

User Guide

BTS[®]: REQUEST FOR QUOTE FOR ETFPLUS, MOT, EUROMOT AND ETLX

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BORSA ITALIANA

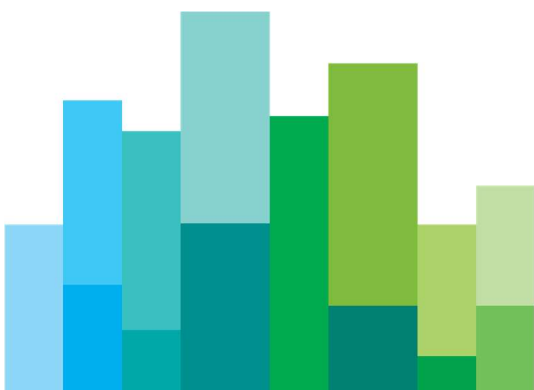
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Revision History

Date	Version	Description	Author
Oct 2016	1.0	First release	Borsa Italiana
Jan 2017	1.1	Quote Entry window updated and User Setup added	Borsa Italiana
Nov 2017	2.0	MIFID II adaptation	Borsa Italiana
Oct 2018	3.0	Auto RFQ introduction	Borsa Italiana
Apr 2021	3.1	Euronext rebranding	Borsa Italiana

1. INTRODUCTION



The launch of new Request for Quote (RFQ) functionality for ETFPlus, MOT, EUROMOT and ETLX markets will offer on-exchange benefits and cleared execution for larger size trades, allowing greater flexibility and protection for both institutional customers and responding market makers.

The RFQ platform will run alongside and complement the existing order book structure providing a mechanism whereby traders can privately negotiate and carryout large trades with market makers outside of the normal order book.

Trading participants connected to the order book will be able to access the RFQ platform choosing if they are to remain anonymous or named, registered market makers will be able to respond to quotes via a private RFQ session.

2. REQUESTOR SIDE TOOL



BTS® front-end provides a GUI that allows both Traders to request for a quote for a particular instrument, and Market Makers to receive the RFQ and submit a RFQ Quote.

2.1 RFQ Requestor Tool

RFQ Requestor tool is available under BTS® Quoting menu,



By clicking RFQ Requestor Monitor the Requestor window will open.

The Window is composed of three panels, described later on in the document:

- RFQ Entry
- RFQs list
- Trades List

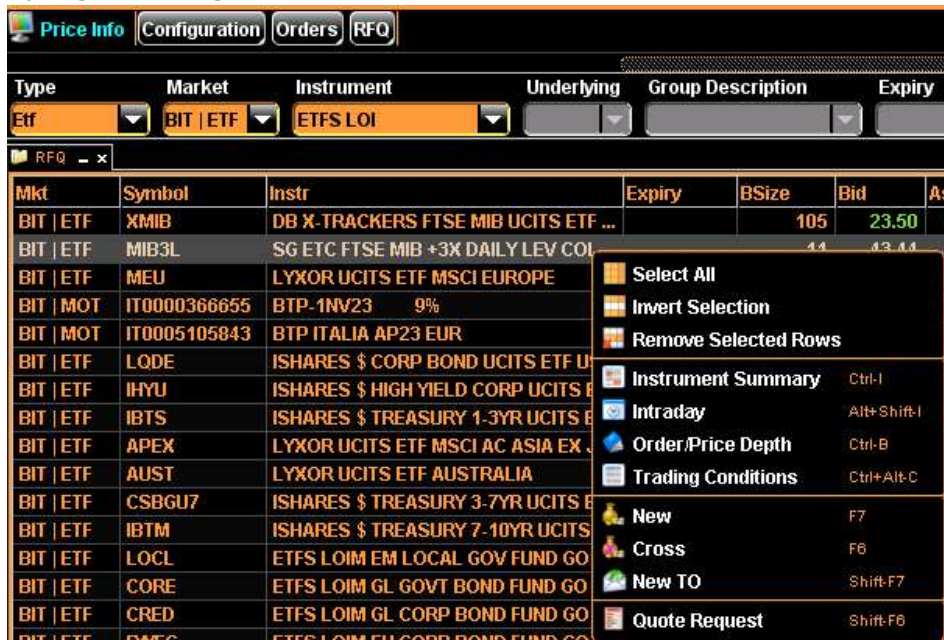


Quote Request tool is also available:

- 1) in Price Info under dedicated menu "RFQ":



2) by Right clicking on an Instrument row:



3) via shift+F6 key shortcut

Quote Request window will appear:



2.2 Workflow Steps

2.2.1 Submit a RFQ and Trade a received Quote

- 1) A new **Request for Quote** can be submitted by the *Requestor* from the Quote Request panel through the following steps:
 - a) **Select the instrument:** a dropdown menu with all available markets is presented. In the contract selector field, it is possible to select the instrument by:
 - o opening the Dictionary;
 - o dragging and dropping one instrument from another window;
 - o typing the instrument itself . Auto-completion logic is the same applied in other BTS® windows.
 - b) **Input Size, Expiration, Anonymity, Short Codes, Best Price**
 - o Lot Size is displayed above the Size cell
 - o Maximum **Expiration** is provided by default but can be decreased by the User
 - o **RFQ Anonymity** can be Anonymous or Named, in the second case User may choose up to a defined number of Market Makers FirmID to address the RFQ
 - o **Best Price** is optional, Radio Buttons below the Price cell allow to apply a different Tick to the Price. This Price applies to Manual RFQs
 - o Input Client Identification, Investment Decision and Execution short code (see under 'Default setup' the 'RFQ Requestor' tab for setting defaults for these parameters)
 - o Capacity (see under 'Default setup' the 'RFQ Requestor' tab for setting defaults for these parameters)
 - o Confirm the RFQ by clicking the side (Buy – Both – Sell)
 - c) **Set Auto RFQ conditions (optional)**
 - o select Auto RFQ Tickbox and the specific Auto RFQ cells (Best Price, Minimum Quote Number, Min Delay Time and Disclosed side) will be activated.
 - o If Auto RFQ option is ticked, the Best Price Cell in Manual RFQ section is greyed out simultaneously
 - o **Minimum Quote Number** and **Min Delay Time** are provided by default but can be modified by the user

ISIN	RefPrice	Last	LastTrdTime	Low	High	CumSize	RFQLow	RFQHigh	RFQNumTrades	RFQCumSize	Phase	MaxQtyRFQ
FR0010261198	132.36	82,000 @ 113.6	10:21:35.026000	113.62	113.66	135	113.6	113.6	1	82,000	Regular (Continuous) Trading/...	936,000

d) Once **confirmed and accepted by the Market**, the RFQ is listed in the RFQs panel

The screenshot displays the RFQ Requestor Monitor interface. The top section shows the instrument details for BIT | ETF, including the best price of 113.62 and market makers. The middle section shows the RFQ details for a pending request, including the status 'RFQ accepted by market', expiration time of 136 seconds, and a size of 82,000. The bottom section shows the trades for the RFQ, including the instrument, trans time, side, price, and size.

Symbol	LastEventTime	Status	LastEvent	Expiration (sec)	BestPrc	RFQSize	RFQSide	MarketMakers	Capacity	BPartyID	BSize	Bid	Ask	ASize	APartyID	ExeSide	ExePrc
MEU	2018/10/10 10:23:11.216995	Pending	RFQ accepted by market	136	113.62	82,000	B	IT0362, IT1801, IT2866	A								
MEU	2018/10/10 10:21:35.025642	Traded	RFQ accepted and closed	0		82,000	B	IT0362, IT1801, IT2866	A			113.6	82,000	IT1801	B		

For each (Pending) RFQ the following details are provided:

- Instrument Description
- Status of the RFQ
- Last Event Description
- Last Event Time
- Expiration countdown in seconds
- RFQ Size
- RFQ Side (B, S or Both)
- List of Market Makers the RFQ is addressed, displayed only in case of Anonymous RFQ
- Client Identification, Investment Decision and Execution short code
- Best Price
- AutoRFQ Flag, Minimum Quote Number, Min Delay Time

The Best Bid Ask of the Quotes received by the Market Makers is displayed by default:

The screenshot shows the RFQs panel with a table of quotes. The table includes columns for Account Type, Capacity, BPartyID, BSize, Bid, Ask, ASize, APartyID, ExeSide, ExeSize, ExePrc, and ExeTime. The quotes are for the instrument BIT | ETF and are provided by market maker IT1768.

