



LME Update: PS25/1 and the Approach to Position Management

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1 Introduction and background

Introduction

In this paper the London Metal Exchange (“**LME**” or “**the Exchange**”) is looking to update its Members and market participants as to how it plans to implement the Financial Conduct Authority (“**FCA**”) Policy Statement 25/1 on Commodity Reform (“**PS25/1**”), including the setting of position limits, and how those new controls complement the current LME Position Management regime in place.

The paper sets out the LME’s current position management regime, highlights the key requirements in PS25/1 and describes how the LME intends to accommodate the changes ranging from setting limits through to exemption request handling. The final sections explain the impact on Members and their reporting and considers future possible enhancements.

We invite you to consider the contents of this update paper and encourage you to engage either directly via email at market.engagement@lme.com or through bilateral meetings via our Relationship Management Team.

We intend to publish a consultation on the proposed changes to our Rules in response to the regime early in 2026 and nothing in this document should be interpreted as pre-empting that process.

Please note that this paper may not cover all elements of the regime changes and context, and therefore the LME may provide further clarity or additional information via the LME website¹ in relation to feedback received.

Terms not otherwise defined in this update will have the meanings given to them in the Rules and Regulations of the LME (including in the LME Rulebook) and Policy Relating to Position Management Arrangements.

Background

In PS25/1 the FCA confirmed a significant shift in its regulatory framework, transferring key responsibilities for position management to UK trading venue operators, including the LME. Under the new regime, set out in Chapter 10 of the FCA’s Market Conduct sourcebook (“**MAR 10**”), trading venue operators will be required to establish and administer position limits, accountability thresholds, and other position management controls, as well as monitor critical and related contracts.

The regulatory rationale is clear: trading venue operators are closest to the markets they operate and, within a defined regulatory framework, are best placed to implement controls tailored to those markets. The new regime will come fully into force on **6 July 2026**, with the objective of ensuring that large positions in commodity derivatives do not create disorderly pricing or settlement conditions, safeguarding market integrity and the wider UK economy.

The transition operated in PS25/1 strengthens the LME’s ability to calibrate and manage limits directly, ensuring they remain appropriate and responsive to market dynamics. The LME has always prioritised market integrity and orderliness, implementing a range of mechanisms and controls to manage risk over the course of time. These currently include Exchange position reporting, Warrant reporting, Lending Rules, OTC position reporting, accountability levels, and tools such as the delivery deferral mechanism and the Tom-next Backwardation Cap. While position limits have historically applied to certain Contracts, the LME has not imposed position limits on its most liquid Contracts, preferring a dynamic approach that evolves with market conditions.

¹ <https://www.lme.com/en/about/Regulation/UK-regulatory-reform>

Importantly, the LME has not waited for this regulatory reform to act. Our existing position management arrangements - such as the Lending Rules - are robust and effective. Over time, we have enhanced, revised, and, where appropriate, retired measures to ensure they remain fit for purpose in an ever-evolving market environment. Generally, the LME has undertaken these changes due to specific stimuli, whether they be changes to dynamics in specific Contracts, stock availability, market events or regulatory change.

2 Current position management arrangements

2.1 Existing controls

The LME operates a comprehensive framework of monitoring and controls covering both Exchange and OTC positions. These are designed to identify and mitigate risks across the curve from positions in near-dated Contracts, where settlement risks are heightened to the physical delivery obligations against the Contracts, and longer-dated positions in LME Contracts.

In September 2022, the LME introduced a requirement for Members to report, on a weekly basis, OTC positions held by themselves and their affiliates, including details of counterparties. The LME uses this data to monitor positions in the OTC market and assess their potential impact on the orderly functioning of the Exchange's markets.

While LME Contracts can extend out to 123 months forward, near-dated positions present specific settlement risks such as physical delivery of metal, metal availability and time to unwind or roll positions (where appropriate) in an orderly manner. The LME has a number of controls to manage these risks, including:

- **Lending Rules** – position management control for the nearest dated carries (see section 2.2);
- **Stock movement monitoring** – oversight of warrant flows and inventory changes;
- **Tom-next Backwardation Cap** – restricting backwardation in the Tom-next Contract to 1% of the previous business day's Cash Settlement Price;
- **Delivery deferral mechanism** – allowing participants to defer delivery obligations at 1% of the previous business day's Cash Settlement Price; and
- **Reporting of warrant finance arrangements** – ensuring transparency in financing structures linked to physical metal.

In addition to these controls, the LME applies Accountability Levels across the curve, including near-dated Contracts. When positions exceed specified thresholds, market participants must provide additional information to enable the LME to assess concentration risks whether on a single Prompt Date, or across the curve.

Also in September 2022, the LME extended Accountability Level monitoring to include OTC positions, both independently, and in combination with Exchange Traded Derivative (“ETD”) positions.

The LME acknowledges that large positions themselves are not necessarily problematic. Many market participants hold large positions for legitimate purposes such as managing their price risk arising from commercial operations. However, large positions can pose an increased risk to the way the market operates and impact market orderliness. For this reason, the LME will continue to maintain a layered and sometimes overlapping set of controls tailored to the unique nature of its markets. These controls ensure that the risks to the fair and orderly operation of markets are appropriately managed.

2.2 The Lending Rules

The LME's Lending Rules prevent a dominant position holder from exerting undue influence on the market price by the nature or the size of their position. Practically, they require any participant holding a near-dated position of 50% or greater to provide liquidity in the Tom-next Contract at specific prices.

On 20 June 2025, in response to prevailing market dynamics, the LME acting through the Special Committee, issued LME Notice 25/117, introducing temporary amendments to the Lending Rules. These changes established the Front Month Lending Rules, reflecting the LME's proactive monitoring of significant positions in nearby prompts. At the time, the Special Committee had directed market participants to reduce large on-Exchange positions relative to available stock levels to maintain market orderliness.

Although initially introduced as a temporary measure, the LME considers that the Front Month Lending Rules are an effective Position Management control and believes they are closely aligned to the objectives of the forthcoming PS25/1 regime. As such, on 30 October 2025, the LME published Notice 25/196 consulting on proposals to make the Front Month Lending Rules permanent, alongside some other refinements to the current Lending Rules.

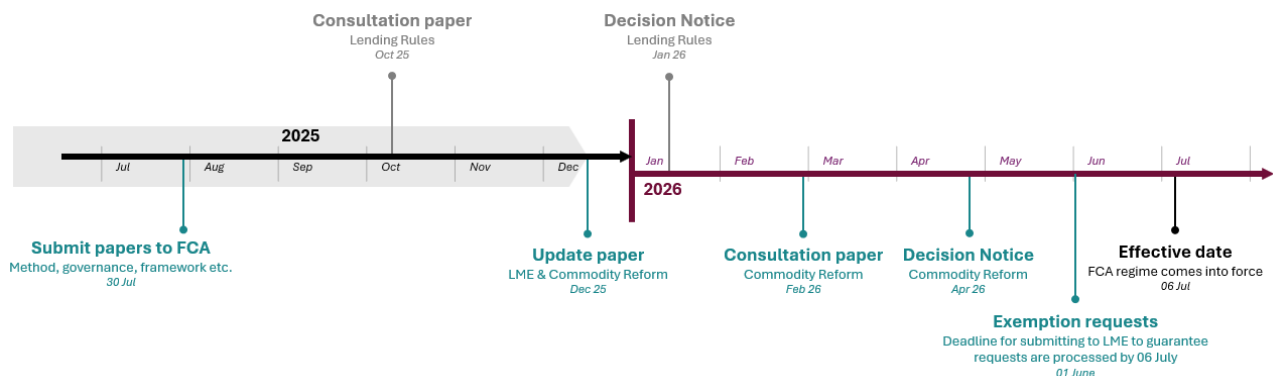
3 PS25/1 key activities and dates

The changes introduced by PS25/1 and MAR 10 will have a direct impact on the LME's existing position management arrangements.

