

July 2021

EMEA Market Structure Monthly

MICROSTRUCTURE OBSERVATIONS

- In July 2021, the average daily volume in EMEA equities decreased to €39.1B, lower than the previous month by 4% (€40.7B) and above July 2020's volume by 20% (€32.5B).
- The median quote size at the European Best Bid and Offer (EBBO) has decreased in July. The STOXX 50 decreased by 13% and STOXX 600 decreased by 11% during the intraday trading period (08:30 to 16:00 BST).
- Median spreads and volatility levels have increased in July. Median spreads in STOXX 50 were 2.7bps and STOXX 600 symbols were 4.4bps. Volatility has increased by 20% in STOXX 50 and STOXX 600 symbols during the intraday trading period (08:30 to 16:00 BST).
- The market share distribution between primary exchanges, primary auctions, multilateral trading facilities (MTFs), frequent batch auctions (FBAs), dark and request for quote (RFQ) venues changed in July 2021. Relative to the prior month, primary exchange auctions saw an increase of nearly 2% while primary auction venues decreased by nearly 3% relative to previous month. Lit MTFs increased by 1.4% and dark venues decreased by 0.5%.
- Cboe Europe have increased their dark market share by 2% (40%) relative to the prior month. Turquoise and POSIT's dark market share decreased by 1% each.
- In the dark block space, both Turquoise and POSIT decreased by 3% while Cboe Europe increased by 4% and Liquidnet increased by 2%.

EMEA MARKET STRUCTURE NEWS

Financial Conduct Authority Change Proposals for IPOs to Ensure the UK Remains Competitive After Brexit

The UK Financial Conduct Authority (FCA) is seeking consultation on the possibility of dual class shareholding (within the premium listing segment) to encourage high-quality innovative companies to list in public markets sooner. The rationale is to broaden the listed investment landscape and provide listing companies access to a wider investor base. Founders who remain executives and other directors will be allowed 20 votes per share, allowing them to control 50% of voting power while holding just 5% of total shares.

<https://www.fca.org.uk/news/press-releases/fca-consults-reforms-improve-effectiveness-uk-primary-markets>
<https://on.ft.com/3lxcEbc>

European Securities and Markets Authority Warns Firms and Investors about Payment for Order Flow

The European Securities and Markets Authority (ESMA) has issued a public statement offering its view, that in most cases payment for order flow would not be compliant with inducements rules mandated by MiFID II. In addition, ESMA addressed specific concerns regarding broker zero commission practices.

<https://www.esma.europa.eu/press-news/esma-news/esma-warns-firms-and-investors-about-risks-arising-payment-order-flow>

