

To: All Members and other interested parties

Date: 18 March 2021

Ref: 21/050

Classification: Trading General

Subject: **FINAL SETTLEMENT PRICES FOR CASH-SETTLED FUTURES**

Summary

1. With immediate effect, LME Notice 19/390 (*Final Settlement Prices for Cash-Settled Futures*) is withdrawn and replaced with this Notice which shall take effect and sets out the Cash-Settled Future Index that will be used by the LME as the Cash-Settled Futures Final Settlement Price (“**Final Settlement Price**”) for each of the Cash-Settled Futures. This Notice also reflects the authorities granted to the LME in respect of adjusting the Reference Price Publication Dates for Final Settlement Prices as set out in Notice 21/013 (*Consultation on LMEpassport and other Miscellaneous Amendments*) and confirmed in Notice 21/044 (*Decision Notice for Consultation on LMEpassport and other Miscellaneous Amendments*).

Defined Terms

2. Capitalised terms not otherwise defined in this Notice shall have the meaning ascribed to them in the Rules and Regulations of the LME (“**LME Rulebook**”). All times set out in this Notice shall refer to prevailing UK time.

Cash-Settled Futures Index

3. As set out in Regulation 1.10 of Part 6C (for Cash-Settled Futures – Ferrous) and Regulation 1.10 of Part 6D (for Cash-Settled Futures – Non-Ferrous) of the LME Rulebook, the LME shall specify, by way of Notice issued from time to time, the Cash-Settled Futures Index that shall be used as the Final Settlement Price for each Cash Settled Future. Accordingly, Members and other interested parties are advised that a Cash-Settled Futures Contract shall, following termination of trading of the relevant Prompt Date, be settled by reference to the relevant Final Settlement Price, which shall be the relevant Cash-Settled Futures Index set out below:



<u>Contract</u>	<u>Index provider</u>	<u>Index name</u>	<u>Value used in settlement</u>
<u>Cash-Settled Futures – Non-Ferrous</u>			
LME Alumina	Fastmarkets MB / CRU	Fastmarkets MB Alumina index, FOB Bunbury, Australia (\$ per tonne) / CRU Alumina Price Index	Midpoint (Fastmarkets MB) / calculated value (CRU)
LME Cobalt	Fastmarkets MB	Fastmarkets MB Cobalt standard grade free market \$/tonne in	Low point
LME Molybdenum	S&P Global Platts	Platts Molybdenum Oxide Daily Dealer (Global) index	Mid point
LME Aluminium Premium Duty Paid US Midwest	S&P Global Platts	Platts Aluminum Transaction Premium DDP US Midwest	Mid point
LME Aluminium Premium Duty Unpaid European	Fastmarkets MB	Fastmarkets MB Aluminium P1020A in-warehouse Rotterdam duty-unpaid	Mid point
<u>Cash-Settled Futures – Ferrous</u>			
LME Steel Scrap	S&P Global Platts	Platts TSI HMS 1/2 (80:20) CFR Turkey	Mid point
LME Steel Rebar	S&P Global Platts	Platts Rebar, Turkish exports, FOB Turkey port	Mid point
LME Steel HRC FOB China	Argus	Argus HRC FOB Tianjin China	Mid point
LME Steel HRC N. America	S&P Global Platts	Platts TSI HRC US EXW Indiana	Mid point



4. The Alumina Cash-Settled Future uses a “basket” approach with the two indices identified in paragraph 3 given equal weighting to produce the Final Settlement Price.

