

MARKET MAKING PERFORMANCE REPORT

Relevant for Euronext cash markets
and Borsa Italiana derivatives
markets

Version 6.0 | March 2024



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CHAPTER 1: INTRODUCTION

The “Market Making Performance Report” (hereinafter referred to also as the “Report”) is made available to all market participants who have signed a MiFID 2 market making agreement or scheme, or (for Borsa Italiana only) a liquidity provision agreement with the relevant Euronext Market Undertaking. The goal of this Report is to provide market participants with a measure of the level of compliance with their market making obligations.

The report encompasses the following roles:

- for Euronext markets, excluding Borsa Italiana^{1,2}:
 - Market Making Agreement;
 - Market Making Scheme for Exchange Traded Products;
- for Borsa Italiana markets:
 - Specialist;
 - Market Making Scheme;
 - Market Making Agreement¹;
 - Liquidity Provider.

The performance Reports are generated on a daily basis, for each operating Market Identification Code (MIC) as reported in paragraph 1.2, and are stored in files using a fixed-length format. In addition to the daily reports, monthly reports are also available for Borsa Italiana and for Euronext Lisbon markets only.

Member Firms can retrieve their Reports through the CFTS service, accessible via HTTPS and SFTP protocols. The Reports become available from 11:00 CET on the following trading day (T+1).

Monthly Reports for both Borsa Italiana and Euronext Lisbon markets are accessible within 10 business days from the conclusion of the month to which they relate.

¹ Participants are advised that initially, the performances for the “LPU” role (see paragraph 3.1) will also be presented in the Report, but the related data can be ignored for the Euronext markets different from Borsa Italiana, as they are not relevant in the context of compliance to MiFID 2 market making obligations.

² Participants that signed a Supplemental Liquidity Provider agreement are included; in this case, the Report provides the performances of the participant relative to the obligations detailed in the Euronext “Market Making Operating Terms”.

1.1 Scope

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

1.2 Coverage

This service covers the following operating MICs:

- XAMS: Euronext Amsterdam NV markets;
- XBRU: Euronext Brussels markets;
- XDUB: Irish Stock Exchange Plc markets;
- XLIS: Euronext Lisbon SA markets;
- XMIL: Borsa Italiana S.p.A. markets;
- XOSL: Oslo Børs ASA markets;
- XPAR: Euronext Paris SA markets.

Please note that:

- all Euronext cash markets are included in this service;
- Euronext Derivatives Milan, the derivatives market operated by Borsa Italiana, is covered starting from its migration to Optiq on 25 March 2024;
- the inclusion of other Euronext derivatives markets in this service will be communicated at a later date.

CHAPTER 2: SERVICE DESCRIPTION

2.1 Market Making Performance Report

The "Market Making Performance Report" service provides daily and, where applicable, monthly reports to market participants who have entered into a MiFID 2 market making agreement or scheme or, solely for Borsa Italiana, a liquidity provision agreement as described in the introduction.

These Reports are stored as .csv files with a semicolon (;) serving as the delimiter. All semicolons and carriage return/line feed symbols within free-text fields will be removed for consistency. Member Firms can access these files through the CFTS service, which supports HTTPS and SFTP protocols.

Access to the service is secured via an authentication mechanism employing username and password credentials. Upon joining the service, market participants will receive their username and password.

Each member firm has exclusive access to its respective files.

The files are produced using the following naming convention:

- Derivatives markets³:

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

- Cash markets:

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

where:

- OpMIC: identifies the operating MIC;
- Type: identifies the report type (DAILY or MONTHLY);
- Member: FirmID of the market participant⁴;
- Date: reporting date with format YYYYMMDD.

³ To date, only for the operating MIC: XDMI, corresponding to Euronext Derivatives Milan ('IDEM').

⁴ For participants managed via a 'Master member code' (grouping several FirmIDs referring to the same participant), the Report presents the same grouped performances for each FirmID associated to the Master member code. The same grouping applies across all Euronext markets.

