

GUIDE TO THE PARAMETERS

for trading on EuroTLX market

VERSION 2.~~89~~

INTO FORCE STARTING FROM ~~1224 MARCH-APRIL~~ 2021



BORSA ITALIANA

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INTRODUCTION

The Guide to the Parameters:

1. must be read jointly with the EuroTLX Market Rules;
2. is constantly updated;
3. is published on Borsa Italiana website and always communicated in an EuroTLX Notice;

1. TRADING PLATFORM SEGMENTS

The trading platform segments of EuroTLX market and the related main sectors are illustrated below. The complete list of sectors is available in the technical documentation related to Market Reference Data File MIT305.

SEGMENT CODE	SEGMENT DESCRIPTION	SECTOR CODE	SECTOR DESCRIPTION
EEQ	ETLX EQUITIES	IEQ	INTERNATIONAL EQUITY
DCE	DOMESTIC SETTLED CERTIFICATES	DLNP	DOMESTIC SETTL LEVA E CAP NON PROT
		DPPP	DOMESTIC SETTL CAP PROT E PARZ PROT
FCE	FOREIGN SETTLED CERTIFICATES	FLNP	FOREIGN SETTL LEVA E CAP NON PROT
		FPPP	FOREIGN SETTL CAP PROT E PARZ PROT
DGS	DOMESTIC SETTLED GOVIES & SOVEREIGN	DIG	DOMESTIC SETT ITALIAN AND FOREIGN GOVIES
FGS	FOREIGN SETTLED GOVIES & SOVEREIGN	FSG	FOREIGN SETT GOVIES GER FRA
		FSGO	FOREIGN SETT GOVIES OTHER
		FSS	FOREIGN SETT SOVEREIGN
DCF	DOMESTIC SETTLED CORPORATE, FINANCIAL, SUPRA, EMERGING, OTHER BONDS	DSCF	DOMESTIC SETT CORPORATE, FINANCIAL AND SUPRA
		DSEO	DOMESTIC SETT EMERGING AND OTHER BONDS
FCF	FOREIGN SETTLED CORPORATE, FINANCIAL, SUPRA, EMERGING, OTHER BONDS	FSCF	FOREIGN SETT CORPORATE, FINANCIAL AND SUPRA
		FSCE	FOREIGN SETT CORP, FIN, SUPRA, EMERG AND OTHER BONDS NOT MAJOR CURR
		FSEO	FOREIGN SETT EMERGING AND OTHER BONDS
DBB	DOMESTIC SETTLED BANKING BONDS	DBBP	DOMESTIC SETTL BANKING BOND PLAIN
		DBBN	DOMESTIC SETTL BANKING BOND NON PLAIN
FBB	FOREIGN SETTLED BANKING BONDS	FBBP	FOREIGN SETTL BANKING BOND PLAIN
		FBBN	FOREIGN SETTL BANKING BOND NON PLAIN
FPR	FOREIGN SETTLED PROFESSIONAL REQUEST	FPRP	FOREIGN SETTLED PROFESSIONAL REQUEST PLAIN
		FPRN	FOREIGN SETTLED PROFESSIONAL REQUEST NON PLAIN

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2. PRICE VARIATION LIMITS

1. Pursuant to guidance to Rules 4.5 of the Rules, for the purposes of the “Automatic trading controls”, on the basis of the financial instruments’ classification defined in the Rules, the following price variation limits shall apply:

a) maximum price variation limit of orders with respect to the static price:

- for Shares, certificates representing shares and other equity securities $\pm 50\%$:

- for “Certificates” and “Covered warrants”:

Static price <u>Reference price of the previous session</u>	Maximum price variation
Less than or equal to 0.003	+ 2000%; -100% $\pm 2000\%$
0.0031 – 0.03	+ 600 %; -100% $\pm 600\%$
0.0301 – 0.1	+ 400 %; -100% $\pm 400\%$
0.1001 – 0.3	+ 300 %; -100% $\pm 300\%$
0.3001 – 1.5	+ 300 %; -100% $\pm 300\%$
1.5001 – 3	+ 200 %; -100% $\pm 200\%$
3.0001 – 30	$\pm 90\%$
30.0001 – 70	$\pm 50\%$
70.0001 – 100	$\pm 30\%$ $\pm 40\%$
100.0001 – 300	$\pm 30\%$ $\pm 25\%$
300.0001 – 1,000 More than 300	$\pm 25\%$ $\pm 20\%$
<u>1,000.0001 – 10,000</u>	<u>$\pm 25\%$</u>
<u>Above 10,000</u>	<u>$\pm 20\%$</u>

