



WEBINAR: Borsa Italiana Migration to Euronext Optiq®

Functional overview of Optiq Financial Derivatives
markets



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Speakers



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Agenda

- 1. Introduction**
- 2. Overview of main changes and functionalities**
- 3. Migration Phase 3 operational/technical insights**
- 4. Key milestones for client readiness**
- 5. Q&A**

Session objectives:

- Provide an overview of the future Financial Derivatives model
- Detail some new critical functionalities that will be made available to Italian customers
- Enable dialogue with customers on the changes related to the Financial Derivatives model within Euronext

1. Introduction



Borsa Italiana integration

A combination to create the leading pan-European market infrastructure

Phases

0

Euronext migrated its primary Data Centre from Basildon, UK, to Bergamo

6 June 2022

1

Cash: Equities (incl. MIV market) and ETF

27 March 2023

2

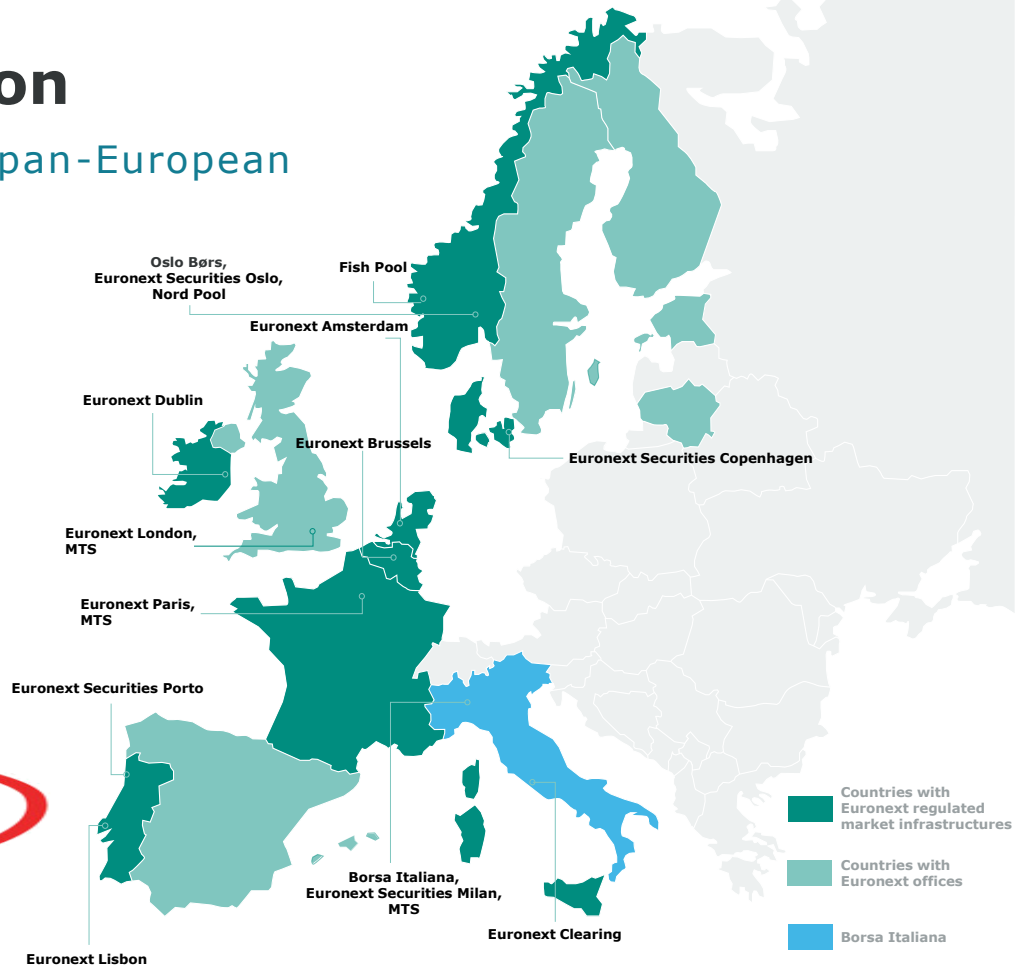
Cash: Warrants & Certificates, Fixed Income and other Cash markets

11 September 2023

3

Financial Derivatives

25 March 2024

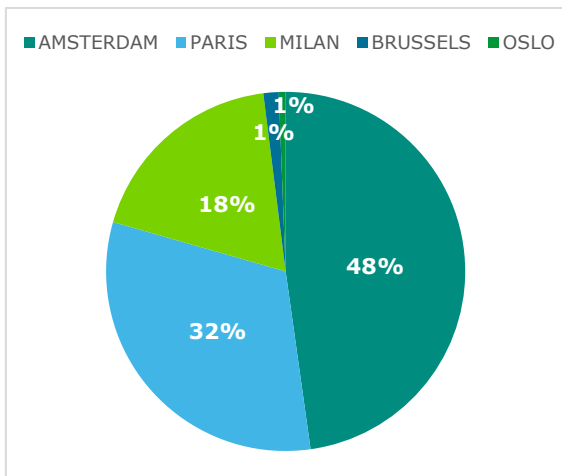


An enriched portfolio of products for investors under the same infrastructure

Stock options

ADV 2022 (in lots):

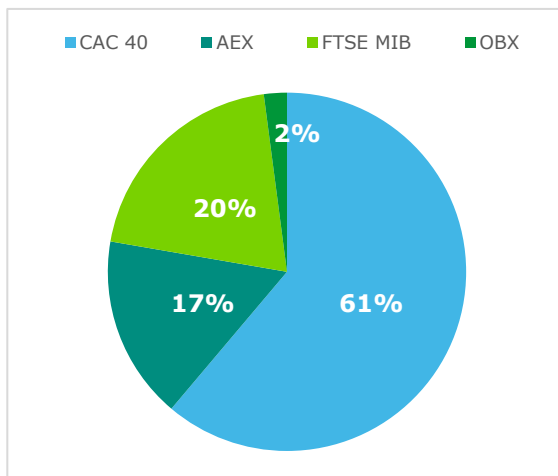
- Amsterdam: 157,454
- Paris: 104,331
- Brussels: 4,538
- Milan: 61,442
- Oslo: 2,014



Index futures

ADV 2022 (in lots):

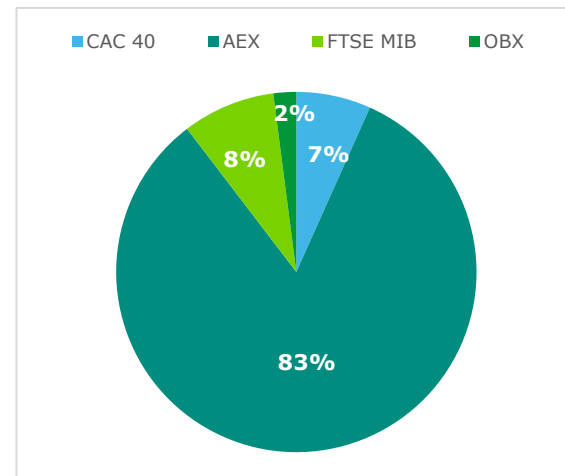
- AEX: 27,486
- CAC 40: 101,562
- OBX: 3,442
- FTSE MIB: 33,691



