

May 2020

Canada Market Structure Monthly

Canada Market Microstructure Observations

- Average daily volume in May dipped below 1 billion shares for the first time since February but was still up more than 50% YoY.
- We continued to see a decline in Dark ATS market share from the already historic lows in March and April, with a further decline of 5% in May. Dark ATS market share was consistently above 8% prior to the implementation of the dark rule amendment on February 4 but has declined to 5.3% in May.
- Market on Open (MOO) market share has been unchanged at 0.6% for several months, even throughout the pandemic and recent market crisis. Conversely, we've seen modest declines in Market on Close (MOC) volume over the past few months. Canada continues to have one of the lowest MOC market shares globally, however, the TSX has been hosting discussions with market participants to discuss an overhaul of the current TSX MOC facility. You can view and compare global market close volumes with our new interactive tool:
<https://www.virtu.com/close-watch/>
- Median spreads decreased by 20% month over month but are still multiples higher compared to the start of the year and YoY. Spreads in the first thirty minutes of trading continue to be high (18bps for the S&P/TSX Composite, 8bps for the S&P/TSX 60) compared to historic averages.

Market Structure News

CNSX Markets Inc (CSE) to Launch Closing Price Session

CSE implemented a closing price session (CCP) that will allow for continuous trading in CSE listed securities after the close on June 5. The CSE closing price is defined by the last CSE board-lot trade prior to the close at 4:00 pm. The CCP session runs from 4:15 pm to 5:00 pm during which time orders can be submitted and will execute against contra orders at the CCP price. The CCP feature was originally scheduled to launch in April; however, due to the extreme market volatility and market turbulence, the launch was postponed.

https://www.osc.gov.on.ca/en/Marketplaces_cnsx_20190808_rfc-amendments-to-trading-system-functionality-and-features.htm

Cboe Global Markets (CBOE) Agrees to Acquire Leading Canadian ATS MATCHNow

Cboe Global Markets announced it has entered into a definitive agreement to acquire MATCHNow, the largest equities alternative trading system in Canada, from Virtu Financial, Inc. The acquisition expands CBOE's geographic footprint to Canada and marks the first time that a US exchange has entered the Canadian equity market since Nasdaq's acquisition of Chi-X in 2016.

<https://www.prnewswire.com/news-releases/cboe-global-markets-agrees-to-acquire-leading-canadian-ats-matchnow-301061650.html>

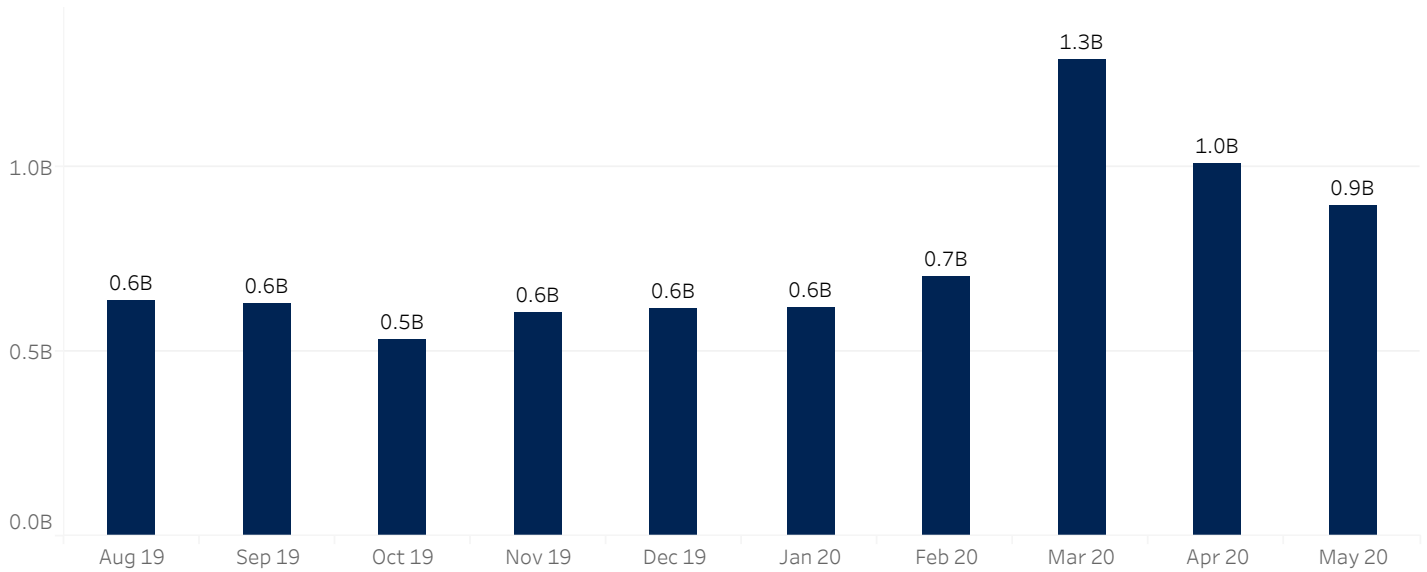
Nasdaq CXC Limited Submits Proposal for New Features on the CXD Trading Book

