OTR CALCULATION AND REPORTING SERVICE

Relevant for Borsa Italiana markets operated on Optiq trading platform

Version 5.0 **|** January 2024

BORSA ITALIANA

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CHAPTER 1: INTRODUCTION

Pursuant to Borsa Italiana Rules, the ratio between non-executed orders and trades for each intermediary ("OTR") is defined in terms of volume and number of transactions. The rules for the calculation of OTR ratios are defined on the basis of the guidelines provided in Annex I of CDR 566/2017.

OTR thresholds for Borsa Italiana markets are set in the Guide to the Parameters, available at the following link:

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

Detailed daily OTR reports are provided per Market and stored in files with fixed-length format.

Daily reports can be retrieved by Member Firms via CFTS service - available via HTTPS and SFTP protocols - starting from 11.00 AM CET on T+1.

1.1 Scope

The scope of this document is to provide a technical description of the "OTR Calculation and Reporting" service.

Chapter 2 of this document provides details regarding the implementation of the OTR regime for Borsa Italiana markets.

Chapters from 3 to 5 provide technical information and specifications regarding the daily OTR reports made available to Borsa Italiana Member Firms.

1.2 Coverage

Borsa Italiana markets are 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 (effective from 27 March 2023)
XMIL	ETP	ETFP	Phase 1 (effective from 27 March 2023)
XMIL	Equity	ETLX	Phase 2 (effective from 11 September 2023)

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Operating MIC	Asset Class	MIC codes	Phase of Optiq migration
XMIL	Fixed Income	MOTX, XMOT, ETLX	Phase 2 (effective from 11 September 2023)
XMIL	Securitised Derivatives	SEDX, ETLX	Phase 2 (effective from 11 September 2023)
XMIL	Derivatives	XDMI	Phase 3

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CHAPTER 2: OTR CALCULATION

2.1 Calculation methodology

Borsa Italiana calculates the two OTRs required by European regulations, on a daily basis, for each: i) instrument (i.e. individual ISIN code), ii) market participant, iii) trading venue where an individual instrument is traded, and iv) separately for order flows submitted to the trading venue under a market making role.

The two OTRs are calculated as follows:

$$OTR\ (in\ volume\ terms) = \frac{Total\ volume\ of\ orders}{Total\ volume\ of\ executed\ transactions} - 1$$

$$OTR\ (in\ number\ terms) = \frac{Total\ number\ of\ orders}{Total\ number\ of\ executed\ transactions} - 1$$

where:

- "order" means all input messages, including messages on submission, modification and cancellation sent to the trading system of a trading venue, relating to an order or a quote, excluding cancellation messages sent subsequent to: (i) uncrossing in an auction; (ii) a loss of venue connectivity; (iii) the use of a kill functionality;
- "transaction" means a totally or partially executed order;
- "volume" means the quantity of financial instruments traded, expressed as any of the following: (i) the number of instruments for shares, depositary receipts, ETFs/ETCs/ETNs, certificates and other similar financial instruments, (ii) the nominal value for bonds and structured finance products, and (iii) the number of standard contracts for derivatives.

Rules to calculate the numerator and denominator of the two ratios are based on ESMA's guidelines described in Annex I to CDR 566/2017.

Floor Value

A minimum value of the numerator of the "number terms" OTR (the "Floor Value") is also defined. "OTR rules" will not be deemed as breached in case the numerator of the "number terms" OTR is below the Floor Value.

Breach of the "OTR thresholds"

A market participant will be considered to have breached the OTR thresholds on a specific instrument, for a trading day, relatively to a specific trading venue where the instrument is traded, acting as a normal participant or under a market making contract, when the following conditions are met:

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- at least one of the two OTRs exceeds the respective Threshold, and

- the numerator of the "number terms" ratio exceeds the Floor Value.

In case of OTR breaches, Borsa Italiana notifies the market participant through the report described in this document or through other communication channels and may consider further actions according to its Rules.

OTR Thresholds and Floor Values

Borsa Italiana "Guide to the Parameters" sets the OTR Thresholds and the Floor Value for each Borsa Italiana market or asset class. Dedicated values for market participants who provide liquidity under a market making role are also indicated in the same document.

CHAPTER 3: OTR REPORTING

3.1 Service description

"OTR Reporting" service provides daily reports to all market participants on the following markets:

- Borsa Italiana markets traded on Optiq trading platform.

OTR Reports are saved on a daily basis as CSV files. Member Firms can retrieve the files via CFTS service, available via HTTPS and SFTP protocols.

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 can have exclusive access to its own files.

Files will be available with the following naming convention:

- XDMI market: **OTRSTATS_<Market>_D_DAILY_<Member>_<Date>.csv**
- Other markets: **OTRSTATS_<Market>_DAILY_<Member>_<Date>.csv**

where:

- Market: identifies the MIC code (example: MTAA);
- 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 3 months.

Please note that:

- OTR stats are computed at instrument (ISIN) level;
- **OTR Report will be populated only in the following circumstances**:
  a) when **"OTR breaches" are detected either in terms of number or in terms of volume.** In this case the report will serve as notification of the breaches;
  b) when **"OTR warnings"** are submitted**, i.e. the OTR values are equal to or above 50% of the related Thresholds and the number of orders is equal to or above 20% of the Floor Value defined in the Guide to Parameters.** In this

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case the report will serve as warning when participant's OTR stats are approaching the relevant OTR thresholds;

- OTR stats with values below the mentioned thresholds are not displayed in the report;

- **in case there are neither "OTR breaches" nor "OTR warnings" for a given member firm and market, the related file will be empty for the specific day;**

- the daily files are provided on a best effort basis and might be available after the target time outlined in the Introduction.

