



To: All members and other interested parties

Ref: 20/290

Classification: Trading General

Date: 22 December 2020

Subject: **LMEPRECIOUS REFERENCE PRICES**

## Summary

1. From the 22 January 2021 the LME will stop calculating and publishing the LMEprecious Reference Prices.

## Background

2. The LMEprecious Reference Prices are currently published at three points in time each business day, and represent the USD value of the underlying LME Gold and LME Silver futures contracts during morning trading, at midday and during afternoon trading.
3. The LMEprecious Reference Prices are determined through the application of a volume weighted average price (“**VWAP**”) calculation, which uses as its input data the concluded transactions for the Cash Prompt executed on LMEselect during the relevant pre-defined VWAP period. The three VWAP periods are AM (10:30-10:32), Midday (12:00-12:02) and PM (15:00-15:02). The VWAP methodology is supported by a pricing waterfall that will be utilised where the Minimum Volume Threshold is not met.
4. The LMEprecious Reference Prices are published on the LME website and disseminated as a market message only on LMEselect (GUI and FIX). They are not made available on any other LME system including LMEsource.
5. The LMEprecious Reference Prices are not used to margin or settle LMEprecious Futures. They are purely an indication of where the underlying futures contract is trading at the relevant point in time. The LMEprecious Reference Prices are not listed in the LME Usage licence as available datasets.

## Rationale for ceasing calculation and publication

6. The LMEprecious Reference Prices were introduced in August 2017. To the LME’s knowledge, the prices have only ever been used as an indicative reference of where the market is trading at and, additionally, the LME is not aware of any other use of the LMEprecious Reference Prices that would amount to “use of a benchmark” within the meaning of the European Benchmarks Regulation (the “**BMR**”). Given the operational costs to generate and administer the LMEprecious Reference Prices, and the fact that they have not seen widespread adoption, the LME has decided to cease their publication.

## Timeline

7. This Notice gives Members and other market participants 30 days’ notice that the LME will cease calculation and publication of the LMEprecious Reference Prices with effect from 22 January 2021.

## Update to LME Benchmark Documentation

8. As the LME is not aware of any use of the LMEprecious Reference Prices that would amount to “use of a benchmark” within the meaning of the BMR, with effect from 22 December 2021, the LME has updated its list of benchmarks which can be found at <https://www.lme.com/en-GB/About/Market->



[Regulation/European-Benchmarks-Regulation/](#). The LME continues to reserve the right to update the list of prices from time to time following internal and external feedback and the LME encourages Members and market participants to review the updated list of benchmarks to support their own compliance with the requirements of the BMR.

#### **Questions**

9. If you have any questions or would like to discuss further please contact [Imeprecious@lme.com](mailto:Imeprecious@lme.com).

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cc: Board directors