Classification: Public

An HKEX Company

Adhering to Block Rules Post-Trade Monitoring

Contents

Document History

Version	Date	Change Description
1.0	22/01/2026	First version
2.0	20/02/2026	Inclusion of Table of Content, Document History, Select Order ID footnotes, updated Overview with links to other relevant documents.
2.1	17/04/2026	Updated header version number, Section 1.5 - updated column headers in example csv file, updated supporting evidence to be provided by supporting e-mail.
2.2	30/04/2026	Addition of “Other” MVT Exception reason in Section 1.5.
2.3	21/08/2026	Updated as follows: • Section 1.3 - General updates to section 1.3 • Section 1.4 - Addition of DeltaX identification to section 1.4 • Section 1.5 - Updated list of MVT Exception/Exemption Reasons to include “*Ring related trades”* and further clarification regarding the *Supporting Evidence* field. • Section 1.5.1 – renumber section • Section 1.5.2 – new section showing significant updates to expected information to be provided in the return file including a new MVT Exception/Exemption value “*Ring related trades*”. • Section 1.6 – renumbered section showing a new table with expected field population based on specific scenarios. • Section 1.7 – renumbered: previous section 1.6

1 Planned post-trade monitoring of block rule adherence

1.1 Overview

In anticipation of the implementation of Minimum Volume Thresholds (“MVT”) in Q1 2026, the LME would like to inform Members that it will conduct post-trade monitoring to assess Members’ compliance with the Matching Rules and associated obligations, including adherence to the Minimum Volume Threshold requirements.

As part of this process, the LME may periodically - and/or on an ad-hoc basis - request Members to review a sample of inter-office trades that fall within the scope of the block rules. For each trade in the sample, Members will be required to provide a complete and accurate explanation of the applicable exception or exemption, supported by appropriate evidence.
This document should be read in conjunction with the *MVT Member Trade Data File Interface Specification*, *Blocks Guidance*, and *Examples to Support the Blocks Guidance*, available here on LME.com.

1.2 Monthly Audit Process

The LME will issue a monthly audit request via e-mail and disseminate a secure transfer (e.g., SFTP)[1], containing a standardized CSV template listing a sample of trades in LME Liquid Instruments from the prior month, and will notify the relevant Compliance Officer of each Member who has received an audit request that the reports are available, including confirmation of the deadline for submitting their response. The LME will make the CSV template and other relevant supporting details available in forthcoming LME Group General Updates e-mails.

1.3 Template Contents

Each trade entry will include key details such as Business Date, Trade Date, Matching Reference Number, Venue, Contract, Volume, Prompt, Price, Leg Count, and Trade Time relating to the outbound file, and will require population of the Initiating Matching Reference Number, Initiating Select Order ID, MVT Exception Reason and Supporting Evidence fields on the inbound file. An example of the CSV file is provided in section 1.5.1. Further details on how to populate the fields on the inbound file are provided in section 1.6 below. Technical details regarding CSV form, format and content and information required to receive, identify, and process the outbound and inbound MVT Trade Data files is documented in the *MVT Member Trade Data File Interface Specification* (see link in section 1.1).

1.4 Exclusions

Where possible, Client transactions that can be clearly linked to LMEselect trades compliant with the MVT Rules will be excluded from the sample[2]. The LME will perform validation based on the data available from members. Where members choose to link trades using the various reference fields provided, this may reduce the number of requests or the likelihood of additional ad-hoc requests.

Members can use the Private Reference field on transactions submitted via LMEsmart to record "**DeltaX**" and identify delta hedge trades[3]. This reference may assist the LME in identifying trades executed below the

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[1] This can include secure e-mail where other secure transfer mechanisms such as sftp are unavailable.
[2] It is recommended to use the Select Order ID, referred to in OTP as Order ID (Fix Tag 37) and in LMEsmart as Select Order Number (Fix Tag 5939) in the TradeLinkID field.
[3] “DeltaX” is case sensitive and should form the first 6 characters of the Private Reference field - Fix tag (5476).

