

MARKET MAKING PERFORMANCE REPORT

Relevant for:

- Borsa Italiana markets on Optiq trading platform

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CHAPTER 1: INTRODUCTION

“Market Making Performance Report” (hereinafter also the “Report”) is available to all market participants who have signed a market making contract as per the following roles:

- on Borsa Italiana regulated markets or MTFs: specialist, market making scheme, market making agreement, liquidity provider, secondary liquidity provider.

Detailed daily and monthly performance reports are produced per operating MIC (XMIL for Borsa Italiana markets) and stored in files with fixed-length format.

Daily reports can be retrieved by Member Firms via SFTP service starting from 11.00 AM CET on T+1. Monthly reports will be available within 10 business days after the end of the month they refer to.

1.1 Scope

The scope of this document is to provide a technical description of the “Market Making Performance Report” service.

1.2 Coverage

Borsa Italiana markets will be gradually covered by this service according to the sequencing of the migration onto Optiq trading platform:

Operating MIC	Asset Class	MIC codes	Phase of Optiq migration
XMIL	Equity	MTAA, EXGM, BGEM, MIVX, MTAH	Phase 1
XMIL	ETP	ETFP	Phase 1
XMIL	Fixed Income	MOTX, XMOT	Phase 2
XMIL	Warrant	SEDX	Phase 2
XMIL	Eurotlx	ETLX	Phase 2

Further details concerning Borsa Italiana migration onto Optiq are available at the following page:

<https://www.borsaitaliana.it/borsaitaliana/gestione-mercati/optiq/migration.en.htm>

Please note that the document "Market Maker Performance Service" currently available at the following page will remain valid for Borsa Italiana markets not yet migrated onto Optiq trading platform until the respective date of migration:

<https://www.borsaitaliana.it/borsaitaliana/gestione-mercati/altri-servizi/serviziregolamentari.en.htm>

CHAPTER 2: SERVICE DESCRIPTION

2.1 Market Making Performance Report

“Market Making Performance Report” service provides daily and monthly reports to market participants who have signed a market making contract as defined in the introduction.

Daily and monthly reports are saved as .csv files, that can be retrieved via SFTP service.

An authentication mechanism, based on username/password, is in place to access the service. Username and password will be provided to market participants as they join the service.

Each member firm has exclusive access to its own files.

Files will be available with the following naming convention:

MMSTATS_<OpMIC>_<Type>_<Member>_<Date>.csv

where:

- OpMIC: identifies the operating MIC (XMIL for Borsa Italiana markets);
- Type: identifies the report type (DAILY or MONTHLY);
- Member: FirmID of the market participant;
- Date: reporting date with format YYYYMMDD.

The report files will be ASCII-encoded .csv files with a semicolon (;) as delimiter. All semicolon and carriage-return/end-of-line symbols in free-text fields will be removed.

The files are available for a retention period of:

- three months for DAILY reports;
- six months for MONTHLY reports.

Please note that:

- the data provided in the Report are at instrument level for all products except for derivatives, for which the data are at contract level;

- the performance on a specific instrument or contract could be not available in case it is not relevant (for instance, in case of exceptional market conditions declared for the whole day);
- the daily files are provided on a best effort basis and might be available after the target time outlined in the Introduction.

2.2 Monitoring Methodology

The obligations during normal or stressed market conditions are defined in terms of Presence, Maximum Spread, Minimum Size and Comparable Size.

The quantitative obligations are set in the Guide to the Parameters (“GP”),¹ available on Borsa Italiana web site at the following page:

<https://www.borsaitaliana.it/borsaitaliana/regolamenti/guide/guide.en.htm>

Please note that:

- Minimum Sizes can be defined in terms of quantity or countervalue, as set in the GP;
- minimum performance thresholds and quotations hours are set in the GP.

Monitoring settings

For each combination of Operating MIC and MIC code the following monitoring algorithms will be applied:

Operating MIC	MIC codes	Monitoring algorithm	Description
XMIL	All	“Minimum Obligation”	Orders or quotes are considered up to the quantity or countervalue corresponding to the minimum size obligations

Example

Please consider the following non-exhaustive and simplified example.

Size Obligations: 15 (in terms of quantity).

¹ The GP will be gradually amended for Optiq trading platform in line with the migration sequencing.

