PRIIPS Regulation

29 September 2017

Borsa Italiana

To: Borsa Italiana market participants

Borsa Italiana - Derivatives markets

PRIIPS REGULATION: AVAILABILITY OF KEY INFORMATION DOCUMENTS (KIDs) FOR DERIVATIVES CONTRACTS TRADED ON THE IDEM MARKET

Dear Customer,

as required by the Packaged Retail and Insurance-based Investment Products (PRIIPs) Regulation, that will enter into force on 1 January 2018, Borsa Italiana will start to produce and distribute Key Information Documents (KIDs) for derivatives contracts traded on its derivatives market, IDEM.

The PRIIPs Regulation aims to encourage the development of efficient EU financial markets by helping investors to better understand and compare the key features, risks, rewards and costs of different PRIIPs, through access to a short and consumer-friendly Key Information Document (KID). The PRIIPS Regulation applies to persons who: i) manufacture PRIIPs (the 'manufacturers'), or ii) advise on or sell PRIIPs (the 'distributors').

The production and publication of KIDs by Borsa Italiana – that is considered, by the PRIIPs Regulation, as the 'manufacturer' of IDEM contracts – will complement regulatory obligations for market participants that offer trading services related to IDEM contracts to retails investors (the 'distributors').

London
Stock Exchange Group

29 September 2017

The following table reports: i) the KIDs that will be made available by Borsa Italiana to market participants, and ii) the IDEM derivatives contracts they will be referring to. Borsa Italiana will adopt an aggregated approach, taking into account the result provided by the joint regulators Q&A[1] that have clarified the possibility to produce aggregate KIDs for the exchange-traded derivatives that have the same characteristics and the same type of underlying instrument. Therefore, the presentation of risks and costs in a KID will be the same for all products within the same product group.

IDEM contract (*)	KID
FIB - Futures on FTSE MIB	• Futures on FTSE MIB
MiniFIB - Mini Futures on FTSE MIB	• Mini Futures on FTSE MIB
FDIV - Futures on FTSE MIB Dividend	• Futures on FTSE MIB Dividend
MIBO - Options on FTSE MIB	• Call options on FTSE MIB • Put options on FTSE MIB
MIBO - Weekly options on FTSE MIB	
Italian stock futures - physical delivered	• Stock futures
Italian stock futures - cash settled	
Pan-European stock futures	
Single stock dividend futures	• Single stock dividend futures
Stock options	• Call stock options • Put stock options
Weekly stock options	
Stock options - European style	
Italian power yearly futures	• Baseload Italian power futures • Peakload Italian power futures
Italian power quarterly futures	
Italian power monthly futures	
German power yearly futures	• Baseload German power futures • Peakload German power futures
German power quarterly futures	
German power monthly futures	
Durum wheat futures	• Durum wheat futures

(*) www.borsaitaliana.it/derivati/specifichecontrattuali/specifichecontrattuali.en.htm (English version)

Each KID will cover all instruments (i.e. individual ISINs) belonging to the corresponding IDEM contracts (differing, where relevant, by underlying, expiry, strike price, exercise style and settlement style).

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[1] https://www.esma.europa.eu/press-news/esma-news/european-supervisory-authorities-publish-qa-key-information-document-kid.

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Borsa Italiana also informs market participant that:

- KIDs will be made available for download in pdf format, free of charge, on Borsa Italiana's website at the following address:
http://www.borsaitaliana.it/derivati/kids/kids.en.htm (English version);

- KIDs will be updated at least yearly, and in case will be updated following any modification of contract characteristics leading to a change of the potential payoff, risk profile or costs of the contract;

- in addition, KIDs (last and previous versions) will be available through an ftp repository accessible to all market participants and info providers. For instructions to access the ftp repository, please refer to section 2.5 ("FTP Reference Data") of "MIT702 - Connectivity Specification Main Market Issue 1.4", available at the following address:
http://www.borsaitaliana.it/borsaitaliana/gestione-mercati/migrazionemillenniumit-mit/millenniumitmigration.htm
For additional information regarding KIDs ftp repository, please contact Client Technology Services (e-mail: Clients-Services@lseg.com; tel: +39 02 7242 6512)

- a pre-defined naming convention will be used to create KIDs files, in order to facilitate automatic download and handling (see Appendix). Direct link to the 'pdf' file will be in the following format: http://www.borsaitaliana.it/derivati/kids/[filename].pdf;

- KIDs will be initially available in Italian, English, Deutsch, French and Spanish. Additional languages will be evaluated in due course;

- as clarified by the joint regulators Q&A document, cost information in Borsa Italiana's KIDs will refer to the costs charged by Borsa Italiana to its direct clients. Distributors of IDEM contracts are responsible to inform around costs charged to their retail investors, and the impact that such costs will have on the investor's investment over time.

