes</li> </ul>		
		<b>Phone</b>	<ul style="list-style-type: none"> <li>• No orders received</li> <li>• FCA are investigating</li> </ul>	tbc	tbc
15 mins FOC	-	New LMElive service to include all MiFID II data		Q4	Optional
Waivers	-	No waivers have been applied for (subject to interoffice venue analysis sent to FCA)		-	-

# Post trade transparency

## RTS 2

### Obligations

1. Publish all post trade data (see below) asap and within 15 minutes of execution (within 5 minutes from 2021)
2. Publish pre and post trade transparency data free of charge after 15 minutes
3. Apply for deferrals for post trade publication of options traded in size
4. Report all transactions as per RTS 2 (client crosses, cancellations etc.)

### Impact

System	Today	Change in progress	Delivery	Member/Vendor
Post trade	Already published	No changes to existing feed (not MiFID II compliant)	-	-
		MiFID II compliance = new post trade transparency flat file every 10 minutes*	New file anticipated Q4	Optional  ("LRGS" expected on LIS options)
15 mins FOC	-	New XML file based service for MiFID II compliant data file every 10 minutes*		
Deferrals	Large options	LRGS deferral flag on options traded above LIS		
Waivers	-	No waivers applied for (subject to FCA pre-trade transparency analysis)	-	-

# DEA & third countries

## MiFID II Articles 17 (5), 48, RTS 7

### Obligations

1. Member assessment and review of the suitability of clients using their DEA service
2. Clients using the service cannot exceed any pre-set trading and credit thresholds
3. Clients' use of the service is properly monitored
4. Ensure appropriate risk controls to prevent trading creating risks to the firm or creating a disorderly market
5. LME Rules will specify requirements for DEA Providers
6. Third country firms offering DEA:
  - MiFID authorised
  - Registered with ESMA
  - Provide DEA through a delegate
  - Relying on “Overseas Person” exemption under RAO

### Impact

System	Today	Change in progress	Delivery	Members
LMEselect	Already possible	<ul style="list-style-type: none"><li>• No changes planned</li><li>• LME issued market notice to understand which firms provide DEA to clients.</li></ul>	Already available	DEA considered to be where a member provides its client with access to technology connecting the client to LMEselect such that: <ul style="list-style-type: none"><li>- the client may submit orders to LMEselect using the Member's infrastructure</li><li>- the client can control the exact timing of the submission of the order</li></ul>

# Position limits & reporting

MiFID II Article 58 (3), RTS 21, ITS 4

## Obligations

1. Members to report positions they hold and those of their clients and clients of their clients until the end client is reached
  - i. Members report EE OTC positions directly to NCA
  - ii. Members report ETD positions to venues and venues report to NCA
2. Regulators to set position limits for spot month using deliverable supply, total open interest for other months
3. Regulators will set limits between 5% – 35%, but expected to be set to 25% initially

## *Definitions*

- **Spot** *Calculated as all dates to and including the third Wednesday of each month*
- **Deliverable supply** *Being discussed but likely to be a layered approach, to include live warrants, cancelled warrants and %age of warehouse capacity*

## Impact

New position reporting concept. Members to report for themselves, their clients and clients of clients until the end client is reached

Requirement	Change in progress	Delivery	Members
Firms to report ETD	Firms submit FIA formatted ITS 4 position reports to LME	3 Jan 2018	Build report
Venues to report to NCA	LME to transmit position reports to FCA in FCA ITS 4 format	3 Jan 2018	No action

# Commitments of Traders

## MiFID II Article 58 (1), ITS 4

### Obligation

1. Venues to publish ITS 4 weekly commitment of traders in ITS 4 format

### Impact

Requirement	Today	Change in progress	Delivery	Members /Vendors
Daily COTR	Report	No changes planned or required	Already available	No impact
New weekly COTR	-	New weekly COTR report in ITS 4 specified format	Q4 2017	Members/ Vendors to decide

# Transaction reporting

## RTS 22

### Obligations

1. Firms are to transaction report to their NCA in RTS 22 format
2. Venues to report to their NCA transactions which were executed by firms not regulated under MiFID II. The data includes:
  - LEIs (client and firm)
  - Investment & execution decision makers
  - Commodity derivative indicator (risk reduction)
  - Venue transaction id

### Impact

Requirement	Change in progress		Delivery	Members
Non-MiFID II regulated firms	LME to build transaction reporting service to FCA	New fields added to LMEselect and LMEsmart to enable transaction reporting	3 Jan 2018	Inform LME if trading for non-MiFID II regulated clients
MiFID II regulated firms	Firms to build their own reporting solution		-	Establish transaction reporting service
Existing transaction reporting	LME to switch off existing transaction reporting service		3 Jan 2018	-

