

Delivering a global contract for Asia

LME Asia Metals Seminar 2025

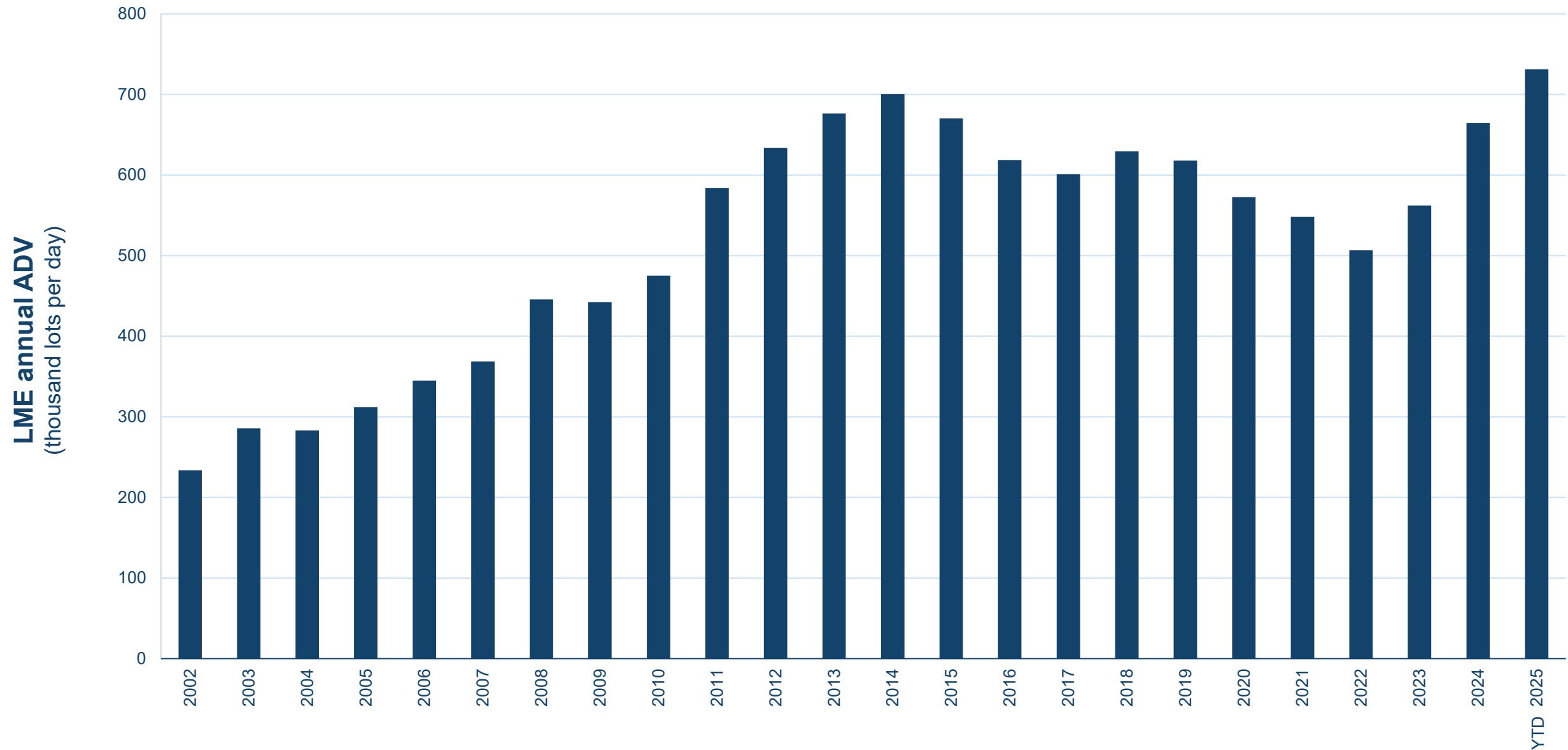
Matthew Chamberlain
Wednesday 21 May 2025



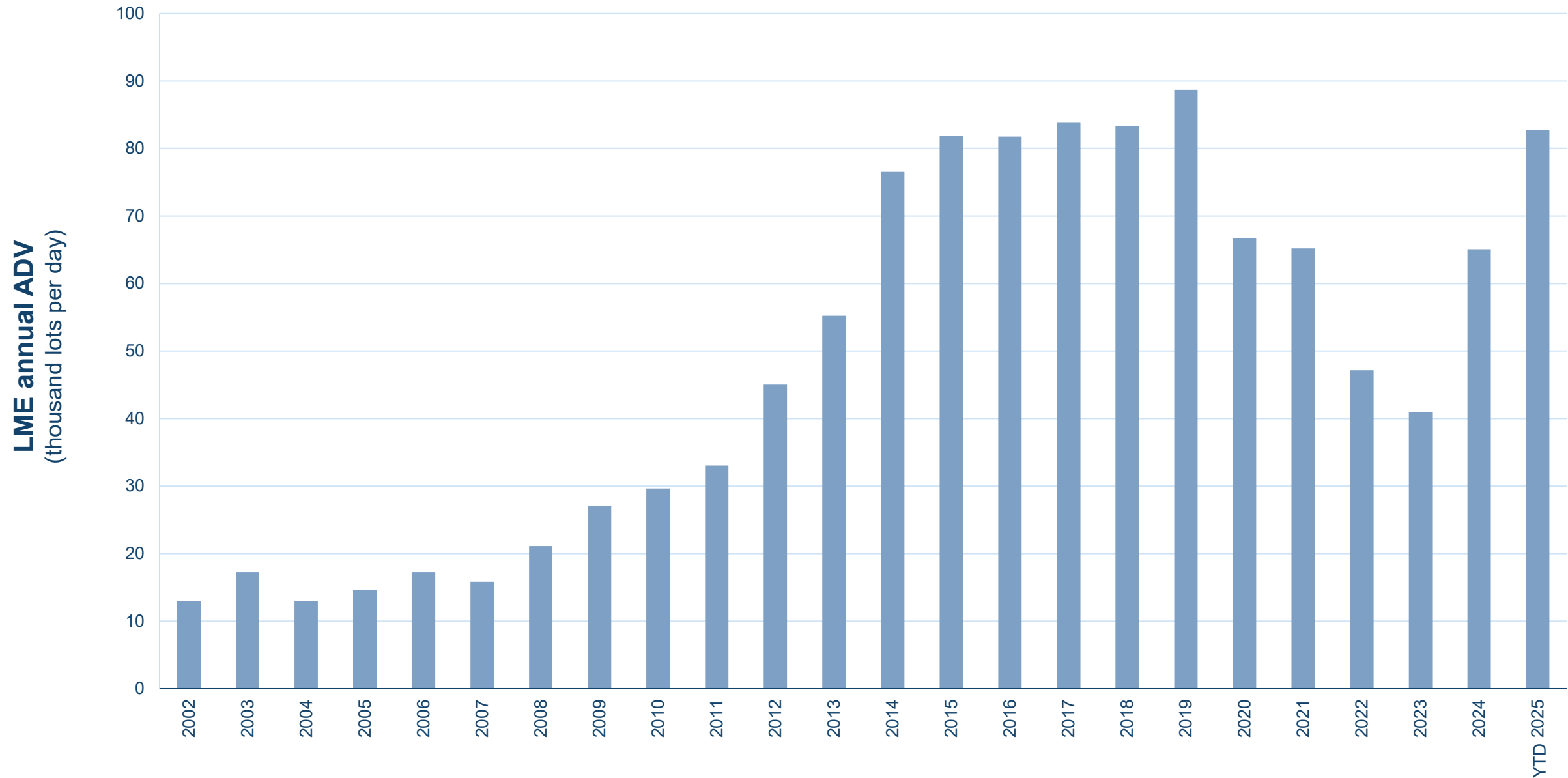
SETTING THE GLOBAL STANDARD



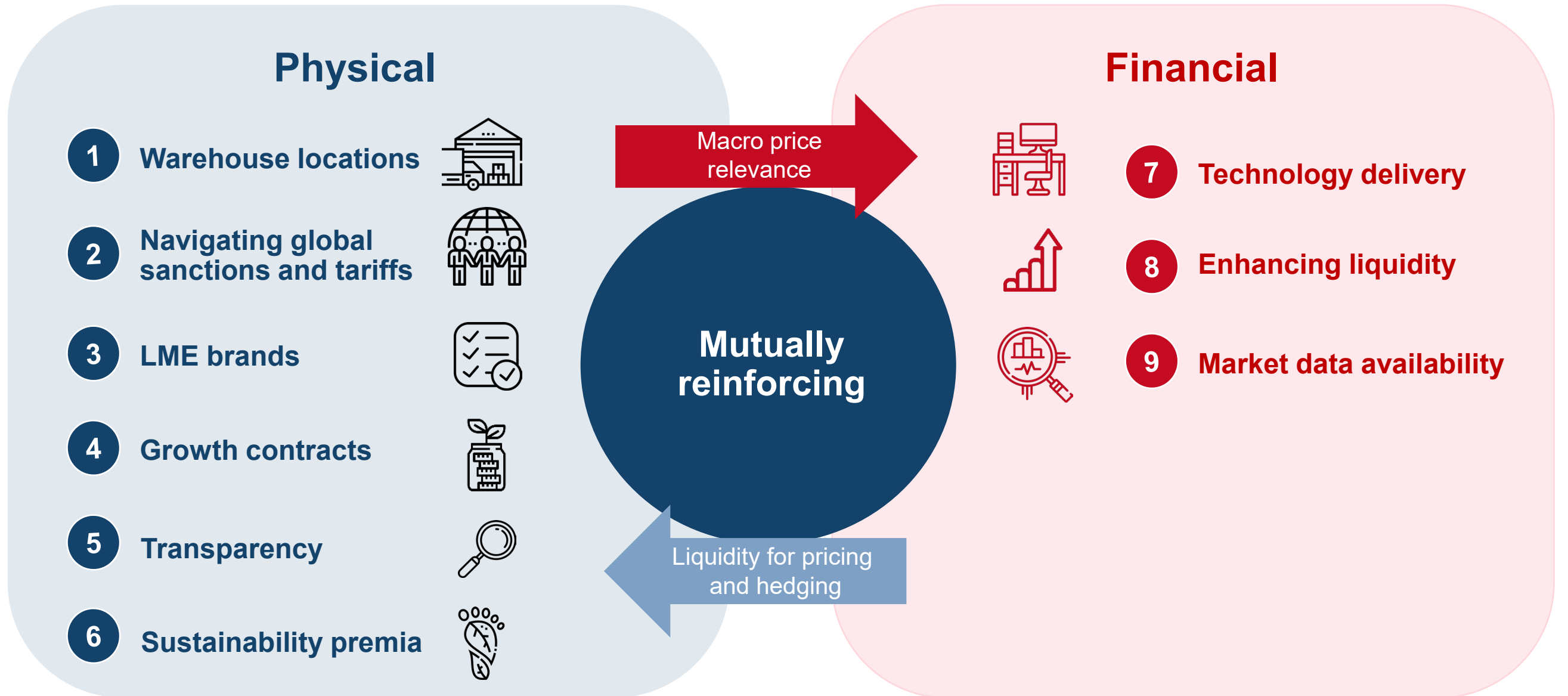
LME average daily volumes (ADV)



