

July 2020

Canada Market Structure Monthly

Canada Market Microstructure Observations

- TSX-listed average daily volume in July 2020 was 670M shares, the fourth consecutive monthly decline, but was still up 26% YoY.
- Average non-TSX listed volume increased for the ninth consecutive month to 607MM shares in July 2020, led by Therma Bright (THRM) which traded an average of 19MM shares a day. Since the start of the year, average daily non-TSX listed volumes have increased by 85%.
- Market on close (MOC) market share for the S&P/TSX Composite surged to a two-year high, increasing by 8% MoM to 5.4% in July 2020. Conversely, MOC market share for the S&P/TSX 60 declined 7% MoM to 11.4% but is still near the highs of the year.
- There was a significant spike in MOC market share for the Canadian banks in July 2020, with the big five (BMO, BNS, CM, RY, TD) all trading more than 30% of volume in the MOC. In June, average MOC volume for the banks was in the mid-teens.
- Average spreads declined for the fourth consecutive month in July 2020. S&P/TSX 60 names saw minor decreases in spread across all time bins (2.5% MoM) while S&P/TSX Composite names saw significant declines across all time bins (more than 10% MoM).
- Volatility also decreased for the fourth consecutive month, declining by more than 20% MoM in July 2020 across all time bins. Market open continues to have the highest volatility by far, more than 3x the averages during midday and the close. Despite the recent declines, volatility remains more than 50% higher than pre-pandemic levels.

Market Structure News

TMX Group Proposes Overhaul of Market on Close (MOC) Facility

The TMX Group Limited published its long anticipated MOC Modernization Proposal, which would result in a complete overhaul of the TSX MOC facility. The proposed model would align Canada's MOC more closely with our U.S. counterparts. Among the lengthy list of changes is the introduction of more detailed imbalance messages which will be published every 10 seconds and will contain information not available today, such as paired shares. Today's closing auction only contains a single imbalance message at 3:40PM. The proposal would also introduce a freeze period which would start at a random time between 3:56PM and 3:57PM and run until 4:00PM.

<https://www.tsx.com/resource/en/2357>

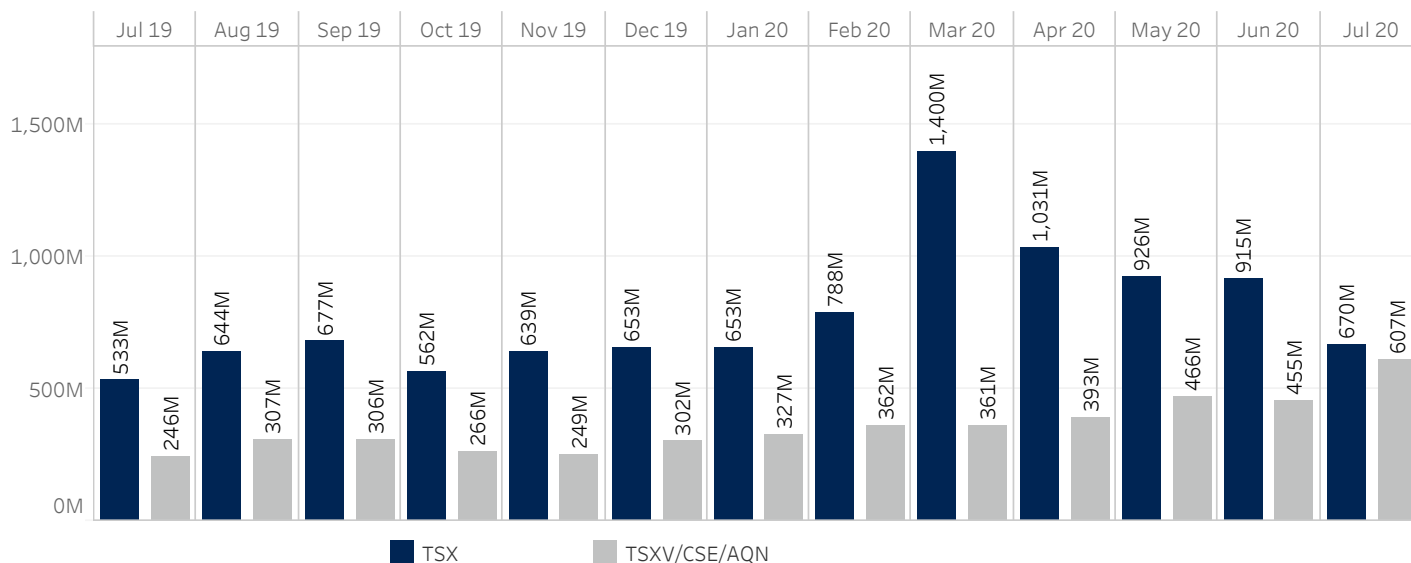
Ontario Securities Commission (OSC) Fines Coinsquare Ltd. \$2.2 Million for Market Manipulation