Borsa Italiana will publish additional details, if necessary, in due course.

Kind regards,

Enrico Pellizzoni
Head of Italy Equity Markets and Derivatives Product

Fabrizio Plateroti
Head of Capital Markets and Post Trading Regulation

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ANNEX TO: PRIIPS REGULATION: AVAILABILITY OF KEY INFORMATION DOCUMENTS (KIDs) FOR DERIVATIVES CONTRACTS TRADED ON THE IDEM MARKET

Naming convention for IDEM's Key Information Documents (KIDs)

In order to facilitate automated downloading and handling of KIDs files, the following pre-defined naming convention will be used to attribute pre-defined filenames to the last (most recent) version of each KID pdf file.

filename of the most recent version					Extension
3 letters	3 letters	1 letter	4 letters	1 letter	
'KID'	Language. One of: **'ita'** **'eng'** **'fre'** **'deu'** **'spa'**	Asset class[1]	**First 4 letters of [ROOT]** (+ symbol '-' where ROOT length is less than 4 chars) or **'aggr'** for single name derivatives (Asset class "p", "q" and "o"), where an 'aggregated' KID is produced[2]	**'f' = future** **'c' = call** **'p' = put**	.pdf

(1) Field "Asset class of derivatives" disseminated via in HSVF reference data for all instruments traded on IDEM market (in J and JF messages).
(2) 'p' = stock futures, 'q' = single stock dividend futures, 'o' = stock options.

In addition, all versions of KIDs files (most recent and previous versions) will be stored with the following filenames:

12 letters	8 letters	Extension
filename of the most recent version	**Creation date** in the format 'yyyymmdd'	.pdf

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Filenames for most recent version of IDEM KIDs

KID for:	KID filename					Extension	Resulting KID filename
	KID	Language	Asset class	Root	Future, call, put		(example: most recent version, in English)
Futures on FTSE MIB			'k' +	'fib-' +	'f' +		kidengkfib-f.pdf
Mini Futures on FTSE MIB			'k' +	'mini' +	'f' +		kidengkminif.pdf
Futures on FTSE MIB Dividend			'm' +	'fdiv' +	'f' +		kidengmfdivf.pdf
Call options on FTSE MIB			'l' +	'mibo' +	'c' +		kidenglmiboc.pdf
Put options on FTSE MIB			'l' +	'mibo' +	'p' +		kidenglmibop.pdf
Stock futures	'kid' +	'ita' 'eng' 'fre' + 'deu' 'spa'	'p' +	'aggr' +	'f' +	.pdf	kidengpaggrf.pdf
Single stock dividend futures			'q' +	'aggr' +	'f' +		kidengqaggrf.pdf
Call stock options			'o' +	'aggr' +	'c' +		kidengoaggrc.pdf
Put stock options			'o' +	'aggr' +	'p' +		kidengoaggrp.pdf
Baseload Italian power futures			'e +	'ideb' +	'f' +		kidengeidebf.pdf
Peakload Italian power futures			'e +	'idep' +	'f' +		kidengeidepf.pdf
Baseload German power futures			'e +	'gdeb' +	'f' +		kidengegdebf.pdf
Peakload German power futures			'e +	'gdep' +	'f' +		kidengegdepf.pdf
Durum wheat futures			'g' +	'dwhe' +	'f' +		kidenggdwhef.pdf

Sample filename for all versions of IDEM KIDs - Example: KID file for Futures on FTSE MIB created on 30 June 2017

KID for:	KID filename		Extension	Resulting KID filename
	Filename for most recent version (example: in English language)	Creation date		(example: version created on 30 June 2017, in English)
Futures on FTSE MIB	'kidengkfib-f' +	'20170630' +	.pdf	kidengkfib-f20170630.pdf