

February 2021

EMEA Market Structure Monthly

MICROSTRUCTURE OBSERVATIONS

- In February 2021, the average daily volume in EMEA equities increased to €44.1B, higher than the previous month by 10.9% (€39.7B) and below February 2020's volume by 10% (€48.9B).
- The median quote size at the European Best Bid and Offer (EBBO) has not changed significantly in February. The STOXX 50 decreased by 2% and STOXX 600 increased by 1% during the intraday trading period (08:30 to 16:00 GMT). Last month, quote sizes at the EBBO were more than 35% lower than in February 2020 for intraday trading.
- Median spreads did not change significantly in February, relative to the previous month. Median spreads in STOXX 50 were 3.1bps and STOXX 600 symbols were 4.7bps. Last month, median spreads in STOXX 50 and STOXX 600 symbols were just 10% higher compared to February 2020 levels for intraday trading.
- The market share distribution between primary exchanges and primary auction venues has not changed significantly in February, relative to the prior month.
- Since 4 February 2021, when Swiss stocks were re-listed on UK venues, nearly 50% of dark traded volume has moved from Swiss @ Mid to UK dark venues including POSIT.
- As dark liquidity in Swiss stocks moved away from Swiss @ Mid, an increase of market share in block liquidity was notable in the main conditional venues Turquoise (+1%), Cboe LIS (+2%), Liquidnet (+2%) and POSIT MTF (+1%).

EMEA MARKET STRUCTURE NEWS

FCA Analysis Finds That Usage of Dark Pools and Frequent Batch Auctions Lowers Execution Costs

The Financial Conduct Authority finds that:

- 1) Trading on venues with lower levels of pre-trade transparency is associated with lower transaction costs.
- 2) Reductions in transaction costs also occur from trading in alternative venues, such as periodic auctions, when dark trading is banned.
- 3) Neither a recent ban on dark pool trading, nor its suspension, significantly affected the transaction costs of investors in the UK equity market.

<https://www.fca.org.uk/publication/occasional-papers/occasional-paper-60.pdf>

Bank of England Governor Condemned the Failure to Grant UK With Equivalence

In a speech at Mansion House in London, Andrew Bailey, Governor of Bank of England, said "The UK has granted equivalence to the EU in some areas, but the EU has not done likewise to the UK. It would be reasonable to think that a common framework of global standards combined with the common basis of the rules—since the UK transposed EU rules from the outset—would be enough to base equivalence on global standards. Less than this was enough when Canada, the US, Australia, Hong Kong and Brazil were all deemed equivalent."

<https://www.bankofengland.co.uk/speech/2021/february/andrew-bailey-mansion-house>

ESMA Highlights the Risks to Retail Investors of Social Media Driven Share Trading

In February, the European Securities and Markets Authority (ESMA) issued a statement on the back of events in the US. ESMA urged retail investors to be careful when taking investment decisions based exclusively on information from social media platforms. ESMA also notes that discussing the opportunity to buy or sell the shares does not constitute market abuse. However, organising or executing coordinated strategies to trade or place orders at certain conditions and times to move a share's price could constitute market manipulation.

https://www.esma.europa.eu/sites/default/files/library/esma70-155-11809_episodes_of_very_high_volatility_in_trading_of_certain_stocks_0.pdf

