



WEBINAR: Borsa Italiana Migration to Euronext Optiq®

Phase 2 Timeline & Migration Principles



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Speakers



Chris Topples

CEO of Euronext London
& Head of Global Sales



Flavio Ravotto

Senior Manager,
Customer Relationship
Management Technology
& Client Connectivity



Emanuele Grasso

Italy Securitised
Derivatives Lead



Massimiliano Angonese

Fixed Income Retail
Market Development
Manager

Agenda

- 1. INTRODUCTION AND TIMELINE**
- 2. FUNCTIONAL SCOPE**
- 3. REMINDER OF NEW EURONEXT SERVICES**
- 4. PHASE 2 SERVICES DELIVERY PLAN**
- 5. ONBOARDING & CLIENT OPERATIONAL READINESS JOURNEY**
- 6. DOCUMENTATION AND COMMUNICATION**
- 7. Q&A**

1. Introduction



Migration timeline reminder and update

As currently anticipated

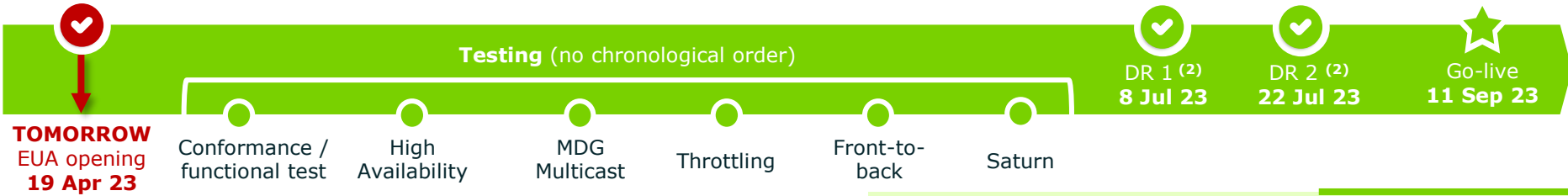
Phases



- **Changes** impacting legacy Euronext markets for the migration of Italian markets onto Optiq **will progressively be implemented in EUA and Production** until the Go-Live
- 2 mandatory Customer **Dress Rehearsals for each go-live** weekend will take place **(8 and 22 July 2023 for Phase 2)**

Migration timeline reminder

Phase 2: Warrants & Certificates, Fixed Income & other Cash markets (incl. EuroTLX)



TOMORROW
EUA opening
19 Apr 23

Conformance /
functional test

High
Availability

MDG
Multicast

Throttling

Front-to-
back

Saturn

DR 1 (2)
8 Jul 23

DR 2 (2)
22 Jul 23

Go-live
11 Sep 23



READINESS

In parallel

Clients should complete the onboarding process to prepare their readiness for Production:

- ✓ Signature of Contracts
- ✓ Connectivity set-up installation
- ✓ Testing

Testing opening for Italian Markets migrating Phase 2



Optiq Test Environment (Next EUA) available for Italian Markets as of Wednesday 19 April 2023

Clients of the Italian Fixed Income and Warrants & Certificates Markets moving to Optiq in Phase 2 are warmly invited to:

- Complete the onboarding and configuration process to access EUA
- Start developing and testing asap

Borsa Italiana Phase 2 instruments will be available in Optiq Next EUA as of 19 April 2023 on:

- MOT and ExtraMOT
- SeDeX
- EuroTLX
 - ✓ Bond-X
 - ✓ Cert-X
 - ✓ EuroTLX Equity

Approach

- A first subset of instruments will be made available in Next EUA:
 - ✓ For Fixed Income and Equity, at least one per typology
 - ✓ For SeDeX and Cert-X at least one per Liquidity Provider
- Euronext will **progressively configure further instruments** in Next EUA to increase the coverage and allow increasingly realistic testing

! Further deliveries and Optiq upgrades will take place in EUA before the go-live of Italian Phase 2 (11 September 2023)




=> Stay tuned for updates on new deliveries (sent via dedicated communications)