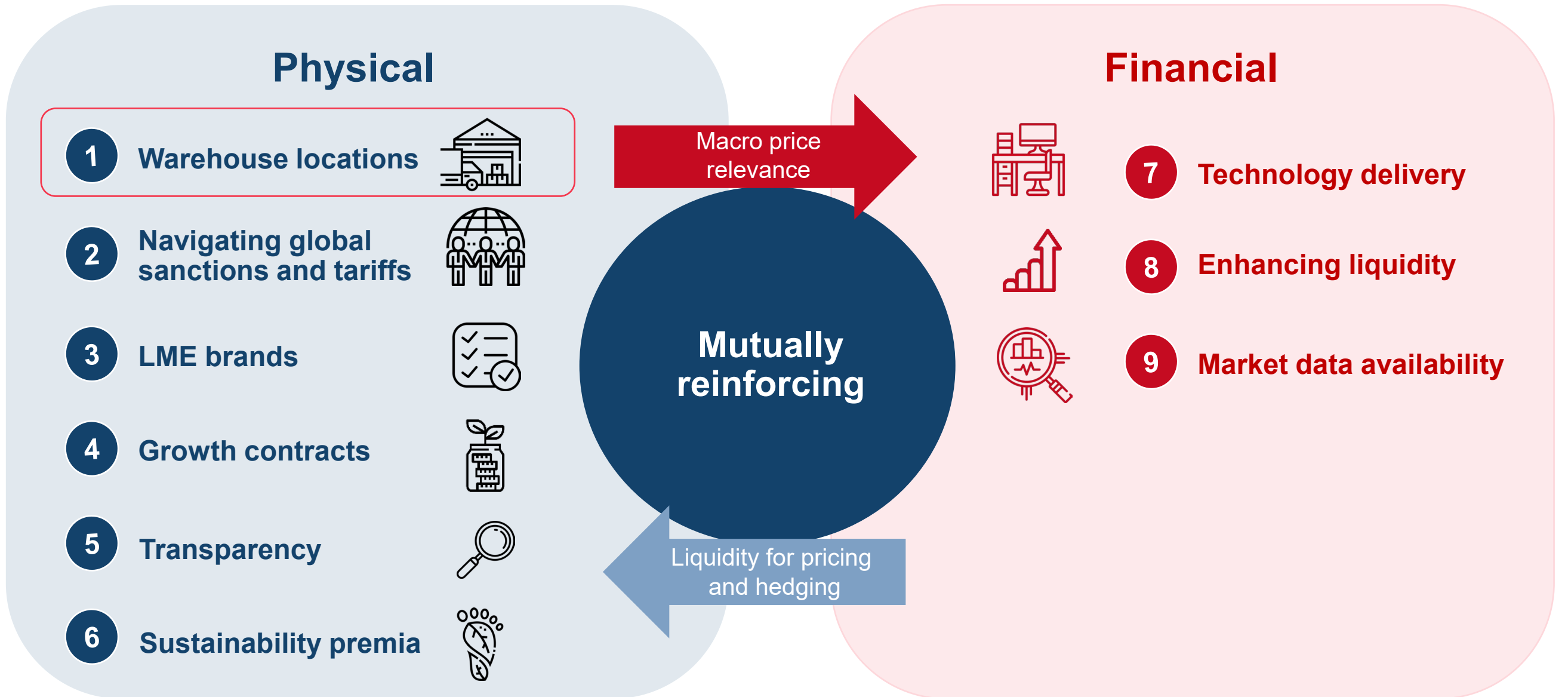
LME nickel ADV



The role of the LME

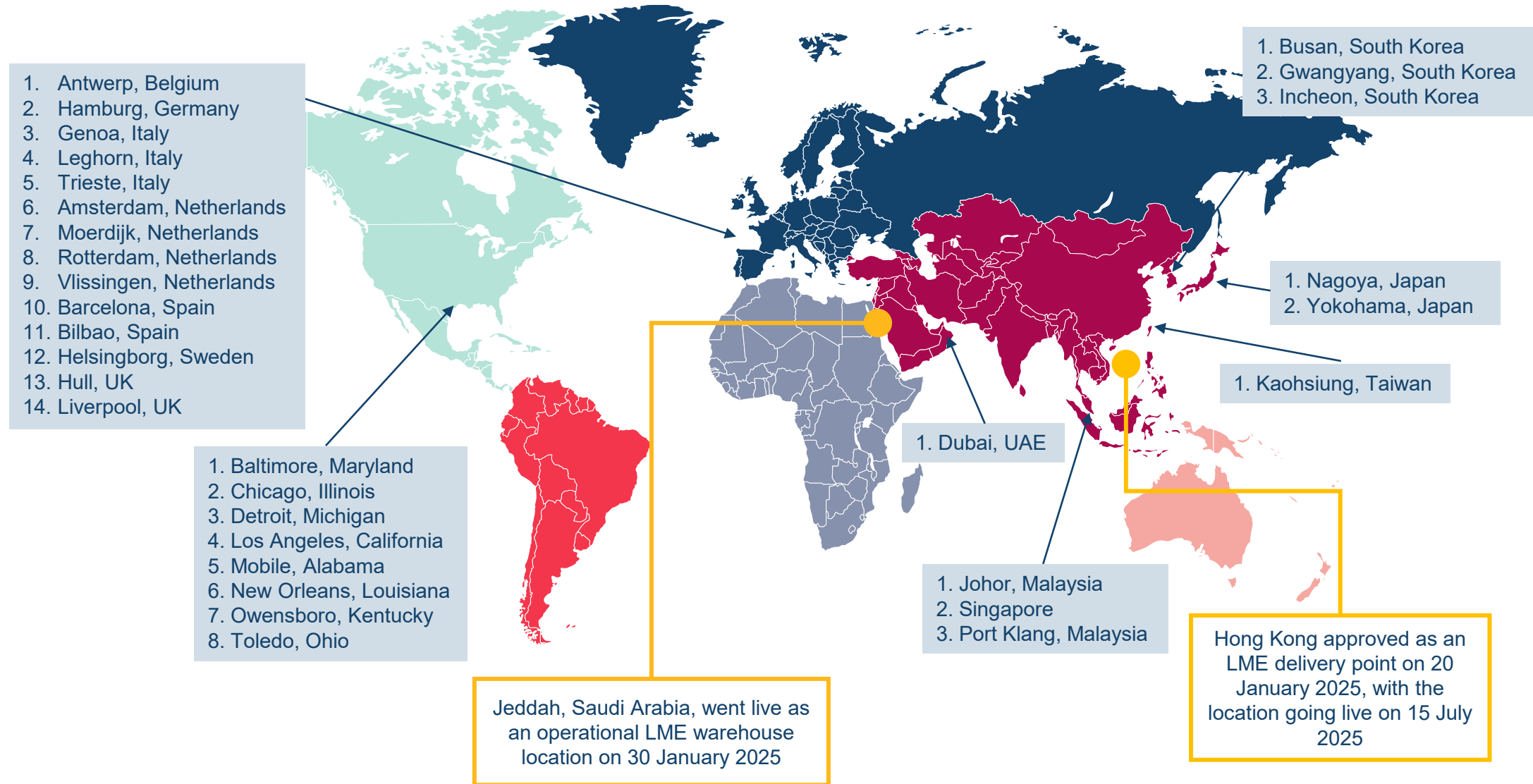


The role of the LME



1 LME global warehousing

Approved warehouse operations in 33 locations across 15 countries / regions – soon to be 16



Hong Kong brings the LME warehousing network ever closer to the key metals centres of Mainland China



1 Hong Kong warehousing

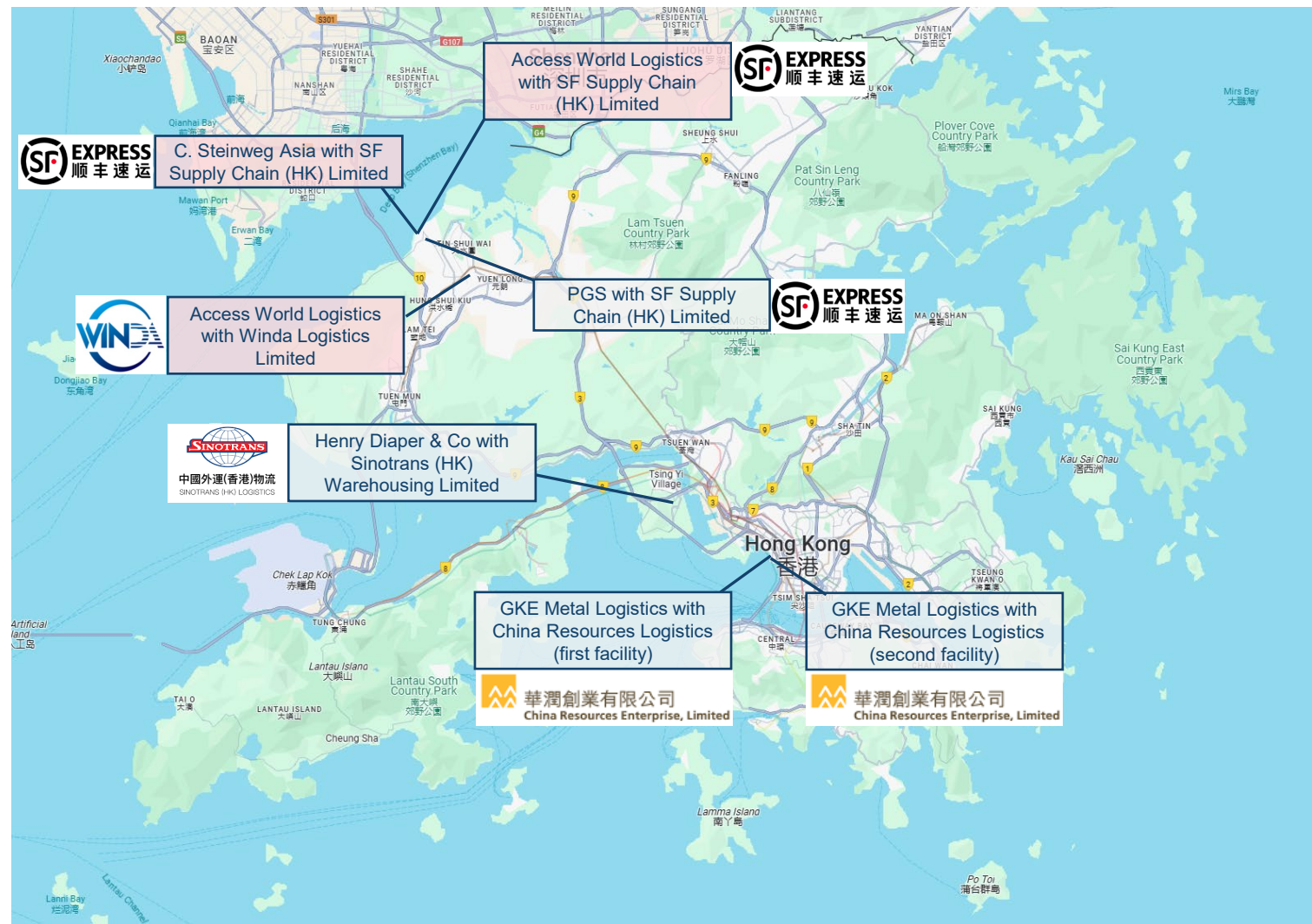
Successful applications from five warehouse companies across seven facilities to date

