

Market Update – New Trading Platform

22 March 2023



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, independent software providers, market data vendors and clients) on the progress of the LME's new trading platform (LMEselect v10), the new trading GUI (LMEtrader) and new multicast market data platform (LMEsource v4).

1. Introduction
2. Market design
3. Time-line update
4. Supporting documentation
5. LMEtrader demonstration
6. Next steps
7. Questions

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.



New trading platform functionality

Q2 2024: What is being delivered?

- New LMEselect v10 offering improved performance and deterministic latency
- Upgraded interfaces: New FIX 5.0 sp2 interfaces replacing current FIX 4.4 interfaces and a new binary order entry interface
- The web-based trading GUI, LMEtrader (introduced for members in 2023 on LMEselect v9), offering improved functionality and wider distribution, will be available to clients
- New LMEsource v4 providing market data pertaining to the Ring, inter-office and electronic trading venues for all participants connecting to LMEsource v4



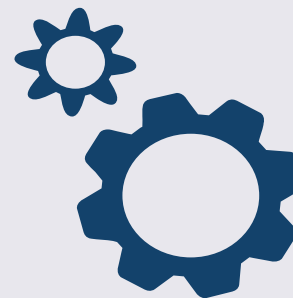
**New trading platform:
LMEselect v10**

**New trading GUI:
LMEtrader**

**New version of the
market data
distribution system:
LMEsource v4**

2024+ future functionality

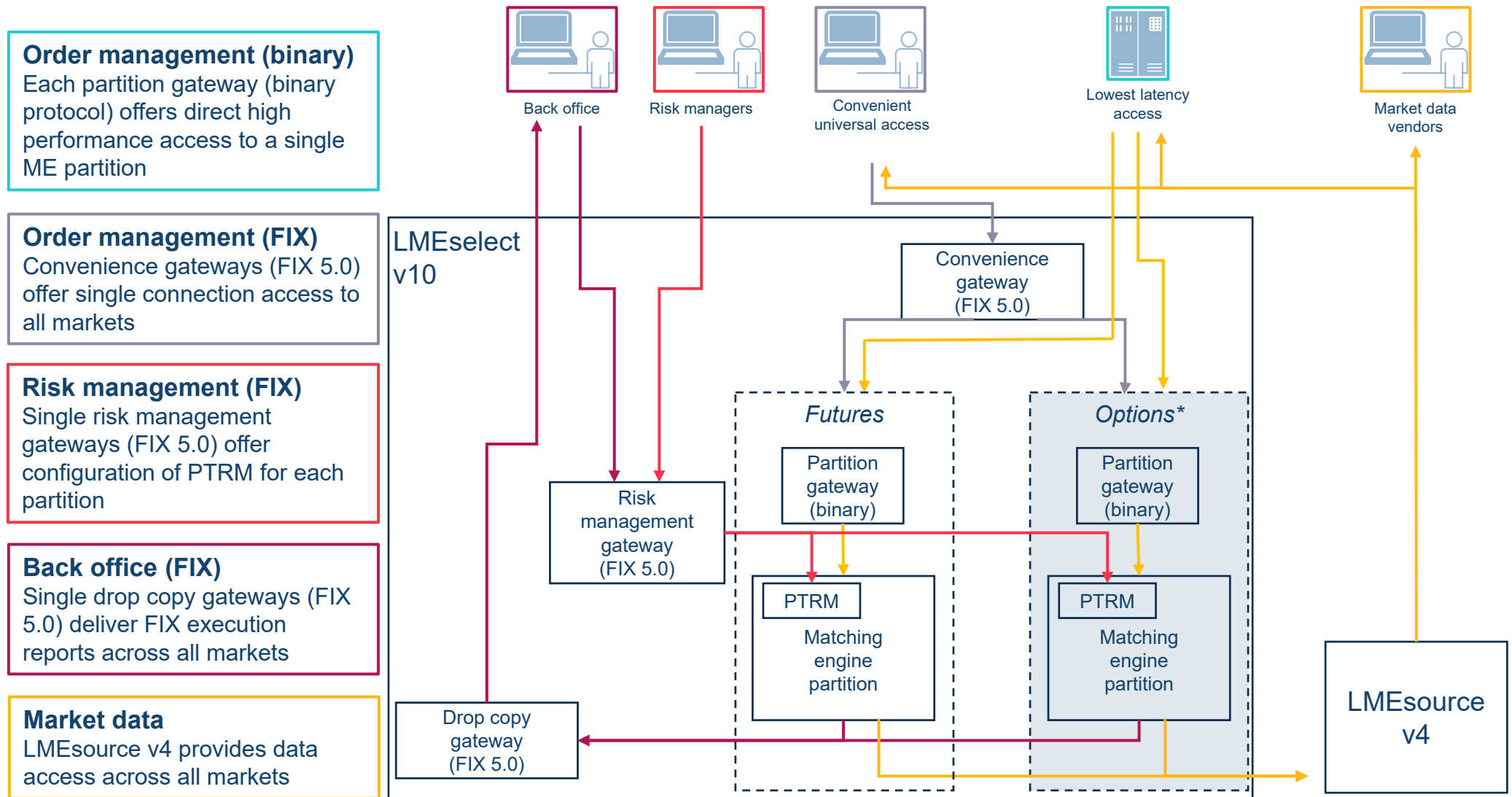
- Functionality relating to an on-screen options market including mass quotes and market maker protection (MMP)
- Separate market data channels for options and futures
- Self-execution prevention (SEP)
- Additional implied functionality: implied between spreads and implied chaining
- Request for quotes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



