



# Fast Market Policy

Please respond to:  
**Trading Operations**

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Registered in England no 2128666. Registered office as above.

**LME.COM**



# 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. For the avoidance of doubt, nothing in this policy shall be taken to limit the LME’s powers to take other action in periods of significant volatility, including without limitation through the application of the LME’s Daily Price Limit (“**DPL**”) Multiple Day Framework, and under the LME Rulebook generally.

# 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 the factors outlined below are met, 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 to the relevant trading forum:

- a) **Ring** – the reporting of quotes will be on a best endeavours basis for prices of orders and trades.
- b) **LMeselect and LME’s matching system** – Dynamic Price Banding limits may be set to the next widest banding. For example, if the current limits are set to *Normal* then the banding would be set to *Wide*. For the avoidance of doubt, the full and effective application of the LME’s DPL Multiple Day Framework and other mechanisms or policies to manage volatility remain unaffected.



- c) **LMeselect** – Static Price Bands may be adjusted. For the avoidance of doubt, the full and effective application of the LME's DPL Multiple Day Framework and other mechanisms or policies to manage volatility remain unaffected.
- d) **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 via LMEsource. Further updates, such as the duration of the Fast Market, may also be communicated via market messages via LMEsource.

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

This policy is without prejudice to the LME's powers, policies and procedures in respect of halting or pausing trading, as set out in Policies and Controls for the Prevention of Disorderly Trading.