Below is the current timeline for providing updates and publishing key deliverables. These dates are indicative and subject to change. The LME will keep market participants updated of any significant changes to this timeline.

Key Dates

- **July 2025:** the LME provided to the regulator an overview of its proposed arrangements to implement the new regime.
- **December 2025:** the LME publishes this update paper in relation to these arrangements, seeking feedback from market participants.
- **February 2026:** (subject to feedback from market participants and regulatory approvals) the LME publishes a consultation on proposed changes to its Rules under the regime.
- **April 2026:** (subject to feedback from market participants and regulatory approvals from the regulator) the decision Notice is published.
- **April 2026 – June 2026:** Rules on exemptions go live and the LME accepts and assesses exemption application requests.
- **1 June 2026:** deadline for exemption requests to be received by LME to guarantee requests are processed ahead of regime effective date.
- **6 July 2026:** the regime becomes effective, all the Rules pertaining to the new regime go live.



Key dates for participants

The LME acknowledges the challenges associated with meeting the implementation deadline of the new regime and would like to thank market participants for their continued efforts to ensure compliance.

Once the LME has considered the feedback from this paper, the LME plans to issue a consultation Notice in February 2026, setting out the changes to the LME Rulebook and related policies. Having considered feedback from the consultation, the LME plans to issue a decision Notice in April 2026.

The LME intends to be ready to accept and process exemption requests from April 2026. LME position limits and exemptions will take effect from 6 July 2026. Given that the new rules on exemptions from position limits will be different from the current FCA exemption regime, there will be no “grandfathering” of existing FCA

exemptions. Any exemption currently granted by the FCA will continue to be managed by the FCA until 5 July 2026 after which they will expire.

To ensure Members are able to accommodate changes to Commodity Position Reports (“**CPR**”), the LME Regulatory Reporting team recently held a workshop highlighting the required areas of data quality improvements Members should be working to address. Members are expected to have remediated identified data quality issues by the end of January 2026.

All elements of the new regime will become effective on **6 July 2026**.

4 Accommodating PS25/1 into LME arrangements

4.1 Rulebook considerations

The LME intend to amend the LME Rulebook and related policies to implement the new regime. Some of these amendments will directly implement the changes brought in by MAR 10, the substance of which has already been consulted on by the FCA under CP23/27 and confirmed in PS25/1. Other amendments will reflect the LME's suggested approach to the new regime drawing on the Exchange's understanding of the regulation and experience of managing risks in the metals markets.

The proposed LME Rulebook and related policies changes will be set out in a consultation Notice which the LME plans to publish in February 2026. At a high level, the proposed changes would introduce clear responsibilities for Members and market participants including:

- **Accurate position reporting** – Members must ensure positions are appropriately reported in terms of those which fall into an exemption and those which do not.
- **Strict compliance with position limits** – no position (whether at the level of the position holder or at the level of the parent undertaking) shall at any time exceed a position limit or an exemption ceiling (where applicable).
- **Monitoring and controls obligations** – position holders, parent undertakings and Members must maintain robust controls and procedures to monitor compliance with position limits and exemption ceilings at all times.
- **Breach notification** – Members must notify the LME about positions which exceed or have exceeded position limits or exemption ceilings (where applicable) without delay, whether at position holder level or parent undertaking level.
- **Exemption notification** – Exemption holders must notify the LME when certain events occur, such events being set out in the Rules.

The following section outlines the elements that the LME plans to incorporate into its Rules and policies. While the LME views these changes largely as directly implementing the new regime and therefore non-contentious, the LME welcomes any views on any aspect of the proposals set out below.

4.2 Introduction of LME administrated position limits

Summary

- From 6 July 2026 the LME will set and introduce position limits for critical and related contracts.
- Participants will be expected at all times to maintain their positions below the position limits set.
- Participants may apply for an exemption to the position limits if certain criteria are met.
- Positions shall not exceed position limits unless an exemption is in place, in which case an exemption ceiling will apply and positions shall not exceed the exemption ceiling.
- Participants would be required to monitor their positions against position limits and/or exemption ceilings, at all times. Breaches, including intra-day, would be notified to the LME directly and immediately.
- Members would be required to put in place arrangements with their Clients to ensure that Clients (i) monitor their positions against the limits at all times and (ii) comply with directions issued by the LME.
- The LME will take action where an entity has failed in its obligation to adhere to the position limit regime.

The LME will publish its position limits via Notice, following appropriate consultation (but only where appropriate – see below) with market participants. These limits will apply in a non-discriminatory and transparent way to all users.

Position limits will apply to netted and aggregated positions for each spot and other period² per critical or related contract. Position limits will apply at an individual entity level (“**position holder**”) and separately aggregated with net positions held on its behalf at a group level (“**parent undertaking**”).

No position holder or parent undertaking may exceed a position limit unless they have a valid exemption from the LME.

The LME will keep the levels of position limits under review, including reviewing the position limits periodically (at least on an annual basis), in line with the criteria set out in MAR 10³ to ensure the limits remain effective at all times for each applicable Contract and spot/other period. Before imposing a new limit or amending an existing limit, the LME will notify the FCA. The LME will also publicly consult with market participants where and if appropriate.

Where the LME determines that the level of a position limit is no longer appropriate following a particular market condition or event, the LME may amend the position limit without prior consultation, particularly, but without limitation, where time is a critical factor in making the specified change to ensure market orderliness. In such cases, the LME would make market participants aware of such a change as soon as it is practicable to do so. Where the LME amends a position limit to a lower level, the LME will work with market participants with positions over the revised limit to ensure their positions are reduced as appropriate. In doing so, the LME will remind market participants of their responsibilities, when undertaking such action, under the Rules to ensure market orderliness.

The FCA retains residual powers to set position limits directly⁴. If it exercises this power, the LME would notify market participants and ensure positions are monitored against the FCA-imposed limits in the same way as LME limits.

As noted above, positions must not exceed position limits unless the position holder has an exemption granted by the LME. The position holder must then remain below the approved exemption ceiling granted by the LME. The LME will take action where an entity has failed in its obligation to adhere to the regime.

LME position monitoring will rely on CPR data submitted by Members on a T+1 basis via the LME’s secure Universal Data Gateway (“**UDG**”).

