

May 2020

EMEA Market Structure Monthly



EMEA Market Microstructure Observations

- The average daily volume in May 2020 in EMEA equities has decreased to similar levels seen in January this year at €36.3B, much lower than the highs of March 2020 at €68.5B and lower than May volumes in previous years.
- The median quote size at the EBBO in May 2020 increased month over month by 7% in Stoxx50 and 8% in Stoxx600 during the trading period of 8:30 to 16:00. Quote sizes at the EBBO in May 2020 are smaller than they were at Jan 2020 by nearly 50% during intraday trading (trading period of 8:30 to 16:00).
- Median spreads decreased in May 2020 by just over 30% relative to the wide spreads seen in March 2020 in both Stoxx50 and Stoxx600 symbols. Current median spreads are still wider by 58% in Stoxx600 and 53% in Stoxx50 symbols than Jan 2020 during intraday trading.
- Intraday volatility was consistent with trends in spread and decreased during May 2020. Both the Stoxx50 and Stoxx600 symbols intraday volatility has decreased by just over 10% during intraday trading.
- Liquidity on primary exchanges has remained unchanged at 70% while the remaining 30% is found on MTFs, FBA, Dark and RFQ venues. A small portion of liquidity (1%) has moved from primary continuous trading to the primary closing auction phase which on average has 20% of all daily liquidity. In Stoxx50 and Stoxx600 symbols, the percent of ADV trading in the closing auction is over 23%.

Market Structure News

The London Stock Exchange (LSE) is Planning to Offer Auto-Complete RFQs.

The LSE will offer an auto-complete request for quote (RFQ) functionality as part of its planned RFQ 2.0 upgrade scheduled for this summer. This new order type will provide the best price from liquidity providers and the exchange order book. Virtu ITG Europe Limited (VIEL) has a segregated agency ETF desk which will have access to this order type on day one. <http://www2.lseg.com/rfq2.0>

COVID-19 Related Short Selling Bans Lifted in Europe

In March, several key European markets imposed short-selling bans to safeguard against COVID-19 related market volatility. On 18 May, the restrictions were lifted in Austria, Belgium, France, Greece, Italy and Spain.

ESMA requirements for additional information to be reported to national regulators are still in place for June.

<https://www.esma.europa.eu/press-news/esma-news/esma-%E2%80%93-non-renewal-and-termination-short-selling-bans-austrian-fma-belgian-fsma>

The French regulator (AMF) reports their finding on Systematic Internalisers (SI)

In its report the AMF investigates the SI market structure, contribution to pre-trade transparency and quality of prices compared with those on Euronext Paris. With ESMA MiFID II harmonisation of quotes rules, which are extended to SIs by the end of June 2020, price improvement will no longer be possible on SIs.

https://www.amf-france.org/sites/default/files/2020-05/202005_etude_internalisateurs_en.pdf

