

Market making

Primary Market Makers and Primary Specialists support liquidity on Italian and Pan-European stock futures, according to the following set of obligations:

- Liquidity is provided on a continuous basis from 9:30am CET to 5:20pm CET on the first listed maturity
- Bid/ask quotes are restored within 2 minutes following an application on the order book
- Minimum quantities and maximum spreads as detailed in the following table:

Contract Type	Minimum Quantity	Maximum spread
Stock futures on MTA underlyings	– 25 contracts for “Focus Group” constituents – 15 or 5 contracts for the remaining listed contracts	Depending on liquidity (3 spread tables exist)
Stock futures on European markets underlyings	10, 20, 30, 40, 50 contracts according to liquidity	€ 0.30

Pricing

ALL	Trading	Clearing	Settlement	Threshold
Fee per lot	€ 0.25	€ 0.11	€ 0.36	-
Small size deal ⁽¹⁾	€ 1.25	€ 0.55	€ 0.36	5 - 25 lots
Big size deal	€ 250	€ 110	€ 360 ⁽²⁾	1,000 lots

PMM - PS	Trading	Clearing	Settlement	Threshold
Fee per lot	€ 0.05	€ 0.11	€ 0.36	-
Small size deal	€ 0.25	€ 0.55	€ 0.36	5 - 25 lots
Big size deal	€ 50	€ 110	€ 360 ⁽²⁾	1,000 lots

1) 100% discount on trading & clearing fees from the 5th up to the 25th lot within a single trade

2) Only on Pan-European stock futures cash settled

IDEM

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Pan-European Stock Futures

FROM MILAN TO EUROPE IN ONE GO



The launch of single stock futures on major European equities enriches the product range of IDEM, offering investors the opportunity to create diversified trading strategies according to their current market positions and expectations.

This introduction follows from a number of initiatives aimed at increasing the trading activity on IDEM, including the harmonisation of our corporate action policy to the international standards, the launch of short term stock futures and the review of tick sizes on Italian stock futures.

Product advantages

- **Short Position:** possibility to take a short position on single names without having to borrow the stock nor having to cover the short position if it is closed before the expiry date
- **Leveraging:** when buying or selling the stock, investors have to pay only the margin money, which is a percentage of the contract value
- **Repo market:** greater transparency in the repo rate of the underlying

Trading opportunities

- Directional trading
- Relative value trading
 - Pair Trading between two stock futures to benefit from the relative performance of one stock versus another
 - Spread Trading between single stock futures and the index futures to benefit from the relative performance of the single stock versus the index
- Hedging
- Arbitrage opportunity between single underlying and other IDEM products
- Cheaper hedging activity on the MTA International shares thanks to the competitive Borsa Italiana trading fees

Contract specifications

	Italian stock futures	Pan-European stock futures
Underlying	Companies listed on MTA	Companies listed on major European markets
Trading hours	9.00am – 5.40pm CET	9.00am – 5.40pm CET
Contract size	100 - 500 - 1,000 - 2,500 - 5,000	100
Quotations	In Euro	In Euro
Tick Size	0.0001	0.0001
Expiries	6 expiries: the 4 nearest quarterly and the 2 nearest monthly expiry dates	6 expiries: the 4 nearest quarterly and the 2 nearest monthly expiry dates
Expiry Day	The third Friday of the expiry month at 9.05am CET	The third Friday of the expiry month at 5.40pm CET
Last trading day	Trading on the expiring contracts stops at 9.05am CET	Trading on the expiring contracts stops at 5.40pm CET
Settlement	Physical delivery	Cash or physical delivery
Settlement price	Opening price of the underlying share on MTA	Closing price of the underlying share on the main market
BTF	+/-10% over the bid/ask spread	+/-10% over the bid/ask spread

Margining

- Borsa Italiana's Clearing House, Cassa di Compensazione e Garanzia, calculates integrated margins between options and futures having the same underlying, as for futures and options contracts on the index. The methodology used to calculate the initial margins is TIMS, also used for other products listed on IDEM market
- The integrated margin system optimises the level of margins required on open positions