

# January 2021

## EMEA Market Structure Monthly



### MICROSTRUCTURE OBSERVATIONS

- The average daily volume in January 2021 for EMEA equities increased to €39.7B, higher than the previous month by 18.9% (€33.4B) and above January 2020's volume of €36.7B (+8.2%).
- The median quote size at the European Best Bid and Offer (EBBO) decreased in January 2021, the STOXX 50 decreased by 25% and STOXX 600 decreased by 22% during the intraday trading period (8:30 to 16:00 GMT). Last month, quote sizes at the EBBO were more than 40% lower than in January 2020 for intraday trading.
- Median spreads did not change significantly in January 2021, relative to the previous month. Median spreads in STOXX 50 and STOXX 600 symbols decreased by over 4%. Last month, median spreads in STOXX 50 and STOXX 600 symbols were just 12% higher compared to January 2020 levels for intraday trading.
- Intraday volatility increased in January 2021, relative to previous month. One-minute volatility in STOXX 50 symbols increased by 19% and STOXX 600 symbols increased by 8% for intraday trading.
- The market share distribution between primary exchanges and primary auctions venues changed in January 2021, relative to the prior month. Primary exchange execution increased by 3.2% while primary auctions executions decreased by 3.1%.
- Some UK-based dark venue operators have not launched an EU-based equivalent and now, post-Brexit implementation, cannot trade EU stocks. The result is a decrease in market share, with UBS MTF dropping 8% from 14% to 6% last month.

### EMEA MARKET STRUCTURE NEWS

#### **UK and Swiss Authorities Completing the Process of Mutual Recognition (Equivalence)**

The trading of Swiss stocks on EU and UK venues ceased in July 2019, when the European Securities and Markets Authority (ESMA) did not extend recognition or equivalence to Switzerland. On 31 December 2020, the UK exited the EU and as a result, both the UK Treasury and the Swiss State Secretariat for International Financial Matters (SIF) have granted mutual equivalence. Accordingly, the re-listing of Swiss stocks on UK venues has resumed in early February.

<https://www.sif.admin.ch/sif/en/home/dokumentation/medienmitteilungen/medienmitteilungen.msg-id-82134.html>

[https://www.legislation.gov.uk/ukxi/2021/28/pdfs/ukxi\\_20210028\\_en.pdf](https://www.legislation.gov.uk/ukxi/2021/28/pdfs/ukxi_20210028_en.pdf)

#### **Brexit's Impact on Trading**

In 2021's first month of trading, UK venues saw their market share of European stocks fall by an average daily volume of nearly €7B. The liquidity was redirected into the EMEA-based venues many UK-based operators opened late last year. However, over-the-counter (OTC) trading has also increased by 10% compared to 4Q 2020 activity. We also observe that some EU symbols continue to trade on dark UK-based venues but note that this activity is gradually decreasing.

<https://www.thetradenews.com/uk-trading-venues-see-eu-market-share-plummet-post-brexit-report-finds/>

