



LME Registered Intermediating Broker (RIB) service

Frequently Asked Questions

Please respond to:
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FAQ - LME Registered Intermediating Broker (RIB) service

1. What is a RIB?

A Registered Intermediating Broker (RIB) acts as an intermediary between buyers and sellers in the LME inter-office market. In other exchanges they are also known as Introducing Brokers (IBs) or Inter-Dealer Brokers (IDBs). RIBs arrange trades between market counterparties (can be either LME members or clients) without themselves becoming a party to the trade¹.

You can find the up-to-date list of RIBs on this [link](#) under “RIBs”.

2. Who uses RIBs?

RIBs are used by clients (those accessing the market via a clearing member² of the exchange) as well as by clearing members (who may trade for their house account or on behalf of a client).

3. What are the potential benefits of using a RIB for market participants and clearing members?

For **market participants** seeking access to LME liquidity, RIBs offer a cost-effective and efficient route to trade execution for new, growth and complex products. As execution-only intermediaries, they cannot hold proprietary positions. This agency intermediary model ensures that their role remains focused solely on facilitating client trades. The RIB model also eliminates the need for give-ups hence delivering potential cost efficiency.

Clearing members of the LME may benefit directly through deeper liquidity in the LME markets and the potential increase in trading and clearing volumes for new, growth and complex products. Automated approval processes may bring operational efficiencies and related cost savings. The RIB system ensures anonymity throughout the lifecycle of a trade, as the identity of both the other side and their clearer are not visible at any stage of the trade, including in the event of trade cancellations and corrections after a trade has cleared.

4. How do I get started?

Market participants wishing to trade through a RIB should first ensure they have a clearing member that supports the RIB service. They can then engage directly with a RIB to discuss onboarding, brokerage commissions and execution services.

The process³ typically involves:

- Setting up clearing arrangements with LME clearing members
- Completing the relevant user set-up forms (for members or for clients) and submitting the forms to the [LME Inter-Office Trading Team](#)⁴
- Contacting your clearing member(s) to obtain permission for the RIB in LMEsmart⁵

¹ For details of the criteria and capabilities of the LME Registered Intermediating Broker (RIB) Membership structure, please refer to the RIBs section of this page: <https://www.lme.com/Trading/Access-the-market/Become-a-member>

² Categories 1 and 2 of LME membership refer to General Clearing Members which can trade for own account and on behalf of clients. For a full list of LME clearing members, please refer to the page: <https://www.lme.com/Clearing/Membership/Clearing-members>

³ For more information on registration and permissioning of RIBs, please see the “Trading via RIBs” page: <https://www.lme.com/Trading/Access-the-market/Find-a-member/Trading-via-RIBs>

⁴ Interested participants should complete the relevant registration form and send it to interofficetrading@lme.com. Registrations may take up to two days to become effective.

⁵ LMEsmart is the system for the matching and registering of trades at the LME. For details, please visit the page here: <https://www.lme.com/Trading/Systems/LMEsmart>



- Authorisations become effective the following day

Please email the [LME Global Client Development Team](mailto:GCD@lme.com) at GCD@lme.com for any questions on this process or anything else on the RIB service.

5. How much does it cost to trade through a RIB?

Brokerage fees are directly agreed between the client and a RIB, allowing pricing to be tailored to individual trading requirements and service needs.

