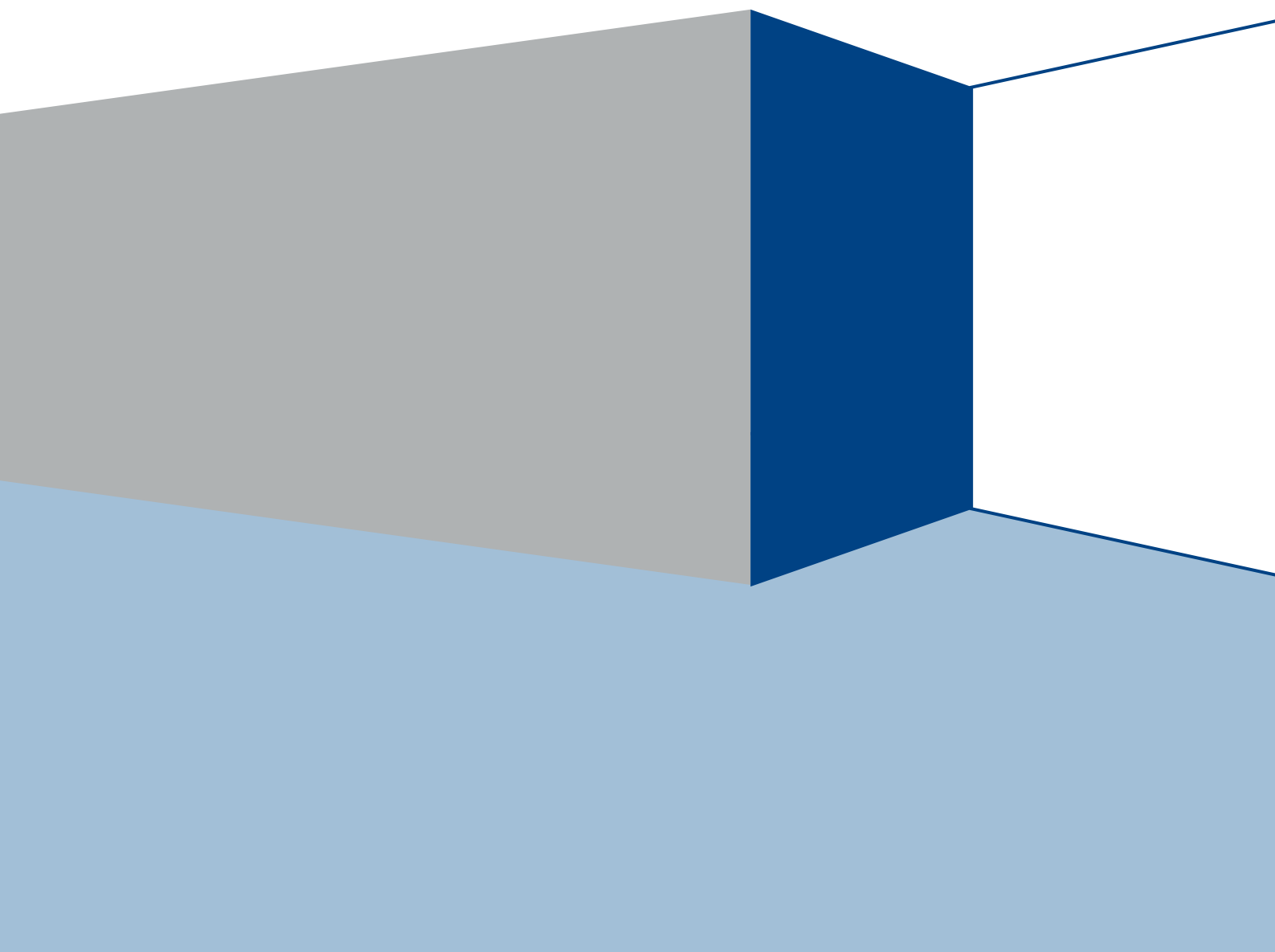




London
Stock Exchange Group

Market Makers Performance Report Service

Issue 2.1 · September 2020



Contents

Market Makers Performance Report	1
Service	1
1 Introduction	4
1.1 Purpose	4
1.2 Readership	4
1.3 Document series.....	4
1.4 Document history.....	5
1.5 Enquiries	6
2 Service description	7
2.1 Market Makers Performance Report service	7
2.2 Market Making Monitoring Methodology	8
3 Connectivity.....	11
3.1 Production IP addresses and ports.....	11
4 Message formats	12
4.1 MMSTATS_[MARKET]_TYPE_MEMBER _DATE.....	12

Disclaimer

The London Stock Exchange Group has taken reasonable effort to ensure that the information contained in this publication is correct at the time of going to press, but shall not be liable for decisions made in reliance on it. The London Stock Exchange Group will always endeavour to provide notice to customers of changes being made to this document, but this notice cannot always be guaranteed. Therefore, please note that this publication may be updated at any time. The information contained is therefore for guidance only.