Market design

Electronic market design

Market partitions offering performance, predictable latency and scalability



1. Option partition not part of the day 1 go-live scope, included for illustrative purposes only



Electronic market interfaces

LMEselect (v10) will support both FIX 5.0 (sp2) and binary interfaces

	FIX 5.0 (sp2)	Binary
Objective	<ul style="list-style-type: none"> Specifically designed for convenience Single gateway connection to all market partitions 	<ul style="list-style-type: none"> Specifically designed to reduce latency Fastest route to a single partition – will require separate connection to each partition
Principles	<ul style="list-style-type: none"> Aligned with FIX principles Minimise use of custom tags 	<ul style="list-style-type: none"> Proprietary protocol, based on the existing HKEX cash binary interface
Order Entry	Yes (excludes Mass Quotes)	Yes (includes Mass Quotes, not part of go-live functionality)
Drop Copy	Yes	No
Risk Management	Yes	No
Key Dates	Interface specifications: March 2023 Connectivity test: June 2023 Test service: July 2023	



Market data – electronic trading

All new and fully re-built version of LMEsource v4 to support LMEselect v10

Key features:

- Level 3 product: new order-by-order events published from the electronic market
- Indicative opening price published
- Orders and trades available together in the same market data channel
- Reference data, providing a full list of securities/tradeable instruments
- Publication of ISINs in the reference data channel

Note: Existing TIF file will be maintained

Key dates:

- Interface specification: March 2023
- Connectivity test: June 2023
- Test service: July 2023

Future enhancements:

- Separate channels for futures and options
- RFQ details to be included in the order and trade channel

Please note: LMEselectMD & LMEsource v3 platforms will be decommissioned when LMEselect v10 goes live.



Market data – non-electronic data

All new and fully re-built version of LMEsource (v4) will provide Ring and inter-office market data

Key features:

- Reference prices (eg LME Official Prices, LME Closing Prices, LMEbullion prices)
- Inter-office and Ring orders and trades
- Inter-office and Ring reference data
- Trading volume data
- Warehouse stock data
- Risk data (e.g. Exchange Open Interest, Market Open Interest and Futures Banding)
- Reference data provided
- Publication of ISINs in the reference data channel

Key dates:

- Interface Specification: March 2023
- Connectivity test: June 2023
- Test service: July 2023

