

July 2021

Canada Market Structure Monthly



MARKET MICROSTRUCTURE OBSERVATIONS

- The average daily volume for TSX listed securities continued its downward trend in July 2021, decreasing 21% MoM to 567M shares and down 15% YoY. Liquidity, spread and volatility conditions were flat MoM.
- For non-TSX listed securities, the average daily volume continued its decline to 468M shares. This represents a 19% decrease MoM and a decrease of 23% YoY. While average quote size continued its recent decline, spread and volatility conditions were flat MoM.
- TSX and non-TSX listed securities both showed flat volatility conditions in June, remaining near the 12-month lows. This continues to emphasize the lack of major macro drivers during the month of July 21.

CANADA MARKET STRUCTURE NEWS

Cboe LIS Powered by BIDS, a New Canadian Conditionals Offering, Proposal Details

On 22 July, TriAct Canada Marketplace LP (operating as MATCHNow), a wholly-owned subsidiary of Cboe Global Markets, Inc. (Cboe), published a request for comment for the proposed Cboe LIS Powered by BIDS, a new conditionals offering. As highlighted in our [Canada Market Structure Monthly, June 2021](#), this new offering would merge existing MATCHNow conditional orders with the large-in-scale (LIS) trading technology developed by BIDS Trading L.P. The highlighted changes would include the introduction of a sponsored access model allowing clients (including, but not limited to, Canadian buy-side firms, such as pension funds, private equity funds, and asset management firms, as well as exempt foreign dealer equivalents and, where appropriate, their institutional investor clients) to interact directly with one another via the BIDS Trader application after having selected a sponsoring Canadian participant. The matching model would switch from a pro-rata/one-to-many model to a one-to-one match with price/broker/size/time priority with the intention that it uniquely rewards the largest size available for the LIS opportunity. Executions could occur anywhere within the protected NBBO. The proposal also includes enhancements to daily reporting that would help standardize existing BIDS technology-based reporting in Canada to be in-line with the United States and Europe.

https://www.osc.ca/sites/default/files/2021-07/match_20210722_proposed-changes.pdf

Launch of Industry-First Canadian Depositary Receipts (CDRs)

On 26 July, CIBC, NEO and CIBC Mellon announced the launch of the first-ever Canadian Depositary Receipts (CDRs). Listed on the NEO Exchange, CDRs represent a new method for Canadian customers to access some of the world's largest companies in Canadian dollars. Offered at a fraction of the price per share of the underlying securities and with a built-in notional currency hedge, it should allow for affordable access to foreign stocks.

<https://www.newswire.ca/news-releases/cibc-launches-industry-first-canadian-depositary-receipts-cdrs-on-the-neo-exchange-822137504.html>

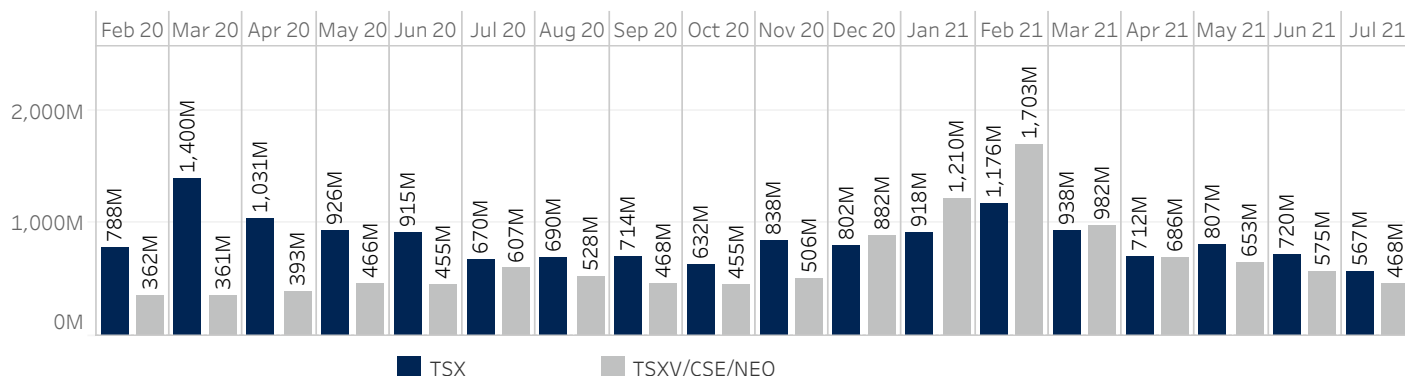
Industry Regulatory Organization of Canada's Client Identifier Requirement Takes Effect

