

November 2020

US Market Structure Monthly



US Market Microstructure Observations

- Average daily volume in US equities was 11.3B shares in November 2020, up 24.2% month over month and 63.8% year over year.
- Trade reporting facility (TRF) market share increased for the second consecutive month to 43.3% in November 2020, up 0.6% month over month.
- Excluding the first and last half hour of trading, the median size at the National Best Bid and Offer (NBBO) remained unchanged month over month for S&P 500 and RUS 2000 symbols in November 2020. In the last half hour of trading, NBBO size decreased by 2.1% and 4.0% for S&P 500 and RUS 2000 symbols, respectively.
- Excluding the first and last half hour of the day, median spreads rose by 1.6% and 8.0% month over month for S&P 500 and RUS 2000 symbols, respectively, in November 2020, marking the third consecutive monthly spread widening.
- Consistent with the trends in spreads, intraday volatility increased in November 2020. Excluding the first and last half hour of trading, intraday volatility for S&P 500 and RUS 2000 symbols increased by 8.5% and 10.5%, respectively, month over month.
- Median proportion of volume traded in the close auction volume for RUS 2000 symbols increased by 0.6% month over month to 9.9% in November 2020. Auction proportion for S&P 500 symbols remained stable over the same period.

Market Structure News

SEC Chairman Jay Clayton to Leave Agency at End of 2020

SEC Chairman Jay Clayton will step down at the end of the year. Mr. Clayton's successor, to be appointed under the Biden administration, will potentially seek a more aggressive approach to Wall Street regulation, according to Democratic regulators and analysts. Names that have surfaced as the possible next SEC chair include Gary Gensler, former chair of the Commodity Futures Trading Commission under President Obama, former Democratic SEC commissioners Robert Jackson and Kara Stein, and former U.S. Attorney Preet Bharara.

<https://www.wsj.com/articles/sec-chairman-jay-clayton-to-leave-agency-at-end-of-2020-11605531600>

SEC Extends Effort to Help Private Companies Raise Capital

The SEC adopted a rule to expand exempt offerings, allowing more capital to be raised without going public. The changes included expansion of exemptions for registration and transparency requirements, as well as shortening the minimum time between exempt offerings to 30 days from six months.

<https://www.wsj.com/articles/sec-extends-effort-to-help-private-companies-raise-capital-11604352377>

House to Vote on Delisting Chinese Stocks from US Stock Exchanges Over Audit Rules

The House plans to vote on rules that would require Chinese firms with listings on US exchanges to make the transition to getting an annual audit that is reviewed by US regulators. If the law passes, Chinese companies would have three years to comply with the inspection requirements before facing potential delisting.

<https://www.wsj.com/articles/house-to-vote-on-booting-chinese-stocks-from-u-s-over-audit-rules-11606518590>

