

Blocks Guidance



1 Legal Disclaimer

The purpose of this document is to provide an updated version of the Blocks Guidance. It should be read in conjunction with the *Examples to Support the Blocks Guidance* document, the Consultation Notice 25/083 (the “**Consultation**”) and the Decision Notice 25/149 (the “**Decision Notice**”).

For the avoidance of doubt, there should be no assumption that there will be future consultations on revisions to the Blocks Guidance. Nothing in this document should be taken as indicating such future intention or commitment on the part of LME.

Terms not otherwise defined in this Guidance shall have the meaning ascribed to them in the LME Rulebook. In the event of any inconsistency between the wording of the Rules and any description or summary of a provision thereof contained in this document, the wording of the Rules shall prevail.

2 Table of Content

Contents

1	Legal Disclaimer	2
2	Table of Content	3
	2.1 Document Revisions and Updates	4
3	Introduction	4
4	Scope	4
	4.1 In scope of the MVT Rule	5
	4.2 Out-of-Scope of the MVT Rule	5
	4.2.1 Trades subject to the MVT with volume equal to or above the MVT	5
5	MVT Calibration	5
6	MVT Rule	6
	6.1 Exceptions to the Application of the MVT Rule	6
	6.1.1 Executing an Equivalent Trade in LMEselect	6
	6.2 Exemptions to the Application of the MVT Rule	6
	6.2.1 Option Delta Hedge	6
	6.2.2 Strips	6
	6.2.3 Client Trades split across sub-accounts	7
	6.2.4 Cash and Adjust	7
	6.2.5 Market on Close	7
	6.2.6 Basis Ring	7
	6.2.7 LMEselect closed	7
	6.2.8 Disapplication of the MVT Rule	7
	6.3 Other Business Scenarios	7
	6.3.1 Examples of trades in breach of the MVT Rule due to not meeting the criteria of an Equivalent Trade 8	
	6.3.2 Give Ups	8
	6.3.3 Aggregation	8
	6.3.4 Partial fill in the inter-office market	9
	6.3.5 Non-USD Exemption	9
	6.3.6 Netting	9
	6.4 Linking Trade Components	9
7	Block Trade Monitoring and Audit	10
8	Appendix	10
	8.1 Abbreviations	10
	8.2 Strip Examples	11

2.1 Document Revisions and Updates

This document has been updated to reflect changes and clarifications introduced in Version 1.4 effective 25/03/2026. A summary of key changes is provided below for ease of reference.

Version & Section	Change Summary
Version 1.3 – Section 6.2 and 6.2.6 Removed Basis Ring from scope	Removed Basis Ring from scope and clarified exemptions for Cat 2 Members. MVT Examples 44 & 45 added.
Version 1.4	Removed 'Draft' status.
Version 1.5	Removed various references to agency basis for inter office execution in section 6.3.4 and MVT Examples 39 and 40

3 Introduction

Following the Consultation on Enhancing Liquidity (the “**Consultation**”), the LME is introducing a number of measures for which various additional supporting documentation will be made available. This is a technical guidance document (the “**Blocks Guidance**”) and forms part of the supporting documentation and is provided to help market understanding of the minimum volume threshold rules (the “**MVT Rule**”) (also known as block rules on other markets). It should be read in conjunction with the Consultation Notice 25/083 (the “**Consultation**”) and the Decision Notice 25/149 (the “**Decision Notice**”) and reflects the discussions in the Block Working Group (“**BWG**”) and broad market engagement. This guidance seeks to support the market in understanding best practices for adhering to the MVT Rule.

4 Scope

The MVT Rule prohibits the execution in the inter-office market of Agreed Trades in instruments in scope of the MVT Rule which are below the MVT. The main exclusion to this rule is where a Member is trading with a Client and, before submitting the Agreed Trade in the inter-office market, has executed an Equivalent Trade in LMEselect. See *Part 1: Definitions* and *Part 3: Regulation 2.5A* of the Rulebook for further details of scope and definition of Agreed Trade and Equivalent Trade.

There are other exceptions and exemptions which are described in more detail in section 6 below. Adherence to the MVT Rule will be via post trade monitoring and Member audit described in more detail in section 7 below. The thresholds themselves will be applied per metal the calibration of which is described in section 5 below.

For the purpose of this document, trade scenarios are defined using similar descriptions to the Decision Notice and Rulebook. This document also describes, where it is relevant to do so, an Agreed Trade where it is with a Client as a Client Trade or where it is with another Member as a Member-to-Member inter-office Trade. Where the Client Trade is executed on LMEselect, it is described as the Equivalent Trade.