1 Introduction

“Market Makers Performance Report” service is available to market participants who have signed a voluntary or MiFiD II market making contract on Borsa Italiana regulated markets or MTFs (market making agreement, market making scheme, voluntary market maker, voluntary specialist, advanced liquidity provider on MIT or SOLA Platforms).

Detailed daily and monthly performance reports are produced per market and recorded in separated files, each with fixed-length format.

Reports can be retrieved by Customers via FTP and SFTP protocol starting from 11.00 AM CET on T+1. Monthly reports will be available within 10 business days after the end of the month they refer to.

1.1 Purpose

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

1.2 Readership

This document is particularly relevant to trading desks and Compliance Officers within Borsa Italiana’s member firms who have signed a voluntary or MiFiD II market making contract on Borsa Italiana regulated markets or MTFs.

1.3 Document series

This document is part of a series of documents which provide technical specifications for certain cross-market services offered by Borsa Italiana, that are connected to the new regulatory environment defined by MiFIR / MiFiD II. For quick reference, this series of documents include the following:

Trading

- MIT201 BIT – Guide to New Trading System
- MIT202 BIT – FIX Trading Gateway (FIX 5.0)
- MIT203 BIT – Native Trading Gateway Specification
- MIT204 BIT – Post Trade Gateway (FIX 5.0) Specification
- MIT205 BIT – Drop Copy Gateway (FIX 5.0) Specification

Market Data Services

- MIT305 BIT – Markets Reference Data
- MIT306 BIT – MOT / EuroMOT Instrument Currency
- MIT308 BIT – Trading Calendars
- MIT309 BIT – RFQ Market Maker Reference Data
- GTP002 – Technical Guide
- GTP002 – Parameters Guide

Report Reconciliation Service

- MIT601 BIT – Report Reconciliation Service

Market Makers Performance Report Service

- Market Makers Performance Report service (this document)

This series principally covers non-regulatory information and does not override or supersede the Rules of Borsa Italiana.

The latest version of this document series can be found at the following links:

Italian Version:

<http://www.borsaitaliana.it/borsaitaliana/gestione-mercati/altri-servizi/serviziregolamentari.htm>

English Version:

<http://www.borsaitaliana.it/borsaitaliana/gestione-mercati/altri-servizi/serviziregolamentari.en.htm>

1.4 Document history

This document has been through the following iterations:

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.

In subsequent issues, where amendments have been made to the previous version, these changes will be identified using a series of red side bars as illustrated opposite.

1.5 Enquiries

Please contact Client Technology Services Italy if you have any technical questions about the service outlined in this document. Client Technology Services Italy can be contacted at:

- **Service-Desk**
- Toll Free: 0080026772000
- From Mobile: +39 02 45411399
- Email: service-desk@borsaitaliana.it
- **Market-Access**
- Telephone: +39 0272426 668
- Email: market-access@borsaitaliana.it
- **Technical Account management**
- Group: +39 02 72 42 6 512
- Email: clients-services@borsaitaliana.it

For any functional or compliance questions about the content of the reports please contact **Markets Supervision** at :

- Telephone: +39 0272426 327
- Email: ms@borsaitaliana.it

2 Service description

2.1 Market Makers Performance Report service

“Market makers performance Report“ service offers to Market Participants who have signed a voluntary or MiFiD II market making contract on Borsa Italiana regulated markets or MTFs the ability to retrieve information related to the compliance of their trading behaviour to the obligations required under the relevant agreement/scheme/contract, during one trading day and during one month.

All market and MTFs managed by Borsa Italiana on MIT and SOLA Platforms are covered by this service.

■ Data are saved as text files, that customer can retrieve via FTP and SFTP protocol.

In order to ensure the usual information security standards, an authentication mechanism, based on username/password, is in place. Username and password will be provided to customers, together with the enabled IP addresses, as they join the service.

Furthermore, we specify that each client can have exclusive access to files with market maker performance report of its company.

Files will be available with the following name:

MMSTATS_[MARKET]_[TYPE]_[MEMBER]_[DATE]

where:

- DATE field will have the following format YYYYMMDD.
- TYPE field could be DAILY or MONTHLY.
- MEMBER is the Member Code for which the report is produced.