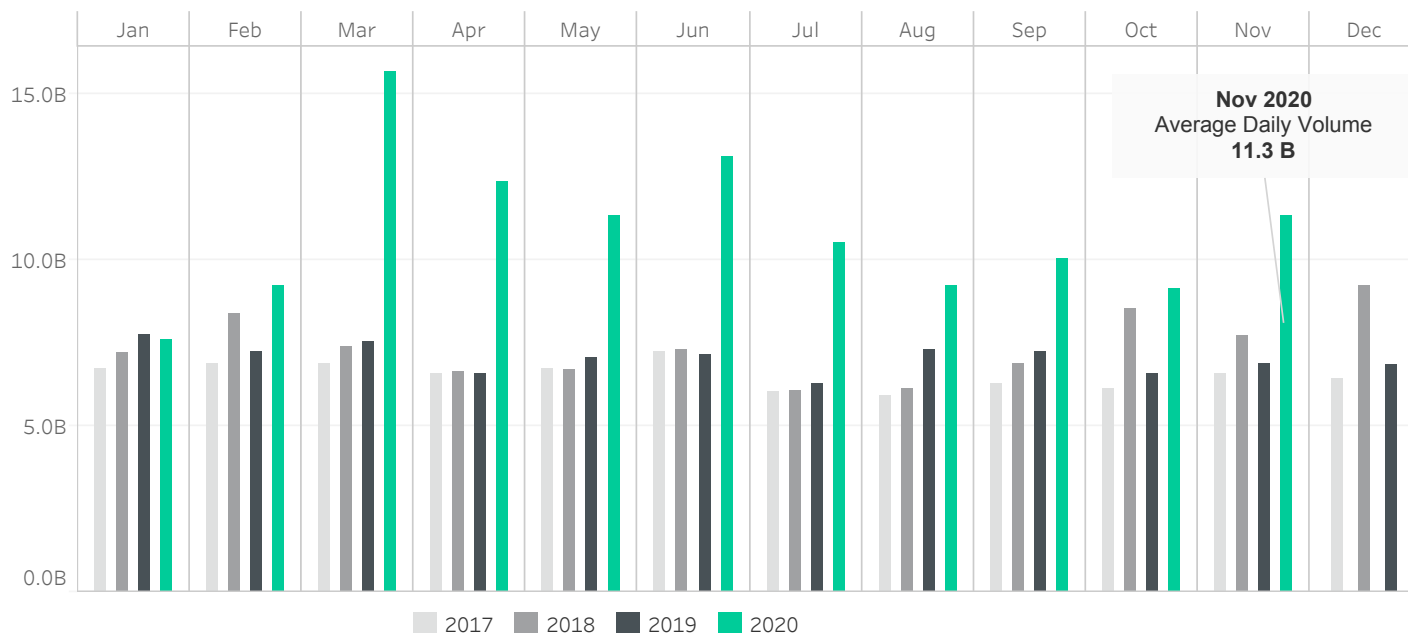
S&P Global Agrees to Buy IHS Markit

S&P Global Inc. agreed to acquire IHS Market Ltd. for approximately \$44B, a deal that would combine two of the largest Wall Street data providers.

<https://www.wsj.com/articles/s-p-global-in-advanced-talks-to-buy-ihs-markit-for-about-44-billion-11606697244>