On 26 July, the final phase of the Industry Regulatory Organization of Canada's (IIROC) rules regarding the use of client identifiers came into effect. This final phase requires applicable client identifiers and/or designations be included on each order for a Canadian-listed security sent on behalf of a client to a Canadian marketplace. The addition of client identifiers to IIROC's trading data will improve IIROC's efficiency in performing a range of regulatory functions, including market monitoring, investigation and data analysis.

<https://www.iroc.ca/news-and-publications/notices-and-guidance/final-phases-client-identifier-requirements-take-effect>

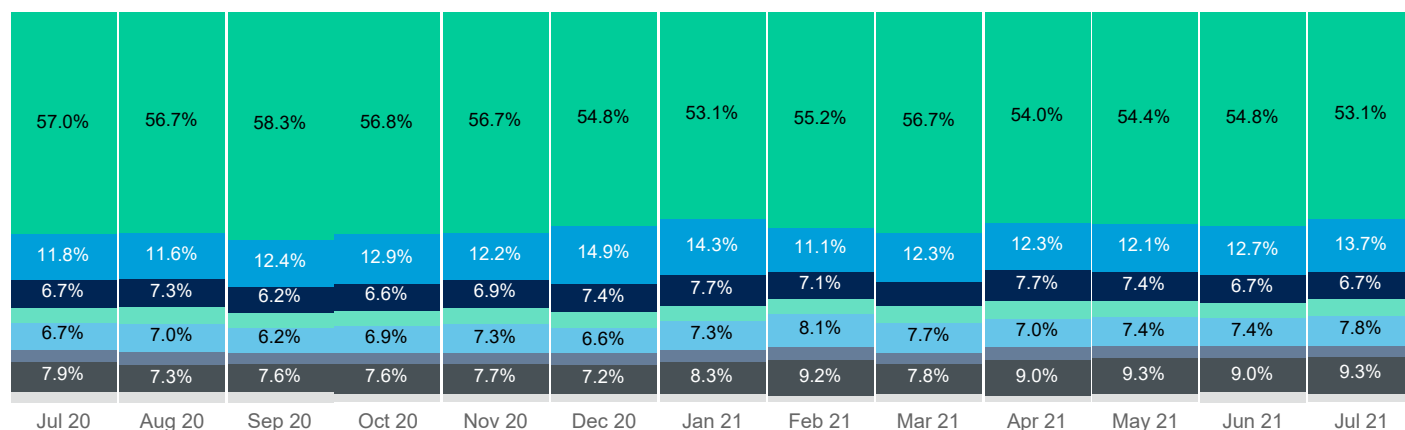


Average Daily Market Volume By Listing Exchange (Shares)

