

To: All members, warehouse companies and their London agents

Ref: 17/275

Classification: Fees

Date: 10 August 2017

Subject: **LMEPRECIOUS TRADING AND CLEARING FEES FOR AFFILIATES OF CLEARING MEMBERS**

Summary

1. This notice sets out a change to the LMEprecious trading and clearing fee schedule, effective from 14 August 2017.

Background

2. LMEprecious, a joint initiative created by the LME, the World Gold Council and a group of leading market participants, is a suite of exchange-traded and centrally cleared precious metals products, initially comprised of gold and silver futures contracts.
3. It has been almost a month since the launch of LMEprecious and trading volumes have reached over 132,000 lots equating to over 400 tonnes of gold and over 2,400 tonnes of silver as of 4 August.

Fees

4. In the attached appendix there is a full breakdown of the trading and clearing fees for each trading venue and prompt date.
5. The LMEprecious fee schedule differentiates client and house business, with a discount applied to all house business. Due to some members' corporate structure, for risk management and associated capital costs at times business is required to face an affiliate. Following the introduction of EMIR, members are now compelled to book their affiliates' positions into a client account segregated from their house account.
6. In response to feedback from members, the LME will be charging all affiliate business of LMEprecious clearing members at the reduced house fees.



7. An “affiliate” shall mean, in relation to an entity, any subsidiary or ultimate holding company of that entity and any other subsidiary of that ultimate holding company. A company is a “subsidiary” of another company, its “holding company”, if that other company holds directly or indirectly 50% or more of the voting rights in the company and/or exercises effective control over it.

Further Information

8. If you have any questions regarding the new LMEprecious contracts, please contact lmeprecious@lme.com.

Kate Eged
Head of Precious Metals

LMEprecious Fee Schedule

Effective 14 August 2017

The fees and charges below are exclusive of any applicable VAT.

Transaction fees

LMEselect – gold and silver futures ¹		Fees (USD)		
Contract type	Prompt date	Trading	Clearing ²	Total
House ³	Tom or Spot	0.28	0.12	0.40
	Tom/Next or Spot/T+3 Carry	0.005	0.005	0.01
	Monthlies, all other dailies and quarterlies	0.35	0.15	0.50
Client	Tom or Spot	0.62	0.28	0.90
	Tom/Next or Spot/T+3 Carry	0.005	0.005	0.01
	Monthlies, all other dailies and quarterlies	0.62	0.28	0.90

Inter-office (telephone) market ⁴ - gold and silver futures		Fees (USD)		
Contract type	Prompt date	Trading	Clearing ²	Total
House	Tom or Spot	0.21	0.09	0.30
	Tom/Next or Spot/T+3 Carry	0.005	0.005	0.01
	Monthlies, all other dailies and quarterlies	0.26	0.12	0.38
	Post-trade functions ⁵	0.03	0.02	0.05
Client	Tom or Spot	0.47	0.21	0.68
	Tom/Next or Spot/T+3 Carry	0.005	0.005	0.01
	Monthlies, all other dailies and quarterlies	0.47	0.21	0.68
	Post-trade functions ⁵	0.03	0.02	0.05

Notes

¹ All fees in this schedule are per leg per lot per side.

² For a complete list of all the latest LME Clear fees and charges, please refer to the LME Clear pages of the website (<http://lme.com/lme-clear/fees>).

³ House fees apply to house business for all LMEprecious memberships which includes LMEprecious General Clearing Members (GCMs), LME precious Individual Clearing Members (ICMs) and LMEprecious Non-Clearing members (NCMs). House fees also apply to trading in LMEprecious Contracts undertaken by affiliates of LMEprecious clearing members (GCMs and ICMs). An “affiliate” shall mean, in relation to an entity, any subsidiary or ultimate holding company of that entity and any other subsidiary of that ultimate holding company. A company is a “subsidiary” of another company, its “holding company”, if that other company holds directly or indirectly 50% or more of the voting rights in the company and/or exercises effective control over it. Affiliates of LMEprecious GCMs or ICMs wishing to benefit from House fees must contact the Client Advisory and Membership Services (‘CAMS’) team at Client.Advisory@lme.com to demonstrate the entity meets the definition of an affiliate as set out above.

⁴ There is a 25% discount to fees for trades executed on the inter-office (telephone) market.

⁵ Including give-up executor trades, reversal/corrections and position transfers, give-up clearer trades are 0.45 (trading 0.31, clearing 0.14).

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