

August 2024

EU Market Structure Monthly

MICROSTRUCTURE OBSERVATIONS

- EMEA equities daily turnover contracted 6% MoM to €36.0B in August 2024.
- Volume breakdown by venue type remained relatively flat in August 2024 compared to the prior month, with 56.1% in lit continuous trading, 25.7% in lit auctions, 10.8% in dark and 7.4% in periodic auctions.
- Spreads widened, sizes at the touch decreased and 1-minute volatility increased across both the STOXX50 and the STOXX600 indices in August 2024.

EU MARKET STRUCTURE NEWS

The Bank of England Publishes Paper on Operational Resilience

In lieu of recent operational incidents, such as the worldwide IT outage caused by a flawed update distributed by CrowdStrike, the Bank decided to put out further guidance on operational resilience. This builds on a paper they published earlier this year in March. The purpose of the paper is to highlight the impact of the financial system becoming more interconnected and digitized which leads to larger operational risks.

<https://www.bankofengland.co.uk/financial-stability-paper/2024/operational-resilience-in-a-macroprudential-framework>

ESMA Publishes TRV Risk Monitor Report

ESMA's TRV Risk Monitor Report observed increased market sensitivity due to changes in interest rate expectations, political events, and rising credit risk. They also noted an uptick in the number of IPOs and noted a looming wall of corporate bond maturities between 2024 and 2028. ESMA highlighted credit, market and operation risks as the highest risk areas. They did not provide any indications of a decrease in the foreseeable future.

https://www.esma.europa.eu/sites/default/files/2024-08/ESMA50-524821-3444_TRV_2_2024.pdf

Asset Managers Adapt To Unbundling Guidance

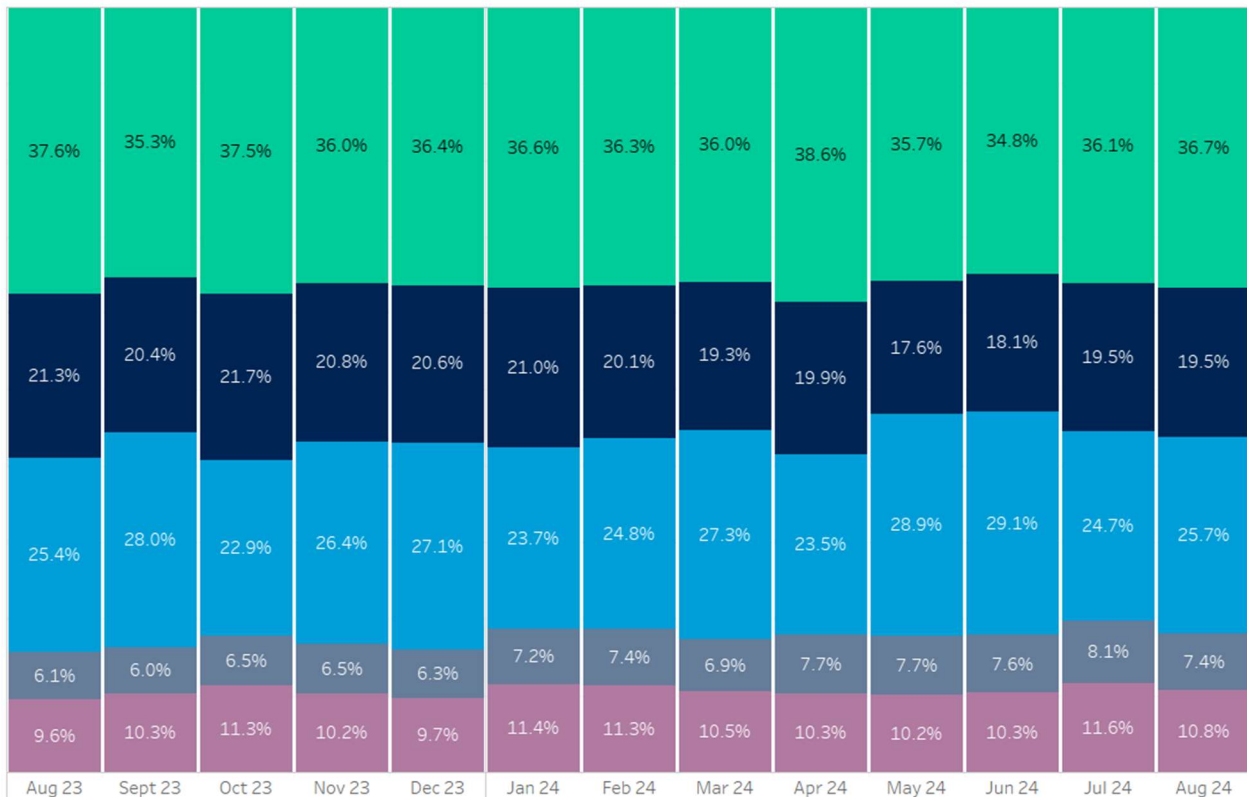
In a new survey conducted by Substantive Research, there has been a recent uptick in the proportion of buy-side respondents indicating that they will be potential early adopters. The potential early adapter group doubled to 18.2% from 9.1% when the survey was initially conducted. In their final ruling, the FCA removed key operational barriers to unbundling research funding.

