

# July 2020

## EMEA Market Structure Monthly



### EMEA Market Microstructure Observations

- The average daily volume in July 2020 in EMEA equities decreased to €32.5B, lower than the previous month by 26% (€43.8B) and lower than July's volume in the previous year by 2% (€33.1B).
- The median quote size at the European Best Bid and Offer (EBBO) in July 2020 increased month over month by 4.5% in Stoxx50 and 1.7% in Stoxx600 during the trading period of 8:30 to 16:00. Quote sizes at the EBBO in July 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 July 2020 by 11% relative to previous month in both Stoxx50 and Stoxx600 symbols. Current median spreads are still wider by 34% in both Stoxx50 and Stoxx600 symbols compared to January 2020 levels for intraday trading.
- Intraday volatility has decreased significantly during July 2020 relative to the previous month. Intraday volatility decreased by 30% in Stoxx50 symbols and decreased by 27% in Stoxx600 symbols' relative to the previous month during intraday trading.
- The market share distribution between primary exchanges, MTFs, FBA, Dark and RFQ venues has change in July 2020 relative to the prior month. FBA venues have increased from 3.1% to 3.7% and Dark venues have increased from 7.8% to 9.5%.
- In the Dark Block space, Liquidnet has gained 4% in July 2020. This equate to 3% increase of Dark market share for Liquidnet while UBS, Turquoise and Posit MTFs lost 1% each.

### Market Structure News

#### Switzerland and UK to negotiate a bilateral financial services agreement

Rishi Sunak, the UK Chancellor of the Exchequer and Ueli Maurer, the Head of Switzerland's Federal Department of Finance have signed a statement which will make cross boarder financial services between the countries much easier post Brexit. The Chancellor also announced that HM Treasury had completed its assessment of the Swiss stock markets and found them to be equivalent.

<https://www.gov.uk/government/news/switzerland-and-uk-to-negotiate-a-bilateral-financial-services-agreement>

#### London Stock Exchange (LSE) is to decommission the noon intraday auctions

The LSE confirmed that from the 21st of September 2020 the 2min intraday auctions, at noon, on SETS and IOB market segments would be decommissioned.

[https://docs.londonstockexchange.com/sites/default/files/documents/livecds-001-22072020-london-stock-exchange-9.5.9-and-group-ticker-plant-gtp-1.4.5-next-functional-releases\\_0.pdf](https://docs.londonstockexchange.com/sites/default/files/documents/livecds-001-22072020-london-stock-exchange-9.5.9-and-group-ticker-plant-gtp-1.4.5-next-functional-releases_0.pdf)

#### European Securities and Markets Authority (ESMA) published certain MiFID II / MiFIR Review Reports

The MiFID II/MiFIR Review Report on the transparency regime for equities, double volume cap mechanism and trading obligation for shares includes the following key recommendations: 1. Reduce the Dark volume caps from 8% to 7% and remove the 4% single venue cap. 2. Restricting the use of the reference price waiver to larger orders. 3. Increase the minimum quoting obligations of systematic internalisers (SIs). 4. Clarify the scope of Share Trading Obligation (STO)

[https://www.esma.europa.eu/sites/default/files/library/esma70-156-2682\\_mifidii\\_mifir\\_report\\_on\\_transparency\\_equity\\_dvc\\_tos.pdf](https://www.esma.europa.eu/sites/default/files/library/esma70-156-2682_mifidii_mifir_report_on_transparency_equity_dvc_tos.pdf)

In the MiFIR report on SIs, ESMA reviews the pre trade transparency obligations of SIs in non-equity instruments.

[https://www.esma.europa.eu/sites/default/files/library/esma70-156-2756\\_mifidii\\_mifir\\_report\\_on\\_systematic\\_internalisers.pdf](https://www.esma.europa.eu/sites/default/files/library/esma70-156-2756_mifidii_mifir_report_on_systematic_internalisers.pdf)

