

September 2020

EMEA Market Structure Monthly



EMEA Market Microstructure Observations

- The average daily volume in September 2020 in EMEA equities increased to €34bn, higher than the previous month by 23% (€27.7bn) and lower than September's volume in the previous year by 5% (€35.8bn).
- The median quote size at the European Best Bid and Offer (EBBO) did not change significantly during September 2020, the Stoxx50 increased by 1% and Stoxx600 decreased by 3% during the trading period of 8:30 to 16:00 BST. Quote sizes at the EBBO in September 2020 were still smaller than they were in January 2020, by over 26% during intraday trading (8:30 to 16:00 BST).
- Median spreads did not change significantly during September 2020 relative to the previous month. Median spreads in Stoxx50 symbols increased by less than 1% and Stoxx600 symbols did not change. Current median spreads are still wider by 24% in both Stoxx50 and Stoxx600 symbols compared to January 2020 levels for intraday trading.
- Intraday volatility further increased in September 2020, by 16% in Stoxx50 symbols and by 13% in Stoxx600 symbols' relative to the previous month during intraday trading.
- The market share distribution between primary exchanges, primary auctions, MTFs, FBA, Dark and RFQ venues changed very little in September 2020 relative to the prior month. Primary auctions execution increased by 2.7% from 19.4% to 22.1% due to quadruple witching auctions on 18 of September.
- In the dark block space, Cboe LIS lost 2% in large in scale (LIS) market share, while POSIT gained 3% in September 2020 relative to the prior month.

Market Structure News

Euronext to acquire Borsa Italiana for €3.4bn

Euronext, Deutsch Borse and SIX were all bidding to acquire the Milan stock exchange at a price around €3.4bn. The London Stock Exchange has bought Borsa Italiana for €1.7bn in 2007 and are now required to sell assets as it seeks EU antitrust approval for its €27bn merger deal with Refinitiv.

<https://www.euronext.com/en/about/media/euronext-press-releases/euronext-acquire-borsa-italiana-group>

ICAP to acquire Liquidnet for up to \$700m

The FTSE 250 interdealer broker TP ICAP PLC announced in late September it is acquiring Liquidnet Holding Inc for a price range from \$575m to \$700m in an effort to transform TP ICAP revenue growth profile. ICAP to invest further in Liquidnet to build electronic trading in credit and rates.

<https://www.tradersmagazine.com/am/tp-icap-to-invest-up-to-30m-in-liquidnet-after-acquisition/>

Short Selling stricter reporting rules to stay until end of year

European Securities and Markets Authority (ESMA) extended the requirement on hedge funds to report net short positions that reach or exceed 0.1% of the issued share capital. This requirement was put in place in March due to COVID-19 and extended twice already in June and again in September until 19 December.

<https://www.esma.europa.eu/press-news/esma-news/esma-renews-its-decision-requiring-net-short-position-holders-report-position-0>

