

LMEprecious

Frequently asked questions – testing and conformance for members and vendors

LMEprecious is the exciting new initiative created by the London Metal Exchange (LME), the World Gold Council and a group of leading industry players to introduce an innovative new suite of exchange-traded, loco London precious metals products.

What precious metals contracts will be available?

The LMEprecious service will initially include centrally cleared gold and silver futures contracts, providing new opportunities for trading, price discovery, risk management and an enhanced market structure.

Will there be a member and vendor testing and conformance period prior to the launch of LMEprecious?

Yes. This is separate to existing test and conformance activities relating to LME base metals.

Will testing and conformance be mandatory for LMEprecious?

Yes, participation in LMEprecious member and vendor testing is required for all interested members and vendors. In addition, formal confirmation of conformance that is specific to LMEprecious products will be mandatory.

Why are testing and conformance mandatory even for existing LME and LME Clear members?

The LME and LME Clear recognise that most members use different systems for trading and clearing base and precious metals and, as part of their regulatory responsibility to ensure fair and orderly markets, require that each system configuration connected to its systems is conformant. Whilst in many respects

LMEprecious products are very similar to existing LME base metals and make use of exactly the same FIX protocols, there are certain process differences that require special attention. For instance, LMEprecious uses a 'T2-style' booking model and, for clearing members, has different clearing runs and report production for LME base metals and LMEprecious products. End-to-end testing and appropriate conformance for LMEprecious products are therefore necessary to assure the readiness of members' systems and processes.

Can a new member undertake testing and conformance only for LMEprecious products, or does it need to include LME base metals?

A new member intending to participate only in LMEprecious products needs only to undertake test and conformance activities relating to LMEprecious products. However, it is worth remembering that achievement of conformance to relevant LME and LME Clear platforms for LMEprecious means that relatively little additional effort may be required in the future to extend access to LME base metals, subject to an equivalent extension in membership status.

What will LMEprecious member and vendor testing comprise?

The LMEprecious external test environment will comprise an end-to-end configuration of LMEselect, LMEsmart and LMEmercury, listing LMEprecious as well as LME base metals. Recognising that different types of membership and vendor software functionality may require access to one, two or all three of these platforms, integrated testing across all relevant LME and LME Clear system access points will be possible for each member or vendor.

What are the requirements for LMEprecious conformance on LMEselect and LMEsmart?

Special instances of the automated conformance software configured with LMEprecious products will be available, which will contain simple scripts to establish technical conformance with the respective FIX protocols. These scripts will be similar in nature to those used for LME base metals.

What are the requirements for LMEprecious conformance on LMEmercury?

For LMEmercury, including FIX users, conformance will comprise self-certification of successful access to and processing of the LMEmercury clearing reports.

Are there conformance requirements for the use of the LMEselect GUI?

No, there are no specific conformance requirements for the LMEselect GUI. However, membership rules relating to accreditation of GUI users will need to be satisfied. In particular, additional accreditation may be necessary if an LMEselect GUI is to be used by a different team than that for LME base metals. Please contact LME Client Advisory and Membership Services (client.advisory@lme.com) if you wish to discuss this requirement.

Are there conformance requirements for the use of the LMEsmart GUI?

LMEsmart GUI users will need to undertake a self-certification exercise, which comprises scripts designed for user-execution in the member and vendor Test environment. The scripts comprise both LME base metals and LMEprecious scenarios. For existing self-certified LMEsmart users, only execution of the LMEprecious scripts will be necessary.

Will there be a separate market data feed for LMEprecious market data?

Yes, members and vendors who wish to access LMEprecious and LME base metals will require two market data connections. A firewall and routing reference guide with more detail on this will be made available in due course.

If a member or vendor conforms to LMEselect and/or LMEsmart during the current series of platform upgrades, is that sufficient for LMEprecious conformance?

Whilst the FIX protocols for LMEselect and LMEsmart are identical for both LME base metals and LMEprecious products, specific testing and conformance will be required for LMEprecious. However, as already noted, the LMEprecious conformance scripts will be similar to those for LME base metals.

For the upcoming upgrade of the LMEmercury platform, will members and vendors be able to achieve conformance for both LME base metals and LMEprecious at the same time?

To maximise the efficient use of member and vendor test environments, the same end-to-end environment will be used simultaneously for both the LMEmercury platform upgrade and the subsequent LMEprecious launch and will be configured for both LME base metals and LMEprecious products. Depending on whether members and vendors are seeking conformance for one or both product sets on LMEmercury, they can select which conformance

requirements they need to satisfy and confirm their self-certification accordingly.

When will the LMEprecious member and vendor test environment be available?

The test environment is planned to be available from Monday 27 February 2017 for the period until LMEprecious launches. A specific announcement on test environment and conformance service availability will be made in due course.

What are the technical access details for the LMEprecious?

Technical access details for the LMEprecious test environment and conformance services will be made available in due course.

Will there still be the opportunity to test and undertake conformance for LMEprecious products after launch?

Yes, the standard member and vendor test environment and conformance services will include all LME products, including LMEprecious.

Who do I contact in relation to LMEprecious test and conformance activities?

LMEprecious test and conformance activities are being supported by the same teams that support existing LME base metals test and conformance. Contact details are:

LMEselect

LME Trading Operations
tradingoperations@lme.com
+44 (0)20 7113 8200

LMEsmart

LME Post-Trade Operations
posttradeoperations@lme.com
+44 (0)20 7113 8201

LMEmercury

LME Clear Relationship Management
lme clearing@lme.com

General LMEprecious support and enquiries

lmeprecious@lme.com

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