- for debt securities

Category of residual life	FSCE Sector (debt securities in currencies other than EUR, GBP, USD, AUD, CAD)	DBBP, FBBP, DSCF, FSCF, FSGO, FSS Sectors and DGS not Italy Segment (Banking Bonds other than Eurobond plain vanilla, Sovereign, Corporate and Financials, Supranat/Agency, Not Italian Government Bonds other than France and Germany)	DBBN, FBBN DSEO, FSEO Sectors (Banking Bonds other than Eurobond non plain vanilla, Emerging Markets Bonds, Other Government Bonds, and Other debt securities)
0 – 180 (6 months)	$\pm 10\%$	$\pm 5\%$	$\pm 5\%$
181 – 365 (1 year)	$\pm 10\%$	$\pm 10\%$	$\pm 10\%$
366 – 730 (2 years)	$\pm 15\%$	$\pm 10\%$	$\pm 10\%$
731 – 1095 (3 years)	$\pm 15\%$	$\pm 10\%$	$\pm 10\%$
1096 – 1825 (5 years)	$\pm 15\%$	$\pm 15\%$	$\pm 15\%$

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1826 – 2556 (7 years)	± 15%	± 15%	± 15%
2557 – 3650 (10 years)	± 15%	± 15%	± 15%
3651 – 5475 (15 years)	± 20%	± 15%	± 20%
5476 and more	± 20%	± 20%	± 20%

b) maximum variation of the price of the contracts with respect to the static price:

- for Shares, certificates representing shares and other equity securities: ± 10%
- for “Certificates” and “Covered warrants”:

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<u>Reference price of the previous session</u> <u>Static price</u>	Maximum price variation
Less than or equal to 0.003	± 200 %; -100%
0.0031 – 0.03	± 9070 %
0.0301 – 0.1	± 9070 %
0.1001 – 0.3	± 8060 %
0.3001 – 1.5	± 7050 %
1.5001 - 3	± 5040 %
3.0001 – 30	± 4030 %
30.0001 - 70	± 3025 %
70.0001 - 100	± 2015 %
100.0001 - 300	± 2012.5 %
300.0001 - 1,000 More than 300	± 157.5 %
<u>1,000.0001 - 10,000</u>	<u>± 12.5%</u>
<u>Above 10,000</u>	<u>± 7.5%</u>

- for debt securities:

Category of residual life	FSCE Sector (debt securities in currencies other than EUR, GBP, USD, AUD, CAD)	DBBP, FBBP, DSCF, FSCF, FSGO, FSS Sectors and DGS not Italy Segment (Banking Bonds other than Eurobond plain vanilla, Sovereign, Corporate and Financials, Supranat/Agency, Not Italian Government Bonds other than France and Germany)	DBBN, FBBN DSEO, FSEO Sectors (Banking Bonds other than Eurobond non plain vanilla, Emerging Markets Bonds, Other Government Bonds, and Other debt securities)
0 – 180 (6 months)	± 2%	± 1%	± 1.50%
181 - 365 (1 year)	± 2%	± 1.25%	± 2%
366 – 730 (2 years)	± 3%	± 1.50%	± 2.50%
731 – 1095 (3 years)	± 3%	± 2%	± 3%
1096 – 1825 (5 years)	± 4%	± 2.50%	± 3.50%
1826 – 2556 (7 years)	± 5%	± 3%	± 4%
2557 – 3650 (10 years)	± 5%	± 3%	± 5%
3651 – 5475 (15 years)	± 5.50%	± 3.50%	± 6%
5476 and more	± 7%	± 3.50%	± 7%

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c) **maximum variation of the price of the contracts with respect to the dynamic price:**

- for Shares, certificates representing shares and other equity securities value: $\pm 5\%$
- for “Certificates” and “Covered warrants”:

Reference price of the previous session <u>Dynamic price</u>	Maximum price variation
Less than or equal to 0.003	+ 150 %; -100%
0.0031 - 0.03	\pm 80.50 %
0.0301 - 0.1	\pm 70.50 %
0.1001 - 0.3	\pm 60.40 %
0.3001 - 1.5	\pm 50.25 %
1.5001 - 3	\pm 30.25 %
3.0001 - 30	\pm 25.10 %
30.0001 - 70	\pm 15.7.5 %
70.0001 - 100	\pm 15.7.5 %
100.0001 - 300	\pm 10.5 %
300.0001 - 1,000 More than 300	\pm 7.53.5 %
<u>1,000.0001 - 10,000</u>	\pm 5 %
<u>Above 10,000</u>	\pm 3.5 %

- for debt securities:

Category of residual life	FSCE Sector (debt securities in currencies other than EUR, GBP, USD, AUD, CAD)	DBBP, FBBP, DSCF, FSCF, FSGO, FSS Sectors and DGS not Italy Segment (Banking Bonds other than Eurobond plain vanilla, Sovereign, Corporate and Financials, Supranat/Agency, Not Italian Government Bonds other than France and Germany)	DBBN, FBBN DSEO, FSEO Sectors (Banking Bonds other than Eurobond non plain vanilla, Emerging Markets Bonds, Other Government Bonds, and Other debt securities)
0 – 180 (6 months)	$\pm 1.50\%$	$\pm 1\%$	$\pm 1\%$
181 – 365 (1 year)	$\pm 1.50\%$	$\pm 1\%$	$\pm 1.50\%$
366 – 730 (2 years)	$\pm 2.50\%$	$\pm 1\%$	$\pm 1.50\%$
731 – 1095 (3 years)	$\pm 2.50\%$	$\pm 1.50\%$	$\pm 2\%$
1096 – 1825 (5 years)	$\pm 3\%$	$\pm 1.50\%$	$\pm 2.50\%$
1826 – 2556 (7 years)	$\pm 4\%$	$\pm 1.50\%$	$\pm 3\%$
2557 – 3650 (10 years)	$\pm 4\%$	$\pm 2\%$	$\pm 3\%$

