

INCENTIVE PROGRAMME SPECIFICATIONS

Electronic Volume Programme (“EVP”)

1. This EVP is governed by the General Terms of the LME incentive programmes (the “**General Terms**”). The General Terms can be obtained from the LME website or from the Global Client Development team at GCD@LME.com.
2. Capitalised terms not otherwise defined in this Specification shall have the meaning ascribed to them in the General Terms.

Electronic Volume Programme

3. The EVP has been designed to promote transparent liquidity, incentivising greater usage of LMEselect by way of rebate, thereby facilitating greater transparency and central limit orderbook trading.
4. The EVP rebate criteria, detailed below, are designed to support higher quality order books on LMEselect and will benefit all users of the electronic marketplace.
5. Members are required to submit applications for the EVP on behalf of a Client intending to participate, by emailing completed applications to incentive.programmes@lme.com. Applications can be submitted to the LME at any time from 14 December 2023 until the termination of the EVP. Applications will not be considered if received directly from a Client or Indirect Client.
6. The EVP commenced on 02 January 2024 for an initial 12-month period.

Eligibility Criteria

7. The EVP is designed to encourage transparent price discovery by enhancing liquidity provision on the central limit orderbook. Clients engaged in activities as defined by clause 5.5 of the Incentive Programme General Terms are not eligible to participate in the EVP.
8. Participants from the investment community, including those authorised to manage investments and Commodity Trading Advisors (“**CTAs**”), are eligible for the EVP.
9. Eligibility is determined at the trading firm level.
10. Existing participants of the LME’s Proprietary Liquidity Programme (“**PLP**”) can also participate in the EVP, as they are verifiable electronic liquidity providers to the market. Existing PLP participants are not automatically included in the EVP; an application as described by paragraph (5) is required.
11. The LME shall ultimately determine eligibility in accordance with clause 5.1 of the Incentive Programme General Terms.



Eligible Contracts

12. Outright, medium-dated carry, and long-dated contracts¹ traded on LMEselect in Aluminium, Copper, Zinc, Nickel, Lead, and Tin (“**Eligible Contracts**”). Without prejudice to any eligibility conditions set out in the LME Rulebook, the General Terms or this Specification, in order for volume in Eligible Contracts to benefit from the EVP, the relevant trades must:
 - a. comprise a cleared contract and a corresponding client contract (with both terms as defined in the LME Rulebook);
 - b. have been executed on LMEselect;
 - c. include matching identifiers in LMEsmart in accordance with paragraph 17a. of this Specification; and
 - d. have the venue of execution correctly marked as LMEselect in the LMEsmart trade record(s).

Rebate Criteria

13. A client trade on LMEselect can be viewed as three sides (one ‘Exchange’ and two ‘Client’) within the T4 booking model, each of which pays fees. Subject to paragraph 14, rebates will be determined based on the following criteria:
 - a. *ADV between 500 and 2000* will receive a rebate of one Client side of trading and clearing fees.
 - b. *ADV over 2000* will receive a rebate of two Client sides of trading and clearing fees.

The trade identifier for the calculation of rebates under the EVP will be the specific relevant Tag (s). In LMEsmart, the Client code must match the relevant Tag (s) from LMEselect. Should the clearing account holders be different from the executing entity, additional details are requested, as detailed in paragraph 15. For Category 4 Members, the private reference field in LMEsmart must match the relevant Tag (s) from LMEselect.

14. PLP participants who additionally join the EVP will be subject to a higher rebate threshold based on the following criteria:
 - a. *ADV between 2000 and 3000* will receive a rebate of one Client side of trading and clearing fees, subject to the provisions of paragraph 14(c). The maximum fee reduction possible from the combined EVP and PLP participation in this tier is one Client side.
 - b. *ADV over 3000* will receive a rebate of two Client sides of trading and clearing fees, subject to the provisions of paragraph 14(c). The maximum fee reduction possible from the combined EVP and PLP participation in this tier is two Client sides.
 - c. PLP rebates take precedent and are calculated first, with any additional volume-based rebates resulting from the EVP subsequently applied to the fee schedule

¹ As defined in the LME fee schedule



rate.

15. The trade identifier for the calculation of rebates under the EVP will be the specific registered relevant Tag (s). Where the clearing account holders are different from the executing entity, the Client code(s) on the Client contract must be listed on the EVP application form and supporting excel spreadsheet. These should match in LMEsmart. For Category 4 Members, the private reference field in LMEsmart must match the relevant Tag (s) from LMEselect.
16. In the event that the requirements of the Eligibility Criteria, Eligible Contracts, EVP obligations and rebate criteria are not fully met, then the rebate will not be made to the Member and it will be the Member's responsibility to settle any erroneous amounts due with the relevant Participant directly.
17. In order to achieve the full rebate all Client trades must satisfy all the following criteria:
 - a. in LMEsmart, registration of the Client contract should have the same account code as the registered relevant Tag (s) of the Participant on LMEselect and the venue code of the registered Client cross in LMEsmart should be "LMEselect". Where the clearing account holders are different from the executing entity, registration of the Client contract should have Client code(s) that match the ones listed on the EVP application form and supporting excel spreadsheet.
 - b. only EVP trades with a corresponding Client contract based on metal, carry type and prompt date will be eligible for a rebate;
 - c. all Client cross trades need to be booked on the same day as the cleared LMEselect contracts; and
 - d. all trades must be matched and cleared.
18. Failure to satisfy all the criteria in paragraph 17 will result in the Client being rebated only a portion of the full rebate or receiving no rebate at all.
19. Give-Up's: If executed trades at one broker are to be given up for clearing to another broker, the following conditions must be met:
 - a. An application form for EVP must have been registered from the clearing broker.
 - b. The clearing broker application must list all Client code(s) for the cleared position accounts.
 - c. The Client cross of the given up trade must have trade type of "give-up" and the "Private Reference" field must be populated with "EVP Participant – EVP" e.g "ABC123 Management – EVP"
 - d. Give-ups and Client crosses trades need to be conducted on the same date as the LMEselect trade.
20. The Exchange reserves the right to alter the parameters of the EVP, including withdrawal of the programme, at any time ahead of a new calendar month and as published by Member Notice.



Duration of the programme

21. The LME may extend the EVP or re-open the programme if it is suspended/terminated (subject to regulatory approval). In such circumstances, Participants shall remain on the EVP.