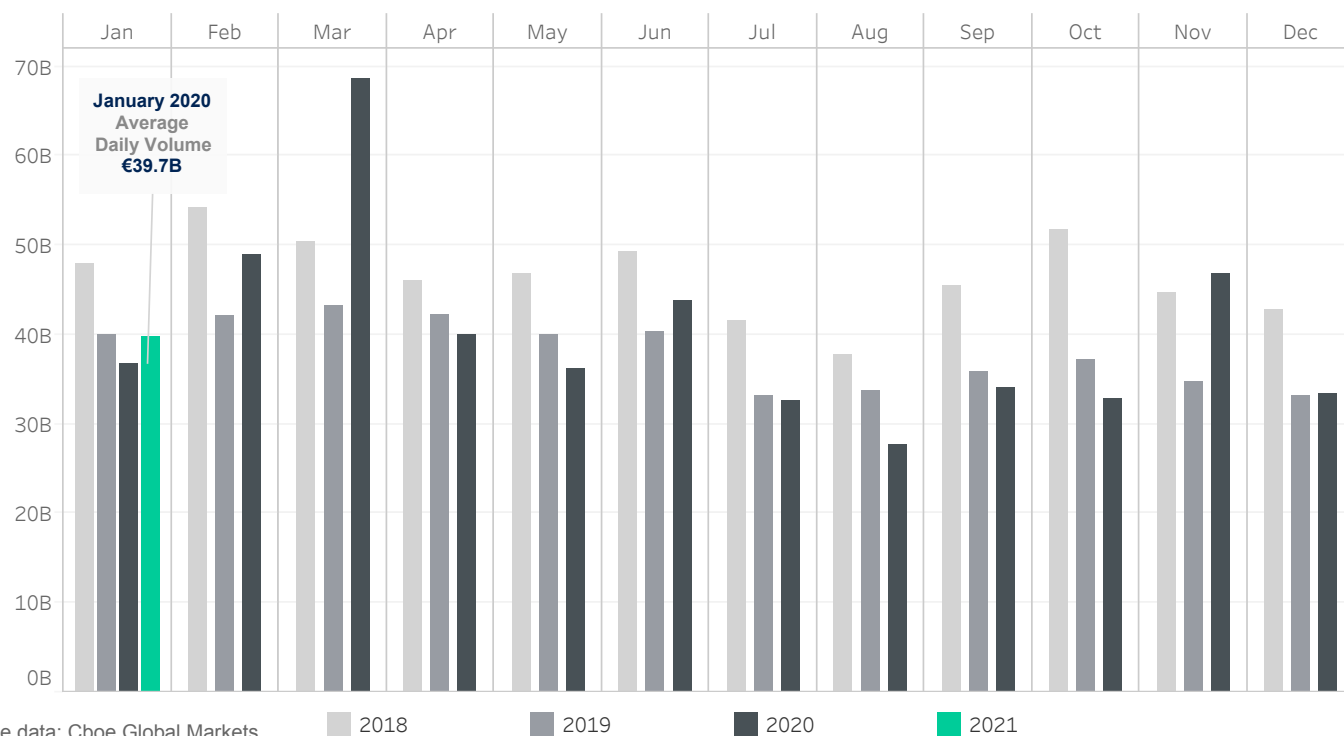
#### **LSE Completes Its Acquisition of Refinitiv**

Last month, the European Commission approved the London Stock Exchange Group's (LSEG) US\$27B (€22.4B) deal to acquire Refinitiv. In June 2020, the European Commission expressed concerns over the takeover and in response the LSEG agreed to sell off its Borsa Italiana business to Euronext for €4.3 billion.

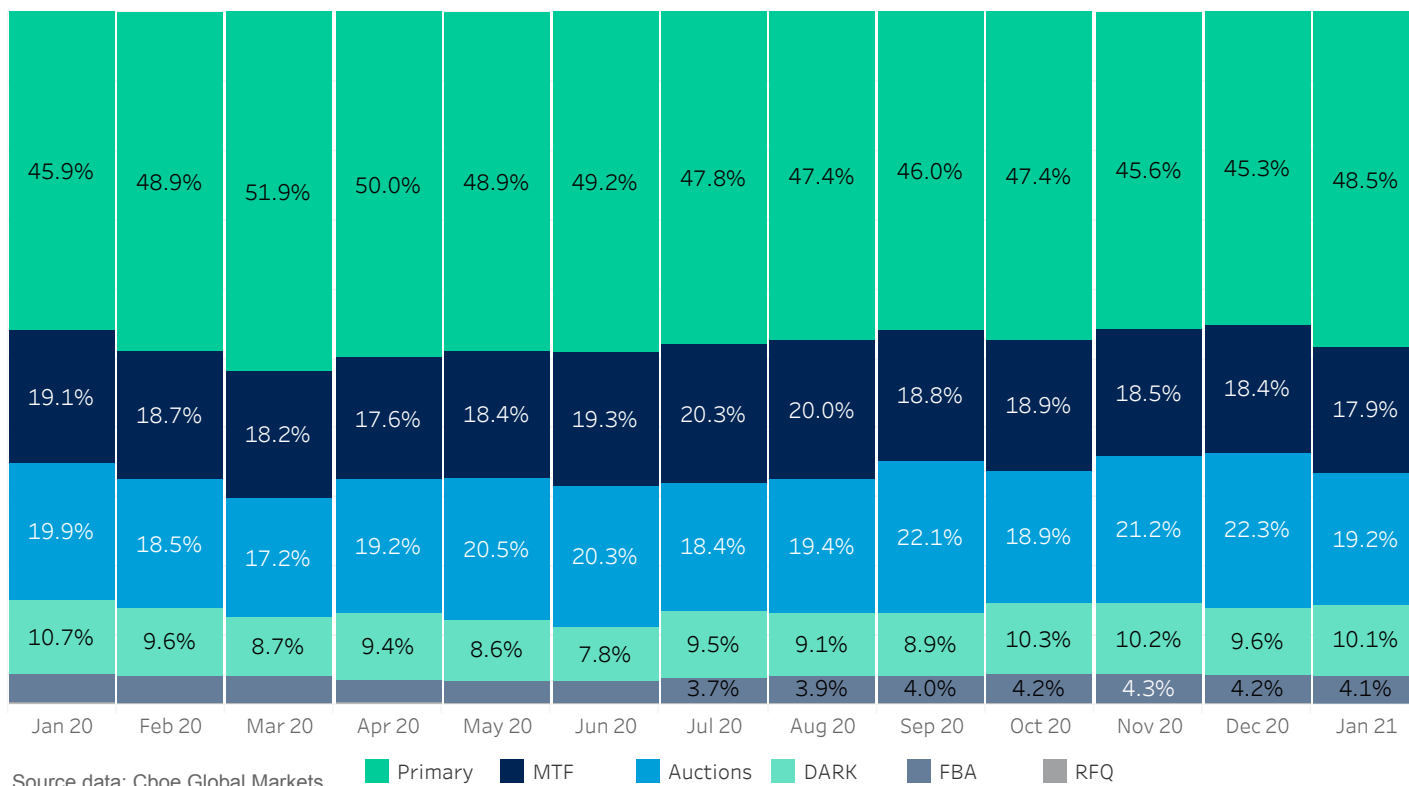
<https://www.lseg.com/refinitiv-acquisition>