Millennium CDS will remain available for clients until further notice

2. Changes in W&Cs and Fixed Income models



Overview of the changes on W&C Markets

-  Change impacting only Borsa Italiana markets
-  Implementation of current Borsa set-up on Optiq only for BITA markets
-  Change impacting all Euronext's markets

LPs additional functionalities



LP central role

Trading cannot occur without the presence of the LP or out of the LP quotes



Bulk Quotes

Possibility to update with 1 transaction up to 150 pairs of quotes



Switch to bid-only / bid & ask

To be done in real time by the LP via an Optiq command



KOBI / PAKO / KIBI

Dedicated functionalities activated via Optiq command



Additional LPs

Other members can act as Secondary LPs and/or Market Makers

Market additional features



RFE market model

Automatic message to the LP any time;
2 orders can match;
3 seconds quotes refresh for LP



Order driven market model

Only and limited by 1 LP per ISIN



Extended Trading Hours

From 08:00 to 22:00



Valuation Price

Calculated every 15 minutes as BBO mid-point



New closing price algorithm

The latest between last Trade and last Valuation Price



Buy Back feature

Strengthened bid-only mode to favour certificates buy back



Order Types

Stop-on-quote (limit) orders;
Market orders enabled



GTD TIF disabled




Good-till-date feature will remain disabled as now





Control price mechanism

Check on prices upon entry, no more circuit breakers mechanism

Overview of the changes on Fixed income Markets

-  Change impacting only Borsa Italiana markets
-  Implementation of current Borsa set-up on Optiq only for BITA markets
-  Change impacting all Euronext's markets

 **New type of orders**
Stop orders on MOT, ExtraMOT and EuroTLX (Bond-X) and the **Iceberg orders** on EuroTLX (Bond-X)

 **New RFQ functionality**
integrated with the order book (as *already available today on ETF markets*)

 **New trading hours/ trading phases**
See next slide

 **Harmonisation of the Liquidity Provider Roles**
See next slide

 **New Tick structure** on MOT and ExtraMOT lowering the residual life to 1 year:

Current

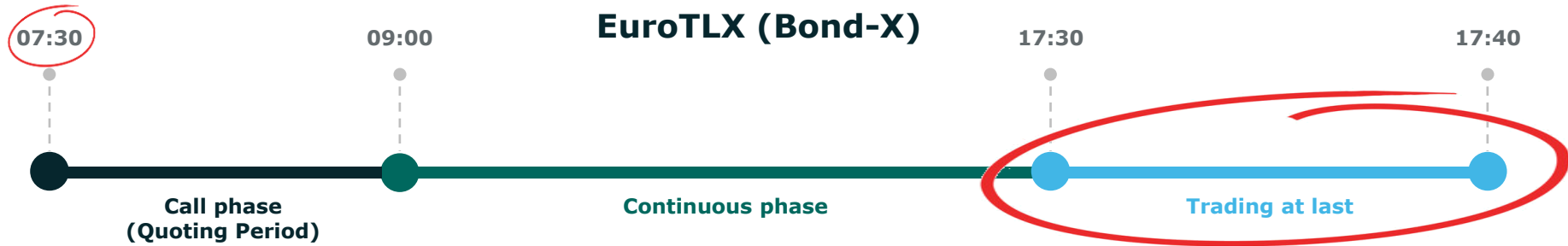
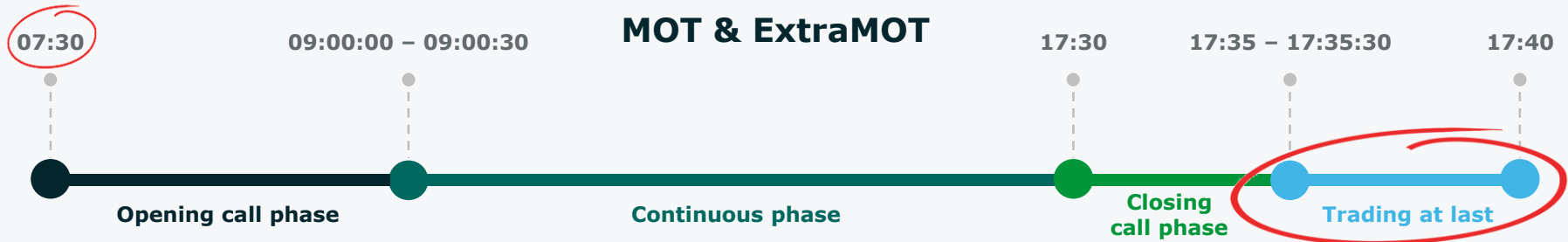
Residual life class	Tick
Residual life ≥ 2 years	0.01
Residual life < 2 years	0.001



