

February 2021

Canada Market Structure Monthly



MARKET MICROSTRUCTURE OBSERVATIONS

- The average daily volume for TSX listed securities continued its strong upward trend in February 2021 increasing by 28% MoM and 49% YoY to 1,176M shares, while TSX-listed securities saw a decline in average spread and flat volatility conditions in February.
- For non-TSX listed securities, more exceptionally, the average daily volume has continued its ascent to yet another record high of 1,703M shares in February. This represents a 44% gain MoM and 470% YoY with the volume increasing by 337% over the last four months (November 2020-February 2021).
- Canadian Securities Exchange (CSE and also referred to as PURE) was the largest beneficiary in for increased volumes in non-TSX listed securities. It has increased its market share by 45% YoY and 18% over the last four months (November 2020-February 2021).
- It is interesting to note the YoY improvements in liquidity metrics for non-TSX listed securities. Spread costs have decreased by 28% YoY while remaining relatively flat MoM with a 2% decline. Average quoted sizes have increase 43% YoY while increasing 20% MoM in the recent term.

CANADA MARKET STRUCTURE NEWS

MATCHNow Releases Technology Roadmap to CBOE Platform

On 17 February, Cboe and MATCHNow hosted an industry call to release its planned roadmap for MATCHNow's migration onto Cboe's global trading platform. Beyond the technical discussion, Bryan Blake of MATCHNow announced intentions to enhance their conditional offering in Canada via Cboe's BIDS Trading technology and distribution network. A new microsite was launched to highlight all key dates and milestones with an expected completion launch date of 1 February 2022.

<https://matchnow.cboe.com>

Bitcoin ETF Launches in Canada

The Toronto Stock Exchange listed North America's first ETFs with bitcoin as the underlying asset with the listing of the Purpose Bitcoin ETF (TSX: BTCC, BTCC.B, BTCC.U) and the Bitcoin ETF (TSX: EBIT, EBIT.U)*. These ETFs attracted more than CA\$500M (US\$394M) worth of AUM in their first week of trading. At least five other ETF issuers have filed preliminary prospectuses with the Ontario Securities Commission to list similar bitcoin-underlying ETFs. The currently listed funds hold physical bitcoin with a custodian, but there have been applications for ETFs which would also hold bitcoin futures and for an inverse ETF. We expect to see additional listings in this space in the near future.

<https://www.tsx.com/news?id=814>

Conditional Pricing Changes

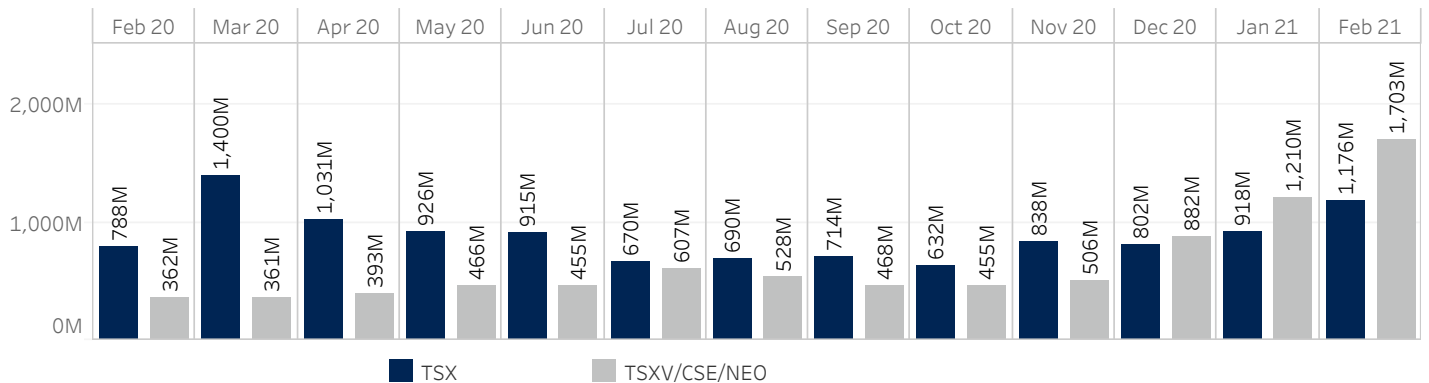
With recent increased competition in electronic block trading in Canada, fee schedules have begun to be used as a lever to encourage routing behaviors. Liquidnet Canada recently published a planned hike in broker access fees (on stocks trading at a price > \$1) from \$0.002 to \$0.01. Taking effect on 1 March 2021, this represents a fivefold increase in fees for market participants.