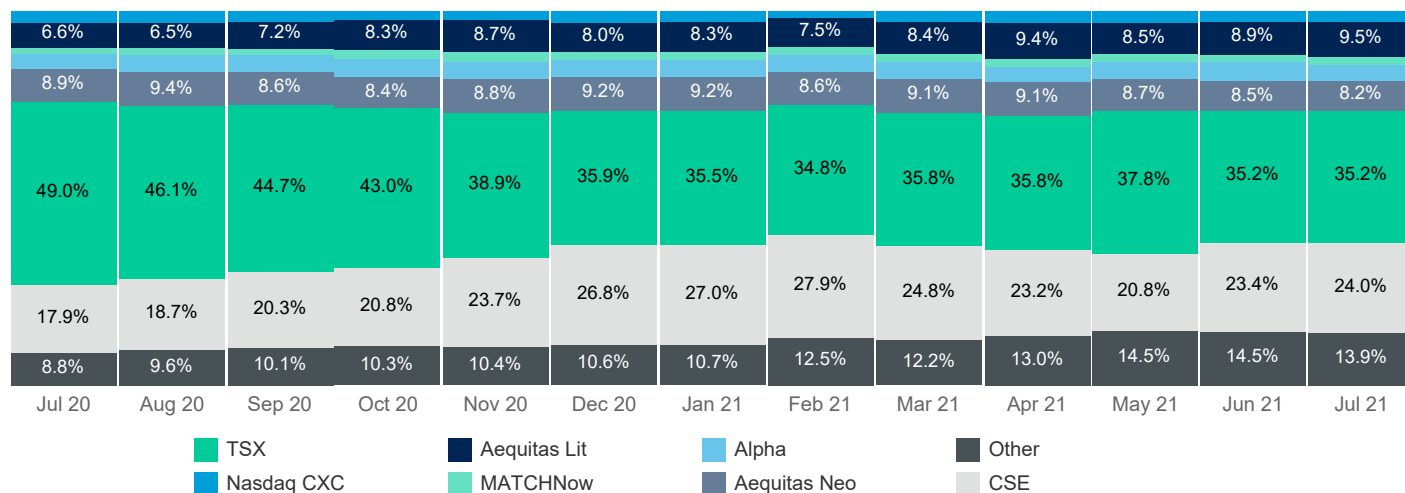


Source data: Virtu Financial

Venue Market Share (TSX-Listed)



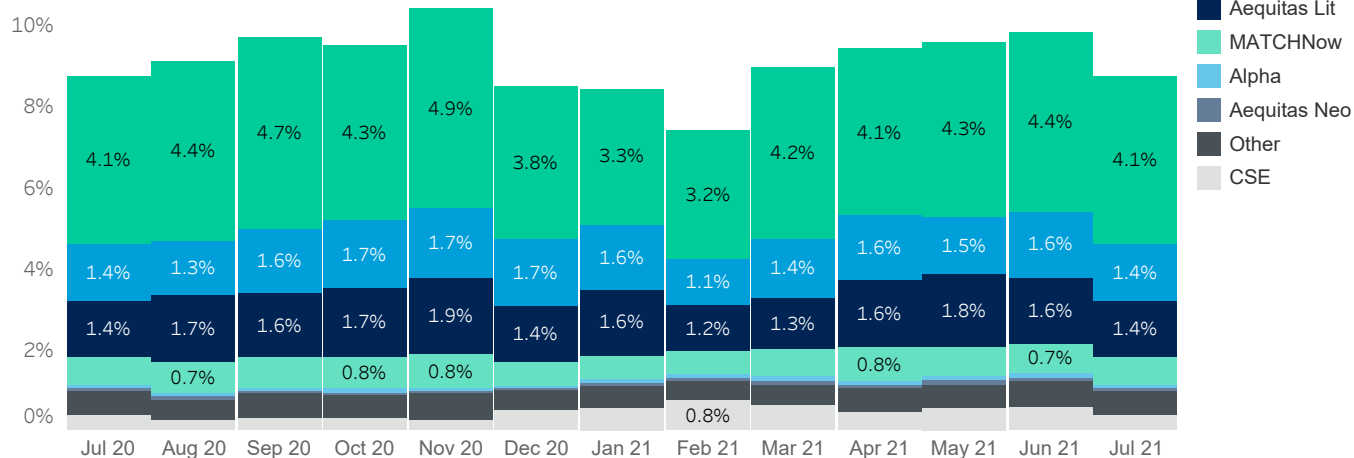
Venue Market Share (Non-TSX-Listed)



