

# June 2020

## EMEA Market Structure Monthly



### EMEA Market Microstructure Observations

- The average daily volume in June 2020 in EMEA equities increased to €43.8B, higher than last month by 20% (€36.3B) and higher than June's volume in the previous year by 8.5% (€40.4B).
- The median quote size at the European Best Bid and Offer (EBBO) in June 2020 increased month over month by 22% in Stoxx50 and 20% in Stoxx600 during the trading period of 8:30 to 16:00. Quote sizes at the EBBO in June 2020 were still smaller than they were in January 2020 by nearly 30% during intraday trading (8:30 to 16:00).
- Median spreads decreased in June 2020 by less than 5% relative to May 2020 in both Stoxx50 and Stoxx600 symbols. Current median spreads are still wider by 50% in Stoxx600 and 53% in Stoxx50 symbols compared to January 2020 levels for intraday trading.
- Intraday volatility did not change significantly during June 2020 relative to the prior month. Intraday volatility in Stoxx50 symbols increased by 3% while Stoxx600 symbols' intraday volatility was little changed relative to the prior month during intraday trading.
- The market share distribution between primary exchanges, MTFs, FBA, Dark and RFQ venues did not change significantly in June 2020 relative to the prior month, although during the Quadruple Witching and FTSE rebalance on Friday 19th of June, auction volumes have nearly doubled from 24% to 47%.
- During June 2020, both UBS and Blockmatch MTFs gained over 1% each of Dark market share. In the Dark Block space, Posit and Turquoise gained 3% and 2.5% respectively in June 2020.

### Market Structure News

#### **Market Hours consultation conducted by the London Stock Exchange (LSE) and Euronext**

Both Exchanges have conducted a consultation on market hours given Europe has the longest trading hours in the world (9.5h). In the LSE published summary "The majority of participants did not view longer trading hours as beneficial to liquidity" though many questions remain open such as collaboration between the different European exchanges and trading hours of other asset classes. With the Federation of European Securities (FESE) arguing against shortening trading hours, and others lobbying to increase them, we believe it likely that the status quo will prevail.

[https://docs.londonstockexchange.com/sites/default/files/documents/feedback\\_on\\_consultation\\_on\\_market\\_structure\\_attachment.pdf](https://docs.londonstockexchange.com/sites/default/files/documents/feedback_on_consultation_on_market_structure_attachment.pdf)  
<https://fese.eu/blog/press-release-trading-hours-for-equities/>

#### **Euronext Block MTF to focus only on small and mid-cap stocks excluding the UK**

From 30 June 2020, Euronext has ceased its activities in the UK and revoked its Recognised Investment Exchange (RIE) given by the FCA.

<https://www.euronext.com/en/about/media/euronext-press-releases/euronext-ceases-london-regulatory-activities>

#### **European Securities and Markets Authority (ESMA) extends July deadline for Open Access by a year**

Due to COVID-19, ESMA has taken the current market conditions into consideration and provided trading venues and Central Counterparty Clearinghouse (CCPs) with a one-year extension to implement Open Access for exchange traded derivatives (ETDs). Open Access requires trading venues and clearing houses to allow non-discriminatory access to their services, meaning traders can trade a future on one exchange and clear it at a CCP owned by a completely separate group.

[https://www.esma.europa.eu/sites/default/files/library/esma70-156-3070\\_statement\\_access\\_etds.pdf](https://www.esma.europa.eu/sites/default/files/library/esma70-156-3070_statement_access_etds.pdf)  
<https://www.thetradenews.com/eu-approves-open-access-relieve-for-futures-exchanges-by-a-year/>