See example ‘*MVT Example 1*’.

4.1 In scope of the MVT Rule

This is not an exhaustive list of in-scope items but provides additional clarity for the avoidance of doubt. The MVT Rule will apply to Agreed Trades submitted to LMEsmart that are LME Liquid Instruments (see *LME Liquid Instruments and Minimum Volume Thresholds*) and that are:

- 1) Inter-office trades
- 2) Member-to-Member trades
- 3) Member-to-Client trades
- 4) Dollar denominated
- 5) 'Current' or 'historic' Price Type
- 6) Normal and Give-Up trades

4.2 Out-of-Scope of the MVT Rule

This is not an exhaustive list of out-of-scope items but provides additional clarity for the avoidance of doubt. The MVT will not apply to trades submitted to LMEsmart that are not LME Liquid Instruments or that are:

- 1) Trades executed on the Ring, Basis Ring or LMEselect
- 2) Reversal/corrections
- 3) The following trade categories and post-trade functions:
 - a. OTC Bring On
 - b. OTC Take Off
 - c. Financing
 - d. Exception Reportable
 - e. Exception Non-Reportable
 - f. Transfer
- 4) Non-dollar denominated

There is no change to the current business process for trades which are wholly out of scope of the MVT.

See '*MVT Example 2*'.

4.2.1 Trades subject to the MVT with volume equal to or above the MVT

There is no change to the current business process for Client Trades or Member-Member inter-office Trades that are in scope of MVT and where the volume is equal to or greater than the MVT. See '*MVT Example 3*'.

5 MVT Calibration

The initial calibration of MVT has been determined by analysing the volume, the bid ask spreads and liquidity for the contracts for which the thresholds are being applied. This analysis, and Member feedback, has been used to determine the calibration of the MVT across the various metals.

The LME will continue to develop its thinking relating to the calibration of MVT and will monitor markets with a view to any possible recalibration of the MVT at least every 12 months, with the possibility for ad-hoc review should it be deemed appropriate.

6 MVT Rule

The MVT Rule prohibits the execution in the inter-office market of Agreed Trades in instruments in scope of the MVT which are below the MVT.

There are exceptions and exemptions to the MVT Rule described more in sections 6.1 and 6.2 below.

Trades in scope of the MVT Rules where the Client has asked for a trade to be cleared by another clearing Member (give-ups) can be booked in LMEsmart but must adhere to the MVT Rule (described further in section 6.3.2 below).

For trades in scope of the MVT Rule, Members and RIBs are prohibited from aggregating their trades to meet or exceed the MVT threshold (described further in section 6.3.3 below) unless they adhere with regulation 3.12 and they have used either one of the exceptions in regulations 2.5A.3.

For a partial fill in the inter-office market where the Equivalent Trade has not been executed on LMEselect, the partial fill must adhere to the MVT Rule (described further in section 6.3.4 below).

6.1 Exceptions to the Application of the MVT Rule

The following provides examples of trading scenarios that are exceptions to the application of the MVT Rule (see *Regulation 2.5A.3*).

6.1.1 Executing an Equivalent Trade in LMEselect

Where a Member is trading with a Client and, before submitting the Agreed Trade in the inter-office market, the Member has first executed and/or crossed an Equivalent Trade in LMEselect either in the exact same instrument(s) or in a combination of instruments which results in a position equivalent to the trade the Member has agreed with the Client.

See '*MVT Examples 4, 5, 6 & 7*' for a non-exhaustive set of example scenarios.

6.2 Exemptions to the Application of the MVT Rule

The following provides examples of trading scenarios that are exemptions to the application of the MVT rule (see *Regulation 2.5A.4*).

6.2.1 Option Delta Hedge

Where a Member executes an Option with a Delta Hedge, the futures hedge trade would be exempt from the MVT rule.

See '*MVT Example 8*'.

6.2.2 Strips

A Strip will be defined as more than two legs where each leg is a 3rd Wed in the same metal in the same direction. The legs of a Strip do not have to be the same price or volume or consecutive. For details of valid and invalid strips see table in Appendix 8.3 and '*MVT Example 9*'.

6.2.3 Client Trades split across sub-accounts

Where a Client Trade is executed above MVT and the Client requests the trade be split across more than one sub-account leading to multiple below MVT trades, then those Client Trades can be booked in LMEsmart below MVT.

See example '*MVT Examples 10, 11, 12, & 13*'.