Following an investigation into Coinsquare's trading volumes, the OSC discovered that the company was engaged in fraudulent trading activity to inflate its volume and market share. In settling the matter, Coinsquare admitted to executing 840,000 wash trades involving 590,000 Bitcoins which represents 90% of the firm's reported trading activity. As part of the settlement, CEO Cole Diamond and founder and CTO Virgile Rostand resigned and are barred from securities industry for the three years. The ruling marks the first time the OSC has levied sanctions against a cryptocurrency trading platform.

https://www.osc.gov.on.ca/en/NewsEvents_nr_20200721_osc-panel-approves-settlement-with-coinsquare-diamond-rostand-mazer.htm

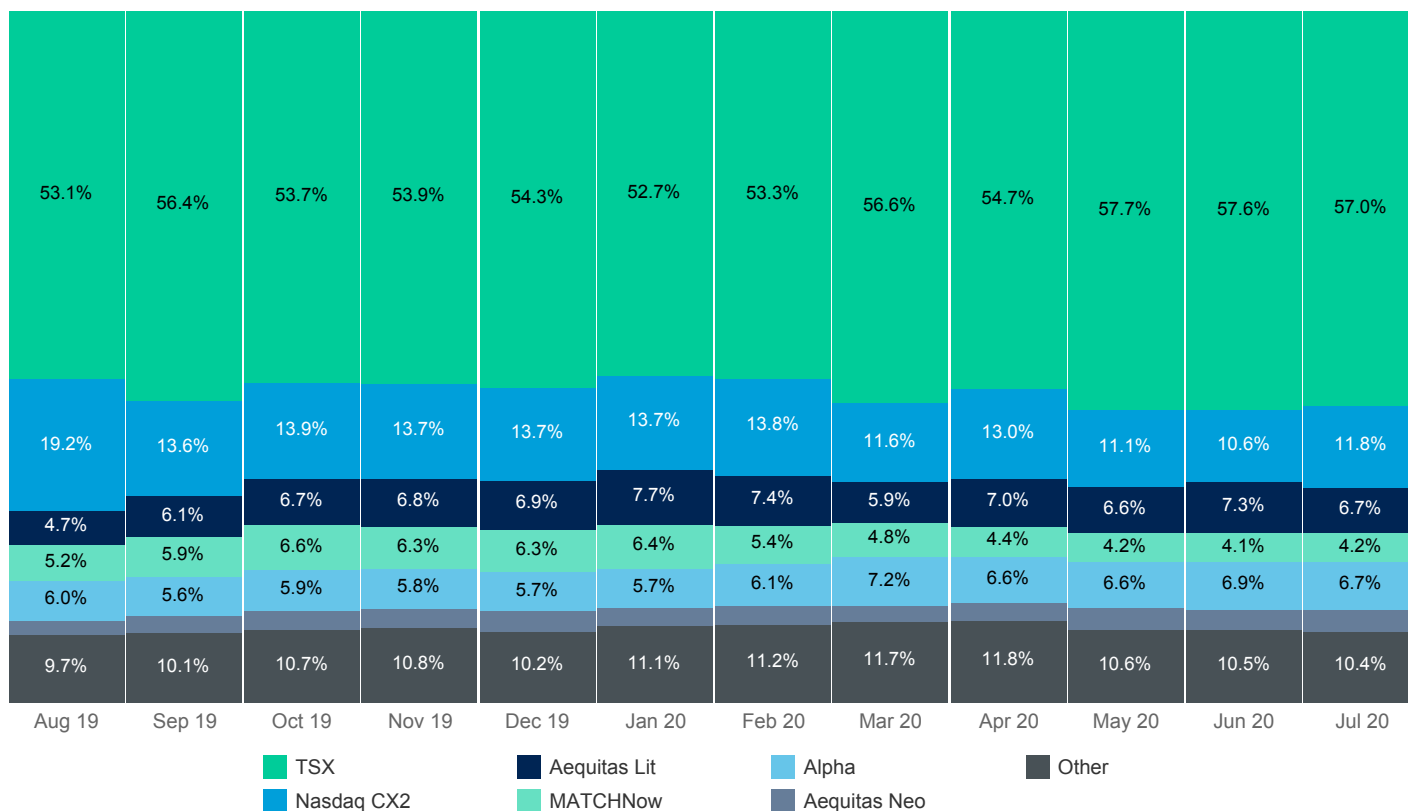


Average Daily Market Volume By Listing Exchange (Shares)



