

May 2021

Canada Market Structure Monthly



MARKET MICROSTRUCTURE OBSERVATIONS

- The average daily volume for TSX listed securities reversed its recent downward trend in May 2021, increasing 13% MoM to 711M shares but still down 13% YoY. Liquidity, spread and volatility conditions were flat MoM.
- For non-TSX listed securities, the average daily volume continued its decline to 652M shares, down 5% MoM, but up 40% versus a year ago. Liquidity, spread and volatility conditions were flat MoM.
- TSX and non-TSX securities continued to experience lower volatility conditions in May, staying near the 12-month low set in April 2021. The return to stable/lower conditions emphasizes the lack of any major macro drivers in May 2021.

CANADA MARKET STRUCTURE NEWS

TSX Conditional Orders Request for Comment

On 20 May, TSX Inc. (TSX) submitted a notice of proposed changes and request for comments to the Ontario Securities Commission, regarding the proposed introduction of a new conditional order type. This new conditional order type would be subject to a global minimum size which would be defined as the greater of 50 board lots and CA\$30,000 in value, or greater than CA\$100,000 in value. Upon invitation, participants would have 0.5 seconds to “firm up” (accept) and all executions would occur at the mid-point price of the protected National Best Bid and Offer. Subject to opt-in access, any remaining portion would have the opportunity to interact with standing TSX dark orders. TSX would also have the ability to suspend a participant, by trader ID, if abuse is detected. Suspension would apply to the next-day trading session.

https://www.osc.ca/sites/default/files/2021-05/tsx_20210521_request-for-comments.pdf

NEO Exchange Announces Eligibility in MSCI Indexes

On 28 May, NEO Exchange Inc. (NEO) announced that MSCI Inc. now recognizes the NEO Exchange as an eligible market for inclusion in MSCI Indexes. Effective 27 May, at market close, Mind Medicine (MindMed) Inc. (NEO:MMED) was added to the MSCI Canada Index. MMED saw increased trading activity and volatility during the closing auction with approximately 33.5% of the daily volume executing in the closing auction. NEO runs a European-style closing call unlike other incumbent North American exchanges. During the NEO closing call, all non-displayed on close orders join the NEO-L displayed book at 4:00 PM ET. A continuous calculated closing price and imbalance are published as orders are submitted between 4:00-4:05 PM ET at which point a randomized closing time is triggered.

https://www.neo.inc/en/about/press-releases/neo-exchange-announces-eligibility-in-msci-indexes?utm_source=announcements&utm_medium=web-site&utm_campaign=MSCI

<https://www.neo.inc/documents/en/trading-data/neo-exchange-closing-call-product-sheet-201909.pdf>

Nasdaq CXC Limited Withdraws CXD Retail Enhancements Request for Comment

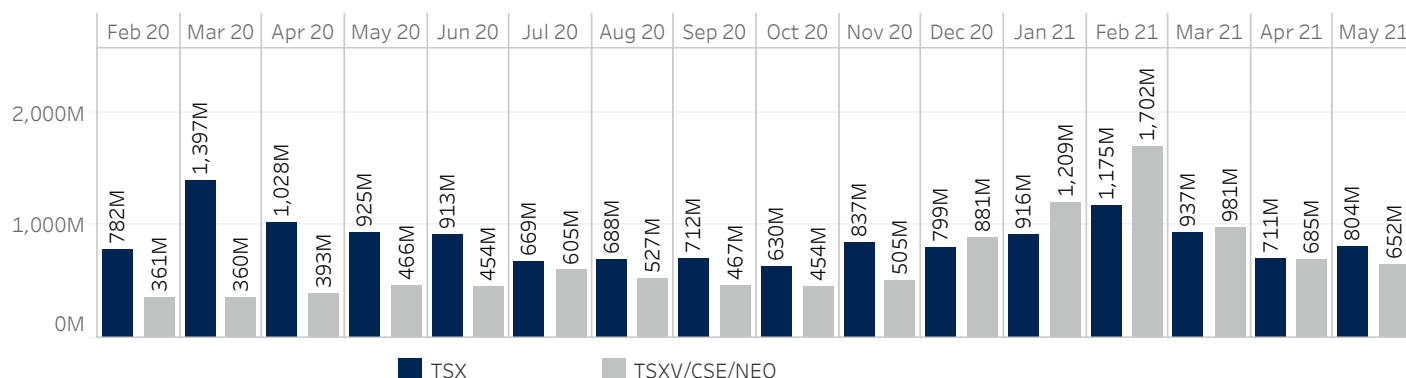
On 27 May, Nasdaq CXC Limited withdrew its previous proposal to introduce new features to the CXD Trading Book relating to minimum quantity order types interacting with specifically designated contra-order flows. The proposed features sought to allow orders to the CXD Trading Book, submitted with a minimum quantity, to opt-in for executions against retail designated trader IDs that would not otherwise meet the minimum quantity.