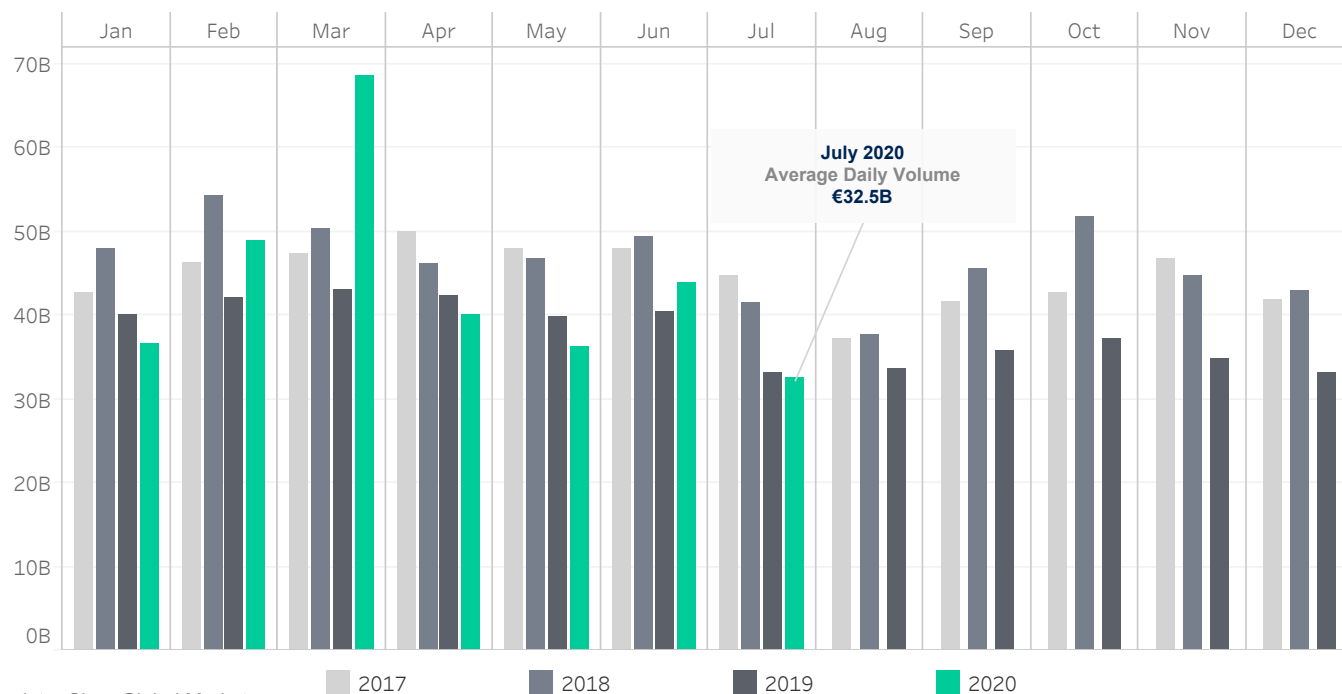
#### Cboe Global Markets completes Euro CCP Acquisition

At the beginning of July, Cboe Europe has announced that its acquisition of EuroCCP has been completed. This acquisition is part of Cboe's growth strategy to expand into derivatives trading and clearing. Cboe has also announced its plans to start trading futures and options from the first half of 2021, on its Dutch venue Cboe NL.