https://static1.squarespace.com/static/5bedbc974eddecbfbb0c217e/t/6039654a0490505e65af8400/1614374218961/LiquidnetCanadaFees_eff-March12021.pdf

* Virtu ITG Canada Corp., an indirect subsidiary of Virtu Financial, Inc., acted as the designated broker for the Bitcoin ETF (TSX: EBIT, EBIT.U). Subsidiaries of Virtu Financial, Inc. engage in market making activities in these ETFs.

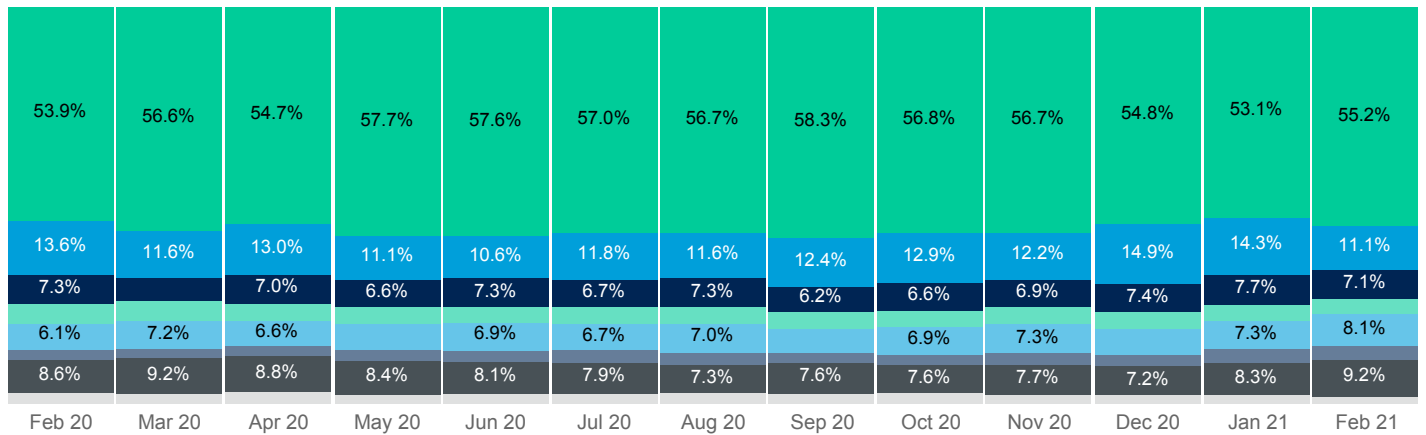


Average Daily Market Volume By Listing Exchange (Shares)

