

To: All members and other interested parties

Ref: 21/113

Classification: Trading General

Date: 08 June 2021

Subject: **LME RING TRADING UPDATE – COVID-19**

Summary

1. This Notice confirms that the LME intends to reopen the Ring for trading on 6 September 2021, by which date the LME expects its COVID-19 criteria for reopening will have been met.

Background

2. In March 2020, in response to the global pandemic, the LME took the decision to suspend Ring trading temporarily. This decision took into account relevant advice from the UK Government, with the key objective of protecting the health and safety of LME staff and the staff of Category 1 members, and preventing the spread of COVID-19.
3. As set out in Notice 20/187, on 28 July 2020, the LME communicated a set of criteria for a return to Ring trading. The LME stated that in order for it to prepare to reopen the Ring it would require either:
 - (a) an end (or significant further relaxation) to social distancing, per UK Government guidance – which likely would itself be driven by a significant reduction in virus transmission; or
 - (b) a widely available vaccine; or
 - (c) some other (as yet unknown) technological solution which would make renewed Ring trading safe.
4. Additionally, the LME stated that it would require that a meaningful number of Category 1 members to be willing to return, and those members would need to collectively represent more than 60% of the total 2019 Ring-traded volume. This criteria ensures that price discovery in the Ring would be based on meaningful volume, so that the prices continue to be credible and robust.

Ring reopening

5. As set out in Notice 21/082, the soonest that the LME's social distancing criteria could be met would be late June 2021, being the earliest point at which the UK Government has indicated that it may lift legal limits on social contact. However, this would require the Government to announce that it intends to lift social distancing guidance at the same time as removing legal limits, and given recent developments in respect of the spread of new COVID-19 variants, the lifting of social distancing restrictions at the end of June remains uncertain.
6. Given the current vaccine rollout progress, the LME believes it is now appropriate to confirm its intention to reopen the Ring on 6 September 2021. This date has been chosen to provide certainty and allow forward planning, on the basis that the LME's existing vaccine criteria is expected to have been met, with adequate time allowed to ensure vaccine efficacy, even though recommended workplace social distancing could remain in force.
7. For the avoidance of doubt, trading will return to the Ring on 6 September. As set out in Notice 21/111 (LME Clear Circular 21-039) issued today, if the LME's proposed way forward in relation to Official Prices is confirmed (namely, that Official Prices should continue to be determined on the Ring), Official Prices



will be determined on the Ring from this date.¹ Closing Prices will be determined electronically on a permanent basis and will therefore not return to the Ring.

8. While it is the LME's intention to reopen the Ring on 6 September, the situation in respect of COVID-19 continues to evolve and it is possible, therefore, that this date may be forced to change. The LME will continue to monitor Government guidance and will revise the date for reopening if necessary in order to protect the health and safety of its staff, Ring member teams and the wider public.

James Cressy

Chief Operating Officer, LME Group

cc: Board directors
User Committee
Physical Market Committee
All metals committees
Ring Dealers Committee
Traded Options Committee
Warehousing Committee

¹ The LME is currently consulting on an appropriate trading volume-based criterion that would apply in respect of pricing on the Ring going forward in the event that Official Prices remain determined on the Ring. The LME's view on the appropriate threshold is set out in paragraph 30 of Notice 21/112.