



One Market, many trading solutions

The new Vorvel Equity Segment: what it is, how it works, what changes for investors

Come into force: 27 January 2025

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Negotiations begin on the new segment Vorvel Equities

in order to meet the needs of an **exclusively retail user**



This presentation aims to facilitate investors:

- in understanding the key features of the new Market Segment*
- to become aware of the possible market dynamics that can result from its innovative matching model*



Before trading on Vorvel Equities, make sure you understand how it works

How shall I inform myself on the functioning of Vorvel Equities?

- Through this presentation
- By consulting the information material available on www.vorvel.eu and in particular by reading:
 - ✓ **Market Regulation**, «Book 2 dedicated to the Vorvel Equities Segment
 - ✓ the description page of the «**Market Model**» of Vorvel Equities, available in the section of the site dedicated to it
- Asking my bank for information

The first useful thing to do: understand how to inform yourself

What will I find on Vorvel Equities?

The segment starts with 38 high-importance and high liquidity shares of the Italian stock market

Additional Shares, ETFs, ETC/ETN and Investment Funds may be added in the future

Shares are always admitted to trading at the request of at least 1 Market Maker, who commits himself to support their liquidity.

The Shares admitted are already traded on other financial markets (regulated or MTF). Other marketable securities may also be admitted to trading upon request from the Issuer or a Liquidity Provider operating with the consent of the Issuer.



Vorvel Equities aims to expand trading opportunities on financial instruments with best execution conditions for non-professional investors, increasing the overall liquidity available on each financial instrument

The main information to know

What are the main things to know about Vorvel Equities?

- ✓ **The trading is continuous, from 9am to 5:30pm and the book is anonymous**
- ✓ **As regards the initial 38 shares, the liquidity is supported by 2 market makers (MM) on 30 of them and by 1 MM on the remaining 8. MiFID II apply to both 2 MM. The list of market makers per individual security is available on the website www.vorvel.eu**
- ✓ **All trading proposals (TP) are in competition with each other (Market Model All to All)**
- ✓ **The TP are matched according to a matching model «Price-Member-Time Priority», that is a novelty in the panorama of the Italian markets → Read more on the next two slides**
- ✓ **Brokers (Order Flow Provider) can only operate on behalf of their clients and in compliance with certain limitations provided by the Regulation. The list of Brokers who have already joined Vorvel Equities is available on the website www.vorvel.eu. Ask to your bank when you will be able to trade on Vorvel Equities.**

The Price-Member-Time Priority

What is the matching model and how does it work?

The matching of trading proposals takes place according to a mechanism defined as **Price-Member-Time (PMT) Priority**, which is based on the following priority criteria:

1) **Price** → The best price always prevails

2) **Member** (represented as a possible association with a **Liquidity Provider operated by the Order Flow Provider**) → This criterion cannot override the price criterion, but - where applicable - prevails over the time of insertion

To better understand its implications read the next slide

3) **Time** → The other two conditions being equal, the time of insertion prevails)

La P-M-T priority is a **member preferencing mechanism** that aims to:

- reward the Market Makers for their liquidity support carried out in continuous, a key element of expanding trading opportunities under best execution conditions
- Provide Order Flow Provider with the opportunity to address this type of prize as they see fit

Price-Member-Time Priority and its implications

What are the possible implications of PMT Priority?

As mentioned, each Broker (Order Flow Provider) has the option to indicate a Priority Market Maker (Member)

- The exercise of this option ensures that any order placed by the same Order Flow Provider, if it can be combined with more than one trading offer of equal price, is matched in priority with the trading offers entered by the chosen Market Maker*
- This behaviour occurs even if the Market Maker's proposals are inserted with a lower time priority than the other matching proposals*
- When there are at least two different TP on the price level, being the book anonymous (measure necessary for the orderly conduct of trades and minimization of manipulative operations), it is not possible to know in advance which of these TP will be executed and/or executed first*



In all other cases of competition between multiple trading proposals, the matching model behaves on the basis of only 2 priority criteria:

- «P» (Best Price)*
- «T» (Time of insertion of the proposal)*

The implications of the retail character of the segment

The presence and role of market makers are fundamental to the expansion of trading opportunities at best execution conditions for retail users. In order to enable them to perform their task at best, Vorvel Equities has introduced other special features:

- Market makers cannot make contracts with each other*
- Order Flow Provider and their interconnected Operators (or Intermediaries that offer indirect access to the Segment) may not be used to carry out activities of:*
 - 1) High Frequency Trading*
 - 2) algorithmic trading*
 - 3) trading on own account by authorised Intermediaries*
 - 4) funds, insurance and investors classified as professional who are not actual natural persons*

Smart Order Routing services used to select the market with the best execution conditions are allowed

Vorvel considers that behaviour has not permitted:

- Placing an order, modification or cancellation of multiple orders in rapid succession*
- the subdivision of a large order into multiple orders sent to the market*
- any behaviour considered to be manipulative by the applicable legislation*

One Regulation for Vorvel Equities and Vorvel Bonds

Does anything change on Vorvel Bonds?

No!

- *The operation of the Vorvel Equities and Vorvel Bonds Segments is described in the same Book 2 of the Vorvel Market Regulation, but the changes introduced only concern the new rules for Vorvel Equities*
- *The choice of a single Regulation for the 2 Segments is based on a purely technical factor (they share the same Mic Code), which has no relevance for end users*
- ***Therefore, Vorvel Bonds' operation remains the same as before***