Target

Residual life class	Tick
Residual life ≥ 1 year	0.01
Residual life < 1 year	0.001

Changes in Fixed Income markets: trading hours



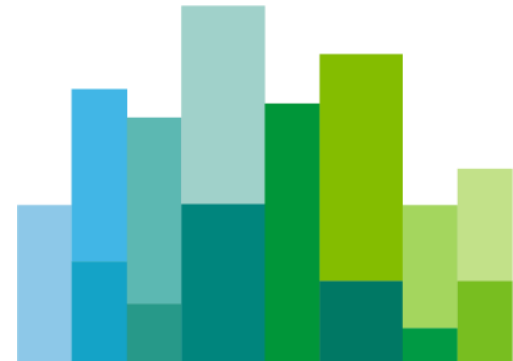
The Halt Session will be replaced by the Reservation Period (same as Volatility auction present on MOT/ExtraMOT)

Changes in Fixed Income markets: LP & MM

		MOT & ExtraMOT	EuroTLX (Bond-X)
MARKET MAKER*	Signs a market making agreement to support liquidity on respective bonds without an agreement with the issuer	✓	✓
	If acts in bid and ask must quote according to the MiFID II Directive in terms of presence, quantity and spreads	✓	✓
	Can act in "bid only"	x	✓
LIQUIDITY PROVIDERS ★	Liquidity Provider supports the liquidity on voluntary basis without an agreement with the issuer	✓	x
	Liquidity Provider acts in "bid only"	✓	x
SPECIALIST	Specialist supports the liquidity upon an agreement with the Issuer	★ ✓	✓
	Specialist has the same MiFID2 Market Maker's liquidity duties, and it can also act on "bid only"	✓	✓

To fulfil their liquidity requirements the Liquidity Providers must now use Limit Orders instead of Quotes

3. Reminder of new Euronext services



MyEuronext Member Portal

CURRENTLY

MyEuronext is already live for managing LAs / drop copy and MM/LP activities.

Connect is still in use for managing other information for legacy Euronext and already migrated Italian markets.

Member Portal is still used for managing membership and IT information for Italian markets on MIT and SOLA



POST-MIGRATION

progressive upgrades before and after migration

MyEuronext will become the unique and official platform for **all** Euronext markets

During the migration

- During the transition period, clients will have to use MyEuronext, Connect & BITA member portals following the various steps of the deliveries
- Logical Accesses in EUA and Production (inc. Drop Copy) for clients migrating in Phase 2 will mainly be requested via the **Initial Set-Up form** (LAs can also be requested via MyEuronext)

After the last steps of the migration

- Progressively, all membership and market access activities will be managed via MyEuronext.
- Borsa Italiana Member Portal will remain available for management of current membership and market access activities while being implanted into MyEuronext



The Borsa Italiana migration onto Optiq and related changes are subject to regulatory approval



For further information, a dedicated webpage is available on [Connect](#). Clients can also refer to [Webinar slides](#) or to the [Migration Guidelines](#).