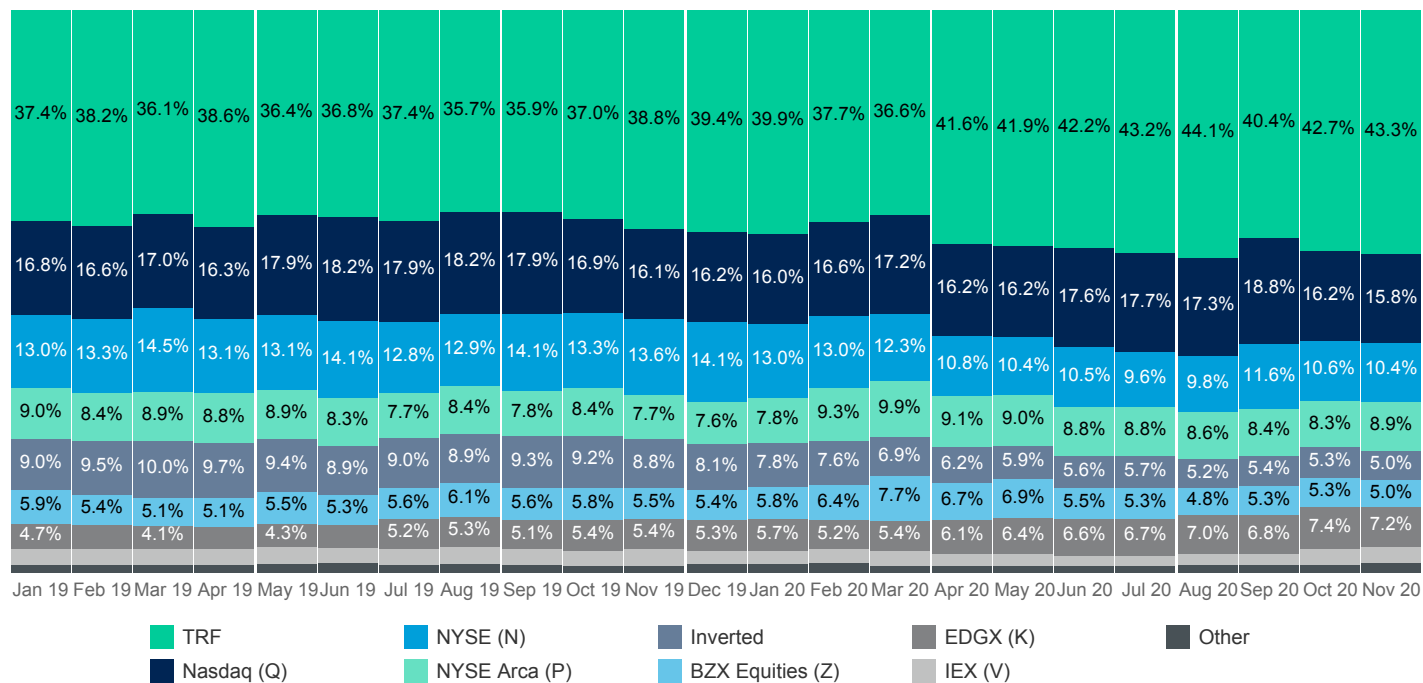


Average Daily Market Volume



Source data: Cboe Global Markets

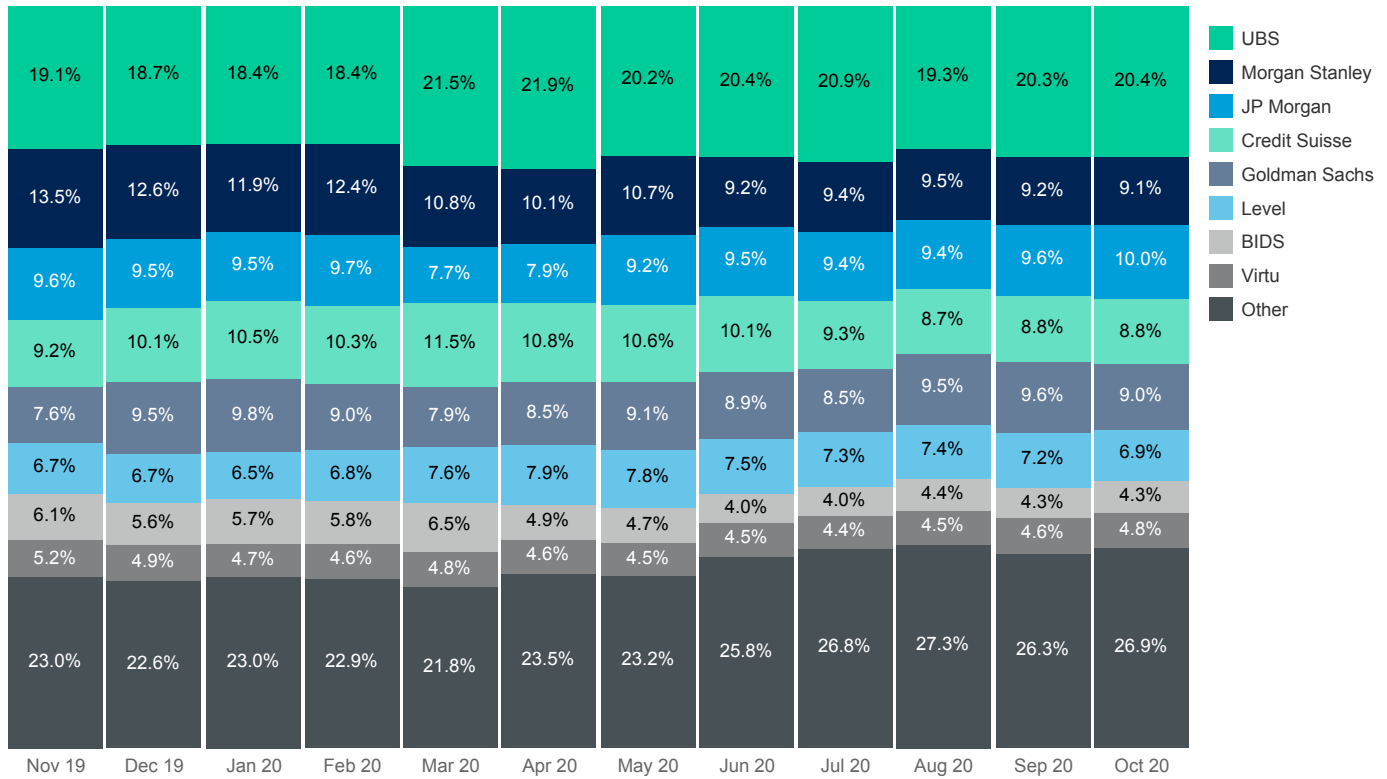
Venue Market Share