Liquidity provision orders and quotes are highlighted in the following orderbook:

Order Id	Bid qty	Bid Price	Ask Price	Ask Qty	Order Id
<i>m1</i>	<i>10</i>	<i>100</i>	102	5	a1
<i>m2</i>	<i>15</i>	<i>97</i>	<i>103</i>	<i>5</i>	<i>m3</i>
			103	20	<i>m4</i>
			<i>106</i>	<i>5</i>	<i>m5</i>

Monitoring type	VWAP Bid	Bid Size (up to the minimum obligation)	VWAP Sell	Sell Size (up to the minimum obligation)
"Minimum Obligation"	99 (order m1 and partial quantity of order m2)	15 (orders m1 and partial quantity of order m2)	103 (order m3 and partial quantity of order m4)	15 (order m3 and partial quantity of order m4)

Maximum Spread Check

The verification of the Maximum Spread obligation is based on the volume weighted average bid and ask computed according to the monitoring algorithm described in the previous section, taking into account the visible quotes or orders.

Percentage Spread is computed as the ratio between the offer-bid difference and the midpoint (bid-offer average).

Absolute Spread is calculated as difference between offer and bid prices.

Minimum Size Check

The verification of the Minimum Size obligation is based on the sum of visible quote or order quantities or countervalues, according to the configurations.

Comparable Size Check

The verification of the Comparable Size obligation is based on the sum of visible quote or order quantities or countervalues, according to the configurations. The following Comparable Size test is performed:

Max (Bid Size, Sell Size) = Max

Min (Bid Size, Sell Size) = Min

Bid Size and Ask Size are computed according to the monitoring algorithm configuration.

If $(\text{Min} < (\text{Max} / 2))$ then test has failed, i.e. the Comparable Size obligation is not fulfilled.

2.3 Production IP addresses and ports

Market Makers Performance Report files are available for all customers via SFTP (port 22000) connection to the CFTS application at the following DNS name:

For Next EUA:

With Colocation/CMC network access:

cftsoptiq-eua.euronext.com\Regulatory\<FirmID>

IP Address: 212.107.67.18

With Internet network access:

sftp.cfts.euatnr.euronext.cloud\Regulatory\<FirmID>

IP Address: Cloud domain, dynamic IP address

For Production:

With Colocation/CMC network access:

cftsoptiq-prod.euronext.com\Regulatory\<FirmID>

IP Address: 212.107.67.2

With Internet network access:

Sftp.cfts.prodnr.euronext.cloud\Regulatory\<FirmID>

IP Address: Cloud domain, dynamic IP address

Dedicated Username and password to connect to CFTS will be provided to customers as they join the service.

Members must ask for a CFTS account and a CFTS Product (Regulatory).

EMS team will validate the client access request.

Login credentials (username and password) can be requested by the member firms at the following contact (email: clientsupport@euronext.com).

Any functional or compliance questions related to Borsa Italiana markets can be addressed to Borsa Italiana Markets Supervision (email: ms@borsaitaliana.com, +39 0272426 327).

CHAPTER 3: SERVICE DESCRIPTION

3.1 Report specifications

File name: MMSTATS_<OpMIC>_<Type>_<Member>_<Date>

This section provides details on the Report files.

Field ID	Report field name	Description		Format
1	REPORT_DATE	Date to which the report refers		YYYYMMDD
2	REPORT_TYPE	Value	Meaning	VARCHAR(7)
		DAILY	Daily performance	
		MONTHLY	Monthly performance	
3	OPERATING_MIC	Value	Meaning	CHAR(4)
		XMIL	Borsa Italiana markets	
4	MIC	MIC code		CHAR(4)
5	ISIN_CODE	Isin code of the instrument (not populated for XDMI market)		CHAR(12)
6	SYMBOL_INDEX	Unique identifier of the instrument		INTEGER
7	TRADING_CODE	Trading code of the instrument		CHAR(12)
8	MARKET_PLACE	Market place label of the instrument		VARCHAR(40)
9	PRODUCT_NAME	Instrument or product description		VARCHAR(36)
10	TRADING_GROUP	Instrument group or class identifier		CHAR(2)
11	MEMBER_CODE	Member firm identifier (FirmID)		CHAR(8)
12	MEMBER_NAME	Member description		VARCHAR(80)
13	MM_ROLE	Value	Meaning	CHAR(3)
		SPE	Specialist	
		LPU	Liquidity Provider	
		SLM	Secondary Liquidity Provider	
		LPS	Secondary Liquidity Provider bid-only	
		MMA	Market Maker (Agreement)	
		MMS	Market Maker	