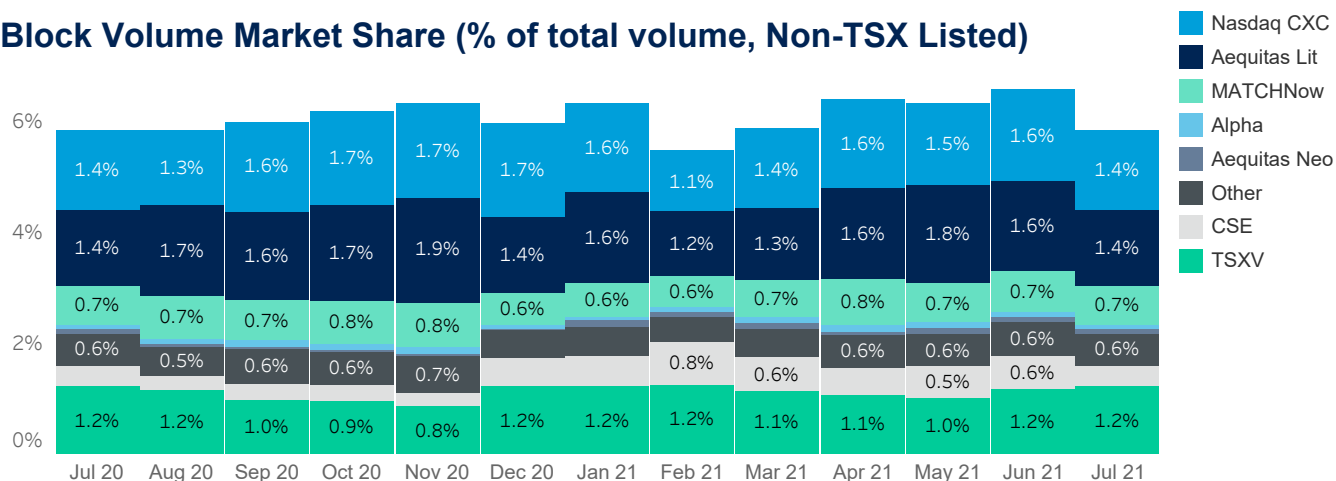
Source data: Virtu Financial



Block Volume Market Share (% of total volume, TSX Listed)

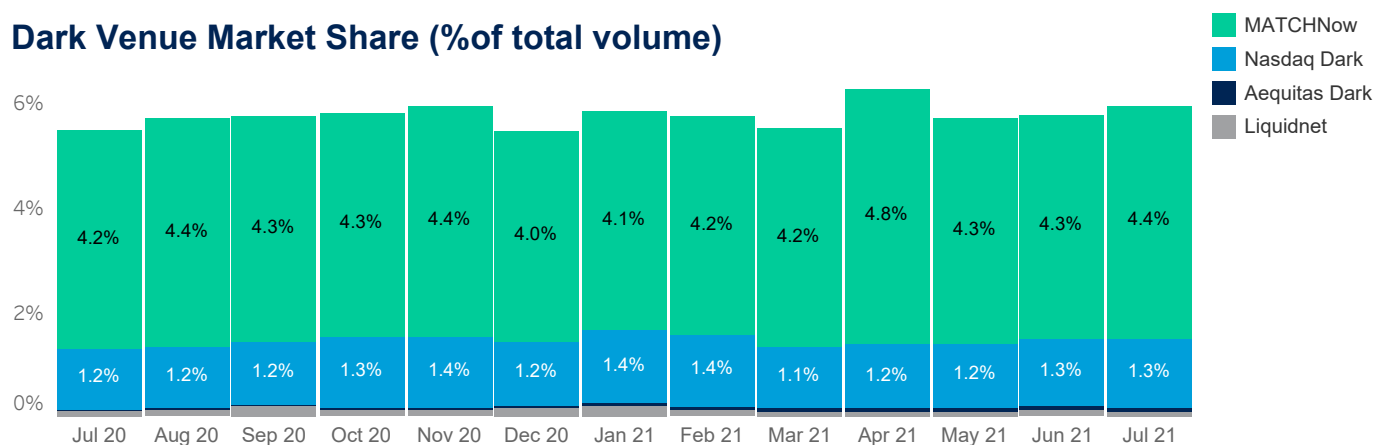


Block Volume Market Share (% of total volume, Non-TSX Listed)



Blocks defined as >5100 shares and > \$30,000 CAD or >=\$100K CAD; Source data: Virtu Financial

Dark Venue Market Share (% of total volume)