Hong Kong announced
as LME Delivery Point
20 January 2025

Warehouses
announced
15 April 2025

Warehouses
announced
20 May 2025

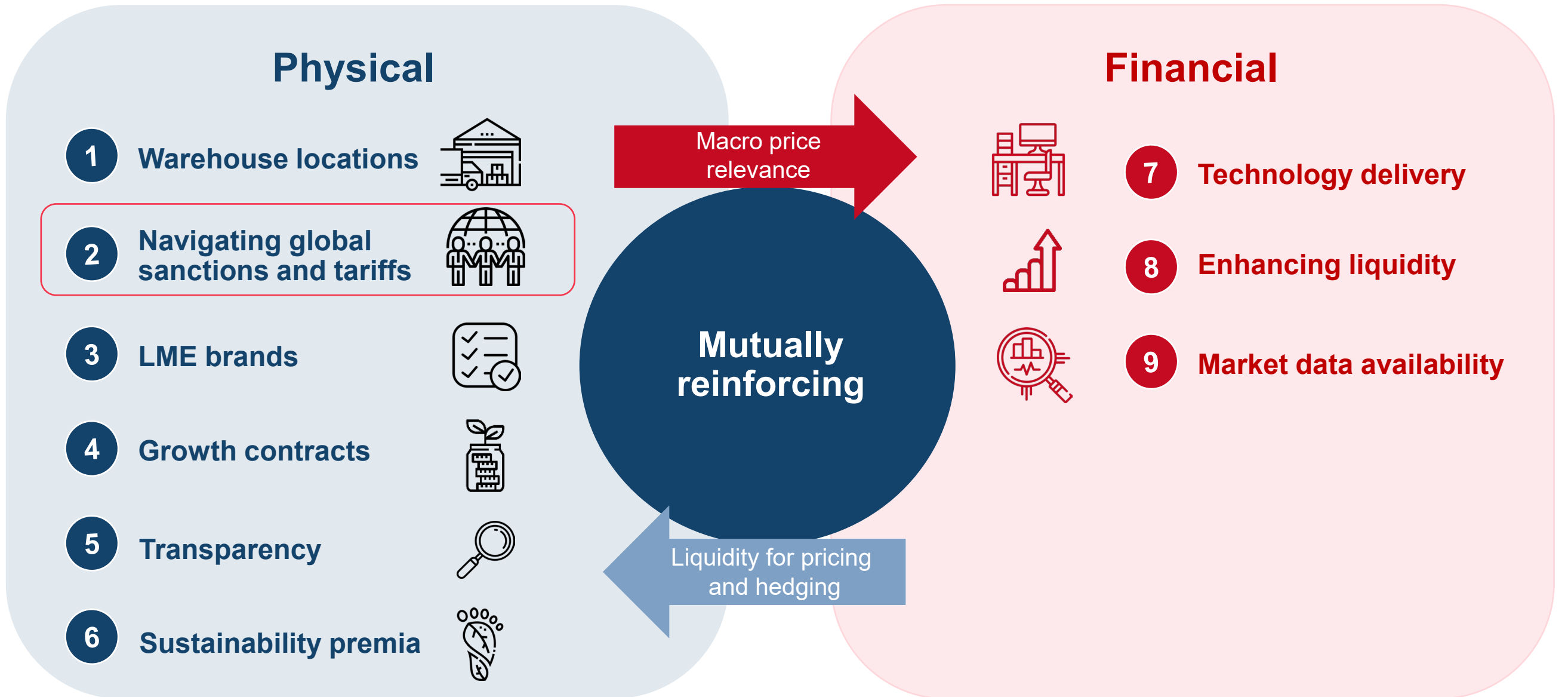
Location go-live 15
July 2025



Off-warrant metal can be stored in these sheds in advance of the go-live date



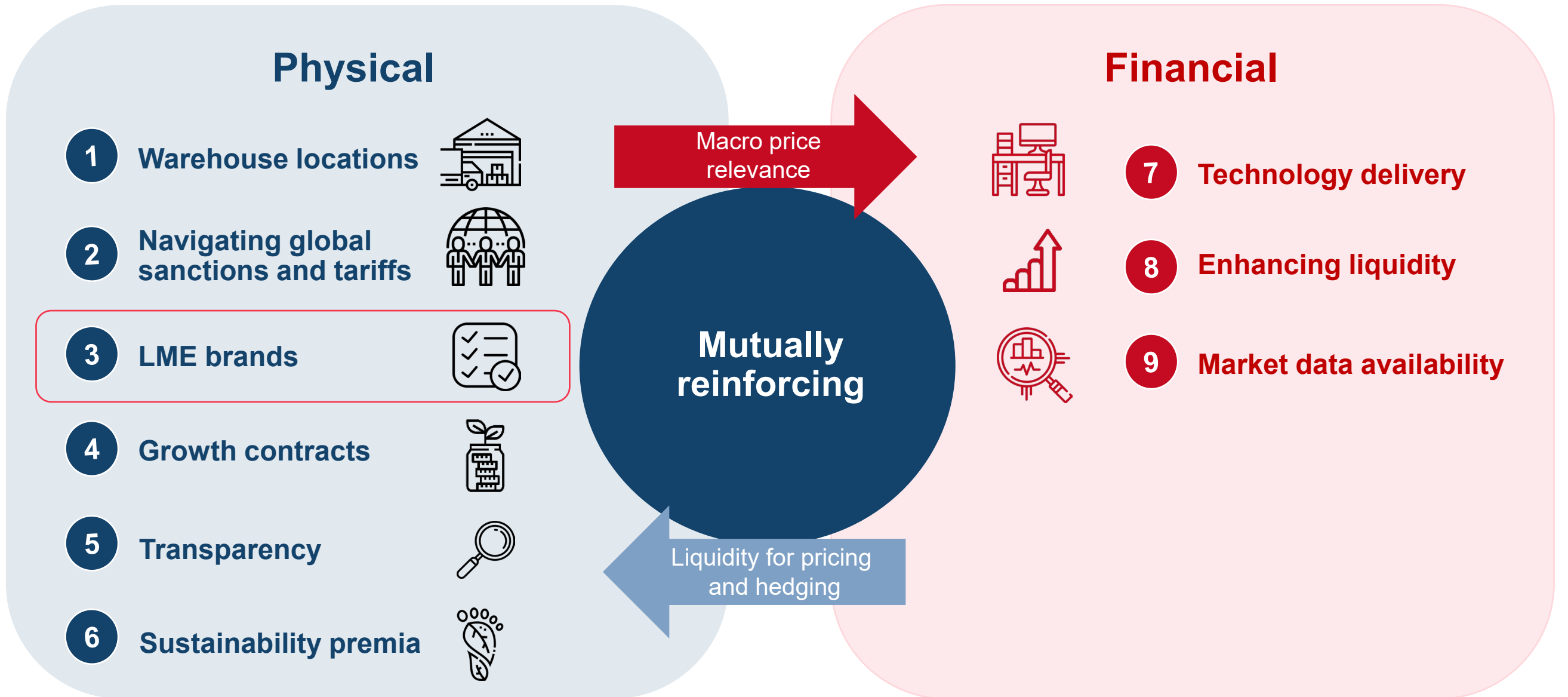
The role of the LME



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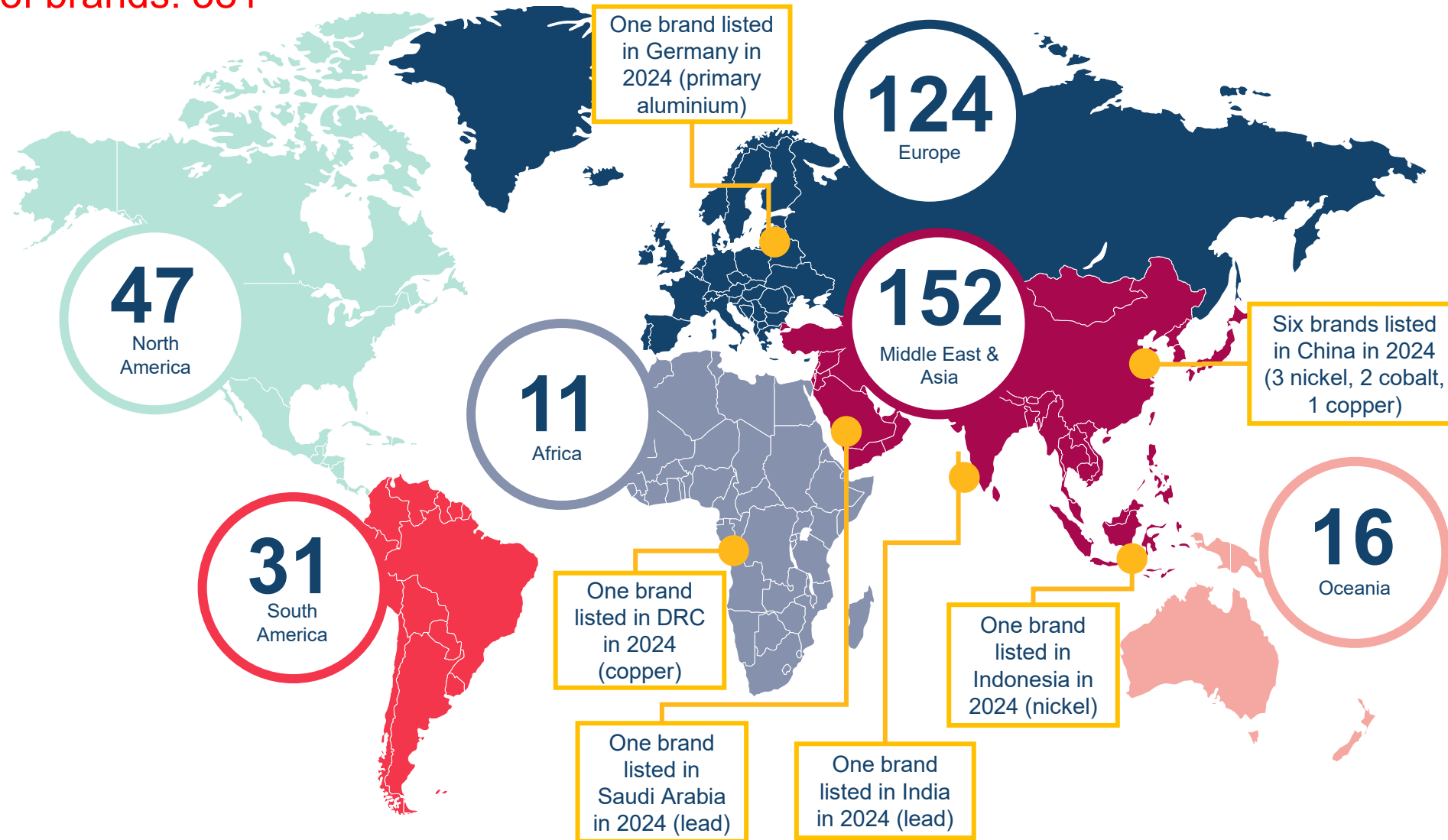


The role of the LME



3 Global LME brand locations

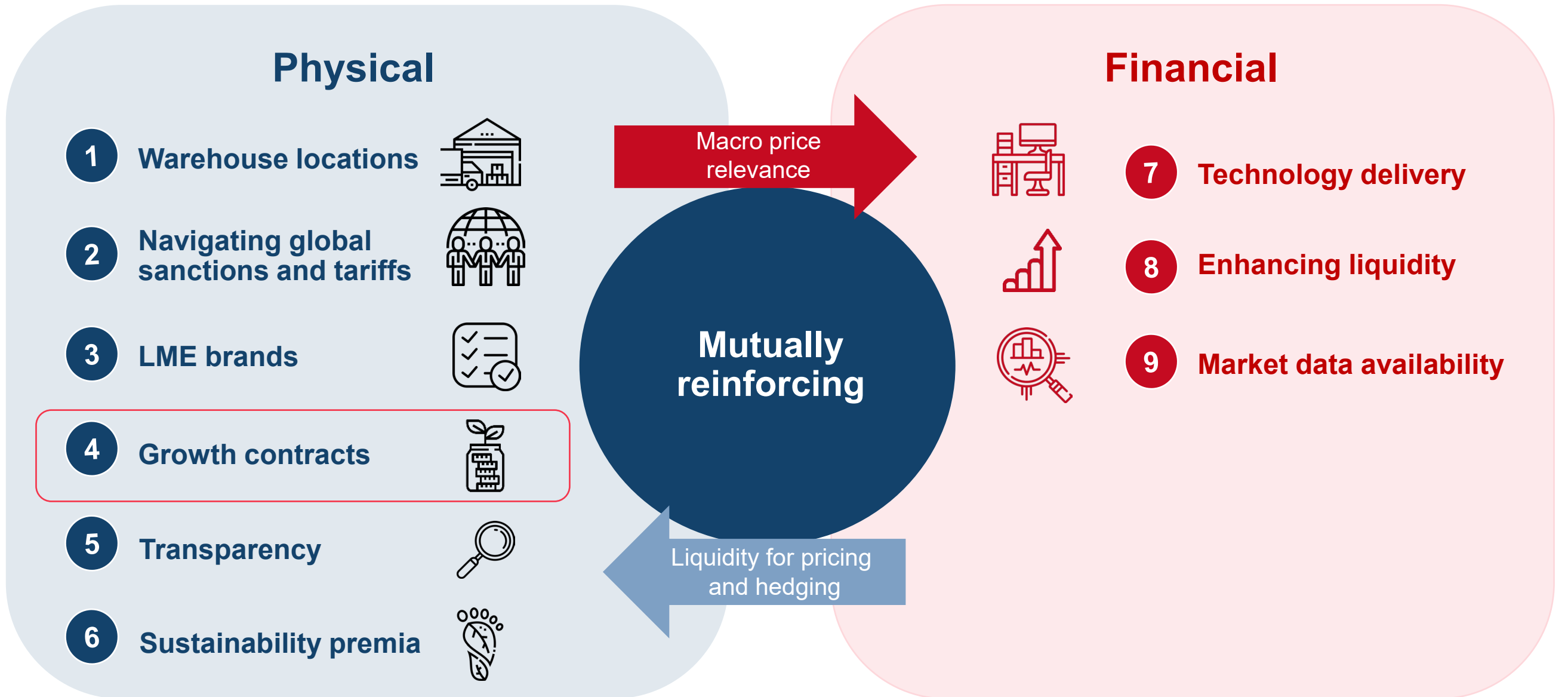
Total number of brands: 381



In 2024, the LME listed 11 new brands: four nickel, two cobalt, two copper, one primary aluminium, and two lead