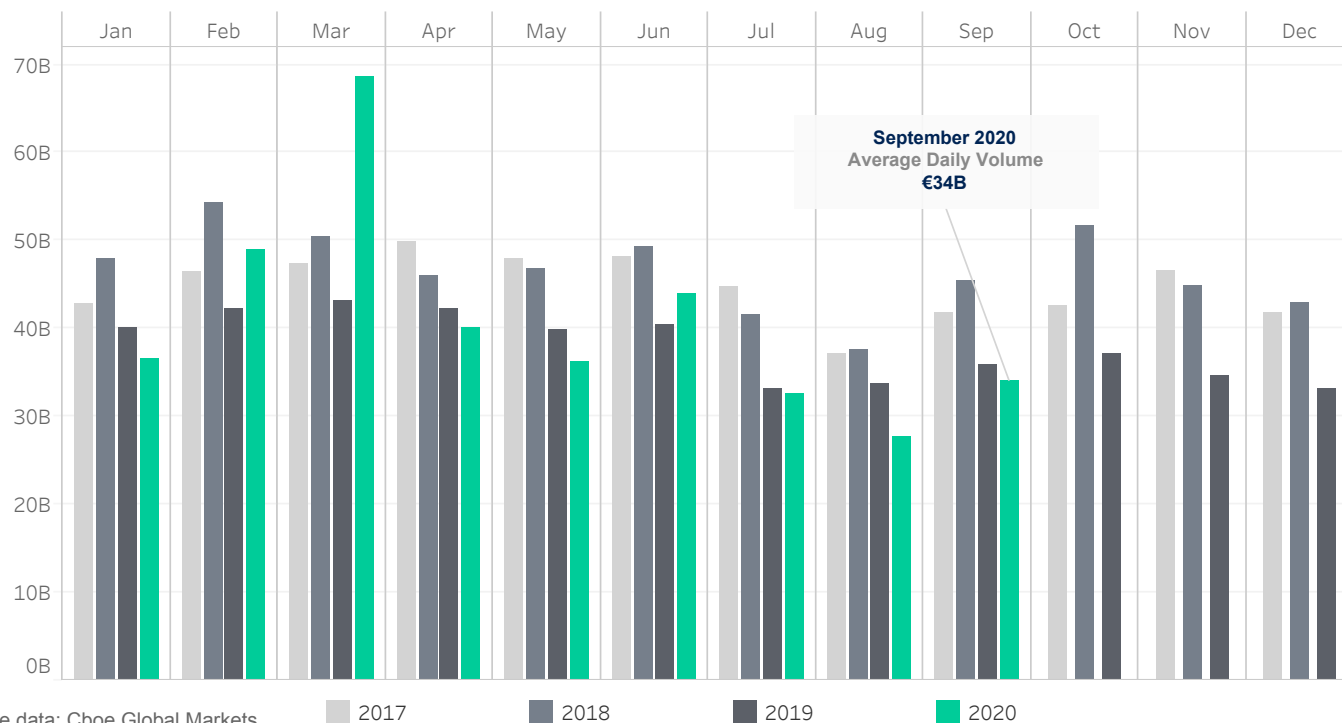
ESMA to recognise three UK CCPs from 1st of January 2021

European Securities and Markets Authority (ESMA) has announced that three UK central counterparties (CCPs) will be recognized as third country CCPs. The approved CCPs are ICE