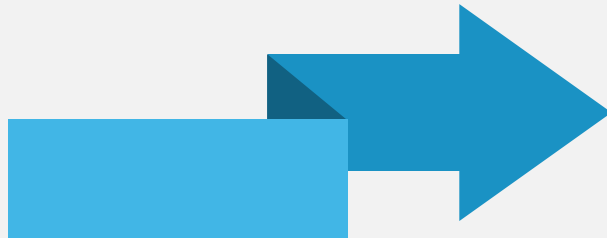
Common Files Transfer System (CFTS)

CURRENTLY

For Italian markets still running on MIT and SOLA platform, file transfer is managed by a **dedicated SFTP**

On legacy Euronext markets, multiple transfer applications are in use to manage **file transfer** (EFS, EOD, NDM, email,...).

CFTS is already active for all markets running on Optiq.



POST-MIGRATION of all markets

CFTS will become the single data transfer solution for all clients to download and upload data

In the context of the migration

Borsa Italiana clients impacted by migration Phases 2 and 3 must request access to CFTS (if not already done for Phase 1) for both EUA and Production via the MyEuronext portal

General note

CFTS is accessible via 2 protocols: SFTP and HTTPS

Independently from the remaining phases of the migration, **all Euronext clients using the legacy file transfer solutions should migrate to CFTS**, which will run in parallel until the decommissioning of the legacy solutions



CFTS user guides are available on [Connect](#).

Short Long Code (SLC) Management

CURRENTLY

For Borsa Italiana markets, SLCs are managed via the **Borsa Italiana Member Portal**

For all other Euronext Markets, SLCs are managed via **Saturn**



POST-MIGRATION of markets

SLCs will be managed via Saturn only as a target

During the migration

Clients will have to upload their MiFID II Short Long Codes from:

- **Member Portal** for markets still on the legacy Italian platforms
- **Saturn** for markets that have already moved to Optiq

After the migration

Following the sequence of the programme's phases, Members will use Saturn to upload their MiFID II Short Long Codes



- A Web service allowing manual upload of CSV files, manual input, corrections...
- Offering a REST API over HTTPs
- With secured access

4. Phase 2 Delivery Plan



General approach for delivery in EUA & Production



Phased approach delivery

Clients are reminded that features for both legacy Euronext and Italian markets **will be delivered in Next EUA** before being implemented in Production and will follow a **phased approach**.

Some features may be implemented in EUA but fully activated at a later stage.

Specific communication for each delivery

The communication plan has been designed to support clients in their development and testing of the different features.

Each delivery (in Next EUA and Production) is communicated as follows:

- ✓ **Operational Notice** describing each delivery and associated technical documentation updates (**external specifications**)
- ✓ **Info-Flash** for **Next EUA opening** (incl. *planned production go-live date*)
- ✓ **Info-Flash** for **Production opening**

Management of SBE upgrades

Clients are also reminded to follow the **SBE template upgrades**, and ensure that their applications support the Euronext backward / forward compatibility rules

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 2 of the Borsa Italiana Optiq Migration:

To note that below date are indicative and subject to change.

Euronext will maintain backward / forward compatibility for all those versions



Cash: Cash Markets / Derivatives: Derivatives Markets

(1)Warrants & Certificates, Fixed Income and Bourse De Luxembourg / (2) Equities, Funds (ETP), Block

Note: MyEuronext services are expected to be delivered one week ahead of the Cash deliveries

Continuous changes delivery – focus on Phase 2

To mitigate operational risks and ensure clients are benefiting from functionalities as soon as delivered, **Euronext will perform progressive upgrades prior to Go-Live.**

! Clients that do not wish to support new features embedded in new versions can continue to use former SBE versions provided that their applications manage Euronext backward/forward compatibility rules.



Example of services delivered

SBE 322 & 323



EUA: 5 April / Prod: 15 May

- EuroTLX:
 - Quoting Period (Execution Prevention Across Firm during Call Phase)
 - LP obligations file
 - Static and Dynamic collar Reference Prices
 - Enriched End of Day files
- SeDeX & Cert-X:
 - Bid-Only Before Buy Back (replacing Bid-only quote-driven)
 - Offer Only Mode
 - Closing Price & valuation price enhancement
 - Static and Dynamic collar Reference Prices
- Counterpart Trading Capacity on non-Cleared instruments on EOD files

