To: All LME Clear Members and other interested parties

Date: 15 October 2025

Ref: 25–038

Classification: Collateral/Liquidity

Subject: **INTRODUCTION OF A TRIPARTY MEMBER MARGIN COLLATERAL SERVICE**

Summary

1. Further to LME Clear Circular 25-026 and a successful period of soft launch, this Notice confirms the full business launch of LME Clear's triparty member margin collateral service.

Background

2. To date, LME Clear has accepted government bonds from approved issuers as one form of non-cash Member Margin Collateral. This has been on a bi-lateral, single line basis. As part of ongoing efforts to: (i) enhance LME Clear's collateral service offering; (ii) align with market standards; and (iii) improve operational efficiency for our Members, LME Clear is now introducing a triparty member margin collateral service utilising Euroclear Bank SA's platform.

3. In conjunction with this new service offering, LME Clear is extending the pool of eligible Collateral that can be provided through the triparty service to include bonds from nine approved supranational and/or government guaranteed issuers, as well as inflation linked bonds from certain government issuers, as listed below:

    - Asian Development Bank
    - Caisse D'Amortissement de la Dette Sociale
    - Council of Europe Development Bank
    - European Investment Bank
    - International Bank for Reconstruction & Development
    - International Finance Corporation
    - Kreditanstalt Fuer Wieferaufbau
    - Landwirtschaftliche Rentenbank
    - Nordic Investment Bank
    - UK Inflation Linked Bonds
    - US Inflation Linked Bonds

4. Notice 25-026 set out the Rule changes necessary to support this new service, with the changes coming into effect on 8 September 2025.

Commencement

5. A period of soft launch commenced on 15 September enabling interested Members to assess the service against their own workflows within restricted limits. This period of soft launch has been successful demonstrating the benefits that can be derived from the service by Members.

Documentation and operational considerations

6. In order to utilise the new triparty collateral service, Members will need to execute:

    a) two tripartite agreements with LME Clear and Euroclear Bank SA (The Collateral Service Agreement and the Supplemental Agreement to the Collateral Service Agreement);
    b) further documentation directly with Euroclear Bank SA (this documentation may vary depending on the Member's existing relationship with Euroclear Bank SA); and
    c) a Belgian law security deed.

7. In conjunction with this Notice, LME Clear will update the detailed service specification (DSS) and the LMEmercury Quick Guide to reflect new operational procedures relating to the triparty service. Additionally, the Acceptable Collateral page on LME Clear's website and the associated list of eligible collateral as well as LME Clear Collateral Limits and LME Clear Collateral Haircuts documents will be updated to reflect this change.

8. Please note that, notwithstanding the introduction of the triparty collateral service, Members must continue to comply with all Collateral related limits set by LME Clear from time to time.

Further information

9. Members should contact their relationship manager to obtain the documents referred to in points 6(a) and 6(c) above as well as to gain more information regarding the operational enhancements of this service and associated requirements. Members will need to contact Euroclear Bank SA in relation to point 6(b).

Barry Gethin
Head of Collateral & Liquidity Services, LME Clear