<https://www.thetradenews.com/asset-managers-split-on-approach-to-fcas-unbundling-rules/>

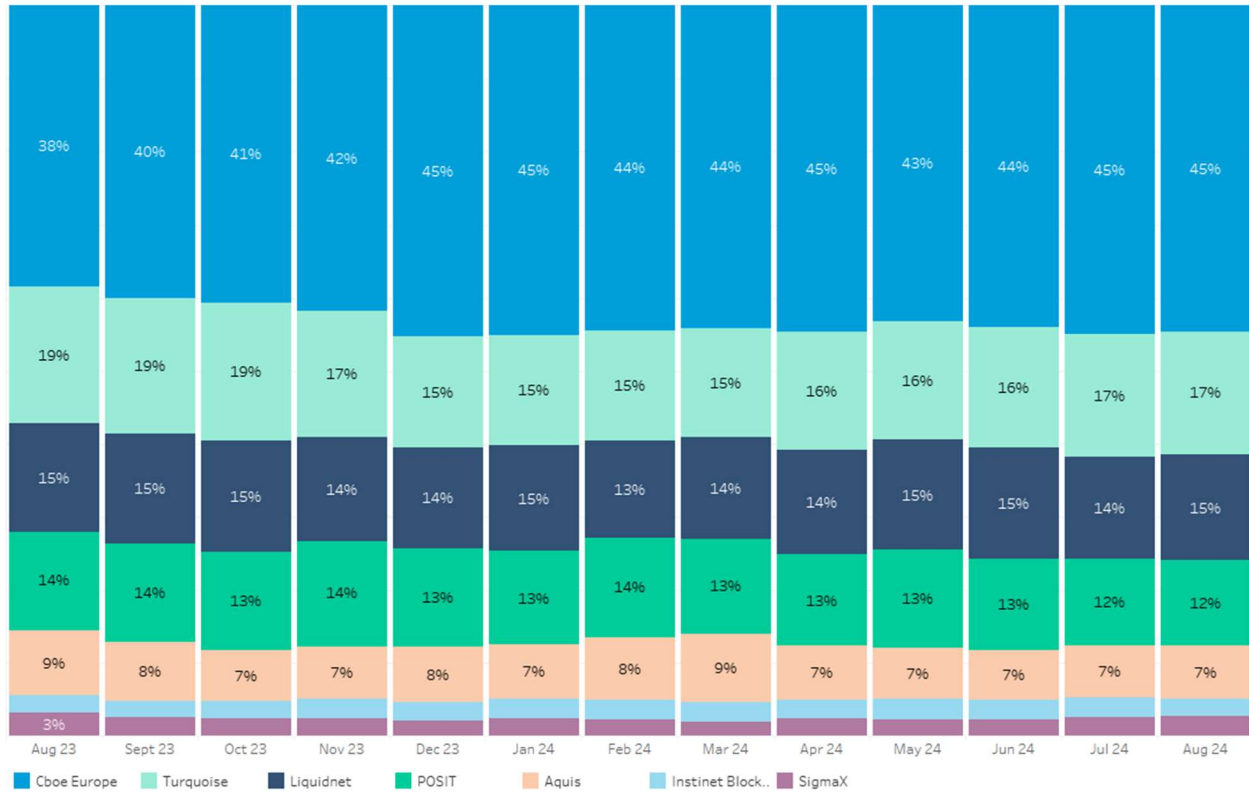
Average Daily Market Volume



Venue Type Market Share

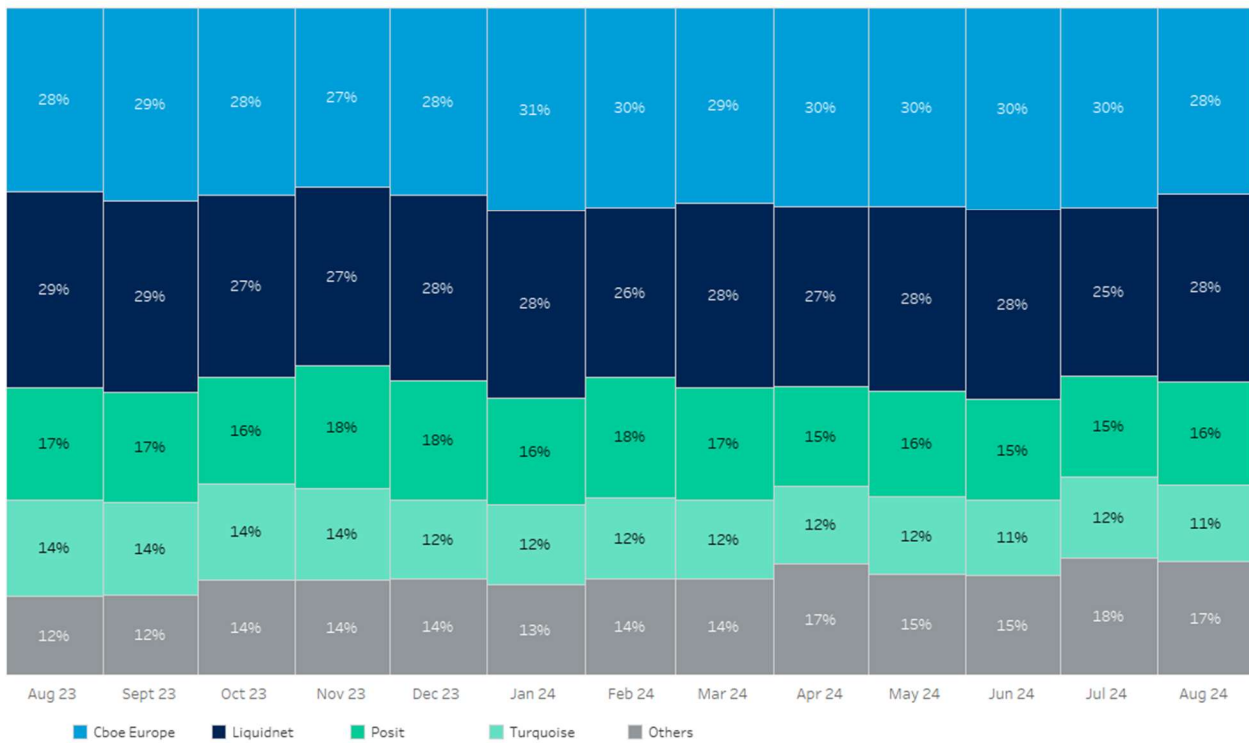


European Dark Market Share



Source data: Cboe Global Markets

European Block Market Share



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

Quotesize in Notional USD

		3Q 23		4Q 23			1Q 24			2Q 24			3Q 24	
		Aug 23	Sept 23	Oct 23	Nov 23	Dec 23	Jan 24	Feb 24	Mar 24	Apr 24	May 24	Jun 24	Jul 24	Aug 24
8:00 - 8:30	Stoxx50	28.0K	25.1K	23.5K	25.8K	25.6K	24.4K	25.2K	27.5K	33.1K	28.5K	27.1K	23.8K	20.5K
	Stoxx600	12.4K	12.1K	11.1K	11.5K	12.1K	11.7K	12.0K	12.7K	13.7K	13.6K	12.7K	11.2K	9.6K
8:30 - 16:00	Stoxx50	39.9K	36.5K	37.3K	38.2K	38.7K	36.4K	40.6K	43.0K	54.4K	43.0K	39.8K	39.7K	32.5K
	Stoxx600	16.2K	16.1K	15.3K	15.4K	16.7K	16.8K	16.9K	18.5K	20.5K	19.7K	18.7K	16.8K	13.3K
16:00 - 16:30	Stoxx50	51.5K	51.6K	51.8K	51.5K	53.8K	48.4K	55.4K	60.8K	70.2K	58.8K	56.3K	55.1K	24.3K
	Stoxx600	21.3K	22.7K	20.4K	21.6K	23.3K	23.4K	23.8K	26.2K	29.1K	28.5K	27.4K	25.0K	17.8K

