

To: All Members
Ref: 13/038:A038
Date: 11 February 2013
Subject: **REVISION TO LME ASIAN BENCHMARK**

Summary

1 From Monday 3 June 2013 the pricing period for the calculation of the Asian Benchmark on LMEselect will be reduced from fifteen minutes to five minutes between 6.55 am and 7.00 am GMT.

Background

2 In January 2011 the LME introduced the Asian Benchmark to reflect Asian trading activity and the subsequent growth in early morning trading volumes on LMEselect. Three month futures prices have therefore been published for copper, primary aluminium and zinc to mark the transition from the Asian time zone to London hours.

3 Following consultation with Members, clients and other parties who have shown an interest in this pricing mechanism, the LME has decided to reduce the pricing period to enhance the price discovery procedure. The LME has also decided to revise the timing of the publication of these prices to ensure they are available at the most relevant time during the day.

Methodology

4 From Monday 3 June 2013 the Asian Benchmark will be established on LMEselect using a volume weighted average price procedure over a five minute pricing period rather than a fifteen minute pricing period, which is currently used. This is intended to concentrate liquidity to enhance and promote the price discovery procedure for the Asian Benchmark.

5 The minimum volume requirement threshold for the volume weighted average calculation of the Asian Benchmark is 50 lots for copper and 25 lots for primary aluminium and zinc. Where the volume does not reach these minimums the LME will publish prices based on an evaluation.



Timing

6 The Asian Benchmark for three months will therefore be established from trading volumes on LMEselect between 7.55 am and 8.00 am London time on a daily basis between Monday 3 June 2013 and Friday 25 October 2013. The publication of the provisional Asian Benchmark will be at 8.01 am London time. There will be a two minute review period before the prices are finalised at 8.03 am.

7 To take into account the change in London hours from BST to GMT, from Monday 28 October 2013 the Asian Benchmark will be established between 6.55 am and 7.00 am London time with the publication of provisional prices at 7.01 am. There will be a two minute review period before the prices are finalised at 7.03 am.

General

8 The LME will continue to look at developing the Asian Benchmark to meet the requirements of Members, clients and other interested parties. If you have any questions, please contact Peter Childs at peter.childs@lme.com.

Peter Childs
Head of Price Discovery

cc: Board of Directors
Trading Committee
Ring Dealers Committee