Source data: Virtu Financial

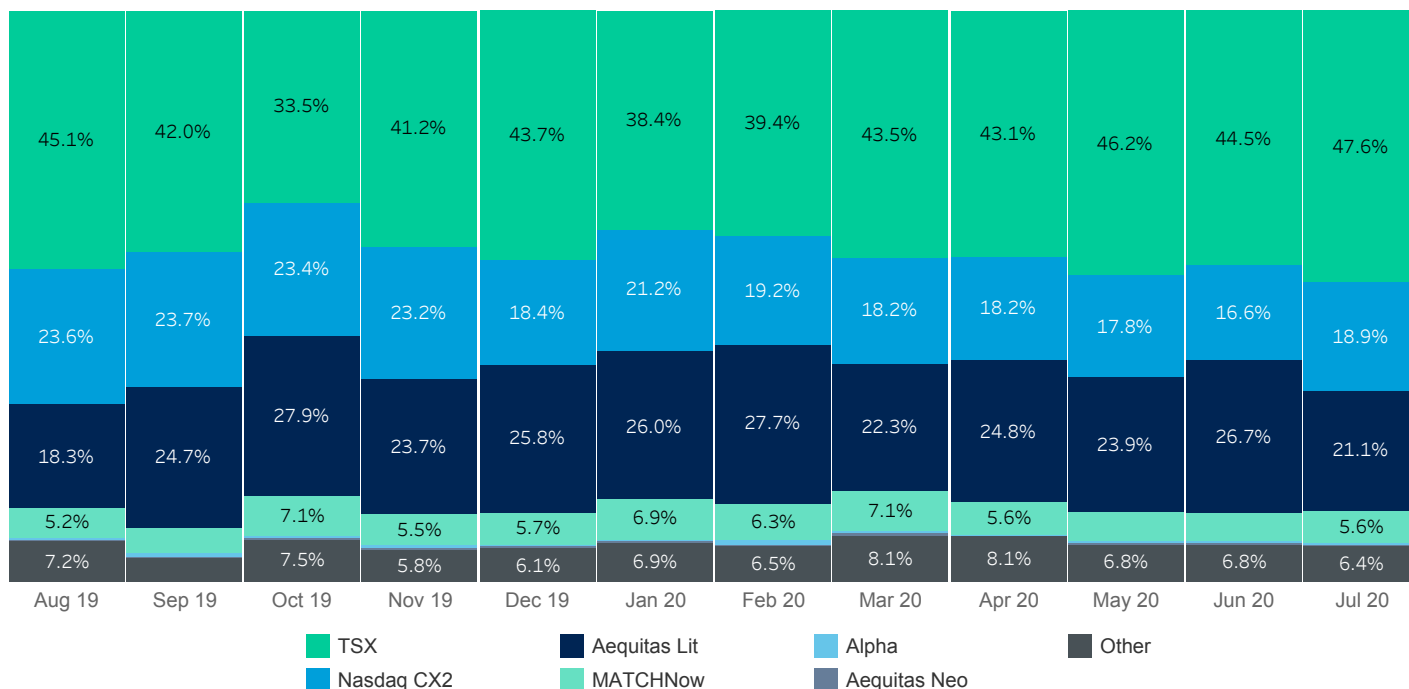
Venue Market Share



TSX listed securities only; Source data: Virtu Financial

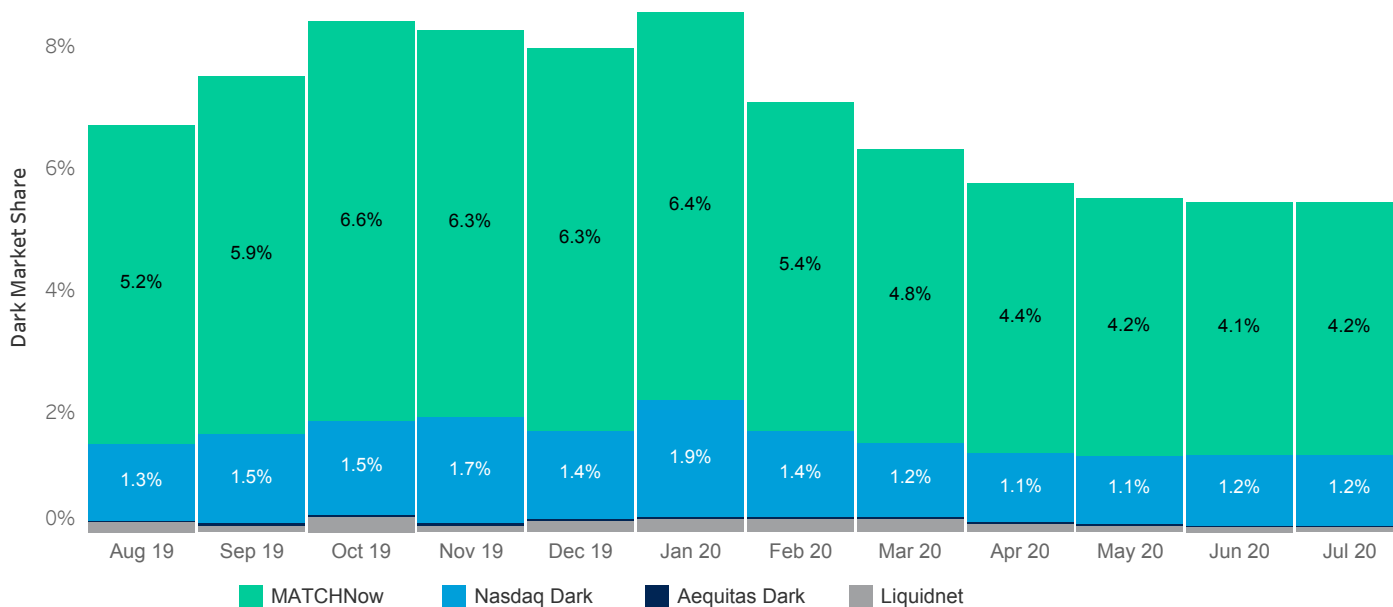


Block Volume Market Share



Blocks defined as >10K shares and > \$100,000; TSX listed securities only; Source data: Virtu Financial

Dark Venue Market Share (% of total volume)



TSX listed securities only; Source data: Virtu Financial



Quotesize in Shares

		3Q 19			4Q 19			1Q 20			2Q 20			3Q 20
		Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20
First 30 Min	S&P/TSX 60	618	551	578	594	599	640	605	608	500	482	502	520	608
	S&P/TSX Composite	665	595	600	610	637	692	680	689	586	543	532	564	638
Mid Day	S&P/TSX 60	945	836	861	855	901	1,012	1,007	960	617	627	754	730	808
	S&P/TSX Composite	1,031	888	857	855	919	1,050	1,053	1,021	720	691	791	803	860
Last 30 Min	S&P/TSX 60	1,300	1,166	1,278	1,310	1,356	1,514	1,422	1,373	675	759	962	953	1,033
	S&P/TSX Composite	1,284	1,151	1,192	1,180	1,271	1,435	1,396	1,394	827	896	1,065	1,100	1,125

