

# March 2021

## Canada Market Structure Monthly



### MARKET MICROSTRUCTURE OBSERVATIONS

- The average daily volume for TSX-listed securities reversed its recent upward trend in March 2021, decreasing by 20% MoM and 33% YoY to 944M shares, while maintaining flat spread and flat volatility conditions.
- For non-TSX-listed securities, the average daily volume dropped to 999M shares in March, a 42% decrease MoM but still an increase of 276% YoY. This is also reflected in reduced liquidity metrics, such as a significant drop in average quote size and increase in volatility.
- TSX-listed block volume market share reversed the recent downward trend with growth in displayed venues (TSX, Nasdaq CXC). The increase in block volume is likely attributable to the general market volume decline noted in the previous bullet point.

### CANADA MARKET STRUCTURE NEWS

#### **Lynx ATS Proposal to Introduce Speed Bump for Latency Sensitive Trader Orders**

On 11 March, Tradelogiq Markets Inc. published a Notice of Proposed Changes for the Lynx ATS marketplace related to the introduction of a new asymmetric speed bump. This randomized speed bump (one to three milliseconds) would be applied on all latency sensitive trader (LST) orders that are not marked post only. The proposed LST definition would include orders from trader IDs that “are entered by proprietary traders of dealers and direct electronic access (DEA) clients of dealers that use automated order systems and use co-location trading strategies”. Market participants will be required to self-report a list of trader IDs that meet the LST definition. The proposed implementation date is targeted for 3Q to 4Q 2021, dependent on regulatory approvals.

[https://www.osc.ca/sites/default/files/2021-03/ats\\_20210204\\_tradelogic.pdf](https://www.osc.ca/sites/default/files/2021-03/ats_20210204_tradelogic.pdf)

#### **Instinet Canada CBX Conditional Order Type Launched 15 March**

In April 2020, Instinet Canada Cross Ltd. (ICX) received regulatory approval to add conditional order type support to the ICX marketplace. Launched on 15 March, it’s the latest marketplace volley in the increasingly competitive electronic block crossing landscape in Canada. It is our expectation that we will see further competition in this space as incumbents look to differentiate their value proposition ahead of the Cboe/BIDS platform launch in 2022.

<https://www.osc.ca/en/industry/market-regulation/marketplaces/alternative-trading-systems-atss/atss-operating-ontario-0>

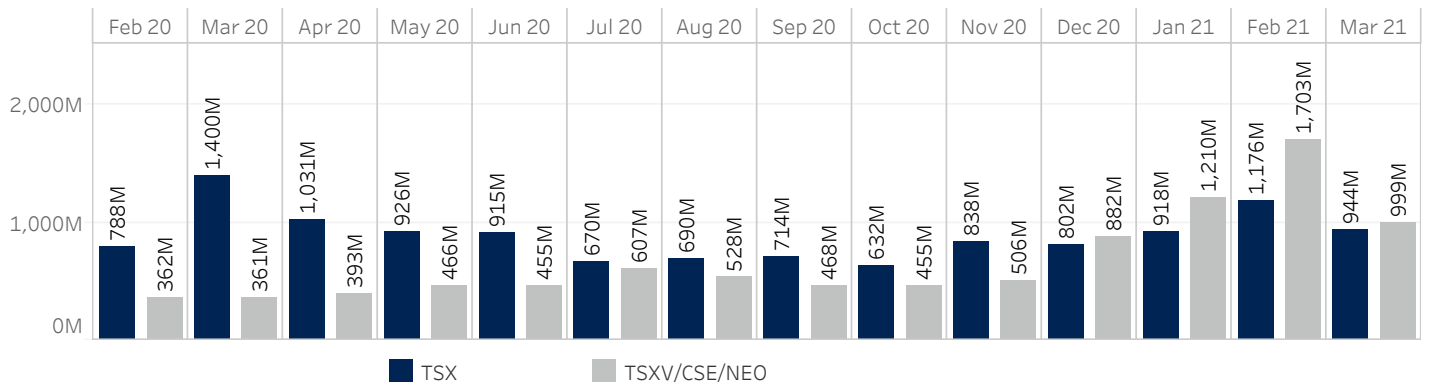
#### **IIROC Client Identifiers Update to Dealer Members**