SBE 324



EUA: 10 May / Prod: 12 June

- Takeover Bid mechanism for Fixed Income
- **MDG Lite (3 May)**
- Multiple liquidity providers & market makers per ISIN extended to SeDeX

SBE 325

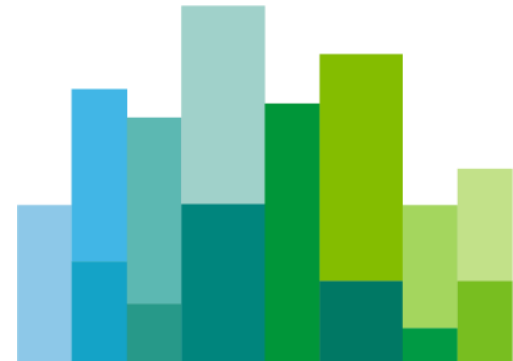


EUA: 14 June / Prod: 17 July

- Takeover Bid mechanism for Fixed Income MyEuronext front end
- Market Maker registration for all markets and requests for product range and quoting obligations for Fixed Income and Warrant & Certificates markets in MyEuronext
- MyEuronext CFTS Curl API

For a comprehensive view of the Phase 2 SBE upgrades and associated services deliveries, clients can refer to the SBE Schedule document that will be made available shortly.

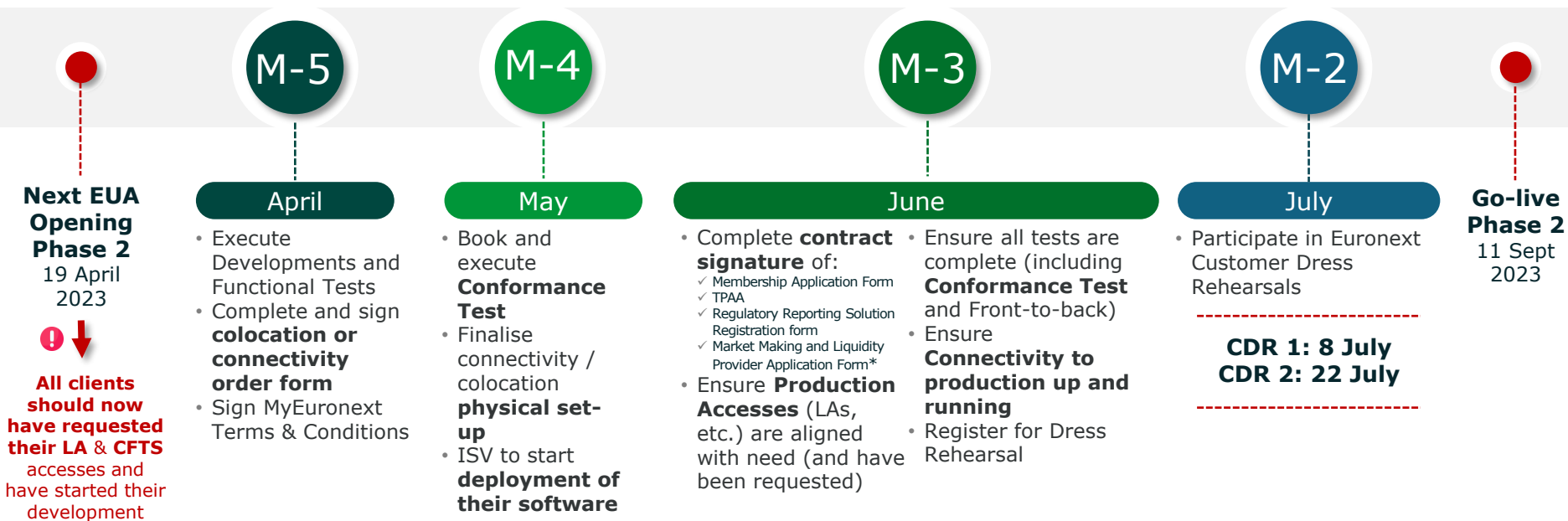
5. Onboarding & client operational readiness journey



Phase 2: Migration next steps overview

Clients impacted by Phase 2 need to carefully manage their readiness in EUA and PROD to be prepared for the two mandatory Dress Rehearsals (EDRs) on 8 and 22 July.

