

To: All members

Ref: 17/218

Classification: Trading

Date: 30 June 2017

Subject: **AMENDMENT TO THE METAL CLOSE OUT SCHEDULE
DURING THE SECOND KERB SESSION**

Summary

1. The London Metal Exchange (LME) is amending the metal close-out schedule during the second Kerb session (PM Kerb) with effect from 2 October 2017. The forthcoming Markets in Financial Instruments Directive II (MiFID II) places greater attention on, amongst other things, the processing of business executed on trading venues. The revised schedule will therefore improve the efficiency for matching business transacted on the Ring and this measure will assist Ring Dealing Members in meeting the relevant requirements.

Background

2. The LME consulted on proposed changes to the LME Rulebook and Matching Rules (the "Consultation") which included a requirement to match non-electronically executed business within 10 minutes from the close of the relevant Ring or Kerb session. For business referenced against the close, the 10 minute requirement will commence when the Official Prices and Closing Prices are published as final by the LME. As part of this Consultation the LME proposed amending the metal close-out schedule during the PM Kerb to assist Ring Dealing Members in meeting these requirements. This proposal followed extensive discussions with the Ring Dealers Committee. Furthermore, the recommendation from the Ring Dealers Committee which formed this proposal was also noted and agreed by the Trading Committee.
3. Following the Consultation, the LME issued a notice (the "Decision Notice") on 4 April 2017, No: 17/116, which set out the final revised LME Rulebook changes for the Matching Rules which took effect from 22 May 2017. The LME detailed the transitional arrangements for matching performances in regards to the enforcement of the revised LME Rules in a further LME Notice, No: 17/125, issued on 10 April 2017. This Notice advised that there will be a transitional period from 22 May 2017 to 29 December 2017 in order for Members to ensure they are fully compliant with the LME's Rules and administrative procedures.
4. The Decision Notice also set out the revised metal close-out schedule during the PM Kerb. This schedule brings forward the close-out of larger volume contracts which will



provide Ring Dealing Members with more time to match business transacted during this period. The revised schedule also alternates closing out larger volume contracts with smaller volume contracts which is intended to assist Ring Dealing Members in meeting the requirement to match non-electronically executed business, not referenced against the close, within 10 minutes from the close of the relevant metal on the PM Kerb.

Current Schedule

Metal(s)	5 minute close-out
Premium Aluminium	16:25 – 16:30
Tin	16:30 – 16:35
Lead	16:35 – 16:40
Nickel / Cobalt	16:40 – 16:45
Zinc	16:45 – 16:50
Copper / Molybdenum	16:50 – 16:55
Aluminium / Alloy / NASAAC	16:55 – 17:00

Revised Schedule

Metal(s)	5 minute close-out
Zinc	16:20 – 16:25
Tin	16:25 – 16:30
Copper	16:30 – 16:35
Cobalt / Molybdenum	16:35 – 16:40
Aluminium	16:40 – 16:45
Premium Aluminium / Alloy / NASAAC	16:45 – 16:50
Lead	16:50 – 16:55
Nickel	16:55 – 17:00



Implementation

5. The revised schedule will take effect from 2 October 2017 to ensure Member readiness before the new matching requirements take effect from January 2018. The LME will, at the same time, revise the timing for the closure of the first Kerb session (AM Kerb) for all metals which will cease at 13:35 hours, rather than the current time of 14:45 hours.
6. If Members or other interested parties have any questions or requests for further clarification on the revised schedule, please do not hesitate to contact Peter Childs at peter.childs@lme.com or on +44 (0)207 113 8200.

Peter Childs

Head of Trading Operations

cc: Board directors
Ring Dealers Committee
Trading Committee