



To: All members and other interested parties

Ref: 22/070

Classification: Trading

Date: 16 March 2022

Subject: **NICKEL OFFICIAL PRICES**

## Summary

1. This Notice confirms that the LME's Nickel Official Prices traded down to the pre-set 5% daily price limit in the Ring, and hence (for the purposes of the LME's pricing procedures) that a Disruption Event (as defined in Notice 22/064) has occurred in respect of the second Ring pricing session.

## Defined Terms

2. Capitalised terms not otherwise defined herein shall have the meaning ascribed to them in the LME Rulebook and related Notices as applicable.

## Background

3. LME Nickel trading resumed today, 16 March 2022, at 0800. In order to achieve an orderly return to trading, the LME set a 5% daily price limit (up and down) as set out in Notice 22/067.
4. When trading resumed at 0800 this morning, the 3-month Nickel price immediately fell 5% on LMEselect. Nickel trading on LMEselect was then halted to investigate a technical issue, but Nickel continues to trade on the inter-office and Ring Execution Venues. In particular, discovery of the Nickel Official Prices takes place on the Ring (and hence was not impacted by the technical issue).

## Official Prices

5. A key element of the day's activity is discovery of the Official Prices, which are used by the industrial metals community around the world.
6. In accordance with normal practice, Official Prices (for cash, 3-months and other defined Prompt Dates) have been calculated during the second Ring session, which for Nickel takes place between 1300 and 1305.
7. During the Ring trading session, the market fell to its pre-set 5% lower daily price limit, which was consistent with the earlier trading observed on LMEselect.
8. Having previously held discussions with the physical industry, the LME had announced (in Notice 22/064 in particular paragraph 25) that it would not publish Official Prices if the market had reached its daily



price limit during the period within which the relevant price is being determined on a given Business Day. This is because physical users preferred not to have Official Prices which they had been unable to trade (which would be the case if the price were at the daily price limit).

9. The daily price limits have been constructed in order to help the Nickel price to find its natural level over the coming days in an orderly fashion. The LME will commence publishing Nickel Official Prices as soon as these are discovered without a daily price limit being engaged during the relevant Ring trading session.
10. Having regard to today's pricing activity, and to further assist the market to discover the true market price, the LME is assessing whether it can widen its Nickel daily price limit for tomorrow (17 March 2022). This will allow a resumption of prices in a smaller number of days, while ensuring that trading continues to remain orderly. A further announcement on this topic will be made later today (16 March 2022).
11. As previously notified to the market, values will still be published on the LME's market data feed. However, these should not be regarded as Official Prices pursuant to Notice 22/064.

#### **Technical Details**

12. To implement the above, this Notice declares that the Nickel Official Prices are subject to a Disruption Event on 16 March 2022, due to the market having reached its 5% daily down price limit.
13. Further details on Disruption Events can be found in Notice 22/064, in particular paragraphs 23 to 30.
14. As detailed in Notice 22/068 paragraph 13, as this Disruption Event is related to Official Prices, the relevant Ring session (being R2) in Nickel will be deemed a disrupted session and all Agreed Trades during this session will be null and void. Consequently, no Agreed Trades shall be entered into the Matching System and no Contracts shall arise.
15. If you have any questions in relation to this Notice, please contact [tradingoperations@lme.com](mailto:tradingoperations@lme.com).

**James Macdonald**  
**Head of Trading Operations, Pre-Trade**

cc: **Board directors**  
**Special Committee**  
**Nickel Committee**  
**User Committee**