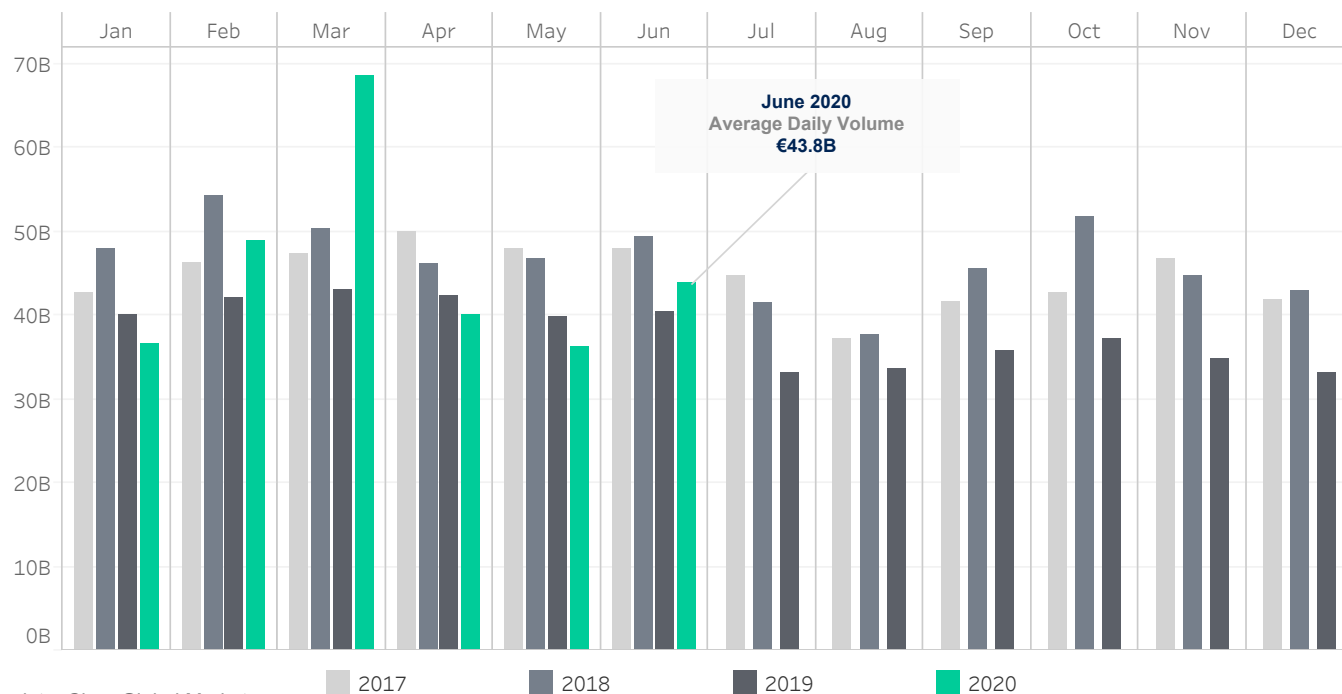
#### **Cboe Europe outlines the case for a European consolidated tape**

A consolidated tape for both real-time and post-trade data has been discussed many times in the past. In this recent publication, Cboe proposed a business model in which all venues provide their data for free to the