

BT delivers and supports LME market data system



The challenge

- Seamless replacement of legacy price reporting system.
- Demand for increased capacity and new data.
- Open architecture for future growth in metals traded.
- Reliability and accuracy 24x7.

BT approach

- Built replacement price reporting system based on proven technology.
- Enabled new functionality to be added more easily.
- Designed to run in live/standby mode 24x7 with no shutdowns.
- Delivered new system, easy to support and upgrade.

The result

- Price reporting system for the 21st century.
- Capacity to publish more data as business expands.
- Scope to add new functionality.

The London Metal Exchange (LME) is the centre of the world's trading in non-ferrous base metals, namely; copper, primary aluminium, aluminium alloy, lead, nickel, tin and zinc. Trading is 24x7 as markets open and close around the globe. The LME is an innovative exchange and remains close to its core users by ensuring its contracts continue to meet the high expectations of a demanding industry. As a result, the LME is highly successful, with a turnover value of some US\$2,000 billion a year.

The LME's price reporting system is the primary vehicle for providing price and other trading information on each of the contracts on the exchange. When, after nine years of reliable service, the LME's legacy pricing system was approaching the end of its lifecycle, the LME turned to BT. BT's consultancy and system integration specialists provided a replacement system called the Market Data System (MDS) which offers reliability and accuracy of data with an open and scaleable architecture.

The MDS increases the exchange's capacity and enables it to handle more throughput and new data. BT also has responsibility for the ongoing support and maintenance of the MDS.

John Vincent, market data manager at the LME states, "After a few early teething problems, the MDS has proved to be a fast and reliable means of distributing data to market users."

Proven and tested technology

BT helped the LME replace its legacy price reporting system – the Vendor Feed System (VFS) – with the new MDS to supply information about each of the eight metals contracts traded on the exchange. MDS went live in November 2000 and has since enabled the LME to enhance its reputation as an innovative and flexible operation for its members, vendors and market users.

Seamless change to new price reporting system

The LME is a 24x7 global exchange with customers in every time zone, including North America and Asia. The telephone market accounts for over 70 per cent of trading with 20 per cent from open outcry and the rest through the LME's electronic screen trading system, LME Select.

"It is paramount that there is no time in the week when we shut down for back ups," says Vincent. "While we were very satisfied with the performance of our legacy system for price reporting, it had reached the end of its lifecycle, and needed to be replaced."

Starting in 1998, BT built a new price reporting system using custom-built software based on Microsoft's DCOM technology. "It was essential that the transition to the new system was seamless and that the information vendors on the receiving end of the feed did not notice any change," continues Vincent. "Even with a recent hardware upgrade, MDS is still as reliable as ever."



Scope to add new functionality

The LME provides a data feed of price information to over 40 information quote vendors 24 hours a day. BT's MDS allows the LME to publish more data and add new contracts. The most recent major addition is the North American Special Aluminium Alloy Contract (NAASAC), but BT has also added functionality to support new 63-month forward contracts for copper and aluminium. Vincent says "This latest change required a re-write of much of the output code and BT completed this on time and with the minimum of fuss."

Given the new open systems architecture, the exchange now has the ability to interface to other internal and external systems more easily which is good news for the future expansion of the exchange and its contracts.

Easier to manage and support

BT built the MDS using an open systems architecture and its expertise has ensured complete security and reliability of the exchange data. Twenty eight LME member firms contribute indicative prices to MDS 24x7. Of these, 11 firms participate in the trading ring on the exchange's trading floor at Leadenhall Street. During ring and kerb trading sessions the MDS publishes bid, offer and trade prices as they are quoted in open outcry.

"Moving from a bespoke system to one that's easier to support and scalable to accommodate future upgrades was a key factor in our choice of BT," says Vincent. "The new MDS is extremely reliable and BT's support people have worked tirelessly to keep up with business requirements. The development of the system was not easy as there was a long learning curve on both sides, but lessons have been learned and the MDS is providing us with a system we can depend on. The project has been a very good exercise for BT and gives them a successful reference site in the UK."



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