On 19 March, The Investment Industry Regulatory Organization of Canada (IIROC) issued an update on implementation of the “Client Identifiers” amendments. The notice acknowledged the marketplace readiness, as of 5 April 2021, to begin accepting orders with the applicable identifiers on a voluntary basis. Dealer members are expected to take all appropriate steps to ensure compliance with the requirements by the full implementation date of 26 July 2021. Beyond the technology implementation, new compliance and monitoring policies were recommended.

[https://www.iiroc.ca/Documents/2021/379640de-be3c-4327-8d30-66504cab67c1\\_en.pdf](https://www.iiroc.ca/Documents/2021/379640de-be3c-4327-8d30-66504cab67c1_en.pdf)

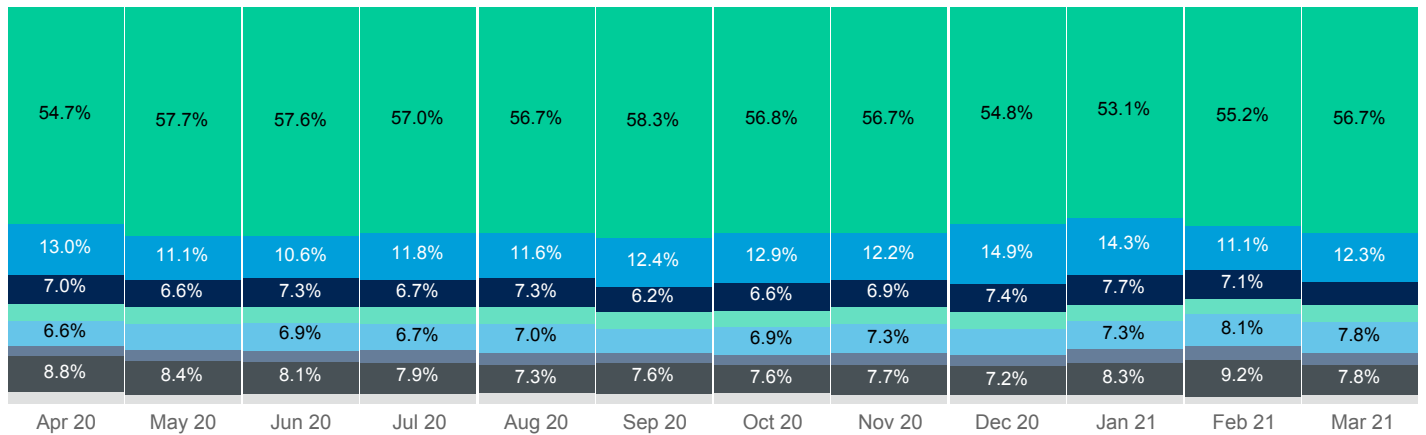


## Average Daily Market Volume By Listing Exchange (Shares)

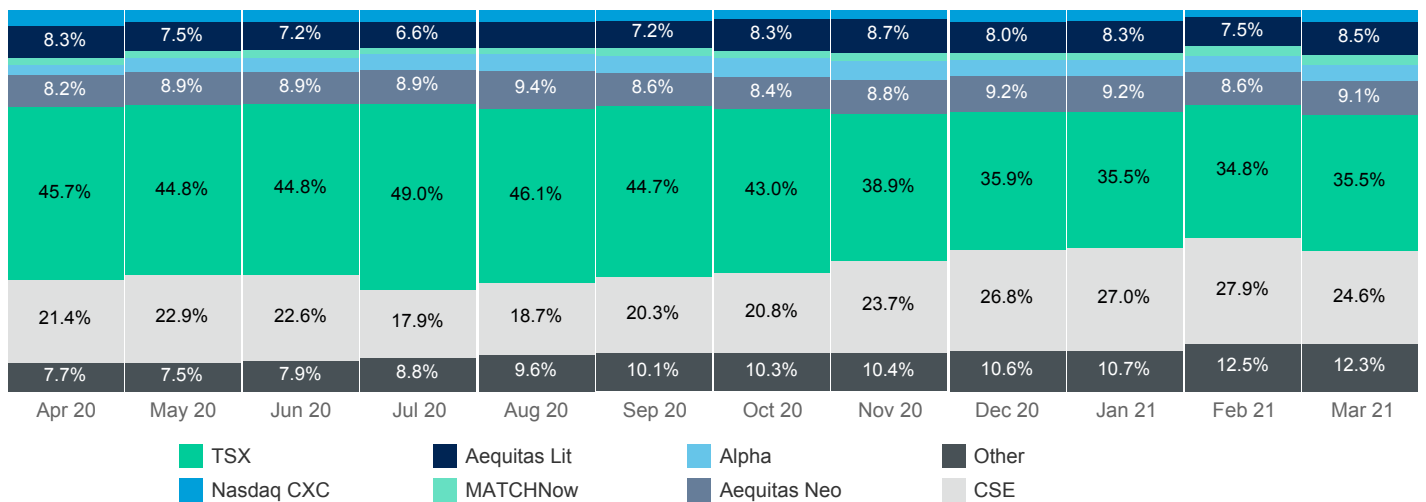


Source data: Virtu Financial

## Venue Market Share (TSX-Listed)



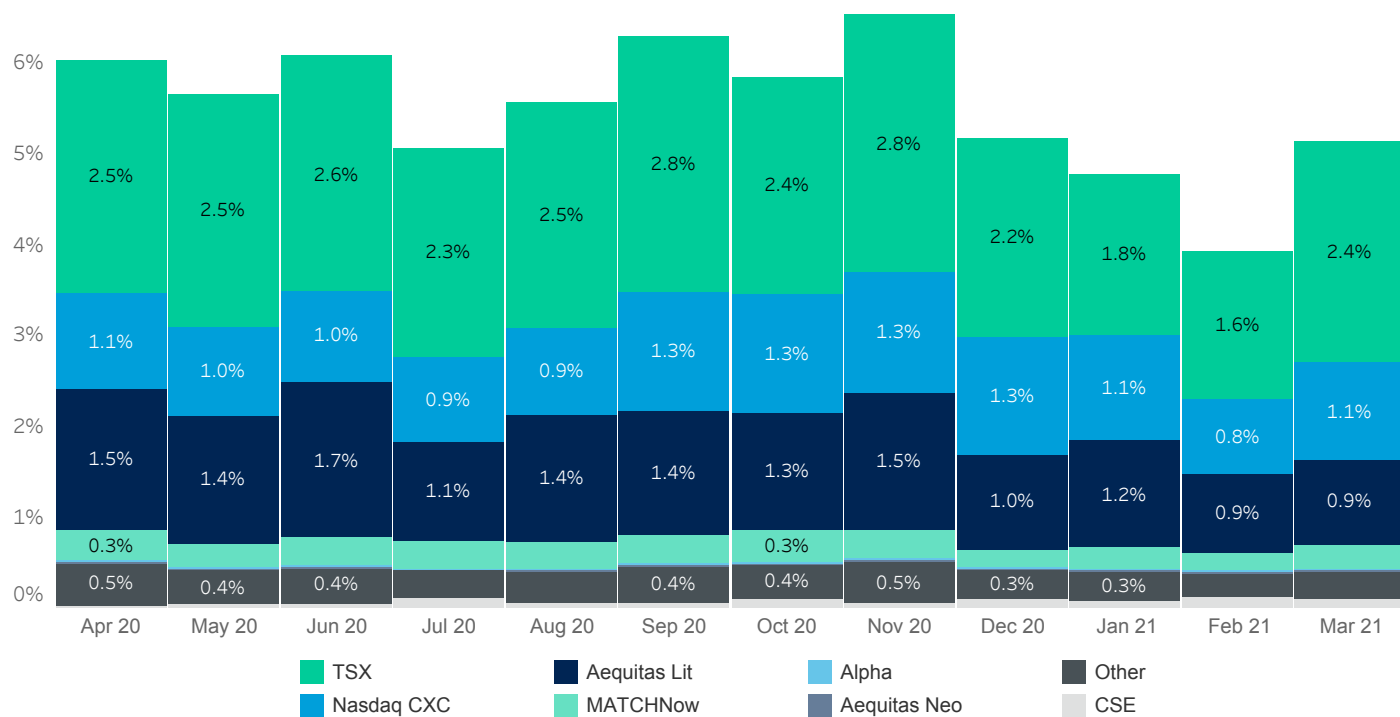
## Venue Market Share (Non-TSX-Listed)