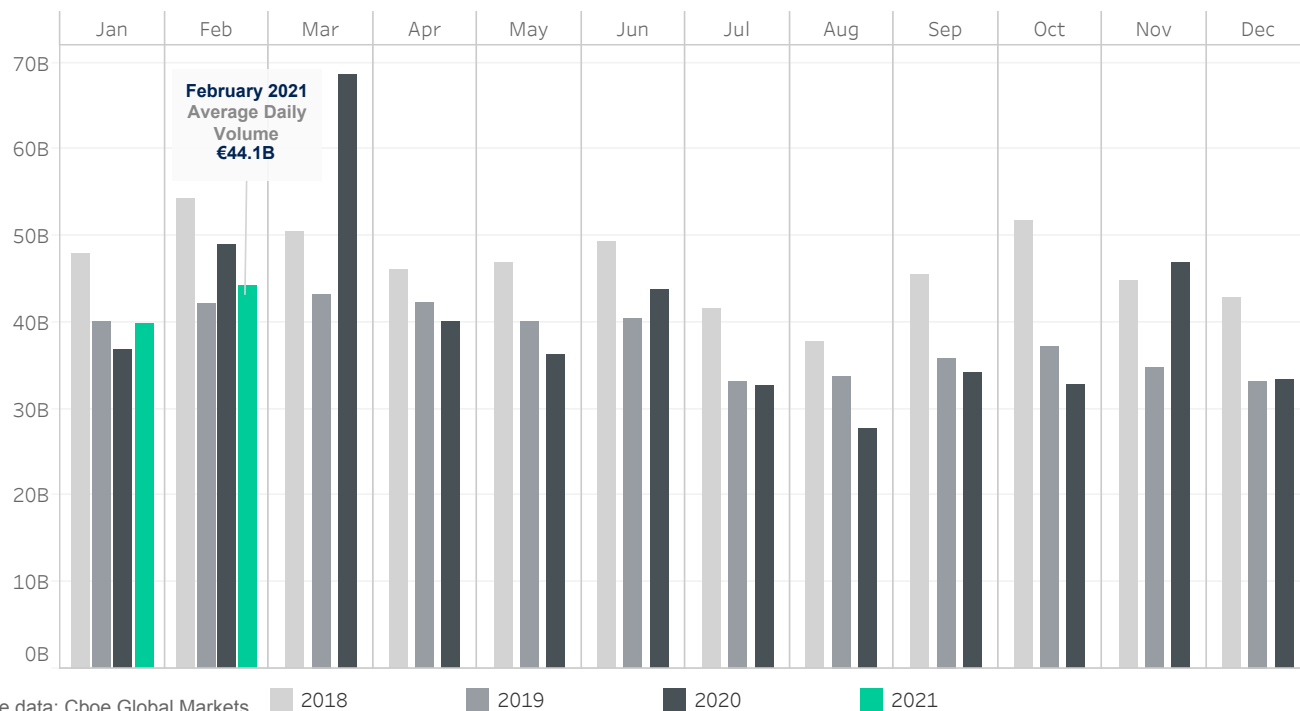
Commerzbank to Exit Equity Trading as part of Strategy 2024 plans

Commerzbank is targeting a reduction in costs of €1.4B by 2024. As part of their restructuring plans, they will be reducing approximately 10,000 full time employees and will shut down their equity sales trading business.

