

August 2020

EMEA Market Structure Monthly



EMEA Market Microstructure Observations

- The average daily volume in August 2020 in EMEA equities decreased to €27.7B, lower than the previous month by 15% (€32.5B) and lower than August's volume in the previous year by 18% (€33.7B).
- The median quote size at the European Best Bid and Offer (EBBO) has not changed significantly during August 2020, the Stoxx50 increased by 1% and Stoxx600 increased by 3% during the trading period of 8:30 to 16:00. Quote sizes at the EBBO in August 2020 were still smaller than they were in January 2020 by nearly 35% during intraday trading (8:30 to 16:00).
- Median spreads decreased in August 2020 relative to the previous month by 9% in Stoxx50 and by 7% in Stoxx600 symbols. Current median spreads are still wider by 23% in both Stoxx50 and Stoxx600 symbols compared to January 2020 levels for intraday trading.
- Intraday volatility decreased further during August 2020. Intraday volatility decreased by 13% in both Stoxx50 and Stoxx600 symbols' relative to the previous month during intraday trading.
- The market share distribution between primary exchanges, primary auctions, MTFs, Frequent Batch Auctions (aka FBA), Dark and RFQ venues changed very little in August 2020 relative to the prior month. Primary auctions execution have increased by one percentage point from 18.4% to 19.4%.
- In the Dark Block space, Cboe LIS gained 2% in LIS market share in August 2020, vs the prior month.

Market Structure News

Eurex extends its speed bump for all equity and DAX options

A speed bump of 1.5 milliseconds is added to aggressive orders as part of the Passive Liquidity Protection programme (aka PLP). The PLP programme was first launched in June 2019 in order to improve liquidity and price discovery in Eurex derivatives markets.

<https://www.eurexchange.com/exchange-en/trade/eurex-plp>

Schroders announced a permanent work from home scheme

The City based Fund manager are the first to announce a WFH scheme which will allow thousands of its employees to continue working from home even after the pandemic. Chief executive Peter Harrison said "The office will become a convening place where you get teams together, but the work will be done in people's homes."

<https://www.thetradenews.com/schroders-announces-permanent-work-from-home-scheme/>

First Crypto exchange to be regulated by the UK Financial Conduct Authority (FCA)

Archax became to first FCA regulated digital securities exchange and custodian in the UK and also received the FCA's cryptoasset registration. Archax will use Aquis' matching engine and market surveillance technology.

<https://www.archax.com/news/archax-regulated-by-fca-as-first-ever-digital-securities-exchange-in-uk.php>

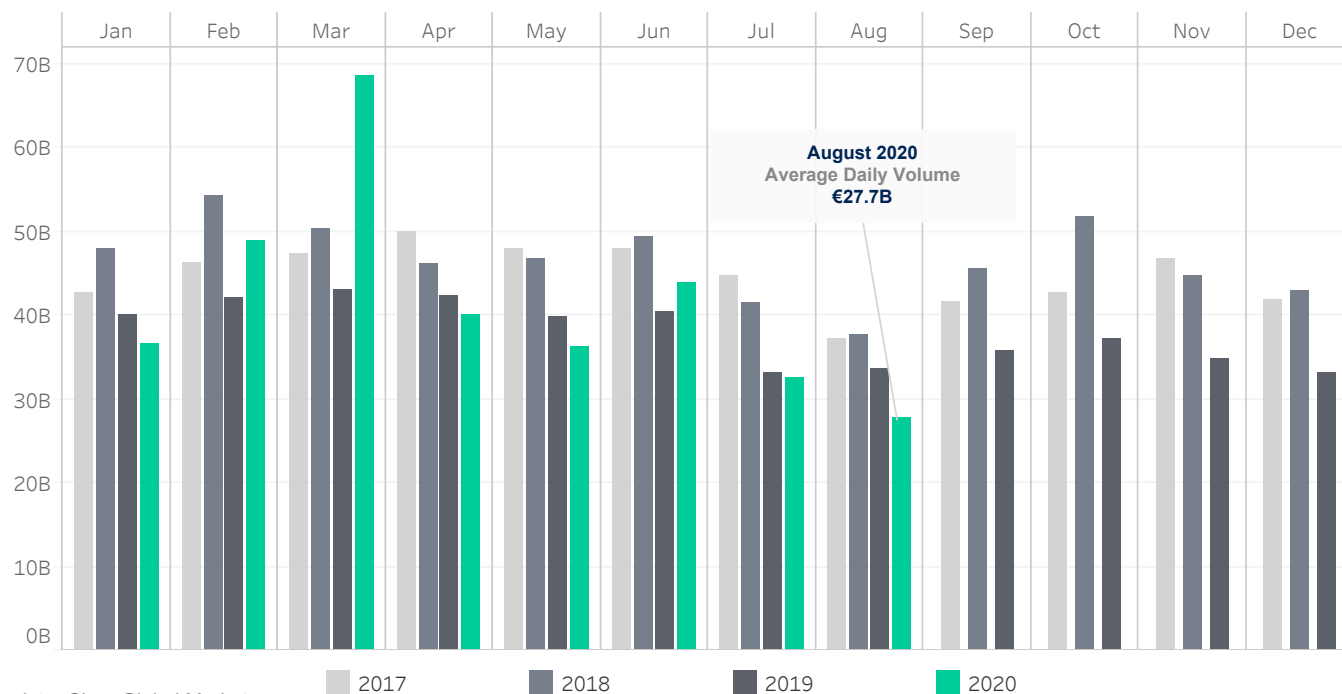
Covid-19 impact on compliance and monitoring drives increase investment in surveillance technology