<https://www.osc.ca/en/industry/market-regulation/marketplaces/exchanges/recognized-exchanges/nasdaq-cxc-limited-rule-review-notices/notice-withdrawal-proposed-significant>

<https://www.osc.ca/en/industry/market-regulation/marketplaces/exchanges/recognized-exchanges/nasdaq-cxc-limited-rule-review-notices/notice-proposed-changes-and-request>

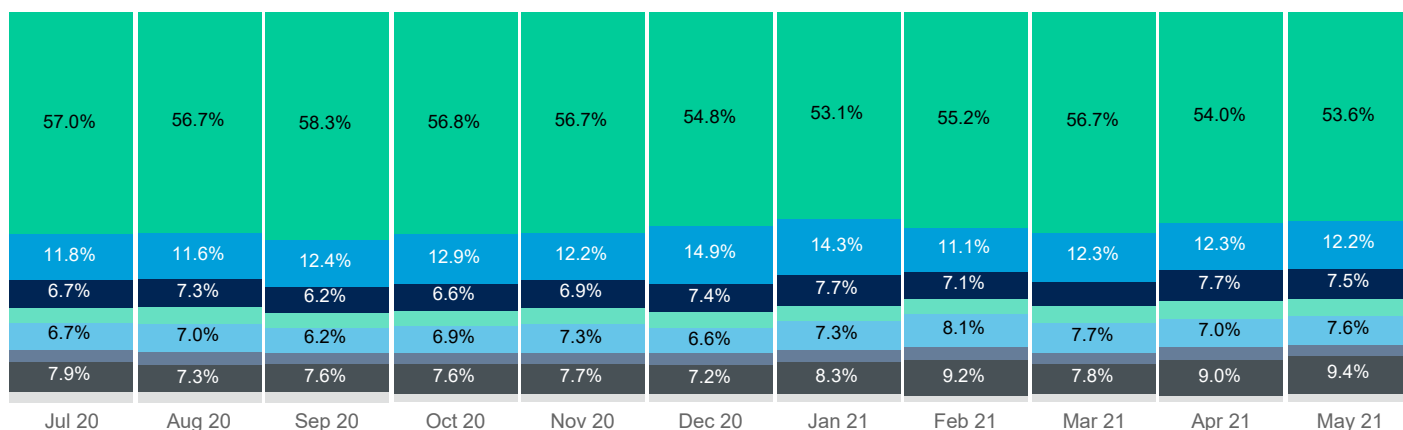


Average Daily Market Volume By Listing Exchange (Shares)