Spread Bps

First 30 Min	S&P/TSX 60	4.4	4.8	4.6	4.8	4.6	4.3	4.4	4.6	14.9	11.2	7.5	7.2	6.8
	S&P/TSX Composite	9.5	10.2	10.0	10.1	9.3	8.6	8.7	9.5	28.3	23.0	17.7	16.2	13.8
Mid Day	S&P/TSX 60	3.0	3.3	3.2	3.2	3.0	2.8	2.8	2.9	7.7	5.5	4.6	4.5	4.4
	S&P/TSX Composite	6.1	6.6	6.4	6.4	6.3	5.7	5.7	5.9	14.8	11.5	9.6	9.1	7.8
Last 30 Min	S&P/TSX 60	2.4	2.6	2.4	2.5	2.4	2.3	2.3	2.3	6.0	4.4	3.6	3.5	3.3
	S&P/TSX Composite	5.1	5.6	5.5	5.5	5.3	5.1	5.0	5.0	12.0	9.2	8.1	7.6	6.8

One Minute Volatility Bps

First 30 Min	S&P/TSX 60	9.6	13.7	12.0	11.2	11.0	10.6	10.0	12.4	51.8	30.1	22.1	21.3	16.7
	S&P/TSX Composite	11.6	16.7	14.6	13.6	13.3	12.4	12.0	14.8	56.2	36.1	27.2	26.4	20.6
Mid Day	S&P/TSX 60	3.1	4.5	4.1	3.9	3.4	3.3	3.2	3.9	22.9	11.8	7.7	7.6	5.5
	S&P/TSX Composite	3.0	4.7	4.2	4.0	3.5	3.0	3.1	3.8	22.8	13.0	8.2	8.1	6.1
Last 30 Min	S&P/TSX 60	3.0	4.2	3.7	3.6	3.0	3.0	3.2	3.6	26.5	12.8	8.5	7.4	5.4
	S&P/TSX Composite	2.9	4.0	3.5	3.3	2.9	2.6	2.7	3.1	25.1	13.3	8.6	7.7	5.7