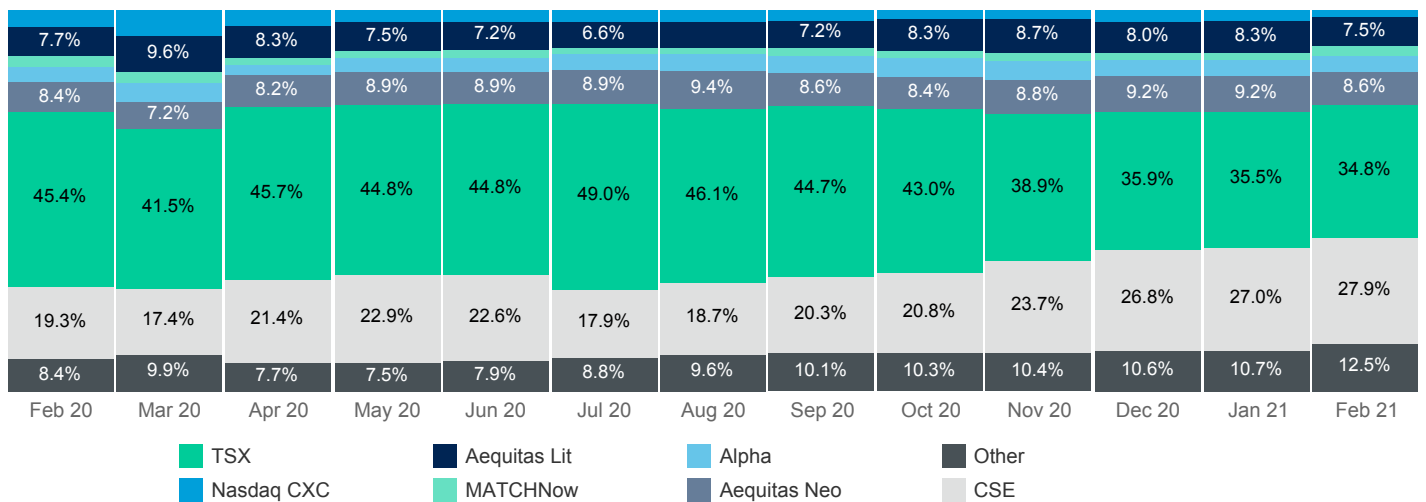


Source data: Virtu Financial

Venue Market Share (TSX-Listed)



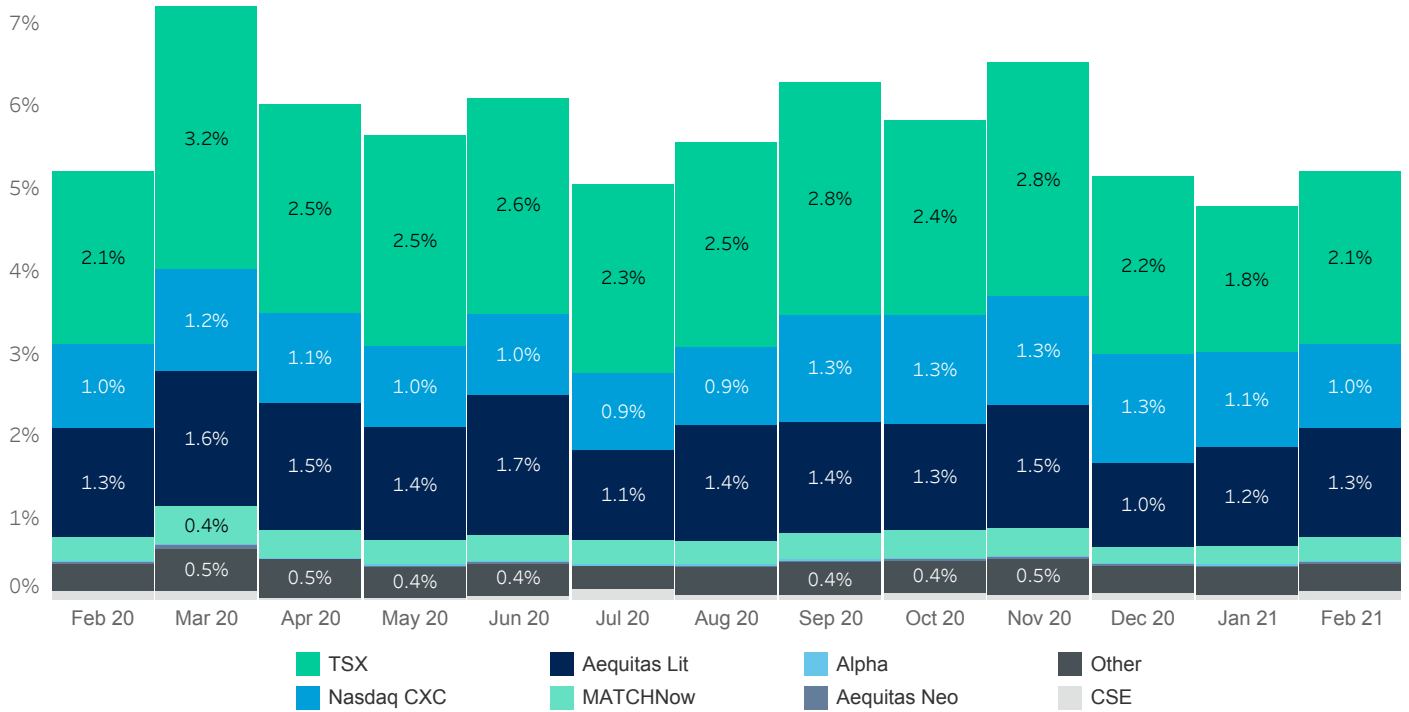
Venue Market Share (Non-TSX-Listed)



