

June 2020

Canada Market Structure Monthly



Canada Market Microstructure Observations

- Canadian average daily volume in June was 898 million shares, down from the March and April highs of over 1 billion but was up more than 45% YoY.
- Market on Close (MOC) market share surged back to pre-pandemic levels in June, increasing 38% MoM to 12% for S&P/TSX 60 names and increasing 25% to 5% for S&P/TSX Composite names.
- The variance of MOC market share remains extremely high on a company by company basis. Within the S&P/TSX 60, median MOC market share ranges anywhere from the high 30% (CNQ, TRP) to the low single digits (BPY-U, WEED).
- Median spreads continued to decline in June, dropping to 3-7bps for the S&P/TSX 60 and 7-16bps for the S&P/TSX Composite depending on time bin. Although spreads have declined considerably from the March highs, they are still roughly 50% higher than pre-pandemic levels.
- Dark ATS market share was steady MoM and has settled around the mid 5% range since the implementation of the dark rule change on February 4. Dark ATS market share was consistently above 8% before the Dark Rule change went into effect.

Market Structure News

IIROC Proposes Consolidation of Self-Regulators

The Investment Industry Regulatory Organization of Canada (“IIROC”) issued a proposal calling for the consolidation of IIROC and the Mutual Fund Dealers Association of Canada (“MFDA”) under a single self-regulatory organization. The MFDA has voiced opposition to the proposed merger, instead favouring the creation of a new self-regulatory organization to oversee all registered firms. The Canadian Securities Administrators (“CSA”) has launched a public consultation seeking comment on the proposal.

https://www.osc.gov.on.ca/documents/en/Securities-Category2/csa_20200625_25-402_consultation-self-regulatory-organization-framework.pdf

Omega Securities Inc (“OSI”) Matching Engine Upgrade

The first phase of OSI’s upgraded matching engine, Thymex 3.0, will go live on July 6 with new features implemented later this year. Phase 1 will introduce the upgraded matching engine with the objective of reducing latency and will also introduce a separate Level 1 feed. The second phase, which is expected to go live in Q2 or Q3 this year, will include the trade and amend feature and will introduce midpoint functionality.

<http://omegaats.com/wp-content/uploads/2020/03/subscriber-update-2020-03-04.pdf>

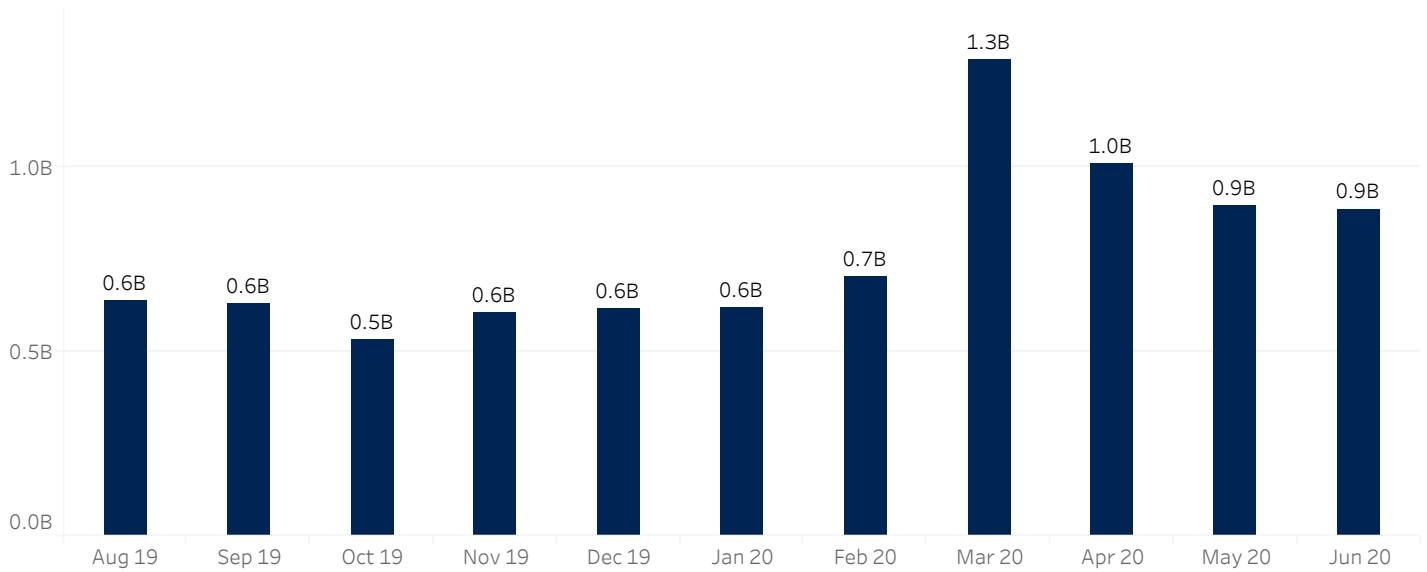
CNSX Markets Inc (“CSE”) Launches Closing Price Session