6.2.4 Cash and Adjust

When a Client executes a trade in the Cash prompt below MVT threshold and requests an adjustment to a future tenor that is in scope of MVT Rule, the adjustment executed below MVT¹ is out of scope of the MVT Rules and the resulting Client trade is an exemption to the MVT Rule and can be submitted to LMEsmart below MVT.

See example '*MVT Example 14*'.

6.2.5 Market on Close

When a Client trades an adjustment basis the close below MVT, and where TAS does not exist, the Client Trade can be booked in LMEsmart below MVT.

See '*MVT Examples 15 to 20*'.

6.2.6 Basis Ring

As described in the scope section, Basis Ring trades² are outside of the scope of the MVT Rules. Trades agreed between a Cat 2 Member and their Client based off a reference price discovered in the Ring cannot be booked as Basis Ring but can be booked in LMEsmart below MVT.

See example '*MVT Example 44 & 45*'.

6.2.7 LMEselect closed

LMEsmart is open outside the opening hours of LMEselect. In these instances, Members are unable to execute Equivalent Trades on LMEselect and so can submit below MVT trades in LMEsmart.

See example '*MVT Example 21*'.

6.2.8 Disapplication of the MVT Rule

The MVT Rule being expressly disappplied by the LME on a temporary basis such as, for example, due to an operational issue with LMEselect. In this instance, Members will be unable to execute the Equivalent Trade on LMEselect. In these circumstances, Members can submit below MVT trades in LMEsmart.

See example '*MVT Example 22*'.

6.3 Other Business Scenarios

The following section provides additional clarity in the form of additional examples of valid and invalid business scenarios regarding the broader application of the MVT Rules. This is not an exhaustive list.

¹ For the avoidance of doubt, this only applies to Cash trades. A 3-month trade executed in the Ring, that is to be adjusted to a tenor that is in-scope of MVT, must adhere to the MVT rules.

² See LME Matching Rule for a description of Basis Ring

6.3.1 Examples of trades in breach of the MVT Rule due to not meeting the criteria of an Equivalent Trade

MVT Examples 23, 24, 25, & 26 provide more details on trading scenarios that would be in breach of the MVT Rules as not all of the Equivalent Trades have been executed on LMEselect.

6.3.2 Give Ups

Any Client Trade that is in scope of the MVT Rules and below MVT should be executed on LMEselect. If the executing Member is not the clearer for the Client or the Client asks for the trade to be cleared with another clearing Member then the resulting give-up trade booked into LMEsmart will be allowed because the Equivalent Trade was executed on LMEselect (or has any other valid exemption described in section 6.2). It will be the executing Member who will be responsible for adherence to the MVT Rule.

See '*MVT Examples 27, 28, 29, & 30*'.

6.3.3 Aggregation

As described in the updated Rulebook, individual Agreed Trades may be aggregated pursuant to one of the exceptions set out in Regulation 3.12 and executed in the inter-office market only where each component order of the Agreed Trade (including any adjustment of the Prompt Date under Regulation 3.12(b)) is either (i) equal to or above the Minimum Volume Threshold or (ii) has been executed in accordance with one of the exceptions set out in Regulation 2.5A.3.

6.3.3.1 Valid Aggregation Examples

For clarification, the following examples give some further details of aggregation that are valid:

- 1) ✓ Aggregated trades from the same Client where Equivalent Trades have been executed on LMEselect representing either multiple buy or multiple sell transactions (being transactions in the same direction) aggregated and booked into the Client account.
See example '*MVT Example 31*'.
- 2) ✓ Client trading DEA aggregating multiple buy or sell transactions (being transactions in the same direction) aggregated and booked into the Client account.
See example '*MVT Example 32*'.
- 3) ✓ Aggregated trades from the same Client executed inter-office (each individual trade or fill must be above MVT) and aggregated above block and booked into the Client account.
See example '*MVT Example 33*'.
- 4) ✓ Client executes a number of trades in one prompt in one direction (e.g. 3month, adhering to the MVT Rule) then adjusts the aggregate volume to another prompt where the adjustment is executed on LMEselect and booked into the Client account.
See example '*MVT Example 34 & 35*'.
- 5) ✓ Client executes a number of trades in one prompt in one direction (e.g. 3month), adhering to the MVT Rule then adjusts the aggregate volume to another prompt where the adjustment is above MVT and booked into the Client account.
See example '*MVT Example 35a*'.