Account Type	Capacity	BPartyID	BSize	Bid	Ask	ASize	APartyID	ExeSide	ExeSize	ExePrc	ExeTime
IT1768	5,800	IT1768	5,800	20.5895	20.5913	5,000	IT1768				
IT1768	5,000	IT1768	5,000	20.57	20.59	5,000	IT1768				
IT1768	5,000	IT1768	5,000	20.56	20.59	10,000	IT1768				
IT1768	5,000	IT1768	5,000	20.589	20.5905	10,000	IT1768				

By right clicking and selecting "Show Embedded Book"



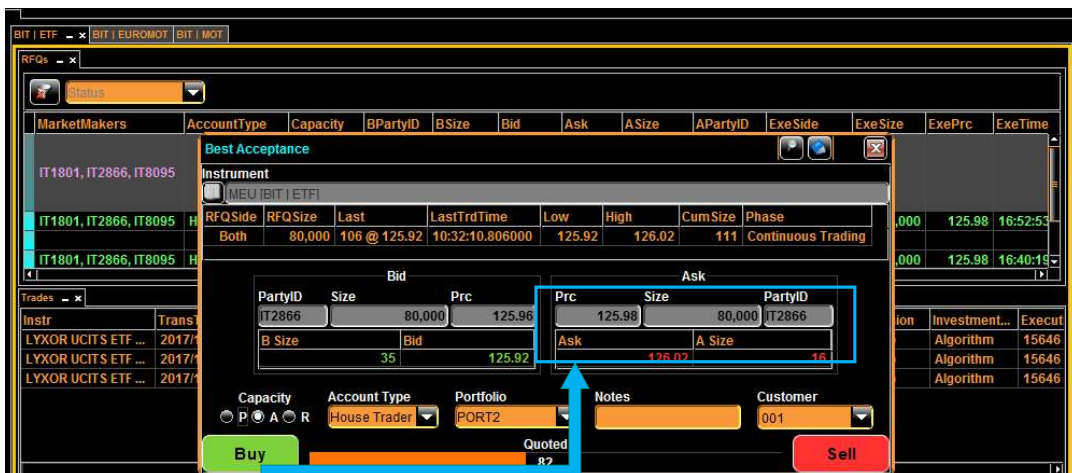
all the Quotes for the selected RFQ are shown in a vertical book



- 2) In order to **accept the best Quotes** received by Market Maker, BTS® user has to:
- Double click on the RFQ row, or
 - Right click on RFQ row and choose Quote Acceptance



Quote Acceptance window will open, below the BestQuote Prices, Order Book best bid ask is provided as comparison.



As a standard Order Book, by clicking the Side button the requestor will apply the Quote on the opposite side.

3) Once a **Quote is accepted** by Requestor and traded on the market:

MarketMakers	AccountType	Capacity	BPartyID	BSize	Bid	Ask	ASize	APartyID	ExeSide	ExeSize	ExePrc	ExeTime
IT1801, IT2866, IT8095	House Trader	A				125.98	80,000	IT1801	B	80,000	125.98	16:57:39.0
			IT2866	80,000	125.96			IT2866				
			IT1801	80,000	125.92							

Instr	TransTime	Side	Prc	Size	Cap...	AccType	St	TradeType	ExecutionCode	Execution...	InvestmentDecis...
LYXOR UCITS ETF ...	2017/11/30 16:57:39.530635	B	125.98	80,000	A	House Trader	New	RFQ	15646 (Conte A)	Natural P...	36746 (CapMKT)

The following information will be provided:

- Account Type
- Capacity
- Executed Side (B or S)
- Executed Size
- Executed Price
- Execution Time Stamp
- Client Identification, Investment Decision and Execution short code

RFQ status will be "Traded" and Last Event Time "RFQ Accepted and Closed".