Source data: Cboe Global Markets

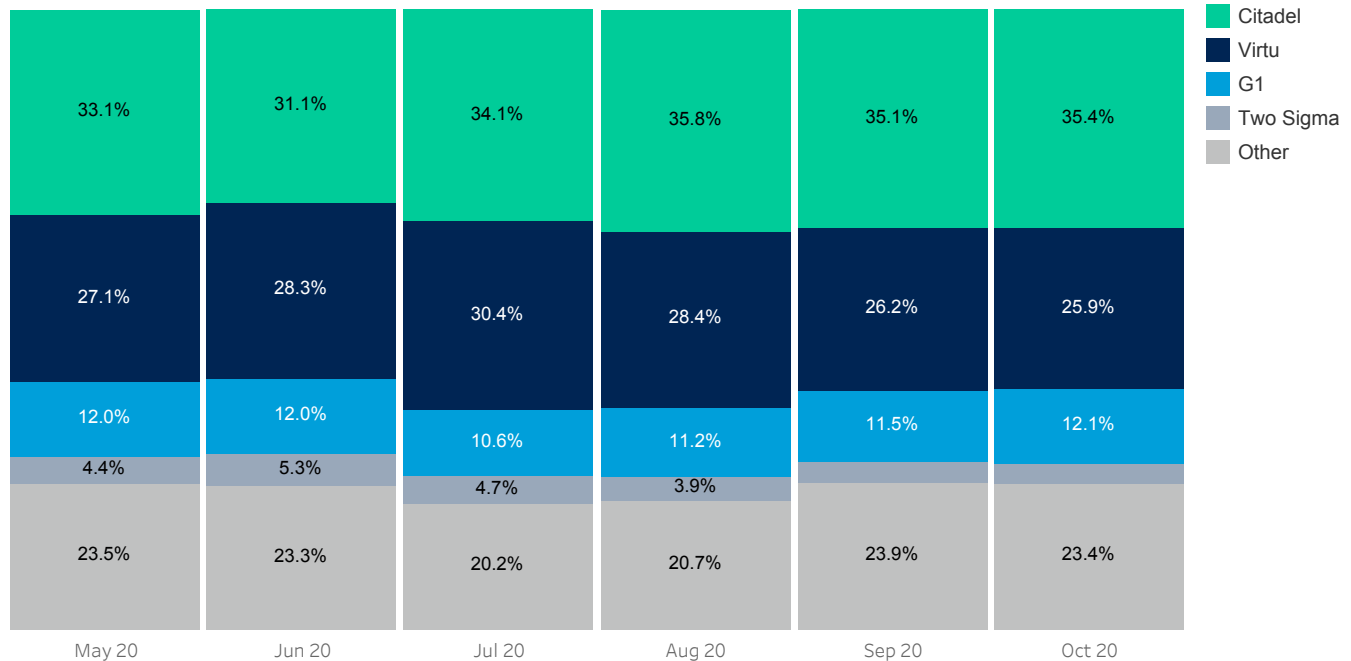


ATS Market Share



Excludes Dealerweb, OTC; Venues rolled up to firm level; Source data: FINRA