## Average Daily Market Volume

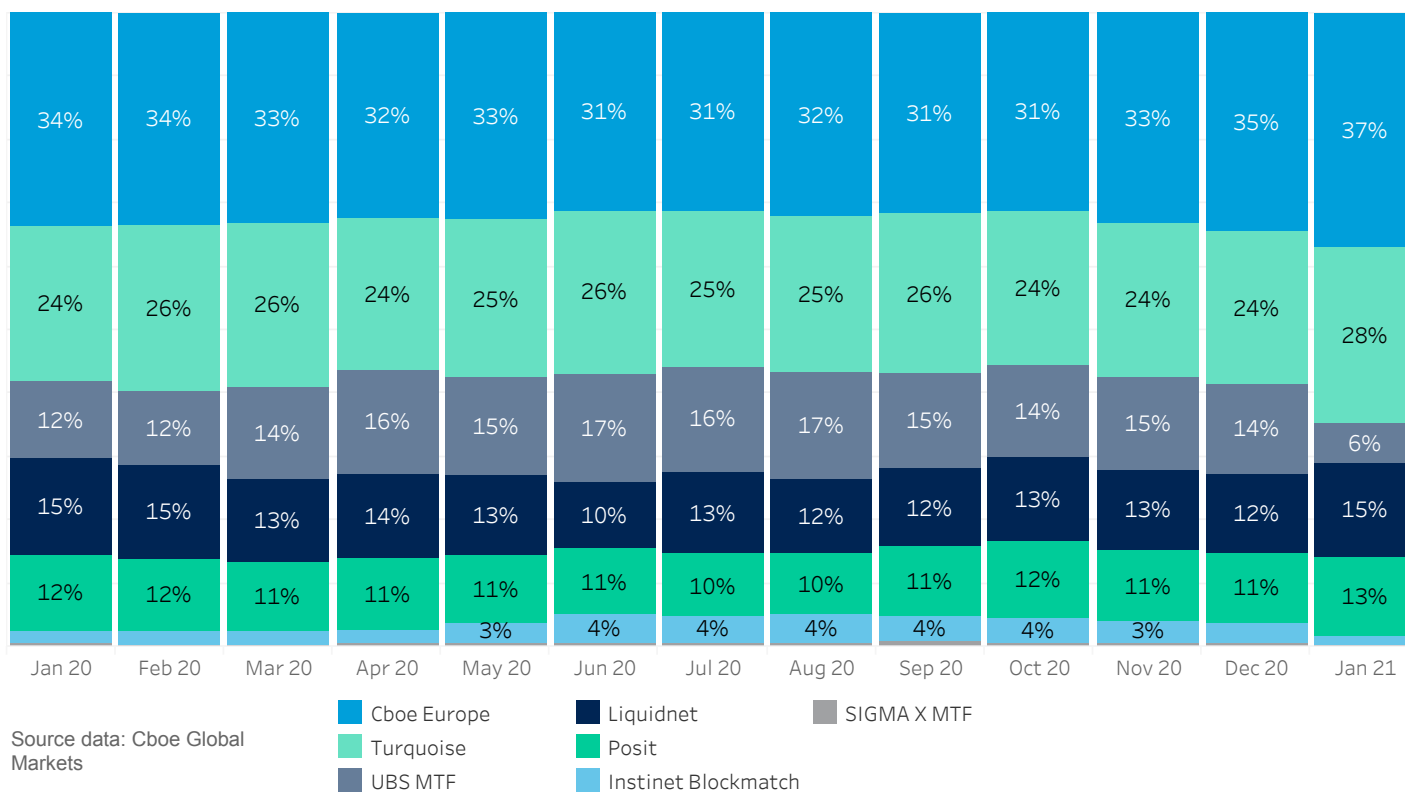


## Venue Type Market Share

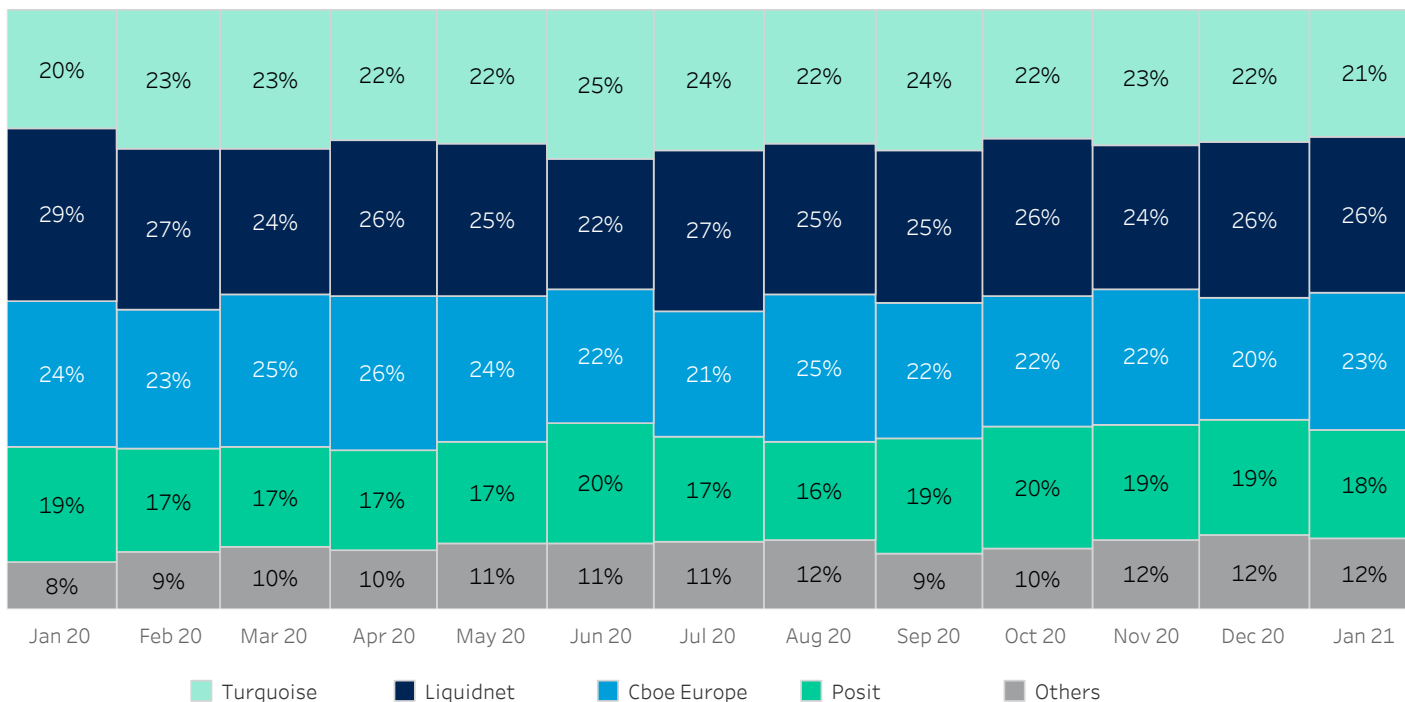




## Dark Market Share



## Block Market Share



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



## Quotesize in Notional USD

		1Q 20			2Q 20			3Q 20			4Q 20			1Q 21
		Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21
8:00 - 8:30	Stoxx50	43.7K	41.2K	20.2K	21.8K	23.0K	27.2K	28.7K	29.4K	29.3K	26.6K	29.9K	32.2K	25.3K
	Stoxx600	16.1K	15.5K	10.0K	9.9K	10.1K	12.1K	12.5K	12.9K	12.5K	12.0K	12.6K	13.4K	11.1K
8:30 - 16:00	Stoxx50	69.4K	66.0K	22.5K	31.3K	33.7K	40.5K	42.3K	43.0K	43.6K	38.9K	45.4K	50.6K	38.4K
	Stoxx600	26.5K	24.6K	11.4K	13.3K	14.4K	17.3K	17.6K	18.2K	17.7K	17.1K	18.4K	20.3K	15.9K
16:00 - 16:30	Stoxx50	99.3K	96.4K	27.8K	39.1K	42.5K	51.8K	57.3K	61.4K	58.4K	54.1K	63.2K	67.2K	46.9K