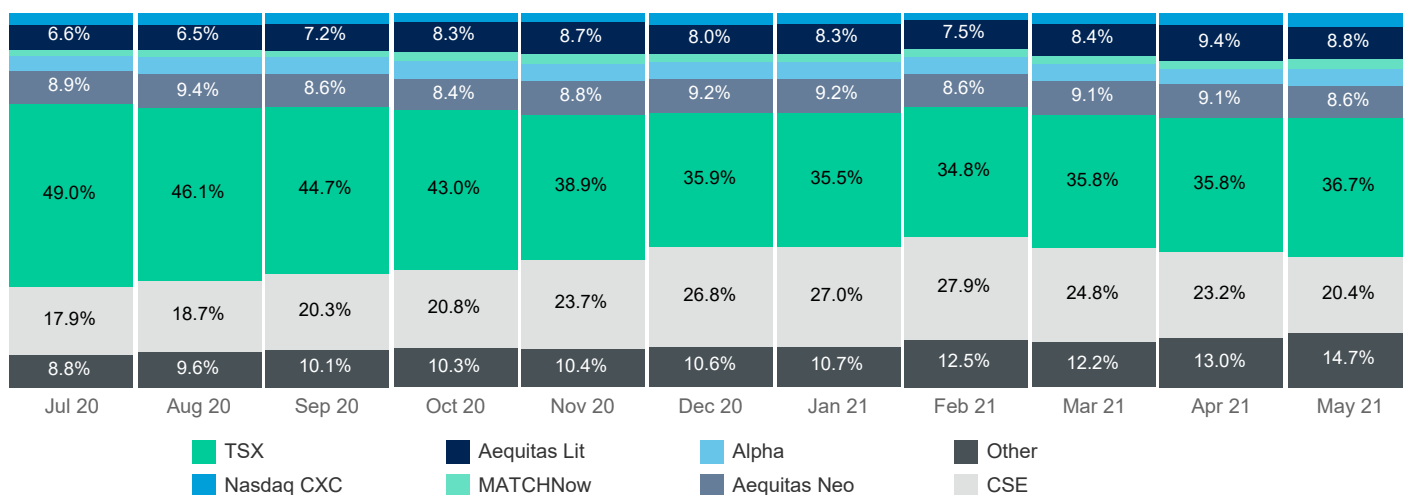


Source data: Virtu Financial

Venue Market Share (TSX-Listed)



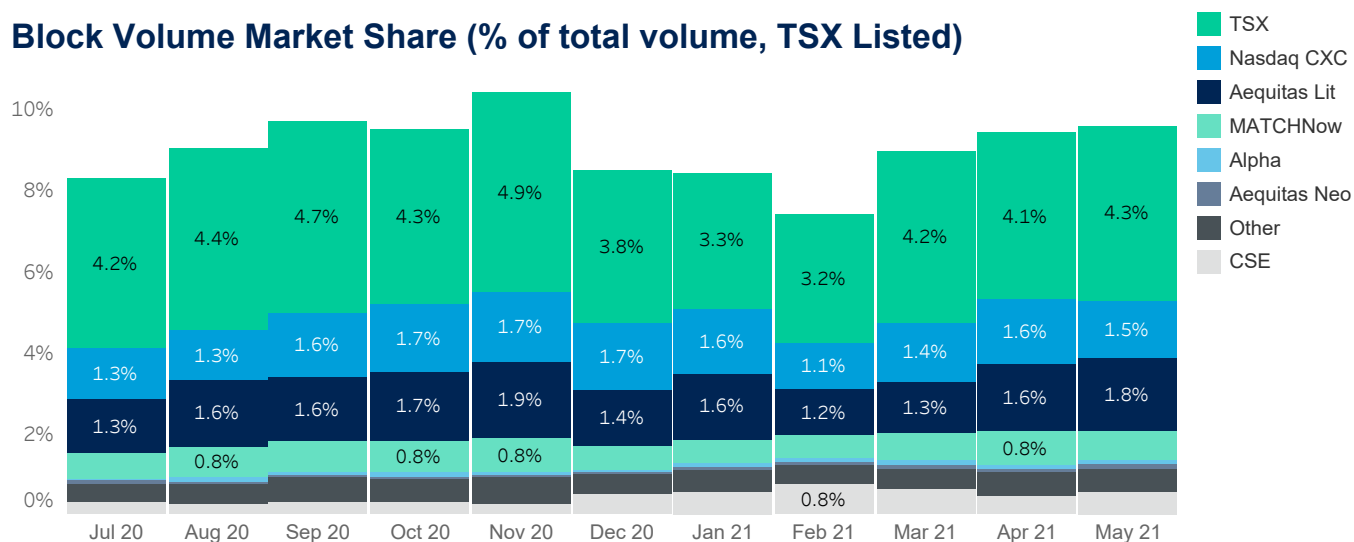
Venue Market Share (Non-TSX-Listed)