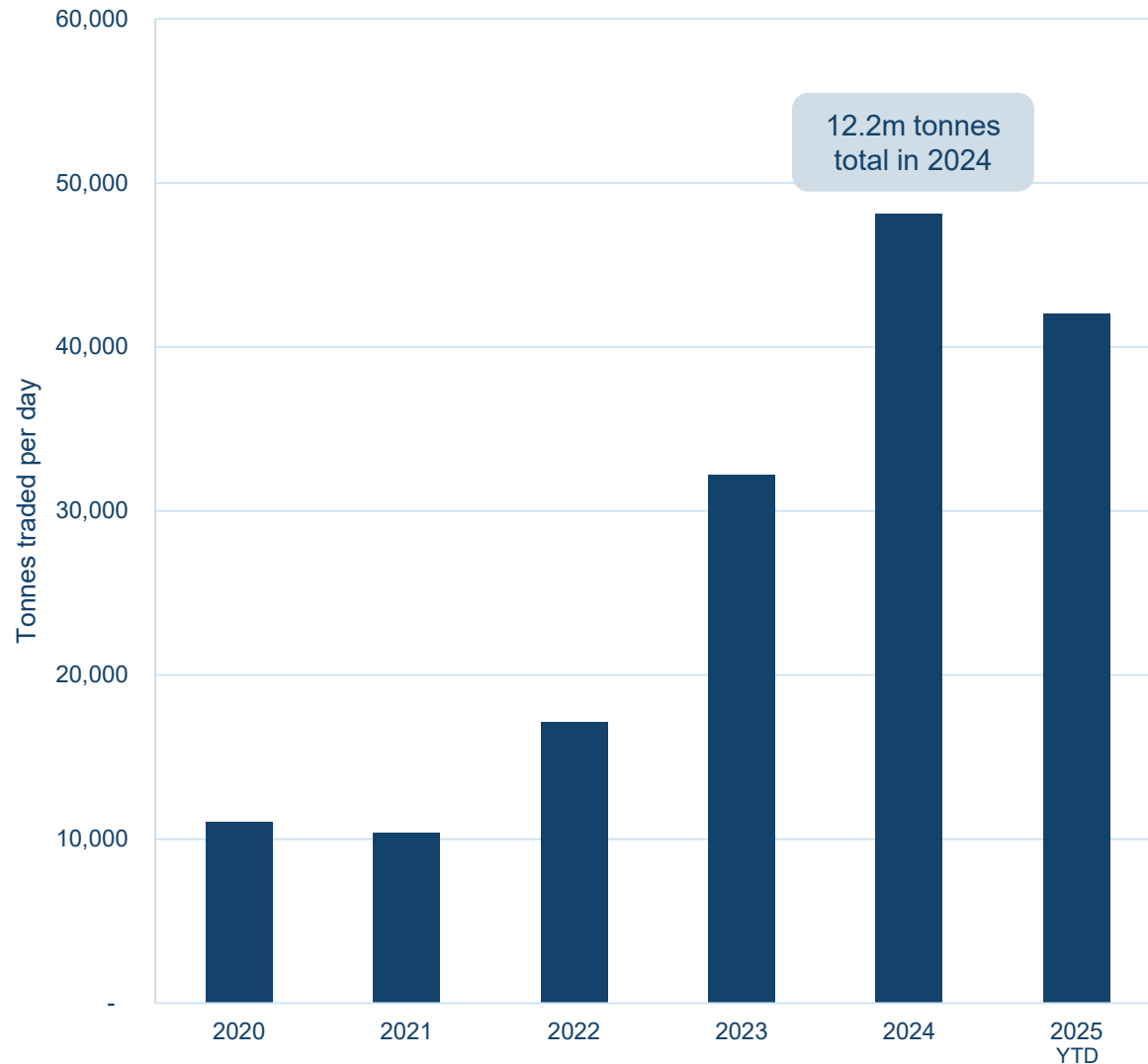
The role of the LME



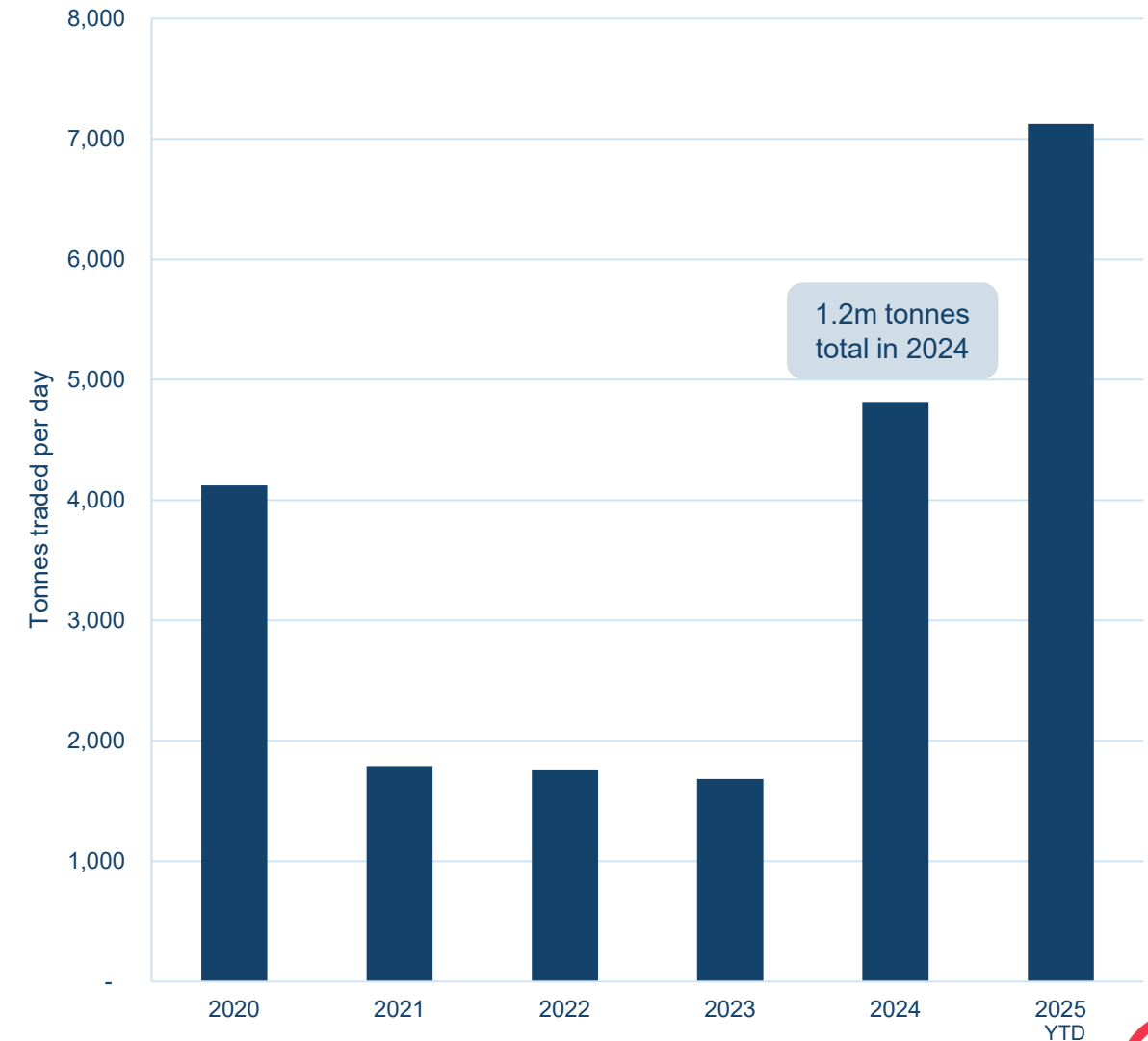
4 Growth contracts at the LME: ferrous

Over 41 million tonnes of steel futures traded since 2019, with strong recent growth

LME Steel Scrap CFR Turkey (Platts)



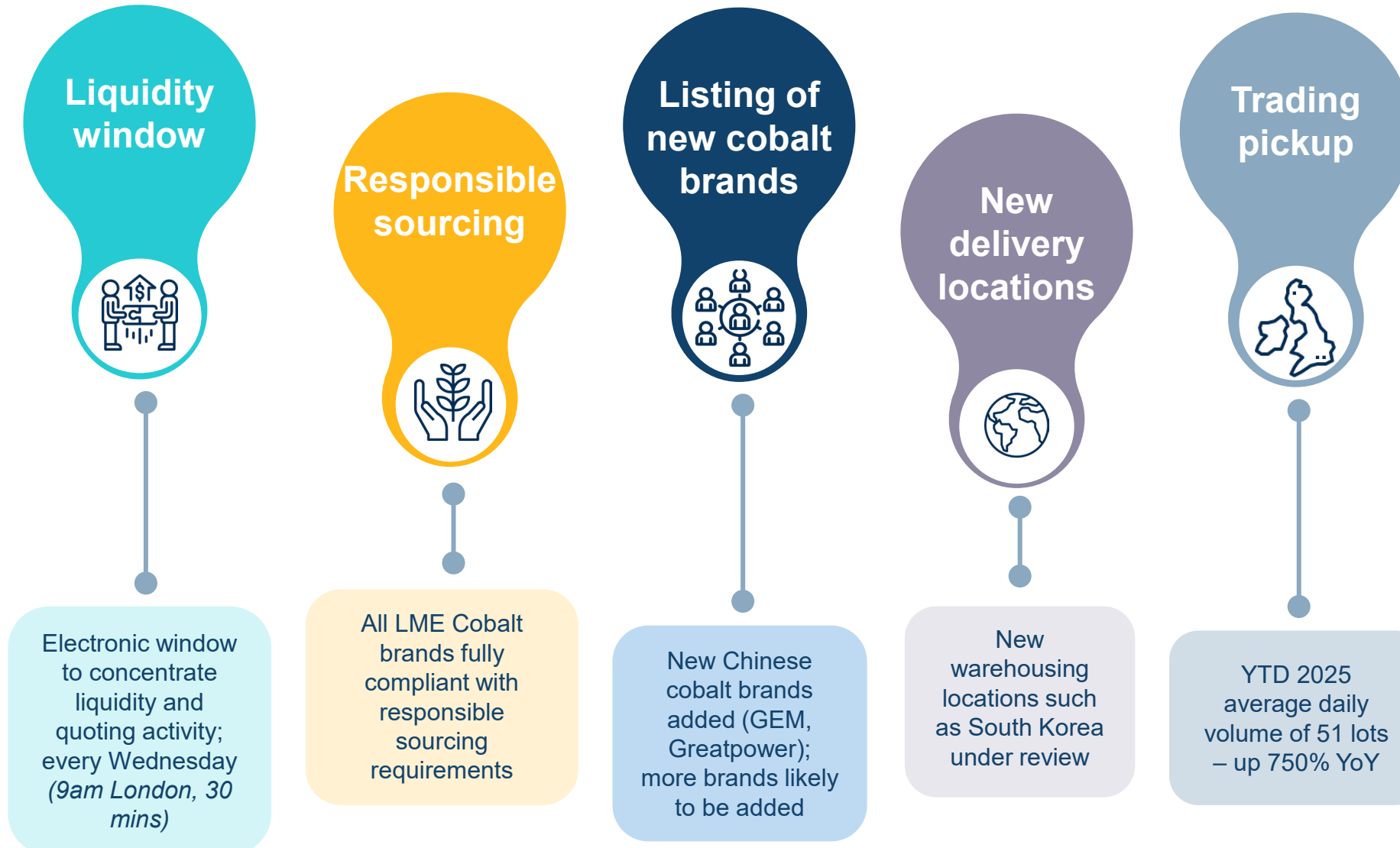
LME Steel HRC FOB China (Argus)