	Stoxx600	36.7K	35.8K	13.0K	15.9K	18.1K	22.1K	23.2K	24.3K	22.5K	22.3K	24.8K	26.2K	19.0K

## Spread Bps

8:00 - 8:30	Stoxx50	3.5	3.8	11.2	8.6	6.9	6.6	5.8	5.5	5.5	5.6	5.3	4.6	5.3
	Stoxx600	6.6	7.4	19.5	15.9	12.5	11.5	9.9	9.4	9.2	9.5	9.2	8.2	8.9
8:30 - 16:00	Stoxx50	2.6	2.8	5.9	4.5	4.0	3.9	3.5	3.2	3.4	3.4	3.2	3.0	3.2
	Stoxx600	4.1	4.4	9.7	7.7	6.5	6.2	5.5	5.1	5.1	5.0	4.8	4.5	4.7
16:00 - 16:30	Stoxx50	2.2	2.3	4.2	3.9	3.5	3.3	3.0	2.7	2.9	2.9	2.8	2.6	2.7
	Stoxx600	3.7	3.7	7.0	6.5	5.6	5.1	4.6	4.3	4.4	4.2	4.0	4.0	4.0

## One Minute Volatility Bps

8:00 - 8:30	Stoxx50	9.5	11.3	37.3	23.1	19.1	20.4	15.1	15.0	15.9	16.8	15.9	12.8	14.5
	Stoxx600	9.9	11.7	34.0	23.7	19.5	19.8	14.7	14.5	15.0	16.0	15.9	13.0	14.0
8:30 - 16:00	Stoxx50	4.0	4.8	20.1	10.5	9.3	9.8	6.9	6.0	7.0	7.0	6.9	5.1	6.1
	Stoxx600	3.9	4.6	15.9	9.3	8.3	8.5	6.2	5.4	6.1	6.0	6.1	4.9	5.3
16:00 - 16:30	Stoxx50	3.9	4.4	19.1	12.4	11.2	11.2	7.5	6.1	8.1	7.3	6.9	5.6	6.6