The same Trade will also be listed in the Trades panel with Trade Type "RFQ"

4) In case the Price is worst than specified Best Price, an error will be displayed:

Best Acceptance

Instrument: MEU TE

RFQSide: B

Quote Acceptance failed:
Market reply[6084] Specification[Quote's price is worse than the limit price]

OK

PartyID	Size	Prc	Prc	Size	PartyID
			113.68	82,000	
B Size	71	Bid	113.58	Ask	A Size
			113.62	46	

Portfolio: PORT2

Notes: Notes123

Customer: 001

Buy Quoted 137 Sell

2.2.2 Cancel an active RFQ or Modify Best Price

BTS® users may cancel a submitted and active RFQ by right clicking on the RFQ row and select Cancel:

Symbol	AutoRFQ	LastEventTime	Status	LastEvent	Expiration (sec)	BestPrc	RFQSize
MEU	N	2018/10/10 13:51:59.796356	Pending...	RFQ rejected by MM			80,000
MEU	N	2018/10/10 13:47:55.032535	Expired	Quote (O0bTSN2UurnW...			85,000
MEU	N	2018/10/10 13:42:04.032469	Expired	Quote (O0bTSN2UurnE) ...			82,000
MEU	N	2018/10/10 10:26:10.931886	Expired	RFQ timed out			82,000
MEU	N	2018/10/10 10:21:35.025642	Traded	RFQ accepted and closed			82,000

RFQ will be displayed with Status Cancelled:

Symbol	AutoRFQ	LastEventTime	Status	LastEvent	Expiration (sec)	BestPrc	RFQSize	RFQSide
MEU	N	2018/10/10 13:53:00.290551	Cancelled	RFQ cancelled	0		80,000	Both
MEU	N	2018/10/10 13:47:55.032535	Expired	Quote (O0bTSN2UurnW...	0	113.62	85,000	Both
MEU	N	2018/10/10 13:42:04.032469	Expired	Quote (O0bTSN2UurnE) ...	0	113.62	82,000	B
MEU	N	2018/10/10 10:26:10.931886	Expired	RFQ timed out	0	113.62	82,000	B
MEU	N	2018/10/10 10:21:35.025642	Traded	RFQ accepted and closed	0		82,000	B

In the same way the user may edit, remove or add the Best Price, both for Manual and Auto RFQ, by clicking Best Price Modification option in the context menu

Symbol	AutoRFQ	LastEventTime	Status	LastEvent	Expiration (sec)	BestPrc	RFQSize	RFQSide	MarketMakers
MEU	N	2018/10/10 13:45:15.059567	Quoted	New Quote (O0bTSN2Uu...	65	113.62			
MEU	N	2018/10/10 13:42:04.032469	Expired	Quote (O0bTSN2UurnE) ...	0	113.62			
MEU	N	2018/10/10 10:26:10.931886	Expired	RFQ timed out	0	113.62			1801,1
MEU	N	2018/10/10 10:21:35.025642	Traded	RFQ accepted and closed	0				1801,1

2.2.3 RFQ History

RFQ Requestor has the possibility to consult the history of the events occurred.