TSX listed securities only; Source data: Virtu Financial



Quotesize in Shares

		3Q 20			4Q 20			1Q 21			2Q 21			3Q 21
		Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Jul 21
First 30 Min	S&P/TSX 60	606	620	653	680	636	727	776	746	786	843	820	880	856
	S&P/TSX Composite	661	685	722	754	728	777	824	840	863	930	926	1,035	957
	Non-TSX-Listed	11,111	10,065	8,732	8,066	7,712	10,122	11,000	13,258	9,500	8,203	8,492	7,778	6,394
Mid Day	S&P/TSX 60	813	845	846	841	814	930	960	953	968	1,051	1,037	1,127	1,061
	S&P/TSX Composite	888	925	940	901	876	972	1,029	1,069	1,080	1,150	1,170	1,277	1,171
	Non-TSX-Listed	8,349	7,525	6,227	5,536	5,570	7,531	8,575	10,247	7,403	6,381	6,481	5,900	5,000
Last 30 Min	S&P/TSX 60	1,050	1,079	1,039	1,105	1,089	1,197	1,204	1,243	1,182	1,321	1,285	1,350	1,278
	S&P/TSX Composite	1,166	1,202	1,190	1,228	1,165	1,260	1,279	1,313	1,266	1,378	1,417	1,507	1,391
	Non-TSX-Listed	9,978	9,000	7,737	7,050	6,891	9,374	10,500	12,168	8,832	7,381	7,992	7,111	6,033

Spread Bps

First 30 Min	S&P/TSX 60	6.9	6.2	6.5	5.9	6.1	5.4	6.2	5.9	5.9	5.0	5.3	4.6	5.0
	S&P/TSX Composite	14.5	12.9	13.0	12.2	12.7	11.8	12.9	12.5	12.2	11.1	11.0	10.0	10.9
	Non-TSX-Listed	232.6	215.1	214.0	201.1	200.0	194.2	188.7	185.2	175.0	171.5	175.1	166.7	174.0
Mid Day	S&P/TSX 60	4.4	4.1	4.4	4.2	4.0	3.7	4.0	3.8	3.8	3.4	3.3	3.1	3.3
	S&P/TSX Composite	8.2	7.6	7.7	7.3	7.4	7.2	7.8	7.6	7.7	6.8	6.8	6.2	6.6
	Non-TSX-Listed	181.8	169.2	166.5	157.5	148.6	151.5	145.8	142.9	134.3	134.9	136.7	135.1	132.3
Last 30 Min	S&P/TSX 60	3.4	3.2	3.4	3.2	3.1	3.0	3.3	3.2	3.1	2.8	2.7	2.5	2.6
	S&P/TSX Composite	7.1	6.6	6.8	6.3	6.3	6.2	6.8	6.6	6.7	6.1	5.9	5.5	5.6
	Non-TSX-Listed	178.4	164.4	161.3	152.7	143.8	149.7	144.9	142.9	135.4	133.3	135.8	133.4	131.6

One Minute Volatility Bps

First 30 Min	S&P/TSX 60	16.6	15.4	17.2	14.3	16.8	13.7	14.0	14.1	15.1	11.1	13.1	10.5	11.0
	S&P/TSX Composite	20.7	19.5	21.1	17.7	20.4	18.0	18.5	18.9	19.4	14.6	17.6	13.9	14.5
	Non-TSX-Listed	23.8	26.5	22.7	20.4	23.6	22.8	22.0	25.0	26.4	18.2	19.0	16.7	17.7
Mid Day	S&P/TSX 60	5.5	5.0	6.2	5.3	5.5	4.6	4.6	4.5	5.3	3.6	3.8	3.2	3.6
	S&P/TSX Composite	6.1	5.6	6.7	5.6	6.1	5.3	5.4	5.5	6.5	3.8	4.4	3.4	3.9
	Non-TSX-Listed	10.2	9.3	11.3	8.6	8.5	6.7	6.5	7.7	9.4	5.7	5.8	5.0	6.1
Last 30 Min	S&P/TSX 60	5.4	4.7	6.2	4.9	5.3	4.5	4.7	4.5	5.2	3.6	4.1	3.4	3.6
	S&P/TSX Composite	5.6	5.0	6.1	4.9	5.7	4.9	5.0	5.0	6.0	3.9	4.5	3.5	3.5
	Non-TSX-Listed	10.1	10.7	9.8	9.8	8.7	5.9	6.9	5.5	8.0	6.6	5.4	4.4	5.4

