

To: All Members, warehouse companies and their London agents and other interested parties

Ref: 17/402 (LME Notice)
17-057 (LMEC Notice)

Classification: Fees

Date: 18 December 2017

Subject: **LME GROUP TRANSACTION FEES, ANNUAL SUBSCRIPTIONS AND OTHER CHARGES**

Summary

1. This Notice sets out the LME and LME Clear's (together, the "LME Group") transaction fees, annual subscriptions and other charges that will take effect from 1 January 2018.

Fees and charges

2. With a view to more closely aligning the LME Group's processes and services, the LME fee schedule now also includes the LME Clear fees and charges, alongside those of the LME.
3. The attached appendix sets out the LME Group's transaction fees, annual subscriptions and other charges. The fees and charges remain unchanged from the fee schedule that was published with LME Notice 17/303, and to the LME Clear fee schedule published in accordance with the LME Clear rulebook found at <https://www.lme.com/-/media/Files/Systems/LME-Clear-Tariff>; however, significant updates are set out below.

Cap on ex-cleared transfers within LMEsword

4. For ex-cleared transfers relating to warrants pledged and withdrawn to/from LME Clear as collateral, as part of LME Clear's warrant service, the LMEsword depository charge cap will remain at \$3,000 per annum, per account. For the avoidance of doubt, accommodation charges to use LME warrants as collateral, providing the LME market with a unique source of protection against risk, will continue to be 25bps until otherwise advised.
5. For more information on LME Clear's warrants as collateral service, please contact rm@lme.com.

LME Group fees and charges

Effective 1 January 2018

The fees and charges below are exclusive of any applicable VAT

Transaction fees^{1/2/3}

Base metals

Futures ⁴ , carries, traded options and TAPOs (per leg per side per lot)		Fees (USD)		
Contract type	Category	Trading	Clearing ⁵	Total
Exchange	Ring / Kerb / Basis	0.25	0.25	0.50
	Non-Ring	0.65	0.25	0.90
	Short-dated carries ⁶ – Ring & Kerb	0.05	0.10	0.15
	Short-dated carries ⁶ – LMEselect	0.15	0.10	0.25
	Short-dated carries ⁶ – Inter-office & Basis	0.25	0.10	0.35
	Medium-dated carries ⁷ – Ring & Kerb	0.10	0.15	0.25
	Medium-dated carries ⁷ – LMEselect & Basis	0.30	0.15	0.45
	Medium-dated carries ⁷ – Inter-office	0.55	0.15	0.70
	Give-up	0.25	0.25	0.50
Client	Short-dated carries ⁶	0.15	0.10	0.25
	Medium-dated carries ⁷	0.30	0.15	0.45
	All other	0.65	0.25	0.90
Option exercise / assignment		-	0.35	0.35
Cash settlement fee		-	0.08	0.08
Delivery fee		-	0.35	0.35

LME minis (per leg per side per lot)		Fees (USD)		
		Trading	Clearing ⁵	Total
All		-	0.25	0.25
Cash settlement fee		-	-	-

Ferrous metals

LME Steel Scrap and LME Steel Rebar (per leg per side per lot)		Fees (USD)		
Contract type	Category	Trading	Clearing ⁵	Total
Exchange	Non-Ring	0.07	0.03	0.10
	Give-up	0.03	0.03	0.06
Client	All	0.07	0.03	0.10
Cash settlement fee		-	0.02	0.02

Precious metals

LMEselect – gold and silver futures (per leg per side per lot)			Fees (USD)	
Contract type	Prompt date	Trading	Clearing ⁵	Total
House ⁸	Tom or Spot	0.28	0.12	0.40
	Tom / Next or Spot / T+3 Carry	0.005	0.005	0.01
	Monthlies, all other dailies and quarterlies	0.35	0.15	0.50
Client	Tom or Spot	0.62	0.28	0.90
	Tom / Next or Spot / T+3 Carry	0.005	0.005	0.01
	Monthlies, all other dailies and quarterlies	0.62	0.28	0.90

Inter-office market – gold and silver futures (per leg per side per lot)			Fees (USD)	
Contract type	Prompt date	Trading	Clearing ⁵	Total
House ⁸	Tom or Spot	0.21	0.09	0.30
	Tom / Next or Spot / T+3 Carry	0.005	0.005	0.01
	Monthlies, all other dailies and quarterlies	0.26	0.12	0.38
	Post-trade functions ⁹	0.03	0.02	0.05
Client	Tom or Spot	0.47	0.21	0.68
	Tom / Next or Spot / T+3 Carry	0.005	0.005	0.01
	Monthlies, all other dailies and quarterlies	0.47	0.21	0.68
	Give up clearer post-trade function	0.31	0.14	0.45
	All other post-trade functions ⁹	0.03	0.02	0.05