consolidator and receive back a percentage of revenue based on their contributed market share.

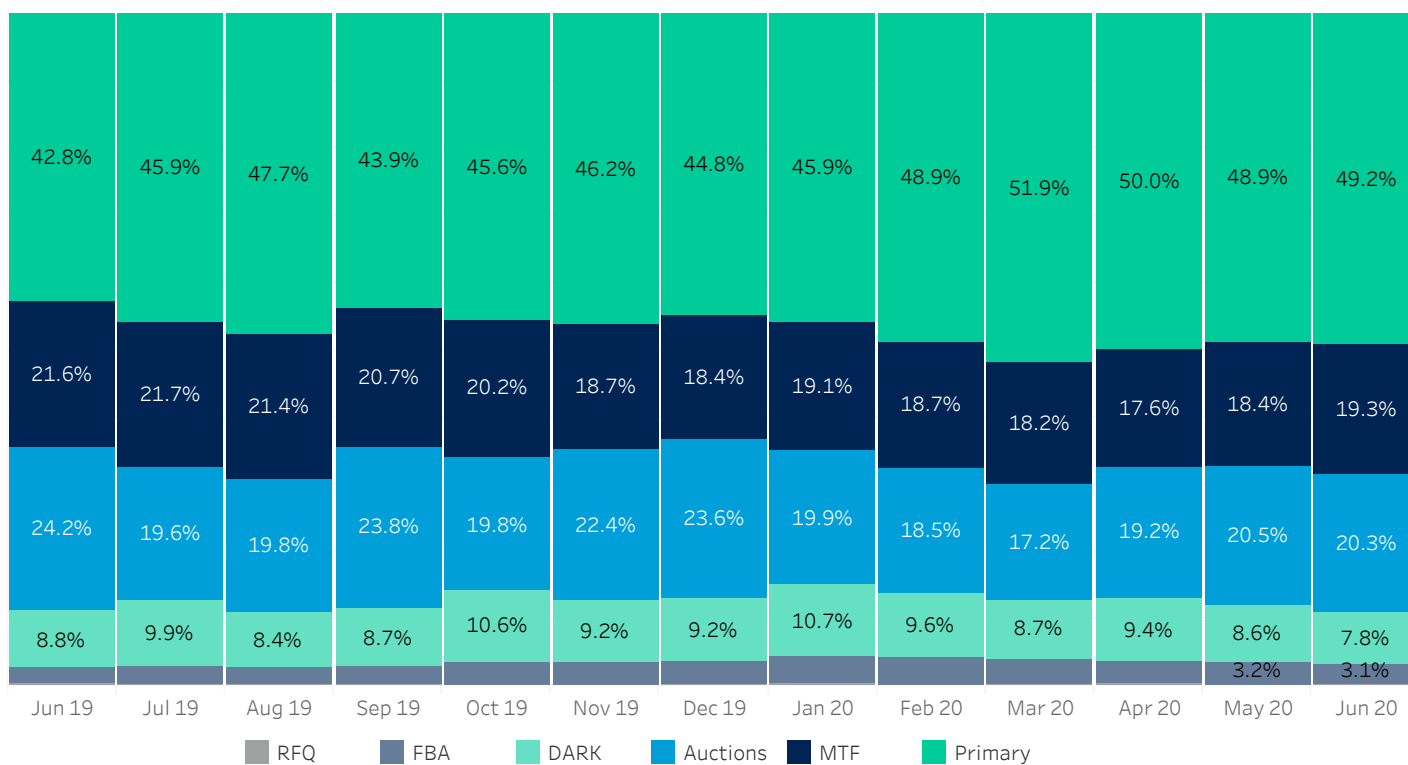
[https://cdn.cboe.com/resources/participant\\_resources/Cboe-Europe-Consolidated-Tape-View.pdf](https://cdn.cboe.com/resources/participant_resources/Cboe-Europe-Consolidated-Tape-View.pdf)



