

To: All members and other interested parties

Ref: 23/234

Classification: Trading Fees

Date: 14 December 2023

Subject: **INTRODUCTION OF ELECTRONIC VOLUME PROGRAMME**

Summary

1. This notice (the “**Notice**”) announces the introduction of the Electronic Volume Programme (“**EVP**”), commencing on 2 January 2024 for an initial 12-month period.

Defined terms

2. Capitalised terms not otherwise defined in this Notice shall have the meaning ascribed to them in the Rules and Regulations of the LME or if not defined in the Rules and Regulations, the meanings ascribed to them in the General Terms.

Background

3. The LME continuously seeks to broaden participation and improve the quality of the markets on LMEselect.
4. LME notice 23/200 announced the intention to introduce the EVP, which is designed to encourage greater electronic liquidity from the investment community by providing discounted fees for Clients who reach certain volume thresholds.

Governance and applications

5. The EVP is governed by the LME Incentive Programme General terms (the “**General Terms**”).
6. The LME has created a specification document (the “**Specification**”), which is annexed to this Notice, to outline the terms and conditions applicable to the EVP.
7. Upon the LME’s acceptance of a participant onto the EVP, the following documents shall together form the agreement between the LME and the relevant Member in respect of the participant’s registration in the EVP.
 - (a) The Member’s application form in respect of such participant, consisting of both a PDF and accompanying Excel document. The Member must assign a unique application reference identifier which must match between the PDF and Excel document;
 - (b) The programme Specification; and
 - (c) The General Terms.



8. The Specification document details the process by which members can enrol participants on the EVP. Members are reminded of the importance of ensuring that all participant details are correct and in accordance with programme requirements, including whether the participant meets the eligibility criteria. Failure to follow the requirements of the programme will lead to non-payment of the relevant rebate.

Duration of the programme

9. The EVP shall remain open for a period of 12 months commencing on 2 January 2024, subject to the duration and withdrawal provisions stipulated in the Specification.
10. The LME may extend the EVP or re-open the programme if it is suspended/terminated (subject to regulatory approval). In such circumstances, Participants shall remain on the EVP.

Questions

11. Members and other interested parties with any questions about the incentive programme are invited to contact the LME at sales@lme.com.

Barry Corbett
Head of Buy-Side Sales

cc: Board directors



Annex 1: Specification

INCENTIVE PROGRAMME SPECIFICATIONS

Electronic Volume Programme (“EVP”)

1. This EVP is governed by the General Terms of the LME incentive programmes (the “**General Terms**”). The General Terms can be obtained from the LME website or from the sales team at Sales@LME.com.
2. Capitalised terms not otherwise defined in this Specification shall have the meaning ascribed to them in the General Terms.

Electronic Volume Programme

3. The EVP has been designed to promote transparent liquidity, incentivising greater usage of LMEselect by way of rebate, thereby facilitating greater transparency and central limit orderbook trading.
4. The EVP rebate criteria, detailed below, are designed to support higher quality order books on LMEselect and will benefit all users of the electronic marketplace.
5. Members are required to submit applications for the EVP on behalf of a Client intending to participate, by emailing completed applications to incentive.programmes@lme.com. Applications can be submitted to the LME at any time from 14 December 2023 until the termination of the EVP. Applications will not be considered if received directly from a Client or Indirect Client.
6. The EVP will commence on 02 January 2024 for an initial 12-month period.

Eligibility Criteria

7. The EVP is designed to encourage transparent price discovery by enhancing liquidity provision on the central limit orderbook. Clients engaged in activities as defined by clause 5.5 of the Incentive Programme General Terms are not eligible to participate in the EVP.
8. Participants from the investment community, including those authorised to manage investments and Commodity Trading Advisors (“**CTAs**”), are eligible for the EVP.
9. Eligibility is determined at the trading firm level.
10. Existing participants of the LME’s Proprietary Liquidity Programme (“**PLP**”) can also participate in the EVP, as they are verifiable electronic liquidity providers to the market. Existing PLP participants are not automatically included in the EVP; an application as described by paragraph (5) is required.
11. The LME shall ultimately determine eligibility in accordance with clause 5.1 of the Incentive Programme General Terms.

1 Eligible Contracts

12. Outright, medium-dated carry, and long-dated contracts¹ traded on LMEselect in aluminium, copper, zinc, nickel, lead, and tin (“**Eligible Contracts**”). Without prejudice to any eligibility conditions set out in the LME Rulebook, the General Terms or this Specification, in order for volume in Eligible Contracts to benefit from the EVP, the relevant trades must:

¹ As defined in the LME fee schedule



- a. comprise a cleared contract and a corresponding client contract (with both terms as defined in the LME Rulebook);
- b. have been executed on LMEselect;
- c. include matching identifiers in LMEsmart in accordance with paragraph 16a. of this Specification; and
- d. have the venue of execution correctly marked as LMEselect in the LMEsmart trade record(s).

Rebate Criteria

13. Subject to paragraph 14, rebates will be determined based on the following criteria:

- a. *ADV between 500 and 2000* will receive a rebate of one-third of trading and clearing fees.
- b. *ADV over 2000* will receive a rebate of two-thirds of trading and clearing fees.

The trade identifier for the calculation of rebates under the EVP will be the specific registered Tag 58. In LMEsmart, the client code must match the Tag 58 from LMEselect. For Category 4 Members, the private reference field in LMEsmart must match the Tag 58 from LMEselect.

14. PLP participants who additionally join the EVP will be subject to a higher rebate threshold based on the following criteria:

- a. *ADV between 2000 and 3000* will receive a rebate of one-third of trading and clearing fees, subject to the provisions of paragraph 14(c). The maximum fee reduction possible from the combined EVP and PLP participation in this tier is one-third.
- b. *ADV over 3000* will receive a rebate of two-thirds of trading and clearing fees, subject to the provisions of paragraph 14(c). The maximum fee reduction possible from the combined EVP and PLP participation in this tier is two-thirds.
- c. PLP rebates take precedent and are calculated first, with any additional volume-based rebates resulting from the EVP subsequently applied to the fee schedule rate.

15. The trade identifier for the calculation of rebates under the EVP will be the specific registered Tag 58. In LMEsmart, the client code must match the Tag 58 from LMEselect. For Category 4 Members, the private reference field in LMEsmart must match the Tag 58 from LMEselect.

16. In the event that the requirements of the Eligibility Criteria, Eligible Contracts, EVP obligations and rebate criteria are not fully met, then the rebate will not be made to the Member and it will be the Member's responsibility to settle any erroneous amounts due with the relevant Participant directly.

17. In order to achieve the full rebate all Client trades must satisfy all the following criteria:

- a. in LMEsmart, registration of the Client contract should have the same account code as the registered Tag 58 of the Participant on LMEselect and the venue code of the registered client cross in LMEsmart should be "LMEselect";
- b. only EVP trades with a corresponding client contract based on metal, carry type and prompt date will be eligible for a rebate;
- c. all Client cross trades need to be booked on the same day as the cleared LMEselect contracts; and
- d. all trades must be matched and cleared.



18. Failure to satisfy all the criteria in paragraph 17 will result in the Client being rebated only a portion of the full rebate or receiving no rebate at all.
19. The Exchange reserves the right to alter the parameters of the EVP, including withdrawal of the programme, at any time ahead of a new calendar month and as published by Member Notice.

Duration of the programme

20. The EVP shall remain open for a period of 12 months commencing on 02 January 2024.
21. The LME may extend the EVP or re-open the programme if it is suspended/terminated (subject to regulatory approval). In such circumstances, Participants shall remain on the EVP.