Subscriptions and facilitation fees

LME base service subscriptions	Fees (USD)
Category 1	95,000
Category 2	90,000
Category 3	30,000
Category 4	30,000 / 75,000 ¹⁰
Category 5	4,000
Category 6	500
Category 7	-

LMEprecious service subscriptions ¹¹	Fees (USD)
LMEprecious General Clearing Member	20,000
LMEprecious Individual Clearing Member	10,000
LMEprecious Non-Clearing Member	-

LME Clear membership and account fees	Fees (USD)
Annual Membership fee – a General Clearing Member (GCM) clearing for Exchange members and clients receives per service one House, one Net OSA (NOSA), one Gross OSA (GOSA) and one ISA account	25,000
Annual Membership fee – a General Clearing Member (GCM) clearing for clients receives per service one House, one Net OSA (NOSA), one Gross OSA (GOSA) and one ISA account	17,000
Annual Membership fee – an Individual Clearing Member (ICM) clearing for itself receives per service one House account	14,000
Annual Net OSA (NOSA) or Gross OSA (GOSA) direct or indirect fee per additional account received for each service	5,000
Annual ISA fee per additional account received for each service	1,700

One-off processing fee	Fees (USD)
LME application fee ¹²	4,000
LME Clear application fee	1,700

Market Data

Data distribution	Fees (USD)				
	LME data	LME precious data	Pre-trade data	Post-trade data ¹³	LBMA (Platinum & Palladium)
Real Time Annual Licence Fee	16,000 ¹⁴	3,200	4,250	4,250	3,200
Real Time Monthly Subscriber Fees	85	-	30 ¹⁵	- ¹⁶	10
Delayed Annual Licence Fee ¹⁷	16,000	3,200	2,000	2,000	3,200
Delayed Monthly Subscriber Fees	23	-	-	-	-
Next-Day One-Off Licence Fee	2,400				
Media Annual Licence Fee	3,200				
Select API Monthly Fees (per client)	25 ¹⁸		-		

Data usage licence (annual fee)	Fees (USD)			
	LME data (standard)	LME data (premium)	LBMA (standard)	LBMA (premium)
LME Member	-	-	1,000	2,500
LME Client	-	5,000	1,000	2,500
LPP Member Participant	3,500	8,500	-	-
Physical Participant	-	-	1,000	2,500
Other	3,500	8,500	1,000	2,500

LMElive	Monthly fees (USD)	Annual fees (USD)
Real-time	275	3,300
30 Minutes delayed	190	2,280
Anywhere (mobile)	135	1,620
Real-time and Anywhere	320	3,840
Real-time and PGM	290	3,480
Real-time, PGM and Anywhere	335	4,020
Next day XML Feed	-	2,312

Historical data	Fees per report (USD)
First 5 reports (e.g. Official Prices)	68
6+ reports	43
Premium reports (e.g. Closing Prices)	400
Annual order and trade history	5,640

Derived data licence	Annual fees (USD)	Monthly product fees ¹⁹ (USD)	
Derived calculations		Third party sub-licensed products	Proprietary products
1-3	15,000	Product total expense ratio x LME weighting (%) x AUM	0.3bp x LME weighting (%) x AUM
4-10	30,000		
11-20	50,000		
21-50	80,000		
51-75	120,000		
76-100	150,000		
101+	180,000		

Distribution of market prices to clients via LMEselect's API	Fees (USD)
Per client per month ^{20/21}	25
up to a maximum fee of	7,500

Other LME charges

Listed warehouse and LME warranted metal charges	Fees (USD)
Annual warehouse listing fee (per warehouse company per good delivery point)	5,000
Additional warehouse(s) ²²	4,000
Stock levy (of the daily rent collectable on LME warrants) ²³	1.1%

LMEsword depository charges (per warrant)		Fees (USD)
Lodgement of LMEsword warrants		-
Withdrawal of LMEsword warrants		3.00
Safekeeping of LMEsword warrants in depository (per calendar day)		0.01
Ex-cleared transfers (per side) ²⁴		3.00