All market participants must have appropriate systems to monitor their open positions and identify breaches of position limits and exemption ceilings at all times, ie on an intra-day basis. If a position limit/exemption ceiling breach occurs, the LME must be notified directly and without delay. Failure to notify the LME in a timely manner may result in disciplinary action. Members would be required to put in place arrangements with their Clients to ensure that Clients (i) monitor their positions against the limits/ceilings (if the Client benefits from a valid exemption) at all times and (ii) comply with any directions issued by the LME from time to time, regardless of their jurisdiction.

² “Spot month” and “other months” are defined in section 5.5 of this paper.

³ MAR 10.2.11 R.

⁴ Regulation 16 of the MiFI Regulations 2017 (The Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2017 (SI 2017/701))

4.3 End Client reporting – identity of the position holder

Summary

- PS25/1 has clarified the regulatory expectations in relation to reporting the identity of position holders down the contractual chain.
- For position, order and trade data, the LME proposes that Members report the identity of the underlying position holding entity (rather than reporting the identity of an intermediary or affiliate). Members would have to adapt their processes to report this information.

PS25/1 clarified the regulatory expectation in relation to reporting the identity of position holders down the contractual chain. Notably, that:

- Trading venue operators should receive the information which is necessary to discharge their functions;
- Members are required to report their own positions as well as those of Clients of Clients until the end Client; and
- Without the ability to identify the ultimate position holders, trading venue operators will be unable to identify where large positions and risks are building.

The LME will therefore propose to mandate that in position, order and trade data, Members would have to report the identity of the underlying entity “end Client” in all circumstances. Members may need to adapt their processes to report this information.

The LME is reliant on accurate and timely CPR data for the purposes of the management of its position limit regime and existing position management controls. Members are responsible for correctly allocating positions against the correct ‘position holder’, ‘ultimate parent entity’ and identifying where the positions of a collective investment undertaking should or should not be aggregated based on investment decisions in respect of opening, holding or closing of positions.

4.4 Powers of direction and disciplinary powers

LME summary

- The LME has a number of powers to enforce its current position management control arrangements.
- The LME will be seeking to further enhance its powers in line with the requirements as set out in MAR 10.

Maintaining the integrity and orderly functioning of the LME’s markets requires the Exchange to have robust powers to act when necessary.

The LME has authority under its Rules to direct Members to take action relating to the positions of the Member or their Client, and to intervene where a Member or Client does not comply with its position management or reporting obligations (ETD and OTC). These powers include issuing directions to Members in respect of their own positions or positions which its Client(s) hold(s) and which, in the LME’s view, has the potential to create, or has created, a disorderly market or undesirable situation. Directions may include directing Members to reduce or trade out of Client positions.

Members are required to ensure their Clients comply with the LME Rulebook. In some situations, the LME may designate a Client as a “Client of Concern” under Regulation 12.10 of Part 2 of the LME Rulebook. This

designation empowers the Exchange to direct one or several Members, to take certain actions in order to mitigate the potential impact of a Client of Concern on market orderliness.

The LME already engages directly with Clients in relation to the Lending Rules and the Accountability Levels. This direct interaction benefits both parties: it allows the LME to maintain confidentiality by avoiding the need to share sensitive Client information with third parties, while enabling Clients to communicate directly with the LME and provide context or commercial rationale for their positions. The LME intends to continue this direct engagement under the new regime.

The new regime reinforces the LME's powers and formalises expectations around enforcement. It requires the LME to strengthen its disciplinary approach to ensure that position limits, exemptions and related controls are complied with. Breaches of position limits and exemption ceilings will be subject to the disciplinary processes under the LME Rules. Minor breaches may be subject to the Fixed Penalty Procedure.

A Client may hold positions across multiple Members, making it difficult for any single Member to identify breaches. The LME is therefore considering, in line with the approach taken at other exchanges, introducing a new category of person to its Rulebook. Under this new category, "a person subject to the Rules" would accept being subject to certain parts of LME Rules (including those pertaining to position limits, exemptions and other position management controls and the LME's ability to enforce against the person for Rule breaches) without being a Member of the LME. This would enable the LME to obtain direct disciplinary rights against that person and that person would have the advantage of having a direct relationship with the LME to manage their positions, as well as benefiting from the protections embedded in the LME's disciplinary processes. The LME must strike the appropriate balance to ensure it can enforce its Rules appropriately, without taking away the responsibility of Members to oversee their Clients, and without regulatory over-reach.

The LME is considering requiring an entity to be such "a person subject to the Rules" before a position limit exemption is granted, as this would ensure that only those entities with significant positions would initially be in scope of this new status of participant.

Additionally, the LME intends to strengthen the scope of application of the "Client of Concern" regulation. In making this clarification, the LME intends to make clear that a Client failing to comply with the LME's position management approach may trigger this regulation. Triggers would include exceeding a position limit without a valid exemption, failing to comply with a direction or a request for information made to it by the LME.

These enhancements would ensure that as a Client's positions build up, the LME has appropriate tools to maintain compliance with the new regime and market orderliness.

4.5 Definition of critical and related contracts

Summary

- The FCA considers the "critical" contracts on the LME to be LME Aluminium (AH), LME Copper (CA), LME Lead (PB), LME Nickel (NI), LME Tin (SN) and LME Zinc (ZS).
- The LME has determined the "related" contracts to be the relevant metal Option Contracts, LMEmini Contracts, Monthly Average Futures ("MAFs"), Traded Average Price Options ("TAPOs") and Trade-at-Settlement ("TAS") Contracts held in relation to the same underlying metal as the critical contracts.

From 6 July 2026 the LME must apply position limits to (i) "critical contracts" identified by the FCA and listed in MAR 10 Annex 2 and (ii) "related contracts" which the LME is required to identify according to criteria established with MAR 10.

Critical contracts

The FCA has designated six LME Contracts as being critical: LME Aluminium (AH), LME Copper (CA), LME Lead (PB), LME Nickel (NI), LME Tin (SN) and LME Zinc (ZS). These are all Contracts currently subject to FCA position limits. They are physically settled metal Contracts, backed by warrants of LME-approved brands stored in LME-approved warehouses.

Related contracts

The LME has reviewed FCA guidance in PS25/1 and applied the criteria set out in MAR 10 to identify which Contracts fall within the scope of related contracts for the associated critical contract:

- **Metal Options:** LME Metal Options can be exercised any time up to and including the expiry date (American style). The underlying is the equivalent 3rd Wednesday LME future, itself physically settled. As Metal Options exercise into an open futures position, and therefore have the opportunity to physically settle, positions in Metal Options are considered in-scope as related contracts. The LME will consider the delta equivalent futures position of Metal Options when assessing the size of a position against the position limits, reducing the impact of positions held with strike prices which are significantly 'out-of-the-money' and ensuring that such positions are appropriately taken into account as they approach expiry.
- **TAPOs:** TAPOs are financially settled Asian-style options, whose payoff depends on the Monthly Average Settlement Price ("**MASP**") for the Contract month. Unlike Metal Options, the exercise of a TAPO Contract does not result in an equivalent Futures position. However, TAPOs prices are intrinsically derived from the associated critical contracts. While they do not provide a high risk of influencing the settlement of a critical contract, or indeed to circumvent the new LME position limit regime, their settlement price is directly linked to the settlement price of the critical contract and therefore meet the definition of "related contracts".
- **LMEmini Contracts:** LMEminis are five tonne cash-settled monthly futures Contracts that settle against the LME 'parent' Contract Cash Settlement Price. While LMEminis are cash-settled, the LME notes that they are "look-a-like" Contracts to the equivalent critical contract and given that their settlement price is directly linked to the settlement price of the critical contract, they therefore meet the definition of "related contracts".
- **MAFs:** MAFs are financially settled futures Contracts based on the MASP of the relevant metal. Due to the common economic exposure to the critical contract there is a risk that MAFs could be used to circumvent the new LME position limit regime by providing a comparable economic exposure. They therefore meet the definition of "related contracts".
- **TAS Contracts:** Participants can use a TAS order book on LMEselect to enter an order to buy or sell (during the course of the trading day) at a price that is equal to, or a number of ticks above or below, the yet to be established 3-month Closing Price. Once the Closing Price is discovered, the Closing Price is substituted in, plus or minus the traded TAS price, generating a position in the underlying Future. Positions resulting from TAS Contracts once the price has been substituted are in the underlying Futures, and as such are aggregated and are counted as critical contracts. While TAS Contracts executed intraday and not substituted do not yet have price exposure to the respective critical contract, they will always convert into the critical contracts themselves, and therefore the LME believes it is appropriate to treat them as "related contracts".

The list of critical contracts and related contracts under MAR 10 will be confirmed by Notice.

4.6 Spot/other month definition

Summary

- The LME proposes to make minor amendments to the definition of “spot” and “other” month, by rolling the spot month one day later than the current definition.

Following feedback, the LME believes it is appropriate to amend the way the spot month definition operates at the LME, retaining the existing definition of positions up until the next 3rd Wednesday prompt (“3W”), but amending the date on which it rolls to minimise the impact of positions across two 3W Contracts where the nearest 3W is still tradable.

Proposed definitions for spot and other months

The LME proposes to update the definition of “spot month” and “other months” as follows:

- Spot month** – Under the current definition the Monday before a 3W, the spot period includes both the immediate 3W and the following one, at a time when a significant number of market participants may want to “roll” their positions between these two dates. Under the proposed new definition, the spot month period would include each individual prompt and expiry dates up to and including the next 3W Prompt Date (sometimes referred to as “M1”). When the 3W future becomes the Tom Contract, the spot period would shift to include the following 3W. Thus, the spot period would only include two 3W Prompt Dates when the first is the Tom Contract. This proposed change would mean the spot month period would roll one day later than under the current definition.
- Other months** – This period would continue to cover all prompt and expiry dates beyond the spot period, up to the final applicable critical contract. While this definition remains unchanged, the amendment to the spot month would mechanically impact which Contracts fall in the “other month” definition.

This structure is designed to provide clarity and consistency in applying position limits across the curve.

Under the existing definitions:

Business Date	Spot month (all prompts and expiries)	Other months (all prompts and expiries)
6 July 2026	7 – 15 July 2026	16 July 2026 onwards
13 July 2026	14 July 2026 – 19 August 2026	20 August 2026 onwards
14 July 2026	15 July 2026 – 19 August 2026	20 August 2026 onwards

Under the proposed new definitions:

Business Date	Spot month (all prompts and expiries)	Other months (all prompts and expiries)
6 July 2026	7 – 15 July 2026	16 July 2026 onwards
13 July 2026	14 – 15 July 2026	16 July 2026 onwards
14 July 2026	15 July 2026 – 19 August 2026	20 August 2026 onwards

4.7 Position netting and aggregation

Summary

- To determine its net positions, a position holder must net its long and short positions held in a critical contract and the related contracts at an individual entity level and those held on its behalf at a group level.
- For the spot month period, position holders would net (i) positions for prompts of the critical contract, (ii) positions for prompts and expiries in each related contract independently and (iii) positions for prompts and expiries for critical and related contracts. Each position resulting from the netting should be below the spot month position limit. For the other month period, position holders would net positions for prompts and expiries for critical and related contracts. This net position should be below the other months position limit.
- Position limits will apply to both positions in the spot and other months at the level of each of the position holder and of the parent undertaking. "*The parent undertaking of a manager of a collective investment undertaking*"⁵ shall be responsible for identifying where positions of a collective investment undertaking should be aggregated or not based on investment decisions in respect of opening, holding or closing of positions.
- Positions subject to a valid exemption will not count towards the net position of a position holder at an individual entity level or towards the net positions of that position holder held/aggregated at the group level.

4.7.1 Netting and aggregation between critical and related contracts

Position holders **must not net positions** across critical and related contracts in different metals.⁶

As laid out in PS25/1 the LME must not permit the netting of positions (whether the position holder or the parent undertaking) in relation to a related contract where the LME considers that such netting will increase the likelihood of disorderly pricing or settlement conditions.⁷

Spot month

The LME has considered whether it should allow the netting of related contracts with critical contracts for all periods. Positions held within the spot period carry a heightened and unique settlement risk compared to those held in the other months period due to their proximity to the delivery date.

The netting together of critical contracts (physically settled) and related contracts (physically and financially settled) may bring heightened risks to settlement conditions where, on account of the netting including related contracts, the position appears below the position limit, however independently considered the critical contract is in excess of the position limit.

Other months

When considering the other month period, the settlement risk described above does not exist, as the physical and financially settled Contracts have very similar economic exposures, and can be risk managed against each other to help reduce a market participant's overall level of price risk. As such, the LME believes it is appropriate to allow netting of critical and related contracts for other month periods.

As such, the LME proposes that for the spot month period:

⁵ MAR 10.2.1L R (3) (d)

⁶ MAR 10.2.1L R (3) (a).

⁷ MAR 10.2.1LR (4).

- (1) the net position for each critical contract should be below the spot month position limit;
- (2) the net position for each related contract should be below the spot month position limit; and
- (3) the aggregate position across the netted critical and related contracts positions should be below the spot month position limit.

The LME proposes that for the other month period:

- (1) the aggregate position across the netted critical and related contracts positions should be below the other month position limit.

4.7.2 Netting and aggregation between entities and groups

The LME's spot and other month position limits will apply to **net positions** of the position holder:

- (i) at an individual entity level; and
- (ii) aggregated with/ combined with net positions held on its behalf at group level.⁸

Position holders will therefore be required to determine their **net positions**, as outlined above, and ensure that such positions (for those which would not be covered by an exemption) do not breach the applicable LME spot month or other month position limit.

If a position benefits from an **exemption, it will not count towards the net position** held by a position holder at an individual entity level or towards the net positions of that position holder held/aggregated at the group level.⁹

The LME's spot month and other month position limits will also apply to the parent undertaking of the position holder.

A parent undertaking would be required to **aggregate their own net positions with the net positions of each of their subsidiaries**.¹⁰ For the spot month period, position holders and parent undertakings would need to aggregate their net positions across all Prompt Dates and expiry dates:

- (i) in the critical contract¹¹;
- (ii) in each related contract independently; and
- (iii) in the critical and related contracts.

For the other month period, position holders and parent undertakings would have to aggregate their net positions across all Prompt Dates and expiry dates:

- (i) in the critical and related contracts.

