



FAST MARKET POLICY

Please respond to:
Trading Operations

1 Introduction

This document sets out the steps the Exchange (the “LME”) will take in the event that the market experiences periods of significant volatility, and a “Fast Market” is declared.

2 Defined Terms

Capitalised terms not otherwise defined herein shall have the meaning ascribed to them in the Rules and Regulations of the LME (the “LME Rulebook”).

3 Policy

There may be occasions when significant periods of volatility may persist on an intraday basis or over a longer period of time. Volatility may be defined either by price volatility, or by significant market activity in terms of order placement and trades.

In the event that the LME determines, at its sole discretion, market conditions are more volatile than usual, and consequently the factors outlined in section 7 are applied, this shall be known as a “**Fast Market**”.

A Fast Market may be declared with regard to a single product, group of products, or for the market as a whole; and similarly the cessation of a Fast Market may also be applied on the same basis.

In determining whether or not to declare a Fast Market the LME will take into account, without limitation, the factors outlined below:

- Market conditions and volatility for all contracts in the relevant product.
- Levels of liquidity for all contracts in the relevant product.
- Any relevant economic data or news stories displayed by market data vendors.



- The possible market disruption that could be caused by declaring or not declaring a Fast Market.
- Any other information that the LME considers in the circumstances to be relevant.

In the event that the LME declares a Fast Market the following shall apply:

- (a) **Ring** – the reporting of quotes will be on a best endeavours basis for prices of orders and trades. However, there will be no reporting of volumes of orders and trades.
- (b) **LME Select and LME Smart** – Dynamic Price Banding limits will be set to the next widest banding. For example, if the current limits are set to *Normal* then the banding will be set to *Wide*.
- (c) **Market Making Arrangements** – where the LME has introduced market making arrangements or incentive programmes for certain of its products, then the market making obligations may be relaxed in accordance with the relevant terms and provisions of the market making agreements or incentive programme Notice. For the avoidance of doubt, the declaration of a Fast Market will constitute stressed market conditions for the purposes of the LME's market making agreements.

The declaration of a Fast Market will be communicated to the market by way of a market message on LME Select. Further updates, such as the duration of the Fast Market, may also be communicated via market messages on LME Select.

When the LME, at its sole discretion, has determined that normal market conditions should apply, a market message will be sent on LME Select to inform market participants.

The LME may also halt trading in exceptional circumstances such as, without limitation, war, industrial action, civil unrest or cyber sabotage. In such circumstances the LME will notify participants by way of a market message on LME Select and/or such other appropriate method of communication.

Where the likely duration of the trading halt is known at the outset, then the LME will communicate the steps that will be taken to resume trading, including the proposed timeline. However, where it is uncertain when trading might safely be resumed, the LME will provide updates to the market throughout the incident and when a decision has been made with regard to the resumption of trading.

