



Requirement to input trades to the Matching System

5. Regulation 3.5 of Part 3 of the LME Rulebook sets out the deadlines for inputting Agreed Trades into the Matching System.
6. For inter-office trading, the Contingent Agreement to Trade shall be deemed to come into effect at the time of agreement between the Members of the particulars of the Agreed Trade. The deadline of 10 minutes to input the trade to the LME matching system commences at the time of this agreement. The time of execution of the Cleared Contracts will be at the point that the Matching System confirms that the trades have been matched and that the pre-execution checks have been satisfied.
7. For Ring trading, the Matching Period for Agreed Trades that are not referenced against the Official Price or the Closing Price is 10 minutes from the close of the Ring trading-period in which the Agreed Trade was Executed. Details of the Ring sessions, associated Matching Periods and Ring time codes to be used for the submission of these trades are contained in the LME Matching Rules which can be found by accessing the following link:

<https://www.lme.com/About/Regulation/Rules/Notices>
8. Where trades have been executed, either in the Ring or inter-office market, using either the Official Price or the Closing Price as the basis for the trade price, then the relevant Ring time code should be entered, but the matching deadline will be 10 minutes after all relevant data has been made available.

Matching performance information provided to Members

9. To assist Members in monitoring their matching performance, LME Market Surveillance currently distributes monthly matching statistics for manually matched trades. Members currently receive separate matching performance statistics for Basis Ring, Ring, Kerb and inter-office trades. These reports provide each Member with anonymised performance statistics for all Members, broken down by time code. Statistics are provided for trades matched in excess of 10 minutes and a separate set of statistics for trades matched in excess of 30 minutes. These are together commonly referred to as LIPS.
10. The last LIPS reports in the current format were issued at the beginning of October 2017, representing Member matching performance for the month of



September 2017. The current format will be discontinued with effect from 13 November 2017 and will be replaced with the reports described in paragraph 11 below.

11. From 13 November 2017, onwards, the LME will distribute the following 10 minute matching performance reports for the previous month. The statistics will relate to Normal and Give-up Execution trade types (in each case as detailed in the Matching Rules) only, as follows:
 - (a) The Member's own 10 minute matching performance statistics for Ring and Kerb trading (R and K);
 - (b) The Member's own 10 minute matching performance statistics for Basis Ring trading (Basis);
 - (c) The Member's own 10 minute matching performance statistics for inter-office trades;
 - (d) The Member's own 10 matching performance statistics broken down by trade category; and
 - (e) The Member's individual trade files.

An example of the revised report format is attached to this Notice as Appendix I.

The LME will cease to include 30 minute matching data within the revised LIPS report with effect from 13 November 2017.

Failure to report in accordance with LME Rulebook

12. Notice 17/125 dated 10 April 2017, set out transitional arrangements for matching performance. For the avoidance of doubt, this Notice does not impact those transitional arrangements in that the LME will continue to work with market participants to ensure that they have readiness from 2 January 2018, to comply with the new Matching Rules. Whilst the new format LIPS reports referred to in paragraph 11 above will be introduced from 13 November 2017, compliance with the 10 minute Matching Rule will be enforced by the LME from 2 January 2018.



13. Any failure by a Member to comply with Regulation 3.5 by not reporting within the applicable Matching Period may be considered to be an act of misconduct for the purposes of Regulation 14 of the Membership Regulations, and may result in disciplinary action against the Member by the LME.
14. The market is aware that the LME adopted a 12% tolerance for the previous 30 minute reporting requirement. It should be noted that with effect from 2 January 2017, for the 10 minute reporting requirement contained in Regulation 3.5 of Part 3 of the LME Rulebook, the LME will exercise a zero tolerance. This zero tolerance will be applied to Normal and Give-up Execution trade types (in each case as set out in the Matching Rules). For the avoidance of doubt, the LME will not adopt a summary regime with regard to enforcement, but will seek an explanation of late reporting when possible breaches are identified.

Guidance

15. Further guidance regarding the requirement to input trades to the Matching System will be provided shortly.

Queries

16. If Members or any other interested parties have any questions or requests for further clarification regarding this Notice, please contact the LME Market Surveillance department at market.surveillance@lme.com.

Peter Mason
Head of Market Surveillance

cc: Board Directors

10 Minutes Matching Performance - Monthly Summary

XXX Oct 2017

Basis

Member	Raw Time Code	Total Late	Total	Late Percentage
XXX	C1	5	6	83.33
XXX	C2	78	78	100.00
XXX	C3	1	3	33.33
XXX	C4	2	2	100.00
XXX	D2	26	162	16.05

Ring

Member	Raw Time Code	Total Late	Total	Late Percentage
XXX	K2	41	61	67.21
XXX	R1	4	9	44.44
XXX	R2	13	18	72.22
XXX	R3	1	2	50.00
XXX	R4	6	7	85.71

Inter-Office

Member	Trade Bands	Total Late	Total	Late Percentage
XXX	00:00:00 to 08:19:59	1,649	4,219	39.09
XXX	08:20:00 to 19:49:59	10,500	16,887	62.18

Trade Category*

Member	Trade Category	Total Late	Total	Late Percentage
XXX	GIVE-UP EXECUTOR	768	7,470	10.28
XXX	NORMAL	3,209	4,347	73.82

* This includes NORMAL trade halves, as well as GIVE-UP EXECUTOR trade halves when the Counterparty is UNA