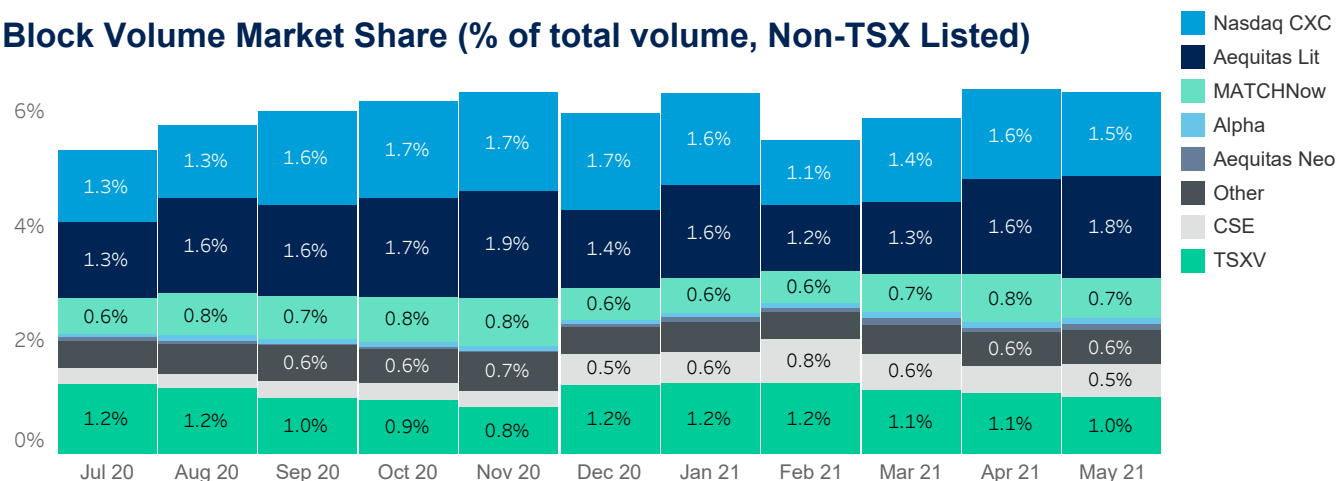
Source data: Virtu Financial



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

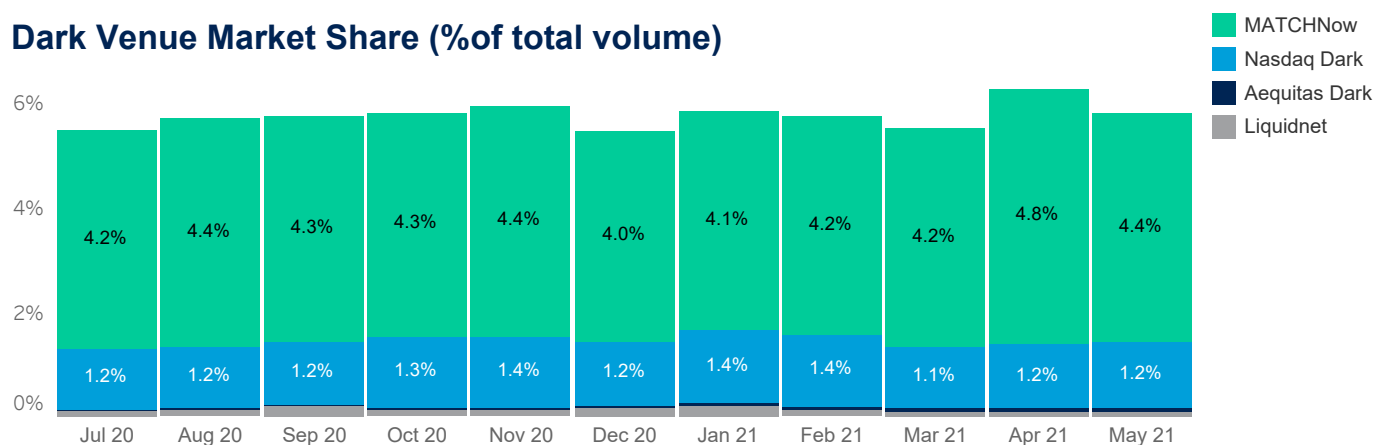


Block Volume Market Share (% of total volume, Non-TSX Listed)