Source data: Virtu Financial

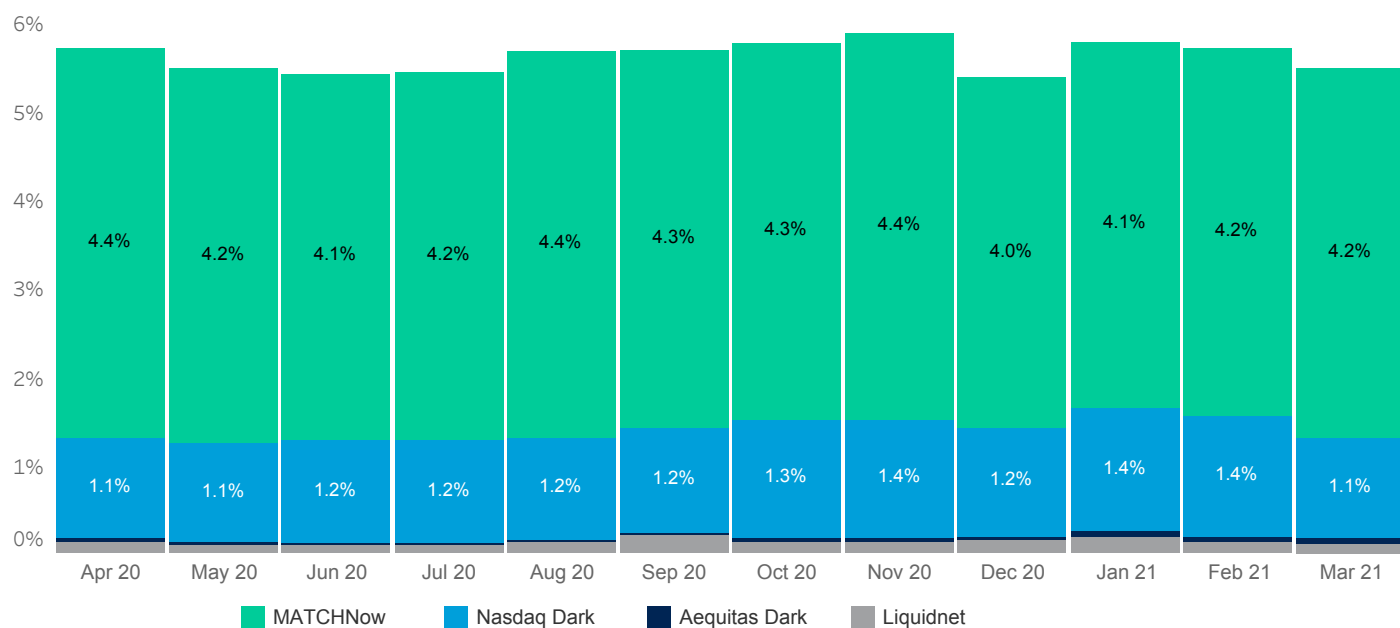


## Block Volume Market Share (% of total volume)



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		
		Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21
First 30 Min	S&P/TSX 60	512	492	501	520	609	621	653	683	638	741	780	755	793
	S&P/TSX Composite	642	587	549	583	662	688	727	760	735	782	827	840	865
	Non-TSX-Listed	9,015	8,600	9,499	9,373	11,111	10,065	8,732	8,066	7,712	10,122	11,000	13,258	9,500
Mid Day	S&P/TSX 60	632	642	755	730	810	845	841	835	815	940	967	961	970
	S&P/TSX Composite	783	745	813	822	891	927	946	909	885	977	1,035	1,069	1,084
	Non-TSX-Listed	7,801	5,814	6,551	7,341	8,349	7,525	6,227	5,536	5,570	7,531	8,575	10,247	7,403
Last 30 Min	S&P/TSX 60	698	788	966	953	1,040	1,068	1,015	1,085	1,082	1,190	1,206	1,243	1,190
	S&P/TSX Composite	938	990	1,106	1,119	1,172	1,215	1,204	1,249	1,182	1,271	1,285	1,318	1,273
	Non-TSX-Listed	8,482	7,124	8,500	8,750	9,978	9,000	7,737	7,050	6,891	9,374	10,500	12,168	8,832

## Spread Bps

First 30 Min	S&P/TSX 60	15.4	11.3	7.6	7.2	6.8	6.2	6.5	5.9	6.0	5.3	6.2	5.8	5.8
	S&P/TSX Composite	30.6	24.8	18.9	16.9	14.5	12.9	12.9	12.2	12.6	11.8	12.8	12.3	12.1
	Non-TSX-Listed	359.0	312.5	270.2	238.6	232.6	215.1	214.0	201.1	200.0	194.2	188.7	185.2	175.0