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3651 – 5475 (15 years)	$\pm 4.50\%$	$\pm 2\%$	$\pm 4\%$
5476 and more	$\pm 5\%$	$\pm 2.50\%$	$\pm 5\%$

2. Pursuant to article 5.3 paragraph 1 letter e) of the Rules, for all the instruments admitted to the EuroTLX^{Quote} segment, Market Intermediaries of EuroTLX^{Quote} segment can enter order referred to their interest non-binding to trade on their own account (in particular, entering only dual side quotes from 8:45 am to 9 am, and orders and dual side quotes from 9 am to 5:30 pm). This interest is cancelled whether it matches with other interests (its bid/offer price is equals or less/more than the offer/bid prices already entered and not cancelled) and whether its maximum price variation with respect to the reference price is not included in the following percentage limits:

Category of residual life	Sector FPRP (plain vanilla instruments of the EuroTLX ^{Quote} segment)	Sector FPRN (non plain vanilla instruments of the EuroTLX ^{Quote} segment)
0 – 180 (6 months)	$\pm 3\%$	$\pm 5\%$
181 – 365 (1 year)	$\pm 4\%$	$\pm 5\%$
366 – 730 (2 years)	$\pm 5\%$	$\pm 10\%$
731 – 1095 (3 years)	$\pm 7\%$	$\pm 10\%$
1096 – 1825 (5 years)	$\pm 10\%$	$\pm 12\%$
1826 – 2556 (7 years)	$\pm 12\%$	$\pm 15\%$
2557 – 3650 (10 years)	$\pm 15\%$	$\pm 15\%$
3651 – 5475 (15 years)	$\pm 18\%$	$\pm 20\%$
5476 and more	$\pm 20\%$	$\pm 30\%$

3. Pursuant to article 8.2 of the Rules the trading parameters in previous paragraphs may be altered or temporarily deactivated.

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3. REFERENCE PRICE

1. Pursuant to article 4.7 letter a) of the Rules, the weighted average price of the contracts will be calculated taking into account all contracts concluded in an interval of the continuous trading phase whose duration will be defined as follow:

SEGMENT CODE	SEGMENT DESCRIPTION	INTERVAL DURATION
DGS	DOMESTIC SETTLED GOVIES & SOVEREIGN	LAST 60 MINUTES
FGS	FOREIGN SETTLED GOVIES & SOVEREIGN	LAST 90 MINUTES
DCF	DOMESTIC SETTLED CORPORATE, FINANCIAL, SUPRA, EMERGING, OTHER BONDS	LAST 120 MINUTES
FCF	FOREIGN SETTLED CORPORATE, FINANCIAL, SUPRA, EMERGING, OTHER BONDS	LAST 120 MINUTES
DBB	DOMESTIC SETTLED BANKING BONDS	DURING THE ENTIRE CONTINUOUS TRADING PHASE
FBB	FOREIGN SETTLED BANKING BONDS	DURING THE ENTIRE CONTINUOUS TRADING PHASE

4. ORDERS AND METHOD OF EXECUTION OF RFQs

Pursuant to articles 4.4 and 4.6 of the Rules, for the purposes of orders and method of execution of RFQs, the functionality is active only for the Segment Bond-X as defined in guidance to Rules 4.1. Furthermore, the following is specified:

1. Requests for quotes:

RFQs may be submitted by enabled Market Intermediaries for all of the instruments of DGS, FGS, DCF, FCF segments. For DCE, FCE, DBB and FBB segments, RFQs may be submitted only for the instruments where the Specialist, which requested the admission of the instrument, expressly asked for enablement of RFQ functionality. This request for enablement of the RFQ functionality can be done only on the entire set of instruments for which the observation of the liquidity requirements has been undertaken by the Specialist. For FPR segment, RFQs may be submitted by any EuroTLX^{Quote} Market Intermediaries for all of the segment's instruments. On the basis of the choice of the requester, RFQ may be submitted either anonymously or non anonymously and either on manual or auto execution mode. If RFQ are submitted on auto execution mode, the side of the RFQ has to be mandatory specified by the requester.