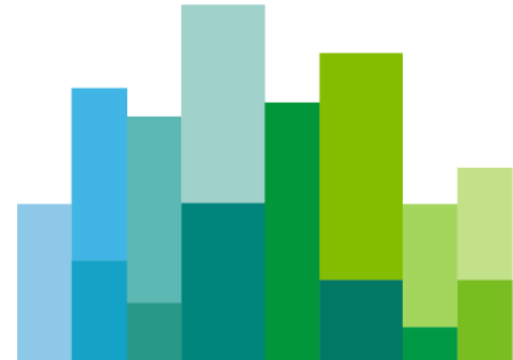
Index options

ADV 2022 (in lots):




















- AEX: 68,836
- CAC 40: 5,560
- OBX: 1,700
- FTSE MIB: 6,942



2. Overview of main changes and functionalities



Order types and validity time

Phases	Order type			Validity type				
	Limit	Market 	Stop ^{Optiq®}	Day	GTC 	GTD 	IOC	FOK
Call								
Continuous trading								


- **Market orders** are not available during Call phase and do not rest in COB, therefore any unexecuted quantity from a partial execution is automatically cancelled by the system
- **GTC and GTD** max duration is 1 year minus 1 day; at year's end, if not cancelled by the member, automatically cancelled by the system
- **Account types** available at order entry: House, Client, LP (*for MM only*)
- *Iceberg and Market to Limit orders not available*

 Change impacting only IDEM market

Optiq® Implementation of current SOLA feature on Optiq for IDEM market only

 Change impacting legacy Euronext derivatives markets

 New

 Not available

 Available

Focus: Stop orders

Types and time priority

- **Stop market:** only trigger price to be specified at order entry
- **Stop limit:** both order price (or limit price) and trigger price to be specified at order entry
- Not applicable to quotes and forbidden on strategy books of any kind and Total Return Futures
- **Resulting order** from stop order being triggered behaves the exact same way as regular orders (i.e. market or limit orders) and **has time priority equal to the time it enters COB, regardless of stop order priority**

Trigger price

- **Last traded price (LTP) on the same instrument the stop order is related to** (*example: a stop order submitted for "instrument A" can only be triggered by an LTP update on "instrument A"*)
- Trigger price is not validated at stop order entry

Stop Order Book (SOB)

- Stop orders are managed in the **separate Stop Order Book (SOB)** and remain inactive until trigger price condition is met
- In the SOB, they are sorted by stop trigger price and time priority to determine which stop order is to be processed first in COB when multiple stop orders are triggered by the same event

Time validity and quantity check

- **Time validity** to be specified in the order entry message: **i) for the un-triggered stop** (Day, GTD or GTC) and **ii) for the order that results from the stop order being triggered** (Day, GTD or GTC)
- As for regular orders, stop order quantity must be strictly less than max order quantity upon order entry, otherwise it is rejected

Trading phases

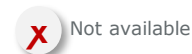
- Stop orders can be submitted and modified during **Call and Continuous phases, whenever order entry is available** (*including evening session for index futures only*)
- If in Call phase, they are not considered for IMP calculation and do not participate in the uncrossing process; however, they can be triggered by a validated Call price if triggering condition is met and will enter COB immediately afterward



Trading methods and phases

	Call phase	Uncrossing phase	Continuous phase	Reservation	Suspension	Halt	Closed	Inaccessible
	<i>Orders & quotes accumulation period but matching does not occur</i>	<i>Attempt to match orders & quotes in COB auction based on auction price algorithm, ending during a randomised period</i>	<i>Orders & quotes submitted and automatically matched on a continuous basis</i>	<i>Automated trading interruption of an instrument triggered by a potential matching outside collars</i>	<i>Automated or manual trading interruption of instrument and/or contract triggered by underlying interruption or to ensure fair and orderly trading</i>	<i>Trading interruption due to a technical issue</i>	<i>Trading engine accessible, COB accessible for order cancellation only</i>	<i>Trading engine not accessible</i>
Quotes & Orders								
Insertion	✓	✗	✓	✓	✓ ✗ ⁽¹⁾	✗	✗	✗
Modification	✓	✗	✓	✓	✓ ✗ ⁽¹⁾	✗	✗	✗
Cancellation	✓	✗	✓	✓	✓ ✗ ⁽¹⁾	✗	✓	✗

⁽¹⁾ Order entry may or may not be allowed, depending on the reason for Suspension state. Members should always consult the Order Entry Qualifier to determine the real order entry state.



IDEM new trading hours

Key changes

- + Introduction of **Call phase on all IDEM products**, starting at 07:30 CET and **with randomised closing time** depending on product
- + **Continuous trading up to 17:30 CET, except for FTSE MIB futures** whose closing time is at 22:00 CET as today
- + **Indicative Matching Price (IMP) rules:** i) maximise executable quantity, ii) minimise imbalance quantity, iii) mid-point of the Tradable Price range
- + **Extended hours available for wholesale order functionality** on all IDEM products (opening and closing time depending on product and trading day)

Trading hours overview




Trading phase	Time interval (CET time)	IDEM (Equity and Index derivatives)					
		FIB, MINI, MICRO	FDIV, MIBO, WMIBO, MCAPI	SDF	SF (ITA names)	SF (EU names)	SO, WSO
Call phase ⁽¹⁾	07:30 – 08:00 (8.00.00 – 8.00.30)	x	-	-	-	-	-
	07:30 – 09:01 (9.01.00 – 9.01.30)	-	x	x	x	x	x
Continuous trading	08:00 – 22:00 (daily session: 08:00 – 17:30) (evening session: 17:30 – 22:00)	x	-	-	-	-	-
	09:01 – 17:30	-	x	x	x	x	x
Wholesale order functionality (during normal trading days)	07:30 – 22:00	x	-	-	-	-	-
	07:30 – 18:30	-	x	x	x	x	x
Wholesale order functionality (on expiry day)	07:30 – 09:05	x	x	x	x	-	-
	07:30 – 17:30	-	-	-	-	x	-
	not available	-	-	-	-	-	x

⁽¹⁾ The end of call phase refers to a randomly selected second between: 8:00:00 - 8:00:30 (FIB, MINI and MICRO), or 9:01:00 - 9:01:30 (all other products).