On June 5, CSE launched its Closing Price Session (“CCP”) which allows for continuous trading on CSE listed securities after the close. The CSE Closing price is defined by the last CSE board-lot trade prior to the close at 4:00 p.m. The CCP session runs from 4:15 p.m. to 5:00 p.m. during which time orders can be submitted and will be executed against contra orders at the CCP price. Since launch, 325K have shares traded in CSE’s CCP session.

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

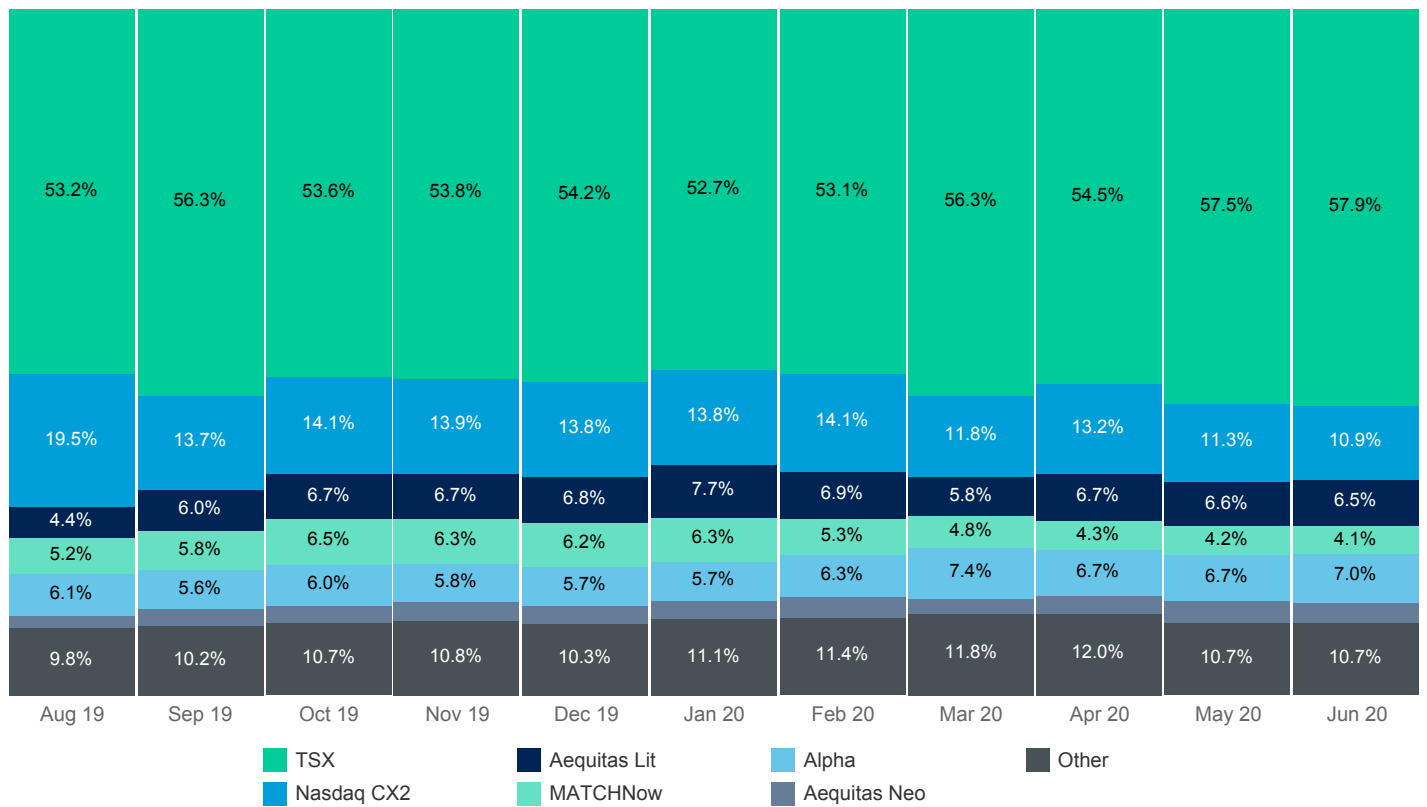


Average Daily Market Volume (Shares)