A parent undertaking will have to exclude positions held by any subsidiary collective investment undertaking from this aggregation where the parent does not influence investment decisions in respect of opening, holding or closing of those positions.¹²

⁸ MAR 10.2.1L R (1) (b).

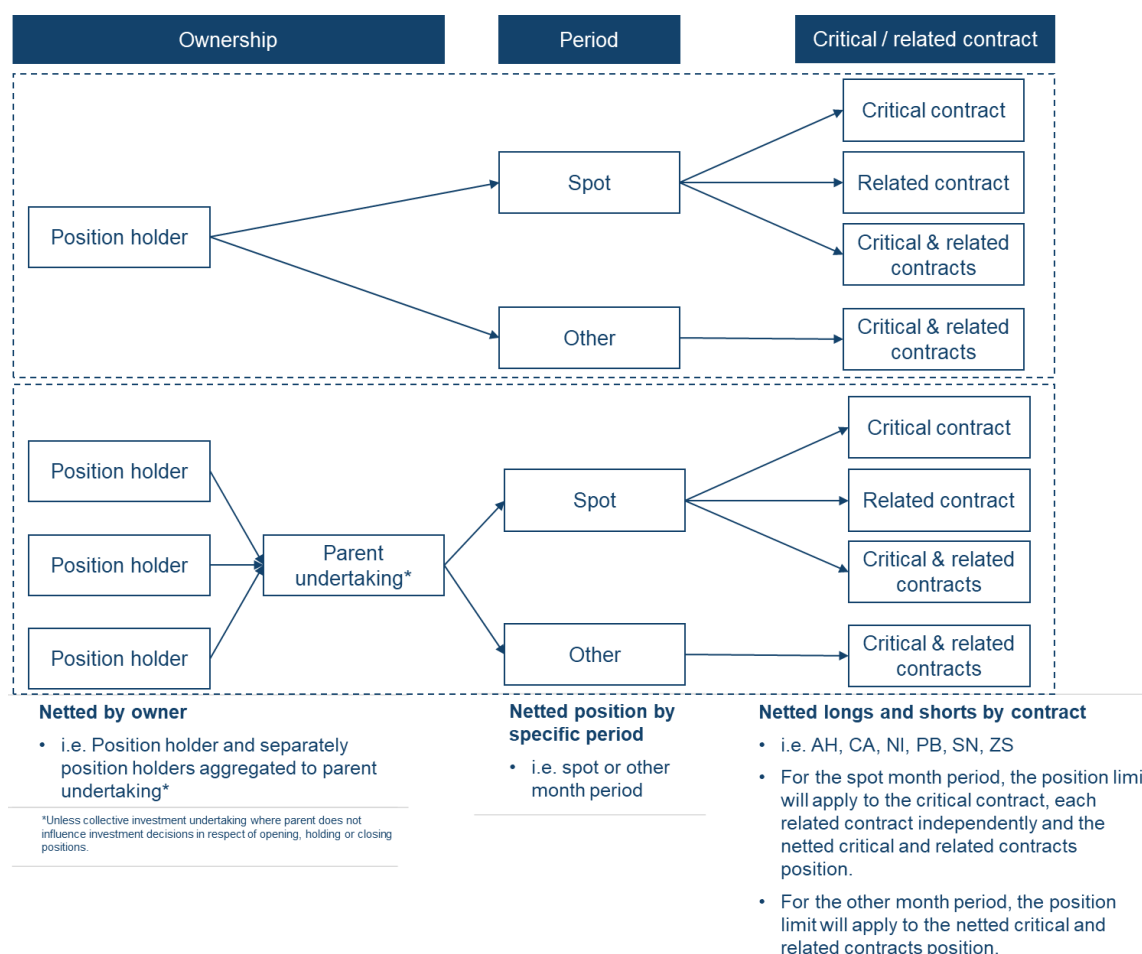
⁹ MAR 10.2.1L R (3) (b).

¹⁰ MAR 10.2.1LR (3) (c).

¹¹ MAR 10.2.1L (4).

¹² MAR 10.2.1LR (3) (d).

The diagram below summarises this section:



This diagram illustrates the three dimensions of the LME's proposed netting and aggregation methodology for the purposes of position limit determinations:

- (1) **Ownership** – positions must be aggregated at each of the level of the position holder and the parent undertaking.
- (2) **Period** – positions must be determined for each of spot month and other month periods; and
- (3) **Netting and aggregation** – long and short positions must be netted by contract type.

For the spot month period this includes:

- (i) positions for prompts of the critical contract;
- (ii) positions for prompts and expiries in each related contract independently; and
- (iii) positions for prompts and expiries for critical and related contracts.

For the other month period this includes:

- (i) positions for prompts and expiries for critical and related contracts.

4.8 Indicative calibration of position limits

Summary

- The LME proposes:

Metal	Proposed spot month position limit (lots)	Proposed other month position limit (lots)
Aluminium	28,000	44,000
Copper	18,000	23,000
Nickel	11,000	12,000
Lead	7,000	8,000
Tin	1,000	1,100
Zinc	10,000	13,000

These proposed levels of position limits are INDICATIVE ONLY at this stage. The final level of position limits will be published in Q2 2026. The LME will strive to keep the market updated as necessary.

4.8.1 Factors considered for the calibration of position limits

The LME has designed a comprehensive methodology for calibrating position limits, designed to promote orderly market functioning and safeguard against excessive concentration. The LME's methodology aims to ensure that position limits are effective, proportionate, and tailored to the unique characteristics, risks and dynamics of LME Contracts and market structure.

Under the proposed methodology, the LME has undertaken a detailed evaluation of a broad range of market, operational, and regulatory factors.

Factors the LME has included within its calibration methodology: deliverable supply open interest, Contract maturity, price volatility, liquidity, participant behaviour, historical position data.

The LME also considered a number of other factors when designing its calibration methodology, but these do not directly contribute to the quantitative calculation. These include practices at peer exchanges; operational constraints on delivery, storage, and settlement; and the structure of the underlying commodity markets.

Further detail on the factors considered:

- Deliverable supply:** Defined as the maximum production of LME-branded metals eligible for delivery, based on LME Brand surveys. This figure is unique to LME Contracts and only changes with genuine production changes.
- Open interest and Contract maturity:** Calculated using the average daily aggregated open interest over the past year for each Contract type. Spot month limits are set lower due to their proximity to delivery and typically lower open interest.
- Volatility and liquidity:** The average standard deviation and average daily volume of the relevant Contracts was considered within the context of the LME's market structure, where the majority of outright liquidity is initially traded with the rolling 3-month Contract.
- Participant behaviour and historical positions:** Historical position data has been reviewed by participant category, with a focus on the largest positions to monitor market concentration.
- Peer exchange practices:** Peer exchange practices are reviewed, but due to significant differences in contract terms and trading volumes, these are not factored directly into LME calculations.
- Delivery, storage, transport, and settlement capacity limits:** The LME's global warehousing system allows rapid introduction of stocks. While there are practical constraints to the amount of

metal that can be moved into and out of a warehouse on a single day, the large number of warehouses across multiple locations means that total capacity is much higher. There are limited practical constraints on the total storage of metal and, in particular, there is no practical constraint on the use of warrants to settle LME Contracts.