Market Making on IDEM products

Harmonisation of roles⁽¹⁾ and obligations' framework, while keeping key local specificities with strong market value

	Market Maker Agreement (MMA)	Market Maker Scheme (MMS)	Market Maker Extended (MME)
	<i>MM performing a MM strategy as per MiFID II (replacing current MiFID2 MM)</i>	<i>Voluntary Market Maker (replacing current PMM and DMM)</i>	<i>Voluntary Market Maker (replacing current EMM)</i>
IDEM products	All products	All products	FIB, MINI and MICRO only
Orders vs. quotes and orders	Orders only	FIB, MINI, MICRO: orders only All other products: orders and quotes ⁽²⁾	Orders only
Quotation period⁽²⁾ (CET)	FIB, MINI, MICRO: 08:00 - 22:00 All other products: 09:01 - 17:30	FIB, MINI, MICRO: 08:00 - 17:30 (daily session only) All other products: 09:01 - 17:30	17:30 - 22:00 (evening session only)
Relaxed obligations during SMC^{(2),(3)}			
Presence time^{(2),(4)}	All products: 50%	FIB, MINI, MICRO: 70% (daily session only) MCAP, MIBO, WMBO: 70% FDIV, SF, SDF, SO, WSO: 60%	70% (evening session only)
Logical Access (LA)	All products: Standard LA	FIB, MINI, MICRO: Standard LA All other products: MM LA ⁽²⁾	Standard LA
Account type	Market Maker (LP)	Market Maker (LP)	Market Maker (LP)



Market Maker Protection (MMP)

General features

- Once signed-in, a **MM can activate MMP for each contract**
- **Applicable to quotes and orders flagged with account type LP and per each MM Key** (i.e. combination [Firm ID, EWFSC])
- At the beginning of each MM trading session, all protections are set to be inactive
- At MMP activation, Protection Limits and Protection Positions are both set to zero, irrespective of whether the MM has executed any trades in the related contract during the day (i.e. pre MMP activation)
- MMP data maintained for the whole trading day, therefore they can be updated only upon MM sending a specific MMP reset instruction for the specific MM Key
- Applicable to **Continuous Trading only**

Protection types

- **Volume Protection:** related to the MM cumulative traded volume on a given contract
- **Delta Protection:** related to the MM cumulative Delta Position on a given contract (*note: for Delta Neutral Strategy trades, Delta is assumed to be zero, therefore no delta position update is made*)

Volume and Delta Positions are recalculated after each trade originated by a quote / MM standard order

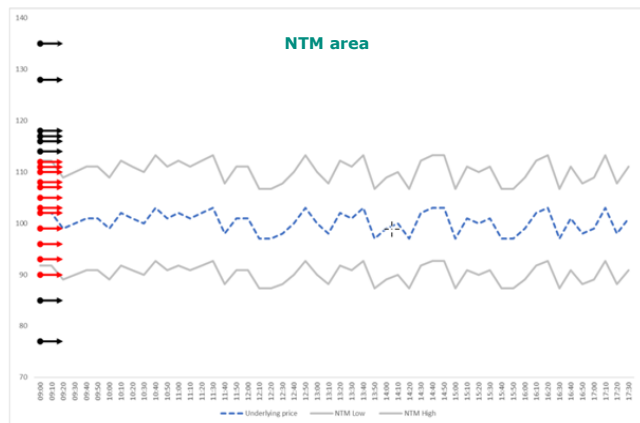
Limit breach actions

- **Ignore:** no check takes place, and any limit set is ignored (notification sent to MM but quotes not pulled)
 - **Pull:** all MM quotes submitted in the contract for the specific MM Key are pulled and further quotes submitted are rejected
- If MM updates the limit by setting a value which places it in breach, the limit breach action will not occur until a further trade takes place



Focus: NTM area definition (*options only*)

- At the beginning of the day, the **Near The Money (NTM) area** is defined as **+/- 10% of the option's underlying previous day closing price**⁽¹⁾; afterwards, it is **dynamically calculated during the trading day** every time the underlying price changes⁽²⁾
- Minimum number of series** to be quoted by a MM each trading day and for each required expiry is defined as a **%⁽³⁾ of the number of series available within the NTM area per each required expiry at market opening**, rounded up to the nearest integer (*see Example*)
- To fulfil MM obligations, the **minimum number of series to be quoted by a MM per each required expiry** of a given option contract **must be within the NTM area** dynamically updated throughout trading date (based on the underlying price changes) per each required expiry
- During the trading day, the minimum number of series to be quoted per each required expiry does not change. It may change from one trading day to another**, depending on the NTM area calculation performed at market opening of each trading day



Example

For a given option contract, at the market opening of day T, there are:

- 100 series available within the NTM area identified for the front expiry, and
- 50 series for the NTM area identified for the back expiry (assuming MM obligation is on the front and back expiries only).

Per each required expiry, % of series to be quoted within the NTM area = 40%

This implies that the minimum number of series to be quoted by a MM on day T is equal to:

- 40 series on the front expiries, and
- 20 series on the back expiry.

MM can choose the 40 series on the front expiry and the 20 series on the back expiry, provided those series are within the NTM area dynamically updated throughout the trading day per each required expiry.

⁽¹⁾ Disseminated in the Standing Data file each morning. ⁽²⁾ FTSE Indices values and updates are not disseminated by MDG.

⁽³⁾ % applicable to IDEM option contracts will be provided in due course.

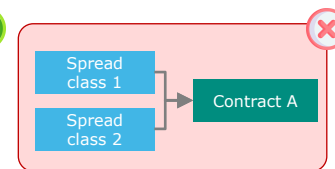
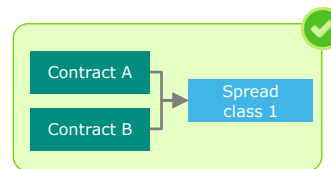


Focus: spread obligation framework



Spread obligations are defined by the Exchange through several spread classes

Multiple contracts may refer to the same spread class, while only one spread class can be associated to each single contract ⁽¹⁾



Spread obligations are defined as a relative value of the bid price which may differ between expiries

Each spread class provides bid values for several layers of Time To Expiry (TTE) defined in terms of months

Within each TTE, one or more expiries can be included, depending on the expiry cycle of the related contract

For each TTE layer, 3 sub-layers are defined based on price criteria (low bid, standard bid, high bid) to compare the bid price with:

- **cheap instrument:** if the observed instrument's best bid price is lower than the low bid threshold, a fixed spread is applied
- **standard instrument:** if the observed instrument's best bid price is higher than the low bid threshold but lower than the high bid threshold, a relative (%) value is applied
- **expensive instrument:** if the observed instrument's best bid is higher than the high bid threshold, a fixed spread is applied



Example of Spread class

Spread Class "X"		
TTE (expiries up to # of months)	Bid up to (€)	Spread
9	8.33	0.25
	50	3%
	∞	1.50
18	8.33	0.5
	50	6%
	∞	3.00
∞	8.33	0.75
	50	9%
	∞	4.50

cheap instrument (implying price range from 0 up to 8.33)
 standard instrument (implying price range from 8.33 up to 50)
 expensive instrument (implying price range from 50 to infinity)

cheap instrument
 standard instrument
 expensive instrument
 cheap instrument
 standard instrument
 expensive instrument

⁽¹⁾ Spread obligations for IDEM products will be provided in due course.