The files are available to for a retention period of:

- three months for the DAILY reports;
- six months for the 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 checked in terms of "Presence", "Maximum Spread", "Minimum Size" and "Comparable Size".

The market making obligations are set:

- for Euronext markets except Borsa Italiana, in the "Market Making Operating Terms", that are available in the [Connect website](#);
- for Borsa Italiana, in the Guide to the Parameters (the "GP"), available on the Borsa Italiana web site at [this page](#).

Please note that:

- the "Minimum Size" obligation can be specified in terms of quantity or countervalue, as outlined in the "Market Making Operating Terms" and in the GP;
- for participants that have signed a Supplemental Liquidity Provider agreement, the Report provides the performances of the participant relative to the obligations detailed in the "Market Making Operating Terms" or in the GP, as previously described;
- the combined performance against all obligations is measured via the "Performance ratio" measures, as described in the fields from #21 to #26 in paragraph 3.1;
- the "Presence" obligation described in the fields from #21 to #26 in paragraph 3.1 is fulfilled, at any point in time, with at least one order in the book on each side(s) indicated by the obligation setting reported in field #15 of paragraph 3.1 (bid, ask or both – depending on the market making role of the participant and related MIC). The daily metric indicates the percentage of time during the day when the "Presence" obligation has been fulfilled.

Monitoring settings⁵

In order to execute the “Maximum Spread” and “Comparable Size” checks in this Report, orders or quotes are considered up to the quantity or countervalue corresponding to the “Minimum Size” obligation.

Example:

Please consider the following simplified example.

Minimum Size Obligation: 15 (in terms of quantity).

Liquidity provision orders and quotes are highlighted in blue in the following orderbook. (all quantities are visible):

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

	VWAP Bid	Bid Size (up to the minimum obligation)	VWAP Sell	Sell Size (up to the minimum obligation)
Calculation	99	15	103	15
Qty for VWAP calculation	10 from order m1, plus 5 from order m2		5 from order m3, plus 10 from order m4	

⁵ For information to the users of the MMA reports currently disseminated to the Euronext legacy participants via e-mail (excl. Borsa Italiana). This information is relevant till the decommissioning of the Euronext legacy MMA reports, as indicated in the Euronext Info-Flash dated 8 March 2024.

The monitoring methodology applied in the Market Making Performance Reports described in this document differs from the existing MMA reports:

- 1) in the existing MMA reports, the bid and ask prices used for the “Maximum Spread” check are calculated as a VWAP of all orders included within a “spread area”, defined as the interval [BBO midpoint plus/minus 0.5 * max (Max(Maximum spread requirement in absolute terms, Maximum spread requirement in percentage terms * Best bid price)]. In the new Reports, the bid/ask prices are calculated as a VWAP of all orders up to the “Minimum Size” obligation value, as described in the Example;
- 2) in the existing MMA reports, the calculation of the “Percentage Spread” metric is performed using the bid price at the denominator of the ratio. The midpoint (bid-offer average) is instead used in the new Reports;
- 3) in the new Reports, for participants using a ‘Master member code’, the same performance metrics will be reported for each FirmID of the participant. On the contrary, in the existing MMA report, the performances are associated to the ‘Master member code’ only.

“Maximum Spread” check (ref. to fields #33, #34 and #35 in para 3.1)

The verification of the “Maximum Spread” obligation relies on the volume-weighted average bid and ask prices, computed following the monitoring algorithm detailed in the previous section. This computation considers visible quotes or orders only.

The “Percentage Spread” is computed as the ratio between the offer-bid difference and the midpoint (bid-offer average). The “Absolute Spread” is calculated as difference between offer and bid prices.

If the calculated spread (percentage, absolute or combined, depending on the corresponding obligations) is above the “Maximum Spread” obligation, then the “Maximum Spread” check is failed (field #35 “PERF_RATIO_SPREAD_BELOW_THRESHOLD” = TRUE).

“Minimum Size” check (ref. to fields #36, #37 and #38 in para 3.1)

The verification of the “Minimum Size” obligation is conducted by summing the sizes of visible quotes or orders. These sizes are expressed either as quantity or countervalue, depending on the corresponding market making obligations.

