New Trading Platform Update Forum

January 2022

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SETTING THE GLOBAL STANDARD

Housekeeping

- **Questions** – please submit any questions you have throughout the webinar using the Q&A function. If given the option, please direct your question to *“All panellists”* rather than any individual speaker. We will do our best to answer all questions, but will respond directly to you with the answer to any we don’t have time for, and add them to the FAQs on the website.

- **Slides** – slides will be distributed to everyone by email after the session and can be shared with colleagues who are unable to attend.

- **Recording** – this session is being recorded, and the recording will be shared with attendees after the event should you wish to share with colleagues who were unable to join today.

- **Follow-up** – if you have any questions that you’d like to discuss with one of the team directly, please reach out at newtradingplatform@lme.com.

Agenda

The purpose of the forum is to update market participants (members, ISVs, market data vendors and clients) on the progress of the LME's new trading platform (LMEselect v10)

1. **Refreshed scope: what is being delivered**

2. **Updates on**
   - Project timelines with a focus on our new web-based trading GUI, LMEtrader
   - Customer testing
   - Go-live migration approach

Please note, the following slides contain a number of dates and timelines that are based on the latest information. Any changes to these dates/timelines will be communicated via the methods described at the end of this presentation.

Refreshed scope

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New trading platform functionality

May 2023 : What is being delivered?

- New LMEselect v10 offering improved performance and deterministic latency
- Upgraded interfaces: New FIX 5.0 interfaces replacing current FIX 4.4 interfaces and a new binary order entry interface
- New web-based trading GUI: LMEtrader, offering improved distribution available to clients via their members, as well as members
- New LMEsource v4 providing market data pertaining to the Ring, inter-office and electronic trading venues for all participants connecting to LMEsource v4

2024+ Future functionality

- Functionality relating to an on-screen options market including mass quotes, mass cancels
- Separate market data channels for options and futures
- Self-execution prevention (SEP) and market maker protection (MMP)
- Additional implied functionality: implieds between and implieds chaining