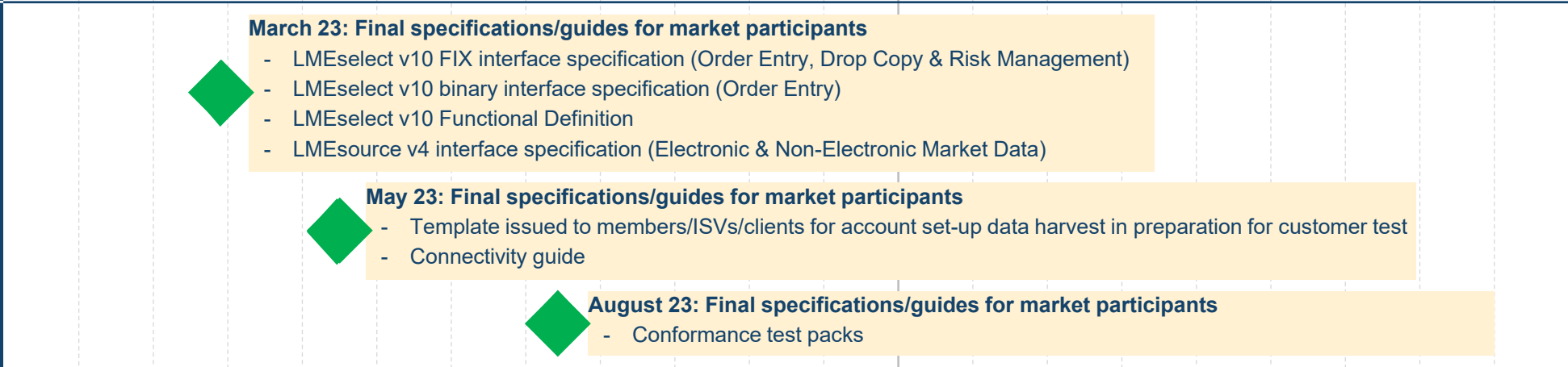
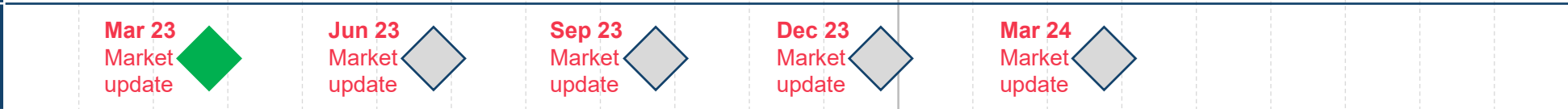
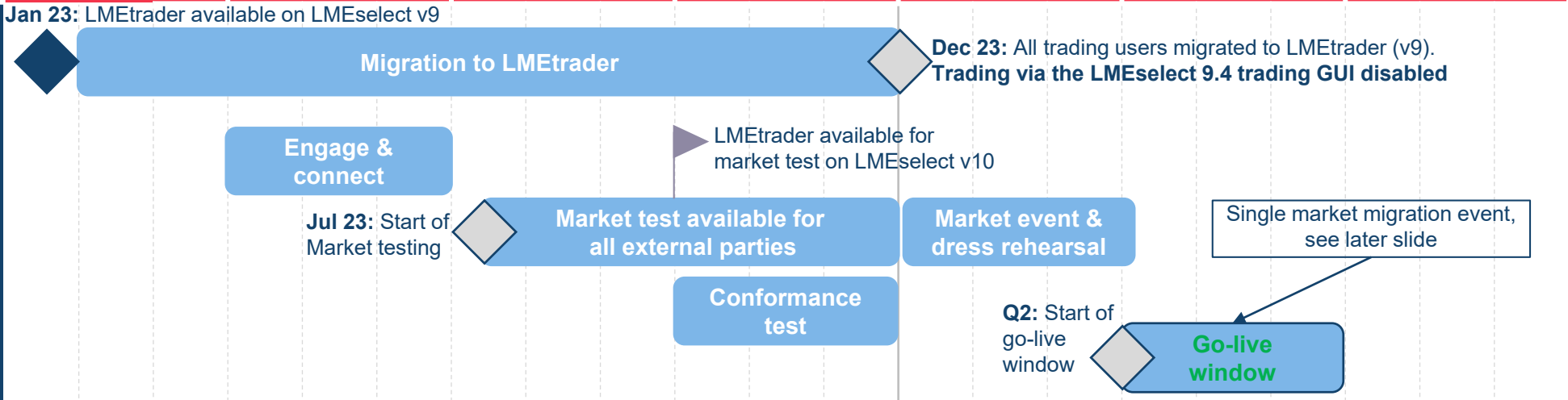
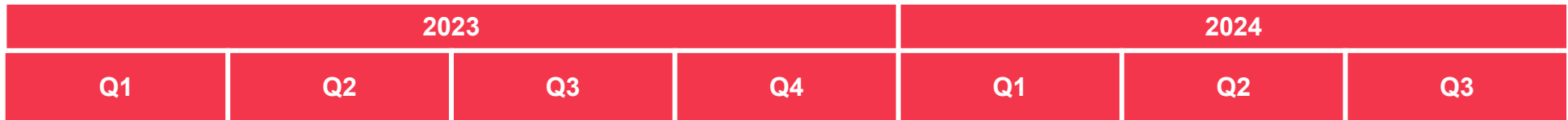
Please note: All of the above data is available to all market participants