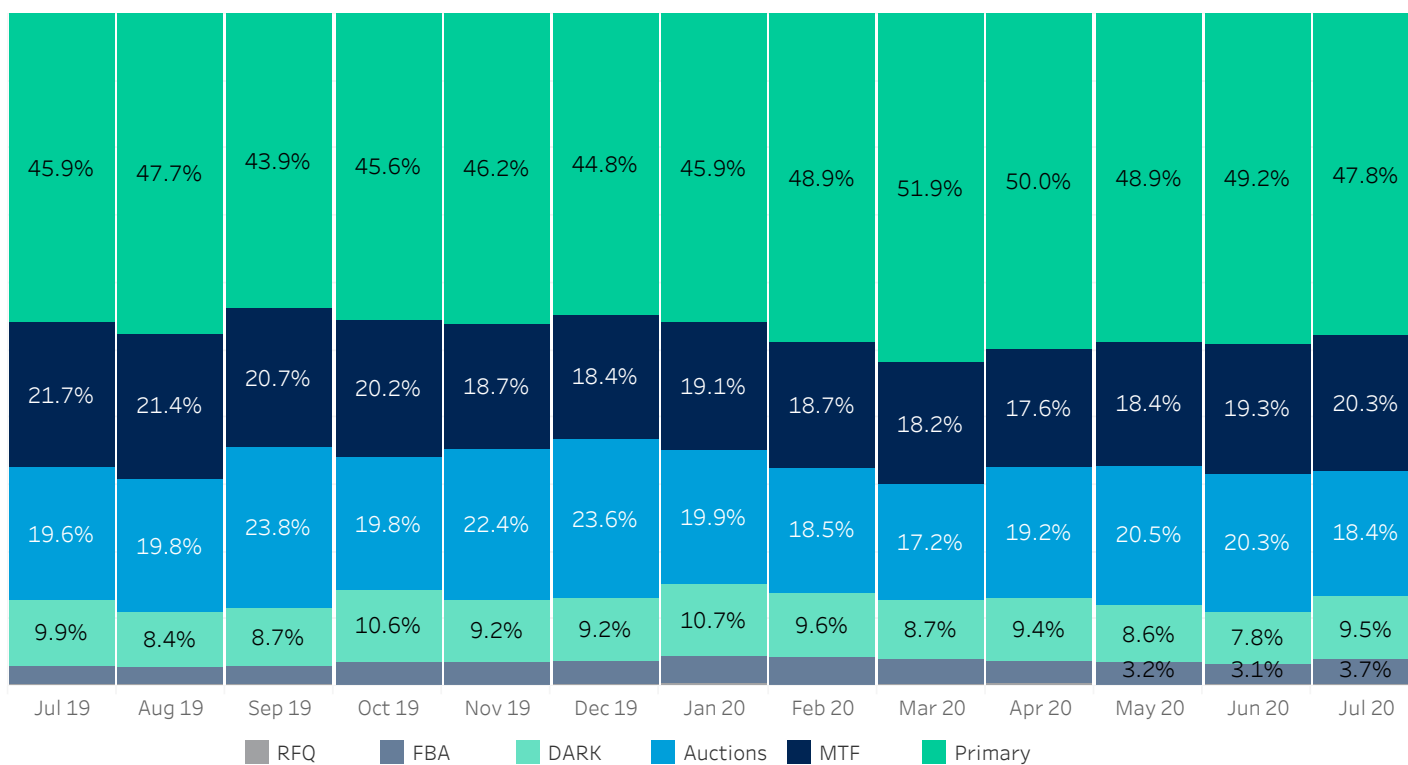
<http://ir.cboe.com/~media/Files/C/CBOE-IR-V2/press-release/2020/euroccp-deal-close-derivatives-launch-pr-07-01-2020.pdf>