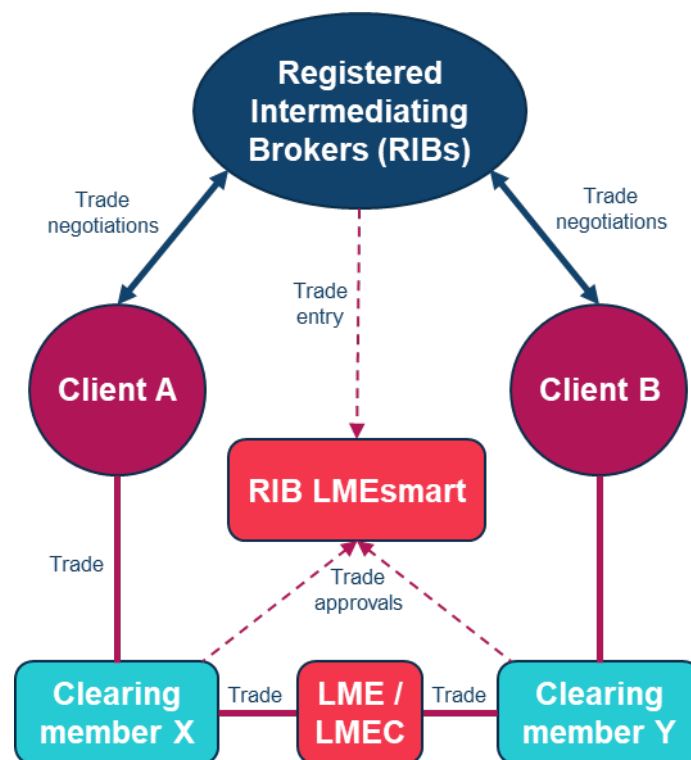
The total cost of trading on the LME via RIBs generally consists of the following elements:

- 1) LME trading fees (see the [LME fee schedule](#))
- 2) Clearing member's clearing commission – negotiated between clearing member and client
- 3) RIB's brokerage fees – negotiated between RIB and client

6. How does a RIB-arranged trade work?

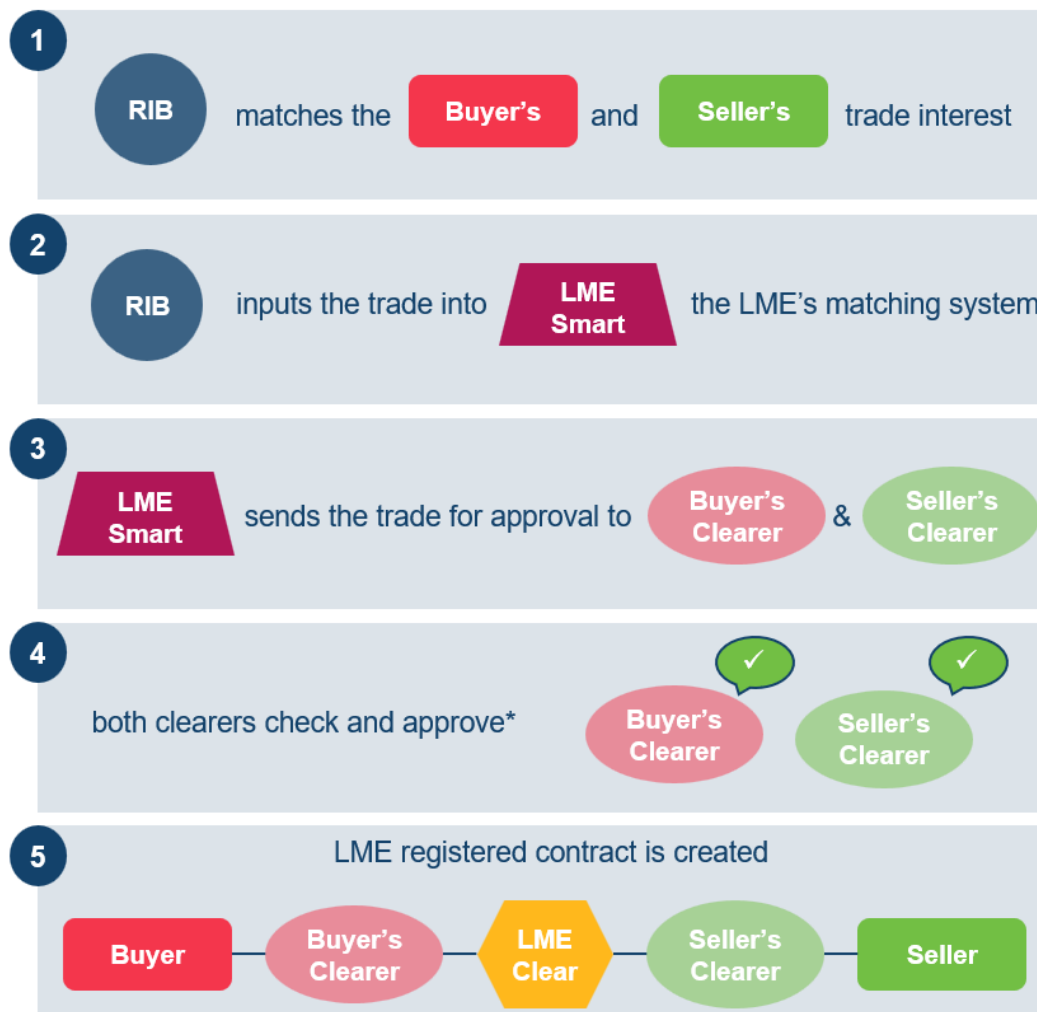
RIBs connect buyers and sellers in the LME inter-office market and facilitate trade execution. Agreed transactions are entered into LMEsmart by the RIB and become matched trades once approved by each counterparty's clearing member.