TSX listed securities only; Source data: Virtu Financial

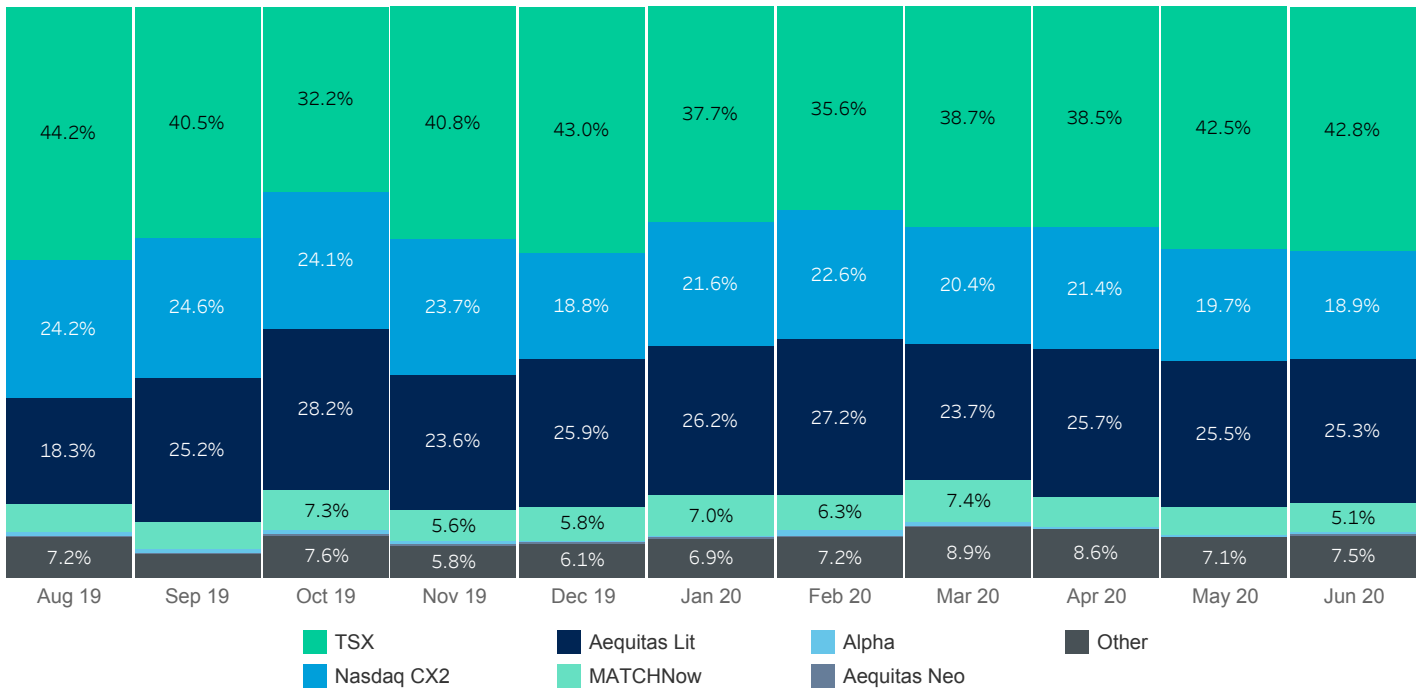
Venue Market Share



TSX listed securities only; Source data: Virtu Financial

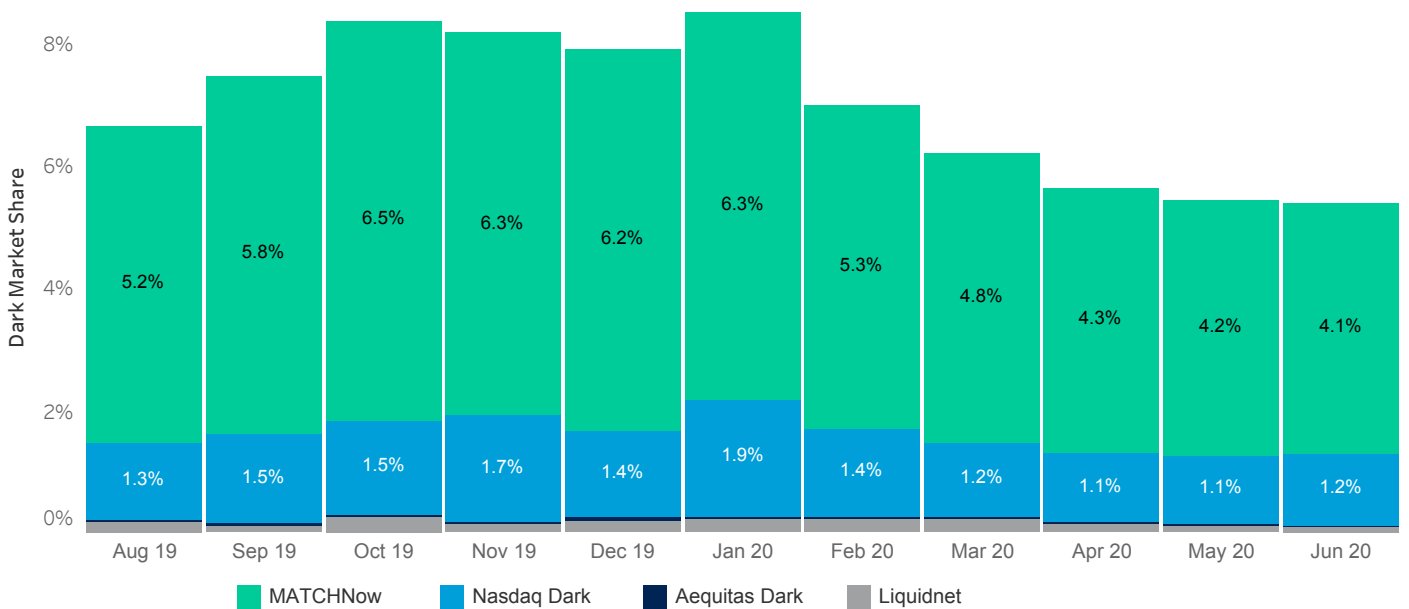


Block Volume Market Share



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	Jun 20
First 30 Min	S&P/TSX 60	637	565	592	608	615	656	626	624	507	492	504	518
	S&P/TSX Composite	684	603	608	625	649	703	695	704	601	559	528	557
Mid Day	S&P/TSX 60	969	858	888	879	922	1,037	1,035	993	631	639	759	729
	S&P/TSX Composite	1,050	911	880	878	945	1,071	1,085	1,050	738	705	793	798
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	954
	S&P/TSX Composite	1,312	1,185	1,212	1,200	1,303	1,473	1,448	1,438	865	929	1,063	1,088

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	7.2
	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	16.4
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	4.4
	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	9.2
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	3.5
	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	7.6