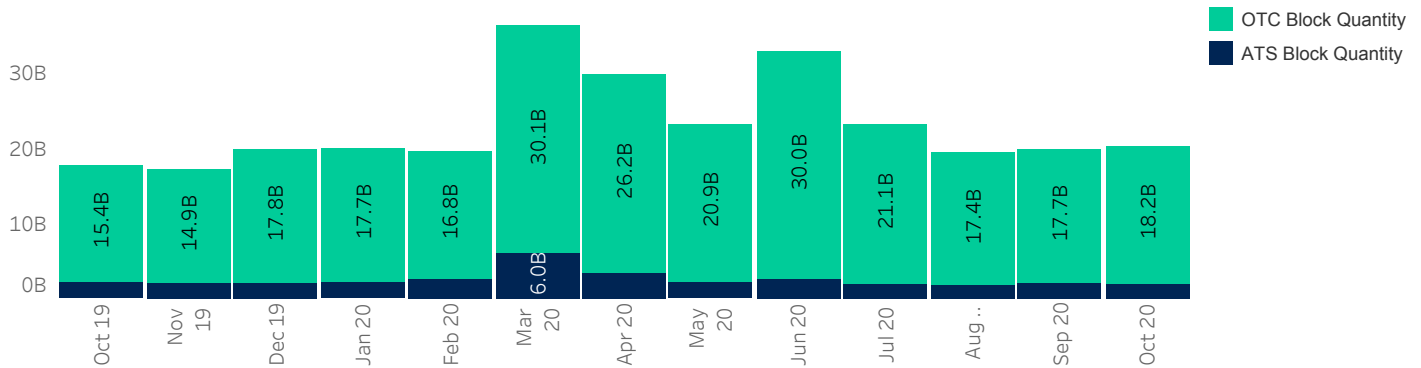
OTC Non-ATS Market Share



Source: FINRA, NMS Tier 1 & 2 Securities

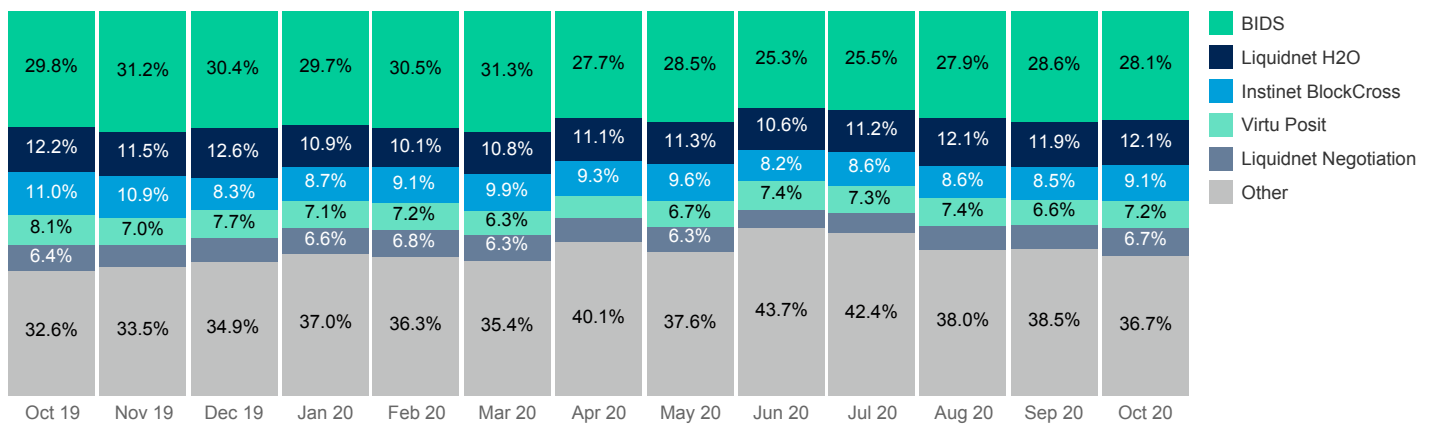


TRF Block Volume Breakdown (Shares)



