

To: All Members and other interested parties

Ref: 22/179

Classification: General

Date: 15 July 2022

Subject: **EXTENSION TO IMPLEMENTATION OF OTC REPORTING AND ACCOUNTABILITY LEVELS FOR REPORTABLE OTC POSITIONS**

Summary

1. This Notice informs market participants that the London Metal Exchange (“**LME**”) has decided to extend the implementation date of the Proposals set out in Decision Notice 22/161 to Monday 5 September 2022, on the basis of updated feedback from Members as to their implementation timelines.

Background

2. In Notice 22/161, dated 17 June 2022, the LME announced its intention to proceed with reporting of over-the-counter positions (the “**Weekly OTC position reporting Proposal**”) and the extension of Accountability Levels to OTC positions.
3. While the LME noted reservations from Members about the Weekly OTC position reporting Proposal, the LME stated (and continues to believe) that the Weekly OTC position reporting Proposal is key to enhancing the LME’s visibility of OTC markets, in the interests of the market as a whole, with the objective to improve the ability of the LME to oversee activity holistically, ensuring future market stability and continued compliance with its regulatory obligations.
4. Following the LME’s decision, the LME has been in dialogue with a number of Members and other interested parties who have raised concerns regarding the ability of Members to meet the implementation date for the Proposals of Monday 18 July 2022. These discussions have not re-considered the principle of reporting, but rather the practicalities to ensure that data is properly and accurately reported.
5. While the LME is keen to implement its comprehensive OTC reporting regime as soon as possible, it also notes that (as of 14 March 2022), Members are already reporting OTC nickel positions on a daily basis, which provides a degree of interim visibility to the LME’s Market Surveillance team. Members are also reminded of the LME’s powers under Regulation 12.1.4 of Part 2 of the LME Rules, to request information relating to the over-the counter business of Members, or Clients or affiliates of a Member, on an ad hoc basis under certain circumstances.



Defined terms

6. Capitalised terms not otherwise defined in this Notice shall have the meaning ascribed to them in Decision Notice 22/161, or the LME Rulebook, as the context requires.

Extension

7. The LME has decided to extend the implementation date of the Proposals from Monday 18 July 2022 to Monday 5 September 2022 (for Business Date 2 September 2022). In all other respects, the provisions of Decision Notice 22/161 apply as stated in that Notice.
8. Further, and as a result of the extension referred to above, the LME's existing requirement to daily report OTC nickel positions, introduced in Notice 22/064, and which was due to be withdrawn with effect from Monday 18 July 2022, pursuant to paragraph 42 of Decision Notice 22/161, will now be withdrawn with effect from Monday 5 September 2022.
9. The LME believes that this represents a sensible balance between its clearly-stated objectives of an OTC reporting regime, and the practical concerns of Members who, the LME believes, are working in good faith to report the relevant information as soon as possible.
10. The LME will respond directly to the Members and other interested parties who have raised questions and comments in relation to the Proposals following the issuance of Decision Notice 22/161.

Questions

11. Any questions relating to this Notice should be directed to OTCPositionReporting@lme.com. Members are reminded that if they are unable to comply with the requirements in Decision Notice 22/161, they are required to provide a justification to the above email address, as soon as concerns arise.

Tom Hine

General Counsel, LME Group

Cc: Board directors
User Committee
All Metals Committees
Physical Markets Committee