- **Market structure and seasonality:** Contracts require delivery of approved brands meeting LME standards, with no significant seasonality or structural constraints affecting supply.
- **Market participants and services:** The LME maintains a broad network of warehouses, agents, and Members providing risk management, delivery, storage, and settlement services.
- **Position size relative to stock availability:** A five-year look-back assesses the impact of proposed limits on historical positions relative to stock availability.
- **Position limit decay:** The LME considered, but did not adopt, limit decay as this was seen to be potentially highly complicated when combined with the LME's market structure, and of lower importance due to the other position management controls in operation at the LME, such as Lending Rules.

4.9 Exemptions, exemption ceilings, processes and timelines

Summary

- The LME will operate an exemption application process in relation to entities conducting hedging, pass-through or liquidity provider business.
- Exemptions granted will apply to both the critical contract, and related contracts together, to align to the application of the position limits.
- The LME will review exemption applications on a case-by-case basis and, as required by the new regime, will communicate all exemptions granted to the FCA.
- At the start of Q2 2026 an LME application process will outline information and evidence required in relation to exemption applications.
- Participants will be expected to submit exemption requests in good time ahead of 6 July 2026.
- Exemption holders would be responsible for managing and reporting accurately to the Exchange where an exemption is in place and for what proportion of its position (for each relevant position) the exemption applies.
- The LME would have a power to unilaterally withdraw an exemption or unilaterally amend the level of an exemption ceiling based on market conditions, participant behaviour, or position management concerns.

As permitted under MAR 10, the LME will introduce position limit exemptions for certain participants undertaking certain types of business. To appropriately manage the risks that these large positions pose to the market, any exemption granted by the LME will be subject to an exemption ceiling, which must not be exceeded. As such, market participants will not be granted unlimited positions but will instead effectively be granted higher limits which are appropriate for their business needs.

As laid out in PS25/1, the LME can receive applications for the purposes of obtaining an exemption from the position limits it sets¹³. The different types of exemptions include the:

- Non-Financial Entity Exemption ("**NFEE**" or "**hedging exemption**");
- Pass-Through Hedging Exemption ("**PTHE**"); and
- Liquidity Provider Exemption ("**LPE**").

¹³ MAR 10.2.3A G.

NFEE

The NFEE, also known as the hedging exemption, will be available to both Members and non-Members who are “Non-Financial Entities” (“NFE”)¹⁴, in relation to positions which are “*objectively measurable as reducing risks directly relating to commercial activity*”.¹⁵ Applicants will need to demonstrate that their positions hedge business-related risks or qualify under UK-adopted IFRS, and that these positions can be unwound in an orderly manner.

PTHE

The PTHE will be available to Members and non-Members who are a Financial Entity (“FE”)¹⁶. It applies when a FE enters a position with a NFE engaged in hedging activity and offsets that position via an LME Contract. This exemption cannot be used for inventory monetisation or financing arrangements. The FE will have to obtain written confirmation from the NFE that the position supports hedging. The LME expects applicants to use the standardised ISDA template for this confirmation and disclose the identity of the underlying Client. Applications must also include details of the FE’s risk mitigation services and trading activity, with forward-looking estimates based on past Client behaviour if necessary. FEs will be required to notify the LME of any material changes to the pass-through arrangements.

LPE

The LPE will be available to Members and non-Members, where the position is created through the participant’s involvement as an active liquidity provider in an LME liquidity programme, and is objectively measurable as resulting from a transaction consistent with obligations to provide liquidity on the LME. In PS25/1, the FCA highlighted that “*liquidity schemes only based on volume traded would not, in our view, create obligations that would justify exemption from the position limits regime*”. Given that the majority of LME liquidity provider schemes are volume based, these will not be in scope of the LPE. However, future LME liquidity provider schemes will be considered, and the LME will assess any LPE application received on a case-by-case basis.

Exemption processing

The LME proposes that a single exemption granted would apply to a critical contract and its related contracts. This would align to the proposed application of position limits and ensure that exemptions and ceilings are assessed based on the overall level of market risk.

The LME is currently defining the process for reviewing exemption applications, including submission forms, communication protocols, assessment criteria and oversight of exemption applications. The LME intends to publish an exemption policy as part of its consultation which will provide further guidance in terms of evidence required for the specific exemption types.

We anticipate a higher volume of exemption requests ahead of the 6 July 2026. The LME will make every effort to give applicants adequate time to prepare and submit the necessary documentation.

At the time of publishing this paper, the LME expects participants seeking an exemption effective on 6 July 2026 will need to submit a completed exemption application by no later than close of business **1 June 2026** to ensure that their application is considered prior to 6 July 2026.

Please note that this timeline may be subject to change depending on the volume of applications received.

¹⁴ The LME plans to adopt the FCA’s definition of NFE in MAR 10.

¹⁵ MAR 10.2.6R.

¹⁶ The LME plans to adopt the FCA’s definition of FE in MAR 10.

The LME would be grateful if any participant that considers it may apply for an exemption could contact market.engagement@lme.com at an early stage. This is to allow the LME to better support market participants through the process of applying for an exemption in the coming months while the rules and exemption processes are finalised ahead of the introduction of the position limit regime.

Exemption applications will be validated using a range of data sources such as ETD and OTC positions, previous correspondence with the LME, risk management practices and suitability. The LME would reject applications which are incomplete. As part of the process of assessing applications, the LME would assess historic positions and participants' business case surrounding the next 12 months of activity.

Once an exemption has been granted, exemption holders will be required to notify the LME of certain events as required under their exemption including changes in circumstances which may impact their exemption.¹⁷

Exemptions granted would be effective for a maximum period of 12 months. It would be the exemption holder's responsibility to ensure that exemptions are adhered to and if required are reapplied for, including relevant updated information, in sufficient time for LME to consider and process ahead of the exemption expiry.

To manage the risks that large positions may pose to market stability, the LME proposes to introduce exemption ceilings, limiting the size of a position above a position limit. Exemption ceilings would have to be requested and justified by the applicant via the exemption application. Exemption ceilings would be valid for 12 months, after which exemption holders would need to re-apply.

Reporting exemptions

Once an exemption and a ceiling have been granted, the LME suggests that exemption holders would have to notify (if applicable) their Clearing Members of any exemptions (and ceiling) held. In doing so, they would have to highlight to the relevant Clearing Member the specific positions impacted by those exemptions and the exemption type and sizes applicable. Members would be responsible for reporting these positions daily via CPR, distinguishing positions as being covered or not covered by an exemption using the new CPR field 'exemption type'. Exemption holders would have to provide timely data to their Clearing Members to support this reporting.

Positions with an LME-approved exemption must remain below the approved exemption ceiling granted by the LME.¹⁸

The LME will monitor all positions subject to an exemption and suggests that its powers would include adjusting or withdrawing exemptions based on market conditions, participant behaviour, or position management concerns. The LME would take action where an entity has failed in their obligation to adhere to the regime. Exemption holders would be able to request an amendment to the ceiling of an existing exemption via the same application process.

¹⁷ MAR 10.2.11 R and MAR 10.2.19 R.

¹⁸ MAR 10.2.27 R and FCA's commentary at p.46 to 47 of PS25/1.