Nasdaq CXC Limited has submitted a proposal to introduce three new options on the CXD Trading Book for members that use minimum size order types with mid peg orders. Each option would allow certain contra-side orders, primarily retail orders, that do not meet the minimum size parameters to be eligible to trade. Members can elect to exempt (1) all retail orders; (2) Member retail orders; or (3) "Trusted Flow" as designated by the member; from the minimum size requirement.

https://www.osc.gov.on.ca/en/Marketplaces_cxc_20200423_rfc-proposed-changes.htm

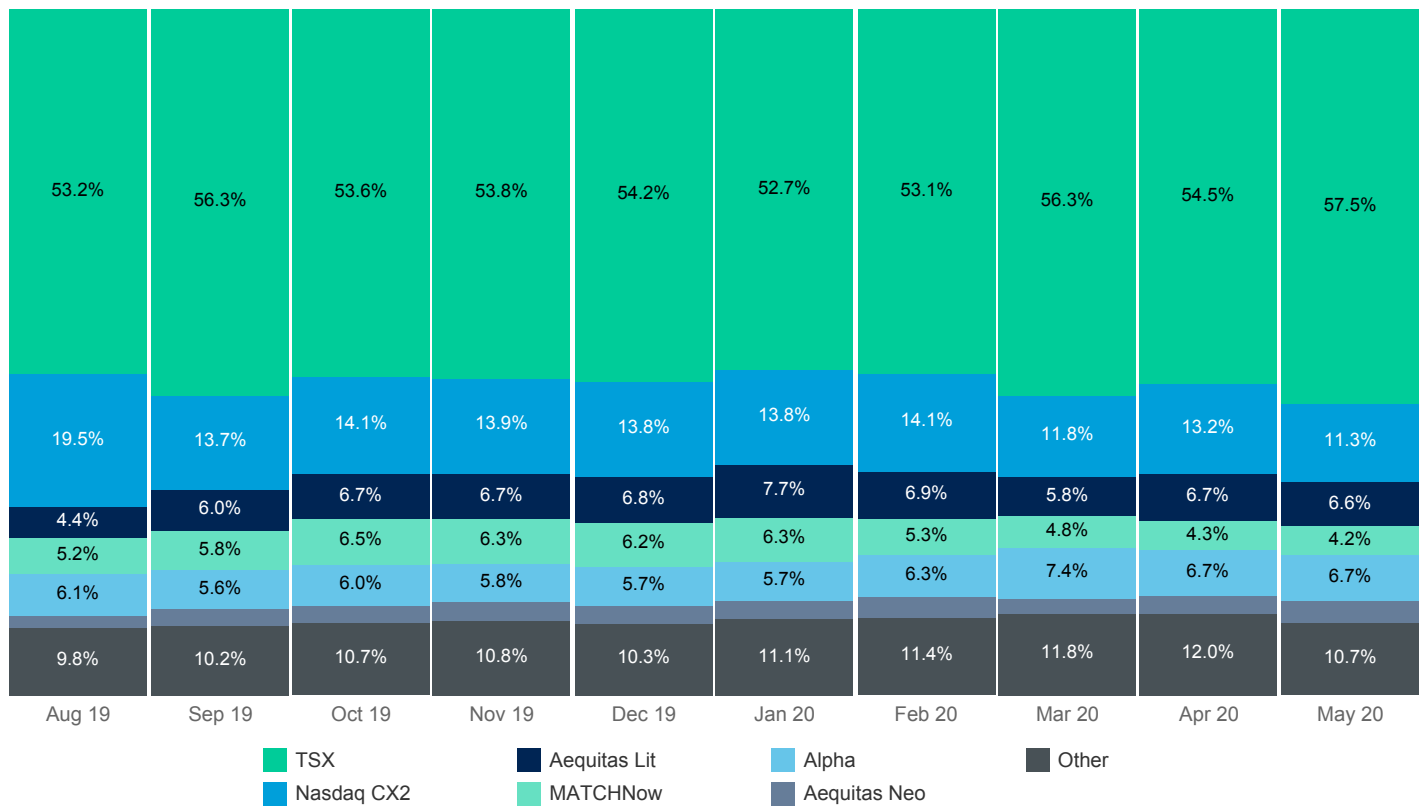


Average Daily Market Volume



TSX listed securities only; Source data: Virtu Financial

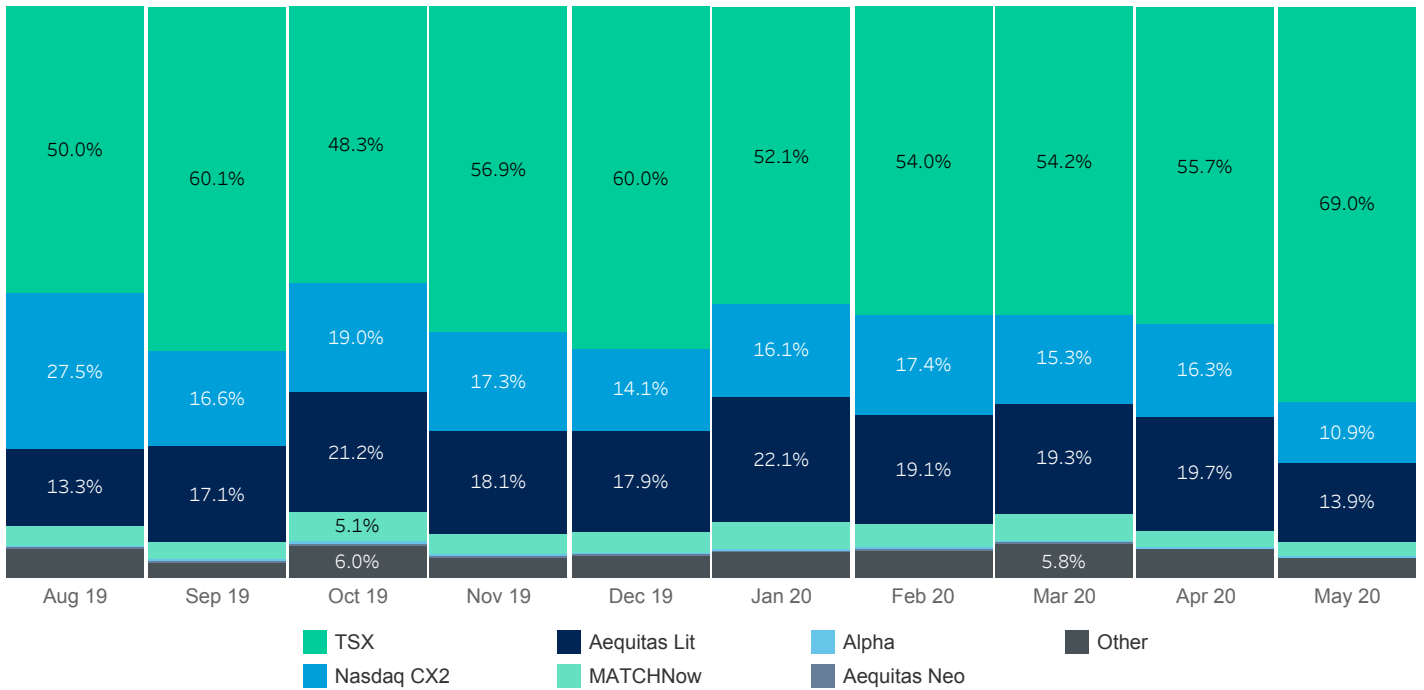
Venue Market Share



TSX listed securities only; Source data: Virtu Financial

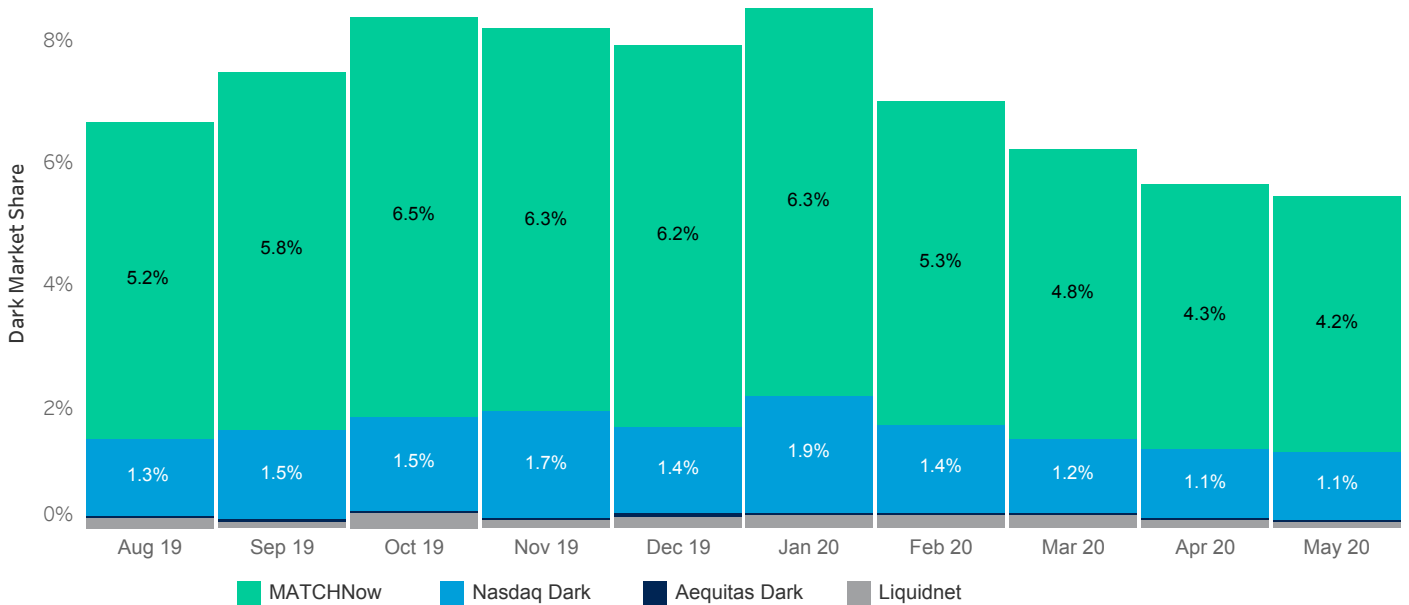


Block Volume Market Share



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	
		Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20
First 30 Min	S&P/TSX 60	637	565	592	608	615	656	626	624	507	492	504
	S&P/TSX Composite	684	603	608	625	649	703	695	704	601	559	528
Mid Day	S&P/TSX 60	969	858	888	879	922	1,037	1,035	993	631	639	759
	S&P/TSX Composite	1,050	911	880	878	945	1,071	1,085	1,050	738	705	793
Last 30 Min	S&P/TSX 60	1,343	1,206	1,334	1,340	1,388	1,568	1,473	1,438	694	781	970
	S&P/TSX Composite	1,312	1,185	1,212	1,200	1,303	1,473	1,448	1,438	865	929	1,063