Strategy trading functionality

General features

- **Wide range of Exchange Defined Strategies (EDS)⁽¹⁾, including Delta Neutral Strategies** (for IDEM market, DNS as options vs. futures only)
- Strategy types available are provided at the contract level in the Standing Data. **Each strategy type** is referred to using a **dedicated strategy code** and defines a unique applicable formula
- Available for **on-book trading⁽²⁾ as well as wholesale and RFC trades**

Strategy's creation

- **Possibility to create a strategy intraday**, always structured in the long position (i.e. **buy perspective**), via a dedicated private message (which includes each component leg and relevant strategy code)
- Moreover, **Optiq automatically generates the first two consecutive calendar spread strategies for index futures only** (first vs. second expiry and second vs. third expiry, always from buy perspective)⁽³⁾

Time validity

- **GTC and GTD orders allowed, except for DNS.** At the end of trading day, if no GTC and GTD orders, strategy is deactivated and no longer visible, but not deleted from the system; therefore, upon new creation request on a previously de-activated EDS, system returns the same EDS Symbol Index as the one originally used

Implied matching models

- **Event Driven Implied Matching (EDIM):** member submits an order on a strategy orderbook and then requests the system (via RFIE message) to automatically generate an aggressive order based on best prices available in the strategy legs' orderbook. EDIM implied orders are not persistent
- **Spontaneous Implied Matching (SIM):** bid/offer prices generated on a continuous basis in a strategy orderbook, based on best price available in the strategy legs' orderbooks and within collars. SIM implied orders are available for matching on a permanent basis
- Applicable implied matching model is **configured at contract level⁽⁴⁾ and for on-book trading only**
- **Implied orders** are built solely on the **combination of explicit orders**
- When activated, implied prices cannot be generated i) in call phase, ii) if outside the Dynamic Collars of the related instrument, iii) if at least one of the parent orders used to build the implied is outside the Dynamic Collars



Wholesale order functionality

General features

- **Dedicated order entry message**⁽¹⁾ allowing to enter **LIS trades** with multi-counterparties and/or in strategies⁽²⁾ with trades combinations on one/multiple instruments of the same contract
- In case of wholesale strategy trades, **no requirement to create the strategy** as a tradable instrument in the COB **except for DNS**

Workflow

- **Step 1:** Initiator submits wholesale order with all LIS trade details (for wholesale strategy, strategy identifier and overall price & volume)
 - **Step 2:** if pre-trade validations successfully passed, Initiator receives a Transaction ID which is a unique Exchange-assigned numeric code, unique per contract and transaction, across trading days
 - **Step 3:** Transaction ID must be communicated by the Initiator to Reactors. LIS trade remains in pending state until submission of Reactor(s) contra-orders
 - **Step 4:** Reactor(s) must submit a contra-order containing the Transaction ID within a pre-defined time upon reception and validation of the Initiator side, otherwise the full proposed trade is cancelled, and all involved parties are notified
- Side note: in case of wholesale strategy, the reaction can be on all strategy instruments, or a subset of instruments; for DNS however, the reaction can be on partial volume but must be on all strategy instruments*

Pre-trade validations

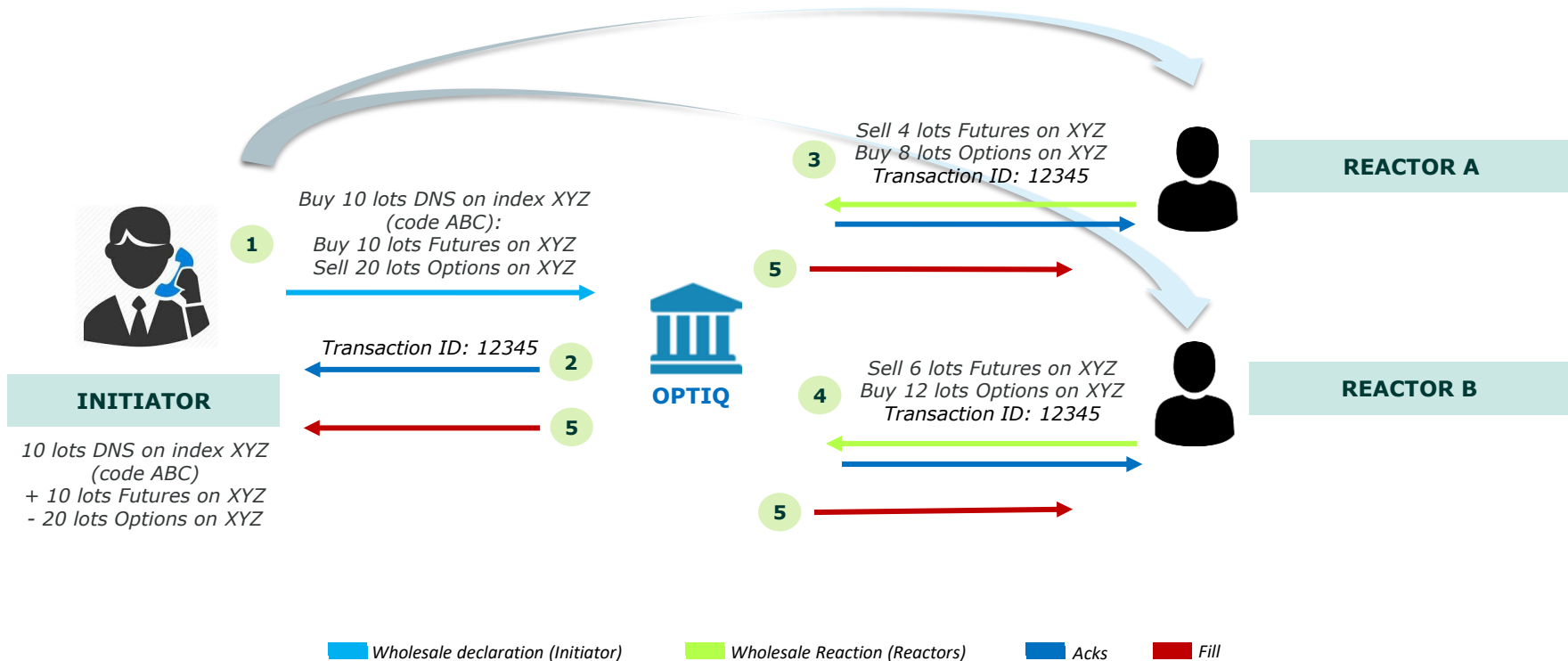
- **LIS price validated against i) COB Dynamic Collars** for each individual instrument on which the transaction relies on, and/or **ii) Daily or lifetime**⁽³⁾ **High/Low price** recorded for each individual instrument on which the transaction relies on. In case of a wholesale strategy trade, individual constituent prices are checked against the overall strategy price submitted based on the strategy formula
- **LIS size controls** set in **lots only**
- LIS price and size controls **executed on the initiator side**
- **Trading Capacities' control:** at market level⁽⁴⁾, possibility to not allow in "internal" cross trades the following combinations of trading capacities for buy / sell legs : i) DEAL vs. DEAL, ii) DEAL vs. MTCH, iii) MTCH vs. DEAL, iv) MTCH vs. MTCH

⁽¹⁾ Replacing BTFs, bundle and cross orders currently available on IDEM market. Deferred publication not available. ⁽²⁾ Where allowed by MiFIR package order waiver. ⁽³⁾ Depending on the set-up at contract level - details for IDEM products will be provided in Standing Data. ⁽⁴⁾ Subject to confirmation, this control will be activated on IDEM market only.



