EURONEXT DERIVATIVES: Market Quality Analysis on the Italian Stock Options market

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Better on-screen quality on Euronext Italian Stock Options versus competitors following the trading migration

In this study, Euronext analysed the behaviour of Italian Stock Options traded on-screen on Euronext Derivatives Milan before and after the migration to Optiq®.

Methodology

The analysis has been structured as per below:

- **Data Source**: QuantHouse Iress
- **Reference Period**: from 2 January 2024 to 30 December 2024
- **Scope**: all Italian Stock Options available for trading on Euronext Derivatives Milan, with a focus on top eight by volumes including ENI, Enel, Generali, Intesa Sanpaolo, Telecom Italia, Stellantis, ST Microelectronics and UniCredit.

Executive summary

- Euronext achieved several key milestones in 2024 that allowed the Group to expand its presence along the entire trading value chain. Among those, the migration of Borsa Italiana's derivatives markets onto Euronext trading platform (25 March 2024), and the expansion of Euronext Clearing to all Euronext financial derivatives markets (9 September 2024), thus finalising the integration of the Borsa Italiana into the Group and offering a comprehensive suite of solutions from pre-listing to post-trade.

- Overall, the trading migration had a very positive impact on the on-screen market quality of the Italian Stock Options market, in particular:
  - When considering all maturities of the top contracts by volumes, Euronext shows tighter spreads vs. competitors since August 2024.
  - For front-month maturities only on all contracts, Euronext's spreads are consistently better than those of main competitors.

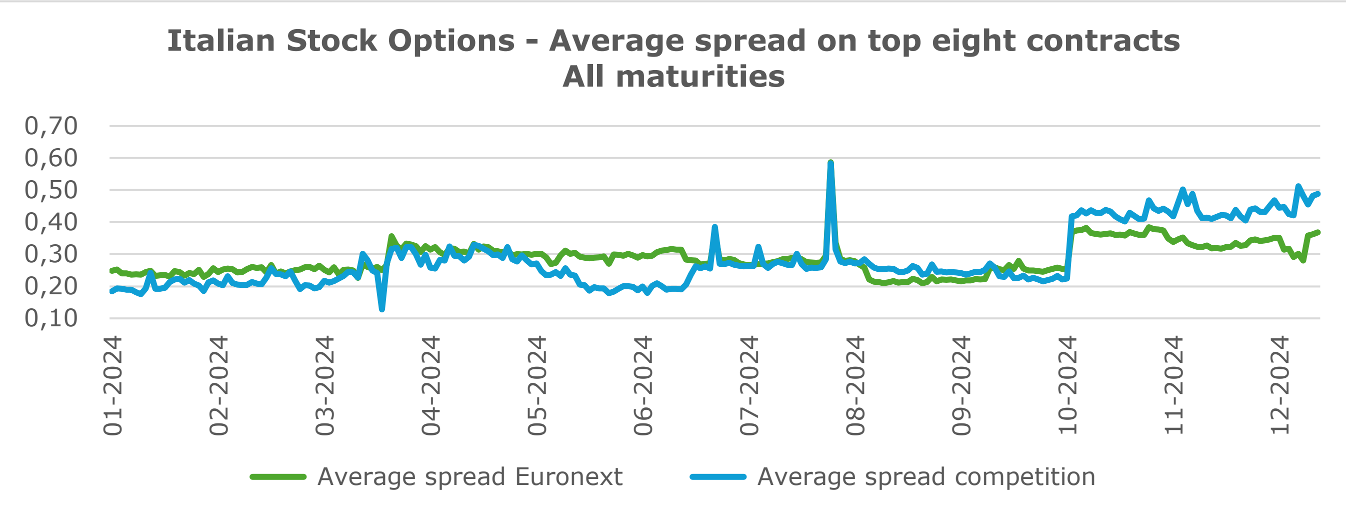
- Since the trading migration, Market Makers are benefitting from an incentive-based Market Making fee programme, allowing them to provide more consistent liquidity.

