

To: All members and other interested parties

Ref: 17/049

Classification: Trading Technical

Date: 3 February 2017

Subject: **LMESELECT 9 UPGRADE**

## Summary

1. This Notice provides Members with final testing details and guidance for the preparation of the upgrade to LMEselect 9 – including Member and ISV final testing timelines and other key implementation information – which will be implemented on Monday 27 March 2017. LMEselect 9 will contain certain requirements contained within the Markets in Financial Instruments Directive II (MiFID II) regulations, details of which can be found below. This Notice should be read in conjunction with LME Notices 17/048 and 17/050, both issued on 3 February 2017, which provide Members with details of the delivery timeline of the LME and LME Clear development programme, and the introduction of Dynamic Price Limits in LMEselect respectively.
2. This upgrade marks the first in a series of system enhancements that the LME will undertake during the course of 2017. Not only will these improvements include changes to LMEselect and LMEsmart, but will also include the introduction of a new market data platform, scheduled for Q4 2017.

## Capitalised terms

3. Capitalised terms not otherwise defined herein shall have the meaning ascribed to them in the rules and regulations of the LME (the “Rules”).

## Member testing details

4. Testing windows and details for both Members and ISVs are provided in paragraph 8 (Member and ISV final test timelines).
5. Members and ISVs who develop their own order routing software (via the FIX API), as well as those Members who use the LMEselect GUI, are required to



undertake testing by placing and amending orders within LMEselect 9 “Member Test B” environment. This includes the additional mandatory data fields, which are provided in the LMEselect 9 FIX Specification document. It should be noted that whilst certain data fields are mandatory, the data submitted will not be subject to validation by the LME.

6. Members who use the LMEselect GUI to submit orders are also required to test order placement by placing orders with the required data fields in the LMEselect 9 “Member Test B” environment.
7. “Member Test B” accounts that have previously been issued remain unchanged, although for convenience, new accounts can be provided by Trading Operations by emailing [TradingOperations@lme.com](mailto:TradingOperations@lme.com).

#### **Member and ISV final test timelines**

8. The following timelines will provide Members with the opportunity to test connectivity to the production IP addresses of LMEselect 9. Production IP addresses will be distributed by email by Trading Operations to dedicated participant contacts.

From Monday 20 February to Thursday 23 February 2017

Member Connectivity Testing will be available to the secondary Data Centre (DC2). Members will be able to login to the production environment of LMEselect 9 using their current “Member Test B” accounts via the production IP addresses for DC2.

**The Market will not be open for order placement/trading.**

Saturday 25 February 2017

Member Connectivity Testing will be available on the secondary Data Centre (DC2) for two hours. Members will be able to login to the production environment of LMEselect 9 using their production accounts via the production IP addresses for DC2.

The system will then be failed over to the primary Data Centre (DC1) for a second Member Connectivity Test, again lasting two hours. Members will be



able to login to the production environment of LMEselect 9 using their production accounts via the production IP addresses for DC1.

Times for the connectivity windows will be confirmed at a later date.

**The Market will not be open for order placement /trading.**

Saturday 11 March 2017

Member Connectivity Testing and dummy order testing will be available on the primary Data Centre (DC1) for four hours. Members will be able to login to the production environment of LMEselect 9 using their production accounts via the production IP addresses for DC1. Times for the connectivity windows will be confirmed at a later date.

Please note that subsequent to the four hour testing window, the system will be taken down and the order and trade history cleared. Therefore none of the history from the testing period will remain.

Monday 13 March to Friday 24 March

There will be a two week lead period where Members should check their PTRM settings and upload their MiFID reference data<sup>1</sup>. Members will be able to login using their production accounts via the production IP addresses for DC1.

**Please note that no order placement will be permitted during this period.**

**All LMEselect participants are strongly recommended to test application connectivity during these test windows to ensure readiness for the start of trading on Monday 27 March 2017.**

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<sup>1</sup> It is strongly advised that Members upload their MiFID II reference data during this period to ensure that LMEselect users are not compromised during the order entry process



## MiFID II data fields

9. As noted in section 1 above, LMEselect 9 will contain certain data fields required by MiFID II. Members are therefore required to ensure that when submitting orders to LMEselect 9 that the following fields are completed:
- (a) Order Categorisation – For orders placed via FIX only, indicates if the order is entered either by an algorithmic account or a human trader, this field is mandatory, with pre-defined values provided within the LMEselect FIX specification document – “E” where algorithmic or “D” for non-algorithmic.
  - (b) Direct Electronic Access (DEA) – For orders placed via FIX only, indicates if the trader has direct electronic access, this field is mandatory, with pre-defined values provided within LMEselect FIX specification document – “Y” or “N” as appropriate.
  - (c) Trading Capacity – Indicates the type of trading capacity in which the order has been assigned under, this field is mandatory, with pre-defined values provided within the LMEselect Trading Client – “DEAL” (dealing on own Account), “MTCH” (Matched Principal) or “AOTC” (Any other Trading Capacity). For orders placed via FIX, the values should be; “1”, “2” or “3” respectively.
  - (d) Account Type – Specifies the Account associated with the order, this field is mandatory, with pre-defined values provided within the LMEselect Trading Client – “S” (Client ISA), “H” (House), “C” (Client OSA) or “G” (Gross OSA)<sup>2</sup>. For orders placed via FIX, the values should be; “1”, “2”, “3” or “7” respectively.
  - (e) Client ID – Used to specify a client Legal Entity Identifier (LEI), required for all client orders. If the Client LEI is not available, the field should be populated with the value “AGGR” or “PNAL”. This field is mandatory, although the contents will not be validated.

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<sup>2</sup> Account Type - G (“Gross OSA”) will become an available option from January 2018



- (f) Order Origination Trader – Used to identify the trader, or trading group from which the order has originated from, this field is mandatory, although the contents will not be validated.
- (g) Algo or Human Detail – Used to provide details of the human or algorithmic account behind the order, this field is mandatory, although the contents will not be validated.
- (h) Execution Decision within Firm – Identifies the individual or group responsible for the execution of the order, this field is mandatory, although the contents will not be validated.

**Please note, for orders placed on behalf of Clients, an additional field; “Customer Account” is required, although the contents will not be validated.**

**From Monday 13 March 2017, Members will be able to submit the relevant reference data in order to pre-populate the required fields (for Traders who place orders via the LMEselect GUI).**

### **Key information**

- 10. Members should note that GTC and Date orders **will not** be carried across into LMEselect 9. Any GTC and Date orders that remain in LMEselect as of the close of trading on Friday 24 March 2017 will be automatically removed after the close of LMEselect at 19:00 (UK time).
- 11. Members should also note that historical order and trade history **will not** be carried across into LMEselect 9. Only order and trade history from 27 March 2017 onwards will be available in LMEselect 9.
- 12. From Monday 13 February 2017, Members should review and validate their Pre-Trade Risk settings within the LMEselect Pre-Trade Risk Management system.

**The LMEselect 9 upgrade will replace the current version of the LMEselect GUI, and will require a complete new installation. All versions of the LMEselect 7.4.1 GUI will no longer operate, or be supported from Monday 27 March 2017.**



Any questions, including the recommended installation procedure, should be directed to Trading Operations at [TradingOperations@lme.com](mailto:TradingOperations@lme.com) or +44 (0) 20 7113 8200.

**Lee Gibbins**

**Trading Operations Manager**

cc: Board directors

Trading Committee

Ring Dealers Committee

Traded Options Committee