MVT; however, such trades may still be included within the monitoring sample, and Members may be required to provide evidence to demonstrate that the exemption criteria have been met.
For the avoidance of doubt this relates to the original delta exchanged at inception of the option and cannot be used for additional dynamic changes to associated futures hedges.

1.5 Member Action Required

Members must complete the template with details of the Client trade where relevant and return the completed MVT Member Trade file via the inbound sftp folder. The template will require the following four fields to be completed where relevant for each record in the file (see section 1.6 for examples of how to complete the fields):

- **Initiating Matching Reference Number**
- **Initiating Select Order ID**[4]
- **MVT Exception/Exemption Reason**:
    - Electronic Trade Allocation
    - Delta Hedge
    - Strip
    - Sub-Account Split (where Client trade is below MVT)
    - Sub-Account Split (where Client trade is above MVT and split below MVT)
    - Cash & Adjust
    - Market on Close (TAS available)
    - Market on Close (TAS not available)
    - Ring related trades
    - LMEselect Closed
    - Other
- **Supporting Evidence**. This field is to be used to indicate that supporting evidence is available should the LME request further details. If requested, supporting evidence to demonstrate compliance such as client communications should be provided via email to **interofficetrading@lme.com** using the "Line Number" from column A of the MVT Member Trade Data file as a reference.

[4] Referred to in OTP as Order ID (Fix Tag 37) and in LMEsmart as Select Order Number (Fix Tag 5939)

1.5.1 Example of an MVT Member Trade file

The following provides an example of the CSV MVT Member Trade file Members will receive:

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
1	Report Id	Business Date	Trade Date	Matching Reference Number	Venue	Contract	Volume	Prompt	Price	Leg Count	Leg Number	Trade Time	Initiating Matching Reference Number	Initiating Select Order ID	MVT Exception Reason	Supporting Evidence
2	123456	31/03/2026	31/03/2026	2026033100012345	InterOffice	AHD	3	30/06/2026	2540.5	0		31/03/2026 11:40:00				

1.5.2 Example of an MVT Member Trade file for submission to LME

The following table provides detail on the expected information to be provided in the four additional fields (described in section 1.5) for each of *the MVT Exception/Exemption Reasons* in the MVT member Trade file in preparation for submission to the LME via the inbound sftp process.

MVT Exception/Exemption Reason	LMEselect Order ID[4]	Matching Reference Number	Supporting Evidence available if required
Electronic Trade Allocation	Select Order ID of the LMEselect execution or, if the execution is an adjustment, provide the Select Order ID of the adjustment trade (carry trade).	N/A (Leave blank)	Y or N. Indicates whether there is supporting evidence available should it be requested. Members may also provide additional detail here.
Delta Hedge	N/A (Leave blank)	Matching reference number of the corresponding options trade	
Strip	N/A (Leave blank)	Matching reference number corresponding to one of the legs of the strip.	
Sub-Account Split (where Client trade is below MVT)	Select Order ID of the LMEselect execution or, if the execution is an adjustment, provide the Select Order ID of the adjustment trade (carry trade).	N/A (Leave blank)	

MVT Exception/Exemption Reason	LMEselect Order ID[4]	Matching Reference Number	Supporting Evidence available if required
Sub-Account Split (where Client trade is above MVT and split below MVT)	If the Client Trade was executed on LMEselect then provide the Select Order ID of the LMEselect execution or, if the trade has had the prompt date adjusted, provide the Select Order ID of the adjustment trade (carry trade).	If the Client trade was executed inter-office and there is a relevant Matching reference number then provide here.	
Cash & Adjust	Optional - Select Order ID of relevant adjustment trade (carry trade).	If the Client trade was executed inter-office and there is a relevant Matching reference number then provide here.	
Market on Close (TAS available)	Select Order ID of the LMEselect execution	N/A (Leave blank)	
Market on Close (TAS not available)	N/A (Leave blank)	If the Client trade was executed inter-office and there is a relevant Matching reference number then provide here.	
Ring related trades	N/A (Leave blank)	If the Client trade was executed inter-office and there is a relevant Matching reference number then provide here.	
LMEselect Closed	N/A (Leave blank)	N/A (Leave blank)	
Other	Optional - Select Order ID of relevant LMEselect execution	Optional - Matching reference number of relevant execution	