2. Responses to a RFQ:

For DGS, FGS, DCF, FCF, DCE, FCE, DBB and FBB segments, responses to a RFQ may be entered only by RFQ enabled Liquidity Providers which on that particular instrument undertook to observe the liquidity requirements as set in the article 6.3 of the Rules. Furthermore, with regards to DGS, FGS, DCF and FCF, also RFQ enabled Market Makers, which undertook to observe the liquidity requirements on at least 500 instruments quoted on those segments, may enter a response to a RFQ submitted on the instruments of those segments. The calculation of the number of instruments for which the observation of the liquidity requirements has been undertaken by the Market Maker, is executed on request of the Market Intermediary, at the RFQ enablement and at the end of each tax year. For FPR segment, responses to a RFQ may be entered by any EuroTLX^{Quote} Market Intermediaries on own account or on account of third parties for all of the segment's instruments.

3. Expiry of the terms:

For DGS and FGS segments, RFQs expire by maximum 60 seconds from the submission. For DCF, FCF, DCE, FCE, DBB, FBB and FPR segments, RFQs expire by maximum 90 seconds from the submission.

4. Minimum quantity of a RFQ:

The minimum quantity of each RFQ and of the contracts executed through RFQ modality, shall be both multiple of the minimum lot size of that particular instrument and at least equal to the notional value (or to the number of securities for DCE and FCE segments) reported for each instrument in MIT305 files (Min RFQ Value). Specifically, this value is equivalent to 700,000 € for DGS and FGS segments, 200,000 € for DCF, FCF, DCE, FCE, DBB and FBB segments, and 100,000 € for FPR segment (for each instrument traded in a currency different from Euro, these thresholds are converted using the exchange rate of last trading date of the previous year and potentially updated if needed).

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5. Maximum Quantity RFQ:

The maximum quantity of each RFQ and of the contracts executed through RFQ modality, shall be both multiple of the minimum lot size of that particular instrument and equal to the notional value (or to the number of securities for DCE and FCE segments) reported for each instrument in MIT305 files (obtained by multiplying EMS and MaxQtyRFQEMSMultiplier).

6. Maximum Value RFQ:

The maximum value in Euro of each RFQ and of the contracts executed through RFQ modality, shall be both multiple of the minimum lot size of that particular instrument and equal to the value reported for each instrument in MIT305 files (Max RFQ Value).

7. Price variation limits:

The responses to a RFQ and the RFQ contracts shall have a maximum price variation as set out in the following table. These differences are calculated between the responses/contracts prices and the best prices available on the trading book or, should there be no orders on the trading book, the dynamic price as set through its algorithm. In particular, the price variation limit of a RFQ response/contract is calculated:

- a) against the best bid and the best offer available on the trading book – or of non-binding interests for FPR segment;
- b) or, missing one of these above mentioned prices, against the Last Trade Price¹, which is the price of the last contract executed on the trading book during the trading session;
- c) or, shall there be not this last price, against the Closing Price¹, which is the closing price of the previous session, calculated through the Reference Price algorithm.

8. Execution Delay:

For those RFQ submitted on auto execution mode, this parameter defines the duration in seconds beyond which the RFQ will be executable from the time the RFQ was submitted. If not specified, the parameter will be automatically equal to 20 seconds.

9. Min Number of quotes:

For those RFQ submitted on auto execution mode, the requester sets the minimum number of live contra quotes to be considered to trigger the execution. If not specified, the parameter will be automatically equal to 2.

SECTOR CODE	SECTOR DESCRIPTION	PRICE VARIATION LIMIT
DIG FSG	DOMESTIC SETT ITALIAN AND FOREIGN GOVIES FOREIGN SETT GOVIES GER FRA	± 1%
FSGO FSS	FOREIGN SETT GOVIES OTHER FOREIGN SETT SOVEREIGN	± 2%
DSCF FSCF	DOMESTIC SETT CORP, FIN AND SUPRA FOREIGN SETT CORP, FIN AND SUPRA	± 3%
DBBP FBBP	DOMESTIC SETT BANKING BOND PLAIN FOREIGN SETT BANKING BOND PLAIN	± 4%

¹ As defined in MIT201, Trading Service Manual

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DSEO	DOMESTIC SETT EMERGING AND OTHER BONDS	± 5%
FSEO	FOREIGN SETT EMERGING AND OTHER BONDS	
FSCE	FOR CORP, FIN, SUP, EMER OTHER NOT MAJOR CURR	
FPRP	FOREIGN SETTLED PROFESSIONAL REQUEST PLAIN	
DPPP	DOMESTIC SETTLED CAP PROT E PARZ PROT	
FPPP	FOREIGN SETTLED CAP PROT E PARZ PROT	
FPRN	FOREIGN SETTLED PROFESSIONAL REQUEST NON PLAIN	± 6%
DBBN	DOMESTIC SETTLED BANKING BOND NON PLAIN	
FBBN	FOREIGN SETTLED BANKING BOND NON PLAIN	
DLNP	DOMESTIC SETTLED LEVA E CAP NON PROT	
FLNP	FOREIGN SETTLED LEVA E CAP NON PROT	

10. Maximum number of Market Intermediaries:

Pursuant to guidance to Rules 4.6 paragraph 2 of the Rules, non anonymously entered RFQs shall be addressed to a maximum number of 8 Market Intermediaries.