## Average Daily Market Volume

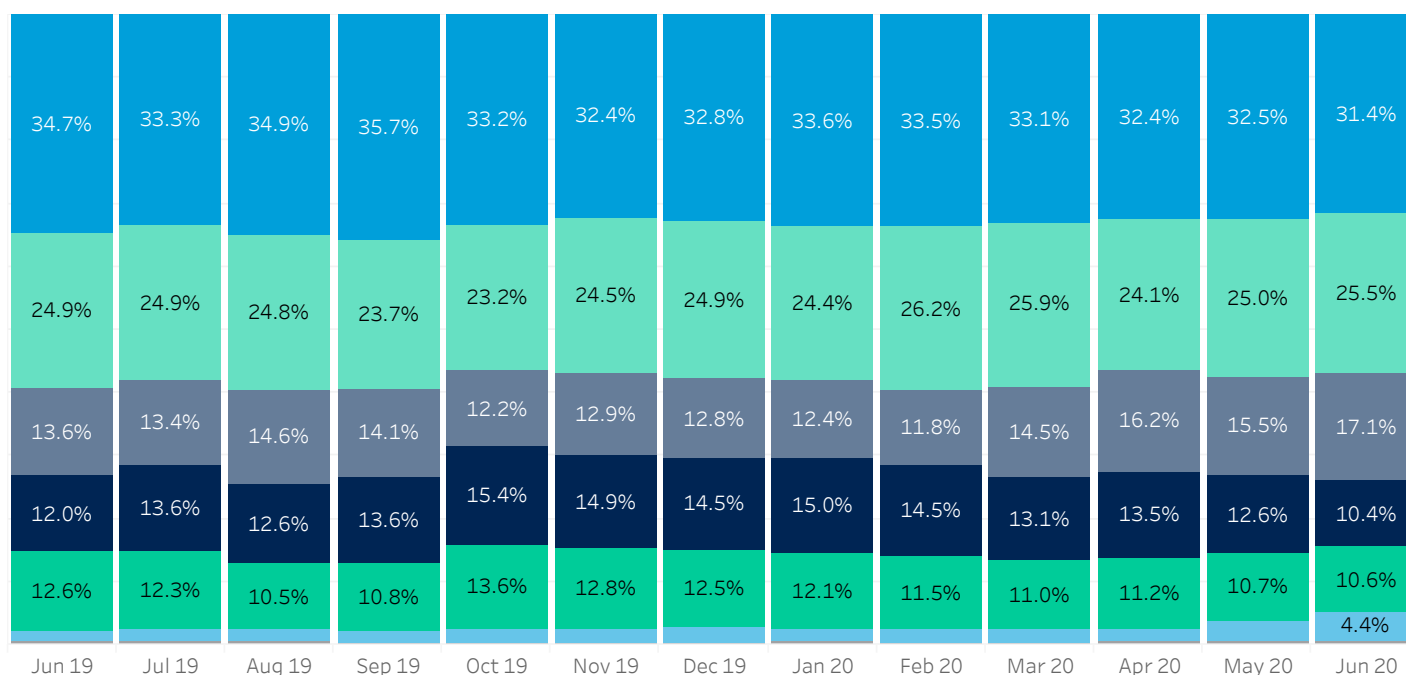


## Venue Type Market Share





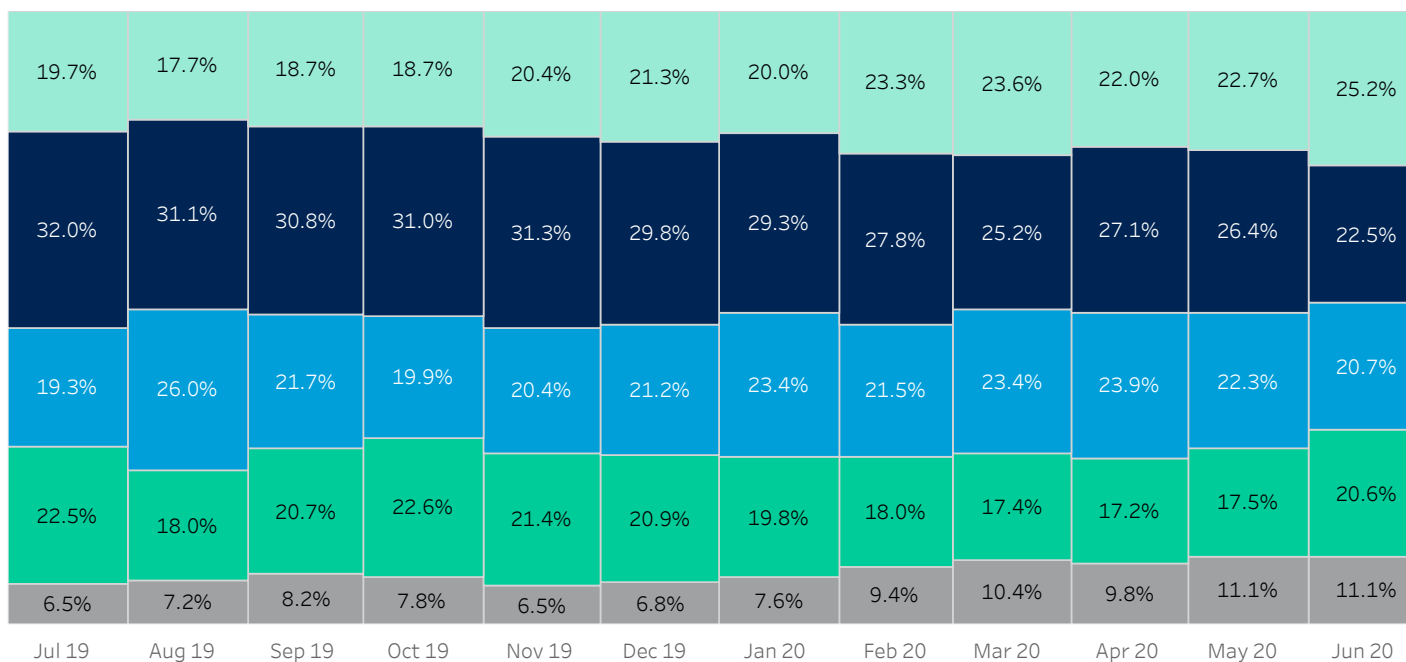
## Dark Market Share



Source data: Cboe Global Markets

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

## Block Market Share



■ Turquoise     ■ Liquidnet     ■ Cboe Europe     ■ Posit     ■ Others

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



## Quotesize in Notional USD

		2Q 19	3Q 19			4Q 19			1Q 20			2Q 20		
		Jun 19	Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20
8:00 - 8:30	Stoxx50	37.7K	40.3K	35.6K	38.7K	37.0K	40.5K	42.1K	43.7K	41.2K	20.2K	21.8K	23.0K	27.3K
	Stoxx600	14.2K	15.3K	13.6K	14.4K	13.7K	15.0K	15.5K	16.1K	15.5K	10.0K	9.9K	10.1K	11.8K
8:30 - 16:00	Stoxx50	69.5K	69.2K	59.2K	67.0K	64.6K	72.1K	69.2K	69.4K	66.0K	22.5K	31.3K	33.7K	41.2K
	Stoxx600	25.0K	25.5K	21.7K	24.0K	22.5K	24.8K	25.2K	26.5K	24.6K	11.4K	13.3K	14.4K	17.3K
16:00 - 16:30	Stoxx50	103.4K	98.7K	81.0K	99.6K	92.6K	103.4K	98.9K	99.3K	96.4K	27.8K	39.1K	42.5K	52.6K
	Stoxx600	35.9K	36.5K	30.0K	35.0K	32.0K	35.5K	36.2K	36.7K	35.8K	13.0K	15.9K	18.1K	23.0K

## Spread Bps

8:00 - 8:30	Stoxx50	3.6	4.0	4.3	3.9	4.0	3.7	3.5	3.5	3.8	11.2	8.6	6.9	6.3
	Stoxx600	6.5	7.1	7.8	7.1	7.5	6.9	6.5	6.6	7.4	19.5	15.9	12.5	11.2
8:30 - 16:00	Stoxx50	2.4	2.6	2.9	2.5	2.8	2.6	2.6	2.6	2.8	5.9	4.5	4.0	3.9
	Stoxx600	4.0	4.1	4.5	4.1	4.6	4.2	4.1	4.1	4.4	9.7	7.7	6.5	6.2