Percent MDV by Time of Day

Open	S&P/TSX 60	0.6%	0.6%	0.5%	0.5%	0.6%	0.6%	0.6%	0.6%	0.6%	0.7%	0.6%	0.6%	0.5%
	S&P/TSX Composite	0.5%	0.5%	0.5%	0.4%	0.5%	0.5%	0.5%	0.6%	0.6%	0.6%	0.5%	0.5%	0.5%
First 30 Min	S&P/TSX 60	10.0%	11.5%	10.7%	10.4%	10.6%	11.3%	10.9%	11.0%	10.8%	11.1%	12.2%	11.7%	11.7%
	S&P/TSX Composite	9.9%	11.4%	10.9%	10.4%	10.7%	10.9%	10.9%	11.2%	10.6%	11.5%	12.5%	11.7%	12.2%
Last 30 Min	S&P/TSX 60	26.8%	24.7%	28.2%	27.5%	27.2%	28.8%	28.9%	27.8%	28.2%	30.6%	29.7%	30.0%	32.5%
	S&P/TSX Composite	22.0%	20.6%	21.5%	21.8%	21.4%	22.3%	22.5%	22.0%	22.3%	24.6%	23.1%	23.1%	25.1%
Close	S&P/TSX 60	7.6%	7.6%	12.3%	8.6%	8.6%	11.1%	9.9%	10.1%	8.4%	8.9%	8.9%	12.3%	11.4%
	S&P/TSX Composite	4.0%	4.1%	4.3%	4.2%	4.3%	5.1%	4.8%	4.9%	3.7%	3.8%	4.0%	5.0%	5.6%

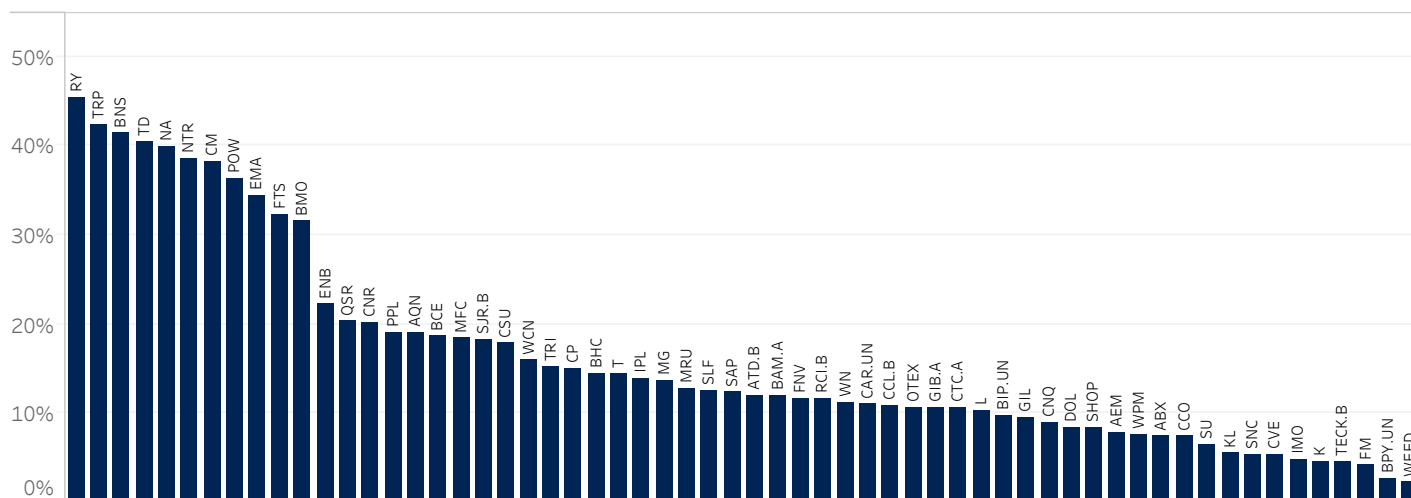
Median used for all metrics

One minute volatility is calculated using the difference between the high and low price within a one minute time bin, divided by that bin's VWAP

Source data: Virtu Financial



July 2020 Median MOC % of Daily Volume - S&P/TSX 60



Source data: Virtu Financial



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