

SEPTEMBER 2019

**REVISIONS TO THE LOOSE-LEAF RULEBOOK  
OF THE LONDON METAL EXCHANGE**

**Release No 107**

Enclosed are replacement pages of the LME Rulebook affected by recent revisions.

Updates comprise:-

Part 3 – Replace pages 3-19 and 3-23

Details of the substantive changes are below:

19/255	AMENDMENTS TO THE SCHEDULE FOR RING TRADING DURING THE SECOND SESSION AND PM KERB FOLLOWING THE ZINC TRIAL FOR ALL BASE METALS TRADED ON THE RING
--------	---



**Tom Hine**

Ref: R107 (2019/6)

- (m) in relation to any Cleared Contract, the account of the Clearing House to which the Cleared Contract has been allocated by the Clearing Member, which may include for the avoidance of doubt, the Clearing Member's "house" or "proprietary" account, or a relevant "client" account, being either segregated on an "omnibus" basis or an "individual" basis with respect to the Clearing Member's Clients and, where relevant, Indirect Clients of the Clearing Member.

Registered Intermediating Brokers shall keep records of all Agreed Trades that they have arranged, in such form as the Exchange may approve, and such records shall include the following details:-

- (i) the names of the parties to the Agreed Trade (including whether such parties are Members);
- (ii) the identities of the Clearing Member(s) that are responsible for clearing the Contracts resulting from Execution of the Agreed Trade; and
- (iii) the details specified in paragraphs (b) to (m) above (subject that where any such paragraph refers to a Member, the RIB shall record the details relating to each counterparty to the Agreed Trade).

3.7.2 The time of a transaction effected by open outcry in the Ring shall be recorded by denoting the Ring-trading period in which the transaction is effected, using the appropriate abbreviation from below, as detailed further in the Matching Rules:-

"R1" for the first Ring of the first session;

"R2" for the second Ring of the first session;

"K1" for the ensuing kerb;

"R3" for the Ring of the second session;

"K2" for the ensuing kerb.

### 3.8 **Post-Compression Contracts**

3.8.1 For the avoidance of doubt, nothing in this Regulation 3 shall require a Post-Compression Client Contract to be separately input into the Matching System as a consequence of its creation pursuant to Compression. The input of the original trade that gave rise to the Contract that was subject to Compression is sufficient to ensure that such trade (and any Contracts and Post-Compression Contracts resulting therefrom) is recorded in the Matching System.

### 3.9 **Pre-Requisites to Contract Formation**

3.9.1 Upon entry into the Matching System of the particulars of any Agreed Trade, each Member that is party to the Agreed Trade (or, in the case of a Registered Intermediating Broker, that has inputted the particulars of the Agreed Trade into the Matching System) must:

- (a) specify the Clearing Member that is responsible for the clearing of the Agreed Trade for such Member;

- (c) the third Wednesday in December of each of the following three calendar years in the case of all other metals.

The said prices shall be determined on the basis of trading during the second of that morning's Ring trading-sessions or on such other basis as the Quotations Committee shall, in its discretion, decide.

- 5.5 At the close of the afternoon Ring trading-session the Quotations Committee shall determine prices for metals in the same manner as provided in Regulation 5.1.1 and 5.1.2 but on the basis of trading in the Ring in the second session. Such prices shall be known as "Unofficial Closing Prices" and shall be posted in the Exchange.
- 5.6 After the close of the afternoon Ring-trading session on the Prompt Date of each Index Contract, the Quotations Committee shall determine and publish the level of the Index based upon the Closing Prices of the Constituent Metals determined and published for that day in accordance with Regulation 6.1 of these Trading Regulations. The level of the Index so determined shall immediately be reported by the Company to the Clearing House and shall be the Settlement Price for the Index for such Index Contracts and for Cleared Contracts that have come into effect pursuant to the registration of Index Contracts by the Clearing House.
- 5.7 **Settlement Prices for Cash-Settled Futures and LMEprecious Futures and Closing Prices for Specified Metals**
- 5.7.1 Each Cash-Settled Futures Daily Settlement Price shall be calculated using a volume weighted average price ("VWAP") from transactions on LME Select between such periods as shall be specified by way of Notice.
- 5.7.2 The Exchange may specify a minimum volume threshold with respect to each Contract that is subject to this daily Settlement Price process, which shall be advised to the market from time to time by way of Notice.
- 5.7.3 In the event that the minimum volume threshold requirement is not reached, then the relevant Cash-Settled Futures Daily Settlement Price shall be determined as follows:
- (a) it shall be the last traded price within the bid/offer on the close of the pricing period, unless any of the following apply;
  - (b) if the last traded price is outside of the bid/offer on the close of the pricing period, then the closest price to the last trade that falls within the bid/offer will be used;
  - (c) if no trades have occurred during the pricing period, then the mid-point of the bid/offer on the close of the pricing period will be used;
  - (d) if no trades have occurred during the pricing period and no bid/offer exists on the close of the pricing period, then the last traded price may be used but there is no obligation on the Exchange to determine that Cash-Settled Futures Daily Settlement Price at that level;