Greenwich Associates predicts that as a result of the volatility caused by Covid-19 and the need to work for home, companies will spend \$1.2BN in market surveillance technology in 2020, with an additional growth in spend of 23% in 2021.

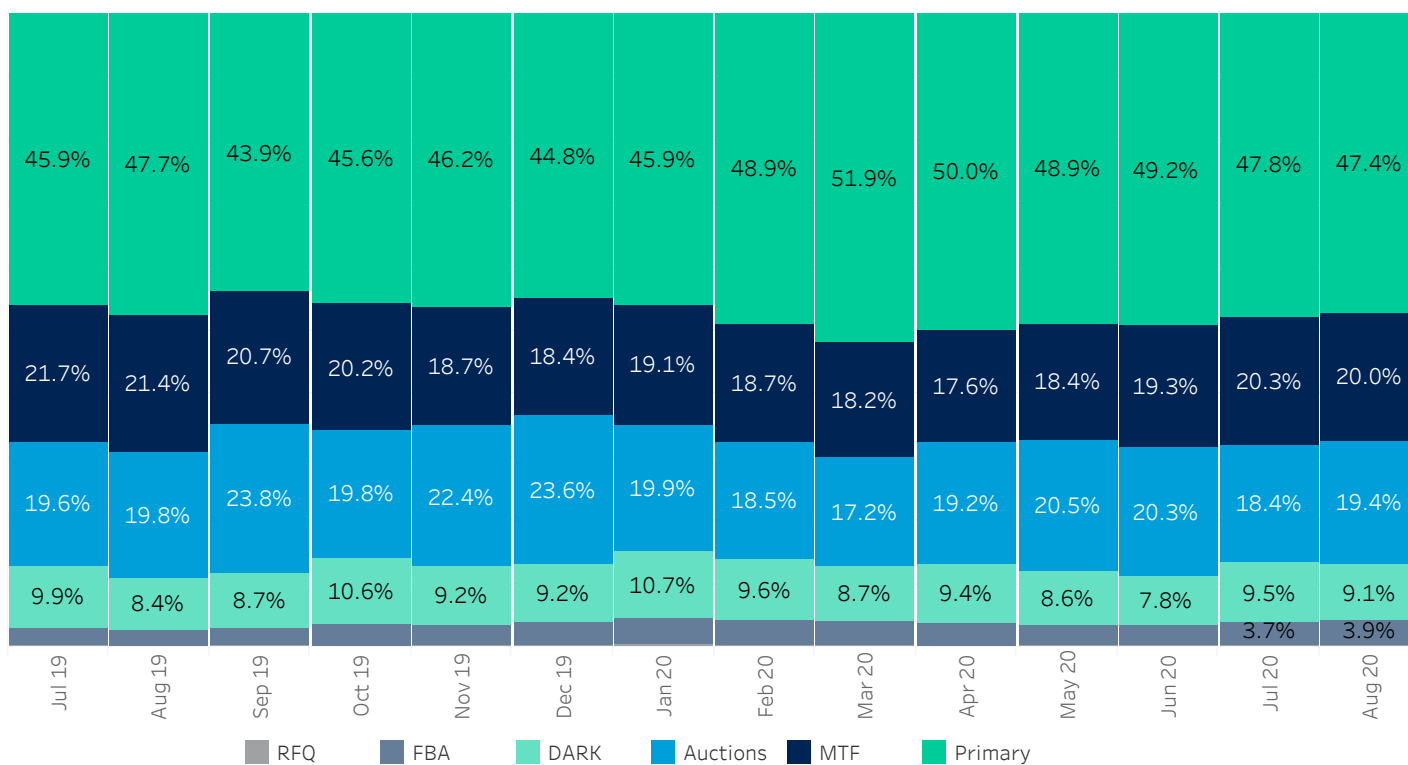
<https://www.greenwich.com/market-structure-technology/trade-surveillance-solutions-evolved-effective-and-essential>