Clear Europe Limited, LCH Limited and LME Clear Limited. These third country CCPs will be eligible to provide their services in the EU.

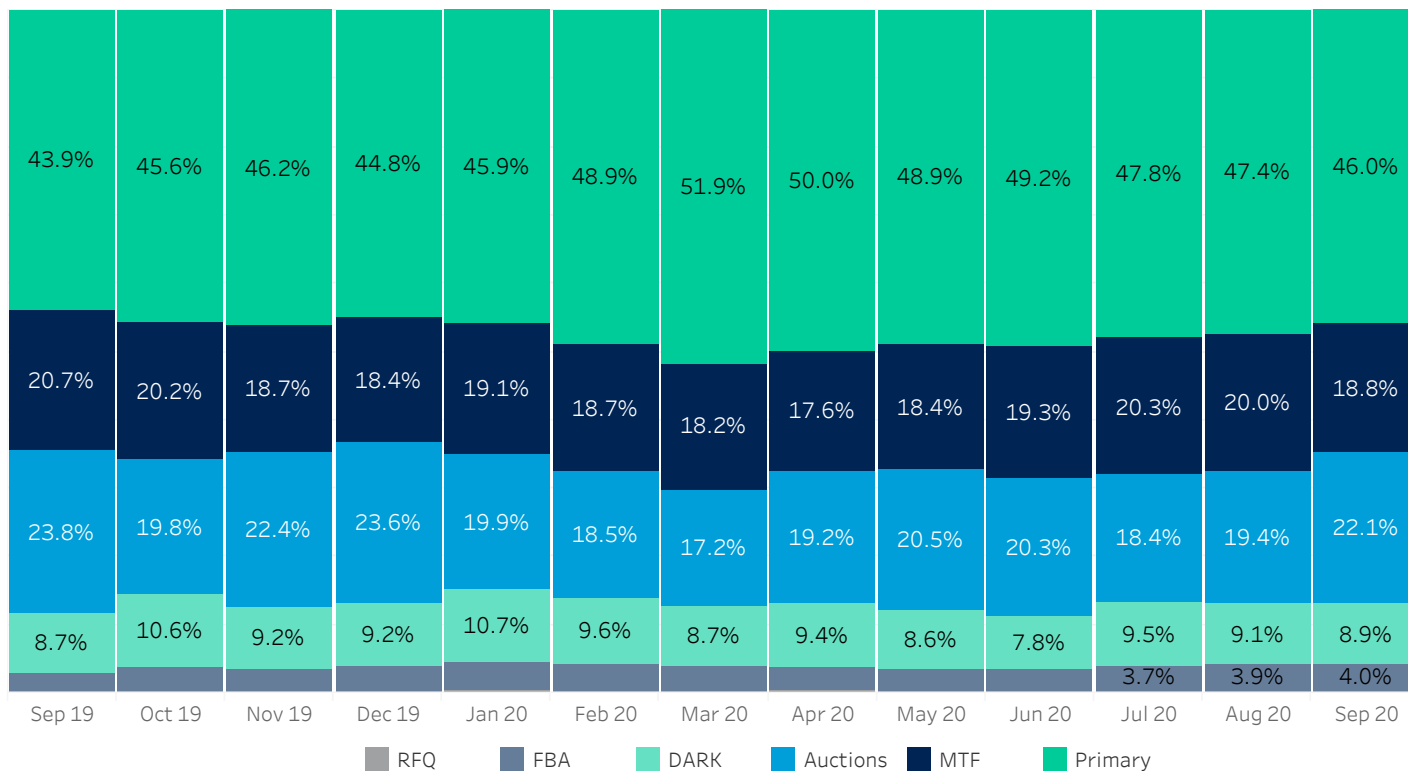
<https://www.esma.europa.eu/press-news/esma-news/esma-recognise-three-uk-ccps-1-january-2021>