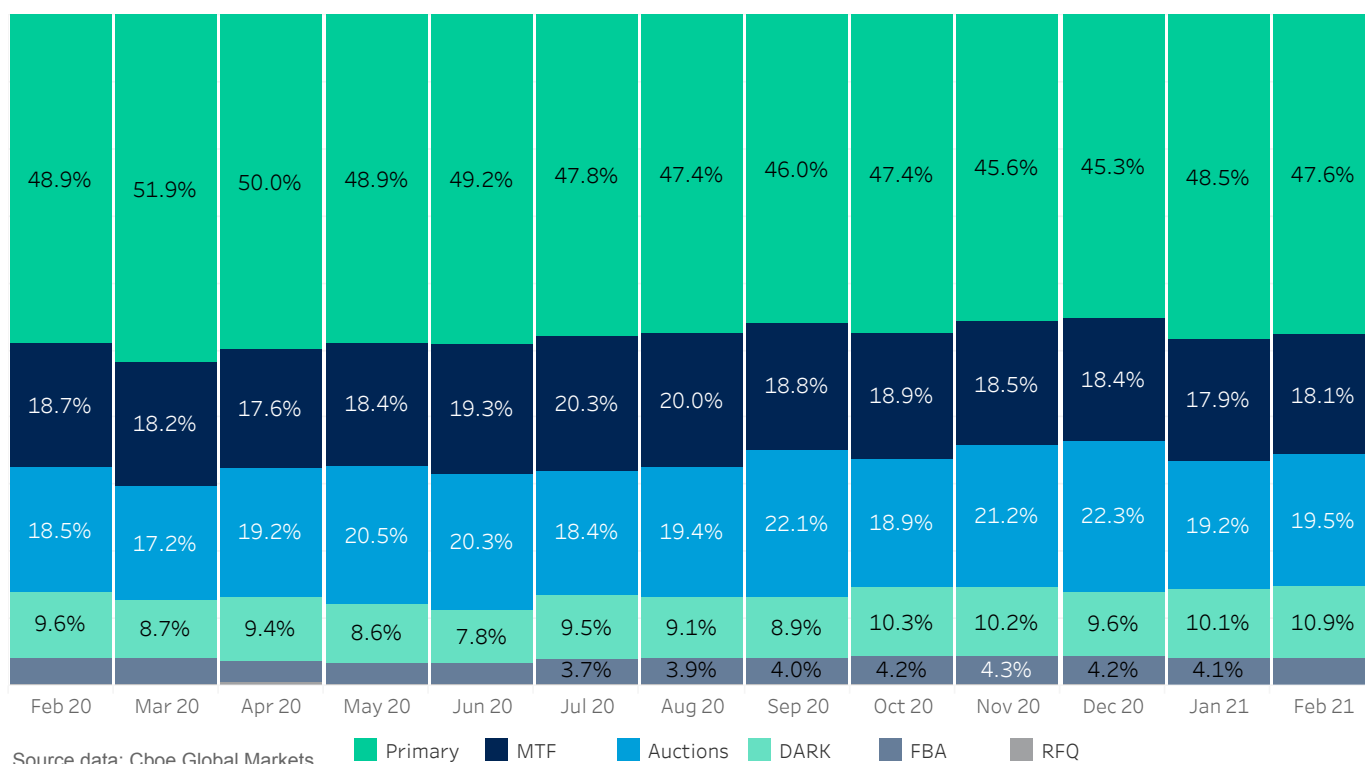
https://www.commerzbank.com/en/hauptnavigation/presse/pressemitteilungen/archiv1/2021/1__quartal_1/presse_archiv_detail_21_01_94090.html