In the following table, some of the above parameters are reported:

SECTOR CODE	SECTOR DESCRIPTION	RFQ MIN QUANTITY	RFQ DURATION
DGS	DOMESTIC SETTLED GOVIES & SOVEREIGN	700,000 €	60 seconds
FGS	FOREIGN SETTLED GOVIES & SOVEREIGN		
DCF	DOMESTIC SETTLED CORP, FIN, SUPRA, EMERGING, OTHER BONDS	200,000 €	90 seconds
FCFDBBF	FOREIGN SETTLED CORP, FIN, SUPRA, EMERGING, OTHER BONDS		
BB	DOMESTIC SETTLED BANKING BONDS		
DCE	FOREIGN SETTLED BANKING BONDS		
FCE	DOMESTIC SETTLED CERTIFICATES		
	FOREIGN SETTLED CERTIFICATES		
FPR	FOREIGN SETTLED PROFESSIONAL REQUEST	100,000 €	90 seconds

Both the prices of responses to a RFQ and the possible Limit Prices of a RFQ shall be multiples of the tick value 0.0001.

5. SPREAD OBLIGATIONS OF LIQUIDITY PROVIDER

1. Pursuant to article 6.4 of the Rules, for the purposes of the definition of the spread obligations of Liquidity Provider which undertake to place on the market buy and sell orders, the maximum spread, calculated as the ratio of the difference between the bid and ask prices to half their sum, shall be determined on the basis of the following tables:

- for Shares, certificates representing shares and other equity securities:

<i>Reference Price (in € or in any different currency)</i>	<i>Maximum Spread</i>
<i>Less than or equal to 0.0030</i>	<i>50 %</i>
<i>More than 0.0030 to 3.0000 included</i>	<i>20 %</i>
<i>More than 3.000 to 35.00 included</i>	<i>7.5 %</i>
<i>More than 35.00 to 70.00 included</i>	<i>5 %</i>
<i>More than 70.00</i>	<i>3.5 %</i>

- for certificates and covered warrants:

<i>Reference Price (in € or in any different currency)</i>	<i>Maximum Spread</i>
<i>Less than or equal to 0.0030</i>	<i>180 %</i>
<i>More than 0.0030 – 0.3000 included</i>	<i>50 %</i>
<i>More than 0.300 – 1.500 included</i>	<i>20 %</i>
<i>More than 1.500 – 3.000 included</i>	<i>15 %</i>
<i>More than 3.00 – 30.00 included</i>	<i>7.5 %</i>
<i>More than 30.00</i>	<i>3.5 %</i>

- Debt Securities:

Category of residual life	<i>Maximum Spread</i>		
	FSCE Sector (debt securities in currencies other than EUR, GBP, USD, AUD, CAD)	DBBP, FBBP, DSCF, FSCF, FSGO, FSS Sectors and DGS not Italy Segment (Banking Bonds other than Eurobond plain vanilla, Sovereign, Corporate and Financials, Supranat/Agency, Not Italian Government Bonds other than France and Germany)	DBBN, FBBN DSEO, FSEO Sectors (Banking Bonds other than Eurobond non plain vanilla, Emerging Markets Bonds, Other Government Bonds, and Other debt securities)
0 – 180 (6 months)	3%	1%	2%
181 – 365 (1 year)	3%	2%	2%
366 – 730 (2 years)	6%	2%	3%
731 – 1095 (3 years)	6%	3%	4%
1096 – 1825 (5 years)	7%	3%	6%
1826 – 2556 (7 years)	8%	5%	7%
2557 – 3650 (10 years)	8%	6%	8%
3651 – 5475 (15 years)	9%	6%	10%
5476 and more	11%	7%	11%

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For Debt Securities, the maximum spreads reported in the previous table will be multiplied:

- by 1.2 whether the closing price of the previous day, for a given security, is between 35 and 70, and;
- by 1.5 whether such closing price is less than 35.

EuroTLX may establish a maximum spread that differs from that specified above, taking into account the characteristics of each financial instrument; it shall announce such a decision in a Notice. The spread percentage value applicable on each financial instrument is communicated through website.

2. During Stressed Market Conditions, Liquidity Providers shall post their quotes with a maximum spread which is the double of what defined in the previous paragraphs of this article.
3. EuroTLX may adjust the obligations specified in the preceding paragraph on the occasion of every circumstance that requires technical interventions including changes in market conditions and it is communicated by Notice.