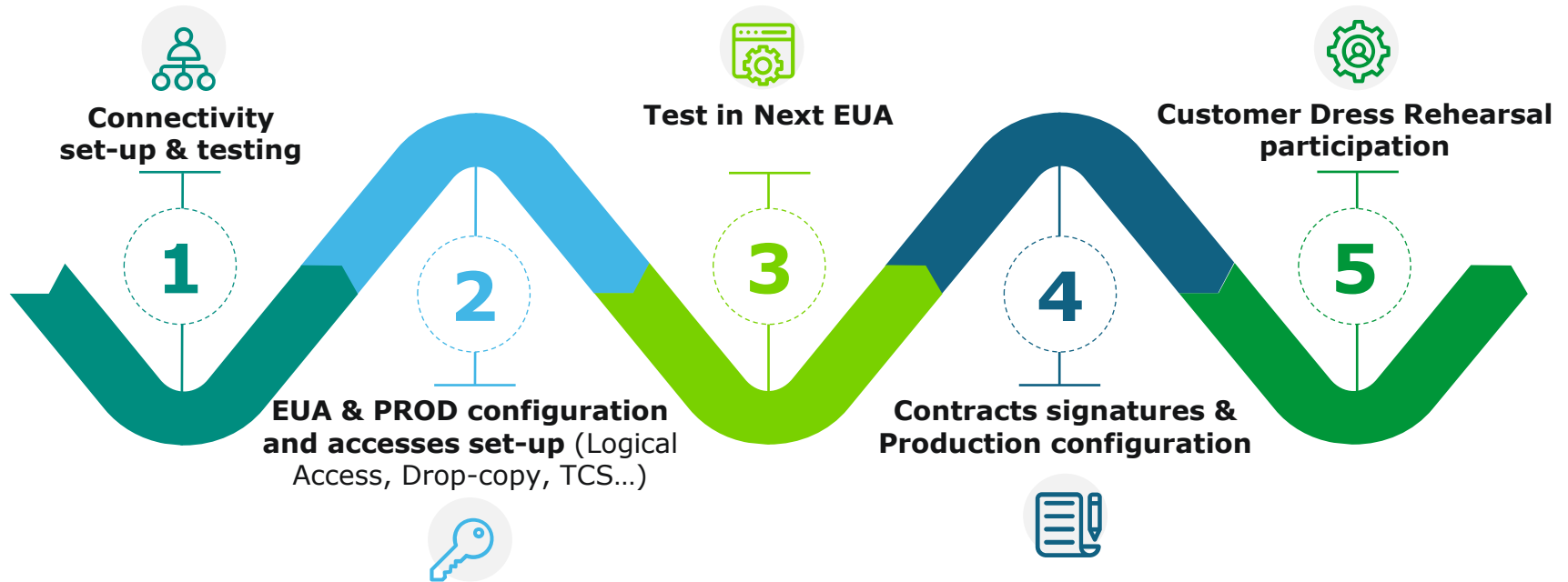
Clients should follow the below steps, which are detailed in the Migration Guidelines document.



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



Macro-step view



Connectivity to Optiq



CLIENTS ALREADY CONNECTED TO OPTIQ

Should be able to leverage their current connectivity

1. Review bandwidth usage on existing infrastructure(s)
2. Subscribe to the new Market Data channels for Italian Markets
3. Assess whether extra capacity is required for Market Data and/or Order Entry / Drop Copy

CLIENTS NOT YET CONNECTED TO OPTIQ

Can leverage their current connection to Borsa Italiana or set up new connectivity

1. Select and subscribe to Market Data option(s)/packs (e.g. MDG vs. MDG lite)
2. Verify the availability of the chosen market data option(s) with your vendors
3. Evaluate the bandwidth requirement and (if needed) start the bandwidth upgrade process as soon as possible

Client's will have to...



