



# LME Monthly Average Settlement Prices – Benchmark Statement

# 1 Introduction

The London Metal Exchange (“**LME**”) is a world centre for the trading of industrial metals and provides pricing, risk and terminal market services to the global physical metals industry. The LME publishes various prices that fall within the definition of ‘benchmark’ pursuant to the BMR.

This Benchmark Statement is published pursuant to Article 27 of the BMR in respect of the LME Monthly Average Settlement Prices Benchmark Family.

## 2 General Information

### 2.1 Date of Original Publication

2 December 2019

### 2.2 Date of Last Update

20 May 2022

### 2.3 Review of Benchmark Statement

This Benchmark Statement is subject to periodic review by the LME Pricing and Valuations Committee. Reviews shall be completed at least annually. Additionally, this Benchmark Statement will be reviewed and updated whenever there are material changes to the information set out in it, or in the corresponding Benchmark Methodology.

### 2.4 Key Definitions

This Benchmark Statement should be read in conjunction with the **Benchmark Administration – Definitions** document (“**Definitions**”) available on the LME Website. Any capitalised terms not specifically defined in this section shall have the meaning given to them in the Definitions.

## 3 Benchmarks

### 3.1 Constituent Benchmarks

The Benchmark Family comprises the Benchmarks identified in the **LME List of Benchmarks** published on the LME Website. As at the date of the last update to this Benchmark Statement, a MASP is determined each calendar month for the following:

- (a) LME Aluminium;
- (b) LME Aluminium Alloy;
- (c) LME Copper;
- (d) LME NASAAC;
- (e) LME Nickel;
- (f) LME Lead;
- (g) LME Tin; and
- (h) LME Zinc,

(collectively the “**MASPs**”).



### 3.2 ISINs

ISIN codes have not been assigned to the MASPs.

## 4 Regulatory Information

### 4.1 Classification

The MASPs each qualify as a “commodity benchmark” pursuant to Article 19 of the BMR. This categorisation is based on the underlying assets falling within the definition of a “commodity” (as referred to in Article 3(1)(23) of the BMR).

Each MASP utilises input data readily available to the LME as detailed in the Benchmark Methodology. However, MASPs are not categorised as “regulated data” benchmarks, nor are the MASPs determined using contributions.

Annex II of the BMR applies to this Benchmark Family, as the MASPs comprise Benchmarks that fall within the BMR “commodity benchmark” definition, and do not contain any critical, or other, benchmarks that would bring any of the composite Benchmarks within scope of Title II of the BMR.

The Benchmarks referred to in this Benchmark Statement are not intended to pursue Environmental, Social and Governance (“**ESG**”) objectives, including decarbonisation and/or the objectives of the Paris Agreement.

### 4.2 Rationale for the Benchmark(s)

In seeking to provide a reliable Benchmark with which to settle Monthly Average Futures and Traded Average Price Options, a mean average methodology is considered to be the most appropriate (as opposed to a mode) as the mean average calculation would also reflect any price fluctuations experienced intra-month, whereas other forms of averaging calculation would not reflect any outlying prices.

### 4.3 Market Reality Measured

The MASPs are used to value and settle Monthly Average Futures and Traded Average Price Options. The MASPs represent the mean average daily price of the current calendar month of one lot of the relevant metal which complies with the specifications set out in the LME Rulebook. The MASPs are calculated using the Official Settlement Prices as input data and so underlying the MASPs is the market reality which the Official Settlement Prices seeks to represent.

For more information in relation to the input data used to determine the MASPs, please see the Benchmark Statement for the Official Prices available on the LME Website.

### 4.4 Geographical Boundaries

The MASPs are calculated using the Official Settlement Prices as input data. Consequently, the geographical boundaries which apply to the Official Settlement Prices consequently apply to the MASPs. Therefore, the value of the relevant metal that is reflected in the trading activity taken into account in determining the Official Prices will also be reflected in the MASPs. Amongst other things, this takes into account the fact that LME Contracts are capable of being settled by being



physically delivered into an LME Warehouse. As such, the MASPs may be subject to distortions based on factors impacting the ability of a party to an LME Contract to physically deliver, or to accept physical delivery, of the Underlying Metal. These factors may include, for example, the underlying regional supply and demand and warehousing dynamics including (but not limited to) changes in trade policy and government action.