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

		2Q 20		3Q 20			4Q 20			1Q 21			2Q 21	
		May 20	Jun 20	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21
First 30 Min	S&P/TSX 60	498	524	612	628	654	678	634	744	780	755	786	847	824
	S&P/TSX Composite	523	562	647	674	707	747	715	783	822	832	864	935	929
	Non-TSX-Listed	9,499	9,373	11,111	10,065	8,732	8,066	7,712	10,122	11,000	13,258	9,500	8,203	8,492
Mid Day	S&P/TSX 60	755	742	817	847	846	828	807	942	967	955	967	1,053	1,032
	S&P/TSX Composite	788	808	867	901	928	892	863	972	1,027	1,056	1,072	1,157	1,169
	Non-TSX-Listed	6,551	7,341	8,349	7,525	6,227	5,536	5,570	7,531	8,575	10,247	7,403	6,381	6,481
Last 30 Min	S&P/TSX 60	954	964	1,045	1,056	1,021	1,073	1,084	1,188	1,206	1,234	1,183	1,309	1,267
	S&P/TSX Composite	1,049	1,100	1,128	1,159	1,164	1,208	1,163	1,256	1,274	1,311	1,263	1,389	1,416
	Non-TSX-Listed	8,500	8,750	9,978	9,000	7,737	7,050	6,891	9,374	10,500	12,168	8,832	7,381	7,992

Spread Bps

First 30 Min	S&P/TSX 60	7.7	7.3	6.7	6.1	6.4	5.9	6.1	5.4	6.2	5.8	5.8	5.0	5.2
	S&P/TSX Composite	17.8	16.2	13.6	12.3	12.3	11.8	12.3	11.3	12.2	11.8	11.8	10.9	10.9
	Non-TSX-Listed	270.2	238.6	232.6	215.1	214.0	201.1	200.0	194.2	188.7	185.2	175.0	171.5	175.1
Mid Day	S&P/TSX 60	4.6	4.4	4.3	4.1	4.3	4.2	4.0	3.7	4.0	3.8	3.8	3.4	3.3
	S&P/TSX Composite	9.7	9.0	7.8	7.2	7.3	7.1	7.2	7.0	7.5	7.3	7.4	6.7	6.8
	Non-TSX-Listed	212.8	187.5	181.8	169.2	166.5	157.5	148.6	151.5	145.8	142.9	134.3	134.9	136.7
Last 30 Min	S&P/TSX 60	3.6	3.4	3.3	3.1	3.3	3.1	3.0	3.0	3.2	3.1	3.1	2.8	2.7
	S&P/TSX Composite	8.1	7.5	6.8	6.3	6.4	6.1	6.1	6.0	6.5	6.2	6.4	5.9	5.9
	Non-TSX-Listed	201.1	181.8	178.4	164.4	161.3	152.7	143.8	149.7	144.9	142.9	135.4	133.3	135.8

One Minute Volatility Bps

First 30 Min	S&P/TSX 60	22.9	21.1	17.0	15.4	17.2	14.4	17.2	13.6	14.0	14.1	15.0	11.0	13.0
	S&P/TSX Composite	27.9	25.6	20.7	19.2	20.7	17.6	20.4	17.5	17.7	18.1	18.6	14.4	17.6
	Non-TSX-Listed	27.5	27.5	23.8	26.5	22.7	20.4	23.6	22.8	22.0	25.0	26.4	18.2	19.0
Mid Day	S&P/TSX 60	8.0	7.3	5.7	5.1	6.1	5.4	5.6	4.6	4.6	4.5	5.3	3.6	3.9
	S&P/TSX Composite	8.4	7.8	6.3	5.6	6.5	5.6	6.2	5.3	5.3	5.2	6.3	3.9	4.7
	Non-TSX-Listed	13.6	12.0	10.2	9.3	11.3	8.6	8.5	6.7	6.5	7.7	9.4	5.7	5.8
Last 30 Min	S&P/TSX 60	8.6	7.3	5.5	4.7	6.2	5.2	5.4	4.6	4.7	4.5	5.2	3.6	4.3
	S&P/TSX Composite	8.7	7.4	5.9	5.0	6.0	5.2	5.8	4.9	4.9	4.8	5.9	3.9	4.5
	Non-TSX-Listed	9.6	10.6	10.1	10.7	9.8	9.8	8.7	5.9	6.9	5.5	8.0	6.6	5.4