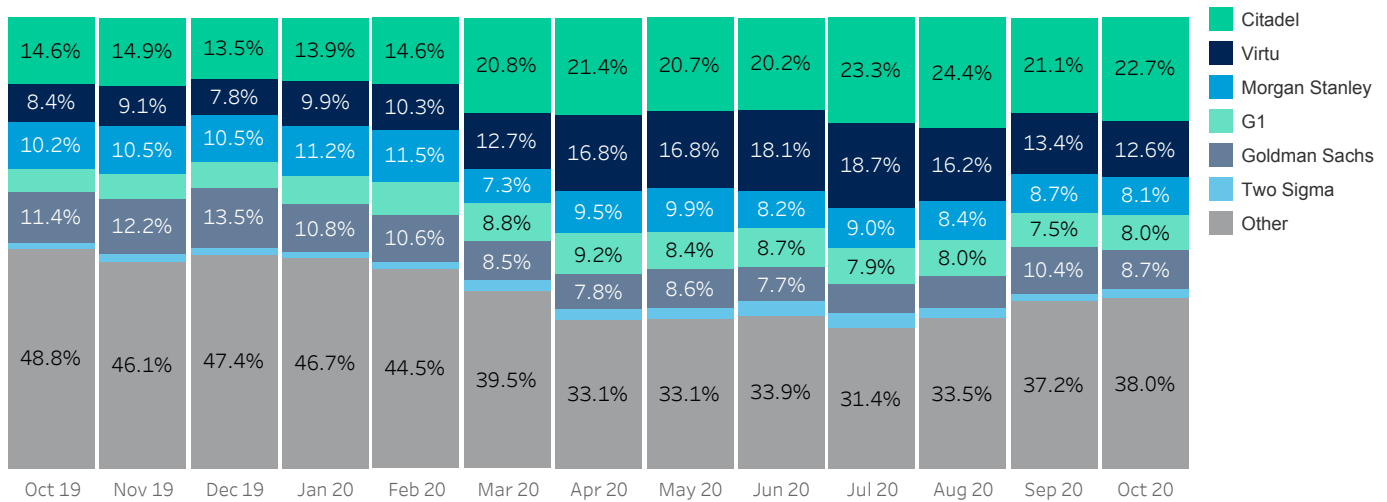
Source: FINRA

ATS Block Volume Market Share



Excludes Dealerweb; Blocks defined as >10K shares; Source data: FINRA

OTC (Non-ATS) Block Volume Market Share



Blocks defined as >10K shares; Source data: FINRA



Quotesize in Shares

	4Q 19		1Q 20			2Q 20			3Q 20			4Q 20		
	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	
First 30 Min	SP500	178	178	176	185	185	184	196	200	207	205	204	206	201
	RUS2000	200	195	193	204	200	194	200	206	209	207	207	225	226
Mid Day	SP500	210	212	199	194	174	177	197	204	212	220	215	206	206
	RUS2000	224	219	210	216	200	198	209	218	227	235	233	236	236
Last 30 Min	SP500	302	290	254	240	193	200	229	229	242	264	239	236	231
	RUS2000	279	266	250	264	233	228	239	243	264	283	272	274	263

Spread Bps

First 30 Min	SP500	8.2	7.5	7.7	9.8	28.1	19.4	11.8	11.0	10.4	9.6	11.0	13.0	14.7
	RUS2000	41.0	36.4	36.3	43.7	108.1	87.0	65.2	56.7	50.6	41.8	44.7	57.1	67.2
Mid Day	SP500	3.2	3.1	3.4	4.1	13.1	8.4	5.7	5.3	4.8	4.2	5.3	6.4	6.5
	RUS2000	15.3	14.0	14.5	16.4	42.5	34.8	25.0	23.3	20.2	17.1	18.9	24.9	26.9
Last 30 Min	SP500	2.1	2.1	2.3	2.5	9.7	5.8	4.2	3.8	3.3	3.0	3.6	4.2	4.5
	RUS2000	11.1	10.8	10.9	11.2	33.2	25.1	19.3	18.2	15.4	13.5	15.0	18.9	21.2

One Minute Volatility Bps

First 30 Min	SP500	11.6	10.6	11.2	14.6	53.4	32.8	24.5	23.3	19.5	16.0	20.1	16.0	20.2
	RUS2000	16.1	14.8	15.4	16.9	45.1	40.8	33.2	31.3	25.3	23.7	26.0	16.9	20.9
Mid Day	SP500	3.9	3.4	4.3	5.6	27.7	14.4	9.6	9.7	7.6	5.9	8.4	7.1	7.7
	RUS2000	4.2	3.8	4.7	5.7	21.8	16.4	11.9	11.5	9.1	7.0	8.3	5.7	6.3
Last 30 Min	SP500	4.1	4.0	5.1	6.1	36.1	17.0	11.5	11.5	8.9	6.9	9.9	7.8	8.9
	RUS2000	4.3	4.4	5.3	5.8	28.0	20.1	15.0	14.8	10.2	7.7	9.9	7.3	8.8