1.6 Examples of MVT scenarios and valid population of the MVT Member Trade file.

The following table provides examples of how to populate the MVT Member Trade file in preparation for the submission of the trade file to the LME via the inbound sftp process. These scenarios assume the *TradeLinkID* field on the trade submission to LMEsmart has **not** been populated with the LMEselect Order ID of the LMEselect execution.

Scenario (*Relevant example from the "Examples to Support the Blocks Guidance*[5]*" document provided in brackets*)	**Record requested in MVT Member Trade file**	**Fields to be populated by the Member in the MVT Member Trade file**				**Narrative**
		MVT Exception /Exemption Reason	**LMEselect Order ID**	**Matching Reference Number**	**Supporting Evidence Provided?**	
Executing the monthly (Jun 25) below MVT where the Equivalent Trade has been executed on LMEselect and the Client Trade has been booked in LMEsmart *(MVT Example 4)*	LMEsmart Client trade (Jun 25) allocation	Electronic Trade Allocation	Populate the **LMEselect Order ID** of the Client trade (Jun 25) executed on LMEselect.	*Leave blank.*	Y	Likely no further requests for information

[5] See Block trade thresholds | London Metal Exchange

Scenario (*Relevant example from the "Examples to Support the Blocks Guidance[5]" document provided in brackets*)	**Record requested in MVT Member Trade file**	**Fields to be populated by the Member in the MVT Member Trade file**				**Narrative**
		MVT Exception /Exemption Reason	**LMEselect Order ID**	**Matching Reference Number**	**Supporting Evidence Provided?**	
Working the below MVT then adjusting where the Equivalent Trades (3M and 3M-Jun25) have been executed on LMEselect and the Client Trade has been booked in LMEsmart *(MVT Example 5)*	LMEsmart Client trade (Jun 25) allocation	Electronic Trade Allocation	Populate the **LMEselect Order ID** of the Client trade (3M-Jun25) executed on LMEselect.	*Leave blank.*	Y	Likely no further requests for information.
Executing an options trade in LMEsmart where the futures hedge is below MVT *(MVT Example 8)*	Future hedge executed in LMEsmart	Delta Hedge	*Leave blank.*	**Matching reference Number** of the corresponding options trade	Y	Likely no further requests for information.
Booking a strip in LMEsmart with leg volumes below MVT e.g. Apr 25 5 lots / May 25 5 lots / Jun 25 5 lots. *(MVT Example 9)*	1 leg of the strip (Apr 25 5 lots)	Strip	*Leave blank.*	**Matching reference Number** of one of the other legs (May 25 or Jun 25 5 lot).	Y	Likely no further requests for information.

Scenario (*Relevant example from the "Examples to Support the Blocks Guidance[5]" document provided in brackets*)	Record requested in MVT Member Trade file	Fields to be populated by the Member in the MVT Member Trade file				Narrative
		MVT Exception /Exemption Reason	LMEselect Order ID	Matching Reference Number	Supporting Evidence Provided?	
Executing the monthly (Jun 25) **below** MVT where the Equivalent Trade has been traded on LMEselect **below** MVT *(MVT Example 10)*	One of the LMEsmart Client trade (Jun 25) sub allocations	Sub-Account Split (where Client trade is below MVT)	Populate the **LMEselect Order ID** of the Client trade (Jun 25) executed on LMEselect.	*Leave blank.*	Y	Likely no further requests for information.
Executing the monthly below MVT where the Equivalent Trade has been traded inter-office **above** MVT and split **below** MVT. *(MVT Example 11)*	One of the LMEsmart Client trade (Jun 25) sub allocations	Sub-Account Split (where Client trade is above MVT and split below MVT)	Populate the **LMEselect Order ID** of the Client trade (Jun 25) if it was executed on LMEselect otherwise leave blank	If the Client trade was executed inter-office and there is a relevant Matching reference number then provide here.	Y	If the Member chooses to manage the proprietary risk without execution on LMEselect or inter-office then evidence may be required to show the client order was requested above MVT.