If the sum of visible quantities for at least one side is below the “Minimum Size” obligation, then the “Minimum Size” check is failed (field #38 “PERF_RATIO_MSIZE_BELOW_THRESHOLD” = TRUE).

“Comparable Size” check (ref. to fields #30, #31 and #32 in para 3.1)

The verification of the “Comparable Size” obligation is based on the sum of visible quote or order sizes (expressed as quantity or countervalue, according to the corresponding obligations). The following “Comparable Size” check is performed:

$$\begin{aligned} \text{Max (Bid Size, Ask Size)} &= \text{Max} \\ \text{Min (Bid Size, Ask Size)} &= \text{Min} \end{aligned}$$

where ‘Bid Size’ and ‘Ask Size’ are computed according to the monitoring algorithm configuration described in the example.

If $(\text{Min} < (\text{Max} / 2))$ then the “Comparable Size” check is failed (field #32 “PERF_RATIO_COMP_SIZE_BELOW_THRESHOLD” = TRUE).

“Performance Ratio” check (ref. to fields from #21 to #26 in para 3.1)

The “Performance Ratio” measures the joint fulfilment of the market making obligations in terms of “Presence”, “Maximum Spread”, “Minimum Size” and “Comparable Size” and it is compared with the minimum required performance ratio (if the check is failed, then field #26 “PERF_RATIO_BELOW_THRESHOLD” = TRUE). The level of compliance of the member is shown for the current day, as a month-to-date time weighted average, and as the number of days in the month where the performance was above the minimum required threshold (field #23 “PERF_RATIO_REQUIRED”).

2.3 Production IP addresses and ports

The “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

Upon joining the service, members will be provided with a dedicated username and password to access CFTS. To initiate this process, members are required to request both a CFTS account and a CFTS Product (Regulatory). The Euronext EMS team will validate the client access request. Dedicated username and password to connect to CFTS will be provided to customers as they join the service.

For login credentials (username and password), member firms can submit their requests to the following contact email: clientsupport@euronext.com.

CHAPTER 3: SERVICE DESCRIPTION

3.1 Report specifications

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	
		XPAR	Euronext Paris markets	
		XAMS	Euronext Amsterdam markets	
		XBRU	Euronext Brussels markets	
		XLIS	Euronext Lisbon markets	
		XOSL	Oslo Børs markets	
		XDUB	Irish Stock Exchange markets	
4	MIC	Segment MIC code.		CHAR(4)
5	ISIN_CODE	Derivatives: ISIN code of the underlying Cash markets: ISIN code of the instrument.		CHAR(12)
6	SYMBOL_INDEX	Derivatives: contract symbol index. Cash markets: 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		Value	Meaning	CHAR(3)
		SPE	Specialist	
		LPU	Liquidity Provider	
		SLM	Secondary Liquidity Provider	

Field ID	Report field name	Description		Format
	MM_ROLE ⁶	LPS	Secondary Liquidity Provider bid-only	
		MMA	Market Maker (Agreement)	
		MMS	Market Maker (Scheme)	
		MMX	Market Maker (for MIC: ETLX only)	
		MME	Market Maker (Extended Hours)	
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 on 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 performance ratio (PERF_RATIO_REQUIRED).		INTEGER
22	COMPLIANCE_RATE_MTD	Compliance level from the beginning of the month (DAYS_MTD_COMPLIANT/ DAYS_MTD) against the required performance ratio .		NUMBER(5, 2)
23	PERF_RATIO_REQUIRED	Minimum required performance ratio .		NUMBER(5, 2)
24	PERF_RATIO	Performance ratio of the quotation activity for the REPORT_DATE.		NUMBER(5, 2)

⁶ The roles "MMA", "MMS" (for ETP markets only) and "LPU" are the sole roles that are relevant for Euronext markets different from Borsa Italiana. "MMA" is also used for Supplemental Liquidity Providers. All the other MM roles are relevant for Borsa Italiana only.