Average Daily Market Volume

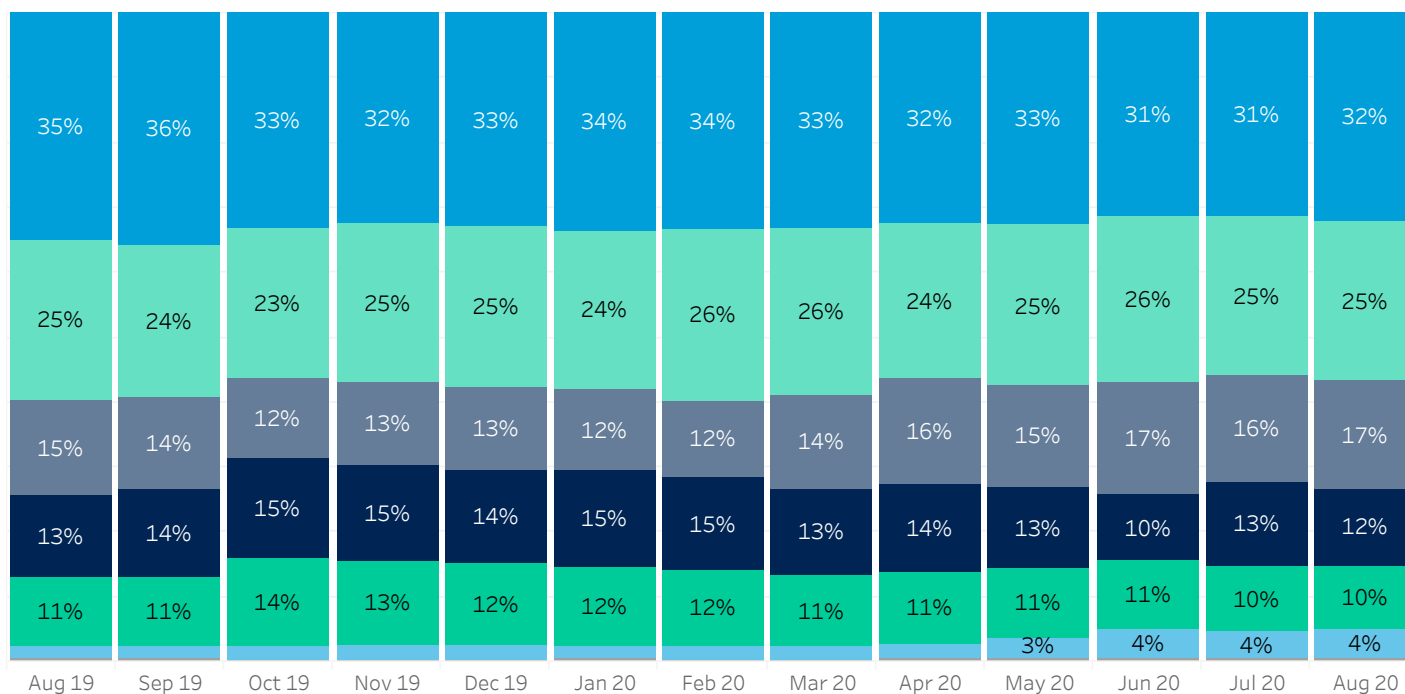


Venue Type Market Share





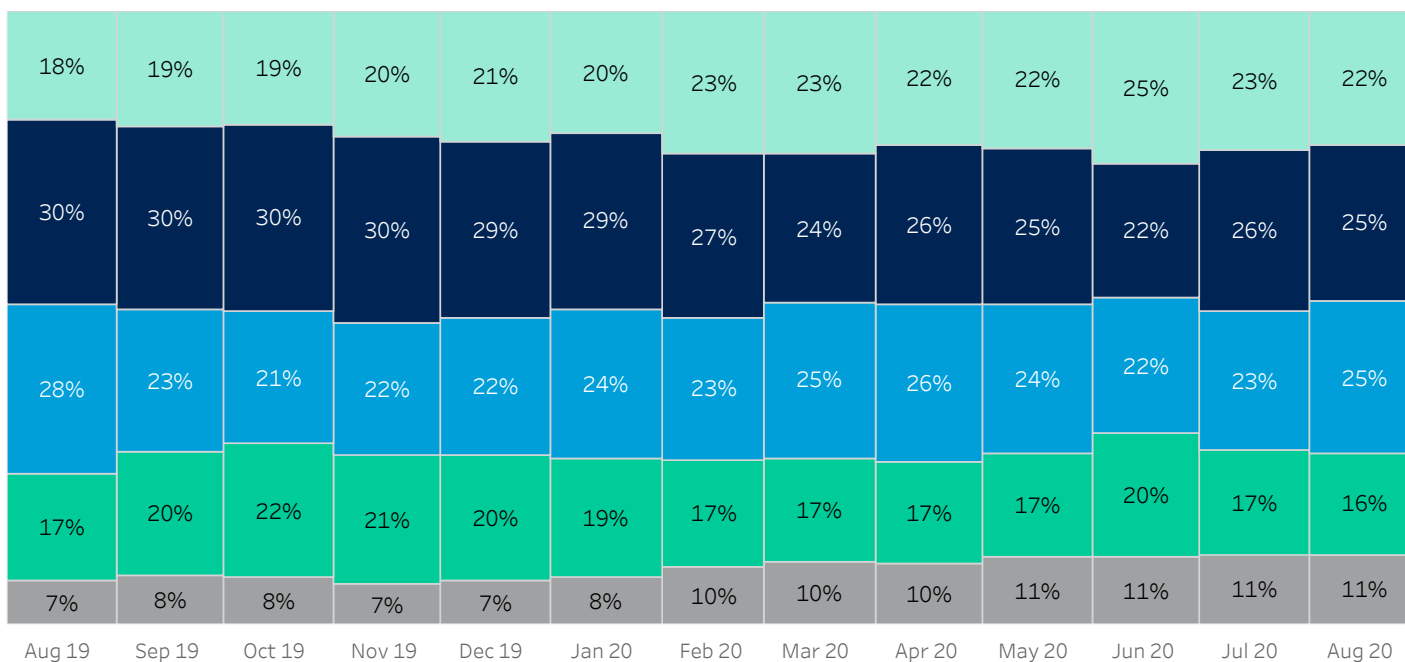
Dark Market Share



Source data: Cboe Global Markets



Block Market Share



Large In Scale values as per defined per symbol by ESMA; Source data: Virtu Financial



Quotesize in Notional USD

		3Q 19		4Q 19			1Q 20			2Q 20			3Q 20	
		Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20
8:00 - 8:30	Stoxx50	35.6K	38.7K	37.0K	40.5K	42.1K	43.7K	41.2K	20.2K	21.8K	23.0K	27.2K	28.7K	29.4K
	Stoxx600	13.6K	14.4K	13.7K	15.0K	15.5K	16.1K	15.5K	10.0K	9.9K	10.1K	12.1K	12.5K	12.9K
8:30 - 16:00	Stoxx50	59.2K	67.0K	64.6K	72.1K	69.2K	69.4K	66.0K	22.5K	31.3K	33.7K	40.5K	42.3K	43.0K
	Stoxx600	21.7K	24.0K	22.5K	24.8K	25.2K	26.5K	24.6K	11.4K	13.3K	14.4K	17.3K	17.6K	18.2K
16:00 - 16:30	Stoxx50	81.0K	99.6K	92.6K	103.4K	98.9K	99.3K	96.4K	27.8K	39.1K	42.5K	51.8K	57.3K	61.4K
	Stoxx600	30.0K	35.0K	32.0K	35.5K	36.2K	36.7K	35.8K	13.0K	15.9K	18.1K	22.1K	23.2K	24.3K

