

# LME WEEK: Berkeley Futures gets LME membership after Steve Pettitt signs deal

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**Berkeley Futures has received London Metal Exchange category 4 membership after former Jefferies MD Steve Pettitt signed a deal with Berkeley Futures to provide execution and clearing services for both Berkeley and Macquarie Bank.**

Under the agreement with Berkeley Futures, which is based in Savile Row, London, Pettitt agreed to provide execution and clearing to customers who trade base metals, currencies, futures and precious metals at Berkeley and to provide execution facilities for accounts introduced to Macquarie.

"Berkeley has received LME category 4 membership," Pettitt, head of base metals at Berkeley, said in an interview with Metal Bulletin on Thursday October 8. He added that LME trades can also still be routed through Macquarie Bank, an LME category 2 or associate broker clearing member.



**Steve Pettitt, head of base metals at Berkeley**

Pettitt described his plans for his new venture under Berkeley's regulatory umbrella.

"A number of FCMs [futures commission merchants] were hiring aggressively in the LME space, but I want to shape something from the ground up," he said.

"My team's role will be to introduce clients to the arrangement, maintain the relationships and handle the execution, irrespective of where we paper the client. The lower capitalised clients, those who do not need credit-lines or who trade significant amounts of NDFs [non-deliverable forwards] will be a natural fit for Berkeley."

"Clients requiring significant credit lines or, in the case of an increasing number of investment community clients, those needing to place funds/margins with an A-rated bank, will be papered at Macquarie," Pettitt said.

"Macquarie doesn't deal for individuals and Berkeley doesn't have the enviable balance sheet of

Macquarie. As such, through this venture, the client achieves the best of both worlds and, dependent upon products traded, we can even open accounts at both houses and enjoy seamless cash flows between the two."

A key advantage of this venture is that "we are working with a bank, which, due to its experience in mine financing, understands the physical nature of the LME", Pettitt added. "Not every bank is comfortable in this space, which can lead to issues when looking to grant credit."

"The challenges we face are numerous and it is the same for everybody in this business. For example, currently there seems to be a race to the bottom on commissions, but that's a race we won't be joining as we regard that as a short-term play for volume, rather than a sustainable business model for the next decade.

"We believe there will be a flight to quality FCMs, such as Berkeley, as the financial sector retains an air of uncertainty."

Over the next six months, Pettitt's team will focus on connecting clients to stable platforms for straight futures and arbitrage trading, while developing voice execution volumes. They will be targeting trading houses, hedge funds and CTAs, and trade clients.

Pettitt is looking to expand his new venture in due course, and Keith Upsdell, former base metals sales broker at Jefferies, has joined his team. Pettitt said he was in the final stages of negotiation with another account executive.

Berkeley Futures, established in 1986, is a UK-based FCM with a focus on servicing a professional client base. It is authorised and regulated by the Financial Conduct Authority (FCA) and is a member of the Dubai Gold and Commodity Exchange, the London Stock Exchange and FIA Europe.

Macquarie Investments (UK), a unit of [Macquarie Group](#), has a 19.9 % stake in Berkeley.

The new venture officially began operating on August 3.