Average Daily Market Volume

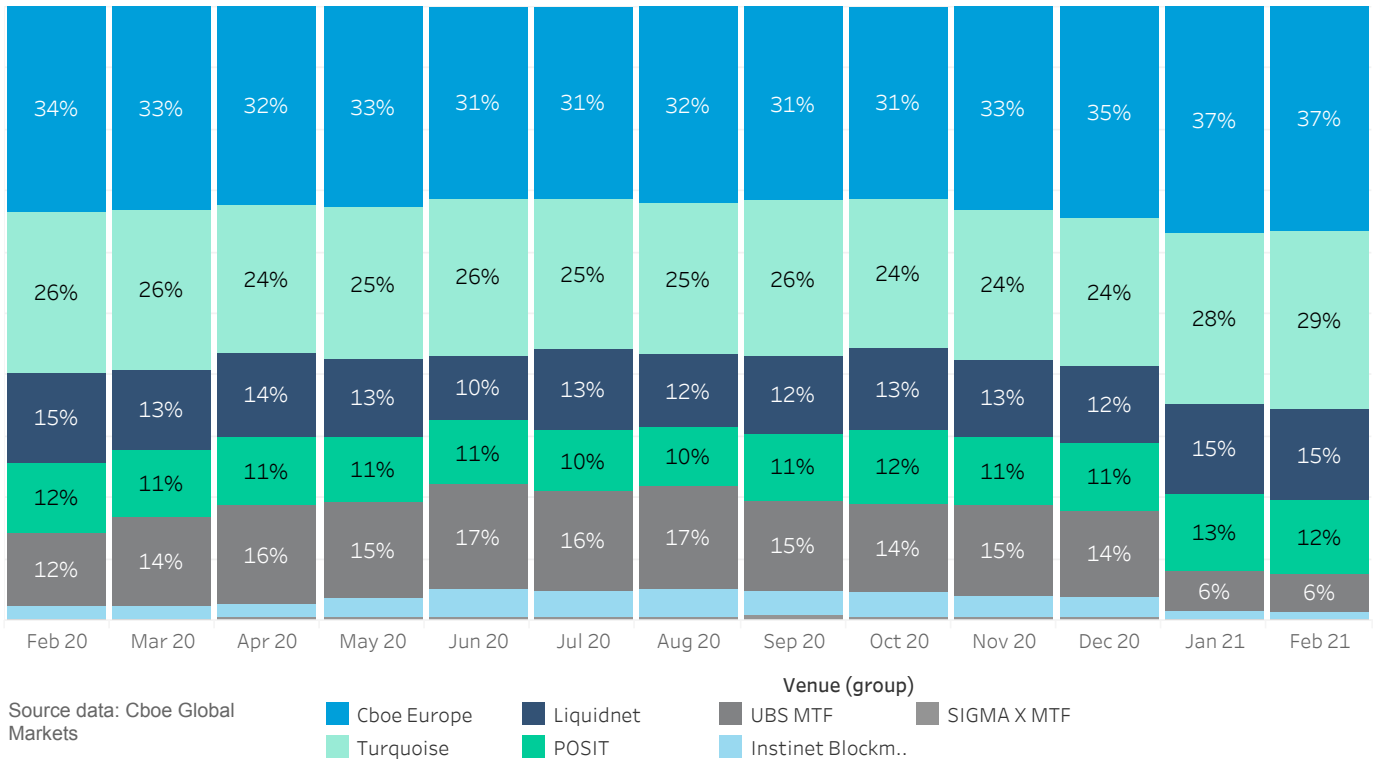


Venue Type Market Share

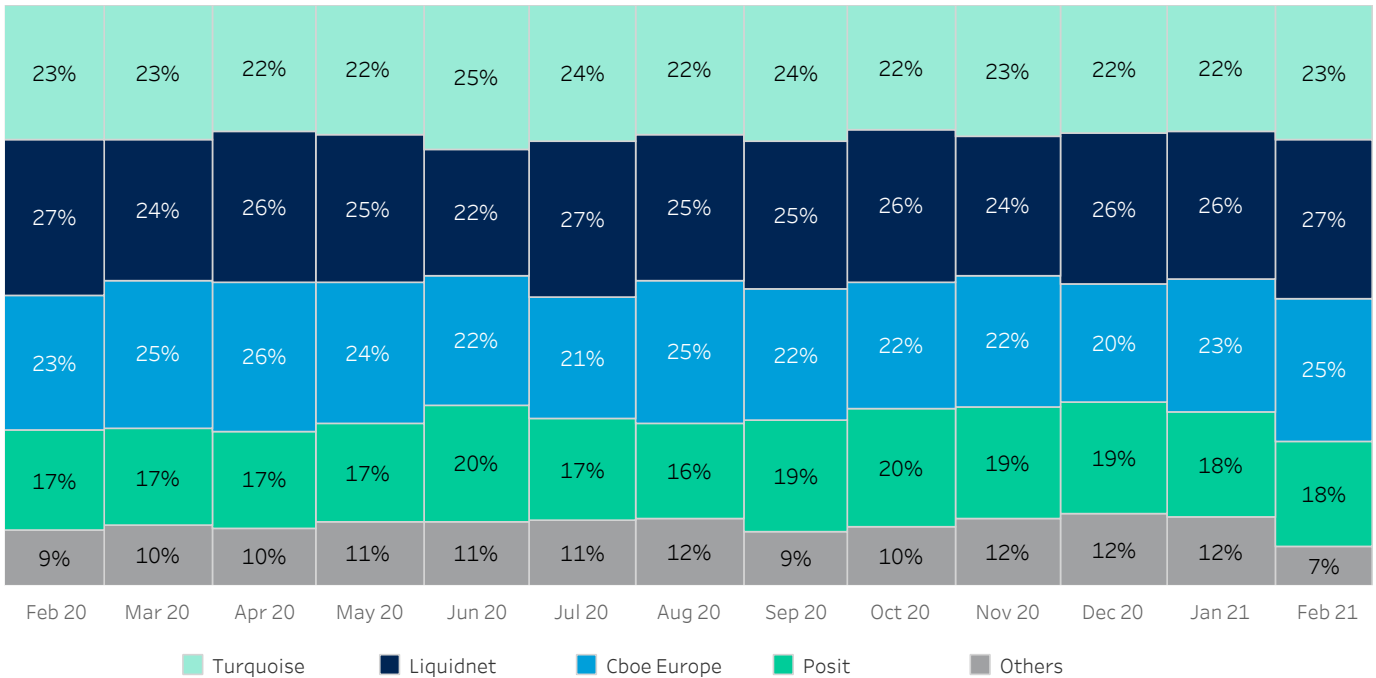




Dark Market Share



Block Market Share





Quotesize in Notional USD

		1Q 20		2Q 20			3Q 20			4Q 20			1Q 21	
		Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21
8:00 - 8:30	Stoxx50	41.2K	20.2K	21.8K	23.0K	27.2K	28.7K	29.4K	29.3K	26.6K	29.9K	32.2K	25.3K	25.6K
	Stoxx600	15.5K	10.0K	9.9K	10.1K	12.1K	12.5K	12.9K	12.5K	12.0K	12.6K	13.4K	11.1K	10.9K
8:30 - 16:00	Stoxx50	66.0K	22.5K	31.3K	33.7K	40.5K	42.3K	43.0K	43.6K	38.9K	45.4K	50.6K	38.4K	37.8K
	Stoxx600	24.6K	11.4K	13.3K	14.4K	17.3K	17.6K	18.2K	17.7K	17.1K	18.4K	20.3K	15.9K	16.1K
16:00 - 16:30	Stoxx50	96.4K	27.8K	39.1K	42.5K	51.8K	57.3K	61.4K	58.4K	54.1K	63.2K	67.2K	46.9K	46.6K
	Stoxx600	35.8K	13.0K	15.9K	18.1K	22.1K	23.2K	24.3K	22.5K	22.3K	24.8K	26.2K	19.0K	19.0K

Spread Bps

