



To: All members and other interested parties

Ref: 22/053

Classification: Trading

Date: 08 March 2022

Subject: **NICKEL SUSPENSION – FURTHER INFORMATION: DELIVERY DEFERRAL AND TRADE CANCELLATION**

Summary

1. The LME has been monitoring the impact on the LME market of the situation in Russia and the Ukraine, as well as the recent low-stock environment and high pricing volatility environment observed in various LME base metals and in particular Nickel. With immediate effect, and following the suspension of the LME Nickel market announced in Notice 22/052, the LME (acting where required through the Special Committee) has determined that it is appropriate in the circumstances to take the following actions in respect of physically settled Nickel Contracts: (i) cancel all trades executed on or after 00:00 UK time on 8 March 2022 in the inter-office market and on LMEselect until further notice (**Affected Contracts**); and (ii) defer delivery of all physically settled Nickel Contracts due for delivery on 9 March 2022 and any subsequent Prompt Date in relation to which delivery is not practicable (as determined by the LME and notified to the market) owing to a trading suspension in line with the process in this Notice.

Background

2. The current events are unprecedented. The LME is committed to working with market participants to ensure the continued orderly functioning of the market. The suspension of the Nickel market has created a number of issues for market participants which need to be addressed. This Notice is intended to address the most pressing of those issues. Further communications will be issued during the course of today, including regarding the process for reopening the market.

Cancellation of Affected Contracts

3. The LME hereby exercises its powers to cancel all Affected Contracts. Members with Affected Contracts will be contacted by the LME with instructions to cancel or reverse these Affected Contracts. LME Post-Trade Operations will create files containing all the details of the trades that Members will need to book to effect these cancellations / reversals. These files will be emailed to Members.
4. Any Member so instructed must cancel or reverse all relevant Affected Contracts as soon as practicable during the Business Day in which the instructions are issued.
5. In the event that a Member does not comply with these instructions, we reserve our right to cancel the relevant Affected Contracts in accordance with the Exchange's powers under the LME Rules.



6. All cancellations will be reflected by corresponding cancellations of the Contracts under the LMEC Rules, once the cancellations have been actioned by the Member.

Delivery deferral

7. All open delivery positions for physically deliverable Nickel Contracts with a Prompt Date of 9 March 2022 and any subsequent Prompt Date in relation to which delivery is not practicable (as determined by the LME and notified to the market) owing to a trading suspension, will be rolled at level Carry using a Basis price of the previous day's Cash Official Price.
8. LME Clear Operations will assess long positions and short positions in affected Nickel Contracts and pair up holdings. Through LME Post-Trade Operations and the LME Relationship Management team, files containing relevant position details will be emailed to Members. Members will be required to book relevant trades in LMEsmart.
9. If a Nickel Contract is not subject to deferral under this Notice, it may still be deferred (at the Member's election) under the deferral mechanism set out in Notice 22/051, and the provisions of that Notice remain in full force and effect.

Pricing

10. For the avoidance of doubt, the LME will continue to publish Official Prices and Closing Prices during this period in line with the LME's existing pricing methodology and waterfall.

Counterparty confidentiality

11. In relation to all matters covered by this Notice, Members are reminded of the importance of ensuring the confidentiality of counterparty details including, but not limited to, counterparty names and other identifiers. Confidentiality shall apply to all adjustments and trade bookings and cancellations so that, without limitation, any information that relates to the identity of a counterparty must only be disclosed to those personnel who, from an operational perspective, require such information in order to action the price adjustment.

Compliance with measures

12. All Members must comply with the measures set out in this Notice. Any failure to comply may be considered a breach of LME and/or LME Clear Rules as applicable.

Next steps

13. We will issue a further Notice later today dealing with market re-opening and any measures that are deemed appropriate to ensure continued operation of orderly market.

Questions

14. Members should direct any questions relating to this Notice to the LME Relationship Management team at RM@lme.com.



James Cressy
Chief Operating Officer – LME Group

cc: Board directors
Special Committee
Nickel Committee
User Committee