

# Discussion Paper on LME Warehouse Reform

Overview presentation  
March 2019



SETTING THE GLOBAL STANDARD

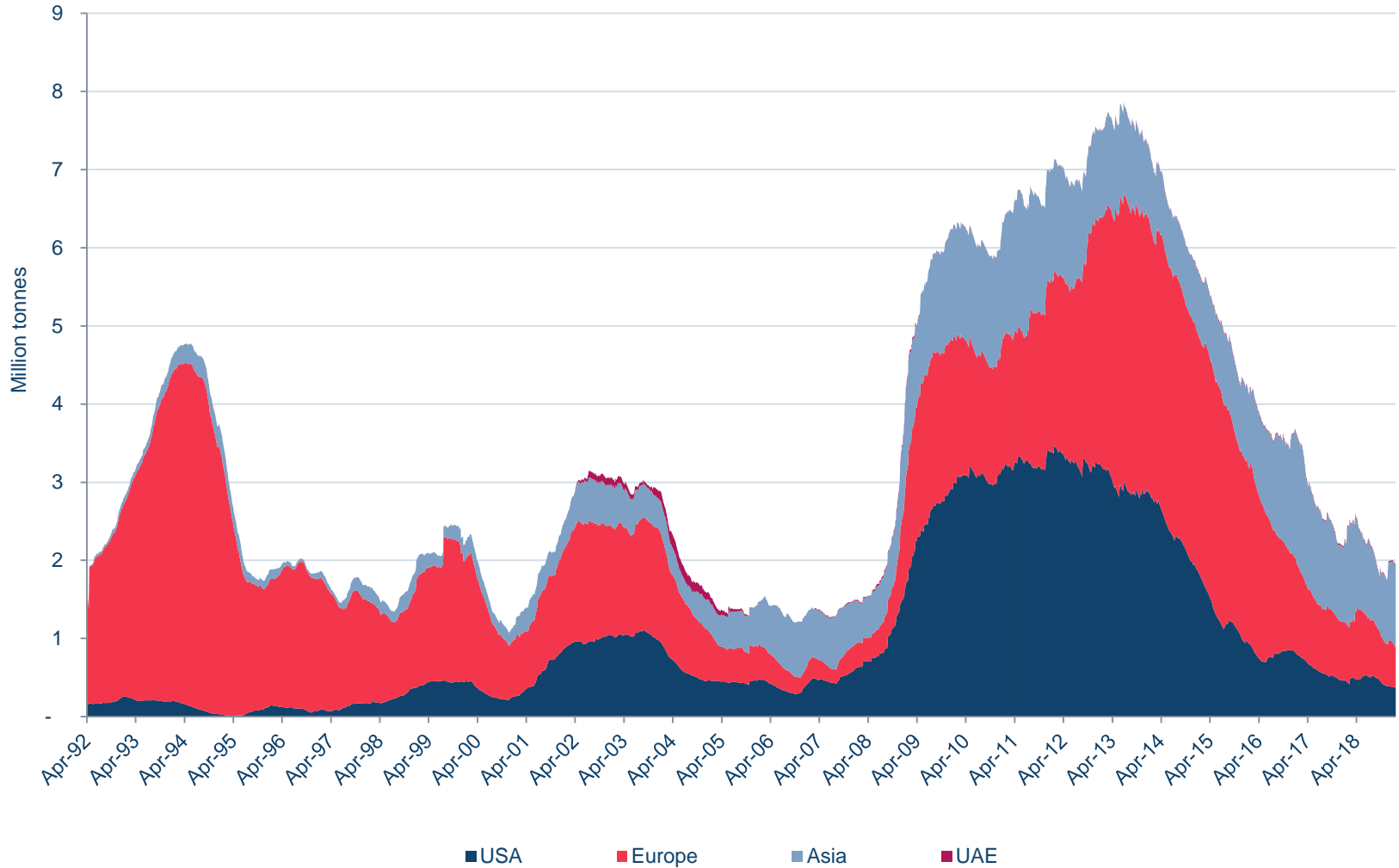


# Rationale for LME warehousing evolving...

LME view is that warehouses attract metal via three routes



# ...leading to pattern of lower stocks...



Data as of 28-Feb-19

# ...providing the context for potential reform

1.

While the LME remains happy that its warehousing rules provide proper protection for market users, warehouses remain core stakeholders and the LME is keen to ensure their businesses remain financially viable

2.

Reform work emerged initially from the Warehousing Committee's consideration of feedback received to the LME's 2017 Strategic Pathway. In response to this feedback Warehouse Committee "sub-forum" (plus independent observers) formulated proposals that (i) achieved broad support from Committee members, and (ii) were consistent with existing safeguards provided

3.

Warehousing Committee agreed with LME's view that it would be appropriate to seek feedback on the proposals that were developed by the "sub-forum", and largely accepted by the Committee, from the broader market through a discussion paper, which the LME agreed to draft

4.

Discussion Paper proposals are those of the Committee, aside from Section 5 of the paper which comprises additional proposals put forward by the LME. LME now invites feedback on all the proposals and have made no prior decisions on the final outcome

# Strategic proposals



Load-out rules



Evergreen rent deals



Rent reductions

# Operational proposals



Electronic certificates of analysis (“CoA”)



Clarification to the definition of “load-out”



Free on Truck (“FoT”) charges currency denomination

# LME proposals



Eligible stock reporting



Changes to cancelled metal reporting in the daily stock report



Eligible copper – requirement for producer batch reference

# Next steps





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