Percent MDV by Time of Day

Open	S&P/TSX 60	0.5%	0.6%	0.5%	0.5%	0.6%	0.5%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.7%
	S&P/TSX Composite	0.5%	0.5%	0.5%	0.5%	0.6%	0.5%	0.6%	0.6%	0.5%	0.5%	0.6%	0.5%	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	11.0%	11.3%	11.3%	10.5%	12.2%	11.5%	12.1%	36.1%	12.0%	12.8%	14.4%	13.8%	13.1%
	S&P/TSX Composite	12.3%	13.0%	12.3%	12.0%	13.7%	12.4%	13.3%	39.1%	12.7%	12.9%	14.5%	13.5%	13.8%
	Non-TSX-Listed	21.3%	21.6%	20.9%	21.1%	21.2%	21.0%	21.2%	60.2%	19.2%	18.7%	18.7%	19.4%	19.0%
Last 30 Min	S&P/TSX 60	32.4%	29.4%	33.4%	36.5%	30.5%	33.6%	33.1%	90.8%	32.4%	32.6%	33.8%	36.3%	32.5%
	S&P/TSX Composite	24.4%	22.7%	23.5%	23.6%	23.2%	24.2%	22.5%	62.5%	22.6%	25.5%	24.9%	25.3%	25.9%
	Non-TSX-Listed	9.5%	9.7%	10.1%	10.4%	10.3%	9.4%	9.7%	26.8%	10.1%	9.3%	9.1%	9.3%	9.0%
Close	S&P/TSX 60	11.4%	9.4%	15.5%	19.6%	11.6%	18.2%	11.7%	11.7%	11.4%	9.7%	6.4%	7.0%	7.0%
	S&P/TSX Composite	5.0%	4.7%	4.8%	4.8%	3.8%	5.9%	4.5%	5.1%	4.3%	4.6%	4.1%	4.1%	4.5%
	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%

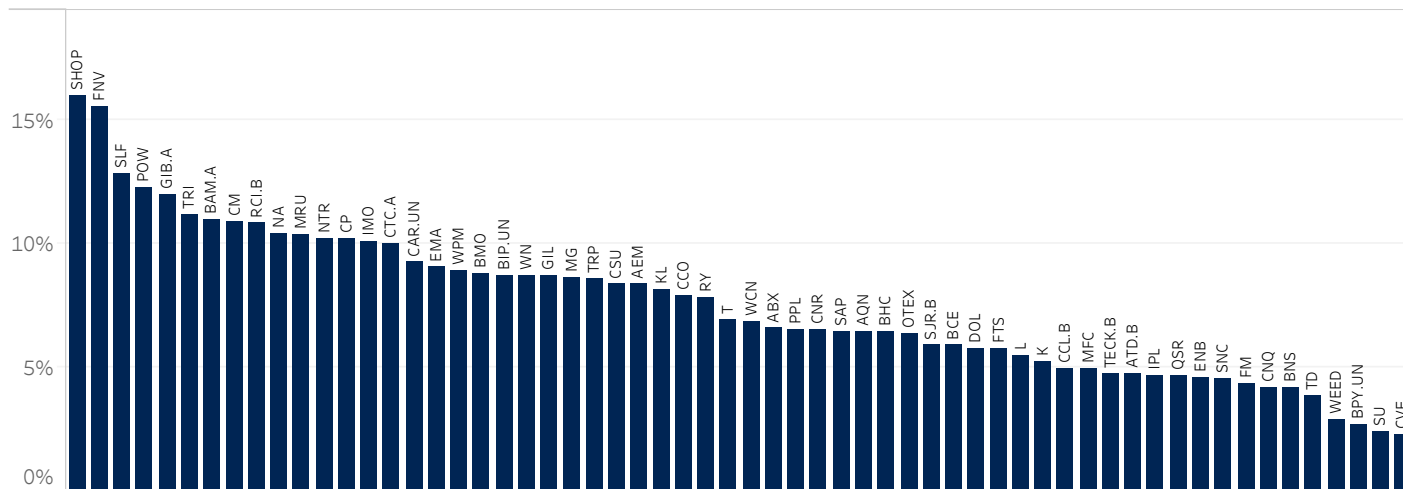
Median used for all metrics

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



Source data: Virtu Financial



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