Spread Bps

8:00 - 8:30	Stoxx50	4.3	3.9	4.0	3.7	3.5	3.5	3.8	11.2	8.6	6.9	6.6	5.8	5.5
	Stoxx600	7.8	7.1	7.5	6.9	6.5	6.6	7.4	19.5	15.9	12.5	11.5	9.9	9.4
8:30 - 16:00	Stoxx50	2.9	2.5	2.8	2.6	2.6	2.6	2.8	5.9	4.5	4.0	3.9	3.5	3.2
	Stoxx600	4.5	4.1	4.6	4.2	4.1	4.1	4.4	9.7	7.7	6.5	6.2	5.5	5.1
16:00 - 16:30	Stoxx50	2.5	2.1	2.3	2.2	2.2	2.2	2.3	4.2	3.9	3.5	3.3	3.0	2.7
	Stoxx600	3.9	3.6	3.9	3.6	3.7	3.7	3.7	7.0	6.5	5.6	5.1	4.6	4.3

One Minute Volatility Bps

8:00 - 8:30	Stoxx50	11.5	9.4	10.9	9.6	8.3	9.5	11.3	37.3	23.1	19.1	20.4	15.1	15.0
	Stoxx600	11.6	10.3	11.9	10.7	9.1	9.9	11.7	34.0	23.7	19.5	19.8	14.7	14.5
8:30 - 16:00	Stoxx50	5.4	4.1	4.5	3.7	3.7	4.0	4.8	20.1	10.5	9.3	9.8	6.9	6.0
	Stoxx600	4.8	4.2	4.7	4.1	3.8	3.9	4.6	15.9	9.3	8.3	8.5	6.2	5.4
16:00 - 16:30	Stoxx50	6.0	4.0	4.7	3.6	3.8	3.9	4.4	19.1	12.4	11.2	11.2	7.5	6.1
	Stoxx600	4.8	3.8	4.4	3.6	3.6	3.6	4.0	15.5	10.1	9.4	9.0	6.2	5.3

Percent ADV by Time of Day

Open	Stoxx50	0.7%	0.8%	0.7%	0.8%	0.8%	0.9%	0.9%	1.1%	1.2%	1.0%	1.0%	1.0%	0.8%
	Stoxx600	0.3%	0.3%	0.3%	0.3%	0.4%	0.5%	0.5%	0.8%	0.7%	0.6%	0.5%	0.5%	0.4%
8:00 - 8:30	Stoxx50	8.5%	9.9%	9.5%	10.4%	9.7%	11.2%	9.7%	10.3%	11.2%	11.5%	11.8%	11.1%	11.6%
	Stoxx600	6.7%	7.2%	7.5%	8.1%	7.1%	8.3%	8.1%	8.3%	9.1%	9.2%	9.1%	8.9%	9.7%
16:00 - 16:30	Stoxx50	23.6%	23.5%	23.9%	19.3%	20.2%	19.5%	20.9%	25.7%	22.8%	19.3%	19.0%	19.7%	19.9%
	Stoxx600	20.4%	19.7%	19.3%	18.7%	19.3%	18.8%	19.6%	17.2%	14.8%	17.7%	18.0%	18.3%	19.0%
Close	Stoxx50	23.5%	26.9%	25.7%	26.9%	27.2%	24.8%	25.1%	21.3%	25.0%	23.2%	22.2%	21.8%	23.9%
	Stoxx600	24.2%	26.6%	25.6%	25.9%	28.3%	26.8%	25.8%	21.3%	24.6%	23.8%	23.3%	23.8%	24.1%

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



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