6. STRESSED MARKET CONDITIONS (SMC)

1. Pursuant to article 8.16 paragraph 1 of the Rules, EuroTLX declares in general that, on any financial instrument, Stressed Market Conditions occur during the 5 minutes after the resumption of trading following an interruption for volatility as per Guidance to Rules 4.5, paragraph 2.
2. Pursuant to article 8.16 paragraph 2 of the Rules, EuroTLX may declare, by a communication to the Market Intermediaries, that a Stressed Market Condition occurs when, on single financial instrument or groups of financial instruments, the change of prices and volumes in a specific time interval exceeds simultaneously the following thresholds:

Segment	Conditions to be verified simultaneously	
EEQ	The maximum average price variation in the last 10 minutes with respect to previous reference price exceeds the absolute value of 15%	Turnover > 3 times the average turnover of the previous 5 days
DCE and FCE	The maximum average price variation in the last 10 minutes with respect to previous reference price exceeds the absolute value of 3*Y% [where Y is the maximum variation of the price as reported in paragraph 2.1 letter b]	Turnover > 3 times the average turnover of the previous 5 days
DBB and FBB	The maximum average price variation in the last 10 minutes with respect to previous reference price exceeds the absolute value of 2*Y% [where Y is the maximum variation of the price as reported in paragraph 2.1 letter b]	Turnover > 3 times the average turnover of the previous 5 days
DGS and FGS	The maximum average price variation in the last 10 minutes with respect to previous reference price exceeds the absolute value of 2*Y% [where Y is the maximum variation of the price as reported in paragraph 2.1 letter b]	Turnover > 3 times the average turnover of the previous 5 days
All the other segments	The maximum average price variation in the last 10 minutes with respect to previous reference price exceeds the absolute value of 2*Y% [where Y is the maximum variation of the price as reported in paragraph 2.1 letter b]	Turnover > 3 times the average turnover of the previous 5 days

3. EuroTLX may declare, by a communication to the Market Intermediaries, that Stressed Market Conditions occur whenever required by the trading conditions of the financial instrument.

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4. The SMC defined in the paragraph 1 of the present article will be communicated by EuroTLX through the messages related to the interruption for volatility (Circuit Breaker, CB). Considering such messages, which include the details relating to the start and the end of each interruption, and adding the 5 minutes defined in the paragraph 1 to the CB's end, the Market Intermediaries can acquire the information concerning the occurrence of a SMC.
5. The SMC defined in the paragraph 2 and 3 of the present article will be communicated by EuroTLX through "Public Announcement" of the trading platform MIT, following the pre-defined format that is specified as below:
 - Subject: "SMC START" + starting hour, or "SMC END" + ending hour (e.g. "SMC START 09:00:00").
 - Announcement: InstrumentID of the involved financial instruments, separated by ",".

7. LIQUIDITY PROVIDERS' OBLIGATIONS DURING SMC

1. Minimum Quantity Obligations during SMC

During SMC, Liquidity Providers, which undertake to place on the market orders pursuant to article 6.4 and 6.5 of the Rules, are required to quote with minimum quantities which are the half of those communicated by EuroTLX Notice in the admission and/or extension of liquidity requirements, or by following Notice, and concerning the normal market conditions for each financial instrument. Such quantity shall always be the maximum value between the halved quantity as previously calculated and the minimum negotiable amount of the specific financial instrument.

2. Maximum Spread Obligations during SMC

During SMC, Liquidity Providers which undertake to place on the market buy and sell orders pursuant to article 6.4 of the Rules, are required to quote with maximum spreads which are the double of those defined in this Guide to Parameters and concerning the normal market conditions.

8. EXCEPTIONAL CIRCUMSTANCES (EMC)

1. Pursuant to paragraph 4 of articles 6.4 and 6.5 of the Rules, Liquidity Providers are not required to respect the obligations defined in the previous paragraphs of the same articles 6.4 and 6.5 of the Rules when Exceptional Circumstances are declared by EuroTLX on financial instruments. Such circumstances occur in the cases specified in the Commission Delegated Regulation (EU) 2017/578, here below summarized:
 - a) extreme volatility triggering volatility mechanisms for the majority of financial instruments;
 - b) war, industrial action, civil unrest or cyber sabotage;
 - c) disorderly trading conditions where the maintenance of fair, orderly and transparent execution of trades is compromised;
 - d) where the investment firm's ability to maintain prudent risk management practices is prevented by technological issues, risk management issues or short selling ban;

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- e) during the temporary suspension period of pre-trading transparency referred to in article 9 (4) of Regulation (EU) No 600/2014.
- 2. In the cases referred to in the previous paragraph, letter d), Liquidity Providers shall notify EuroTLX by email the occurrence and the end of this circumstance in order to be exempted from the quotation obligations.
- 3. EMCs defined in the paragraph 1, with the exclusion of those stated in letter d), will be communicated by EuroTLX through “Public Announcement” of the trading platform MIT, following the pre-defined format that is specified as below:
 - Subject: “EMC START” + starting hour, or “EMC END” + ending hour (e.g. “EMC START 09:00:00”).
 - Announcement: InstrumentID of the involved financial instruments, separated by “,”.