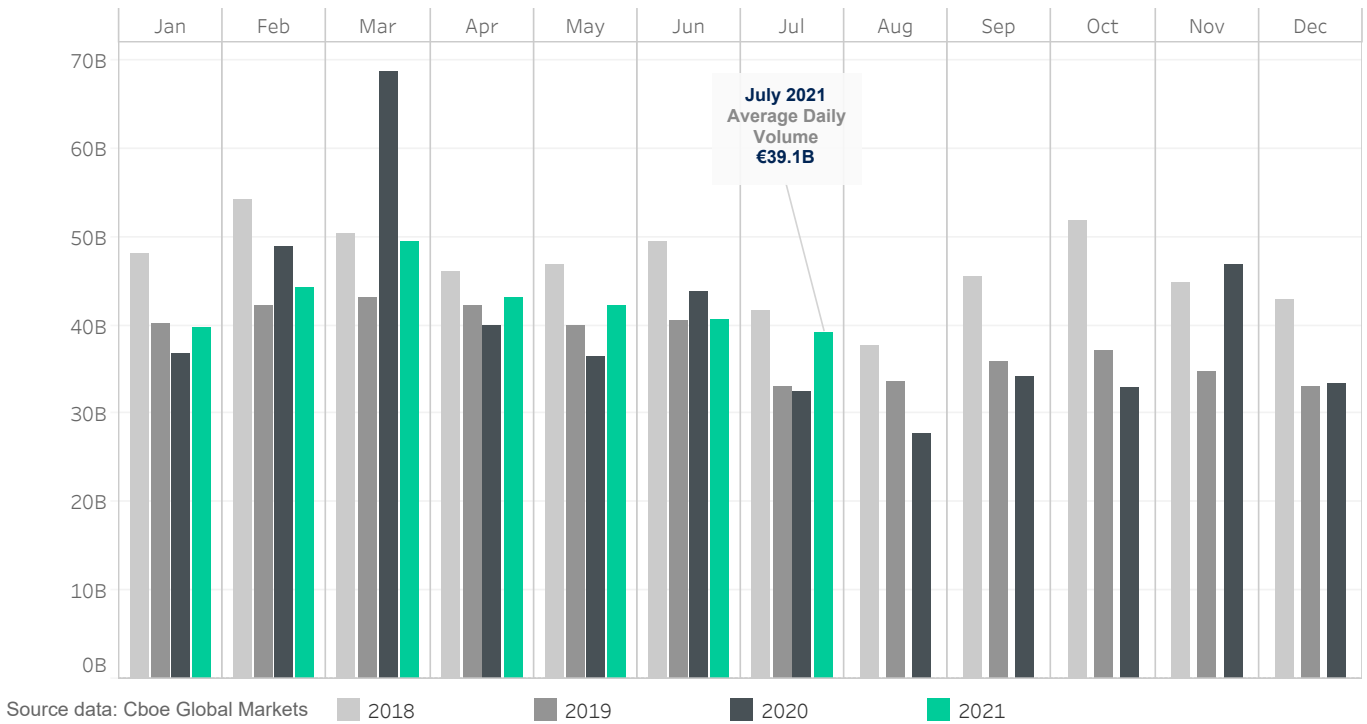
Financial Conduct Authority Published Final Rules to Protect Investors in SPACs

FCA has published changes to its listing rules for Special Purpose Acquisition Companies (SPACs). FCA's additional safeguards for SPACs will include ring fencing any money raised