Scenario (*Relevant example from the "Examples to Support the Blocks Guidance[5]" document provided in brackets*)	**Record requested in MVT Member Trade file**	**Fields to be populated by the Member in the MVT Member Trade file**				**Narrative**
		MVT Exception /Exemption Reason	**LMEselect Order ID**	**Matching Reference Number**	**Supporting Evidence Provided?**	
Client trades Cash and adjusts below MVT (e.g. Cash adjusted to Jun 25) *(MVT Example 14)*	The Jun 25 allocation	Cash & Adjust	Populate the **LMEselect Order ID** of the Client trade (Cash - Jun 25) if it was executed on LMEselect otherwise leave blank	If the Client trade was executed inter-office and there is a relevant Matching reference number then provide here.	Y	If the Member chooses to manage the proprietary risk without execution on LMEselect or inter-office then evidence may be required to show the client order was for Cash.
Client asks member to guarantee a 5 lot 3M buy order vs the closing price *(MVT Example 15)*	The 5 lot 3M allocation	Market on Close (TAS available)	Populate the **LMEselect Order ID** of the 3M Client trade (3M) executed on LMEselect.	*Leave blank.*	Y	Likely no further requests for information.
Client trades 3M and adjusts to Jun 25 basis close below MVT *(assumes TAS exists for 3M – Jun 25)* *(MVT Example 19)*	The Jun 25 allocation	Market on Close (TAS available)	Populate the **LMEselect Order ID** of the Client trade (3M-Jun25) executed on LMEselect.	*Leave blank.*	Y	Likely no further requests for information.

Scenario (***Relevant example from the "Examples to Support the Blocks Guidance[5]" document provided in brackets***)	**Record requested in MVT Member Trade file**	**Fields to be populated by the Member in the MVT Member Trade file**				**Narrative**
		MVT Exception /Exemption Reason	**LMEselect Order ID**	**Matching Reference Number**	**Supporting Evidence Provided?**	
Client trades 3M and adjusts Jun 25 basis close below MVT where TAS does not exists *(assumes TAS does not exists for 3M – Jun 25)* *(MVT Example 20)*	The Jun 25 allocation	Market on Close (TAS not available)	*Leave blank.*	If the Client trade was executed inter-office and there is a relevant Matching reference number then provide here.	Y	If the Member chooses to manage the proprietary risk without execution on LMEselect or inter-office then evidence may be required to show more details about the client order.
Executing the 3M below the MVT where the Equivalent Trade is executed in the Ring and the Client Trade has been booked in LMEsmart *(MVT Example 47)*	The 3M allocation	Ring related trade (including Give-Ups)	*Leave blank.*	If the Client trade was executed inter-office and there is a relevant Matching reference number then provide here.	Y	Evidence may be required to show more details about the client order.

1.7 Additional Information

To ensure proportionality and fairness, the LME will calibrate sample sizes and response timeframes in line with audit requirements.

Further information will be provided in due course regarding:

- The secure mechanism for transferring trade data; and
- The implementation details for monitoring adherence to the block rules.

Regular updates will continue to be communicated via the LME Group General Updates e-mails.
Members are reminded that further details on Blocks and the *Modernising the Market* measures are available at: Modernising the market | London Metal Exchange