4.10 Changes to the structure of LME Accountability Levels

Summary

- Consistent with the requirements of MAR 10, accountability thresholds (as a replacement to the current Accountability Levels) will act as an early warning mechanism of identifying positions in respect of position limits.
- Instead of having Accountability Levels applicable to “Single Prompt” and “All Prompt” dates (which is the current regime), the LME proposes to apply “**Accountability Thresholds**”¹⁹ to the spot month period and the other months period. It also proposes to apply Accountability Thresholds to the maximum cumulative position a participant holds across all Prompt dates and expiries (“**Max Cumulative**”).
- Max Cumulative would ‘bridge the gap’ by enabling the LME to evaluate positions across the entire curve rather than treating each of the spot month and other months periods separately. In other words, Max Cumulative would provide the LME with an holistic view of exposure, ensuring that overall market risk is appropriately managed.
- Similar to the position limits, positions would be aggregated across all relevant Prompt dates and expiry dates within the relevant period. The same aggregation and netting methodology applicable to position limits would apply to Accountability Thresholds.
- Exempt positions would be included in the aggregation.
- Accountability Thresholds would apply to critical and related contracts for ETD positions and the respective OTC positions. Positions would be considered both separately and combined between ETD and OTC positions.
- Market participants would be permitted to hold position in excess of Accountability Thresholds. However, the LME would have the power to require the position holder to provide more information (including under its additional reporting powers) for each position which exceeds the thresholds, including exempt positions.

4.10.1 Withdrawing the current “Accountability Levels” control

Accountability Levels currently serve as an early warning mechanism, enabling the LME to identify potentially disruptive positions below position limits and take appropriate action to maintain market orderliness. The proactive monitoring and intervention powers currently embedded in Accountability Levels therefore work in a very similar way to the Accountability Thresholds under the new regime. The proposed withdrawal of Accountability Levels should be seen as a formal alignment with the terminology and structure required by the new regime, rather than a fundamental shift in the LME’s approach to risk management.

4.10.2 Scope of Accountability Thresholds – Exchange-Traded Contracts

Accountability Thresholds will apply to both Exchange-Traded Derivatives (ETD) and OTC positions. The LME proposes that these new thresholds apply exclusively to critical and related contracts (ETDs) and their OTC equivalents, consistent with their role in supporting proactive risk management.

The LME proposes to apply Accountability Thresholds to:

- **Spot month**
- **Other months**
- **Max Cumulative**

¹⁹ MAR 10.3.3C R.

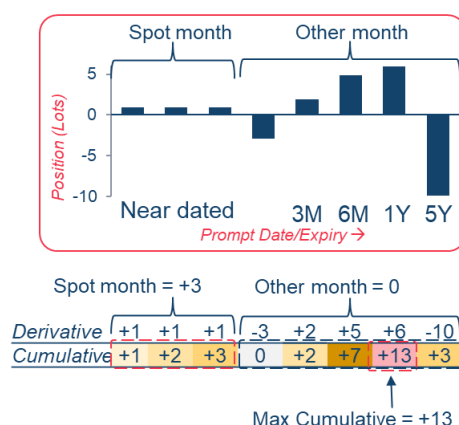
The proposed spot month and other month periods are the periods already set out above.

The Max Cumulative looks to identify risks by taking cumulative (aggregated) positions across the full curve (including spot and other periods). This seeks to identify the risk in concentrated positions which otherwise are not captured by the spot month and other months Accountability Thresholds operating separately.

The following diagram indicates how these different thresholds would operate.

- The **spot month** position includes the net positions across the spot month period, in the example the spot month position = 3.
- The **other months** position includes the net positions across the other months period, in this example the other months position = 0.
- The **Max Cumulative** position identifies the maximum cumulative position across the full curve and notes a concentration of risk highlighted at the 1-year maturity, in the example the max cumulative position = 13.

Max Cumulative calculation example



This approach enables the LME to monitor aggregated positions across the curve and identify emerging risks before position limits are breached. While the Max Cumulative threshold is not a position limit, it provides valuable insight into concentrated exposures and supports early intervention.

In line with being an early warning mechanism, all Accountability Thresholds will be set below the respective position limits to ensure a sufficient buffer for risk assessment and remedial action. Though it should be noted that due to the different calculation methodology of the Max Cumulative, it is not simply a threshold set at a lower level, as it could be exceeded *prior to* a position limit or other Accountability Threshold excess, or only *after* those thresholds are exceeded.

For the avoidance of doubt, Members and their Client(s) may (unless directed otherwise) hold positions that are in excess of the Accountability Thresholds.

4.10.3 Scope of Accountability Thresholds – OTC contracts

The LME would apply Accountability Thresholds to all reported OTC positions, in the same way as Accountability Levels currently already do. From 6 July 2026, Accountability Thresholds would apply to both separate ETD and OTC positions and aggregated ETD and OTC positions. This broader scope would ensure the LME can monitor and manage risks in the OTC market that may impact exchange-traded activity.

4.10.4 Scope of Accountability Thresholds – aggregation of positions

The LME would apply the same aggregation methodology for Accountability Thresholds as used for position limits. Positions would be aggregated at the parent entity level using CPR file data, with adjustments for collective investment schemes.

Positions would be netted independently within the spot month, other months, and the Max Cumulative periods. This would include critical contracts independently (spot month only), as well as critical and related contracts (spot month, other months and Max Cumulative). For OTC positions, the same aggregation principles would apply, using weekly OTC position reporting data.

4.10.5 Exempt positions

Accountability Thresholds would apply to all positions, including those with LME-approved exemptions. For the avoidance of doubt, the LME would monitor and may query exempt positions to ensure they remain consistent with risk management requirements and do not compromise market integrity.

4.10.6 Actions when Accountability Thresholds are exceeded

If a position exceeds the respective Accountability Threshold, the LME would have the power to request further information from Members or Clients and may direct that positions are not increased or must be reduced. Risk assessments would consider factors such as credit rating, position size, and historical risk management behaviour.

4.10.7 Indicative Calibration of Accountability Thresholds

To support effective risk management and early intervention, the LME proposes a consistent methodology for setting Accountability Thresholds across exchange-traded, OTC, and combined positions. These thresholds are designed as an early warning mechanism, calibrated to 50% of the corresponding position limits rounded down to the nearest 1,000 lots (or 100 lots for tin).

Metal	Spot month Accountability Threshold (lots)	Other months Accountability Threshold (lots)	Max Cumulative Accountability Threshold (lots)
Aluminium	14,000	22,000	22,000
Copper	9,000	11,500	11,500
Nickel	5,500	6,000	6,000
Lead	3,500	4,000	4,000
Tin	500	550	550
Zinc	5,000	6,500	6,500

These proposed levels of Accountability Thresholds are INDICATIVE ONLY at this stage. The final level of Accountability Thresholds will be published in due course, and the LME will keep the market updated as necessary.

4.11 Weekly OTC position reporting and MAR 10 additional reporting

The LME has a pre-existing additional reporting regime, as set out in the LME Rulebook including but not limited to Regulation 12 “Provision of Information and Obligations of Members” and Regulation 24 “Periodic OTC Reporting”. Members are familiar with these requirements and as such, the LME does not anticipate making any changes to the existing requirements on Members as a result of implementing MAR 10.