Spread Bps

First 30 Min	S&P/TSX 60	4.5	5.0	4.8	4.9	4.7	4.4	4.4	4.7	15.3	11.7	7.7
	S&P/TSX Composite	9.9	10.6	10.3	10.4	9.7	8.8	9.0	9.8	29.1	24.0	17.6
Mid Day	S&P/TSX 60	3.0	3.3	3.2	3.2	3.0	2.8	2.8	2.9	7.9	5.6	4.5
	S&P/TSX Composite	6.4	6.9	6.6	6.6	6.7	5.9	5.9	6.0	15.2	11.9	9.6
Last 30 Min	S&P/TSX 60	2.4	2.6	2.4	2.5	2.4	2.3	2.3	2.4	6.0	4.4	3.6
	S&P/TSX Composite	5.4	5.9	5.7	5.7	5.5	5.2	5.1	5.2	12.3	9.5	8.1

One Minute Volatility Bps

First 30 Min	S&P/TSX 60	9.7	13.8	12.2	11.3	11.0	10.7	10.2	12.5	52.5	30.1	22.4
	S&P/TSX Composite	11.7	16.7	14.7	13.5	13.1	12.2	11.8	14.6	56.8	36.2	27.1
Mid Day	S&P/TSX 60	3.1	4.5	4.1	3.9	3.3	3.2	3.2	3.9	22.8	11.8	7.8
	S&P/TSX Composite	3.0	4.6	4.1	3.9	3.3	2.9	3.0	3.7	22.5	12.8	8.1
Last 30 Min	S&P/TSX 60	3.0	4.2	3.7	3.6	2.9	2.9	3.2	3.5	26.2	12.6	8.4
	S&P/TSX Composite	2.8	4.0	3.3	3.2	2.8	2.6	2.6	3.0	24.7	13.0	8.5

Percent ADV by Time of Day

Open	S&P/TSX 60	0.6%	0.5%	0.5%	0.5%	0.6%	0.6%	0.6%	0.6%	0.6%	0.7%	0.6%
	S&P/TSX Composite	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%	0.6%	0.6%	0.6%	0.5%
First 30 Min	S&P/TSX 60	10.1%	11.6%	10.7%	10.5%	10.7%	11.5%	11.2%	11.4%	10.8%	11.1%	12.1%
	S&P/TSX Composite	9.9%	11.6%	10.7%	10.2%	10.8%	11.1%	10.9%	11.3%	10.8%	11.4%	12.5%
Last 30 Min	S&P/TSX 60	26.7%	24.7%	28.3%	27.7%	27.3%	28.8%	27.8%	27.9%	27.5%	30.6%	30.2%
	S&P/TSX Composite	22.0%	20.3%	21.0%	21.7%	20.9%	22.3%	22.5%	21.8%	22.4%	24.2%	23.3%
Close	S&P/TSX 60	7.6%	7.6%	12.5%	8.8%	8.5%	11.1%	9.8%	10.0%	8.5%	8.8%	8.8%
	S&P/TSX Composite	3.9%	4.1%	4.2%	4.2%	4.2%	5.0%	4.7%	4.7%	3.7%	3.6%	4.0%

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



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To learn more, contact your sales representative or call our desk at:

APAC+852.2846.3553 | **CAN**+1.416.874.0800 | **EMEA**+44.20.7670.4066 | **US**+1.212.444.6250
info@virtu.com | www.virtu.com

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