Spread Bps

8:00 - 8:30	Stoxx50	4.8	4.7	4.6	4.7	4.6	4.5	4.6	4.7	6.0	5.7	5.7	5.9	6.3
	Stoxx600	8.1	7.9	8.5	8.3	7.7	7.8	7.9	7.9	8.8	8.3	8.2	8.8	9.5
8:30 - 16:00	Stoxx50	3.3	3.2	3.3	3.1	3.0	3.1	3.0	3.1	4.1	3.8	3.9	3.9	4.1
	Stoxx600	5.1	5.0	5.6	5.2	4.9	4.9	4.9	4.8	5.5	5.1	5.3	5.4	5.6
16:00 - 16:30	Stoxx50	3.0	2.7	2.8	2.6	2.6	2.6	2.6	2.6	3.8	3.5	3.5	3.5	3.3
	Stoxx600	4.6	4.4	4.9	4.5	4.4	4.2	4.2	4.2	4.8	4.6	4.7	4.7	4.6

One Minute Volatility Bps

8:00 - 8:30	Stoxx50	10.4	10.2	12.2	10.4	9.3	10.8	10.8	9.8	11.3	9.1	9.4	10.7	14.9
	Stoxx600	9.6	9.4	11.7	10.5	9.6	10.1	10.6	10.2	11.1	9.1	8.8	9.5	12.1
8:30 - 16:00	Stoxx50	5.3	5.2	6.1	4.7	4.3	4.8	4.6	4.6	5.2	4.5	5.2	5.0	6.4
	Stoxx600	4.5	4.6	5.6	4.8	4.2	4.4	4.3	4.3	4.8	4.2	4.5	4.5	5.5
16:00 - 16:30	Stoxx50	5.4	4.8	5.8	4.7	4.3	4.3	4.3	4.2	5.1	4.6	4.9	4.9	8.2
	Stoxx600	4.3	4.2	5.1	4.3	4.0	3.9	4.0	4.0	4.5	4.1	4.4	4.4	5.8

Percent ADV by Time of Day

Open	Stoxx50	1.0%	1.0%	1.0%	0.9%	1.4%	1.1%	1.1%	1.1%	1.1%	1.0%	1.0%	1.0%	1.1%
	Stoxx600	0.5%	0.5%	0.5%	0.5%	0.7%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.5%	0.6%
8:00 - 8:30	Stoxx50	6.4%	7.3%	4.3%	4.1%	4.0%	4.1%	4.0%	3.5%	3.6%	3.7%	2.8%	3.4%	4.9%
	Stoxx600	5.7%	5.1%	4.8%	4.8%	5.0%	5.1%	4.9%	5.0%	5.1%	4.6%	4.0%	4.2%	4.4%
16:00 - 16:30	Stoxx50	8.4%	11.2%	5.1%	4.8%	4.6%	4.4%	4.0%	3.6%	4.2%	3.9%	3.8%	4.1%	0.0%
	Stoxx600	15.8%	16.1%	14.7%	13.0%	13.7%	12.9%	12.5%	12.5%	13.6%	14.0%	14.3%	13.9%	20.1%
Close	Stoxx50	27.7%	31.1%	28.2%	29.4%	31.7%	30.7%	29.9%	33.3%	29.9%	33.2%	32.0%	31.3%	25.7%
	Stoxx600	32.8%	34.5%	32.0%	33.2%	34.3%	32.9%	34.0%	34.4%	33.7%	36.4%	38.1%	37.1%	33.6%

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



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