The output files will be ASCII-encoded CSV files with a semicolon (;) as a delimiter. All semicolon and carriage-return/end-of-line symbols in free-text fields will be removed.

The files are available to customers for

- 3 months for DAILY reports
- 6 months for MONTHLY reports

It should be highlighted that:

- In the Market Makers Performance Report the information are provided at instrument level for markets running on the MIT platform (MTA, ETFPlus, MOT, SeDeX, etc.) and at group level for markets running on the SOLA platform (IDEM, IDEX and AGREX);
- Market Maker performance on a specific instrument or group could be not available where not relevant (i.e. no request for quotes submitted for secondary market makers on IDEM or when the daily required time to quote is consider not relevant)

- MONTHLY report will be available within 10 business days after the end of the month it refers to.

2.2 Market Making Monitoring Methodology

Market Making Obligations during normal or stressed market conditions are defined in terms of Presence, Maximum Spread, Minimum Size and Comparable Size.

The values of Maximum Spread and Minimum Size are defined in the relevant Borsa Italiana Rule Books or in the Guide to the Trading Parameters (the “Rules”). Minimum Sizes can be defined in terms of quantity or countervalue.

Maximum Spread Check

The verification of the Maximum Spread obligation is based on the volume weighted average bid and ask taking into account market maker’s visible quotes or orders, according to the configurations.

Minimum Size Check

The verification of the Minimum Size obligation is based on the sum of market maker’s visible quote or order quantities or countervalues, according to the configurations.

Comparable Size Check

The verification of the Comparable Size obligation is based on the sum of market maker’s visible quote or order quantities or countervalues, according to the configurations. The following Comparable Size test is performed:

Max (Total Buy Quantity, Total Sell Quantity) = Max

Min (Total Buy Quantity, Total Sell Quantity) = Min

If (Min < (Max / 2)) then test has failed, i.e. the Comparable Size obligation is not fulfilled.

Configurations

In order to perform the above checks, the following monitoring configuration are possible:

Monitoring Configuration	Description
Option 1: Best Price Only	Only the first level of price-aggregated market maker's orders and quotes is considered
Option 2: Full Book	All levels of market maker's orders and quotes are considered
Option 3: Minimum Obligation	Market maker's orders and quotes are considered up to the quantity or countervalue corresponding to the Minimum Size obligation

Example

Please consider the following non-exhaustive and simplified example. Market making orders and quotes are highlighted in the following orderbook:

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>

Size Obligations: 15 (in terms of quantity).

Obligations Checks are performed according to the relevant configuration:

Configuration	VWAP Bid	Bid Size	VWAP Sell	Sell Size
Option 1: Best Price Only	100 (order m1)	10 (order m1)	103 (orders m3 and m4)	25 (orders m3 and m4)
Option 2: Full Book	98.20 (orders m1 and m2)	25 (orders m1 and m2)	103.5 (orders m3, m4 and m5)	30 (orders m3, m4 and m5)
Option 3: Minimum Obligation	99 (order m1 and partial quantity of order m2)	15 (orders m1 and partial quantity of order m2)	103 (order m3 and partial quantity of order m4)	15 (order m3 and partial quantity of order m4)

The following monitoring configurations are applied until 3 May 2019.

Market (all market maker types)	Configuration
MTA and other cash equity markets	Option 2
MOT	Option 1
IDEM	Option 2
SeDeX	Option 1
ETFPlus	Option 2
TAH	Option 2

The following monitoring configurations are applied starting from 6 May 2019.

Market (all market maker types)	Configuration
MTA and other cash equity markets	Option 3
MOT	Option 3
IDEM	Option 3
SeDeX	Option 3
ETFPlus	Option 3
TAH	Option 3

3 Connectivity

3.1 Production IP addresses and ports

Market Makers Performance Report files are available in PRODUCTION environment for all customers who submit the service upon FTP (port 21) and SFTP (port 22) connection to the server

- PDC:

- 81.174.64.61

- 81.174.64.62

- SDC:

- 81.174.64.189

Dedicated Username and password (per member code) to connect to the servers will be provided to customers as they join the service.

4 Message formats

This section provides details on the Market Makers Performance Report files.
All fields are encoded using printable ASCII.