Wholesale order functionality: example

Wholesale strategy trade on a DNS agreed with multiple counterparties





Request for Cross (RFC)

Functionality allowing to submit a committed cross trade to an open auction for possible price improvement

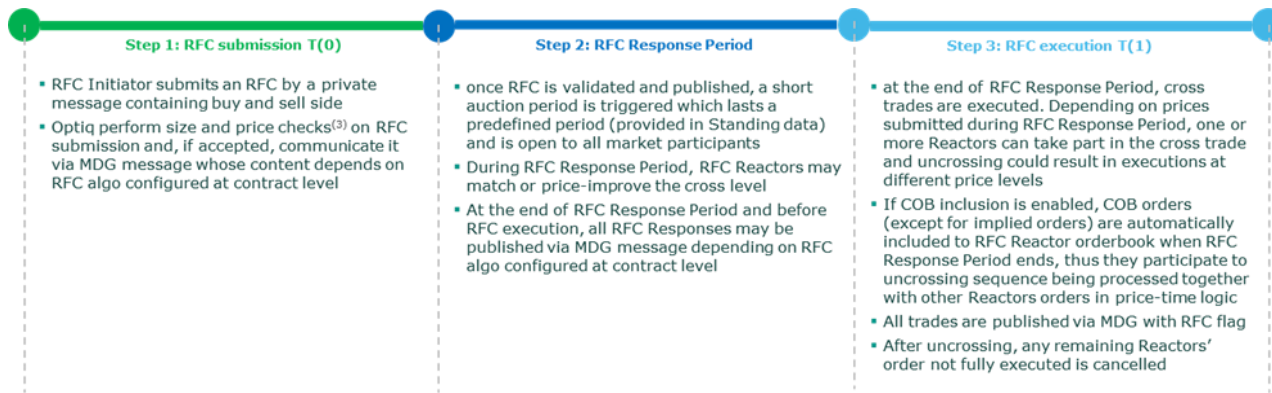
General features

- Applicable to **both outright contracts and EDS**
- **Different combinations of Account Types allowed**⁽¹⁾
- Available only if the instrument is in **Continuous phase**

RFC algorithms

- **Standard RFC algo**: no priority is given based on Account Type combination
- **Client Priority RFC algo**: specific priorities apply depending on Account Type combination
- **RFC algos** and **COB inclusion** are set up at **contract level**⁽²⁾ and indicated in Standing data
- Possibility to i) configure RFC Initiator and Reactor minimum quantity, ii) prevent self-trading, iii) activate Trading Capacities control at market level (as per wholesale order functionality)

RFC processing



⁽¹⁾ Client vs. Non-Client, Client vs. Client, Non-Client vs. Non-Client. ⁽²⁾ Subject to confirmation, on IDEM market RFC will be activated on index options and stock options, both with Client Priority RFC and COB inclusion enabled, as per legacy EN derivatives markets. ⁽³⁾ RFC size must be above the required min volume per instrument, while RFC price must be within Dynamic Collars.

RiskGuard service

The RiskGuard service gives Risk Managers (RMs) at Clearing Member firms ("*RiskGuard Clearer*") and Trading Member firms ("*RiskGuard Member*") the ability to set pre-trade risk controls to monitor their customers' or firm's risk exposure in real-time, with **different levels of granularity**⁽¹⁾

- Access through **Optiq OEG FIX 5.0 API or RiskGuard web-based User Interface** (except for MEP) available from MyEuronext
- Each RG command is i) applicable at min to a contract and at max to an Optiq segment, ii) effective in real-time and remain persistent

Pre-trade risk controls

Suspend ("Kill Switch") / Unsuspend

- halt trading activity of a member on all contracts of an Optiq segment until RM explicitly reinstates it via Unsuspend command
- monitored member not logged off but any subsequent order/quote is rejected
- if "pull orders" option set, all open orders (incl. GTC) deleted

Order Size Limit (OSL)

- max number of lots a monitored member can buy or sell per each new order / modified order / quote submitted on any expiry of a given contract (DNS, RFC and wholesale trades are excluded)
- persistent across trading days

Block / Unblock

- prevents monitored member from submitting orders on a given contract until RM explicitly reactivates it via Unblock command
- similar features as Suspend command but executed for an individual contract

Max Exposure Position (MEP)

- prevents monitored member from trading beyond a given long and/or short exposure (*MEP Limit*)
- **MEP Limits** are i) valid for the day, ii) set in quantity at a contract level and iii) computed considering open orders and quotes (where applicable), as well as executed trades during the current trading day, including wholesale trades
- RM may optionally specify up to 3 **MEP Thresholds** expressed as % of MEP Limit
- **Breach Actions:** i) No Action, Alert Only, ii) Accept Actions that Decrease Position Only, iii) Block Only, iv) Block and Pull All Orders. A given action stays in place as long as the position is between a given threshold and the next one

Self-Trade Prevention (STP)

Functionality allowing to avoid unintentional self-trading from two opposite orders/quotes on the same instrument, with the same Firm ID

General features

- **Applicable to orders and quotes⁽¹⁾ (same priority) during continuous phase**
- In case of strategies, STP is triggered only for matching "strategy vs. strategy" orders
- Wholesale, RFC and implied orders not in scope

STP Types

- **Cancel resting⁽²⁾**: resting order/quote is cancelled, while the incoming order/quote enters the order book
- **Cancel incoming**: no changes take place in the order book and the incoming order/quote is rejected
- **Cancel both orders^{(2),(3)}**: incoming order/quote is rejected, and the resting order/quote is cancelled

STP mechanism

STP mechanism is **triggered only if** the two matching orders/quotes:

- are sent on the **same instrument**
- come from the **same Firm ID**
- belong to the **same STP ID** (*optional field configurable in incoming order/quote message*)
- have the **same STP Type** set
- are **between House and LP accounts** (i.e. House vs. House, LP vs. LP, House vs. LP)

Note: if the STP ID field is not populated but everything else is respected, then STP mechanism is triggered

⁽¹⁾ STP mechanism applies only upon matching after all quotes within a quotes message have been processed and orders are incorporated in the order book. If an order from a quotes message is rejected due to STP, it will receive a separate cancellation message. ⁽²⁾ Not allowed for FOK and Minimum Quantity orders.