New trading platform:
LMEselect v10

New market data distribution system:
LMEsource v4

New trading GUI:
LMEtrader

Updates

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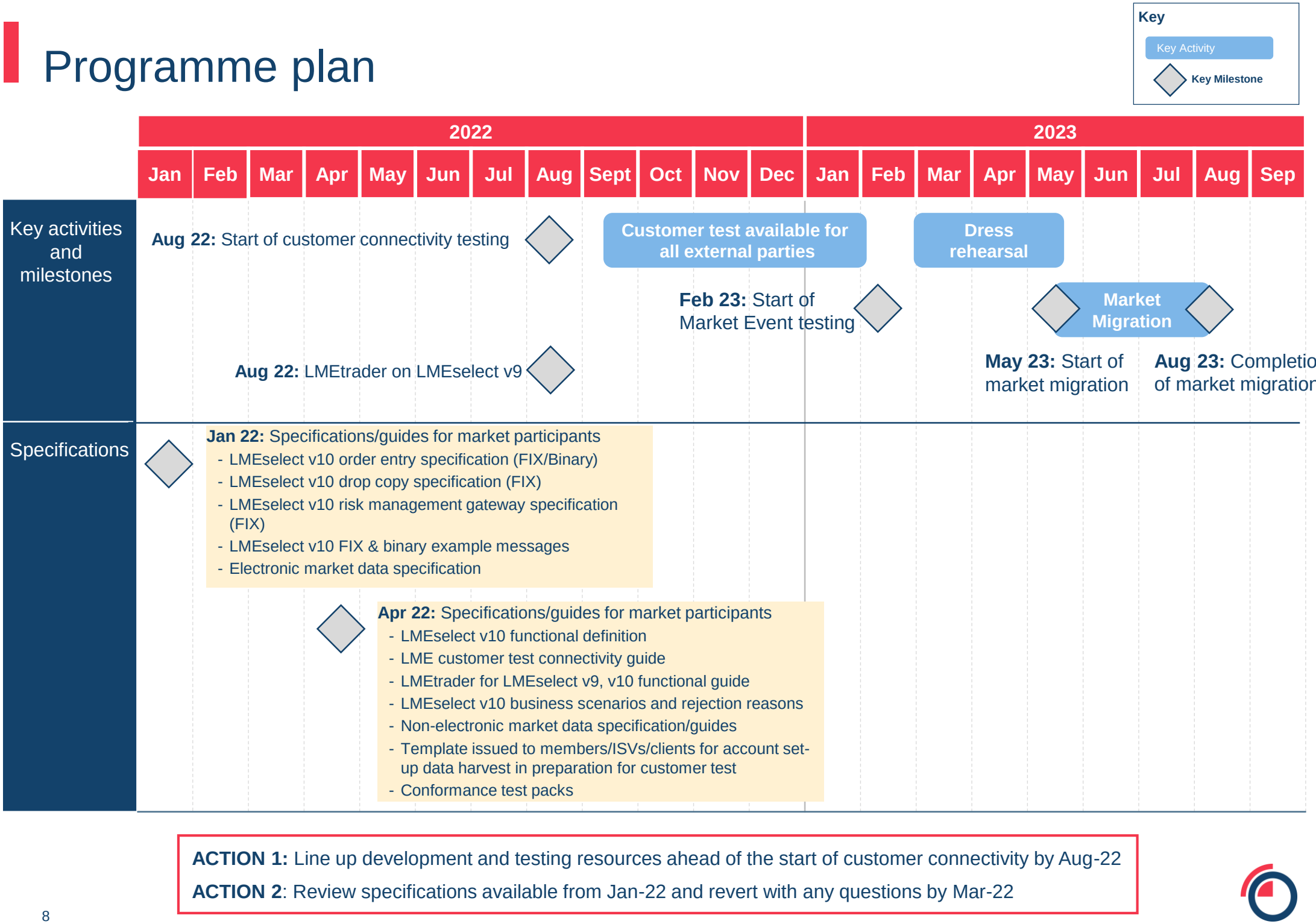
Customer testing timeline 2022-2023

Expected market participant involvement through the coming year and beyond

Q2 2022	Aug 2022	Sep 2022 – Jan 2023	Feb 2023	Mar 2023 – May 2023
Engage	**Connectivity testing**	**Open customer test**	**Market event testing**	**Dress rehearsal and DR testing**
Market participants will be asked to provide information needed to prepare the customer test environment. This will include details of testing locations for firewall configuration, required user accounts & planned test coverage (FIX, binary LMEtrader GUI).	Market participants will be asked to initiate connections to the customer test gateways in order to confirm firewall configuration is correct. Successful connections will enable them to commence development and testing of their interfaces once the environment is opened. Connectivity testing is expected to continue after customer test opens for market participants who want to engage later	Market participants will be expected to commence development and testing of their trading interfaces and electronic market data subscription culminating in the use of Itiviti's FIXConductor tool to ensure all incoming messages conform to specification in form and content. Deployments of LMEsmart, LMEmercury, and non-electronic data services will follow the initial delivery as these complete development and testing.	Having completed conformance testing, market participants will be expected to participate in coordinated testing simulating events that impact all participants during normal business running. Additional planned activity will include LME initiated events such as trade halt, trade pause, and changes to market schedule as well as limited service failures to ensure appropriate behaviour of both LME and market participant systems.	The final phase of the testing will allow both market participants and the LME to practice the cutover activities in the presence of market participant connections and to ensure that operational procedures required during the product transition from LMEselect v9 to LMEselect v10 are correct. Completion of the dress rehearsal is expected to lead into production readiness and disaster recovery testing.

