

LME Liquidity Roadmap






Your LME roadmap to liquidity

The London Metal Exchange is the largest metals market in the world - 82% of non-ferrous futures business is transacted on our markets. The new Liquidity Roadmap is our commitment to delivering even more – more liquidity, more transparency, more participation.

Designed to expand market opportunities for all, the key benefits of the Roadmap are:

- Enhanced liquidity
- Simpler trading
- Tighter spreads
- Tradable monthly (3rd Wednesday) LMEselect bids and offers
- Improved price transparency along the curve

The Roadmap in more detail

	<p>Launched in 2014:</p> <p>LMEstage - our real-time test environment, designed for you to test trading strategies against algorithms in a simulated live market based on LMEselect.</p> <p>LME Clear - our clearing house provides central counterparty and clearing services to member firms.</p> <p>Data direct from LMEselect – market participants can connect to LMEselect to receive data directly, with the advantage of lower latency data access allowing deployment of a broader range of trading strategies.</p>
	<p>Q1 2015:</p> <p>Optimised tick sizes – in January we raised LMEselect tick sizes to match those in the Ring. Better aligning our electronic and outcry trading platforms, the market is already enjoying tighter spreads and deeper liquidity at each price point.</p> <p>Unrestricted order entry on 3rd Wednesdays – the LMEselect 50-1 order ratio on aluminium, copper and zinc out to six months has been lifted on outright 3rd Wednesdays, allowing unrestricted order entry and more liquidity for nearby monthly contracts.</p>
	<p>Q2 2015:</p> <p>Pre-trade risk management - Our new pre-trade risk management functionality is now available as part of the LMEselect upgrade, facilitating safe onboarding for new customers, and a more secure market for all.</p> <p>Trade compression – LME Clear is exploring enabling the compression of trades, allowing for greater capital efficiency.</p>
	<p>Q3 2015:</p> <p>Liquidity Provider and New Market Participant Programmes* - We have created an incentive programme for existing customers and new participants, comprising volume-based rebates for existing 3rd Wednesday and 3-month participants, alongside fee rebates for new participants.</p>
	<p>The future:</p> <p>Implied pricing – also known as ‘chaining’, we are considering introducing implied pricing to increase price transparency in monthly futures.</p>

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Find out more

The LME Team are available to discuss the Liquidity Roadmap and any of the specific initiatives in more detail.

Join us on the journey and get in touch with directly the team by email at roadmap@lme.com or visit our website lme.com/roadmap for more information.

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