

To: All Members

Ref: 17/387

Classification: General updates

Date: 4 December 2017

Subject: **MIFID II ORDER RECORD KEEPING REQUIREMENTS**

Summary

1. Members will be aware that MiFID II includes, amongst other things, requirements for the operator of a trading venue such as the Exchange (the “**LME**”) to retain records of orders submitted by firms. This Notice reminds in particular Category 1 Members who execute orders in the Ring of the data that they in turn are required to maintain to facilitate compliance with these requirements.

Defined Terms

2. Terms not otherwise defined in this Notice shall have the meaning ascribed to them in the Rules and Regulations of the LME (the “**Rulebook**” or the “**LME Rulebook**”), or the Matching Rules as appropriate.

Background

3. MiFID II regulatory technical standard (“**RTS**”) 24 details the information required to be maintained by trading venues in relation to orders submitted by firms. This includes, amongst other things, records of the person within the Member or participant of the LME that is responsible for the investment decision in relation to the order (the “**investment decision maker**” or “**IDM**”) and records in relation to the person within the Member or participant that is responsible for execution of the order (the “**execution decision maker**” or “**EDM**”).

Requirement for Members to retain relevant information

4. Article 2(1)(b) and 2(1)(c) of RTS 24 together require that the IDM and the EDM are identified on each order submitted. Where the IDM and/or the EDM is a



natural person (as opposed to an algorithm), the LME is required to maintain the national ID of that person. The term “national ID” is defined more fully in Commission Delegated Regulation (EU) 2017/590 of 28 July 2016.

5. The LME has already made the necessary technical changes to both LME Select and its Matching System to allow Members to submit this information when entering orders/transactions. Additionally, further information about the submission of personally identifiable information (which includes national IDs) is set out in LME Notice 17/367.
6. However, given the open outcry nature of the Ring, Category 1 Members are reminded that they must maintain appropriate records of both the IDM and EDM for every order submitted for execution in the Ring. These records must be maintained together with all other relevant information as required under Part 2 Rule 12.6(j) of the LME Rulebook.

Further Information

7. For further information relating to this Notice, Members should contact their Relationship Manager (rm@lme.com).

Marcos Castro
Company Secretary

cc: Board directors
Ring Dealers Committee
Trading Committee