#### **4.5 Other Information**

The population of participants active in trading on the LME's Execution Venues is difficult to determine definitively as trading may take place both directly on the LME's Execution Venues (by Members) as well as indirectly (by the wider market participant population, through Members). Monthly Average Futures may be traded on LMEselect and on the inter-office market. However, only Category 1 Members are capable of trading in the Ring (where Official Prices ordinarily derive their input data).

An up-to-date list of members of the LME by category can be found on the LME Website.

Market information about Monthly Average Futures and Traded Average Price Options, including market and exchange open interest, is published on the LME Website on a daily basis.

## **5 Benchmark Methodology**

### **5.1 Criteria and Procedures used to determine the Benchmarks**

This Benchmark Statement should be read in conjunction with the corresponding Benchmark Methodology which can be found on the LME Website. The Benchmark Methodology sets out information including, but not limited to, when and how the Benchmarks are determined and elements such as Expert Judgement, Assessors and Minimum Volume Thresholds.

As the MASPs are calculated using the Official Settlement Prices as input data, the Benchmark Methodology for the Official Prices should also be read in conjunction with this Benchmark Statement. This methodology also sets out the arrangements for pricing in the event business continuity procedures are invoked, for example, when the Ring is unavailable or trading is disrupted.

### **5.2 Procedures for Dealing with Errors in Input Data**

The LME has a number of controls in place to prevent inaccurate pricing data being published to the market. These arrangements include, but are not limited to, pre-publication review and pricing objection windows in relation to the Official Settlement Prices, during which objections to provisionally-determined prices may be submitted before they are finalised and used as inputs to the MASPs.

Users of the constituent Benchmarks may dispute a Benchmark after publication. Publication times and corresponding dispute periods are detailed in the Monthly Average Settlement Prices Benchmark Methodology.

In the event that the LME becomes aware that an inaccurate price is published to the market, the LME will follow its standard process assessing the potential impact of the error and, where



appropriate, for notifying the market (and market data vendors) of the error and correcting the published price accordingly.

## 6 Limitations of the Benchmarks

As the MASPs are calculated using the Official Settlement Prices as their input data, the MASPs are indirectly subject to the limitations faced by the Official Settlement Prices. For more information, including how the Official Settlement Prices are determined, including where there is insufficient input data and the impact Disruption Events have on these prices, please see the Benchmark Statement and Benchmark Methodology for the Official Prices which is available on the LME Website.

Additionally, the MASPs themselves may be affected by Disruption Events as detailed in the MASPs Benchmark Methodology. Further information relating to Disruption Events can be found on the LME Website.

## 7 Changes to, and Cessation of, a Benchmark

It is possible that certain factors, including factors beyond the control of the LME, may necessitate changes to, or the cessation of on either a temporary or a permanent basis, one or more of the Benchmarks within this Benchmark Family.

A change to, or cessation of, a Benchmark may have an impact on financial contracts or financial instruments (in each case as defined within the BMR) that reference that Benchmark.

The LME Benchmark Changes and Cessation Procedure, which details the LME's arrangements for consulting on proposed changes and cessations (where applicable), can be found on the LME Website.

## 8 ESG Factors

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### EXPLANATION OF HOW ESG FACTORS ARE REFLECTED IN THE BENCHMARK STATEMENT

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#### SECTION 1 – CONSIDERATION OF ESG FACTORS

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<b>Item 1.</b> Name of the benchmark administrator	The London Metal Exchange
<b>Item 2.</b> Type of benchmark or family of benchmarks.	Commodity Benchmarks
<b>Item 3.</b> Name of the benchmark or family of benchmarks.	Monthly Average Settlement Prices
<b>Item 4.</b> Are there in the portfolio of the benchmark administrator any UK Climate Transition Benchmarks, UK Paris-aligned Benchmarks, benchmarks that pursue	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No