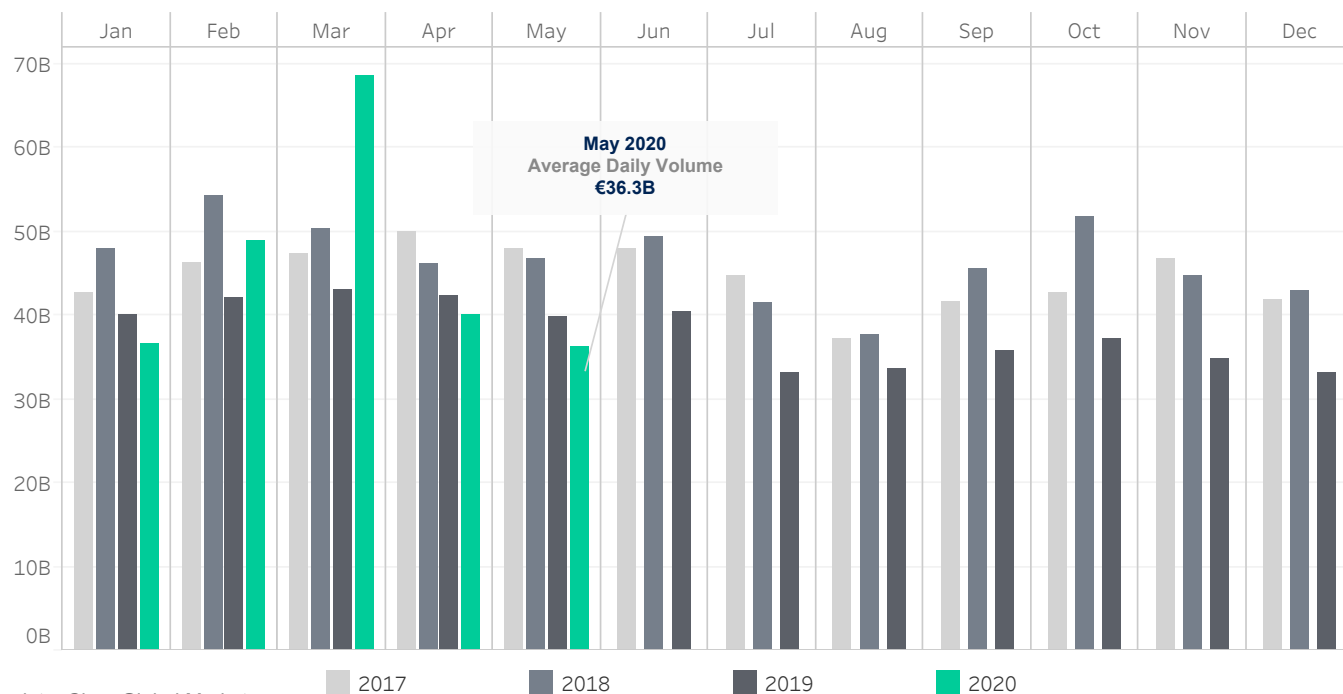
Global Market Close Watch

In some larger developed markets, the closing auction now accounts for over 20% of daily volume. Visit our interactive global infographic to learn more about how this liquidity shift has impacted cost of trading.

