

To: All members and other interested parties

Ref: 16/388 : A381

Classification: General updates Fees

Date: 15 December 2016

Subject: **MARKET DATA USAGE POLICY WAIVER FOR PHYSICAL USE**

Summary

1. Based on market feedback, the LME is refining its market data usage policy (“Usage Licence”). Effective 1 January 2017, firms who only require the use of LME Data¹ and Trademark(s)² in their physical supply contracts will receive a full waiver of the Usage Licence fee.

Background

2. LME prices are used as the global reference for metals trading. Many firms use the LME’s Trademarks and pricing in their physical commercial business, given the value and credibility it provides.
3. The Exchange introduced the Usage Licence in April 2016 to explicitly permit firms to use LME Trademarks and pricing as a reference in transactions and/or for pricing and valuation activities. The policy will now be refined to allow firms who require the information solely for use as a reference price in their physical purchases or sales contracts to be eligible for a fee waiver on the Usage Licence fee. The change will take effect 1 January 2017.
4. Firms should continue to apply for the Usage Licence using the online licensing portal (<https://datalicensing.lme.com>) but, where eligible, will not be charged a fee.

¹ “Data” shall mean data in any form relating to the LME market, including, without limitation, market data prices, volumes, quotations, indices, time stamps, news and other information relating to contracts and other instruments traded on any platform operated by the LME.

² “Trademark(s)” shall include “LME” together with any other trademarks registered by LME or other marks or trading names as further notified from time to time.



5. The physical fee waiver will not apply to the LBMA PGM Usage Licence which permits use of LBMA Platinum and LBMA Palladium data and trademarks. A physical market Usage Licence will remain payable for these prices, given that the LME does not charge participants for trading on this platform, and (in common with similar reference prices), a charge of this nature was hence a key element of the transition from the previous phone-based auction process.
6. The LME will be contacting all firms who signed an LME Usage Licence in 2016 to assess eligibility under the new physical waiver. If applicable, the Usage Licence fee for 2017 (and future years, as appropriate) will be waived at LME's sole determination and discretion.

Fee waivers

7. All other previously announced 2017 fee waivers will remain unchanged.
8. For 2017, Category 1-5 Members will remain eligible for a fee waiver on the Premium LME Usage Licence.
9. Clients who are party to LME Client Contracts³ will remain eligible for a fee waiver on the Standard LME Usage Licence and receive a discount on the LME Premium Usage Licence (where applicable).
10. In accordance with Regulation 6.4 of the London Platinum Price and London Palladium Prices Regulations ("LPP Prices Regulations⁴"), Member Participants and their Affiliates (both as defined within the LPP Prices Regulations) will continue to be eligible for a fee waiver on the LBMA PGM Usage Licence.

Minimum threshold

11. As part of LME's ongoing collaboration within the industry, a minimum threshold (set at USD 5 million) was introduced as part of the roll out of the usage policy. Any firm below the threshold of use was exempt from requiring a Usage Licence. Effective 1 January 2017, the threshold will be increased to USD 10 million. This exemption operates in addition to the broader base metals physical market fee waiver.

³ "Client Contract" is a Contract between a Category 1, 2 or 4 Member and any other person that has been entered into the Matching System as a Client Contract, as such terms are defined in accordance with the LME Rules and Regulations ("Rules"). The Rules are available from <https://www.lme.com/regulation/rules/>.

⁴ The LPP Prices Regulations are available from <https://www.lme.com/metals/precious-metals/governance>.



Further information

12. Please refer to www.lme.com/pricing-and-data/usage for updated Frequently Asked Questions (FAQs) and further information.
13. If you have any questions regarding the Usage Licence please contact datalicensing@lme.com.

Caroline Porter
Head of Data Sales

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