

To: All Members and other interested parties

Ref: 18/184

Classification: Trading

Date: 17 July 2018

Subject: **EXTENSION OF IMPLIED PRICING TO BASE METALS**

Summary

1. In the Strategic Pathway document, published as an attachment to LME Notice 17/302, dated 7 September 2017 (the “**Strategic Pathway**”), the London Metal Exchange (“**LME**”) set out a proposal to extend existing implied pricing functionality from the LMEprecious Service to the LME’s base metals contracts. This Notice, together with the attached presentation, is intended to provide information relating to the LME’s roll-out of this implied pricing functionality to base metals.

Implementation approach and timing

2. The LME intends to enable certain “routes” to implied pricing, which will result in implied pricing being available for base metals with effect from 30 July 2018. This implied pricing functionality will be implemented as part of the scheduled upgrade of the LMEselect trading platform.
3. Further detail relating to the implied pricing routes, and approach to implementation of implied pricing functionality more generally, is set out in detail in the attached presentation. This includes details of the base metals to which this implied pricing functionality will be applied, and includes illustrative examples of how implied prices “in” and “out” will be calculated.
4. The LME believes that the implied pricing implementation will likely evolve over time as market liquidity changes and thus the LME may, at its absolute discretion, in future add or remove routes as it sees fit, with the intention of improving access to liquidity for all market participants.



Questions

5. All market participants are encouraged to contact the LME through their normal contact point, or at sales@lme.com, should they have any questions on the LME's implementation of implied pricing.

Jamie Turner
Head of Sales

cc: Board Directors
User Committee
All metal committees
Physical Market Committee
Trading Committee
Ring Dealers Committee
Traded Options Committee