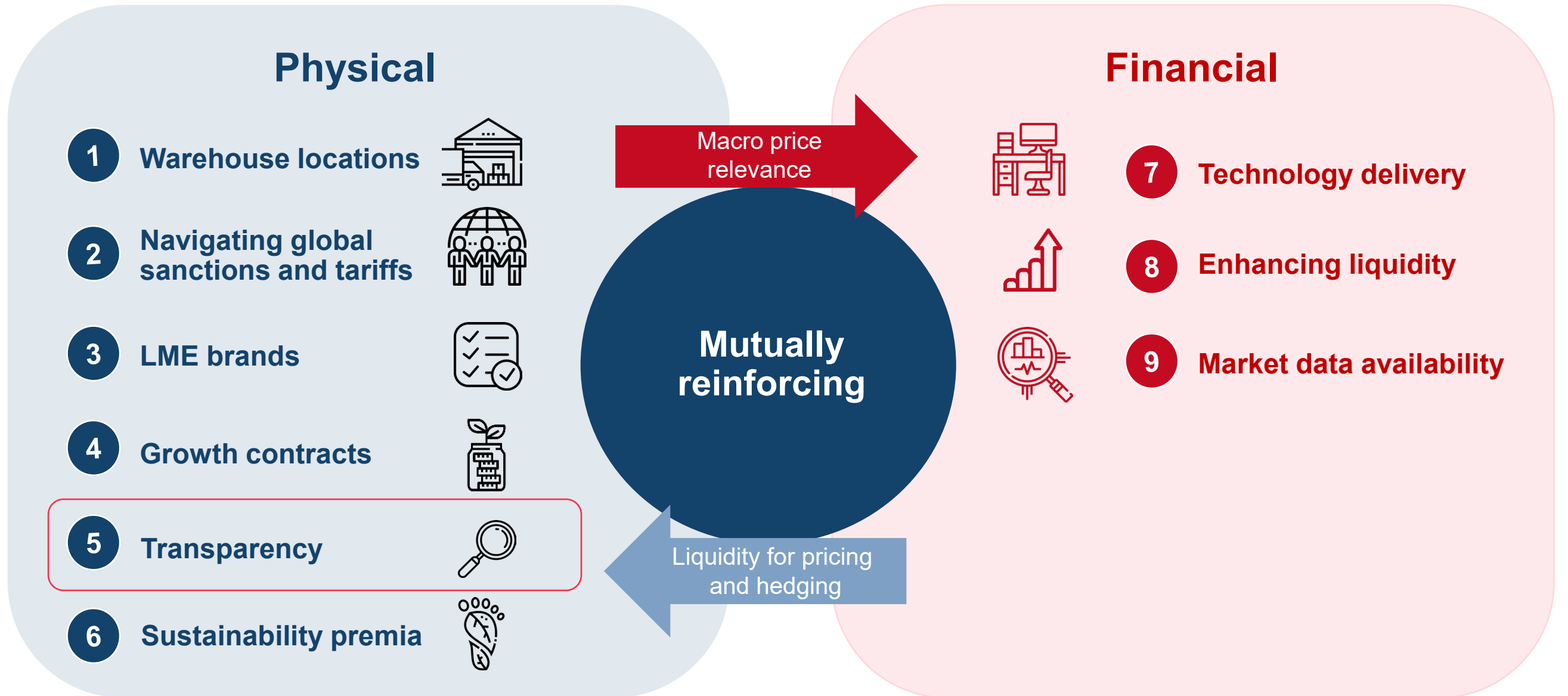
4 Growth contracts at the LME: cobalt

Growing liquidity in the world's only physically deliverable cobalt contract

Key initiatives are helping build cobalt volume

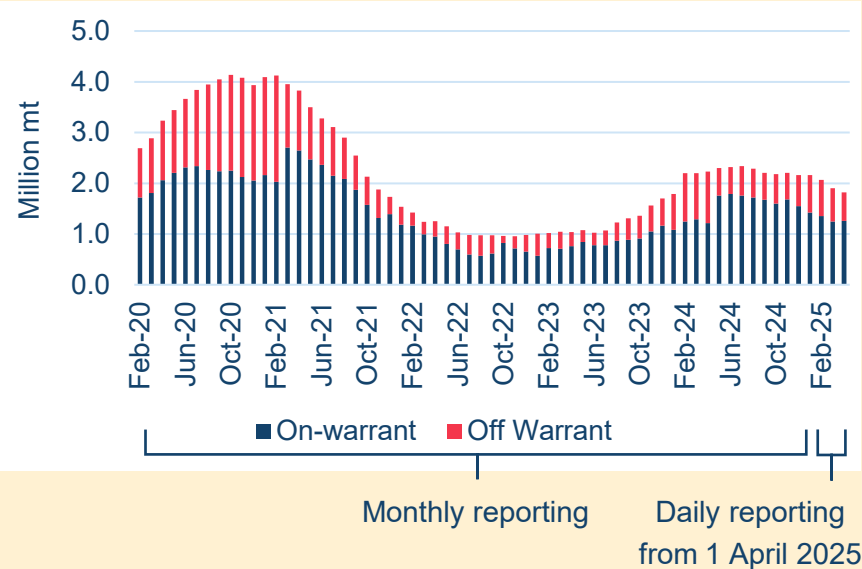


The role of the LME



5 Transparency

Off-warrant stock reporting



LMEpassport

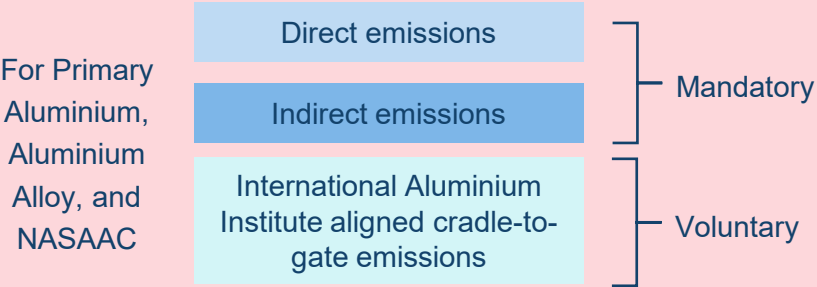
Certificates of Analysis statistics



Sustainability statistics



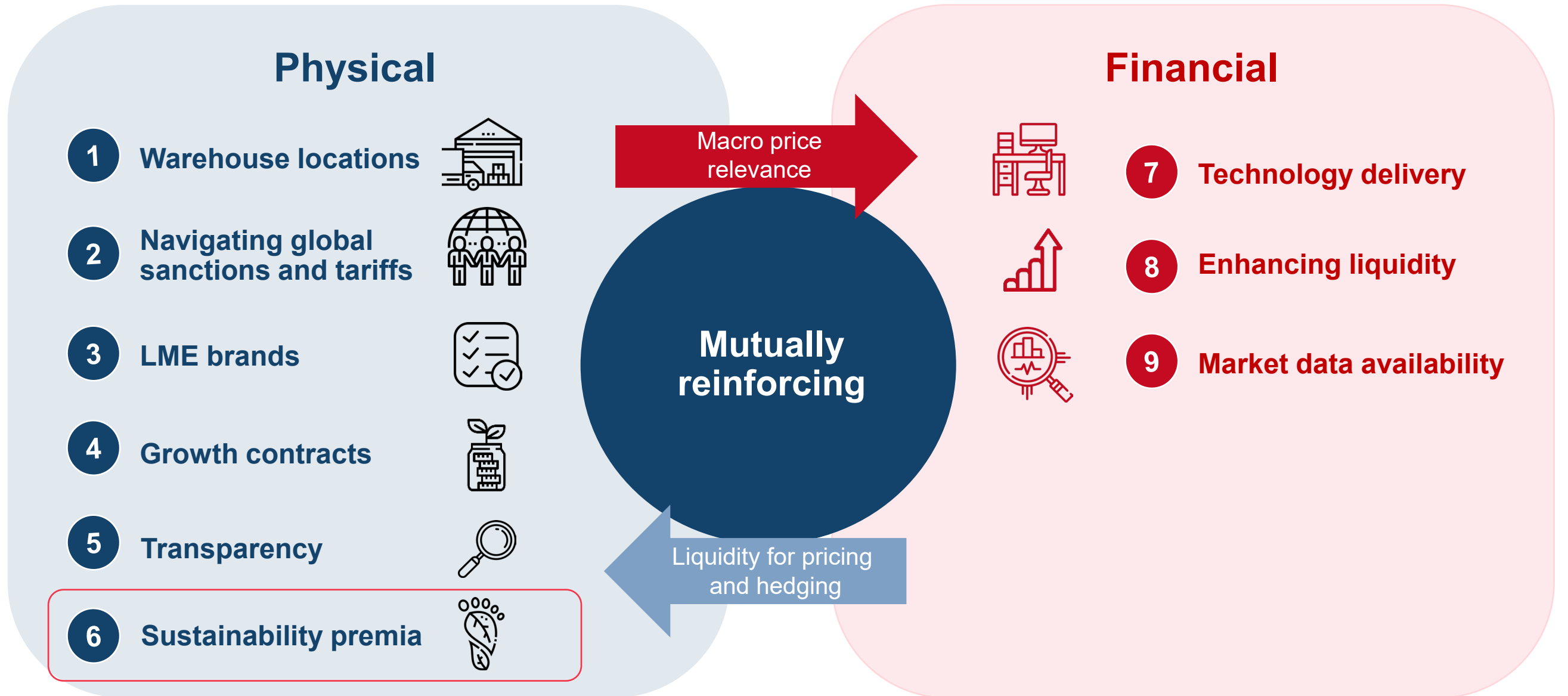
Carbon Border Adjustment Mechanism (CBAM) data



