



LMEsmart Member Self-Certification

Please respond to:

Post Trade Operations

posttradeoperations@lme.com

THE LONDON METAL EXCHANGE

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

Registered in England no 2128666. Registered office as above.

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1 Introduction

Category 1, 2 & 3 Members for LMEbase and LMEprecious General Clearing Members (GCMs), LME precious Individual Clearing Members (ICMs) and LMEprecious Non-Clearing members (NCMs) must certify their operational readiness for LMEsmart prior to their access to the production system. The LME requires each member to examine and validate its readiness prior to commencing business on the Exchange. The purpose of this document is to define the Self-Certification process for LMEsmart in order to support both our LMEbase and LMEprecious offering.

Category 4 and LMEprecious Non-Clearing members (NCMs) who wish to access LMEsmart will need to conduct testing in conjunction with their nominated clearer.

The document provides the framework for Self-Certification, but members should also identify any additional assurances that they require as part of their own preparation for go-live.

Members must be able to execute all test scenarios via the LMEsmart GUI and their FIX API interface. Any changes to the members API must be tested in full before being implemented on to the production platform.

This document includes the following:

Certification Process

This section outlines the steps which members must follow to Self-Certify their readiness

Self-Certification Tests

These tests identify the scenarios that members should execute in order to demonstrate they are ready to commence registrations in LMEsmart. These tests only cover basic trading scenarios and therefore members should identify any other tests that are specific to their own business models to supplement the defined tests.

Self-Certification Form

Each member should complete a certification form to confirm that they have checked their operational readiness



2 Certification Process

The certification process for LME members is as follows:

- Members are required to review, amend and validate any changes to their systems and procedures to interface with the matching service.
- Members are advised to download key reference documents listed below from the LME website (<http://www.lme.com/trading/venues-and-systems/systems/lmesmart/>) to assist them with their preparations.
 - a. LMEsmart Member GUI Guide;
 - b. LMEsmart FIX API Member Guide.
- Members must define and conduct all internal assurances to confirm their readiness for LMEsmart. In order to interface with LMEsmart, members must demonstrate that their Operations and Compliance teams are proficient in the key functions of LMEsmart and that the member can conduct its normal business activities once they have accessed the matching system. Members must complete the Self-Certification test for both the LMEsmart GUI and the FIX gateway.
- Members must execute the test cases according to their business model identified in this document in addition to any tests that are required as part of their own assurances.
- Members are required to contact Post Trade Operations posttradeoperations@lme.com before commencing the Self-Certification tests to confirm the necessary member test environments are in place.
- Members must complete the Self-Certification form. The completed form should be returned to Post Trade Operations posttradeoperations@lme.com. Once the completed form has been received by the LME, and the membership process has been completed, member access will be granted to the LMEsmart production environment on the go-live date. In order to gain production access to the system the member will be required to complete the required 'LMEsmart User Admin Nomination Form'.
- If the member requires access to the production environment to test connectivity ahead of the go-live date, they must contact Post Trade Operations posttradeoperations@lme.com. Any such connectivity test can only be conducted once the matching system has closed for trade input and no trades may be submitted by the member.



3 Self-Certification Tests

3.1 Test pre-conditions include

- LMEsmart, LMEselect and LMEclear member test systems are available and the correct MT environment has been confirmed in advance of testing.
- LME members will require two profiles (mnemonics) within each LME system in order to match trades as a counterparty.
- LME members will be required to test their comprehensive account structure within LMEclear.
 - For clarity, MT environments do not reflect a members production account structure within LMEclear.

4 Test Cases

- The following test cases are to confirm that members are able to successfully execute current and expected business scenarios and complete other internal procedures such as performing reconciliations.
- Please complete the following test cases, omitting those that are not applicable to your current business model.
- When executing these tests, please enter the test number into the public reference field where possible so that Post Trade Operations can observe the results.
- Members are expected to perform a reconciliation of all matched trades in LMEsmart to matched trades in their back office system.
- Members who regularly trade in non USD contracts, LME Options and TAPOs are advised to repeat the test cases above as appropriate for Euro, Yen, and Sterling contracts.
- Category 1 Members are advised to repeat the test cases above for Ring (R&K time codes) and Basis Ring (C&D time codes) trades as appropriate.
- Category 2, 3 & 4 Members are advised to repeat the test cases above for Basis Ring (C&D time codes) trades as appropriate.



4.1 Trade Entry & Matching Scenarios

- The following tests are applicable to the LMEbase offering:

No.	Test Description	Completion Date	Comments
LME-1	Using your two member logins, match a direct outright Exchange Trade in LMEsmart		
LME-2	Using your two member logins, match a direct outright Exchange Trade in LMEsmart using a short price code (S or C) before price substitution		
LME-3	Using your two member logins, match a direct outright Exchange Trade in LMEsmart using a short price code (S or C) post price substitution		
LME-4	Using your member login, submit a direct Exchange Trade in LMEsmart against counterparty UNA to effect the current 'give up' booking model		
LME-5	Using your member login, either cancel or reverse the booking to counterparty UNA and allocate the trade to your second login/mnemonic. Book the opposing trade half and match the trade		
LME-6	Using your member login, register an outright Cleared Contract for an OSA (C) segregated customer in LMEsmart		
LME-7	Using your member login, register an outright Cleared Contract for an ISA (S) segregated customer in LMEsmart		
LME-8	Using your member login, register an outright Cleared Contract for an GOSA (G) segregated customer in LMEsmart		
LME-9	Using your member login, register a carry Cleared Contract for an OSA (C) segregated customer in LMEsmart		
LME-10	Using your member login, register a carry Cleared Contract for an ISA (S) segregated customer in LMEsmart		
LME-11	Using your member login, register a carry Cleared Contract for an GOSA (G) segregated customer in LMEsmart		
LME-12	Cancel a House vs Client Cross that has been cleared to either the ISA (S), OSA (C) or GOSA (G) account		
LME-13	Using your two member logins, enter and action an outright order in LMEselect		
LME-14	Using your two member logins, enter and action a carry order in LMEselect		
LME-15	Execute FIX recovery process resulting from loss of service		
LME-16	Using your two member logins, submit a direct outright Exchange Trade in LMEsmart to fall outside of the price banding limits		
LME-17	Using your two member logins, submit a direct carry Exchange Trade in LMEsmart to fall outside of the price banding limits		
LME-18	Using your two member logins, submit a reversal for a previously registered trade (see LME1)		



- The following tests are applicable to the LMEprecious offering:

No.	Test Description	Completion Date	Comments
LPM-1	Using your two member logins, match a direct outright Exchange Trade in LMEsmart		
LPM-2	Using your member login, submit a direct Exchange Trade in LMEsmart against counterparty UNA to effect the current 'give up' booking model		
LPM-3	Using your member login, either cancel or reverse the booking to counterparty UNA and allocate the trade to your second login/mnemonic. Book the opposing trade half and match the trade		
LPM-4	Using your member login, register an outright Cleared Contract for an OSA (C) segregated customer in LMEsmart		
LPM-5	Using your member login, register an outright Cleared Contract for an ISA (S) segregated customer in LMEsmart		
LPM-6	Using your member login, register an outright Cleared Contract for an GOSA (G) segregated customer in LMEsmart		
LPM-7	Using your member login, register a carry Cleared Contract for an OSA (C) segregated customer in LMEsmart		
LPM-8	Using your member login, register a carry Cleared Contract for an ISA (S) segregated customer in LMEsmart		
LPM-9	Using your member login, register a carry Cleared Contract for an GOSA (G) segregated customer in LMEsmart		
LPM-10	Using your two member logins, enter and action an outright order in LMEselect		
LPM-11	Using your two member logins, enter and action an outright order in LMEselect with erroneous client details to affect a position within the 'X' account		
LPM-12	Book a House vs Client cross to allocate the 'X' account trade to either an ISA (S), OSA (C) or GOSA (G) account		
LPM-13	Book a Client cross to allocate a trade from the ISA (S) account to the OSA (C) / GOSA (G) account or vice versa		
LPM-14	Using your two member logins, enter and action a carry order in LMEselect		
LPM-15	Using your two member logins, enter and action a carry order in LMEselect with erroneous client details to affect a position within the 'X' account		
LPM-16	Execute FIX recovery process resulting from loss of service		
LPM-17	Using your two member logins, submit a direct outright Exchange Trade in LMEsmart to fall outside of the price banding limits		
LPM-18	Using your two member logins, submit a direct carry Exchange Trade in LMEsmart to fall outside of the price banding limits		
LPM-19	Using your two member logins, submit a reversal for a previously registered trade (see LPM1)		



Self-Certification Form

Member: _____
 Certification Date: _____
 Name & Position: _____

Matching	Y/N	Comment
We have defined and executed sufficient test cases to confirm that our systems and procedures are compatible with LMEsmart		
We are able to match trades for appropriate instruments and contracts (and track/reconcile them through to our back office systems)		
We are able to match trades for appropriate trade categories (and track/reconcile them through to our back office systems)		
We are able to amend and delete trade halves for all appropriate trade categories (and track/reconcile them through to our back office systems)		
We are able to register Client Contracts for Segregated customers, if appropriate (and track them through to our back office systems)		
We are able to submit our customer codes, clearing account codes and client codes with each client trade		
We are able to reconcile our matched trades to LMEsmart and LMEclear using the LMEsmart match number and LMEclear clearing number		
We have trained key operational staff in the use of LMEsmart		
We have revised our operating procedures and business processes to accommodate		
Category 1 members only - We have implemented the facilities we require for LMEsmart at the LME Primary and DR Ring		
Clearing	Y/N	Comment
We are able to process Settlement and Closing Prices, SPAN data, FX, Interest rates, and positions from LMEclear into our back office system in the usual manner		
We are able to reconcile our positions to LMEclear		
LMEselect	Y/N	Comment
We are able to execute trades on the LMEselect GUI (and track/reconcile them through to our back office systems)		
We are able to carry out trades via the FIX interface to LMEselect (and track/reconcile them through to our back office systems)		
General	Y/N	Comment
We have reviewed our DR and business continuity plans and can confirm that we have sufficient resilience and contingencies in our in-house systems, procedures and LME connectivity to meet our firms business resilience requirements		
We confirm that our systems and procedures have been sufficiently reviewed and tested		

I hereby certify that this self certification form has been accurately completed on behalf of the Member

Name _____

Compliance Officer Name (Please print): _____

Compliance Officer Signature: _____