This simplified overview shows how clients can access LME markets through a RIB and how trades are executed and cleared within the LME and LME Clear (LMEC), assuming each client deploys a separate clearing member:



Source: LME

The image below shows a step-by-step process from trade arrangement to input, approval and trade booking:



* Trade review can be done manually, largely automated via pre trade risk limits (PTRM) or fully automated via FIX messages

Source: LME

7. What happens after a RIB submits a trade?

After trade terms have been agreed, the RIB is obliged to enter the trade details into LMEsmart within 10 minutes. When the clearing members of the buyer and the seller receive the trade submission, they have 10 minutes to review it and decide whether to accept or reject it. The trade can be:

- Accepted by both sides: the trade is matched and proceeds to clearing
- Rejected by either side: the trade is cancelled and both parties are informed

This approval process helps ensure all RIB-brokered trades are validated by the responsible clearing members before execution.

8. How can clearing members manage trade approvals?

Clearing members have three different ways to manage trade approvals:

- Manual approval



- Clearing members receive notifications for every incoming RIB trade in LMEsmart and via email
 - Review the trade details against client risk limits
 - Approve or reject trade manually within LMEsmart
- LMEsmart automated pre-trade risk management (PTRM)
 - Set daily gross limits for using the RIB service by metal for each trader at a client within LMEsmart⁶
 - Trades within the available limit are automatically approved
 - Trades exceeding the available limit are automatically declined
 - Daily limits can be updated throughout the day and reset at the start of each trading day
- LMEsmart via FIX API
 - Clearing members can connect to LMEsmart via FIX API⁷
 - Provide the option to integrate approval process with their internal systems on a fully automated basis

9. How does the RIBs service supplement LME members' clearing services and house trading activities?

Resources management: RIBs broaden market access by supporting the development of less liquid new, growth and complex products, allowing clearing members to offer clients a wider product range with lower resource commitments

House account trading: by concentrating liquidity, RIBs may reduce costs for members trading growth contracts on their house accounts and provide them with an additional layer of anonymity because in RIB trades the identity of the clearers is not disclosed

10. Do the Minimum Volume Thresholds (MVTs) apply to the RIBs service?

Yes, Minimum Volume Thresholds (MVTs) apply to "LME Liquid Instruments". New, growth and complex products are out of scope from MVTs.

For more details, please refer to the [Block Trade Thresholds page](#).

⁶ For details, please refer to the "LMEsmart Member GUI Guide", which is available in the page:
<https://www.lme.com/Trading/Systems/LMEsmart>

⁷ For details, please refer to the "LMEsmart FIX API Member Guide", which is available in the page:
<https://www.lme.com/Trading/Systems/LMEsmart>