4.1 MMSTATS_[MARKET]_TYPE_MEMBER _DATE

Report field name	Description		Max Length (ASCII chars)	Format
REPORT_DATE	Date to which the report refers to		8	TIMESTAMP (YYYYMMDD)
REPORT_TYPE	Value	Meaning	10	CHAR
	DAILY	Daily performance		
	MONTHLY	Monthly performance		
VENUE_CODE	Value	Meaning	4	CHAR
	XMIL	Venue code for MTA, ETFP, SDX, MOT and TAH markets		
	XDMI	Venue code for IDEM, IDEX and AGREX markets		
MARKET_CODE	Value	Meaning	11	CHAR
	MTA	MTA and other cash equity markets code		
	MOT	MOT market code		
	SDX	SeDeX market code		
	ETFP	ETFPplus market code		
	TAH	Trading After Hours market code		
	IDEM	IDEM, IDEX and AGREX markets code		
INSTRUMENTCODE	Product code identifier: <ul style="list-style-type: none"> - ISIN code will be provided for XMIL venue - GROUP code will be provided for XDMI venue 		12	CHAR

Report field name	Description	Max Length (ASCII chars)	Format	
PRODUCT_NAME	Product description : - Instrument description will be provided for XMIL venue - Group description will be provided for XDML venue	40	CHAR	
MEMBER_CODE	Member firm identifier (CED code)	4	CHAR	
MM_TYPE	Value	Meaning	10	CHAR
	SPC	Specialist		
	ALP	Advanced Liquidity Provider		
	SCHEME	Scheme (MIFID II)		
	AGREEM	Agreement (MIFID II)		
	PMM	Primary Market Maker or Primary Specialist		
	LP	Liquidity Provider or Liquidity Provider Specialist		
	DMM	Designated Market Maker or Designated Specialist		
	EMM	Extended Market Maker		
OBLIGATION_SIDE	Value	Meaning		
	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		
PERF_RATIO	Market Maker performance ratio	5	Number (3Int 2dec)	
PERF_RATIO_REQUIRED	Market Maker minimum required performance ratio	5	Number (3Int 2dec)	
PERF_RATIO_MTD	Market Maker month to date performance ratio	5	Number (3Int 2dec)	
DAYS_MTD	Number of days (or fractions of the days) of the relevant month in which the market maker is	2	Number	

Report field name	Description	Max Length (ASCII chars)	Format
	required to quote		(2Int 0dec)
DAYS_MTD_COMPLIANT	Number of days (or fractions of days) of the month during which the Market Maker has fulfilled its obligations respecting the required compliance rate (PERF_RATIO_REQUIRED)	2	Number (2Int 0dec)
COMPLIANCE_RATE_MTD	Compliance level from the beginning of the month (DAYS_MTD_COMPLIANT/ DAYS_MTD)	5	Number (3Int 2dec)
PERF_RATIO_PRICE	Compliance ratio with reference to the obligation to display orders / quotes on the book. The field is valued only if the PERF_RATIO and PERF_RATIO_PRICE are lower than PERF_RATIO_REQUIRED. Please note that the compliance ratio will be provided according to predefined ranges (example "value in range [0%,10%]").	30	CHAR
PERF_RATIO_MSIZ	Compliance ratio with reference to the obligation to display orders / quotes on the book for a minimum quantity. The field is valued only if PERF_RATIO and PERF_RATIO_MSIZ are lower than PERF_RATIO_REQUIRED. Please note that the compliance ratio will be provided according to predefined ranges (example "value in range [0%,10%]").	30	CHAR
PERF_RATIO_SPREAD	Compliance ratio with reference to the obligation to display orders / quotes on the book with spreads within the maximum limits. The field is valued only if the PERF_RATIO and PERF_RATIO_SPREAD are lower than PERF_RATIO_REQUIRED. Please note that the compliance ratio will be provided according to predefined ranges (example "value in range [0%,10%]").	30	CHAR
PERF_RATIO_COMP_SIZE	Compliance ratio with reference to the obligation to display orders / quotes on the book with comparable quantities. The field is valued only if the PERF_RATIO and PERF_RATIO_COMP_SIZE are lower than PERF_RATIO_REQUIRED. Please note that the compliance ratio will be provided according to predefined ranges (example "value in range [0%,10%]").	30	CHAR

Copyright © 2018 and 2019 London Stock Exchange plc.
Registered in England and Wales No. 05369106.

London Stock Exchange plc has used all reasonable efforts to ensure that the information contained in this publication is correct at the time of going to press, but shall not be liable for decisions made in reliance on it.

London Stock Exchange and the coat of arms device are registered trade marks of London Stock Exchange plc.

London Stock Exchange
10 Paternoster Square
London EC4M 7LS
Telephone: +44 (0)20 7797 1000

www.londonstockexchange.com