Release Notes

9 November 2018

Borsa Italiana

Borsa Italiana - IDEM

SOLA Trading System - Version 12.4

Release Notes

November 2018

Version 1.0

London Stock Exchange Group

9 November 2018

1.0 Document history

This document has been through the following iterations:

Version	Date	Description
1.0	9 November 2018	First issue of this document published via Borsa Italiana's website and distributed to IDEM customers.

2.0 Purpose

This document provides IDEM customers with a high-level functional description of the changes introduced in Version 12.4 of the SOLA$^®$ Trading System, as well as guidelines for the impacts on trading system's protocols connected to these business enhancements. A full description of the changes to SOLA's protocols is described in the protocol specifications covered in paragraph 4 (SAIL, FIX 4.2 and HSVF). In case of any discrepancy between this document and the SAIL, FIX and HSVF protocol specifications, protocol specifications shall prevail.

The release of Version 12.4 of the SOLA® Trading System in CDS is scheduled for **9 November 2018**. Since Version 12.4 has very limited impact on trading and market data protocols, no Customer Dress Rehearsal is scheduled. Market participants are required to execute testing activities in the CDS environment. The go-live date is currently planned for **3 December 2018** and will be confirmed in due course.

3.0 Readership

This document is particularly relevant to technology teams within IDEM's member firms, as it describes the changes to the technical interfaces in use to connect to the IDEM market.

4.0 Document series

This document is part of a series of documents which provide technical specifications for the SOLA$^®$ Trading System. This series of documents includes:

- IDEM - Guide to the Trading System - Version 4.4
- SOLA Connectivity Guide - Issue 1.5
- SAIL Protocol: SAIL Specification - Issue 7.0
- Fix Protocol: FIX 4.2 Specification – Issue 7.0
- HSVF Market Data - Issue 9.0
- IDEM - Guide to PTV functionality - Version 1.1

The latest version of these documents can be found at the following links, where guides to the conformance testing phase for this new version of the SOLA$^®$ Trading System are also available:

- Italian Version:

    www.borsaitaliana.it/borsaitaliana/gestione-mercati/migrazioneidem/migrazioneidem.htm

- English Version:

    www.borsaitaliana.it/borsaitaliana/gestione-mercati/migrazioneidem/migrazioneidem.en.htm

5.0 Enquiries

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

Service-Desk

- Toll Free: 0080026772000
- From Mobile: +390245411399
- Email: service-desk@borsaitaliana.it

Market-Access

- Telephone: +39 0272426 668
- Email: market-access@borsaitaliana.it

Technical Account management

- Telephone: +39 02 72426 512
- Email: clients-services@borsaitaliana.it

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6.0 New functionalities supported in Version 12.4 of the SOLA® Trading System

Version 12.4 of the SOLA® Trading System will support the following main functional enhancements:

- dedicated tick table for Negotiated Transactions (subject to regulatory approval);
- futures "pack" strategies (not relevant for IDEM; for CurveGlobal® interest rate derivatives only).

The description of the key features of these enhancements, reason for change and relevant protocol changes are covered in the following paragraphs. Other minor interface changes are described in paragraph 6.3.

6.1 Dedicated tick table for Negotiated Transactions (subject to regulatory approval)

In Version 12.4 of the SOLA® Trading System, a more granular tick table will be used for orders submitted for the execution of Negotiated Transactions (NTs), such as cross orders and bundle orders. The new tick table will also apply to NTs submitted via the "Third party workflow" functionality.

For the derivatives contracts in the following table, the new tick table for NTs will differ from the tick table used for orders entered for on-book trading.

This change has been introduced following customer demand, in order to facilitate the execution of large-size negotiated transaction of index futures and options that are subject to minimum size requirements due to MiFID 2 pre-trade transparency waivers for equity derivatives.

The proposed tick size granularity for orders to execute NTs is reported in the following table and will be implemented once all necessary regulatory approvals have been obtained. Current target date for the introduction of this functionality is January 2019.

The new tick size for NTs will be documented in IDEM's "Guide to Parameters" and related technical documentation ("Guide to the Trading System" and "HSVF Market Data" technical guide).

Market data protocols will continue to disseminate a "tick table identifier" describing the applicable tick table for each instrument series. The identifier is included in the "Tick Increment Table" field in the "Instrument Keys" messages (message type "J" for options and "JF" for futures).