Programme plan

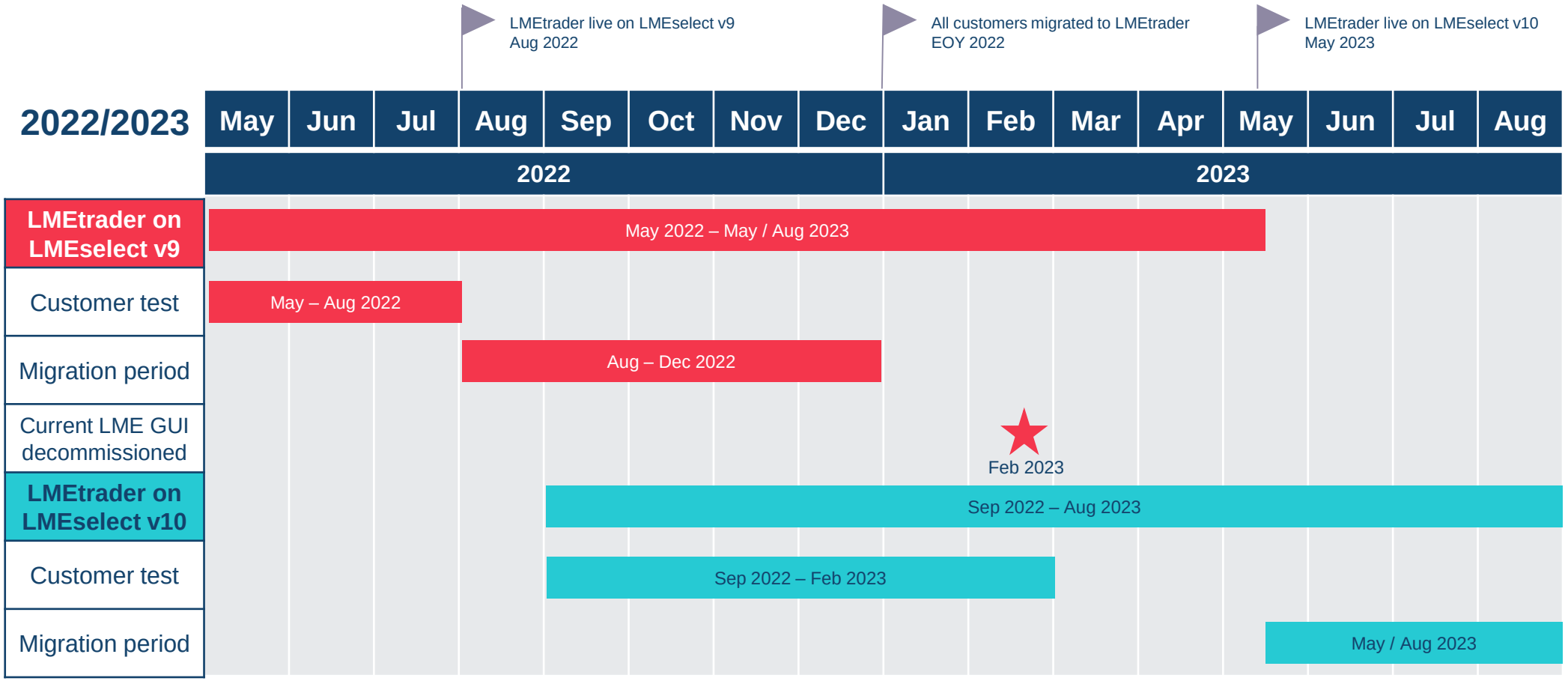


ACTION 1: Line up development and testing resources ahead of the start of customer connectivity by Aug-22

ACTION 2: Review specifications available from Jan-22 and revert with any questions by Mar-22

LMEtrader

Phased rollout



As LMEtrader is web-based, market participants will use a URL to connect to the latest version. There is no requirement for market participants to install a new version.

All market participants are encouraged to ensure they have migrated to LMEtrader on LMEselect v9 prior to the start of 2023.

ACTION 3: Line up development and testing resources ahead of the start of customer testing for LMEtrader from May 2022

ACTION 4: Ensure all connections to the current LME GUI have been removed prior to Feb 2023

Go-live migration approach

Current approach remains two phased however review ongoing

- We are continuing to review the previously communicated approach, aimed at minimising migration risk, from LMEselect v9 to the new LMEselect v10 via a proposed phased migration consisting of two phases.
- Migration phases will be product based.
- It is assumed migration will consist of two phases, with a short period between each.
- Each migration phase will be “big bang” – no provision for backwards/forwards compatibility.
- The phased migration approach is still under consideration and further updates will be provided.
- The key factors the LME is considering in terms of this approach is reducing the risk to the market.