Percent ADV by Time of Day

Open	SP500	1.0%	1.1%	1.1%	1.1%	1.0%	1.1%	1.0%	1.1%	1.0%	1.1%	1.0%	1.1%	1.1%
	RUS2000	0.8%	0.8%	0.9%	0.9%	0.8%	0.8%	0.9%	0.9%	0.8%	0.9%	0.8%	0.9%	0.9%
First 30 Min	SP500	8.0%	7.7%	7.9%	8.6%	8.2%	8.7%	9.4%	9.1%	9.6%	9.9%	9.5%	9.2%	10.3%
	RUS2000	7.2%	7.1%	7.3%	7.2%	6.3%	7.0%	7.9%	7.3%	7.6%	8.2%	8.0%	7.6%	8.4%
Last 30 Min	SP500	18.8%	18.4%	18.0%	17.9%	18.3%	17.7%	17.7%	17.9%	18.3%	18.7%	17.9%	18.1%	17.4%
	RUS2000	19.5%	19.3%	18.8%	18.6%	19.9%	18.9%	18.7%	18.5%	20.0%	19.8%	18.7%	19.8%	18.8%
Close	SP500	11.4%	13.5%	13.8%	12.0%	9.9%	9.8%	9.0%	10.3%	9.9%	10.5%	12.0%	11.0%	10.7%
	RUS2000	7.8%	10.0%	9.4%	8.1%	9.0%	8.9%	8.3%	8.9%	9.4%	7.9%	9.6%	9.3%	9.9%