EURONEXT *The Borsa Italiana migration onto Optiq and related changes are subject to regulatory approval*



Euronext will provide guidance to clients

Colocation in Aruba IT3 Data Centre

Clients considering having presence in colocation for the migration, have to set up their infrastructure in the Aruba IT3 Data Centre

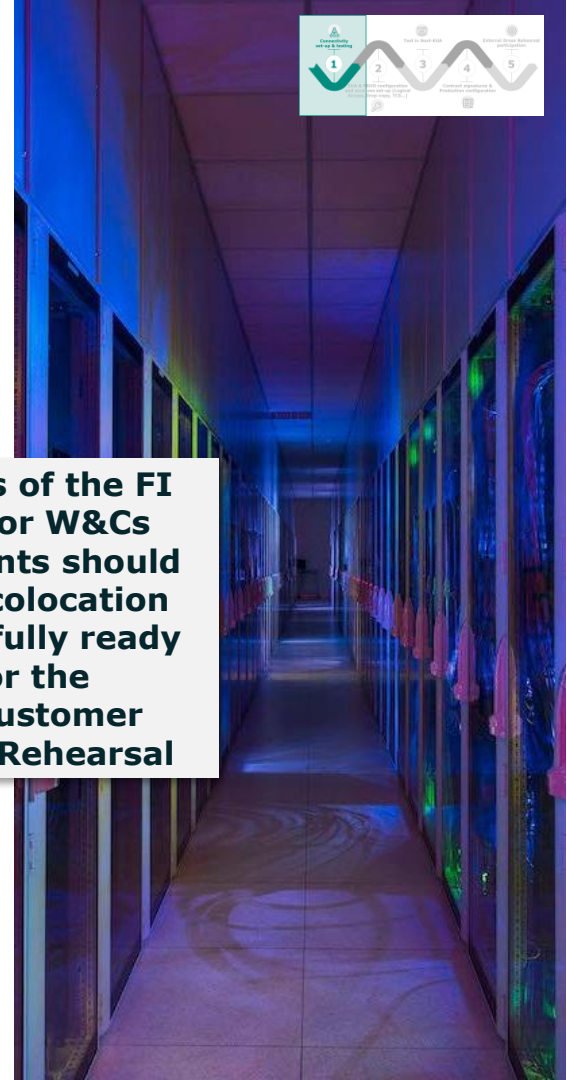
As for Phase 1, and only during the migration period, connectivity between the current Borsa Italiana colocation hall and Optiq EUA & Production platform remains available for clients.

Critical next steps

1. Prepare, complete the order form and review associated legal documentation* - Members wishing to have presence through a Provider are recommended to liaise with their provider as soon as possible
 2. Order equipment (cabinets, FTEEx, internal cross-connects, time services)
 3. Order connectivity to the Data Centre
 4. Ship and install equipment
 5. Perform all necessary tests
-

Clients of the FI and/or W&Cs segments should have colocation space fully ready for the 1st Customer Dress Rehearsal

* Full documentation available on [Euronext Data Centre | euronext.com](https://www.euronext.com) page



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
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PUBLICATION SEGMENTS	Indices	APA
	Euronext FX	Irish Bonds & Funds

SEGMENTS REPARTITION

- **SeDeX** and **Cert-X** (EuroTLX) will be added to the **W&C** segment (**2 partitions**)
- **MOT**, **ExtraMOT** and **Bond-X** (**EuroTLX**) will be added to the **FI** segment (**1 partition**)
- **EuroTLX Equities** will be added to the **Equities** segment (**4 partitions**)

LOGICAL ACCESS MANAGEMENT

- A **Logical Access (LA)** represents the logical access point to one Optiq Segment
- Members should have at least one **LA for each segment they are trading on**
- **The same LA** can be used to:
 - ✓ Trade on **multiple Euronext markets**
 - ✓ Connect to **all partitions of a segment**