9. TECHNICAL LIMITS FOR THE ORDER ENTRY, OTR AND LINKUPS FOR MARKET INTERMEDIARIES

1. Limits to maximum quantity and value of an order/quote

Pursuant to article 4.4 of the Rules, the maximum quantity and value of an order/quote entered into a book shall be equal to the value reported for each financial instrument in MIT305 file (respectively, EMS and Max Order Value).

2. OTR

Pursuant to article 3.14 paragraph 3 of the Rules, EuroTLX defines the calculation of the order to trade ratio for each Market Participant on each financial instrument in terms of volume and in term of number (OTR), on the basis of related segment.

SEGMENT		INTERMEDIARY		LIQUIDITY PROVIDER	
		Max OTR Permitted Value	Minimum number of orders*	Max OTR Permitted Value	Minimum number of orders*
DGS and FGS	in terms of number	75,000	150,000	150,000	300,000
	in terms of volume	750,000		1,500,000	
DCE and FCE	in terms of number	4,000	200,000	20,000	400,000
	in terms of volume	20,000,000		100,000,000	
EEQ	in terms of number	2,000	75,000	10,000	150,000
	in terms of volume	10,000		50,000	

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All the other segments	in terms of number	75,000	150,000	150,000	300,000
	in terms of volume	750.000		1,500,000	

*It represents the minimum number of orders on each financial instrument for each Market Intermediary. Values below these thresholds will not be considered as violation of OTR.

In particular, OTR will be calculates daily following below reported formulas:

OTR in terms of number	$\frac{\text{Total number of orders}}{\text{Total number of transactions}} - 1$
OTR in terms of volume	$\frac{\text{Total volume of orders}}{\text{Total volume of transactions}} - 1$

- “OTR in terms of number” defines the threshold of number of order in terms of number;
- “OTR in terms of volume” defines the threshold of number of order in terms of volume;
- “Orders” defines all the incoming messages, including adding, amended and cancellations messages sent to the trading system, related to an order or a quote excluding cancellation messages following a lost of connection or a system shutdown (kill functionality);
- “Transaction” defines an order full or partially executed; in case of no transactions, the total volume of transaction will be equal to 1;
“Volume” defines the quantity traded on a financial instrument expressed as the number of financial instruments for EEQ, DCE and FCE segments and nominal value for all the other segments; in case of no transactions, the total volume of transaction will be equal to 1 for EEQ, DCE and FCE segments and it will be the minimum lot for all the other segments.

A violation of the OTR by a Market Intermediary on a financial instrument in a trading day will occur when one of the two ratios exceed the related threshold value. In case of violation of OTR, EuroTLX will notify the Market Intermediary the instrument’s detail for further analysis. EuroTLX can intervene, in accordance with the provisions of the Rules, in the event that Market Participant repeatedly violates the OTR thresholds.

3. Linkups granted for specialists and market makers

Pursuant to article 3.14 , paragraph 3 of the Rules the following technical limits for the order entry apply depending on the sum of the base and the additional linkups eventually chosen by the specialists and market makers, as indicated hereinafter:

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Comp ID ²	Transactions per second (“tps”)
<i>CompID Base</i>	<i>Defined according to the linkups below</i>
<i>CompID Standard</i>	<i>+ 50 tps</i>
<i>CompID Advance</i>	<i>+ 150 tps</i>
<i>CompID Double Advance</i>	<i>+ 300 tps</i>

Linkups granted for Specialists and Market Makers, defined upon request and by the end of each tax quarter, take into account the typology and the number of instruments for which the activity is carried out, as indicated in the following tables:

- a) Banking Bonds other than Eurobonds
(instruments traded in the trading platform segments: DBB, FBB)

Number of instruments per segment on which the Specialist has undertaken to support liquidity		Total number of tps per segment
From	To	
1	125	10
126	250	25
251	500	50
501	1000	100
> 1000		150

- b) other debt securities, other bonds (instruments defined by the Rules as “Supranational/Agency” Bonds, “Emerging Markets” Bonds, “Corporate and Financials” and “Other Government Bonds”)
(instruments traded in the trading platform segments: DCF, FCF)

Number of instruments per segment on which the Liquidity Provider has undertaken to support liquidity		Total number of tps per segment
From	To	
1	50	10
51	125	50
126	200	100
201	400	200
> 400		300

² CompID/UserID means the typology of logical connection to the single segment of the market platform. Liquidity Providers shall communicate to EuroTLX the number of users on which distribute tps “base” and/or “acquired”, assigning to each user a number of tps equal to 10, 15, 25 or multiples of 10 and 25.