6.3.3.2 Invalid Aggregation Examples

For clarification, below are some further examples of aggregation that are invalid:

- 1) **✗** A number of trades below MVT inter-office aggregated (the total being above or below MVT) and booked into the Client account
See example '*MVT Example 36*'.
- 2) **✗** Client executes a number of trades in one prompt in one direction (e.g. 3month, in-breach of the MVT Rule) then adjusts the aggregate volume to another prompt (where the adjustment spread trade is above or below MVT) and booked into the Client account
See example '*MVT Example 37*'.
- 3) **✗** Individual Agreed Trades from separate Clients which have been aggregated where any such trade is below the MVT
See example '*MVT Example 38*'.

6.3.4 Partial fill in the inter-office market

Members can partially execute Client orders above or below the MVT on LMEselect on an agency basis. Members can also partially execute Client orders above the MVT inter-office. However, Members cannot partially execute Client orders below the MVT inter-office – these must be executed on LMEselect.

See example '*MVT Example 39 & 40*'.

6.3.5 Non-USD Exemption

As described in the scope section, non-USD trades are outside of the scope of the MVT Rules. For the avoidance of doubt, trades that are executed in non-USD currencies cannot be converted (partially or fully) into USD if that USD trade would be below MVT.

See example '*MVT Example 42*'.

6.3.6 Netting

Members cannot net Agreed Trades from different Clients, execute the net trade in LMEselect and then book the gross trades to the separate Clients.

See example '*MVT Example 43*'.

6.4 Linking Trade Components

Linking trade components refers to the linkage between the Client Trade(s) submitted to LMEsmart and the Equivalent Trade(s) executed on LMEselect.

See example '*MVT Example 41*'.

The LME is not at this point mandating how participants link trades, but Members are reminded that they must retain a full audit trail for all orders submitted to LMEselect, all Equivalent Trades agreed non-electronically, and all post-trade operations. The audit trail should contain sufficient information to demonstrate a complete history of the transaction, if requested by the Exchange (as described in *Section 8* of the LME Matching Rules). In the future, the LME may look to mandate trade linking and

may use either an existing field such as the TradeLinkID field which exists for this purpose for Members for whom the LME must transaction report or introduce a new field to facilitate this.

7 Block Trade Monitoring and Audit

The LME will ensure adherence to the Block Rules via post trade monitoring and audit. Members will be required to respond to regular periodic LME requests for information in this regard.

The LME will require Members to provide details to show that trades adhere to the MVT Rules. The Members will be required to provide either:

1. Details of the Equivalent Trade(s) executed on LMEselect (Select Order Number(s) Or Matching Reference Number(s))
And / or:
2. Additional evidence that the booking adheres to the MVT Rule such as details of communication or evidence of execution between client and Member

Breaches of the MVT Rules will be dealt with under the LME's enforcement policy. More details regarding the monitoring and audit process will follow as part of a consultation on changes to the LME Matching Rules and via market notices.

8 Appendix

8.1 Abbreviations

Name	Description
BWG	Block Working Group
IO	Inter-office
MVT	Minimum Volume Threshold
MOC	Market on Close
TAS	Trade at Settlement



8.2 Strip Examples

Description	Leg 1	Leg 2	Leg 3	Allowed	Rationale
More than 2 legs, consecutive order, same direction	Buy May25 Vol: 11	Buy Jun25 Vol: 11	Buy Jul25 Vol: 11	✓	In scope of MVT but can be executed as a strip.
More than 2 legs, consecutive order, same direction	Buy May25 Vol: 2	Buy Jun25 Vol: 2	Buy Jul25 Vol: 2	✓	In scope of MVT but can be executed as a strip.
More than 2 legs, non-consecutive order, same direction	Buy May25 Vol: 3	Buy Jul25 Vol: 3	Buy Aug25 Vol: 3	✓	In scope of MVT but can be executed as a strip.
More than 2 legs, consecutive order, same direction, average price strip	Q2 Average			✓	In scope of MVT but can be executed as a strip.
	Buy Apr25 Vol: 5 Price 9000	Buy May25 Vol: 5 Price 9005	Buy Jun25 Vol: 5 Price 9010		
More than 2 legs, consecutive order, not same direction	Buy May25 Vol: 5	Sell Jun25 Vol: 8	Buy Jul25 Vol: 10	✗	Invalid - the legs are not all in the same direction
Not more than 2 legs, consecutive order, same direction	Buy May25 Vol: 9	Buy Jun25 Vol: 9	-	✗	Invalid - there are only 2 legs
More than 2 legs, consecutive order, same direction	Buy Jul25 Vol: 9	Buy Aug25 Vol: 9	Buy Sep25 Vol: 9	✓	Not in scope of MVT as Sep25 is M7 and is not a liquid instrument

Note – For the benefit of these strip examples, the metal is assumed as Copper, MVT is assumed as 10 and M1 is assumed as Mar