ESG objectives or benchmarks that take into account ESG factors?	
<b>Item 5.</b> Does the benchmark or family of benchmarks pursue ESG objectives?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<p><b>Item 6.</b> Where the response to Item 5 is positive, provide the details (score) in relation to the ESG factors listed in Annex II for each family of benchmarks at aggregated level. The ESG factors shall be disclosed at an aggregated weighted average value at the level of the family of benchmarks.</p>	
(a) List of combined ESG factors:	Details on each factor: Not applicable.
(b) List of environmental factors:	Details on each factor: Not applicable.
(c) List of social factors:	Details on each factor: Not applicable.
(d) List of governance factors:	Details on each factor: Not applicable.
<p><b>Item 7.</b> Where the response to Item 5 is positive, provide below the details (score) for each benchmark, in relation to the ESG factors listed in Annex II, depending on the relevant underlying asset concerned. Alternatively, all of this information may be provided in the form of a hyperlink to a website of the benchmark administrator included in the benchmark statement. The information on the website shall be easily available and accessible. Benchmark administrators shall ensure that information published on their website remains available for five years. The score of the ESG factors shall not be disclosed for each constituent of the benchmark, but shall be disclosed at an aggregated weighted average value of the benchmark.</p>	
(a) List of combined ESG factors:	Details on each factor: Not applicable.
(b) List of environmental factors:	Details on each factor: Not applicable.
(c) List of social factors:	Details on each factor: Not applicable.
(d) List of governance factors:	Details on each factor: Not applicable.
Hyperlink to the information on ESG factors for each benchmark:	Not applicable.
<b>Item 8. Data and standards used</b>	
(a) Description of data sources used to provide information on the ESG factors in the benchmark statement.	Not applicable.
(b) Reference standards.	Not applicable.



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**SECTION 2 – ADDITIONAL DISCLOSURE REQUIREMENTS FOR UK CLIMATE  
TRANSITION AND UK PARIS-ALIGNED BENCHMARKS**

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**Item 9.** Where a benchmark is labelled as ‘UK Climate Transition Benchmark’ or ‘UK Paris-aligned Benchmark’, benchmark administrators shall also disclose the following information:

(a) Forward-looking year-on-year decarbonisation trajectory;	Not applicable.
(b) Degree to which the IPCC decarbonisation trajectory (1,5°C with no or limited overshoot) has been achieved on average per year since creation;	Not applicable.
(c) Overlap between those benchmarks and their investable universe, as defined in Article 1, point (e), of EU Regulation 2020/1818, using the active share at asset level.	Not applicable.

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**SECTION 3 –DISCLOSURE OF THE ALIGNMENT WITH THE OBJECTIVES OF THE PARIS  
AGREEMENT**

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**Item 10.** By the date of application of this Regulation, for significant equity and bond benchmarks, UK Climate Transition Benchmarks and UK Paris-aligned Benchmarks, benchmark administrators shall also disclose the following information. By 31 December 2021, benchmark administrators shall, for each benchmark or, where applicable, each family of benchmarks, disclose the following information:

(a) Does the benchmark align with the target of reducing carbon emissions or the attainment of the objectives of the Paris Agreement;	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
(b) The temperature scenario, in accordance with international standards, used for the alignment with the target of reducing GHG emissions or attaining of the objectives of the Paris Agreement;	Not applicable.
(c) The name of the provider of the temperature scenario used for the alignment with the target of reducing GHG emissions or the attainment of the objectives of the Paris Agreement;	Not applicable.

(d) The methodology used for the measurement of the alignment with the temperature scenario;	Not applicable.
(e) The hyperlink to the website of the temperature scenario used.	Not applicable.
Date on which information has last been updated and reason for the update:	15 January 2021.  Implementation of the requirements of Commission Delegated Regulation (EU) 2020/1816.

## 9 Document Change History

Version	Date
1.0	02/12/2019
1.1	19/02/2020
1.2	15/01/2021
1.3	18/10/2021
2.0	20/05/2022



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