Please note: LMEselectMD will be decommissioned when LMEselect v10 goes live.



Time-line update

Programme timeline



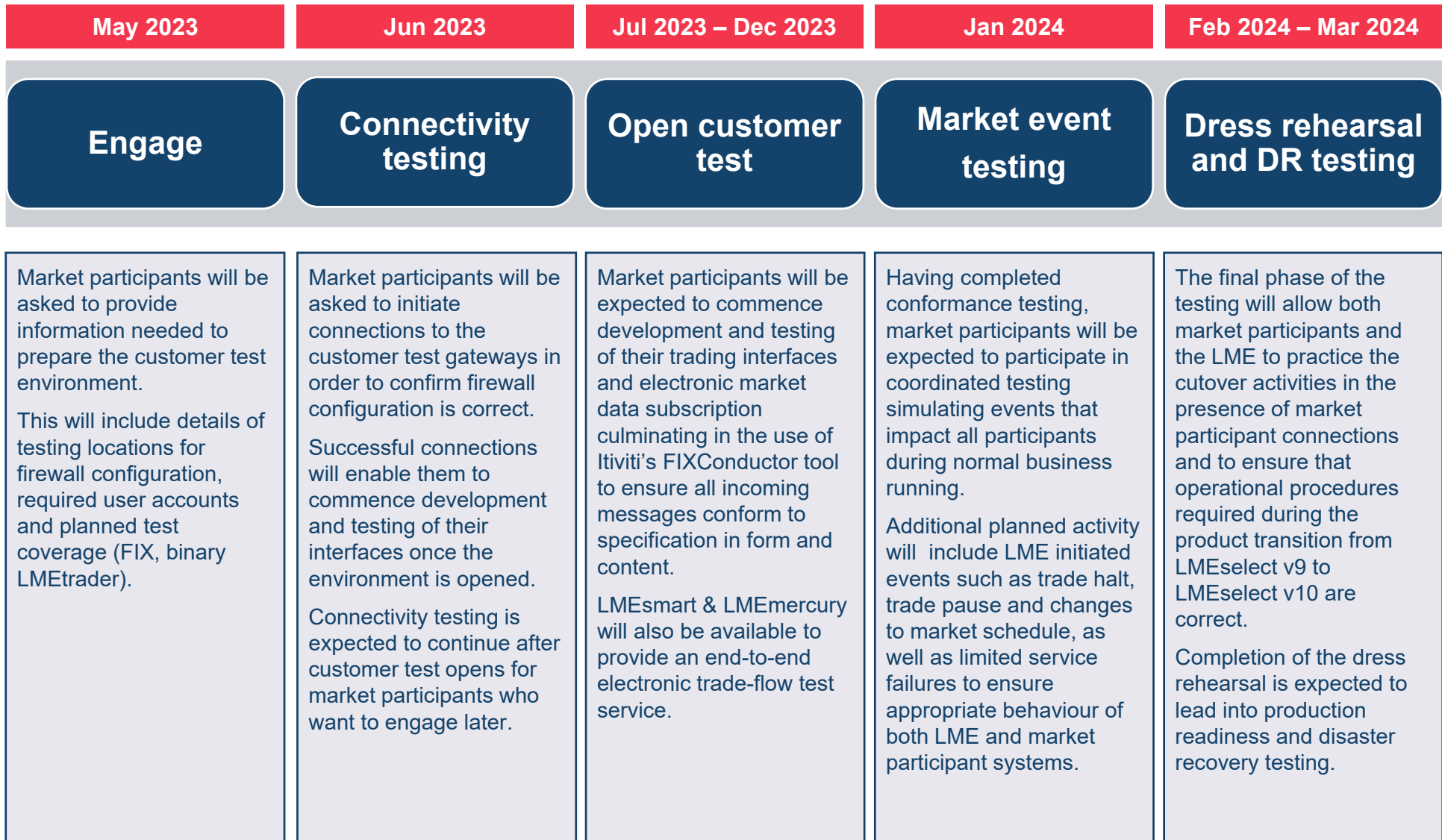
ACTION 1: Line up development and testing resources ahead of the start of customer connectivity by Jun-23