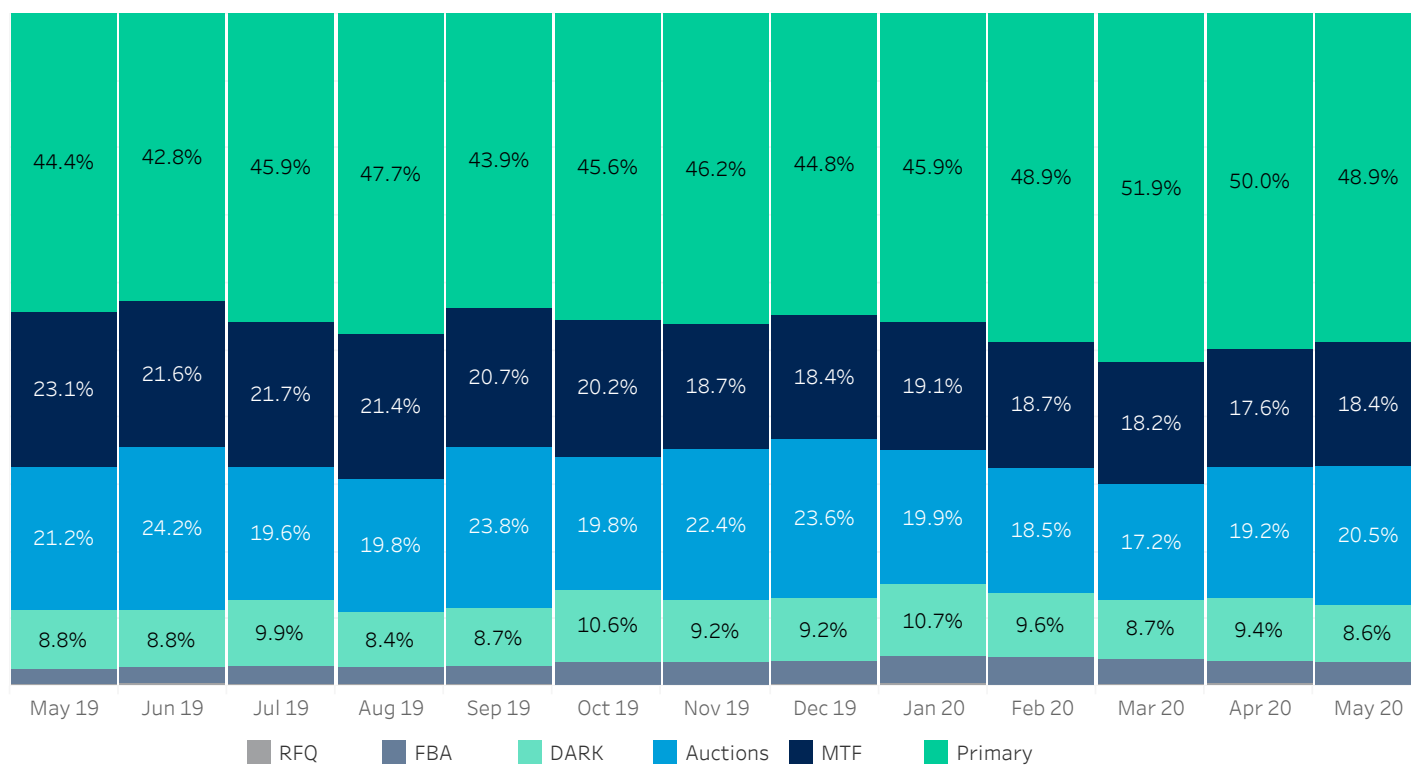
<https://www.virtu.com/close-watch/>



Average Daily Market Volume

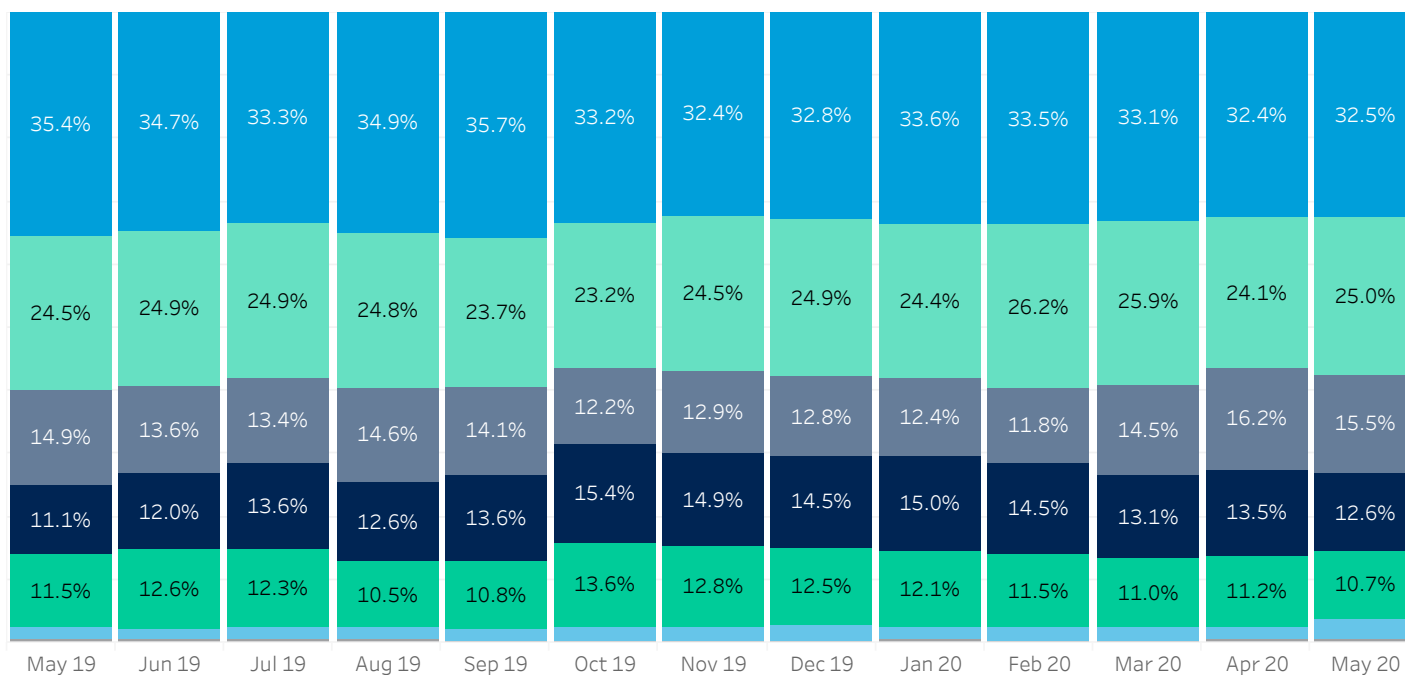


Venue Type Market Share





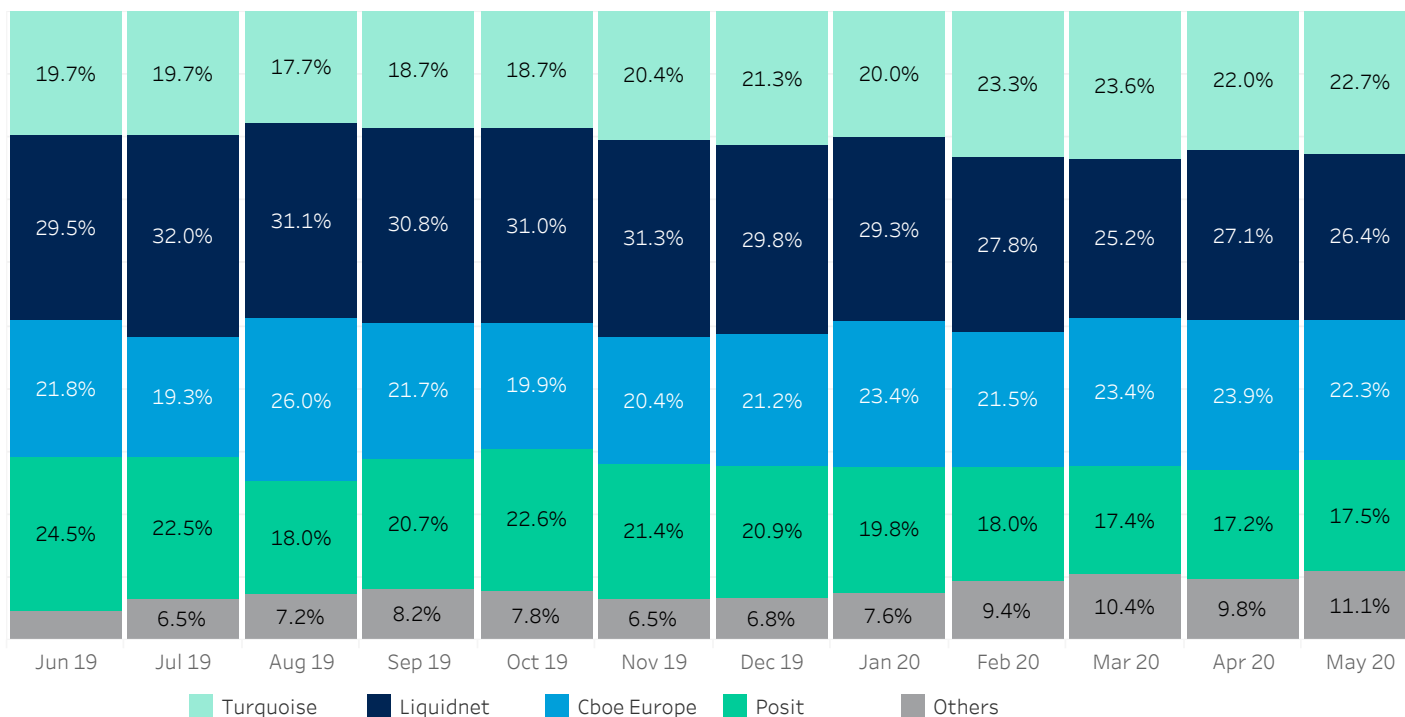
Dark Market Share



Source data: Cboe Global Markets

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

Block Market Share



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	
		May 19	Jun 19	Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20
8:00 - 8:30	Stoxx50	41.9K	37.7K	40.3K	35.6K	38.7K	37.0K	40.5K	42.1K	43.7K	41.2K	20.2K	21.8K	23.0K
	Stoxx600	14.9K	14.2K	15.3K	13.6K	14.4K	13.7K	15.0K	15.5K	16.1K	15.5K	10.0K	9.9K	10.1K
8:30 - 16:00	Stoxx50	77.4K	69.5K	69.2K	59.2K	67.0K	64.6K	72.1K	69.2K	69.4K	66.0K	22.5K	31.3K	33.7K
	Stoxx600	25.2K	25.0K	25.5K	21.7K	24.0K	22.5K	24.8K	25.2K	26.5K	24.6K	11.4K	13.3K	14.4K
16:00 - 16:30	Stoxx50	101.2K	103.4K	98.7K	81.0K	99.6K	92.6K	103.4K	98.9K	99.3K	96.4K	27.8K	39.1K	42.5K
	Stoxx600	33.9K	35.9K	36.5K	30.0K	35.0K	32.0K	35.5K	36.2K	36.7K	35.8K	13.0K	15.9K	18.1K

Spread Bps

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

One Minute Volatility Bps

