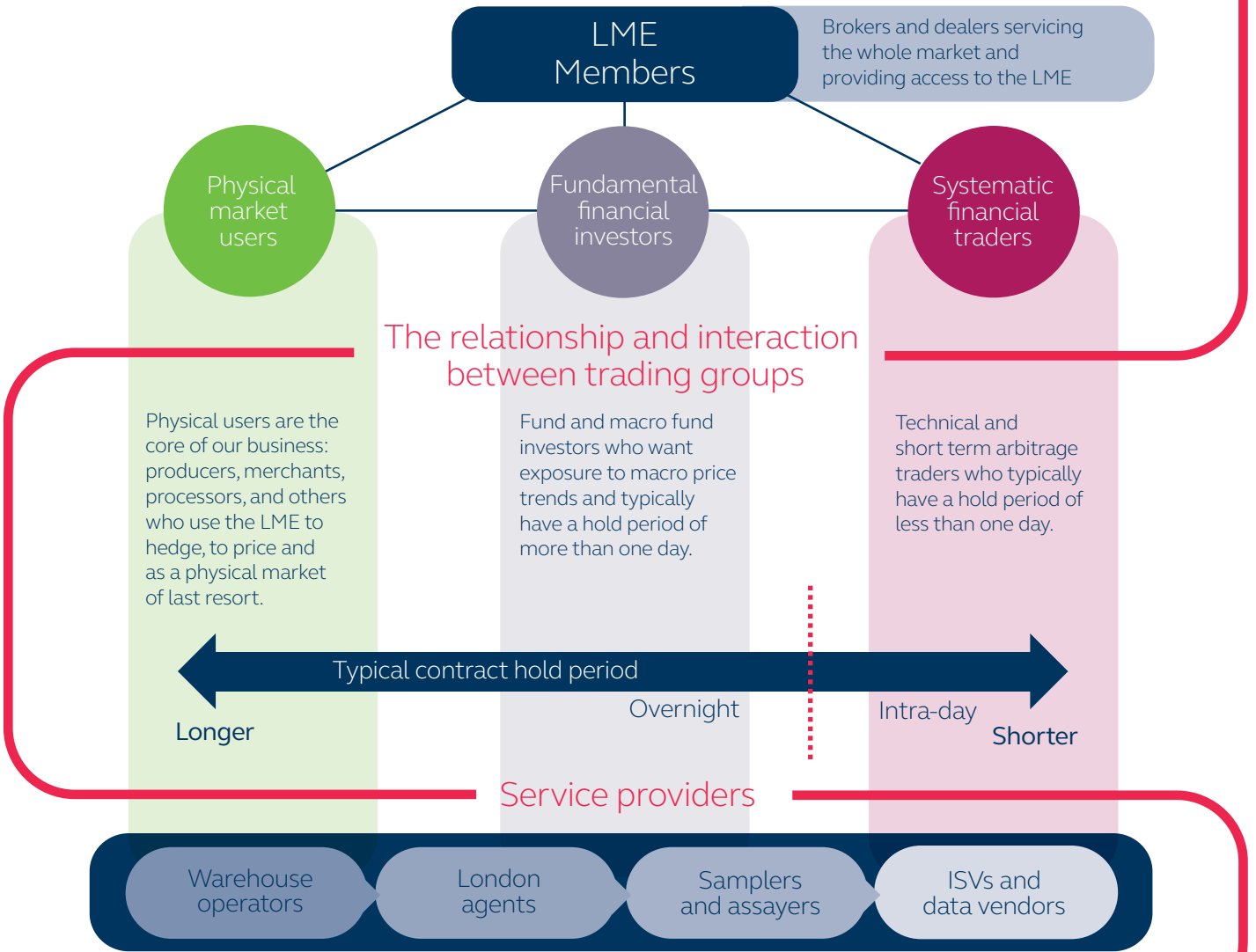


# LME Discussion Paper 2017: Ecosystem

## Our market structure

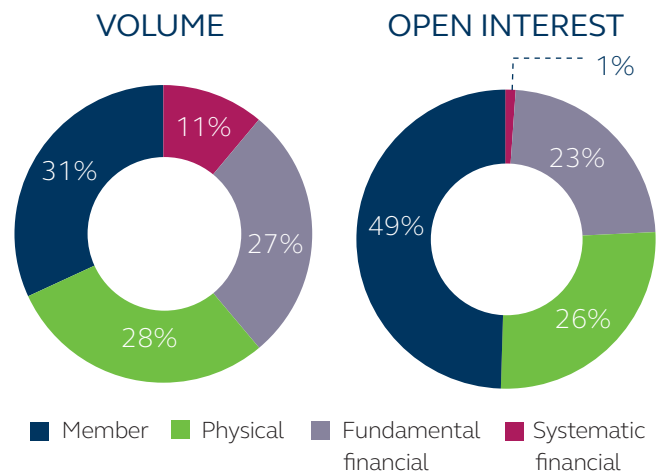
The basis for considering the LME's market structure starts with a full understanding of the intricacies of the LME's complex and diverse ecosystem. We have mapped our market into four broad groups:



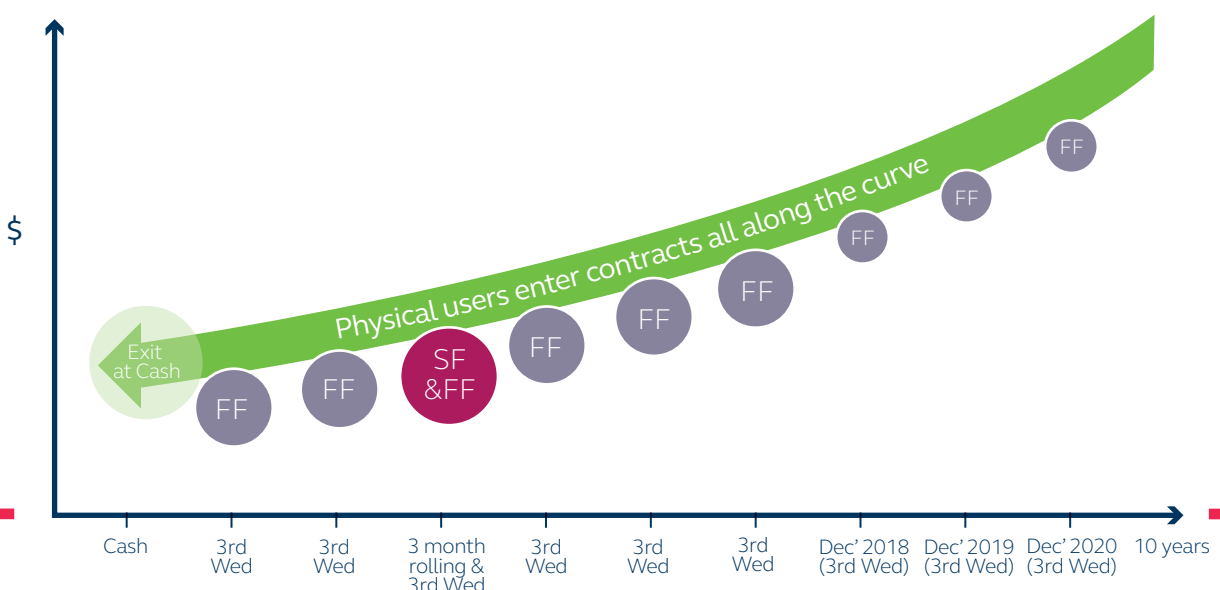
## Relationships to create a successful exchange

- Physical participants ultimately provide price relevance.
- Fundamental financial investors provide greater liquidity, reducing hedging costs for all.
- Systematic financial traders generate further volume and liquidity.
- LME members service the whole market by providing bespoke price-risk management and trading services to their customers.

## LME market activity by stakeholder group (2016)



## Forward curve interaction



Physical market users tend to enter contracts all along the curve (to match their commercial deals), hold and then exit at Cash.

FF (fundamental financial investors): tend to enter and exit contracts on 3rd Wednesday dates.

SF (systematic financial traders): tend to enter and exit contracts, intra-day, on the 3 month date.

## Discussion

We have listed specific questions to facilitate feedback on our Ecosystem. See page 16 of the Discussion Paper: [www.lme.com/dp](http://www.lme.com/dp)

## Feedback

Contact Georgina Hallett to submit feedback or arrange a meeting – deadline 30 June 2017: [discussionpaper@lme.com](mailto:discussionpaper@lme.com) [www.lme.com/dp](http://www.lme.com/dp)