The first deadline is **15 June 2025** for 2024 emissions

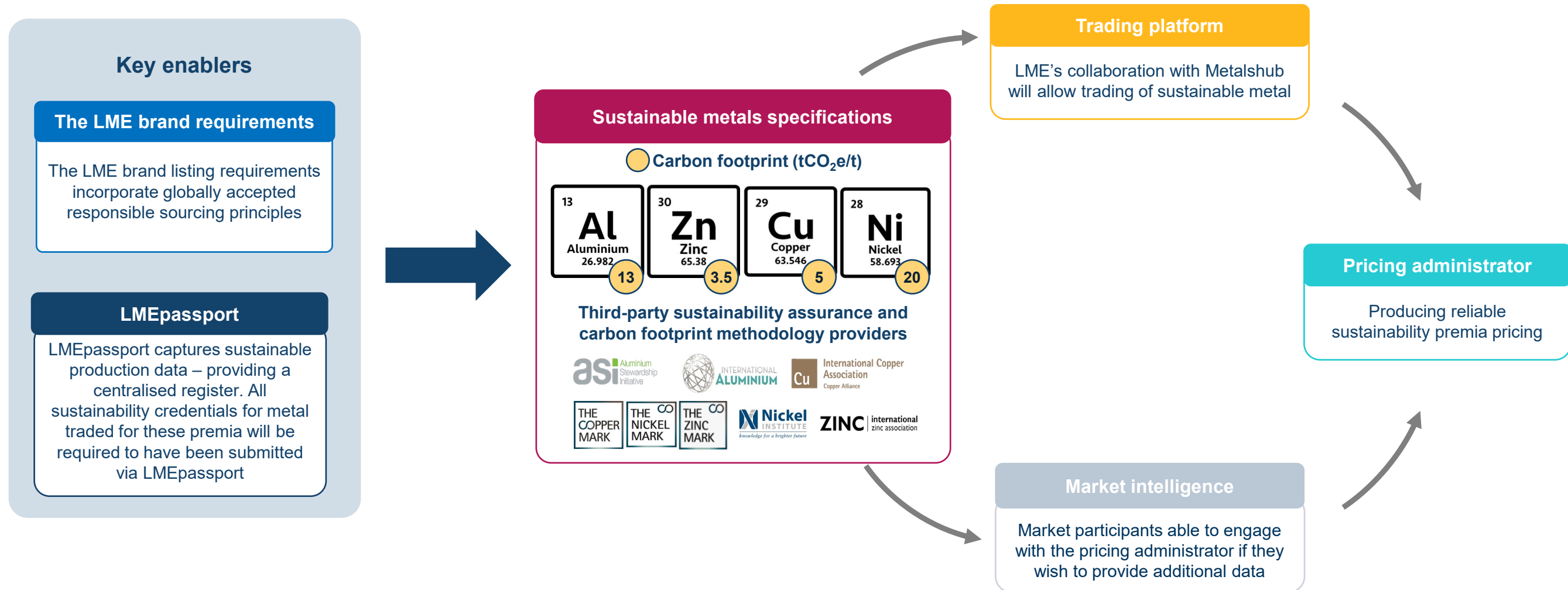


The role of the LME

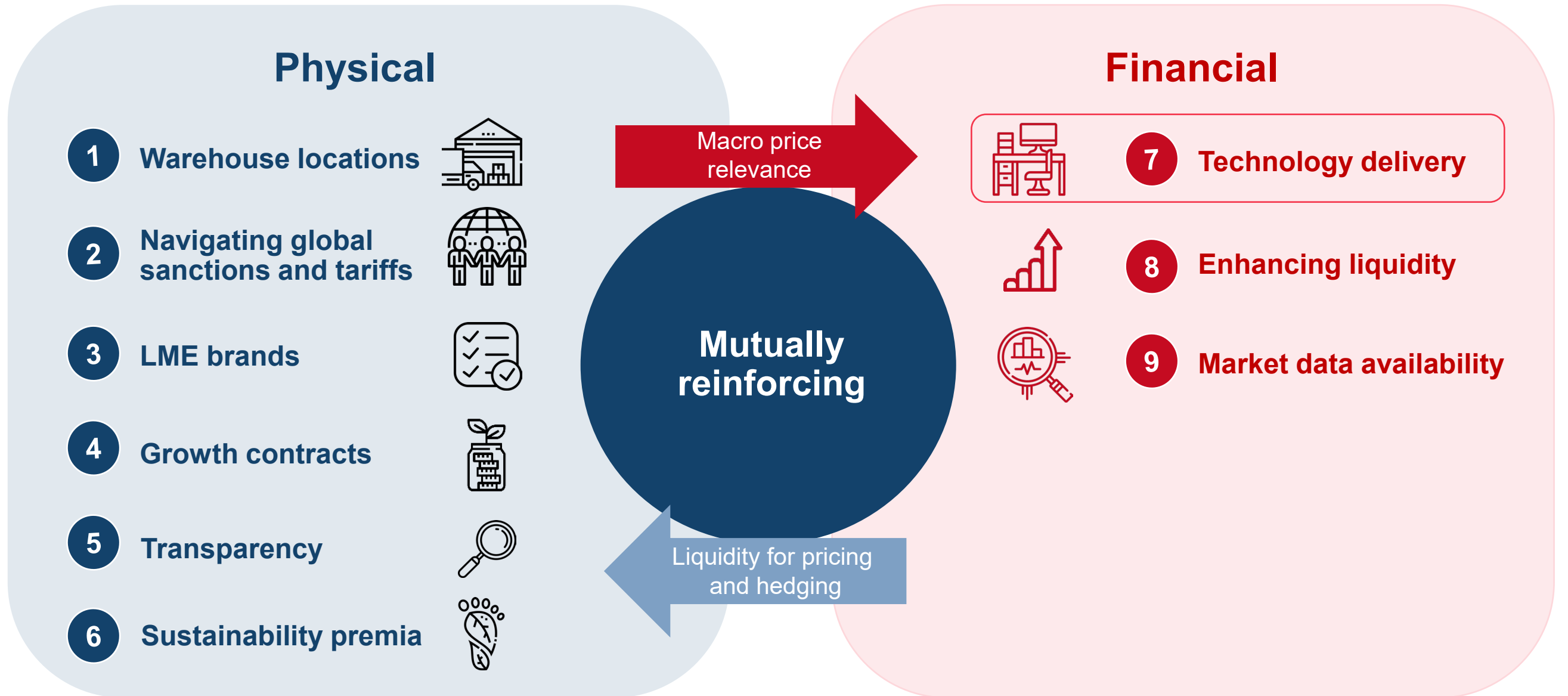


6 The discovery of sustainable metals premia

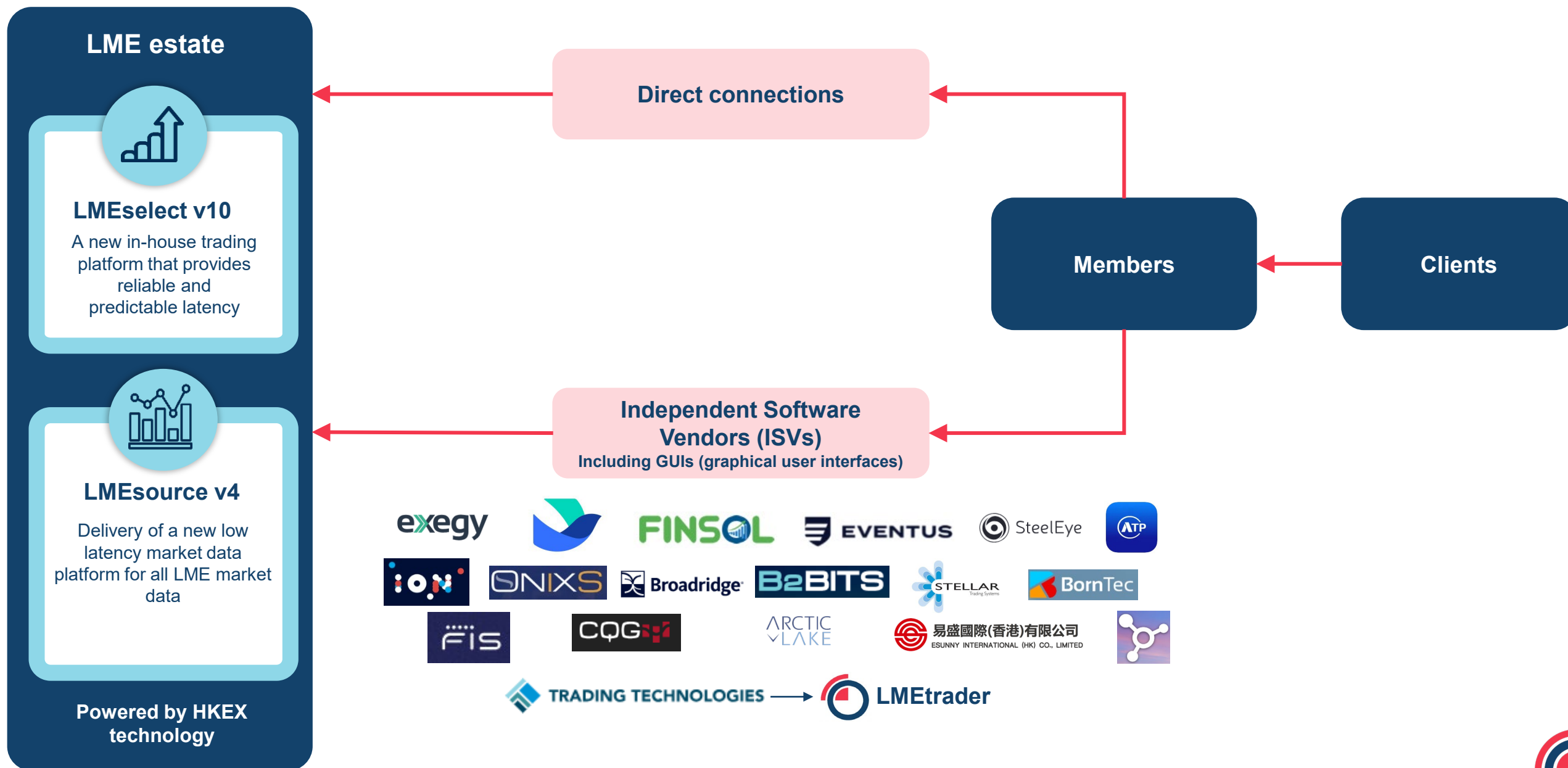
The LME can support the industry by improving confidence in credentials, acting as a trusted steward of sustainability