LMEsword fees for non-member account holders		Fees (USD)
Annual fees	All	5,000
One-off administration fees	Non-Member account holder	8,200
	Non-Member remote participant account holder	4,100

LME brand initial listing charge		Fees (USD)
All brands of metal		65,000

LSA charge		Fees (USD)
Per listed assayer		2,500

LMEshield		Fees (bp)
Annual custody fee ²⁵	Delivery point jurisdictions	1
	Non-Delivery point jurisdictions	5
Transaction fee ²⁶	Delivery point jurisdictions	-
	Non-Delivery point jurisdictions	-

LMEwire ⁵		Fees (USD)
Exchange Traded Derivative (ETD)	Transaction submission	0.02
	Position submission	0.01
	Valuation submission	0.01
Over The Counter (OTC) Lite	Position submission	0.01
	Valuation submission	0.01
Collateral	Collateral value submission	-
Other charges	Annual membership fee	10,000
	Static data update	-
	Annual fee cap ²⁷	100,000

LME incentive programmes

Details of the current LME incentive programmes can be accessed on the links below:

New Market Participant (NMP)	https://www.lme.com/Trading/New-initiatives/Electronic-trading/New-market-participant-programme
Liquidity Provider (LP)	https://www.lme.com/Trading/New-initiatives/Electronic-trading/Liquidity-provider-programmes
Electronic Trader Programme (ETP)	https://www.lme.com/Trading/New-initiatives/Electronic-trading/Electronic-trader-programme

Firms or individuals which qualify for an LME incentive programme will be eligible for trading and clearing fee rebates as described in the relevant Notice

Certificates

Fees (GBP)

Standard certificate (max 5 prices)	75
Other	Price on request
Exchange rate	10
Non LME prompt	10
Stamped by the London Chamber of Commerce ²⁸	60
Legalised and stamped by other embassies ²⁹	80
Same day dispatch	15

LME Clear post-trade service charges³⁰

Position transfer fees³¹

Fees (USD)

Member transferor fees (per lot)	0.10
Member transferee fee (per lot)	0.10

Compression

Fees (USD)

Charge per lot compressed	0.01
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Default funds and margin deposit currency

Deposit rate³²

EUR	EONIA minus 50 bps ³³
GBP	SONIA minus 30 bps ³³
USD	Fed Funds minus 20 bps ³³
JPY	TONAR minus 30 bps ³³
CNH	CDIR minus 30 bps ³⁴
Bonds and gold	10 bps on the value of the collateral lodged
LME warrants	25 bps on the value of the collateral lodged

NOTES

¹ Until further notice no fees are applied to trade halves submitted to the Matching System against mnemonic “UNA” in the counterparty field. For the avoidance of doubt, the trade half with counterparty “UNA” is matched against a trade half with member “UNA” and counterparty the respective member. This trade half is also not charged.

² No fees are applied to adjustment trades carried out through LMEsmart in respect of bid price adjustments as required by the Lending Rules.

³ Certain position transfers and certain other administrative transactions may be eligible for a fee cap or discount. For further information, please contact Relationship Management at rm@lme.com.

⁴ MAF trading and clearing fees have been waived until end December 2018 (extending the waiver originally announced in LME Member Notice 17/213).

⁵ Clearing fees are payable to LME Clear.

⁶ Short-dated carries are where all carry dates are between the TOM date (next LME prompt day) and 15 calendar days forward from the TOM date inclusive. These prices are pursuant to LME Member Notice 17/303 and will expire on 31 October 2018 unless otherwise advised.

⁷ Medium-dated carries are carries which are not short-dated, and where all legs are within 35 calendar days forward from the closest prompt date. For the avoidance of doubt, multi-leg carries would need to have all legs within 35 days of the closest prompt date for the medium-dated carry fee to apply. These prices are pursuant to LME Member Notice 17/303 and will expire on 31 October 2018 unless otherwise advised.

⁸ House fees apply to the house business for all LMEprecious memberships which includes LMEprecious General Clearing Memberships (GCMs), LMEprecious Individual Clearing Memberships (ICMs) and LMEprecious Non-Clearing Memberships (NCMs). House fees also apply to trading in LMEprecious Contracts undertaken by affiliates of LMEprecious clearing members (GCMs and ICMs). An “affiliate” shall mean, in relation to an entity, any subsidiary or ultimate holding company of that entity and any other subsidiary of that ultimate holding company. A company is a “subsidiary” of another company, its “holding company”, if that other company holds directly or indirectly 50% more of the voting rights in the company and / or exercises effective control over it. Affiliates of LMEprecious GCMs or ICMs wishing to benefit from House fees must contact Relationship Management at rm@lme.com to demonstrate the entity meets the definition of an affiliate as set out above.