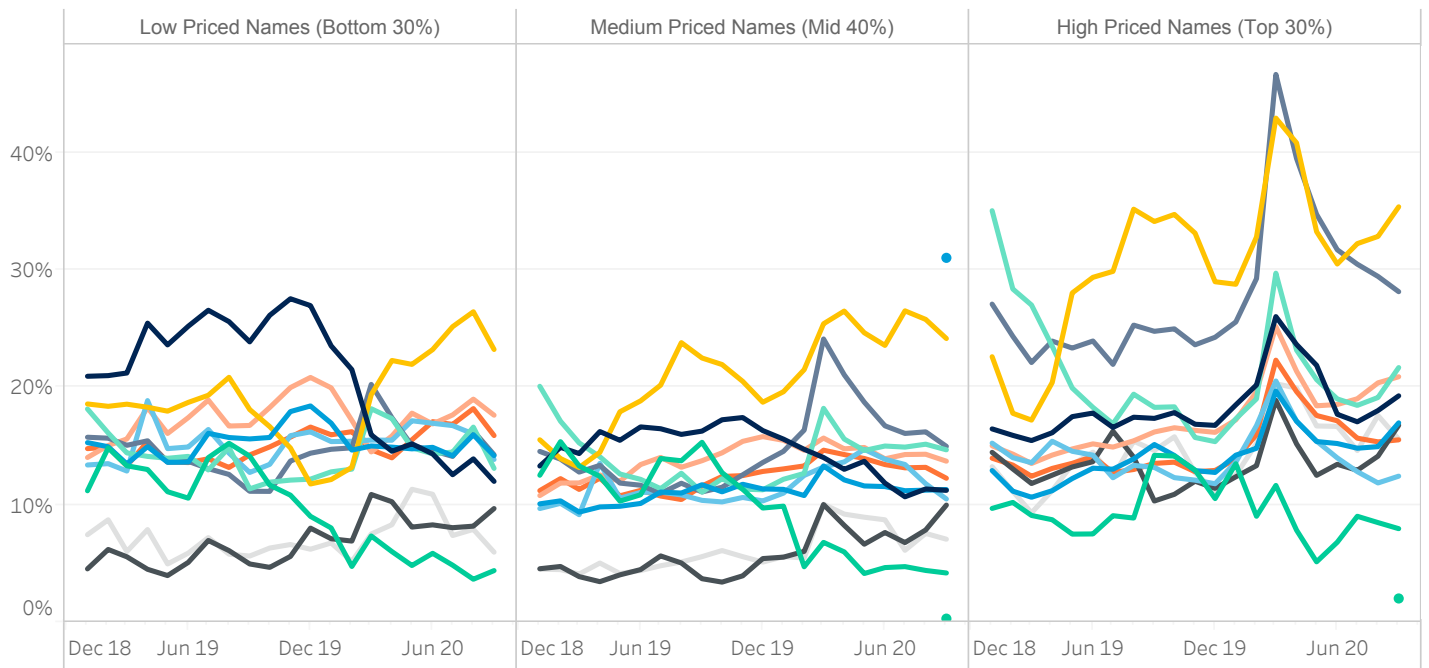
Median used for all metrics

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

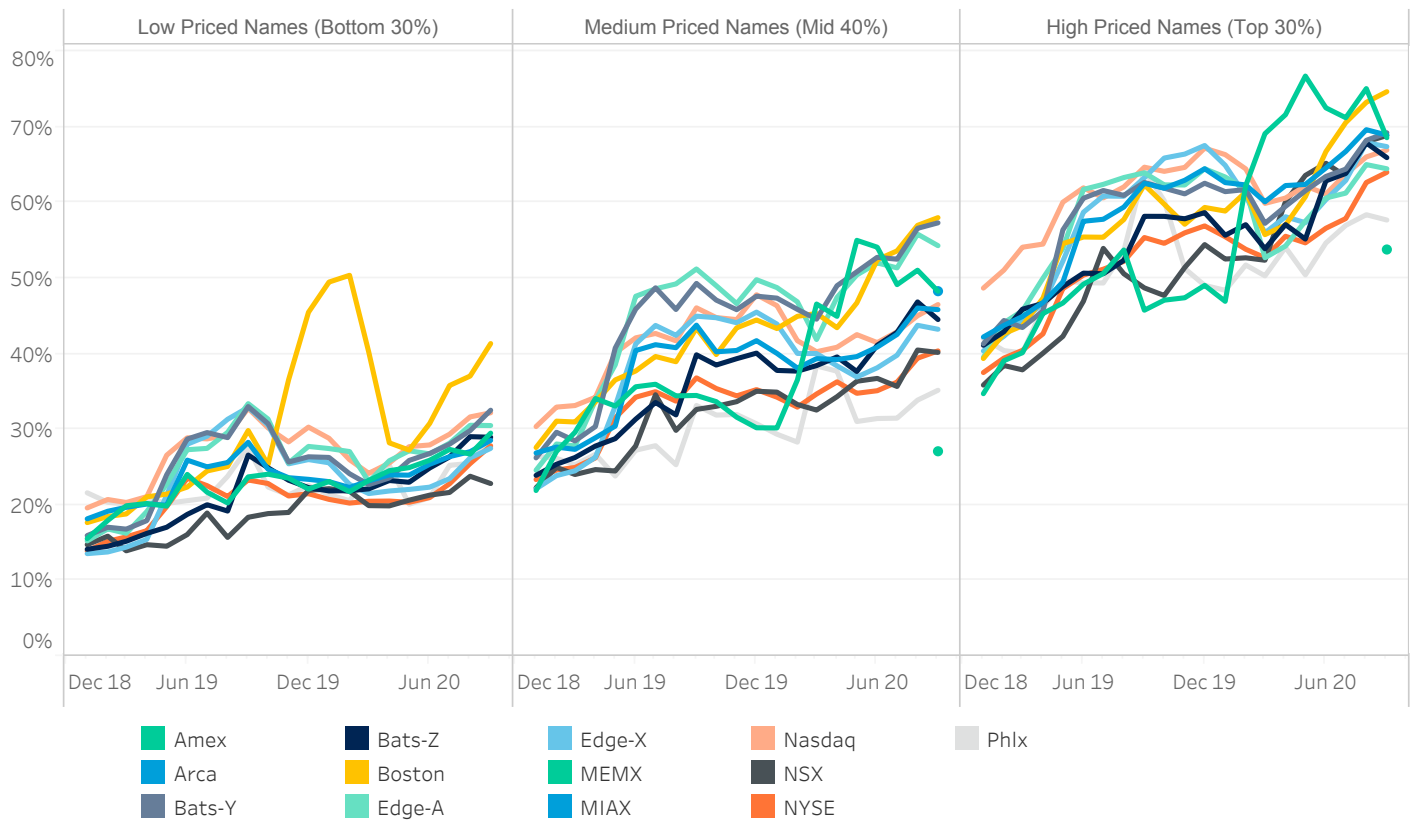
Source data: Virtu Financial



Hidden Trades Proportion by Price and Venue



Oddlot Trades Proportion by Price and Venue



Source data: SEC



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