Average Daily Market Volume

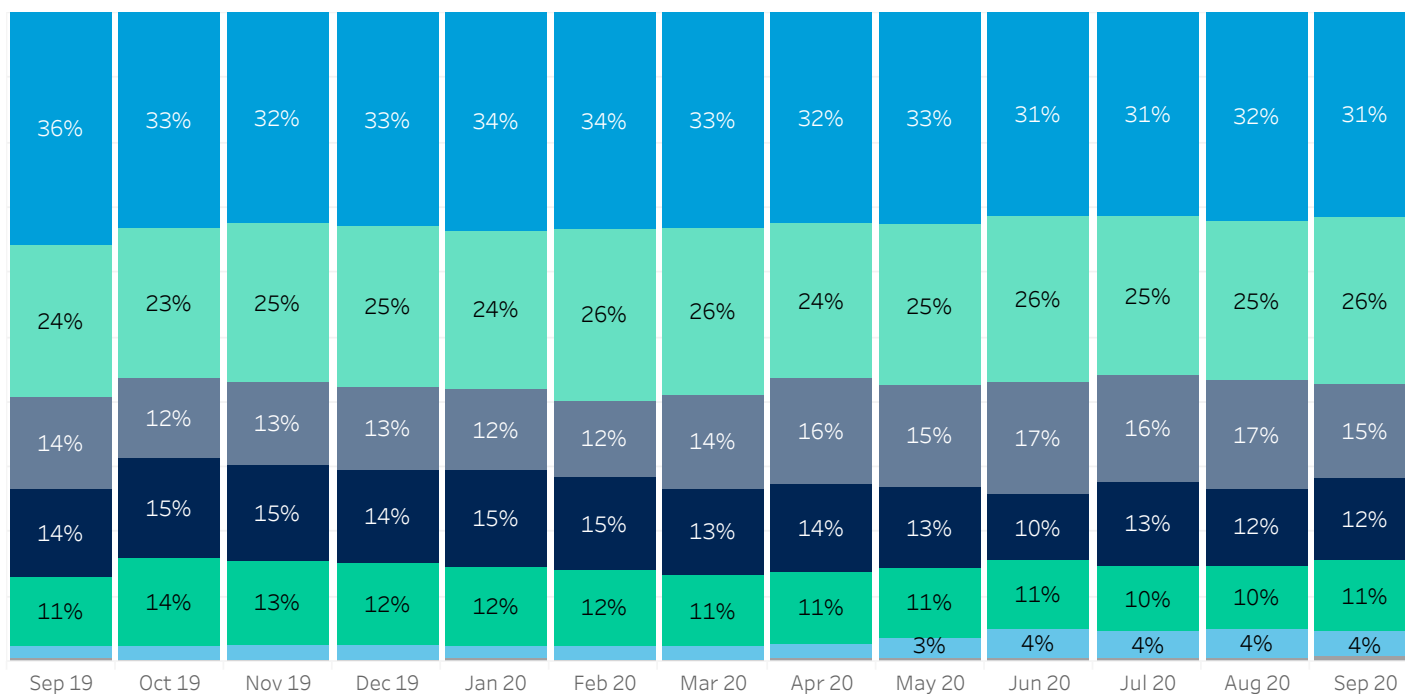


Venue Type Market Share





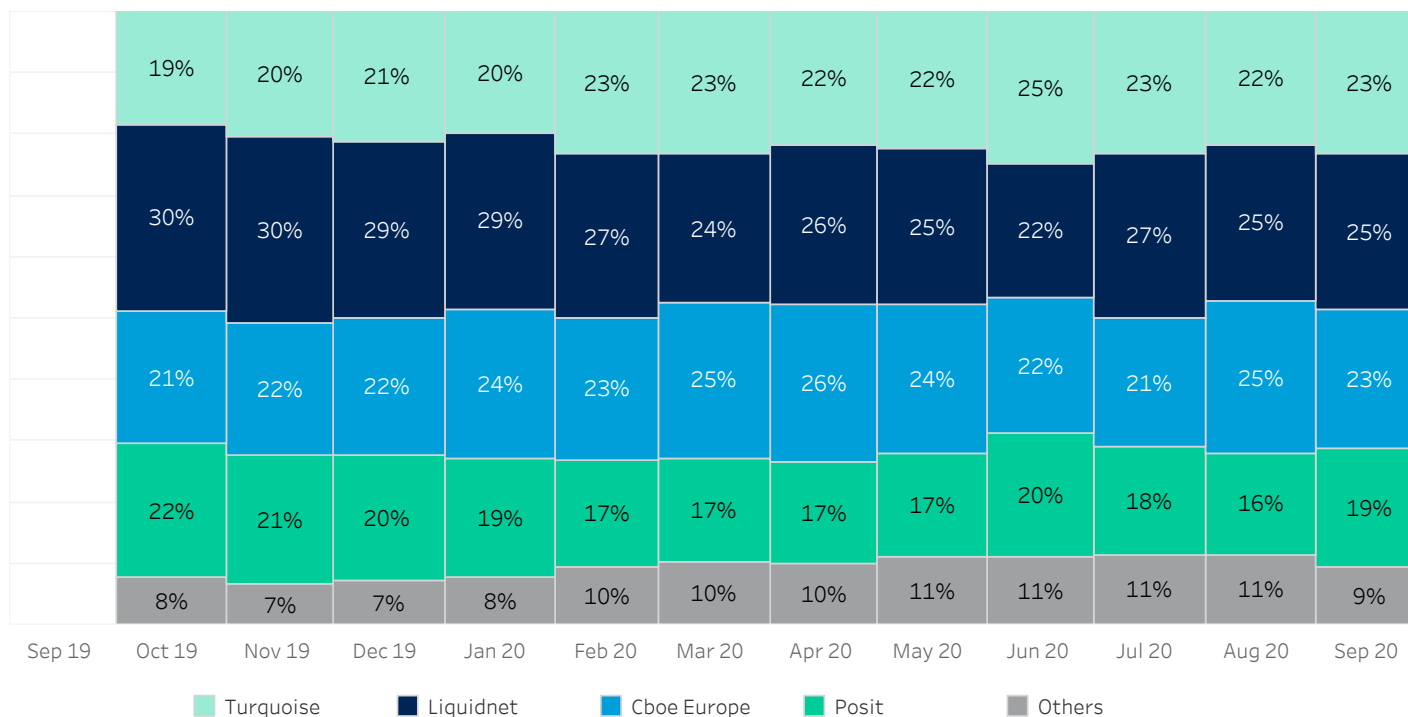
Dark Market Share



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 19	4Q 19			1Q 20			2Q 20			3Q 20		
		Sep 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20
8:00 - 8:30	Stoxx50	38.7K	37.0K	40.5K	42.1K	43.7K	41.2K	20.2K	21.8K	23.0K	27.2K	28.7K	29.4K	29.3K
	Stoxx600	14.4K	13.7K	15.0K	15.5K	16.1K	15.5K	10.0K	9.9K	10.1K	12.1K	12.5K	12.9K	12.5K
8:30 - 16:00	Stoxx50	67.0K	64.6K	72.1K	69.2K	69.4K	66.0K	22.5K	31.3K	33.7K	40.5K	42.3K	43.0K	43.6K
	Stoxx600	24.0K	22.5K	24.8K	25.2K	26.5K	24.6K	11.4K	13.3K	14.4K	17.3K	17.6K	18.2K	17.7K
16:00 - 16:30	Stoxx50	99.6K	92.6K	103.4K	98.9K	99.3K	96.4K	27.8K	39.1K	42.5K	51.8K	57.3K	61.4K	58.4K
	Stoxx600	35.0K	32.0K	35.5K	36.2K	36.7K	35.8K	13.0K	15.9K	18.1K	22.1K	23.2K	24.3K	22.5K

Spread Bps

8:00 - 8:30	Stoxx50	3.9	4.0	3.7	3.5	3.5	3.8	11.2	8.6	6.9	6.6	5.8	5.5	5.5
	Stoxx600	7.1	7.5	6.9	6.5	6.6	7.4	19.5	15.9	12.5	11.5	9.9	9.4	9.2
8:30 - 16:00	Stoxx50	2.5	2.8	2.6	2.6	2.6	2.8	5.9	4.5	4.0	3.9	3.5	3.2	3.4
	Stoxx600	4.1	4.6	4.2	4.1	4.1	4.4	9.7	7.7	6.5	6.2	5.5	5.1	5.1
16:00 - 16:30	Stoxx50	2.1	2.3	2.2	2.2	2.2	2.3	4.2	3.9	3.5	3.3	3.0	2.7	2.9
	Stoxx600	3.6	3.9	3.6	3.7	3.7	3.7	7.0	6.5	5.6	5.1	4.6	4.3	4.4

