

To: All Members and other interested parties

Ref: 18/331

Classification: Trading Fees

Date: 21 December 2018

Subject: **2019 FERROUS LIQUIDITY PROVIDER PROGRAMME**

Summary

1. This Notice (the “**Notice**”) announces the launch of a new liquidity provider programme (the “**2019 Ferrous LP Programme**”) for LME Steel Scrap, LME Steel Rebar, and three new hot rolled coil (HRC) Contracts, namely LME Steel HRC N Europe, LME Steel HRC N America and LME Steel HRC FOB China (together the “**Ferrous Contracts**”). The 2019 Ferrous LP Programme will be launched on 1 January 2019, replacing the current liquidity provider programme for LME Steel Scrap and LME Steel Rebar Futures (the “**2018 Ferrous LP Programme**”), which will expire on 31 December 2018.

Background

2. LME Steel Scrap and LME Steel Rebar Futures were launched on 23 November 2015 and it was the Exchange’s intention at that time to enhance participation and liquidity in LME Steel Scrap and LME Steel Rebar Futures by the introduction of certain incentive programmes when the Futures were launched.
3. This Notice announces the launch of the 2019 Ferrous LP Programme and includes details of the relevant eligibility criteria for participation, the commencement date, and the relevant incentives and how these are calculated, the application process and certain other information. For the avoidance of doubt, the 2019 Ferrous LP Programme will adopt the same commercial structure to the 2018 Ferrous LP Programme. Prospective participants in the 2019 Ferrous LP Programme are encouraged to consider the applicable requirements carefully.
4. LME Steel Scrap and LME Steel Rebar Futures have experienced a significant increase in trading volumes and open interest. As at the date of this Notice, total traded volume since launch is approximately 8.4 million metric tonnes for LME Steel Scrap Futures and 1.3 million metric tonnes for



LME Steel Rebar Futures. The incentive programmes have been instrumental in the successful launch and subsequent growth of LME Steel Scrap and LME Steel Rebar Futures, providing tradeable quotes that often surpassed the parameters to which programme participants had originally agreed.

5. The Exchange has received market feedback supporting the expansion of its suite of cash-settled ferrous Contracts, and therefore intends to introduce three new regional HRC Contracts in due course, namely LME Steel HRC N Europe, LME Steel HRC N America and LME Steel HRC FOB China. The LME currently plans to make the HRC Contracts available for trading on in Q1 2019.
6. This programme is governed by the General Terms of the LME incentive programmes. This document can be obtained on the LME website or from the LME Sales team at sales@lme.com.
7. The detailed Specifications of the 2019 Ferrous LP Programme can be found in the dedicated Specification document published on the LME website.

Defined terms

8. Capitalised terms not otherwise defined in this Notice shall have the meaning ascribed to them in the Rules and Regulations of the LME or if not defined in the Rules and Regulations, the meanings ascribed to them in the General Terms.

Questions

9. Members or other interested parties with any questions in respect of the 2019 Ferrous LP Programme are invited to contact the LME Market Development department by email at ferrous@lme.com.

Oscar Wehtje
Head of Head of Business & Service Development

cc: Board directors
Steel Committee