Mid Day	S&P/TSX 60	7.8	5.6	4.6	4.5	4.4	4.1	4.3	4.1	4.0	3.6	4.0	3.8	3.8
	S&P/TSX Composite	16.0	12.3	10.1	9.4	8.2	7.6	7.7	7.3	7.4	7.2	7.7	7.5	7.6
	Non-TSX-Listed	283.9	252.2	212.8	187.5	181.8	169.2	166.5	157.5	148.6	151.5	145.8	142.9	134.3
Last 30 Min	S&P/TSX 60	6.1	4.4	3.6	3.5	3.3	3.1	3.3	3.1	3.0	3.0	3.2	3.1	3.1
	S&P/TSX Composite	13.1	10.1	8.5	8.0	7.1	6.6	6.7	6.3	6.3	6.2	6.7	6.5	6.6
	Non-TSX-Listed	283.5	244.0	201.1	181.8	178.4	164.4	161.3	152.7	143.8	149.7	144.9	142.9	135.4

## One Minute Volatility Bps

First 30 Min	S&P/TSX 60	52.2	30.0	22.2	21.3	16.5	15.3	17.3	14.1	16.6	13.6	14.0	14.1	15.0
	S&P/TSX Composite	58.4	36.8	28.1	26.8	20.8	19.6	21.2	17.8	20.5	18.0	18.5	18.9	19.4
	Non-TSX-Listed	49.4	30.3	27.5	27.5	23.8	26.5	22.7	20.4	23.6	22.8	22.0	25.0	26.4
Mid Day	S&P/TSX 60	22.7	11.6	7.7	7.6	5.5	5.0	6.2	5.3	5.5	4.5	4.6	4.5	5.3
	S&P/TSX Composite	22.8	12.7	8.3	8.2	6.1	5.7	6.7	5.6	6.1	5.4	5.5	5.5	6.5
	Non-TSX-Listed	21.8	16.1	13.6	12.0	10.2	9.3	11.3	8.6	8.5	6.7	6.5	7.7	9.4
Last 30 Min	S&P/TSX 60	26.3	12.5	8.4	7.4	5.4	4.6	6.2	4.9	5.3	4.5	4.7	4.5	5.1
	S&P/TSX Composite	24.9	12.8	8.5	7.6	5.6	5.0	6.1	4.9	5.8	5.0	5.0	5.0	6.0
	Non-TSX-Listed	20.0	14.4	9.6	10.6	10.1	10.7	9.8	9.8	8.7	5.9	6.9	5.5	8.0