LME ACTION 1: LME intends to confirm the migration approach by the next update forum

Next steps

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Next steps

Actions recap

Market participants next steps:	Due:
• Action 1: Line up development and testing resources for the start of customer connectivity in Aug 2022	Now
• Action 2: Review specifications available from Jan 2022 and revert with any questions by Mar 2022	Now
• Action 3: Line up development and testing resources ahead of the start of customer testing for LMEtrader from May 2022	May-22
• Action 4: Ensure all connections to the current LME GUI are removed by Feb 2023	Feb-23

External communications

Regular and ad-hoc project updates

Ad-hoc queries

- Any questions related to the new trading platform can be submitted via the **newtradingplatform@lme.com** inbox

Regular updates

- Regular updates will be posted onto the LME web site **https://www.lme.com/en-GB/Trading/New-initiatives/New-trading-platform**
- Next update forum proposed for Q2 2022

Upcoming specifications (due to be issued in Q2 2022)

- LME customer test connectivity guide and conformance test packs
- LMEtrader for LMEselect v9 and v10 functional guide
- LMEselect v10 functional definition
- LMEselect v10 business scenarios and rejection reasons
- Non-electronic market data specification/guides

Appendix

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Application versions

Summary of the current and future application version numbers

Trading venue	Current trading platform	Future trading platform	Current market data platform	Future market data platform
Electronic	LMEselect v9	LMEselect v10	LMEsource v3 LMEselectMD	LMEsource v4
Ring			LMEselectMD	LMEsource v4
Inter-office			LMEselectMD	LMEsource v4

LMEselectMD will be decommissioned after phase two of migration plan

Market design – market partitions

Market partitions offering performance, predictable latency and scalability

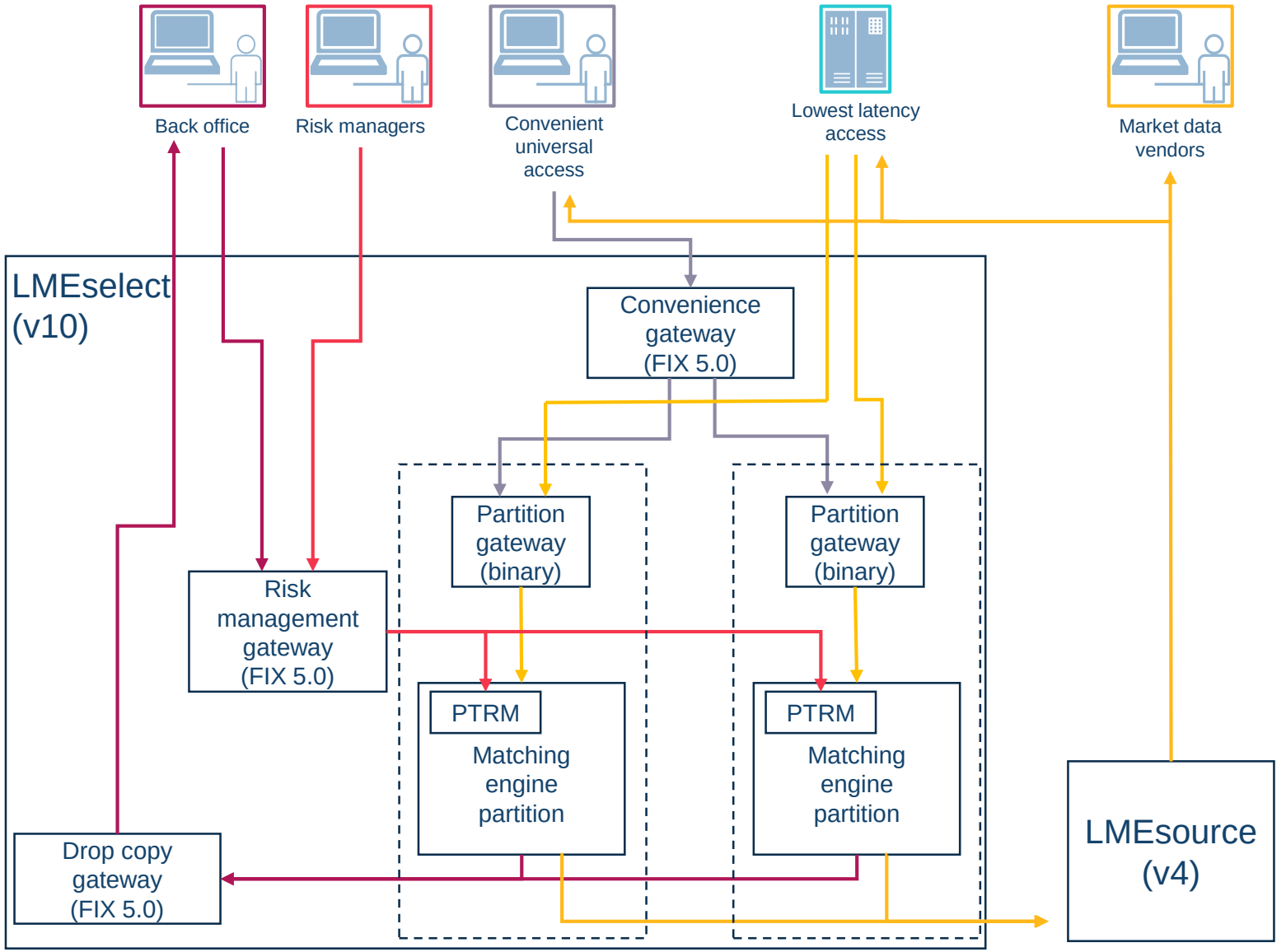
Order management
Each partition gateway (binary protocol) offers direct high performance access to a single ME partition