Source data: Virtu Financial

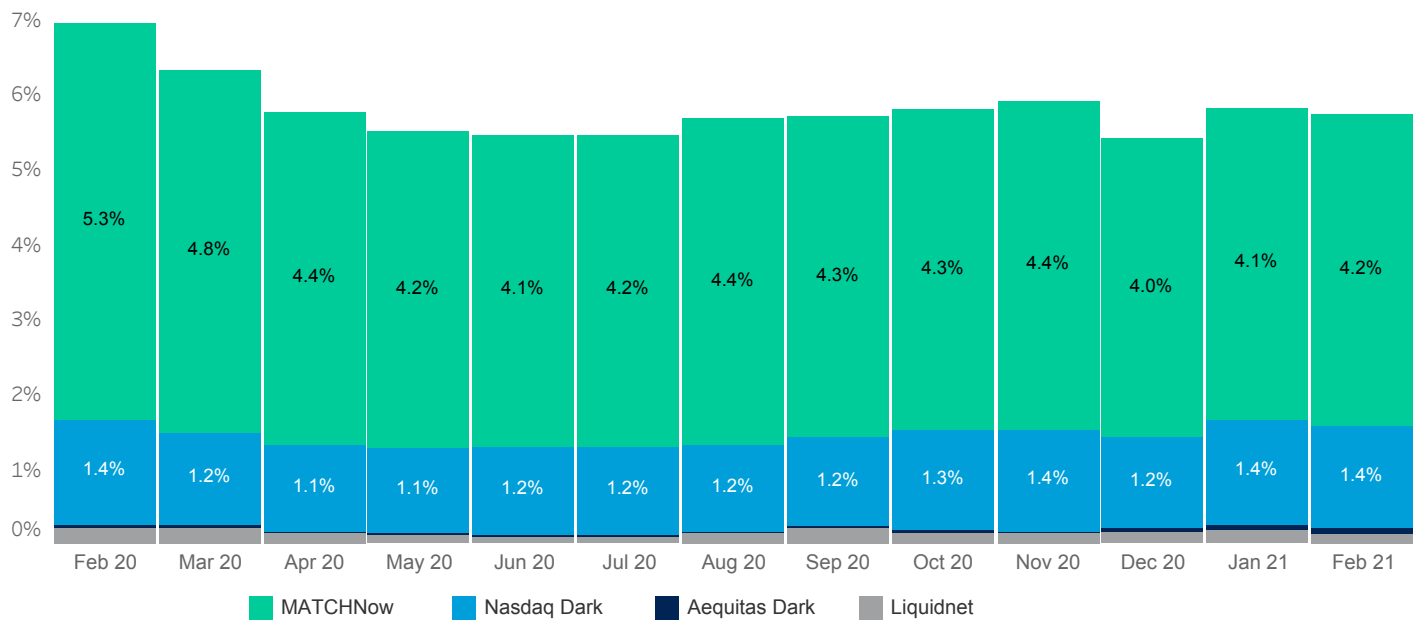


Block Volume Market Share (% of total volume)



