To:	All members and other interested parties
Ref:	26/284
Classification:	General Updates
Date:	24 November 2026
Subject:	**LME Aluminium – Amendment to Tom-Next Lending Rules**

Summary

1. The LME has been monitoring market conditions in the LME Aluminium Contract. The LME (acting through the Special Committee) has determined that it is appropriate in the circumstances to amend certain requirements detailed within the Tom-Next Lending Rules (as contained within Notice 26/250), with effect from tomorrow (Wednesday 25 November 2026), noting that the Tom-Next market will next be open on Thursday 26 November 2026 (being closed on Wednesday 25 November 2026, due to the forthcoming US Thanksgiving holiday). The actions set out within this Notice are intended to be temporary and will be reviewed as appropriate by the Special Committee.

Defined Terms

2. Terms not otherwise defined in this Notice shall have the meanings given to them in the Rules and Regulations of the LME (the "LME Rulebook").

3. For the avoidance of doubt, 0.5% backwardation, 0.25% backwardation and Level referred to in this Notice shall refer to the obligation to lend under the Rules at a premium of no more than the respective rate of the Cash Price for a day.

Background

4. The LME notes the exceptional market conditions currently characterised by a significant LME Aluminium backwardation, coupled with a continuing low-stock environment. The LME would normally regard a backwardated market as a natural consequence of such an environment, and indeed would expect it to draw stock into warehouse. As such, the LME does not regard such backwardations as inherently unhealthy for the market.

5. However – even at current levels of backwardation – stock ingress into warehouse remains limited. As has been widely reported, this appears to be due to (amongst other reasons) a combination of currently physical market tightness and a general market expectation of significant production expected to come on-stream through 2027.

6. Accordingly, during the current period, the LME believes it appropriate to temporarily recalibrate its Lending Rules to reflect these market dynamics – and, in particular, to lessen the potential undue influence of significant positions in such an environment.

Special Committee Action

After taking account of all the relevant factors and having consulted with LME Clear, the Special Committee has resolved that, with effect from tomorrow (Wednesday 25 November 2026)[1]:

Tom-Next Lending Rules

(a) The lowest threshold for LME Aluminium Tom-Next Lending Rules will be reduced from 50% to 30%. As such, a position holder with a WTC Position in LME Aluminium equating to at least 30% but less than 80% of the on-Warrant stock figure, is required to lend at 0.50% of the previous day's Cash price (or such other price as determined per (b) below). For the avoidance of doubt, the higher tiers of Tom-Next Lending Rules set out in Notice 26/250 continue to apply (again, subject to (b) below).

(b) Position holders must calculate the number of business days (excluding those on which Tom-Next is not available to trade) an LME Aluminium position of at least 30% (per the calculations of the Tom-Next Lending Rules) have been consecutively held for the purposes of that calculation, starting with the third Wednesday date in November (Wednesday 18 November 2026 – for the avoidance of doubt, relating to the position as at close of business on Tuesday 17 November 2026).

By way of example, therefore, a position which was held on Wednesday 18 November 2026 (relating to the position as at close of business on Tuesday 17 November 2026) would have been held for one complete business day as of midnight at the start of Thursday 19 November 2026, two complete business days as of midnight at the start of Friday 20 November 2026, three complete business days as of midnight at the start of Monday 23 November, four complete business days as of midnight at the start of Tuesday 24 November, five complete business days as of midnight at the start of Wednesday 25 November, and so forth.

Position holders shall then be subject to enhanced lending requirements if meeting the below conditions:

(i) For positions held for at least five complete business days, but fewer than ten complete business days, then the lending tier(s) under the Tom-Next Lending Rules will be incremented by one tier. So, a participant who would otherwise be subject to lending at 0.5% backwardation would instead be subject to lending at 0.25% backwardation. A participant who would otherwise be subject to lending at 0.25% backwardation would instead be subject to lending at level. For the avoidance of doubt, there shall be no requirement to lend at contango (hence a participant otherwise subject to lending at level shall continue to be subject to lending at level).

(ii) For positions held for at least ten complete business days, then the lending tier under the Tom-Next Lending Rules will be incremented by two tiers. So, a participant who would otherwise be subject to lending at 0.5% backwardation would instead be subject to lending at level. For the avoidance of doubt, there shall be no requirement to lend at contango (hence a participant otherwise subject to lending at 0.25% backwardation or level shall be subject to lending at level).

For the avoidance of doubt, the above adjusted tier requirements shall apply to all levels of lending. So, for example, a position holder with a 95% position (who is subject, under the current rules, to three tiers of lending, namely level, 0.25% backwardation, 0.50% backwardation) shall have each of these tiers adjusted per (i) above.

[1] For the avoidance of doubt relating to positions as of close of business today (Tuesday 24 November 2026) – noting that the Tom-Next market will next be open on Thursday 26 November 2026 (being closed on Wednesday 25 November 2026 due to US Thanksgiving).

The following table is provided as an illustration of the above:

LME Aluminium Tom-Next Lending Rules	Position held for fewer than 5 complete business days	Position held for at least 5, but fewer than 10, complete business days	Position held for at least 10 complete business days
At least 30%, but less than 80%	0.5% back	0.25% back	Level
At least 80%, but less than 90%	0.25% back	Level	Level
At least 90%	Level	Level	Level

7. The LME will be alert to any position holders deliberately attempting to circumvent these rules, including (but not limited to) the reduction of positions temporarily below 30% in order to reset the time parameters set out above. This would include attempting to use the absence of a Tom-Next market on Wednesday 25 November 2026 (due to the forthcoming US Thanksgiving holiday) to move positions for avoidance purposes.

8. Members and Clients are reminded that the Backwardation Cap and delivery deferral powers for physically deliverable Tom-Next contracts remain effective per Regulation 24 of Part 3 of the LME Rulebook.

Ongoing Monitoring of the Aluminium Market

9. The decision of the Special Committee has been taken in accordance with its powers under Regulation 17 and Regulation 18.5 of Part 3 of the LME Rulebook. The Special Committee has taken the action it considers necessary in order to maintain continued market orderliness and avoid the development of an undesirable situation.

10. The LME is publishing this Notice during the trading day to ensure the market has time to digest the information in a period of significant trading liquidity rather than publishing overnight.

11. The LME will continue to keep the LME Aluminium market under review and, in conjunction with the Special Committee and LME Clear, will review the actions taken within this Notice. The Special Committee may, if considered necessary, take further action (including, without limitation, in respect of the Front Month Lending Rules). The Special Committee may also, when considered appropriate to do so, revert to the original requirements as detailed in the Lending Rules.

Questions

12. Should you have any questions regarding this Notice please email market.surveillance@lme.com.

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cc: Board directors
Special Committee