

Migration of LME Clearing Service and Open Positions to LME Clear

Ahead of migration weekend - Friday

On Friday 19th September 2014 LCH.Clearnet Ltd (LCH.Clearnet) will register LME contracts as usual. The final PPS call from Friday's end of day process will be made on the morning of Monday 22nd September 2014.

In order to maximise the amount of USD cash cover to transfer to LME Clear over the weekend, and to reduce the amount of cash called via LCH.Clearnet's PPS accounts on the following Monday morning, LCH.Clearnet will remove all credit tolerances for the 14:00 hours intra-day margin call.

LCH.Clearnet will also make an intra-day margin call at 17:00 hours for all members and without credit tolerances. The PPS calls will be made following the 17:00 hours calculation and from PPS accounts in New York.

Migration Weekend – Saturday

Members will be able to access the LME Synapse GUI and external interface connection (XI+) together with all clearing and banking reports and data sets from 'Member Live' in the usual way from early on Saturday morning.

All migration activities on Saturday will follow the LME Clear Service Migration Plan and run book published to all members by LME Clear. Please refer to the following LME website link for contacts:
<http://www.lme.com/en-gb/lme-clear/contact/> .

Members are reminded that they must access their account position and collateral data in both LCH.Clearnet and LME Clear's systems over the course of the weekend to check for any discrepancies in the data and notify the corresponding CCP immediately of any such discrepancies.

Buffer and collateral release

Collateral held as 'buffer' can be returned to members on Monday following the novation of open positions. Excess collateral can be returned on the Tuesday. Members should follow the usual process to request the return of their collateral. If you have any queries please contact:

By email: collateral.queries@lchclearnet.com

By phone: +44 (0) 20 7426 7505

Trade reporting

Following discussions with the Financial Conduct Authority (FCA), LCH.Clearnet's will report all open positions which will be novated to LME Clear as "0". This will be at the net position level for each prompt date.

- 1) Friday 19th September 2014
 - a. Report all new trades, lifecycle events and EOD positions as usual.
- 2) Monday 22nd September 2014
 - a. Report position lifecycle event as follows:
 - i. Common Data Field 19 Execution Timestamp = "2014-09-22T09:30:00"
 - ii. Common Data Field 58 Action Type = "O" (Other)
 - iii. Common Data Field 59 Action Type Details = "Novation of business to LMEClear".
 - b. Report EOD positions as 0 follows :
 - i. Common Data Field 16 Quantity = 0
 - ii. Common Data Field 19 Execution Timestamp = "2014-09-22T23:59:59"
 - iii. Common Data Field 58 Action Type = "N" (New)
 - c. No trade reports.

It is recommended that members consult with their compliance department colleagues and regulators to determine their trade reporting and position reporting requirements in respect of the novation of open position between CCPs.

Membership resignation

Members clearing only LME business with LCH.Clearnet, who are planning to resign following the migration, should note that resignation is effective when all commitments have been met, no liabilities exist and the default fund has been returned. Members are not required to formally give notice to LCH.Clearnet. We will contact all such members to agree plans in the near future, however, if you have any queries in the meantime, these can be directed to the Membership Team as follows:

By email: Membership.uk@lchclearnet.com

By phone: + 44 (0) 20 7426 7949

Network Connectivity

Clearing Members planning to terminate LCH.Clearnet membership should ensure that they provide the appropriate termination notice of their BT Radianz (BTR) network connection(s) in accordance with the 'Network Services Agreement' to the Member Connectivity team at LCH.Clearnet. The contact details are as follows:

By email: Member.Connectivity@lchclearnet.com

By Post: LCH.Clearnet Ltd, Aldgate House, 33 Aldgate High Street, London EC3N 1EA

Enquiries: Tel: + 44 (0) 20 7392 8255

Commodities Default Fund

Following approval by the LCH Risk Committee, LCH.Clearnet will be resizing the commodities default fund on 22nd September 2014, following novation of LME open positions and will recalculate remaining members' contributions. Adjustments to members' contributions will be made on Friday 26th September 2014.

Final payments (Fees and Interest & accommodation Charges)

LCH.Clearnet fees and interest and accommodation charges will be posted to Members' cover accounts in the usual way at the beginning of October 2014. LCH.Clearnet will be collecting its own fees and LME levies in relation to LME transactions up to 19th September 2014. LME Clear will be collecting their own fees and LME levies in relation to transactions from 22nd September until the end of the month.

Access to LCH.Clearnet Systems and Data

Production systems

LME Synapse production system will be available to Members until the 26th September 2014. The External Interface (XI+) logons will be disabled the day following the novation day. All clearing and banking reports and data sets will remain on 'Member Live' (member Reporting) for the same period as now.

Test environment

Access to the LME Synapse member test environment will not be available following migration after 22nd September 2014.

LCH.Clearnet SPAN Risk Parameter Files for LME

LCH.Clearnet will no longer receive closing prices from LME following the novation of open positions on Monday 22nd September 2014 therefore there will be no new SPAN Risk Parameter files for LME service on the LCH.Clearnet website, LME Synapse or Member Live from that date. LME SPAN Risk Parameter file for LME following the migration will be available from LME Clear.

Historic SPAN Risk Parameter files for LME market will remain available via the LCH.Clearnet website for a period of time following the service migration.