

# TAS (trade at settlement)



SETTING THE GLOBAL STANDARD

## What is TAS?

In futures markets, trade-at-settlement (TAS) is a specific type of electronic order book that allows buyers and sellers to trade at, or near to, the yet-to-be established settlement price\* of an underlying asset.

The new TAS order book at the London Metal Exchange (LME) specifically allows participants to electronically trade the Closing Price of a 3-month contract before the Closing Price is discovered.

## Why is TAS important?

TAS enables participants to electronically “trade at the close” – a practise usually achieved via the LME’s open-outcry trading floor, the Ring, or the inter-office market.

By trading TAS, participants are able to achieve the closing price (+/- a number of ticks dependent on demand).

## How does TAS work?

While the TAS order book is open each day (from 01.00 to the conclusion of the metal’s kerb in the second session\*\*), participants will be able to use the TAS functionality to enter buy or sell orders level to, or at \$1.00 ticks above and below, the yet-to-be discovered LME 3-month contracts’ Closing Price.

If the order is filled, the order will convert into a long or short LME 3-month contract, at a price level at, above or below the Closing Price.

Contract	BQty	Bid	Offer	OQty
NID3M_TAS_TC	90	0.00	1.00	130
	70	-1.00	2.00	105
	220	-2.00	3.00	50
	80	-3.00	4.00	50
	110	-4.00	6.00	30
	100	-5.00		

Example LME Nickel 3-month TAS LMEselect order book

### Example:

- Participant enters an order to buy 10 lots of 3-month nickel TAS at +\$1 – nothing happens yet as order not filled
- Second participant enters order to sell 10 lots of 3-month nickel at TAS +\$1 – this matches with the first order, and the TAS orders of Participants 1 and 2 are filled.
- The Closing Price is determined (either on the Ring, or using an electronic VWAP) – for example at \$12,000
- Participant 1 is now long 10 lots of nickel at \$12,001
- Participant 2 is now short 10 lots of nickel at \$12,001

## TAS Benefits

- Reduce uncertainty by locking in the Closing Price at any point of the trading day
- Transparent and electronic access to efficient execution at the Closing Price
- Eliminate slippage of execution
- Available on LMEselect
- TAS order book visible until the close of the pricing period
- Finer price granularity

\*The “settlement price” - the price used for end-of-day valuations and margining - at the LME is known as the “Closing Price”.

\*\* All times = London time

## LME Nickel TAS: Specifications

Underlying contract	LME Nickel
Description	An LME TAS (trade-at-settlement) order type allows a trader to enter an order to buy or sell a contract (during the course of the trading day) at a price that is equal to, or a number of \$1 ticks above or below the 3-month Closing Price
Tick size	\$1.00
Price band	Initially 25 ticks above and below zero
Lot size	6 metric tonnes
Trading window	01:00 -17:00
Fees	\$0.54 per lot, per leg, per side
Reference price	LME Nickel 3-month Closing Price
Settlement type	Into underlying 3-month LME Nickel future

For more information please contact [sales@lme.com](mailto:sales@lme.com)

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THE LONDON METAL EXCHANGE

10 Finsbury Square, London EC2A 1AJ | Tel +44 (0)20 7113 8888



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