8:00 - 8:30	Stoxx50	3.8	11.2	8.6	6.9	6.6	5.8	5.5	5.5	5.6	5.3	4.6	5.3	5.1
	Stoxx600	7.4	19.5	15.9	12.5	11.5	9.9	9.4	9.2	9.5	9.2	8.2	8.9	9.0
8:30 - 16:00	Stoxx50	2.8	5.9	4.5	4.0	3.9	3.5	3.2	3.4	3.4	3.2	3.0	3.2	3.1
	Stoxx600	4.4	9.7	7.7	6.5	6.2	5.5	5.1	5.1	5.0	4.8	4.5	4.7	4.7
16:00 - 16:30	Stoxx50	2.3	4.2	3.9	3.5	3.3	3.0	2.7	2.9	2.9	2.8	2.6	2.7	2.8
	Stoxx600	3.7	7.0	6.5	5.6	5.1	4.6	4.3	4.4	4.2	4.0	4.0	4.0	4.1

One Minute Volatility Bps

8:00 - 8:30	Stoxx50	11.3	37.3	23.1	19.1	20.4	15.1	15.0	15.9	16.8	15.9	12.8	14.5	14.4
	Stoxx600	11.7	34.0	23.7	19.5	19.8	14.7	14.5	15.0	16.0	15.9	13.0	14.0	14.0
8:30 - 16:00	Stoxx50	4.8	20.1	10.5	9.3	9.8	6.9	6.0	7.0	7.0	6.9	5.1	6.1	5.6
	Stoxx600	4.6	15.9	9.3	8.3	8.5	6.2	5.4	6.1	6.0	6.1	4.9	5.3	5.2
16:00 - 16:30	Stoxx50	4.4	19.1	12.4	11.2	11.2	7.5	6.1	8.1	7.3	6.9	5.6	6.6	6.3
	Stoxx600	4.0	15.5	10.1	9.4	9.0	6.2	5.3	6.5	5.8	5.9	5.0	5.5	5.5