16:00 - 16:30	Stoxx50	2.2	2.2	2.5	2.1	2.3	2.2	2.2	2.2	2.3	4.2	3.9	3.5	3.2
	Stoxx600	3.6	3.6	3.9	3.6	3.9	3.6	3.7	3.7	3.7	7.0	6.5	5.6	5.1

## One Minute Volatility Bps

8:00 - 8:30	Stoxx50	9.7	9.2	11.5	9.4	10.9	9.6	8.3	9.5	11.3	37.3	23.1	19.1	19.9
	Stoxx600	10.6	10.3	11.6	10.3	11.9	10.7	9.1	9.9	11.7	34.0	23.7	19.5	18.2
8:30 - 16:00	Stoxx50	4.3	4.0	5.4	4.1	4.5	3.7	3.7	4.0	4.8	20.1	10.5	9.3	9.6
	Stoxx600	4.3	4.1	4.8	4.2	4.7	4.1	3.8	3.9	4.6	15.9	9.3	8.3	8.3
16:00 - 16:30	Stoxx50	4.7	4.1	6.0	4.0	4.7	3.6	3.8	3.9	4.4	19.1	12.4	11.2	10.9
	Stoxx600	4.3	4.0	4.8	3.8	4.4	3.6	3.6	3.6	4.0	15.5	10.1	9.4	9.0

## Percent ADV by Time of Day

Open	Stoxx50	0.6%	0.7%	0.7%	0.8%	0.7%	0.8%	0.8%	0.9%	0.9%	1.1%	1.2%	1.0%	1.0%
	Stoxx600	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.4%	0.5%	0.5%	0.7%	0.6%	0.6%	0.5%
8:00 - 8:30	Stoxx50	8.6%	9.8%	8.5%	9.9%	9.5%	10.4%	9.7%	11.2%	9.7%	10.3%	11.2%	11.5%	11.5%
	Stoxx600	6.5%	7.3%	6.7%	7.2%	7.5%	8.1%	7.1%	8.3%	8.1%	8.3%	9.1%	9.2%	9.0%
16:00 - 16:30	Stoxx50	19.0%	20.7%	23.6%	23.5%	23.9%	19.3%	20.2%	19.5%	20.9%	25.7%	22.8%	19.3%	18.7%
	Stoxx600	19.2%	19.4%	20.4%	19.7%	19.3%	18.7%	19.3%	18.8%	19.6%	17.2%	14.8%	17.7%	16.9%
Close	Stoxx50	25.8%	24.8%	23.5%	26.9%	25.7%	26.9%	27.2%	24.8%	25.1%	21.3%	25.0%	23.2%	22.5%
	Stoxx600	25.8%	24.0%	24.3%	26.7%	25.9%	26.0%	28.4%	27.1%	25.9%	21.3%	24.5%	23.6%	23.0%

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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