ACTION 2: Review final specifications that will be published Mar-23 and revert with any questions



Market testing timeline 2023- 2024

Expected market participant involvement through the coming year and beyond



Go-live migration approach

Approach revised to a single migration event

- To minimise operational complexity and migration risk the LME can confirm that the migration from LMEselect v9 to LMEselect v10 will follow a single migration event/weekend.
- The LME intend to be ready for the market migration by Q2 2024 however the exact date is still under discussion
- Prior to the migration weekend participants will be invited to access the LMEselect v10 and LMEsource v4 target production environment to enable:
 - Pre go-live setup, configuration and validation
 - Participation in migration and rollback dress rehearsals
 - Participation in disaster recovery/failover tests
- During the single migration weekend:
 - Trading for all products will migrate from LMEselect v9 to LMEselect v10
 - Market data for all products and data sets will migrate from LMEselectMD/LMEsource v3 to the consolidated LMEsource v4 platform



Supporting documentation

Supporting documentation

Final specifications to be issued March 2023

Final specifications of the following documents will be issued March 2023:

- LMEselect v10 FIX Order Entry Specification
- LMEselect v10 FIX Drop Copy Specification
- LMEselect v10 FIX Risk Management Specification
- LMEselect v10 Binary Order Entry Specification
- LMEselect v10 Functional Definition
- LMEsource v4 Interface Specification (electronic & non-electronic market data)

All documents will be available here:

<https://www.lme.com/ntpdocuments>



LMETrader demonstration

LMTrader overview

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



Lowering barriers to entry



Broadening participation in our market



Enhancing the user experience



Early adoption





Enhancing the user experience

Delivering new functionality and supporting future functionality

2023

LMEselect v9



Fully
customisable



Charting and
analytics



Trading ladder



xls
Excel plug-in

2024

LMEselect v10



GTC
More good till
cancelled/date
orders



Merged order
books

2024+

Future functionality



PQO
Premium quoted
options



RFQs



Enhanced
strategy creation



SEP and MMP
config



Next steps

Next steps

Market participant actions recap

Step	Activity	Due
1	Commence user training, testing and migration to LMEtrader on LMEselect v9	NOW
2	Line up development and testing resources for the start of customer testing in July 2023	NOW
3	Review published specifications and revert with any questions	NOW
4	Provide information needed to prepare the customer test environment	May-23
5	Initiate connections to the customer test gateways in order to confirm firewall configuration	Jun-23
6	Commence development and testing of trading and market data interfaces	Jul-23
7	All users have migrated to LMEtrader and connections to the current LME GUI are removed	Dec-23



External communications and support

Regular updates and queries

Updates

- Regular updates for the programme will be communicated via the weekly Relationship Management email, including the notification of new/updated document artefacts posted onto LME.com
<https://www.lme.com/en-GB/Trading/New-initiatives/New-trading-platform>
- Next update forum proposed for Q2 2023

Queries

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



Questions

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