Percent ADV by Time of Day

Open	Stoxx50	0.9%	1.0%	1.1%	1.0%	1.0%	0.9%	0.8%	0.9%	1.1%	1.1%	1.0%	1.4%	1.4%
	Stoxx600	0.5%	0.8%	0.7%	0.6%	0.5%	0.5%	0.5%	0.4%	0.5%	0.5%	0.5%	0.8%	0.7%
8:00 - 8:30	Stoxx50	9.7%	10.3%	11.2%	11.5%	11.8%	11.1%	11.6%	10.6%	11.1%	11.1%	10.7%	10.5%	11.3%
	Stoxx600	8.1%	8.3%	9.1%	9.2%	9.1%	8.9%	9.7%	9.1%	9.1%	8.8%	8.6%	9.3%	9.7%
16:00 - 16:30	Stoxx50	20.9%	25.7%	22.8%	19.3%	19.0%	19.7%	19.9%	19.4%	20.7%	20.7%	22.5%	23.4%	23.8%
	Stoxx600	19.6%	17.2%	14.8%	17.7%	18.0%	18.3%	19.0%	17.5%	17.6%	18.5%	19.4%	17.8%	17.0%
Close	Stoxx50	24.8%	21.1%	25.0%	23.2%	22.4%	22.0%	24.0%	24.8%	24.2%	23.4%	26.6%	31.5%	31.8%
	Stoxx600	25.6%	21.1%	24.6%	23.5%	23.2%	23.7%	24.0%	25.1%	26.1%	26.3%	29.0%	32.0%	32.0%

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



ABOUT VIRTU

Virtu is a leading financial services firm that leverages cutting-edge technology to provide execution services and data, analytics and connectivity products to its clients and deliver liquidity to the global markets. Leveraging its global market making expertise and infrastructure, Virtu provides a robust product suite including offerings in execution, liquidity sourcing, analytics and broker-neutral, multi-dealer platforms in workflow technology. Virtu's product offerings allow clients to trade on hundreds of venues across 50+ countries and in multiple asset classes, including global equities, ETFs, foreign exchange, futures, fixed income and myriad other commodities. In addition, Virtu's integrated, multi-asset analytics platform provides a range of pre and post-trade services, data products and compliance tools that clients rely upon to invest, trade and manage risk across global markets.

To learn more, contact your sales representative or call our desk at:

APAC+852.2846.3553 | **CAN**+1.416.874.0800 | **EMEA**+44.20.7670.4066 | **US**+1.212.444.6250
info@virtu.com | www.virtu.com

© 2021 Virtu Financial, Inc. All rights reserved. Not to be reproduced or retransmitted without permission. These materials are for informational purposes and are not intended to be used to make trading or investment decisions, they are not intended as an offer to sell or the solicitation of an offer to buy any security or financial product, and are not intended as advice (investment, tax or legal). The information contained herein includes Virtu proprietary information and/or has been taken from sources we believe to be reliable, but we do not represent or warrant that such information is accurate or complete and it should not be relied upon as such.

Securities products and services are offered by the following subsidiaries of Virtu Financial, Inc. In the U.S., Virtu Americas LLC, member FINRA and SIPC; in Canada, Virtu ITG Canada Corp., member Canadian Investor Protection Fund and Investment Industry Regulatory Organization of Canada; in Europe, Virtu ITG Europe Limited, registered in Ireland No. 283940 ("VIEL") (VIEL is authorized and regulated by the Central Bank of Ireland), and Virtu Financial Ireland Limited, registered in Ireland No. 471719 ("VFIL") (VFIL is authorized and regulated by the Central Bank of Ireland). The registered office of VIEL and VFIL is Whitaker Court, Whitaker Square, Sir John Rogerson's Quay, Dublin 2, Ireland; in Asia, Virtu ITG Hong Kong Limited (SFC License No. AHD810), Virtu ITG Singapore Pte Limited (CMS License No. 100138-1), and Virtu ITG Australia Limited (AFS License No. 219582).