⁽³⁾ New STP type already implemented for legacy Euronext derivatives markets.

Other functionalities

Order Mass Cancellation

- Applicable to a selected contract
- If activated, it results in the cancellation of i) active orders not filled in the COB, ii) active orders partially filled in the COB, iii) untriggered orders in the SOB
- Possibility to restrict the command to a finer level of granularity (i.e. Exchange Market Mechanism (EMM) / Buy or Sell orders / Logical Access / Optiq partition / Execution Within Firm Short Code)

Cancel on Disconnect (CoD)

- Automatic cancellation of **all non-persistent orders and quotes** upon client disconnection whether voluntary or due to an issue
- Applicable to **all order types and validity time**
- Activated or disabled for **each individual order entry message** sent during the current trading day, based on the value populated by member in a dedicated mandatory field ("Execution Instruction") set by default as "activated"
- **Quotes are automatically cancelled** in case of disconnection (i.e. no dedicated field available for CoD selection)
- CoD includes **orders sent during the current day only** therefore, in case of disconnection, orders entered during a previous business day remain in the system without being cancelled

Controls on dealing capacity

- **Control at order entry** level of the **coherence** between the **Trading Capacity**⁽¹⁾ and the **Account Type**⁽²⁾ values and the consistency of these two fields with the **Membership Role**⁽³⁾ of the trading participant⁽⁴⁾
 - Orders entered with inconsistent Account Type or Trading Capacity are rejected
- Side note: orders/quotes with Account Type LP are accepted only on instruments where the member is configured as MM*

⁽¹⁾ AOTC / MTCH / DEAL. ⁽²⁾ Client / House / LP. ⁽³⁾ Broker / Dealer / Liquidity Provider. ⁽⁴⁾ For legacy Euronext derivatives markets, activation date will be agreed with each individual Trading Member.

Trading Safeguard mechanisms

To protect the market from aberrant order prices and trades

Dynamic Collars (DC)

- Limits (upper and lower collars) to order and trade price fluctuations applicable at order/quote entry and upon potential trade matching
- DC apply around a reference price defined for each instrument and dynamically updated throughout the trading day (**Dynamic Collar Reference Price**)⁽¹⁾. Bids are validated against the upper collar and offers against the lower collar
- DCRP is determined based on different methodologies, depending on product type and market conditions⁽²⁾. DCRP and DC multipliers may be modified intraday by the Exchange depending on market conditions and, if so, published via MDG at contract level

Trade Price Validation (TPV) ⁽³⁾

- Trade validation at execution based on DC, thus reducing the risk of aberrant trades
- in case of attempt to trade outside of DC, instrument enters a reserved state. Max number of times to attempt re-opening and uncrossing, after which orders breaching DC is i) for options, automatically pulled to allow instrument re/opening, ii) for futures, kept in the order book and no further attempt to re-open

Future Spike Protection (FSP) ⁽³⁾

- Protection for futures from extreme price movements within a short timeframe, while still allowing clients to continue trading safely in such volatile conditions within reasonable price limits based on blue-month prices
- If futures trade price is outside FSP Spread within the pre-determined FSP Period, an FSP event is triggered resulting in an FSP Cool Down Period (*pre-determined period during which blue-month price is not permitted to trade outside dynamic collars, doubled on one side and capped on the breached side to the FSP boundary level*)

Future Limit Interruption Protection (FLIP) ⁽³⁾

- Mutually exclusive with FSP, activated on contract level, on select future contracts
- Works similarly to FSP but, if there is a potential trade outside FLIP high or low boundary, instrument enters a reserved state (FLIP Reservation Period) which is reiterated indefinitely until there is a trade price within FLIP boundaries, or an action is taken by the Exchange to change parameters

Static Collar ⁽³⁾

- Activated on contract level, defines upwards and downwards boundaries as either a % or absolute spread value, based on a reference price (Static Collar Reference Price)
- Spread value is updated once at the opening and then remains static for the rest of the day, but can be adjusted by the Exchange along the trading day to ensure orderly trading

3. OPTIQ MIGRATION PHASE 3 OPERATIONAL & TECHNICAL INSIGHTS



Segments, Partitions and Logical Accesses

CASH SEGMENTS	Equities	Fixed Income	ETFs & Funds
	Warrants & certificates	Euronext Block (MTF)	
DERIVATIVES SEGMENTS	Equity Derivatives	Index Derivatives	Commodity Derivatives
PUBLICATION SEGMENTS	Indices	APA	
	Euronext FX	Irish Bonds & Funds	

SEGMENTS REPARTITION

- **Index Futures** and **Options** traded on **IDEM** will be added to the **Index Derivatives** segment (**1 partition**)
- **Stock Futures** and **Options** traded on **IDEM** will be added to the **Equity Derivatives** segment (**3 partitions**)

LOGICAL ACCESS MANAGEMENT

- A **Logical Access (LA)** represents the access point to one Optiq Segment
- Members should have at least one **LA per segment they are trading on**
- **The same LA** can be used to:
 - ✓ Trade on **multiple Euronext markets within the same segment**
 - ✓ Connect to **all partitions of a segment**
- **When using Quotes for LP activity, dedicated LP LA(s) are needed**
- **When acting as LP (via orders or quotes), Account Type LP is to be used**

Technical information on Firm IDs set-up



Key information on the Firm IDs set-up

- **Firm IDs are sent to Euronext Clearing** (the CCP)
- One or more Logical Accesses can be associated to the same Firm ID
- The same LA can be associated to multiple Firm ID
- **LP obligations are set at Firm ID level**

Clients must **have at least one Firm ID** to trade on Optiq and may have **multiple Firm IDs to segregate their trading activity**

Clearing and BCS for IDEM

Not changing

BCS (GUI and API) will not be impacted by any change within the IDEM migration to Optiq for Phase 3 Migration

- The **Clearing System** and **CCP (Euronext Clearing)** currently in use for IDEM **will not be impacted by any change** within the IDEM migration to Optiq
- Clients may continue to apply the same procedures they currently have in place for clearing operations without any impact

