



LMEselect & LMEsmart Dynamic Price Banding Limits

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Contents

- 1 Introduction
 - 1.1 LMEselect dynamic price banding
 - 1.2 LMEsmart dynamic price banding
- 2 LMEselect
 - 2.1 LMEselect dynamic price banding limits for Carries
 - 2.2 LMEselect dynamic price bands for Outrights
 - 2.3 LMEselect dynamic price bands for Options
- 3 LMEsmart
 - 3.1 LMEselect dynamic price banding limits
 - 3.2 LMEsmart dynamic price banding limits for Futures
 - 3.3 LMEsmart dynamic price banding limits for Traded Options



1 Introduction

The LME implements dynamic price banding functionality for both LMEselect and LMEsmart. Whilst the dynamic price banding limits in LMEsmart are derived from those specified in LMEselect, Post Trade Operations retain the ability to update LMEsmart price bands independently of LMEselect price bands.

1.1 LMEselect dynamic price banding

Dynamic price banding limits create price channels around a reference price outside of which orders will not be published onto the order book. The widths of these price channels, which are determined by the LME with reference to its no-cancellation range (“NCR”) market analysis, are published on the LME website and any updates that are made from time to time are communicated to the market.

Dynamic price banding limits are only applicable to orders that are better than the prevailing market price, and that are not subject to resting orders away from the market price.

1.2 LMEsmart dynamic price banding

Dynamic price banding limits create price channels around a reference price outside of which the Agreed Trade halves submitted by Members are not accepted into LMEsmart for matching. The widths of these price channels, which are determined by the LME from its market analysis, are published on the LME website, as updated from time to time.

In the event that a Member wishes to submit a trade into LMEsmart that falls outside of the prevailing dynamic price banding limits then the trade will be rejected and the Member will need to contact Post Trade Operations. In such cases, the LME will request such information as it considers necessary to allow the trade to be resubmitted and accepted for matching on LMEsmart.

LMEselect delivers price curves for Futures Contracts to LMEsmart throughout the day to create the required price channels. Traded Options are updated manually in LMEsmart. If LMEselect price banding data is not available for the given contract then the previous day's Closing Prices¹ will be used to create the price channels, and LMEsmart will default to the 'wider' multiplier in its calculations as opposed to the 'normal' multiplier (in each case detailed in paragraph 2 below). Should this scenario occur then LMEsmart dynamic price banding limits will be updated independently of LMEselect during the relevant period.

¹ For the purposes of this document, references to Closing Prices shall be deemed to include all LMEprecious Daily Settlement Prices and Cash-Settled Future Daily Settlement Price



2 LMEselect

2.1 LMEselect dynamic price banding limits for Carries

The LMEselect dynamic price banding limits for Carries are calculated from the NCRs published on the LME website, as per the following:

Normal	2 times the NCR
Wide	3 times the NCR
Wider	5 times the NCR

2.2 LMEselect dynamic price bands for Outrights

The LMEselect dynamic price banding limits for Outrights are calculated from the NCRs as per the following:

Normal	Same as the NCR
Wide	1.5 times the NCR
Wider	2 times the NCR

2.3 LMEselect dynamic price bands for Options

	BASE METALS – OPTIONS (VOLATILITY)							
	CA	AH	ZN	NI	PB	SN	AA	NA
DPB	5%	5%	5%	8%	8%	10%	10%	10%

Please note that values displayed in the table are percentage values + / - either side of the prevailing market price. For example, if a value is stated as 5%, the full range will be %10(+5% / -5% of the market price).

For Monthly Average Futures and LMEminis the limits will be the same as those specified in the parent contracts.



3 LMEsmart

3.1 Dynamic price banding limits (derived from LMEselect data)

The following values are the LMEselect dynamic price banding limits for outright:

	BASE METALS – OUTRIGHTS									
	CA	AH	ZN	NI	PB	SN	AA	NA	CO	MO
DPB	\$135	\$50	\$65	\$225	\$50	\$380	\$75	\$75	\$9000	\$2000

	FERROUS / PREMIUM / PRECIOUS – OUTRIGHTS							
	SR	SC	AE	AN	AS	AW	AU	AG
DPB	\$30	\$30	\$30	\$50	\$30	\$30	\$20	\$0.8

Please note that values displayed in the table are + / - either side of the prevailing market price. For example, if a value is stated as \$10, the full range will be \$20 (+10 / -10 of the market price).

For Monthly Average Futures and LMEminis the limits will be the same as those specified in the parent contracts.

3.2 LMEsmart dynamic price banding limits for Futures

The following represents the multiples of the LMEselect dynamic price banding limits that are used in LMEsmart for Futures:

- Normal** 2 times the normal band differentials
- Wide** 3 times the normal band differentials
- Wider** 5 times the normal band differentials

3.3 LMEsmart dynamic price banding limits for Traded Options

	BASE METALS – OPTIONS (PREMIUM)							
	CA	AH	ZN	NI	PB	SN	AA	NA
DPB	\$75	\$50	\$50	\$150	\$50	\$75	\$50	\$25

Please note that values displayed in the table are + / - either side of the prevailing market price. For example, if a value is stated as \$10, the full range will be \$20 (+10 / -10 of the market price).

The following represents the multiples of the above limits that are used in LMEsmart for Options:

- Normal** 1.5 times the normal band differentials
- Wide** 2 times the normal band differentials
- Wider** 4 times the normal band differentials