5 Technical Changes

LME position

- On 3 October 2025, the LME published the expected revisions to the LME CPR interface specification and UDG interface specification, including the new fields required by the regime.
- Members and ISVs must ensure that work is undertaken to be certain that from 6 July 2026, positions reported to the LME meet the requirements as specified.
- The LME Member test environment, enhanced to include the new reporting requirements, will be available in due course and Member testing will be mandatory ahead of go-live.
- Members are expected to have appropriate systems in order to identify positions of concern and escalate to the LME where positions exceed position limits or exemption ceilings where appropriate.

Existing Commodity Position Reports

The LME has required its Members to submit positions in the form of CPR files since MiFID II came into force in 2018, and Members are currently required to submit position data as per the ITS4 commodity position reporting schema on a T+1 basis to UDG via SFTP. The reports received are validated and sent on to the FCA at 16:30 each business day, for the LME to satisfy its regulatory reporting obligations.

Enhancing CPRs

The FCA has published finalised schemas which take effect from 6 July 2026, including the data schema for CPR raw positions reflecting changes to the existing structure. This schema has informed the new LME CPR specification that the LME has provided to Members. As outlined within the LME CPR specification, there is an additional field for Members to populate “exemption type”. The new data field is reportable against positions (or parts of positions) which have an applicable exemption. In addition to the published CPR specification document, the LME will also provide a copy of the LME CPR XSD for Members upon request.

While Members may delegate the calculation and transmission of their CPR file to third parties, they remain responsible under the LME Rulebook for the accuracy and completeness of the data and timely submission to the LME. Where delegated to a third party, Members must ensure they engage with such third parties to ensure that they are aware of and prepared for the highlighted changes to the LME CPR specification. The LME Member test environment can be accessed to enable Members to test the accuracy of CPR changes made.

The LME is placing increased emphasis on enhancing data quality within CPR reports submitted by Members, enabling an improved quality data set being onward reported to the FCA. As such, the recent specification revision and mandatory data validations for CPR submissions to UDG will apply from 6 July 2026. To note, other UDG documentation changes include OTC reporting, data centre switch over testing weekends and market holidays. Where positions are submitted that fail the new mandatory data validations, the LME regulatory reporting team will escalate discrepancies to affected Members, instructing them to correct the data concerned and re-submit their CPR submissions. Members must ensure they have appropriate controls and processes in place to ensure they meet the requirements of the additional data validations.

Position management

Market participants are expected to have appropriate controls and systems to manage positions at all times. This includes managing positions in line with position limits and exemption ceilings (where relevant), identifying and escalating to the LME position limit breaches without delay and taking action in relation to positions of concern.

6 Potential future considerations

LME summary

- Following the implementation of the regime and following a period of review, the LME may introduce further measures, requirements and/or controls to ensure the regime remains compliant with regulation.

6.1 Position limits

The LME will continue to assess the effectiveness of its position management controls both under the position limit regime and the wider position management controls, and where necessary, enhance or revise such measures to ensure that they remain appropriate for its evolving market and the needs of market participants who use the Exchange. Due to the limited timelines, the LME's initial implementation as described in this document focusses on the core requirements as set out in PS25/1, however there are a number of areas the LME is considering evolving.

Under the position limit regime, financial entities may benefit from a position limit exemption for the purposes of facilitating hedging activity by an underlying NFE Client or as a liquidity provider provided that they can meet the requirements set by MAR 10.

However, in practice, some financial entities may benefit from an exemption other than those types laid out in PS25/1 to pursue legitimate trading activity, which would benefit the market as a whole by providing greater liquidity for all participants. Through its Accountability Levels, the LME has observed a number of market participants consistently demonstrating a mature approach to risk management, including robust and clear strategies for the orderly management of positions (including appropriate metrics for maximum position size, and position entry and exit strategies). As such, the LME has also considered the negative impact of setting the PS25/1 position limits at levels which are too restrictive for these types of participants, without an exemption being available.

In light of these observations, the LME is considering whether it would be possible and preferable to introduce some additional exemption types, under a carefully designed framework, which would be available to a broader range of participants. This approach would enable the LME to maintain close oversight of its markets while accommodating larger positions where these do not pose undue risk to market integrity and orderliness, and may benefit the market as a whole.

The LME is also considering whether it is possible and preferable to additionally implement a maximum cumulative position limit. This measure would be intended to have an overarching limit of the aggregated position across the curve. This would mitigate the risk that a market participant may be incentivised to increase their position in one period (eg the spot month period) because they lack capacity to do so in an alternative period (eg the other month period). Such an approach would also prevent scenarios where a participant holds a sizeable spread position (eg all within the other months period). Under PS25/1 each long and short position could be in excess of the position limit, but the net position for the period could be below the limit. Under PS25/1, it is possible to hold such a large spread position which could present a risk to market orderliness (though of course the LME does have other tools to monitor and manage such a position).

6.2 Lending Rules

As highlighted within this paper, the LME has recently consulted on making the Front Month Lending Rules a permanent feature within the Rulebook.

The Front Month Lending Rules set out in the consultation are in line with those introduced on a temporary basis on 20 June 2025.

The feedback we have so far received suggests that the market is supportive of the Front Month Lending Rules but considers that certain adjustments may be even more effective. To consider this further, some of the suggested areas for potential change are:

- **Maturities impacted** – suggestions include using a rolling period at the front of the curve.
- **Actions required** – including consideration of which period should be lent, and the prices.
- **Threshold levels** – suggestions have been made that the initial thresholds should be brought lower to ensure positions are captured earlier.

The LME will continue to review Front Month Lending Rules consultation feedback and will consider further evolution to the Rules.

6.3 LME Rulebook powers: potential future amendments

The LME has highlighted the importance of its ability to give directions to all market participants in respect of positions, and the potential to create a category of non-Members who would be subject to relevant LME Rules. This approach could also be considered in other areas, where it may be beneficial for the LME to have a more direct link to non-Member market participants.

Following the implementation of the regime and following a period of review the LME may introduce further measures, requirements and controls to ensure the regime remains appropriate and operated effectively.

7 Feedback and next steps

The LME has shared this paper to provide the market with an overview of position management arrangements in place, to highlight changes and considerations in relation to PS25/1 and look to the future of position management arrangements of the LME.

The LME welcomes feedback from any participant concerning the matters within this paper.

It should be noted that many changes outlined are required for the LME to comply with the new PS25/1 regulatory position limits regime. The exact changes proposed have been determined by the LME taking into account the particular structure of the LME market and represents the LME's interpretation of the most appropriate rule set to both comply with the regulation, and ensure that the LME market remains fair, orderly, well regulated, and as attractive as possible for market participants.

The LME acknowledges that this update may not cover all elements of the regime changes and context and therefore the LME may build an FAQ subsequently to this paper, where the Exchange (following feedback and discussions with market participants) believes it would be appropriate to share a response to the wider market.

The LME would also be available for informal meetings with participants to discuss the matters within this paper.

Participants should submit feedback, or meeting requests by email to: market.engagement@lme.com.

The LME requests that all feedback is submitted by **12 January 2026**, to allow the LME to consider it ahead of the publication of any Rulebook consultation.