from public shareholders and time limits on operating period if no acquisition is completed. Read the full list of changes in the link below

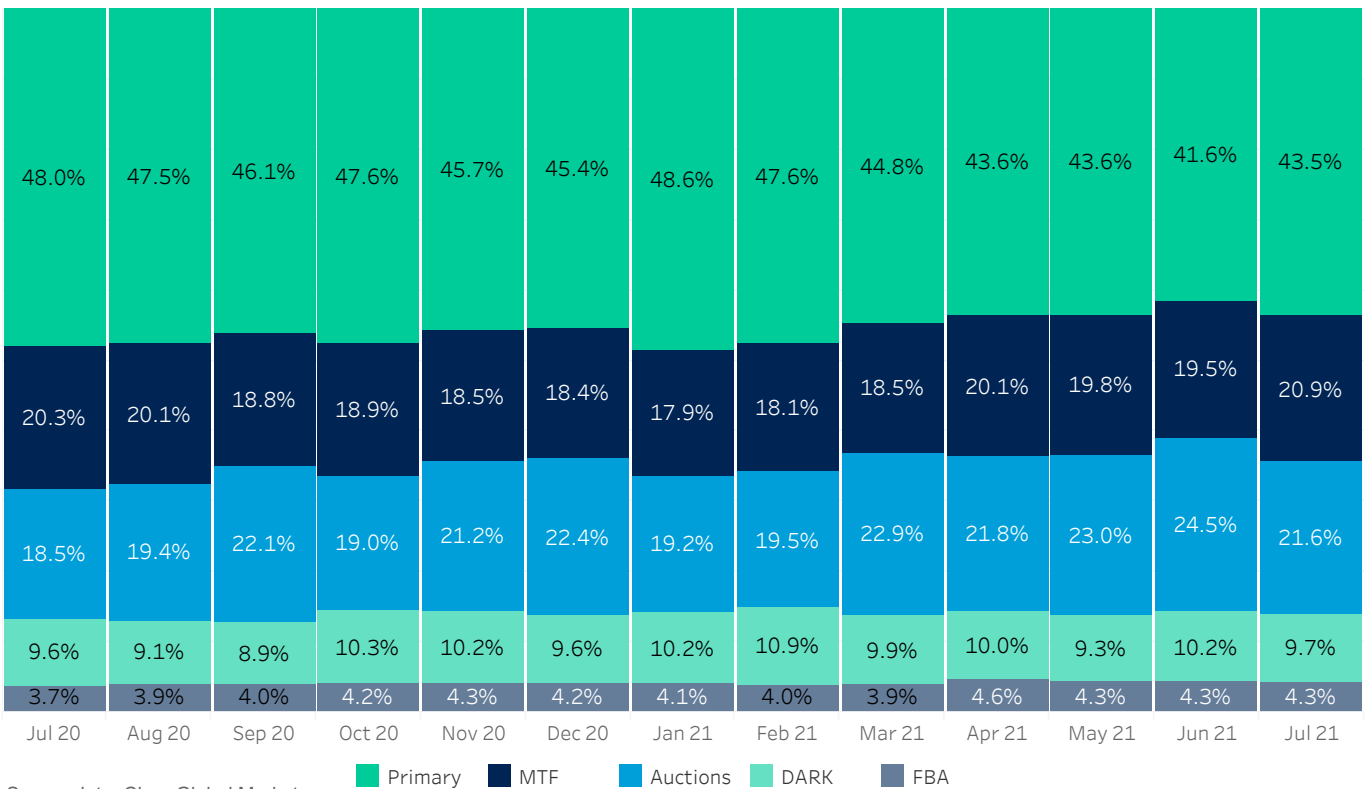
<https://www.fca.org.uk/news/news-stories/fca-publishes-final-rules-to-strengthen-investor-protections-in-spacs>