data, and supporting development of trade-based sustainability pricing



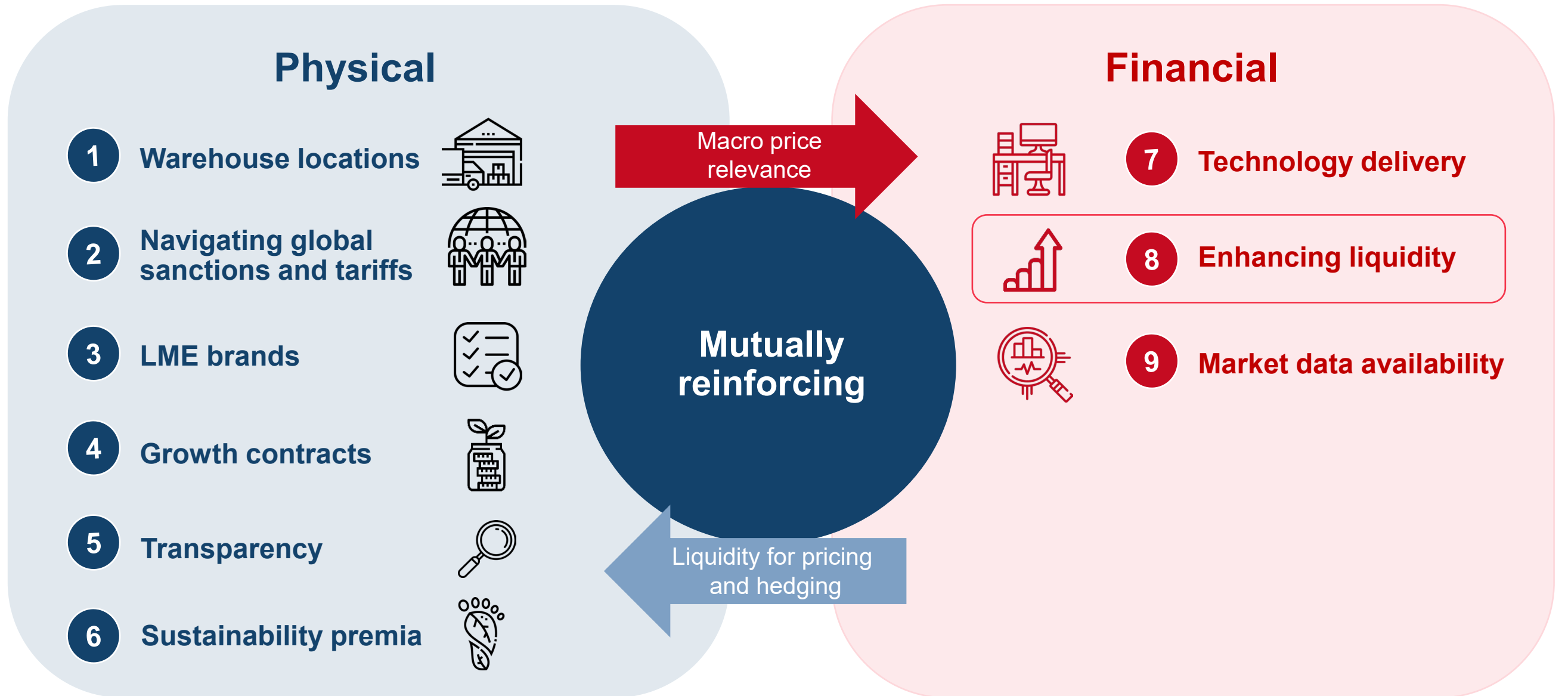
The role of the LME



7 Technology: LMEselect v10

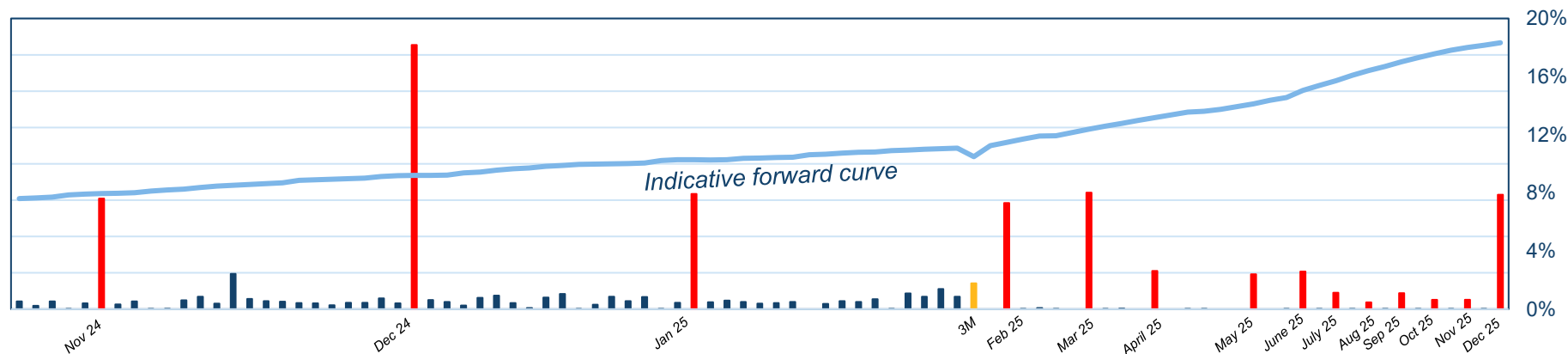


The role of the LME



8 Enhancing liquidity

Most LME open interest sits on monthly dates (approximately 70%)



For those who use monthly liquidity...