	Stoxx600	3.6	4.0	15.5	10.1	9.4	9.0	6.2	5.3	6.5	5.8	5.9	5.0	5.5

## Percent ADV by Time of Day

Open	Stoxx50	0.9%	0.9%	1.0%	1.1%	1.0%	1.0%	0.9%	0.8%	0.9%	1.1%	1.1%	1.0%	1.4%
	Stoxx600	0.5%	0.5%	0.8%	0.7%	0.6%	0.5%	0.5%	0.5%	0.4%	0.5%	0.5%	0.5%	0.8%
8:00 - 8:30	Stoxx50	11.2%	9.7%	10.3%	11.2%	11.5%	11.8%	11.1%	11.6%	10.6%	11.1%	11.1%	10.7%	10.5%
	Stoxx600	8.3%	8.1%	8.3%	9.1%	9.2%	9.1%	8.9%	9.7%	9.1%	9.1%	8.8%	8.6%	9.3%
16:00 - 16:30	Stoxx50	19.5%	20.9%	25.7%	22.8%	19.3%	19.0%	19.7%	19.9%	19.4%	20.7%	20.7%	22.5%	23.4%
	Stoxx600	18.8%	19.6%	17.2%	14.8%	17.7%	18.0%	18.3%	19.0%	17.5%	17.6%	18.5%	19.4%	17.8%
Close	Stoxx50	24.5%	24.8%	21.1%	25.0%	23.2%	22.4%	22.0%	24.0%	24.8%	24.2%	23.4%	26.6%	31.5%
	Stoxx600	26.7%	25.6%	21.1%	24.6%	23.5%	23.2%	23.7%	24.0%	25.1%	26.1%	26.3%	29.0%	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



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