## Average Daily Market Volume

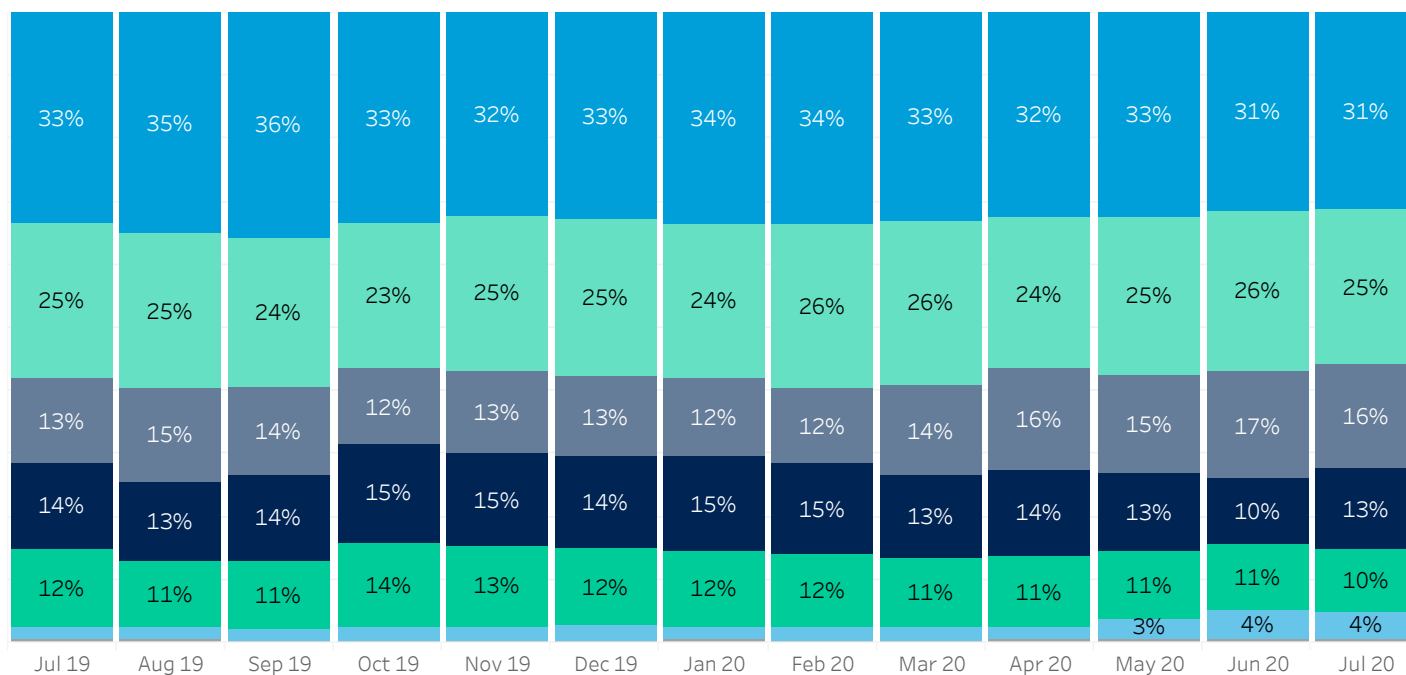


## Venue Type Market Share





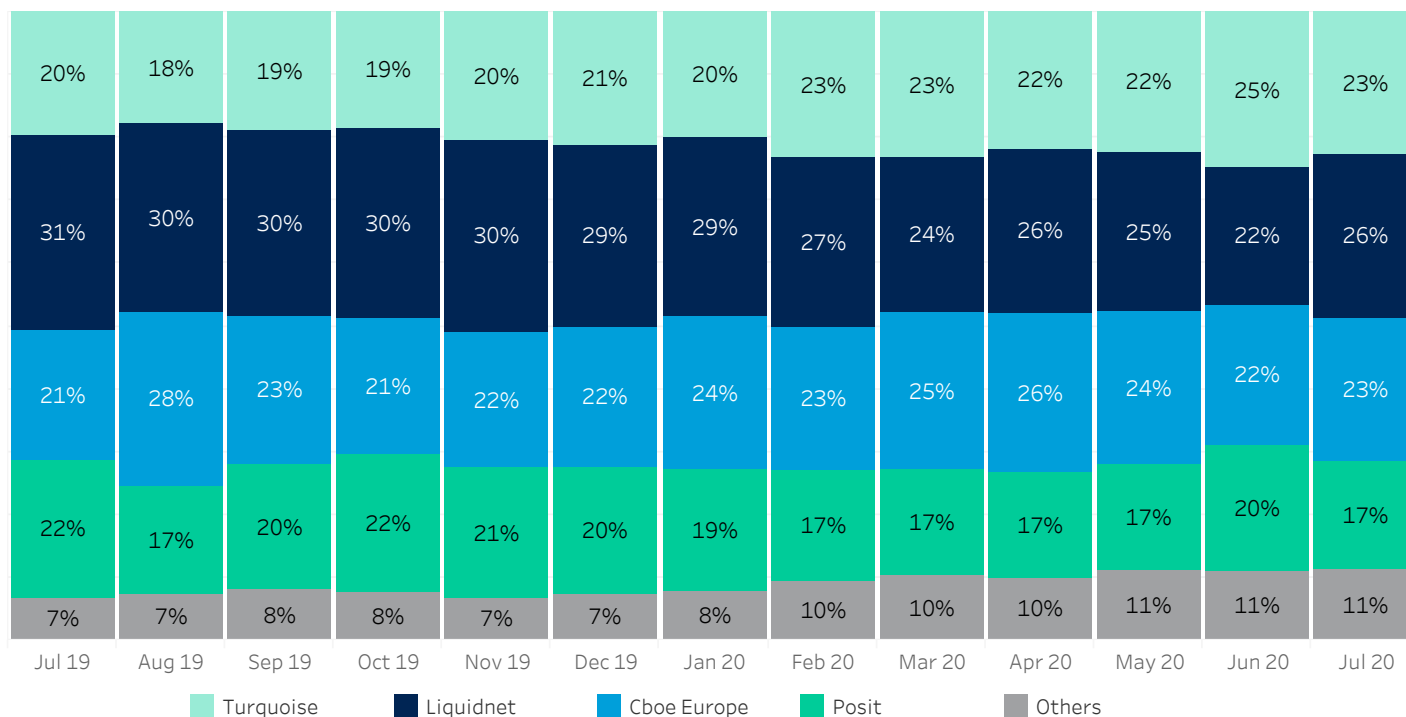
## Dark Market Share



Source data: Cboe Global Markets

■ Cboe Europe     ■ UBS MTF     ■ Posit     ■ SIGMA X MTF  
■ Turquoise     ■ Liquidnet     ■ Instinet Blockmatch