8:00 - 8:30	Stoxx50	10.8	9.7	9.2	11.5	9.4	10.9	9.6	8.3	9.5	11.3	37.3	23.1	19.1
	Stoxx600	11.2	10.6	10.3	11.6	10.3	11.9	10.7	9.1	9.9	11.7	34.0	23.7	19.5
8:30 - 16:00	Stoxx50	4.8	4.3	4.0	5.4	4.1	4.5	3.7	3.7	4.0	4.8	20.1	10.5	9.3
	Stoxx600	4.5	4.3	4.1	4.8	4.2	4.7	4.1	3.8	3.9	4.6	15.9	9.3	8.3
16:00 - 16:30	Stoxx50	5.5	4.7	4.1	6.0	4.0	4.7	3.6	3.8	3.9	4.4	19.1	12.4	11.2
	Stoxx600	4.7	4.3	4.0	4.8	3.8	4.4	3.6	3.6	3.6	4.0	15.5	10.1	9.4

Percent ADV by Time of Day

Open	Stoxx50	0.6%	0.6%	0.7%	0.7%	0.8%	0.7%	0.8%	0.8%	0.9%	0.9%	1.1%	1.2%	1.0%
	Stoxx600	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.4%	0.5%	0.5%	0.7%	0.6%	0.6%
8:00 - 8:30	Stoxx50	9.5%	8.6%	9.8%	8.5%	9.9%	9.5%	10.4%	9.7%	11.2%	9.7%	10.3%	11.2%	11.5%
	Stoxx600	7.0%	6.5%	7.3%	6.7%	7.2%	7.5%	8.1%	7.1%	8.3%	8.1%	8.3%	9.1%	9.2%
16:00 - 16:30	Stoxx50	16.2%	19.0%	20.7%	23.6%	23.5%	23.9%	19.3%	20.2%	19.5%	20.9%	25.7%	22.8%	19.3%
	Stoxx600	19.3%	19.2%	19.4%	20.4%	19.7%	19.3%	18.7%	19.3%	18.8%	19.6%	17.2%	14.8%	17.7%
Close	Stoxx50	22.9%	25.8%	24.8%	23.5%	26.9%	25.7%	26.9%	27.2%	24.8%	25.1%	21.3%	25.0%	23.2%
	Stoxx600	22.5%	25.8%	24.0%	24.3%	26.7%	25.9%	26.0%	28.4%	27.1%	25.9%	21.3%	24.5%	23.6%

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

© 2020 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 has been taken from trade and statistical services and other sources we believe to be reliable, but we do not represent that such information is accurate or complete and it should not be relied upon as such. No guarantee or warranty is made as to the reasonableness of the assumptions or the accuracy of the models or market data. All functionality described herein is subject to change without notice.

Securities products and services are offered by the following subsidiaries of Virtu Financial Inc. In the U.S., Virtu ITG LLC or Virtu Americas LLC, both FINRA and SIPC members; in Canada, Virtu ITG Canada Corp., member Canadian Investor Protection Fund ("CIPF") and Investment Industry Regulatory Organization of Canada ("IIROC"), MATCHNow® is a product offering of TriAct Canada Marketplace LP ("TriAct"), member CIPF and IIROC. TriAct is a wholly owned subsidiary of Virtu ITG Canada Corp.; in Europe, by Virtu ITG Europe Limited, registered in Ireland No. 283940 ("VIEL") is authorized and regulated by the Central Bank of Ireland; and, by 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).