Percent MDV by Time of Day

Open	S&P/TSX 60	0.6%	0.6%	0.5%	0.6%	0.6%	0.5%	0.6%	0.5%	0.6%	0.6%	0.6%	0.6%	0.6%
	S&P/TSX Composite	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%	0.5%	0.6%	0.5%	0.5%	0.5%	0.6%
	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	12.2%	11.6%	11.8%	11.3%	11.9%	10.5%	12.4%	11.8%	12.2%	35.6%	11.7%	12.5%	14.3%
	S&P/TSX Composite	12.8%	11.6%	12.2%	12.7%	12.4%	11.8%	13.4%	12.3%	13.2%	38.2%	12.5%	12.9%	14.2%
	Non-TSX-Listed	22.2%	21.4%	21.3%	21.6%	20.9%	21.1%	21.2%	21.0%	21.2%	60.2%	19.2%	18.7%	18.7%
Last 30 Min	S&P/TSX 60	30.2%	31.8%	32.4%	29.4%	32.6%	37.2%	31.5%	33.7%	33.2%	89.7%	32.5%	33.1%	33.9%
	S&P/TSX Composite	23.2%	23.2%	24.8%	23.2%	24.3%	24.5%	23.5%	24.6%	23.4%	65.9%	22.8%	25.5%	25.0%
	Non-TSX-Listed	10.8%	10.7%	9.5%	9.7%	10.1%	10.4%	10.3%	9.4%	9.7%	26.8%	10.1%	9.3%	9.1%
Close	S&P/TSX 60	8.7%	11.5%	11.4%	9.9%	13.7%	21.0%	13.9%	15.4%	11.8%	12.1%	11.7%	10.6%	6.3%
	S&P/TSX Composite	3.7%	5.1%	5.5%	5.3%	5.2%	4.9%	4.3%	5.7%	4.9%	5.4%	4.6%	5.1%	3.9%
	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%

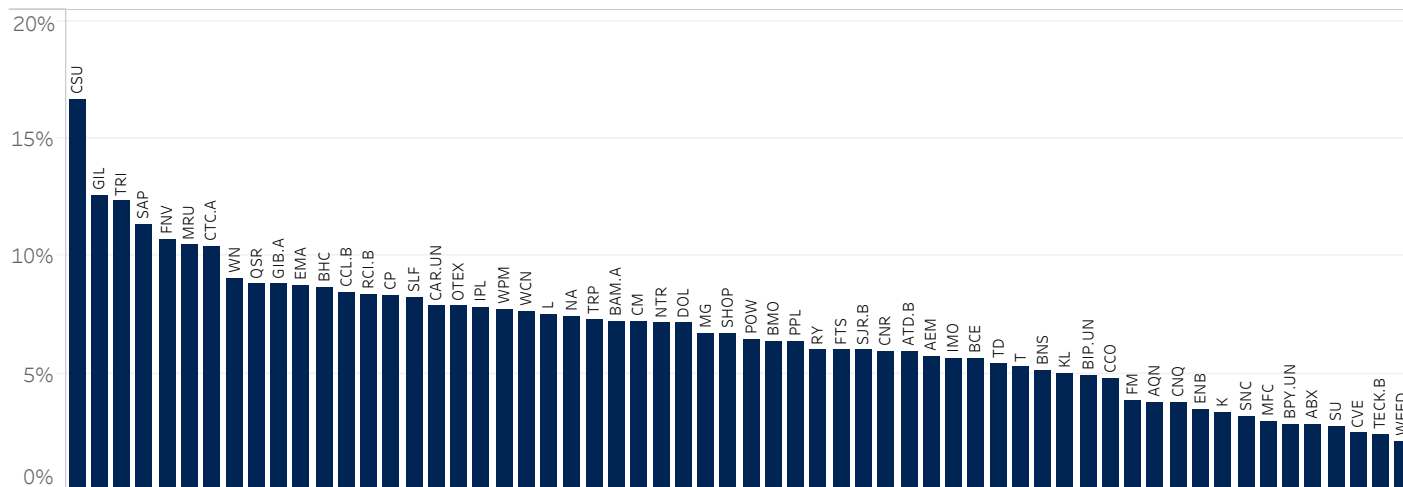
Median used for all metrics

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



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



Source data: Virtu Financial



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