Establishment and Publication of the Final Settlement Prices

5. Except as provided for in paragraph 6, the Final Settlement Prices will be established and published on the last Business Day of each calendar month, upon receipt by the LME of the Cash-Settled Futures Index for each Cash-Settled Future. Subject to receipt of the relevant Cash-Settled Futures Index, the LME aims to publish the Final Settlement Price for each Cash-Settled Future at the times set out below:

<u>Contract</u>	<u>Relevant Jurisdiction</u>	<u>Reference Price Publication Date</u>	<u>Reference Price Publication Time (UK time)</u>
<u>Cash-Settled Futures – Non-Ferrous</u>			
LME Alumina (CRU / Fastmarkets MB)	London	Last Business Day of each calendar month	17:25
LME Cobalt (Fastmarkets MB)	London	Last Business Day of each calendar month	17:10
LME Molybdenum (Platts)	London	Last Business Day of each calendar month	17:10
LME Aluminium Premium Duty Paid US Midwest (Platts)	United States of America	First Business Day following the last Business Day of each calendar month	17:40



LME Aluminium Premium Duty Unpaid European (Fastmarkets MB)	London	Last Business Day of each calendar month	17:25
<u>Cash-Settled Futures - Ferrous</u>			
LME Steel Scrap (Platts)	London	Last Business Day of each calendar month	16:45
LME Steel Rebar (Platts)	London	Last Business Day of each calendar month	16:45
LME Steel HRC FOB China (Argus)	Singapore	Last Business Day of each calendar month	16:45
LME Steel HRC N. America (Platts)	United States of America	First Business Day following the last Business Day of each calendar month	16:45

6. Where a Reference Price Publication Date falls on a date which is not both an LME Business Day¹ and a business day in the Relevant Jurisdiction (see above), the Reference Price Publication Date shall be adjusted to the next LME Business Day following receipt by the LME of the relevant Cash-Settled Futures Index. By way of non-exhaustive example:
- (a) Where the Reference Price Publication Date is not a LME Business Day but is a business day in the Relevant Jurisdiction, the Reference Price Publication Date shall be adjusted to the next Business Day;
 - (b) Where the Reference Price Publication Date is not a normal business day in the Relevant Jurisdiction but is a LME Business Day, the Reference Price Publication Date shall be adjusted to the next LME Business Day following the LME's receipt of the relevant Cash-Settled Futures Index; and
 - (c) Where the Reference Price Publication Date is not a LME Business Day or a normal business day in the Relevant Jurisdiction, the Reference Price Publication Date shall be adjusted to the next LME Business Day following the LME's receipt of the relevant Cash-Settled Futures Index.

¹ This term is defined in the LME Rulebook as Business Day.



7. In the event of a failure of the necessary SFTP feeds, the LME's business continuity procedures stipulate alternative methods for receiving the daily and monthly Index Prices, either by email or by telephone.

Trading on a known Final Settlement Price

8. In certain circumstances, the relevant Cash-Settled Futures Index may be published prior to the Last Trading Day and/or Last Trading Time as set out in Regulation 1.6 of Part 6C (for Cash-Settled Futures – Ferrous) and Regulation 1.6 of Part 6D (for Cash-Settled Futures – Non-Ferrous) of the LME Rulebook. In these circumstances, it will be possible to identify the relevant Final Settlement Price basis the known Cash-Settled Futures Index. It will therefore also be possible in these circumstances to trade on LMEselect and in the inter-office market on the basis of a known Final Settlement Price.
9. These circumstances arise owing to the publication schedule of Cash-Settled Futures Indices being set by the relevant index provider (rather than the LME) and, as a result, publication dates may on occasion not align in all cases with the LME's trading calendar. Market participants are therefore invited to take note of the publication time (including relevant time zone) and date of the relevant Cash-Settled Futures Index, and of the last trading time for the relevant Cash-Settled Future. Additionally, the LME notes that index providers may operate different publication calendars around public holidays.
10. The LME shall not be responsible for any losses that may be incurred in relation to any trading that is undertaken by a market participant after the relevant Cash-Settled Futures Index is known.

General

11. Members and other interested parties with queries in respect of this Notice should contact the LME by email to: tradingoperations@lme.com.

James Macdonald
Head of Trading Operations

cc: Board directors
User Committee
Steel Committee
Aluminium Committee
Cobalt Committee