Field ID	Report field name	Description	Format
25	PERF_RATIO_MTD	Month-to-date performance ratio . Average of daily values, weighted by the monitoring time during each day of the MTD period.	NUMBER(5, 2)
26	PERF_RATIO_BELOW_THRESHOLD	Flag indicating if the performance ratio is below the minimum required threshold.	VARCHAR(5)
27	PERF_RATIO_PRICE	Compliance ratio with reference to the obligation to display orders / quotes on the book (presence) for the REPORT_DATE.	NUMBER(5, 2)
28	PERF_RATIO_PRICE_MTD	Month-to-date compliance ratio with reference to the obligation to display orders / quotes on the book (presence). Average of daily values, weighted by the monitoring time during each day of the MTD period.	NUMBER(5, 2)
29	PERF_RATIO_PRICE_BELOW_THRESHOLD	Flag indicating if the ratio for the presence check is below the minimum required threshold.	VARCHAR(5)
30	PERF_RATIO_COMP_SIZE	Compliance ratio with reference to the obligation to display orders / quotes on the book with comparable sizes for the REPORT_DATE.	NUMBER(5, 2)
31	PERF_RATIO_COMP_SIZE_MTD	Month-to-date compliance ratio with reference to the obligation to display orders / quotes on the book with comparable sizes . Average of daily values, weighted by the monitoring time during each day of the MTD period.	NUMBER(5, 2)
32	PERF_RATIO_COMP_SIZE_BELOW_THRESHOLD	Flag indicating if the ratio for the comparable sizes check is below the minimum required or not.	VARCHAR(5)
33	PERF_RATIO_SPREAD	Compliance ratio with reference to the obligation to display orders / quotes on the book with spread within the maximum limits for the REPORT_DATE.	NUMBER(5, 2)
34	PERF_RATIO_SPREAD_MTD	Month-to-date compliance ratio with reference to the obligation to display orders / quotes on the book with spread within the maximum limits. Average of daily values, weighted by the monitoring time during each day of the MTD period.	NUMBER(5, 2)
35	PERF_RATIO_SPREAD_BELOW_THRESHOLD	Flag indicating if the ratio for the spread check is below the minimum required threshold.	VARCHAR(5)
36	PERF_RATIO_MSIZE	Compliance ratio with reference to the obligation to display orders / quotes on the book with a minimum size for the REPORT_DATE.	NUMBER(5, 2)
37	PERF_RATIO_MSIZE_MTD	Month-to-date compliance ratio with reference to the obligation to display orders / quotes on the book with a minimum size . Average of daily values, weighted by the monitoring time during each day of the MTD period.	NUMBER(5, 2)
38	PERF_RATIO_MSIZE_BELOW_THRESHOLD	Flag indicating if the ratio for the minimum size check is below the minimum required threshold.	VARCHAR(5)

CONTACTS

For any technical question to access the service outlined in this document, member firms can contact:

Client Support

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

Technical Account management

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

For any functional or compliance question related to the “Market Making Performance Reports”, member firms can submit their queries:

- to the Borsa Italiana Markets Supervision team, as concerns Borsa Italiana and Euronext Lisbon markets (email: ms@euronext.com, +39 0272426 327);
- for the other Euronext markets, to the Global Analytics team copying the respective business teams, using the following e-mail addresses:
 - Global Analytics (email: marketmaker@euronext.com);
 - Equity markets (email: equities@euronext.com);
 - ETP markets (email: etf@euronext.com);
 - Fixed income markets (email: mmbonds@euronext.com);
 - Structured Products markets (email: structured.products@euronext.com).

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 phase 1 of Borsa Italiana migration onto Optiq trading platform.
4.0	June 2023	ALL	Document reviewed for phase 2 of Borsa Italiana migration onto Optiq trading platform.
5.0	December 2023	ALL	Document reviewed for phase 3 of Borsa Italiana migration onto Optiq trading platform.
6.0	March 2024	ALL	Document reviewed to extend coverage to all Euronext cash markets.

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