One Minute Volatility Bps

8:00 - 8:30	Stoxx50	9.4	10.9	9.6	8.3	9.5	11.3	37.3	23.1	19.1	20.4	15.1	15.0	15.9
	Stoxx600	10.3	11.9	10.7	9.1	9.9	11.7	34.0	23.7	19.5	19.8	14.7	14.5	15.0
8:30 - 16:00	Stoxx50	4.1	4.5	3.7	3.7	4.0	4.8	20.1	10.5	9.3	9.8	6.9	6.0	7.0
	Stoxx600	4.2	4.7	4.1	3.8	3.9	4.6	15.9	9.3	8.3	8.5	6.2	5.4	6.1
16:00 - 16:30	Stoxx50	4.0	4.7	3.6	3.8	3.9	4.4	19.1	12.4	11.2	11.2	7.5	6.1	8.1
	Stoxx600	3.8	4.4	3.6	3.6	3.6	4.0	15.5	10.1	9.4	9.0	6.2	5.3	6.5

Percent ADV by Time of Day

Open	Stoxx50	0.8%	0.7%	0.8%	0.8%	0.9%	0.9%	1.1%	1.2%	1.0%	1.0%	1.0%	0.8%	0.9%
	Stoxx600	0.3%	0.3%	0.3%	0.4%	0.5%	0.5%	0.8%	0.7%	0.6%	0.5%	0.5%	0.4%	0.4%
8:00 - 8:30	Stoxx50	9.9%	9.5%	10.4%	9.7%	11.2%	9.7%	10.3%	11.2%	11.5%	11.8%	11.1%	11.6%	10.6%
	Stoxx600	7.2%	7.5%	8.1%	7.1%	8.3%	8.1%	8.3%	9.1%	9.2%	9.1%	8.9%	9.7%	9.1%
16:00 - 16:30	Stoxx50	23.5%	23.9%	19.3%	20.2%	19.5%	20.9%	25.7%	22.8%	19.3%	19.0%	19.7%	19.9%	19.4%
	Stoxx600	19.7%	19.3%	18.7%	19.3%	18.8%	19.6%	17.2%	14.8%	17.7%	18.0%	18.3%	19.0%	17.5%
Close	Stoxx50	26.9%	25.7%	26.9%	27.2%	24.8%	25.1%	21.3%	25.0%	23.2%	22.2%	21.8%	23.9%	24.8%
	Stoxx600	26.6%	25.6%	25.9%	28.3%	26.8%	25.8%	21.3%	24.6%	23.8%	23.3%	23.8%	24.1%	25.1%

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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