

To: All members and other interested parties

Ref: 26/138

Classification: Trading

Date: 18 May 2026

Subject: **CHANGES TO DAILY PRICE LIMITS FOR LEAD AND ZINC BASE METAL CONTRACTS**

Summary

1. This Notice confirms the new Daily Price Limits for outright Contracts for Lead and Zinc on all Execution Venues, decreasing them from 15% to 12% with effect from 8th June 2026. For completeness, this Notice also restates the Daily Price Limits for all other base metal Contracts. This Notice should be read in conjunction with Notice 22/067¹, which describes more fully how Daily Price Limits operate on the LME's Execution Venues.

Background

Daily Price Limits – Calibration Methodology

2. Daily Price Limits prevent large daily price moves in a contract and form part of how the LME maintains a fair and orderly market. They are configured as a fixed percentage (as communicated to the market by Notice and available on the LME website) of the previous day's 3M Closing Price for that contract and are applied to the main 9 base metals (CA, AH, ZS, NI, PB, SN, AA, NA and CO) and one Cash Settled Future ("CSF") (CB).
3. As set out in Notice 23/120², the calibration review process for the Daily Price Limits shall occur bi-annually across the main 9 base metals and one CSF contract as well as on an ad-hoc basis where circumstances warrant additional review.
4. The review methodology considers quantitative analysis with a qualitative overlay. Inputs for each metal include, but are not limited to, historical volatility as well as current market conditions and volatility, taking into account macroeconomic factors and other relevant information. It is not the purpose of Daily Price Limits to constrain or reduce the inherent volatility of contract prices, but rather to protect against significant price moves that may be indicative of market distortions. Therefore, Daily Price Limits for contracts that display generally higher price volatility will normally require wider price limits, to avoid unwanted interference with price discovery, and contracts that display generally lower price volatility will normally require narrower price limits.
5. Following the bi-annual calibration review of the main 9 base metals and one CSF contract, the Lead and Zinc contracts have demonstrated lower price volatility over a period of time, along with other contributing factors, and the LME determines that it is therefore appropriate to reduce the Daily Price Limit for the Lead and Zinc contracts only from 15% to 12%. For the avoidance of doubt, all other base metal contracts remain unchanged.
6. While the LME may not always provide as much notice for future DPL changes, we recognise changes to DPLs are still a relatively new process.

¹ <https://www.lme.com/api/sitecore/MemberNoticesSearchApi/Download?id=ac564a6b-b70f-4ae9-9f0d-d9e5decdea6e>

² <https://www.lme.com/api/sitecore/MemberNoticesSearchApi/Download?id=1618a02a-3bb9-40e6-8c51-c3320faae469>



Daily Price Limits – Applicable Limits

7. With effect from 8th June 2026 and until further notice, the LME Daily Price Limits for base metal Contracts are as follows:

Metal / Contract	Limit up	Limit down	Applicable Execution Venues
Aluminium, Copper, Lead, and Zinc outright	Previous Business Day's Closing Price (whether or not it is subject to a Disruption Event) for the relevant Contract, plus 12% of the previous Business Day's Closing Price for the 3-month Contract	Previous Business Day's Closing Price (whether or not it is subject to a Disruption Event) for the relevant Contract, <u>minus</u> 12% of the previous Business Day's Closing Price for the 3-month Contract	LMEselect, Ring and inter-office
All other base metal outright ³	Previous Business Day's Closing Price (whether or not it is subject to a Disruption Event) for the relevant Contract, <u>plus</u> 15% of the previous Business Day's Closing Price for the 3-month Contract	Previous Business Day's Closing Price (whether or not it is subject to a Disruption Event) for the relevant Contract, <u>minus</u> 15% of the previous Business Day's Closing Price for the 3-month Contract	LMEselect, Ring and inter-office

8. The LME continues to consider any enhancements to the detailed design of the Daily Price Limits and associated policies (including the Disruption Events Framework⁴).

Daily Price Limits – Market Feedback

9. One area on which the LME has received feedback is the potential impact that a Disruption Event, caused by the Daily Price Limit impacting the Closing Price discovery period, would have on Members who are guaranteeing Closing Price orders to clients. This is particularly relevant for those guaranteeing Closing Price orders for spreads, because the Daily Price Limit is applied consistently across all outright prompt dates. The LME continues to consider any enhancements, such as introducing a higher Daily Price Limit percentage to non 3-month prompts to allow some change in the forward curve shape. Any such change would need careful evaluation, in particular to ensure that both the potential benefits are balanced against the impact on the effectiveness of the control itself, and that the desire for simplicity is weighed against the complexity introduced by having differing limits across prompt dates within each metal. The LME welcomes any feedback from market participants on any area of the Daily Price Limit itself and associated procedures.

Queries

10. Members should direct any general questions relating to this Notice to Trading Operations at tradingoperations@lme.com.

³ Including Cobalt Cash-Settled Futures.

⁴ Full details relating to the disruption event framework can be found in LME Notice 22/092, <https://www.lme.com/-/media/files/news/notices/2022/03/22-092-consolidated-guidance-on-disruption-events-and-updated-guidance-on-the-calculation-of-masps.pdf>



James Macdonald

Head of Trading Operations

cc: Board directors

All committees