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

		1Q 20		2Q 20			3Q 20			4Q 20			1Q 21	
		Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21
First 30 Min	S&P/TSX 60	627	512	492	501	520	609	621	653	683	638	741	781	753
	S&P/TSX Composite	733	618	573	538	568	644	668	706	744	716	772	823	839
	Non-TSX-Listed	9,271	9,015	8,600	9,499	9,373	11,111	10,065	8,732	8,066	7,712	10,122	11,000	13,257
Mid Day	S&P/TSX 60	998	632	642	755	730	810	845	841	835	815	940	967	962
	S&P/TSX Composite	1,081	761	725	800	806	870	909	927	891	866	961	1,027	1,065
	Non-TSX-Listed	8,358	7,801	5,814	6,551	7,341	8,349	7,525	6,227	5,536	5,570	7,531	8,578	10,226
Last 30 Min	S&P/TSX 60	1,445	698	788	966	953	1,040	1,068	1,015	1,085	1,082	1,190	1,206	1,244
	S&P/TSX Composite	1,484	896	968	1,083	1,100	1,135	1,173	1,167	1,210	1,162	1,251	1,274	1,321
	Non-TSX-Listed	8,881	8,482	7,124	8,500	8,750	9,978	9,000	7,737	7,050	6,891	9,374	10,500	12,222

Spread Bps

First 30 Min	S&P/TSX 60	4.7	15.4	11.3	7.6	7.2	6.8	6.2	6.5	5.9	6.0	5.3	6.2	5.8
	S&P/TSX Composite	10.2	29.8	24.2	18.2	16.5	14.0	12.5	12.4	11.8	12.2	11.2	12.2	11.8
	Non-TSX-Listed	257.5	359.0	312.5	270.2	238.6	232.6	215.1	214.0	201.1	200.0	194.2	188.7	185.2
Mid Day	S&P/TSX 60	2.9	7.8	5.6	4.6	4.5	4.4	4.1	4.3	4.1	4.0	3.6	4.0	3.8
	S&P/TSX Composite	6.3	15.7	12.1	9.9	9.2	7.9	7.3	7.5	7.1	7.1	6.9	7.5	7.3
	Non-TSX-Listed	203.8	283.9	252.2	212.8	187.5	181.8	169.2	166.5	157.5	148.6	151.5	145.9	142.9
Last 30 Min	S&P/TSX 60	2.4	6.1	4.4	3.6	3.5	3.3	3.1	3.3	3.1	3.0	3.0	3.2	3.1
	S&P/TSX Composite	5.5	12.8	9.8	8.3	7.7	6.8	6.4	6.5	6.1	6.0	5.9	6.5	6.2
	Non-TSX-Listed	195.8	283.5	244.0	201.1	181.8	178.4	164.4	161.3	152.7	143.8	149.7	144.9	143.0

One Minute Volatility Bps

First 30 Min	S&P/TSX 60	12.5	52.2	30.0	22.2	21.3	16.5	15.3	17.3	14.1	16.6	13.6	14.0	14.1
	S&P/TSX Composite	14.9	57.7	36.6	27.6	26.6	20.4	19.4	21.1	17.5	20.1	17.4	17.7	17.8
	Non-TSX-Listed	23.5	49.4	30.3	27.5	27.5	23.8	26.5	22.7	20.4	23.6	22.8	22.0	24.8
Mid Day	S&P/TSX 60	3.8	22.7	11.6	7.7	7.6	5.5	5.0	6.2	5.3	5.5	4.5	4.6	4.5
	S&P/TSX Composite	3.7	22.7	12.8	8.3	8.1	6.1	5.6	6.6	5.6	6.0	5.2	5.3	5.2
	Non-TSX-Listed	13.2	21.8	16.1	13.6	12.0	10.2	9.3	11.3	8.6	8.5	6.7	6.5	7.7
Last 30 Min	S&P/TSX 60	3.5	26.3	12.5	8.4	7.4	5.4	4.6	6.2	4.9	5.3	4.5	4.7	4.5
	S&P/TSX Composite	3.0	25.0	13.0	8.5	7.7	5.7	5.0	6.1	4.9	5.7	4.9	4.9	4.7
	Non-TSX-Listed	13.7	20.0	14.4	9.6	10.6	10.1	10.7	9.8	9.8	8.7	5.9	7.1	5.0