By right clicking on the RFQ row and select the History option



RFQ history will be displayed, listing all the quotes received:



3. MARKET MAKER SIDE TOOL



3.1 RFQ Market Maker Tool

RFQ Market Maker tool is available under BTS® Quoting menu



Please note that the same user may have both Requestor and Market Maker tools



By clicking RFQ Market Maker Monitor the Market Maker window will be displayed. The Window is composed of three panels:

- Quote Entry
- Received RFQs list
- Trades List



3.2 Workflow Steps

3.2.1 Submit a Quote in response to a RFQ

A Quote in response to a RFQ can be submitted by Market Maker user through this steps:

- 1) In the RFQ panel **all RFQs received for the selected market are listed.**

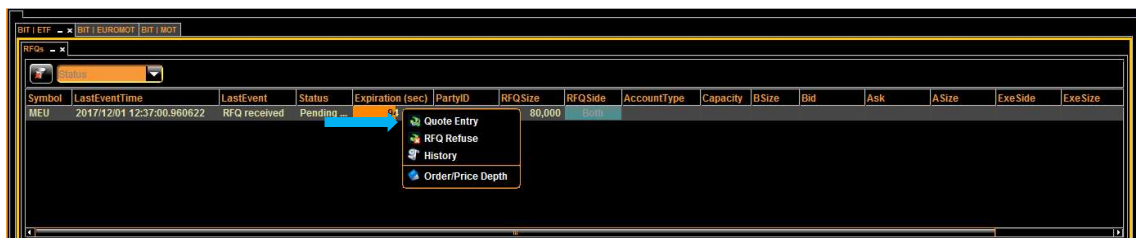
For each RFQ the following data are provided:

- Instrument Description
- Status of the RFQ
- Requestor PartyID (in case of named RFQ)
- Last Event Description
- Last Event Time
- Expiration countdown in seconds
- RFQ Size
- RFQ Side (B, S or Both)

- 2) **Create the Quote:** Select the RFQ row in the RFQs list and the Quote Entry panel above will be prepopulated.



Quote Entry Option is also available via context menu by right clicking on the RFQ row:



By double clicking the row of the RFQ the Market Maker wants to accept, the Quote Entry window will appear.



Input fields are:

- Capacity
- Account Type
- Price and Size of the Side(s) to submit
- Client Identification, Investment Decision and Execution short code

The size is filled up by default with the RFQ size

The Last Traded Price is provided as Starting Price in the Price Cell, Market Static Price is used in case no contract has been traded yet.

Last price for the Instrument is displayed in the public information box under the Instrument Selector, the same price is shown in the Price Entry cell, using the arrows next to the price entry the Last Trade Price will be presented as starting Price:



By clicking on the Radio Buttons below the Price cell the user can decide to apply a different Tick to the Quote Price.

In this example the Price Tick applied to Starting Price is 1x 0.0001 (default Market Tick Price), that is 150.85 + 0.0001:



Then if 10x is clicked, 0.001 tick is applied.

So, in this case 1 click on the up arrow would give a price of 150.8511.



3) By clicking the Side button the **Quote will be submitted.**

The Side Buttons will be activated when the related Price is set, please note that in case the side has not been requested for the quotation, the button will remain greyed out

Examples are given below:

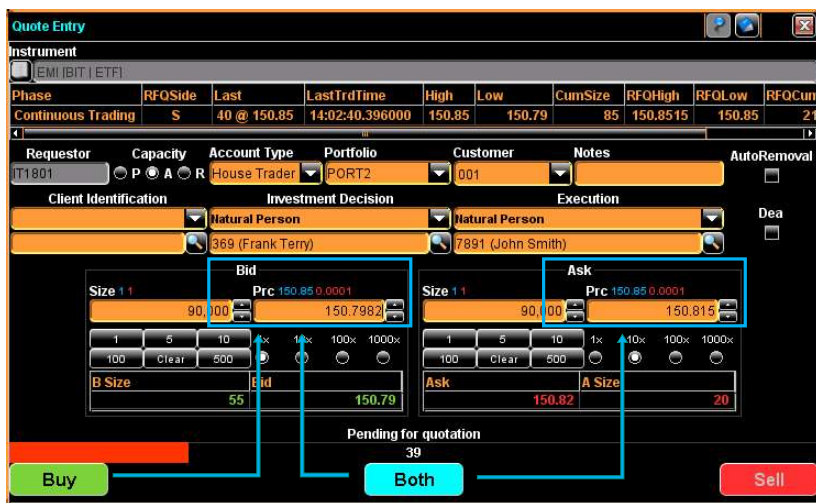
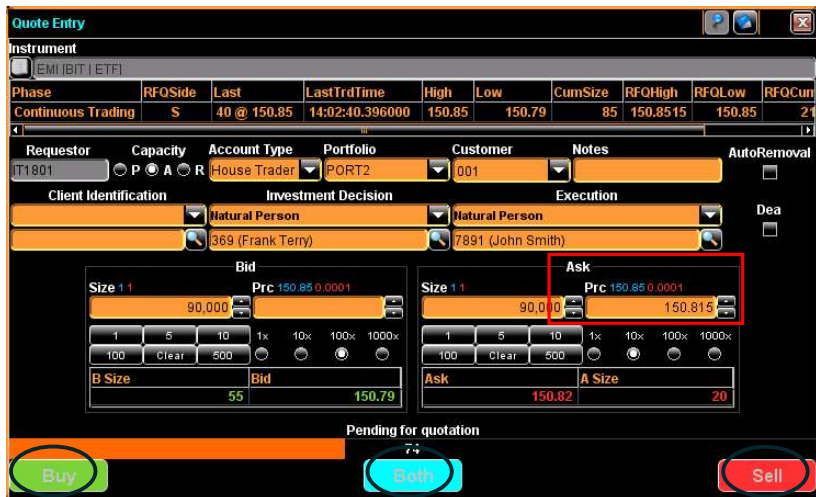
- Received RFQ is double

Market Maker may answer with a Single Side Quote or a Double Quote



- Received RFQ Side is BUY

Market Maker may answer with a SELL Quote or a Double Quote only



- 4) Once **confirmed and accepted by the Market**, the Quote is added in the RFQs row.

LastEventTime	LastEvent	Status	Expiration (sec)	PartyID	RFQSize	RFQSide	AccountType	Capacity	BSize	Bid	Ask	ASize	ExeSide
2017/12/06 14:03:57.576477	Quote(O0XsB59PjHcO0XsB59PjH) accepted	Quoted	76	IT1801	90,000	Both	House Trader	A	90,000	150.7982	150.815	90,000	
2017/12/06 13:57:45.475910	RFQ timed out	Timeout	0	IT1801	90,000	S							
2017/12/06 13:04:18.046699	RFQ cancelled by requesting user	Cancelled	0		90,000	Both							
2017/12/06 13:03:51.713185	Trade received for Quote(O0XsB59PjOga)	Traded	0		95,000	Both	House Trader	A		150.8515		95,000	S
2017/12/06 13:03:18.108790	Trade received for Quote(O0XsB59PjOgT)	Traded	0	IT9501	120,000	Both	House Trader	A		150.85		120,000	S
2017/12/06 13:02:01.027711	RFQ refused	Refused	0	IT8800	80,000	Both							
2017/12/06 13:00:55.304134	RFQ cancelled by requesting user	Cancelled	0	IT1801	80,000	Both							
2017/12/06 12:48:20.511241	Trade received for Quote(O0XsB59Pj1B)	Traded	0		77,000	Both	House Trader	A		125.94		77,000	S
2017/12/06 12:33:15.522211	Trade received for Quote(O0XsB59Pj1Bc)	Traded	0	IT1801	80,000	Both	House Trader	A		125.98		80,000	S

- 5) **If the Quote is accepted by the Requestor**, a Trade is added in the Trades panel and Execution info are updated (ExeSide, ExeSize, ExePrice, ExeTime):

Status	Expiration (sec)	PartyID	RFQSize	RFQSide	AccountType	Capacity	BSize	Bid	Ask	ASize	ExeSide	ExeSize	ExePrc	ExeTime
Traded	0	IT1801	90,000	Both	House Trader	A	90,000	150.7982	150.815	90,000	B	90,000	150.7982	14:14:33.000

