

To: All members and other interested parties

Ref: 23/032

Classification: Trading

Date: 23 February 2023

Subject: **NICKEL MARKET UPDATE – ASIAN TRADING HOURS**

Summary

1. This Notice provides an update to the market in relation to a planned return to Asian trading hours for the LME Nickel market, with effect from the start of trading on 20 March 2023 (the “**Commencement Date**”).

Defined terms

2. Capitalised terms not otherwise defined in this Notice shall have the meaning ascribed to them in the LME Rulebook and related Notices, as applicable.

Background

3. Following the suspension of LME Nickel trading on the LME’s Execution Venues during March 2022, the LME implemented a number of interim measures designed to support the orderly re-opening of the market, protect market stability and minimise the potential for future disorderly price moves. In particular, the LME implemented daily price limits (as detailed in Notice 22/099) and a number of other measures alongside these limits, to ensure their effectiveness.
4. The LME continues to consider additional steps that it believes may further reduce the likelihood of a similar situation arising in the future in any LME metal, as part of its response to the Oliver Wyman review (see Notice 23/007). However, as trading conditions such as liquidity and volume in the LME Nickel market continue to normalise, the LME is continuing to assess the removal of certain LME Nickel-specific interim measures, which were implemented during March 2022, starting with a return to Asian hours trading.

Asian hours trading in LME Nickel

5. The LME continues to monitor the Nickel market closely and believes, in light of market participant feedback, that it would be beneficial for the market as a whole for trading on LMEselect to return to a 01.00 London time start (“**Asian hours trading**”). This is expected to further contribute to liquidity rebuilding in the LME Nickel market. The LME therefore intends to revert to normal LMEselect opening hours for LME Nickel with effect from 01.00 London time on the Commencement Date. Based on market engagement, the Exchange hopes that this timing will provide an appropriate period for Members and Clients to be ready to participate during Asian hours.
6. For the avoidance of doubt, the return to Asian hours trading will mean that good-till-cancelled (“**GTC**”) and good-till-date (“**GTD**”), which support liquidity on market open, will no longer be removed automatically by LMEselect at the end of each Business Day, as they are currently. The intention is that GTC and GTD orders entered on the Business Day prior to the Commencement Date will persist into the pre-open on the Commencement Date, however, all participants should check the status of all orders during the pre-open to ensure they are accurate.
7. Participants should be aware that if significant price movements result in any metal trading to the daily price limit (currently set at 15% from the previous Business Day’s Closing Price), there is the potential for this to result in a Disruption Event (as detailed in Notice 22/092).



Other matters

8. The LME will also continue to consider the appropriate time to re-introduce other market features to the LME Nickel market, such as the trade-at-settlement (“**TAS**”) order book, and implied pricing.

Queries

9. Members should direct any questions relating to this Notice to the LME Relationship Management team at RM@lme.com.

Jamie Turner
Interim COO, LME

Cc: Board directors
Special Committee
User Committee
All Metals Committees
Ring Dealers Committee
Traded Options Committee
Warehouse Committee