Order management
Convenience gateways (FIX 5.0) offer single connection access to all markets

Risk management
Single risk management gateways (FIX 5.0) offer configuration of PTRM for each partition

Back office
Single drop copy gateways (FIX 5.0) deliver FIX execution reports across all markets

Market data
LMEsource (v4) provides data access across all markets



LMEselect v10 – FIX and binary interfaces

LMEselect v10 will support both FIX 5.0 and Binary interfaces

	FIX 5.0	Binary
Objective	• Single gateway connection to all market partitions	• Fastest route to a single partition • Specifically designed to reduce latency
Principles	• Aligned with FIX principles • Minimise use of custom tags	• Proprietary protocol, based on the existing HKEX cash binary interface
Convenience gateway	Yes	No
Partition specific gateway	No	Yes
Drop copy gateway	Yes	No
Risk management gateway	Yes	No
Specifications	Available on the New Trading Platform website; https://www.lme.com/en/Trading/Initiatives/New-trading-platform/Timeline	

LMEtrader– overview

LME has partnered with Trading Technologies to provide the front-end interface for LMEselect v10

Lowering barriers to entry

- Advanced browser-based trading GUI
- Mobile access for Android and iOS (if permissioned by member)

Broadening participation in our market

- Direct access to member and their clients
- Access to all LME products

Enhancing the user experience

- Rich feature set including enhanced order book functionality and support for the entire LME product suite
- Customisable layout that persists through upgrades

Early adoption

- LMEtrader available Q3 2022 on the current LMEselect v9 to support user familiarisation and early adoption

LMEtrader– key features

Summary of features provided and planned to be provided by the new trading GUI

Access	Market data	Order entry	Order book management	Risk management	2024+ functionality
Browser-based access for Chrome, Firefox and Edge	Charting and analytics	Single click order entry	Intra-day strategy creation	PTRM configuration	Trade premium quoted options
Wider distribution with direct access for members and their clients		Market depth ladder	Broken date spreads	Kill switch	“On the fly” options strategy creation
Pre-defined, customisable & sharable workspaces		Trade the entire LME product suite	Enhanced merged order books		Submit and subscribe to RFQs
Mobile access for Android and iOS					Market maker protection
					Self execution prevention

Key:

- Supported on LMEselect v9 and LMEselect v10
- Supported on LMEselect v10 only

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