Instr	Symbol	TransTime	Side	Prc	Size	AccType	Capa...	St	TradeType	InvestmentDecision	InvestmentDecisionQualifier	Execution
LYXOR UCITS ETF EUMTS INFL LL...	EMI	2017/12/06 15:14:33.134453	B	150.7982	90,000	House Trader	A	New	RFQ	388 (Frank Terry)	Natural Person	7891 (John)

3.2.2 Reject a RFQ

BTS® users may reject a received RFQ by right clicking on the RFQ row and select 'RFQ Refuse':

Instr	Status	LastEvent	LastEventTime	Expiration (sec)	PartyID	RFQSize	RFQSide	AccountType	Capacity
ETFS DAX DAILY 2X LONG GO UCITS E...	Pending fo...	RFQ receiv...	2016/10/05 10:05:27.488	109	IT0580	5,000	Both		
ETFS DAX DAILY 2X LONG GO UCITS E...	Refused	RFQ refused	2016/10/05 10:00:04.553	0	IT0580	5,000	Both		

Then RFQ status will change to Refused:

Instr	Status	LastEvent	LastEventTime	Expiration (sec)	PartyID	RFQSize	RFQSide	AccountType	Capacity
ETFS DAX DAILY 2X LONG GO UCITS E...	Refused	RFQ refused	2016/10/05 10:07:12.246	0	IT0580	5,000	Both		
ETFS DAX DAILY 2X LONG GO UCITS E...	Refused	RFQ refused	2016/10/05 10:00:04.553	0	IT0580	5,000	Both		

3.2.3 Modify a submitted Quote

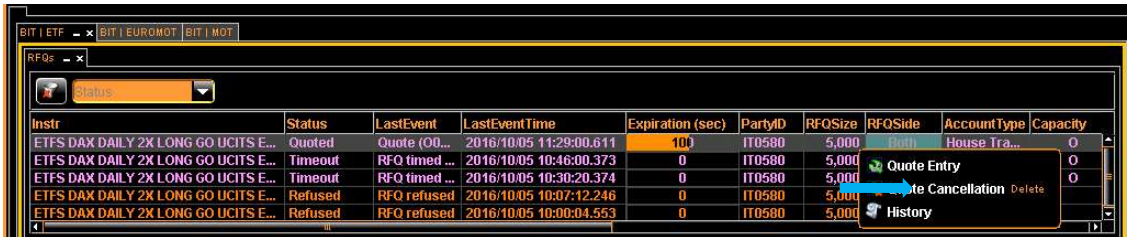
Market Makers have the possibility to Modify an already submitted Quote by modifying the prices in Quote Entry window.

If closed, Quote Entry once reopened, will provide the Price/Size already submitted to the market:

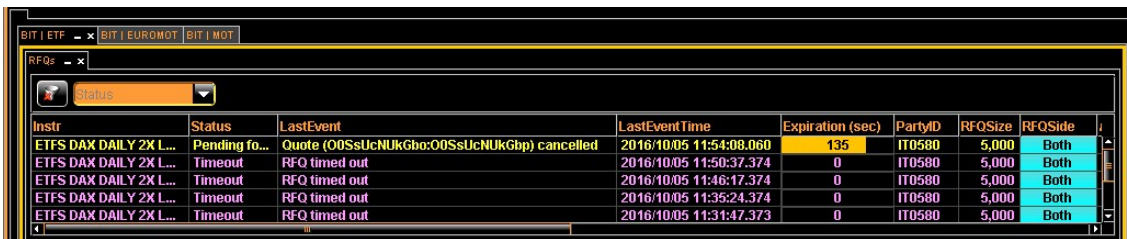
Please note that the modified Quote must have the same Side as the original one.