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- c) Government bonds (instruments defined by the Rules as “Italian Government Bonds”, “Not Italian Government Bonds” and “Sovereign”)
(instruments traded in the trading platform segments: DGS, FGS)

Number of instruments per segment on which the Liquidity Provider has undertaken to support liquidity		Total number of tps per segment
From	To	
1	50	25
51	100	50
101	200	75
201	500	200
> 500		250

- d) Shares, certificates and other equity securities
(instruments traded in the trading platform segment: EEQ)

Number of instruments per segment on which the Liquidity Provider has undertaken to support liquidity		Total number of tps per segment
Da	A	
1	150	25
151	250	150
251	500	300
> 500		400

- e) Leveraged certificates, plain vanilla and exotic Covered warrants:
(instruments traded in the trading platform segments: DCE, FCE)

Number of instruments per segment on which the Specialist has undertaken to support liquidity		Total number of tps per segment
From	To	
1	25	25
26	50	50
51	150	150
151	300	200
> 300		250

- f) Certificates without leverage
(instruments traded in the trading platform segments: DCE, FCE)

Number of instruments per segment on which the Specialist has undertaken to support liquidity		Total number of tps per segment
From	To	
1	50	10
51	150	25
151	300	50
301	600	100
> 600		150

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4. Supervisor CompID

The Supervisor CompIDs possibly required by Market Intermediaries have both *Order Cancellation* and *Mass Cancellation* functionalities, and each of these CompIDs has a maximum limit of Transactions per second equal to 50 tps. *Order Modification* functionalities of a Supervisor CompID shall never be used by Market Intermediaries.

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10. TICK MULTIPLIER

Pursuant to the Guidance to Rules 4.4, the prices of orders - or non-binding interests for EuroTLX^{Quote} segment - shall be multiples of the ticks established for financial instruments and market's session in relation to the prices of the order entered, as follows:

- a) Shares:
ticks defined in Commission Delegated Regulation (EU) 2017/578 are applied, in consideration of liquidity classes and price ranges of the inserted orders;
- b) certificates and covered warrant:

<i>Prices of the order entered</i>	<i>Tick</i>
<i>Less than or equal to 0.0029</i>	<i>0.0001</i>
<i>0.0030 – 0.3000</i>	<i>0.0005</i>
<i>0.301 – 1.499</i>	<i>0.001</i>
<i>1.500 – 3.000</i>	<i>0.005</i>
<i>More than 3.00</i>	<i>0.01</i>

- c) all the instruments included in the sector FSG and Italian Government Bonds included in the sector DIG:

<i>Class of residual life</i>	<i>Tick</i>
<i>Residual life less or equal to 5 years</i>	<i>0.001</i>
<i>Residual life more than 5 years</i>	<i>0.01</i>

- d) all the other instruments: tick 0.01.

The prices of responses to a RFQ shall be multiples of the tick value 0.0001.

11. MINIMUM QUANTITY OBLIGATIONS FOR THE LIQUIDITY PROVIDERS

1. Cert-X

Pursuant to Articles 6.4 and 6.5 of the Rules, the minimum quantity obligations of Liquidity Providers that undertake to display bids and offers, or bids only, on Cert-X segment, are defined on the basis of the instrument reference price recorded on the previous business day. Specifically, the minimum quantity to be displayed is calculated every day by Borsa Italiana by dividing an equivalent of EUR 5,000 by the reference price of the financial instrument of the previous day, taking into account the exchange rate of the previous day, where applicable. The quantity thus obtained is rounded to the minimum trading lot. In any case, the minimum quantity cannot be

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lower than the minimum trading lot or exceed 25% of the issued quantity of the financial instrument or 1,000,000 instruments.

2. Bond-X

Pursuant to Articles 6.4 and 6.5 of the Rules, the minimum quantity obligations, expressed in terms of notional value, of Liquidity Providers that undertake to display bids and offers, or bids only, on Bond-X segment are set out in the following table. In case the minimum quantity is not multiple of the minimum lot size, it shall be rounded to the nearest minimum lot.

FSCE Sector (debt securities in currencies other than EUR, GBP, USD, AUD, CAD)	DBBP, FBBP, DSCF, FSCF, FSGO, FSS Sectors and DGS not Italy Segment (Banking Bonds other than Eurobond plain vanilla, Sovereign, Corporate and Financials, Supranat/Agency, Not Italian Government Bonds other than France and Germany)	DBBN, FBBN DSEO, FSEO Sectors (Banking Bonds other than Eurobond non plain vanilla, Emerging Markets Bonds, Other Government Bonds, and Other debt securities)
25,000	50,000	25,000

For instruments denominated in EUR or USD, the aforementioned quantities are expressed in the currency of denomination. For instruments denominated in any different currency, the above-mentioned quantities in EUR are converted into the currency of denomination on the basis of the ECB's fixing exchange rate for the last day before the 1st of April and the 1st of October of each year. In case the resulting minimum quantity is not multiple of the minimum lot size, it shall be rounded to the nearest minimum lot.

3. Equity

Pursuant to Articles 6.4 and 6.5 of the Rules, the minimum quantity obligations of Liquidity Providers that undertake to display bids and offers, or bids only, on Equity segment are communicated by Borsa Italiana in the admission to trading Notice.

The minimum quantity obligations are disseminated by Borsa Italiana to market participants through the ETLX Reference Data File.



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