## Percent MDV by Time of Day

Open	S&P/TSX 60	0.6%	0.7%	0.6%	0.6%	0.5%	0.6%	0.5%	0.5%	0.6%	0.5%	0.6%	0.6%	0.6%
	S&P/TSX Composite	0.6%	0.6%	0.5%	0.5%	0.5%	0.6%	0.5%	0.5%	0.6%	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	10.7%	11.2%	12.1%	11.7%	11.6%	11.3%	11.2%	10.5%	12.3%	11.5%	12.2%	36.1%	12.0%
	S&P/TSX Composite	11.0%	11.7%	12.5%	11.7%	12.4%	13.0%	12.4%	12.0%	13.7%	12.5%	13.2%	39.1%	12.7%
	Non-TSX-Listed	20.0%	22.1%	22.2%	21.4%	21.3%	21.6%	20.9%	21.1%	21.2%	21.0%	21.2%	60.2%	19.2%
Last 30 Min	S&P/TSX 60	27.5%	31.0%	29.0%	30.0%	32.4%	29.4%	33.4%	36.8%	30.7%	33.7%	33.2%	91.5%	32.4%
	S&P/TSX Composite	22.0%	23.1%	22.5%	22.7%	24.4%	22.7%	23.4%	23.5%	23.2%	24.2%	23.0%	62.8%	22.6%
	Non-TSX-Listed	10.6%	11.1%	10.8%	10.7%	9.5%	9.7%	10.1%	10.4%	10.3%	9.4%	9.7%	26.8%	10.1%
Close	S&P/TSX 60	8.3%	8.6%	8.9%	12.3%	11.4%	9.9%	15.8%	20.2%	11.8%	18.6%	11.8%	12.1%	11.3%
	S&P/TSX Composite	3.2%	3.1%	3.9%	4.8%	5.1%	4.8%	4.8%	4.7%	3.9%	6.0%	4.5%	5.2%	4.2%
	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%

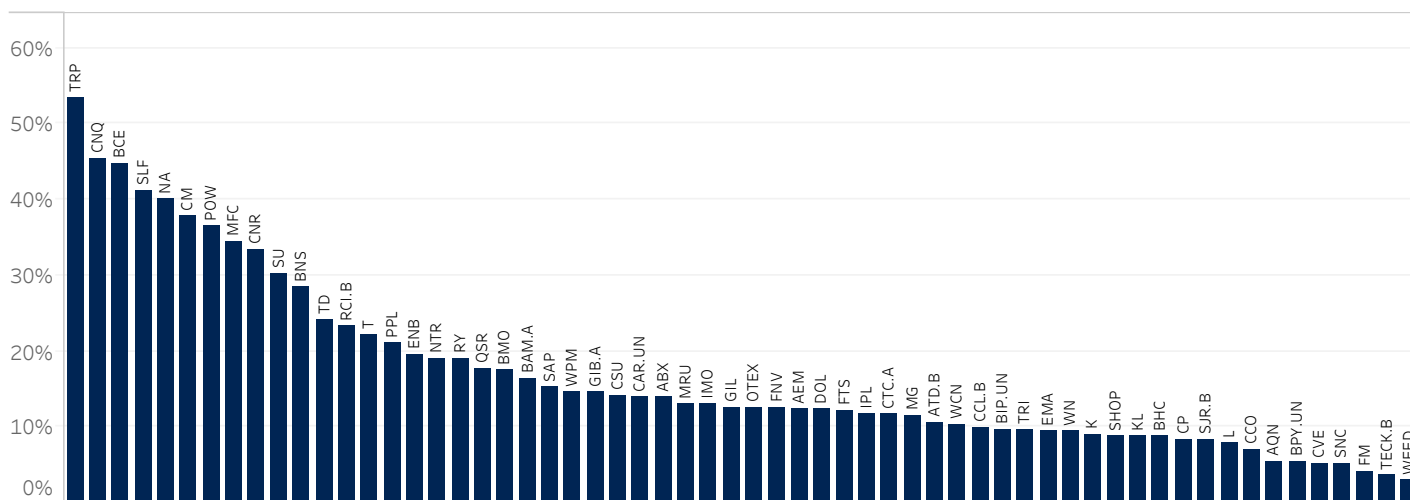
Median used for all metrics

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



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



Source data: Virtu Financial



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