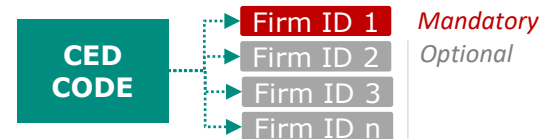
Firm IDs prerequisite



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

Mapping between CED code and Euronext's Firm ID

- For Italian markets only, **CED code** is used for Clearing and Settlement purposes
- To be consistent to Euronext's model, CED codes are being associated to Firm IDs following the below rules:
 - ✓ At least one Firm ID is required per CED code
 - ✓ 1 CED code can be associated to multiple Firm IDs
 - ✓ 1 Firm ID can only be used for 1 specific CED code
- As a reminder:
 - ✓ One or more Logical Accesses can be used per Firm IDs
 - ✓ Liquidity Provider obligations are set at Firm ID level



! Specific requirements to be taken into account for fixed income segregation for LP activity management

	Prerequisite	
	Firm ID	Logical Access
MOT / ExtraMOT	At least one Firm ID dedicated per market	At least one LA dedicated per market*
EuroTLX (Bond-X)		

Access set-up



Clients not yet connected to Optiq and clients already connected to Optiq for trading on Italian markets must assess their need for Logical Accesses and request them through the Initial set-up form



Next EUA
access &
set-up

Should already be
complete

- **Complete and send back the “Initial set-up form”** with all the data required to perform your onboarding (Firm ID, connectivity details,...) **and have access to EUA**
- **Request accesses to Saturn and CFTS**

Next steps

PROD
access

By June 2023*

- Sign **legal documentation**
- **Request PROD Logical access & drop-copy***
- **Request PROD access to Saturn and CFTS in PROD***

**if not done with the EUA onboarding*

Clients Testing in Next EUA for Phase 2



Next EUA opens tomorrow

By beginning of June, clients should have finalised their developments & deployed their software

By end of June, 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*

The Borsa Italiana migration onto Optiq and related changes are subject to regulatory approval

Contract signatures – by end of June



Before **end June**:

- **Sign** contracts
- **Return** signed contract to

BI-Membership@euronext.com OR
Optiqmigration@euronext.com depending on the contracts

List of contracts to be signed:

- ✓ Membership Application Form
- ✓ TPAA
- ✓ Regulatory Reporting Solution Registration form
- ✓ Market Making and Liquidity Provider Application Form (if applicable)
- ✓ TCS and Saturn Clearing Facility Agreement (for TCS GUI users only)
- ✓ MyEuronext Terms & Conditions

No access to Production will be granted before clients have signed all contracts relevant to their activities
(MyEuronext Terms & Conditions need to be signed before accessing to the portal)

6. Documentation and Communication



Documentation and related communication on deliveries



Info-Flash/Service Announcements

informing about key milestones and functional highlights on deliveries



Operational notices informing about technical changes related to delivered services and external specifications updates



Technical document (i.e. external specifications) detailing information on how to develop and implement Optiq®, TCS and Saturn features



Full details of the current Optiq® platform already available in the technical documentation on the [Euronext website](#)



External specifications

- As mentioned, specifications externalisation is split into **batches** to facilitate clients' review
- Every batch of external specifications is associated with:
 - a **SBE version number**
 - a **set of corresponding Specifications documents**
- External Specifications will be **updated along with the projects deliveries**, new versions and nature of the changes will be announced via **operational notices**
- **For BITA clients moving to Optiq:** many Optiq features are already available in Optiq EUA

Subscription to Info-Flashes and Operational Notices can be done through the [Connect Portal](#). Clients are invited to subscribe to the above-mentioned notifications and regularly consult the list of documents shared in the IT Documentation section on Connect.

Documentation and support on Client Readiness

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

Documentation



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



Guide to Trading System with information on functional changes for each of the segments - new version coming soon!

Communication and support



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



Webinars have been and will be organised throughout **2023** to keep clients updated about project timelines and progress



The Optiq Migration Support Desk will liaise 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:
<https://connect2.euronext.com/en/membership/projects/bita-optiq-migration>

- You can also contact your Sales representative





7. Questions & Answers session



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



Obrigado

Dank Je

Merci

Grazie

Takk

Thank You

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