- Currently hard to trade monthly dates on LMEselect (all liquidity sits on rolling 3-month contracts)
- New rule will bring smaller monthly trades to the lit LMEselect venue
- Will provide monthly liquidity for easier execution

For those who use daily liquidity...

- No changes to the LME's daily date structure
- No changes to the LME's unique cash pricing capabilities
- No changes to treatment of OTC daily averaging contracts
- Further support for daily liquidity via broadened set of fee-discounted short-dated carries
- Continued investment in the LME's unrivalled physical market ecosystem and services



8 Key initiatives to enhance liquidity

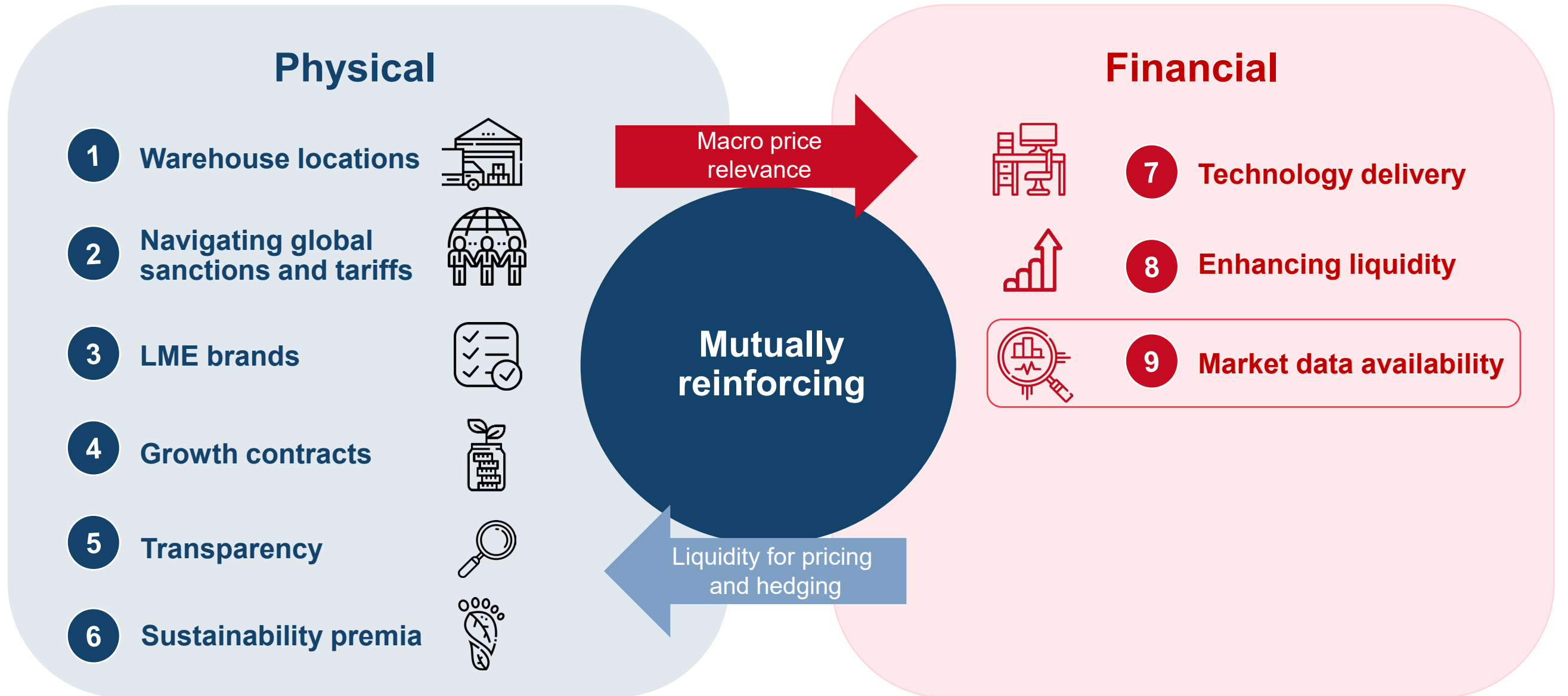
| | Phase 1 | Phase 2 |
|---|---|---|
| Execution and booking for LME contracts | Block trade thresholds | Enhancing market data transparency |
| | Pre-trade communications and crossing rules | |
| OTC market considerations | Block like rules for OTC | |
| | ★ Financial OTC Booking Fee changes | OTC transparency (trades and open interest) |
| | | Market data fees for OTC platforms |
| Protecting the physical market | Exclude cash and daily dates from block thresholds | |
| | ★ Short-dated carry definition change | |
| Enablers | LMeselect functionality (GTCs, trade-at-settlement (TAS), tick size changes) | LMeselect functionality (SEP, implieds) |
| | Liquidity provider programme | Large-in-scale deferral |
| | | UOTR enhancements |

ready to consult if required

Key ★ new measure not in 2024 white paper



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9 Market data availability

Expanding access to real-time LME data in Greater China

Private Investor Policy *(introduced in 2021)*

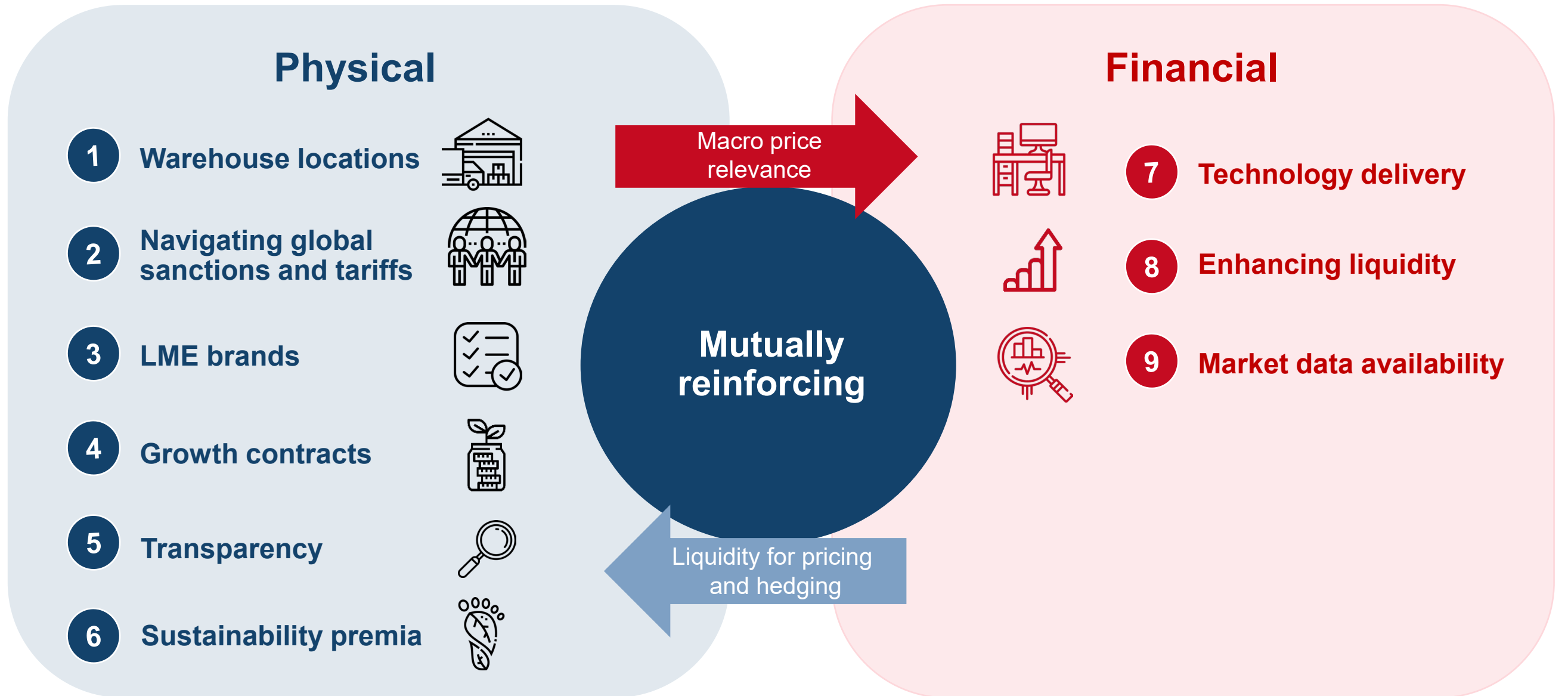
- Real-time, Level 2 LME data available to **private individuals** via licenced vendors for only USD 1 per month
- End-users can be located in Mainland China, China Taiwan, Hong Kong SAR, Singapore, South Korea or Vietnam

HKEX / LME China Level 1 Licence *(announcing today)*

- New pilot programme to launch in Q3 2025, making **top of book data more accessible** for Chinese end users
- Licensees charged a flat annual fee (USD 25,000) and are allowed to distribute data to **unlimited end users** within Mainland China and Hong Kong SAR
- End users should be able to access **real time information on screens and devices at minimal cost**
- All HKEX China Real Time vendors and all HKFE Exchange Participants are eligible to participate in the pilot



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