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	21.7
	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	26.6
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	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	8.2
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	7.4
	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	7.7

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%
	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%
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%	11.9%
	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%	12.0%
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%	31.8%
	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%	23.1%
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%
	S&P/TSX Composite	4.0%	4.1%	4.3%	4.2%	4.3%	5.1%	4.7%	4.8%	3.7%	3.8%	4.0%	5.0%

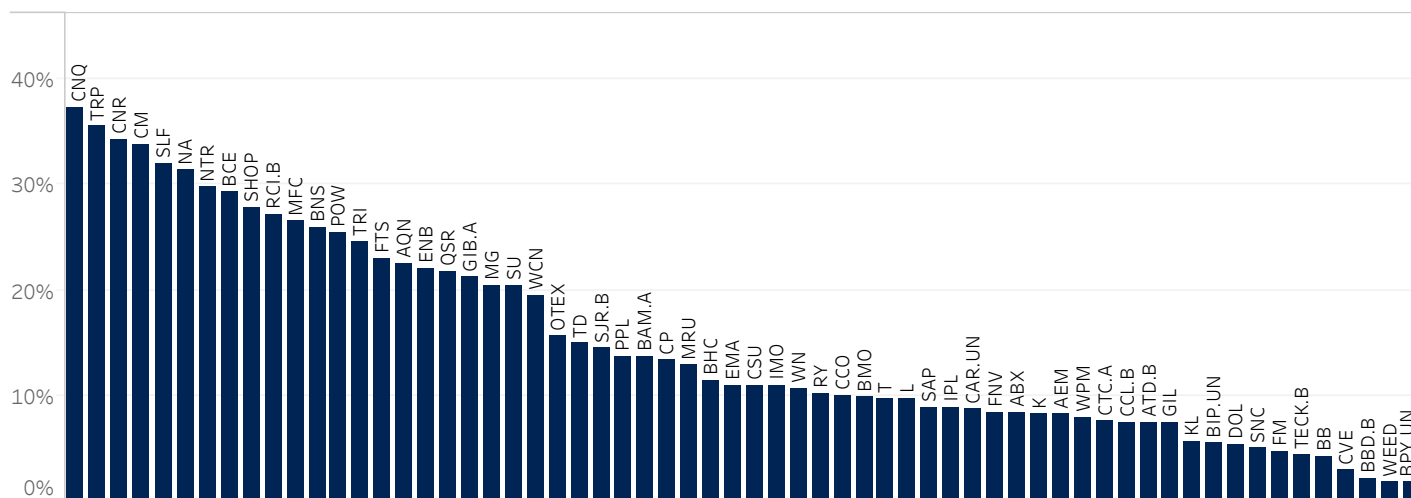
Median used for all metrics

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



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



Source data: Virtu Financial



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