⁹ Including give-up executor trades, reversal / corrections and position transfers.

¹⁰ Category 4 members operating a proprietary trading model will incur annual subscription fees of US\$30,000 per annum; Category 4 members who execute / issue client contracts for customers will incur annual subscription fees of US\$75,000 per annum.

¹¹ LMEprecious subscription fees have been waived until end December 2018.

¹² A processing fee will be applied to membership applications and will be offset against the first year’s annual subscription fee.

¹³ Includes the LME’s tradeable instrument file.

¹⁴ This licence permits the distribution of all LME data and delay classes.

¹⁵ Subscribers may be eligible to net monthly fees on a per user basis.

¹⁶ Fee waived until further notice.

¹⁷ Not applicable if already paying for a real time annual licence.

¹⁸ Per end-user. Capped at \$7,500 per month for members reporting over 300 users.

¹⁹ Only applicable to relevant products with AUM of greater than 200 million USD.

²⁰ Upon receiving approval from the LME, members may permit clients to use the LME data received from the LMEselect API in simulated trading environments without incurring market data fees (US\$25 per user / per month) provided certain conditions, including reporting obligations, are met. Members wishing to offer this service should contact MemberSelect.APIDataReports@lme.com for pre-approval (per client or sub-client) and an updated reporting template. For further information, please refer to the LMEselect API Side Letter between each member and the LME.

²¹ Upon receiving approval from the LME, non-precious members may receive LMEprecious data transmitted on the LMEselect API for view-only purposes in addition to the right to distribute this data to clients or sub-clients. Members wishing to receive and distribute LMEprecious data should contact MemberSelect.APIDataReports@lme.com for an updated agreement and reporting template. Fees for LMEselect API distribution remain at US\$25 per user / per month and are capped at US\$7,500 for members reporting over 300 users per month. LMEprecious data subscriber / end user fees are waived for 2018; however, members opting in for this service will be required to provide quarterly / monthly declarations for all users (including LMEprecious and LMEselect API data users).

²² Waiver may be applicable for replacement or relisted warehouse.

²³ The calculation will be the total reported tonnage (cancelled plus live warrants) on each day, multiplied by the published rent rate for each warehouse, multiplied by 1.10 per cent. Stock levies on cancelled warrants subject to Queue-Based Rent Capping (QBRC) will be adjusted according to QBRC rules (including anti-abuse measures): metal eligible for a 50% rent discount will be liable for only 50% of the stock levy. The stock levy will not apply to metal eligible for rent-free storage under QBRC. Stock levies will continue to be invoiced on a half-yearly basis; for example, the stock levy for 1 January 2018 to 30 June 2018 will be invoiced in early July 2018.

²⁴ Ex-cleared transfers relating to warrants pledged and withdrawn to / from LME Clear as collateral will be capped at US\$3,000 per year per member account.

²⁵ Metal registered on LMEshield will be classified within a specific metal type (e.g. aluminium, copper) and charged based on the LME's average cash price for the previous month for the relevant metal. Fees will be calculated pro-rata on a monthly basis in arrears using the daily closing tonnage by metal and by jurisdiction.

²⁶ Until further notice no fees are applicable to LMEshield transactions.

²⁷ LME Clear cap does not apply to DTCC charges.

²⁸ Subject to LCC prices.

²⁹ Only available on standard and London stamped.

³⁰ All third party fees will be passed through to Members at cost.

³¹ Full details can be found in the Positon Transfer Detailed Service Specification available at <https://www.lme.com/-/media/Files/LME-Clear/Technology/LME-Clear-Position-Transfers-Detailed-Service-Specification-v1-1.pdf>. For the LME Position Transfer Cap, please see LME Member Notice 16/290 : A284. Please contact rm@lme.com for further information.

³² LME Clear deposit rate (LMECDR) – the rate at which LME Clear will pay or charge interest on credit cash balances.

³³ For Euro, GBP, USD and JPY the treasury associated debit or credit will be calculated daily and applied to members' accounts monthly. If required, intra-month reviews of the LMECDR may occur should market conditions or circumstances demand it. This information will be published in LMEmercury.