Average Daily Market Volume

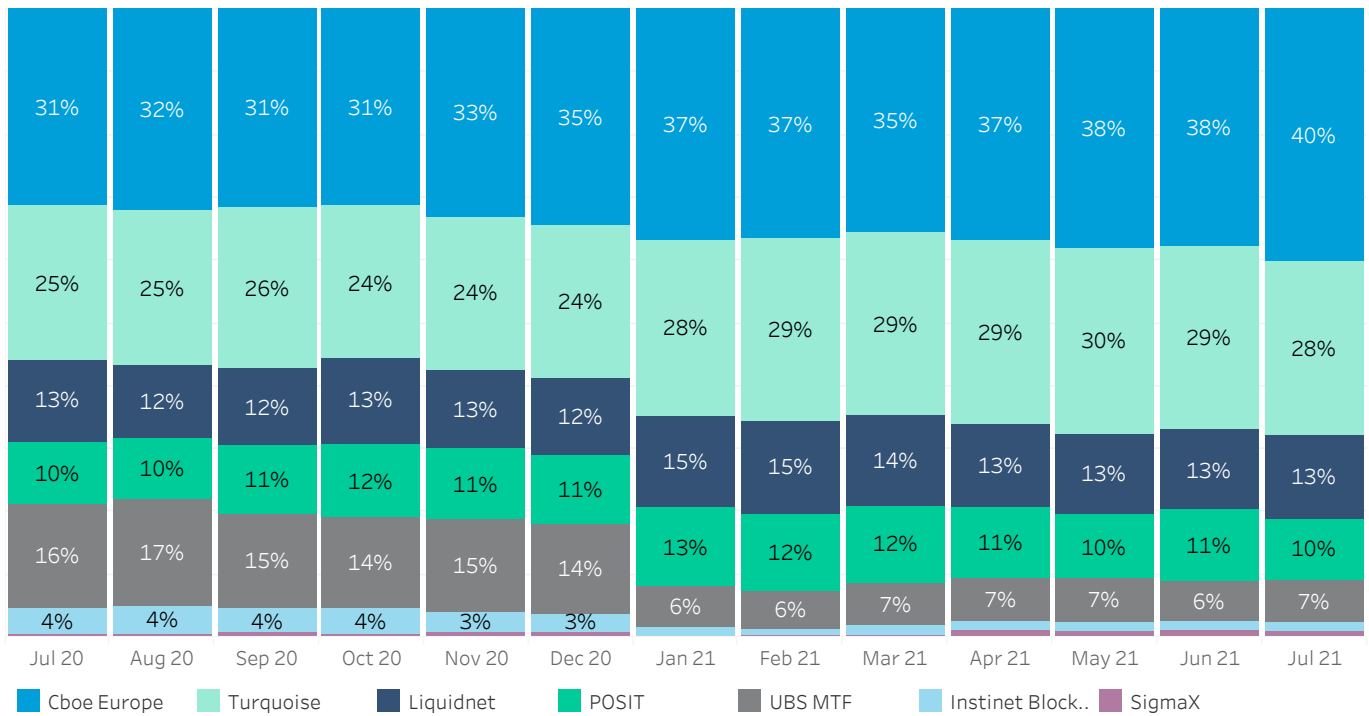


Venue Type Market Share



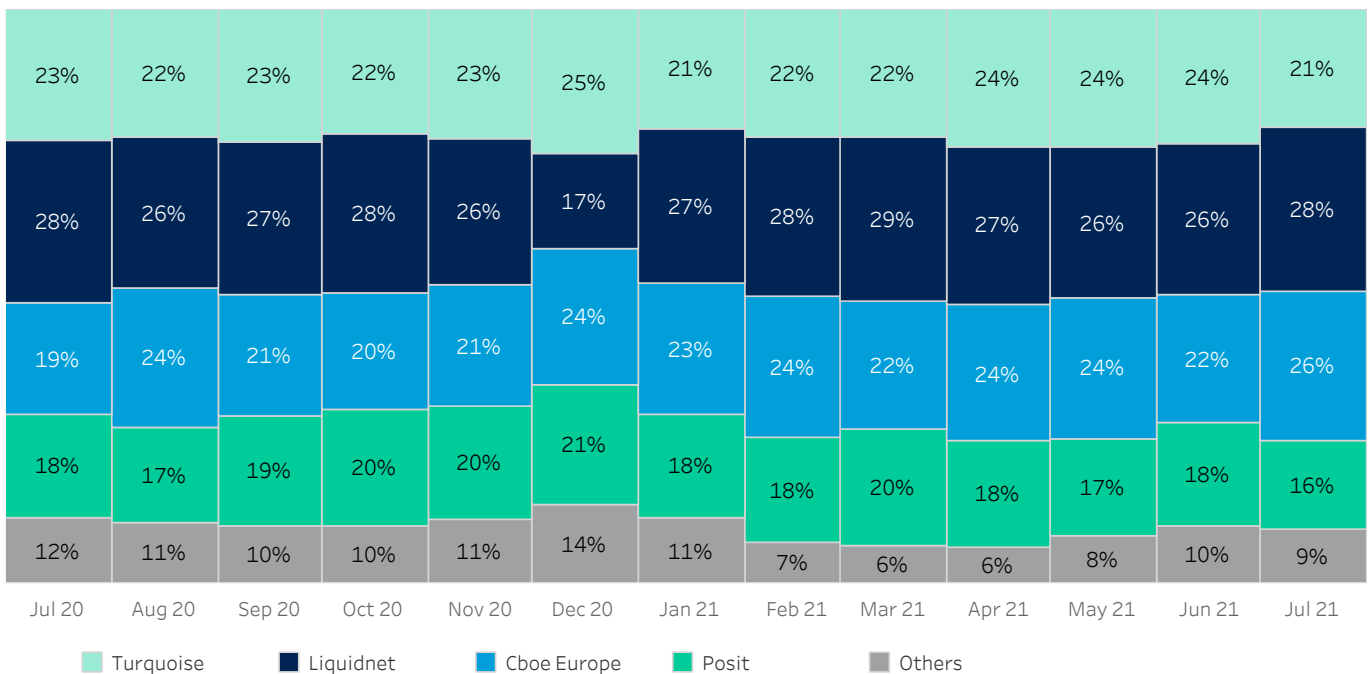


Dark Market Share



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 20			4Q 20			1Q 21			2Q 21			3Q 21
		Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Jul 21
8:00 - 8:30	Stoxx50	28.7K	29.4K	29.3K	26.6K	29.9K	32.2K	25.3K	25.5K	26.3K	20.8K	21.9K	22.4K	19.4K
	Stoxx600	12.5K	12.9K	12.5K	12.0K	12.6K	13.4K	11.1K	11.0K	11.4K	11.0K	11.0K	11.5K	10.6K
8:30 - 16:00	Stoxx50	42.3K	43.0K	43.6K	38.9K	45.4K	50.6K	38.4K	37.8K	40.4K	35.0K	36.3K	37.4K	32.6K
	Stoxx600	17.6K	18.2K	17.7K	17.1K	18.4K	20.3K	15.9K	16.2K	17.2K	16.9K	17.3K	18.2K	16.1K
16:00 - 16:30	Stoxx50	57.3K	61.4K	58.4K	54.1K	63.2K	67.2K	46.9K	46.7K	51.1K	44.3K	43.3K	44.8K	38.2K
	Stoxx600	23.2K	24.3K	22.5K	22.3K	24.8K	26.2K	19.0K	19.2K	21.3K	20.6K	20.8K	22.1K	18.4K

Spread Bps

8:00 - 8:30	Stoxx50	5.8	5.5	5.5	5.6	5.3	4.6	5.3	5.1	4.6	3.7	3.9	3.8	4.5
	Stoxx600	9.9	9.4	9.2	9.5	9.2	8.2	8.9	8.9	7.8	7.0	7.2	6.9	8.0
8:30 - 16:00	Stoxx50	3.5	3.2	3.4	3.4	3.2	3.0	3.2	3.1	3.1	2.4	2.4	2.4	2.7
	Stoxx600	5.5	5.1	5.1	5.0	4.8	4.5	4.7	4.7	4.5	4.0	4.0	4.0	4.4
16:00 - 16:30	Stoxx50	3.0	2.7	2.9	2.9	2.8	2.6	2.7	2.8	2.8	2.2	2.2	2.1	2.3
	Stoxx600	4.6	4.3	4.4	4.2	4.0	4.0	4.0	4.1	3.9	3.5	3.6	3.5	3.7