3.2.4 Cancel a submitted Quote

Once a Quote has been sent to the Market - but not yet accepted - Market Makers may Cancel the submitted Quote:

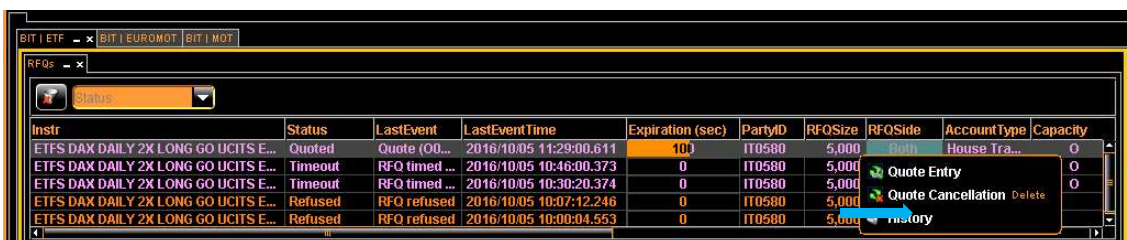


RFQ Status will change back to Pending, while LastEvent will inform about the Cancelled Quote:



3.2.5 RFQ History

Market Makers have the possibility to consult the history of the events occurred by right clicking on the RFQ row and selecting the History option.



3.2.6 Keyboard commands

A list of short cut keys are available in order to create a Quote by using keyboard commands.

- **Enter** : it submits the quote confirming the side where the a price is input, in case of prices added on buy and sell, a dual side quote will be submitted;
- **Up/Down arrows** : Price is modified using selected tick price;
- **Ctrl + Right/Left arrows** : focus is moved from a cell price to the other;
- ***** : the price tick for the selected side is switched (1x, 10x, 100x, 1000x);
- **S** : Best Ask Price of the order book is input in Quote Sell Price;
- **B** : Best Bid Price of the order book is input in Quote Sell Price;
- **L** : Last Trade Price is input in the RFQ opposite side, in case of Both the price is added in both the price cells;
- **T** : Best Bid Ask Prices are added in both Quote Price cells;

Moreover when Quote Entry window is opened the keyboard focus is on opposite Price cell, Sell Side in case of "Both" RFQ.

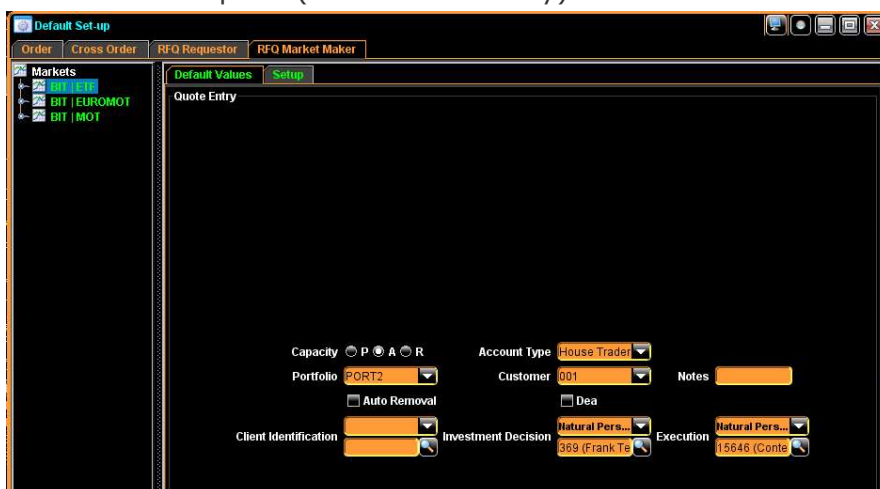
4. USER SETUP



4.1 Default Values

From the “Default Setup” window that can be found under the “General Settings” menu both Requestor and Market Maker users are able to set a default value for:

- BTS internal fields : Portfolio, Customer, Notes
- Capacity, Account Type
- DEA flag
- Client Identification, Investment Decision and Execution short code
- Autoremoval option (Market Maker only)



From Setup tab BTS user can decide to disable the confirmation pop ups displayed following each action of the RFQ/Quoting workflow:



CONTACT

Client Support

T (toll free): 0080026772000

T (from mobile): +39 02 45411399

E: Client-Support@borsaitaliana.it

Customer Relationship Management

T: +39 02 72426 512

E: clients-services@borsaitaliana.it

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