Percent MDV by Time of Day

Open	S&P/TSX 60	0.7%	0.6%	0.7%	0.6%	0.6%	0.5%	0.6%	0.5%	0.5%	0.6%	0.5%	0.6%	0.6%
	S&P/TSX Composite	0.6%	0.6%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%	0.5%
	Non-TSX-Listed	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
First 30 Min	S&P/TSX 60	11.4%	10.7%	11.2%	12.1%	11.7%	11.6%	11.3%	11.2%	10.5%	12.3%	11.5%	12.2%	25.6%
	S&P/TSX Composite	11.5%	10.9%	11.7%	12.5%	11.7%	12.3%	12.8%	12.1%	11.8%	13.4%	12.2%	13.2%	27.2%
	Non-TSX-Listed	19.9%	20.0%	22.1%	22.2%	21.4%	21.3%	21.6%	20.9%	21.1%	21.2%	21.0%	21.2%	39.3%
Last 30 Min	S&P/TSX 60	27.8%	27.5%	31.0%	29.0%	30.0%	32.4%	29.4%	33.4%	36.8%	30.7%	33.7%	33.2%	63.2%
	S&P/TSX Composite	21.6%	22.1%	23.6%	23.2%	22.9%	24.8%	23.0%	23.9%	24.4%	23.5%	24.6%	23.4%	44.8%
	Non-TSX-Listed	10.3%	10.6%	11.1%	10.8%	10.7%	9.5%	9.7%	10.1%	10.4%	10.3%	9.4%	9.7%	17.9%
Close	S&P/TSX 60	10.0%	8.3%	8.6%	8.9%	12.3%	11.4%	9.9%	15.8%	20.2%	11.8%	18.6%	11.8%	11.9%
	S&P/TSX Composite	4.6%	3.4%	3.4%	4.0%	4.9%	5.5%	5.1%	5.3%	5.0%	4.2%	6.4%	4.9%	5.3%
	Non-TSX-Listed	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

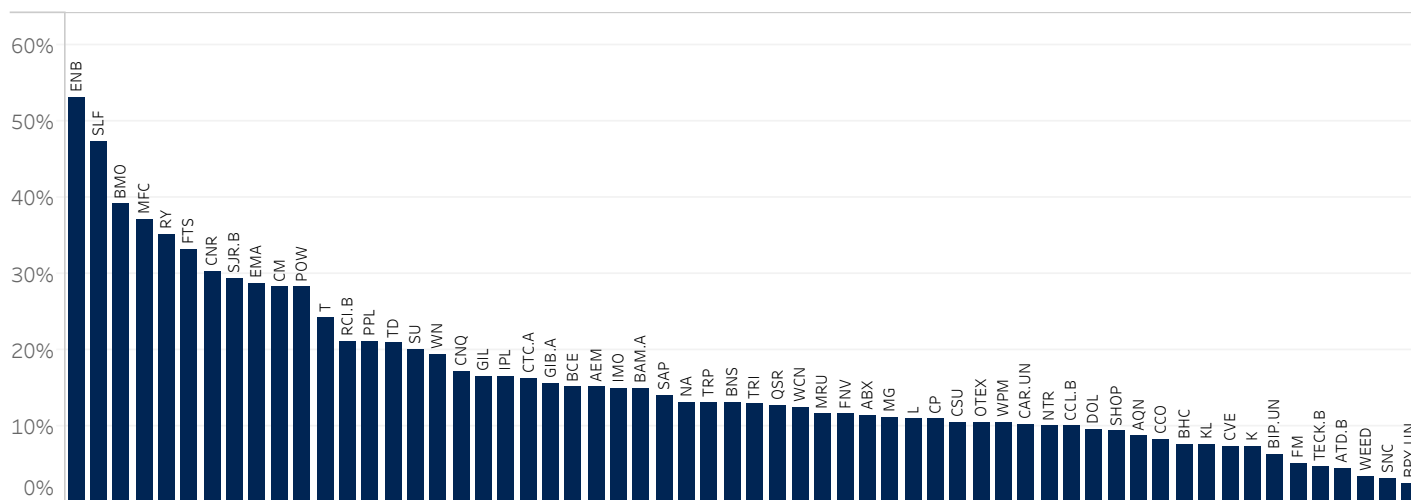
Median used for all metrics

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



February 2021 Median MOC % of Daily Volume - S&P/TSX 60



Source data: Virtu Financial



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