CHAPTER 4: CONNECTIVITY

4.1 Production IP addresses and ports

OTR 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).

Euronext 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 OTR Reports on Borsa Italiana markets can be addressed to Borsa Italiana Markets Supervision (email: **ms@euronext.com**, +39 0272426 327).

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CHAPTER 5: SERVICE DESCRIPTION

5.1 Report specifications

File name:

- XDMI market: **OTRSTATS_<Market>_D_DAILY_<Member>_<Date>.csv**
- Other markets: **OTRSTATS_<Market>_DAILY_<Member>_<Date>.csv**

This section provides details on the Report files.

Field ID	Field name	Description	Format
1	REPORT_DATE	Date to which the report refers	YYYYMMDD
2	MEMBER_CODE	Member firm identifier (FirmID)	CHAR(8)
3	MM_ROLE	Indicates whether this record is referring to the order flows of the market participant under any market making contract with Borsa Italiana. Possible values: • Y = Yes (account types '6' or '8') • N = No (other account types)	CHAR(1)
4	MARKET_IDENTIFIER_CODE	MIC code	CHAR(4)
5	INSTRUMENT_CODE	Isin code of the instrument	CHAR(12)
6	CURRENCY_CODE	Trading currency code of the instrument	CHAR(3)
7	OFFICIAL_SEGMENT_ID	For XDMI market: • E = Equity Derivatives • I = Index Derivatives For other markets: • Official segment of the instrument	INTEGER
8	PRODUCT_NAME	Instrument or product description	VARCHAR(200)
9	PRODUCT_TYPE	For XDMI market only. Indicates the derivative type. Possible values: • O = options • F = futures	CHAR(1)
10	UNDERLYING_TYPE	For XDMI market only. Indicates the underlying type. Possible values: • I = index • S = stock • C = commodity • X = exchange rate • F = future	CHAR(1)

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Field ID	Field name	Description	Format
11	CALLPUT_CODE	For XDMI market only. Indicates whether the options is call or put. Possible values: • <empty> = Future • C = call option • P = put option	CHAR(1)
12	OPTION_TYPE	For XDMI market only. Indicates the option style. Possible values: • <empty> = Future • 0 = European style option • 1 = American style option	CHAR(1)
13	UNDERLYING_SYMBOL	For XDMI market only. Indicates the symbol index of the underlying, if available.	CHAR(6)
14	LOT_SIZE	Minimum trading unit	NUMBER(20,4)
15	ORDER_COUNT	The numerator of the 'number terms' OTR	NUMBER(12,0)
16	ORDER_VOLUME	The numerator of the 'volume terms' OTR	NUMBER(20,0)
17	TRADE_COUNT	The denominator of the 'number terms' OTR	NUMBER (12,0)
18	TRADE_VOLUME	The denominator of the 'volume terms' OTR	NUMBER (20,0)
19	FLOOR	The Floor Value as define in this document	NUMBER(12,0)
20	OTR_COUNT	The value of the 'number terms' OTR	NUMBER (12,0)
21	OTR_COUNT_THRESHOLD	The maximum allowed threshold for OTR_COUNT	NUMBER (12,0)
22	OTR_VOLUME	The value of the 'volume terms' OTR	NUMBER (20,0)
23	OTR_VOLUME_THRESHOLD	The maximum allowed threshold for OTR_VOLUME	NUMBER (12,0)
24	OTR_BREACH	Indicates whether a breach to OTR rules has occurred, either in terms of OTR_COUNT or in terms of OTR_VOLUME. Possible values: • Y = Yes • N = No	CHAR(1)

APPENDIX

Document history

Version	Date	Description of changes
1.0	September 2018	First version of this document.
1.1	November 2019	New rule for the generation of the file.
1.2	September 2020	Added reference to SFTP service provided starting from 16 September 2020.
1.3	29 April 2021	Euronext rebranding. Includes: • OTR calculation rules, previously published in Market Notice "MiFIR / MiFID II: Order to trade ratio and trading venue transaction identification code (TVTIC)" dated 20 December 2017; • OTR calculation and reporting service for ETLX market, previously published in a separate document
2.0	December 2022	Document reviewed for phase 1 of Borsa Italiana migration onto Optiq trading platform.
3.0	January 2023	Document issued for publication
4.0	June 2023	Document reviewed for phase 2 of Borsa Italiana migration onto Optiq trading platform.
5.0	December 2023	Document reviewed for phase 3 of Borsa Italiana migration onto Optiq trading platform.

CONTACTS

For any technical questions to access the service outlined in this document please contact:

Client-Support

- Toll Free: 0080026772000
- From Mobile: +39 02 45411399
- Email: **Client-Support@euronext.com**

Technical Account management

- Telephone: +39 02 72 42 6 512
- Email: **clients-services@euronext.com**

For any functional or compliance questions about the content of OTR Reports on **Borsa Italiana markets** please contact **Borsa Italiana Markets Supervision** at:

- Telephone: +39 0272426 327
- Email: **ms@euronext.com**

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