# Instrument reference data

RTS 23 (plus RTS 2, 21, 22 & 24)

## Obligations

- Venues are to report all traded instruments to their NCA for forwarding to ESMA on a daily basis (ESMA intends to publish a daily list of instruments available for trading)
- ETD instruments are to be assigned ISINs for regulatory reporting purposes (post trade transparency, position reporting, position reporting, transaction reporting and order record keeping)

## Impact

Requirement	Change in progress	Delivery	Members /Vendors
Assign ISINs to LME instruments by prompt date and option strike price	LME to build automated service to collect ISINs and assign to individual instruments by prompt date and strike prices	Q4	No impact
Share ISINs with members	LME will publish a file twice daily to list the known LME instrument reference together with an ISIN	Q4	Firms to collect for RTS 21 and 22
	LMEselect		
	LMEsmart		
RTS 23 daily instrument report to FCA	LME will report tradeable instruments to the FCA on a daily basis	Q4	No impact

# Order record keeping

## RTS 24

### Obligations

- Firms to record specific data in relation to each order.
- Venues are to record specific data in relation to each order received. The data includes:
  - LEIs (Client or AGGR/PNAL)
  - Investment decision maker
  - Execution decision maker

### Impact

System	Today	Change in progress	Delivery	Members
LMEselect	Fields added to LMEselect order entry: <i>DEA</i> <i>Trading capacity</i> <i>Client LEI</i> <i>Algo/Human</i> <i>Investment decision maker</i> <i>Execution decision maker</i>	Introducing new field: <i>Strategy linked order</i>	LMEselect 9.2	Build to LMEselect 9.2
LMEsmart	Does not receive orders		None	No impact



# Clock synchronisation

## RTS 25

### Obligations

- Ensure business clocks are synchronised with UTC and diverge no more than 1 millisecond
- Report all times in UTC to appropriate level of granularity:
  - LMEselect electronic trading = 1 millisecond
  - Ring and Interoffice voice trading = 1 second

System	Today	Change in progress	Delivery	Members /Vendors
LMEselect	Time: UTC Timestamps: milliseconds	New functionality to ensure divergence <1 millisecond	LMEselect 9.2	If already millisecond timestamps, no impact for LME trading
LMEselectMD	Time: UTC Timestamps: milliseconds	New functionality to ensure divergence <1 millisecond	LMEselect 9.2	
LMEsmart	Time: UTC Timestamps: milliseconds	New functionality to ensure divergence <1 millisecond	LMEsmart end 2017	
Ring	Time: Local Timestamps: Ring codes	-	-	

# Quality of execution

## RTS 27

### Obligations

- Venues are to publish for each segment and instrument specific venue, access, price, costs, volume, spread order related data and the likelihood of execution

### Impact

Requirement	Change in progress	Delivery	Members
LME to publish the data specified in RTS 27	Create reports and publish data on lme.com	1 July 2018	FYI

# Indirect clearing

## Allocation file format

Attribute in Allocation File	Display Name	Example	Mandatory?	Description
MEMBER_ID	Source Member	AAA	Yes	Mnemonic of member uploading allocation file
ACCOUNT_ID	Source Account	AAA_G_1	Yes	Member GOSA account ID to which positions are allocated
ALLOCATION_ID	Allocation ID	Client123	Yes	Each individual client will have an Allocation ID
TRADEABLE_INSTRUMENT	Instrument	CAD010414,AHDMAR14_2000C	Yes	Tradeable Instrument for allocation
TRADE_PRICE	Trade Price	7000.12	Conditional	Mandatory for Forwards & Swaps Not applicable for other instrument types
TRADE_DATE	Trade Date	2017-04-15	Conditional	Mandatory for Forwards & Swaps Not applicable for other instrument types
LONG	Long Quantity	100	Conditional	Number of long positions. Must be a value of 0 or higher
SHORT	Short Quantity	200	Conditional	Number of long positions. Must be a value of 0 or higher

The Long and Short attributes are Conditional as:

- For Futures, Options and TAPOs – the client might be long or short, or long and short. As there can only be one row in the file for a GOSA Tradeable Instrument-Allocation ID combination at least one of the two attributes needs to be populated.
- For Forwards and Swaps it was discussed that there needs to be a row for short and a row for long (where the same client is both long and short). So again mandatory to have either Long or Short populated (and not both in same row).

End of 13 July 2017 townhall slide pack