## 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
		Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20
8:00 - 8:30	Stoxx50	40.3K	35.6K	38.7K	37.0K	40.5K	42.1K	43.7K	41.2K	20.2K	21.8K	23.0K	27.2K	28.7K
	Stoxx600	15.3K	13.6K	14.4K	13.7K	15.0K	15.5K	16.1K	15.5K	10.0K	9.9K	10.1K	12.1K	12.5K
8:30 - 16:00	Stoxx50	69.2K	59.2K	67.0K	64.6K	72.1K	69.2K	69.4K	66.0K	22.5K	31.3K	33.7K	40.5K	42.3K
	Stoxx600	25.5K	21.7K	24.0K	22.5K	24.8K	25.2K	26.5K	24.6K	11.4K	13.3K	14.4K	17.3K	17.6K
16:00 - 16:30	Stoxx50	98.7K	81.0K	99.6K	92.6K	103.4K	98.9K	99.3K	96.4K	27.8K	39.1K	42.5K	51.8K	57.3K
	Stoxx600	36.5K	30.0K	35.0K	32.0K	35.5K	36.2K	36.7K	35.8K	13.0K	15.9K	18.1K	22.1K	23.2K

## Spread Bps

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

## One Minute Volatility Bps

8:00 - 8:30	Stoxx50	9.2	11.5	9.4	10.9	9.6	8.3	9.5	11.3	37.3	23.1	19.1	20.4	15.1
	Stoxx600	10.3	11.6	10.3	11.9	10.7	9.1	9.9	11.7	34.0	23.7	19.5	19.8	14.7
8:30 - 16:00	Stoxx50	4.0	5.4	4.1	4.5	3.7	3.7	4.0	4.8	20.1	10.5	9.3	9.8	6.9
	Stoxx600	4.1	4.8	4.2	4.7	4.1	3.8	3.9	4.6	15.9	9.3	8.3	8.5	6.2
16:00 - 16:30	Stoxx50	4.1	6.0	4.0	4.7	3.6	3.8	3.9	4.4	19.1	12.4	11.2	11.2	7.5
	Stoxx600	4.0	4.8	3.8	4.4	3.6	3.6	3.6	4.0	15.5	10.1	9.4	9.0	6.2

## Percent ADV by Time of Day

Open	Stoxx50	0.7%	0.7%	0.8%	0.7%	0.8%	0.8%	0.9%	0.9%	1.1%	1.2%	1.0%	1.0%	1.0%
	Stoxx600	0.3%	0.3%	0.3%	0.3%	0.3%	0.4%	0.5%	0.5%	0.8%	0.7%	0.6%	0.5%	0.5%
8:00 - 8:30	Stoxx50	9.8%	8.5%	9.9%	9.5%	10.4%	9.7%	11.2%	9.7%	10.3%	11.2%	11.5%	11.8%	11.1%
	Stoxx600	7.3%	6.7%	7.2%	7.5%	8.1%	7.1%	8.3%	8.1%	8.3%	9.1%	9.2%	9.1%	8.9%
16:00 - 16:30	Stoxx50	20.7%	23.6%	23.5%	23.9%	19.3%	20.2%	19.5%	20.9%	25.7%	22.8%	19.3%	19.0%	19.7%
	Stoxx600	19.4%	20.4%	19.7%	19.3%	18.7%	19.3%	18.8%	19.6%	17.2%	14.8%	17.7%	18.0%	18.3%
Close	Stoxx50	24.8%	23.5%	26.9%	25.7%	26.9%	27.2%	24.8%	25.1%	21.3%	25.0%	23.2%	22.2%	21.8%
	Stoxx600	23.9%	24.2%	26.6%	25.6%	25.9%	28.3%	26.8%	25.8%	21.3%	24.6%	23.8%	23.3%	23.8%

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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