One Minute Volatility Bps

8:00 - 8:30	Stoxx50	15.1	15.0	15.9	16.8	15.9	12.8	14.5	14.3	12.2	10.3	11.1	9.1	12.6
	Stoxx600	14.7	14.5	15.0	16.0	15.9	13.0	14.0	14.0	12.2	10.4	10.5	9.2	11.6
8:30 - 16:00	Stoxx50	6.9	6.0	7.0	7.0	6.9	5.1	6.1	5.5	5.5	4.5	4.7	4.2	5.3
	Stoxx600	6.2	5.4	6.1	6.0	6.1	4.9	5.3	5.1	5.1	4.3	4.4	4.0	4.8
16:00 - 16:30	Stoxx50	7.5	6.1	8.1	7.3	6.9	5.6	6.6	6.2	5.6	4.4	4.7	4.2	5.1
	Stoxx600	6.2	5.3	6.5	5.8	5.9	5.0	5.5	5.4	4.9	4.2	4.2	3.8	4.3

Percent ADV by Time of Day

Open	Stoxx50	0.9%	0.8%	0.9%	1.1%	1.1%	1.0%	1.4%	1.1%	1.2%	1.1%	1.1%	1.0%	1.0%
	Stoxx600	0.5%	0.5%	0.4%	0.5%	0.5%	0.5%	0.8%	0.6%	0.6%	0.5%	0.6%	0.5%	0.5%
8:00 - 8:30	Stoxx50	11.1%	11.6%	10.6%	11.1%	11.1%	10.7%	10.5%	8.7%	7.2%	6.9%	7.2%	6.1%	7.7%
	Stoxx600	8.9%	9.7%	9.1%	9.1%	8.8%	8.6%	9.3%	7.9%	7.3%	7.1%	7.2%	6.2%	6.8%
16:00 - 16:30	Stoxx50	19.7%	19.9%	19.4%	20.7%	20.7%	22.5%	23.4%	19.3%	15.9%	15.4%	20.1%	18.0%	17.4%
	Stoxx600	18.3%	19.0%	17.5%	17.6%	18.5%	19.4%	17.8%	15.3%	15.1%	14.4%	15.2%	14.4%	13.3%
Close	Stoxx50	22.0%	24.0%	24.8%	24.2%	23.4%	26.6%	31.5%	24.8%	26.6%	26.6%	26.6%	29.3%	27.2%
	Stoxx600	23.7%	24.0%	25.1%	26.1%	26.3%	29.0%	32.0%	27.0%	27.4%	28.9%	26.9%	30.4%	27.9%

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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