Paragraph 16.25 of "HSVF Market Data" technical guide will be updated to separately indicate the applicable tick increments for orders to execute NTs, as described in Table 1.

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Table 1: Dedicated tick table for orders to execute Negotiated Transactions

	Tick Increment Table identifier	Unit	Futures price / option premium	Tick size	
				For on-book trading	For orders to execute negotiated transactions
FTSE MIB Index Futures	IF	Index points (ip)	-	5 i.p.	**5 i.p.** *[1 i.p.(*)]*
FTSE MIB Index Mini-Futures	IF		-	5 i.p.	**5 i.p.** *[1 i.p.(*)]*
FTSE MIB Index Options (excluding weekly contracts)	IO		1-100	1 i.p.	**1 i.p.** *[1 i.p.(*)]*
			102-500	2 i.p.	**2 i.p.** *[1 i.p.(*)]*
			505+	5 i.p.	**5 i.p.** *[1 i.p.(*)]*
FTSE Italia PIR Mid Cap TR index futures	IF		-	5 i.p.	**5 i.p.** *[1 i.p.(*)]*

(*) The go-live date for the introduction of a separate tick size equal to 1 index point for orders to execute Negotiated Transactions is subject to regulatory approval. Target implementation date is in January 2019.

For other products (FTSE MIB weekly options, FTSE MIB DIV futures, stock options, stock futures and all commodity derivatives), the tick table for orders to execute NTs will remain the same as the tick table in use for "on-book" trading.

6.2 Futures "pack" strategies (not relevant for IDEM; available for CurveGlobal® interest rate derivatives only)

Version 12.4 of the SOLA® Trading System will support the listing of futures "pack" strategies. Available for CurveGlobal® short-term interest rate derivatives (Euribor, SONIA® and Short Sterling futures), packs are trading strategies allowing the simultaneous sale or purchase of a series of four consecutive quarterly delivery months, with equal volume per leg. Packs are priced according to the accepted pricing methodology known as "Annualised Price Convention" or "Average Difference Change" (ADC).

This functionality will not affect equity and commodity derivatives traded on the IDEM market, as it is only relevant for CurveGlobal® interest rate derivatives that are available for trading on the London Stock Exchange Derivatives Market (LSEDM). It will not introduce any change to SAIL and FIX protocols, with the exception of a new value within an existing HSVF field ("Strategy Instrument Keys" message, field "Strategy Pricing") that has been included to identify strategy instruments whose price is expressed using the ADC methodology.

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6.3 Other interface changes

The following improvements have also been introduced with Version 12.4 of the SOLA® Trading System:

- with Version 12.4, any event generating a strategy trade will trigger the dissemination of a "Strategy trade" (CS) and "Post trade" (PT) message via HSVF[1]. As of today, these two messages are not disseminated in the following scenarios:
    - when an implied strategy trade is executed against an incoming order on a strategy instrument ("implied-in" functionality, available for LSEDM only);
    - when a strategy order is executed, following the matching between an incoming order and an implied order for one of its legs ("implied-out" functionality, available for IDEM and LSEDM).

The structure of the CS message will remain unchanged. There will be no changes to SAIL and FIX protocols.

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[1] In addition to trade messages for all strategy's legs, that are always disseminated.

7.0 Interface changes: SAIL protocol

No changes to the native SOLA® Access Information Language (SAIL) protocol are introduced by the functional enhancements described in this Release Notes.

8.0 Interface changes: FIX 4.2 protocol

No changes to the FIX protocol in use by the SOLA® Trading System are introduced by the functional enhancements described in this Release Notes.

9.0 Interface changes: HSVF protocol

The following table provides a full description of the changes to the market data (HSVF) protocol, introduced by the functional enhancements described in this Release Notes.

Field	Messages	Description of the change	Linked to
Strategy Instrument Keys	JS (Strategy instrument keys)	New value to indicate the pricing methodology applied to Pack strategies: - "L" (existing value): "same as legs" – The strategy is priced with the same methodology in use for its legs - "N" (existing value): "notional" – The strategy is priced in notional terms (deprecated) - "A" (new value): "Average Difference Change" – The strategy is priced using the Average Difference Change methodology	Futures "pack" strategies (6.2)
Tick Increment Table	J, JF (Futures and options instrument keys)	Documentation change only. Paragraph 16.25 will also include, for each Tick Instrument Table identifier, the dedicated tick table for negotiated transactions.	Dedicated tick table for negotiated transactions (6.1)