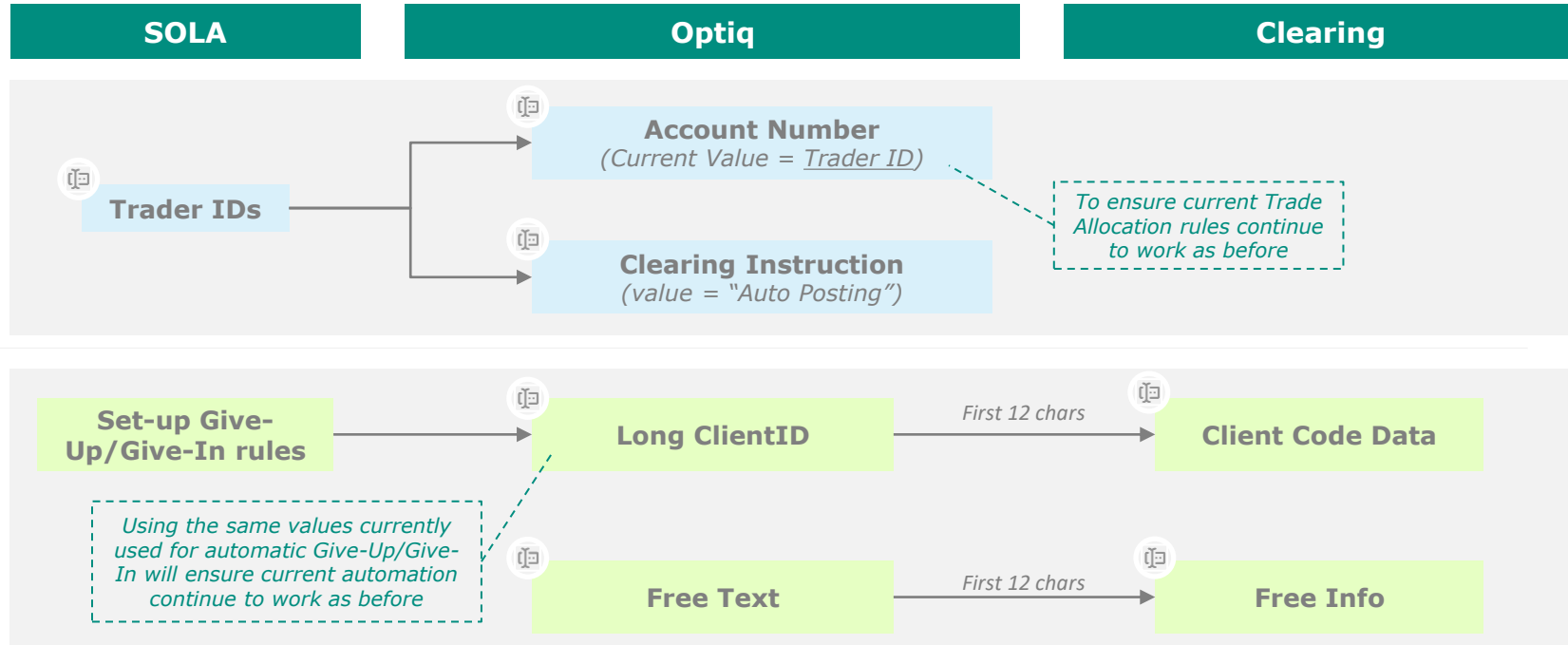
Changing

- **BCS** service (**GUI and API**) will change **IP addresses**. The new details will be provided in due course together with the guidelines for the changes on the client side
- The information provided at OEG level to be sent to Clearing will have to be compliant with the new protocol (see next slide)

After the Clearing migration of Euronext legacy derivatives markets (end Q2 2024), a new Clearing System will be implemented. IDEM will move to the new Clearing System after Q2 2024. All relevant information and guidelines for the migration will be given in due course.

Information from Trading to Clearing

With the Optiq Migration, some fields currently used in SOLA will change slightly, mainly for Trade Allocation and Clearing Information:



Market Making Framework



How to register as a Market Maker?



Set up at least one **MM Key**, defined by a combination of:

- **Firm ID**
- **Execution Within Firm Short Code (EWFSC)** which designates an entity (trading strategy algorithm, individual trader, etc.) that submits orders/quotes to the market

$$\text{MM Key} = \text{Firm ID} + \text{EWFSC}$$



MM Key is set per **Contract**



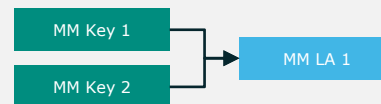
MM Key is registered **via MM Sign-In** message (msg 47) together with the following information:

- Client Order ID
- Account Number / Clearing Instruction
- Free text / Long Client ID

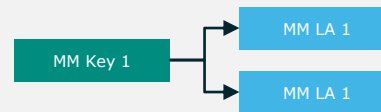


Main information on MM Key

- **Multiple MM Keys** can use the **same Logical Access**:



- **One MM Key** can use **several logical accesses**:



- **MM performance monitoring** is not done at MM Key level but aggregated **at Firm ID level**
- **MM Protection** is set at **MM Key** level, for both quotes and orders (when flagged with Account Type LP)
- **Out of MM Protection** set-up, MM Keys are **relevant when using quotes only**

4. Key milestones for client readiness



Testing opening for Italian IDEM Market



Optiq Test Environment (Next EUA) available for IDEM Market since Monday 16 October 2023

Clients of the IDEM Market are warmly invited to:

- Perform all enablement & accesses activities
- Complete their software developments and configurations asap
- **Start testing on Optiq**

Borsa Italiana IDEM instruments available in Optiq Next EUA

- **A first subset of Borsa Italiana IDEM instruments** is available in Optiq Next EUA since 16 October 2023

Day 1: EUA opening



End of Oct/Beg Nov



13 products

- **FIB, MINI** and **PIR Index Futures, MIBOs** and **Weekly MIBOs**
- **Options** (American Style and European Style physically/cash settled) and **Futures** (physically/cash settled) **on 1 Equity underlying**

Additional **27 products** (for a **total of 40 products**):

- **MICRO** and **Dividend Index Futures**
- **Options** (American Style and European Style physically/cash settled) and **Futures** (physically/cash settled, dividend) **on 2 Equity underlyings**
- American Style Weekly **Options on 3 Equity underlyings**
- **Rectified instruments**

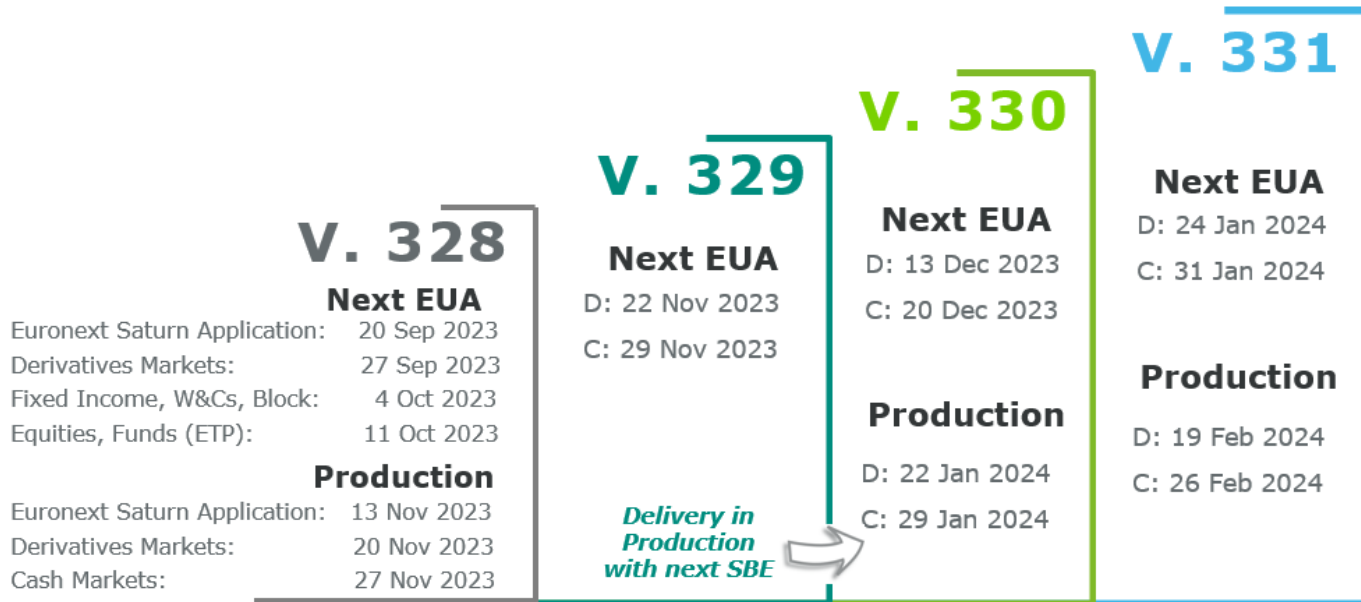
Legacy IDEM Test environments:

- **SOLA (Trading) CDS** will remain available for clients until the go-live of IDEM on Optiq
- **SOLA CDS will be disconnected from Clearing test environment at the end of November** (date to be confirmed in due course)

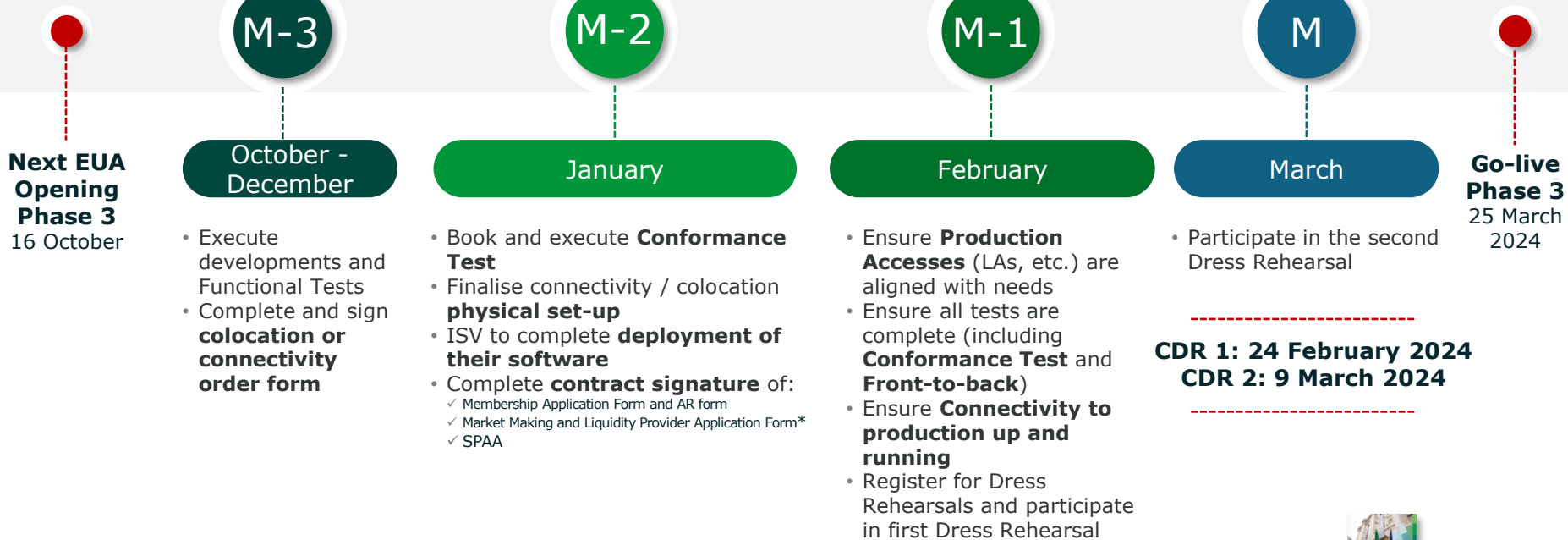
Anticipated SBE deliveries in EUA and Production

The table below presents an overview of the different SBE template upgrades planned until the Go-Live of Phase 3 of the Borsa Italiana Optiq Migration. Note that below dates are indicative and subject to change

Euronext will maintain backward / forward compatibility for all those versions, i.e. clients can remain on a previous version of SBE and integrate the changes. **Clients do not need to be on the latest SBE version for the go-live**



Phase 3: Migration next steps overview



The **Migration Guidelines** document is available for details on all the steps and related modalities of the migration. A checklist is available for clients at the end of the document.



Clients Testing in Next EUA for Phase 3

Next EUA now open

By beginning of February 2024, all clients should have finalised their developments & deployed their software

ISVs should deploy software to Member Firms by end of January to allow them to complete testing on time.

By mid-February, all clients should have completed their tests

Note:

Success of the test(s) must be confirmed by the client through **dedicated webforms**

	Clients not yet connected to Optiq	Clients connected to Optiq	
		Trading on Borsa Italiana markets (common)	Trading on legacy markets
Functional Tests	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> Along with project deliveries*	<input checked="" type="checkbox"/> Along with project deliveries*
Conformance test	<input checked="" type="checkbox"/> Full	<input checked="" type="checkbox"/> Along with project deliveries*	<input checked="" type="checkbox"/> Along with project deliveries*
High Availability	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Market Data Gateway	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> If new channels subscribed
Throttling	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Front-to-Back	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SLC/Transaction Reporting	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Customer Dress Rehearsals

Mandatory Strongly Recommended Optional or N/A

**Depending on client set-up and implantation, please contact us for further information and guidance*

Documentation and support on Client Readiness

Euronext will support all clients from their onboarding to their full readiness

Documentation



Info-Flashes and **Operational notices informing** about key milestones, technical changes, services deliveries and external specifications updates



Technical document (i.e. external specifications) information to develop and implement Optiq® and Saturn features



Migration guidelines with guidance on how the migration plan will be rolled out

Guide to Trading System with information on functional changes

How the Market works with functional details - new version coming soon!

Communication and support



One-to-One meetings and deep dive sessions when requested by clients



Webinars to keep clients updated about project timelines and progress



The Optiq Migration Support Desk liaising with you on a regular basis to support you in your readiness

FOR FURTHER INFORMATION ABOUT BORSA ITALIANA MIGRATION TO OPTIQ:

- Optiq Migration Help Desk: Optiqmigration@euronext.com
+33 1 8514 8585
+39 02 4541 1399
- Optiq Migration page: connect2.euronext.com/membership/projects/bita-optiq-migration
- You can also contact your Sales representative



QUESTIONS & ANSWERS SESSION



*If there is not enough time to answer your questions,
we will get back to you following the presentation.
Thank you!*



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