³⁴ CNH Daily Investment Rate (CDIR) is based on the investment rate achieved by LME Clear. The treasury associated debit or credit will be calculated daily and applied to members' accounts monthly. If required, intra-month reviews of the LMDR may occur should market conditions or circumstances demand it. This information will be published in LMEmercury.

TRANSPARENCY OF FEES STATEMENT

As required by Article 4, RTS 10 of MIFID II¹ (RTS 10)², the LME has established its fees and fee structures in this Fee Schedule on the basis of: (i) Article 3, RTS 10; and (ii) the key objective criteria set out below:

- (a) The operating costs associated with running the LME, including but not limited to personnel costs, technological costs and regulatory compliance costs.
- (b) The fees shall be structured so as to be fair, transparent and non-discriminatory to all market participants.
- (c) The LME shall take into consideration the feedback of market participants to determine the right and appropriate level of fees.
- (d) The LME, where appropriate and reasonable to do so, shall take into consideration the trading venue fees of peer trading venues.

As required by Article 4, RTS 10, execution fees, ancillary fees, rebates, incentives and disincentives are set out, or linked to, in this comprehensive and publicly accessible Fee Schedule on the LME's website, as amended from time to time.

This Fee Schedule also meets LME Clear's obligations under Article 38(1) of EMIR insofar as they relate to prices and fees.

FAIR AND NON-DISCRIMINATORY FEE STATEMENT

This Fee Schedule has been prepared pursuant to Article 48(9) of MIFID II and more particularly, on the basis of the following principles in Article 3, RTS 10

- 1) Trading venues shall charge the same fee and provide the same conditions to all users of the same type of services based on objective criteria. Trading venues shall only establish different fee structures for the same type of services where those fee structures are based on non-discriminatory, measurable and objective criteria relating to:
 - (a) the total volume traded, the numbers of trades or cumulated trading fees;
 - (b) the services or packages of services provided by the trading venue;
 - (c) the scope or field of use demanded; and
 - (d) the provision of liquidity in accordance with Article 48(2) of MiFID II or in a capacity of being a market maker as defined in Article 4(1)(7) of MiFID II.
- 2) Trading venues shall ensure that their fee structure is sufficiently granular to allow users to predict the payable fees on the basis of at least the following elements:
 - (a) chargeable services, including the activity which will triggers the fee;
 - (b) the fee for each service, stating whether the fee is fixed or variable; and
 - (c) rebates, incentives or disincentives.
- 3) Trading venues shall make individual services available without being bundled with other services.

¹ Directive 2014/65/EU of the European Parliament and of the Council on Markets in Financial Instruments of 15 May 2014

² Commission Delegated Regulation (EU) 2017/573 of 6 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council on Markets in Financial Instruments with regard to regulatory technical standards on requirements to ensure fair and non-discriminatory co-location services and fee structures

PROHIBITED FEE STRUCTURES STATEMENT

As required by Article 5, RTS 10, the LME does not offer market participants fee structures whereby once their trades exceed a given threshold, all of their trades benefit from a lower fee for a set period, including those trades that were executed prior to reaching that threshold.

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Monthly Average Futures (“MAF”)

6. For MAF trading and clearing fees, the fee waiver will remain in effect until 31 December 2018.

MiFID II requirements

7. The schedule of LME Group fees and charges has been updated to incorporate the changes required by MiFID II; namely that any fees or charges should be in a single document that incorporates all the fees and charges levied by the LME. As such, all LME fees have been included, including LMEprecious and 2017 discounts to short- and medium-dated carries, as well as other administrative charges.

Collection of annual subscription charges

8. The LME shall continue to collect the annual subscription charges from Category 1, 2 and 3 members via LME Clear. Invoices for 2018 subscription charges shall be issued in early January 2018, and the invoiced amount will be collected from clearing members' accounts in January 2018.
9. For all other membership categories, including LMEprecious and LME Clear, invoices will be raised in the usual way.

Further information

10. If you have any questions regarding the LME Group's transaction fees, annual subscriptions and other charges, please contact rm@lme.com.
11. I am pleased to take this opportunity on behalf of the Boards and the staff of the LME Group to wish all members, warehouse companies and agents, assayers, data vendors and all other market participants all the best for the festive season and a very successful 2018.

Marcos Castro
Company Secretary

cc: Board directors
User Committee
All metals committees
Physical Market Committee
Warehousing Committee
Ring Dealers Committee
Trading Committee
Traded Options Committee

Appendix I: LME Group fees and charges 2018