

To: All Members and other interested parties

Ref: 17/417

Classification: General Updates                      Trading

Date: 29 December 2017

Subject: **NEW FERROUS LIQUIDITY PROVIDER PROGRAMME –  
APPOINTED LIQUIDITY PROVIDERS**

## Summary

1. This Notice sets out details of the liquidity providers on the new ferrous liquidity provider programme (“New Ferrous LP Programme”) for the LME Steel Scrap and LME Steel Rebar contracts (together, the “Ferrous Contracts”), which will replace the current market making programmes for the Ferrous Contracts (the “Current MM Programmes”), on 1 January 2018.

## Background

2. LME Notice 17/414 / LME Clear Notice 17-060 issued on 22 December 2017 announced: (i) the launch of the New Ferrous LP Programme and included details of the relevant criteria for qualification, the commencement date, the relevant incentives, the application process, the rebate process and certain other information; and (ii) details of the closure of the Current MM Programmes for the Ferrous Contracts.
3. Below, this Notice confirms the applicants who have been appointed as liquidity providers pursuant to the process outlined in LME Notice 17/414 / LME Clear Notice 17-060, and reminds interested parties of the process for applying to participate in the New Ferrous LP Programme.
4. The Ferrous Contracts have experienced a significant increase in trading volumes and open interest. As at the date of this Notice, total traded volume is approximately 3,550,000 metric tonnes for LME Steel Scrap and 730,000 metric tonnes for LME Steel Rebar. The Current MM Programmes have been instrumental in the successful launch of the Ferrous Contracts, providing tradeable quotes that often surpass the criteria to which market makers had originally agreed.



## **Defined terms**

5. Terms not otherwise defined in this Notice shall have the meaning ascribed to them in the LME Rulebook.

## **Appointed liquidity providers**

6. Pursuant to the application process and subject to the eligibility criteria set out in LME Notice 17/414 / LME Clear Notice 17-060, the Exchange has selected the following applicants to participate as liquidity providers in the New Ferrous LP Programme with effect from 1 January 2018:

Alpha Academic Ltd

Ferrometrics LLC

Gerald Metals SA

7. The Exchange is confident the appointed liquidity providers will provide an optimised service with improved order book depth throughout the forward curve.
8. However, any interested parties will still be able to apply to the Exchange at any point in time from the publication of this Notice until 15 November 2018 to participate in the New Ferrous LP Programme. The Exchange must receive applications by the fifteenth day of the month in order to begin participating in the New Ferrous LP Programme from the first day of the following month.
9. As set out in LME Notice 17/414 / LME Clear Notice 17-060, the Exchange reserves the right to review and revise the New Ferrous LP Programme every three months, or more frequently if required.

## **Rulebook**

10. The New Ferrous LP Programme shall be subject to the terms and conditions set out in the Rulebook, including without limitation Regulation 20 of Part 2 of the Rulebook.

## **Limits, term and termination**

11. The Exchange reserves the right to limit the number of participants in the New Ferrous LP Programme or include other such limits, restrictions, conditions or clarifications as it may specify by Notice from time to time.
12. The New Ferrous LP Programme will commence on 1 January 2018 and terminate on 31 December 2018.



13. Without prejudice to the above paragraph, the Exchange reserves the right to alter, restrict, suspend or terminate the New Ferrous LP Programme or deselect any of the liquidity providers appointed for the New Ferrous LP Programme, with or without notice at any time, if it deems it is in the best interests of the market to do so.

#### **No direct relationship between the Exchange and Client**

14. The benefits under the New Ferrous LP Programme are made available by the Exchange to the relevant Member. It is the responsibility of the Member and the relevant Client to determine between them the basis and extent to which any benefits under these programmes may be passed on to the relevant Client. The Exchange has no responsibility to any Client for any passing on of such benefits by the Member. In the event that any Client does not receive the benefit of any rebate or stipend made available by the Exchange to a Member, this is solely a matter between the Member and the relevant Client and no party shall have any claim or right of recourse against the Exchange.

#### **Questions**

15. Members or other interested parties with any questions in respect of the New Ferrous LP Programme are invited to contact the LME Product Development team by email at [ferrous@lme.com](mailto:ferrous@lme.com).

**Oscar Wehtje**  
**Head of Product Development**

cc: Board directors  
Steel Committee