Field ID	Report field name	Description		Format
			(Scheme)	
		MMX	Market Maker (ETLX)	
14	MARKET_CONDITIONS	Value	Meaning	VARCHAR(8)
		NMC	Normal Market Conditions	
		SMC	Stressed Market Conditions	
		COMBINED	All market conditions (combination of NMC and SMC)	
15	OBLIGATION_SIDE	Value	Meaning	VARCHAR(4)
		BOTH	Obligation to display orders / quotes on buy and sell side	
		BUY	Obligation to display orders / quotes on buy side	
		SELL	Obligation to display orders / quotes on sell side	
16	INST_START_DATE	Start date of the liquidity provision activity on the instrument		YYYYMMDD
17	LAST_MONITORED_DATE	Last trading day in which the instrument was monitored		YYYYMMDD
18	NB_OPEN_MM_AGREEMENTS_DAY	Number of daily monitored instruments by FirmID		INTEGER
19	NB_OPEN_MM_AGREEMENTS_MTD	Number of monthly monitored instruments by FirmID		INTEGER
20	DAYS_MTD	Number of days (or fractions of the days) of the relevant month with obligations to quote		INTEGER
21	DAYS_MTD_COMPLIANT	Number of days (or fractions of days) of the month during which the FirmID has fulfilled its obligations respecting the required compliance ratio (PERF_RATIO_REQUIRED)		INTEGER
22	COMPLIANCE_RATE_MTD	Compliance level from the beginning of the month (DAYS_MTD_COMPLIANT/ DAYS_MTD)		NUMBER(5, 2)
23	PERF_RATIO_REQUIRED	Minimum required performance ratio		NUMBER(5, 2)
24	PERF_RATIO	Performance ratio of the quotation activity		NUMBER(5, 2)
25	PERF_RATIO_MTD	Month to date performance ratio		NUMBER(5, 2)
26	PERF_RATIO_BELOW_THRESHOLD	Flag indicating if the performance ratio is below the minimum required threshold		VARCHAR(5)

Field ID	Report field name	Description	Format
27	PERF_RATIO_PRICE	Daily compliance ratio with reference to the obligation to display orders / quotes on the book	NUMBER(5, 2)
28	PERF_RATIO_PRICE_MTD	Month do date compliance ratio with reference to the obligation to display orders / quotes on the book	NUMBER(5, 2)
29	PERF_RATIO_PRICE_BELOW_THRESHOLD	Flag indicating if the ratio is below the minimum required threshold	VARCHAR(5)
30	PERF_RATIO_COMP_SIZE	Daily compliance ratio with reference to the obligation to display orders / quotes on the book with comparable sizes	NUMBER(5, 2)
31	PERF_RATIO_COMP_SIZE_MTD	Month do date compliance ratio with reference to the obligation to display orders / quotes on the book with comparable sizes	NUMBER(5, 2)
32	PERF_RATIO_COMP_SIZE_BELOW_THRESHOLD	Flag indicating if the ratio is below the minimum required or not	VARCHAR(5)
33	PERF_RATIO_SPREAD	Daily compliance ratio with reference to the obligation to display orders / quotes on the book with spread within the maximum limits	NUMBER(5, 2)
34	PERF_RATIO_SPREAD_MTD	Month do date compliance ratio with reference to the obligation to display orders / quotes on the book with spread within the maximum limits	NUMBER(5, 2)
35	PERF_RATIO_SPREAD_BELOW_THRESHOLD	Flag indicating if the ratio is below the minimum required threshold	VARCHAR(5)
36	PERF_RATIO_MSIZE	Daily compliance ratio with reference to the obligation to display orders / quotes on the book with a minimum size	NUMBER(5, 2)
37	PERF_RATIO_MSIZE_MTD	Month do date compliance ratio with reference to the obligation to display orders / quotes on the book with a minimum size	NUMBER(5, 2)
38	PERF_RATIO_MSIZE_BELOW_THRESHOLD	Flag indicating if the ratio is below the minimum required threshold	VARCHAR(5)

APPENDIX

Document history

Version	Date	Section	Description
1.0	February 2018		First issue of this document published via the Borsa Italiana's website and distributed to Customers.
2.0	May 2019		Added the following paragraph: "Market Making Monitoring Methodology". The paragraph includes new configurations effective from 6 May 2019. Minor changes to message formats description, effective from 6 May 2019.
2.1	September 2020	2.1, 3.1	Added reference to SFTP service provided starting from 16 September 2020.
2.2	April 2021	ALL	Document extended to include the market making reporting service of ETLX market, previously published in a separate document; Euronext rebranding; other minor changes.
3.0	January 2023	ALL	Document reviewed for Borsa Italiana migration onto Optiq trading platform.
3.1	February 2023	1.2	Document updated for Borsa Italiana migration phase 2

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