Market Quality looking at all maturities of Italian Stock Options

1. Focus on the top eight Italian Stock Options by volumes

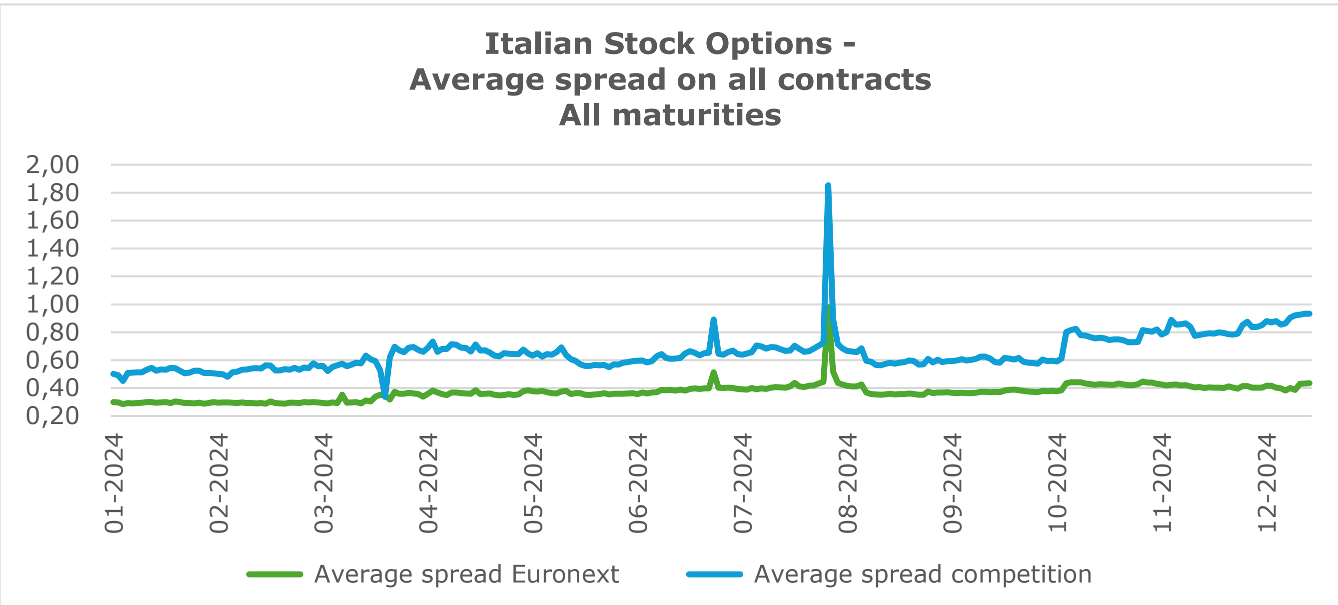
The data shown in the below chart covers the following eight Italian Stock Options: ENI, Enel, Generali, Intesa Sanpaolo, Telecom Italia, Stellantis, ST Microelectronics and UniCredit.

During the observed Reference Period before the Euronext Derivatives migration in March, Euronext spreads showed a wider level compared to main competitors; however, after the trading migration, Euronext gradually closed the gap, achieving tighter spreads in August, keeping this behaviour through September, and then consistently outstanding main competitors from October 2024 onwards.



2. All Italian Stock Options

When considering all Italian Stock options during the whole Reference Period, Euronext's spreads are generally better than those of main competitor for maturities across all monthly contracts from January 2024 to December 2024.



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Market Quality looking at the front-month maturities on all Italian Stock Options

As per below graph, Euronext's spreads are consistently tighter than those of main competitors when looking at the front-month maturities across all monthly contracts during the whole Reference Period. This demonstrates Euronext's ability to uphold its competitive edge and provide better market quality for trading Italian Stock Options.